New Strategies to Promote Stable Employment and Career Progression

An Introduction to the Employment Retention and Advancement Project

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Overview

Welfare reform has dramatically increased the need for effective strategies to help low-income parents work more steadily and advance in the labor market. Although much has been learned about how to help welfare recipients prepare for and find jobs, the Employment Retention and Advancement (ERA) evaluation is the most comprehensive effort thus far to learn what works in promoting stable employment and career progression for welfare recipients and other low-income workers.

Conceived and sponsored by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (HHS), the evaluation is being conducted under contract by the Manpower Demonstration Research Corporation (MDRC). As of fall 2001, a total of 15 ERA demonstration projects were operating or under development in nine states. Because the projects typically aim to help families for whom welfare reform efforts have been less successful, nearly all target current or former recipients of Temporary Assistance for Needy Families (TANF).

Key findings

- **Aligning goals and target groups**. Building on prior studies showing that many welfare recipients are able to retain employment, several of the ERA projects target narrower "hard to employ" groups that have demonstrated difficulty finding or holding jobs. Other projects target low-income working parents and focus specifically on helping participants advance to higher-paying jobs. A final group of projects has mixed goals: Most of these programs target welfare recipients who are seeking work, focusing first on placing participants into good jobs, next on stabilizing their employment, and finally on helping them advance.

- **Redefining case management.** ERA planners sought to learn from earlier projects such as the Post-Employment Services Demonstration (PESD), which found that follow-up case management did not improve employment retention. In most of the ERA projects, case management is seen not as the main service strategy but as the starting point to deliver other services or activities, such as education and training, financial incentives, career planning, rehabilitation services, and job search assistance. In several projects, case managers aim to build relationships with individuals who are searching for work that will be beneficial in the post-employment phase.

- **Early implementation lessons.** The ERA evaluation has already demonstrated some of the issues in implementing relatively large-scale retention and advancement programs. Encouraging and maintaining the participation of low-wage working parents is an ongoing challenge; sites are responding with aggressive outreach, tailored services, financial incentives, and advancement strategies that do not rely on traditional classroom-based education and training. The agencies that provide ERA services have restructured staff roles, trained staff to take on new responsibilities, and lowered worker caseloads — even as they forge the new linkages and interagency partnerships that are vital to delivering retention and advancement services.

Each ERA project is being evaluated using a research design that assigns people, by chance, either to a program group that receives the new services or to a control group that receives the services that were available before ERA was developed. MDRC will follow the two groups for up to three years and will produce both site-specific and crosscutting reports describing the programs and assessing their effects.

The states' strong commitment to the ERA projects — even in the face of mounting budget pressures — suggests that their vision of welfare reform includes a focus on long-term self-sufficiency for families. The states' ability to sustain and expand these efforts will likely depend on whether the funding level and the flexible approach of the 1996 welfare law are maintained when the TANF block grant is reauthorized.

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Executive Summary

The welfare reforms of the 1990s dramatically increased the need for effective strategies to help low-income parents work more steadily and advance in the labor market; long-term reliance on public assistance is no longer an option for most families. Yet, while a great deal is known about how to help welfare recipients prepare for and find jobs, there is little hard evidence about what works to promote employment retention and advancement.

The Employment Retention and Advancement (ERA) evaluation is the most comprehensive attempt thus far to understand which program models are most effective in promoting stable employment and career progression for welfare recipients and other low-income workers. Conceived and sponsored by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (HHS), the ERA project includes up to 15 random assignment experiments across the country. The evaluation is being conducted under contract to ACF by the Manpower Demonstration Research Corporation (MDRC), a nonprofit, nonpartisan organization. MDRC, with assistance from the Lewin Group, is also providing technical assistance to help make the ERA programs as strong as possible.

This first report on the ERA evaluation, which began in late 1999, describes the emerging ERA programs and identifies some early lessons on the design and implementation of relatively large-scale retention and advancement programs.

I. The ERA Programs

As of fall 2001, a total of 15 ERA demonstration projects were operating or under development in nine states.[1] The projects are diverse and represent a range of goals, service strategies, target populations, and organizational structures. As shown in Table ES.1, the ERA projects can be divided into three broad groups according to their primary emphasis:

- **Advancement projects.** Six of the projects focus primarily on helping low-wage workers move up to better jobs. Services include career counseling, targeted job search assistance, close linkages with employers to identify or build career ladders, and education and training to help participants upgrade their skills while working.

- **Placement and retention projects.** Four projects focus mostly on helping participants find and hold jobs. These projects target various "hard-to-employ" groups — for example, welfare recipients who have disabilities or substance abuse problems — for whom advancement is considered a longer-term objective.

[1]The nine states having demonstration projects discussed in this report are: California, Florida, Illinois, Minnesota, New York, Oregon, South Carolina, Tennessee, and Texas. Florida's ongoing participation in the project is uncertain because necessary programmatic funding had not been secured when this report was completed. In addition, Ohio joined the project in late 2001 with an employer-focused project that will operate in Cleveland. The planned Florida program is discussed in this report, but the Ohio program is not.

The Employment Retention and Advancement Project

Table ES.1

Description of ERA Projects

State	Location	Target Group	Primary Service Strategies
Advancement Projects			
California	Los Angeles County (post-employment services)	Newly employed welfare recipients working at least 32 hours per week	Stabilization/retention services, followed by a combination of services to promote advancement: e.g., education and training, career assessment, targeted job development
	Riverside County (education and training)	Newly employed welfare recipients working at least 20 hours per week	Test of alternative strategies for promoting participation in education and training activities for working parents
	Riverside County (Post-Assistance Self-Sufficiency program, or PASS)	Individuals who have left welfare and are working	Intensive, family-based support services delivered by community-based organizations to promote retention and advancement
Florida	Duval (Jacksonville) and Leon (Tallahassee) Counties	Low-wage workers (details not yet specified)	Generous stipends to promote participation in education and training
Illinois	Cook (Chicago) and St. Clair (East St. Louis) Counties	Welfare recipients who have worked at least 30 hours per week for at least six consecutive months	A combination of services to promote career advancement: e.g., targeted job search assistance, education and training, assistance in identifying and accessing career ladders
Oregon	Medford and Eugene	Employed former welfare recipients	Stabilization/retention services, followed by a combination of services to promote advancement
Placement and Retention Projects			
Minnesota	Hennepin County (Minneapolis)	Long-term welfare recipients who were unable to find jobs through standard welfare to work services	In-depth family assessment; intensive monitoring and follow-up; emphasis on placement into unsubsidized employment or supported work with referrals to education and training, counseling, and other support services
New York	New York City (Personal Roads to Individual Development and Employment, or PRIDE)	Welfare recipients whose employability is limited by physical or mental health problems	Two main tracks: (1) Vocational Rehabilitation: Participants with severe medical problems receive unpaid work experience, job placement, and retention services tailored to account for medical problems; (2) Work-Based Education: a combination of unpaid work experience, remedial education, job placement, and retention services
	New York City (substance abuse case management)	Welfare recipients with a substance abuse problem	Intensive case management to promote participation in substance abuse treatment, links to mental health, employment, and other needed services
Oregon	Portland	Individuals who are cycling back onto welfare and those who have lost jobs	Team-based case management, job search/job readiness activities, intensive retention and follow-up services, mental health and substance abuse services for those identified with these barriers, supportive and emergency services

(continued)

Table ES.1 (continued)

State	Location	Target Group	Primary Service Strategies
Projects with Mixed Goals			
California	Los Angeles County (enhanced job club)	Welfare recipients who have been required to search for employment	Job search workshops using a "step-down" model: Participants initially target higher-paying jobs and then, if unsuccessful, gradually reduce their target wage.
Oregon	Salem	Welfare applicants	Job search assistance combined with career planning; once employed, education and training, employer linkages to promote retention and advancement
South Carolina	Chesterfield, Darlington, Dillon, Florence, Marion, and Marlboro Counties	Individuals who left welfare (for any reason) between October 1997 and December 2000	Individualized case management with focus on reemployment, support services, career counseling, education and training, and use of individualized incentives
Tennessee	Shelby County (Memphis)	Welfare recipients who have been assigned to look for work	Pre-employment career planning, job development, and job search assistance; post-employment follow-up to promote retention and advancement
Texas	Corpus Christi, Fort Worth, and Houston	Welfare applicants and recipients	Intensive, individualized team-based case management; monthly stipends of $200 for those who maintain employment and complete activities related to employment plan

- **Projects with mixed goals.** The remaining projects focus on both retention and advancement, and most of them start working with welfare recipients who are searching for jobs. These projects focus first on job placement, next on retention, and finally on advancement.

Most of the ERA projects are operating in urban areas (including sites in the nation's four largest cities), and most are relative large in scale, enrolling 1,000 to 2,000 people over a one- to two-year period. The programs were typically developed to help families for whom recent welfare reform efforts have been less successful — for example, welfare leavers working unsteadily or in low-wage jobs or recipients who have been unable to find work. As a result, almost all the programs target current or former recipients of Temporary Assistance for Needy Families (TANF) cash welfare. (In many states, the TANF rules allow recipients who obtain low-wage or part-time jobs to continue receiving a partial grant to supplement their earnings.)

A number of the ERA projects are operated directly by state or local welfare agencies; others are operated by nonprofit organizations or colleges under contract to welfare agencies; and still others represent collaborations among welfare and workforce development agencies.

II. Program Design Strategies

In designing ERA projects, state planners sought to learn from earlier retention and advancement efforts, notably, the Post-Employment Services Demonstration (PESD), a four-site project that tested programs providing follow-up case management to welfare recipients who found jobs. A careful evaluation found that the programs generally failed to improve employment retention.

Whereas the PESD programs used the same basic service — case management — to promote employment retention for a diverse set of clients, the ERA projects are seeking to better synchronize their goals, target groups, and service strategies. For example, PESD found that many welfare recipients who found jobs were able to retain them without special help. Thus, most of the ERA projects that target employed people focus more directly on career advancement. The ERA projects that emphasize employment retention target narrower, "hard-to-employ" groups whose members have demonstrated that they have difficulty finding or holding jobs.

Similarly, while most of the ERA programs are built around case management, they have sought to refine their approaches based on the lessons of PESD. For example, rather than waiting until people have found jobs, many ERA projects begin working with participants while they are searching for work, aiming to establish relationships that can carry over into the post-employment phase. In addition, these projects seek to improve the quality of the initial job placement: Although they have maintained a "work first" focus, they use career planning and other strategies to promote better job matches.

Finally, in most of the ERA projects, case management is seen not as the main service strategy but, rather, as the means of delivering other services or activities designed to meet the program's goals — for example, education or training, financial incentives, career planning, rehabilitation services, or job search assistance.

III. Early Lessons on Operating ERA Programs

As the largest current project dedicated to building knowledge about retention and advancement strategies, ERA provides a rich learning laboratory. Although many of the programs have begun operating only recently, important lessons are already emerging:

- **Encouraging participation in retention and advancement services is an ongoing challenge.**

Low-income, single, working parents — the primary target population for the ERA programs — face daunting daily challenges juggling work and parenting. It should not come as a surprise that many such parents are reticent about participating in retention and advancement activities — even when such services are nominally mandatory for parents still receiving welfare.

Sites have addressed this challenge by designing aggressive marketing strategies, by offering services at convenient locations or at nonstandard hours, and, in a few cases, by offering financial incentives to encourage participation. In designing services and marketing strategies, several of the projects drew on surveys or focus groups to learn about the target population.

- **Agencies that operate retention and advancement programs often have to restructure staff roles, train staff to take on new responsibilities, and lower caseloads.**

Staff in ERA programs need to have specialized skills and knowledge. For example, they should understand how to "sell" services to working parents, how to work directly with employers to address retention issues and identify career ladders within firms or industries, and how to help participants identify and access flexible training or education programs in their communities.

Most staff in traditional welfare-to-work programs do not possess this diverse range of skills. Thus, ERA sites — with assistance from MDRC — have devoted considerable resources to staff development and training. Some programs have created case management teams that draw on staff who have specialized expertise. To facilitate more intensive services, several of the programs have reduced the number of participants assigned to each worker.

- **Interagency partnerships are vital to delivering retention and advancement services, but it can be difficult to develop and maintain such linkages.**

Most of the ERA projects represent collaborations among welfare and workforce agencies, community colleges, nonprofit providers, and others. In many sites, these linkages already existed to deliver employment services to welfare recipients, but, in a few sites, new partnerships were forged specifically for ERA. Although it is often difficult to develop and maintain such partnerships, they offer a range of benefits to participants by giving them access to the specialized expertise of multiple agencies (and, in some cases, additional funding for services). The choice of service providers was particularly critical in the projects serving hard-to-employ groups, because these clients often require specialized treatment or rehabilitation services.

One of the most ambitious strategies — likely to be pursued in a few sites — is to build linkages directly with targeted employers. The hope is that these linkages will go beyond the traditional emphasis on job placement to focus on identifying career ladders and helping ERA participants access them. The sites are crafting strategies that benefit both employers and participants.

- **It may be critical to develop advancement strategies that go beyond traditional classroom-based education and training.**

For reasons discussed earlier, many programs have found it difficult to recruit low-income working parents into education or training programs. A few of the ERA projects are tackling this issue head-on, designing new recruitment strategies and working with education agencies to develop working-parent-friendly classes. Others are trying to craft advancement strategies that do not rely as heavily on traditional education and training — including career counseling, targeted job search help, and in-depth work with employers to identify (or even create) career ladders. Such approaches are used across the country, but they are rarely implemented on a large scale.

IV. What Is Coming Up?

Each of the ERA projects is being evaluated using a random assignment design in which eligible clients are assigned, by chance, to a program group that is eligible for ERA services or to a control group that receives the services that were available before the ERA project was developed. MDRC will use surveys and administrative records to follow both groups for up to three years. Because individuals are assigned to the two groups at random, there are no systematic differences between the groups' members when people enter the study. Thus, any differences that emerge during the follow-up period are attributable to the ERA program being tested.

This design will allow ACF and MDRC to obtain reliable data about whether the programs increase employment rates, employment stability, wage progression, family income, and other important outcomes. The study will also assess whether results differ for important subgroups of the target population — for example, people with or without a high school diploma — and will compare the financial costs and benefits of the programs.

MDRC will produce a separate interim report describing the implementation and early effects of each ERA project. Crosscutting reports will draw lessons from across the many tests.

V. Policy Implications

Although still at an early stage, the ERA project has already demonstrated that states and localities can mount innovative, large-scale programs to promote employment retention and advancement for welfare recipients and other low-wage workers. The states' strong commitment to the ERA projects — even in the face of mounting budget pressures — suggests that their vision for welfare reform includes a focus on long-term self-sufficiency for families. These investments are particularly critical as time limits on the receipt of cash benefits expire and the economy weakens. In this environment, the importance of employment stability and wage progression is magnified.

The tremendous flexibility inherent in the block grant structure that was created in the 1996 federal welfare law has facilitated this evolution in welfare reform. As welfare caseloads declined, many states have been able to shift resources from providing basic assistance to building a new set of supports for low-income working families. The states' ability to sustain and expand these efforts will likely depend on whether the funding level and the flexible approach are maintained — and even enhanced — when the TANF block grant is reauthorized in 2002.

Chapter 1

Origins of the ERA Project

For at least a decade, policymakers and program operators have struggled to learn what kinds of services, supports, and incentives are best able to help low-income working parents retain steady employment and move up to better jobs. This issue has assumed even greater urgency in the wake of the 1990s welfare reforms, which made long-term welfare receipt much less feasible for families. And yet, while a great deal is known about alternative approaches to job preparation and placement, there is still relatively little hard evidence about effective strategies to promote employment retention and advancement.

The Employment Retention and Advancement (ERA) evaluation is the most ambitious, most comprehensive effort to learn what works in this area to date. The project, conceived and sponsored by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (HHS), will involve up to 15 random assignment experiments, testing a diverse set of strategies designed to promote stable employment and/or career advancement for current and former welfare recipients and other low-income parents.[1] Over the next several years, the ERA project will generate a wealth of rigorous data on the implementation, effects, and costs of these alternative approaches.

This is the first report in the ERA evaluation, which is being conducted under contract to ACF by the Manpower Demonstration Research Corporation (MDRC), a nonprofit, nonpartisan social research organization. The report describes the origins of the ERA project (this chapter), introduces the ERA sites and programs (Chapter 2), and identifies some early lessons learned about designing and operating retention and advancement programs (Chapter 3). Appendix A offers a detailed description of each ERA program; Appendix B discusses some of the issues involved in developing the ERA research design; and Appendix C provides selected background information on the welfare rules in each of the participating states.

I. Why Focus on Employment Retention and Advancement?

The ERA project reflects a decade or more of growing interest in the working poor, prompted by broad economic trends as well as by the dramatic shift in welfare policy.

A. Growing Concern About the Working Poor

Until the 1980s, federal and state income security and employment policies paid little attention to people working in low-wage jobs. Employment policies were designed to help economically disadvantaged people prepare for work (for example, through education and training) and find jobs, while income support programs such as Aid to Families with Dependent Children (AFDC) mostly provided benefits to families with no working adults.[2] Work, in and of itself, was seen as a means to self-sufficiency, even for people with limited skills.

[1]The U.S. Department of Labor has also provided funding to support the ERA project.

[2]The Food Stamp Program has always provided benefits to some working families but, until recently, families with earnings constituted only around 20 percent of the Food Stamp caseload.

Two parallel trends — declining economic opportunities for non-college-educated workers and the emergence of welfare-to-work policies — helped to focus more attention on low-wage workers.

1. Shrinking opportunities for non-college-educated workers. Beginning in the 1970s, long-term structural changes in the U.S. economy began to sharply reduce the availability of well-paying jobs for people without a college education. Some believe that government policies exacerbated this trend. In 1979, only 4.2 percent of all workers earned hourly wages that — with full-time, year-round work — would leave a family of four below 75 percent of the federal poverty line. By 1995, that figure had grown to 14.4 percent. During this same period, the inflation-adjusted average hourly wages of non-college-educated workers fell by 12 percent, and the average hourly wages of workers without a high school degree fell by 23 percent. The percentage of workers without a high school degree who had employer-provided health insurance coverage fell from 63 percent in 1979 to 45 percent in 1993. The 1980s also saw increases in employment instability, involuntary part-time work, and "contingent" or temporary work.

Many two-parent families coped with these trends by working more — hours worked by wives grew by around 30 percent in the 1980s — so declining wages were particularly problematic for single-parent families, who did not have this option. In 1995, 40 percent of single mothers who worked full time year-round did not earn enough to raise the standard of living for a family of four above the poverty level.[3]

Finally, in addition to declining wages, some studies suggested that job advancement among low-wage workers was severely limited. One study examined women's transitions from "bad" to "good" jobs during their twenties. A "good" job was defined as a job that paid $8 or more per hour (1993 dollars) for 35 or more hours per week. The study found that less than half of women who did not complete high school (47 percent) ever worked in a good job between ages 18 and 27 (compared with almost three-quarters of women in general) and that only 15 percent of those who did not complete high school worked steadily in good jobs by age 27 (compared with about 40 percent of women in the overall sample). The average woman in this sample did not advance quickly: She took four years to transition from a bad job to a good one; one-quarter of the women in the sample took six years.[4]

In further reflection of these trends, one study found that, in 1997, one in six nonelderly Americans lived in a family in which the adults worked at least half time but that total family income was less than 200 percent of the federal poverty line.[5]

Several years of sustained economic growth started to push wages back up in the late 1990s, but the future is uncertain: Will wages and job quality continue to improve for the working poor, or were the improvements of the late 1990s an aberration that will be followed by continued deterioration of economic opportunities for less-skilled workers?

2. The emergence of welfare-to-work policies. Just as these economic trends were reshaping the labor market, welfare reform policies began to encourage and, if necessary, require recipients of Aid to Families with Dependent Children (AFDC) — most of them single mothers with low levels of education and work experience — to enter the workforce. Such policies had

[3]All figures are from Mishel, Bernstein, and Schmitt, 1997.
[4]Pavetti and Acs, 1997.
[5]Acs, Phillips, and McKenzie, 2000.

existed on paper since the late 1960s but were not broadly implemented by most states until the 1980s.

A series of random assignment studies of low-cost welfare-to-work programs conducted by MDRC in the 1980s showed that programs emphasizing brief job search activities generally increased earnings and reduced welfare receipt. But, not surprisingly, participants usually obtained low-wage jobs without fringe benefits and ended up no better off financially as a result of the programs. In effect, these welfare-to-work programs moved participants into the growing ranks of the working poor. Moreover, results were less positive for recipients with the lowest levels of education and work experience.[6] Finally, there were signs that employment retention was a problem. One study looked at results for several programs over a five-year period, finding that 50 percent to 70 percent of those who found jobs did not work steadily in the final year of follow-up.[7]

These results helped shape the Family Support Act (FSA), the federal welfare reform legislation of 1988. FSA created the Job Opportunities and Basic Skills Training (JOBS) program to fund state welfare-to-work programs, required states to devote program resources to the most disadvantaged recipients, and placed a strong emphasis on basic education and vocational training activities, in addition to job search assistance.

The welfare reforms of the 1990s greatly increased the importance of job quality, retention, and advancement. The reforms began with federal waivers that allowed more than 40 states to reshape their AFDC programs, and they culminated with the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which abolished AFDC and created the Temporary Assistance for Needy Families (TANF) block grant program to the states. Today, nearly all states have expanded work requirements to a much larger share of their welfare caseloads, increased the penalties for noncompliance with work requirements, and established time limits on welfare receipt for either adults or entire families.[8] These changes make it imperative for recipients to find and hold jobs that can support their families without cash assistance. Simultaneously, most states dramatically shifted the emphasis of their welfare-to-work programs toward a "work first" approach stressing rapid job placement; pre-employment education and training were deemphasized.

The unprecedented 58 percent decline in the national welfare caseload between 1994 and early 2001 naturally led to a focus on two issues: the circumstances of families who have left welfare and the characteristics of the dwindling number still receiving assistance. Many states have conducted surveys of "welfare leavers," typically finding that around 70 percent of leavers worked at some point in the year following their exit from welfare. However, only 31 percent to 47 percent (depending on the study) worked in all four quarters of the year, indicating a high level of instability. The studies have also found that most employed leavers are working full

[6]Gueron and Pauly, 1991; Bloom, 1997.

[7]Friedlander and Burtless, 1995.

[8]PRWORA prohibits states from using federal TANF funds to assist most families for more than 60 months, and it allows states to set shorter time limits. States may grant exemptions for hardship to up to 20 percent of the caseload, and they also may use their own funds to provide benefits to adults or entire families beyond the 60-month point.

time, or close to full time, in relatively low-paying jobs (although earning substantially above the minimum wage), often without fringe benefits.[9]

Most of the research on welfare leavers does not provide detailed information on their employment trajectories over time, but other studies have done so. One study, conducted as part of the HHS-funded National Evaluation of Welfare-to-Work Strategies (NEWWS), took a detailed look at employment patterns over a four-year period for welfare recipients who were subject to Job Opportunities and Basic Skills Training (JOBS) programs. As shown in Table 1.1, the study found that about one-fourth of the sample members who ever worked for pay were employed over 75 percent of the follow-up period. Slightly more than half the sample, however, worked less than half the time, indicating a high level of employment instability.

The Employment Retention and Advancement Project

Table 1.1

Findings for NEWWS Program Group Members Who Worked for Pay in Years 1-4

Employment, Earnings, and Job Characteristics	Ever Employed	Employed for Indicated Percentage of Follow-Up Years 1-4 <25%	26-50%	51-75%	76-100%
Percentage of sample	100	29.5	23.2	22.2	22.3
Average number of employment spells	1.9	1.4	2.3	2.4	1.6
Characteristics of first job					
Average earnings per hour ($)	6.27	6.34	5.85	6.19	6.67
Average earnings per week ($)	210	209	183	208	250
Employer-provided medical insurance (%)	27.3	16.6	20.4	25.0	44.1
Earnings over time					
Average earnings in first measured quarter ($)	2,179	260	1,554	2,135	2,451
Average earnings in last measured quarter ($)	2,845	286	1,675	2,658	3,623

SOURCE: Data from the National Evaluation of Welfare-to-Work Strategies (NEWWS). See Martinson, 2000.

Several studies have also looked at factors associated with employment stability and wage/earnings growth. As shown in Table 1.1, the NEWWS study found that individuals who worked most steadily during the four-year period had somewhat higher hourly wages and were much more likely to have employer-provided medical insurance in their first job, compared with those who were least successful. (It is impossible to say whether there is a causal relationship between wages, health insurance, and stability; the people who obtained higher-paying jobs with health insurance may have been better qualified to begin with.) The study also found that those who worked steadily were less likely to report facing barriers to employment (for example, family or personal problems). Those whose first employment spell lasted four quarters or more had higher education and basic skill levels, fewer barriers to employment, and shorter stays on welfare (not shown). Finally, the NEWWS Evaluation found that those with the most sustained employment experienced substantial earnings growth: Earnings in their last quarter of employment

[9]Assistant Secretary for Planning and Evaluation, 2001.

were 48 percent higher than in their first quarter of employment (which may reflect more hours of employment, higher wages, or some combination of the two).[10]

Other studies have also looked at wage and earnings growth over time. One study examined five years of data for a group of women who had left welfare, finding that hourly wages increased by about 1 percent per year. As in the earlier study, however, annual earnings increased more substantially, by more than 40 percent — a result that must have been driven primarily by increases in hours worked. That study also found that many people advanced by changing jobs rather than by keeping the same job, highlighting the importance of distinguishing *job* retention from *employment* retention.[11] Another study found that former welfare recipients who worked full time had substantially higher wage growth than those who worked part time.[12]

In sum, these data on welfare recipients and leavers are not surprising in light of the economic trends discussed earlier. They suggest that many welfare recipients who find jobs experience unstable employment and that many of those who are able to work steadily remain stuck in relatively low-paying jobs without fringe benefits.

B. Policy and Programmatic Responses

At least four different types of policies and programs have emerged in response to the trends described above: (1) publicly funded work supports, (2) post-employment services to promote retention and advancement, (3) supply-side or industry-based strategies, and (4) services for the hard-to-employ.

1. Work supports. Beginning in the 1980s, the federal government gradually began to build a set of "work supports" — policies designed to assist low-income working families not receiving welfare. These policies are designed both to encourage work among welfare recipients and, more generally, to improve the condition of low-income working families.

The first steps in developing these supports for the working poor related to health insurance coverage. Until the late 1980s, eligibility for Medicaid (except for the elderly and disabled) was usually linked to eligibility for welfare. Thus, when families left AFDC for work, they often lost health insurance coverage. Between 1986 and 1991, Congress began to expand Medicaid coverage to include low-income pregnant women and children not receiving welfare. States are now required to cover pregnant women and children under age 6 with family income below 133 percent of the poverty line and, by 2002, will be required to cover all children under age 18 below 100 percent of the poverty line. The Family Support Act of 1988 required states to provide one year of transitional Medicaid coverage (and child care assistance) to most families leaving welfare for work.

Perhaps the most dramatic expansion of work supports came in 1990 and 1993, when Congress sharply expanded the Earned Income Credit (EIC), a refundable tax credit that mostly benefits low-income working families with children. In 2000, a family with two children earning approximately $9,700 to $12,700 could receive a credit of $3,888.[13] The total cost to the federal

[10]Martinson, 2000.

[11]Cancian et al., 1999.

[12]Corcoran and Loeb, 1999.

[13]A worker with one child can receive a maximum credit of $2,353. In addition, there is a much smaller credit for low-income childless workers. Families with more than one child and with annual income below $31,152 are eligible for some level of the EIC.

government of the EIC exceeds $30 billion per year, nearly twice the amount of the TANF block grant and substantially more than is spent on the Food Stamp Program.

PRWORA further expanded the network of work supports by formally "delinking" eligibility for Medicaid from eligibility for welfare and increasing federal funding for child care subsidies for low-income working parents. (States also use their own funds to support child care subsidies.) In 1997, Congress created the State Children's Health Insurance Program (SCHIP) to provide health coverage to low-income children not already covered by Medicaid. Finally, since 1993, most states, as part of their welfare reforms, have expanded earned income disregards — policies that allow recipients to maintain some or all of their cash grant after going to work in a low-wage or part-time job.

Together, these changes have greatly strengthened the system of supports for low-wage workers. One study found that changes in federal entitlement programs such as the EIC and Medicaid led to a $46 billion increase in annual federal spending on low-income families not receiving welfare (most of them working) between 1984 and 1999.[14] Nevertheless, numerous studies have found that many eligible working families do not receive work supports for which they are eligible. The leavers studies typically found that only 35 percent to 60 percent of adult leavers were covered by Medicaid and that approximately one-third had no health insurance. (A smaller proportion of children were uninsured.) Food Stamp participation rates were even lower.[15]

2. Post-employment services. Work supports may, in themselves, promote employment retention by increasing the financial viability of low-wage work.[16] However, there has also been an increasing emphasis on providing services that focus on retention and advancement, particularly to newly employed welfare recipients.

Until fairly recently, employment and training programs typically stopped providing services when participants found jobs. When post-employment follow-up existed, it usually consisted merely of phone calls to the employer a few weeks after placement to verify that the participant was still employed. During the 1990s, many employment and training programs added formal post-employment services. The most common approach — particularly in welfare-to-work programs — is to provide post-employment case management: Program staff follow up with participants who have gone to work to try to identify and help resolve issues that might lead to job loss. The Family Support Act of 1988 formally authorized up to 90 days of post-AFDC case management through the JOBS program. The Post-Employment Services Demonstration (PESD), discussed in the next section, rigorously tested an expanded version of this approach.

One particularly influential post-employment model is Project Match, a program that originally served long-term welfare recipients in a Chicago public housing project. Project Match conducted detailed research on participants' trajectories, finding that job loss was a natural part

[14]Congressional Budget Office, 1998.

[15]Isaacs and Lyon, 2000.

[16]Ironically, work supports may provide a *dis*incentive for advancement, since benefits phase out as income rises. One study examined income support policies in 12 states, finding that, on average, a mother with two children who moved from being unemployed to working part time at the minimum wage would experience a 51 percent increase in income. However, if the same mother moved from part-time to full-time work at the minimum wage (a 75 percent increase in work effort), her income would grow by only 20 percent, due in large part to the phasing out of work supports. If she moved from a full-time minimum-wage job to a full-time job at $9 per hour (a 75 percent increase in hourly earnings), her income would grow just 16 percent (Acs, Coe, Watson, and Lerman, 1998).

of the path toward self-sufficiency. Thus, program services were designed to continue well past the initial job placement and to help participants learn from instances of job loss. Lessons from Project Match were used to develop the Pathways Case Management System, which is currently operating in several states.[17]

Another emerging focus is on post-employment education and training to promote career advancement. As noted earlier, in the late 1990s, nearly all states shifted the emphasis of their welfare-to-work programs away from providing pre-employment education and training — partly in response to research results.[18] Recipients are generally expected to find jobs as quickly as possible. However, in response to findings from leavers studies and other evidence about the prevalence of low-wage and unstable employment, some states have begun to help working parents obtain further training or education. There is a particular emphasis on individuals who are working but continuing to receive welfare (and thus using up months toward time limits). As discussed further in Chapter 3, programs have found that it is very difficult to move large numbers of low-income working parents into education or training.

3. Industry-based strategies. In several communities, consortia — often including employers, community colleges, unions, and community-based organizations — have worked to create or articulate career ladders for entry-level workers targeting particular sectors or industries. Such sectoral- or industry-based programs are characterized by their depth of industry knowledge and their engagement within a specific industry or set of occupations. At the same time, these programs have deep roots in the low-income communities they serve. They engage a range of strategies, such as employment training, operating a business, providing consulting services to the industry, and engaging in policy advocacy work. At their heart, sectoral interventions attempt to change how low-income individuals enter the labor market and how labor market practices engage low-income individuals.

Consortia in which unions play a leadership role in connecting low-income individuals to growth occupations or industries are known as High Road Regional Partnerships. These efforts seek to build high-skill, high-wage regional economies through labor and community partnerships. These partnerships engage a range of strategies, such as upgrading skills of incumbent workers, modernizing the workplace, improving jobs through organizing, creating opportunities for entry into high-wage jobs, and building skill standards. One example is the Wisconsin Regional Training Partnership (WRTP), which supports a rich array of training, modernization, and workforce development services. It has a long history of collaboration with the metalworking industry in southeastern Wisconsin to provide training for incumbent workers and to establish-certification standards that are used in school-to-work training and community-based training.

Lastly, there are other examples of how employers are working closely with public and nonprofit organizations to address retention and advancement challenges. Some nonprofits and community colleges have created customized training to meet the needs of their local employers. Others provide recruitment and hiring support, thus acting as a human resources department for some employers. There are examples of chambers of commerce, public school systems, and employers using common assessment tools such as the Secretary's Commission on Achieving Nec-

[17]Wagner and Zvetina, 2001.

[18]The NEWWS Evaluation found that programs emphasizing pre-employment education, or human capital development (HCD), did no better in terms of increasing employment and earnings than did labor force attachment (LFA, or work first) models and that the work first programs moved people into employment faster. However, the HCD programs were much more expensive to operate (Bloom and Michalopoulos, 2001).

essary Skills (SCANS)[19] or Work Keys[20] to facilitate a better match between applicants and job openings. These tools provide a common language for employers and potential employees as well as outline a pathway for advancement within a particular organization or industry.

4. Services for the hard-to-employ. As stated earlier, research indicates that welfare recipients with more personal barriers to employment (for example, substance abuse and low basic skills) may find it harder to maintain steady employment than recipients with fewer such barriers. The welfare reform legislation of 1996 — eliminating most exemptions from work requirements and establishing time limits on cash aid — magnifies the need to provide meaningful and effective employment services for this population, particularly for individuals who are grappling with difficult family and personal issues such as substance abuse, mental health problems, and domestic violence.

Services for the hard-to-employ generally have two major components: employment services and treatment. Whether programs are more focused on one component or the other depends on their goals and philosophy as well as the type and severity of the barriers. Employment services for the hard-to-employ usually include enhanced supports for working clients, such as sheltered worksites, workplace accommodations, and "natural" supports (for example, assistance from coworkers, friends, and family). Over time, such programs have increased their emphasis on job retention in addition to job placement. Treatment addresses barriers directly through such services as family counseling, one-on-one therapy, and medication. Although welfare and workforce agencies generally provide employment services themselves and make referrals for treatment services, some programs are attempting to integrate the two components. For example, the national CASAWORKS demonstration and the Los Angeles Tri-Cities Mental Health programs are attempting to combine employment and treatment services seamlessly into one program.

II. Previous Research on Retention and Advancement Services

Relatively little is known about the impact of programs designed to increase employment stability and promote earnings or wage growth. Most of the studies that have been completed have focused on welfare recipients rather than on low-wage workers in general.

A. Pre-Employment Services

Most of the welfare-to-work programs that have been studied to date included few, if any, formal post-employment activities (beyond transitional benefits). They provided various combinations of education, training, and job search assistance but typically stopped serving participants shortly after they found jobs. Nevertheless, it is plausible that specific types of pre-employment services might do a better job of promoting stable employment or wage growth.

One recent study examined how several different welfare-to-work programs affected both employment overall and stable employment. Each program was evaluated using a random as-

[19]The Secretary's Commission on Achieving Necessary Skills was appointed by the Secretary of Labor in 1990. The commission outlined the fundamental skills and the five workplace competencies that all high school graduates should possess. The use of SCANS has moved beyond the school-to-work field and into the workforce development and welfare-to-work systems.

[20]Work Keys is a product developed by ACT to serve both employers and educational institutions. It tests across eight foundational skills and is used to identify job requirements (job profiling) and internal training and hiring needs (individual assessment).

signment design, in which eligible welfare recipients were randomly assigned to a program group that was required to participate in a welfare-to-work program or to a control group that was not. Table 1.2, which focuses on four employment-focused programs from the HHS-sponsored NEWWS project, shows that the pattern of results can be quite different across programs. The table shows, for each program, the percentages of program and control group members who ever worked. Then, in the following rows, the table divides the people who worked into two groups: those who "left work quickly" (in less than one year) and those who "remained employed for a year or more." The column labeled "difference" shows the impact, or effect, of the program on these outcomes.

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Table 1.2

Effects of NEWWS Employment-Focused Welfare-to-Work Programs on Sustained Employment

Employment Outcome	Program Group (%)	Control Group (%)	Difference (Effect)		Percentage Change (%)
Atlanta LFA					
Ever worked	74.6	71.1	3.5	**	4.9
Left work quickly	36.8	39.3	-2.5		-6.3
Remained employed for a year or more	37.8	31.9	5.9	***	18.6
Grand Rapids LFA					
Ever worked	85.1	79.6	5.5	***	6.9
Left work quickly	51.3	47.8	3.4	*	7.1
Remained employed for a year or more	33.9	31.8	2.1		6.6
Riverside LFA					
Ever worked	66.6	55.9	10.6	***	19
Left work quickly	35.4	28.7	6.7	***	23.3
Remained employed for a year or more	31.1	27.2	4.0	***	14.6
Portland					
Ever worked	80.3	73.4	7.0	***	9.5
Left work quickly	37.6	37.4	0.3		0.8
Remained employed for a year or more	42.7	36	6.7	***	18.5

SOURCE: Data from the National Evaluation of Welfare-to-Work Strategies (NEWWS). See Michalopoulos, 2001.

NOTES: Two-tailed t-tests were applied to differences between the outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

The Riverside, California, Labor Force Attachment (LFA) program generated the largest increase in the percentage of people who ever worked, but the Portland, Oregon, program had the largest impact on *sustained* employment. (Much of the Riverside program's impact was on short-term employment.) There is no way to know why the patterns differed. Unlike the Riverside LFA program, the Portland program used some education and training and also encouraged participants who were looking for employment to "hold out" for jobs that paid higher than the

minimum wage and offered fringe benefits. It is also possible that varying economic conditions across the sites played a role.

The patterns identified from other research (not shown) suggest that programs emphasizing education or training were no more or less effective than the LFA programs in promoting stable employment. In addition, other evidence suggests that the programs generating the largest increases in sustained employment also generated the largest increases in the number of people whose earnings grew over time. In other words, sustained employment appears to be linked to earnings growth.[21]

B. Earnings Supplements

Programs that supplement the earnings of low-wage workers — either through earned income disregards or through payments delivered outside the welfare system — are designed both to persuade people to work and to promote employment retention. They may promote retention by giving people additional income to meet their expenses and/or by giving them a greater incentive to keep working. (The supplements help people only when they are employed.)

Table 1.3 is similar to Table 1.2 but focuses on three programs that provided earnings supplements: Canada's Self-Sufficiency Project (SSP) and two versions of the Minnesota Family Investment Program (MFIP) — one that provided a financial incentive only and one that provided the full program (an incentive along with mandatory employment services). As the table shows, all three programs increased employment overall, and all three also increased sustained employment. Other evidence from SSP (not shown) suggests that increases in *sustained, full-time* employment may be critical to promoting growth in hourly wages over time. (This is consistent with the correlational data described earlier.)

C. Post-Employment Case Management

Two random assignment studies have tested programs that assigned case managers to work with welfare recipients who obtained employment. The first such study, in the late 1970s, examined a small-scale program in Denver that provided six months of post-employment case management to welfare recipients who found jobs through the Work Incentive (WIN) program, the predecessor to JOBS. Recipients who found jobs were assigned, at random, to a program group that received the case management or to a control group that did not. Although there were some positive results, the group that received the case management did not work more steadily or stay off welfare longer than the control group.[22]

The Post-Employment Services Demonstration (PESD), which operated at four sites between 1994 and 1996, was a more ambitious test of a similar model, using a nearly identical research design. The PESD evaluation found that extensive outreach enabled case managers to contact most clients in the program group. The most common services utilized were counseling and work-expense payments. While clients generally gave their case managers high marks, the impact evaluation found that, compared with the control group, PESD had little effect on increasing program group earnings, decreasing welfare, and promoting self-sufficiency.[23]

[21]Michalopoulos, 2001.
[22]Slaughter, Whiteneck, and Baumheier, 1982.
[23]Rangarajan and Novak, 1999.

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Table 1.3

Effects of Programs with Financial Work Incentives on Sustained Employment

Employment Outcome	Program Group (%)	Control Group (%)	Difference (Effect)		Percentage Change (%)
SSP					
Ever worked	42.5	27.3	15.2	***	55.6
Left work quickly	21.6	17.0	4.6	***	27.4
Remained employed for a year or more	20.9	10.4	10.6	***	101.8
MFIP Incentives Only					
Ever worked	44.4	39.2	5.2		13.3
Left work quickly	12.2	13.5	-1.3		-9.6
Remained employed for a year or more	32.2	25.7	6.5	***	25.3
MFIP					
Ever worked	50.5	39.2	11.4	***	29.1
Left work quickly	16.3	13.5	2.8		20.7
Remained employed for a year or more	34.2	25.6	8.6	**	33.6

SOURCE: Michalopoulos, 2001.

NOTES: Two-tailed t-tests were applied to differences between the outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Rounding may result in small discrepancies in sums or differences.

The PESD study, however, did provide a wealth of information about the implementation of post-employment case management and about the employment patterns of welfare recipients. For example, the evaluators concluded that the PESD programs may have been hindered by their attempts to provide a similar level of services to all participants, regardless of differing levels of need, and they argued for better targeting of resources. They also noted that PESD case managers had difficulty engaging some clients because they did not begin to work with the clients until after they had found jobs. Finally, the study found that while many instances of job loss were caused by circumstances in the workplace, many PESD participants were reluctant to have staff contact their employers.[24]

A more recent project in Pittsburgh, known as GAPS, examined post-employment case management provided by community-based organizations rather than welfare agency staff. Although there was no impact evaluation of GAPS, the study found that participants made steady economic progress. One in five participants experienced a wage increase of 30 percent or more, despite frequently cited barriers such as child care, transportation, and conflict management. The study also found that those who received services directly addressing such problems were more likely to rate GAPS services as being useful — a finding that indicates that supplementing case management with these services may help participants improve their outcomes.[25] It is also inter-

[24]Rangarajan and Novak, 1999.
[25]Wood and Paulsell, 1999.

esting to note that, in this study, the service provider with the strongest links to a particular neighborhood was most successful in recruiting clients.

D. Services for the Hard-to-Employ

As mentioned earlier, results from the PESD evaluation suggest that job retention and advancement services may be more effective if they are tailored to meet the needs of different target populations. Clients who maintain steady employment on their own may nonetheless need help accessing work supports (for example, subsidized child care and the EIC) and identifying career advancement opportunities. Many hard-to-employ clients, of course, may have trouble maintaining steady employment for a variety of reasons. Some lack previous work experience, some are facing substance abuse or mental health problems, and others have low basic skills or a learning disability. These clients may need more intensive on-the-job support, therapeutic counseling, or basic skills training.

The argument for targeting services to the hard-to-employ is also supported by evaluations of traditional welfare-to-work programs. A recent analysis of 20 welfare-to-work programs revealed that increases in earnings were similar for long-term welfare recipients without a high school diploma or recent work experience (the most disadvantaged in the sample) and for other, less disadvantaged clients. However, the most disadvantaged group earned only one-sixth the amount earned by the least disadvantaged group. So, although these programs had impacts on the employment and earnings of the hard-to-employ, such individuals may need more intensive retention and advancement services in order to support themselves economically.[26]

A similar point is illustrated by Table 1.4, which looks at the same four welfare-to-work programs shown in Table 1.2. Impacts on both employment and sustained employment were largest for the most disadvantaged clients, but, despite these gains, only 18 percent of program group members in the most disadvantaged subgroup were able to work steadily for one year or more (compared with 51 percent for the least disadvantaged subgroup). Moreover, among the most disadvantaged, only 41 percent of program group members who worked managed to sustain their employment (18.0/44.2 = 0.41). The comparable figure for the least disadvantaged was much higher, about 59 percent (50.8/85.4 = 0.59).

Financial incentive/work support programs showed similar outcomes for the most disadvantaged. The Minnesota Family Investment Program (MFIP), a program that provided generous earning disregards to welfare recipients, had similar impacts for the most and the least disadvantaged clients, but the most disadvantaged continued to earn less.[27] Similarly, the New Hope Project (a project that provided wage supplements, health care, and child care to low-income families in Milwaukee) had the biggest employment and earnings impacts for those with no barriers or only one barrier to employment. New Hope showed very little impact for those with two or more barriers.[28]

[26]Michalopoulos and Schwartz, 2000.
[27]Knox, Miller, and Gennetian, 2000.
[28]Bos et al., 1999.

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Table 1.4

Effects of Employment-Focused Welfare-to-Work Programs on Employment Retention, by Level of Disadvantage

Employment Outcome	Program Group (%)	Control Group (%)	Difference (Effect)	Percentage Change (%)
Most disadvantaged				
Ever worked	44.2	34.6	9.7 ***	28.0
Left work quickly	26.3	22.8	3.5 ***	15.5
Remained employed for a year or more	18.0	11.8	6.1 ***	52.0
Moderately disadvantaged				
Ever worked	68.2	61.6	6.7 ***	10.8
Left work quickly	33.9	32.2	1.6 ***	5.0
Remained employed for a year or more	34.4	29.3	5.0 ***	17.2
Least disadvantaged				
Ever worked	85.4	83.2	2.2 ***	2.7
Left work quickly	34.6	34.6	0.0	-0.1
Remained employed for a year or more	50.8	48.5	2.2 ***	4.6

SOURCE: MDRC calculations using data from Michalopoulos, 2001.

NOTES: Two-tailed t-tests were applied to differences between the outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Rounding may result in small discrepancies in sums and differences.

Nonetheless, supported employment models have achieved some success over the years in increasing employment and earnings among hard-to-employ populations. The National Supported Work Demonstration found substantial impacts for long-term welfare recipients and those without a high school diploma.[29] Structured Training and Employment Transitional Services (STETS) — a model similar to supported work with the addition of up-front assessment and work readiness training — also had positive impacts on employment and earnings for mentally retarded young people.[30] Finally, although persistence in treatment is often a problem when trying to address mental health difficulties, substance abuse, and domestic violence, there is some evidence from clinical trials that treatment for substance abuse can be effective in reducing abuse and increasing employment.

III. The ERA Project

The ERA project is explicitly designed to build on the evidence described above by rigorously testing a wide variety of approaches to promoting employment retention and advancement for a range of populations. The project is divided into two phases: planning and evaluation.

[29]MDRC Board of Directors, 1980.
[30]Kerachsky et al., 1985.

A. Phase I: Planning and Technical Assistance

The Administration for Children and Families (ACF) was mindful that earlier studies did not identify approaches that helped welfare recipients retain jobs and advance. However, those past studies provided clues. For example, the research suggests that the nature of a client's initial job placement may affect later patterns of retention and that employment retention, particularly in full-time work, may be associated with advancement.

In addition to helping policymakers understand which approaches hold the most promise, the earlier experiments also highlighted the importance of using an experimental evaluation design. Measuring only participant outcomes, without comparing outcomes for a randomly assigned control group, can make interventions appear more successful than they really are. PESD, for example, appeared successful when only employment outcomes among the program group members were considered. In all four sites, the proportion who remained employed after job start during the two-year evaluation period ranged from 59 percent to 80 percent. But including the control group outcomes shows that similar proportions of welfare recipients would have been employed in the absence of the demonstration.

To encourage states to develop and refine job retention and advancement interventions, in 1998 ACF awarded planning grants to 13 states.[31] The states were encouraged to develop bold, innovative strategies that built on past research and to pioneer new approaches. The grants were awarded to state welfare agencies, but the ERA programs did not need to be operated by these agencies, nor did they necessarily need to target TANF recipients.

ACF contracted with the Lewin Group to provide technical assistance during the planning phase. This included a synthesis of the research; three conferences for ACF and the states to discuss program and evaluation issues; a program design manual to provide a conceptual framework that states might follow when designing their programs; and site visits to each state to learn about its current program and to discuss planned interventions and evaluation issues. Program design issues varied by site and included focusing on better jobs, mixing work with education and training, the use of incentives to encourage program participation, and linkages to the workforce and other systems.

B. Phase II: Further Technical Assistance and Evaluation

The second phase of the ERA project involved funding an evaluation and selecting sites for participation. After a competition, ACF selected MDRC to conduct a rigorous, multisite evaluation of the ERA programs. Once the evaluation contract was in place, ACF held a series of competitions beginning in fall 1999 and selected nine states — including six that had participated in the ERA planning phase and all four that had been part of PESD — to participate in program planning as part of the evaluation. (One of these states did not continue, and another was added later.)[32]

Although the evaluation was intended to begin just after sites were selected, it quickly became apparent that more technical assistance was needed to ensure that the study would test

[31]The planning-phase states were California, Illinois, Maryland, New Jersey, North Carolina, Ohio, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Washington, and Wisconsin.

[32]Among the planning-phase states, California, Illinois, South Carolina, Tennessee, Texas, and Virginia moved to the second phase. Florida, Minnesota, and Oregon entered the project even though they had not participated in the planning phase. Virginia later left the project, and New York was added.

well-designed and well-implemented programs. Thus, before the formal study begins in each site, MDRC and the Lewin Group work intensively with each site to develop, refine, and pilot-test its proposed demonstration project and to put in place the random assignment and data collection protocols necessary to implement the evaluation. The site development work involves extensive interactions with local program operators to understand their current program and to think through the design of the model to be tested. Once a model is thoroughly conceptualized in each site, MDRC and Lewin are supporting the staff training and start-up process and conducting an assessment of a pilot study to ensure that the model is being operated as planned and that the flow of clients is consistent with both program and evaluation requirements. Finally, prior to start-up, each site makes refinements in its program model and implements the random assignment and baseline data collection protocols needed for the evaluation. Several months after random assignment begins, MDRC conducts an early assessment to identify program challenges and develop recommendations to strengthen implementation.

The multiyear evaluation will employ a random assignment methodology and will focus on three components:

- Impacts (for example, the extent to which the programs improve retention, advancement, and other outcomes)
- Program implementation (for example, the operation of the programs and the challenges they encounter)
- Costs and benefits of the programs

The ERA evaluation will produce a mix of site-specific reports and crosscutting documents that summarize results and lessons from across the sites.

Chapter 2

The ERA Programs and Sites

This chapter introduces the Employment Retention and Advancement (ERA) programs by describing their goals, target groups, service strategies, organizational structure, and funding. Unlike the Post-Employment Services Demonstration (PESD; see Chapter 1), the ERA evaluation is not designed to test a particular model or approach. Rather, the Administration for Children and Families (ACF) gave states general parameters and urged them to develop models that reflected local objectives and conditions. ACF also contracted with MDRC and the Lewin Group to assist the states in developing and implementing their ERA programs.

With no proven models to build on, the sites had no roadmap and ended up taking paths that reflect differing policy objectives, organizational structures, welfare rules, and funding sources. However, as discussed below, three clusters of common approaches have emerged: (1) projects that focus primarily on career advancement, (2) projects that focus primarily on job placement and retention, and (3) projects with mixed goals (focusing on a combination of placement, retention, and advancement).

Section I provides an overview of the ERA sites and programs, and Sections II, III, and IV describe the programs in each cluster. (Appendix A provides a more detailed description of each program.) Section V describes clients' characteristics using early baseline data, Section VI outlines the organizational structure of the projects, and Section VII briefly describes the "counterfactual" — the benchmark against which the ERA programs are being compared.

I. Overview of the Programs and Sites

As of fall 2001, there were 15 ERA demonstration projects (also referred to as "experiments" or "tests") operating or under development in nine states.[1] As Table 2.1 shows, none of the projects operates statewide. Two of the states (Minnesota and Tennessee) are operating or planning a single demonstration project in one location, while four others (Florida, Illinois, South Carolina, and Texas) are planning or operating a single project in more than one city or county. California, New York, and Oregon are hosting multiple projects. There are a total of four experiments in California: two in Los Angeles County and two in Riverside County. Two separate tests are planned for New York City. Oregon will conduct three tests: one in Portland, a second in Medford and Eugene, and a third in Salem.[2]

[1]The nine states having demonstration projects discussed in this report are: California, Florida, Illinois, Minnesota, New York, Oregon, South Carolina, Tennessee, and Texas. Florida's ongoing participation in the project is uncertain because necessary programmatic funding had not been secured when this report was completed. In addition, Ohio joined the project in late 2001 with an employer-focused project that will operate in Cleveland. The planned Florida program is discussed in this report, but the Ohio program is not.

[2]Final design decisions had not been made in Oregon when this report was finalized. Since it is likely that the Eugene model will resemble the Medford model, the two are considered a single test at this point.

The Employment Retention and Advancement Project

Table 2.1

Overview of the ERA Programs and Sites

State	Location and Name of Project (for states with multiple projects)	Actual or Projected Start Date of Random Assignment
California	Los Angeles County	
	Enhanced Job Club (EJC)	Early 2002
	Enhanced Post-Employment Services (PES)	Early 2002
	Riverside County	
	Education and Training (ET)	January 2001
	Post-Assistance Self-Sufficiency Services (PASS)	Early 2002
Florida	Jacksonville (Duval County) and Tallahassee (Leon County)	No date set
Illinois	Chicago (Cook County) and East St. Louis (St. Clair County)	Early 2002
Minnesota	Minneapolis (Hennepin County)	January 2002
New York	New York City	
	Personal Roads to Individual Development and Employment (PRIDE)	December 2001
	Substance Abuse Case Management (SACM)	Early 2002
Oregon	Portland	
	Placement and Retention for the Hard-to-Employ (HTE)	Early 2002
	Medford and Eugene	
	Enhanced Post-Employment Services (PES)	Early 2002
	Salem	
	Enhanced Pre- and Post-Employment Services (PPES)	Early 2002
South Carolina	Chesterfield, Darlington, Dillon, Florence, Marion, and Marlboro Counties	October 2001
Tennessee	Memphis (Shelby County)	August 2000
Texas	Corpus Christi, Fort Worth, and Houston	October 2000

The second column of Table 2.1 shows that almost all the tests are occurring in urban areas. In fact, the project includes sites in the nation's four largest cities (New York City, Los Angeles, Chicago, and Houston), as well as several medium-size cities (for example, Jacksonville, Memphis, Minneapolis, and Portland). The South Carolina project is occurring in six rural counties, and the Medford, Oregon, site is also rural.

Many of the experimental programs are called "the ERA program," so, for the most part, this report refers to the projects by the name of the state in which they are occurring. Table 2.1 lists the names that are used to refer to the multiple projects in California, New York, and Oregon. The far-right column shows that two of the 15 tests began in late 2000, another began in January 2001, and a fourth began in October 2001. The other tests were slated to begin random assignment in late 2001 or early 2002.

Although not shown in Table 2.1, most of the ERA programs are fairly large in scale and expect to enroll 1,000 to 2,000 people per site over a one- to two-year period. A few programs (for example, Riverside ET and New York PRIDE) are substantially larger (although not all participants will be part of the research), while others may be somewhat smaller.

In characterizing the ERA projects, it is useful to consider the flow diagram in Figure 2.1, which outlines the key stages in participants' movement from unemployment to self-sufficiency in a work first environment. The initial focus is on pre-employment activities (for example, job search workshops) that lead quickly to job placement. The focus then shifts to services designed to stabilize employment (for example, case management, incentives, connections-to-work supports) and, finally, to advancement services (such as job search to find a better job, education and training). Ongoing retention and stabilization services continue even after advancement.

As described below, the ERA projects start at different points in this process. For example, the Texas project starts in the pre-employment job search phase; the Los Angeles PES project starts immediately after a participant finds employment; and the Illinois project starts once an individual has been employed for six months.

Of course, many real-life participants would not move steadily through this sequence, but the figure illustrates that, in the current environment, rapid employment is typically the first objective, with the assumption that many participants will then need retention services. Advancement is likely to be feasible only after the participant has adjusted to employment. (An alternative strategy, discussed in Chapter 1 but not common today, would use pre-employment education or training activities to try to prepare the participant for a better initial job, in the expectation that this would lead to increased employment stability.)

As shown in Table 2.2, the 15 ERA projects can be grouped into three clusters depending on where, in the stages described in the flow diagram, they place their initial or primary emphasis. Although some sites do not fit neatly into this scheme and there is great diversity within each cluster, the groupings are nonetheless useful for discussion purposes. It is important to note further that the clusters represent only those elements of the sites' welfare delivery system that are the focus of the ERA evaluation; they do not necessarily reflect the focus of the entire delivery system. The three clusters are:

The Employment Retention and Advancement Project

Figure 2.1

Participants' Movement from Unemployment to Self-Sufficiency in a Work First Environment

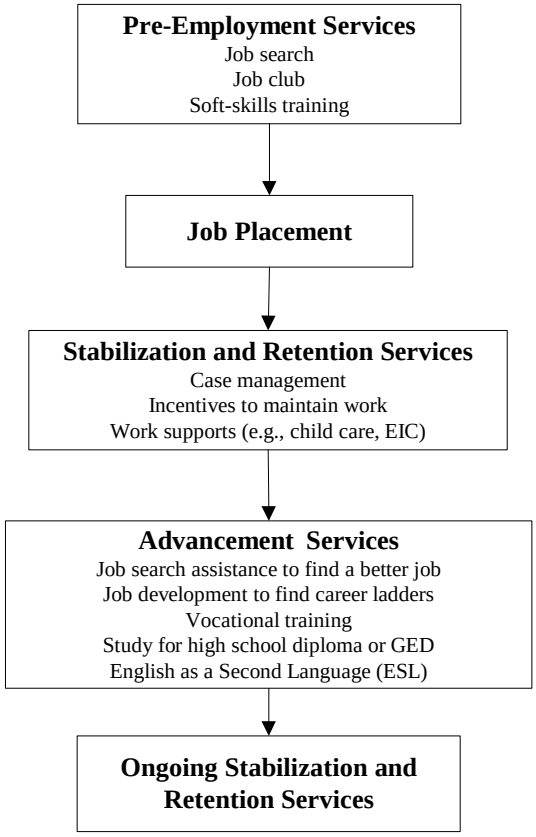

Table 2.2

ERA Site Clusters

Advancement Projects	Placement and Retention Projects	Projects with Mixed Goals
Florida	Minnesota	Los Angeles EJC
Illinois	Oregon HTE	Oregon PPES
Los Angeles PES	New York PRIDE	South Carolina
Oregon PES	New York SACM	Tennessee
Riverside ET		Texas
Riverside PASS		

- **Advancement projects.** Six of the projects focus primarily on career advancement. These programs target individuals who are generally working in low-wage jobs, and they use a variety of strategies to help participants move into better jobs. A "better job" is commonly defined by an increase in earnings but can also mean shorter or more flexible work hours, additional fringe benefits, an easier commute, improved work conditions, and so on.

- **Placement and retention projects.** At the other end of the spectrum, four projects mostly emphasize the first steps in Figure 2.1: placement and retention. These projects target various "hard-to-employ" groups, for whom advancement is seen as a longer-term goal.

- **Projects with mixed goals.** The remaining projects stress both retention and advancement. Most begin working with people who are looking for jobs, focusing first on placement, next on retention, and later on advancement. One project targets a more heterogeneous group and tailors goals to individual circumstances.

Sections II and III describe the programs in each cluster, focusing on their target populations and service strategies.

II. Advancement Projects

A. Target Populations

The six advancement-focused projects grew out of concern about the quality of jobs that welfare recipients obtain after participating in welfare-to-work activities that strongly emphasize rapid employment. Thus, as shown in Table 2.3, all six of the ERA advancement projects target people who are working in low-wage jobs. The Riverside Education and Training (ET) and the Los Angeles Post-Employment Services (PES) projects target newly employed welfare recipients for inclusion in the study, while the Illinois project more narrowly targets recipients who have worked steadily for at least six months. The Riverside Post-Assistance Self-Sufficiency (PASS) project targets people who have just left welfare due to earned income or who are employed former recipients, and the Oregon Post-Employment Services (PES) project will target a similar

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Table 2.3

Advancement ("Working-Poor") Projects

Project	Target Population	Primary Service Strategies
Florida	Low-wage workers (details not yet specified)	Generous stipends to promote participation in education or training (During a pilot test, weekly stipends of $150 were provided to people who attended short-term education or training programs while working.)
Illinois	Welfare recipients who have worked at least 30 hours per week for at least six consecutive months	A combination of services to promote advancement through work-based strategies (identifying career opportunities in current position, job search assistance to find a better job, etc.) and education/training
Los Angeles PES	Newly employed welfare recipients working at least 32 hours per week	Stabilization/retention services, followed by a combination of services to promote advancement: education and training, career assessment, targeted job development, etc.
Oregon PES	Employed former welfare recipients	Stabilization/retention services, followed by a combination of services to increase enrollment in education and training and to promote advancement through work-based strategies
Riverside ET	Newly employed welfare recipients working at least 20 hours per week	Alternatives being tested: 1. Training-Focused Group – members encouraged to attend education and training programs; no specific work requirement while pursuing education and training 2. Work Plus Group – members encouraged to participate in education and training; no option to reduce work hours below 20 per week
Riverside PASS	Individuals who have left welfare due to earned income or who become employed within the 12 months following termination of cash aid	Intensive, individual and family-based support services administered and delivered by community-based organizations (The program goals are to aid participants to stay employed, to remain independent of cash aid, and to advance their career and/or earnings.)

group of employed former recipients. If the Florida project moves forward, it will likely target a mix of low-wage workers, most of whom are not receiving welfare.

The fact that several of the advancement projects in California and Illinois target employed *welfare recipients* is due in part to the welfare rules in those states. As shown in Appendix Table C.1, both states have generous earned income disregard policies that allow people earning well over $1,000 per month to retain a partial welfare grant. Thus, in both states, large numbers of recipients are mixing work and welfare.

Florida also has a fairly generous earned income disregard, but its welfare benefit levels are lower than in the other states. Thus, individuals lose eligibility for benefits when their earnings exceed about $800 per month (roughly 35 hours per week at just over the minimum wage). In addition, Florida has a stricter time-limit policy than either California or Illinois (see Appendix Table C.1), and consequently recipients in Florida who find jobs have a strong incentive to leave welfare entirely — thereby stopping their time-limit clock from ticking — even if they remain eligible for a small grant. Thus, Florida's program would mostly target low-wage workers who are off welfare.[3]

Oregon's welfare grant is somewhat higher than Florida's, but the state does not have a generous earnings disregard (see Appendix Table C.1). Therefore, the level of earnings at which someone loses eligibility for assistance is even lower in Oregon than in Florida. In addition, because Oregon's hourly minimum wage is higher than the federal standard ($6.50 versus $5.15), welfare recipients who find jobs are even more likely to lose eligibility for assistance. Thus, the Oregon PES project will likely target employed former recipients.

B. Service Strategies

The advancement-focused programs begin emphasizing advancement at slightly different points in the sequence described in Figure 2.1. The Florida, Illinois, and both Riverside projects start emphasizing advancement immediately after clients enroll in the ERA project, while the Los Angeles PES and Oregon PES projects will likely focus on retention and stabilization for most clients as a first step.[4]

To promote career advancement, these ERA projects are using two basic strategies. One is to encourage participants to enroll in and complete education and training programs while employed. The other is "work-focused" and emphasizes advancement by maintaining ongoing full-time work and helping individuals to find a better job, either with their current employer or with a new employer. The emphasis of the work-focused approach is on linkages with employers and identifying career ladders and requirements for promotion. In several cases, the ERA projects that focus on advancement combine elements of both strategies.

[3]The Florida project operated as a pilot test serving employed welfare leavers with low income. If the state participates in ERA, the target group will likely be expanded to include other low-wage workers.

[4]In fact, both the Los Angeles PES and the Oregon PES projects could be classified as having mixed goals, because they will focus on both retention and advancement. They are included in the advancement cluster because both target people who already have jobs; as discussed below, most of the programs in the mixed-goals cluster begin even earlier in the flow, by targeting job-seekers.

The Florida and Riverside ET projects are primarily focusing on the first approach. Both programs seek to encourage and assist employed parents to enter (and complete) classroom-based education or training programs:

- The Riverside ET project is explicitly testing whether alternate strategies for mixing work, education, and training for welfare recipients who have already found jobs can increase participation in high-quality education and training programs — and generate bigger impacts on the intensity and duration of advancement activities. Welfare recipients who find jobs are assigned at random to one of the two program groups or a control group. Participants in both program groups are strongly encouraged and assisted to enter education and training activities, but participants in one of the groups, the Work Plus Group (representing the county's standard approach), are required to work at least 20 hours per week. Participants in the other group, the Training-Focused Group (operated by the local workforce development agency), are not subject to any specific work requirement.[5] Recipients in the counterfactual group (the Work-Focused Group) receive some follow-up services focused on employment retention, but they are not actively encouraged to pursue education or training.

- If the Florida project moves forward, it will provide generous weekly stipends — plus free tuition, child care assistance, transportation assistance, and job search assistance — to low-income working parents who enroll in relatively short-term education or training programs. The stipends, which were $150 per week when the program was pilot-tested in 2000, would potentially allow parents to reduce their work hours without losing much income. (The Texas project, discussed below, also uses financial incentives in part to encourage education and training participation.)

It is striking that two strongly work-focused welfare systems that began deemphasizing pre-employment education and training several years ago have begun to reemphasize these activities — and are doing it now, in the post-employment phase. In the past, programs have found it difficult to increase participation in education and training among working parents. For obvious reasons, most single parents have a hard time combining full-time work, school or training, and family responsibilities.[6]

The second advancement strategy flows from the evidence, described in Chapter 1, that employment retention may be associated with earnings or wage progression. This strategy involves helping low-wage workers sustain employment and then identify advancement opportunities — either with their current employer or with a new employer — that do not require classroom-based education or training. The Illinois, Oregon PES, and Los Angeles PES projects will seek to use this approach, which combines career counseling techniques, active job development (for example, aggressive outreach in the business community to identify employers providing "good" jobs), and targeted job search assistance to help participants find and obtain better jobs or

[5]The hypothesis is that allowing more flexibility in the hours worked while attending education and training will promote greater participation and completion in these activities and will allow for different types of training and education for occupations that may have greater earnings growth.

[6]Golonka and Matus-Grossman, 2001.

jobs with built-in career ladders. In some cases, employers might be given subsidies to defray the cost of training a participant for a higher-paying job. A few of the ERA projects (notably in Los Angeles and Oregon) hope to work directly with specific employers or groups of employers in a particular industry or sector to map out the steps needed for advancement — and then to try to place ERA participants in those firms and help them move up the career ladder.

One strategy for melding the two advancement approaches is represented by the Illinois project, which will target welfare recipients who have worked full time for six consecutive months. Under the site's emerging plan, new enrollees will begin with an initial assessment: Staff will help participants think about their career goals and assess whether there are advancement opportunities with their current employer. If so, staff will help them gain access to those opportunities (for example, by helping them plan a strategy for approaching their supervisor or by offering their employer a subsidy in return for training the participant for a higher-level job). If there are no viable career paths within the current employer, job developers will try to identify other job openings that pay higher wages or provide clear opportunities for advancement. In some cases, participants might be encouraged and assisted to enter an education or training activity in order to build their skills. ERA participants will be allowed to reduce their weekly work hours to 20 (without starting their time-limit clock) if they are actively engaged in education or training. (Both Los Angeles PES and Oregon PES are also likely to include education and training as part of the array of services available to participants.)

The fact that the Illinois, Los Angeles PES, and Riverside ET projects all target employed *welfare recipients* means that all three could require eligible parents to participate in program services. However, gaining the full cooperation of parents who are already meeting a state's work requirement is not necessarily a straightforward matter. Illinois intends to mandate participation in its ERA project, even though all participants are already working 30 hours per week. (The state has not yet determined exactly what will be required.) In Riverside and Los Angeles, TANF recipients are required to work at least 20 hours per week and to have a combined 32 hours per week of welfare-to-work activities, which may include participation in education or training. Recipients who are working 32 hours per week are not be required (but are strongly encouraged) to participate in ERA services.

III. Placement and Retention Projects

A. Target Population

The four ERA placement and retention projects shown in Table 2.4 all grew out of concern about welfare recipients who have serious difficulties finding and holding jobs — the "hard-to-employ." Such families obviously face substantial risks in an era of time limits on benefit receipt. However, as shown in the table, these projects define their service populations quite differently: The New York projects target people who have been assessed to have a particular barrier to employment (substance abuse or disabilities), while the Minnesota and Oregon projects will target broader groups who have demonstrated that they have difficulty obtaining (Minnesota) or sustaining (Oregon) employment. The more targeted approach used in New York may be more feasible in large cities, where substantial numbers of people face specific employment barriers.

The Employment Retention and Advancement Project

Table 2.4

Placement and Retention ("Hard-to-Employ") Projects

Project	Target Population	Primary Service Strategies
Minnesota	Long-term welfare recipients who were not able to find jobs through standard welfare-to-work services	In-depth, up-front family assessment to identify barriers and other issues; low caseloads; intensive monitoring and follow-up with individualized services and occasional home visits; emphasis on placement into unsubsidized employment or supported work with referrals to education and training, counseling, and other support services
New York PRIDE	Welfare recipients whose employability is limited by physical or mental health problems	Two main tracks: 1. Vocational Rehabilitation – unpaid work experience for clients with severe medical problems; job search/job placement and retention services tailored to account for medical problems 2. Work-Based Education – unpaid work experience for those with less severe medical problems; job placement services supplemented by ABE, ESL, and GED preparation
New York SACM	Welfare recipients who are unable to work owing to a substance abuse problem	Intensive case management geared toward identifying and resolving barriers to participation in substance abuse treatment programs; emphasis on linkages to family services, support programs, and employment services
Oregon HTE	Two main target groups: 1. Those who have previously received TANF 2. Those who lost their job within the past two years	Team-based case management; job search/job readiness components; intensive retention and follow-up services; mental health and substance abuse services for those identified with these barriers; supportive and emergency services

B. Service Strategies

The programs' service strategies for placement and retention are also diverse, reflecting their unique target populations. Participation in program services will be mandatory in all four projects.

The two New York projects provide specialized services. The Personal Roads for Individual Development and Employment (PRIDE) model, targeted to welfare recipients with disabilities, draws from the vocational rehabilitation field, and the Substance Abuse Case Management (SACM) project is tailored to recipients with substance abuse problems:[7]

- Welfare recipients who are assessed as being capable of work, but with limitations, are referred to one of five contracted PRIDE service providers — organizations with experience working with people with disabilities. Participants who are deemed employable are assigned to one of two tracks.[8] Those with more serious disabilities are placed in the Vocational Rehabilitation track: They are placed into tailored unpaid work experience assignments and receive intensive support and assistance from vocational rehabilitation professionals. Participants with less serious disabilities split their time between unpaid work experience and basic education, participating for a total of 35 hours per week. Both groups receive job placement assistance when they are deemed ready for competitive employment, and they receive retention assistance after they find unsubsidized jobs.

- The New York City SACM project is targeted to welfare recipients who are currently unable to work due to a substance abuse problem. These individuals are referred to a substance abuse treatment program and, simultaneously, to one of the three organizations contracted to provide intensive case management. Case managers reach out aggressively to participants to try to engage them and to facilitate their entry into, and retention in, treatment. In cases where a client may have had a previous treatment failure, case managers explore what factors led to the client's inability to complete treatment. Service referrals might include mental health and substance abuse treatment, linkages to family services and support programs, team-based case management, job search/job readiness components, and emergency services. Case managers are not "facility-based," and contacts typically occur in the field. Once participants become stabilized and make progress in treatment, they are referred for employment services.

The Minnesota and Oregon Hard-to-Employ (HTE) projects will offer a more individualized set of services, reflecting their more heterogeneous target groups.

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[7]Both projects are targeted both to TANF recipients and to recipients of Safety Net assistance, New York's General Assistance welfare program for childless adults.

[8]Some PRIDE participants are deemed likely to be eligible for Supplemental Security Income (SSI) and are referred to Independent Living Centers — organizations that specialize in helping individuals through the arduous SSI application process.

- In Minnesota, employment services are tailored to address each participant's barriers to employment. Services include a thorough assessment of major employment barriers (relating, for example, to mental or physical health, substance abuse, housing, or domestic violence) as well as job search, and coaching on addressing workplace conflicts. In addition, staff follow up with clients assigned to treatment or counseling (and their providers) to ensure that participants are receiving appropriate treatment. Low caseloads allow for intensive monitoring, and case managers are encouraged to make periodic home visits to monitor clients' progress. All the ERA service providers have the capacity to offer supported employment opportunities.

- Based on the results of an applicant survey discussed in Chapter 3, Oregon HTE decided to include mental health services as part of its ERA program. The survey showed that returning participants as well as recipients who quit or were fired from their last job may have higher levels of depression and anxiety. Program planners expect to hire staff with expertise in diagnosing and addressing mental health and substance abuse issues. These staff will work on a team with the welfare case manager and an employment specialist. Using this team-based case management approach, the program will also aim to provide more intensive post-employment follow-up and wage advancement services for participants.

IV. Projects with Mixed Goals

A. Target Population

The ERA projects shown in Table 2.5 have mixed goals for two distinct reasons. Four of the five (Los Angeles EJC, Oregon PPES, Tennessee, and Texas) target welfare recipients who are looking for work, but they do not focus specifically on hard-to-employ groups. Thus, they have mixed goals because they intervene early in the sequence shown in Figure 2.1 and must focus first on placement, then on stabilization and retention, and then on advancement. This approach is predicated on the theory that programs (1) can promote retention and advancement in part by affecting pre-employment activities and the initial job placement (see Chapter 1) and (2) will be better positioned to work with participants after they find jobs if staff can establish relationships with participants before they go to work.[9]

The South Carolina project has mixed goals because its target group is so diverse, comprising people who left welfare (for any reason) between October 1, 1997, and December 31, 2000, and who have not come back on the rolls. The specific goal depends on the participant's current circumstances: For someone currently employed, the goal might be related to advancement; for someone not employed or having difficulty holding jobs, the goal might be related to job placement and retention.

[9]The Los Angeles EJC project does not intend to provide special post-employment services. It is intended to test whether job quality and stability can be improved by reshaping pre-employment job search activities.

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Table 2.5

Projects with Mixed Goals

Project	Target Population	Primary Service Strategies
Los Angeles EJC	Welfare recipients who have been required to search for employment	Special job search workshops to using a step-down approach in which clients first search for a job that pays a "living wage" and then look for a job with an identifiable career ladder before seeking part-time employment that can be combined with education and training
Oregon PPES	Welfare applicants	Job search assistance combined with career planning; once employed, education and training, employer linkages to promote retention and advancement
South Carolina	Individuals who left TANF between October 1997 and December 2000	Individualized case management focused on reemployment and support services to remove employment barriers; job search, career counseling, education and training, and use of individualized incentives
Tennessee	Relatively job-ready welfare recipients who have been assigned to look for employment	Pre-employment career planning, job development, and job search assistance; intensive case management and post-employment follow-up to promote retention and advancement
Texas	Welfare applicants and recipients	Intensive, individualized team-based case management with services including employment assessment, job search, goal-setting, support services, and coordination with employers; monthly stipends of $200 for those who maintain employment and complete activities related to their employment plan

As with many of the other projects, those with mixed goals were shaped by data illustrating the limitations of the states' standard welfare reform approaches. South Carolina has conducted extensive research on welfare leavers, finding that many leavers (particularly those who left because of sanctions) are not steadily employed and that others appear to be stuck in low-wage jobs. Similarly, Texas was concerned about statistics indicating a high rate of recidivism among welfare leavers, and Tennessee conducted surveys demonstrating that large percentages of current and former welfare recipients experienced unstable employment and low wages and did not receive employer-sponsored fringe benefits.

The projects were also shaped by past experience. Los Angeles County has participated in a series of rigorous evaluations of its Greater Avenues for Independence (GAIN) welfare-to-work program. The first study, initiated in the late 1980s as part of a six-county evaluation of GAIN, found minimal impacts for a program strongly focused on pre-employment education and training.[10] In response to these results — and stronger impacts from a more employment-focused GAIN program in neighboring Riverside County — Los Angeles County redesigned its program to adopt a work first focus. A second rigorous evaluation found positive results for the work first model.[11] Nevertheless, county officials, seeking even stronger impacts, looked to results from the Portland, Oregon, JOBS program described in Chapter 1. Among other features, that program included job search workshops that sought to move participants into higher-paying jobs. Los Angeles's Enhanced Job Club project will assess whether a new job club model with a focus on job quality will help participants achieve employment that will provide them with or lead to "living-wage" jobs.

B. Service Strategies

As might be expected, the projects with mixed goals use diverse service strategies, including many of the same approaches used by the advancement and placement/retention projects. For example, when the projects focus on advancement, they use the same two advancement strategies discussed earlier. However, two general categories of services characterize the programs in this cluster:

- **Reshaped pre-employment activities.** For the most part, these projects maintain a work first philosophy, but their pre-employment activities are not necessarily designed to move participants into the first available job.

    - The Los Angeles EJC project is the clearest example: It is testing the impact of group job search activity that is explicitly designed to target jobs that pay a "living wage." For the first week of job search, participants are initially directed to look for jobs paying at least $8.32 per hour with health benefits or $9.46 per hour without benefits, which the county Department of Public Social Services defined as the local living wage in its Long-Term Family Self-Sufficiency Plan.[12] If participants are unsuccessful after a week, they are encouraged to look for a job with advancement opportunities leading to a living-wage position. If they are still unable to

[10]Riccio, Friedlander, and Freedman, 1994.

[11]Freedman et al., 2000.

[12]This target wage may change if it is found that an increase is needed to sustain a "living wage."

find a job after two weeks, participants are encouraged to take a part-time job in conjunction with education and training. As discussed below, this new approach will be compared with the existing job club model, which focuses on rapid employment in any job.

- The Tennessee and Texas projects have not substantially redesigned job search activities, but both programs attempt to instill a "career focus" during the pre-employment phase, conducting extensive assessments while urging and assisting participants to think about longer-term career goals as they search for work. (The Oregon PPES project is not fully developed but is likely to adopt a similar focus.) In the pre-employment phase in Texas, ERA participants are connected to workforce services immediately following the TANF eligibility interview. This up-front connection provides the participant a more streamlined continuum of services between the welfare and employment agencies.

- **Case management to encourage retention and advancement.** Several of the projects with mixed goals are built around the same general approach used in the Post-Employment Services Demonstration (PESD): case management. However, knowing that the PESD approach generated minimal impacts, these projects have reshaped or enhanced case management in several ways.

  - In the Tennessee, Texas, and Oregon PPES projects, case mangers seek to establish relationships with participants before they go to work. Some have speculated that PESD case managers had more difficulty engaging clients because they had not worked with them pre-employment. The Tennessee project also includes an explicit focus on serving participants' entire families. The Texas project focuses on an integrated, team-based approach to case management in which participants receive more individualized and intensive one-on-one support from case managers. Texas administrators hope that intensive case management services will lead to greater participation in program activities, and early data from the Texas sites show this to be the case.

  - The South Carolina and Texas projects both use financial incentives to encourage voluntary participants to remain in contact with programs. In Texas, participants can receive a stipend of $200 per month for up to one year after they leave cash aid if they work full time (or combine school and work) and participate in employment-related activities. Case managers market the stipend early in order to encourage retention and advancement. South Carolina will provide much smaller incentives but for numerous and more specific benchmarks (for example, finding a job, holding a job, completing an education or training activity, getting a promotion). In addition, the program uses flexible hours, frequent home visits, a newsletter, and other steps to engage participants. (Clients are referred to as "members" to promote a customer-care culture among staff.)

- In South Carolina, case management is consciously focused on achieving employment-related outcomes. Staff address social service needs or provide referrals when such assistance will directly improve the client's ability to obtain or sustain employment.

V. Early Baseline Data: Client Characteristics

Each of the ERA projects will collect basic demographic information that provides a "snapshot" of its population at the point people enter the study. Three studies — Riverside ET, Tennessee, and Texas — have started random assignment and collected baseline data on their sample members. South Carolina also has baseline data from an early pilot test of 260 former welfare recipients; its data were drawn from administrative records.

The early data shown in Table 2.6 illustrate that sites seem to be serving their intended target populations. Riverside ET targets welfare recipients only after they are employed for 20 hours or more, thus identifying a slightly more stable population for advancement services. In contrast, Tennessee and Texas target welfare recipients or applicants who, for the most part, do not have a job. In South Carolina, where the target population includes former welfare recipients, the project is serving a mix of clients — some have stable employment, while others are not employed.

Other differences among the samples are also consistent with the program models. For example, most of the Tennessee sample members have a high school diploma or General Educational Development (GED) certificate, because the project targets welfare recipients who have been deemed "job-ready" (using criteria that include educational attainment). Similarly, a substantial proportion of the Texas sample have no prior welfare history, because that program focuses in large part on welfare applicants (some of whom are reapplying).

Finally, the racial/ethnic composition of the samples largely reflects the demographic characteristics of the welfare caseloads in each area. The South Carolina and Tennessee samples are predominantly African-American, while the Riverside sample includes many more white and Hispanic clients. Although not shown in the table, the characteristics of the Texas sample differ substantially from site to site: The samples in Fort Worth and Houston are mostly African-American, while the Corpus Christi sample is mostly Hispanic.

VI. Institutional Structure: Who Is Running the ERA Programs?

The institutional structure of the ERA projects is strongly influenced by the fact that almost all of them target TANF applicants, recipients, or recent TANF leavers. The focus on current and former welfare recipients was not a requirement, but several factors pushed the states in that direction. First, because ERA was developed by the Administration for Children and Families, the initiative was designed to build on the welfare reform efforts of state welfare agencies — in partnership with other relevant agencies and organizations — and to respond to their substantial interest and investments in the area.

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Table 2.6

Selected Characteristics of Sample Members Who Are Single Parents

Characteristic (%)	Riverside	Tennessee	Texas	South Carolina
Age				
20 years or younger	3.1	3.7	11.2	2.7
21 to 30 years	45.8	51.5	52.4	58.7
31 to 40 years	36.8	33.2	27.1	31.2
41 years or older	14.3	11.6	9.3	7.4
Race/ethnicity				
Hispanic	41.8	0.4	31.9	0.0
Black/non-Hispanic	21.1	96.8	51.8	78.8
White/non-Hispanic	34.0	2.5	14.9	20.6
Other	3.2	0.3	1.3	0.5
Number of children				
0	1.0	0.0	1.0	0.0
1	31.8	28.0	37.4	26.5
2	29.1	30.5	30.1	30.2
3 or more	38.1	41.6	31.5	43.4
Age of youngest child				
2 years or younger	40.1	44.7	49.7	26.5
3 to 5 years	24.4	23.5	21.5	30.2
6 years or older	35.6	31.8	28.8	43.3
High school diploma or GED[a]	56.2	70.5	47.4	59.8
Limited English ability	5.5	3.0	2.7	n/a
Employment in past 3 years				
Never employed	4.5	12.7	15.4	n/a
Employed up to 1 year	47.5	49.9	43.4	n/a
Employed 1 to 2 years	24.3	18.1	20.5	n/a
Employed 2 to 3 years	23.8	19.4	20.8	n/a
Currently employed[b]	100.0	14.2	7.4	53.4
Total prior welfare receipt[c]				
None	2.2	6.4	31.1	0.0
Less than 2 years	41.3	42.0	44.8	48.5
2 years or more	56.5	51.6	24.1	51.5
Lives in public or subsidized housing	18.0	23.7	24.6	n/a
Sample size[d]	701	2,804	2,322	189

(continued)

Table 2.6 (continued)

SOURCES: Calculations from Tennessee and Texas ERA baseline data, South Carolina's administrative records, and Riverside baseline data.

NOTES: [a]In South Carolina, those having 12 or more years of education are considered to have a high school diploma. Information on educational attainment is not available.

[b]In South Carolina, this information is based on unemployment insurance (UI) records as of March 2001.

[c]The total prior welfare receipt variable for Texas and Tennessee is based on respondents' estimates of how much AFDC they have received in the past 10 years. The variable for South Carolina is based on actual receipt in the past 9 years according to administrative records.

[d]South Carolina's information is based on a test sample. Random assignment began in October 2001.

Second, as the states designed their ERA projects, they sought to address the limitations of their basic welfare programs before seeking new target populations. As noted earlier, several states responded to data showing that welfare recipients who had found jobs in an environment characterized by a strong work first emphasis and the pressure of looming time limits often had poor job retention or appeared to be stuck in low-wage jobs (and, in some cases, were still receiving assistance); other states focused on "hard-to-employ" groups that were having difficulty finding employment.

Third, for practical reasons, the states believe it will be relatively easy to identify and enroll a target group composed of current or former welfare recipients (as opposed to a broader group of low-wage workers).

A. The Key Players

The institutional structure of the ERA programs reflects the complex organizational arrangements that are used to deliver employment-related and other services to welfare recipients more generally. In most areas, welfare agency staff handle functions related to eligibility determination. Welfare agency staff in some places also serve as employment and training case managers, but this function is often delivered by outside agencies under contracts or other arrangements. In addition, outside agencies are almost always responsible for delivering education, training, and other specific employment services.

The workforce development system often plays a key role in delivering employment services to welfare recipients, and that system plays a central part in several ERA sites. This highly decentralized system, overseen by the U.S. Department of Labor (DOL), was substantially restructured by the Workforce Investment Act (WIA) of 1998. Today, DOL distributes WIA funds to states, which, in turn, pass them along to local Workforce Investment Boards (WIBs) appointed by elected officials. The WIB is responsible for coordinating the delivery of services in a specific geographical area and for selecting organizations to serve as one-stop centers. When the system is fully phased in, the public will access it through the one-stop centers, which will provide job leads, job search assistance, and other short-term services as well as help employers locate qualified employees. Individuals who are unable to find or retain jobs through short-term services can be offered vouchers (Individual Training Accounts) to purchase training in the community from organizations that are certified by the WIB; these providers might include community colleges and nonprofit or for-profit organizations. The one-stop centers also must provide access to the local department of employment services.

Finally, community colleges are often key providers of employment services for welfare recipients, in some cases including services not related to education or training (for example, job search assistance).

B. Common ERA Organizational Structures

As shown in Table 2.7, the ERA projects use three general organizational structures. (These do not correspond to the site clusters described earlier, which were defined by program goals.)

The Employment Retention and Advancement Project

Table 2.7

Service Structure for the ERA Projects

Welfare-Centered: ERA Program Housed in the Welfare Office	
Los Angeles PES	Case managers at the Los Angeles County Department of Public Social Services (DPSS) provide the ERA services.
Riverside ET: Work Plus Group	Riverside DPSS case managers provide ERA services for one of the treatment groups.
South Carolina	ERA program is operated by county Departments of Social Services.
Welfare-Focused: Most ERA Services Provided by Contractors	
Los Angeles EJC	Contracted providers will operate the enhanced job club.
New York PRIDE	ERA program is operated by nonprofit and community-based organizations.
New York SACM	ERA program is operated by nonprofit and community-based organizations.
Oregon HTE	ERA program is operated by local community colleges.
Riverside PASS	ERA program is operated by community-based organizations.
Tennessee	ERA services are provided by a community college.
Welfare/Workforce Collaborations: Both In-House and Contracted Services	
Florida	Since the workforce and welfare systems are merged, the organizations responsible for delivering all employment services to the Jacksonville and Tallahassee communities are the key service providers for the ERA project.
Illinois	The project is being funded with the state's Welfare-to-Work block grant, which flows from the Department of Labor. Thus, workforce development agencies have been involved in the program planning process, and WIA one-stop centers will be the key service provider in East St. Louis, working under contract to the welfare agency. The Chicago service provider is a for-profit company that is also a one-stop operator.
Minnesota	A combined welfare/workforce agency is responsible for providing employment services to TANF recipients, primarily through contracts with nonprofit and public organizations. ERA clients are served by a designated group of these providers.
Oregon PES and PPES	In Salem, a local community college (also the WIA one-stop operator) will deliver ERA services in collaboration with the welfare agency. A consortium of public agencies and nonprofit providers (including the welfare and workforce agencies) will deliver ERA services in Medford.
Riverside ET: Training-Focused Group	The local workforce agency is responsible for operating a program that tests whether eliminating work requirements will result in higher rates of participation in education and training activities.
Texas	Local Workforce Development Boards (LWDBs), under the umbrella of the Texas Workforce Commission (TWC), are responsible for providing employment services to TANF recipients. With funding from the Texas Department of Human Services, (TDHS) the LWDBs contract with local community organizations to provide ERA case management services.

One group of sites might be called "welfare-centered." In these sites, the program is literally housed in a welfare agency. For example, in South Carolina, Los Angeles PES, and the Work Plus treatment stream of the Riverside ET project, the key staff who work with participants are welfare department employees. Community colleges and other institutions provide education and training activities, and other agencies will be involved as needed. (For example, participants might be referred to appropriate agencies if they are victims of domestic violence, have a substance abuse problem, or face other personal barriers to employment.)

The second group of sites is welfare-focused, but contractors deliver virtually all program services, including the core case management function. The Oregon HTE and Tennessee projects are operated by community colleges, while the Riverside PASS and both New York projects are operated by nonprofit or community-based organizations. Once again, specialized agencies may deliver services related to domestic violence, substance abuse, and mental health issues. Riverside PASS involves community-based organizations (CBOs) because administrators and staff are interested in observing and studying multiple approaches to service delivery for this challenging program. Some believe that CBOs are better able to recruit potential participants, since they are located in the neighborhoods where participants live and work. The Los Angeles County welfare agency will contract out for enhanced job club services, although the provider selections had not been finalized when this report was written.

The third group of projects has more complex structures that represent collaborations among welfare and workforce agencies. In some sites, welfare and workforce agencies developed new linkages specifically for ERA; in other sites, the workforce agencies are responsible for providing case management and employment services for TANF recipients statewide and thus play a similar role in ERA. Even in sites that are welfare-centered, there may be strong links with the workforce system. For example, South Carolina's six ERA counties were selected in part because they are served by a single WIB, facilitating coordination among the local welfare and workforce agencies.

VII. The Counterfactual

As discussed in Chapter 1, each of the ERA projects is being evaluated using a research design whereby eligible individuals are assigned, at random, either to a group that receives ERA services or to a group that is treated as though the ERA program does not exist. This report generally refers to these groups as the program group and the control group, although several of the sites have developed more descriptive names. The control group — also known as the *counterfactual* — provides the benchmark against which the ERA program will be assessed.

As discussed earlier, most of the sites in the placement/retention cluster (that is, sites serving the hard-to-employ) and in the mixed-goals cluster target welfare applicants or recipients who are not yet employed. In these sites, the control groups will generally receive the standard

welfare-to-work services that are provided in each location.[13] Thus, the study will measure the impact of the ERA program over and above any impacts generated by the standard services.

An exception is the South Carolina program, which targets former welfare recipients; in that case, there will be no systematic outreach to the control group (since no such outreach was attempted before ERA began).[14] Similarly, in the New York PRIDE project, the control group will not be required to participate in any work activities because the target population (recipients who are capable of limited work) was exempt from such mandates before PRIDE was developed.

Sites in the advancement cluster, which target working parents, will provide fewer systematic services to control group members, because most of the sites did not systematically target this group prior to ERA. The main exception is the Riverside ET project, which has a complex research design. Prior to entering ERA, Riverside was already targeting working recipients with a set of services designed to promote education and training participation; this constitutes the main ERA program group. As discussed earlier, a second program group, created specifically for ERA, is testing an alternative approach to promoting education and training (one without minimum work requirements). The control group receives the services that were considered standard before ERA was created: limited outreach and no explicit focus on education or training.

Appendix B provides further information about the development of the ERA research designs.

[13]The New York SACM project is not a traditional welfare-to-work program; its control group will be referred to substance abuse treatment and will be monitored by welfare agency staff, which was the normal procedure before the enhanced case management project was developed.

[14]In mid-2001, South Carolina began to deliver some follow-up services to TANF leavers statewide. Control group members may receive these services if they return to welfare and then leave again during the study period. However, the statewide program will likely offer much less intensive services than are available through the ERA program.

Chapter 3

Early Program Design and Implementation Challenges

The design and implementation of a new program is always a complicated process. The challenge has been particularly daunting in the Employment Retention and Advancement (ERA) project because there is little previous experience on which to build. Although states have successfully implemented the work first philosophy, they are now facing a higher hurdle: delivering services that will improve employment retention and facilitate advancement in the labor market. To achieve these goals, they must design programs that go beyond the current level of services and beyond the case management model that was tested in the Post-Employment Services Demonstration (PESD). The ERA programs must be bold interventions that combine innovation, intensity, and scale. New partnerships must be forged, and staff roles must be transformed. A keen focus on employment outcomes must be the overriding concern and not be marginalized by individuals' needs for a range of social services.

The ERA sites have faced a number of universal challenges during the program design and implementation process:

- Participation rates are often very low in post-employment retention and advancement activities, particularly if the services are voluntary. Sites have addressed this issue by offering incentives, aggressively marketing services, and designing services that are closely tailored to participants' needs.

- Providing retention and advancement services often involves restructuring the roles and responsibilities of staff. Post-employment case managers often are asked to deliver a broad range of services including career counseling, labor market assessment, and job development. Some sites are providing training to case managers to help them deal with these new roles. Other sites are using a team-based approach wherein each participant has access to a number of staff members who have unique expertise in navigating the service system.

- To deliver a wide array of employment, training, and support services to participants, welfare agencies need to create linkages with other agencies, community colleges, and social service providers. However, creating such partnerships can be difficult and time-consuming. Several of the ERA sites are undertaking an even more ambitious approach: working directly with employers to help participants identify and access internal career ladders within firms or industries.

This chapter discusses in more detail some of the key early challenges that the sites have faced in designing and operating ERA programs. Each section includes specific examples from one or more sites to illustrate common themes as well as particularly innovative ideas or practices.

I. Planning for ERA

As discussed in Chapter 1, a few of the ERA projects (for example, Tennessee and both New York projects) are testing programs that were already in place before the state entered ERA. But most of the programs were developed specifically for the evaluation, sometimes building on prior initiatives. In these sites, extensive planning was required before services could be delivered. This section focuses on several of the key challenges involved in organizing for ERA.

A. Defining and Understanding the Target Group

As discussed in Chapter 1, most of the states began their ERA planning by selecting a target group — typically, a group for whom standard welfare-to-work services had been less successful. Results from welfare leavers studies, recidivism statistics, and data on the characteristics of employed welfare recipients focused attention on particular populations, such as recipients who had been unable to find jobs, former recipients cycling back onto welfare, or recipients who were employed but earning too little to lose eligibility for assistance. In each site, ERA program goals were in large part defined by the target group's problems (for example, low wages, employment instability), which, in turn, led into discussions about appropriate service strategies and, ultimately, to the changes in organizational structure and staffing that were needed to operationalize those strategies.

Based in part on the results of the PESD study, sites are attempting to target services specifically to the needs of a more narrowly defined eligible population. In PESD, retention services were provided for everyone who found employment through the JOBS program. Job retention levels for the control group, however, were already relatively high, thus diminishing the added value of PESD retention services. Among the four PESD sites, the control group members were employed, on average, from 60 percent to 80 percent of the time during the two years following intake.[1] Instead, sites in the ERA evaluation are primarily targeting retention services to clients with greater barriers to steady employment; for those who can work more steadily, the focus is on advancement.

Although many of the states started with some general data about the target group from the sources described above, most needed to learn more about potential ERA participants in order to design appropriate services and develop their marketing "pitch." Thus, several sites conducted special data collection efforts (for example, surveys of applicants, focus groups with participants) in order to gather additional information. In addition, as discussed further below, almost all the sites will conduct a two- to four-month pilot test before starting random assignment; this will provide a final opportunity to test assumptions about the target group, outreach methods, and service strategies.

[1] Rangarajan and Novak, 1999.

The Oregon Hard-to-Employ Program

In the early design stages of the Oregon Hard-to-Employ (HTE) program, staff needed to improve their understanding of the group they wanted to target, originally described as participants cycling on and off TANF. To answer questions about this group, they implemented an applicant survey and collected information on employment barriers, work history, and former TANF receipt. The survey found that returning applicants seemed to have high levels of depression, anxiety, and low self-esteem. Returning applicants, for example, were more likely than first-time applicants to report that they did not feel good about themselves; frequently felt nervous, anxious, or depressed; and often had a hard time getting out of bed in the morning. The survey also found that returning applicants were in their last job for an average of three to six months, compared with first-time applicants, who were in their last job for an average of a year or longer. As a result of the survey, the ERA project in Oregon includes mental health services for the program group as well as some more intensive job-coaching in the early stages of employment to increase job retention rates among returning participants. In addition, the survey found that recipients who quit or were fired from their last job had similar mental health and retention problems. Because of these findings (and to meet sample-size requirements), program planners decided to include recipients who had lost a job within the past two years.

The Illinois Program

As discussed in Chapter 1, the Illinois Department of Human Services was concerned about recipients whose time-limit clocks had been stopped due to full-time work but who still were not earning enough to exit TANF. However, early in the planning phase, they narrowed the target group to include only recipients whose clocks had been stopped for six consecutive months; this group appeared to be "stuck" in low-wage jobs, and planners believed that individuals whose employment had stabilized would be more open to discussing advancement (see Figure 2.1). The state also decided to establish an age cutoff (to include only individuals below age 50). Other potential criteria (for example, a maximum hourly wage) were considered and then dropped, in part to ensure a large enough service population in the targeted welfare offices. The state used administrative data to estimate the size of the target group and to obtain data on types of jobs and hourly wage rates.

The Florida Program

If it moves forward, Florida's ERA project will test a model known as Gaining Opportunities and Learning Skills (GOALS), which has been operating on a pilot basis in the Jacksonville area since September 1999. In the pilot program, GOALS offered very generous stipends ($150 per week for up to 16 weeks) to welfare leavers who were working low-wage jobs and agreed to enroll in short-term education and training programs. Despite this generous stipend, a completion bonus, paid tuition, and other supports such as child care and transportation, very few individuals enrolled, and even fewer completed training. In preparation for ERA, MDRC and GOALS staff held focus groups with GOALS participants to investigate why they had enrolled and how the program might help them succeed. The most important feedback related to the structure of the incentive. Most participants felt strongly that the stipends should be structured to last as long as the training lasts. They felt that it was actually a *dis*incentive to provide this stipend for only 50 percent or 75 percent of the duration of the training. The loss of the stipend in the middle of the training caused hardship for many who had grown accustomed to having the extra cash to cover household expenses.

B. Designing the Service Approach

The states sought to develop service strategies that would meet the needs of the target group, which is often difficult given the limited research findings to show which services are effective. Many consciously focused on going beyond existing services — a process that was facilitated by the presence of a random assignment study. MDRC and the Lewin Group pushed the sites to ensure that there would be a sharp, definable "treatment difference" between the services available to the program group and to the control group. Lacking that, the resources devoted to the evaluation would not be well spent.

In addition, the sites sought to learn lessons from previous research. Both PESD and reports on promising practices by Mathematica Policy Research, MDRC, and the Lewin Group led some to start their programs pre-employment, others to focus on advancement rather than simply retention, and still others to target hard-to-employ groups for whom retention was clearly a serious problem. A different body of research — including, for example, research from the disability field — informed the development of service strategies for the hard-to-employ.[2] Finally, although such programs have not been rigorously evaluated, research on sectoral, or industry-based, initiatives provided lessons on how to work directly with employers to identify and access career ladders.

Technical assistance provided by MDRC and Lewin staff and consultants aided the ERA program design process in each of the sites. For example, understanding that many working parents would be reluctant to attend classroom-based education or training programs, MDRC worked with some of the sites to consider strategies for promoting advancement without education or training.

The Los Angeles Enhanced Job Club Program

The Los Angeles Enhanced Job Club (EJC) project will directly test whether a redesigned job search workshop for welfare recipients can lead to better initial jobs and, subsequently, better retention and advancement outcomes. The evidence for this approach comes from an evaluation of a welfare-to-work program in Portland, Oregon (see Chapter 1).[3] The standard job club model in Los Angeles (as in most places) encourages participants to find work as quickly as possible: Any job is considered a good job. The EJC program will use a "step-down" model: Participants will initially be encouraged to look for jobs paying above a minimum threshold ($8.32 per hour with health benefits or $9.46 without benefits). If they are unsuccessful after a week, they are encouraged to look for a job with lower wages and advancement opportunities. If they are still unable to find a job after two weeks, they are encouraged to take a part-time job in conjunction with education and training.

[2]Gardiner and Fishman, 2001.

[3]The Portland evaluation produced encouraging results, but it cannot be determined to what extent these results are attributable to the job club model, which was only one of several distinctive features of the program.

The New York PRIDE Program

In New York City, welfare recipients who have physical or mental disabilities but who are not likely to be eligible for Supplemental Security Income (SSI) are no longer exempted from work requirements. Rather, a medical assessment provider identifies their specific limitations and refers them to the Personal Roads for Individual Development and Employment (PRIDE) program for employment services. The PRIDE model draws from the vocational rehabilitation field (in fact, the state vocational rehabilitation agency is a partner in operating the program), and it is operated by organizations that have experience working with people who have disabilities. Employable participants are placed into one of two service tracks: the Vocational Rehabilitation track (for those with more serious disabilities) focuses on tailored unpaid work experience, training, and counseling; and the Work-Based Education track combines work experience and adult education. Participants receive assistance in finding unsubsidized jobs as well as post-employment support and retention services. (Participants who are found to be unable to work receive assistance in applying for SSI.)

The Los Angeles Post-Employment Services Program

In assisting Los Angeles to develop its Post-Employment Services (PES) program, MDRC and the Lewin Group helped county staff systematically review the existing services available to employed welfare recipients. Los Angeles had been providing post-employment services under new regulations established as part of welfare reform, but the take-up rate was low, and the services operated on a relatively small scale. The ERA model will include enhancements to help increase participation, including nonfinancial incentives, lower staff-participant ratios, and more flexible work requirements while participants are enrolled in education and training. Los Angeles is also planning to provide staff training to help case managers learn more about providing career counseling services. Earlier PES efforts focused predominantly on helping full-time working TANF recipients to enroll in education and training. The enhanced service model will include a focus on retention as well as a broader approach to advancement.

C. Building a Service Network

As discussed in Chapter 1, most of the ERA projects represent collaborations among welfare and workforce agencies, community colleges, nonprofit providers, and others. In many sites, these linkages already existed in order to deliver employment services to welfare recipients, but in a few sites, new partnerships were forged specifically for ERA. Although such partnerships are often difficult and time-consuming to develop and maintain, they offer a range of benefits to participants by giving them access to the specialized expertise of multiple agencies (and, in some cases, additional funding for services). The choice of service providers was particularly critical in the projects serving hard-to-employ populations, because these clients often require intensive, specialized services (for example, domestic violence services, substance abuse treatment, or mental health services).

As discussed earlier, one of the most ambitious strategies — likely to be pursued in Illinois, Los Angeles, Oregon, and other sites — is to build linkages directly with targeted employers. It is hoped that these linkages will go beyond the traditional emphasis on job placement to

focus on identifying career ladders within employers or industries and helping ERA participants to access those ladders.

The Riverside Education and Training Program

A unique collaboration between the county Department of Public Social Services (DPSS) and the local workforce agency in Riverside, California, the Economic Development Agency (EDA) was forged specifically for the purposes of ERA. DPSS is strongly committed to the work first model, which emphasizes job placement and retention. It is also committed to building on this foundation by testing alternative models of adding education and training as an important second step in helping recipients become self-sufficient through employment. Thus, DPSS asked EDA to operate a program stream in which participants have the flexibility to reduce their work below 20 hours per week, or to eliminate work altogether, as long as they are enrolled in full-time work-related activities, including education and training. This was a bold move that stretched DPSS's existing relationship with EDA, but it also ensured that the two program streams were distinct as a result of the strong cultural differences between the two agencies. DPSS provided extensive training to EDA staff to ensure that they were familiar with case management techniques, with welfare-to-work program regulations and procedures, and with the DPSS computerized program tracking system.

The New York Substance Abuse Case Management Program

The New York Substance Abuse Case Management (SACM) test will determine whether intensive case management can generate higher rates of retention in substance abuse treatment, compared with a more traditional approach in which the welfare agency refers substance-abusing clients to treatment providers but provides minimal follow-up services. The program began operating in mid-2001. The choice of case management providers is obviously critical with this very difficult-to-serve population. New York City chose three agencies with quite different kinds of relevant experience, which should greatly enhance the project's learning opportunities. One provider is a community-based organization that previously focused on employment services for substance abusers; the second is a nonprofit organization with experience providing case management for mentally ill individuals; and the third is associated with a major medical center.

The Riverside Post-Assistance Self-Sufficiency Services Program

The Riverside Post-Assistance Self-Sufficiency Services (PASS) project is designed in part to test whether particular types of service providers — in this case, community organizations — can effectively deliver retention and advancement services to families who have left welfare. The county DPSS has contracted with the Riverside Community College and three community-based organizations to provide post-employment services. Families who leave welfare for work will be assigned, at random, either to one of the contracted providers or to a counterfactual group that will be eligible for standard post-welfare support services provided by DPSS but will not be actively recruited by staff.

D. Staffing the Programs

Sites faced two key challenges in staffing their ERA projects: (1) hiring and training staff to work with ERA participants and (2) developing effective staffing structures. The sites have found that their projects demand staff who have a diverse set of skills in such areas as recruit-

ment and outreach, assessment, career advising and counseling, job development, and brokering a wide array of services. It is also critical that staff have a solid understanding of the local labor market and an ability to interact with employers.

As they began designing their ERA models, most sites did not have many staff who possessed this wide range of skills and knowledge. Thus, all sites have provided some staff training, whether they created new positions and hired new staff or retrained existing staff to assume a new role. For example, welfare staff who have traditionally worked only with clients who are required to participate are now learning how to recruit voluntary participants by convincing them of the benefits of employment retention and advancement. Similarly, case managers who previously focused on rapid employment and monitoring clients' participation in job search activities are learning some of the techniques of career counseling — helping participants establish and work toward career goals and understanding the skills requirements and advancement paths associated with particular jobs or occupations.

Given the many responsibilities that many ERA case managers are taking on, caseload size becomes a big issue. If caseloads are too high, case managers cannot work with clients as intensely or as effectively on retention and advancement issues. Some sites are trying to address this problem by reducing the number of clients that case managers have on their caseload. Sites have also faced the challenge of how to structure their case management staff, and they have chosen quite different paths. For example, some sites assign clients to teams of specialized staff, while others have cross-trained workers to assume multiple responsibilities.

The Tennessee Program

Tennessee began with a specialized, team-based staffing model: Each participant was assigned to a team that included a job readiness instructor, a career counselor, a post-employment specialist, and a job developer. Initially, it was difficult for these staff to function as a team; cases were passed from one specialist to another, but there was relatively little interaction among team members. After some technical assistance from MDRC and the Lewin Group, the teams began working more cohesively; for example, they began holding weekly staff meetings to discuss their common cases and share their individual expertise. A liaison from the welfare department was placed on-site at the community college that runs the ERA program in order to facilitate coordination on benefits issues. Eventually, as part of a statewide shift, all employment services staff were trained to become employment career specialists, a role that incorporates many of the previously specialized functions.

The Texas Program

The Texas ERA program is built around team-based case management. The staff include both individuals who previously worked in the state's standard welfare-to-work program and people who are new to the system. The state has devoted substantial resources to staff training, providing instruction in career counseling skills, case management, and retention and advancement strategies. Over time, the sites have moved toward creating specialized positions to focus on post-employment retention and advancement issues. Managers have discovered that this role requires different skills than those required for up-front barrier-removal and job search assistance activities. In addition, assigning staff to specialize in retention and advancement can increase the priority given to those areas.

The South Carolina Program

South Carolina's ERA program, Moving Up, represents a radical departure from previous programs operated by county welfare agencies. Moving Up staff — known as career consultants — must reach out to welfare leavers, engage them in the program, identify their individual needs, and provide a wide array of services, potentially including job search assistance, retention assistance, advancement counseling, and assistance with work supports. The state recognized that training would be critical, since most staff were previously caseworkers for welfare, Food Stamps, or child protective services. Although staff were knowledgeable about these public benefits, they needed to be trained in recruitment, career counseling, the local labor market, and other social services that participants might need. Various staff training sessions addressed these areas and also introduced the new automated tracking system dedicated to Moving Up.

E. Securing Resources

Although ACF provided grants to the participating states to defray the research-related costs of ERA, it gave no special program funding. Thus, finding resources to support the design and delivery of new services was an early hurdle that many states faced. The nature of the funding challenge has changed dramatically since 1998, when the ERA planning phase began. At that point, most states had overall budget surpluses and large amounts of unspent TANF funds. Since then, however, states have begun to spend most or all of their TANF allocations, and they face budget pressures created by the national economic slowdown. Thus, in several ERA states, the staff who championed the project have needed to be creative, persistent, and politically skilled in order to secure the necessary funding.

Despite these challenges, all the states have devoted substantial resources to their ERA projects, demonstrating their strong commitment to retention and advancement services. In most states, TANF dollars are the main source of funding for ERA services, but several other sources have been tapped as well, including Welfare-to-Work grant funds.[4] And although TANF dollars usually fund general program operations, many sites are working hard at brokering services for their ERA participants from various public and private agencies funded with other resources. For example, case managers may refer participants to training or employment services funded by the Workforce Investment Act (WIA). In California, the community colleges received funding from the governor that had been earmarked to provide support services, career counseling, and work-study placement for CalWORKs participants. Therefore, case managers in the California ERA projects can provide these services to their participants without using funding allocated specifically for their ERA program.

[4]Congress created the Welfare-to-Work grant program in 1997 to support employment services for hard-to-employ welfare recipients. The program is administered by the U.S. Department of Labor.

The Illinois Program

Illinois is one of the few states that has spent its entire federal TANF block grant funding (in part owing to a large expansion in spending on child care subsidies). Thus, to fund the ERA project, the state used a portion of its Welfare-to-Work block grant that had been set aside at the state level. This required an interagency agreement between the Department of Employment Security (the recipient of the Welfare-to-Work funds) and the Department of Human Services (the sponsor of the ERA project).

The Oregon Post-Employment Services Program

In the Oregon Post-Employment Services (PES) project, TANF funding for career advancement services was initially reduced, in anticipation that the workforce development system would fill this role and deliver advancement services through the one-stop centers. As a result, the potential providers of an ERA program were the agencies responsible for WIA implementation. However, due to tight budgets, workforce agencies were not able to focus on these services, and local welfare agencies could not participate in the project without additional funding. Recently, the TANF dollars were reinstated, allowing three localities to participate.

The Riverside Education and Training Program

In Riverside, California, the Economic Development Agency (EDA) received a grant from the U.S. Department of Labor to fund a welfare-to-work program called ACCESS. ACCESS pays for a wide variety of education and training slots, usually lasting 6 to 12 months, that are offered by EDA's network of service delivery providers. Although there is a much greater emphasis on education and training for the two program groups, clients in all groups may choose to enroll in ACCESS-funded education or training programs.

II. Delivering ERA Services

As of this writing, four sites have begun operating their ERA projects, and several other sites have experience operating programs that will eventually become ERA projects. Thus, as a whole, the sites have accumulated some operational experience.

A. Identifying and Engaging Participants

As discussed in Chapter 1, most ERA sites are serving cash assistance recipients. This target group is relatively easy to identify and locate and, in theory, can be required to participate in program activities. However, as noted in Chapter 1, it is easy to overestimate the power of mandates in the ERA context. Several sites are serving recipients who are already working close to full time and thus are likely to be receiving relatively small welfare grants. If program services are not attractive to such individuals, they may decide to forgo their cash grant instead of participating. This is not a successful outcome for a program explicitly designed to improve employment outcomes. Moreover, almost all the ERA programs will need to work with participants after they leave welfare, when mandates are no longer relevant. Finally, a few sites are serving some individuals (for example, welfare leavers) whose participation is entirely voluntary from the outset. The recruitment challenge is particularly daunting in those sites.

Successful recruitment and engagement strategies are obviously critical in order to maximize the number of people who are helped by the ERA programs. In addition, as discussed further in Appendix B, the rate of participation in program services critically affects the research design for a random assignment evaluation. The evaluation will estimate each ERA program's impact by comparing outcomes (for example, employment rates) for the entire program group — including nonparticipants — against outcomes for the entire control group. If a program works well for participants but only a small fraction of the program group participates, the strong outcomes for participants will not affect the program group average much — and outcomes for the program group as a whole will probably look similar to outcomes for the control group. When this happens, very large research samples (for example, several thousand people in each group) are needed to ensure that the program really has made a difference (that is, that its impacts are statistically significant).

Because it is not feasible to obtain very large samples in many of the ERA sites, it is critical that the programs achieve relatively high rates of participation. To ensure this, most sites conduct a brief (two- to four-month) pilot test before starting random assignment. The pilot studies are designed in part to test and refine program and research procedures and in part to estimate the likely rate of participation in services — and, if the rate is low, to identify steps to increase it (for example, through changes in recruitment strategies or intake procedures). Before starting each pilot test, MDRC and the site agree on a set of minimum benchmarks that would indicate the site's readiness to begin random assignment.

- For the Texas pilot study, MDRC and site staff agreed that at least 50 percent of those assigned to the program group needed to participate in program activities. It was assumed that most of the early participation would center on the first steps in the state's welfare-to-work process: an initial planning meeting and job search workshops. However, as the pilot study progressed, it became apparent that some recipients were quickly finding jobs on their own — perhaps motivated by the post-employment stipend — and thus were not attending either the orientation or the workshops. The definition of participation for these clients was then revised to include participation in post-employment activities, and all three sites eventually reached the 50 percent benchmark.

- A key goal of the Riverside ET pilot test was to ensure that the two alternative programs — the Work Plus program operated by the county welfare agency and the Training-Focused program operated by the local workforce agency — were equally able to contact and engage eligible clients. Because the Training-Focused program is operated by an outside agency, there was concern that it would have more difficulty engaging clients — in which case, the test would not focus on the fundamental difference between the two programs: the presence or absence of the 20-hour work requirement. In fact, both programs were able to enroll approximately 36 percent of a small pilot sample of clients within a six-week follow-up period.

- In South Carolina, where the program group consists of individuals who left TANF between October 1997 and December 2000, there was concern that staff would be able to locate, contact, and engage only a small fraction of those assigned to the program group. If true, a very large research sample

would be required, (The state is planning to assign approximately 2,000 leavers to each research group.) Thus, for the pilot, 260 cases meeting the eligibility criteria were selected at random and assigned to program staff for outreach. Overall, the Pee Dee region succeeded in contacting three-fourths of the pilot cases, and about half of them agreed to develop an individual service plan.

Several of the early-starting sites have confronted a thorny issue: how to prioritize outreach and engagement efforts, which can be tremendously time-consuming for staff. Put simply: How long should staff continue to recruit someone who is not interested in participating?

The South Carolina Program

ERA career consultants in South Carolina prioritize the cases for those participants they are able to contact by classifying them as "active" or "passive." If an individual is interested in participating, a plan of action with short- and long-term goals is developed. The case is then considered "active," and the career consultant will assist the individual to take the first steps toward achieving his or her short-term goals. For many, such goals include addressing a social service need, finding a new job, or exploring a return to education or training. An individual who is uninterested or does not need assistance is considered "passive" and will be contacted again six months later. Staff expect that cases will move between passive and active status during the follow-up period. During a three-month pilot test with approximately 260 individuals, 54 percent were interested and completed an action plan; 17 percent were assigned the "passive" status; 15 percent were not located; and 9 percent had moved out of the service area. The remaining 5 percent either refused or were awaiting services.

The Tennessee Program

Participation in Tennessee's ERA program is mandatory while individuals remain on welfare, but staff conduct aggressive outreach to try to engage parents. (The sanctioning process is cumbersome and lengthy.) Because outreach can be very time-consuming, it was decided to designate particular workers as "recapture specialists." These staff have developed expertise in locating and engaging reluctant participants, which allows other staff members to focus on individuals who are more receptive.

B. Assessing Participants' Service Needs

Once individuals are contacted, an assessment of their needs, interests, and employment barriers typically follows. Depending on the characteristics of the target group, assessment tools can range from an occupational interest inventory to sophisticated mental health screening tools. Each state has decided on the range of tools to be used, based on the target group, the program services, budgetary limitations, and current practice. States that serve the hard-to-employ use a broader range of assessment tools. Yet, with limited resources, sites face a trade-off: Extensive assessments are expensive and time-consuming, and they potentially divert money and staff time away from direct client services. In addition, the challenge of translating the information gained from assessments into specific services for clients takes a degree of expertise that many staff do not have. Finally, the sites have tried to avoid letting assessment (and barrier identification) become the end goal: Assessment should always be designed to further the core employment-related goals.

In addition to these generic assessment issues, the ERA context raises particular issues related to assessment. For example, with voluntary — and, in some cases, skeptical — target groups, assessment needs to be introduced carefully and gradually; plunging into intensive testing and screening would likely hinder recruitment efforts.

In advancement-focused programs, part of the purpose of assessment is to determine the client's definition of a good job: Financial issues may not be paramount for everyone; some may focus on the work environment, work hours, or commuting time. Eventually, information about the client's skills and interests will need to be matched with information about the requirements of particular jobs that may be available to the client.

The Minnesota Program

Assessment plays an important role in Minnesota's Tier 2 program, which is designed to serve the hard-to-employ and will be tested in the ERA research project. Depending on the service provider, either Tier 2 case managers or a program staff person with a clinical background and training conducts an in-depth assessment of all clients referred to the program after participating in Tier 1 (standard services) for a period of at least 12 months without finding a job. The assessment typically involves addressing barriers to employment, including such factors as housing, domestic violence or abuse, mental and physical disabilities, and substance abuse. Providers that use Tier 2 case managers to conduct this assessment may refer individuals for further assessment with contracted clinical specialists. Therefore, the Tier 2 program fulfills the critical role of linking ERA participants with the diagnostic and treatment services they need to gain employment.

C. Delivering Retention Services

The ERA sites that have already implemented their programs have encountered a number of issues related to delivering retention services. These include:

- **Prioritization.** Because ERA programs serve people after they go to work, there is no obvious point at which services end. With few people exiting from the programs (and many entering), caseloads are rising quickly, making it impossible for staff to deliver intensive services to every client. Staff are confronting such difficult questions as: Can some clients do reasonably well without my help (even if they enjoy working with me)? Am I spending too much time trying to engage clients who are not interested in working with me at this point? (This question is related to the earlier discussion of outreach and engagement.) How much should I focus on telephone contacts rather than meeting in person, which can be very time-consuming? Researchers have speculated that the PESD programs may have been hindered by their attempts to deliver similar services to every client, regardless of need. MDRC and the Lewin Group have worked with ERA sites to develop research-based criteria that might help target more intensive retention services to the clients who are most likely to become unemployed (for example, those working in low-wage jobs without fringe benefits). It is hoped that the ERA project will provide new evidence on how best to allocate resources among competing tasks and how to set optimal caseload sizes.

- **Employer contacts.** Many instances of job loss stem from events and circumstances at the worksite (for example, a misunderstanding of the roles and responsibilities of the employee or bad relationships between new workers and their supervisors). Thus, it may be useful to deliver retention services at the worksite and to actively engage participants' supervisors. Employer interest in ERA is heightened when programs can provide services that serve as extensions of their human resources department — both in terms of providing a ready supply of screened applicants (which has traditionally been the role of the job developer) and of helping new employees adjust to the workplace. For eligible employees, welfare offices can often provide services (such as child care, services for domestic violence, and so on) that the employers cannot provide directly.

  There are also several practical concerns about working directly with employers. First, any one ERA staff person will likely have clients working for many employers, making it logistically impossible to maintain contact with every worksite. Second, traveling to and from worksites is time-consuming for staff and reduces the time available for direct interaction with clients. Third, many participants are reluctant to allow staff to interact with their supervisors, fearing that they will be labeled as a "problem." Sites have addressed these issues in various ways. Some sites have reduced caseloads to give case managers more time to work with employers. In other sites, specialized staff are dedicated to helping ERA participants and their employers resolve retention and advancement issues. (For example, in South Carolina, workforce consultants who have strong relationships with employers work closely with ERA clients and case managers.) However, if participants do not want case managers to intervene on their behalf because of a fear of stigma, case managers respect their wishes.

- **Work supports.** Such work supports as child care assistance, Medicaid, and Food Stamps can be critical supplements for poor families, allowing a participant in a low-wage job to make ends meet. But, as discussed in Chapter 1, many low-wage workers — particularly those not on welfare — do not receive the benefits for which they are eligible. In most ERA programs, the case managers who interact directly with clients are not the same staff who are responsible for determining benefit eligibility. Thus, delivering work supports requires strong linkages between ERA case managers and welfare eligibility staff. This may be difficult when caseloads do not coincide: Each ERA case manager may have clients who are (or might be) assigned to many eligibility workers.

D. Delivering Advancement Services

Perhaps the most surprising challenge in delivering advancement services is the difficulty of engaging clients. One might assume that low-wage workers would be eager to participate in services designed to help them find better jobs, but that is not always the case. Some clients are basically comfortable with their current job, even if it pays low wages: The job may be near their home, or they may have developed close relationships with their coworkers. Others may be dis-

satisfied with their current job but are fearful of making a change — or skeptical, based on past experience, of a program's ability to help them. Still other clients may be unable to spare the time needed to look for a new job or to participate in skill-building activities outside the workplace. For all these reasons, the challenges of recruiting and engaging clients are as profound in advancement-focused programs as in programs focused on placement and retention or programs with mixed goals.

There are also unique challenges associated with the key advancement approaches discussed in Chapter 2: education and training and work-based advancement services.

With education and training, the biggest challenge is to elicit participation among single parents whose time is already constrained by the struggle to balance work and family responsibilities. As discussed in Chapter 2, some ERA programs allow clients to reduce their work hours, but this usually means a loss of income and is thus not feasible in many cases. Some ERA programs anticipate negotiating with employers to consider providing release time, flexible work schedules, tuition reimbursement, or on-site instruction. This approach can be a hard sell, however. To gain an employer's cooperation, programs may need to offer to serve the broader entry-level workforce in addition to their own clients. Although this obviously has cost implications, it may be the only way an employer will agree to providing education and training perks to program participants.

Once a client agrees to consider education or training as a means to advancement, assessment is critical to understanding his or her education level, family responsibilities, interests, and employment barriers. It is especially important to gauge the individual's motivation to commit to completing a program. Once a commitment is made, such supports as child care, transportation, counseling, tutoring, and financial assistance to cover training costs are often needed to facilitate participation.

Finally, the quality of the education or training program itself must be considered. An educational program is only as good as its ability to translate into a job in the local labor market. Linkages to employers improve the chances that a program is relevant to employers and that jobs are waiting for graduates. It should be understood, however, that many ERA participants have low educational attainment because they had negative experiences with formal education in the past. Enrolling them in a similar environment for training can be a formula for failure. Programs should be worker- and parent-friendly, with classes at nontraditional hours and with flexible features like self-paced and short-term learning modules. Along with meeting the educational needs of students, they should also meet employers' training needs. Getting the information to do this may require an assessment of the job skills needed for various positions. Some ERA sites have found that private, for-profit providers are more willing than community colleges to be flexible in these ways.

Although the "work-focused" advancement approach is largely unproven, several ERA sites strongly believe that they can move at least some clients into better jobs without classroom-based education or training. One strategy will involve individualized job development and job search assistance: Service providers that have detailed knowledge of the local labor market will identify job openings that offer higher wages or advancement opportunities and, through close links with those employers, will attempt to place ERA participants in those jobs. A more ambitious, activist strategy would work directly with targeted employers or industries to identify the

steps needed for promotion and to help ERA participants access the career ladders. As discussed in Chapter 1, small-scale sectoral strategies of this kind have emerged in many communities, but it is uncertain whether they can be replicated in the ERA context.

The Riverside Education and Training Program

In Riverside County, California, welfare recipients who obtain stable employment are referred to a special set of caseworkers who strongly sell the benefits of education and training. They have been surprisingly successful: Even though recipients remain subject to work requirements, county data suggest that approximately 50 percent are engaged in an education or training activity. The program's motto is "Gentle pressure, relentlessly applied." Staff have learned that most parents will not respond initially but may eventually decide to consider education or training when they lose a job or become frustrated with low-wage employment. The program initially used group presentations to get the message across but found them ineffective: Many participants would indicate general interest but would not follow through. Now, most marketing is done one-on-one. Finally, the program has an unusual approach to working with education and training providers: The welfare agency does not refer individuals to specific providers but, rather, provides clients with information about a range of providers for them to research, and it simultaneously encourages providers to recruit welfare clients. Both the welfare and the workforce agencies have also worked with community colleges, proprietary training schools, and other providers to identify (and, in some cases, create) parent- or worker-friendly programs.

The Texas Program

Texas uses an unusual monthly stipend of $200 to encourage employment retention and participation in advancement-related services and to reimburse participants for costs related to employment. Individuals can receive the stipend after leaving welfare, if they work a minimum of 30 hours per week (or combine work and training) and also participate in post-employment activities. Although staff intensively market the stipend during their initial attempts to engage recipients, the sites have discovered that some clients who are eligible for the stipend do not receive it. This may be because participants perceive the stipend as a form of "welfare" (as suggested by the extensive paperwork needed to verify eligibility) or because working parents are required to attend activities for up to six hours per month (typically during evenings or weekends) in order to receive the payment. In conjunction with state administrators, sites have streamlined the process for obtaining the stipend and have expanded the definition of activities that count toward receiving it. Post-employment activities are also more individualized now (including, for example, on-the-job training, wage increases, and attending employer-sponsored training). As a result of these changes, stipend participation has been steadily increasing.

E. Measuring Performance

Any well-managed program needs to develop performance measures that track both the outcomes the program wants to achieve and the key intermediate steps necessary to reach those outcomes. For ERA, performance measures are particularly important for projects that start working with people in the pre-employment phase or that have a focus on treating barriers to employment, such as mental health and substance abuse. The risk is that staff will disproportionately focus their efforts either on helping people find jobs (for projects starting in the pre-employment phase) or on removing barriers (for projects with an emphasis on serving the hard-to-employ) — at the expense of retention- or advancement-focused services. Creating perform-

ance measures that include benchmarks for employment retention and wage progression may help the program and staff to maintain the focus on these critical outcomes.

In creating performance measures, programs should develop benchmarks that push staff to stretch themselves but that are not so ambitious as to be unattainable. It is particularly difficult to develop benchmarks for ERA projects, because there is little experience on which to build. Many staff in the sites, however, have started thinking about ways to structure performance measures. In addition, the pilot and early assessment periods will help to adjust arbitrarily chosen initial benchmarks and will inform the performance measures used in later operations.

The Texas Program

Program managers in Corpus Christi have developed a set of important employment-related benchmarks that they feel will help them measure success in meeting the primary objectives of their program and that will help motivate staff to direct their efforts toward these intended outcomes. The site set initial benchmarks so that target levels of employment and wage progression would increase over time. During the first month of random assignment, for example, the target employment rate was 20 percent, and the target average wage rate was $5.50 per hour. By August 2003, managers hope to have 75 percent of participants employed and earning an average wage of $8.00 per hour. They also have goals for employment retention and for the percentage of employed clients who receive the monthly stipend (discussed in the previous section). Staff also have specific measures regarding how often clients should be contacted (100 percent should be contacted at least once per month) and how often they should visit clients' employers (staff should conduct worksite visits for 20 percent of their employed clients). While Corpus Christi was the first Texas site to specify benchmarks, the state has established mandatory quarterly benchmarks for all ERA sites. These include percentage employed; percentage employed at three, six, and nine months; percentage receiving the stipend; and percentage with increased wages. Corpus Christi's performance measures have been changed somewhat to meet the state's required benchmarks.

Appendix A

Descriptions of the ERA Programs

The Florida Program

Program goals: Florida is planning to test the Gaining Opportunities and Learning Skills (GOALS) program, which has been operating on a small scale in Jacksonville since 1999. The program is designed to help low-wage workers enroll in and complete short-term education and training programs as a route to career advancement.

Locations: The Jacksonville area (Baker, Clay, Duval, Nassau, Putnam, and St. Johns Counties) and the Tallahassee area (Gadsden, Leon, and Wakulla Counties)

Target population: Low-income working parents (details are not yet specified). A pilot program was targeted to welfare leavers, but eligibility may be expanded for ERA.

Service delivery structure: Since Florida has a combined workforce development and welfare system, the GOALS program is being delivered by workforce boards — Workforce Florida Inc. Region 8 in the Jacksonville area and Workforce Florida Inc. Region 5 in the Tallahassee area. Local community colleges and private vendors in each service area will provide education and training to GOALS participants.

Intake process: According to current plans, eligible participants will be identified using administrative databases (for example, TANF, Food Stamps, child care subsidies). GOALS staff will contact and aggressively recruit individuals for participation in services. Participation is voluntary.

Primary services: The GOALS program will provide generous stipends to promote participation in education or training. (As originally designed, it provided a weekly stipend of $150 for those who worked and participated in training.) Participants are encouraged to enter (and complete) classroom-based education or training programs and will receive free tuition and child care assistance (if needed) for the hours they are in training; on successful completion of the training, they will receive assistance in finding employment.

Key funding sources: Sources of programmatic funding have not been identified.

Research design: According to current plans, potentially eligible clients will be identified using administrative records, and then they will be surveyed. Those who complete the survey and appear to meet GOALS eligibility criteria will be randomly assigned. Staff will then aggressively recruit the program group members for GOALS. There are no proposed services for the control group members.

Actual or planned implementation schedule: No schedule has been established.

The Illinois Program

Program goal: To help low-wage working welfare recipients advance to better jobs.

Locations: Selected welfare offices in Cook County (Chicago area) and St. Clair County (East St. Louis area)

Target population: Cash assistance recipients who have worked at least 30 hours per week for at least six consecutive months. (Under Illinois rules, families are not subject to the state's 60-month time limit during months in which the household head works at least 30 hours per week.) In the two sites, it is expected that approximately 2,000 people will be referred to the program over a one-year period.

Service delivery structure: Service providers working under contract to the Illinois Department of Human Services (DHS) will operate the program. In Cook County, the provider is a private company. In St. Clair County, the provider is the local one-stop career center (which will likely subcontract with other entities).

Intake process: Eligible recipients will be identified prior to their annual TANF recertification interviews and then will be referred to the service provider. The provider will be responsible for contacting the participants and engaging them in program services. Participation will be mandatory.

Primary services: The service provider will conduct an assessment and help the participant develop an individualized advancement plan. Specific services will depend on the plan. For example, if the client is satisfied with her current employer and there are opportunities for advancement, the provider might help the participant identify and take the steps needed to obtain a promotion. (If appropriate, the provider could speak with the employer directly.) If there are no opportunities for advancement, the provider might help the participant identify and obtain a better job and/or enroll in a short-term education or training activity, followed by job search assistance. Recipients who actively participate in education or training will be allowed to reduce their work hours to 20 per week, and their time-limit clock will continue to be suspended.

Key funding source: The program will be funded with Welfare-to-Work grant funds.

Research design: Recipients who meet the eligibility criteria will be randomly assigned when they are scheduled for TANF recertification. Those assigned to the program group will be referred to the ERA program; those assigned to the control group will not be referred, but they may receive some advancement-related services from their DHS caseworker.

Actual or planned implementation schedule: The ERA program was scheduled to begin full-scale operations in early 2002 and to run for approximately two and a half years.

The Los Angeles Enhanced Post-Employment Services Program

Program goal: To help low-wage working welfare recipients advance to better jobs.

Locations: Regions I, V, and VI of the Los Angeles Greater Avenues for Independence (GAIN) program

Target population: Newly employed welfare recipients who work at least 32 hours per week.

Service delivery structure: Services are provided by the Los Angeles County Department of Public Social Services, Welfare-to-Work Division (within which a separate unit of career counselors and job developers has been formed). Adult schools, community colleges, and regional occupational centers will provide education and training services. As deemed appropriate, participants may also be referred to one-stops and to Department of Labor Welfare-to-Work providers.

Intake process: GAIN participants are aggressively recruited for participation. Clients meeting the full-time work requirement are under no additional obligation, and participation is voluntary. Participants are required to maintain full-time employment in order to receive services.

Primary services: The Enhanced Post-Employment Services (PES) program will focus first on job retention and stabilization and then will provide a combination of services to foster advancement, through increased enrollment in education and training and work-based strategies. Services will include individualized retention services as well as work-focused and education-and-training-focused advancement services, such as case management, life skills workshops, career assessment, working with employers to identify and/or develop career ladders, and education and training.

Key funding source: The program will be funded with TANF grant money.

Research design: The Enhanced PES test will randomly assign clients into the research sample at the point they are identified as working full time. The control group will not receive the enhanced services.

Actual or planned implementation schedule: Program operations and random assignment were scheduled to begin in early 2002.

The Los Angeles Enhanced Job Club Program

Program goals: To place welfare recipients in jobs, improve their capacity to sustain employment, and develop their potential for employment advancement and increased earnings.

Locations: Regions III and IV of the Los Angeles Greater Avenues for Independence (GAIN) program

Target population: Welfare recipients who are required to search for employment.

Service delivery structure: Services will be provided by contractors under the supervision of the Los Angeles County Department of Public Social Services, Welfare-to-Work Division.

Intake process: Eligible recipients are identified during their TANF recertification or eligibility interview and are referred to the GAIN program. Participants are contacted for engagement in program services. Participation is mandatory. Welfare recipients are required to participate in job search as part of the GAIN program.

Primary services: The Enhanced Job Club (EJC) program will be longer in duration than traditional job clubs and will incorporate a step-down approach to job search that is focused on specially designed workshops targeted at high-paying jobs. During the first week of job search, clients are encouraged to seek a job paying a living wage. If unsuccessful, the following week they step down their search to include jobs with lower wages and fewer advancement opportunities. If they do not then find a job, they will look for jobs that provide opportunities for skill-building and/or part-time employment along with education and training. This approach is designed to help clients seek the best possible job they might obtain.

Key funding source: The program will be funded with TANF grant money.

Research design: Random assignment will take place either on assignment to GAIN orientation or when the client shows up for orientation. Those assigned to the program group will be referred to EJC; those assigned to the control group will receive traditional job club services.

Actual or planned implementation schedule: Program operations and random assignment were scheduled to begin in early 2002.

The Minnesota Program

Program goals: To provide job placement and improve employment retention for welfare recipients who have not found jobs through standard welfare-to-work services.

Location: Hennepin County (Minneapolis)

Target population: Individuals who have participated in standard employment services for 12 months without finding a job; they are not sanctioned and are not employed.

Service delivery structure: A combined welfare and workforce agency provides employment services to TANF clients through contracts with public agencies and nonprofit organizations. A designated group of contractors provides enhanced services to clients who do not find employment through standard services. The enhanced program, known as Minnesota Family Investment Program (MFIP) Tier 2, will be the subject of the ERA test. Employment counselors in the ERA project have significantly smaller caseloads than those serviced through the standard TANF program (known as MFIP Tier 1). Smaller caseloads (as few as 25 to 30 clients) allow for intensive monitoring and follow-up, including home visits.

Intake process: Welfare recipients are required to participate in placement and retention activities. Recipients who have participated in MFIP Tier 1 for at least 12 months without finding a job are referred to MFIP Tier 2 case managers for engagement in ERA services. Participation is mandatory.

Primary services: MFIP Tier 2 is an enhanced version of the state's welfare-to-work program, including in-depth, up-front family assessment to identify employment barriers and other issues. The program emphasizes rapid placement of participants into unsubsidized employment with close monitoring and occasional home visits while clients are working to ensure that they receive appropriate treatment. Individualized services will be provided, including referrals to education and training, counseling, and other support services.

Key funding source: The program is funded with TANF grant money.

Research design: Procedures for conducting random assignment are to be determined. Those assigned to the program group will receive ERA program services (MFIP Tier 2). The control group will receive the standard employment services (MFIP Tier 1).

Actual or planned implementation schedule: The ERA program is already operating. Random assignment was expected to begin in early 2002.

The New York PRIDE Program

Program goals: New York is testing the Personal Roads for Individual Development and Employment (PRIDE) program, which has operated since 1999 to provide job placement and improve employment retention for welfare recipients whose eligibility is limited by disability.

Location: New York City

Target population: The PRIDE program targets welfare recipients (both TANF and General Assistance/Safety Net) whose employability is limited by physical or mental health problems.

Service delivery structure: PRIDE is a partnership of several agencies, including the welfare agency and the state's Department of Labor and Department of Education (which houses the Vocational Rehabilitation program). Program services are delivered by five nonprofit or community-based organizations that have experience working with people with disabilities.

Intake process: A medical assessment provider identifies the specific limitations of welfare recipients with physical or mental disabilities who are not exempt from work requirements and refers them to PRIDE for employment services. Employable participants are assigned to one of two tracks: Vocational Rehabilitation, for clients with severe medical problems; or Work-Based Education, for participants with less serious disabilities. Individuals who are found to be unemployable are assigned to a third track, SSI Counseling, and are referred to Independent Learning Centers for SSI application and eligibility counseling. Participation is mandatory.

Primary services: The Vocational Rehabilitation track focuses on tailored, unpaid work experience assignments, and participants receive intensive support and assistance from vocational rehabilitation professionals. The Work-Based Education track combines work experience and adult education. Clients in both tracks receive job placement assistance when they are deemed ready for competitive employment, and retention assistance is provided after they find unsubsidized jobs.

Key funding sources: Welfare-to-Work block grant and other sources.

Research design: Individuals assigned to the program group will be required to participate in PRIDE services. Members of the control group will not receive PRIDE services but will receive case management assistance to ensure that their medical needs are met. The control group will not be required to participate in work activities unless their nonexempt status changes.

Actual or planned implementation schedule: PRIDE began operating in 1999; random assignment for the ERA evaluation began in December 2001.

The New York Substance Abuse Case Management Program

Program goals: To increase participation and retention in treatment by providing intensive case management to substance-abusing TANF and Safety Net recipients; to link participants to employment services and improve job placement and retention.

Location: New York City

Target population: Welfare recipients (both TANF and General Assistance/Safety Net) who are currently unable to work due to a substance abuse problem.

Service delivery structure: The New York City Human Resources Administration (HRA) subcontracts services to three agencies with different kinds of relevant experience: a community-based organization that previously focused on employment services for substance abusers; a nonprofit organization with experience providing case management for mentally ill individuals; and a program affiliated with a major medical center.

Intake process: Eligible participants are referred to a substance abuse treatment program and, simultaneously, to one of the three organizations contracted to provide intensive case management. A comprehensive assessment is conducted to determine previous treatment history, clinical needs, and barriers to treatment participation and employability. Case managers reach out aggressively to participants to try to engage them and facilitate their entry into and retention in treatment.

Primary services: Participants are provided intensive case management geared toward identifying and resolving barriers to participation in substance abuse programs (for example, problems with domestic violence, housing, mental or physical health, and child welfare). Services include mental health and substance abuse treatment, linkages to family services and support programs, team-based case management, job search and job readiness components, and emergency services. Case managers are not "facility-based," and contacts typically occur in the field. Once participants become stabilized and make progress in treatment, they are referred for employment services.

Key funding source: The program uses funds from a variety of local, state, and federal funding streams.

Research design: Following random assignment, program group members will receive intensive case management and follow-up services. The control group will be referred for treatment and monitored by welfare staff.

Actual or planned implementation schedule: The enhanced case management initiative began in mid-2001; random assignment for the ERA evaluation was scheduled to begin in early 2002.

The Oregon Hard-to-Employ Program

Program goals: To provide job placement and improve employment retention for the hard-to-employ.

Location: Portland

Target population: Individuals cycling off and back onto welfare; TANF recipients who have lost their job within the past two years.

Service delivery structure: A team that includes welfare and community college staff will provide ERA services. All eligible clients will be receiving cash aid and will have been unsuccessful in finding a job as part of Portland's 45-day, up-front job search and assessment program.

Intake process: Eligible recipients are identified during their TANF recertification or after they have completed the 45-day, up-front job search and assessment program without finding a job. The provider is responsible for contacting participants and engaging them in program services. Participation is mandatory.

Primary services: This program is an enhanced version of the state's standard welfare-to-work services and will offer more individualized services to participants. It will provide intensive pre-employment services with attention to barrier removal and appropriate job-matching as well as post-employment case management, retention services, and career development. An intensive up-front classroom-based assessment and ongoing peer support activities are also key components of the model. Based on a survey of hard-to-serve participants, the ERA program will also offer mental health services and intensive job-coaching.

Key funding source: The program will be funded with TANF grant money.

Research design: Random assignment details have not yet been determined. Participants assigned to the program group will be referred to the HTE program. Those assigned to the control group will receive the standard welfare-to-work services.

Actual or planned implementation schedule: Program operations and random assignment were scheduled to begin in early 2002.

The Oregon Enhanced Post-Employment Services Program

Program goal: To help low-wage working people advance to better jobs and wages.

Location: Medford and Eugene

Target population: Newly employed former TANF recipients.

Service delivery structure: In Medford, the Enhanced Post-Employment Services (PES) program is a collaboration among the welfare, workforce, and other public agencies, along with nonprofit organizations. A team of TANF case managers and contracted career development staff will meet with each employed client to develop a career advancement plan. The focus of the plan is future-oriented and results in specific actions to be taken by the client and/or the case management team. Issues related to TANF support services are handled by the welfare agency.

Intake process: Participants are identified using administrative databases (TANF, former TANF, and Food Stamps) and are referred to the case management team for outreach and engagement in program services. Participation is voluntary.

Primary services: The ERA program will provide a combination of services to promote wage progression and job advancement. Post-employment services will be tailored to the interests and skills of individual participants and will offer the flexibility to pursue either work-based or training-based approaches to advancement after finding a job. Services could include education and training as needed to find better jobs, career development services including skills and career assessment, a focus on job-matching, and attachment to training opportunities.

Key funding source: The program will be funded with TANF grant money.

Research design: Random assignment details have not yet been determined. Participants assigned to the program group will be part of PES. Control group members will not receive outreach.

Actual or planned implementation schedule: Program operations and random assignment were scheduled to begin in early 2002.

The Oregon Enhanced Pre- and Post-Employment Services Program

Program goals: To enhance job retention and wage gain through more comprehensive career planning and more intensive, more specialized post-placement services. Post-employment services will focus on both the participants and their employers.

Location: Salem

Target population: TANF applicants

Service delivery structure: The Oregon Enhanced Pre- and Post-Employment Services (PPES) program is a collaboration among the welfare agency (Department of Human Services), the one-stop Job and Career Center system (Mid-Willamette Workforce Network), the workforce investment board (Enterprise for Employment and Education), Vocational Rehabilitation, and Chemeketa Community College. Case managers from the welfare office will work with training and employment specialists from the Job and Career Centers to serve participants. The goal is to keep the client with the same case manager throughout the pre- and post-employment phases.

Intake process: Eligible participants will be identified when they apply for TANF. Approval for TANF will not be a requirement for receiving ERA services.

Primary services: The ERA program will provide a combination of services to promote job placement, retention, and wage progression. Initial services will focus on creating a comprehensive career plan for participants to use and update throughout the program. After participants find a job, case managers will work with them to address retention and advancement issues by providing such services as working with their employer to address workplace problems, helping them identify training opportunities, and helping them obtain a better job. Intensive post-employment case management will be a key to this project. Other services include self-improvement and career development workshops and consulting on barrier-removal and retention issues.

Key funding sources: The program is funded primarily with TANF grant money, Workforce Investment Act Title IB resources, Vocational Rehabilitation money, and other resources.

Research design: Random assignment details have not yet been determined. Participants assigned to the program group will be part of PES. Control group members will receive existing services.

Actual or planned implementation schedule: Program operations and random assignment were scheduled to begin in early 2002.

The Riverside Education and Training Program

Program goal: To help working welfare recipients become self-sufficient through employment.

Location: Riverside County, California

Target population: Newly employed welfare recipients who work at least 20 hours per week and exhibit employment stability.

Service delivery structure: The Work Plus model of the Riverside Education and Training (ET) program is operated by the county welfare agency and serves about 86 percent of the target population. The Welfare-to-Work Division of the Economic Development Agency (EDA) operates the Training-Focused model and is expected to serve about 7 percent of the eligible population. EDA started with five case managers located in three offices. These case managers perform all the functions of the Department of Public Social Services (DPSS) case managers, including sanctioning. The Work-Focused model is operated by the county welfare agency and serves about 7 percent of the target population.

Intake process: Eligible recipients are identified during their 30-day employment stability contact. Clients who meet all three stability criteria are then randomly assigned, as described in the "Research design" section of this summary.

Primary services: The ERA program has two treatment streams: (1) Training-Focused group members are encouraged to attend education and training programs and have the option of reducing or eliminating work hours while pursuing education and training; (2) Work Plus group members are encouraged to participate in education and training but are not given the option of reducing work below 20 hours per week. A range of education or training programs has been designed to meet the needs of working parents, and other post-employment services are available, including referrals to child care, medical and mental health services, interventions with employers, and regular contact. Workshops on retention and barriers to advancement (such as stress and time management) are also offered.

Key funding source: The program is funded with TANF grant money.

Research design: Random assignment occurs once an individual has demonstrated employment stability, defined as (1) being employed 20 hours or more per week for at least one week of the preceding 30 days, (2) expecting to work an average of 20 hours or more per week for more than 30 days, and (3) earning at least the state's minimum wage. Participants are randomly assigned into one of three groups: Work Plus, Training-Focused, or Work-Focused (a control group to test the impact of a part-time work requirement; although this model puts no emphasis on education and training [E&T], clients will be provided support services if they enroll in E&T services voluntarily).

Actual or planned implementation schedule: The ERA program began operations in January 1998. Random assignment began in January 2001.

The Riverside Post-Assistance Self-Sufficiency Program

Program goals: To assist employed former recipients of aid to maintain and enhance self-sufficiency through employment retention and advancement.

Location: Riverside County, California

Target population: Individuals who leave welfare due to employment or who become employed within the 12 months following termination of cash assistance.

Service delivery structure: Intensive individual and family-based support services will be delivered by four community-based organizations (CBOs) and by one Department of Public Social Services (DPSS) office:

- Riverside Community College — Moreno Valley, Norco, Riverside
- Volunteer Center — Corona, Lake Elsinore, Norco
- Valley Restart — Hemet, Perris, San Jacinto,
- CET — Blythe, Coachella, Indio, Palm Springs, Temecula
- DPSS — Rancho Mirage

Contracts will be for 15 months (including 2 months of ramp-up, a 2-month pilot-test period, and 11 months of operations), with an option to renew.

Intake process: All clients who terminate TANF due to employment will be identified and randomly assigned. Because a person's employment status may be unknown to the agency, those who are or become employed can contact a DPSS representative and request services. Individuals who become employed and request services will be randomly assigned to a service provider and included in the study. Service providers will contact eligible participants for recruitment and engagement in services.

Primary services: Riverside County's Post-Assistance Self-Sufficiency (PASS) program is designed to provide employment and advancement services to employed former TANF recipients for a 12-month period beginning the first day after termination. Program components include one-on-one and group mentoring, life skills training, referrals to social service programs (to address domestic violence, substance abuse, or mental health issues), emergency assistance, and referrals to transitional services.

Key funding source: The program will be funded with TANF grant money.

Research design: Participants assigned to the program group will be referred to a CBO; those assigned to the control group will receive core services through DPSS case managers (job-coaching, job leads, support service arrangements).

Actual or planned implementation schedule: A pilot test was scheduled to be conducted in November and December 2001, with random assignment to begin in January 2002.

The South Carolina Program

Program goals: The Moving Up program seeks to place former welfare recipients in jobs, help them sustain employment and advance, and increase their earnings.

Location: Pee Dee, a multicounty region that includes six Department of Social Services (DSS) offices (in Chesterfield, Darlington, Dillon, Florence, Marion, and Marlboro Counties)

Target population: Individuals who exited welfare (for any reason) from October 1997 through December 2000 and whose income is below 250 percent of the poverty level.

Service delivery structure: The program is operated by each of the six county DSS offices listed above. One-stop services and Welfare-to-Work funding are also available to eligible participants.

Intake process: Participants are identified using the TANF database. Career counselors contact program group members by letter and follow up by phone calls to arrange a face-to-face meeting. Participation is voluntary.

Primary services: Moving Up offers a collection of services — including job search assistance and job development, child care and transportation assistance, mental health and substance abuse services, vocational services, educational stipends, and training components. These services are tailored to a participant's needs. Career consultants focus on individualized case management and provide reemployment services for those without a job and retention or advancement services for those who are already employed. Generally, services are not provided in the welfare offices but instead are delivered through home visits and personal contact.

Key funding source: Moving Up is funded with TANF grant money that is committed to the program by the state's director. Each county has a separate budget for the program, and each county supervisor signs off on it.

Research design: The TANF database is used to identify people who left welfare between October 1997 and December 2000. These leavers are then randomly assigned either to the program group, whose members receive ERA services, or to the control group, whose members do not receive the program's special outreach. The sample will be assigned over a period of about two years.

Actual or planned implementation schedule: Following a pilot test in summer 2001, random assignment for the evaluation began in October 2001.

The Tennessee Program

Program goals: To place welfare recipients in jobs, improve their capacity to sustain employment, and develop their potential for employment advancement and increased earnings.

Location: Shelby County (Memphis)

Target population: The Tennessee program serves relatively job-ready welfare recipients who have been assigned to look for employment.

Service delivery structure: The program group is served by Southwest Tennessee Community College (the Workforce Development Service and Training Center); the control group is served by the Department of Labor and Employment Security, Women in Community Service, or Shelby State Community College.

Intake process: Eligible recipients are identified during their TANF recertification or eligibility interview and are referred to the service provider. The provider is responsible for contacting participants and engaging them in program services. Participation is mandatory.

Primary services: The ERA program is a job readiness/job search program that provides intensive case management beginning in the pre-employment period and extending after employment; it has a focus on career planning. A variety of assessments are conducted to identify service needs, including a family assessment conducted in the home, a worksite assessment conducted after employment, and an advancement assessment conducted after three months of steady employment.

Key funding source: The program is funded with TANF grant money.

Research design: Recipients are randomly assigned when they show up for the initial orientation occurring shortly after their eligibility interview or redetermination. Those assigned to the control group participate in the regular TANF program, which includes the same job readiness/job club plus limited post-placement follow-up.

Actual or planned implementation schedule: Random assignment began in August 2000.

The Texas Program

Program goals: To place welfare recipients in jobs, to increase job stability and wages for former TANF recipients, to reduce reliance on cash assistance, and to increase participation in workforce activities.

Locations: Corpus Christi, Fort Worth, and Houston

Target population: Welfare recipients with mandatory work requirements.

Service delivery structure: The Local Workforce Development Boards (LWDBs), under the umbrella of the Texas Workforce Commission (TWC), are responsible for providing employment services to TANF recipients. With funding from the Texas Department of Human Services (TDHS), the LWDBs contract with local community organizations to provide ERA case management services.

Intake process: Participants are identified as potentially eligible when they apply or are recertified for TANF. Immediately following the eligibility interview, participants are introduced to the ERA project. ERA staff members offer support to the participants during the TANF certification process, including ensuring attendance at the Workforce Orientation (a requirement for certification). Once participants are certified, ERA staff are responsible for engaging participants in program services. Participation is mandatory.

Primary services: The ERA program provides team-based case management with services including employment assessment, goal-setting and career planning, support services, barrier removal, pre- and post-employment services, job development, and coordination with employers. Monthly stipends of $200 are provided to those participants who are employed for a minimum of 30 hours per week and participate in post-employment activities. (Individuals who receive the stipend to not accrue months toward the federal 60-month limit on TANF assistance; in addition, the stipends are not counted in the calculation of Food Stamp benefits.) Service providers seek to establish relationships with participants before they go to work, and they build on those relationships in the post-employment phase of the program, which includes frequent contacts by case managers, retention and advancement workshops offered by local providers, ongoing career planning and assessment of goal achievement, job development related to advancement opportunities, and regular contact with employers.

Key funding source: ERA is funded solely with TANF dollars.

Research design: Participants who meet eligibility requirements are randomly assigned after they apply for assistance or recertification and are determined to be eligible for TANF. Those assigned to the program group will receive case management and employment services — and the stipend, if eligible — from staff solely designated to provide ERA services. Those assigned to the control group will receive welfare-to-work services through the standard work first program, Choices.

Actual or planned implementation schedule: Program operations and random assignment began in October 2000 in Corpus Christi and Fort Worth and in March 2001 in Houston.

Appendix B

Evaluating the ERA Programs

As discussed in Chapter 1, the Administration for Children and Families (ACF) specified from the outset that all the ERA programs would be evaluated using a random assignment research design — generally considered the most reliable way to assess the impact of programs of this type. This appendix describes some of the issues and challenges that have emerged in designing and implementing this type of evaluation in the context of the ERA programs.

I. About Random Assignment

In a typical random assignment evaluation, individuals who are eligible for the program being tested are assigned, at random, to a program group, which is part of the experimental program, or to a control group that is treated as though the new program did not exist. Members of the two groups are tracked during a follow-up period and are compared on a number of relevant outcomes (such as employment rate, welfare receipt rate, family income, child well-being, and so on). The design ensures that there are no systematic differences between the two groups' members when they enter the study and that both groups experience exactly the same economic and social conditions during the study period. Thus, any differences that emerge between the groups over time can reliably be attributed to the fact that one group was exposed to the experimental program and the other was not. Such differences are known as the *impacts,* or *effects,* of the program. This basic design can be enhanced in a number of ways, such as by including more than two research groups or more than one point of random assignment.

II. Developing the Research Design for Each Project

Although all the ERA programs are being evaluated using random assignment, the design must be tailored to fit each individual project. In fact, because the projects are so diverse (see Chapter 2), the ERA evaluation can actually be seen as 15 separate but closely related studies.

This section focuses on three of the key issues involved in designing the studies: setting the minimum acceptable sample size, determining the most appropriate point of random assignment, and defining the nature of the counterfactual (that is, the control group treatment).

A. Sample-Size Requirements

Most random assignment studies rely on the concept of statistical significance in characterizing results. A given difference between the research groups is considered to be statistically significant if it is very unlikely to have arisen by chance. In other words, when an impact is statistically significant, one can be quite confident that the program really had an impact on the outcome being measured (for example, the employment rate).

Generally, an impact of a given size is more likely to be statistically significant when the sample size is larger — that is, when there are more people in the research groups. For example, if the program group's employment rate is only slightly higher than the control group's rate, the impact is not statistically significant unless the sample sizes are quite large.

Because one cannot know the size of a program's impact in advance, it is critical to consider three factors in deciding how large a research sample needs to be. First, it is important to assess the extent of the treatment difference between the research groups. In other words, how different is the experimental program from the environment that the control group is likely to

experience? The answer will obviously be shaped both by the nature of the experimental program and by the nature of the existing environment. All else being equal, a small treatment difference is likely to result in small impacts, which are unlikely to be statistically significant unless the sample sizes are very large.

Second, it is necessary to estimate what fraction of the program group will actually experience the experimental program, since the impacts will be calculated by comparing outcomes for the entire program group with outcomes for the entire control group. If many people in the program group are not exposed to the program, the treatment difference, on average, will be diluted, and, once again, larger sample sizes will be required to detect the impacts. As discussed below, the likely participation rate is affected both by the nature of the program (for example, whether it is attractive to potential participants and whether participation is mandatory) and by the point of random assignment.

Third, it is obviously critical to consider operational realities including, most prominently, the amount of funding that is available for the experimental program. From a purely statistical perspective, it is always better to have larger sample sizes, but since all programs have limited funding, a larger sample usually means less money for each participant — which usually translates into a weaker treatment.

All these issues had to be considered in the ERA projects. For example, as discussed in Chapter 2, the South Carolina project reaches out to people who left welfare between October 1997 and December 2000. It seems likely that many of these people will be difficult to locate or may not be interested in receiving program services. Assuming that the participation rate would be relatively low, MDRC recommended large sample sizes. As discussed in Chapter 3, a pilot study was used to estimate the actual participation rate and to develop a firm sample-size requirement. MDRC has urged most sites to obtain samples of at least 1,000 people in each research group, although this has not always been feasible.

B. Determining the Point of Random Assignment

Every program has an intake process — a system for identifying eligible clients, informing them about the program, enrolling them, and beginning to serve them. The operational issues are different, depending on whether participation in the program is mandatory (which is often the case in the welfare system) or voluntary, but the basic steps are roughly similar.

Several critical issues affect the decision about where in the intake process individuals should be randomly assigned to different research groups. First, a study of this type can only measure impacts that occur after people are randomly assigned. Thus, in order to capture most of a program's impact, it is important to randomly assign people before they begin to be influenced by the program. This can be complicated, because some programs begin to affect people's behavior before they actually receive any services; for example, in mandatory welfare-to-work programs, simply informing people that they will be required to participate in employment activities causes some individuals to find jobs in order to avoid the requirements.[1] Thus, in evaluating such a program, it is useful, if possible, to randomly assign people before they are informed about the new program and to ensure that individuals assigned to the control group do not receive this information.

[1] Knab, Bos, Friedlander, and Weissman, 2001.

On the other hand, it is important not to place random assignment too early in the intake process because, when this occurs, it is likely that many people in the program group will not actually experience the program. As discussed earlier, because the impact analysis will compare the outcomes for the entire program group against outcomes for the entire control group, a program's effects are likely to be diluted if there are many nonparticipants in the program group.

Determining the point of random assignment has been relatively straightforward in several of the ERA projects. For example, as described earlier, in Illinois, contracted agencies will provide career advancement services to individuals on welfare who have worked full time for at least six consecutive months. Thus, it makes sense to identify a group of people who meet the eligibility criteria, randomly assign them, and refer only the program group to the contracted service providers.

The decision was somewhat more complex in Tennessee, where the ERA project provides intensive case management and other services to welfare recipients who have been deemed job-ready. State and local staff were interested in learning whether this enhanced model would generate higher levels of employment retention and advancement than the standard welfare-to-work program.

The job readiness determination in Tennessee is made when a recipient meets with her Department of Human Services (DHS) case manager. Recipients are then scheduled for an orientation the following Monday to learn about their assigned employment activities. It would have been possible to randomly assign all job-ready recipients just after the interview with their DHS worker. Such an approach would have captured the full impact of the new program, but, during initial discussions with local staff, it became clear that a substantial number of clients do not show up for the Monday orientation. Some leave welfare quickly and never attend, while others attend much later, after being threatened with a sanction. This meant that if random assignment were conducted just after the DHS interview, the program group would have included many people who never received program services (or received them a long time after being assigned), thereby diluting the treatment difference between the groups. Thus, MDRC and local staff agreed that random assignment should occur each Monday and should include only individuals who attend the orientation. Although sensible from a research perspective, this approach raised a host of operational issues that are discussed below.

A similar issue emerged in Texas, where the intake flow also includes an interview with a welfare caseworker and referral to a meeting with an employment counselor at the contracted workforce agency. As in Tennessee, many recipients in Texas do not show up for the orientation. However, in this case, staff maintained that the program treatment would begin before orientation and, in fact, that the program would likely increase the number of people who show up for the orientation. Thus, they argued, random assignment should be conducted immediately after the welfare interview. MDRC's concerns about potentially low participation rates were addressed by conducting a pilot test to assess the participation rates under the state's preferred approach. The state agreed in advance to consider moving the point of random assignment if the participation rates were very low, but they proved to be sufficient.

Determining the point of random assignment has been most complex in the Florida and South Carolina projects, both of which are testing voluntary programs that target people who are not receiving cash assistance. Each program has or will have specific eligibility criteria: The

South Carolina program targets individuals who left cash assistance for any reason between October 1997 and December 2000, while the Florida project, if it moves forward, will likely target working families with income below a specified level, whether or not they previously received welfare.

In each project, it would have been possible to identify potential participants using administrative databases and to randomly assign them, reaching out only to those assigned to the program group. This design is simple to administer and clearly captures the full impact of the program, but it is also likely to result in a relatively low level of service receipt within the program group, since many of these individuals will be difficult to locate or may not be interested in services. South Carolina decided to adopt this approach for reasons discussed further below, and both the state and MDRC agreed that a large research sample would be needed to compensate for the expected low levels of participation. As noted earlier, prior to starting random assignment, staff conducted a brief pilot study to obtain a relatively accurate estimate of the actual participation rate; this allowed MDRC to determine a final recommended sample size.

Although final decisions have not been made in Florida, planners there are leaning in a different direction and are considering an approach in which potentially eligible clients will be identified using administrative data (for example, Food Stamp recipients, recent TANF leavers) and then will be interviewed by phone or in person, either by program staff or by a survey firm. Only individuals who are interviewed and who meet the eligibility criteria will be randomly assigned. In part, this process is intended to screen out people who cannot be located or are clearly inappropriate, thus boosting the likely participation rate and reducing the sample-size requirements.[2]

C. The Nature of the Counterfactual

In each project, it has been necessary to consider the most appropriate benchmark against which to compare the ERA program.

As with the point of random assignment, the nature of the counterfactual was clear in several of the projects. Illinois, Minnesota, Tennessee, and Texas were explicitly interested in testing whether their ERA program is more effective than their standard welfare-to-work program for a specific population, so it was clear that the control group should receive the standard services. Similarly, in South Carolina, it was clear that the control group should simply not receive the special outreach that characterizes the ERA program.

As discussed in Chapters 2 and 3, one of the most interesting processes occurred in the Riverside Education and Training (ET) test. County officials entered the ERA project because they were interested in testing their existing approach to working with employed welfare recipients: These individuals must work at least 20 hours per week but are strongly encouraged to participate in education or training activities while working, in order to prepare for higher-paying jobs. Some critics suggested that the 20-hour work requirement made it difficult for many employed recipients to enroll and succeed in high-quality education and training programs, so

[2]In addition, because the Florida program has specific eligibility criteria beyond prior welfare receipt (for example, participants must be employed and have income below a specified level), some type of initial interview is required to determine program eligibility.

the county decided to compare its standard program against one in which employed clients would be allowed to reduce their work hours as much as they desired, *if* they attended education or training activities. To ensure a sharp treatment distinction, it was decided that the alternative program with no work requirement would be operated by the Economic Development Agency (EDA), the local workforce development agency.

Although this design would have provided important information, MDRC staff expressed concern that it would not maximize the project's learning opportunities because it did not assess the impact of the county's basic program. In other words, if the test determined that the EDA program and the county program generated similar results, one would not know whether they were equally effective or equally ineffective when compared with an approach that did not focus on education and training at all. Thus, the county agreed to create a third, small research group whose members received the kind of treatment that was considered standard before the county began actively encouraging clients to enter education or training: basic follow-up to ensure that they were still employed, but no active encouragement to enter education and training.

Riverside's use of a separate service provider for the Training-Focused Group has important analytical implications. On the one hand, it provides for a clearer treatment differential, which enhances the ability to find impacts. On the other hand, if impacts are measured, do these impacts stem from the program model or from the relative strength of the service providers? This issue is also quite relevant in Minnesota, Tennessee, and other sites where an enhanced welfare-to-work program is being compared with a standard set of services and where different providers serve the different groups. Unfortunately, there is no way to fully address this concern. In Tennessee, staff were able to look at historical data and felt confident that the different service providers had similar performance when all were operating the standard model. This provides some assurance, however imperfect, that the provider serving the program group is not inherently superior to the control group providers.

III. Implementing the Random Assignment Process

A random assignment experiment can be quite challenging to implement. There must be mechanisms in place to identify individuals who are appropriate for random assignment, to obtain some initial information about them, and then to assign them to the research groups. The random assignment process itself must be carefully monitored to ensure that it is truly random and that local staff and participants cannot influence any person's assignment.

A. Collecting Baseline Data

In a random assignment study, it is quite useful to collect a standard set of "baseline data" that provide a snapshot of each sample member as of the point of random assignment. These data allow the evaluators to identify subgroups of sample members who might benefit differently from the program — for example, people without a high school diploma, those with limited English proficiency, or people living in subsidized housing. The decision about which data to collect at baseline is influenced by a number of factors, including hypotheses about which characteristics are likely to affect individuals' success in a program, resource constraints, and operational issues.

In many of the projects, program staff (in some cases, supported by federal grant funds) collect a brief set of demographic data from each sample member just prior to random assignment. Most of these data are typically collected by welfare agencies anyway, but the states have agreed to use a standard set of definitions for the ERA project. In addition, MDRC will use administrative data to obtain additional baseline characteristics — typically related to welfare receipt and employment in the two or three years preceding random assignment. Riverside, Tennessee, and Texas all use this approach.

In contrast, in South Carolina, the only data that will be universally available are those that can be obtained through administrative records. These data will include such characteristics as race/ethnicity, age, and gender (which were collected while the sample members received welfare and which do not change over time), along with the prior welfare and employment data discussed earlier. It will be difficult to obtain accurate data on educational attainment, number and age of children, and other characteristics that may have changed since the individuals left welfare. Planners chose this approach because they wanted to avoid contacting individuals who would later be assigned to the control group and not be served. Although this results in a very clean research design, it will reduce MDRC's ability to construct subgroups for analysis.

At the opposite extreme, MDRC and ACF are considering collecting a much more extensive set of baseline data in the sites that are targeting various hard-to-employ populations. This might include data on physical and mental health, learning disabilities, substance abuse, and other likely barriers to employment. Early discussions with program managers in Minnesota have revealed that they are interested in collecting such data for both the program and the control groups, since the control group will continue to receive standard welfare-to-work services.

A variety of complex operational issues also affects the collection of baseline data. For example, as discussed earlier, the only people in Tennessee who are randomly assigned are those who show up for an orientation on Monday morning. The session lasts an hour or two, and, at its conclusion, staff must know to which group individuals have been assigned, because service provider staff meet with clients before they leave the orientation site. Given this tight time frame, it would be highly disruptive to collect baseline data on Monday morning (as many as 30 to 40 individuals may be randomly assigned each Monday in each office). Thus, MDRC developed a customized, computerized data entry and random assignment system that is available on a personal computer in each of the three Shelby County welfare offices. Staff obtain baseline data for each individual who completes an interview with a DHS case manager and is determined to be job-ready, and these data are entered into the computerized system by a research assistant in each office. Each Monday, staff indicate in the system which clients have shown up for orientation, and the system automatically conducts random assignment while the clients are listening to an introductory lecture. By the time the lecture is over, staff know which clients have been assigned to each group.

B. Conducting Random Assignment

The process of conducting random assignment for ERA has been tailored to each site's needs. As just noted, for example, a baseline data collection and random assignment system has been installed onto personal computers in the Tennessee program's offices, allowing MDRC to download data periodically via modem. In Riverside, too, MDRC worked with county research staff to implement a similar system for use with the county's welfare database.

The Texas program relies on a simple telephone-based system that has been used in many prior MDRC studies: When site staff determine that a case is eligible for random assignment, they call a toll-free number at MDRC and read a few identifying items to a clerk, who enters the information into a database. The computer program then conducts random assignment, and the clerk informs the site worker of the outcome immediately. The entire call takes less than two minutes.

Appendix C

Key Welfare Rules in the ERA States

Table C.1 provides some basic information about the welfare rules in each of the participating states. As discussed in Chapter 2, these rules have profoundly affected the target groups and design of the projects.

The large differences in welfare benefit levels, shown in the first column of the table, reflect the diversity of the participating states. Minnesota and California provide among the highest benefit amounts in the nation. South Carolina, Tennessee, and Texas provide among the lowest benefits.

To a large extent, the grant level determines the likelihood that a recipient who finds a job will continue to qualify for welfare benefits. Because earned income is counted against the welfare grant, recipients in low-grant states are likely to lose eligibility for assistance even if they obtain a low-wage or part-time job, while those in high-grant states often retain eligibility for assistance after going to work. For example, as shown in the second column of Table C.1, in California, a recipient with two children can earn nearly $1,500 per month (equivalent to full-time work at about $8.50 per hour) and still qualify for a partial welfare grant. In contrast, a recipient in Texas earning $317 (equivalent to 14 hours of work per week at minimum wage) would lose eligibility for assistance (after the first four months of employment).

However, the association between the grant level and the maximum allowable earnings is not perfect, because most states have rules that disregard (that is, do not count) a portion of a recipient's earnings in calculating the monthly welfare grant, and these rules vary widely from state to state. Thus, for example, Tennessee, which pays very low grants, has generous rules that allow recipients earning more than $900 per month to qualify for a partial welfare grant.[1] In contrast, Oregon, which has a moderate grant level, does not provide a substantial disregard, so recipients earning more than $616 per month (28 hours per week at minimum wage) are ineligible for assistance.

The right-hand column of Table C.1 describes the welfare time limit in place in each state. The 1996 federal welfare law restricts states from using federal TANF funds to assist most families for more than 60 months, but it allows states broad flexibility to set time-limit policies. For example, states are permitted to set limits of fewer than 60 months but also may choose to use state funds to assist families beyond the 60-month point. Given this flexibility, it is not surprising that the states' time-limit policies are diverse. Florida and South Carolina are among the 17 states that have imposed time limits that can result in the cancellation of a family's welfare grant after fewer than 60 months. In contrast, California has a 60-month time limit that applies only to adults, and recipients in New York will be able to continue receiving benefits in the form of vouchers after reaching the state's 60-month limit.

[1]Tennessee disregards the first $150 in monthly earnings and also uses a complex mechanism known as fill-the-gap budgeting, which allows many working recipients to retain eligibility for partial welfare grants.

The Employment Retention and Advancement Project

Table C.1

Selected Welfare Rules in the ERA States

State	Welfare Grant (Family of 3) ($)	Maximum Monthly Earnings While on Cash Assistance ($)	Time Limit
California	647	1,498	60 months (affects only adult portion of grant)
Florida	303	806	24 or 36 months, depending on characteristics
Illinois	377	1,131	60 months; clock stops for recipients working 30 hours per week
Minnesota	789	1,400	60 months
New York	577	1,157	60 months; families can receive grant as vouchers after time limit
Oregon	460	503	24 months; recipients exempted if in work activities
South Carolina	201	1,156 (first 4 months) 678 (after 4 months)	24 months
Tennessee	185	949	18 months; followed by 3 months of ineligibility
Texas	197	1,717 (first 4 months) 317 (after 4 months)	12, 24, or 36 months for adults; 60 months for families

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