

**Evaluation of the
Minority Female Single
Parent Demonstration:
Volume I**

Summary Report

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While we acknowledge the many contributions of others, the authors bear sole responsibility for the content and interpretations presented in this report.

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PREFACE

This report is one of four volumes on the long-term findings of the Evaluation of the Minority Female Single Parent Demonstration, prepared by Mathematica Policy Research, Inc. under contract with the Rockefeller Foundation. The four volumes are:

Volume I: Summary Report

Presents the main findings of the evaluation and an interpretation of the findings

Volume II: Technical Supplement to the Analysis of Economic Impacts

Presents additional details on the impact analysis of training, employment, and income

Volume III: Technical Report on the Benefit-Cost Analysis

Presents additional details on the benefit-cost analysis

Volume IV: Technical Report on the Analysis of Social and Psychological Outcomes

Presents additional details on the analysis of social and psychological outcomes

Earlier reports from the evaluation are summarized in Appendix A.

EXECUTIVE SUMMARY

Low-income minority single mothers confront myriad barriers to finding good jobs--low levels of education, poor basic skills, difficult or unstable living situations, and the demands of caring for young children. Poor single mothers must balance the demands of parenting, supporting their families, and improving their future job prospects; moreover, many depend on welfare as their major source of income. The Rockefeller Foundation initiated the Minority Female Single Parent (MFSP) demonstration to determine whether comprehensive employment-training and support services could enhance the self-sufficiency of minority single mothers and reduce their dependence on welfare.

Between 1982 and 1988, the Rockefeller Foundation funded selected community-based organizations (CBOs) to operate employment-training programs for minority single mothers. Four projects--the Atlanta Urban League (AUL) in Atlanta, Georgia; Opportunities Industrialization Center (OIC) of Rhode Island in Providence; the Center for Employment Training (CET) in San Jose, California; and Wider Opportunities for Women (WOW) in Washington, D.C.--enrolled 3,965 women in the demonstration. Over two-thirds had received welfare in the year prior to applying to the demonstration programs. Applicants were assigned randomly to a treatment group that was offered program services--including basic skills and job-skills assessments, counseling, remedial education, job-skill training, job-placement assistance, and child care assistance--or to a control group that was not eligible to receive services at the CBO but could seek them elsewhere in the community.

The findings of the evaluation suggest that immediate, job-specific training with a strong focus on getting trainees into jobs is a more effective way to improve the earnings of single mothers than are alternative strategies that seek to improve basic skills before offering job training.

SUMMARY OF FINDINGS

The CET program generated earnings gains that lasted over a 30-month follow-up period. The benefits of the CET program are also projected to exceed its costs to society over a five-year period. Our specific findings for CET are as follows:

- At two and a half years after application, treatment group members were earning an average of \$100 more per month than were control group members. The earnings gains averaged nearly \$2,000 over the entire two-and-a-half-year follow-up period. However, the longer-term gains in employment rates were small and not statistically significant at conventional levels. Although the employment rate of the treatment group was significantly higher just after training, the employment rate of the control group tended to catch up with the employment rate of the treatment group.
- Reductions in welfare receipt were small and not statistically significant. The impact on earnings at CET was much larger than the impact on welfare receipt because some of the earnings gains accrued to treatment group members who would not have been receiving welfare even in the absence of the program.
- The CET program appears to have raised the earnings of nearly all subgroups of participants, including women with preschool children and women who were on welfare and had not worked in the past year.

- The investment in MFSP services at CET will produce a positive return from the perspective of society as a whole, and most of the benefits will accrue to participants. The estimated net benefits from the social perspective will be approximately \$1,200 per participant over a five-year period. However, from the government-budget perspective, costs will exceed benefits by about \$1,200 due to the small reductions in welfare receipt.

Another of the MFSP projects--WOW--generated modest employment gains starting at about 15 months after enrollment. However, the costs of the WOW program to society will substantially exceed its benefits. Furthermore, the employment impacts at WOW were not consistent over time, but were concentrated in 2 of 13 cohorts of program enrollees. Consequently, the WOW findings must be interpreted with caution. Our specific findings for WOW are as follows:

- Program participants achieved modest (statistically significant) gains in employment rates, but no statistically significant gains in average earnings. The total earnings gain over the entire two-and-a-half-year follow-up period averaged only \$214, because the later earnings gains barely compensated for the early losses of treatment group members while they were in training.
- Reductions in welfare receipt were small (and not statistically significant) and consistent with the modest gains in employment.
- The investment in MFSP services at WOW will not produce a positive return from either the social or the government-budget perspective. Over a five-year period, the costs of the program will exceed benefits by about \$1,000 per participant from the social perspective and by about \$1,700 per participant from the government-budget perspective.

The projects at AUL and OIC had no significant impacts on earnings, employment, or welfare receipt. The specific findings are as follows:

- In both projects, more control group members were employed while treatment group members were in training, but treatment group members caught up by the fourth quarter after application. The employment and earnings of the treatment and control groups were very similar over the remainder of the 30-month follow-up period.
- Neither project generated a significant difference in welfare receipt.
- The net cost of each program from both the social and government-budget perspectives was roughly equal to the cost of providing program services (about \$4,000 per participant at AUL and \$5,000 per participant at OIC).

We also examined the impacts of the four programs on the educational attainment, social and psychological well-being, and child-care use patterns of participants. Our findings are as follows:

- Although three of the programs--AUL, OIC, and CET--offered high-school equivalency (GED) courses, only CET had a statistically significant impact on GED attainment by 30 months after baseline.
- None of the four programs had significant long-term impacts on measures of psychological well-being, including depression and locus of control, or on fertility or marriage behavior.
- None of the programs had long-term impacts on the types of child care used by sample members.

WHY DID CET APPEAR TO GENERATE RELATIVELY LARGE EARNINGS GAINS?

Program design may account for the presence of long-term earnings gains at CET but their absence at the other sites. CET used an unusual open-access, integrated training design. Its design was distinguished by two features: that women would enter job training immediately, regardless of their previous educational attainment, and that remedial education would be integrated directly into training for a specific job, rather than provided prior to job training or concurrently in a separate class. Job training at CET focused on competencies required by employers for particular jobs; it emphasized training in occupations in which jobs were plentiful, as well as immediate placement in jobs after training. The curriculum was full-time and demanding, yet self-paced; it allowed individual trainees to start job training whenever an opening was available and to leave when they had become proficient in the skills of their selected job.

The other three projects provided similarly comprehensive services, but adopted more common strategies for delivering job preparation services. The projects in which we found no impacts--AUL and OIC--used a "sequential" approach, in which women with poor basic skills were placed initially in remedial education courses, and then could enter job-skill training only after they attained academic prerequisites. However, nearly half of the participants never made it into job-skill training. The project in which we found modest employment but no earnings impacts--WOW--adopted a general employability model, consisting of courses on motivation, basic reading and math, and job-search skills. A second course at WOW for women with stronger reading and math skills augmented these general courses with instruction in the basic concepts of electricity, mechanics, and tools as preparation for training or employment in a range of jobs not traditionally filled by women. Both WOW courses taught basic skills and job-related skills concurrently (as at CET), but the duration of the courses was relatively short, and they did not focus on preparation for a specific job.

The success of the CET program seems likely to reflect the design of its training program. However, the small number of sites in the MFSP demonstration limits our ability to draw conclusions based on differences across sites. Because applicants were assigned randomly to a treatment or control group *at each site*, we can be very confident that the impacts at each site are truly the effects of the program and not due to other factors. But we cannot have the same level of confidence that differences in the impacts *across sites* are due to differences in the program designs as opposed to the other characteristics of the CBOs or to such other factors as the local economy. Accordingly, the CET training model must be tested in other settings.

THE SIGNIFICANCE OF THE FINDINGS

The findings on the MFSP projects can help inform debates about how employment-training programs can best be designed to serve poor single mothers. Many recent state employment-training initiatives for welfare recipients emphasize basic education as the key to improving the employment prospects of welfare recipients. The strong findings at CET, which did not emphasize basic education as much as it did job-skill training for all, and the poor findings for AUL and OIC, which emphasized remedial basic education first, necessitate examining whether programs that emphasize remedial basic education are really the best way to improve the earnings of and reduce welfare dependence among poor single mothers.

Based on the MFSP evaluation findings, the following may contribute to program success:

- Providing immediate, job-specific skill training without imposing educational requirements that limit access to the job-skill training, but at the same time teaching the necessary reading and math skills as part of the job-skill training curriculum
- Focusing on job-specific skills, and building other necessary components around this primary focus
- Providing training in occupations in which employers need workers, and adapting the types of training to existing market conditions.
- Providing active assistance in helping trainees find jobs
- Offering flexible and easily accessible assistance in finding and paying for child care

The findings at CET, AUL, and OIC suggest that putting single mothers with poor basic skills back into classrooms to learn the reading and math they missed out on as youths might not be a good way to help them prepare for jobs. "Education for the long term" may not be a practical route to a good job for the vast majority, because program resources usually limit participation to 6 or 8 months. Moreover, it is often difficult to maintain participants' motivation for any longer period of time. Educational opportunities should certainly be available for all who want them. But the MFSP experience suggests that 6 to 8 more months of reading, writing, and arithmetic will not necessarily improve a person's ability to attain and hold a job. The open-access, integrated approach to job training appears to be a promising method for preparing low-skill workers for better jobs. Nonetheless, further testing is necessary.

I. INTRODUCTION: BACKGROUND TO THE MFSP DEMONSTRATION

From 1982 to 1988 the Rockefeller Foundation funded the Minority Female Single Parent (MFSP) demonstration--a comprehensive intervention of employment-training services for poor minority single mothers to enhance their employment skills and economic self-sufficiency. Demonstration services were provided by four community-based organizations (CBOs)--in Atlanta, Georgia; Providence, Rhode Island; San Jose, California; and Washington, D.C. These four projects offered services that ranged from employability assessment and counseling to remedial education, to job-skill training and job placement, to child-care assistance. The purpose of this set of services was to address the barriers that make it difficult for poor single mothers to secure good jobs and escape their dependence on welfare.

The Rockefeller Foundation also funded a comprehensive evaluation of the demonstration, which is being undertaken by Mathematica Policy Research, Inc. (MPR). To support a rigorous evaluation, MPR used random assignment procedures to identify a group of women whose experiences could serve as a "benchmark" for measuring the impacts of the demonstration. All single mothers who were members of an ethnic minority group and who applied for training at the participating CBOs from November 1984 to December 1987 were assigned randomly either to a treatment group that was eligible to receive program services or to a control group that could not enroll for services at these CBOs for a period of 30 months (but could seek training elsewhere in the community). Appendix A provides an annotated list of previously released reports on the MPR evaluation.

This report summarizes MPR's analysis of the impacts of the MFSP demonstration on the economic, social, and psychological well-being of demonstration applicants during the first 30 months after their application. Based on the economic impact findings, MPR has also conducted an analysis of the comparative benefits and costs of the programs. All analyses are based on two sets of

interviews with sample members in the treatment and control groups: one conducted at 12 months and the other at 30 months after application.

The findings in this report represent a timely contribution to the ongoing debate about how the skills of poor single mothers can be improved and their welfare dependence reduced. The Family Support Act (FSA), passed in 1988, mandated that each state establish a Job Opportunities and Basic Skills (JOBS) program to improve the employability of recipients of Aid to Families with Dependent Children (AFDC). The JOBS legislation emphasized up-front assessment of literacy skills, and remedial education for those who lacked them. States have considerable flexibility in implementing their JOBS programs. Early reports indicate that budget constraints and participation mandates have prompted many states to emphasize low-cost job-search assistance in their JOBS programs. Nonetheless, given the legislative requirements that literacy assessment and basic education be offered as a service option, states are placing greater emphasis on basic education (Hagén and Lurie, 1992). As JOBS programs continue to evolve, evidence on what works is vital to ensuring that tight resources are allocated effectively.

Earlier, rigorous studies have demonstrated the effectiveness of job-search assistance and subsidized employment programs (Gueron and Pauly, 1991). The MFSP results are part of an emerging body of evidence on strategies that emphasize education and training.¹ Furthermore, they provide some evidence on the effectiveness of both remedial basic education and job-specific skill training at increasing employment and earnings and reducing welfare dependence. At three of the four MFSP projects, the program design called first for improving basic literacy and math skills, and then providing job-specific skill training. One MFSP project provided job-specific skill training immediately to all trainees and integrated basic literacy and math skills into the job training

¹Other relevant literature (all based on experimental designs) includes studies on the Baltimore Options Program (Friedlander, 1987), the Saturation Work Initiative Program (Hamilton and Friedlander, 1989), the GAIN program (Riccio and Friedlander, 1992), and the National JTPA Evaluation (Bloom et al., 1992). Preliminary results are also available on the Ohio JOBS demonstration (Fein, Lewis, and Hamilton, 1991).

curriculum. Thus, a comparison of the impacts of the demonstration across the projects offers some information about the relative effectiveness of the different strategies.

Because applicants were assigned randomly to a treatment or control group *at each site*, we can be confident that the measured impacts at each site are truly the effects of the program and are not due to other factors. However, the MFSP demonstration consisted of four projects in different locations, and the impacts of each project may be due to the characteristics of the CBO that ran the program or to the features of the community in which it operated, as well as to the training strategy adopted by each. Thus, we cannot have the same level of confidence that differences in impacts *across sites* are due to differences in the designs of programs rather than to the other characteristics of the CBOs or to such other factors as the local economy. Accordingly, it is important that the MFSP findings be evaluated in light of other information on the effectiveness of various training strategies, and that further assessments be undertaken to determine the extent to which the findings can be replicated in other settings.

Some differences in MFSP program rules may also limit the applicability of the findings to the JOBS program. The MFSP projects were operated independently of the local welfare offices, and reached a somewhat broader clientele. In addition, participation in MFSP was entirely voluntary. In contrast, JOBS programs are closely linked to the local welfare system, and serve only welfare recipients. Participation in the JOBS program is supposed to be mandatory for some AFDC recipients and voluntary for others. However, in many localities, it appears that the effective level of voluntariness between MFSP and JOBS may be similar.²

Despite these differences, the evidence from the MFSP demonstration warrants careful consideration by policymakers and program operators whose goal is to improve the employability of poor single mothers and others who face long-standing barriers to employment.

²Hagen and Lurie (1992) note that the JOBS program is meeting its participation targets largely by enrolling volunteers in many states.

II. THE FOUR MFSP PROJECTS AND PROGRAM OPERATIONS

In implementing the MFSP demonstration, the Rockefeller Foundation sought to determine whether comprehensive employability programs operated by community-based organizations could have a significant and lasting effect on the lives of low-income single mothers who want to work. Thus, the Foundation granted funding (to be matched from other sources) to four community-based organizations (CBOs):

- The Atlanta Urban League (AUL) in Atlanta, Georgia
- The Center for Employment Training (CET) in San Jose, California
- The Opportunities Industrialization Center (OIC) of Rhode Island in Providence
- Wider Opportunities for Women (WOW) in Washington, D.C.

Rather than prescribe a specific program model, the Foundation encouraged each CBO to adopt the service model that it thought would alleviate the specific employment barriers facing low-income single mothers. Despite this latitude in program design, the CBOs developed service packages that shared common elements. All of the projects delivered a range of employment-oriented services: counseling sessions to assess needs and to develop a training plan for each trainee; remedial work in basic reading, math, and communications skills; and job-skill training, job-search training, and job-placement assistance. All of the projects selected particular occupational areas for which they prepared their trainees. In addition, the projects responded to the personal and logistical problems that pose barriers to training and employment. For example, they offered counseling to help participants make decisions about their employment and training goals, overcome life crises, and improve their self-esteem and motivation. Finally, all of the projects offered some type of child-care assistance to their clients--either providing child care directly or helping clients find a suitable

provider, and either arranging for a government subsidy or paying for care directly. (Table II.1 summarizes the major features of each CBO program.)

The philosophy, experience, and financial constraints of each CBO shaped its specific service strategy. For example, the program leaders at AUL believed that it was important not to duplicate existing services. Thus, AUL served largely as a "broker of services," funneling program participants to training programs in the community and directly providing only those services that it could not arrange for elsewhere. The other three projects provided most services in-house. CET and OIC drew on more than 20 years of experience in providing education and training to disadvantaged individuals. WOW's MFSP service strategy was shaped by the organization's lengthy experience as a policy advocate for women in the labor market and its efforts to interest, train, and place women in nontraditional occupations.

Child care illustrates how financial constraints shaped services. The projects that offered child-care subsidies through their local AFDC programs had to work within the parameters of these programs, which often limited the types of care or program activities covered by the subsidies. For example, some programs could use subsidies only for center-based care or only in specific centers, or only while the participant was engaged in job training, but not afterwards while the participant was looking for work.

Perhaps the most important difference among the projects was their strategy for delivering the core set of services--education and job training. CET adopted an "integrated" model in which all participants were placed directly into occupational skill training for particular jobs available in the local area, supplemented with remedial basic education instruction to correct deficiencies in areas critical to job performance. ESL (English as a second language) or GED (general educational development) classes were offered to those who wished to take them. OIC and AUL adopted a "sequential" strategy, first placing women with poor reading, writing, and math skills in classroom courses to help them meet academic standards felt to be critical for further job-skill training or

TABLE II.1
CHARACTERISTICS OF THE MFSP DEMONSTRATION PROJECTS

| Atlanta Urban League (AUL) | Center for Employment Training (CET) | Opportunities Industrialization Center (OIC) | Wider Opportunities for Women (WOW) |
|--|--|---|---|
| Location of Services | | | |
| Broker for training | All services in-house | Training in-house and through other providers | All services in-house |
| Other services in-house | | Other services in-house | |
| Course Placement | | | |
| Standardized test of basic skills | No testing | Standardized test of basic skills | Standardized test of basic skills |
| Considered motivation and personal skills | Used a 3- to 5-day trial period in course of interest | Considered motivation and personal skills | Interest in nontraditional work also considered |
| Those with low skills entered education classes first. | Job-training courses open to all | Those with low skills or no high school credential entered education classes first. | Those with better skills and interest were placed in an electromechanics course; the others were placed in BEST (basic education and skill training). |
| Basic Education | | | |
| Offered full-time programs in adult basic education and GED preparation | Largely integrated with job-skill training | Offered full-time programs in adult basic education, ESL, and GED preparation | Brush-up of basic skills part of both courses |
| Participants progressed to job training after achieving the skill level required for a particular training course. | Some also took concurrent GED or ESL classes a few hours a day. | Generally required GED before skill training | |
| Job-Skill Training | | | |
| Training for specific jobs | Training for specific jobs | Training for specific jobs | General preparation for a range of nontraditional jobs in electromechanics course |
| Primarily clerical and health occupations | Primarily data entry and word processing or electronics assembly technician | Data entry, word processing, and programming | Introduction to electricity, machines, and tools in electromechanics course |
| Also courses in programming, food service, and retail trade | Nontraditional training available, such as machine shop, shipping, and receiving | Also one nontraditional course in machine operation | |

TABLE II.1 (continued)

| Atlanta Urban League (AUL) | Center for Employment Training (CET) | Opportunities Industrialization Center (OIC) | Wider Opportunities for Women (WOW) |
|--|--|--|---|
| Program Structure and Duration | | | |
| Open entry to basic education | Open entry and open exit to all courses | Remedial courses lasted 3 months, but could be repeated. | BEST course 10 weeks |
| Skill-training courses ranged from 8 weeks to 2 years; structure set by outside provider | Training in most skills lasted 4 to 9 months. | Fixed-length skill courses lasted 6 to 9 months. | Electromechanics course 20 weeks |
| | | | Participants took only one of the courses and could not repeat either course. |
| Child-Care Assistance | | | |
| No on-site care | On-site child-care center was major provider. | On-site child-care center for part of time. | No on-site care |
| Made referrals and paid providers directly during most of the demonstration, with considerable variation in the level of available funds | Referrals from CET or local referral agency used for those seeking other providers | Referrals to specific providers | Emphasis on consumer education |
| Participants went to WIN office for referrals and subsidies in the last year of the project. | Some direct payment of providers with funds from various sources | On-site assistance in arranging for WIN subsidies | Women were required to arrange for WIN subsidies themselves. |
| | | | Some direct payments to providers |
| Job Placement Assistance | | | |
| Job-search training | Job-search training | Job-search training | Job-search training |
| Counselors worked with job-ready trainees to identify openings and arrange interviews. | Job developers worked with local employers to establish demand for CET trainees. | Counselors worked with job-ready trainees to identify openings and arrange interviews. | Posted openings |
| Also some placement by training providers | | | Individual help at the request of the trainee |

employment, and offering them job-skill training only after they had met certain academic standards. WOW offered two courses to which trainees were assigned largely on the basis of a test of their academic skills. For women whose basic skills test scores were lower, WOW offered the Basic Employability Skills Training (BEST) program--a 10-week course that included work on motivation, basic reading and math, and job-search skills. Better-prepared trainees were offered an electromechanics course, covering such job-related topics as electricity, mechanics, and tools, in addition to the topics covered in BEST. The intent of this course was to prepare clients for immediate employment or further training in a range of jobs not traditionally open to women.

The manner in which support services were delivered--assessment, counseling, child-care assistance, and job placement--also differed among the projects. Some of these differences were tied to the training strategies adopted by the projects. For instance, AUL, OIC, and WOW emphasized the importance of initial, pretraining assessment by program professionals, who administered basic skills tests in order to determine participants' academic strengths and weaknesses before guiding them towards appropriate remedial education or job-training programs. In contrast, CET--the integrated training model--did not use basic skills tests, but placed all of its participants directly in job-skill training.

Moreover, the type and amount of child-care assistance and job-placement support offered to clients varied among the projects. CET and OIC provided extensive individual support and "hand-holding" when necessary. WOW placed the most emphasis on providing women with the necessary skills to make child-care arrangements and find jobs on their own. AUL's strategy fell somewhere between these two strategies.

Both the extent to which the MFSP program was integrated with other CBO operations and the scale of program operations also differed among the four projects. CET operated training programs in 30 locations in California and in other Western states during the MFSP demonstration. Most MFSP participants attended training at CET's main location in San Jose. However, CET also

enrolled MFSP participants at its centers in Salinas, Watsonville, Gilroy, and, near the end of the demonstration period, Oakland.¹ CET offered the only program that was fully integrated into a larger ongoing training program. Moreover, CET's program seems to have benefitted from the resources and large-scale operation of the CET organization's main site in San Jose--that is, from the wide range of job-skill courses available, access to sophisticated equipment, and the presence of CET's central management staff.

AUL provided occupational training through cooperative agreements with other training organizations. OIC also offered training in several job-skill areas, through a combination of in-house services and cooperative arrangements with other organizations. However, OIC managed its MFSP program as a separate unit, sending participants to other units within the parent organization, thereby losing some of the advantages of economies of scale and close coordination across components. WOW did not have access to a large training program beyond its MFSP program; its two fixed-length courses of general preparation for the workplace were the primary training activities at WOW throughout most of the demonstration.

Though each MFSP project retained its basic features throughout the demonstration, all of the projects changed over the three-year period of the evaluation in response to funding and staffing changes and a desire to improve their programs. For example, OIC offered on-site child care for a period of time, but stopped doing so because the on-site facility was underutilized. AUL introduced some nontraditional skill courses for a short period of time, but encountered difficulties in staffing the courses and attracting participants. At CET, cutbacks in JTPA funding and staff layoffs in summer 1986 proved to be very disruptive to the program. Near the end of the demonstration period, WOW provided more job-skill training to trainees with poor academic skills and enhanced the job-placement component of its project. Despite these changes, the differences in the basic emphases of the projects prevailed throughout the demonstration.

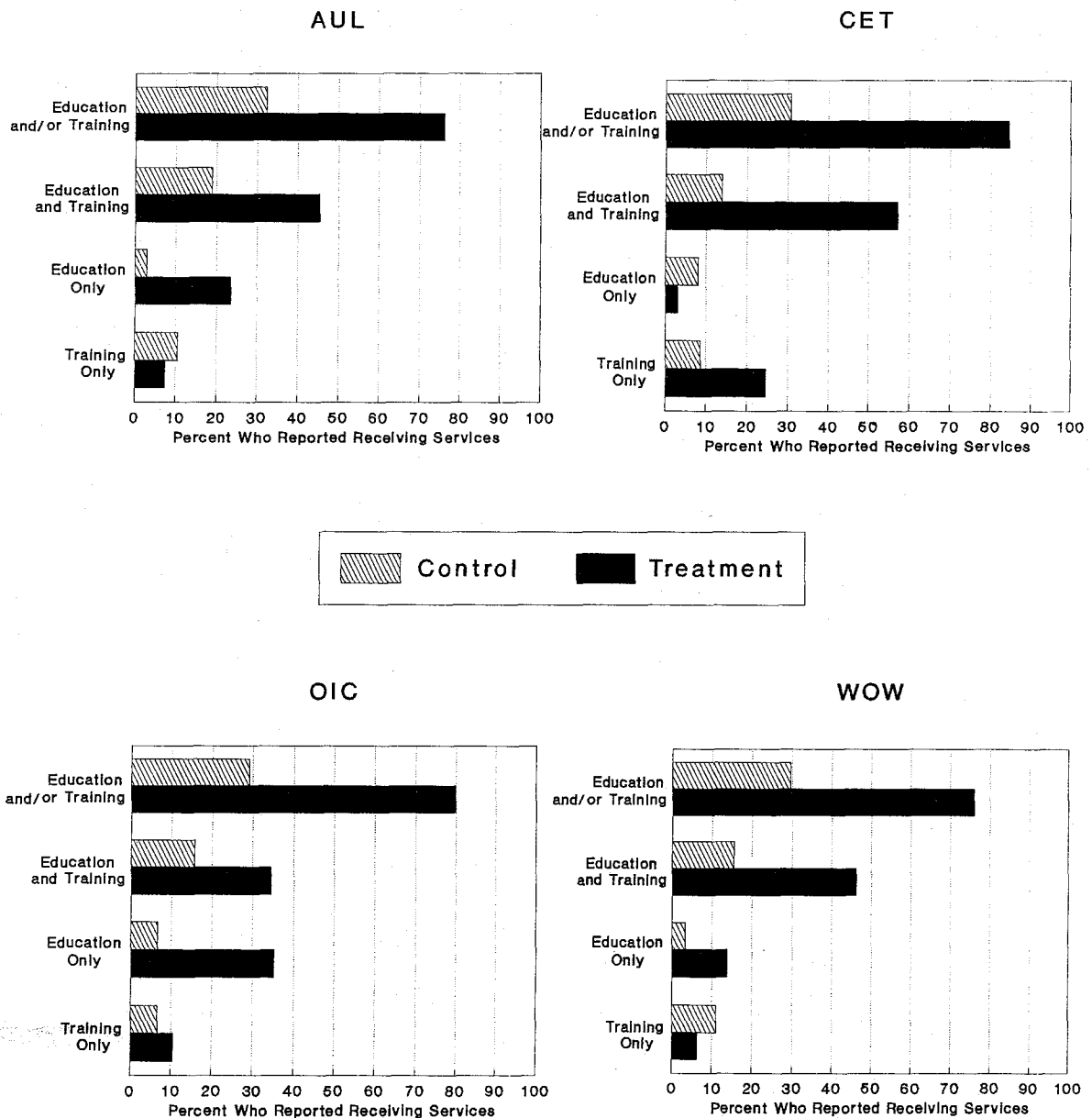
¹Sample members from locations other than San Jose represent about one-fourth of the evaluation sample at CET.

Did the MFSP projects meet their goal to provide education and job training to most of the single mothers enrolled in their programs? Data from interviews with sample members 12 months after application show that the MFSP projects were successful at providing services: compared with the control group, more of the treatment group participated in training and education. Between 76 and 85 percent of the treatment group members at each site reported receiving education and/or job training services (Figure II.1). In contrast, between 29 and 32 percent of the control group members reported receiving such services.²

Cross-site differences in the types of services reported by the treatment group during the first 12 months reflect differences in the designs of the projects. Participants at OIC and AUL were more likely to have received basic education but less likely to have received job-skill training subsequently. In contrast, nearly all participants at CET reported receiving job-skill training. Treatment group members at WOW tended to view their program experience as a mixture of education and training--probably reflecting the orientation of both its basic education course, which included a three-week period of unpaid work experience as a form of on-the-job training, and its electromechanics course, which focused on general electronics and associated math skills.

²Gordon and Burghardt (1990) present a more in-depth analysis of job training and education services reported in the 12-month interview.

FIGURE II.1
RECEIPT OF EDUCATION AND TRAINING SERVICES
BY TREATMENT AND CONTROL GROUP MEMBERS
DURING THE FIRST 12 MONTHS AFTER APPLICATION



SOURCE: Twelve-month follow-up interviews with MFSP program applicants.

NOTE: The percentage of sample members who reported receiving education and/or training is the sum of the percentage of sample members who reported receiving both education and training, education only, and training only.

III. CHARACTERISTICS OF DEMONSTRATION APPLICANTS

The MFSP projects sought to help poor single mothers obtain and hold good jobs. What were the characteristics of the women who applied to the program? Did the projects achieve their goal to serve women who faced barriers to employment? How do the characteristics of MFSP applicants compare with the characteristics of single mothers and poor single mothers nationally? How would MFSP applicants have fared without the assistance provided by the program?

In this chapter, we compare the characteristics of MFSP applicants with those of a national sample of minority single mothers and a national sample of low-income minority single mothers (see Table III.1).¹ We also describe the experiences of those who were not offered the chance to participate in the MFSP projects, since the control group provides a "benchmark" that indicates how the participant group would have fared had they not entered the MFSP projects.²

We found that MFSP applicants were more disadvantaged than both national samples of minority single mothers. The women who sought help from the MFSP projects did so when their economic situation was at a low point. Based on the experience of control group members, the circumstances of MFSP applicants would have improved somewhat even if they had not been selected to enroll in the MFSP projects.

A. CHARACTERISTICS AT APPLICATION

Compared with our national sample of low-income minority single mothers, MFSP applicants seemed to be more disadvantaged. MFSP applicants were 28 years old on average, compared with

¹The data on the characteristics of MFSP applicants at the time of application are taken from interviews with all sample members. The characteristics of the national samples of minority single mothers and low-income minority single mothers are drawn from the March 1987 Current Population Survey (CPS). We define low-income mothers as those whose family income in 1986 was less than twice the federal poverty level.

²Data on experiences during the two-and-a-half-year period after application are taken from 12- and 30-month interviews with members of the control group, who were not offered the opportunity to participate in the MFSP projects.

TABLE III.1

CHARACTERISTICS OF MFSP APPLICANTS AND MINORITY SINGLE MOTHERS NATIONWIDE

| Characteristic | National Sample | | MFSP Demonstration Applicants | | | | |
|---|-------------------------------|--|-------------------------------|------------|------------|------------|--------------|
| | Minority Single Mothers | Low-Income Minority Single Mothers | Total | AUL | CET | OIC | WOW |
| Black, Non-Hispanic (Percent) | 71 | 71 | 70 | 97 | 14 | 60 | 94 |
| Hispanic (Percent) | 24 | 25 | 25 | 2 | 78 | 29 | 4 |
| Age (Mean) | 32 | 31 | 28 | 28 | 29 | 27 | 28 |
| Never Married (Percent) | 50 | 52 | 62 | 60 | 49 | 63 | 73 |
| No Other Adults in Household (Percent) | 54 | 57 | 57 | 61 | 58 | 75 | 44 |
| Age of Youngest Child (Mean) | 6.5 | 6.1 | 4.8 | 4.9 | 5.1 | 4.0 | 5.0 |
| Youngest Child Under Six Years (Percent) | 51 | 54 | 65 | 64 | 63 | 74 | 65 |
| Dropped Out of High School (Percent) | 38 | 44 | 56 | 44 | 68 | 56 | 57 |
| Worked in Previous Year (Percent) | 57 | 51 | 49 | 56 | 47 | 33 | 55 |
| Weeks Worked Last Year (Mean) | 23 | 18 | 13 | 15 | 13 | 8 | 14 |
| Earnings of Persons Who Worked (Mean Rounded to Nearest Hundred) | \$10,000 | \$6,800 | \$4,700 | \$4,400 | \$4,600 | \$4,100 | \$5,700 |
| Received AFDC ^a (Percent) | 41 | 49 | 68 | 65 | 68 | 85 | 62 |
| Total Personal Income ^b | \$8,000 | \$6,300 | \$5,500 | \$4,400 | \$6,800 | \$5,400 | \$5,300 |
| Total Household Income ^b | \$14,300 | \$9,900 | \$10,500 | \$7,200 | \$11,100 | \$8,100 | \$13,400 |
| Sample Size (Unweighted) | 2,418 | 1,956 | 3,965 | 925 | 962 | 663 | 1,415 |

SOURCE: Columns 1 and 2 are based on the March 1987 Current Population Survey. Each observation was weighted with the March CPS supplement weight. Columns 3 through 7 are based on baseline interviews with applicants to the MFSP demonstration, November 1984 to December 1987. Burghardt and Gordon (1988) discuss the construction of variables.

^aIncludes income from AFDC and other public assistance.

^bFood stamps and other in-kind transfers are not included in these totals.

an average age of 31 among low-income single mothers nationwide. The ethnic composition of the MFSP applicant sample was quite similar to that of the low-income national sample (71 percent black and 25 percent Hispanic). However, nearly two-thirds of MFSP applicants versus 54 percent of low-income minority single mothers nationwide had children under 6 years of age. Fifty-six (56) percent of MFSP applicants versus 44 percent of the national sample of low-income minority single mothers were high school dropouts. MFSP applicants worked an average of 13 weeks and earned \$4,700 in the year before application, while low-income minority single mothers nationwide worked an average of 18 weeks and earned \$6,800 in 1986. Nearly 70 percent of the MFSP applicants had received AFDC over the same period, compared with about half of our nationwide low-income sample. MFSP applicants were also slightly more likely never to have been married. In summary, MFSP applicants were younger, had younger children, had less education and less work experience, received lower wages, and were more dependent on welfare than the national sample of low-income mothers.

Averages for the entire MFSP sample obscure the cross-site differences in the ethnic backgrounds of program applicants, and in their age, marital status, education, work experience, and dependence on welfare. Most applicants at AUL and WOW were black, the majority at CET were Hispanic, and the applicants at OIC were ethnically more diverse. Compared with applicants at other sites, applicants at OIC were somewhat younger, had younger children, and were more dependent on welfare. Applicants at CET were more likely to have been previously married. For the most part, these differences appear to be due to differences in the characteristics of minority single mothers in each locale rather than to the fact that the projects attracted disproportionate segments of certain groups within their local population.³

³Burghardt and Gordon (1988) compare the characteristics of MFSP applicants with the characteristics of minority single mothers in each MFSP site.

B. EXPERIENCES AFTER APPLICATION

As might be expected, the circumstances of applicants improved over the two-and-a-half-year period after application, regardless of whether they were offered participation in the MFSP projects.

In each site, the average monthly employment rate of the control group increased over the 30-month postapplication period to higher levels than in the pre-application year (Figure III.1).⁴ For example, approximately half of the control group at WOW and AUL were working 30 months after application. In contrast, about one-third had been working 12 months prior to application, after which their employment rate declined steadily, until about one-fifth had been working at the time of application. The employment rates of the control group at CET and OIC were slightly lower at each point in time, but they followed a similar pattern over time. Average monthly earnings followed a similar profile of decline before application and improvement after it in all of the sites.⁵ This pattern of improvement among the control group can be explained by the fact that women sought help from the MFSP projects at a low point in their economic and financial lives.

Welfare dependence in the 30-month period after application also declined slightly. For example, just over 60 percent of the control group at CET were receiving welfare in the months immediately after application, and the percentage had declined to about 54 percent two and a half years after application.⁶ Similar patterns were evident at the other sites.

Many control group members sought out and took advantage of other education and training opportunities in their communities during the follow-up period. In the months immediately after

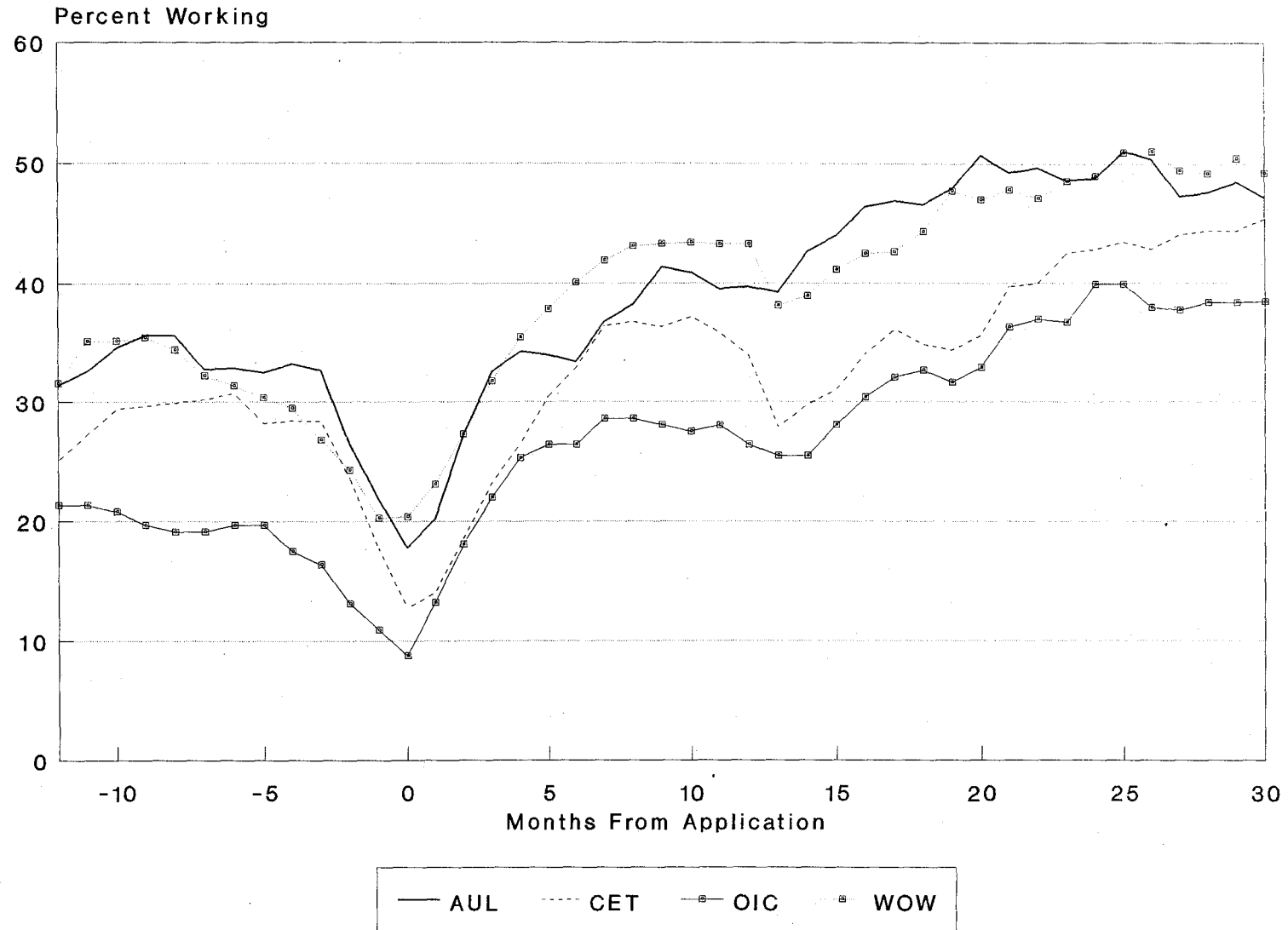
⁴Employment rates appear to have dropped between months 13 and 18 after application, most likely because the long recall period led to underreporting. Recall error is discussed further in Chapter IV and in Appendix D of Volume II.

⁵Data on the average monthly earnings of treatment and control group members over the 30-month period after application are presented in Chapter IV of Volume II.

⁶Our definition of welfare includes AFDC, other cash public assistance, and food stamps. See Chapter V of Volume II for data on changes in welfare receipt over time.

FIGURE III.1

MONTHLY EMPLOYMENT RATES OF THE CONTROL GROUP



SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP control group members

application, less than 10 percent of control group members were participating in some other education or training program. But some control group members began a training or education activity in each ensuing month, so that by the end of the 30-month follow-up period nearly half of the control group members in all sites had participated in a training or education program. Approximately one-fifth acquired a GED certificate during the follow-up period. The women who were drawn to the MFSP projects and assigned to the control group participated heavily in work and training activities, meaning that the MFSP projects had to help the treatment group members achieve even greater employment and earnings gains in order to make a measurable difference. It is important that this factor be kept in mind as we draw conclusions about the effectiveness of the MFSP projects.

Although their economic circumstances had improved, the MFSP control group members remained an economically disadvantaged group at the end of the follow-up period. At the 30-month interview, about 47 percent were working. The average monthly income of all control group members at the 30-month interview ranged from \$700 at AUL to \$830 at CET, which translated into annual income levels below the 1989 federal poverty levels of \$10,060 for a family of three.

The family circumstances of the control group also changed during the follow-up period. Almost none of the control group members were married or living with a male partner at application. At the end of the follow-up period, about 9 percent were married and another 4 percent were living with a male partner. About two-thirds of the control group said that they wanted to be married in five years. Between application and the 30-month follow-up interview, about 30 percent of control group members had become pregnant, and just over 20 percent had given birth to another child. The percentage of control group members who lived with other adult relatives declined from 28 percent at baseline to 16 percent at the time of the 30-month interview, reflecting the aging of the sample, their improved economic circumstances, and the modest increase in the number who were married.

IV. IMPACTS ON EMPLOYMENT AND EARNINGS

The primary objectives of the MFSP demonstration--to help single mothers secure stable employment and to reduce their welfare dependence--were expected to be realized only several months after the women applied to the projects. In the short run, treatment group members would have to forego employment options in order to participate in training, implying higher earnings for the control group. However, the earnings of the treatment group were expected to be higher after the six- to eight-month period of active MFSP participation. Program-induced earnings gains were expected to appear even later for trainees who participated for longer than the average six- to eight-month period or for those who did not find a job immediately after training.

Was this expected pattern borne out? At CET, the earnings and employment of the treatment group were considerably higher than those of the control group by the fourth quarter after application. Furthermore, the large impact on monthly earnings continued throughout the remainder of the 10-quarter observation period, although the impact on monthly employment became smaller. At WOW, modest impacts on employment were evident by the latter part of the two-and-a-half-year observation period, though the impacts on earnings are small and not statistically significant. At AUL and OIC, the employment and earnings of the treatment group were indistinguishable from those of the control group, even two and a half years after application to the MFSP projects.

Section A briefly describes how we conducted the analysis. The remaining sections present our estimates of the impacts of each MFSP project on the employment and earnings of program applicants.

A. ANALYTICAL APPROACH

Given the expectation that differences in the employment and earnings of the treatment and control groups would emerge only over time, we examine impacts from three perspectives. First, we present data on average monthly employment rates and average monthly earnings by quarter for the

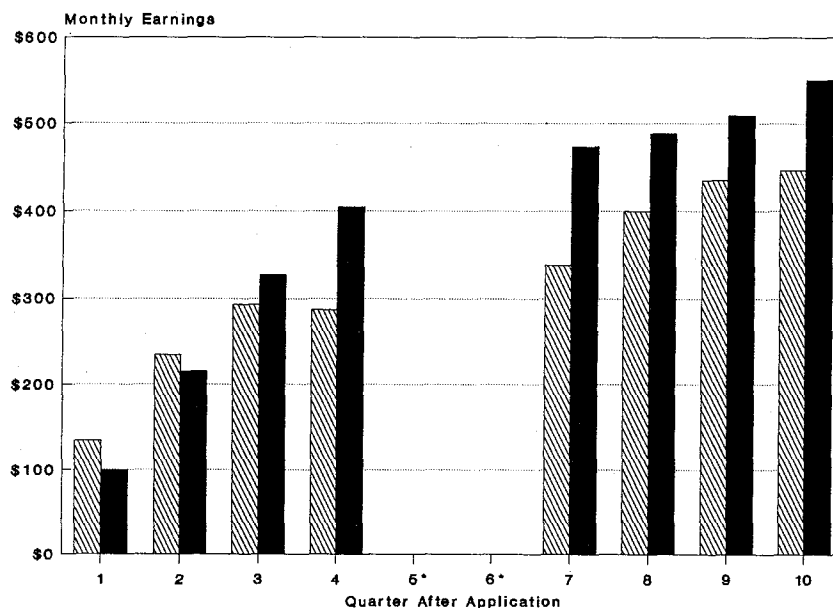
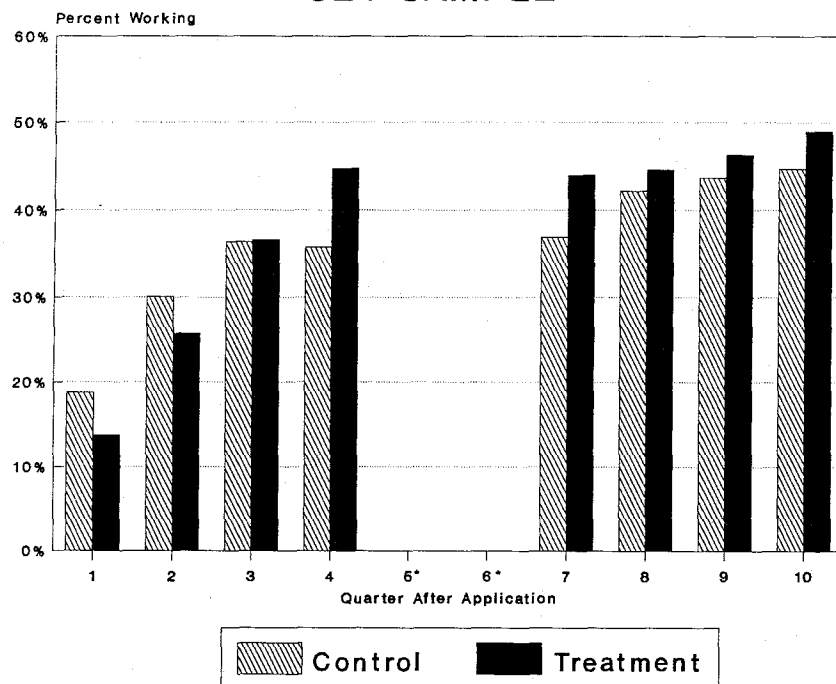
first 12 months after application (quarters 1 through 4) and for the last 12 months of the follow-up period (quarters 7 through 10). The quarter-by-quarter analysis enables us to examine the *timing of the impacts and changes over time in the size of the impacts*.¹ Second, we present data on average monthly employment rates and earnings over the last 12 months of the 30-month follow-up period. Data for this period, which are affected less than the quarterly data by short-term fluctuations in work patterns, represent the best evidence currently available on *the average longer-term effects of the demonstration*. Third, we present data on the entire 30-month period (including both early in-program and later postprogram months), which are the best *summary measure of the effects of the demonstration* during our observation period.

B. THE FINDINGS AT CET

At CET, the employment rate of the treatment group was lower than the employment rate of the control group until the fourth quarter, when it surpassed the employment rate of the control group (see the top graph of Figure IV.1A). Indeed, the net impact on average monthly employment was greatest in the fourth quarter. The average monthly employment rate of the treatment group was 46 percent, compared with 36 percent among the control group, a difference of 9 percentage points. In quarters 7 through 10, the differences between the treatment and control group were smaller than the differences in the fourth quarter. The respective average monthly employment rate of the treatment group and control group was 46 and 42 percent, a difference of 4 percentage points (Table IV.1). The net impact fell from 9 to 4 percentage points because the employment rate of the treatment group grew more slowly than the employment rate of the control group over the latter part of the observation period.

¹Respondents reported information pertaining to the fifth through tenth quarters in the 30-month follow-up interview. Consequently, events in the fifth and sixth quarters had occurred approximately one and a half years before the interview. This is a relatively long recall period, and we observed evidence of considerable recall error in the data (see Appendix D of Volume II). Thus, the quarter-by-quarter analysis excludes this six-month period. However, the basic findings are not affected by this exclusion.

FIGURE IV.1A
AVERAGE MONTHLY EMPLOYMENT AND EARNINGS OF THE
CET SAMPLE



SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Plots are based on regression-adjusted mean estimates. Estimates for quarters 1 through 4 were derived from data on all respondents with a 12- or 30-month interview, and estimates for quarters 7 through 10 were derived from data on all respondents with a 30-month interview.

*Quarters 5 and 6 are omitted due to the long recall period and the higher probability of error.

TABLE IV.1

IMPACTS ON EMPLOYMENT-RELATED OUTCOMES DURING SELECTED FOLLOW-UP PERIODS

| | AUL | | | CET | | | OIC | | | WOW | | |
|--------------------------------------|---------------|-----------------|------------------|---------------|-----------------|---------------------|---------------|-----------------|------------------|---------------|-----------------|-----------------|
| | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact |
| Quarters 7 through 10 | | | | | | | | | | | | |
| Average Monthly Percent Employed | 49.7 | 50.9 | 1.2 (3.2) | 42.0 | 46.1 | 4.1 (2.9) | 38.9 | 37.9 | -1.1 (3.7) | 49.7 | 54.8 | 5.1 ** (2.4) |
| Percent Ever Employed | 67.8 | 66.5 | -1.3 (3.6) | 57.4 | 66.0 | 8.6 ** (3.4) | 55.5 | 52.1 | -3.5 (4.6) | 66.3 | 71.1 | 4.8 * (2.6) |
| Average Monthly Hours | 75.7 | 76.1 | 0.4 (5.5) | 65.0 | 73.3 | 8.2 (5.1) | 58.0 | 54.9 | -3.1 (6.1) | 77.2 | 83.8 | 6.6 (4.1) |
| Average Monthly Earnings | \$425 | \$432 | \$6 (37) | \$405 | \$506 | \$101 ** (38) | \$323 | \$343 | \$20 (40) | \$477 | \$520 | \$43 (28) |
| Average Hourly Earnings ^a | \$5.35 | \$5.56 | \$0.21 (0.18) | \$6.01 | \$6.65 | \$0.64 ** (0.22) | \$5.55 | \$5.79 | \$0.24 (0.21) | \$5.95 | \$5.95 | \$0.0 (0.17) |
| Quarters 1 through 10 | | | | | | | | | | | | |
| Percent Ever Employed | 79.7 | 79.2 | -0.4 (3.1) | 69.3 | 78.7 | 9.4 ** (3.0) | 67.7 | 64.4 | -3.3 (4.4) | 79.4 | 83.4 | 3.9 * (2.2) |
| Total Earnings (30 Months) | \$9,962 | \$9,605 | -\$357 (778) | \$9,330 | \$11,392 | \$2,062 ** (798) | \$7,087 | \$7,003 | -\$84 (841) | \$11,104 | \$11,318 | \$214 (629) |
| Sample Size | 299 | 373 | | 329 | 440 | | 163 | 346 | | 543 | 682 | |

SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Estimates for each site are based on ordinary least squares regression models in which the personal characteristics and baseline attributes of the person, binary variables for the quarter of sample enrollment, and research status are included. The number of observations in each regression is between 1 and 3 percent less than the total, due to the exclusion of cases with missing data. About 10 percent of the sample are missing data for the average number of months employed variable, since we excluded women who completed their interviews in month 29 to estimate this regression.

^aEstimates are corrected for unobserved differences (selection-bias) between women in the treatment group who worked and women in the control group who worked. See Volume II, Appendix A, section C.

*/**/** indicate that the impact estimates are statistically different from zero at the 90/95/99 percent levels of confidence. Figures in parentheses are standard errors of the impact estimates.

The data on earnings exhibit a profile similar to the employment-rate profile in the first year after application (see the bottom graph of Figure IV.1A), but the earnings impact remained large throughout the last year of the observation period. In the fourth quarter, the average monthly earnings of treatment and control groups were \$404 and \$287, respectively, a statistically significant difference of \$117 per month. During the last four quarters, the earnings of both the treatment and control group grew by about the same amount. On average, treatment group members earned \$506 per month during the last year of the follow-up period, and control group members earned \$405 per month, a statistically significant difference of \$101 (see Table IV.1). Thus, the impact of the CET project on earnings remained large, although its impact on employment rates became smaller.

We also examined data on several measures in addition to average monthly employment rates and earnings during the last year of the observation period (Table IV.1). Treatment group members were significantly more likely than control group members to work at some point during the last year of the follow-up period (two-thirds of the treatment group, compared with only 57 percent of the control group--a statistically significant difference of 9 percentage points). However, as noted, the difference in the average percentage employed each month was smaller--46 percent among the treatment group, and 42 percent among the control group. Though not statistically significant at the 90 percent confidence level, the impact on average monthly employment rates is significant at the 80 percent level. Treatment group members worked about 73 hours per month, while the control group worked 65 hours per month. Again, the difference is not statistically significant at the 90 percent confidence level, although it is significant at the 85 percent level. The average hourly earnings of the treatment group were \$0.65 higher than those of the control group, a statistically significant increase over the average hourly earnings of \$6.01 among the control group.

Over the entire 30-month observation period, treatment group members were more likely than control group members to have worked--79 percent versus 69 percent. And their total earnings of

\$11,400 exceeded the average total earnings of the control group by \$2,000. Both differences are statistically significant (see Table IV.1). These data suggest that the investment in training was worthwhile for the CET participants, which is confirmed in the benefit-cost analysis presented in Chapter VI.

To better understand the trends in the impacts at CET, we conducted analyses of patterns of job exits and wage growth. The pattern of employment at CET initially suggested that treatment group members at CET might have been more likely than control group members to accept a job and then to lose or leave the job and stop working, thus creating rapid but temporary gains in employment.² However, our analyses indicated that this was not the case.³

The most appropriate way to assess whether treatment group members were more likely than control group members to leave a job is to compare the probability of leaving work among individuals who worked for the same length of time. Controlling for the length of time worked captures the fact that workers are less likely to stop working as the period of time on a job increases. And, on average, control group members were likely to have been working longer than treatment group members at any given interval after application (because treatment group members delayed working in order to participate in training). Accordingly, we computed the proportions of employed individuals stopped working in the second month of their period of employment, the proportion employed at two months who stopped working in the third month, the proportion employed at three months who stopped working in the fourth month, and so on. As expected, the probability of leaving a job declined with the length of stay on the job--but not more so for the treatment group than for

²Two aspects of the employment patterns of the treatment group initially suggested higher turnover among this group. First, the employment rates of the treatment group increased very little from the fourth quarter to the tenth quarter after application. Second, the ratio of the percentage of the treatment group who worked at some point in the last year of the follow-up period relative to the average monthly employment rate for the treatment group was higher than the corresponding ratio for the control group. This finding indicates that a higher proportion of treatment group members were employed only for part of the last year.

³The full analyses are presented in Chapter IV of Volume II.

the control group. Thus, we concluded that treatment group members were not more likely than control group members to take a job and then to drop out of the workforce.⁴

We also examined whether the sustained higher per-month and per-hour earnings of the treatment group were due to the fact that they had obtained higher-paying jobs immediately after the program or, alternatively, that they had experienced more rapid earnings growth than their control group counterparts. We found that the earnings of the treatment group were higher because they had obtained higher-paying jobs soon after completing the program, and they remained in higher-paying jobs throughout the follow-up period.⁵ The rates of earnings growth were similar for treatment and control group members.

C. THE FINDINGS AT WOW

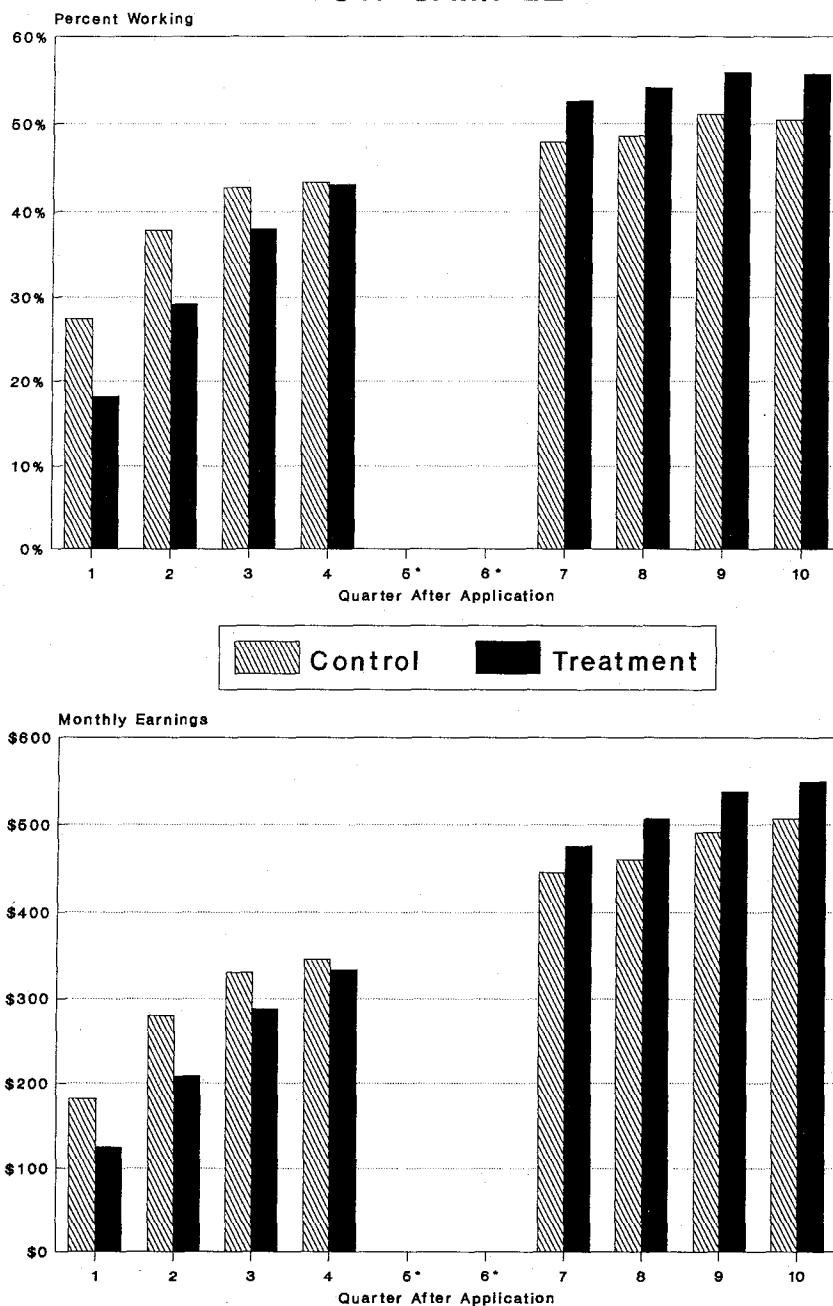
Data by quarter show that the average monthly employment rates and average monthly earnings of the control group at WOW exceeded those of the treatment group in the first three quarters after application (see Figure IV.1B). In the fourth quarter, the employment and earnings of the two groups were nearly identical. However, during the seventh through tenth quarters, the employment rates and earnings of the treatment group were higher than those of the control group, though only the employment-rate differences are statistically significant at conventional levels.

During the last year of the follow-up period, both the percentage who had ever worked at some time and the average percentage working each month were higher among the treatment group than among the control group. Seventy-one percent of the treatment group and 66 percent of the control group worked at some point during the last year of the follow-up period (see Table IV.1). The

⁴However, at most points during the follow-up period, a higher percentage of the treatment group did enter or leave a job. The treatment group members were more likely to leave a job at any point during the follow-up period because more of them worked, and because they started working later in the period. The later start in working is a factor because it means that treatment group members were more likely to be in an earlier month of their spell of working, and consequently more likely than control group members to be at a stage of employment associated with a high rate of job leaving.

⁵The analysis and data are presented in Chapter IV of Volume II.

FIGURE IV.1B
AVERAGE MONTHLY EMPLOYMENT AND EARNINGS OF THE
WOW SAMPLE



SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Plots are based on regression-adjusted mean estimates. Estimates for quarters 1 through 4 were derived from data on all respondents with a 12- or 30-month interview, and estimates for quarters 7 through 10 were derived from data on all respondents with a 30-month interview.

*Quarters 5 and 6 are omitted due to the long recall period and the higher probability of error.

average monthly employment rate was 55 percent among the treatment group during this period, compared with 50 percent among the control group. Both of these treatment-control differences are statistically significant.

The treatment-control differences in average monthly earnings and average monthly hours worked were positive and similar in percentage terms to the average monthly employment impacts, but not statistically significant at conventional levels. The average monthly earnings of the treatment group were \$520, compared with earnings of \$477 among the control group, a difference of \$43. The treatment group worked an average of 84 hours per month, compared with 77 hours among the control group, a difference of 7 hours. Though not statistically significant at the 90 percent level, these differences in earnings and hours are significant at the 80 percent level of confidence. WOW did not affect the average hourly earnings of the treatment group.

During the entire 30-month follow-up period, a larger proportion of the treatment group worked at some point (83 percent of the treatment group, compared with 79 percent of the control group, a statistically significant difference). Total earnings over the entire follow-up period were approximately the same for the treatment and control groups (see Table IV.1). The higher earnings of the treatment group during the later months just offset the higher earnings of the control group during the early months of the 30-month follow-up period.

Some peculiarities with the pattern of results at WOW weaken our confidence in the positive findings. In particular, the impacts at WOW are concentrated in 2 of the 13 cohorts of applicants; these 2 cohorts applied to the WOW program between July and October 1986.⁶ No such cohort effects appear at any of the other sites. When these two WOW cohorts are removed from the sample, the estimated impacts, though positive, are small and not statistically significant.⁷ Neither

⁶The full subgroup impact analysis and the analysis by calendar quarter of application for all sites are presented in Chapters IV and V of Volume II.

⁷The average monthly employment rates of the entire sample (not regression-adjusted) are 55.1 percent among the treatment group and 49.3 among the control group. Excluding the 103 treatment
(continued...)

changes in the labor market nor the characteristics of the sample members appear to explain the marked difference in the impacts among these two cohorts. Several programmatic changes occurred near the end of the demonstration. However, one of the cohorts that exhibited large impacts entered the demonstration before any of these changes occurred. Consequently, programmatic changes are not a satisfactory explanation for the large impacts among these two cohorts of applicants. It is possible that different patterns for two cohorts selected arbitrarily from 13 cohorts might have arisen by chance. However, the puzzling pattern of the WOW results, for which we have no substantive explanation, adds an element of uncertainty to the findings at WOW.

D. THE FINDINGS AT AUL

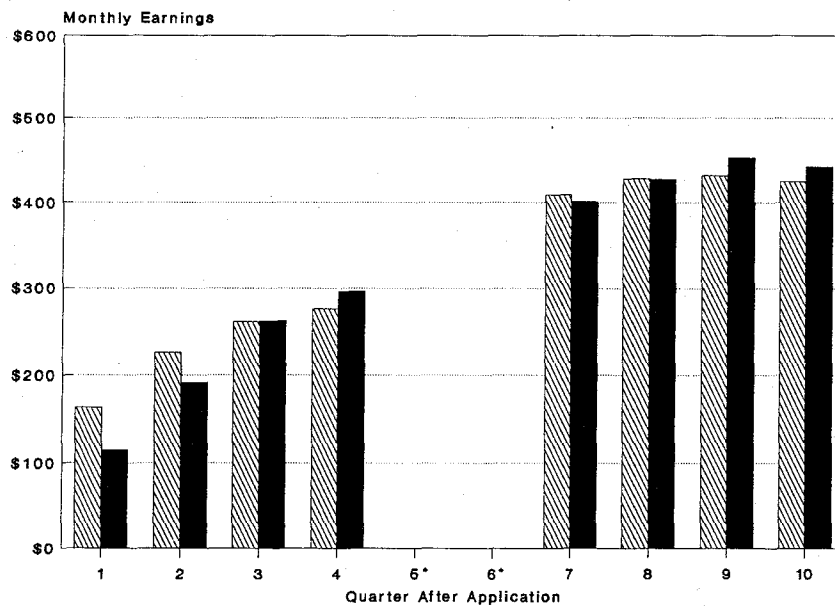
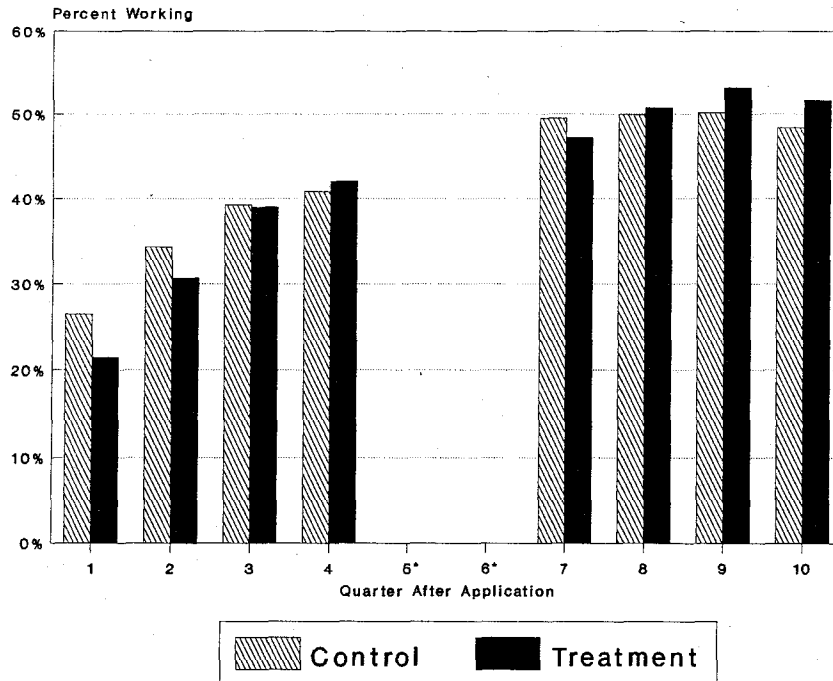
The demonstration did not affect employment or earnings at AUL (see Figure IV.1C). Data by quarter show that the employment rate of the control group was slightly higher until the third quarter after application. The employment rate of the treatment group then caught up to the employment rate of the control group. In the seventh to tenth quarters, the employment rates of both groups increased to about 50 percent, but no difference emerged between the treatment and control groups. In an average month during the last year of the follow-up period, 51 percent of the treatment group and 50 percent of the control group were working (see Table IV.1). The average monthly earnings of treatment and control group members differed by less than \$6, which is not statistically different from zero.

Over the entire 30-month period, the control group worked slightly more and had slightly higher earnings, though the differences are not statistically significant (Table IV.1).

⁷(...continued)

group members and 90 control group members in the two cohorts yields unadjusted average monthly employment rates of 52.5 and 50.9 for the treatment and control groups, respectively. Thus, the unadjusted impact drops from 5.8 percent to 1.6 percent when these two cohorts are excluded from the net impact calculation.

FIGURE IV.1C
AVERAGE MONTHLY EMPLOYMENT AND EARNINGS OF THE
AUL SAMPLE



SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

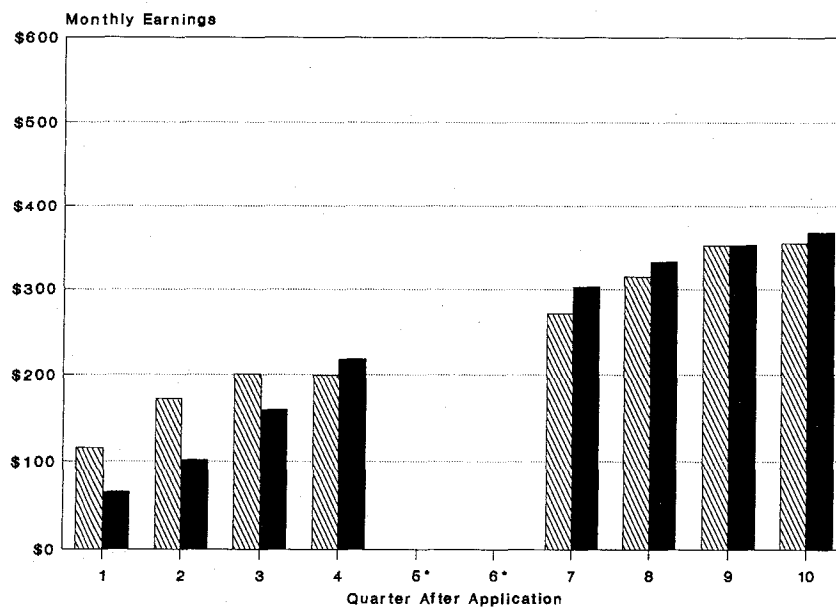
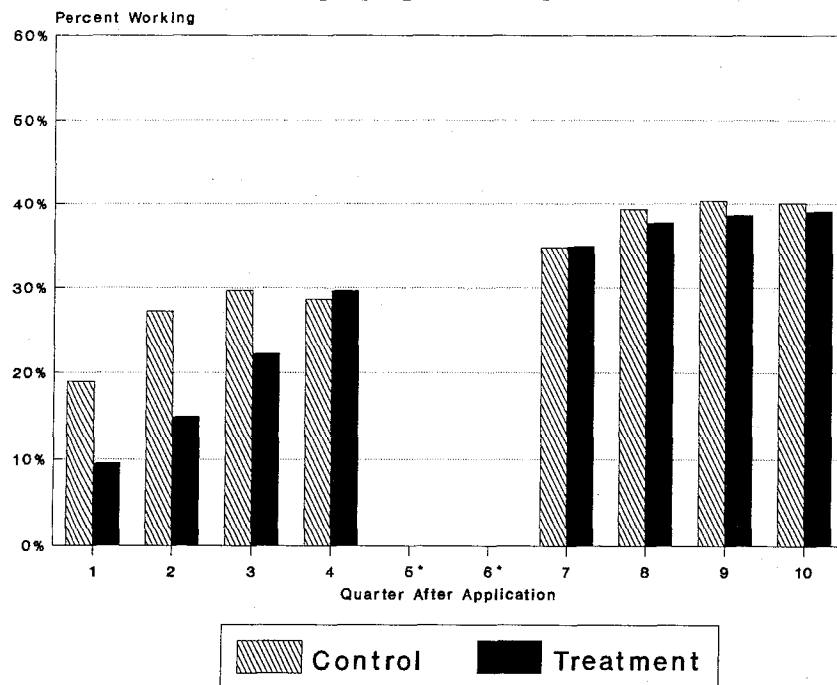
NOTE: Plots are based on regression-adjusted mean estimates. Estimates for quarters 1 through 4 were derived from data on all respondents with a 12- or 30-month interview, and estimates for quarters 7 through 10 were derived from data on all respondents with a 30-month interview.

*Quarters 5 and 6 are omitted due to the long recall period and the higher probability of error.

E. THE FINDINGS AT OIC

As at AUL, the demonstration at OIC did not affect employment or earnings (see Figure IV.1D). Data by quarter show that the employment rate of the control group was higher through the third quarter after application. From the fourth quarter on, the employment and earnings of the treatment and control groups were very similar. In the last year of the follow-up period, 39 percent of the control group and 38 percent of the treatment group were working each month (see Table IV.1). Average monthly earnings differed by just \$20, which is not statistically different from zero. Over the entire 30-month period, essentially no differences in earnings or employment emerged (Table IV.1).

FIGURE IV.1D
AVERAGE MONTHLY EMPLOYMENT AND EARNINGS OF THE
OIC SAMPLE



SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Plots are based on regression-adjusted mean estimates. Estimates for quarters 1 through 4 were derived from data on all respondents with a 12- or 30-month interview, and estimates for quarters 7 through 10 were derived from data on all respondents with a 30-month interview.

*Quarters 5 and 6 are omitted due to the long recall period and the higher probability of error.

V. IMPACTS ON WELFARE AND TOTAL INCOME

The training provided in the MFSP projects was expected to increase the employment and earnings of the participants, and, consequently, to reduce their welfare dependence. It was also expected that the projects would raise the total income of the treatment group. The timing of these changes was expected to mirror the timing of changes in employment. That is, welfare receipt among the treatment group was expected to be greater than welfare receipt among the control group during the period immediately after application to the MFSP project, because fewer treatment group members were working when they were in training. Increases in earnings and reductions in welfare receipt were expected only after trainees had finished MFSP program training and obtained jobs.

Reductions in the welfare dependence and increases in the income of MFSP applicants were achieved only to a very limited extent by 30 months after application. The CET and WOW projects achieved small reductions in welfare dependence, but the reductions are not statistically significant. The AUL and OIC projects achieved no reductions at all. And only at CET was the total income of treatment group members higher than the total income of control group members.

This chapter begins with a brief overview of the types of public assistance that were available to and used most heavily by the MFSP applicants. Section B then presents the data and main findings on the impacts of the projects on welfare income, other sources of income, and total income. Section C discusses the reasons for the large impact on earnings but the small impact on welfare receipt at CET.

A. SOURCES OF PUBLIC ASSISTANCE

Public assistance was the main source of income available to MFSP sample members other than their own earnings and support from relatives and friends. Three major public assistance programs assist poor families with children: Aid to Families with Dependent Children (AFDC), the Food Stamp Program, and Medicaid. The AFDC program awards cash grants to low-income, single-parent

families with dependent children who meet certain eligibility criteria. Eligibility for and the amount of benefits depend on income from earnings and other sources, work expenses (if any), and household size. States set the level of benefits awarded to families, and benefits vary widely across the states. Among the states in which the MFSP sites were located, Georgia had the least generous AFDC benefits (\$273 per month in 1990 for a mother of two without other income, or about 33 percent of the federal poverty level). California was the most generous (\$694 per month in 1990 for a mother of two without other income, or 84 percent of the poverty level), and Rhode Island and the District of Columbia fell in between (\$543 and \$409 per month in 1990, or 66 and 50 percent of the poverty level, respectively).¹

The Food Stamp Program is a nationally administered program whose purpose is to help low-income households purchase food and maintain a nutritionally adequate diet. Eligibility and benefits depend primarily on income (including AFDC), certain expenses that can be deducted from income, and household size. In the four states that contained MFSP sites, all of the households eligible for AFDC were also eligible for food stamps. Since AFDC is included as income in the food stamp benefit calculation, differences across states in the total amount of AFDC and food stamp benefits are somewhat smaller than the differences in AFDC benefits.

The Medicaid program is a federal-state program that provides medical assistance to members of low-income families with dependent children. All AFDC recipients are eligible. States have long had the option of extending Medicaid benefits to "medically needy" families. In recent years, Congress has enacted numerous extensions of Medicaid so that many low-income pregnant women and young children not on AFDC would be covered.

¹Data are from the U.S. House of Representatives (1990). See Table F.1, Appendix F, in Volume II for a description of the parameters of the key income support programs available in the MFSP demonstration sites.

B. IMPACTS ON PUBLIC ASSISTANCE AND OTHER SOURCES OF INCOME

In this section our analysis first examines the percentage of sample members who were receiving AFDC or food stamps by quarter after application. As with the quarter-by-quarter analysis of employment rates, this analysis of rates of welfare receipt focuses on the timing of the impacts. We then present data on the percentage of each sample who were receiving Medicaid at the 30-month interview, which is our measure of dependence on Medicaid. Finally, our analysis of the amount of benefits and amount of income received from other sources focuses on two points in time--12 months and 30 months after application. We focus on these two months because they are the periods for which our data are the most reliable.²

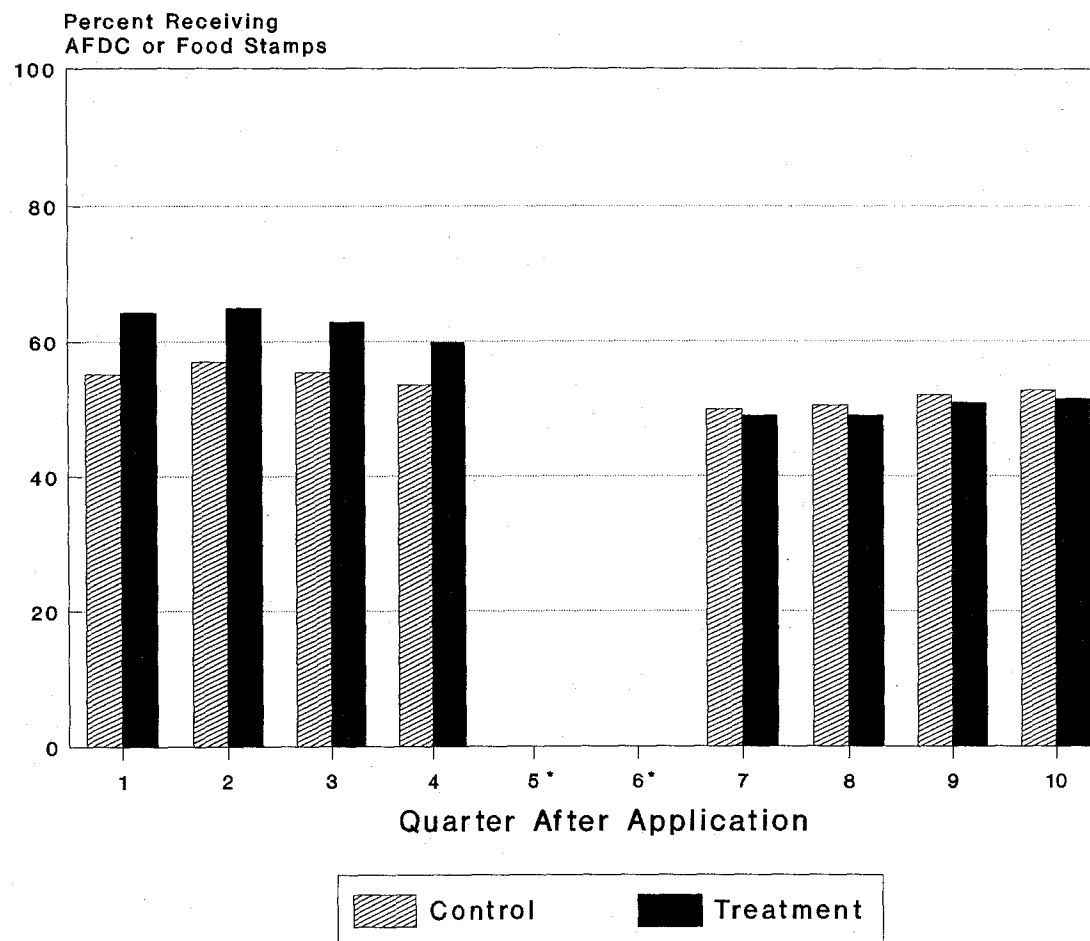
The long-term impact of the programs on the percentage of the sample who were receiving AFDC or food stamps is small and not statistically significant (see Figures V.1A to V.1D). During the first year after application, average monthly rates of AFDC or food stamp receipt were greater among the treatment group than among the control group in all sites. During the last follow-up year, treatment group members were less likely than control group members to receive public assistance at all sites except OIC, but the treatment-control differences are very small and not statistically significant.

Generally, over half of the treatment and control group members at each site were covered by Medicaid at the 30-month follow-up interview (see Figure V.2). Nearly the same percentage of treatment and control group members were covered--except at CET, where 63 percent of the treatment group were covered, compared with 59 percent of the control group. None of the treatment-control differences is statistically significant.³

²We treat unearned income slightly differently than we treat earnings. The 30-month follow-up interview determined the specific months in which respondents received income from various sources. However, respondents were asked for the amount of income (other than earnings) only for the most recent period of receipt.

³See Table V.6, Chapter V, of Volume II for additional data and discussion on the Medicaid benefits and health insurance coverage of treatment and control group members.

FIGURE V.1A
AVERAGE MONTHLY AFDC OR FOOD STAMP RECEIPT AMONG THE
AUL SAMPLE

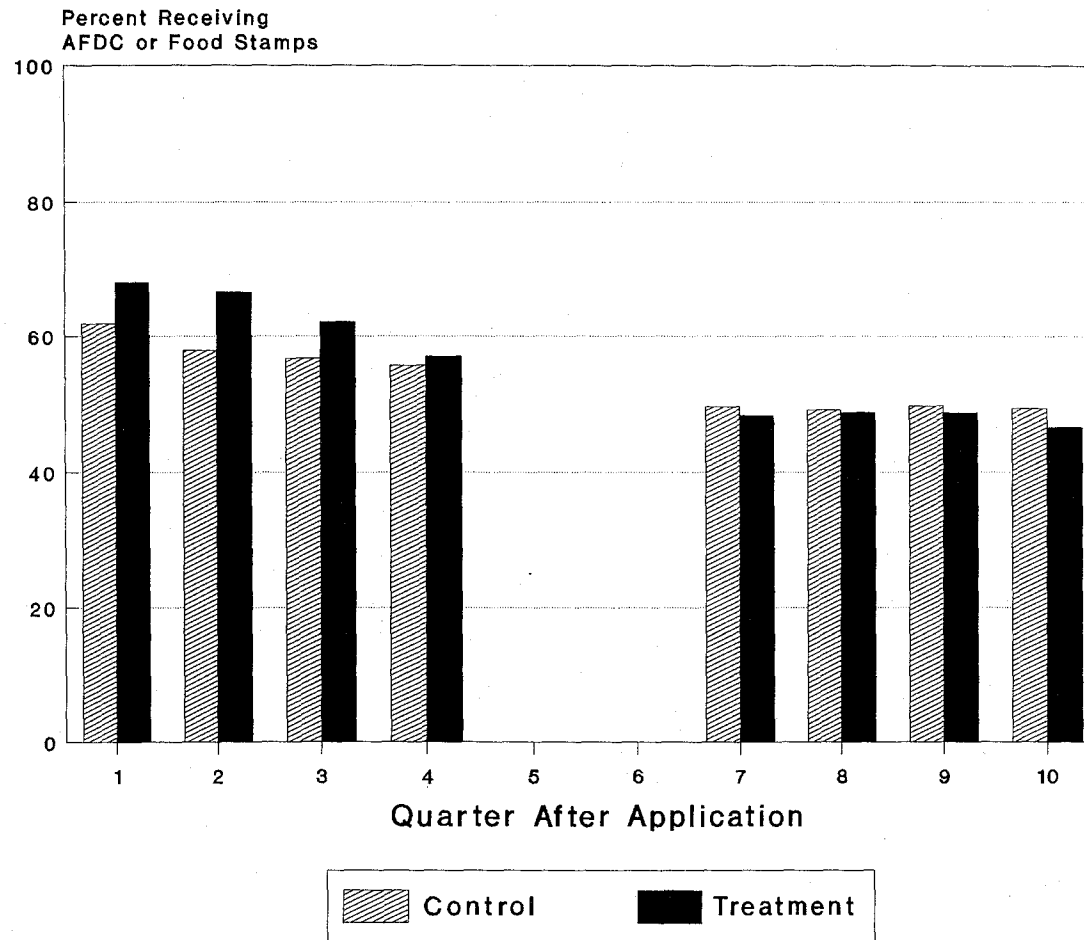


SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Plots are based on regression-adjusted mean estimates. Estimates for quarters 1 through 4 were derived from data on all respondents with a 12- or 30-month interview, and estimates for quarters 7 through 10 were derived from data on all respondents with a 30-month interview.

* Quarters 5 and 6 are omitted due to the longer recall period and the higher probability of error.

FIGURE V.1B
AVERAGE MONTHLY AFDC OR FOOD STAMP RECEIPT AMONG THE
CET SAMPLE

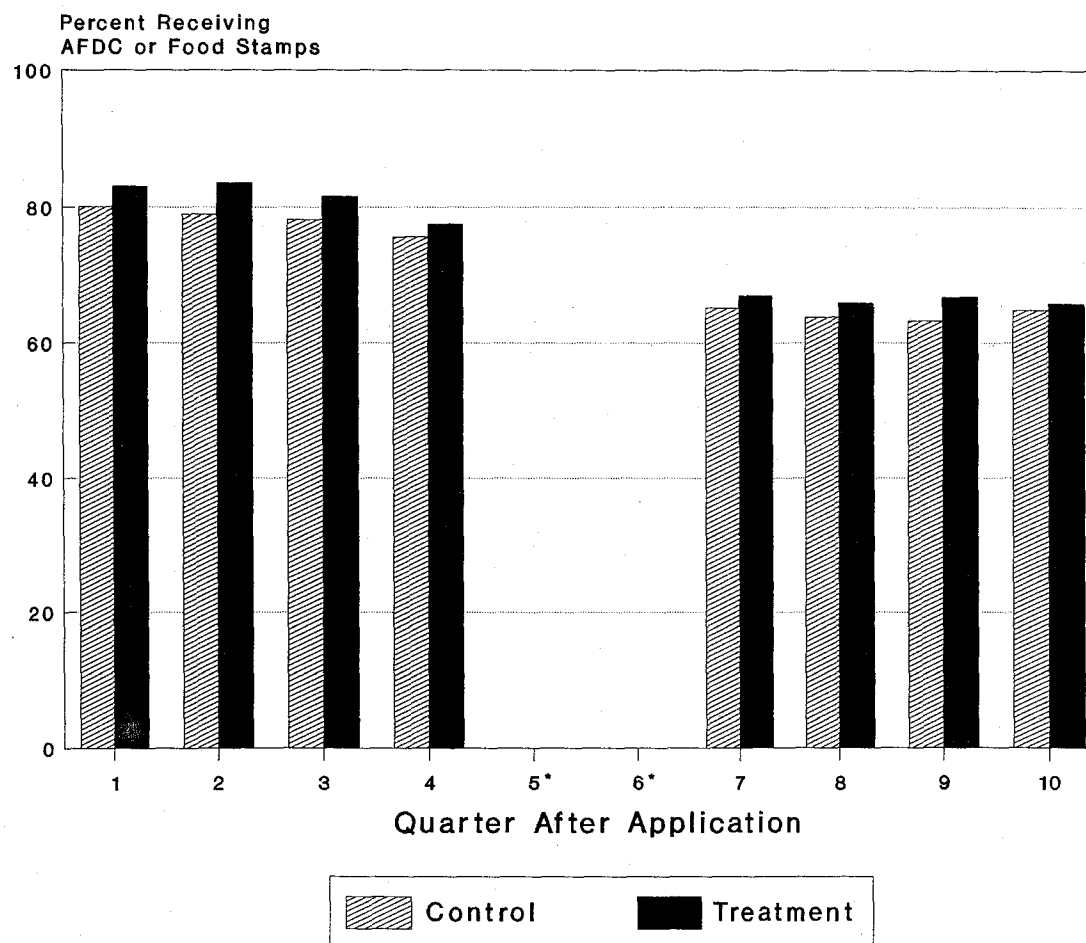


SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Plots are based on regression-adjusted mean estimates. Estimates for quarters 1 through 4 were derived from data on all respondents with a 12- or 30-month interview, and estimates for quarters 7 through 10 were derived from data on all respondents with a 30-month interview.

* Quarters 5 and 6 are omitted due to the longer recall period and the higher probability of error.

FIGURE V.1C
AVERAGE MONTHLY AFDC OR FOOD STAMP RECEIPT AMONG THE
OIC SAMPLE

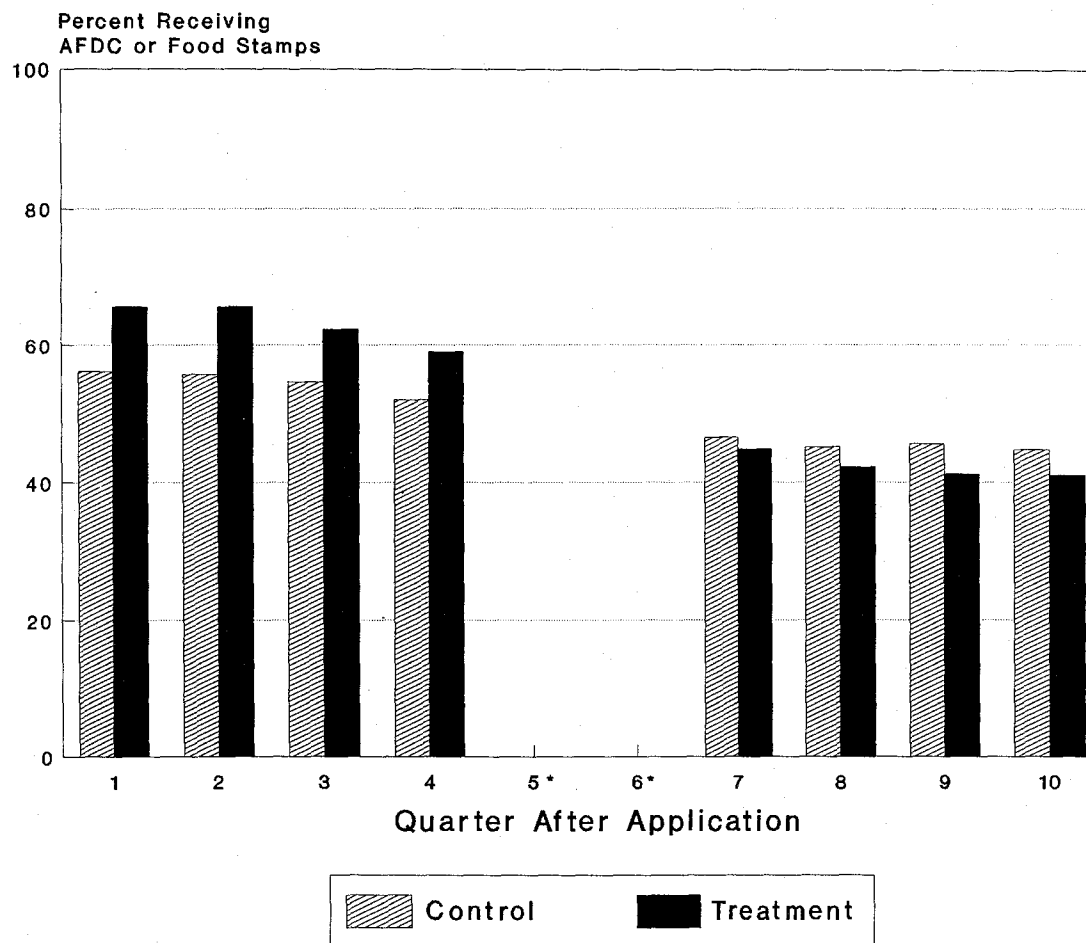


SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Plots are based on regression-adjusted mean estimates. Estimates for quarters 1 through 4 were derived from data on all respondents with a 12- or 30-month interview, and estimates for quarters 7 through 10 were derived from data on all respondents with a 30-month interview.

* Quarters 5 and 6 are omitted due to the longer recall period and the higher probability of error.

FIGURE V.1D
AVERAGE MONTHLY AFDC OR FOOD STAMP RECEIPT AMONG THE
WOW SAMPLE

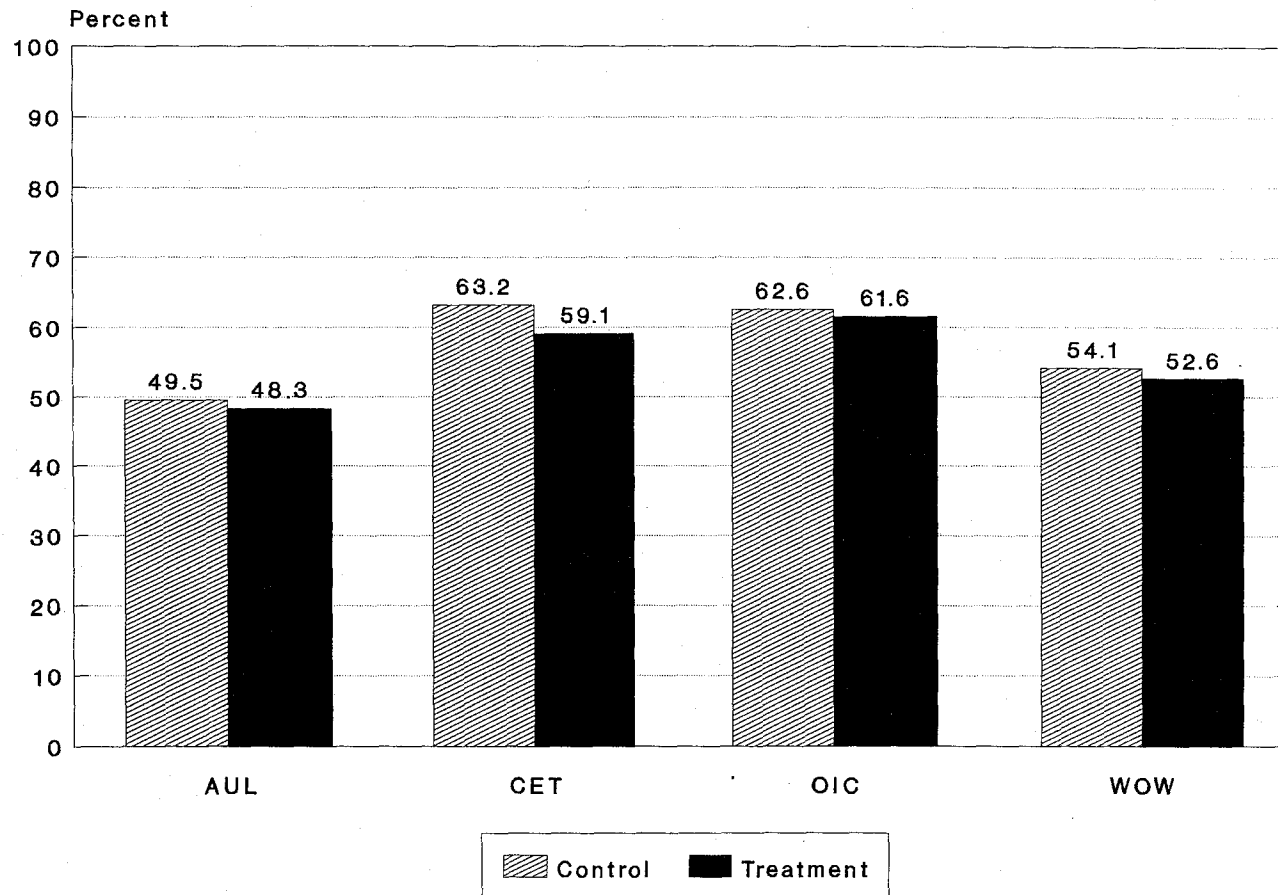


SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Plots are based on regression-adjusted mean estimates. Estimates for quarters 1 through 4 were derived from data on all respondents with a 12- or 30-month interview, and estimates for quarters 7 through 10 were derived from data on all respondents with a 30-month interview.

* Quarters 5 and 6 are omitted due to the longer recall period and the higher probability of error.

FIGURE V.2
MEDICAID COVERAGE AT THE 30-MONTH INTERVIEW,
BY SITE



SOURCE: Thirty-month follow-up interviews with MFSP program applicants.

NOTE: Sample includes all respondents with a 30-month follow-up interview.

Table V.1 shows the amount of AFDC, food stamps, and other sources of income received in months 12 and 30 after application. The expected reduction in the amount of public assistance income received by treatment group members had not yet occurred at 12 months after MFSP application. At CET, the combined AFDC and food stamp benefits of the treatment group were \$7 lower than the combined benefits of the control group, but the large standard error of the impact suggests that the difference is very likely due to chance. Though more treatment group members than control group members at CET were working at 12 months after application and their earnings were higher, welfare benefits had not yet been adjusted downward to reflect these changes. At WOW, the combined AFDC and food stamp benefit of the treatment group was higher than that of the control group (\$238, compared with \$216--a statistically significant difference). As shown in Figure V.1D, a higher percentage of treatment group members at WOW were receiving assistance at the end of the first year after application.

At 30 months after MFSP application, treatment group members at all four sites were receiving less total public assistance (AFDC and food stamps) than were control group members. However, the differences are small and not statistically significant. At CET in month 30, average AFDC and food stamp benefits were \$34 lower among treatment group members than among control group members (an 11 percent reduction in benefits). At WOW in month 30, the average AFDC and food stamp benefits of the treatment group were \$23 lower than the average benefits of the control group (also an 11 percent reduction in benefits). The treatment-control differences in AFDC and food stamp benefits at 30 months were small at AUL and OIC. Examining the effects on AFDC benefits and food stamp benefits separately shows that the reductions in food stamp benefits at 30 months after application are statistically significant at both CET and WOW.

For the most part, the demonstration did not affect unearned income from other sources. The lone exception is at CET, where child support and alimony payments received by the treatment group were significantly lower than the payments received by the control group at 30 months.

TABLE V.1

IMPACTS ON INCOME FROM SELECTED SOURCES AT 12 AND 30 MONTHS AFTER APPLICATION
(Standard Errors Are in Parentheses)

| Income Source | AUL | | | CET | | | OIC | | | WOW | | |
|-----------------------------|---------------|-----------------|---------------|---------------|-----------------|----------------|---------------|-----------------|--------------|---------------|-----------------|----------------|
| | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact |
| 12 Months After Application | | | | | | | | | | | | |
| AFDC and Food Stamps | \$200 | \$202 | \$2 (13) | \$328 | \$321 | -\$7 (19) | \$386 | \$394 | \$8 (22) | \$216 | \$238 | \$22 * (12) |
| AFDC | 113 | 116 | 3 (9) | 297 | 287 | -10 (18) | 289 | 300 | 11 (17) | 159 | 176 | 17 * (9) |
| Food Stamps | 85 | 86 | 1 (7) | 32 | 34 | 2 (3) | 10 | 97 | -3 (7) | 8 | 61 | 5 (4) |
| Child Support and Alimony | 25 | 35 | 10 (6) | 16 | 22 | 6 (6) | 19 | 9 | -10 * (6) | 25 | 17 | -8 * (4) |
| Other Unearned Income | 18 | 13 | -6 (6) | 29 | 39 | 9 (9) | 39 | 37 | -1 (12) | 27 | 18 | -9 * (5) |
| Total Unearned Income | 248 | 251 | 4 (15) | 377 | 384 | 7 (21) | 448 | 439 | -9 (24) | 272 | 277 | 6 (13) |
| Earnings | 286 | 307 | 21 (29) | 275 | 411 | 136 ** (33) | 195 | 220 | 24 (32) | 347 | 342 | -4 (26) |
| Total Income | 542 | 563 | 22 (29) | 653 | 801 | 148 ** (30) | 642 | 660 | 18 (30) | 623 | 631 | 8 (24) |
| 30 Months After Application | | | | | | | | | | | | |
| AFDC and Food Stamps | \$210 | \$198 | -\$12 (16) | \$318 | \$284 | -\$34 (23) | \$369 | \$368 | -\$1 (28) | \$208 | \$186 | -\$23 (14) |
| AFDC | 117 | 114 | -4 (10) | 279 | 255 | -24 (21) | 274 | 275 | 1 (21) | 144 | 132 | -13 (10) |
| Food Stamps | 94 | 85 | -9 (8) | 39 | 28 | -10 ** (4) | 97 | 95 | -2 (8) | 64 | 55 | -9 * (5) |
| Child Support and Alimony | 31 | 36 | 5 (7) | 26 | 16 | -11 * (6) | 14 | 10 | -4 (6) | 18 | 17 | -1 (4) |
| Other Unearned Income | 27 | 23 | -4 (8) | 37 | 32 | -4 (10) | 45 | 38 | -7 (15) | 38 | 26 | -12 (8) |

TABLE V.1 (continued)

| Income Source | AUL | | | CET | | | OIC | | | WOW | | |
|-----------------------|---------------|-----------------|-------------|---------------|-----------------|----------------|---------------|-----------------|-------------|---------------|-----------------|----------------|
| | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact |
| Total Unearned Income | 272 | 260 | -12 (18) | 390 | 336 | -54 ** (25) | 437 | 422 | -14 (30) | 270 | 237 | -33 ** (16) |
| Earnings | 427 | 442 | 15 (42) | 450 | 551 | 101 ** (45) | 354 | 376 | 22 (47) | 515 | 553 | 38 (33) |
| Total Income | 699 | 697 | -1 (37) | 832 | 885 | 53 (38) | 792 | 796 | 4 (37) | 788 | 786 | -3 (29) |
| Sample Sizes: | | | | | | | | | | | | |
| 12-month | 345 | 452 | | 371 | 484 | | 180 | 417 | | 593 | 731 | |
| 30-month | 299 | 373 | | 329 | 440 | | 163 | 346 | | 543 | 681 | |

SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: All estimates are rounded to the nearest dollar. Estimates for each site are based on ordinary least squares regression models in which the personal characteristics and baseline attributes of the person, binary variables for the quarter of sample enrollment, and research status are included. The number of observations in each regression is somewhat less than the total, due to the exclusion of cases with missing data. Figures for income sources do not sum to total income because different sample members may have been omitted from the calculations for different sources of income.

Income in month 29 rather than month 30 was used for a small part of the sample whose 30-month interviews occurred in month 29.

*/**/** indicate that the impact estimates are significantly different from zero at the 90/95/99 percent levels of confidence. Figures in parentheses are standard errors of the impact estimates.

The impacts of the program on total income at 30 months were small or zero at all sites. At CET, the treatment-control differences in total income were small (and not statistically significant), because the loss of welfare and child support offset nearly half of the earnings gains. The total income of CET treatment group members was only \$50 higher in the last month of the follow-up period, although earnings were about \$100 higher. The impact on total income in the last month of the follow-up period was close to zero at AUL, OIC, and WOW. In each of these sites, small (and not statistically significant) positive treatment-control differences in earnings were offset by small (and not statistically significant) negative differences in welfare and other unearned income.

C. INTERPRETING THE EARNINGS GAINS AND WELFARE IMPACTS

The MFSP project at CET produced large impacts on average monthly earnings, approximately \$100 per month. Yet impacts on the percentage receiving welfare were small--1.5 to 3 percentage points.⁴ Why did we observe large positive impacts on earnings, but only very small impacts on welfare benefits?

The impact on earnings at CET was proportionately much larger than the impact on welfare receipt because some of the earnings gains accrued to treatment group members who would not have been receiving welfare even had they not received the experimental intervention. Indeed, full-time work at the average hourly earnings of the control group at CET (\$6 per hour) would have made many families ineligible for AFDC. Therefore, a treatment group member who found a job that paid \$6.60 per hour (the treatment group mean) rather than \$6.00 per hour (the control group mean) would not have contributed to the welfare impact, although she would certainly have contributed to the earnings impact. Thus, the large earnings gains are consistent with the small reductions in welfare benefits given the AFDC benefit structure in California and the distribution of earnings in the CET treatment and control groups.

⁴Other studies have also found that welfare reductions did not match employment gains (Gueron and Pauly, 1991).

VI. BENEFIT-COST ANALYSIS

Over a five-year period, only the CET project would generate benefits to society that would exceed the costs of the resources used to provide MFSP program services. The CET project would also generate the greatest net benefits to participants. None of the projects would produce net savings for the government, because none of them led to a substantial reduction in public-assistance income.

The benefit-cost analysis provides a framework for comparing the various benefits and costs of the demonstration and for determining who receives the benefits and who bears the costs. We examine benefits and costs from three perspectives: participants, government, and society as a whole. If the program is successful, *participants* would benefit from increased earnings. However, participants who become self-sufficient may incur such costs as a reduction in welfare benefits, an increase in taxes, and the child-care and transportation costs associated with working. The *government* would gain from a reduction in welfare benefits to and an increase in tax payments made by participants, but would bear the costs of administering the programs (net of any reduction in the use of alternative education and training programs) by treatment group members.¹ *Society as a whole* would gain from an increase in production (gross earnings plus fringe benefits), but would bear the costs of supporting the programs and the work-related costs of participants, such as child-care and transportation costs. This social perspective tells us whether the program generated new output whose value exceeded the cost of the resources used to provide program services. Welfare benefits are not considered in the social perspective because they are a transfer from the rest of society to participants.

¹This analysis assumes that the government would fund an ongoing training program, although a nongovernmental entity--the Rockefeller Foundation--funded the MFSP demonstration. The government budget perspective actually comprises all persons who are not MFSP participants. Strictly speaking, the government budget perspective should include participants, since they pay taxes.

Though the analysis attaches dollar values to the relevant benefits and costs, it is important to recognize that some components are measured imprecisely or rely on assumptions. Our "benchmark" (or best guess) estimates of benefits and costs rely on estimates of the impacts of the demonstration during the first 30 months after application, estimates of the costs of the MFSP demonstration derived from data maintained by the sites, and other estimates (taxes, fringe benefits, and the costs of alternative programs) from the available literature.² However, assumptions were required to estimate the time period for extrapolation, the persistence of impacts beyond the follow-up period, and the costs of alternative programs. Our benchmark estimates are based on a 5-year time horizon (benefits and costs are extrapolated to the two-and-a-half-year period beyond the follow-up period), on the assumption that impacts observed in the last 12 months of the 30-month follow-up period would persist for the next two and a half years, and on midrange estimates of the costs of alternative education and training programs.

A. BENEFIT ESTIMATES

We used the impact estimates from the preceding two chapters to estimate the net change in the value of output and the net change in public assistance program benefits. The net change in the value of output is the real (inflation-adjusted) impact on earnings, adjusted upward to reflect the value of fringe benefits. The net change in public assistance program benefits is the net impact on AFDC, other cash public assistance, and food stamp benefits. The costs of alternative employment-training programs per month of service were derived from published sources. Impacts on the months of enrollment in alternative programs were estimated with data from the follow-up interviews with treatment and control group members.

B. COST ESTIMATES

We obtained estimates of MFSP service costs per participant by multiplying an estimate of the cost per month of service by the average number of months that services were used. In 1986 dollars,

²Chapters III and IV of Volume III describe how the various estimates were developed.

average costs ranged from \$2,400 to nearly \$6,000 per participant, as follows: AUL, \$3,800; CET, \$3,900; OIC, \$5,700; and WOW, \$2,400 (see Table VI.1). Costs at WOW were low for two reasons: trainees participated in education and training for a relatively short period of time, and child-care and support-service costs were low. Costs at OIC were high due to exceptionally high administrative and child-care costs. CET's child-care and support-service costs were high, but its administrative, education, and training costs were low--due in part, we believe, to economies of scale. The reported costs of other education and job training programs have ranged from under \$200 to about \$1,000 per enrollee in the work-welfare demonstrations (Gueron, 1990), to around \$10,000 per participant in 1986 dollars in the Job Corps program (Thornton, 1989). Average costs per Job Training Partnership Act (JTPA) participant were \$1,725 in 1986 (Thornton, 1989).³

C. THE NET BENEFITS OF THE MFSP PROJECTS

We estimate that CET would generate about \$1,200 per participant in net benefits to society after five years. However, the program costs of AUL, OIC, and WOW would exceed their benefits from the social perspective by amounts that range from just over \$1,000 per participant for WOW to nearly \$4,900 per participant for OIC (see Table VI.1). From the social perspective, the ratio of benefits to costs ranges from .02 at AUL to .13 at OIC, to .62 at WOW, and to 1.28 at CET.⁴ That

³Both the work-welfare demonstrations and JTPA program interventions included many individuals who received only short-duration, less intensive job-search assistance, in addition to those who received education and job-skill training. Moreover, many participants did not receive child-care assistance. Thus, their costs can be expected to be lower than those of participants in longer-duration, more intensive programs.

⁴The benefit-cost ratio should be used with caution, because it is sensitive to the precise definition of benefits and costs. The designation of certain program impacts as positive benefits (costs) or negative costs (benefits) is arbitrary. For example, the savings in the costs of alternative programs may plausibly be conceived of as a benefit or as a reduction in the "net" cost of a program. The latter choice would change the benefit-cost ratio substantially, although it would remain greater than 1 at CET and less than 1 at the other sites. Comparisons between the benefit-cost ratios reported here and the ratios for other programs are valid only if the same definitions of benefits and costs are used.

In contrast, the total net benefit figures are *not* sensitive to the categorization of program effects as benefits or costs.

TABLE VI.1

ESTIMATED NET BENEFITS OF THE MFSP DEMONSTRATION PROGRAMS
(Benchmark Estimates)

| Site/Benefits and Costs | Perspective | | |
|--|-------------|------------|--------|
| | Participant | Government | Social |
| AUL | | | |
| Benefits | | | |
| Increased output (earnings plus fringe benefits) | -\$36 | \$0 | -\$36 |
| Reduced dependence on public assistance (AFDC and food stamps) | -42 | 42 | 0 |
| Increased taxes | 19 | -19 | 0 |
| Reduced costs of alternative education and training programs | 0 | 93 | 93 |
| Costs | | | |
| MFSP program costs | 0 | -3,791 | -3,791 |
| Costs of working (child care, transportation) | 2 | 0 | 2 |
| Total Net Benefits | -58 | -3,675 | -3,733 |
| Social Benefit-Cost Ratio ^a | | | 0.02 |
| CET | | | |
| Benefits | | | |
| Increased output (earnings plus fringe benefits) | 4,081 | 0 | 4,081 |
| Reduced dependence on public assistance (AFDC and food stamps) | -506 | 506 | 0 |
| Increased taxes | -858 | 858 | 0 |
| Reduced costs of alternative education and training programs | 0 | 1,336 | 1,336 |
| Costs | | | |
| MFSP program costs | 0 | -3,888 | -3,888 |
| Costs of working (child care, transportation) | -346 | 0 | -346 |
| Total Net Benefits | 2,371 | -1,188 | 1,182 |
| Social Benefit-Cost Ratio ^a | | | 1.28 |

TABLE VI.1 (continued)

| Site/Benefits and Costs | Perspective | | |
|--|-------------|------------|--------|
| | Participant | Government | Social |
| OIC | | | |
| Benefits | | | |
| Increased output (earnings plus fringe benefits) | 226 | 0 | 226 |
| Reduced dependence on public assistance (AFDC and food stamps) | 351 | -351 | 0 |
| Increased taxes | -138 | 138 | 0 |
| Reduced costs of alternative education and training programs | 0 | 522 | 522 |
| Costs | | | |
| MFSP program costs | 0 | -5,692 | -5,692 |
| Costs of working (child care, transportation) | 73 | 0 | 73 |
| Total Net Benefits | 512 | -5,383 | -4,871 |
| Social Benefit-Cost Ratio ^a | | | 0.13 |
| WOW | | | |
| Benefits | | | |
| Increased output (earnings plus fringe benefits) | 925 | 0 | 925 |
| Reduced dependence on public assistance (AFDC and food stamps) | 238 | -238 | 0 |
| Increased taxes | -269 | 269 | 0 |
| Reduced costs of alternative education and training programs | 0 | 739 | 739 |
| Costs | | | |
| MFSP program costs | 0 | -2,448 | -2,448 |
| Costs of working (child care, transportation) | -224 | 0 | -224 |
| Total Net Benefits | 671 | -1,680 | -1,009 |
| Social Benefit-Cost Ratio ^a | | | 0.62 |

NOTE: Estimates are based on a 5-year time horizon and a 5 percent discount rate. All program impacts measured during the last year of the 30-month observation period are assumed to persist for the period from 31 to 60 months. Details may not add up due to rounding.

^aCalculating the benefit-cost ratio entailed adding up all figures listed under benefits from the social perspective, and then dividing by the sum of social costs. This ratio is very sensitive to the specific definitions of benefits and costs used, and is not comparable to ratios calculated in studies that used other definitions or other perspectives.

is, the return on one dollar spent by society on the program ranges from \$.02 at AUL to \$1.28 at CET.

The major contributing factor to the large social benefits at CET is the large, rapid, and sustained earnings impacts. Interestingly, however, the savings from a reduction in the use of alternative programs is also a major factor--that is, significantly fewer treatment group than control group members at CET participated in education or training during the last year of the follow-up period. (See our further analysis of education and training participation in Chapter VII.) Indeed, from the social perspective the program would not break even over the 5-year time horizon without these savings from a reduction in the use of alternative education and training services.

WOW was the other project at which we found earnings gains, albeit small ones. However, even when combined with a reduction in the use of alternative program services, the small earnings gains at WOW did not come close to offsetting the relatively modest cost of the WOW program. At OIC and AUL, the net cost to society was approximately the same as the cost of the programs, because the programs did not affect earnings or the use of alternative training programs.

From the government budget perspective, none of the projects would generate benefits within five years that are large enough to offset the costs of the programs. The reduction in the use of alternative programs would offset (at most) one-third of MFSP program costs (and only at CET). The reduction in public assistance and an increase in taxes would be very small or negative, thus contributing very little to the net benefit. Even at CET, welfare benefit savings would offset only about one-third of program costs.

From the participant perspective, the MFSP program would generate substantial net benefits at CET (almost \$2,400), modest benefits at OIC and WOW (about \$500 and \$700, respectively), and no net benefits at AUL (a slight net cost) over the 5-year time horizon. Interestingly, at CET, the net costs of working (child-care and transportation costs) comprise a relatively small percentage of the earnings gain. At WOW, earnings contributed less to participants' net benefits than one might

expect, because the higher earnings of the control group during the first 12 months after application offset modest positive earnings impacts late in the observation period. Welfare benefits contributed more to participants' net benefits than one might expect, reflecting the positive impact on public assistance during the first 12 months, when treatment group members received much more public assistance than did control group members.

D. SENSITIVITY ANALYSES

Because we were uncertain about the persistence of benefits beyond the 30-month follow-up period and about the costs of alternative programs, we performed several sensitivity tests. Under all but the most pessimistic of the plausible assumptions we tested, the CET project would generate net social benefits over five years. The CET project would generate a net social loss of about \$700 under the assumption that the costs of alternative programs are lower than our benchmark estimate *and* that the impacts on the use of alternative training programs would decay over time.⁵ The CET project would break even from the government perspective only under the most optimistic assumptions.⁶ WOW would not achieve net social benefits within five years even under the most optimistic assumptions.

⁵The net benefit would also be negative if we assumed that all impacts dropped to zero immediately after the end of the 30-month observation period, an assumption which does not seem plausible in light of the sustained earnings gains at CET. Even assuming a steep decay in impacts (15 percent per year), the CET project would break even in five years.

⁶The most favorable assumption over the 5-year time horizon is that MFSP program costs are 20 percent lower, and that alternative program costs are at the upper bound of the estimates we found (and all other benchmark assumptions would not change). Under this set of assumptions, the CET project would achieve savings of just over \$100 from the taxpayer or government perspective.

VII. PERSPECTIVES ON THE MAIN FINDINGS

This chapter presents additional information relevant to the main findings from our impact and benefit-cost analyses. These supplementary analyses provide further details on the experiences of the treatment and control groups that are useful for understanding and interpreting the main findings presented in Chapters IV, V, and VI.

The chapter addresses four specific questions:

- Did MFSP treatment group members receive more job training than control group members, and what was the time pattern of their participation in these services?
- Did the MFSP projects affect whether the treatment group attained a high school credential?
- Did some subgroups of MFSP participants benefit more than others from the programs?
- Did participation in the demonstration affect the types of jobs held during the follow-up period?

A. IMPACTS ON PARTICIPATION IN JOB-TRAINING AND EDUCATION

The MFSP demonstration was a significant intervention: relative to the control group, more of the treatment group participated in training and education, they participated sooner, and they received a richer mix of services. But, over time, a large percentage of the control group found similar services elsewhere, and the training-participation gap between the two groups narrowed steadily over the 30-month follow-up period. Because many of the control group members found education and training services elsewhere, the question addressed in this evaluation is not "Is the MFSP project effective?" but rather "Is the MFSP project *more* effective than the array of other services that single mothers were able to tap?" The differences in the proportion of treatment and control group members who received services were very similar across the sites, but CET showed the greatest difference in the percentage who received job-skill training (as opposed to remedial basic education).

Our analysis of participation in job-training and education programs is based on data reported in the 12- and 30-month interviews. Interview data on the types of services in which participants engaged (for example, remedial basic education, job-skill training, job-search assistance, and job-placement assistance) reflect respondents' *perceptions* of the nature of the program services in which they participated, which might not be consistent or accurate. However, the treatment group's reports of program services are broadly consistent with MFSP program information derived from the process analysis and from the demonstration's Management Information System (MIS).¹ Thus, the control group's reports should also be indicative of the types of services they received.

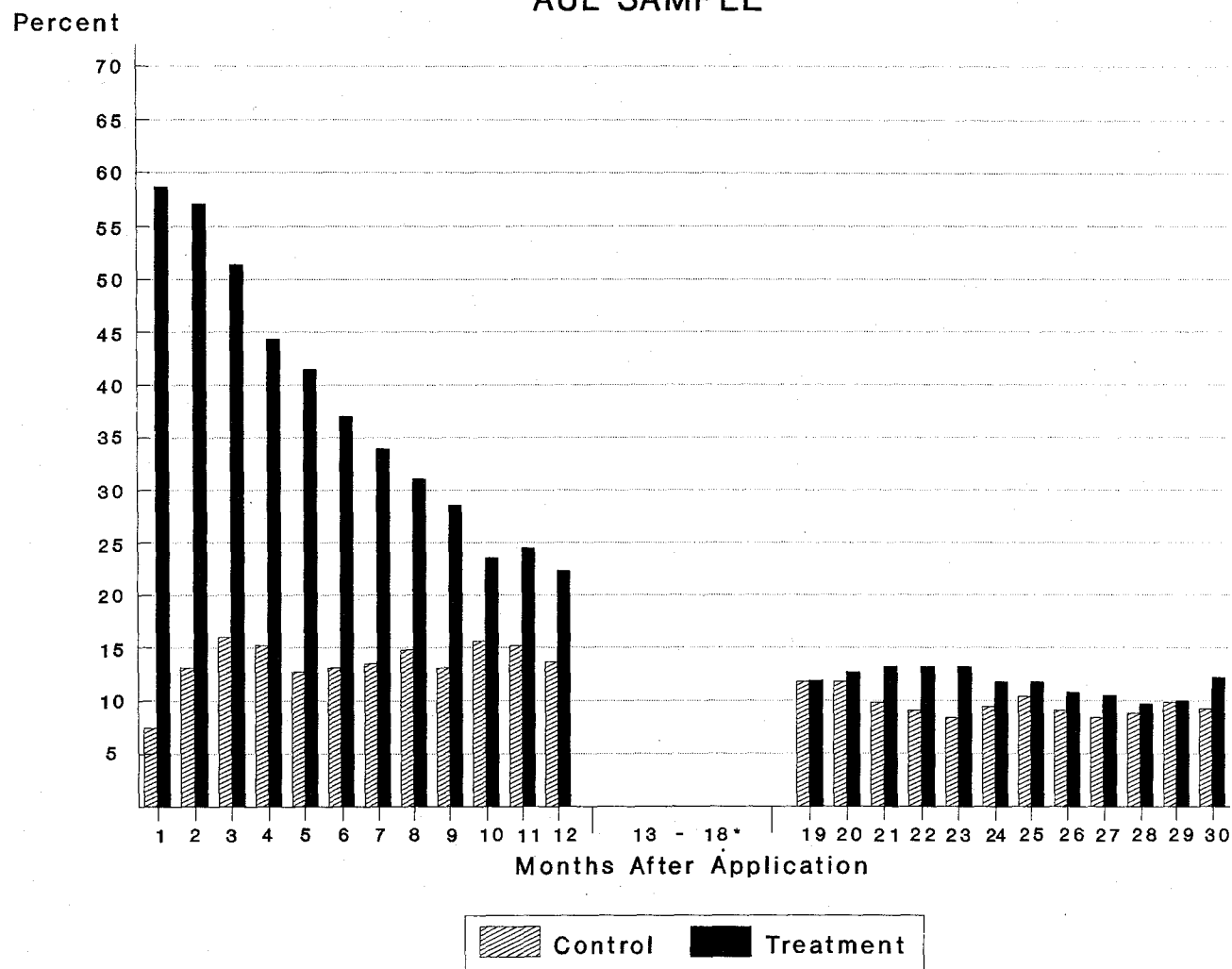
In general, treatment group members started receiving their training and education services in the months shortly after application, while the control group received services at about the same rate in each month of the 30-month follow-up period (Figures VII.1A to VII.1D).² The percentage of treatment group members who engaged in education or training was highest in the early months after application and declined steadily thereafter, reaching a point similar to the level of the control group after the first 12 months. The peak of monthly participation by the treatment group ranged from 65 percent at CET to just under 50 percent at WOW. The control group's participation rate ranged between 10 and 20 percent at all sites.

In contrast to the patterns during the first 12 months, the rates of participation by treatment and control group members during the last 12 months of the follow-up period were similar at AUL, OIC, and WOW. Participation levels across the sites ranged from 10 to 20 percent per month. At CET, however, a larger percentage of control group members participated in education and training programs during the last 12 months of the follow-up period (20 percent, compared with 12 percent

¹MIS data on service receipt are presented in Table VII.1, Chapter VII, of Volume II.

²Twelve-month interview data on services received are not entirely comparable with data from the 30-month interview, due to differences in the questions asked in the two interviews. Data covering months 13 to 18 are omitted from the figures, since these months were more than one year prior to the 30-month interview, and are thus likely to yield data that are subject to greater recall error.

FIGURE VII.1A
PARTICIPATION IN EDUCATION OR TRAINING:
AUL SAMPLE

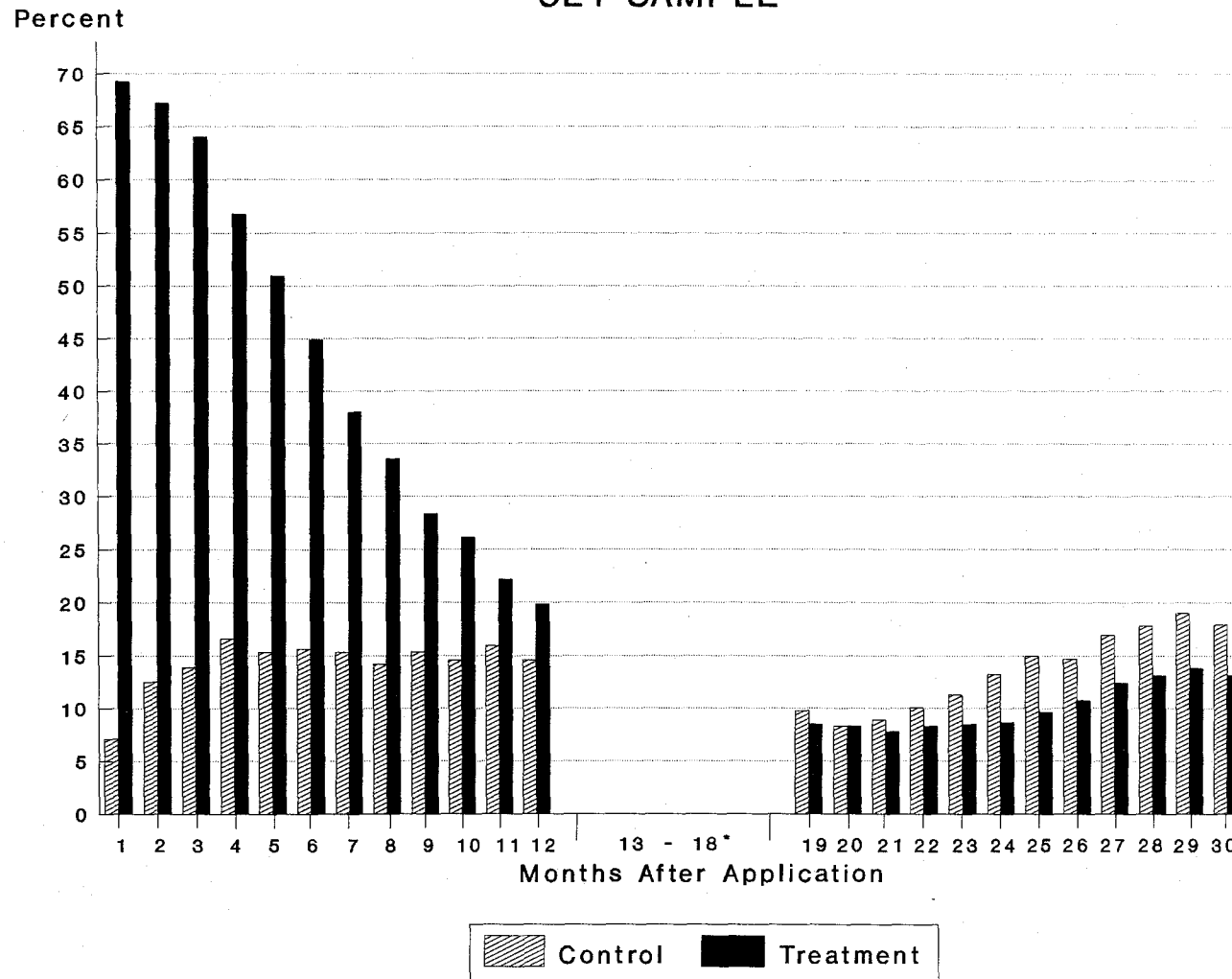


SOURCE: Twelve-month and 30-month follow-up interviews with MFSP program applicants.

NOTE: Sample includes all respondents with a 30-month follow-up interview.

* Months 13 to 18 are omitted due to the long recall period and the higher probability of error.

FIGURE VII.1B
PARTICIPATION IN EDUCATION OR TRAINING:
CET SAMPLE

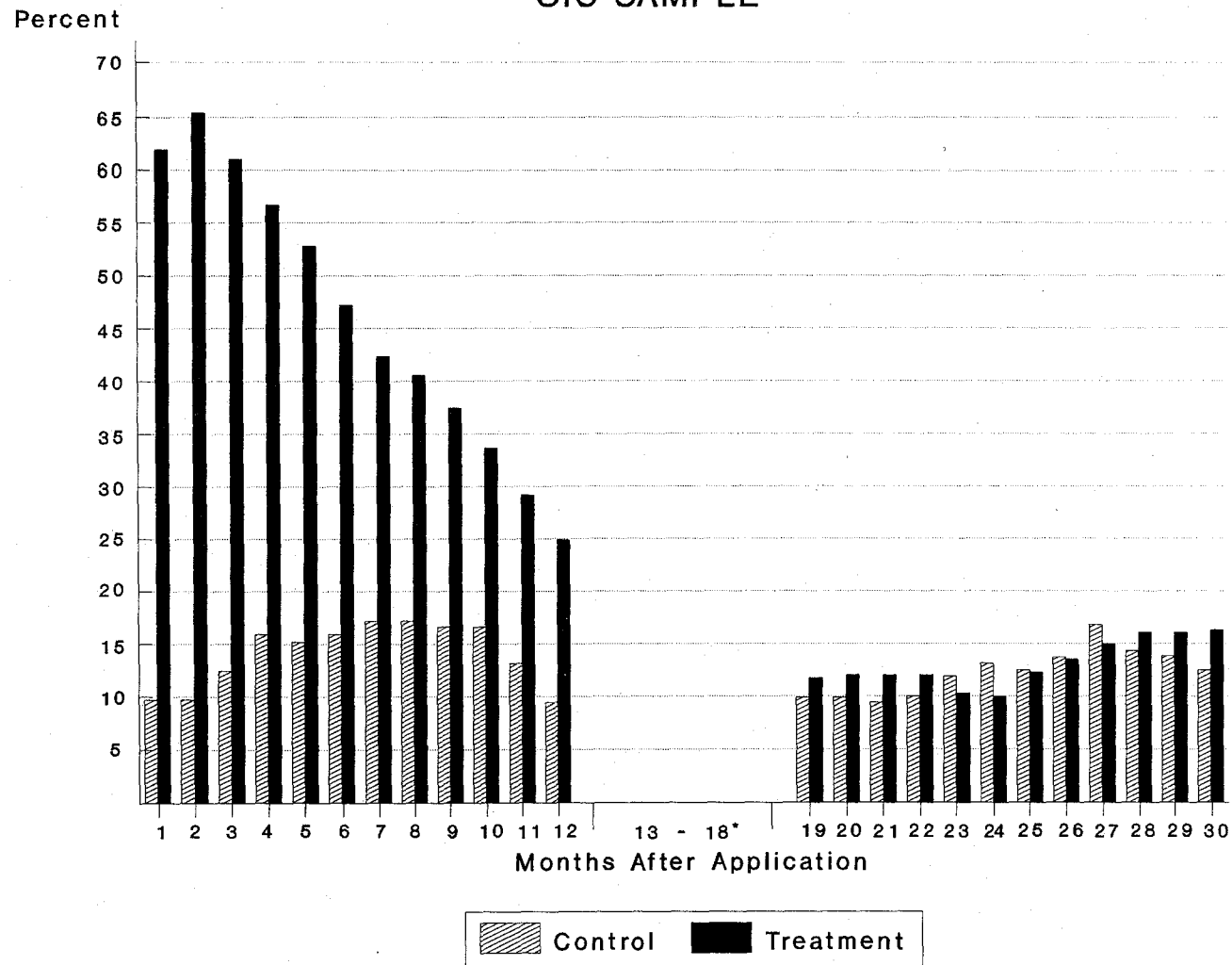


SOURCE: Twelve-month and 30-month follow-up interviews with MFSP program applicants.

NOTE: Sample includes all respondents with a 30-month follow-up interview.

* Months 13 to 18 are omitted due to the long recall period and the higher probability of error.

FIGURE VII.1C
PARTICIPATION IN EDUCATION OR TRAINING:
OIC SAMPLE

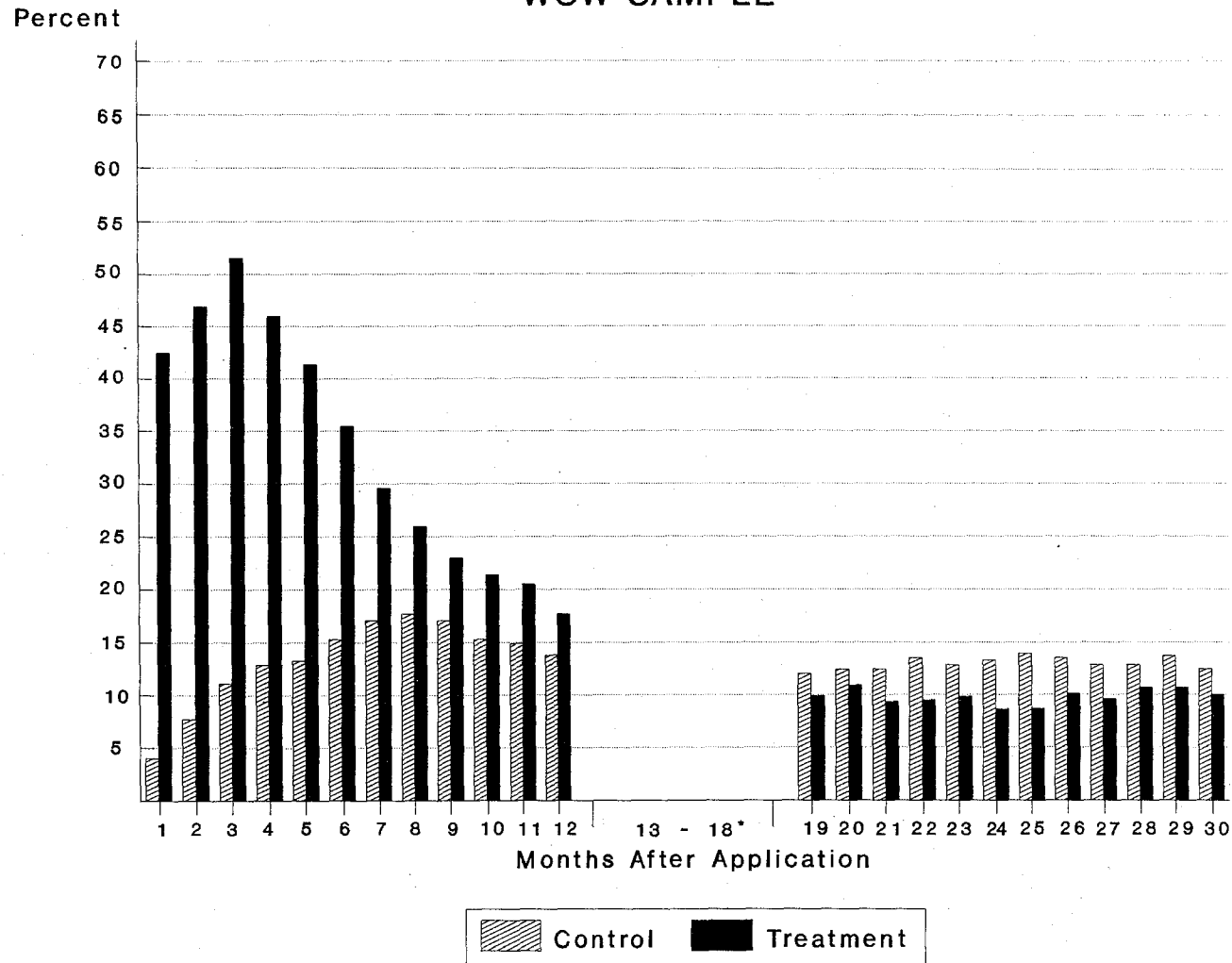


SOURCE: Twelve-month and 30-month follow-up interviews with MFSP program applicants.

NOTE: Sample includes all respondents with a 30-month follow-up interview.

* Months 13 to 18 are omitted due to the long recall period and the higher probability of error.

FIGURE VII.1D
PARTICIPATION IN EDUCATION OR TRAINING:
WOW SAMPLE



SOURCE: Twelve-month and 30-month follow-up interviews with MFSP program applicants.

NOTE: Sample includes all respondents with a 30-month follow-up interview.

* Months 13 to 18 are omitted due to the long recall period and the higher probability of error.

of the treatment group). This difference is due largely to the existence of adult education programs in California--for example, its welfare reform program, the GAIN program, which became widely available to control group members in San Jose early in the follow-up period.³ However, the lower rate of education and training program participation by the treatment group during this later period also reflects the success of the CET program--a higher proportion of the treatment group had already received training services and found good jobs, thus making it unnecessary to seek training later.

Data on the training and education experiences of the sample over the entire 30-month follow-up period (including both MFSP and post-MFSP services for the treatment group) illustrate how the service receipt of the control group tended to catch up with the service receipt of the treatment group over time. Thirty months after enrollment, over 80 percent of the treatment group and about 50 percent of the control group had received education or training (see Table VII.1). Treatment group members had participated in training or education for an average of six months, and control group members had participated for an average of three months.

The types of services reported by sample members over the 30-month period show patterns that are similar to the types of services reported during the first 12 months after enrollment.⁴ For instance, at AUL, OIC, and WOW, treatment group members who received services were more likely than control group members to report having received education services and less likely to report having received job-skill training. In contrast, at CET, treatment group members who received services were more likely than control group members to report having received job-skill training and less likely to report having received education services.

³Detailed data on the types of education and training programs reported in the last 18 months of the follow-up period are presented in Table III.2, Chapter III, of Volume II.

⁴Data on services received during the first 12-month period after enrollment were presented in Figure II.1. Data for the entire 30-month period are presented in Table III.1, Chapter III, of Volume II.

TABLE VII.1

PARTICIPATION IN JOB-SKILL TRAINING AND EDUCATION
OVER THE 30-MONTH FOLLOW-UP PERIOD

| | Control Group | Treatment Group | Impact |
|---|------------------|--------------------|-------------------|
| AUL | | | |
| Percent in Job Skill Training and/or Basic Education | 48.2 | 81.6 | 33.4 *** (3.8) |
| Mean Months | 2.9 | 5.8 | 3.0 *** (0.4) |
| Sample Size | 247 | 331 | |
| CET | | | |
| Percent in Job Skill Training and/or Basic Education | 55.7 | 86.3 | 30.6 *** (3.3) |
| Mean Months | 3.8 | 6.0 | 2.2 *** (0.4) |
| Sample Size | 298 | 415 | |
| OIC | | | |
| Percent in Job Skill Training and/or Basic Education | 50.3 | 85.0 | 34.7 *** (4.7) |
| Mean Months | 3.2 | 7.1 | 3.9 *** (0.6) |
| Sample Size | 145 | 300 | |
| WOW | | | |
| Percent in Job Skill Training and/or Basic Education | 48.6 | 82.1 | 33.5 *** (2.7) |
| Mean Months | 3.4 | 4.8 | 1.4 *** (0.3) |
| Sample Size | 510 | 632 | |

SOURCE: Twelve-month and 30-month follow-up interviews with MFSP program applicants.

NOTE: Means are for all periods of training for the individual, regardless of the type of training included in the period.

*/**/** indicates that the impact estimates are statistically significant at the 90/95/99 percent levels of confidence. Figures in parentheses are standard errors of the impact estimates.

B. IMPACTS ON EDUCATIONAL ATTAINMENT

The baseline and 30-month follow-up interviews asked sample members about their educational attainment. Those who reported not having a high school diploma or a General Education Development (GED) certificate at baseline but who reported holding one at the 30-month follow-up were classified as having earned a high school credential. Only the CET program had an impact on GED attainment.

At CET, just under 20 percent of the treatment group and just over 10 percent of the control group without a high school diploma or GED at application earned a credential during the follow-up period, producing a statistically significant impact (see Table VII.2). The CET program did not require a high school credential. Yet growth in many of the occupations for which CET provided training required one. Consequently, CET offered GED courses as part of its training program and encouraged interested trainees to pursue their GED.⁵ These findings suggest that integrated job training does not impede, and may even encourage, its participants to attain the GED.

At AUL and OIC, about one-quarter of the treatment group members without a high school diploma or GED at application reported having earned a credential at the 30-month follow-up. But very similar proportions of the control group had also earned a high school credential. The absence of an impact is surprising, since AUL, and especially OIC, emphasized the importance of acquiring a high school credential. One interpretation of the finding is that, because they emphasized GED attainment, AUL and OIC attracted women who were determined to achieve that goal, and, consequently, control group members attained a GED at a rate similar to the rate of attainment among treatment group members.

At WOW, the percentage of treatment and control groups members who attained a high school diploma or GED was similar, which is not surprising, since the WOW program did not offer GED instruction.

⁵GED classes were held separately from job-training classes. Trainees left job training for part of the day to attend the GED classes.

TABLE VII.2

IMPACTS ON THE ATTAINMENT OF A HIGH SCHOOL CREDENTIAL
(Those Without a High School Diploma or GED at Application)

| Percent Who Attained a High School Credential by the 30-Month Interview ^a | Control Group | Treatment Group | Impact |
|--|---------------|-----------------|-----------------|
| AUL | 24.6 | 25.8 | 1.2 (6.0) |
| Sample Size | 110 | 120 | |
| CET | 11.8 | 19.6 | 7.8 ** (3.7) |
| Sample Size | 177 | 255 | |
| OIC | 26.6 | 26.0 | -0.6 (6.6) |
| Sample Size | 68 | 146 | |
| WOW | 21.9 | 22.3 | 0.4 (3.4) |
| Sample Size | 276 | 325 | |

SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Estimates for each site are based on ordinary least squares regression models in which the personal characteristics and baseline attributes of the person, binary variables for the quarter of sample enrollment, and research status are included. The sample includes those without a high school diploma or GED credential at application. The number of observations in each regression is somewhat less than the total, because cases with missing data were excluded.

^aThe measure of educational attainment is based on reported information on the degrees received only as of the baseline and the 30-month follow-up interviews. Due to problems with the measure, we also examined a measure of educational attainment that takes into account both the information reported as of the baseline and the 30-month follow-up interviews and educational attainment from the MIS application form data and data on the receipt of a GED degree during the follow-up period (from the 12-month and 30-month follow-up interviews). This alternative measure gives slightly different estimates of the proportions attaining a high school credential. However, the estimates of the program impacts are not materially different. Details are provided in Chapter III of Volume II.

*/**/** indicate that the impact estimates are statistically different from zero at the 90/95/99 percent levels of confidence. Figures in parentheses are standard errors of the impact estimates.

C. IMPACTS ON EMPLOYMENT, EARNINGS, AND AFDC RECEIPT BY SUBGROUP

Our analysis of the impacts of the MFSP demonstration on key subgroups of the sample attempts to identify whether some groups of poor minority single mothers derive greater benefits from the types of services offered by the MFSP demonstration programs than do other groups. Information on the benefits to subgroups can help policymakers allocate scarce program resources to selected groups.⁶ In addition, the subgroup analysis helps clarify how and why the overall impacts occurred.

Two general findings from our subgroup analysis are important. First, the CET program appears to have raised the earnings of nearly all subgroups, lending support to the belief that everyone can benefit from the type of training offered by CET. Second, at both CET and WOW, women who faced greater employment barriers--such as those without work experience in the year prior to application, or welfare recipients in the year prior to application--were somewhat more likely to have higher employment rates and to rely less on welfare due to their MFSP program experience.

In the first part of this section, we describe how we conducted the subgroup analysis and explain some important limitations of the analysis. In the second and third parts, we present the findings for selected subgroups at CET and WOW.⁷

1. Methods and Limitations of the Subgroup Analysis

To conduct the analysis, we identified subgroups within the overall sample, and then measured the impacts on the subgroup as the difference in the outcomes of treatment group and control group members within each subgroup. For example, to measure the impacts for the subgroup whose youngest child was age 2 or younger, we compared the outcomes of treatment group members whose

⁶Of course, differences in net impacts are only one consideration in allocating scarce resources; the costs of serving different subgroups and the equity of allocation decisions will also play a role; it is also possible that different subgroups may have received different services. Without information on the costs of services to the various subgroups, subgroup impacts are only part of the picture.

⁷We conducted the same analyses for AUL and OIC. However, since the subgroup analyses did not show clear patterns for any overall impacts at AUL and OIC, we have not presented the subgroup analyses for AUL and OIC in this summary report. The analysis of subgroup impacts for AUL and OIC is presented in Chapters IV and V of Volume II.

youngest child was age 2 or younger at application with those of control group members whose youngest child was age 2 or younger. We defined all subgroups in terms of the characteristics of sample members at application, to avoid the possibility that the demonstration could affect the specific subgroup in which a given individual was placed.

The data presented in the following sections show the impacts of the demonstration on the earnings, employment, and public assistance receipt of the subgroups most relevant for targeting during quarters 7 through 10, the last year of the follow-up period.⁸ The following characteristics define our relevant subgroups: age of youngest child, years of education, work experience in the year prior to application, welfare receipt in the year prior to application, and continuous welfare receipt without work experience in the year prior to application.⁹ We also considered subgroups defined according to ethnicity and training location at CET. Information on the impacts of CET at various locations and on ethnic groups is useful for assessing the replicability of the CET program. For each characteristic, we conducted statistical tests to examine whether differences in impacts across the subgroups were significant, and to examine whether the net impacts within each subgroup differed significantly from zero.

It is important to note that the evaluation was not designed specifically to measure the impacts of the demonstration on different groups. For this reason, the sample sizes for the subgroup categories are small, and the variances of the subgroup impacts are generally large. In our discussion, we focus on the *broad* patterns of the findings. We urge readers to treat the information on subgroup impacts cautiously; while the broad patterns of the findings are suggestive, our conclusions about the subgroup impacts are simply not as strong as our conclusions about the overall impacts.

⁸See Tables V.3A to V.3D, Chapter V, of Volume II for the impacts on AFDC receipt by key subgroups at all sites, and Tables IV.3A to IV.3D, Chapter IV, of Volume II for the full employment and earnings impacts at all sites.

⁹Our analysis also considered subgroups defined according to the calendar year of enrollment at all sites. These results are presented in Chapter IV of Volume II.

2. Subgroup Impacts at CET

The first part of Table VII.3 shows the impacts on selected groups at CET. Our discussion follows the order of presentation in the table.

Family Structure. The impacts on monthly employment rates, earnings, and rates of welfare receipt were somewhat stronger among women with preschool children than among those whose youngest child was in school at the time the women applied to the MFSP project. However, the differences in impacts across the groups are not statistically significant. The impact on employment rates was 6 percentage points for the group with preschool children, compared with less than one percent among women with older children. The impacts on earnings were \$120 to \$141 for women with preschool children, compared with \$44 for those with school-age children. The impacts on welfare receipt were -2 to -3 percent, compared with -0.3 percent.

Education. The impacts on applicants with less than 12 years of schooling were similar to those on applicants with 12 or more years of schooling. The absence of an association between high school completion and the size of the impact suggests that individuals with a wide range of academic preparation were able to benefit from the CET program.

Work and Welfare Receipt Prior to Application. The impact on the employment rate of treatment group women who did not have recent work experience (a statistically significant 6.4 percentage points) was greater than the impact on the employment rate of the treatment group women who did have recent work experience (1.7 percentage points for those who worked 26 weeks, and -2.9 percentage points for those who had worked in all months of the year prior to application), although the difference across the groups is not statistically significant. Importantly, however, impacts on earnings were roughly the same--about \$100 for those with and without recent work experience. The impact of the program on welfare receipt for those without recent work experience was -6.1 percentage points. In contrast, a positive (and significantly different) impact on welfare receipt was observed among those with work experience prior to application.

TABLE VII.3

IMPACTS ON AVERAGE MONTHLY EMPLOYMENT, EARNINGS, AND AFDC RECEIPT IN QUARTERS
7 THROUGH 10: SELECTED SUBGROUPS AT CET AND WOW

| Subgroup/Characteristic | Sample Size | Employment Rate | | | Earnings | | | AFDC Receipt | | |
|--|-----------------------|------------------|--------------------|---------|------------------|--------------------|----------|------------------|--------------------|--------|
| | Control/ Treatment | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact |
| CET | | | | | | | | | | |
| Family Structure | | | | | | | | | | |
| Age of Youngest Child at Application | | | | | | | | | | |
| 0-2 | 122/159 | 40.7 | 46.6 | 6.0 | \$397 | 538 | \$141 ** | 44.9 | 42.8 | -2.1 |
| 3-5 | 82/112 | 38.3 | 43.9 | 5.6 | 355 | 475 | 121 | 53.8 | 49.7 | -4.1 |
| 6 or more | 116/160 | 46.1 | 47.0 | 0.9 | 452 | 495 | 44 | 48.1 | 47.8 | -0.2 |
| Education | | | | | | | | | | |
| Years of Schooling at Application | | | | | | | | | | |
| Less than 12 years | 218/287 | 40.8 | 45.1 | 4.3 | 388 | 477 | 89 * | 48.3 | 47.6 | -0.6 |
| 12 or more | 102/144 | 45.1 | 47.7 | 2.6 | 447 | 562 | 114 * | 47.6 | 44.7 | -2.8 |
| Work and Welfare in the Year Before Application | | | | | | | | | | |
| Weeks Worked ^b | | | | | | | | | | |
| None | 177/214 | 34.9 | 41.3 | 6.4 * | 331 | 427 | 96 ** | 53.2 | 47.2 | -6.1 |
| 26 | NA | 48.7 | 50.4 | 1.7 | 474 | 579 | 105 ** | 43.4 | 45.9 | 2.5 |
| 52 | NA | 62.5 | 59.5 | -2.9 | 617 | 730 | 114 | 33.5 | 44.6 | 11.1 |
| Received Welfare | | | | | | | | | | |
| Yes | 231/284 | 35.3 | 44.1 | 8.7 ** | 355 | 467 | 112 ** | 58.5 | 55.3 | -3.2 |
| No | 89/147 | 57.6 | 50.9 | -6.6 | 518 | 592 | 74 | 25.9 | 27.6 | 1.8 |
| Work and Welfare | | | | | | | | | | |
| Received Welfare Continuously and Did Not Work | 127/143 | 24.9 | 36.3 | 11.4 ** | 250 | 414 | 164 ** | 67.7 | 61.8 | -5.9 |
| Combined Work and Welfare | 121/174 | 45.0 | 45.0 | 0.0 | 415 | 446 | 32 | 46.5 | 46.7 | 0.2 |
| Worked and Did Not Receive Welfare ^c | 72/112 | 63.6 | 62.4 | -1.2 | 628 | 750 | 122 | 22.3 | 24.6 | 2.3 |

* c

** c

TABLE VII.3 (continued)

| Subgroup/Characteristic | Sample Size | Employment Rate | | | Earnings | | | AFDC Receipt | | |
|--|-----------------------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|---------|
| | Control/ Treatment | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact |
| Race | | | | | | | | | | |
| Nonblack | 266/374 | 42.7 | 47.2 | 4.5 | 411 | 512 | 101 ** | 48.6 | 45.1 | -3.5 |
| Black | 54/57 | 37.7 | 39.0 | 1.3 | 371 | 469 | 98 | 46.8 | 55.5 | 8.3 |
| CET Location | | | | | | | | | | |
| San Jose | 224/323 | 40.4 | 46.3 | 5.9 * | 410 | 520 | 110 ** | 47.3 | 46.3 | -1.0 |
| Salinas, Watsonville, and Gilroy | 68/85 | 48.3 | 49.7 | 1.4 | 395 | 465 | 70 | 46.4 | 43.9 | -2.5 |
| Oakland | 28/23 | 38.7 | 30.7 | -8.1 | 381 | 478 | 97 | 62.9 | 57.4 | -5.6 |
| WOW | | | | | | | | | | |
| Family Structure | | | | | | | | | | |
| Age of the Youngest Child at Application | | | | | | | | | | |
| 0-2 | 204/243 | 52.4 | 58.0 | 5.6 | \$537 | \$582 | \$45 | 42.2 | 35.4 | -6.8 * |
| 3-5 | 150/200 | 50.0 | 50.5 | 0.5 | 482 | 460 | -22 | 40.6 | 42.7 | 2.1 |
| 6 or more | 183/231 | 46.5 | 55.1 | 8.6 ** | 411 | 504 | 93 ** | 42.0 | 37.9 | -4.1 |
| Education | | | | | | | | | | |
| Years of Schooling at Application | | | | | | | | | | |
| Less than 12 years | 311/369 | 43.8 | 48.6 | 4.8 | 387 | 425 | 38 | 48.3 | 43.9 | -4.4 |
| 12 or more | 226/305 | 57.2 | 62.6 | 5.5 | 594 | 644 | 50 | 33.1 | 31.2 | -1.9 |
| Work and Welfare in the Year Before Application | | | | | | | | | | |
| Weeks Worked ^b | | | | | | | | | | |
| None | 256/285 | 41.6 | 48.8 | 7.3 ** | 401 | 465 | 63 * | 47.4 | 41.0 | -6.4 ** |
| 26 | NA | 56.1 | 59.5 | 3.4 | 539 | 565 | 26 | 37.2 | 36.3 | -1.0 |
| 52 | NA | 70.7 | 70.2 | -0.4 | 677 | 665 | -12 | 27.1 | 31.6 | 4.4 |
| Received Welfare | | | | | | | | | | |
| Yes | 394/476 | 47.8 | 54.4 | 6.6 ** | 445 | 493 | 48 | 48.1 | 43.2 | -4.9 |
| No | 143/198 | 54.7 | 55.9 | 1.3 | 561 | 590 | 29 | 25.4 | 26.0 | 0.6 |

TABLE VII.3 (continued)

| Subgroup/Characteristic | Sample Size | Employment Rate | | | Earnings | | | AFDC Receipt | | |
|--|-----------------------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|---------|
| | Control/ Treatment | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact |
| Work and Welfare | | | | | | | | | | |
| Received Welfare Continuously and Did Not Work | 166/191 | 37.0 | 43.2 | 6.2 | 354 | 384 | 30 | 60.6 | 52.5 | -8.1 ** |
| Combined Work and Welfare | 264/326 | 50.5 | 57.4 | 6.9 ** | 472 | 530 | 57 | 40.3 | 37.5 | -2.8 |
| Worked and Did Not Receive Welfare ^c | 106/155 | 65.0 | 65.7 | 0.6 | 659 | 694 | 35 | 18.5 | 21.8 | 2.8 |

SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Separate least squares regressions were estimated for each category of subgroups. All control variables were included, along with the subgroup-status interactions as independent variables. Predicted values of treatment and control group members are evaluated at the sample means for all variables except for the variables that define the subgroup.

^aThis column presents subgroup sample sizes for the control and treatment groups, for the sample used in the employment and earnings regressions. Sample sizes for the AFDC receipt analysis differed slightly because of missing data; the sample sizes for these regressions are presented in Tables V.3a-d in Volume II.

^bBecause this variable is continuous, estimates are given only for selected values.

^cIncludes a small number of respondents who neither worked nor received welfare in the year prior to application.

^c*/** indicate that the impacts for the subgroups are significantly different from each other.

*/** indicate that the impact estimates are significantly different from zero at the 90/95/99 percent levels of confidence.

The impacts of the program on employment were significantly greater for women who had received welfare in the year prior to application. The employment rate of treatment group members who had recently received welfare was 8.7 percentage points higher than the rate among control group members who had recently received welfare (a statistically significant difference). In contrast, the employment impacts among treatment group women who did not receive welfare in the year prior to applying to the program were negative (but not statistically significant at conventional levels). The earnings impact among both subgroups was positive, with a statistically significant \$112 increase in earnings among treatment group members who received welfare prior to baseline, and a more modest, \$74 increase in earnings (not statistically significant) among treatment group members who did not.

The impact on AFDC receipt was negative among those who had received welfare in the year prior to application: treatment group members were less likely than control group members to have received AFDC each month during the last year of the follow-up period. In contrast, treatment group members who did not receive welfare in the year prior to application were more likely to have received AFDC in the follow-up period. However, neither of these treatment-control differences is statistically significant at conventional levels.

Treatment group women in the most disadvantaged group we considered--women without work experience and who received welfare continuously during the year prior to application (comprising 30 percent of the CET sample)--experienced very large impacts on both employment rates and earnings. Among this subgroup, the impacts on earnings were \$164, and the impacts on employment were over 11 percentage points, both statistically significant. Treatment group members in this subgroup also experienced negative impacts on welfare receipt.

Ethnicity and Program Location. Because the CET program served a largely Hispanic population and served most participants at CET's central office in San Jose, it is not clear that the success of the CET program model will be replicable for non-Hispanic target populations or for programs away from San Jose. An analysis of the impacts on blacks served by CET and on

participants served at the outlying locations gives some insight into this issue. However, the small sample sizes for these groups imply that differences must be interpreted with caution.

Earnings impacts were substantial and similar for blacks and nonblacks, and at all locations. Impacts on employment rates and rates of AFDC receipt, which were not statistically significant for the full CET sample, vary across the groups, without a clear pattern. None of the differences in impacts is statistically significant.

3. Subgroup Impacts at WOW

With some important exceptions, the patterns of the impacts on employment, earnings, and welfare receipt among different subgroups at WOW were quite similar to the patterns observed at CET. In particular, the impacts tended to be larger for subgroups whose characteristics reflected greater barriers to employment. However, none of the differences across the groups is statistically significant. In addition, the impacts on earnings were smaller at WOW than at CET. The second part of Table VII.3 shows the selected subgroup findings for WOW.

Family Structure. The employment and earnings impacts on women whose youngest child was older than age 5 are large and statistically significant--an 8.6 percentage point impact on the employment rate, and a \$93 impact on earnings. The impacts on women with children between age 0 and 2 were smaller, and essentially no impact occurred among women whose children were between age 3 and 5. This pattern of larger impacts for women with older children contrasts with the pattern at CET, where impacts were larger for women with preschool children than for women with older children.

Education. As at CET, the level of education at the time of application to WOW was not associated with differences in employment, earnings, or welfare impacts.

Work and Welfare Receipt Prior to Application. The impacts on employment, earnings, and welfare receipt were larger among treatment group members who had not worked in the year prior to application than among those who had worked. For those who had not worked, the employment-

rate impact was 7.3 percentage points, the earnings impact was \$63, and the welfare receipt impact was -6.4 percentage points. For those who had worked for 26 weeks, the corresponding impacts were approximately half this size, and for those who had worked for 52 weeks they were very close to zero.

Similarly, impacts on each outcome measure were larger for the treatment group members who had received welfare in the year prior to application than for those who had not. However, the difference in the earnings impacts for these subgroups is small. For the group who received welfare in the year prior to application, the employment-rate impact was 6.6 percentage points, the earnings impact was \$48, and the welfare-receipt impact was -4.9 percentage points. For the group who did not receive welfare, the employment-rate impact and the welfare-receipt-rate impact were close to zero, and the earnings impact was \$29.

When we grouped women according to both their work pattern and their welfare receipt in the year prior to application, we found that WOW generated larger employment impacts for the most disadvantaged group we considered--women who received welfare continuously during the year prior to application and did not work (an impact of 6.2 percentage points)--as well as on a somewhat less disadvantaged group--women with some work and some welfare (an impact of 6.9 percentage points). The impacts on earnings were similar among each of these subgroups. The impact of the program on welfare receipt was largest for the most disadvantaged group (-8.1 percentage points).

D. OCCUPATIONS AND FRINGE BENEFITS

Occupation and fringe benefits are important characteristics of jobs that are not captured by the standard summary measures used in our main impact analysis (such as earnings and hours worked). In this section, we consider the effects of the demonstration on these job characteristics, based on information on the occupational distributions of the sample members and the fringe benefits they received from jobs at the 30-month interview. Because this analysis is a comparison between treatment and control group members who held jobs (who do not constitute randomly selected groups), the differences between the two groups are not the net impacts of the program.

Clerical occupations (secretarial and other administrative support) were the most common occupations in each site, accounting for over one-third of the jobs (see Table VII.4). Furthermore, treatment group members were more likely than control group members to be working in clerical jobs.

The distribution of occupations differed significantly among working treatment and control group members at CET and WOW. At CET, a higher proportion of employed treatment group members were working in secretarial and other administrative-support occupations or as laborers, and a lower proportion were in sales, agriculture, and production. At WOW, more of the employed treatment group members were in administrative support and personal services, but fewer were in secretarial, sales, or food service occupations. Also noteworthy, since a goal of the WOW program was to increase women's employment in nontraditional occupations, was the small percentage of WOW treatment group members in nontraditional occupations--mechanical, construction or craft occupations, production, and transport.

Many employed sample members received fringe benefits. Nearly half of the sample at AUL and CET and more than half at OIC and WOW received paid vacation, health insurance, and paid sick leave. However, no evidence exists that treatment group members worked in jobs that offered better fringe benefits. Treatment-control differences are generally small and exhibit no clear pattern. Treatment group members at CET and WOW were more likely than control group members to receive health insurance and paid sick leave, and those at WOW were also more likely to receive paid vacation, but none of these differences is statistically significant.

TABLE VII.4

OCCUPATIONS AND FRINGE BENEFITS IN JOBS HELD AT THE 30-MONTH INTERVIEW

| | AUL | | CET | | OIC | | WOW | |
|--|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|
| | Control Group | Treatment Group | Control Group | Treatment Group | Control Group | Treatment Group | Control Group | Treatment Group |
| Occupation of Current Job | | | * | | | | * | |
| Manager/professional/technical | 3.9 | 4.9 | 3.5 | 2.5 | 7.0 | 8.2 | 3.9 | 3.7 |
| Sales | 16.5 | 12.0 | 11.9 | 5.6 | 3.5 | 7.4 | 14.0 | 8.2 |
| Secretary and other administrative support | 33.9 | 32.8 | 29.4 | 43.7 | 29.8 | 44.4 | 38.9 | 40.5 |
| Private household worker | 0.8 | 2.2 | 2.1 | 1.5 | 0.0 | 0.0 | 0.8 | 0.9 |
| Protective service | 0.8 | 0.0 | 0.7 | 1.0 | 0.0 | 0.7 | 4.7 | 2.8 |
| Food and beverage preparation and service | 9.5 | 8.2 | 2.8 | 4.1 | 3.5 | 2.2 | 9.3 | 5.4 |
| Health service/nurse | 9.5 | 13.7 | 4.9 | 5.1 | 24.6 | 20.7 | 7.0 | 9.6 |
| Cleaning and building service | 7.9 | 6.0 | 5.6 | 7.1 | 1.8 | 1.5 | 11.7 | 14.7 |
| Personal service | 1.6 | 2.2 | 2.8 | 1.5 | 1.8 | 0.7 | 1.6 | 1.7 |
| Farming or agriculture-related | 0.0 | 0.6 | 7.0 | 1.5 | 0.0 | 0.0 | 0.0 | .3 |
| Mechanic, construction, or craft | 0.0 | 0.6 | 0.0 | 0.0 | 1.8 | 0.0 | 0.4 | 1.1 |
| Production | 10.2 | 7.7 | 21.0 | 16.2 | 14.0 | 10.4 | 3.1 | 4.0 |
| Transport | 0.8 | 2.2 | 0.7 | 0.5 | 5.3 | 0.0 | 0.8 | 1.4 |
| Handler, helper, or laborer | 4.7 | 5.5 | 3.5 | 6.6 | 5.3 | 3.7 | 2.7 | 4.3 |
| Military | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Percent Receiving Benefits in Current Job | | | | | | | | |
| Health insurance | 43.7 | 43.1 | 50.8 | 58.6 | 70.2 | 68.2 | 53.2 | 56.8 |
| Paid sick leave | 47.2 | 43.6 | 44.0 | 47.6 | 53.6 | 60.6 | 57.9 | 63.2 |
| Paid vacation | 59.5 | 58.0 | 55.6 | 54.7 | 70.2 | 70.9 | 59.5 | 64.1 |
| Child-care assistance | 2.4 | 2.2 | 2.2 | 2.6 | 8.8 | 5.2 | 3.2 | 4.6 |
| Flex-time | 20.0 | 18.2 | 9.8 | 11.5 | 32.1 | 26.7 | 25.8 | 20.2 |
| Employer-provided transportation | 2.4 | 3.3 | 3.0 | 1.0 | 0.0 | 6.7 * | 3.2 | 6.3 * |
| Retirement or pension benefits | 37.7 | 28.3 * | 33.1 | 27.0 | 46.3 | 51.9 | 44.5 | 46.7 |
| Sample Size^a | 127 | 183 | 143 | 197 | 57 | 135 | 257 | 353 |

SOURCE: Thirty-month follow-up interviews with MFSP program applicants.

^aSample includes all respondents with a 30-month follow-up interview who were working at the time of the interview.

*/**/** indicate that treatment-control differences are statistically significant at the 90/95/99 percent levels of confidence. For the category "Occupation of Current Job" a chi square test for a difference in the distributions of the treatment and control group is used. For the category "Percent Receiving Benefits in Current Job" a t-test for the difference in the proportion receiving each benefit is used.

VIII. IMPACTS ON SOCIAL AND PSYCHOLOGICAL OUTCOMES AND CHILD-CARE USE

The MFSP project staff hoped that the projects would have a positive effect on the participants' self-esteem. Staff reported that many women came to the projects feeling negative about themselves and their lives. Staff felt that an important goal of the demonstration was to combat these negative feelings and help trainees gain more control over their lives. Accordingly, measuring the success of the projects at meeting these goals was an important evaluation objective.

Another concern of single mothers who want to work, especially those with small children, is child care. The MFSP projects helped participants with child care as they participated in training. However, what child-care arrangements did the treatment group use after program participation, and did those arrangements differ from those used by the control group?

Our findings show that the MFSP projects did not affect social and psychological well-being to any measurable extent. The effects on child-care use patterns in the year prior to the 30-month interview were also small. The two sections of this chapter present the impacts of the demonstration on social and psychological outcomes and on child-care use.

A. IMPACTS ON SOCIAL AND PSYCHOLOGICAL OUTCOMES

Our depression-scale measures taken at application confirmed that many women came to the MFSP projects feeling negative about themselves and their lives.¹ Approximately 43 percent of applicants were depressed when they applied--ranging from 38 percent at AUL to 54 percent at OIC. These levels of depression are similar to the levels of depression observed in other studies of economically disadvantaged populations (Ritchey et al., 1990).

¹We used the Center for Epidemiological Studies-Depression (CES-D) scale, which uses symptoms of depression, anxiety, and hopelessness as the measure of depression (U.S. Department of Health, Education, and Welfare, National Center for Health Statistics, 1980). Following previous research, a score of 16 or more on the CES-D classifies an individual as depressed. Further details and tabulations of individual scale items are presented in Chapter II of Volume IV.

To measure the success of the programs at combating negative feelings and helping trainees gain control over their lives, the follow-up interviews included a depression scale, a measure of "locus of control" (that is, the extent to which a person feels that her life is either within or beyond her own control²), and questions about whether sample members had gotten what they hoped for out of life.

None of the demonstration projects affected levels of depression or locus of control (see Table VIII.1). At AUL, OIC, and WOW, the proportion of the treatment group who reported at the 12-month interview that they had gotten what they wanted out of life was higher than the proportion of the control group, but the effect had disappeared by the 30-month interview.

In addition, changes in economic circumstances due to employment and earnings might have indirectly affected other dimensions of personal and family well-being. For this reason, we examined the effects of the MFSP programs on marital status, living arrangements, childbearing, contraceptive use, plans to have additional children, and the likelihood of being abused by a spouse or boyfriend.

We found statistically significant differences for a few outcomes, but no strong or systematic patterns that suggested any real effects of the programs. At AUL, the percentage of treatment group members who were living with other adult relatives was greater than the percentage of the control group at the 30-month interview (15.1 percent versus 10.1 percent). At CET, the treatment group was less likely to be married at the 12-month interview (6.6 versus 13.1 percent), but the difference declined to the point at which it was not statistically significant at the 30-month interview (15.7 versus 18.1 percent). At the other sites there were no effects on these outcomes. None of the programs affected the rates of child bearing, plans for additional children, or contraceptive use, with one exception--treatment group members at CET were less likely to have used contraceptives.

B. IMPACTS ON CHILD-CARE USE

Mothers who work or engage in training must arrange for the care of their children while they are away from home. Child-care arrangements for pre-school-age children are usually of greatest

²Most locus-of-control studies use an abbreviated version of Rotter's Internal-External Control Scale (Rotter, 1966). We included a series of four items that were adapted from items in the Rotter scale. See Chapter II of Volume IV for further details.

TABLE VIII.1

IMPACTS ON SELECTED SOCIAL AND PSYCHOLOGICAL OUTCOMES
(Standard Errors are in Parentheses)

| | AUL | | | CET | | | OIC | | | WOW | | |
|--|---------------|-----------------|------------------|---------------|-----------------|------------------|---------------|-----------------|------------------|---------------|-----------------|-----------------|
| | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact |
| Depression Scale 30 Months After Baseline | 13.78 | 14.48 | 0.70 (.86) | 10.82 | 9.92 | -.90 (.82) | 17.09 | 16.89 | -0.20 (1.16) | 14.35 | 14.91 | 0.57 (.65) |
| Locus of Control Scale at: | | | | | | | | | | | | |
| 12 months | 7.5 | 7.5 | -0.01 (.16) | 7.4 | 7.4 | -0.02 (.16) | 7.9 | 7.7 | -0.1 (.19) | 7.9 | 7.8 | -0.05 (.12) |
| 30 months | 7.5 | 7.4 | -0.1 (.19) | 7.3 | 7.2 | -0.1 (.16) | 8.2 | 8.2 | 0.02 (.19) | 7.7 | 7.8 | 0.1 (.13) |
| Percentage Who Reported Having Gotten Mostly What They Hoped for from Life at: | | | | | | | | | | | | |
| 12 months | 28.4 | 39.1 | 10.7 ** (3.6) | 39.3 | 43.3 | 4.0 (3.6) | 27.9 | 40.7 | 12.8 ** (4.5) | 28.9 | 35.2 | 6.4 ** (2.7) |
| 30 months | 43.0 | 45.5 | 2.6 (3.8) | 57.0 | 56.7 | -0.3 (3.8) | 43.7 | 45.5 | 1.8 (4.7) | 43.4 | 43.6 | 0.2 (2.9) |
| Percentage Living with Other Adult Relatives After: | | | | | | | | | | | | |
| 12 months | 15.1 | 17.7 | 2.6 (2.4) | 12.9 | 11.3 | -1.6 (2.2) | 10.6 | 14.3 | 3.8 (2.8) | 28.2 | 31.2 | 2.9 (2.1) |
| 30 months | 10.1 | 15.1 | 5.1 ** (2.5) | 13.2 | 13.6 | 0.3 (2.4) | 9.4 | 13.6 | 4.3 (3.1) | 24.5 | 26.2 | 1.8 (2.3) |
| Percentage Married After: | | | | | | | | | | | | |
| 12 months | 5.0 | 4.4 | -0.6 (1.6) | 13.1 | 6.6 | -6.6 ** (2.1) | 4.8 | 5.7 | 0.9 (2.1) | 2.9 | 3.8 | 0.9 (1.0) |
| 30 months | 7.1 | 4.7 | -2.4 (1.8) | 18.1 | 15.7 | -2.4 (2.8) | 8.4 | 9.1 | 0.7 (2.7) | 6.4 | 6.0 | -0.4 (1.4) |
| Percentage Who Had Another Child During the 30-Month Follow-Up Period | 20.4 | 17.1 | -3.3 (2.9) | 20.0 | 22.1 | 2.0 (3.0) | 25.9 | 29.6 | 3.7 (4.0) | 20.3 | 18.6 | -1.7 (2.2) |

TABLE VIII.1 (continued)

| | AUL | | | CET | | | OIC | | | WOW | | |
|--|---------------|-----------------|---------------|---------------|-----------------|-----------------|---------------|-----------------|--------------|---------------|-----------------|---------------|
| | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact | Control Group | Treatment Group | Impact |
| Percentage Who Wanted More Children in the Next Five Years | 18.4 | 19.5 | 1.1 (3.0) | 31.9 | 32.7 | 0.9 (3.3) | 21.9 | 23.3 | 1.4 (4.0) | 23.6 | 25.2 | 1.6 (2.4) |
| Percentage Who Used Contraception During Last Intercourse | 39.1 | 34.1 | -5.0 (3.7) | 44.9 | 38.1 | -6.8 * (3.6) | 41.1 | 42.6 | 1.6 (4.7) | 40.2 | 38.4 | -1.7 (2.9) |

SOURCE: Baseline, 12-month, and 30-month follow-up interviews with MFSP program applicants.

NOTE: Mean estimates are regression adjusted.

*/**/** indicate that the impact estimates are statistically significant at the 90/95/99 percent levels of confidence. Figures in parentheses are standard errors of the impact estimates.

concern. Since the MFSP demonstration could have affected work and training activities, it could also have affected the incidence of nonmaternal child care or the types of arrangements used. This section investigates the effects of the demonstration on child-care use during a period when most MFSP applicants had completed their MFSP training. In the first year after application, when child-care subsidies were available to MFSP trainees, treatment group members in all four sites were more likely than control group members to use all types of child care, and disproportionately more likely to use center-based child care.³ Our purpose is to determine whether the demonstration had any long-term effects on child-care arrangements.

Our analysis is based on data on the child-care arrangements used by sample members with preschool children during the year prior to the 30-month interview (see Table VIII.2). Nearly half of the sample members at AUL, CET, and WOW and approximately 60 percent of the sample at OIC had a preschool child at the 30-month interview. Treatment-control differences in the proportion of sample members with a preschool child are small and not statistically significant.

At each site, nearly three-quarters of the sample members who had a preschool child used some type of child care. Furthermore, the percentage who used care is very similar to the percentage who worked or were engaged in education or training activities during the year prior to the interview. At AUL, CET, and WOW, treatment-control differences in both the percentage who used care and the percentage who were working or in training are small and not statistically significant. However, at OIC, a significantly higher percentage of the control group were working or in training and using child care.⁴ The types of arrangements chosen by treatment and control group members did not differ significantly.

³Hershey (1988) describes how the MFSP projects provided child-care assistance to MFSP trainees. Gordon and Burghardt (1990) analyze the use of child care and of child-care assistance during the first year after application.

⁴Consistent with the data presented in Table VIII.2, our analysis of impacts by subgroup at OIC found that treatment group members with preschool children had lower monthly employment rates than control group members with preschool children. The negative program impacts among women with preschool children were offset by positive impacts among women whose youngest child was in school.

TABLE VIII.2
IMPACTS ON CHILD-CARE USE DURING THE LAST 12 MONTHS OF THE 30-MONTH FOLLOW-UP PERIOD

| Percent of Mothers with: | AUL | | | CET | | | OIC | | | WOW | | |
|--|---------------|-----------------|------------|---------------|-----------------|------------|---------------|-----------------|------------|---------------|-----------------|------------|
| | Control Group | Treatment Group | Difference | Control Group | Treatment Group | Difference | Control Group | Treatment Group | Difference | Control Group | Treatment Group | Difference |
| Preschool Age Child | 47.5 | 48.5 | 1.0 | 50.2 | 47.7 | -2.5 | 62.0 | 59.5 | -2.5 | 49.5 | 48.2 | -1.3 |
| Preschool Age Child Using Child Care | 76.2 | 75.1 | -1.1 | 72.7 | 71.4 | -1.3 | 71.3 | 60.2 | -11.1 * | 72.9 | 75.4 | 2.5 |
| Any Economic Activity in the Year Prior to the Interview | 76.2 | 75.8 | -0.4 | 74.6 | 73.5 | -1.1 | 69.6 | 59.9 | -9.7 * | 74.5 | 75.1 | 0.6 |
| Child Care Arrangement for the Youngest Child ^a | | | | | | | | | | | | |
| Used maternal care only | 23.8 | 25.1 | 1.3 | 27.6 | 28.9 | 1.3 | 29.3 | 40.0 | 10.7 | 27.1 | 24.6 | -2.5 |
| Relative care | 25.2 | 19.0 | -6.2 | 25.8 | 29.8 | 4.0 | 32.3 | 27.3 | -5.0 | 27.5 | 26.1 | -1.4 |
| Nonrelative care | 13.3 | 10.1 | -3.2 | 19.0 | 23.6 | 4.6 | 10.1 | 8.9 | -1.2 | 16.7 | 18.5 | 1.8 |
| Center care | 34.3 | 43.6 | 9.3 | 25.8 | 16.8 | -9.0 | 28.3 | 23.4 | -4.9 | 27.9 | 28.6 | 0.7 |
| Other | 3.5 | 2.2 | -1.3 | 1.8 | 1.0 | -0.8 | 0.0 | 0.5 | 0.5 | 0.7 | 2.1 | 1.4 |
| Number of Mothers with a Preschool Child | 143 | 181 | | 165 | 210 | | 101 | 206 | | 269 | 329 | |

SOURCE: Thirty-month follow-up interviews with MFSP program applicants.

NOTE: The sample includes only those with a pre-school-age child except in the first row, which is based on the total sample. Economic activity includes participation in education, training, or employment.

^aChild care arrangements are examined for the youngest preschool age child of each sample member.

*/**/** indicate that treatment-control differences are statistically significant at the 90/95/99 percent levels of confidence.

IX. INTERPRETATION OF THE FINDINGS AND RECOMMENDATIONS

The evaluation of the MFSP demonstration found striking differences in impacts across the four projects. One of the MFSP projects--CET--produced large, rapid, and sustained earnings gains, along with modest gains in employment, small reductions in welfare benefits, and modest increases in GED attainment. The benefits of the CET program are projected to exceed its costs to society over a five-year period. Another of the MFSP projects--WOW--generated modest gains in employment and earnings. However, the inconsistent pattern of the impacts at WOW over time raises questions about the strength of the findings. Furthermore, the social costs of the WOW program are projected to exceed its benefits by a substantial margin. The two other projects--AUL and OIC--did not generate impacts on employment, earnings, welfare receipt, or GED attainment over the 30-month follow-up period.¹ The pattern of findings across projects, in conjunction with differences in the design of their training programs, suggest that putting all trainees immediately into job-specific training and integrating remedial education into the job-training curriculum may be more effective than sequential approaches in which educational deficiencies are addressed before job training begins.

CET used a distinctive open-access, integrated training strategy in which everyone immediately entered job-skill training regardless of their educational level, and received the necessary remedial education as part of the training component. This approach allowed all trainees, even those with poor basic skills, to start job training immediately rather than going back to an academic-style classroom before being allowed to benefit from job training. Also important is that the CET program provided child care on-site for mothers with children under 6 years of age, a service that participants relied on extensively.

AUL and OIC adopted a more traditional, "sequential approach," in which remedial education to improve basic skills preceded training for particular jobs. Yet many trainees failed to progress

¹It is important to bear in mind that, because nearly half of the control group in each site found services elsewhere, the effectiveness of MFSP services is being compared with the effectiveness of other services that single mothers could find in their communities.

from the remedial education phase to the job-training phase in the AUL and OIC programs. Participants at these projects were much less likely than those at CET to report having received job-skill training as part of the MFSP program. We suspect that the low levels of job-skill training at AUL and OIC is a major part of the reason that these programs did not achieve any impacts.

The WOW program, which achieved modest overall impacts on employment rates, used a two-track program model: women with poor basic-education skills received a short period of remediation, preparation for the world of work, and unpaid work experience; women with higher levels of basic skills received training in electricity and mechanics to prepare them for work in a range of jobs not traditionally open to women.

However, some elements of the patterns of findings at WOW are puzzling. The impacts appear to be concentrated among two cohorts of enrollees who experienced very large impacts. Neither changes in the local economies nor changes in the characteristics of the cohorts explain these impacts. Near the end of the evaluation period, WOW staff modified their program in potentially important ways--first reducing and then eliminating academic requirements for entry into the vocational component of the program, and strengthening the job-placement component of its program. However, the timing of these program changes does not coincide with the entry of cohorts for whom we observed large impacts. Thus, it is very difficult to interpret the WOW findings or to say what elements of WOW's approach should be replicated and tested further. Furthermore, the costs of delivering WOW services exceeded the benefits from the social perspective.

The findings on the MFSP projects at CET, AUL, and OIC can inform debates about how best to design employment-training programs to serve poor single mothers. However, we must draw conclusions cautiously on the basis of findings from training programs in just a few locations. While the study design supports rigorous conclusions about whether each MFSP project had an impact and the size of the impact, the analytical rigor from a randomized design does not extend to definitive conclusions about why some projects have impacts and others do not. Cross-site differences in the characteristics of the organizations involved, differences in the characteristics of the women who

applied to the programs, and differences in the alternative work and training opportunities available to poor single mothers in each locality may have also influenced the observed outcomes.

These findings call into question the emphasis that some state JOBS programs have placed on remedial basic education as the cornerstone for improving the employment prospects of welfare recipients whose basic skills are not deemed adequate for job training. The strong findings at CET, which did not emphasize basic education as much as it did training for all, necessitate a more in-depth examination of whether the goals set in the JOBS legislation can best be achieved by the types of programs that seem to be the most prevalent. Putting people with poor basic skills back into classrooms to learn the reading and math they missed out on as youths may not be the best way to help them prepare for jobs, or even to achieve a higher level of educational attainment. For the vast majority, "education for the long term" is not a practical route to a good job, because program resources and participants' patience usually limit participation to 6 or 8 months. Educational opportunities should certainly be available for all who want them. But the MFSP experience suggests that 6 to 8 additional months of reading, writing, and arithmetic will not improve a person's earnings potential. The open-access, integrated approach to job training appears to be a promising method for preparing low-skill workers for better jobs.

Based on the MFSP evaluation findings, the following features appear to be important elements of a successful program and should be tested further:

- The provision of immediate job-specific skill training, without any educational requirements that limit access to the job-skill training, but with the necessary reading and math taught within the job training program
- Training in occupations in which employers need workers, adjusted according to changes in market conditions
- Active assistance in helping trainees find jobs
- Flexible and easily accessible child-care assistance

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APPENDIX A

REPORTS FROM THE EVALUATION OF THE MFSP DEMONSTRATION

The following MPR reports from the evaluation of the MFSP demonstration are available free from the Rockefeller Foundation, Equal Opportunity Program, 1133 Avenue of the Americas, New York, NY 10036.

1. *Local Context and Target Population*, by John Burghardt and Anne Gordon. December 1988. 67 pages plus appendices.

This report provides background information on the four communities in which the demonstration projects were conducted and describes the characteristics of the population served by the demonstration. Data are from baseline interviews with 3,965 demonstration applicants. The authors also compare the characteristics of demonstration applicants with the population of minority single mothers in each locality (using 1980 Census data) and with those of the national population of minority single mothers (using March 1987 Current Population Survey data). The analysis shows that the demonstration programs were successful at reaching a disadvantaged population with limited recent work experience, a high level of welfare dependence, and an average household income that was right at the poverty level. Overall, the characteristics of program applicants were similar to those of low-income minority single mothers nationwide; differences in the characteristics of applicants across the sites largely reflected the characteristics of the local populations.

2. *Program Operations*, by Alan Hershey. November 1988. 157 pages.

This report provides a detailed description of each MFSP program, identifying aspects which were useful and effective from a program operator's perspective, as well as problems that arose. The process analysis focuses on 5 topics: (1) program models and service approaches; (2) recruitment, intake, and the transition to major services; (3) approaches to education and training; (4) child care assistance; and (5) job development and job placement. The analysis is based on interviews with program staff, observation of program operations, a review of program materials, and an analysis of participation data from the projects' management information systems.

3. *Program Costs*, by Sharon Handwerger and Craig Thornton. December 1989. 43 pages.

This report analyzes the costs of providing the services offered in the MFSP demonstration during the 1985-86 program year. Based on cost data from the projects' accounting systems and interviews with program staff, combined with participation data from the project's management information systems, the authors estimate average costs per enrollee and average costs per participant in education or training. Costs per enrollee ranged from \$2,679 to \$4,824 in 1986 dollars, depending on the site. The report considers how differences in project structure and participation patterns affected costs, and compares MFSP project costs with those of other employment-training programs for low-income populations.

4. *Short-Term Economic Impacts*, by Anne Gordon and John Burghardt. November 1989. 233 pages including appendices.

This report describes the services received by the MFSP demonstration applicants, and the impacts of the MFSP programs on applicants' employment, earnings, and welfare receipt during the year after the mothers applied to the program. The report assesses the impacts of the MFSP

demonstration by comparing services received and outcomes for program applicants in the treatment group (who were offered MFSP demonstration services) and applicants in the control group (who were not eligible to receive services from the demonstration but could seek services elsewhere), using data from follow-up interviews administered 12 months after application.

The report found that the MFSP demonstration was a meaningful intervention--treatment group members were much more likely to receive education and training services than control group members in all four sites. For much of the year after application, treatment group members had lower earnings and employment rates because they were participating in an MFSP program--participation lasted about 6 months on average. Towards the end of the first year (the fourth quarter after application), there were significant positive impacts on employment and earnings at one site--CET--but no impacts at the other three sites. Impacts on welfare receipt were insignificant or significantly negative at all four sites.

5. *More Jobs and Higher Pay: How an Integrated Program Compares with Traditional Programs.* 1990. 43 pages including appendix.

This report summarizes the findings from the first four reports in a nontechnical discussion directed at a broad audience, including program operators and policymakers.

6. *Child Care Referral Options*, by Sharon Handwerger, Margaret Strain, and Craig Thornton. February 1989. 23 pages plus appendix.

This report describes the characteristics, fees, and revenue sources of formal child care providers (child care centers and family day care providers) in the MFSP communities, based on a survey of 151 providers across the four communities.