

1987, 42 states were operating one or more of the new optional programs (see Table 3). Twenty-six states, including most of the states with the largest AFDC populations, had converted their WIN programs into WIN Demonstrations. The other 24 states continued to operate regular WIN programs. Many states in both groups operated other optional programs as well. Twenty-six states established community work experience (workfare) programs under IV-A authority, 25 states established job search programs (also under IV-A authority), and 15 states established work supplementation or grant diversion programs.

The most recent detailed information about the scale of these work-related programs and how states have been operating them is from a General Accounting Office (GAO) study that covered activities during fiscal year 1985.<sup>16/</sup> GAO estimated that about 700,000 people (one-fifth of the AFDC recipients, other than children, in the states included in the study) were participating in WIN Demonstration programs during fiscal year 1985. The study was seriously hampered by the lack of uniform data among states on the programs' designs and on their implementation. It is not even clear, for example, how many of the recipients recorded as participating in WIN Demonstration activities actually received services, because WIN registrants could be included even if their only activity was registration.

The GAO study indicates that participation in WIN Demonstration programs focuses mainly on job search assistance. Seventy-six percent of the activities in which recipients engaged were classified by the states as job search assistance, meaning either that the recipients looked for work, sometimes being required to report to staff on their activities ("individual job search"), or that they participated in classes providing instruction in job search techniques and were supervised during their search ("group job search"). Twelve percent of the activities were "direct placement assistance," meaning that a job developer tried to match recipients to jobs and refer them directly to employers. The remaining 12 percent were primarily training, education, and workfare. (Unlike workfare authorized under Title IV-A, workfare assignments under WIN are limited to 13 weeks, and the number of hours per week is not governed by the size of the participants' benefits.)

In addition, as reported in Table 3, many states have imposed requirements for participation in job search assistance and workfare on their AFDC applicants and recipients outside of WIN. Usually, though, these programs have been operated on a very small scale. GAO estimates that, in 1985, only about 40,000 people participated in the job search programs and

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16. General Accounting Office, *Work and Welfare: Current AFDC Work Programs*.

TABLE 3. STATE PARTICIPATION IN OPTIONAL WORK PROGRAMS FOR AFDC RECIPIENTS, JANUARY 1987

State <u>a/</u>	WIN Demonstration <u>b/</u>	Work Experience <u>c/</u>	IV-A Job Search <u>d/</u>	Work Supplementation <u>e/</u>
Alabama	No	Yes	No	No
Alaska	No	No	Yes	No
Arizona	Yes	No	No	No
Arkansas	Yes	No	No	No
California	Yes	Yes	Yes	No
Colorado	No	Yes	No	Yes
Connecticut	Yes	No	Yes	Yes
Delaware	Yes	No	No	No
Florida	Yes	No	Yes	Yes
Georgia	Yes	Yes	Yes	No
Hawaii	No	No	No	No
Idaho	No	Yes	No	No
Illinois	Yes	Yes	No	No
Indiana	Yes	No	No	No
Iowa	Yes	Yes	No	No
Kansas	No	Yes	Yes	No
Kentucky	No	No	No	No
Louisiana	No	No	No	No
Maine	Yes	No	Yes	Yes
Maryland	Yes	No	Yes	Yes
Massachusetts	Yes	No	Yes	Yes
Michigan	Yes	Yes	No	Yes
Minnesota	No	Yes	Yes	Yes
Mississippi	No	No	No	No
Missouri	No	No	No	No

SOURCE: Department of Health and Human Services, Family Support Administration, Office of Family Assistance, "Welfare Work Programs: Status Report" (January 1987).

- a. The District of Columbia, Guam, Puerto Rico, and the Virgin Islands are operating regular WIN programs only.
- b. The 26 states operating WIN Demonstrations administer their WIN funds through a single agency under the authority granted by OBRA. The federal government provides 90 percent of the funding through a closed-end match. As discussed in the text, a wide range of work-related activities are authorized, but the major activity has been job search assistance.
- c. The 26 states that adopted "work experience" options operate workfare programs in which the number of hours worked in any month is determined by dividing the AFDC

TABLE 3. (Continued)

State <u>a/</u>	WIN Demonstration <u>b/</u>	Work Experience <u>c/</u>	IV-A Job Search <u>d/</u>	Work Supplementation <u>e/</u>
Montana	No	No	No	No
Nebraska	Yes	Yes	Yes	No
Nevada	No	Yes	No	No
New Hampshire	No	No	No	No
New Jersey	Yes	No	Yes	Yes
New Mexico	No	Yes	No	No
New York	Yes	Yes	No	Yes
North Carolina	No	Yes	No	No
North Dakota	No	Yes	No	No
Ohio	No	Yes	Yes	Yes
Oklahoma	Yes	Yes	Yes	Yes
Oregon	Yes	No	Yes	Yes
Pennsylvania	Yes	Yes	Yes	No
Rhode Island	No	No	Yes	No
South Carolina	No	Yes	Yes	No
South Dakota	Yes	Yes	No	No
Tennessee	Yes	No	No	No
Texas	Yes	No	Yes	No
Utah	No	No	Yes	No
Vermont	No	Yes	Yes	Yes
Virginia	Yes	Yes	Yes	No
Washington	No	Yes	Yes	Yes
West Virginia	Yes	Yes	Yes	No
Wisconsin	Yes	Yes	Yes	No
Wyoming	No	No	No	No

benefit by the federal or state minimum wage, whichever is higher. The federal government reimburses states for 50 percent of the administrative costs through the IV-A open-ended matching provisions.

- d. The 25 states that operate "IV-A job search programs" may require AFDC applicants to participate for up to eight weeks initially, and AFDC recipients may be required to participate for up to eight additional weeks each year. The federal government reimburses states for 50 percent of the administrative costs through the IV-A open-ended matching provisions.
- e. The 15 states that operate "work supplementation" programs use AFDC funds to subsidize employers to provide on-the-job training to recipients. The federal government reimburses states for 50 percent of the administrative costs through the IV-A open-ended matching provisions.

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20,000 in the workfare programs authorized under Title IV-A. In the 10 states that operated grant diversion or work supplementation programs during 1985, fewer than 3,000 individuals participated.

Two large programs that have received much attention are California's Greater Avenues for Independence (GAIN) program and Massachusetts' Employment and Training (ET) Choices program. GAIN was enacted in 1985 and, once fully in operation, will require county welfare departments to provide a broad array of work-related activities for AFDC applicants and recipients, such as job search assistance, training and education services, workfare, and supportive services, including child care and transportation assistance. The program will assess the work-related needs of recipients who are required to register and will develop individual plans. AFDC recipients who are exempt from registering will be encouraged to volunteer for the program.

California's mandatory registrants could be required to participate for three weeks in a structured job search program, then to enroll in a job preparation program such as training or education. Recipients who have not found employment within a specified period after completing a program can be assigned to a workfare position for up to one year. Recipients can be reimbursed for child care expenses both during and after participation in the program.

Massachusetts began the ET program in late 1983, as part of its WIN Demonstration program, and has been enlarging it considerably since then. A key characteristic of ET is its emphasis on providing AFDC recipients with a wide range of options for preparing for employment, including job search assistance, training (much of it through contracts with JTPA program operators), education, and support services. A major component of ET's cost is vouchers for child care, both for AFDC recipients while they participate in work preparation activities and for ET graduates during their first year of employment. <sup>17/</sup>

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17. State officials estimate that over \$40 million was spent on ET in fiscal year 1986, with the federal government reimbursing the state for less than a quarter of the total cost. Commonwealth of Massachusetts, Department of Public Welfare, "The Massachusetts Employment and Training Choices Program: Program Plan and Budget Request FY 87" (January 1986), pp. 25-30; and Testimony of Charles M. Atkins (Commissioner) before the Subcommittee on Public Assistance and Unemployment Compensation, House Committee on Ways and Means, 99:2 (February 27, 1986).

The net impacts of GAIN, ET, and most of the other state initiatives have yet to be estimated.<sup>18/</sup> In the case of ET, for example, while much information is available about how many participants found jobs and stopped receiving AFDC, the extent to which the program itself brought about these outcomes is not known. Estimating a program's net effects on participants requires a method of distinguishing between outcomes attributable to the program and those that would have occurred anyway. Results from several state demonstration programs, which were the subjects of systematic evaluations designed to isolate net effects, were recently released. The methods used in these studies and their findings are examined in the next two chapters.

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18. California and Massachusetts have both recently awarded contracts to evaluate GAIN and ET. In 1986, the Massachusetts Department of Public Welfare released interim findings on participation patterns and on the subsequent earnings and AFDC receipts of individuals who participated in ET. This study did not, however, estimate what would have happened to these individuals in the absence of the program. See Massachusetts Department of Public Works, "Evaluation of the Massachusetts Employment and Training Choices Program: Interim Findings on Participation and Outcomes, FY84-FY85" (January 1986).



## CHAPTER III

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# ASSESSING WORK-RELATED PROGRAMS

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A number of the new work-related programs authorized by the Omnibus Budget Reconciliation Act of 1981 are currently being evaluated. Though still in progress, these studies have already generated a great deal of information that could be useful to the Congress in its deliberations over future federal policy on work/welfare programs. This chapter examines the methods used to estimate a program's effects and describes a number of past and current evaluation studies.

## EVALUATION METHODS

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Most of the potential effects of work-related programs are exceptionally difficult to estimate, largely because one cannot be sure what would have occurred in the absence of the programs. Suppose, for example, that 100 AFDC recipients participate in a training program and one year later 50 are no longer receiving welfare. Did the training program increase the participants' earnings and reduce their use of AFDC? Did the program save the government money? The answers to both questions depend partly on the extent to which these people would have found jobs and stopped receiving welfare benefits even if the training program had not been available. The answer to the second question also depends on the extent to which savings to the government from helping these participants find jobs would be offset by costs incurred as a result of having fewer employment opportunities available for people who did not participate in the program, some of whom might themselves become welfare recipients. <sup>1/</sup>

The statistics discussed in Chapter I on the movements of women on and off welfare suggest the difficulty of isolating the effects of a work/welfare program from the normal mobility of members of this group.

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1. Many evaluators analyze government programs in terms of their benefits and costs to society as a whole, rather than to the participants or to governments. This broader perspective is discussed in the next chapter.

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Estimates from the recent evaluations of demonstration programs, which are discussed in Chapter IV, provide further evidence that many women find jobs and move off AFDC even if they do not receive work-related assistance. Evaluating the success of a program in increasing earnings and reducing welfare expenditures is therefore impossible without also determining the earnings and welfare receipt of participants had they not participated in the work-related program.

Program evaluators have developed several techniques for estimating what would have happened to a group of program participants had they not been in the program. The most common approach employs statistical techniques to project what would have happened to the participants, based on their own past behavior, their characteristics, and the future activities of similar people who did not participate in the program.

The evaluations of the Comprehensive Employment and Training Act and Work Incentive programs described in this chapter used this approach. There is no assurance, however, that the statistical techniques generated correct answers to the question "What would have happened without program participation?" Unmeasured characteristics, such as degree of motivation, could systematically distinguish participants from people who did not apply to, or were not accepted into, the program. This problem is known as "selection bias."

An alternative approach is to conduct an experiment in which people eligible to participate in a program are randomly assigned either to the program or to a control group that does not participate in the program. Though generally acknowledged by evaluators to be a more effective approach than statistical techniques, random assignment is difficult to carry out and has not been widely used. It is currently being used, however, to evaluate several of the new initiatives (primarily WIN Demonstration programs) and will be used to evaluate Job Training Partnership Act programs. When properly carried out, random assignment avoids the problem of selection bias. 2/

At least three serious problems remain, even in evaluations based on random assignment. The first is lack of information for inferring program effects beyond the period for which data have been collected. Program costs usually are incurred at the beginning of the observation period, whereas the effects of a successful program could continue for many years. As a result, failure to include effects beyond the first year or two would probably understate

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2. Specifically, it can eliminate selection bias in comparing outcomes for members of the experimental group with those for members of the control group. Selection bias can still occur if one attempts to estimate differences in the effects of one specific activity versus another, unless participants are randomly assigned to activities as well.

the program's value. Simply assuming that the benefits observed during the first year or two will continue indefinitely could overstate or understate the program's benefits, depending on whether the effects decrease or increase over time. Examining the effects within the observation period can provide clues, but not solid evidence, about subsequent effects. Moreover, in assessing a program, policy analysts disagree about how much weight should be accorded to effects in future years--that is, the extent to which future benefits and costs should be "discounted" to make them commensurate with current ones. <sup>3/</sup>

The second problem is lack of information about a program's effects on people who did not participate in it. This problem is potentially more profound, especially when estimating the net cost to taxpayers and assessing whether a program is worthwhile for society as a whole. The key aspect of this problem is known as "displacement"--participants obtaining jobs that, in the absence of the program, would have gone to others. <sup>4/</sup> Suppose, for example, that an AFDC recipient's participation in a job search assistance program causes her to find a job and go off welfare. If she was hired instead of someone else, as a result, and that other person goes on, or stays on, welfare, then the net impact on government expenditures would be much smaller. Moreover, any reduction of job opportunities for individuals who did not participate in a program is a loss that should be considered in assessing the overall value of a program.

Such displacement would not, however, alter the program's effects on its participants. Even if the total number of jobs did not increase as a result of the program--that is, assuming 100 percent displacement--a work-related program for welfare recipients might be desirable as a means of redistributing job opportunities. In particular, one might wish to reduce the likelihood of people receiving public assistance for long periods of time, even if doing so caused more people to incur short periods of joblessness.

Displacement is a concern because increasing recipients' job search skills and employability does not directly expand the number of jobs employers offer, although employers might be able to fill job vacancies more rapidly--especially

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3. Most analysts agree that the value of, for example, \$100 to be received five years from now is not as much as \$100 received today, even in the absence of inflation or risk. One way of adjusting for the value of the future amount is to reduce it by a discount rate, which is analogous to an interest rate. The disagreement is over how to determine the appropriate rate.
  4. Another aspect of this problem is that nonparticipants could also be affected if the program changed their behavior. For example, knowing that AFDC required participation in work-related activities might deter individuals from applying for the benefits.

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in labor markets with low unemployment rates. In principle, work-related programs could indirectly help to increase the total number of jobs nationally by lowering the cost of labor to employers. For example, training programs funded by governments could reduce the extent to which firms must incur training costs or raise wages to attract workers with particular skills.

Displacement would most likely occur in places and in occupations in which there are already large numbers of qualified job-seekers relative to available positions. Similarly, programs operating on a large scale within a labor market would be more likely to result in displacement than are smaller ones. In essence, helping large numbers of welfare recipients to compete for similar jobs in a labor market in which job openings are scarce would be more apt to lead to extensive substitution of program participants for nonparticipants than would otherwise occur.

While the extent of displacement cannot be estimated, the majority of those who lose jobs probably would not qualify for AFDC. Less than one family in six is headed by a woman with no husband present. Although displacement might well occur primarily among women, many of the displaced women would probably be wives or unrelated individuals and therefore generally not eligible for AFDC. Even if the relevant labor market for work-related programs for AFDC recipients were concentrated more narrowly among relatively low-wage jobs held by women, it appears unlikely that more than one-fifth of the displaced workers would be eligible for AFDC. <sup>5/</sup> No information is available, however, to estimate the proportion who might be eligible for unemployment benefits or other income transfer programs.

The third problem is the difficulty of generalizing from effects observed at a small number of sites to what would happen if the program were carried out nationwide or even on a larger scale within the same sites. The Manpower Demonstration Research Corporation (MDRC), which has evaluated a number of work-related programs, emphasizes throughout its reports that its findings reflect the effects of demonstrations that were carried out in specific ways, under particular circumstances, and generally on a small scale. No one can be sure, for example, that a program that increased the average earnings of fewer than 2,000 participants in San Diego in 1983 would do so if carried out nationally in 1988.

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5. As reported in Chapter II, the average wage rate of AFDC mothers who found jobs after leaving JTPA programs between July 1984 and June 1985 was about \$4.40 per hour. Analysis of data from the March 1986 Current Population Survey indicates that about one-fifth of the 9 million women employed in jobs that usually paid between \$3.50 and \$5.00 per hour were in female-headed households. The loss of jobs would not necessarily result in their becoming AFDC recipients.

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## MAJOR STUDIES

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This section examines the major evaluations of CETA, WIN, and recent demonstrations that are the basis for the principal findings about the effects of work-related programs for AFDC recipients presented in Chapter IV.

### General Employment and Training Programs

Much information has been collected about the implementation of the Job Training Partnership Act, but little is yet known about the program's net impact. Periodic data are reported on the placement rates of trainees and the wage rates of those placed. As noted in the preceding chapter, for example, 56 percent of the AFDC mothers who left JTPA projects in a recent year found jobs, with an average hourly wage rate of about \$4.40. These data are difficult to interpret, however, without information about what would have happened to the participants in the absence of the program. The Department of Labor recently began a major evaluation using a controlled experiment design, but no results are anticipated until at least 1990. 6/

Meanwhile, the best information available about the potential effects of JTPA's job training and job search assistance for members of low-income families is from evaluations of CETA, the program that JTPA replaced. Although JTPA operates with a different administrative structure and differs from CETA in many other ways, the two programs are sufficiently similar in their objectives, the types of training offered, and the characteristics of the participants to make examination of the effects of training under CETA relevant. 7/ Indeed, many of the same people and organizations are providing the training under the current program as under its predecessor. 8/

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6. Abt Associates, Inc., together with MDRC, NORC, and ICF, Inc., began the five-year evaluation in 1986. The preliminary plan calls for random assignment to treatment or control groups of up to 30,000 JTPA applicants in 20 service delivery areas. Follow-up interviews are to be conducted about 18 months and 30 months after assignment.
  7. As one report on the implementation of JTPA put it, "...after years of training programs, there is little new under the sun: there are only so many ways to teach people to operate word processors and become carpenters." Grinker Associates, Inc., "An Independent Sector Assessment of the Job Training Partnership Act," Final Report: Program Year 1985 (New York, July 1986), pp. 115-116.
  8. Local JTPA administrators, however, are reportedly making greater use of commercial training schools and less of community-based organizations than did CETA administrators. See Grinker Associates, Inc., "An Independent Sector Assessment," especially pp. 7 and 116-117.

At least a half dozen major evaluations of the impact of CETA on the earnings of its participants have been conducted, all using data from the Continuous Longitudinal Manpower Survey (CLMS). The CLMS is a nationally representative survey of individuals who were enrolled in employment and training activities conducted by local agencies under CETA. Most of the evaluations have been based on members of the sample who enrolled in training or work experience programs in 1975 or 1976. Interviews with these participants provided information about their employment and earnings in the year before and in the year after they enrolled in CETA projects (and sometimes longer), as well as other information about their backgrounds and activities. In addition, the Social Security records of these participants provided information about their earnings histories for several years before and after enrollment.

The major distinction between the evaluations--and the source of their biggest problems--is in the construction of their comparison groups. In the absence of a control group, each evaluator has had to decide how to estimate what the individuals in the sample would have earned had they not participated in CETA activities. A wide range of statistical techniques were used, as each analyst attempted, in effect, to produce artificially what would have happened if eligible individuals had been randomly assigned to or denied CETA training.

For example, a study conducted by the Congressional Budget Office and the National Commission for Employment Policy (CBO/NCEP) used CLMS data to determine participants' earnings during their first two or three years after leaving the program. Their hypothetical earnings in the absence of the program were estimated based on trends in their earnings before their enrollment in CETA projects and on the earnings histories during the same period of a similar group drawn from the March 1976 Current Population Survey (CPS). 9/

Apprehension about the reliability of estimates based on the general approach used in the various evaluations of CETA led the Department of Labor to appoint a technical panel to advise it on its plans for evaluating JTPA. In 1985, that panel concluded that current techniques to resolve the estimation problems associated with selection bias were inadequate and not likely to produce convincing estimates of the impacts of JTPA. It strongly recommended

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9. The comparison group included people between the ages of 25 and 60. For comparability with the CLMS group, the CPS sample included only those individuals who were in families with incomes below \$30,000 in 1975 and who earned less than the maximum earnings reported by Social Security records (for example, \$14,100 in 1975). The participants in the CLMS sample analyzed in the CBO/NCEP evaluation were restricted to individuals who were over 24 years old and had been in CETA training programs more than seven days. See CBO/NCEP, *CETA Training Programs - Do They Work for Adults?* (1982), Appendix A.

that the department conduct a set of classical experiments involving the random assignment of eligible individuals to treatment and to control groups. 10/ This advice was accepted and is now being carried out.

### Work Incentive Program

Evaluations of WIN have focused on its effects on participants' earnings and on their receipt of AFDC, with the methodological issues being quite similar to the ones for CETA evaluations discussed above. As with the CETA studies, the effects of WIN on program participants were estimated using longitudinal data concerning the participants themselves. The major evaluations were based on data from a series of interviews with almost 4,000 individuals nationwide who participated in WIN activities in 1974 or 1975. To impute what would have happened to the participants had they not been in the program, interviews were also conducted with about 5,000 individuals who were eligible for WIN services but did not participate. 11/ Quarterly earnings, receipt of AFDC, and other information was collected for both groups for up to three years after the participants left the program.

### Recent Demonstration Programs

Evaluations of work-related programs for AFDC recipients are currently being conducted by the Manpower Demonstration Research Corporation in cooperation with a number of states that launched new programs (WIN Demonstrations, workfare, and so on) as authorized by the Omnibus Budget Reconciliation Act of 1981. Eight of the states testing these optional work-related programs entered into agreements with MDRC to evaluate systematically the effectiveness of their initiatives.

In these evaluations, eligible AFDC applicants and recipients are randomly assigned to experimental ("treatment") groups or to control groups, thereby making it possible to isolate a program's effects on participants.

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10. Ernst Stromsdorfer and others, "Recommendations of the Job Training Longitudinal Survey Research Advisory Panel." Report prepared for the Office of Strategic Planning and Policy Development, Employment and Training Administration, Department of Labor (November 1985).
  11. Ketron, Inc., "The Long-Term Impact of WIN II: A Longitudinal Evaluation of the Employment Experiences of Participants in the Work Incentive Program, Final Report" (Wayne, Pa., January 1980). Ketron reports that most of the sample entered the program after January 1974 and left before July 1975 (p. 78). The designation "WIN II" refers to the shift in emphasis of WIN programs - -from classroom training to on-the-job training and direct placement assistance - -that occurred in 1971.

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The experimental groups are subject to the set of rules and options being tested; the control groups are subject to the normal rules and opportunities in that location. As discussed below, members of the experimental groups did not necessarily participate in any activities, though they were all subject to the added requirements. Final reports on five of the demonstrations have been released and are discussed in the next chapter. The five locations for which evaluation results are available are Arkansas (Pulaski South and Jefferson Counties); San Diego, California; Baltimore, Maryland; Virginia; and West Virginia. <sup>12/</sup> Characteristics of the demonstrations are outlined in Table 4.

The mix of services available to participants varied among the five locations. Job search assistance was offered in all locations but West Virginia. In Arkansas and in one of two experimental groups in San Diego, the program model included a job search workshop to be followed by a short-term workfare assignment for participants who had not found jobs by the end of the workshop. Workfare was not provided to the other experimental group in California in order that the net impact of a short-term workfare obligation could be estimated. In Virginia, job search assistance was to be followed by short-term workfare, education, or training; however, few participants actually received education or training as a result of being in the experimental group. The Baltimore, Maryland, program offered a much broader mix of services to participants, including education and training. In that sense, the Maryland demonstration program is closer to the ET program in Massachusetts and the GAIN program in California than are the others. West Virginia's program model was the only one in the set that tested workfare of unlimited duration; no other activities were offered.

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12. The five final reports, each published by Manpower Demonstration Research Corporation (New York), are: Daniel Friedlander and others, *Arkansas: Final Report on the WORK Program in Two Counties* (September 1985); Daniel Friedlander and others, *Maryland: Final Report on the Employment Initiatives Evaluation* (December 1985); Barbara Goldman and others, *California: Final Report on the San Diego Job Search and Work Experience Demonstration* (February 1986); James Riccio and others, *Virginia: Final Report on the Virginia Employment Services Program* (August 1986); and Daniel Friedlander and others, *West Virginia: Final Report on the Community Work Experience Demonstrations* (September 1986).

In addition, evaluations of initiatives in Maine, New Jersey, and Chicago, Illinois, are in progress. The Illinois demonstration includes activities similar to those undertaken in other sites, such as job search assistance and short-term workfare. The Maine and New Jersey demonstrations are the only ones that test on-the-job training funded by grant diversion. Final reports on these demonstrations are scheduled for publication in late 1987 or early 1988.

Although participation was mandatory in all of these sites, the demonstrations differed in terms of which groups were included. All of the demonstration sites included AFDC applicants, and all but one included recipients; San Diego restricted the experiment to AFDC applicants. <sup>13/</sup> Arkansas was unique in including mothers of children ages three through five in its demonstration, whereas the other sites limited participation to mothers who were not caretakers of children under age six. California and West Virginia included large numbers of AFDC-UP participants in their demonstrations. <sup>14/</sup>

For several reasons, the MDRC studies will probably be the most germane to any future debate over work-related programs for AFDC recipients. First, the demonstrations began after the major revisions in AFDC earnings disregards in 1981. Second, the demonstrations' designs include many of the elements that have been proposed for national programs, such as mandatory participation in job search assistance activities. Third, the evaluations have used an experimental design that has been carried out very effectively.

MDRC's use of random assignment overcomes many of the problems that plagued evaluators of CETA and WIN. One can be reasonably confident that a finding that members of an experimental group had higher earnings than those of the control group represents a positive effect of being in the experimental group, subject to the usual cautions about sampling error and reliability of the data. <sup>15/</sup>

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13. In its evaluations, MDRC designated individuals as applicants if they entered the research sample either at the time they applied for benefits or shortly thereafter. Recipients, on the other hand, were already on AFDC when they entered the sample.
  14. Arkansas and Virginia do not have an AFDC-UP program and therefore had no men in their demonstrations. Maryland included AFDC-UP participants in their demonstration, but the small number in the research sample precluded detailed analysis.
  15. Interest in finding ways of helping AFDC recipients to find jobs has stimulated a number of other carefully conducted experiments in recent years. See, for example, Carl Wolfhagen and Barbara Goldman, *Job Search Strategies: Lessons from the Louisville WIN Laboratory* (New York: MDRC, 1983); Stanley Masters and Rebecca Maynard, *The Impact of Supported Work on Long-Term Recipients of AFDC Benefits* (New York: MDRC, 1981); and Stephen Bell, John Enns, and Larry Orr, "The Effects of Job Training and Employment on the Earnings and Public Benefits of AFDC Recipients: The AFDC Homemaker-Home Health Aide Demonstrations" (Abt Associates, Inc., Washington, D.C., October 1986). Researchers at Mathematica Policy Research, Inc., reviewed many such studies, including the two MDRC studies mentioned here, and reestimated several of them; see Jean Baldwin Grossman, Rebecca Maynard, and Judith Roberts, "Reanalysis of the Effects of Selected Employment and Training Programs for Welfare Recipients," (Mathematica Policy Research, Inc., Princeton, N.J., October 1985). In general, their conclusions are similar to the principal findings of the studies discussed in this report.

TABLE 4. SELECTED CHARACTERISTICS OF WORK-RELATED DEMONSTRATIONS EVALUATED BY MDRC

Characteristic	Location	
	Arkansas	Baltimore, Maryland
Program Model	Job search workshop followed by individual job search and short-term workfare	Multicomponent, including job search, education, training, and short-term workfare
Study Area	Pulaski South and Jefferson Counties	10 of the 18 Income Maintenance Centers
Target Groups <sup>a/</sup>	WIN-mandatory AFDC applicants and recipients, including women with children age 3 through 5	WIN-mandatory AFDC and AFDC-UP applicants and recipients
Research Method	Random assignment; control group gets no services	Random assignment; control group gets WIN services
Sample Enrollment Period	June 1983-March 1984	November 1982-December 1983
Final Sample Size	1,153	AFDC: 2,823 AFDC-UP: 349
Observation Period for Full Sample	3 quarters	5 quarters

SOURCE: Judith M. Gueron, *Work Initiatives for Welfare Recipients* (New York: Manpower Development Research Corporation, March 1986), Table 1, and MDRC staff.

- a. MDRC designated individuals as "applicants" if they entered the research sample either at the time they applied for AFDC benefits or shortly thereafter. Individuals already on AFDC were designated as "recipients."

TABLE 4. (Continued)

Location		
San Diego, California	Virginia	West Virginia
Job search workshop <u>or</u> job search workshop followed by short- term workfare	Job search followed by education or training or short-term workfare	Workfare of unlimited duration
Countywide	11 of 124 agencies (4 urban, 7 rural)	AFDC: 9 of 27 administrative areas. AFDC-UP: 10 of 27
WIN-mandatory AFDC and AFDC-UP applicants	WIN-mandatory AFDC applicants and recipients	WIN-mandatory AFDC and AFDC-UP applicants and recipients
Random assignment to one of two experimental groups; control group gets WIN services	Random assignment to one of two experimental groups; control group gets no services	AFDC: random assign- ment, control group gets WIN services. AFDC-UP: matched- county comparison <u>b/</u>
October 1982- August 1983	August 1983- September 1984	AFDC: July 1983- April 1984. AFDC-UP: March 1983- April 1984
AFDC: 3,591 AFDC-UP: 3,406	3,184	AFDC: 3,694 AFDC-UP: 5,630
6 quarters	4 quarters	7 quarters

- b. For the AFDC-UP study, outcomes in areas that were to create and fill as many workfare jobs as possible were compared with outcomes in similar areas in which workfare was limited to a smaller percentage of the eligible population.



## CHAPTER IV

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# EFFECTIVENESS OF WORK-RELATED PROGRAMS

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The evaluations of CETA, WIN, and especially of the recent work/welfare experiments provide much information about the effects on the earnings of program participants during the first year or two after they enroll. The latter two sets of evaluations also contain information about the participants' receipt of AFDC and, to a lesser extent, other income. This chapter draws on these studies to assess the effectiveness of work-related programs in raising the living standards of welfare recipients, reducing the costs of welfare, and requiring recipients to contribute to society.

## PRINCIPAL FINDINGS

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Perhaps the most important finding is that work-related programs, such as job search assistance and training, have repeatedly been shown to be effective in increasing the average earnings of economically disadvantaged female participants, especially those who lack recent work experience. This finding is remarkably consistent among the studies examined here.

The studies also indicate that the costs to governments of operating work-related programs for welfare recipients are offset to some extent by savings generated from reduced outlays for AFDC, Medicaid, and other transfer programs. Whether work-related programs for welfare recipients save taxpayers money in the long run by reducing expenditures for transfer programs by more than their costs is not known. The answer depends on the effects of the programs beyond the period for which data have been collected, on the extent to which other workers are displaced, and on the specific characteristics of the programs themselves.

Thus far, few states have chosen to require large percentages of recipients to participate in work-related activities. A recent field study by the General Accounting Office found that most states have not used the authority given to them in recent years to impose work-related obligations, particularly workfare, on a large portion of their AFDC recipients. Most of the requirements have focused on job search assistance. The Manpower Dem-