



# Subsidized employment and transitional jobs: What we know from research

TANF and WIA: Strengthening Pathways to Employment

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# Presentation outline

- Background on subsidized employment
- Research evidence
- Testing the next generation of subsidized employment approaches



# Subsidized employment

- Programs that use public funds to create or support jobs for people who can't otherwise find work
- Many approaches, including:
  - Community service employment
  - Public service employment
  - Paid work experience
  - Supported work
  - Transitional jobs
  - On-the-job training



# Subsidized employment: Many areas of variation

- Goals
  - Provide work-based income support (counter-cyclical)
  - Improve long-term labor market outcomes
- Targeting
  - Broad focus on unemployed workers
  - Narrow focus on the “hard to employ”
- Program structure
  - Location of subsidized jobs
  - Structure of subsidies
  - Employer of record
  - Possibility of “rollover”
- Ancillary supports
  - Ranges from intensive to non-existent

# Two contrasting examples

- Center for Employment Opportunities
  - NYC-based TJ program for ex-offenders
  - Gov't agencies contract for CEO work crews; supervisors work for CEO
  - Extensive supports, case management, job development/placement, fatherhood, etc.
- Pennsylvania Way to Work (TANF EF)
  - Statewide; targeted parents below 235% FPL
  - Reimbursed employers 100% up to \$13/hour
  - More than 25,000 placements

# Subsidized employment:

## Research evidence

- Need to understand a program's goals before evaluating it
  - A program that does not focus on building long-term employability should not be judged on that outcome
- A number of random assignment studies of subsidized employment programs since 1970s
- Tested programs that aimed to improve long-term employment outcomes



# Subsidized employment: Research evidence (cont.)

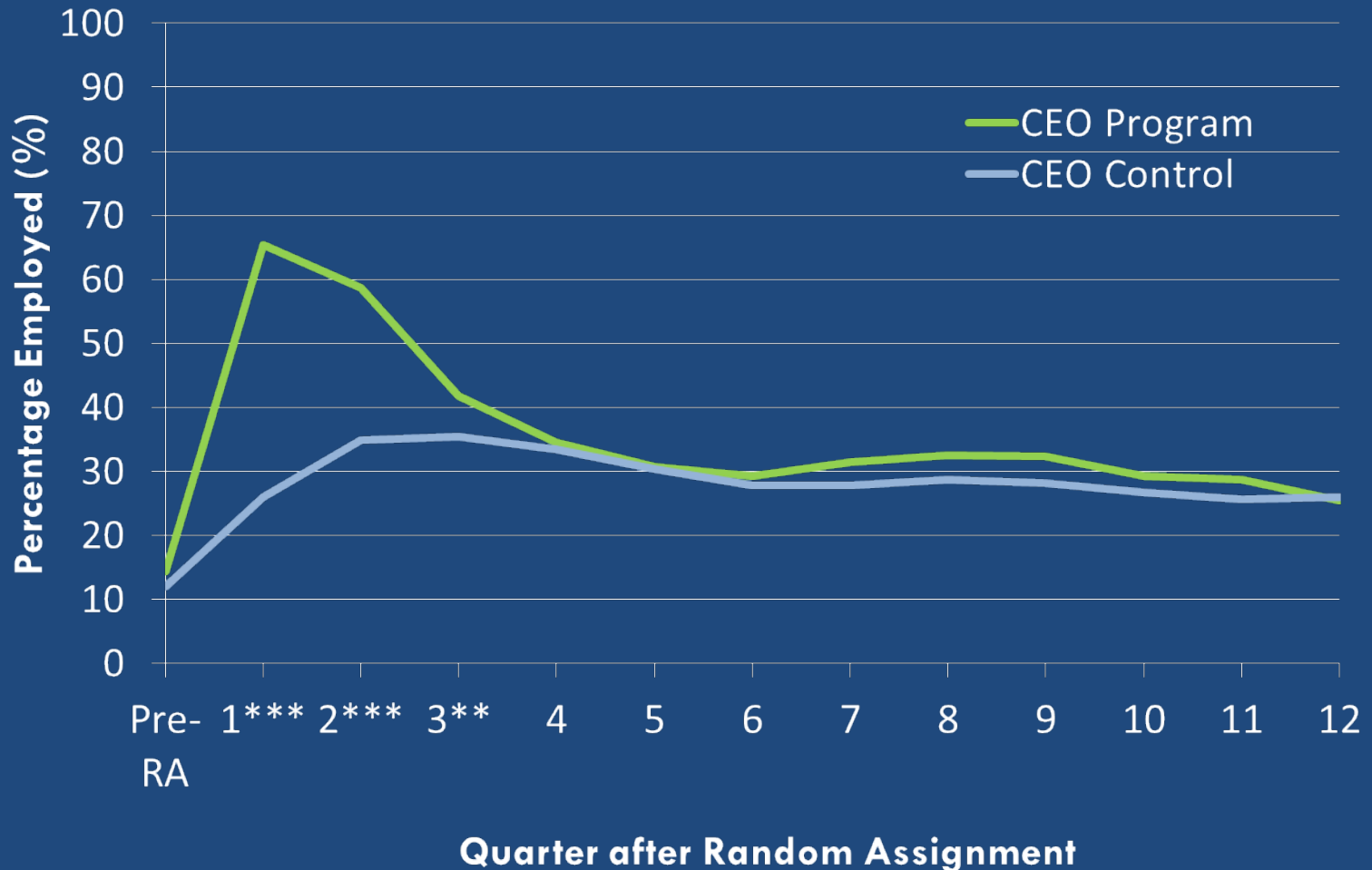
- Supported work (1970s-80s)
  - Large early employment gains driven by subsidized jobs
  - Sustained gains for welfare recipients, but not for ex-offenders, youth, or ex-addicts
- On-the-job-training (1980s)
  - Sustained earnings gains in several studies
  - Programs were mostly small, selective

# Studies of transitional jobs

- Recent evaluations of six TJ programs
  - 5 programs for ex-offenders; 1 for TANF recipients
  - TJ Rationale: People learn to work by working; staff assess people by seeing them work; employers more likely to hire someone who is succeeding on the job
  - All TJ programs provided temporary (e.g., 2-4 months) subsidized jobs, 25-40 hrs/week
  - All provided supports and job placement help
  - Different program structures
    - Work crews
    - Social enterprise
    - Scattered-site

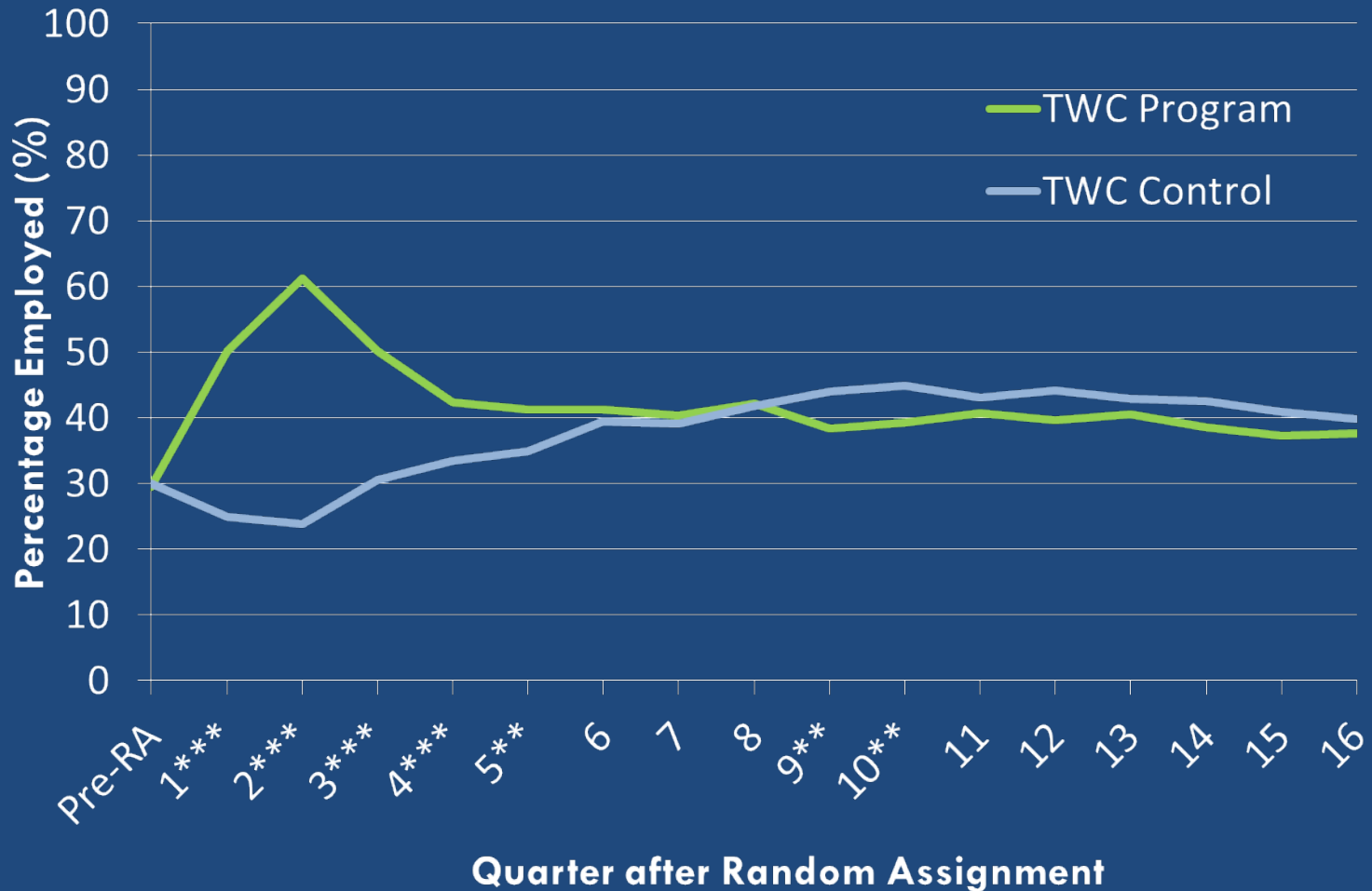


# CEO: Impacts on Total Employment (including TJs)



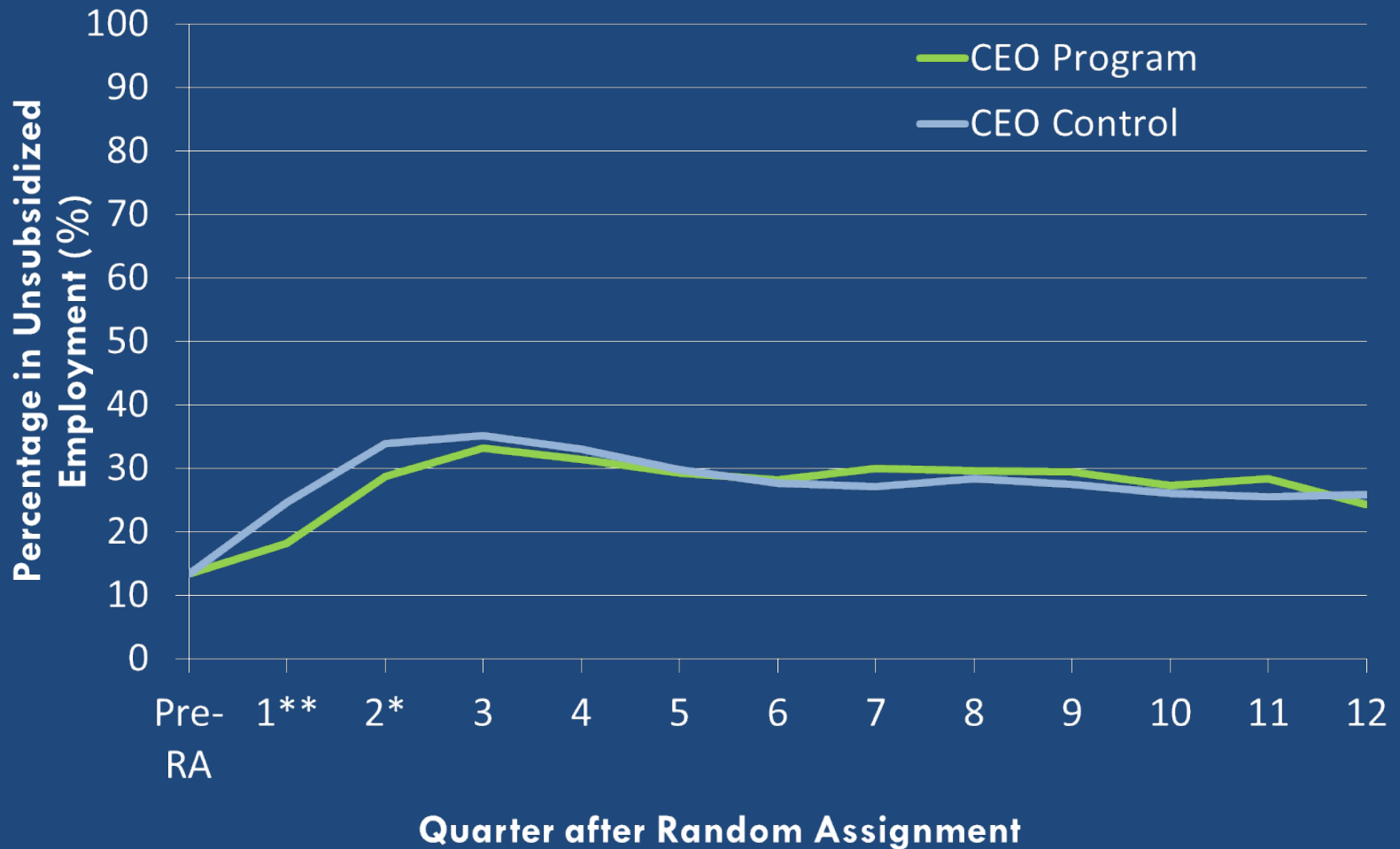
Statistical significance levels:  
\*=10% \*\*=5% \*\*\*=1%

# TWC: Impacts on Total Employment (including TJs)



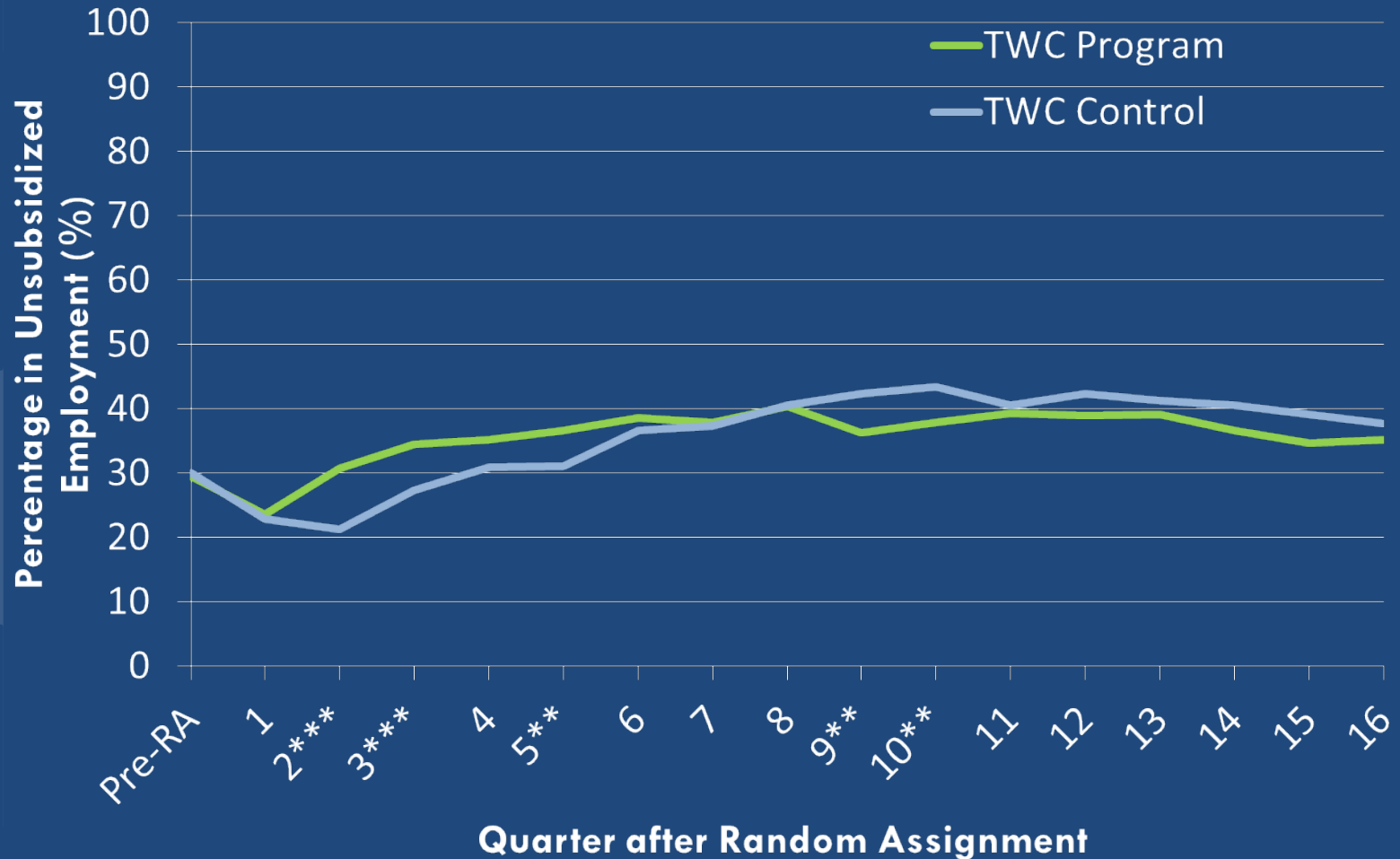
Statistical significance levels:  
\*=10% \*\*=5% \*\*\*=1%

# CEO: Impacts on Unsubsidized Employment (excluding TJs)



Statistical significance levels:  
\*=10% \*\*=5% \*\*\*=1%

# TWC: Impacts on Unsubsidized Employment (excluding TJs)



Statistical significance levels:  
\*=10% \*\*=5% \*\*\*=1%

# CEO: 3 Year Recidivism Impacts by Time Between Release and Random Assignment

## Recently Released from Prison

Outcome (%)	Program group	Control group	
Arrested	49.1	59.1	-10.0*
Convicted of crime	44.0	56.7	-12.7**
Incarcerated in jail or prison	60.2	71.3	-11.2**

## Not Recently Released from Prison

Outcome (%)	Program group	Control group	
Arrested	47.0	50.5	-3.5
Convicted of a crime	42.7	45.7	-3.0
Incarcerated in jail or prison	57.1	63.2	-6.1

Statistical significance levels:

\*=10% \*\*=5% \*\*\*=1%

# Patterns across TJ studies

- Very large short-term increases in employment for hard-to-employ groups.
  - Programs served many people who would not otherwise have been working
- Not much evidence of post-program increases in employment or earnings.
- Some positive impacts on other key outcomes (e.g., recidivism, TANF receipt)
- Recurring issues: targeting, transitions.
- Some evidence that programs work better for more disadvantaged, higher risk, and in bad economy.

# The next generation

- Two large-scale federal projects testing the next generation of subsidized employment and TJ models
- DOL Enhanced Transitional Jobs Demonstration (EJTD)
  - Testing 7 programs for ex-offenders and low-income noncustodial parents
  - Programs received about \$6 million in funding
- HHS Subsidized and Transitional Employment Demonstration (STED)
  - Will test up to 7 programs targeting TANF recipients, youth, or others

# ETJD-STED Models

- Aiming to test programs that differ from the TJ models discussed earlier. For example:
  - Models that progress from more supported to less supported placements
  - Models with a stronger emphasis on subsidizing private sector jobs that can become permanent jobs
  - Models that offer different types of subsidized jobs for different types of participants
  - Models offering different types of ancillary supports and incentives



# ETJD-STED Challenges

- Building strong linkages between programs and systems (child support, CJ, TANF)
- Figuring out who to target with scarce subsidized employment resources
- Engaging employers when OJT-like programs target the hard to employ (e.g., ex-offenders)
- Determining whether employers are creating new jobs, changing who they hire, or getting a windfall for hiring the same people they would have hired anyway