

Alternative Welfare-to-Work Strategies for Hard-to-Employ TANF Recipients:

Early Impacts from the Philadelphia Site in the Enhanced Services for the Hard-to-Employ Project

ACF Welfare Research and Evaluation Conference

May 2008

Presentation by: Dan Bloom

Enhanced Services for the Hard-to-Employ Project

- Funded by ACF and ASPE (with US DOL) to test promising employment strategies for groups facing serious barriers to steady work.
- Led by MDRC, with Urban Institute and other partners.
- Four sites, each targeting a different type of hard-to-employ population; like four separate studies.
- All sites use random assignment designs.

Philadelphia Hard-to-Employ Site

- Testing two alternative employment strategies for long-term or potential long-term TANF recipients:
 - Transitional jobs: Immediate, temporary, paid jobs, with “wraparound activities” and job placement/retention help.
 - Pre-employment services: Comprehensive upfront assessment and barrier removal activities, followed by job placement/retention help.
- Both models were run by nonprofit organizations under contract to the state.

Transitional Jobs Program

- Operated by Transitional Work Corporation (TWC).
- Founded in 1998; served about 1,500 TANF recipients/year during study period.
- Key features:
 - Two-week paid pre-employment class.
 - Placement in minimum wage, subsidized job with nonprofit/public agencies (TWC is employer).
 - 25 hrs/week paid work; 10 additional hours of “professional development” activities (e.g., ABE/GED, workshops, etc.).
 - Staff person at worksite serves as “work partner.”
 - Intensive case management by TWC staff.
 - Job placement assistance, post-placement support, and incentives for maintaining unsubsidized employment.

Pre-Employment Services Program

- Success Through Employment Preparation (STEP).
- Operated by Jewish Employment and Vocational Service (JEVS).
- Developed specifically for this project; modeled on earlier program for exempt clients.
- Aggressive outreach (including home visits), intensive assessment, individualized services to address barriers:
 - ESL/ABE/GED, Life Skills classes.
 - Referrals for treatment (in and out of agency).
 - Job placement, retention services.

Project Target Group

- Long-term and potential long-term TANF recipients:
 - Received TANF for at least one year; or
 - No high school diploma/GED;
- Not currently working or enrolled in welfare-to-work activity and unlikely to be exempt from work requirements.
- Waivers for recipients with specific plans for education or training that would be disrupted by study participation.
- Targeted clients from four local welfare offices.

Research Design

- From 10/04-5/06, TANF applicants and recipients meeting criteria were assigned at random to:
 - **TWC group:** Referred to TWC (n=731);
 - **STEP group:** Referred to STEP (n=725);
 - **Voluntary services (VS) group:** Not required to participate in work activities; not permitted to enroll in TWC or STEP; serves as control group (n= 486).
- Key comparisons:
 - TWC group vs. VS group
 - STEP group vs. VS group

Data Now Available

- Baseline data reported by sample members.
- National Directory of New Hires data on earnings in UI-covered jobs.
- TANF and Food Stamp payment data from PA DPW.
- Program participation and payroll data from TWC and STEP.
- Data from survey 18 months after study entry, targeted to a subset of 938 sample members in all 3 groups (total responses=738; 79% response rate).
- Qualitative data from field research.
- All quantitative analyses are still preliminary.

Characteristics of Sample Members

- Average age: 29
- Average number of children: 2.2
- 65% have at least one child under age 6
- 82% African-American; 14% Hispanic
- 56% have no high school diploma/GED
- 31% live in public/subsidized housing
- Average of 40 months prior TANF
- 69% have worked at least 6 months for one employer
- 65% worked 12 months or less in past three years

Note: There are no statistically significant differences across research groups for any of the above measures except percent with a HS diploma/GED, where the difference is significant at the 10% level. The impact analysis will control for this difference.

Participation in TWC Services

- Almost two-thirds of TWC group completed two-week pre-employment class (officially enrolled).
 - About 10% were never referred to TWC (e.g., exempted)
- About half of TWC group worked in a TWC transitional job.
- Among those who worked in a transitional job:
 - Average of 30 days worked.
 - 77% participated in professional development.
 - 52% placed in permanent employment.

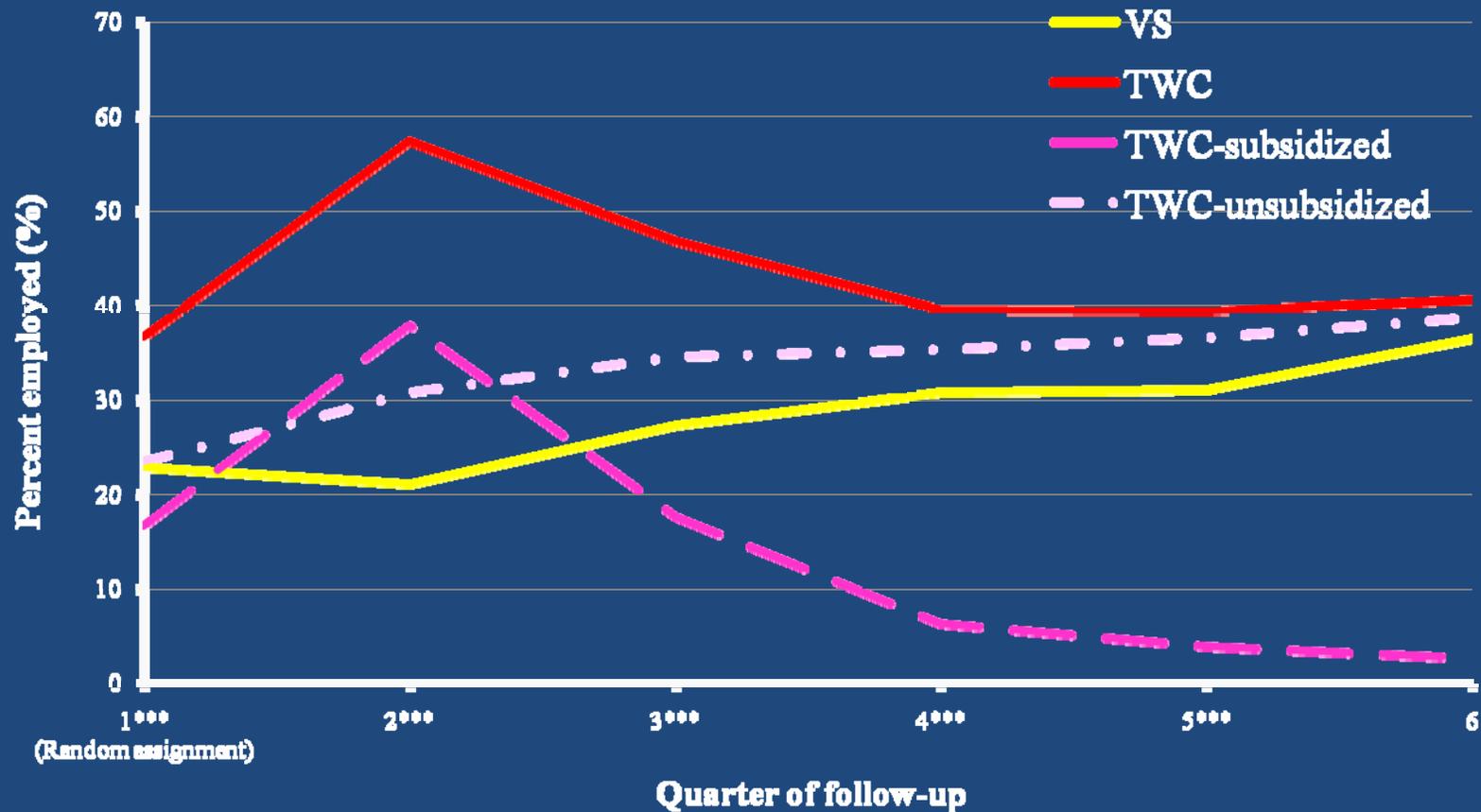
Participation in STEP Services

- More than three-fourths enrolled in STEP (i.e., reported to the program office).
 - Many of those who did not enroll had contact with program (i.e., home visit)
- Among those who enrolled:
 - 83% in assessment.
 - 83% attended job readiness activities.
 - 91% attended Life Skills workshops.
 - 22% attended ABE/ESL/GED class.
 - 42% received counseling.
 - Average of 68 hours of participation in program office.
 - Additional hours outside of program office (e.g. job search).

Impacts on Service Receipt

- Data come from survey of all three groups.
- Both TWC and STEP groups were significantly more likely than Voluntary Services (VS) group to participate in job search activities:
 - About three-fourths of TWC and STEP groups, and one-half VS group, reported participating in a job search activity.
- No difference among the three groups in participation in education and training activities.
 - About one-third of each group reported participating in an E/T activity (Adult Basic Education, GED, training, or college).

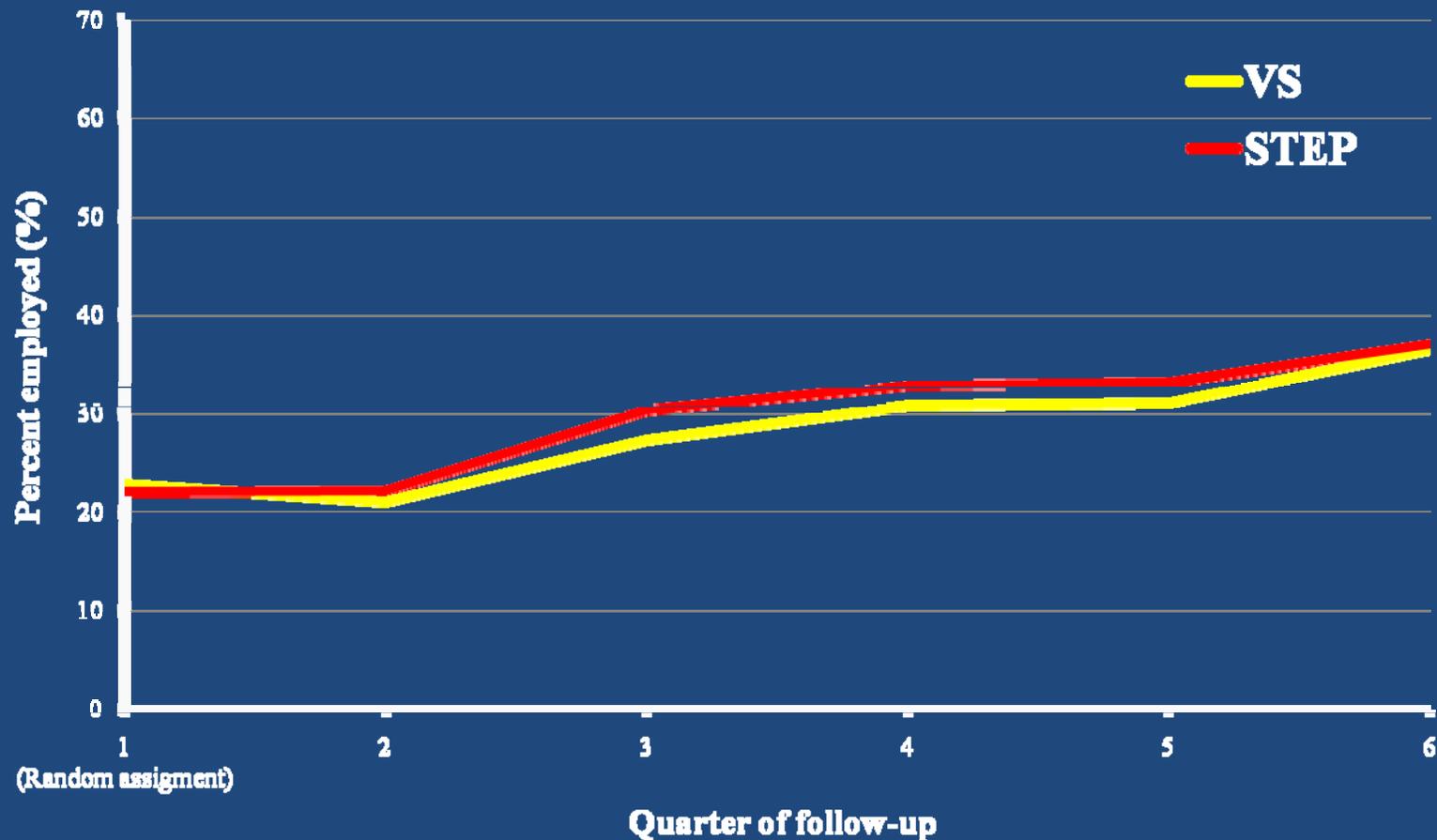
Percent Employed: TWC Group vs. VS Group



Other Impacts: TWC Group vs. VS Group

- Statistically significant increase in average earnings in year 1.
- Statistically significant decrease in TANF payment amounts in year 1.
- No impacts on receipt of TANF in year 1.
 - Increase in people mixing work and welfare.

Percent Employed: STEP Group vs. VS Group



Other Impacts: STEP Group vs. VS Group

- No statistically significant impact on earnings through quarter 6.
- Early results suggest that STEP may have led to a small decrease in TANF receipt in year 1.
- No impact on TANF payment amounts through quarter 6.

Summary of Findings to Date

- Transitional jobs program relative to voluntary services (control group):
 - Large increases in employment and earnings in Year 1; impacts fade early in Year 2.
 - Significant decreases in TANF payments in Year 1, but not TANF receipt.
- Pre-employment services program relative to voluntary services (control) group:
 - Small, inconsistent increases in employment in Year 1; no earnings gains.
 - Possible small decrease in TANF receipt; no impacts on TANF payments.

Coming Attractions

- Report planned for 2008-09, including more extensive analysis of administrative records, survey, and implementation data.
- Follow-up of 3 ½ years, including a second survey wave.
- Final report in 2010-11.