

Lessons from Welfare-to-Work Experiments and Related Studies

**Secretaries Innovation Group
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Outline

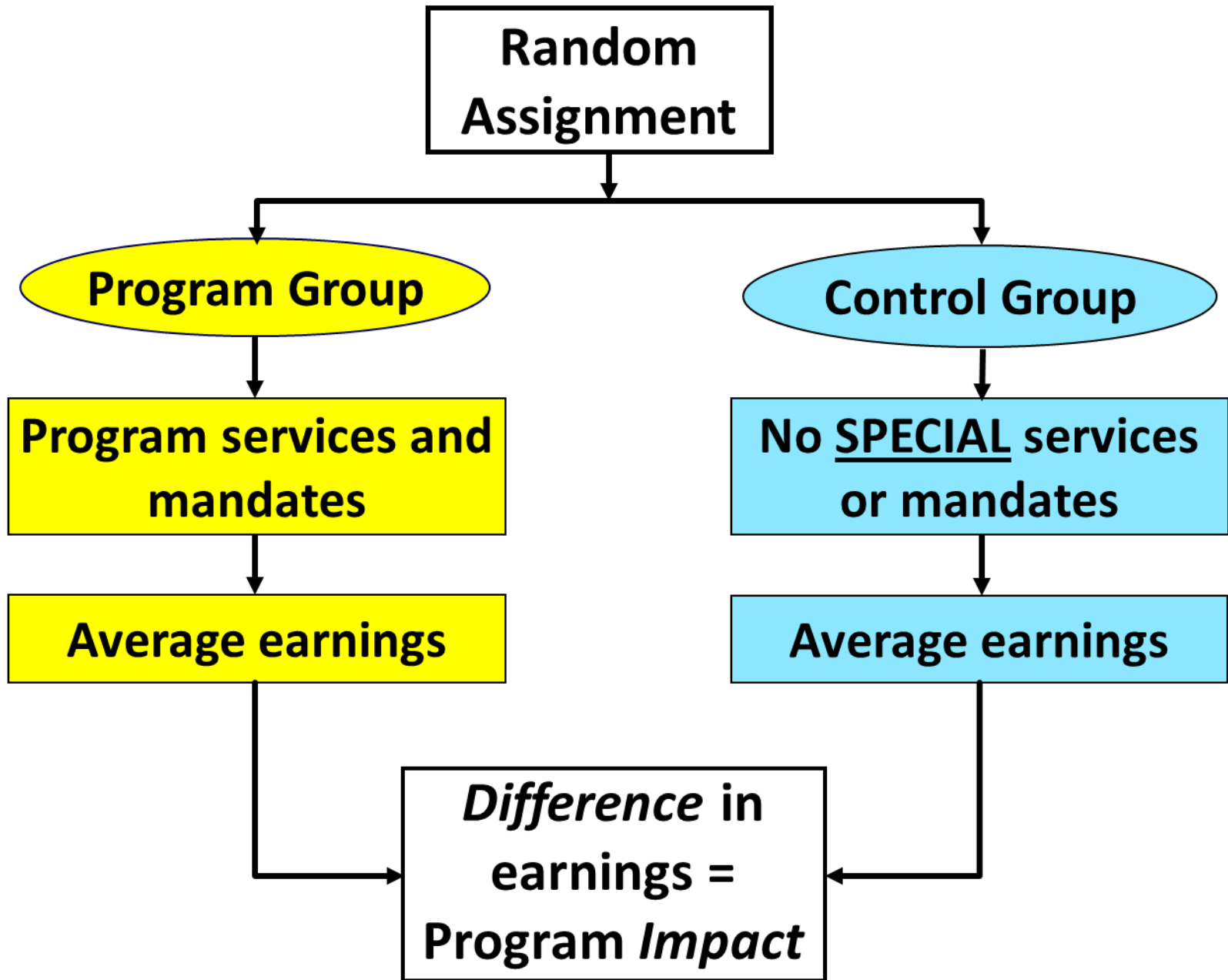
Overview of major evaluations of welfare-to-work and related interventions

- 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



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

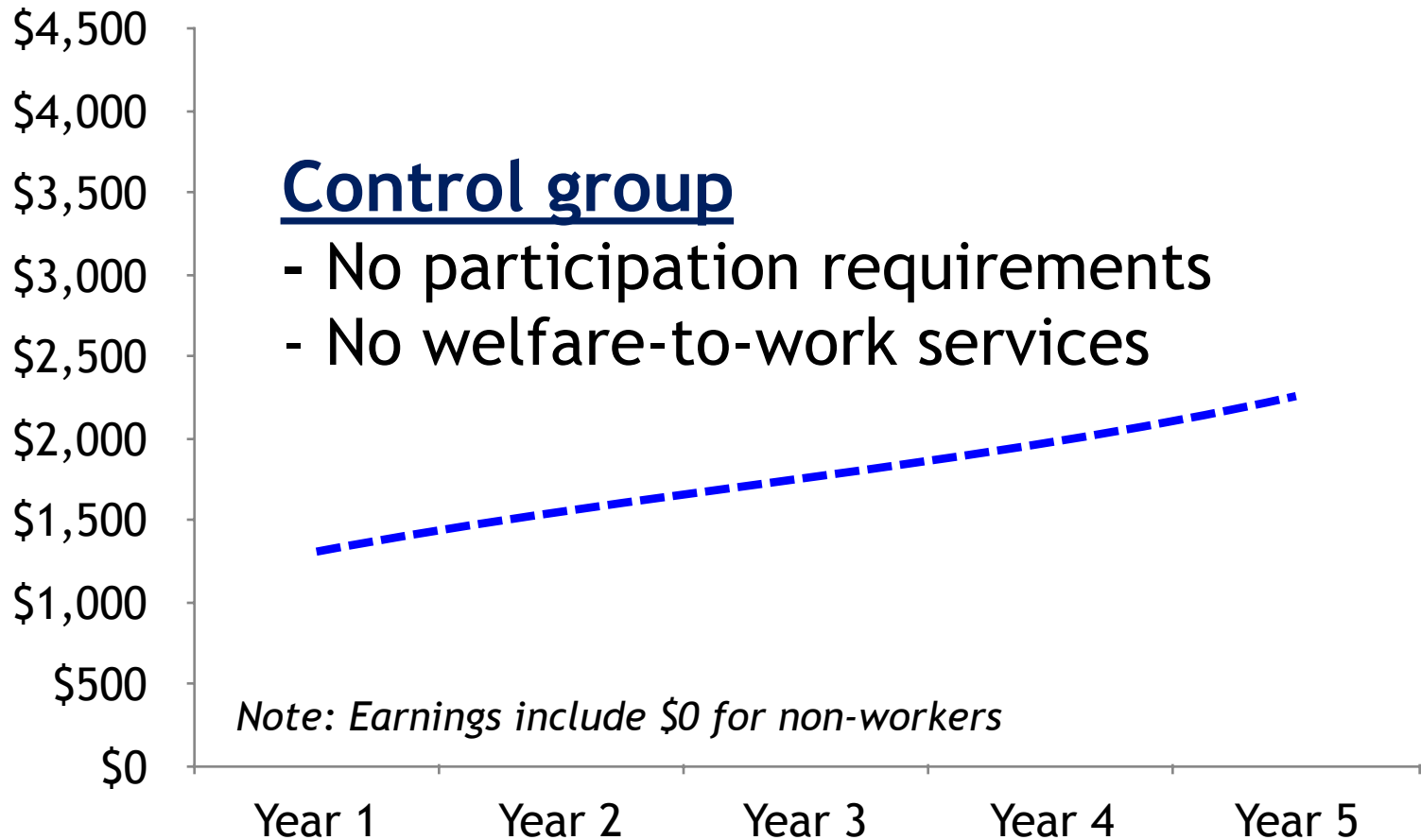
- Overall, a longer-term welfare population
- Job search, but *higher priority* on basic skills (including ESL) for low-education group
- More expensive

Riverside

- Education, but *higher priority* on quick employment
- Pervasive focus on “employment goal,” even for low-education subgroup
- Less expensive

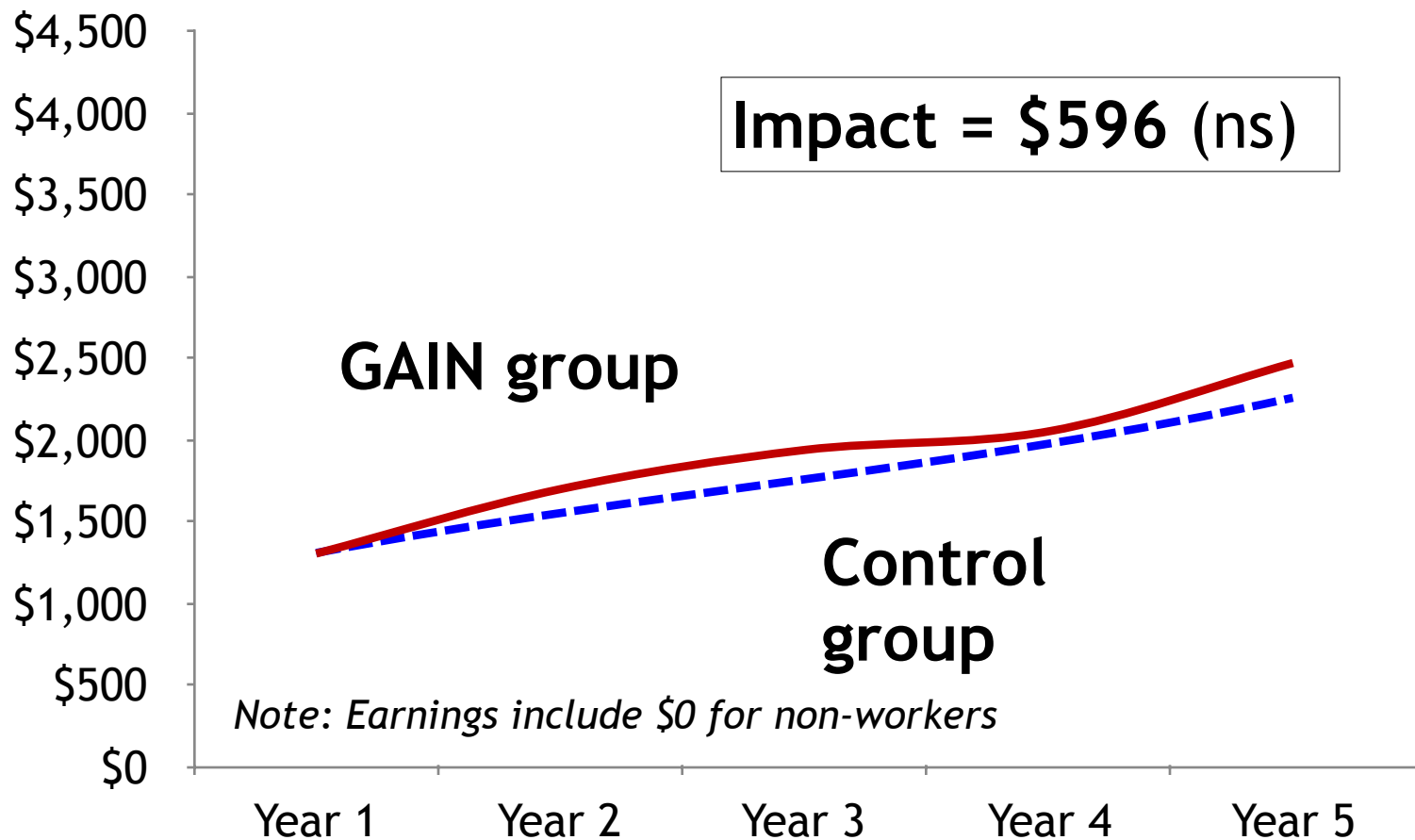
Los Angeles GAIN

Control group's earnings (\$)



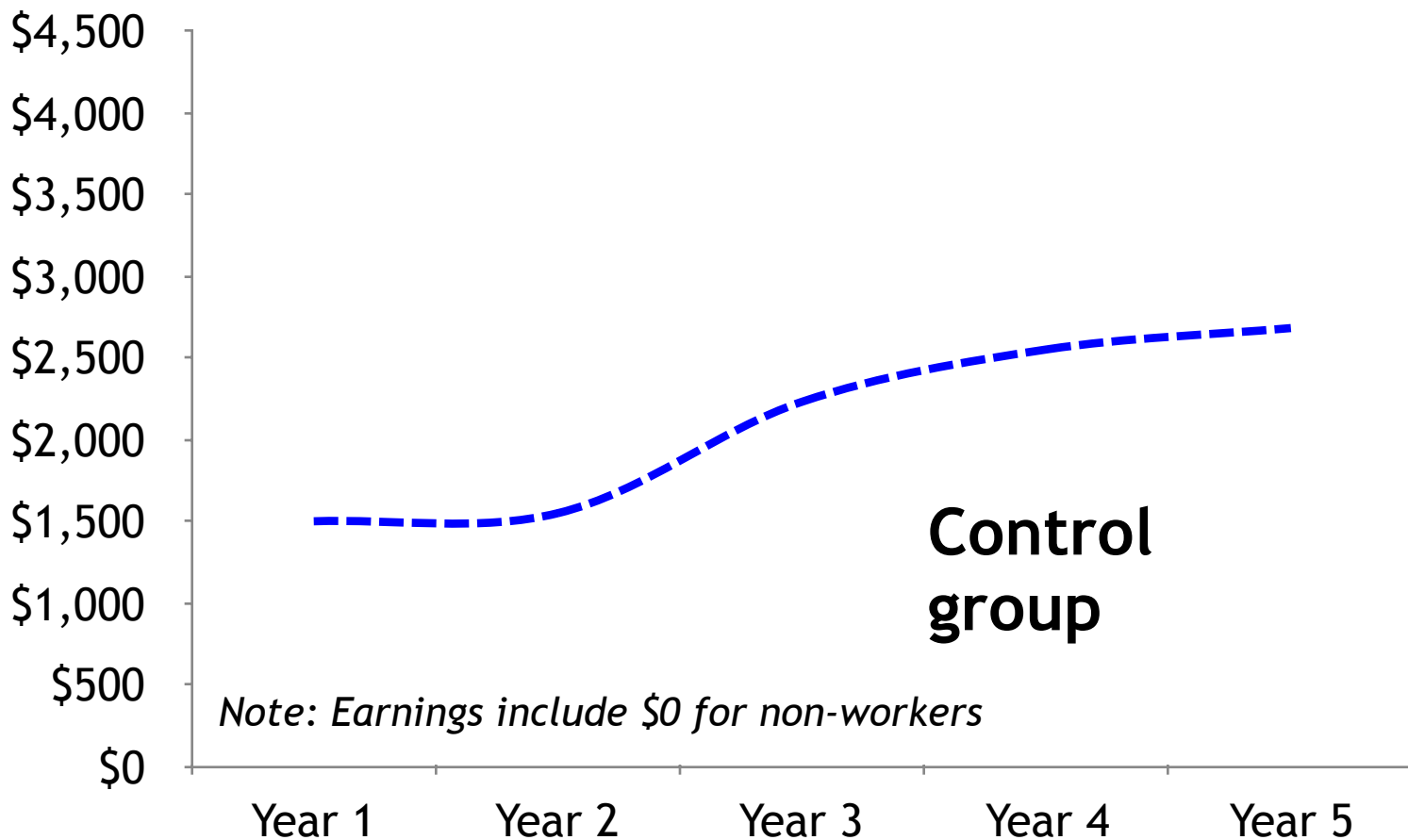
Los Angeles GAIN

5-year impacts on earnings (\$)



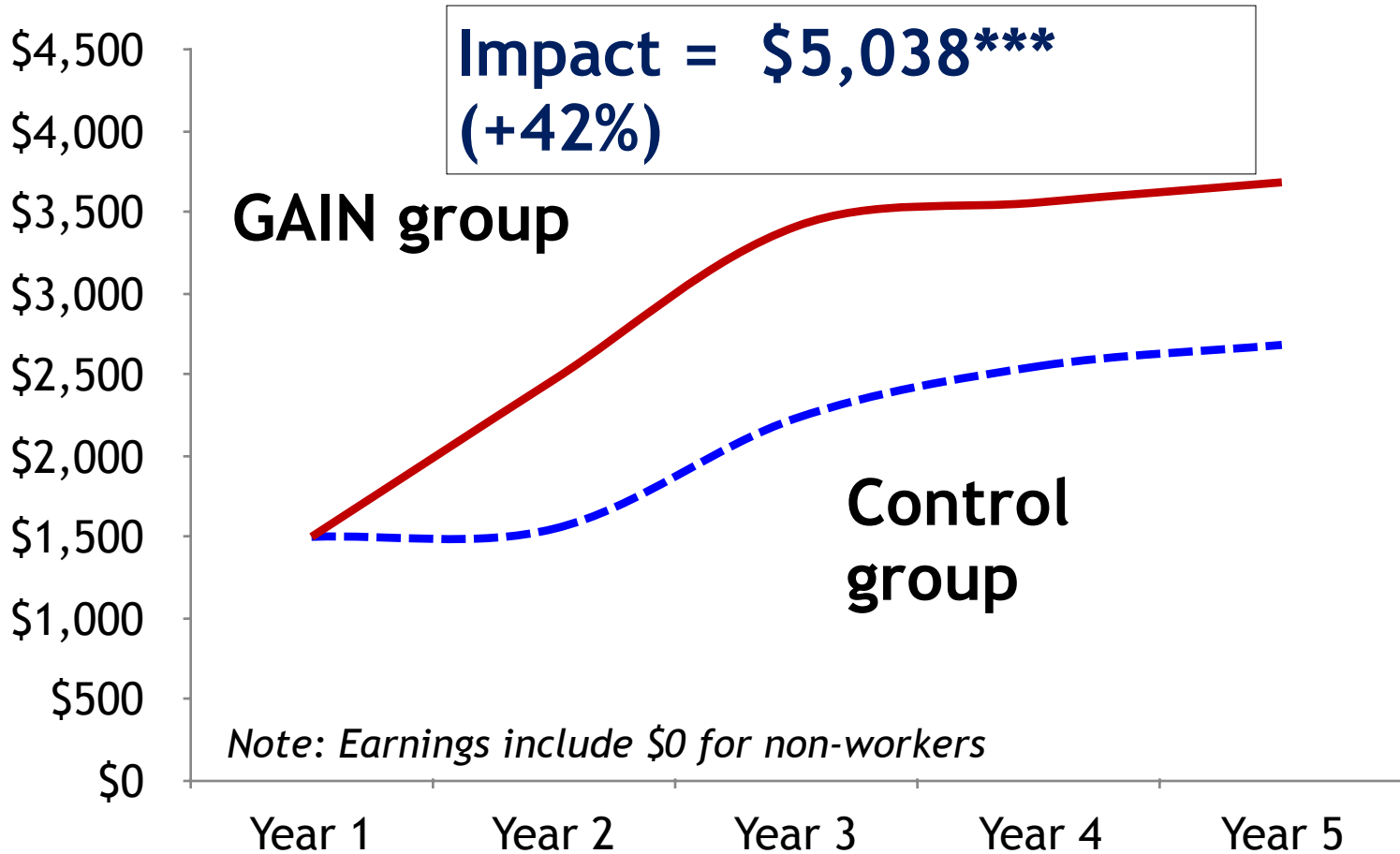
Riverside GAIN

Control group's earnings (\$)



Riverside GAIN

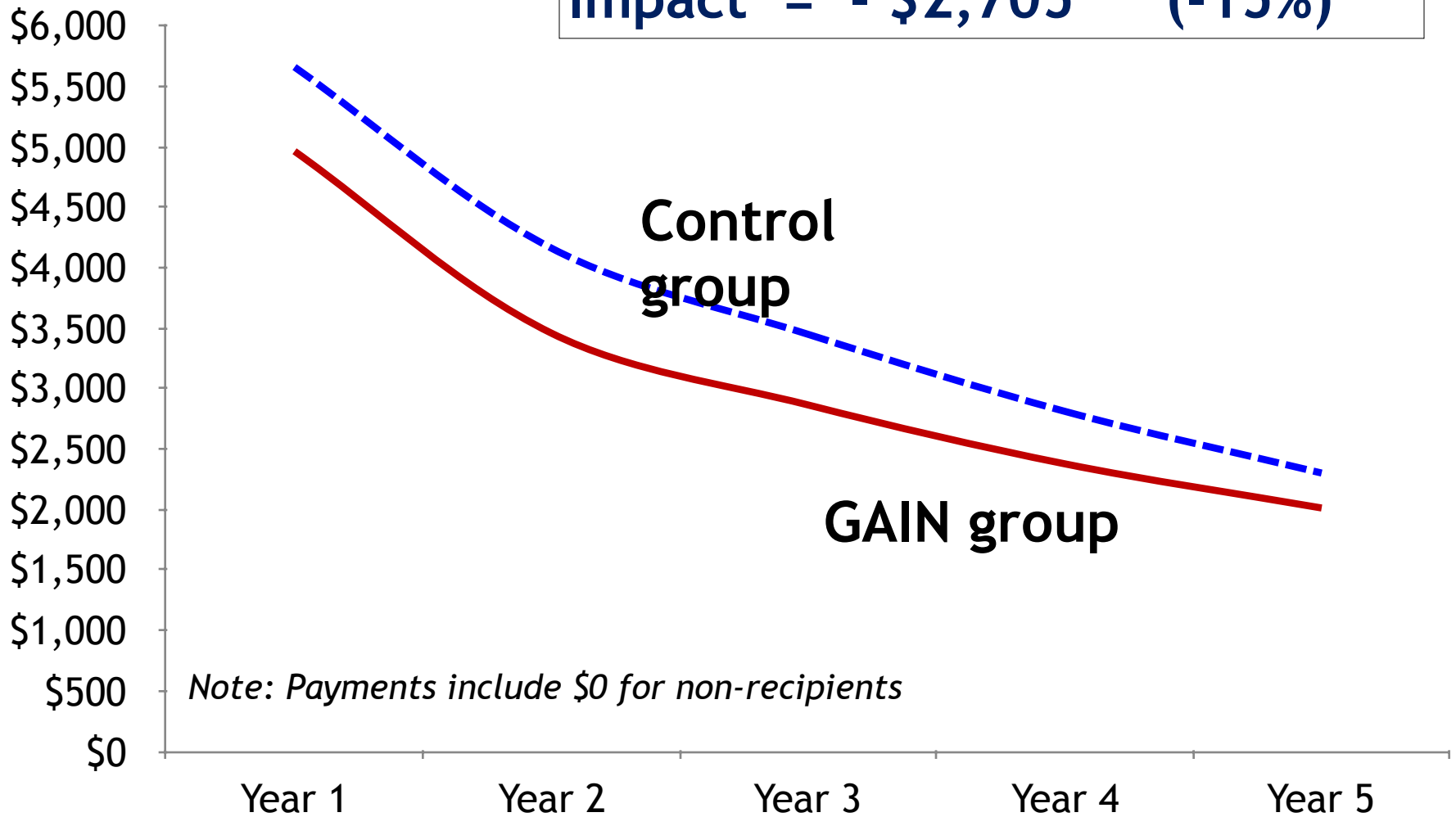
5-year impacts on earnings (\$)



Riverside GAIN

Impacts on receipt of cash welfare (\$)

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



Another highly effective program: Portland, Oregon

Used a “mixed” approach (*similar to GAIN*)

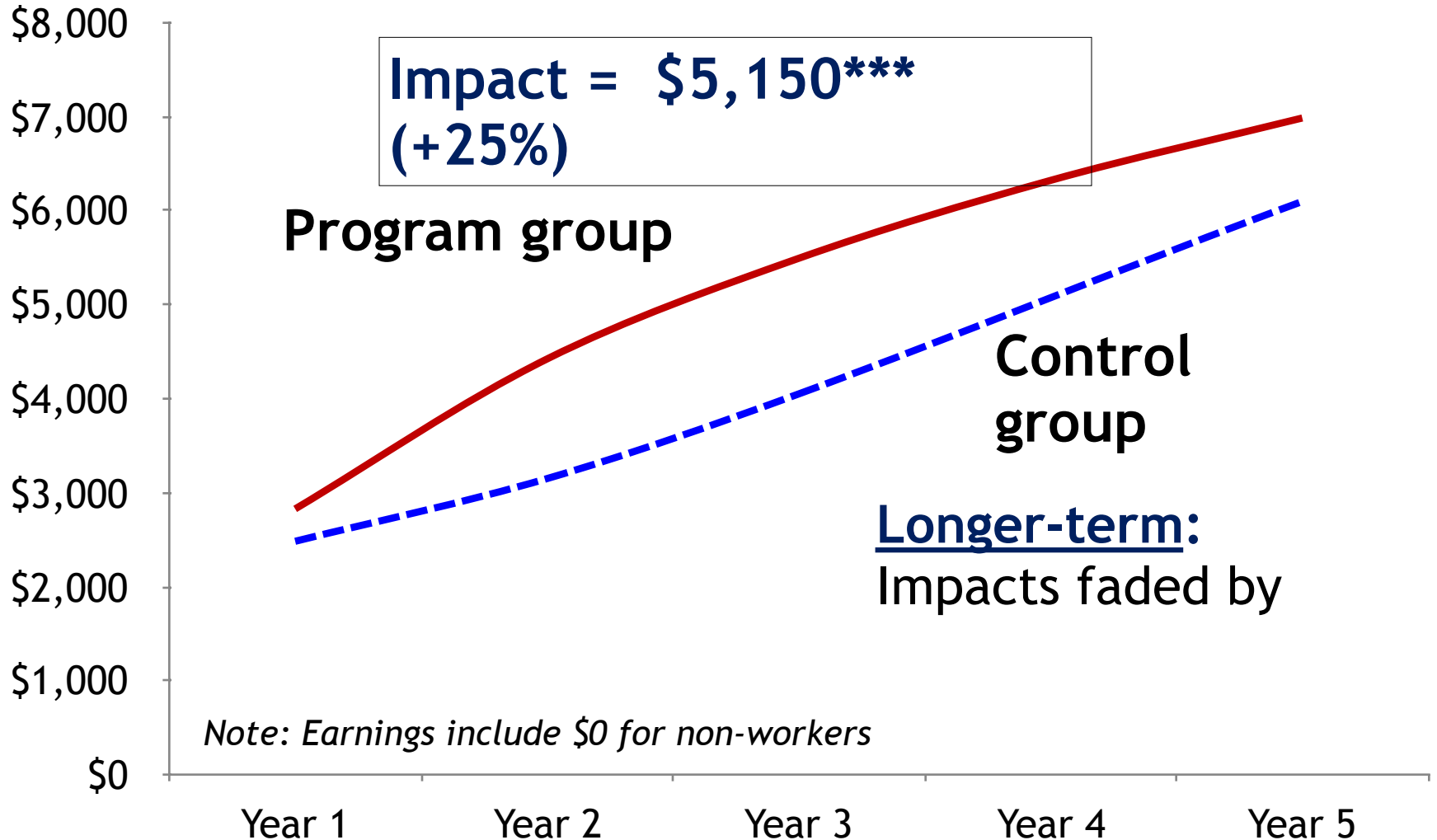
- Short-term education or training for some
- Job search for others (majority)

Enforced participation requirements

Encouraged searching for better job
(above minimum wage and with fringe benefits)

Portland NEWWS

5-year impacts on earnings (\$)



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 “

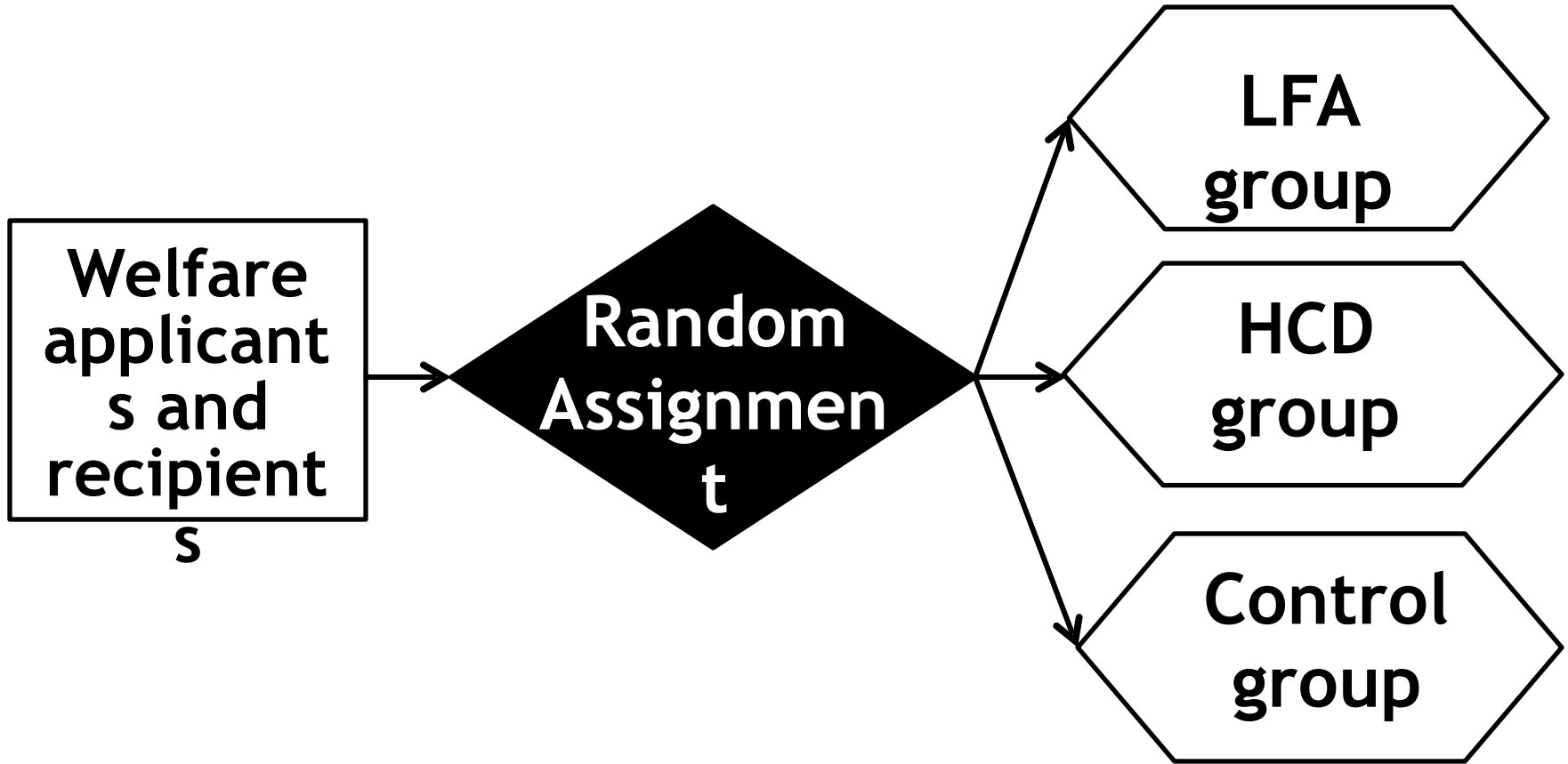
- Education or training as first activity
- Usually basic education; some vocational training
- Followed job search, as appropriate

Head-to-head test in 3 sites

- Atlanta, Georgia
- Grand Rapids, Michigan
- Riverside, California

Head-to-head test of LFA vs. HCD

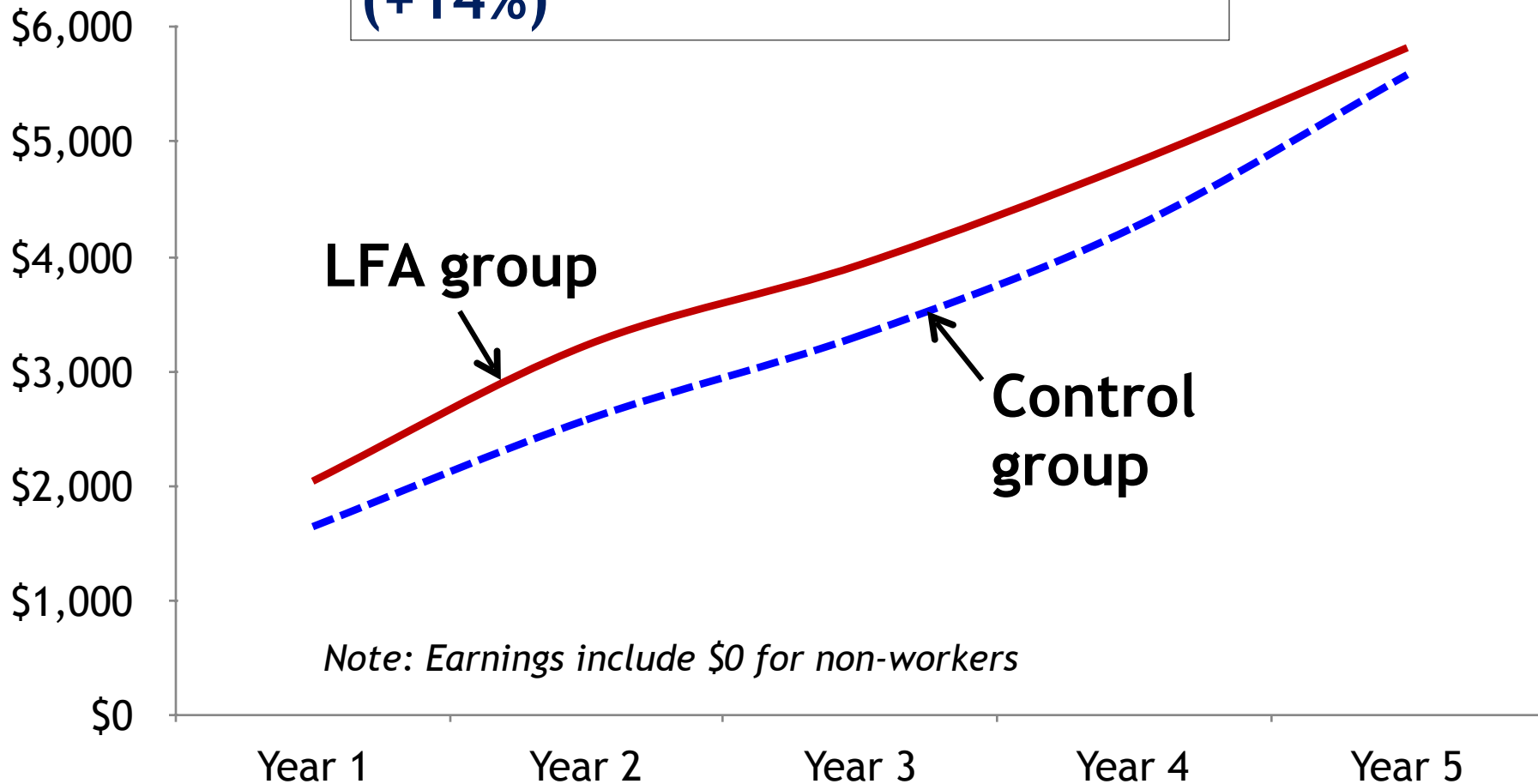
Example from Atlanta



Atlanta: LFA vs. Control

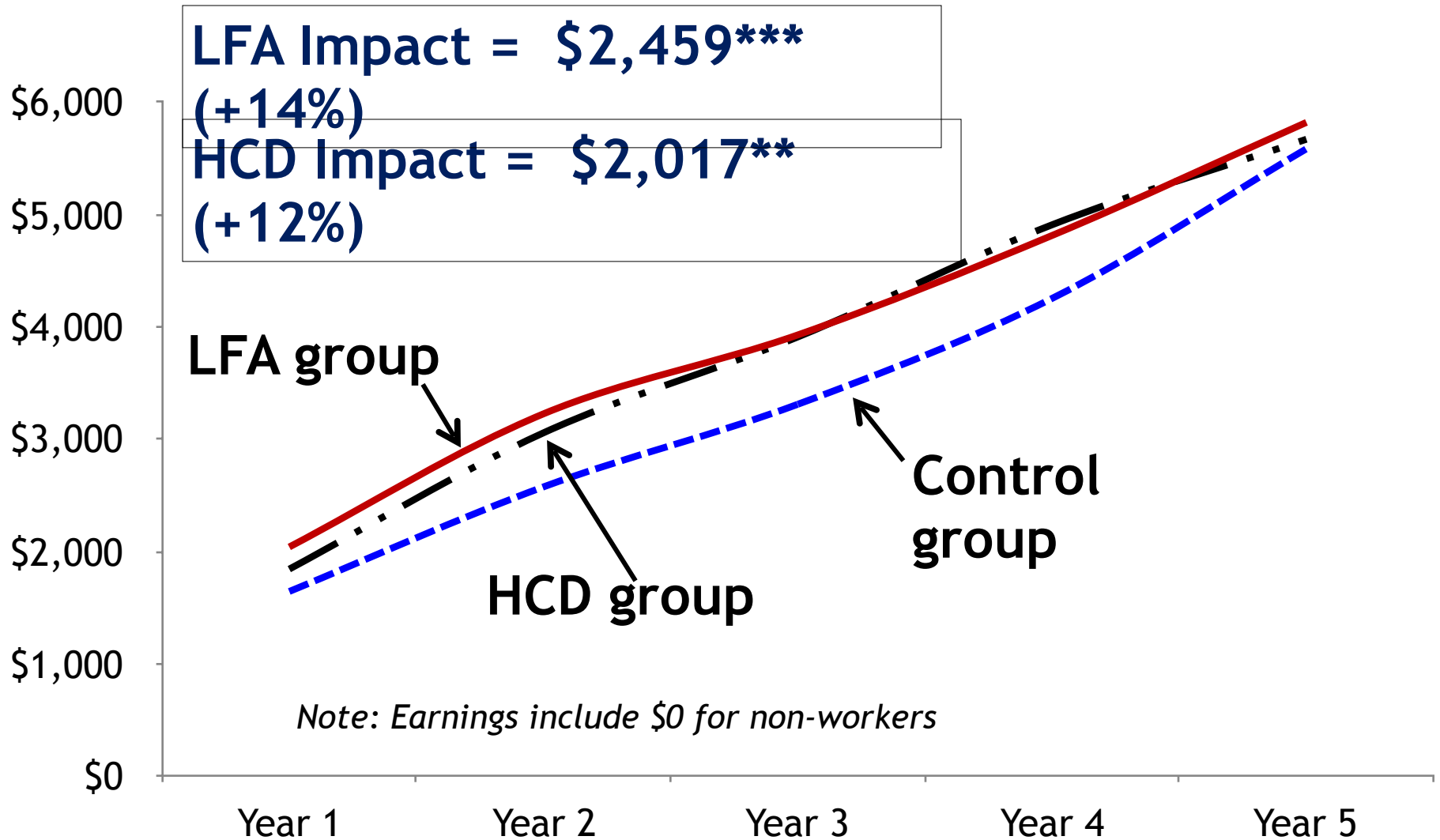
5-year impacts on earnings (\$)

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



Atlanta: LFA vs. HCD vs. Control

5-year Impacts on earnings (\$)



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**

“Make work pay” experiments

Major Lessons

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)

Employment Retention and Advancement (ERA) Demonstration

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 \geq \$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