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EXECUTIVE SUMMARY

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The Employment Retention and Advancement Project
Results from the South Carolina ERA Site

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This report presents evidence on the implementation and effectiveness of a program in South Carolina that aimed to help former recipients of Temporary Assistance for Needy Families (TANF) obtain jobs, work steadily, and advance in the labor market. The program operated as part of the Employment Retention and Advancement (ERA) project, which is testing 15 programs across the country. The ERA project was conceived and funded by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (HHS) and is also supported by the U.S. Department of Labor (DOL). The project is being conducted by MDRC, a nonprofit, nonpartisan research organization, under contract to HHS.

Most of the results presented in this report are based on the year after individuals entered the study; a few are based on two years of follow-up. The results include the program's effect on employment rates and stability, earnings, and advancement in the labor market. These interim results are important but are not the final word on the program, as MDRC will continue to track employment outcomes for the study's participants.

The ERA Project

Although much is known about effective strategies to help welfare recipients and other disadvantaged groups find jobs, little is known about how to help them and other low-wage workers keep jobs or advance in the labor market. Previously studied postemployment programs were not found to improve participants' outcomes. The ERA project was designed to build on past efforts and identify and test innovative programs designed to promote employment stability and wage progression among welfare recipients or other low-income groups. From 2000 to 2003, a total of 15 ERA experiments were implemented in eight states, including South Carolina.

The design of the evaluation is similar in most of the project's sites. Individuals who meet the ERA eligibility criteria, which vary by site, are assigned, at random, to a program group, called the ERA group, or to a control group. Members of the ERA group are recruited for (and, in some sites, are required to participate in) the ERA program, while those in the control group are not eligible for ERA services but can access other services and supports available in the community. MDRC is tracking both research groups over time. The random assignment process ensured that the two groups were comparable when they entered the study; thus, any differences between them that emerge over time — for example, in employment rates or average earnings — are attributable to the ERA program.[1]

South Carolina's ERA Program

South Carolina's ERA program, called "Moving Up," operated between September 2001 and April 2005 and was developed by the state's Department of Social Services (DSS) in response to trends in the state's welfare caseload and low-income working population. As in most states, in South Carolina, the welfare caseload decreased dramatically in the 1990s. This was, in part, a result of the state's short time limit on welfare — most families cannot receive TANF for more than 2 years in a 10-year period — and a tough sanctioning policy in which a family's grant can be closed if the parent does not comply with program requirements. In the late 1990s, South Carolina conducted research showing that, like welfare leavers across the country, some leavers in the state were not working; many were working but not steadily; and others were stuck in low-wage jobs. In an effort to help former recipients succeed in the labor market, state officials decided to reach out to them and offer support and services. They chose to target all welfare leavers, so the program was designed to provide services to those who were not working as well as to those who were working but could use help sustaining work or moving up.

DSS chose to operate the ERA program in the Pee Dee Region, in the northeast part of South Carolina. This largely rural region encompasses six counties: Chesterfield, Darlington, Dillon, Florence, Marion, and Marlboro. The state chose this area because it is the most economically disadvantaged region in the state and because the DSS county directors there had experience collaborating on prior efforts.

The Moving Up program targeted people who had left the TANF rolls in the Pee Dee Region, for any reason, between October 1997 and December 2000 and who did not return to the rolls. Each month from September 2001 to January 2003, using the state's TANF database, 100 individuals were randomly selected from this eligible group to be in the site's ERA group, and another 100 were randomly selected to serve as the study's control group. Each of the ERA group members was assigned to one of 10 case managers in the counties, who then attempted to locate the individuals and engage them in the program. The control group members were not

[1]For more information on the ERA project, see Bloom, Anderson, Wavelet, Gardiner, and Fishman, *New Strategies to Promote Stable Employment and Career Progression: An Introduction to the Employment Retention and Advancement Project* (U.S. Department of Health and Human Services, 2002). For early results from four sites, including South Carolina, see Bloom, Hendra, Martinson, and Scrivener, *The Employment Retention and Advancement Project: Early Results from Four Sites* (U.S. Department of Health and Human Services, 2005).

recruited or eligible for the ERA program, but they could participate in other programs available in the community. The sample analyzed for this report (the "report sample") includes the 2,864 individuals who were randomly assigned from September 2001 to December 2002. This represents 94 percent of the site's full research sample.[2]

The sample includes a diverse pool of TANF leavers. The length of time between the point that sample members left welfare and the point that they entered the study ranges from nine months to just over five years; almost three-fourths (72 percent) of the report sample had been off welfare for two and a half years or longer. They left for various reasons: 15 percent did so because they had reached the 24-month time limit; 19 percent had been sanctioned; and 40 percent had begun to earn too much to qualify for benefits. The rest of the sample left for other reasons, including failing to provide necessary information for benefit redetermination. About half of the research sample members were working when they entered the study, and half were not. The vast majority are women, and nearly four out of five are African-American.

Moving Up services varied depending on the participants' needs, but the core of the program was one-on-one case management. Staff, called "career consultants," worked with participants to understand their employment goals and develop an employment plan. Typically, participants who were not working received assistance preparing for and searching for a job, and those who were working received help staying in their job or moving up. Career consultants provided or connected participants with a range of services, including one-on-one job search assistance, job search classes, short-term vocational training, and support services, such as transportation assistance. The program provided modest financial incentives to encourage and reward program engagement and employment achievements.

Program funding varied over time. When the study began, Moving Up was fully funded. Over time, South Carolina's budget situation worsened, leading to funding cuts in many programs, including Moving Up. Career consultants remained on the job, but — for a period from late 2002 through summer 2003 — most counties froze or limited spending on Moving Up's financial incentives, education and training tuition payment, transportation assistance, and some other services.

Key Findings on Program Implementation

This section summarizes the report's findings on how Moving Up was implemented and on sample members' participation in the program and other employment-related services. The findings are based on field research, a "time study" of career consultants, automated pro-

[2]Sample members who entered the study in January 2003 are not included in this report because less than one year of earnings data were available for them when the analyses for this report were conducted. Some individuals who had returned to the TANF rolls after December 2000 were erroneously selected for the sample; those individuals were dropped from both research groups and are not included in the analysis.

gram tracking data, and a survey administered to a subset of sample members about 12 months after they entered the study. Key implementation findings follow.

- **Locating and marketing Moving Up to potential participants was challenging. During the year after they entered the study, just under half of the ERA group were engaged in program services, many of them not very intensively.**

The study's target group included many individuals whose contact information in the state's database was outdated, and thus it was time-consuming, if not impossible, to locate them. According to program records, after extensive outreach efforts, the program contacted, in person or by phone, about three-fourths of the ERA group within the year after they entered the study.

Even then, staff still faced the challenge of marketing the program to individuals who were not required to take part in it and may not have wanted the program's assistance. Within a year of entering the study, just under half of the ERA group had been engaged in Moving Up. Some of these individuals had a lot of contact with the program and its services during that year (for example, they may have received a lot of help from a career consultant and participated in a job search class or vocational training), and some had more cursory contact (they may have had just a few contacts with a career consultant). During the year after entering the study, just under a third of the ERA group were engaged relatively intensively in Moving Up (they had at least four contacts with staff, at least two of which were in person, and they received at least one incentive payment).

Because participation in Moving Up was voluntary, the only chance that the program had to affect individuals' outcomes was by engaging them. A mandatory program, in contrast, can affect even nonparticipants, if they change their behavior in response to the mandate. The fact that just under half of the program group ever participated in the program and just under a third did so relatively intensively diminished the program's ability to affect employment outcomes for the full research sample, since both participants and nonparticipants are included in the analysis.

- **Providing postemployment services was challenging.**

Delivery of retention and advancement services was strong in some of the Pee Dee counties but less so in others. DSS and most staff members had a lot of experience helping people prepare for and find jobs, but they had less experience serving employed clients. The site devoted considerable resources to staff development and training in these areas, but service delivery remained challenging.

Based on a time study that recorded career consultants' activities over a two-week period, the most common activity in South Carolina during contact with working participants was "general check-in," accounting for over a third of the contact. This proportion is higher than in most of the other ERA sites, which suggests that, compared with most other programs in the study, Moving Up dealt less with specific issues regarding job placement, retention, and advancement.

- **Moving Up increased receipt of employment-related services, but only modestly.**

Based on data from the study's survey, 44 percent of ERA group members had contact with a case manager or employment program during the year after entering the program, compared with 29 percent of the control group members. (It is not known specifically who control group members had contact with, but they were able to receive services from programs other than Moving Up and from other agencies in the community.) ERA group members were also somewhat more likely to have received retention and advancement services, to have participated in vocational training, and to have participated in education or training while employed. For example, 18 percent of the ERA group received help with retention and advancement — an increase of 10 percentage points above the control group's mean of 8 percent.

- **Program implementation and participation varied by county.**

Although the program's design was uniform across the six Pee Dee counties and the program coordinator encouraged consistent implementation, the program's services and intensity varied somewhat. Only one of the counties substantially increased participation in all three strands of Moving Up's services: employment retention, advancement, and placement (although the effect on placement just missed statistical significance). Based on this evidence and on information from field research and the time study, it appears that this county, compared with the other five, operated a program that most closely approximates Moving Up's design.

Key Findings on Program Impacts

This section summarizes the effects that South Carolina's ERA program had on sample members. The findings are based on administrative records data (earnings reported to both South Carolina's and North Carolina's unemployment insurance systems, along with TANF and food stamp payments from South Carolina) and data from the study's survey. The report's key impact findings follow.

- **Moving Up had little effect on employment rates, earnings, employment retention, or advancement for the full research sample.**

The control group's experiences represent what would have happened in the absence of the ERA program. As Table ES.1 shows, during the year following entry into the study, about two-thirds (68 percent) of the control group members were employed, and 40 percent worked

The Employment Retention and Advancement Project

Table ES.1

Summary of the ERA Program's Impacts

South Carolina

Outcome	ERA Group	Control Group	Difference (Impact)	P-Value
Ever employed[a] (%)	68.5	67.8	0.6	0.64
Average quarterly employment (%)	55.1	54.2	0.9	0.43
Employed 4 consecutive quarters (%)	40.2	40.2	0.1	0.96
Earnings ($)	6,532	6,743	-211	0.29
Earned over $10,000 (%)	28.1	28.8	-0.7	0.58
Ever received TANF (%)	7.6	7.2	0.3	0.74
Amount of TANF received ($)	62	62	0	0.98
Ever received food stamps (%)	62.6	61.9	0.7	0.58
Amount of food stamps received ($)	1,856	1,904	-49	0.33
Total measured income[b] ($)	8,450	8,710	-260	0.18
Sample size (total = 2,864)	1,421	1,443		

SOURCES: MDRC calculations from UI, TANF, and food stamps administrative records from the State of South Carolina and UI data from the State of North Carolina.

NOTES: [a]This table includes only employment and earnings in jobs covered by the North Carolina and South Carolina unemployment insurance (UI) programs. It does not include employment outside North Carolina and South Carolina or in jobs not covered by UI (for example, "off the books" jobs, some agricultural jobs, and federal government jobs.)

[b]This measure represents the sum of UI earnings, TANF, and food stamps.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the program and control groups.

Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

Dollar averages include zero values for sample members who were not employed or were not receiving TANF or food stamps.

in all four quarters. They earned an average of about $6,700. This average includes all control group members — both those who worked during the follow-up period and those who did not. Employed control group members earned an average of about $9,900 during the year (not shown in the table). Just over one-fourth (29 percent) of the control group earned more than $10,000.

Not surprisingly, given that South Carolina targeted TANF leavers — many who had been off the welfare rolls for some years — few in the control group received TANF benefits during the year after they entered the study. Roughly two-thirds, however, received food stamps. During the year, control group members received an average of about $8,700 from earnings, TANF, and food stamps.

Administrative records provide only a partial view of sample members' available resources. To provide a more complete view, the study's survey asked about all sources of income, including, for example, odd jobs, child support, Supplemental Security Income (SSI) benefits, and other household members' earnings and other income. The control group reported that their household income in the month before they were interviewed was about $1,300, on average. This translates into an annual household income of $15,600. The average household for sample members in both research groups included four people, and the federal poverty rate for a family of four in 2003 was $18,400. (The survey outcomes are not shown in the table.)[3]

As Table ES.1 shows, during the year after sample members entered the study, Moving Up did not increase employment rates or earnings. For example, during that year, 69 percent of the ERA group were employed, compared with 68 percent of the control group. Furthermore, the program did not affect employment retention or stability or advancement in the labor market: About the same proportion of sample members in each research group worked in all four quarters of the follow-up year and earned over $10,000 during the year. The program also did not affect the characteristics or quality of sample members' jobs (not shown in the table). Not surprisingly, the program did not affect TANF or food stamp receipt. It also did not increase income, whether measured using administrative records or the survey.

Employment and earnings were also examined for an early cohort of sample members — randomly assigned from September to December 2001 — for whom an additional year of follow-up administrative records data were available. Among this cohort, the program increased employment rates in the last two quarters of the first year of follow-up. This may indicate that Moving Up was more effective earlier, when caseload sizes were smaller and the program was fully funded. The impacts, however, were short lived. Among the early cohort, the program did not affect employment or earnings in the second year of follow-up, and the trends in outcomes do not suggest that impacts will begin to emerge after the two-year period.

Finally, a separate analysis identified the effects of Moving Up among those who were most likely to participate in the program. In order to conduct this analysis using experimental methods, a regression-based subgroup was created, defined using the baseline characteristics

[3]The survey did not ask about annual income, and it is unknown how typical that month's income was for sample members. The annual estimate is provided as a rough comparison with the annual figure based on the administrative records data.

that were most associated with eventual participation. This analysis found that Moving Up did not generate significant increases in employment and earnings even among those who were most likely to participate in the program.

- **South Carolina's ERA program had positive effects for three subgroups of sample members: those who had become unemployed shortly before entering the study, recent TANF leavers, and those who had left TANF because of a sanction or the time limit.**

Findings for the full report sample may mask important results for different subgroups of individuals. In analyses for this report, various subgroups were defined using sample members' characteristics when they entered the study. Subgroups defined by education level, length of time receiving TANF, race/ethnicity, and whether the sample member received food stamps just before entering the study were examined, and no systematic differences were found. Three subgroup splits, however, yielded some interesting results.

Moving Up produced gains for sample members who had become unemployed just before entering the study. While these results are promising, they are less certain than the other subgroup results because the sample size is small: This subgroup comprises only 9 percent of the full sample, or 249 individuals. It includes sample members who did not work in the quarter before random assignment but who did work in at least two of the three quarters before that. In other words, they had employment experience but had recently become unemployed. Among this recently unemployed subgroup, Moving Up increased employment rates, retention, and advancement. For example, the program increased the proportion of sample members who were employed by 13 percentage points, increased average annual earnings by about $1,800, and increased the proportion of sample members who earned over $10,000 by 11 percentage points.

Program tracking data suggest that ERA group members in the recently unemployed subgroup were somewhat more likely to be engaged in Moving Up than other ERA group members. The survey data, however, do not suggest that the program increased participation, compared with control group levels, for this subgroup more than for others. The recently unemployed subgroup may have been better positioned than other sample members to benefit from Moving Up's services. As noted earlier, program staff had more experience providing job placement services than retention and advancement services. Sample members who were employed when they entered the study did not need placement help. Sample members who were unemployed but did not have recent work experience were harder to place in jobs and, thus, were less able to benefit from job placement services. The survey data also suggest that members of this longer-term unemployed (or mostly unemployed) subgroup were more likely to be in poor health and to live in a household with an employed adult.

The program also increased employment for sample members who had left TANF less than two and a half years before entering the study and those who had left because they were sanctioned or reached the time limit, but the effects for both groups were more limited than for the recently unemployed. The two subgroups make up, respectively, 28 percent and 35 percent of the full report sample. Higher proportions of ERA group members in these two subgroups were engaged in Moving Up, compared with other groups of sample members. The survey data, however, do not suggest that the program increased participation, compared with control group levels, for these subgroups more than for others.

- **Moving Up's effects varied across the counties in the study.**

One county's ERA program — the one that stood out in the implementation and participation results — produced positive effects for sample members. The program increased the employment rate by 9 percentage points. None of the programs in the other five counties produced positive effects on employment.

Conclusions

Moving Up is one of 15 programs being studied as part of the ERA project, and reports over the next two years will present results for the other programs. MDRC will continue to track sample members in South Carolina, using administrative records, and will make public longer-term results when they are available. (Although an early look at the findings two years after study entry are not promising, effects may emerge.) As the study continues to generate information, more definitive conclusions will be possible. However, some preliminary conclusions can be drawn based on the results in this report.

- **Implementing a retention and advancement program is challenging.**

Encouraging participation in postemployment services is difficult. Low-income, single, working parents are already juggling work, family, and other responsibilities, and it should not be surprising that many are reluctant to participate in job retention and advancement activities. South Carolina's challenge was compounded by the fact that the target group was very broad and many potential participants were hard to locate. Also, offering postemployment services is new to most agencies and staff involved in the ERA project, including those in South Carolina. Despite considerable staff development and training, service delivery remained challenging.

- **It may have been especially difficult to implement South Carolina's ERA model, which relied on individual case managers' abilities to assess participants' needs, skills, and goals and then to provide services that would make a difference.**

Only one of the six Pee Dee counties succeeded in fully operating the Moving Up program as it was designed and in a way that improved individuals' outcomes. The program relied heavily on one-on-one case management and only modestly increased participation in more concrete activities, such as vocational training. This approach may work better in a centralized, closely supervised setting than it did in this study.

- **For more positive results, a program like South Carolina's could be targeted to those who want to participate and who are likely to benefit from the services.**

Moving Up targeted a very diverse group, many of whom were not interested in receiving services and some of whom participated in services but were not helped. A program might achieve better results by advertising services to TANF leavers and serving those who come forward, rather than tracking down a wider, less enthusiastic group.

- **Many of the TANF leavers in the study remain poor and in need of supports.**

It is important to point out that the issue that prompted South Carolina to implement the Moving Up program remains salient. The group of TANF leavers in this study includes many who worked during the follow-up year but some who did not, and earnings, on average, remain relatively low. The outcome levels for both the control group and the ERA group highlight the importance of additional supports for low-income working families, as well as effective services to help them move up in the labor market.