Lessons from Welfare-to-Work Experiments and Related Studies

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Overview of major evaluations of welfare-to-work and related interventions

• Mostly pre-TANF, pre-time limits

All using randomized trials- strong evidence

The studies show:

• Some things worked
• Others did not, but offered lessons to build on
• Evidence forced re-thinking assumptions
Random Assignment

Program Group
- Program services and mandates
- Average earnings

Control Group
- No SPECIAL services or mandates
- Average earnings

Difference in earnings = Program Impact
Mandatory Service Programs

- California GAIN program

- National Evaluation of Welfare-to-Work Strategies (NEWWS)
California: GAIN Welfare-to-Work Program
(Began around 1986)

Major leap beyond simpler mandatory job search/ work experience programs of early 1980s

- Ongoing work requirement/sanctions
- Case management for support/enforcement
- Child care assistance
- Upfront basic skills (*a big investment*) and job search
- Other education/training/work experience

Sought to balance “mutual obligation,” human capital investment, support for work

Helped inspire Family Support Act of 1988
GAIN Evaluation

Six diverse counties:
- Alameda (Oakland) - Los Angeles - San Diego
- Butte - Riverside - Tulare

Core sample: 25,000 lone parents; children = age 6+

Random assignment: 78% to GAIN; 22% to control group

Control group (“Regular AFDC”)
- No participation requirements
- No welfare-to-work services
- Could get services on their own in community

Follow-up: 5-years after RA with admin records
Los Angeles County vs. Riverside County

Same model, different implementation

Los Angeles

- Overall, a longer-term welfare population
- Job search, but \textit{higher priority} on basic skills (including ESL) for low-education group
- More expensive

Riverside

- Education, but \textit{higher priority} on quick employment
- Pervasive focus on “employment goal,” even for low-education subgroup
- Less expensive
Los Angeles GAIN
Control group’s earnings ($)

Control group
- No participation requirements
- No welfare-to-work services

Note: Earnings include $0 for non-workers
Los Angeles GAIN
5-year impacts on earnings ($)

Impact = $596 (ns)

Note: Earnings include $0 for non-workers
Riverside GAIN
Control group’s earnings ($)

Control group

Note: Earnings include $0 for non-workers
Riverside GAIN
5-year impacts on earnings ($)

Impact = $5,038*** (+42%)

Note: Earnings include $0 for non-workers
Riverside GAIN
Impacts on receipt of cash welfare ($)

Impact = - $2,705*** (-15%)

Note: Payments include $0 for non-recipients
Another highly effective program: Portland, Oregon

Used a “mixed” approach (similar to GAIN)
- Short-term education or training for some
- Job search for others (majority)

Enforced participation requirements

Encouraged searching for better job
(above minimum wage and with fringe benefits)
Portland NEWWS
5-year impacts on earnings ($)

Impact = $5,150*** (+25%)

Program group

Control group

Longer-term: Impacts faded by

Note: Earnings include $0 for non-workers
NEWWS special study: LFA vs. HCD

LFA: “Labor force attachment”
  • Job search as first activity
  • Followed by education/training, as appropriate

HCD: “Human capital development “
  • Education or training as first activity
  • Usually basic education; some vocational training
  • Followed job search, as appropriate

Head-to-head test in 3 sites
  • Atlanta, Georgia
  • Grand Rapids, Michigan
  • Riverside, California
Head-to-head test of LFA vs. HCD
Example from Atlanta

Welfare applicants and recipients

Random Assignment

LFA group
HCD group
Control group
Atlanta: LFA vs. Control
5-year impacts on earnings ($)

LFA Impact = $2,459***
(+14%)

Note: Earnings include $0 for non-workers
Atlanta: LFA vs. HCD vs. Control
5-year Impacts on earnings ($)

LFA Impact = $2,459*** (+14%)
HCD Impact = $2,017** (+12%)

Note: Earnings include $0 for non-workers
LFA vs. HCD: The longer-term
(10-15 years after random assignment)

LFA and HCD effects became similar in long term
• But LFA cheaper (more cost-effective)

Overall
• Both interventions increased earnings, reduced welfare relative to no intervention
• Many participants still struggled in work, remained poor, didn’t advance
“Make work pay” experiments
- Minnesota Family Investment Program (MFIP)
- Canadian Self-Sufficiency Program (SSP)
- Connecticut Jobs-First
- Milwaukee New Hope
Goal: Improve net income from low-wage work

• Earnings gains reduced welfare/other benefit income

• Address this through enhanced earnings disregards; wage supplements

Positive effects on employment and earnings, especially when combined with services

Did not save money for govt., but reduced poverty

Positive education effects for young children
Post-employment experiments

- Employment Retention and Advancement (ERA)
Focus shifted toward “post-employment”

- Prior interventions were not helping people advance
- Could services/support after job placement help them stay employed and get ahead?

ERA study: Tested 12 models in 6 states (HHS-funded)

- Cast a wide net to test a variety of models
- Mostly for current and former welfare recipients
Summary of retention/advancement studies

9 models were not effective
  • Offered post-employment guidance/advice, but little else
  • No pattern of positive impacts among these 9

3 models did have positive economic impacts
  • Offered post-employment guidance and advice
  • Included other tangible features
    – Examples: Incentives, employer connections, help with quick re-employment and proactive job-switching

Easier to help people to get jobs than advance
Sector-focused training experiments

- WorkAdvance
WorkAdvance Demonstration

Inspired by earlier experiment (by PPV) showing positive short-term effects of sector strategy

WorkAdvance model

- Voluntary
- Sector-focused training and placement
  - Health care, computers/IT, manufacturing, transportation, environmental remediation
- Strong links to employers, who inform training
WorkAdvance: Initial findings

Follow-up period: 2 years so far; 5 years soon

Encouraging initial results in 3 of 4 sites

- Positive effects on employment and earnings
- Positive effects on advancement indicators (e.g., wages, benefits, job quality)

Best results so far: Per Scholas (NYC; IT training)

In Year 2:

- 26% increase in earnings vs. controls
- 8.5 percentage pt. increase in earning ≥ $20,000
Recap / Conclusions

Mandatory programs that balanced active support and expectations increased work, reduced welfare.

Did not reduce poverty or promote advancement, and encouraged rethinking approach to basic ed.

Adding financial incentives: Reduced poverty; some positive effects on young kids.

Promoting advancement is difficult: Some skills-building is key; sector-focused approaches showing promise.

Importance of continued experimentation

- Transitional jobs, career pathways, executive-skills-informed workforce coaching, other interventions.