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# **Promoting Stable Employment and Wage Progression: Findings from the Employment Retention and Advancement (ERA) Project**

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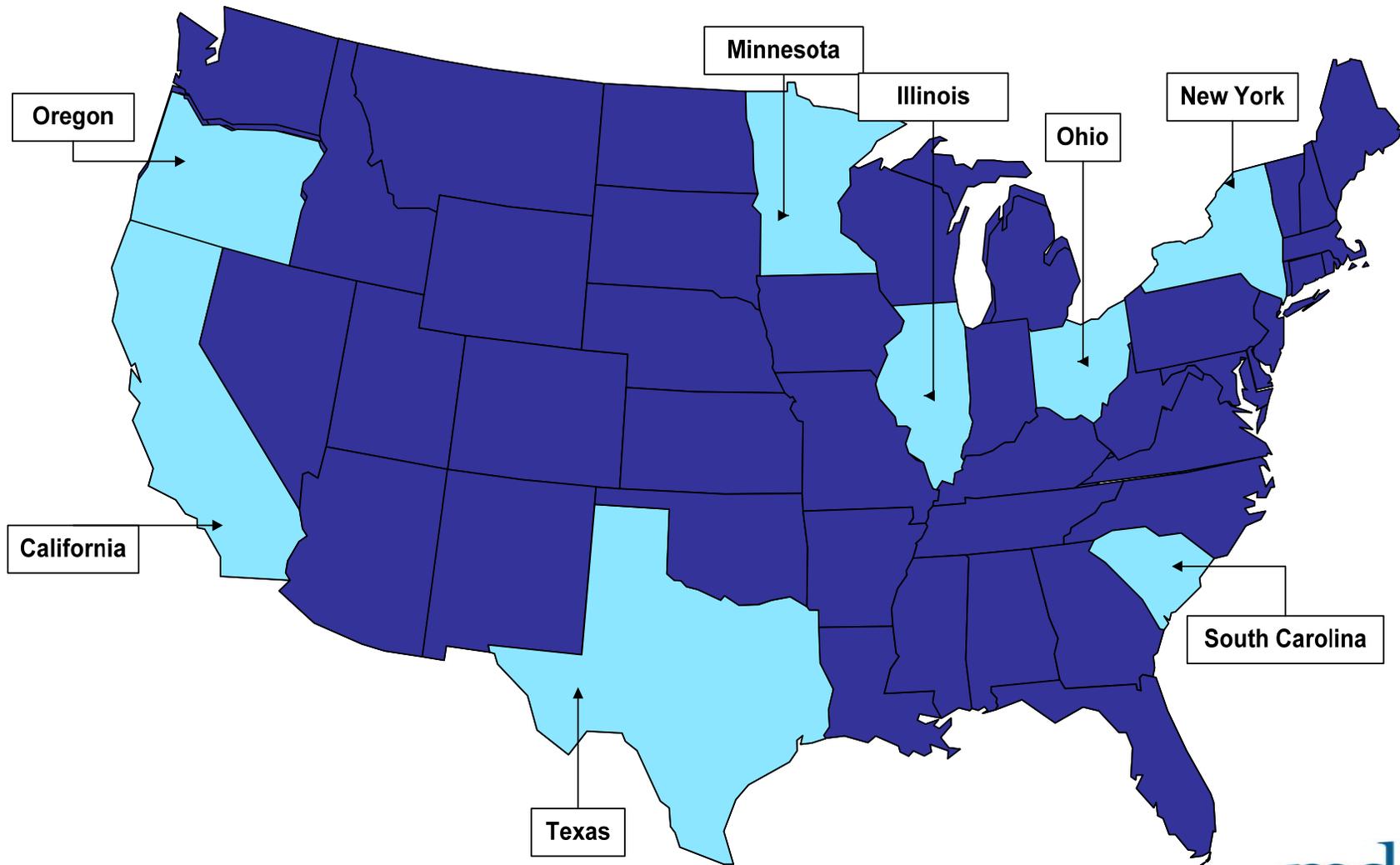
**Welfare Research and Evaluation Conference  
Administration for Children and Families  
U.S. Department of Health and Human Services  
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# What is ERA?

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- National study of a wide variety of programs aiming to promote stable employment and/or wage progression among low-wage workers
  - mostly current and former welfare recipients
  - mostly single parents
- Conceived and funded by the Administration for Children and Families (ACF) within HHS, with support from DOL
- Random assignment tests of 16 models, involving over 45,000 sample members
- Evaluation at interim stage: most programs have 2-3 years of follow-up
- Evaluation being conducted by MDRC

# ERA Tests: 16 Different Models in 8 States



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# ERA: Evaluation Features

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- Evaluation components:
  - ✓ Implementation analysis
  - ✓ Impact analysis
  - ✓ Benefit-cost analysis
- Random assignment of eligible individuals in each site
  - ✓ ERA group: Recruited for (in some sites, required to participate in) ERA program
  - ✓ Control group: Does not receive ERA services; other available services vary from site to site
- Will follow individuals in both groups for at least three or four years; differences between the two groups will indicate the ERA programs' effectiveness

# What Did We Know about Efforts to Foster Retention and Advancement among Low-Wage Workers at the Start of ERA?

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- Large knowledge base about how to move people *into* work, but...
- Little knowledge about effective retention and advancement strategies.
  - ✓ Prior research (primarily the PESD study) found few effects on labor market outcomes.
  - ✓ Studies of programs that have provided income supplements to low-wage workers have shown evidence of increased job retention rates.
  - ✓ Few, if any, proven strategies to promote advancement for low-wage workers.

# **ERA Model Targeting/Point of Service Provision (Categories of Models Used in Presentation)**

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People not employed and receiving TANF:

- ✓ Models in MN and 2 in NYC serving harder-to-employ (and not included in presentation)
- ✓ Models in Texas, Salem, and LA

People employed and receiving TANF:

- ✓ Models in Chicago, LA, and 2 in Riverside

People employed and not receiving TANF:

- ✓ Models in Riverside, Eugene, Medford, Cleveland, and South Carolina

# Similarities in ERA Model Features

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Almost all models had:

- TANF agency as the lead, and about half had an active partner in the workforce or one-stop agency
- Some services provided by organizations other than government social service agencies
- Used case management (counseling/coaching) as the platform from which to provide services
- Offered job search assistance, for initial employment or re-employment

# Selected Additional, Special Features in ERA Models

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- Substantial financial incentives to encourage people to stay employed (Texas model, operated in 3 TX sites)
- “Step-down” approach in job club to finding jobs (1 model in Los Angeles)
- Used a for-profit employer intermediary to place people into better jobs (Chicago model)
- Lower caseload size to provide flexible, individualized counseling to employed people (1 model in Los Angeles)
- Different approaches that stressed education and training participation while people were employed (2 models in Riverside)
- All services provided by CBOs in most sites (1 model in Riverside)
- Case management team collaborations with community college staff (Salem, Eugene, and Medford models)
- Services based at employers (Cleveland model)
- Sought to find and provide services to those who had left TANF up to 3 years earlier (South Carolina model)

# ERA Results in this Presentation

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- Interim economic impact results for 12 models
- 2 years of follow-up available for almost all 12 models; 3 years for 7 models
- Economic outcomes include:
  - Average quarterly employment
  - Percent employed 4 consecutive quarters
  - Average earnings

# Summary of ERA Economic Impacts

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- Among the 12 models, 9 models so far have not shown any or have shown only sporadic impacts
- Three models – each of which has a different target group/point of service provision – are showing positive economic impacts
  - For two of the three models, positive economic impacts are apparent as late as year 3 of follow-up

## Summary of Economic Impact Results for ERA Models Targeting People Not Employed and Receiving TANF

	Average Quarterly Employment				Employed 4 Consecutive Quarters				Average Earnings			
	Y1	Y2	Y3	Y1-3	Y1	Y2	Y3	Y1-3	Y1	Y2	Y3	Y1-3
<b>Texas (incentives)</b>												
<b>Corpus Christi</b>			**	**	*			**	*		**	**
<b>Fort Worth</b>		*	*				**	**			**	
<b>Houston</b>												
<b>Salem (team cm)</b>			n/a	n/a			n/a	n/a			n/a	n/a
<b>LA (step-down job club)</b>					*							

Asterisks indicate statistically significant differences between outcomes for the program and control groups: \* = 10 percent; \*\* = 5 percent; and \*\*\* = 1 percent.

Asterisks inside parentheses show negative impacts; other asterisks show positive impacts.

n/a = Data not yet available.

## Summary of Economic Impact Results for ERA Models Targeting People Employed and Receiving TANF

	Average Quarterly Employment				Employed 4 Consecutive Quarters				Average Earnings			
	Y1	Y2	Y3	Y1-3	Y1	Y2	Y3	Y1-3	Y1	Y2	Y3	Y1-3
<b>Chicago (emplr intermediary)</b>	*	***		**		**		*		**		*
<b>LA (reduced caseloads)</b>					*							
<b>Riverside (e/t emphasis w/ work hrs reduc)</b>	(**)				(*)							
<b>Riverside (e/t emphasis w no work hrs reduc)</b>												

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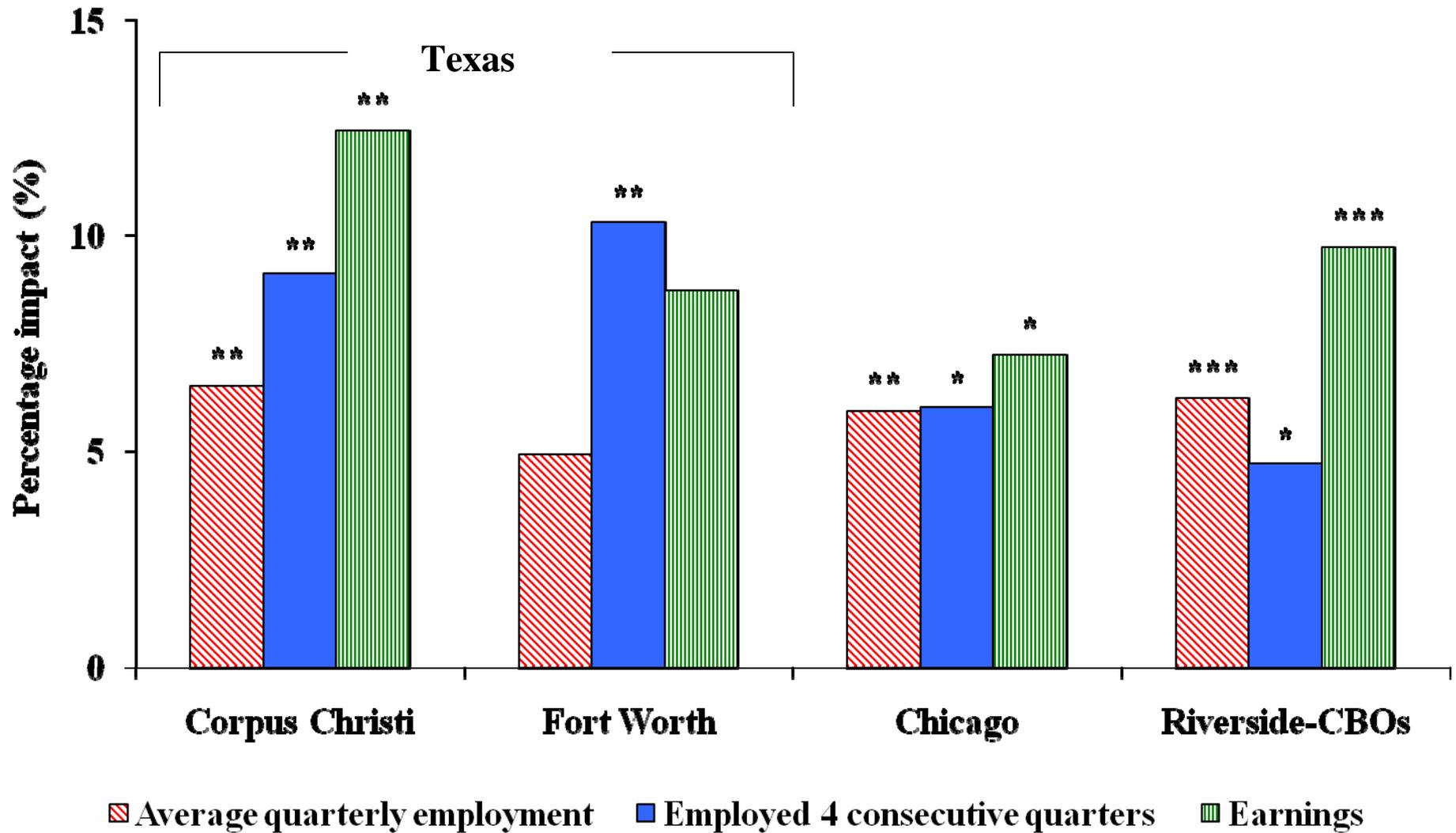
	Average Quarterly Employment				Employed 4 Consecutive Quarters				Average Earnings			
	Y1	Y2	Y3	Y1-3	Y1	Y2	Y3	Y1-3	Y1	Y2	Y3	Y1-3
<b>Riverside (CBO prvders)</b>	**	***	**	***	*	*		*	***	**	*	***
<b>Eugene (team cm)</b>			n/a	n/a			n/a	n/a			n/a	n/a
<b>Medford (team cm)</b>			n/a	n/a			n/a	n/a			n/a	n/a
<b>Cleveland (svcs at employers)</b>			n/a	n/a			n/a	n/a			n/a	n/a
<b>SC (TANF lvrs)</b>		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a

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## Cumulative 3-Year *Percentage* Impacts for Three Models



Statistical significance levels are indicated as: \* = 10 percent; \*\* = 5 percent; and \*\*\* = 1 percent

# Features of the three ERA models with positive impacts

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# Texas ERA Model

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- Served TANF applicants and recipients – not employed – in Corpus Christi, Fort Worth, Houston
- Operated by welfare department, with workforce agency providing employment services
- Job search, job readiness, and team-based case management services
- Post-employment stipends after four months of receipt of TANF earnings disregard
  - bonus of \$200 per month for up to 12 months if in full-time work
- Control group members in site received services, but no stipend
- Impacts in Corpus Christi and Fort Worth sites reflect increased employment retention as well as some increases in work hours, weeks worked, and/or wages
  - no impacts in Houston

# Chicago ERA Model

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- Served Chicago welfare recipients working full-time
- Operated by a private for-profit firm under contract to the welfare department
- Services and activities could include:
  - Assisting clients to find a better job
  - Coaching clients to move up in their jobs, get more hours, or get a raise
  - Helping clients to resolve barriers to steady work
- Control group members in site received limited post-employment services through the welfare department
- Impacts appear to be driven by people moving from low-wage jobs outside the UI system to higher-wage UI-covered jobs

# Riverside ERA CBO-Based Model

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- Served individuals who had just left TANF due to earned income above the TANF eligibility limit
- Operated (primarily) by community-based organizations and a community college
  - provider depended on leaver's location
- Once contact made, most frequently taken-up services were case management and counseling
  - help with reemployment if original jobs were lost also provided
- Control group members did not systematically receive services
- Impacts appear to be due to changing jobs and being reemployed more quickly – and increases in work hours, weeks worked, and/or wages

# ERA: Final Thoughts

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- Models that involve financial incentives, strong employer intermediaries, and/or use community-based providers may hold promise.
- Case management alone does not appear to be effective for promoting employment retention and advancement.
- Re-employment services provide an opportunity to foster employment retention and advancement.
- New strategies may be needed to provide substantial proportions of people with help or advice related to retention and advancement and, if skill-building is a goal, to increase education and training participation beyond current levels.
- Impacts from retention and advancement services can take a long time to emerge.

# What is Next in ERA?

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- Remaining site-specific reports, covering implementation and early impacts, will become available throughout 2008
- Ongoing: Impacts on more outcomes, for more programs, and with longer follow-up
- Final reports, papers, and other dissemination in 2009/2010
- Full ERA description and all publications can be found at [www.mdrc.org](http://www.mdrc.org) and at [www.acf.hhs.gov/programs/opre/welfare\\_employ/employ\\_retention](http://www.acf.hhs.gov/programs/opre/welfare_employ/employ_retention)