

Executive Summary

**The Employment Retention
and Advancement Project**

Background Characteristics and Patterns of Employment, Earnings, and Public Assistance Receipt of Adults in Two-Parent Families

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The findings and conclusions presented herein do not necessarily represent the official position or policies of HHS.

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Overview

The national Employment Retention and Advancement (ERA) project tested the effectiveness of over a dozen innovative programs in eight states that were intended to promote steady work and earnings growth among current and former welfare recipients — that is, recipients of Temporary Assistance for Needy Families (TANF) — and other low-wage workers. The programs offered services primarily to single parents, but nine programs also offered services to adult members of two-parent families.

This report describes the background characteristics, employment and earnings patterns, and patterns of TANF and food stamp receipt for adult members of two-parent families in the ERA sample. Not much is known about the low-income two-parent population's need for employment retention and advancement services or about their responses to offered services. This population has particular policy relevance in that two-parent TANF cases include more family members and receive higher average monthly grants than do single-parent recipients. These families therefore require higher income (from employment of one or both parents) to achieve self-sufficiency.

Key Findings

- **In the ERA sample, retention and advancement is as important an issue for low-income two-parent family members as for single parents.** Most two-parent and single-parent sample members worked during the follow-up period, but only slightly more than half in each group were continuously employed for four or more quarters. This employment stability, in turn, is associated with other positive economic outcomes in both samples, including much higher average annual earnings and earnings progression during the follow-up period. Rates of TANF receipt declined steadily for both two-parent and single-parent sample members after study entry, but many members (and similar proportions) of both samples continued to receive food stamps during Year 3.
- **Men and women in two-parent families were equally likely to work during the follow-up period, but men earned more, on average.** Most men and women in two-parent families worked during the follow-up period, and a similar proportion of men and women experienced employment stability. Among two-parent sample members with stable employment, men had much higher annual earnings, but earnings were similar for men and women who never experienced stable employment.

The results suggest that adults in low-income single-parent and two-parent families have a roughly equivalent need for services to support employment retention and advancement and that this need does not differ substantially between men and women in two-parent families.

About the Employment Retention and Advancement Project

The federal welfare overhaul of 1996 ushered in myriad policy changes aimed at getting low-income parents off public assistance and into employment. These changes — especially cash welfare’s transformation from an entitlement into a time-limited benefit contingent on work participation, in the form of Temporary Assistance for Needy Families (TANF) — have intensified the need to help low-income families become economically self-sufficient and remain so. Although a fair amount is known about how to help welfare recipients prepare for and find jobs, the Employment Retention and Advancement (ERA) project is the most comprehensive effort thus far to ascertain which approaches help welfare recipients and other low-income people stay steadily employed and advance in their jobs. The study was conceived and funded by the Administration for Children and Families in the U.S. Department of Health and Human Services; supplemental support has been provided by the U.S. Department of Labor. The evaluation is being conducted by MDRC.

Launched in 1999, the ERA project encompasses more than a dozen models and uses a rigorous research design to analyze the programs’ implementation and impacts on research sample members.¹ In total, over 45,000 individuals were randomly assigned to research groups — in each site, to either a program group, which received ERA services, or a control group, which did not — starting in 2000 in the earliest-starting test and ending in 2004 in the latest-starting test. The random assignment process ensured that when individuals entered the study, there were no systematic differences in sample members’ characteristics, measured or unmeasured, between the program and control groups in each site. Thus, any differences between them that emerge after random assignment (for example, in employment stability or average earnings) can be attributed to a site’s ERA program — in contrast to the services and supports already available in the site. These differences are known as “impacts.”

The aims, target populations, and services of the programs studied in ERA varied:

- **Advancement programs** focused on helping low-income workers (in most cases, workers currently or recently receiving welfare) move into better jobs by offering such services as career counseling and education and training.

¹Sixteen different ERA models were implemented and studied in eight states: California, Illinois, Minnesota, New York, Ohio, Oregon, South Carolina, and Texas.

- **Placement and retention programs** sought to help participants find and hold jobs and, in some cases, were aimed at “harder-to-employ” people, such as welfare recipients who had disabilities or substance abuse problems.
- **Mixed-goals programs** focused on job placement, retention, and advancement — in that order — and were targeted primarily to welfare recipients who were searching for jobs.

Prior ERA project reports describe the implementation and impacts of each ERA program, drawing on administrative and fiscal records, surveys of study sample members, and field visits to the participating sites, as well as using the strong random assignment designs (also known as “experimental” designs) embedded in each ERA model test. These reports address such questions as: What services were provided by the program? How were the services delivered? Who received them? How were implementation and operational problems addressed? To what extent did the program improve employment rates, job retention, advancement, and other key outcomes? Looking across the programs, which approaches were most effective, and for whom?

While the ERA project has identified some promising approaches that can help low-wage workers increase their employment stability and earnings, much more remains to be learned. This report focuses on ERA parents in low-income two-parent families, a group for whom little research is available. The analysis in this report is an example of the ways in which the rich ERA project databases are being used to provide further knowledge about how best to improve the employment retention and advancement of low-income individuals.

Acknowledgments

The Employment Retention and Advancement (ERA) evaluation would not have been possible without the cooperation, commitment, and hard work of a wide range of administrators and staff in all the ERA sites. Notably, findings from all the sites in the evaluation contribute to addressing the study's key questions. All the sites stepped forward to innovate in a challenging and important area of social policy and practice.

Barbara Goldman, Gayle Hamilton, Cynthia Miller, Richard Hendra, Karin Martinson, and Alice Tufel reviewed multiple versions of the report and provided several useful suggestions. Noemi Altman and Edith Yang performed many key programming tasks, while Alexandra Brown provided excellent research assistance, report coordination, and administrative support. Robert Weber edited the final version, and David Sobel prepared the report for publication.

Finally, gratitude is due the thousands of families who participated in the ERA evaluation, who gave generously of their time and shared information without which this, and other ERA analyses, would not have been possible.

The Authors

Executive Summary

The national Employment Retention and Advancement (ERA) project tested the effectiveness of over a dozen innovative programs in eight states that were intended to promote steady work and earnings growth among current and former welfare recipients — that is, recipients of Temporary Assistance for Needy Families (TANF) — and other low-wage workers.¹ The programs offered services primarily to single parents, but nine programs also offered services to adult members of two-parent families. Individuals who met the ERA eligibility criteria (which varied by program) were assigned at random to a program group or to a control group. Members of the program group were recruited for (and, for some programs, were required to participate in) the services offered by the ERA program. Control group members were not eligible for ERA services but could receive other services and supports, including the site’s standard welfare-to-work program or, in some cases, minimal assistance that welfare agencies offered to current or former recipients who found jobs.

This report describes the background characteristics, employment and earnings patterns, and patterns of TANF and food stamp receipt of adult members of two-parent families in the ERA sample. Across these nine programs, approximately 2,800 members of two-parent families entered the study sample — about 1,300 men and 1,500 women. Together, they constitute about 15 percent of the entire ERA sample in these sites. Members of two-parent families were excluded from the research sample analyzed in the recent ERA 12-program impact report,² but administrative data are available on sample members’ employment, earnings, and receipt of public assistance. These data are analyzed in this report, since not much is known about the low-income two-parent population’s need for employment retention and advancement services. This population has particular policy relevance in that two-parent TANF cases include more family members and receive higher average monthly grants than do single-parent recipients. These families therefore require higher income (from employment of one or both parents) to achieve self-sufficiency and leave public assistance.

The report discusses findings for the two-parent sample as a whole and, separately, for men and women in the sample. The report also compares employment, earnings, and receipt of public assistance among members of the two-parent sample with similar outcomes for the

¹ERA was conceived and funded by the Administration for Children and Families in the U.S. Department of Health and Human Services and is also supported by the U.S. Department of Labor.

²Richard Hendra, Keri-Nicole Dillman, Gayle Hamilton, Erika Lundquist, Karin Martinson, and Melissa Wavelet, *The Employment Retention and Advancement Project: How Effective Are Different Approaches Aiming to Increase Employment Retention and Advancement? Final Impacts for Twelve Models* (New York: MDRC, 2010).

combined sample of single parents in the nine ERA programs that included both two-parent and single-parent sample members.

Only one parent in each two-parent family was included in the sample, meaning that data were collected only for that individual. The ERA study left it up to each program to determine which member of the two-parent family to randomly assign. For many couples, the sample member is the family member who was first encountered by program staff during the random assignment period, which could have occurred for various reasons. For example, only one spouse or partner may have met the program's eligibility criteria (such as being employed full time) or, for voluntary programs, was motivated to participate. Alternatively, parents may have shown up at the program office at different times because of their work or child care responsibilities. For the analyses, ERA and control group members were grouped together, and the samples were pooled across the nine programs. The combined sample was then weighted so that the samples for each program test contributed equally to the results.

- **Most members of the ERA samples had recent employment before entering the study, and most received some type of public assistance.**

Over two-thirds of two-parent sample members worked in the year prior to random assignment, with slightly over half working in the quarter prior to random assignment. About two-fifths of the two-parent sample members received TANF in the year prior to random assignment, and over three-quarters received food stamps in that year.

The proportions of the two-parent and single-parent samples who were employed in both the year and the quarter prior to random assignment are fairly similar, but the two-parent sample's average annual earnings in the year prior to random assignment were higher than those of the single-parent sample members. In the year prior to random assignment, fewer members of the two-parent sample received TANF payments, compared with the single-parent sample.

Among two-parent sample members, men were more likely than women to have been employed in the year prior to random assignment, and they earned almost twice as much. Women were more likely than men to be long-term TANF recipients prior to random assignment and were more likely to have received both TANF and food stamps in the year prior to random assignment.

- **In the ERA sample, retention and advancement is as important an issue for low-income two-parent family members as for single parents.**

About 80 percent of the two-parent sample members worked in at least one quarter of the three-year follow-up period, but many worked only in a few quarters. Overall earnings for the sample were low, averaging about \$8,000 per year, reflecting the sample's tendency toward sporadic employment, but about 30 percent of two-parent sample members had earnings at or

above minimum wage levels (\$10,000 or more per year). Advancement — defined as positive earnings changes — occurred for some sample members and was concentrated among those who were able to maintain stable employment, defined in the report as an employment spell of at least four quarters.

Two-parent and single-parent sample members recorded similar patterns of employment and earnings during the three-year follow-up period. However, single-parent sample members earned about \$600 less per year — mainly because the two-parent sample included a slightly larger proportion of individuals with relatively high earnings.

Male and female two-parent sample members had similar employment levels over the three-year follow-up period, but male sample members earned, on average, \$3,300 more per year than women. This difference may be due to variation in the type of work, hours worked, wage rates, or overall skill/experience or to peculiarities of the sample. Men and women in the two-parent sample were equally likely to experience employment stability and earnings advancement.

- **ERA sample members were more likely to receive food stamps than TANF benefits during the follow-up period. Rates of receipt declined steadily for both types of assistance.**

About 51 percent of two-parent sample members received TANF during at least one quarter of the follow-up period. Receipt rates for the two-parent sample declined steadily over the follow-up period, from nearly 50 percent during the quarter of random assignment to around 10 percent in the last quarter of follow-up in Year 3. Most two-parent sample members (84 percent) received food stamps during the follow-up period. Receipt rates declined over the course of the follow-up, but about half the sample members were receiving food stamps in the last quarter of the follow-up period.

Members of the single-parent sample were more likely to receive TANF during the three-year follow-up period than the two-parent sample members, but both samples had similar levels of food stamp receipt. Patterns of receipt of food stamps are similar for the single-parent sample and the two-parent sample, including the proportions of the sample receiving assistance in the third year after random assignment. These relatively high food stamp receipt rates for both samples strongly suggest that most families in the ERA study continued to have low incomes from earnings and other sources after random assignment.

Female members of the two-parent sample were more likely than male sample members to receive TANF during the three-year follow-up period. There was little gender difference in food stamp receipt rates overall, but female sample members tended to receive food stamps during more months of follow-up and were more likely than male sample members to receive

food stamps during Year 3. Differences in both TANF and food stamp receipt among two-parent families that are represented by males in the sample and those represented by females (especially in Year 3) suggest that two-parent families vary in terms of their interaction with public assistance programs and, probably, in family income from earnings and other sources.

In conclusion, while these analyses identify differences between adults in low-income two-parent and single-parent families, the two groups are fairly similar in terms of both background characteristics and outcomes. Specifically, employment retention and advancement is as great a concern for two-parent family members in the sample as it is for members of the single-parent sample. While this analysis cannot speak to the effectiveness of the ERA programs for the two-parent family population, it does demonstrate a need equivalent to the single-parent family population's for services to support employment retention and advancement.

About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

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- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.