

Promoting Employment Stability and Advancement Among Low-income Adults

MDRC is dedicated to learning what works to improve the well-being of low-income people. Through our research, we seek to enhance the effectiveness of social and education policies and programs. As part of our “Looking Forward” series, we provide policymakers with memos that suggest ways to make progress on critical issues.

Bottom line: Most programs focus on helping non-workers get jobs, rather than offering assistance to help low-income workers remain employed and advance up the career ladder. Advancement strategies are more challenging to implement, and the labor market payoff to increased training is not always assured. Experimentation with innovative advancement approaches has shown some to be promising and worth building on and others not to work.

What Do We Know?

We know how to help low-income individuals prepare for and find jobs. A large body of welfare-to-work research conducted in a variety of labor markets suggests that the most effective job preparation and placement programs required welfare recipients to participate in employment-related activities, provided a mix of job search activities and short-term education/training, and included a strong focus on quick employment. However, such programs usually placed participants into low-wage jobs, many without benefits. Many participants became “working poor.”

A variety of strategies to help low-income individuals remain employed and move up to better jobs have had mixed results at best. One conclusion is that simply offering generic post-employment job coaching, guidance, advice, and training referrals is unlikely to make a difference. Policy innovators have long struggled to learn what kinds of services, supports, and incentives work best to help low-income individuals retain steady employment, increase earnings, and move up to better jobs. For example, the Employment Retention and Advancement (ERA) demonstration tested 12 different models across six states using careful randomized trials. Nine of those models, most of which included general post-employment coaching and support as the dominant strategy, did not work. A large British experiment (UK ERA) produced sustained positive results for some target groups and subgroups, but not for others. The Work Advancement and Support Center (WASC) demonstration for low-wage workers in three U.S. cities, which combined a focus on increased take-up of work supports and post-employment job coaching, produced inconsistent effects on earnings.

Financial work incentives combined with job coaching and guidance after being placed in a job may strengthen employment retention. Early experiments testing earning supplements to help make low-wage work “pay” found positive effects on job entry, earnings, and employment retention, particularly for single parents who had a weaker attachment to the labor market. This can be seen in MDRC’s evaluations of the Minnesota Family Investment Program, Wisconsin’s New Hope program, and the Canadian Self-Sufficiency Project. Subsequent interventions that combined post-placement guidance and advice with financial supplements (offered as a regular stipend when workers remained employed full time) also had positive effects on employment retention and earnings for certain populations. For example, these combined strategies increased the average annual earnings of unemployed single parents on welfare in the ERA program in Corpus Christi, Texas (one of the three ERA models that had positive effects). A similar strategy in UK ERA proved effective for long-term unemployed men, although it produced only short-term effects for most single mothers in the program. A stronger emphasis on direct and ongoing job development and employer connections may also contribute to better results.

Financial work incentives combined with job coaching and guidance have also shown promise for certain populations receiving housing subsidies. These components have been important elements of the successful Jobs-Plus employment initiative for public housing residents (now being scaled up in New York City and parts of San Antonio, Texas). They were also core elements of an innovative New York City intervention for recipients of Section 8 housing vouchers (called Work Rewards), which is showing positive early effects on employment and earnings for unemployment participants and SNAP recipients with housing vouchers.

Increasing participation in training programs does not always produce labor market gains. For one thing, many participants do not complete the programs and do not obtain new qualifications. But even doing so may not guarantee increased earnings. The UK ERA results show that subgroups that experienced impacts on training participation and completion did not experience positive impacts on earnings. It's not because training is unimportant. But when programs offer only generic guidance by staff lacking deep knowledge about particular labor market sectors and without a focus on in-demand occupations and connections to employers, getting more individuals to engage in training may not pay off.

Over the past two decades, sector-focused skills training programs have been implemented to improve employment advancement, but their effectiveness has only been rigorously examined recently. Many community colleges, business associations, workforce investment boards, and community-based agencies have supported the growing sectoral employment movement. A key characteristic of sector-based programs is the development of a strong partnership between the businesses that need labor and the providers that train workers. In 2009, a random assignment study conducted by Public/Private Ventures (P/PV) found that programs providing industry-specific skills tailored to the needs of local employers in specific high-demand occupations increased earnings over two years by 18 percent or \$4,500 per participant.

What's Next?

Policymakers and researchers should continue experimenting with advancement-focused innovations for diverse population groups. We should test the replication and scaling-up of strategies, such as coaching plus incentives, that will sustain regular employment and at least improve earnings if not advancement. We should also continue to innovate with particular population groups, such as recipients of housing vouchers and SNAP recipients, and to find new ways of building in-demand skills among disadvantaged groups and of connecting skills acquisition with real labor market opportunities.

One strategy to promote advancement combines a sector-based approach with post-employment assistance. MDRC is currently testing a hybrid model called WorkAdvance, which is designed to help low-income individuals identify good-quality jobs in targeted sectors where there is clear career advancement potential. The training providers specialize in specific industry sectors in which they have in-depth knowledge and strong relationships with employers. In addition, the program adds more intensive career advancement coaching prior to placement *and* after placement to support participants as they move up the ladder. WorkAdvance holds promise because it helps low-income individuals gain access to and prepare for occupations where the prospect for career advancement is much more likely.

Keep in mind that such programs do not serve the very low-skilled because they have to address employers' needs for certain types of skills. In many cases, such programs require that participants have a high school diploma or GED and/or read at a certain grade level, have no recent history of substance abuse or a criminal background, and have deep interest in a narrow range of occupations. We should also continue searching for strategies that can promote advancement among individuals who could not meet such requirements. Such programs as the I-BEST model and "GED Bridge," in which community colleges attempt to address remedial educational needs while providing specific job skills training, offer promise and merit further testing.