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SOCIAL POLICY RESEARCH ASSOCIATES

EVALUATION OF THE E&T/JOBS CONFORMANCE DEMONSTRATIONS

Volume II Final Synthesis of Impact and Cost Evaluations

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FOREWORD

From FY 1993 through FY 1996, the Food and Nutrition Service of the U.S. Department of Agriculture supported five state demonstration projects designed to test the feasibility and effectiveness of operating the Food Stamp Employment and Training (E&T) program under the same legislative and regulatory terms as the Job Opportunities and Basic Skills (JOBS) program for AFDC recipients. Each of the participating states was responsible for designing and arranging for an independent evaluation of its demonstration. Social Policy Research Associates (SPR) was selected by the Department of Agriculture to assist the demonstration states and their evaluation contractors in their evaluation efforts. As the national evaluation contractor, SPR was responsible for completing a critical review of each state's evaluation design and providing ongoing technical assistance to the state evaluators in collecting and analyzing data, interpreting study findings, and preparing written evaluation reports. We were also charged with preparing a synthesis of state evaluation findings.

This volume synthesizes the findings from the states' *impact* and *cost* evaluations. Conclusions from the states' *implementation* and *process* evaluations are synthesized in a companion volume (Kogan and D'Amico, 1997). The individual state-level impact and cost and evaluation reports that presented the findings summarized in this volume are noted as references herein.

Over the course of the four-year demonstration period, SPR staff benefited from site visits to each of the demonstration states and from many telephone and written communications with the state evaluators and the state program staff responsible for the E&T/JOBS conformance demonstrations. We would like to express our appreciation and gratitude for the full cooperation of these individuals in making the state evaluation designs as consistent as possible (within the constraints established by widely varying demonstration designs and data sources), so that the state evaluations could support the national evaluation synthesis. We also acknowledge the hard work of the states' evaluators without which this report could not have been prepared.

We would also like to express our appreciation to Boyd Kowal, Barbara Murphy, and Christine **Kissmer** — our government technical representatives within the Food and Nutrition Service's **Office** of Analysis and Evaluation over the course of the project — for their support and encouragement.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	ES- 1
I. CONFORMANCE BETWEEN E&T AND JOBS: AN OVERVIEW	I-1
HISTORY AND OVERVIEW OF THE DEMONSTRATION	I-1
OVERVIEW OF THE REPORT	I-8
II. OVERVIEW OF DEMONSTRATION EVALUATION DESIGNS..	II-1
SUMMARY OF THE DEMONSTRATIONS' DESIGN AND IMPLEMENTATION	II- 1
KEY FEATURES OF STATE DEMONSTRATION DESIGNS	II-3
EVALUATION DESIGNS	II-4
Comparison Sites	II-5
Within-Site Random Assignment	II-6
Pre/Post Comparison	II-6
Combined Pre/Post and Comparison Site	II-7
Evaluation Samples	II-8
SUMMARY	II-9
III. ESTIMATED IMPACTS OF THE DEMONSTRATIONS	III-1
PARTICIPATION PATTERNS	III- 1
Mandatory Work Registrants	III- 1
Participation Rates	III-2
Volunteers	III-4
Priority Groups and Participant Characteristics	III-5
Sanctioning	III-7
E&T SERVICES	III-8
Types of Services	III-8
Intensity of Services	III-10
LABOR MARKET OUTCOMES	III-10
FOOD STAMP BENEFIT RECEIPT	III-12
COSTS	III-12

IV. CONCLUSIONS	IV-1
INTRODUCTION	IV-1
INCREASE E&T PARTICIPATION BY MANDATORY WORK	
REGISTRANTS TARGETED FOR SERVICES	IV-1
TARGET SERVICES TO HIGH RISK AND MOTIVATED FOOD STAMP	
RECIPIENTSI.....	Iv-3
MATCH SERVICES TO PARTICIPANTS' NEEDS AND IMPROVE	
PARTICIPANT OUTCOMES	IV-5
IMPROVE THE COST-EFFICIENCY OF WELFARE-TO-WORK SERVICES	IV-6
LESSONS LEARNED FROM THE CONFORMANCE DEMONSTRATIONS	IV-6

APPENDICES:

Appendix A: The Evaluation of the Georgia JET Demonstration	A-1
Appendix B: The Evaluation of the Hawaii Conformance Demonstration	B-1
Appendix C: The Evaluation of the Missouri JET Demonstration Project	C-1
Appendix D: The Evaluation of the South Dakota Family Independence Food Stamp Employment and Training/Jobs Conformance Demonstration	D- 1
Appendix E: The Evaluation Of The Texas BOND Demonstration Project	E-1

REFERENCES.....	R- 1
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LIST OF TABLES

Table II-1	Key Features of Demonstrations	II-2
Table III- 1	Estimated Impacts on Work Registration	III-2
Table III-2	Estimated Impacts on Participation Rates	III-3
Table III-3	Estimated Impacts on Service to Volunteers, Otherwise Except (Percentage of Participants)	III-4
Table III-4	Estimated Impacts on Participant Characteristics (Percentage Points).	III-6
Table III-5	Estimated Impacts on Sanctions	III-7
Table III-6	Estimated Impacts on Receipt of Services (Percentage Points).	III-9
Table III-7	Estimated Impacts on Employment and Earnings	III-1 1
Table III-8	Aggregate Costs During and Before the Demonstration (Annualized)	III-13
Table III-9	Cost Per Participant During and Before the Demonstration	III-14
Table III- 10	Percentage Distribution of Costs	III-14
Table III- 11	Distribution of Costs Per Participant.....	III-16
Table III- 12	Funds Leveraged by Demonstration	III-17

EXECUTIVE SUMMARY

From October 1, 1993 through September 30, 1996, the Food and Consumer Service of the U.S. Department of Agriculture supported demonstration projects in five states-Georgia, Hawaii, Missouri, South Dakota, and Texas-to test the feasibility and effectiveness of operating the Food Stamp Employment and Training-(E&T) program under the same legislative and regulatory terms as the Job Opportunities and Basic Skills (JOBS) program for AFDC recipients. Common objectives of the demonstrations included:

- **Increase compliance with E&T participation requirements among mandatory work registrants** and slow down the “revolving door” of curing adverse action notices by implementing more stringent sanctioning rules.
- **Target services to individuals most at risk of long-term dependency and those most likely to benefit from E&T services** through selective targeting using priority categories modeled after those used in the JOBS program.
- **Improve participant outcomes** by assessing participants at the outset and offering individualized service assignments and service sequences matched to participants’ needs.
- **Improve the cost efficiency of welfare-to-work services** by streamlining the administration of services provided to recipients of different assistance programs, such as AFDC, Food Stamps, and state or county general assistance.

To conform their E&T programs to the JOBS model, states made a variety of changes to **participation rules**, including requiring mandatory work registration by members of new groups (primarily caretakers responsible for children between 3 and 6 years of age and recipients of unemployment benefits), giving priority to members of groups expected to be at risk of long-term dependency, implementing tougher sanctioning policies, and encouraging participation by volunteers. To **conform** their E&T **service designs** to the JOBS model, states undertook to: provide assessment and individual service planning to participants; increase the range of education and training services available to participants through nonreimbursable coordination linkages and/or direct purchase of enhanced services; require participation in educational components by enrollees who had not completed high school; and offer more generous payment

schedules for reimbursement of transportation, child care, and other expenses associated with participation in education and training activities.

This *Synthesis of Impact and Cost Evaluations* describes the evaluation designs used by the states and their local independent evaluators and summarizes the findings from their impact and cost evaluations.

EVALUATION DESIGNS

Evaluation Designs

The key evaluation design decision faced by each state was choosing a **comparison method**. To conduct a valid impact evaluation, states needed to develop a method of estimating **what would have happened in the absence of the demonstration**. In this way, the impact of the demonstration could be derived by comparing outcomes achieved in the demonstration to what outcomes would have been had there been no demonstration. There are four comparison strategies that states used.

- **Pre/post**. Only one state, South Dakota, chose to rely on a **pre/post** comparison for its evaluation. **Pre/post** comparisons automatically control for the unique features of the demonstration site, but risk confounding the estimated effects of the demonstration with the effects of other changes that occur during the evaluation period.
- **Comparison site**. Two states, Georgia and Missouri, relied on a comparison site design to evaluate their conformance demonstrations. Comparison site designs control for changes over time that affect both the demonstration and comparison sites, but rely on the assumption that the introduction of the demonstration is the only difference between the demonstration and comparison sites that has substantial effects on the outcomes being examined. To help assure that the demonstration and comparison sites were similar, Georgia selected a matched comparison county for each of the counties included in the demonstration.
- **Combined pre/post and comparison site**. Two states, Texas and Hawaii, used a combined **pre/post**, comparison site strategy for estimating the effects of the demonstration. The strength of the combined design is that it adjusts both for preexisting differences between the demonstration and comparison site and for trends over time that are common to both sites. Both states, however, were unable to use the full design for all outcomes because information on some outcomes was not available in the **predemonstration** period. For these outcomes they used a comparison site design.

- *Within-site random assignment.* Georgia also implemented a **within-site**, random assignment design to determine the effects of increased supportive services. This approach has substantial statistical advantages over the alternatives because the random assignment itself assures that the demonstration and comparison samples are statistically equivalent. This approach was not generally used for the demonstration evaluations because the demonstrations were examining the effects of systemic changes that were difficult or impossible to limit to a random subset of participants.

When data were available, the states used multivariate procedures, such as regression analysis, to adjust for differences in participant characteristics and economic condition between the demonstration and the comparison site or period. However, the use of these procedures was limited by data availability and was not used for all outcomes examined.

KEY FINDINGS FROM THE IMPACT AND COST EVALUATIONS

The impact and cost evaluations examined participation patterns (including work registration, participation rates, service to volunteers and service to priority groups), services (including frequency of types of services and the intensity of services), outcomes (including employment, earnings, and Food Stamp receipt), and costs. The findings from the evaluations are summarized below.

Participation Patterns

The key elements of the demonstrations that were expected to affect participation patterns include the use of more inclusive work registration requirements, targeting services to groups most likely to benefit from E&T services, encouraging volunteers, and implementing stricter sanctioning procedures. Findings of the state evaluations related to participation patterns include:

- Replacing E&T work registration rules with JOBS work registration rules seems to have increased the number of mandatory work registrants in four of the five demonstration states. Many of the additional work registrants were young women with dependent children.
- Selective targeting seems to have been an effective tool in increasing the representation of priority groups among E&T participants. However, the absolute number of E&T participants belonging to priority groups fell in several states because the decline in overall participation rates overwhelmed the effect of selective targeting.

- Encouraging volunteers led to substantial participation by volunteers in most states. Volunteers tended to be more educated individuals who were interested in advancing their education and training. Thus, recruiting volunteers seemed to decrease the percentage of participants who were high school dropouts and increase the percentage who were white.
- Selective targeting and encouraging volunteers had countervailing effects on participant characteristics. While selective targeting was designed to focus services on the most needy groups, serving volunteers tended to focus services on more educated individuals.
- Tougher sanctioning procedures led to a lower rate of requested or applied sanctions in the three states that implemented such procedures. Data from one state suggest that the lower sanction rate may have resulted in part from increased compliance.

Services

The state impact evaluations confirm that the demonstrations increased the range and intensity of education and training services provided to E&T participants. Specifically, the impact evaluation results **confirm** that the demonstration projects increased the frequency with which E&T participants received assessment, education and vocational training services, and participated in work experience or community service activities. The frequency of utilization of individual job search and job search skills training declined, as these services began to be matched to individual participants, rather than assigned to all participants as a required first service.

Outcomes

Despite the overall success in implementing more intensive services, the state impact evaluations provide evidence of at most modest improvements in participant outcomes. Three of the five states showed increased employment among demonstration participants. Because these analyses did not adjust for demographic or economic differences between the demonstration and the comparison, they are not conclusive. Indeed, the remaining two states found no significant employment effect after controlling for participant characteristics and economic conditions, even though there were positive effects in simple difference in means analyses. Further, the effects of the sharply reduced participation rates in many states may well have offset these modest effects. That is, the demonstrations may have had negative effects on the many work registrants who did not receive services under the demonstration but would have received services under the nondemonstration E&T service design.

Moreover, the two state evaluations that examined Food Stamp receipt found mixed effects that, if anything, indicate that the demonstration may have increased Food Stamp utilization during the first year after participants entered the E&T program.

Costs

The cost evaluations clearly show that overall E&T program costs increased dramatically (between 43 % and 368 %) as a result of the demonstrations and that per participant costs increased by even more (between 121% and 976%), due to the substantial reduction in participant volumes. Thus, while costs per participant ranged from \$14 1 to \$458 before the demonstrations, they ranged from \$3 11 to \$1,733 during the demonstrations. In most states, the greatest increase occurred in support costs. The bulk of the increase in support costs was for childcare assistance in the two states that provided information on childcare costs.

LESSONS LEARNED FROM THE CONFORMANCE DEMONSTRATIONS

As noted in SPR's *Synthesis of Implementation and Process Evaluations*, the experiences of the demonstration states suggest that regulatory conformance among and administrative consolidation of different welfare-to-work programs is administratively feasible at both the state and local levels. This bodes well for the potential success of states choosing the Simplified Food Stamp Program option of consolidating administration of Food Stamps and Temporary Assistance to Needy Families (TANF) under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

However the state impact evaluations raise serious questions about whether conformance-as implemented in the E&T/JOBS Conformance Demonstration-leads to improved outcomes for E&T participants:

- The conformance demonstration evaluation results showed that selective targeting to priority groups can increase services to those groups. However, they also suggest that providing supportive services, including childcare assistance, to individuals in education and training activities may induce them to stay on Food Stamps longer, as they continue those activities. At this point, one can only speculate about whether increased Food Stamp receipt in the short run will be followed by reduced dependency in the long run as these individuals complete their training and obtain employment.
- One of the lessons suggested by the E&T/JOBS Conformance Demonstration is that client targeting criteria and service approaches

established for poor households with dependent children do not automatically make sense when transferred to the Food Stamp program with its rapid caseload turnover and distinct caseloads that include both relatively job-ready individuals and individuals with limited employment skills and significant individual and family barriers to self-sufficiency. Instead, client targeting, service designs, and policies about priority to volunteers should be developed specifically to address the needs and goals of the E&T program and its work registrants.

- The demonstration evaluations did not give clear information about how the provision of intensive services to a limited number of work registrants affects outcomes for those work registrants who did not receive services but probably would have under the non-demonstration E&T Program. However, it is likely that to improve overall outcomes across the entire work registrant pool, E&T programs will have to distribute resources across a larger number of participants than did some of the conformance demonstration projects.

The Food Stamp E&T program faces a number of new challenges in the coming months as a result of changes to the Food Stamp and cash assistance systems under PRWORA and the Balanced Budget Act of 1997. First, the E&T program faces the challenge of serving able bodied adults without dependent children (**ABAWDs**) who are at risk of losing Food Stamp eligibility after three months unless they work at least 20 hours a week. Additional funds have been appropriated by Congress to ensure that the E&T program will be able to assist these at-risk Food Stamp recipients to find employment or, if jobs are not available, to perform a **workfare** activity that will allow them to retain eligibility for Food Stamps.

While consistent with the “work first” approach being emphasized for TANF recipients, the targeting of Food Stamp E&T services to **ABAWDs** is likely to require the development of distinct service designs and service delivery arrangements-i.e. placing participants into **workfare** assignments-because of the extremely short eligibility time limits for these individuals unless they obtain employment. The Balanced Budget Act of 1997 requires that 80% of federal E&T funds must be used to serve **ABAWDs**. Thus, at least in the short run, the emphasis of E&T program designs will need to be on providing cost-effective mechanisms for **ABAWDs** to remain eligible for Food Stamp benefits when jobs are not available in the local labor market.

Over time, however, the E&T program may inherit increased responsibility for poor households with dependent children who exhaust their eligibility for cash assistance. To the extent that resources become available to target services to these

households, states will be called on to develop service designs that are effective in enhancing employability for individuals with multiple employment barriers. The examples of selective targeting, individualized service planning, and service offerings tested under the E&T/JOBS Conformance Demonstration will provide a starting point for states interested in using E&T resources to address the long-term employability development challenges posed by welfare reform.

I. CONFORMANCE BETWEEN E&T AND JOBS: AN OVERVIEW

HISTORY AND OVERVIEW OF THE DEMONSTRATION

The Food Stamp Employment and Training (E&T) program, initiated by the Food Security Act of 1985 and required to be in operation in all states by April 1, 1987, was intended by Congress to increase the employability of program participants by “[assisting] members of households participating in the Food Stamp program in gaining skills, training, or experience that will increase their ability to obtain regular employment.” Until recently the program was allotted only limited federal funding—it spent less than \$140 million annually—to realize these lofty goals.¹ When distributed across the 1.3 million individuals who participate in E&T services in a typical year, the program spent only about \$100 in federal funds, on average, per participant. As a result of cost-sharing requirements, the states contributed additional funds, accounting for another \$60 million in expenditures annually, which increased the total spending to about \$200 million nationally, or about \$150 per participant. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the Balanced Budget Act of 1997 modified the E&T program, including an increase in funding. The period covered by this report, however, ends before passage of PRWORA.

Previous E&T program designs have resulted in large numbers of work registrants receiving minimal services as well as the issuance of large numbers of sanctions for noncompliance.² Prior to FY 1992, E&T program design and client targeting decisions were strongly influenced by federal performance standards requiring states to serve at least 50 percent of all mandatory nonexempt work registrants either by enrolling them in component services or sanctioning them for failure to comply with participation requirements. In response to these federal requirements, most states

¹ The Department of Agriculture provided \$75 million annually to the states as 100 percent federally-funded formula grants for the administration and operation of E&T services. Additional federal funds are available on a dollar-for-dollar matching basis to states that want to spend more on E&T operations. The federal government also provided matching funds to states to reimburse participants for the costs of child care and transportation/training expenses, within federal cost limits. Supportive service expenditures in excess of these limits must be provided using nonfederal funds.

² Social Policy Research Associates and SRI International, *Study of the Food Stamp Employment and Training Program: Operations, Funding, and Coordination*. May 1992.

targeted E&T services broadly to all mandatory work registrants but offered only limited services, primarily job search training and individual job search assistance. Furthermore, because sanctioning procedures had no “teeth,” E&T case managers spent much of their time issuing and curing sanctions, rather than helping participants find jobs.³ Perhaps because of the limited services provided to most participants, a net impact study performed during the first year of program operations found that the program had failed to achieve any statistically significant improvements in employment outcomes for E&T participants, compared to what they would have achieved without the program.⁴

Thus, at the end of FY 1991, state administrators of the Food Stamp Employment and Training Program faced an important turning point. They were eager for ideas about how to transform the program from one widely perceived as merely an administrative requirement for Food Stamp recipients and a paper-processing nightmare for program staff into a program providing meaningful and effective employment services. Responding to criticisms of the previous E&T program design, the Department of Agriculture opened the door to program redesigns at the state level by reducing the required participation rate standard from 50 percent to 10 percent of mandatory work registrants, effective FY 1992.

The Job Opportunities and Basic Skills (JOBS) program for AFDC recipients offered a potentially attractive model to states interested in developing new approaches for the E&T program. At the time that E&T was facing a turning point, the JOBS program was being touted as the answer to improving the employability of AFDC recipients. The JOBS program design:

- Used selective targeting to emphasize serving clients who would otherwise be at risk of long-term welfare dependency.
- Emphasized individualized service planning, rather than a “one size fits all” approach.
- Emphasized the improvement of participant employability through the delivery of basic education and vocational training services.

³ Participants could cure a sanction merely by indicating their willingness to cooperate with the program, without taking meaningful steps to comply.

⁴ ABT Associates, *Inc., Evaluation of the Food Stamp Employment and Training Program Final Report*. June 1990.

- Built on coordination linkages with basic education and vocational training providers to leverage additional public funds on behalf of program participants.

In recognition of the need to test new models for E&T design and operations, The Mickey Leland Memorial Domestic Hunger Relief Act of 1991 authorized the Secretary of Agriculture to conduct a demonstration on “conforming the Food Stamp E&T and JOBS programs in 60 project areas. ” On March 27, 1992; the Department of Agriculture issued an announcement inviting states to submit proposals for operating their E&T program in selected project areas under the same legislative and regulatory terms as the JOBS program.⁵ States were also encouraged to develop partnerships among different employment and training programs to achieve greater coordination between E&T and other programs like the Job Training Partnership Act (JTPA), adult basic education, and vocational education.

To conform E&T *participation rules and procedures* to JOBS policies and practices, states interested in participating in the demonstration were permitted to change E&T operations in the following ways:

- **Replace E&T exemption criteria with JOBS exemption criteria.** Key differences were the inclusion in JOBS mandatory work registration rules of individuals responsible for the care of dependent children over 3 years of age (over 1 year of age at state option), rather than over 6 years of age as in E&T requirements, and the inclusion of individuals receiving UI benefits.
- **Give priority to participation by volunteers, subject to resource availability.** The JOBS legislation called for priority both to *exempt work registrants* and *mandatory work registrants who volunteered* prior to being called in for services. One group of volunteers cited in the legislation consisted of mandatory or exempt volunteers already enrolled in *self-initiated training* when they entered the program. Individuals in self-initiated training approved by JOBS were eligible to receive supportive services from the JOBS program.
- **Implement selective targeting of clients, following the state’s JOBS example.** For the AFDC population served by JOBS, these target groups included individuals under age 24 without a high school diploma

⁵Although the Department of Agriculture encouraged states to propose demonstrations that tested full conformance between the E&T and JOBS programs, states were permitted to submit proposals for limited conformity, if they cited barriers that prevented them from guaranteeing full conformance.

or GED, individuals under age 24 with little or no work experience, individuals who had received AFDC benefits for 36 or more of the 60 months prior to certification, and members of households who were scheduled to lose their AFDC eligibility within two years because their dependent children would “age out” of the program. Under JOBS, participants in target groups had to account for at least 55 percent of all program expenditures.

- **Replace E&T sanctioning rules with JOBS sanctioning rules.** JOBS rules were generally perceived as being more stringent than E&T sanctioning policies because they had more serious consequences for the second and third occurrences of noncompliance. However, under JOBS, sanctions applied only to the noncompliant individual, rather than to the entire household.⁶

To achieve conformance of E&T *service designs* with JOBS, states were encouraged to:

- **Provide assessment and individual service planning to all participants.** In JOBS, assessment and individual service planning were required for all participants. Under JOBS, states could define assessment as a service component for the purposes of computing client participation hours during the first month of JOBS participation.
- **Offer the same service components available to JOBS participants and require clients to participate in at least 24 hours of E&T activities per week.** JOBS service components varied by state but had to include education, job skills training, job readiness activities, and job development and placement assistance, as well as two of the following four optional service components: group or individual job search, on-the-job training, work supplementation, and community work experience or another approved work experience program. Case management was also a permitted JOBS service component, at individual state option.
- **Develop nonreimbursable coordination agreements for the delivery of a wide range of education and training services to participants through individual referral arrangements.** To provide more intensive education and training services, the JOBS legislation encouraged programs to develop **nonfinancial** coordination agreements with a range

⁶ The JOBS sanctioning rules required participants to complete a 3-month and 6-month sanction period for second and third sanctions, respectively, before they could request to have their benefits reinstated.

of local education and training providers as a supplement to services provided directly with JOBS funds.

- **Use JOBS procedures to match clients to individual or sequenced services.** In contrast to E&T service designs, which often required all enrollees to participate in job search or job search training as the first component, JOBS service assignment procedures often were based on an individual assessment of participant needs and participation in multiple services to address identified needs.
- **Require certain participants to enroll in education activities, if these participants had not completed high school.** Under JOBS, mandatory work registrants who were caretakers under 24 years of age were required to participate in GED programs if they had not completed high school. Caretakers under 20 years of age had to participate in education regardless of the ages of their children.
- **Offer supportive services consistent with the state's JOBS supportive service plan.** JOBS programs usually offered a higher level of reimbursement for a broader range of work-related expenses compared to the \$25 per month transportation reimbursement available under E&T (JOBS offered reimbursements for books, uniforms, tuition, automobile repair, and dental work). JOBS also offered more generous child care expense reimbursements.

Each of these program features offered an alternative to the then-common E&T program design of universal targeting with a standardized service sequence that was perceived as not intensive enough to make a difference for most participants. Implementing uniform work registration and sanctioning procedures between E&T and JOBS was also attractive because it would enable states to simplify and consolidate time-consuming and complex administrative features of the E&T and JOBS programs. In addition, it was hoped that using JOBS' tougher sanctioning procedures for mandatory work registrants in E&T would reduce the rate of noncompliance and free up staff time spent tracking participation and requesting sanctions. Staff could then spend more time providing employment and training services to program participants. States with low AFDC benefit levels-where many JOBS participants became ineligible for AFDC benefits as soon as they obtained a minimum wage job-also were eager to facilitate the transfer of individual participants from JOBS to E&T, and vice versa, without interrupting the delivery of employment and training services, as participants moved between public assistance (PA) and Food Stamps/non-PA status.

In replicating the JOBS service model for E&T participants, states also hoped that they would be able to build on the coordination networks developed by JOBS to

leverage funds from other programs-such as the JTPA and adult

pay for the education and vocational training services received

In addition, the possibility of service consolidation for E&T and

potential to realize cost savings in the delivery of services for

through economies of scale. Although they were recognized to

expensive, the enhanced supportive services available under JOBS

some states as key to increasing participant access to more intensive

training services.

Five states were ultimately selected for participation

individuals through the use of assessment and individualized service planning; and (4) improving client outcomes.

Under a cooperative agreement with each demonstration state, the Department of Agriculture authorized the conformance demonstrations in designated project areas and provided each state between \$500,000 and \$600,000 to cover the increased costs of demonstration activities, including the increased costs of enhanced supportive services for demonstration participants. The cooperative agreements also specified that each state should select an independent evaluator and conduct an evaluation of the demonstration.

Within the common framework established by the demonstration guidelines and shared state objectives, the demonstration states varied substantially in:

- The number of local E&T sites (and percentage of all statewide work registrants) involved in the demonstration.
- How priority target groups were defined, how potential participants were selected or recruited for services, and the extent that participation by volunteers was attempted and/or achieved.
- The particular service components available to demonstration participants, and how participants were matched to services.
- Whether the demonstration involved actual consolidation of E&T operations with JOBS or the operation of separate but parallel programs.

The demonstration states also varied in whether they transformed their statewide E&T program at about the same time as, but independently of, the demonstration, or whether they retained the “old style” broadly targeted services in nondemonstration counties. To some extent, states could model their E&T programs after the JOBS model without receiving waivers from the Department of Agriculture. Under the E&T program rules in effect starting in FY 1992 (when the participation standard was reduced to a minimum of 10 percent), states could adopt JOBS service components, implement selective client targeting policies similar to the JOBS target groups, and consolidate the delivery of E&T and JOBS services through integrated service contracts or the use of integrated in-house employment and training units. In fact, three of the five states that were selected for participation in the E&T/JOBS Conformance Demonstration (Missouri, Texas, and Georgia) adopted client targeting and service offerings modeled after their JOBS programs for their E&T programs on a statewide basis. *However, without an official demonstration waiver, states could not use JOBS*

work registration or sanctioning criteria or receive federal support for the cost of enhanced supportive services for E&T participants.

OVERVIEW OF THE REPORT

This report synthesizes ***the*** findings from ***the*** states' ***impact*** and ***cost*** evaluations. A companion report (Kogan and D'Amico, 1997) provides a synthesis of the states' process and implementation evaluations. Both reports are based on the written evaluation reports prepared by the demonstration states and their independent local evaluators. For this report, the primary sources are the states' impact and cost evaluations. However, in cases where information is not available from the impact and cost evaluations, we also draw on information from the process and implementation evaluations.⁸ The results presented in this report are wholly based on information provided by the states and their evaluators. We acknowledge their hard work in conducting those evaluations.

In Chapter II, we present an overview of the demonstrations and their evaluation designs. We also discuss some of the methodological issues and challenges that the state evaluators faced and that qualify the interpretation of the results.

In Chapter III, we discuss the findings of the states' implementation and cost evaluations. In particular, we present the impacts of the demonstrations on participation patterns (i.e., work registration, participation, rates, participant characteristics), on sanctioning, on services received (type and intensity), on outcomes (employment, earnings, and Food Stamp receipt), and on costs.

In Chapter IV, we provide an overall summary and conclusions.

Appendices for each state provide an overview of the state's demonstration, describe its evaluation design, and summarize its findings. These appendices do not describe all the analyses conducted by the states' evaluators. Instead, the appendices present summaries of the findings relevant to the topics discussed in this synthesis.

⁸ A list of references at the end of this report lists the state evaluation reports on which this synthesis report is based.

II. OVERVIEW OF DEMONSTRATION EVALUATION DESIGNS

SUMMARY OF THE DEMONSTRATIONS' DESIGN AND IMPLEMENTATION

Although each demonstration was unique, they shared a number of common features. As summarized in Table II-1, a majority of the five demonstrations:

- Replaced E&T work registration requirements with JOBS work registration requirements.
- Encouraged volunteers.
- Used targeting criteria similar to JOBS.
- Implemented more stringent sanctioning rules.
- Called in only a subset of work registrants for services to address service capacity limitations.
- Provided increased assessment and individualized service planning.
- Increased access to education and training through either E&T-funded services or referrals to other providers.
- Provided increased access to supportive services.
- Did not consolidate E&T and JOBS operations, but operated similar parallel programs.

Thus, the demonstrations typically provided more intensive services to a somewhat more limited population, with a focus on serving volunteers and priority groups. This more intensive, but narrower, approach was accompanied by more stringent sanctioning of those individuals who failed to meet E&T participation requirements.

This broad similarity among the demonstrations enables us to synthesize the results of the individual demonstrations to come to some overall conclusions regarding the impacts of this general package of program design changes. The analyses conducted by the states, however, do not usually allow us to assess the impacts of individual features of the demonstrations, such as more stringent sanctioning rules, although some of the analyses are suggestive. Rather, each the analysis addresses the impacts of the state's demonstration as a whole, in comparison to an estimate of what would have occurred in the absence of the demonstration.

Scope of demonstration

Number of counties

Percentage of E&T work registrants who
are in demonstration counties

Participation and sanctioning

Fewer exemptions from work registration

Although the demonstrations were broadly similar, in interpreting the results of the state evaluations we must keep in mind that there are some substantial differences between the demonstrations. Below, we briefly discuss the key features of each state's demonstration design, based on a synthesis of the states' implementation and process evaluations (Kogan and D'Amico, 1997), which examined the implementation of the demonstrations in considerable detail.

KEY FEATURES OF STATE DEMONSTRATION DESIGNS

Georgia. Georgia's JET demonstration emphasized: (1) participant access to a more flexible sequence of component services, in combination with individualized assessment and one-on-one case management for all clients, and (2) more generous supportive services, including enhanced assistance for training-related expenses and post-employment services. In combination, these demonstration features resulted in (3) more frequent utilization of education and training activities by participants, including participation in self-initiated training by a number of volunteers.

Hawaii. Among the key program features tested by the PRIDE demonstration were: (1) an effort to identify a wide range of employment barriers faced by participants and link individuals to community agencies that can help address those barriers; (2) the design and delivery of preemployment services to address their sometimes low motivation and self-esteem as well as to provide **participants with** improved job seeking skills; (3) an emphasis on participation by work registrants from priority target groups that can benefit from more intensive E&T services and by both mandatory and exempt work registrants who volunteered for services; and (4) an emphasis on encouraging participation in education and training services, particularly for participants who have not completed high school.

Missouri. Key elements of the JET service design included: (1) a strong emphasis on serving volunteers, (2) an emphasis on comprehensive assessment, careful service planning, and ongoing case management for each participant, and (3) access to a wider range of employment and training services than was typical for E&T participants prior to the demonstration or was typical in nondemonstration counties. As a consequence of these attributes, JET served relatively few participants and a much smaller proportion of the demonstration area's mandatory work registrants than was customary in the nondemonstration counties.

South Dakota. The key program features tested by the South Dakota Food Stamp E&T/JOBS conformance demonstration were: (1) an expanded and individualized service planning process; (2) an increased emphasis on utilization of education services, particularly for individuals without high school completion; (3) little encouragement given to voluntary participation; and (4) a continued interest in calling in a high percentage of all mandatory work registrants. The demonstration model was used statewide for all counties serving E&T participants.

Texas. The BOND demonstration was characterized by: (1) full consolidation of E&T and JOBS operations; (2) a high level of participation by exempt volunteers; (3) the development of a two-tier service design offering an increase in the intensity of job readiness and job search services for more job ready participants and access to basic and postsecondary education and training for individuals with more serious employment barriers; and (4) a significant investment in child care expenditures to support attendance in long-term education and training.

EVALUATION DESIGNS

The key evaluation design decision faced by each state was choosing a **comparison method**. To conduct a valid impact evaluation, states needed to develop a method of estimating **what would have happened in the absence of the demonstration**. In this way, the impact of the demonstration could be derived by comparing outcomes achieved in the demonstration to what outcomes would have been had there been no demonstration. There are three basic comparison strategies that states could have used.

- **Pre/post.** States could compare outcomes during the demonstration with outcomes in the same site **before** implementation of the demonstration.
- **Comparison site.** States could compare outcomes in the demonstration site to outcomes in other, nondemonstration sites.
- **Within-site random assignment.** States could randomly assign individuals to receive either demonstration or nondemonstration services and then compare the outcomes for these two different groups of participants.

Each approach has its own advantages and disadvantages; none is clearly superior to the others in all respects.

Comparison Sites

Two states, Georgia and Missouri, relied on a comparison site design to evaluate their conformance demonstrations. The validity of this strategy relies on the

assumption that the introduction of the demonstration is the only difference between the demonstration and comparison sites that has substantial effects on the outcomes being examined. To help assure that the demonstration and comparison sites were similar, Georgia selected a matched comparison county for each of the counties included in the demonstration. Paired counties were generally similar in terms of the size of the Food Stamp Program; the ethnicity, age, and gender of Food Stamp Program participants; the number of work registrants; and the local unemployment rate. Missouri also had planned to select matched comparison sites, but was unable to implement this plan.

Clearly, it is impossible to select comparison sites that are identical to the demonstration site in all relevant respects. For example, comparison sites will generally serve a clientele with somewhat different demographic characteristics. For this reason, the state evaluators chose to use multiple regression for some of their analyses. This multivariate technique enables them to control for observed differences in participant characteristics between the demonstration and comparison sites. While this approach is effective, it does not address differences that are not measured. For example, the demonstration sites typically encouraged volunteers and, as a result, a greater percentage of participants in the demonstration sites were volunteers. Volunteers are likely to be more motivated and differ from nonvolunteers in other unmeasured, but important respects. Some states, however, (e.g., Georgia) were able to control for volunteer status in some regression analyses.

The ability of some states to control for differences in participant demographics was also impaired by data limitations, especially in the comparison sites. For example, Georgia was able to include only a few characteristics in its regression models comparing the demonstration and comparison sites. In addition, it can be difficult to control for changes in local economic conditions that affect the comparison and demonstration sites differentially because measures of economic conditions are often highly correlated with the variable identifying the demonstration site.

An advantage of this comparison-site approach is that both the demonstration and comparison sites would be subject to changes over time that affect the entire E&T system, such as the reduction in the federal participation rate standard or changes in economic conditions that are uniform throughout the state. In both Georgia and to a lesser degree in Missouri, there was a shift toward individualized service planning and a broadening of referral and services offered *throughout the state*. Instead of concentrating solely on job search, participants also could be referred to other training

programs such as postsecondary, vocational or on-the-job training. As a result the comparison sites became more similar to the demonstration sites. Hence, we can expect the measured impacts of the demonstration to be smaller than they would have been if this change had not affected the comparison site. This does not mean that the estimates are invalid. It does however, affect their interpretation because the counterfactual has changed.

Within-Site Random Assignment

Georgia also implemented a within-site, random assignment design to determine the effects of increased supportive services. This approach has substantial statistical advantages over the alternatives because the random assignment itself assures that the demonstration and comparison samples are statistically equivalent. This approach was not generally used for the demonstration evaluations because the demonstrations were examining the effects of systemic changes that were difficult or impossible to limit to a random subset of participants. For example, many operational rules and procedures were changed by the demonstration. To implement them only for a subset of participants would require E&T program staff to implement different operational procedures for different participants, a difficult task. Further, even if they succeeded in taking this approach, the dual approach would forgo the cost savings expected from simpler administrative procedures. Georgia's approach, however, enables them to draw conclusions about the influence of increased supportive services apart from the influence of the rest of the demonstration.

Pre/Post Comparison

Only one state, South Dakota, chose to rely solely on a **pre/post** comparison for its evaluation. **Pre/post** comparisons risk confounding the estimated effects of the demonstration with the effects of other changes that occur during the evaluation period. First, additional changes in the E&T program not formally part of the demonstration could influence the change in outcomes. For example, in the transition from FY 1992 to FY 1993, changes may have occurred in the statewide E&T program design to prepare for the planned change to outcome-based standards or in response to the reduction of the federal participation rate standard from 50 percent to 10 percent. Thus, services and outcomes might have changed even in the absence of the conformance demonstration. Second, changes in general economic conditions may have substantial effects on participant outcomes. Finally, the characteristics of

participants might change over time, in response to either the demonstration itself or to other changes in the state environment.

To address the threats to the validity of the evaluation posed by these potential confounding factors, South Dakota's evaluation employed multivariate models that controlled for differences in participant characteristics and for temporal and geographic differences in economic conditions. Participant characteristics used in these regression models included, for example, gender, race, and age. Local economic conditions included the number of employed and unemployed in the county. These multiple regression models were used to examine two outcomes, employment and earnings; other analyses relied on simple **pre/post** comparisons.

Combined Pre/Post and Comparison Site

Two states, Texas and Hawaii, used a combined **pre/post**, comparison site strategy for estimating the effects of the demonstration. The impact of the demonstration is measured by the difference between the demonstration and comparison sites of the change from before to during the demonstration period. For example, if earnings increases by \$15 in the demonstration site and increases by \$5 in the comparison site, then the estimate of the impact is \$10 (15 - 5). Both states, however, were unable to use the full design for all outcomes because some outcomes were not available in the **predemonstration** period. For these outcomes they used a comparison site design.

The strength of the combined design is that it adjusts both for preexisting differences between the demonstration and comparison sites and for trends over time that are common to both sites. Thus, the main threat to the validity of the estimates is differential changes in participant characteristics or economic conditions. To address this possibility, both states' impact evaluations estimated regression models that controlled for a variety of participant demographic characteristics and economic variables. Because there were only one demonstration and one comparison county in each state, the county-level economic variables used in the regressions are likely to be highly correlated with the variable measuring the demonstration impact. This correlation may have seriously reduced the statistical power of the regression models.

In Texas, the E&T program in the comparison site experienced some changes that made it more like the demonstration. The most important of these changes was a statewide redesign of the job search and job readiness components offered to E&T

participants that occurred just as the demonstration was beginning. As a result of this consolidation, E&T participants received expanded and intensified job search and job readiness services, which were similar in both the demonstration and comparison sites. In addition, transportation allowances available to E&T participants were increased. As a result of these changes in the comparison site, the major service-design features that distinguished the demonstration site from the comparison site were (1) increased access to a wide variety of additional activities, including initial assessment, group or individual case management, education, vocational skills training and work experience and (2) increased access to supportive services, especially child care assistance. The estimated impacts of the demonstration should be interpreted as those resulting from these remaining differences.

Hawaii implemented “work first” requirements in the JOBS program beginning in April 1995. These requirements, which were introduced into the demonstration as well, required all participants, including those in education and training components, to work at least eight hours a week. In addition, a dramatic reduction in state funding led to a redesign of the demonstration service delivery design in July 1995. The emphasis shifted from barrier removal and employability development to immediate employment. Before July 1995, however, the E&T program in the comparison site operated without major organizational or service redesigns. To avoid the effects of these changes, the impact evaluation covered the period from January 1994 to June 1995. Although most of the evaluation period occurs before the program changes, there is some evidence that the work first requirements may have induced demonstration participants to drop out of training and education activities near the end of the evaluation period. The demonstration findings, therefore, should be interpreted with this qualification in mind.

Evaluation Samples

One other methodological issue affected all the state evaluations. All states included only E&T “participants” in their evaluation samples for many analyses; only a few analyses were based on all work registrants. Although the definition of participant varied among states, in all cases it was only a small subset of work registrants. The demonstrations, however, were expected to affect who participated because they encouraged volunteers, implemented selective targeting, and generally served fewer individuals so that more intensive services could be provided. Two problems result for the demonstrations’ estimated impacts. First, the impact of the demonstration is not limited just to those individuals who participate; some nonparticipants are affected

because they did not receive services that they would have received without the demonstration. Thus, even if outcomes are increased for participants, that increase might be offset by a reduction in outcomes for nonparticipants. The state evaluations ignore this possible effect and, thus, tend to overstate the overall impact of the demonstration. Second, we can expect the demonstration to affect the characteristics of participants so that participants in the demonstration and comparison sites are necessarily not comparable. To control for demonstration-induced differences in the characteristics of participants, most state evaluators used regression analysis to adjust for measured difference in participant characteristics, as discussed above.

SUMMARY

Overall, the states developed evaluation designs that were intended to overcome the major challenges to developing valid estimates of demonstration impacts. Their ability to develop reliable estimates was, however, compromised by several factors. First, the systemic nature of the demonstration precluded the states' evaluators from using the most reliable evaluation design, within-site random assignment. Thus, states were forced to use the alternatives of comparison site and **pre/post** designs. Second, redesigns of the comparison programs or of the demonstration itself midway through the testing period affected the interpretation and meaning of the results in several states. Third, the ability of the evaluators to control for confounding factors was limited by data availability, especially in the comparison sites, and by strong correlations between economic variables and the variables used to identify the demonstration impact. Finally, data in some states were not available for some of the outcomes of interest in the evaluation. Overall, although some individual state evaluations are inconclusive or incomplete, the combined efforts of the evaluators provide us with sufficient information to draw conclusions about the effects of the demonstrations as a whole, at least for many of the dependent variables examined. In the next section, we summarize the overall findings of the states' evaluations.

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III. ESTIMATED IMPACTS OF THE DEMONSTRATIONS

The demonstrations were intended to transform E&T systems to conform to the JOBS program in order to:

- Streamline administrative procedures to reduce duplication of effort and save on administrative costs.
- Increase compliance by imposing more stringent sanctioning procedures.
- Selectively target resources to those most likely to benefit and to volunteers.
- Individualize service plans to match the intensity of services to participant needs.

The ultimate objective was to help improve the labor market outcomes of participants and thereby reduce Food Stamp receipt by individuals and Food Stamp-related costs to taxpayers. In this section we summarize the findings of the state impact and cost evaluations. We discuss the effects on participation patterns, on the types and intensity of services received, on labor market outcomes, and on costs.

PARTICIPATION PATTERNS

Four aspects of the demonstrations can be expected to affect participation patterns: the more inclusive work registration requirements, selective targeting of resources toward priority groups, encouragement of participation by volunteers, and tougher sanctioning procedures. These changes can be expected to affect work registration, participation rates, service to volunteers, the characteristics of participants, and the frequency with which individuals are sanctioned for noncompliance.

Mandatory Work Registrants

All five demonstration states implemented JOBS work registration rules as part of their conformance demonstrations.¹ The shift to JOBS rules expanded the pool of work registrants in most states to include UI claimants and caretakers of children between the

¹ Both E&T and JOBS participation rules exempt individuals under 18 or over 60 years of age as well as individuals needed in the home to care for dependent children. The E&T exemption rules are more lenient than were the JOBS rules in several respects, however. First, E&T exempts all caretakers of children under six years of age, while JOBS exempted only caretakers of children under three years of age (or one year of age at state option). Second, E&T participation rules also exempt individuals enrolled in school at least half-time and UI claimants in compliance with UI work requirements.

ages of three and six. These more inclusive work registration requirements were expected to increase the number of work registrants in the demonstrations. As shown in Table III-1, there were substantial increases in work registration in Hawaii, South Dakota, and Texas and a modest increase in Georgia; there was virtually no change in Missouri.

**Table III-1
Estimated Impacts on Work Registration**

	Georgia	Hawaii	Missouri	South Dakota	Texas
Change in number of mandatory work registrants (%)	+9%	>60%	None	+49%	+25%

Note: Data are not comparable among states. The Texas estimate is based on a simulation of changes in exemptions.

Most of the increase in work registration appears to result from reducing the exemption for caretakers of young children. The Texas evaluation estimated that this group accounted for about 80 percent of additional registrants under the demonstration work registration rules. The South Dakota evaluation found an increase in the percentage of work registrants who were female from 44 percent to 57 percent and an increase in the percentage who were parents with children from 48 percent to 63 percent.

Participation Rates

The demonstrations were intended to both target services to priority groups and to provide more intensive services. As a result the number of participants (i.e., individuals who received at least one reportable E&T program service component) was expected to decline as resources were devoted to serving fewer people with more intensive services drawn from a larger work registrant population. To examine this issue, we look at participation rates, defined as the percentage of work registrants who received E&T component services.

As shown in Table III-2, participation rates indeed fell in most states. In this and other tables, the data are not always comparable among states due to differences in

definitions. The reader should focus, therefore, on the direction and relative size of the state differences. The largest reductions in participation rates under the demonstration occurred in Hawaii and South Dakota (which experienced the largest increases in the size of their work registrant pools) and Missouri (which sharply reduced the number of demonstration E&T participants compared to the previous E&T program). There was only a modest reduction in participation rates in Georgia. In Texas, the participation rate may have increased somewhat due to the demonstration-although the participation rate fell in the demonstration site, it fell by a greater amount in the comparison site. After these changes, there were still substantial differences among states in the participation rate. Missouri and Texas had very low participation rates (1 percent and 3 percent, respectively), while the other states continued to provide E&T services to at least 15 percent of work registrants.

In all states, the decline in participation rates more than offset the increase in work registration. Thus, the number of participants decreased during the demonstrations.

Table III-2
Estimated Impacts on Participation Rates

	Georgia	Hawaii	Missouri	South Dakota	Texas
Comparison participation rate ²	20%	88%	21%	31%	1%
Demonstration participation rate	15%	32%	1%	15%	3%
Change in participation rate (percentage points)	-5	-56	-20	-16	+2

² In this and subsequent tables, the comparison data represents the comparison information used by the state's evaluation and can be one of several alternatives: actual data in the comparison site during the demonstration period, actual data in the demonstration site from before the demonstration period, or a calculated comparison based either on the pre/post difference in change analysis or on an estimated regression model. The demonstration data are actual values from the demonstration site during the demonstration period.

Note: Data are not comparable among states. Participation rates are calculated based on all mandatory work registrants for Texas, Missouri, and South Dakota; on work registrants and volunteers called in for service in Georgia, and on mandatory work registrants who were called in for Hawaii. For Texas, the calculated comparison is derived from a regression model. In Georgia, individuals attending the first face-to face meeting with a case manager are counted as participants even if they receive no subsequent services. In Texas and Hawaii individuals are not counted as participants unless they receive at least one hour of an activity beyond assessment. Participation is not defined consistently in the Hawaii demonstration and comparison sites.

Volunteers

Most of the conformance demonstrations were designed to encourage participation by volunteers who were not mandatory work registrants. The only exception was South Dakota, which did not serve volunteers. Three of the other states, Georgia, Missouri, and Texas, served substantial numbers of volunteers, as shown in Table 111-3. The Hawaii demonstration served only a small percentage of exempt volunteers. However, nearly 60 percent of mandatory work registrants were classified as volunteers because voluntarily participated before being called in.

Two states, Georgia and Texas, examined the characteristics of volunteers. Both states found that volunteers were more likely to be female and were more highly educated than others. In Georgia, volunteers also tended to be younger, while in Texas they tended to be white.

Table III-3
Estimated Impacts on Service to Volunteers, Otherwise Exempt
(Percentage of Participants)

	Georgia	Hawaii	Missouri	South Dakota	Texas
Comparison (%)	0%	32%	0%	0%	0%
Demonstration (%)	28%	4%	56%	0%	40%
Change (percentage points)	+14	-28	+56	0	+40

Note: Data are not comparable among states. Volunteers from among both exempt and mandatory work registrants are counted in Texas.

Priority Groups and Participant Characteristics

All the state demonstrations, except in Texas, designated high-risk target groups that were to be given priority for service in the demonstration E&T program. Often these priority groups were modeled on those used by JOBS. The most common priority groups included:

- Under age 24 without a high school diploma or equivalent (GA, HI, MO, SD).
- Under age 24 with little or no recent work experience (GA, MO, SD).
- Little or no work experience (GA, HI, MO).
- Long-term food stamps receipt (GA, HI, MO).
- No high school diploma or equivalent (GA, MO).

Overall, the state evaluations tended to indicate that the demonstrations were successful in focusing services among these priority groups, as measured by the percentage of participants who were priority group members. For example, in Georgia all but the lowest priority group had higher participation rates than those who were not members of any priority group. In Hawaii, over 70 percent of participants were members of at least one priority group.

Although most states focused services on priority groups, the sharp decline in participation rates in some states may have caused the number of individuals served in some of these groups to decline. For example, the participation rate in Missouri fell from 21 percent to 1 percent so that the numbers served in virtually any priority group are likely to have declined.

As states focused their E&T services on these groups one would expect that the percentage of participants who were young, were high school dropouts, and had little work experience would increase. There were, however, some other forces affecting the characteristics of participants. The most important was the encouragement of volunteers. Because volunteers tended to be more educated than mandatory participants, as discussed above, encouraging service to volunteers led to increased service to more educated individuals and other groups interested in receiving the services offered by the demonstrations. Therefore, *service to volunteers worked against the goal of serving those most in need and tended to offset some of the effects of selective targeting*. In addition the change in work registration requirements, especially the elimination of the exemption for caretakers of young children, could be expected to

increase the percentage of participants who were female and the percentage that were young.

Three of the state impact evaluations examined the characteristics of participants. Table III-4 summarizes the available evidence for characteristics examined by several states. The results show that, as expected, the demonstrations led to increases in the percentage of participants who were female, were young, or had limited work experience. Somewhat surprisingly, the percentage of high school dropouts among participants decreased in the two demonstrations that provided information.

Table III-4
Estimated Impacts on Participant Characteristics
(Percentage Points)

	Missouri	South Dakota	Texas
Female	+29	+20	+29
White	+30	+5	+23
High school dropout	-4	N/A	-26
Age under 25 (SD) or 30 (TX)	N/A	+11	+27
Limited work experience	+32	N/A	N/A
Long-term food stamps recipient	N/A	+4	N/A

The major factor behind this decrease is likely to be the encouragement of **volunteers**—as discussed above, volunteers tended to be better educated. Three of the states found that the demonstrations increased the percentage of participants who were white. Other analyses conducted by the states tended to show that the demonstration tended to increase participation by adults with children. ***Overall, the major-factors affecting participant characteristics appear to be the elimination of the exemption for caretakers of young children, which led to increased relative service to young women, and encouraging volunteers, which may have led to increased service to high school graduates interested in further education.***

Sanctioning

Most of the demonstrations implemented the tougher sanctioning rules used by JOBS. The two exceptions were Hawaii and Missouri. In Hawaii, the conformance to JOBS sanctioning procedures weakened existing sanctioning procedures because of the lenient conciliation procedures used by JOBS until JOBS conciliation procedures were modified in the Spring of 1995. In Missouri, the revised sanctioning procedures were not implemented until the spring of 1996 due to an administrative oversight.

The expected effects of stricter sanctioning roles are ambiguous—they can lead to either increased sanctioning or greater compliance. As shown in Table III-5, there were substantial declines in the percentage sanctioned in Georgia and in requests for sanctioning in Texas. The modest changes in Hawaii may have led to a slight reduction in the percentage of work registrants sanctioned (notices of adverse action).

Table III-5
Estimated Impacts on Sanctions

	S o u t h			
	Georgia	Hawaii	Dakota	Texas
Comparison sanctioning rate	36%	6%	49%	60%
Demonstration sanctioning rate	21%	5%	46%	43%
Change (percentage points)	-15	-1	-3	-17

Note: Data are not comparable among states. Sanctioning rates are based on selected work registrants in Georgia, on all work registrants in Hawaii, and on **requests** for sanctions and the number of called-in work registrants in Texas. Missouri did not implement changes in sanction procedures.

There was, however, an increase in the number of sanctions because the number of mandatory work registrants increased substantially. In South Dakota the estimates show a slight decrease in sanctions. Subsequent data indicate, however, that there may have been an increase during the later part of the demonstration. Overall, the demonstrations appear, however, to have reduced sanctions. Data from Georgia suggest that the lower sanction rates may have resulted in part from increased compliance.

E&T S ERVICES

All of the state demonstrations were intended to increase the availability of education and training services offered.

job training activities in addition to the job search or job readiness training that they had concentrated on before the demonstrations.

service planning and case management so that services would be more closely matched to the individual participant's needs and interests. Below we

impacts of the demonstration on the types of services received by participants, the intensity of services, and on the completion of services.

Types of Services

Table III-6
Estimated Impacts on Receipt of E&T Services
(Percentage Points)

	Georgia	Hawaii	Missouri	South Dakota	Texas
Individual job search, directed job search, job entry	- 34	- 40	- 20	- 4	- 66
Job search skills training, job readiness, group job search	- 80	+2	- 18	- 9	- 3
Education services	+32	-5	+3	+14	+65
Vocational training	+3	+25	- 6	+2	+1
Work experience, community service	+5	+17	- 3	+4	+4
On-the-job training	N/A	N/A	- 2	+2	N/A

Note: Data are not comparable among states. Categories have been combined both across and within states. N/A indicates that the state did not use the category or did not provide information for the category. Missouri data are based on the total number of services, not the number of participants, and therefore the percentage point changes sum to zero after adding a 22 percentage point increase in assessment. Effects in Missouri for participants would be larger in magnitude because some participants received multiple services.

States also differed in which enhanced services were emphasized. Educational services were most important in Georgia, Missouri, South Dakota, and Texas. Three of these states (Georgia, Missouri, and Texas) also served a high percentage of volunteers; their high provision of educational services may have occurred because volunteers wanted support for previously planned educational activities or took advantage of generous supportive services to begin education or training courses. For example, in Georgia two-thirds of participants in postsecondary education were volunteers. Missouri provided a fair amount of vocational training in addition to educational services. Hawaii emphasized vocational training and work experience.

Overall, the demonstrations were successful in shifting services away from job search and towards education services or vocational training. Only South Dakota, where there were few volunteers, continued to provide the vast majority of participants with only job search services.

Intensity of Services

Most of the demonstrations also intended to increase the intensity of services. However, only three states examined service intensity in their impact evaluations. The results were mixed. Hawaii examined the duration of service for persons who **completed** a specific service and found that the length of basic education decreased by 1.6 months while the length of job search skills training increased by 1 month. We do not, however, know the effect of the demonstration on the overall duration of services, because the overall effect also depends on the mix of services and the duration of services for those who do not complete.

For South Dakota, the time spent in job readiness and job search programs was not affected by the demonstration. Because the enhanced service components tended to be longer (about 3 months as compared to 1.2 months for job readiness and 2.4 months for job search), we can be confident that the overall length of services increased.

Texas found that the overall monthly hours in activities increased by nearly 50 percent relative to the comparison site, an increase of 26 hours per month, primarily due to the large amount of vocational and educational training provided.

Overall, it is likely that the state demonstrations increased the intensity of services because they tended to shift away from typically less intensive job search and job readiness activities towards typically more intensive educational and vocational training activities. However, we have little information about the size of the effect.

LABOR MARKET OUTCOMES

The emphasis of the demonstrations on providing a more intensive set of services to a more selected group of participants was intended, in part, to lead to improved labor market outcomes for participants. By providing skill-enhancing services to participants, it was expected that they would become more likely to be employed and obtain higher earnings.

Each of the state evaluations examined the impacts on employment and earnings. Some states examined outcomes at exit from the program; others examined outcomes about a year later as shown in Table III-7.

Table III-7
Estimated Impacts on Employment and Earnings

	Georgia	Hawaii	Missouri	South Dakota	Texas
Employment (percentage points)	+ 7	0	+21	+	0
Average earnings (both employed and not employed)	+\$63 per qtr.	N/A	+\$100 per week	?	N/A
Average earnings (among those employed)	-\$208 per qtr	0	N/A	N/A	0

Note: Data are not comparable among states. Data for Georgia are based on all called-in work registrants, not just participants, 9 to 12 months after program completion. Data for Hawaii and Missouri represent outcomes for participants at program completion. Data for Texas represent outcomes both at program completion and one-year later, for which the results were similar. South Dakota examined outcomes only for individuals receiving job search or job readiness training, which comprised the bulk of all participants. N/A indicates that the state did not provide information for the outcome.

Three states, Georgia, Missouri, and South Dakota, found that the demonstration increased employment. Because these analyses did not adjust for demographic or economic differences between the demonstration and the comparison, they are not conclusive. Indeed, the remaining two states, Hawaii and Texas, found no significant employment effect after controlling for participant characteristics and economic conditions, even though there were positive effects in simple difference in means analyses.

Georgia and Missouri also provided information on impacts on average earnings (of both those employed and those not employed), that increased, primarily because of the increase in employment. The results regarding earnings for South Dakota were mixed, but tended to suggest reductions in earnings due to the demonstration.

The results for earnings of those employed were more mixed. Georgia found a negative effect. Texas and Hawaii found no significant effect, but these analyses lacked statistical power.

Overall, the demonstrations may have led to increases in employment and earnings among participants, although the effects are modest and the evidence is not conclusive. And these modest effects might be offset by negative effects on nonparticipants who would have received services under the state's normal E&T

program. The only state with large estimated impacts was Missouri, which experienced a 21 percentage point increase in employment and a \$100 per week increase in earnings. It is important to note, however, that these impacts were estimated for participants. Because the participation rate dropped dramatically in Missouri (from 21 percent to 1 percent), it is quite possible that there are offsetting declines in outcomes for those work registrants who would have received services in the absence of the demonstration, but did not. Further, the Missouri estimates did not adjust for differences in economic conditions or for some relevant demographic characteristics or for service to motivated volunteers who might have found jobs without the demonstration.

FOOD STAMP BENEFIT RECEIPT

A primary goal of the demonstrations was to reduce Food Stamp receipt by moving participants to self-sufficiency. Only two states examined the effects of the demonstrations on Food Stamp receipt, with mixed and somewhat perplexing results. Although Georgia found that Food Stamp receipt decreased among demonstration participants at exit from the E&T program, a year later Food Stamp receipt among all work registrants was actually higher in the demonstration sites. The South Dakota evaluation found increases in Food Stamp receipt during the first year after referral to E&T, but no difference two years after referral. Overall, the results on Food Stamp receipt must be considered inconclusive. There is no strong evidence that Food Stamp receipt was reduced by the demonstrations.

COSTS

All demonstration states increased funding for the demonstration site to partially finance the enhanced E&T and support services offered by the demonstration. Table III-S examines the change in total costs (both federal and state funds), including the costs of support services (leveraged funds are not included). As shown in the table, increases in aggregate cost ranged from 43 percent in South Dakota to 368 percent in Hawaii. The relatively low percentage increase in South Dakota probably occurred because South Dakota operated the demonstration wherever the E&T program was operational in the state. The other states operated the demonstration in only a relatively few counties and could increase expenditures for the demonstration without a commensurate percentage increase in the state's entire E&T budget.

Aggregate Costs D

Comparison (before)

Demonstration

Change (\$)

Change (%)

Table III-9
Cost per Participant During and Before the Demonstration

	Georgia	Hawaii	Missouri	South Dakota	Texas
Comparison (before)	\$227	\$161	\$317	\$141	\$296
Demonstration	\$909	\$1,733	\$1,274	\$311	\$1,191
Change (\$)	\$682	\$1,572	\$957	\$170	\$895
Change (%)	300%	976%	302%	121%	302%

Note: Data are not comparable among states. Comparison data are from the demonstration site before the demonstration except in Georgia and Missouri, where the comparison data are from the comparison site during the demonstration. Costs per participant in South Dakota are based on individuals assessed; many individuals were assessed but did not receive subsequent services.

Table III-10 displays the percentage distribution of costs among 3 major cost categories: administration, direct delivery, and support services. Support services include travel allowances, child care assistance, and other similar costs. Direct delivery includes the costs of assessment, case management, training, and other

Table III-10
Percentage Distribution of Costs

	Georgia		Hawaii		Missouri		South Dakota		Texas	
	D	C	D	C	D	C	D	C	D	C
Administration	N/A	N/A	20%	6%	N/A	N/A	15%	15%	6%	8%
Direct delivery, training, tuition reimbursement	42%	80%	78%	75%	61%	77%	81%	79%	43%	83%
Support services	<u>28%</u>	<u>0%</u>	<u>2%</u>	<u>19%</u>	<u>39%</u>	<u>23%</u>	<u>4%</u>	<u>6%</u>	<u>51%</u>	<u>8%</u>
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Child care	45%	3%	N/A	N/A	N/A	N/A	N/A	N/A	44%	N/A

Note: D represents demonstration site. C represents comparison. Comparison data are from the comparison site, except in South Dakota, where the comparison data are from the demonstration site before the demonstration. Direct delivery costs include administration costs for Missouri and overhead costs for Georgia. Data for South Dakota are per individual assessed. N/A indicates that the state did not provide information for the category

services provided to the participant. Data from the comparison site are relatively similar across the states: administration was about 6 percent to 15 percent of total costs, support services were 8 percent to 23 percent of total costs, and direct delivery costs were about 80 percent of total costs.

In the demonstration site, however, the distribution of costs varied markedly among states. Administration costs were 6 percent in Texas and 20 percent in Hawaii. Costs of support services ranged from a low of 2 percent of total costs in Hawaii to over 50 percent in Georgia and Texas.

Except in Hawaii and South Dakota, the percentage of costs devoted to direct delivery was lower in the demonstration site, while the percentage devoted to support services was higher. The higher support costs primarily resulted from higher child care costs in the two states with the largest relative expenditure on support services: both Georgia and Texas spent about 45 percent of total costs on child care in the demonstration site.

As made clear by Table III-1 1, which displays the distribution of costs per participant, these differences in how the demonstration affected the distribution of costs are strongly related to the state's service design and philosophy. Both Georgia and Texas spent large amounts on child care, \$408 per participant in Georgia and \$520 per participant in Texas, more than these states spent on direct delivery. In Texas, the child care costs were concentrated among participants attending postsecondary education or training. In contrast, child care was not an allowable demonstration service in Missouri, the other state with high support costs.³ Support costs in Missouri were mostly transportation allowances (up to \$70 per week) and work-related expenses (up to \$350 per year). Although Hawaii and South Dakota expanded the theoretical availability of support services for demonstration participants, the cost of support services per participant was actually lower in the demonstration in Hawaii and just a few dollars higher in South Dakota.

³ This policy changed during the demonstration in the largest demonstration county.

**Table III-11
Distribution of Costs Per Participant**

	Georgia		Hawaii		Missouri		South Dakota		Texas	
	D	C	D	C	D	C	D	C	D	C
Administration	N / A	N/A	\$352	\$17	N/A	N/A	\$47	\$21	\$69	\$38
Direct delivery	\$377	\$182	\$1,355	\$198	\$772	\$244	\$251	\$122	\$515	\$377
Support services	<u>\$532</u>	<u>\$45</u>	\$27	<u>\$49</u>	<u>\$502</u>	<u>\$73</u>	<u>\$13</u>	<u>\$8</u>	\$607	\$38
Total	\$909	\$227	\$1,733	\$263	\$1,274	\$317	\$311	\$141	\$1,191	\$454
Child care	\$408	\$6	N/A	N/A	N/A	N/A	N/A	N/A	\$520	N/A

Note: D represents demonstration site. C represents comparison. Comparison data are from the comparison site, except in South Dakota, where the comparison data are from the demonstration site before the demonstration. (Comparison data from for Hawaii and Texas are different from those shown in Table III-9 because the comparison used in Table III-9 is the demonstration site before the demonstration.) Direct delivery costs include administration costs for Missouri and overhead costs for Georgia. South Dakota data are per individual assessed. N/A indicates that the state did not provide information for the category.

Hawaii spent much more than the other states on direct delivery **and spent** over 6 times as much on direct delivery as did the comparison site. According to the state's cost evaluation, the increased direct delivery costs were primarily the result of expenditures for detailed assessment and barrier removal services, although increased intensity for some existing E&T services also contributed to the increase in direct delivery costs (e.g., preemployment preparation, job search skills). Education and vocational training were obtained through referral to community resources and did not contribute much to direct delivery costs.

Only two states, South Dakota and Texas provided information on leveraged funds-other community resources accessed to help serve demonstration participants. As shown in Table 111-12, South Dakota was able to increase resources used for participants by 12 percent or \$38 per participant by accessing community resources. Texas appears to have been even more successful, increasing resources by 55 percent or \$657 per participant. These data may not be comparable across the two states. In South Dakota the leveraged costs came primarily from JTPA (60 percent) with the remainder coming from secondary education. The bulk of the leveraged funds in Texas (80 percent) were from "Pell grants, loans, and personal earnings." South Dakota did

not include these funds in its count of leveraged funds. The remaining leveraged funds in Texas came from adult and postsecondary education and from JTPA.

Table III-12
Funds Leveraged by the Demonstrations

	South Dakota	Texas
Aggregate leveraged funds (annualized)	\$85,706	\$507,169
Leveraged funds per participant	\$38	\$657
Percent of E&T funds	12%	55%

Note: Aggregate amounts are not comparable across states because of the wide variation in the size of the demonstration sites. The denominator for the Percent of E&T funds is **total federal** and state E&T costs excluding leveraged costs. Data on leveraged costs were not available for Georgia, Hawaii, and Missouri.

Overall, most states increased expenditure per participant substantially to fund the demonstration's enhanced service design. In most states these were very large increases in expenditure per participant for support costs, especially for child care. There were also increases in direct delivery costs per participant. But these increases were typically less than the increases in support costs.

I NTRODUCTION

In this chapter, we summarize the findings from

evaluations and review the findings from

Evaluations (Kogan and

demonstration impacts and costs.

E&T/JOBS Conformance Demonstration in the context of the new

systems being established by states under the Personal Responsibility

identified problem was that participants could cure sanctions at any time merely by demonstrating compliance at the time sanctions were announced. Thus, conformance with JOBS sanctioning rules was expected to improve participant compliance with participation requirements by establishing a mandatory waiting period after sanctioning before Food Stamp benefits could be reinstated.

Also as a result of conforming to JOBS regulations, the demonstrations increased the size and changed the composition of the **E&T** mandatory work registrant pool by eliminating exemptions for UI recipients and women with young children between the ages of 3 and 6.

As described in Chapter III, the states' evaluations revealed that:

- Tougher sanctioning procedures were implemented in three of the five demonstration sites. In Missouri, sanctioning procedures implemented under the demonstration were not tougher than previous E&T procedures. In Hawaii an expanded conciliation process resulted in sanctions being invoked less often.
- Tougher sanctioning procedures implemented under the demonstration were accompanied by a lower rate of requested or applied sanctions in the three states that implemented tougher procedures. However, this was not necessarily the result of increased compliance among targeted work registrants. Texas reported reduced rates of sanctioning among called-in work registrants, which would be consistent with increased compliance. However, both Georgia and Hawaii documented declining participation rates among called-in work registrants under the demonstration. Also, as noted in the *Synthesis of Implementation and Process Evaluations* (p. IV-5), the demonstrations continued to report high rates of no-shows and subsequent failures to comply among those targeted for participation. Part of the problem appeared to be that the individuals referred to the E&T program as mandatory work registrants were often off the Food Stamp rolls or exempt by the time they were called in.
- JOBS work registration rules replaced E&T work registration rules in all five states. As noted in *SPR's Synthesis of Implementation and Process Evaluations*, several states made further adaptations to the work registration requirements implemented for the demonstrations (e.g., South Dakota exempted individuals with self-initiated training plans; Missouri exempted individuals in need of child care; and Georgia exempted individuals with limited transportation options).
- The shifts in the E&T work registration rules under the demonstration had the effect of increasing the number of mandatory work registrants in

four of the five demonstration states. In two states (South Dakota and Hawaii) the size of the work registrant pool increased by 50% or more. This increase in the work registrant pool was not accompanied by an increase in available service funding. Thus, the increase in the size of the work registrant pool, in combination with the implementation of more individualized and more intensive E&T services-which actually reduced service capacity in most sites-intensified the decline in participation rates among mandatory work registrants that occurred in most demonstration states.

- The implementation of JOBS work registration rules also changed the composition of the mandatory work registrant pool under the demonstration by causing the inclusion of more women with dependent children. As noted below, this shift in the characteristics of mandatory work registrants-in combination with increased encouragement to those exempt from work registration requirements to volunteer-was associated with substantial increases in E&T participation by young women with children and a sharp increase in the level of demand for E&T child care services.

Although the changes implemented under the demonstration did not resolve the problem of high no-show and drop-out rates among E&T mandatory work registrants, the increased number of volunteers in a majority of the demonstration states suggests that E&T demonstration services were perceived as being desirable, at least by those Food Stamp recipients who chose to volunteer for services. The findings from the process evaluations also suggest at least part of the low response rate to call-ins for E&T services is due, not to non-compliance, but to the fact that the referral lists generated by Food Stamp intake workers become obsolete extremely quickly due to the high turnover within the Food Stamp recipient caseload. By the time Food Stamp work registrants are called in by the E&T program and respond (or fail to respond) to the call-in notices, a high percentage may no longer be subject to work participation requirements.

TARGET SERVICES TO HIGH RISK AND MOTIVATED FOOD STAMP RECIPIENTS

Following the model established by the JOBS program, most of the E&T demonstrations established priority target groups that were considered at risk of long-term Food Stamp dependency. As encouraged under the JOBS program, most of the E&T/JOBS conformance demonstration projects also gave priority to volunteers, including both “mandatory volunteers” (mandatory work registrants who volunteer for

participation in E&T services before being called in) and “exempt volunteers” (individuals not subject to mandatory work registration).

As described in Chapter 3, the states’ evaluations revealed that:

- Selective targeting procedures were implemented as planned in all states. Some states called in all work registrants belonging to target groups before calling in any non-target group members. Other states called in a mixture of target group and non-target group work registrants at the same time.
- Selective targeting generally led to greater representation of priority groups among E&T participants.
- However, the absolute number of E&T participants belonging to priority groups fell in several states because the decline in overall participation rates overwhelmed the effect of selective targeting.
- Encouragement of volunteers led to substantial participation by volunteers in most states.
- Selective targeting and encouraging volunteers had countervailing effects on participant characteristics. Targeting to priority groups was supposed to increase services to individuals who were most at risk of long-term Food Stamp dependency and thus, needed services the most. In contrast, the JOBS policy of priority to volunteers was based on a desire to help individuals who were already motivated to improve their skills. In the case of the E&T demonstration, volunteers tended to be more educated individuals who were interested in advancing their education and training. Thus, in the majority of states, the **success** of the demonstration projects in recruiting volunteers had an unintended effect on overall participant characteristics: it decreased the percentage of total participants who were high school dropouts and increased the percentage who were white.

The use of selective targeting in combination with individualized service assignments and sequences was intended to focus limited E&T resources on helping work registrants with substantial employment preparation and skills enhancement needs enter community education and training programs that could help address their needs. (In general, studies have found that the net impacts of participating in employment and training services are greatest for individuals with the most limited skills upon program entry.) However, because they did not limit support for classroom training and associated supportive services to individuals with the lowest levels of existing skills, the demonstrations ended up serving a number of individuals with a relatively high level of skills (e.g., high school graduates) who were interested in advancing their education.

An undetermined portion of these participants might have been able to attend training without program support. As a result, several of the demonstration projects (Texas and Georgia) devoted a relatively high proportion of project resources to providing child care and other supportive services to individuals already motivated to attend-or, in some cases, already attending-education and vocational training at the time they enrolled in E&T services.

MATCH SERVICES TO PARTICIPANTS' NEEDS AND IMPROVE PARTICIPANT OUTCOMES

Program design changes that were expected to improve the effectiveness of E&T services for a wide range of clients included: (1) replacement of a "one-size-fits-all" sequence of services with a more diverse menu of services and individualized service planning; (2) redesign of the content of job readiness/job search assistance to help improve participants' self-knowledge, self-esteem, and practical job search skills; (3) encouragement of participants with limited educational skills to attend basic skills training and complete their high school diplomas; and (4) availability of an enhanced menu of supportive services to support classroom training, including a higher rate for reimbursement of child care and transportation expenses.

The state impact evaluations confirm that the demonstrations increased the range and intensity of education and training services provided to E&T participants. Specifically, the impact evaluation results confirm that the demonstration projects increased the frequency with which E&T participants received assessment, education and vocational training services, and participated in work experience or community service activities. The frequency of utilization of individual job search and job search skills training declined, as these services began to be matched to individual participants' needs, rather than assigned to all participants as a required first service.

Despite the overall success in implementing more intensive services, the state impact evaluations provide evidence of at most modest improvements in participant outcomes. Three of the five states showed increased employment among demonstration participants. Because these analyses did not adjust for demographic or economic differences between the demonstration and the comparison, they are not conclusive. Indeed, the remaining two states found no significant employment effect after controlling for participant characteristics and economic conditions, even though there were positive effects in simple difference in means analyses. Further, the effects of the sharply reduced participation rates in many states may well have offset these modest

effects. That is, the demonstrations may have had negative effects on the many work registrants who did not receive services under the demonstration but would have received services under the nondemonstration E&T service design.

Moreover, the two state evaluations that examined Food Stamp receipt found mixed effects that, if anything, indicate that the demonstration may have increased Food Stamp utilization during the first year after participants entered the E&T program.

IMPROVE THE COST-EFFICIENCY OF WELFARE-TO-WORK SERVICES

One possible result of conforming E&T operations to the JOBS model would have been for states to consolidate administration and operations of the E&T and JOBS programs at both the state and county levels to reduce duplication of effort and save on administrative costs. Another goal was to increase the ability of the E&T program to leverage community education and training resources on behalf of E&T participants as a result of improved access to interagency linkages initiated by JOBS services.

In fact, only two of the five demonstration states (Texas and Georgia) consolidated E&T and JOBS operations at the county level, and only Texas instituted integrated caseloads for local case management of JOBS and E&T clients. Demonstration states were not generally able to identify how administrative costs were affected by the demonstration, but cost evaluation findings clearly show that overall E&T program costs increased dramatically (between 43 % and 368 %) as a result of the demonstration and that per participant costs sky-rocketed, due to the substantial reduction in participant volumes associated with the demonstrations.

LESSONS LEARNED FROM THE CONFORMANCE DEMONSTRATIONS

As noted in **SPR's *Synthesis of Implementation and Process Evaluations***, the experiences of the demonstration states suggest that regulatory conformance among and administrative consolidation of different welfare-to-work programs is administratively feasible at both the state and local levels. This bodes well for the potential success of states choosing the Simplified Food Stamp Program option of consolidating administration of Food Stamps and Temporary Assistance to Needy Families (TANF) under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

However the state impact evaluations raise serious questions about whether conformance-as implemented in the E&T/JOBS Conformance Demonstration-leads to improved outcomes for E&T participants.

One of the lessons suggested by the E&T/JOBS Conformance Demonstration is that client targeting criteria and service approaches established for work programs for AFDC recipient households should not be uncritically transferred the Food Stamp E&T program with its diverse caseloads and rapid caseload turnover.

Targeting services to women with young children and providing support services to volunteers were part of a carefully crafted strategy under JOBS to target services to motivated individuals and individuals at risk of long-term welfare dependency. In several demonstration states, policymakers adopted these JOBS targeting strategies for the E&T work registrants under the conformance demonstration without tailoring them to the different characteristics of E&T work registrant caseloads. These targeting policies-which caused several states to shift E&T attention and resources away from single individuals and individuals with limited basic skills toward women with children and individuals interested in furthering their post-high-school education-were not necessarily well thought-out in terms of their effects on the overall E&T work registrant population.

Another JOBS targeting principle that had been crafted for application to AFDC households called for selective participation emphasizing those most at risk of long-term welfare reciprocity. However, the result of applying this principle to the E&T work registrant pool was that a large number of job-ready Food Stamp recipients in demonstration states with highly selective participation designs (especially Missouri) were no longer required to participate in job-search activities to qualify for receipt of Food Stamp benefits. Because the demonstration evaluations typically estimated outcomes only for participants, they did not give information about how selective targeting of services to a limited number of work registrants affected outcomes for those work registrants no longer required to participate. However, it is likely that to improve overall outcomes across the entire work registrant pool, E&T programs will have to distribute resources across a larger number of participants than did some of the conformance demonstration projects.

The conformance demonstration evaluation results showed that selective targeting to priority groups could increase services to those groups. However, they also suggest

that providing supportive services, including child care assistance, to individuals in education and training activities may induce them to stay on Food Stamps longer, as they continue those activities. At this point, one can only speculate about whether increased Food Stamp receipt in the short run will be followed by reduced dependency in the long run as these individuals complete their training and obtain employment.

The Food Stamp E&T program faces a number of new challenges in the coming months as a result of changes to the Food Stamp and cash assistance systems under PRWORA and the Balanced Budget Act of 1997. First, the E&T program faces the challenge of serving able bodied adults without dependent children (**ABAWDs**) who are at risk of losing Food Stamp eligibility after three months unless they work at least 20 hours a week. Additional funds have been already been appropriated by Congress to ensure that the E&T program will be able to assist these at-risk Food Stamp recipients to find employment, or if jobs are not available, to perform a **workfare** activity that will allow them to retain eligibility for Food Stamps.

While consistent with the “work first” approach being emphasized for TANF recipients, Food Stamp E&T services to **ABAWDs** require the development of distinct service designs and service delivery arrangements-e.g. placing participants into **workfare** assignments-because of the extremely short eligibility time limits for these individuals unless they obtain employment. The requirements in the Balanced Budget Act of 1997 require that 80% of federal E&T funds must be used to serve **ABAWDs** who are placed in and comply with a qualifying work, training, or **workfare** program. Thus, at least in the short run, the emphasis of E&T program designs will need to be on providing cost-effective mechanisms for **ABAWDs** to remain eligible for Food Stamp benefits when jobs are not available in the local labor market.

Over time, however, the E&T program may inherit increased responsibility for poor households with dependent children who lose cash assistance eligibility as a result of exhausting state or federal time limits on household receipt of cash assistance. As long as the requirement to spend the vast majority of E&T funds on **ABAWDs** remains in place, the E&T program’s ability to serve this population may be limited. To the extent that resources become available in the future to address the varied **employability**-development needs of these high-need households, states will need to develop service designs that are flexible enough to respond to widely varying client needs. The examples of selective targeting, individualized service planning, and varied service offerings tested under the E&T/JOBS Conformance Demonstration will provide a

starting point for states interested in designing E&T services and operations to meet the long-term employability-development challenges posed by welfare reform.

APPENDICES
OVERVIEW OF THE EVALUATIONS
OF THE INDIVIDUAL STATE
DEMONSTRATIONS



APPENDIX A
THE EVALUATION OF THE GEORGIA JET
DEMONSTRATION

THE EVALUATION OF THE GEORGIA JET DEMONSTRATION

The Georgia conformance demonstration (called JET, for the “JOBS Employment and Training Program”) was established under the umbrella of the state’s PEACH (“Positive Employment and Community Help”) program, which also included employment and training services under E&T and JOBS. The demonstration was established to further three goals:

- **Facilitate the coordination of comprehensive training and skills development** for public assistance recipients.
- **Provide necessary support services** to public assistance recipients participating in training and making the transition to employment.
- Assure that public assistance clients have **real opportunities for job placement and career development**.

To further these goals, Georgia undertook several changes simultaneously. As described below, it implemented a statewide redesign of the E&T program to bring it closer to the JOBS model. Within the four demonstration counties, demonstration approval made it possible for Georgia to enhance the range and level of supportive services available to demonstration participants. Doing so, it was believed, would enable participants to undertake the education and training they need to obtain employment and reduce dependency on Food Stamps. The demonstration also resulted in the provision of individual service planning and case management that was more intensive than was typical for E&T clients in non-demonstration counties.

SPR’s process and implementation report provides additional information concerning the implementation of the demonstration project (including its goals and objectives, its history and evolution, program costs, and other features). This appendix summarizes the state’s impact and cost evaluations, including an overview of the evaluation design and a discussion of the estimated impacts on participation patterns, services, outcomes, and costs.

EVALUATION DESIGN

To evaluate the impacts of the demonstration, Georgia implemented a comparison site design. For each of the counties included in the demonstration, a matched comparison county was selected. As shown in Table A-1, paired counties were

generally similar in terms of the size of the Food Stamp Program; the ethnicity , age, and gender of Food Stamp Program participants; the number of work registrants; and the local unemployment rate.

Table A-1
Comparison of Demonstration and Comparison Counties

	Chatham	Richmond	Clayton	Cobb	Gilmer	Fannin	Glynn	Spalding
	Demo.	Comp.	Demo.	Comp.	Demo.	Comp.	Demo.	Comp.
FSP households	10,007	10,836	5,369	5,169	666	658	2,572	2,351
Percent Black	84%	77%	47%	42%	0%	0%	65%	67%
Age 18-34	28%	28%	29%	28%	28%	29%	28%	28%
Percent female	60%	60%	60%	59%	55%	54%	59%	58%
Work registrants	2,397	3,272	3,596	2,480	394	396	1,521	797
Unemployment rate	4.3%	4.9%	5.8%	4.1%	6.2%	6.7%	4.2%	5.8%

Source: Appendix to Georgia’s Implementation and Process Findings.

Although the demonstration and comparison counties are not matched exactly, the difference between matched pairs is small relative to the variation over all counties.

In addition, Georgia implemented a random assignment design within the demonstration to test the impact of expanded supportive services. The treatment group received enhanced supportive services according to the JOBS supportive services plan, while the control group received the same supportive services to which E&T participants in the comparison counties were entitled.

The comparison site design relies on participants in the demonstration and comparison site being similar. Georgia used two strategies to help assure that their impact estimates were not confounded by differences between the demonstration and comparison sites. First, the demonstration sites were matched with similar comparison counties, as discussed above. Second, multivariate regression-type models were estimated to control for measured differences between the demonstration and comparison samples. Because of data limitations in the comparison counties, however,

only a relatively few characteristics could be used in these models, including county pair, age, and volunteer status.¹ Because of the limited number of control variables and because the models were not estimated for all outcomes, the use of matched county pairs was the primary strategy used to control for differences between the demonstration and comparison samples.

Several other limitations should be kept in mind when assessing the estimated impacts of the demonstration. First, the demonstration counties tended to call in those individuals who were most recently classified as work registrants, while comparison counties called in those who had been classified work registrants the longest. As a result, work registrants that could quickly find a job on their own tended to be included in the demonstration samples, but excluded from the comparison samples. In addition, in the comparison counties, individuals were defined as participants if they reported to the first face-to-face meeting with a case manager after being called in for participation. In contrast, in the demonstration counties, individuals were not considered a participant until they attend both an initial orientation meeting and a face-to-face meeting with a case manager. Thus individuals became participants at *their first* activity, in comparison counties, but at their *second* activity in demonstration counties. As a result individuals in the demonstration samples may be more motivated. The demonstration samples, therefore, may differ from the comparison samples in ways that lead to higher outcomes, even if the demonstration is ineffective.

Second, outcomes are measured both at exit from the E&T program and about 1 year later. However, the demonstration tended to continue serving people until they achieved a positive outcome, while individuals could exit from the comparison counties' E&T programs after completing required activities, but before achieving a positive outcome. As a result the analysis of outcomes *at exit* may be more favorable to the demonstration than would an analysis of outcomes at some fixed time after the *start* of E&T services. The average length of participation, however, was only a little higher in the demonstration: 110 days as compared to 96 days in the nondemonstration counties. Therefore, the bias is unlikely to be large. Further, outcomes measured a year after exit should be virtually unaffected by this potential bias.

¹ Some models also included receipt of services or number of days enrolled.

At the outset of the demonstration period, statewide changes in the E&T program reduced the differences between the demonstration and comparison service designs. For instance, the E&T program also moved from a nearly total reliance on job search to the availability of a wide variety of activities including initial assessment, education, vocational skills training and work experience. It is important to note, however, that only a small percentage of nondemonstration participants took part in these new E&T activities, whereas a fairly large number of individuals participated in the activities offered in the demonstration. Thus, the demonstration sites provided substantially more intensive services, despite the changes in statewide E&T program. The estimated impacts of the demonstration should be understood as the results of the remaining differences between the demonstration and comparison sites, which included 1) the ability of exempt individuals to volunteer for participation in the demonstration sites, 2) the availability of a wider range of supportive services, 3) the implementation of JOBS work registration rules which required participation by individuals with children between 3 and 6 years of age and 4) a greater emphasis on individualized assessment and service sequences in the demonstration sites.

IMPACT FINDINGS

Participation Patterns

Work Registrants

By reducing exemptions from work registration requirements, the demonstration was expected to increase the number of work registrants. Georgia's **impact report** did not report impacts on the number of work registrants. However, its process and implementation report reported some information on work registration, as displayed in Table A-2.

Table A-2
Work Registration in Demonstration and Comparison Counties

	<u>Demonstration</u>	<u>Comparison</u>
Before demonstration (1992)	7,908	6,945
During demonstration		
4/93 to 3/94	8,048	4,887
4/94 to 3/95	<u>6,871</u>	<u>7,137</u>
Average	7,495	6,012

Source: Appendix to Georgia's Implementation and Process Findings.

As shown in the table, the total number of work registrants in the demonstration counties was nearly unchanged in the first year of the demonstration, but declined in the second year. In contrast the number of work registrants declined at first in the comparison counties and then increased. Overall, work registration decreased less in the demonstration counties than in the comparison counties. Thus, these data are consistent with a small demonstration-induced increase in work registration of about 9 percent, although the evidence is not definitive.

Participation Rates

Because the demonstration both targeted services to priority groups and was intended to provide more intensive services to those who participated, it was expected that participation rates would decline. By participation we mean an individual who received at least some minimal service from the E&T program.²

Georgia's impact evaluation examined participation rates among mandatory work registrants and volunteers who were called in for service. The descriptive statistics shown in Table A-3 indicate that the participation rate among those called in was 15 percent in the demonstration counties as compared to 20 percent in the comparison counties. The participation rate for mandatory work registrants was 13 percent in the demonstration; it was 29 percent for volunteers. The overall participation rate (among all work registrants), however, also depends on the call-in rate, which was set to match caseloads to service capacity at each site. However, a comparison of the data in tables A-2 and A-3 shows that there were many fewer participants in the demonstration counties than in the comparison counties despite the fact that the number of work registrants tended to be somewhat higher in the demonstration counties.³ Thus, the overall participation rate must have been lower in the demonstration counties.

² Georgia's impact report refers to these individuals as "enrollees," who are defined as individuals who reported to a reportable program component. The demonstration counties did not treat the group orientation as a reportable component.

³ The data in Tables A-2 and A-3 are not comparable because they cover different time periods.

Volunteers

The demonstration appears to have succeeded in targeting services to volunteers: 28 percent of participants in the demonstration site were volunteers while the comparison sites did not serve volunteers.⁴ Further, the percentage of called-in

Table A-3
Participation in Demonstration and Comparison Counties
(July 1993 to June 1995)

	<u>Demonstration</u>	<u>Comparison</u>
Called-in work registrants and volunteers	8,027	10,989
Participants	1,182	2,213
Participation rate among those selected	15%	20%

Source: Georgia's Impact Report, Table 7, p. 12, and Table 15, p. 25.

volunteers who participated was more than twice as high (29 percent) as the percentage of called-in mandatory registrants who participated (13 percent). Moreover, compared to mandatory work registrants, volunteers had a substantially different demographic profile—they were nearly all female, more highly educated (76 percent were high school graduates versus only 42 percent for mandatory participants), had virtually no homeless exemptions (1 percent versus 25 percent for mandatory participants), and on average were 8 years younger than mandatory work registrants who participated.

Priority Groups

Georgia identified six priority groups:

- Custodial parents under age 24 who have not completed high school or equivalent and are not enrolled in school, or who have less than 6 months of work experience.
- Primary wage earners in two-parent households.

⁴ In Georgia volunteers could be either exempt from work registration or mandatory work registrants. No distinction was made between these two groups of volunteers.

- Persons who have received Food Stamps for 36 of the previous 60 months.
- Self-initiated participants (those already enrolled in education or vocational training).
- Registrants without a high school diploma or GED.
- Registrants with less than six months work history.

Because of data limitations, Georgia could not compare the levels of service to priority groups between the demonstration and comparison counties. However, all but the lowest priority group had higher participation rates among those called in for services than individuals who were not members of any priority group, as shown in Table A-4.

Table A-4
Participation Rate by Priority Group
(In Order of Priority)

	Demonstration
Teenage parents	18%
Primary wage earners	23%
Long-term Food Stamps recipients	21%
Recipients in self-initiated training	28%
Limited education	12%
Limited work history	9%
Not a priority group member	11%

Source: Georgia's Impact Report, p. 22.

In addition, the impact report provides an analysis that compares participants with nonparticipants **within** the demonstration. A logistic regression model shows that membership in four of the six priority groups was associated with higher probabilities of participation (among called-in registrants): teen parents, primary wage earners, **long-term** recipients, and self-initiated participants (individuals who were enrolled in training

at the time of referral).⁵ Other factors that increased the probability of participation were married with spouse present, being older, black, female and volunteer status. The two priority groups with the lowest priority were not positively related to participation: limited education was unrelated to the probability of participation while limited work history, the group with the lowest priority, was associated with reduced probability of participation (relative to individuals not in any priority group). Overall, however, the demonstration did appear to focus services on those groups with the highest priority.

To some extent, the targeting to priority groups and the emphasis on serving volunteers had offsetting effects on the overall characteristics of participants. Compared to nonparticipating called-in work registrants, participants were more highly educated (71 percent high school graduates versus 46 percent) and had a higher percentage of female participants (74 percent versus 56 percent), probably because volunteers were mostly female and high school graduates.

Because these analyses were based on comparing participants and nonparticipants within the sample of work registrants targeted for participation by each site, the demonstration was probably even more successful in targeting priority groups than implied by these results to the extent that the call-in process itself targeted members of priority groups. In the absence of data from the comparison site, we do not know if the demonstration was more successful than the comparison counties in serving these groups.

In summary, the Georgia demonstration tended to serve fewer participants but appears to have been generally successful in targeting services towards volunteers and priority groups.

Sanctioning

The demonstration implemented stricter sanctioning provisions so that sanctions were more difficult to cure. These stricter penalties could have led either to increased sanctioning or greater compliance. Among selected work registrants, a significantly lower percentage had been sanctioned at exit from the program in the demonstration (21 percent) than in the comparison counties (36 percent). The state's evaluation suggests that this reduction was due to an increase in individual exemptions from participation requirements-the reduction in sanctions measured at exit from the program was

⁵ Georgia's Impact Report, Table 13, p. 22.

accompanied by increased exemptions: 43 percent of called-in registrants were exempted in the demonstration as compared to 29 percent in the comparison counties.

Among participants (those who participated in at least some activities), the sanctioning rate was similar in the demonstration and comparison counties-about 22 percent.

SERVICES RECEIVED

Types of Services

Georgia's JET demonstration emphasized participant access to a more flexible sequence of component services, in combination with individualized assessment and one-on-one case management for all clients and more generous supportive services (for the randomly assigned treatment group). Table A-5 shows the incidence of services in the demonstration and comparison counties.

Table A-5
Service Receipt by Participants
(July 1993 to June 1995)

	Demonstration	Comparison
Assessment	97%	17%
Job Search-Group	1%	77% ^{***}
Job Search-Individual	39%	75%
Secondary Education	3%	0%
Adult Education	23%	2%
English as a Second Language	1%	1%
Postsecondary Education	10%	2%
Job Readiness Training	2%	6%
Occupational Skills Class	3%	0%
Work Experience	5%	0%
Employment	7%	5%
Number of Enrollees	1,182	2,213

Source Georgia's Impact Report, Table 15, p. 25

Participants in the demonstration were much more likely to receive assessment and much less likely to receive group job search or individual job search than participants in the comparison counties. Further, they were considerably more likely to participate in educational activities, such as secondary education, adult education and postsecondary education. A small percentage received occupational skills training and work experience, which were not available in the comparison site. The evaluation also found that younger participants were more likely than were older participants to receive educational activities. Educational activities were typically funded by other programs, either Pell grants for postsecondary education or Adult Education and English as a Second Language courses available in the local area. Although Table A-5 is based on a simple difference in means analysis, it is unlikely that differences in participant characteristics between the demonstration and comparison counties could explain the dramatic differences in the types of services received by participants. Some of the enrollment in educational services, however, is explained by the presence of volunteers, many of whom had started the educational activity before participation in the demonstration. For example two-thirds of participants in postsecondary education were volunteers.

In both the demonstration and comparison counties, a substantial percentage of participants did not receive services beyond their initial activity: 28 percent of participants in the demonstration exited the E&T program after assessment, while 21 percent exited after the first activity (typically group job search) in the comparison counties.

In summary, the demonstration was successful in increasing individualized assessment and in providing (directly or through referral) a wider range of services with a focus on educational activities, relative to comparison counties.

Intensity of Service

Georgia did not provide information on the intensity of services provided.

OUTCOMES

Employment and Earnings

The Georgia impact evaluation examined employment rates and earnings 9 to 12 months after termination among called-in work registrants (not just participants). The results are shown in Table A-6.

These data show that both average earnings and the employment rate were higher in the demonstration than in the comparison counties. Average earnings of those employed, however, were somewhat lower in the demonstration counties. Thus, the increase in overall average earnings is due entirely to the increase in employment.

Table A-6
Employment and Earnings One Year After Program Exit
for Called-In Work Registrants
(July 1993 to June 1995)

	<u>Demonstration</u>	<u>Comparison</u>
Average earnings (all selected registrants)	\$902	\$839
Percent employed	43%	36%
Average earnings (employed)	\$2,106	\$2,314

Source: Georgia's **Impact** Report, Table 26, p. 38.

Further analysis showed that the difference in overall average earnings was concentrated among participants—there was little difference in average earnings for work registrants who were called in but did not participate. Thus, the increase in earnings and employment likely resulted from the services received by participants.

The Georgia Impact Report also demonstrated that the expanded supportive services provided to a random subgroup in the demonstration sites increased both employment and earnings.

Food Stamp Receipt

A primary goal of the demonstration was to increase the number of individuals who leave the Food Stamp Program as a result of increased employment and earnings. The state's evaluation found that a greater percentage of participants were off Food Stamps at exit from E&T in the demonstration (20 percent) than in the comparison counties (10 percent). Demonstration participants were also more likely to be still on Food Stamps, but **employed**, upon exit from E&T (17 percent versus 12 percent).⁶

⁶ Multivariate logistic models **confirmed** that there were significant differences even after controlling for age, the number of days enrolled, and volunteer status.

These effects may to some extent be an artifact of the demonstration design: the demonstration tended to continue to serve individuals until they became employed or left Food Stamps, while in the comparison counties many participants completed their activities and exited from E&T without achieving successful employment outcome.

A comparison of outcomes between the treatment and control groups within the demonstration shows, however, that the provision of enhanced supportive services reduced the percentage off Food Stamps at exit and increased the percentage on Food Stamps, but employed, at exit.

A year after exit from E&T, however, the situation among *selected work registrants* (not just participants) was reversed: 61 percent of selected registrants in the demonstration were off Food Stamps while 72 percent were off Food Stamps in the comparison counties.⁷

This apparent reversal of the impact of the demonstration on Food Stamps receipt is puzzling, but might be explained by the lower participation rate and higher exemption rate in the demonstration sites compared to the comparison sites. Overall, the evidence on the impacts of the demonstration on Food Stamps receipt is contradictory. But it appears that the demonstration actually may have increased Food Stamps receipt among work registrants one year after exit from the E&T program.

Costs

Although the demonstration and comparison sites were similar in ~~size~~, Georgia spent about twice as much in the demonstration sites, \$537,295 per year as compared to \$25 1,193 in the comparison sites. Costs per participant, however, were four times as high in the demonstration sites (\$909 compared to \$227) because the doubled expenditures were used to serve fewer participants in the demonstration sites.

Table A-7 displays the distribution of costs in the demonstration and comparison counties. Both the demonstration and comparison sites spent the same amount on program staff, who provided assessment, job search, and job readiness services. These costs comprised 80 percent of all costs in the comparison site. The demonstration,

⁷ These data are based on a sample of selected work registrants that was not designed to replicate the full samples used for the evaluation-it underrepresented participants and overrepresented nonparticipants. Evidence was presented, however, to show that outcomes at exit for the sample were similar to those for all selected work registrants.

however, spent considerable additional funds on supportive services-58 percent of all costs or \$532 per participant. The bulk of these costs were for child care, which amounted to \$408 per participant in the demonstration, but only \$6 per participant in the comparison site. Thus, the major difference in costs between the sites was the considerable expenditure on child care. In addition, the case managers in the demonstration site provided more intensive services to fewer participants, so the cost of direct service delivery was \$341 per participant in the demonstration, but only \$182 per participant in the comparison sites.

Table A-7
Distribution of Costs
(July 1993 to June 1995)

	<u>Demonstration</u>	<u>Comparison</u>
Total Cost (Annualized)		
Direct service delivery including case management	\$201,300	\$201,300
Tuition reimbursement	\$21,850	\$0
Supportive services	\$3 14,146	\$49,893
Child care assistance	\$241,328	\$7,016
Total	\$537,295	\$25 1,193
Percentage Distribution		
Direct service delivery including case management	37%	80%
Tuition reimbursement	4%	0%
Supportive services	58%	20%
Child care assistance	45%	3%
Cost Per Participant		
Direct service delivery including case management	\$341	\$182
Tuition reimbursement	\$37	\$0
Supportive services	\$532	\$45
Child care assistance	\$408	\$6
Total	\$909	\$227

Source: Georgia Impact Report, Table 15, p. 25, Table 35, p. 56, and Table 37, p. 58.

SUMMARY

The major findings from the Georgia evaluation are that the demonstration:

- Increased individualized assessment.
- Provided a wider range of services to fewer participants.
- Increased participation in educational activities substantially in the sharp reductions in job search and job search skill training.
- Led to increased employment, both at exit from E&T and one year later, but served a more motivated clientele.
- May have led to increased Food Stamps receipt one year after exit despite leading to a reduction in Food Stamps receipt at exit.
- Spent much more per participant on child care and about four times as much overall per participant than did the comparison site.

APPENDIX B
THE EVALUATION OF THE HAWAII CONFORMANCE
DEMONSTRATION



THE EVALUATION OF THE HAWAII CONFORMANCE DEMONSTRATION

OVERVIEW

Hawaii's Food Stamp Employment and Training/JOBS Conformance Demonstration was in operation on the island of Oahu between November 1993 and September 1996. Demonstration objectives included:

- **Reducing administrative and service costs** due to coordination across programs.
- **Enhancing E&T services** through the use of a new case management system, the addition of new barrier removal and family social support services, and an expanded emphasis on educational activities.
- **Decreasing program errors** due to reduced complexity of and conflicts between program regulations for the E&T and JOBS programs.

The demonstration was intended to increase overall fairness by offering all public assistance recipients "the same realistic and meaningful opportunities to achieve self-sufficiency." The key features of the demonstration's service strategy included the introduction of comprehensive case management designed to link families and individuals to needed support services for the removal of psycho-social barriers to employment, followed by the provision of needed employment preparation training, basic education, and vocational training services.

SPR's process and implementation report provides additional information concerning the implementation of the demonstration project (including its goals and objectives, its history and evolution, program costs, and other features). This appendix summarizes the state's impact and cost evaluations, including an overview of the evaluation design and a discussion of the estimated impacts on participation patterns, services, outcomes, and costs.

EVALUATION DESIGN

Hawaii chose to use a combined comparison site/pre-post design to evaluate the impacts of its demonstration. The demonstration was operated in Oahu, the most populous of the Hawaiian Islands, which contains about 70 percent of the state's Food

Stamp recipients. The state selected the Island of Hawaii (the “Big Island”) as the comparison site.¹ There are substantial differences in the populations and economies of Oahu and the Big Island. The Big Island’s economy is much more dependent on agriculture than is Oahu; it also has nearly twice the poverty rate and higher unemployment rates.

Because of these substantial differences, the state’s evaluators were not willing to rely on simple comparisons between the demonstration and comparison sites to determine the impacts of the demonstration. Instead, the estimate of the demonstration impact was based on the difference between the demonstration and comparison sites of the change that occurred from before to during the demonstration period. For example, if earnings increases by \$15 in the demonstration site and increases by \$5 in the comparison site, then the estimate of the impact is \$10 ($15 - 5$).

The strength of the combined design is that it adjusts both for preexisting differences between the demonstration and comparison sites and for trends over time that are common to both sites. Thus, the main threat to the validity of the estimates is differential changes in participant characteristics or economic conditions. To address this possibility, the state’s impact evaluation estimated regression models that controlled for a variety of participant demographic characteristics, including household size, gender, age, U.S. citizenship, **ethnicity** (dummy variables for Filipino, Hawaiian, white, and mixed ancestry), high school graduate, highest school grade completed, and marital status. Models for service and other in-program dependent variables also included two economic variables, employment growth, and the unemployment rate. Because there is only one demonstration and one comparison county, these county-level economic variables are likely to be highly correlated with the variable measuring the demonstration impact. This correlation may have seriously reduced the statistical power of the regression models. Models for labor market outcomes, however, did not include these economic conditions. Thus, those estimates could be affected by differential economic trends between the demonstration and comparison sites.

Hawaii implemented “work first” requirements in the JOBS program beginning in April 1995. These requirements, which were introduced into the demonstration as well, required all participants, including those in education and training components, to

¹ The term ‘Hawaii’ is used in this Appendix to refer to the state of Hawaii, not the comparison site of the same name.

work at least 8 hours per week and preferably 16 hours per week. In addition, a dramatic reduction in state funding led to a redesign of the demonstration service delivery design in July 1995—program emphasis shifted from barrier removal and employability development to immediate employment. ***To avoid the effects of these changes, the impact evaluation covered the period from January 1994 to June 1995.*** Although most of the evaluation period occurs before the program changes, there is some evidence that the work first requirements may have induced demonstration participants to drop out of training and education activities near the end of the evaluation period. The demonstration findings, therefore, should be interpreted with this qualification in mind.

IMPACT FINDINGS

Participation Patterns

Work Registrants

The demonstration implemented the JOBS program's more inclusive work registration rules and was, therefore, expected to increase the number of work registrants. Hawaii's impact report did not provide information on the total number of work registrants.² The process and implementation report, however, indicated that there was a substantial increase (by over 100 percent) in the number of work registrants in the demonstration site.³ Because total Food Stamp participation increased by a smaller amount (by only 38 percent from FY 92 to FY 96), it seems likely that the demonstration did result in increased work registration among Food Stamp recipients—probably by more than 60%.

Participation Rates

Because the demonstration was intended to provide more intensive services to priority groups, it was expected that the participation rate would decline. The Hawaii evaluators did not have data on the number of mandatory work registrants. Instead, they reported on the number of participants out of those who were called-in. Total call-ins were about the same in Oahu before and after the demonstration, about 1,600. As

² Center for the Study of Human Resources, University of Texas at Austin, ***Hawaii Food Stamp Employment and Training/JOBS Conformance Demonstration: Impact Evaluation Final Report, June 1997.***

³ State of Hawaii, Department of Human Services, ***E&T/JOBS Conformance Demonstration Project: Implementation and Process Report***, May 1996, p. 45.

shown in Table D-1, most registrants who were called in before the demonstration (88 percent) went on to participate in a training component. But during the demonstration, only 527 (32 percent) actually participated, a difference of 56 percentage points. In comparison, there was only a small decline in participation in the comparison site (from 94 percent to 86 percent). Regression models that control for demographic and economic differences **confirm** that the demonstration reduced the participation rate by 58 percentage points .⁴

Table B-1
Participation Rate in the Demonstration and Comparison Sites
(Among Work Registrants Called In)

	Demonstration	Comparison	Demonstration Effect (percentage points)
During demonstration	32%	86%	
Before demonstration	88%	94%	
Change	-56%	-8%	-48 %

Source: Hawaii Food Stamp Employment and Training/JOBS Conformance Demonstration: Impact Evaluation Final Report, Table 4, page 12.

Because the number of call-ins did not change from before the demonstration, the decline in the participation rate more than offset the increase in work registrants. Thus the number of work registrants declined from an average of 973 per year before the demonstration to 351 during the demonstration.

Volunteers

Data on participation by volunteers were presented in the states' implementation and process report (p. 3 1). Despite the larger size of the demonstration site, it served many fewer volunteers: only 4 percent of participants in the demonstration were exempt volunteers as compared to 32 percent in the comparison site. Another 58 percent were,

⁴ Some of the difference in participation rates may result in differences in data collection procedures. In the comparison site a **person** is counted as a participant if enrolled in a program component; in the demonstration a person is counted as a participant only if at least one hour is recorded as completed.

however, classified as mandatory volunteers because they volunteered before being called in. Thus, the Hawaii demonstration served few exempt volunteers, but many mandatory volunteers.

Priority Groups

As mentioned above, as part of the demonstration, Hawaii intended to focus services on several priority groups. Hawaii’s impact report did not examine the characteristics of participants. The state’s process and implementation report, however, reported the incidence of priority groups among demonstration participants, as shown in Table B-2. No comparison data are available.

Table B-2
Priority Group Membership of Demonstration Participants

Priority Group	Percent of Participants in Priority Group
Worked less than 3 months out of previous 6 months before work registration.	33%
Received food stamps in 12 of past 24 months.	30%
Homeless	12%
Age of 18 and 24 without a high school diploma.	6%
Primary language other than English.	5%

Source: E&T/JOBS Conformance Demonstration Project: Implementation and Process Report, Tables 4 and 5, pp. 30-31.

Overall, 71 percent of demonstration participants were members of at least one priority group. Although, we do not know whether service to these groups increased due to the demonstration, it does appear that the demonstration met its goal of serving these priority groups.

Sanctioning

Hawaii’s impact evaluation reported that only a negligible number of participants were sanctioned for failure to respond to the initial call-in in either the demonstration or comparison sites. The process and implementation report, however, reported substantial numbers of notices of adverse action, both for failure to respond to call-in

and for failure to comply with participation requirements after enrollment, as shown in Table B-3. The overall sanctioning rate was slightly lower in the demonstration site, where 5 percent of all mandatory work registrants were sanctioned, than in the comparison site, where 6 percent were sanctioned. This small difference, however, masks large underlying differences. The non-compliance rate was lower in the demonstration site-8.5 percent of work registrants failed to respond to call-in or comply with participation requirements in the demonstration, as compared to 20 percent in the comparison site. This large difference in noncompliance was nearly offset by an offsetting difference in sanction rate among those in noncompliance-59 percent in the demonstration site as compared to only 31 percent in the comparison site. Thus, while the demonstration was more likely to sanction individuals who failed to comply with participation requirements, the overall sanction rate among all work registrants was slightly lower, primarily because the compliance rate was higher.

**Table B-3
Sanctioning**

	<u>Demonstration</u>	<u>Comparison</u>
Total number of work registrants	12,721	5,792
Failed to respond to call-in or refused to enroll (%)	5.9%	13.3%
Failed to comply with participation requirements after enrollment	2.6%	6.7%
Sanctions imposed		
Percent of work registrants	5.0%	6.2%
Percent of failed to respond or comply	58.8%	31.0%

Source: Hawaii Process and Implementation Report, Table 7, p. 32.

Services

Types of Services

The demonstration broadened the range of services offered, to include, for example, adult education, post secondary education, and vocational training programs. The state's impact evaluation used multiple regression models to examine the influence

of the demonstration on the services received by participants. The results are shown in Table B-4, which presents the average monthly percentage of demonstration participants receiving each service (both during and before the demonstration) and the estimated effect of the demonstration.

Table B-4

Average Monthly Participation in Specific Services

	<u>Demonstration Site</u>		Change	Regression-Adjusted Demonstration Effect
	Before Demonstration	During Demonstration		
Basic education	16%	23%	+7	-5
Individual job search	77%	19%	-58	-40
Job search skills training	4%	23%	+19	+2
Vocational training	2%	27	+25	+25
Work experience	2%	13%	+11	+17

Source: *Hawaii Food Stamp Employment and Training/JOBS Conformance Demonstration: Impact Evaluation Final Report*, Tables B-1 to B-5, pp. B-1 to B-5.

The estimated demonstration effects (shown in the far right column of the table) are based on the regression models and differ from the change from before the demonstration to the demonstration period (as calculated from the first two columns). These differences occur because the multiple regression models adjusted for differences between the demonstration and comparison sites in the baseline period and for the temporal change in the comparison site, as well as for variations in participant characteristics and local economic conditions.

The results show that the demonstration led to a substantial decline in the percent receiving individual job search and increases in the percentages receiving vocational training and work experience. There was also a modest decline in the percent receiving basic education due to the demonstration. The effect on job search skills training was not statistically significant. The increases in vocational training and work experience are large relative to the decline in the participation rate discussed above. Therefore, not only did the demonstration increase the percentage of participants receiving these

services; it actually increased the percentage of all called-in work

received these more intensive services, although by relatively small

Intensity

The state's impact evaluation examined the effect

average length of the different service components for individuals

component.

Overall, they found that the

education by 1.6 months (a 34 percent reduction) and increased the

skills training by 1 month (a 63 percent increase) for completers of e

effects on the length of other training components were not statisti

primarily because the samples of completers in either the demon

same period.

Even after adjusting for

no significant relation between being in the demonstration and ente

Earnings

Descriptive statistics show that earnings fell in the

period before the demonstration period.

site at the same time. When adjusting for background and other c

demonstration was not significantly related to earnings.

Only slightly more than half the participants emp

program exit were employed six months later (based on UI wage r

Table B-5
Costs in the Demonstration and Comparison Site
(Annualized)

	<u>Demonstration</u>	<u>Comparison</u>
Aggregate Costs		
Before demonstration	\$194,672	\$111,327
During demonstration	\$911,528	\$233,439
Change (\$)	\$716,856	\$122,112
Change (%)	368%	111%
Costs Per Participant		
Before demonstration	\$161	\$126
During demonstration	\$1,733	\$263
Change (\$)	\$1,572	\$137
Change (%)	976%	109%

Source: Hawaii Cost Evaluation, Appendix A, pp. A-1 to A-7.

Hawaii also provided data on cost per participant month, which rose from \$142 to \$1,007, a smaller increase than costs per participant. This is largely due to the fact that people were receiving longer services. Costs per participant month in the comparison site also rose, but by a lesser amount: from \$142 to \$243.

Table B-6 provides information on the distribution of costs. Administration costs were considerably higher in the demonstration site, both per participant and as a percentage of total costs. Hawaii was the only state where support costs were lower in the demonstration site. In the demonstration site, support costs were lower on both a per participant and a percentage of total costs basis. Direct delivery costs were substantially higher on a per participant basis and slightly higher as a percentage of total cost.

Overall, Hawaii spent more per participant on administration and direct delivery than any other state, while spending much less on support services.

Table B-6
Distribution of Costs in Demonstration and Comparison Sites
(During Demonstration Period January 1994 to June 1995)

	<u>Demonstration</u>	<u>Comparison</u>
Percentage Distribution		
Administration	20%	6%
Direct delivery	78%	75%
Supportive services	2%	19%
Per Participant		
Administration	\$352	\$17
Direct delivery	\$1,355	\$198
Supportive services	\$27	\$49

Source: Hawaii Cost Evaluation, Appendix A, pp. A-1 to A-7.

SUMMARY

The demonstration project in Hawaii, as in other states, attempted to provide more intensive services to a more selected group of priority participants. The impacts of the demonstration included:

- An increase in work registration because of broader work registration requirements.
- A decline in participation rates as services were focused on fewer individuals.
- An increase in the provision of vocational training and work experience to participants and a reduction in individual job search among participants. The increases in vocational training and work experience were large enough relative to the decline in the participation rate so that the percentage of *work registrants* receiving these services increased.
- No effect on employment or earnings after participation.
- A substantial increase in costs, aggregate, as well as per participant and per participant month. Unlike other states the Hawaii demonstration spent less on support costs per participant than did the comparison site.



APPENDIX C
THE EVALUATION OF THE MISSOURI JET
DEMONSTRATION PROJECT

‘THE EVALUATION OF THE MISSOURI JET DEMONSTRATION PROJECT

OVERVIEW

The JET Program (“JOBS-Employment and Training Demonstration”) is Missouri’s Food Stamp Employment and Training/JOBS conformance demonstration. Program goals included:

- ***Realizing increased efficiency and reduced duplication of effort*** in program administration and operations.
- ***Strengthening coordination*** with JTPA and other state and local education and training providers to increase the range and intensity of service options available to participants.
- ***Improving the match between E&T services and participant interests and needs*** through a thorough client assessment followed by individual employability planning, necessary support services, and ongoing case management.
- ***Encouraging voluntary participation*** in relatively high intensity and long-term activities.
- ***Increasing targeting*** to the least job-ready portion of the Food Stamp work registrant population and those most likely to be long-term recipients.

SPR’s process and implementation report provides additional information concerning the implementation of the demonstration project (including its goals and objectives, its history and evolution, program costs, and other features). This appendix summarizes the state’s impact and cost evaluations, including an overview of the evaluation design and a discussion of the estimated impacts on participation patterns, services, outcomes, and costs.

EVALUATION DESIGN

The state chose to use a comparison-site design for its evaluation. The demonstration was operated in 8 counties. Outcomes in these counties were then compared to outcomes in the remaining (nondemonstration) counties in the state. The validity of this design hinges on whether or not there are differences between the demonstration and comparison counties, other than the demonstration itself, that might lead to differences in outcomes. The state reported that there were only minor

differences in education, gender, age, and family size between participants in the demonstration and comparison counties. They did identify a substantial racial/ethnic difference between the two groups of counties: participants in the demonstration counties were approximately 75 percent white, while participants in the comparison counties, were only about 50 percent white.¹ To address this and other potential demographic differences, Missouri used a multivariate model to examine differences in average earnings outcomes between the demonstration and comparison sites while holding constant race and other demographic variables. Many of the other results discussed below, however, are based on simple differences between the demonstration and comparison counties. These results could easily be affected by differences in the characteristics of participants.

The major difference between the demonstration and comparison counties is, however, in local economic conditions. **Seven** of the eight demonstration counties are in the southeast area of the state, known as the bootheel, which is among the most economically disadvantaged areas in the state. Of the eight demonstration counties, 6 had unemployment rates higher than the state as a whole. These 6 counties contained about **2/3** of the work registrants in all demonstration counties. Thus, differences in outcomes between the demonstration and comparison sites are likely to be affected by economic differences.

To adjust for these economic conditions, Missouri chose to include in their multivariate models a single economic variable: a dummy variable that identified counties in the quartile with the lowest employment rates in the state. Unfortunately, this economic variable was highly correlated with the dummy variable identifying the demonstration counties. As a result, the multivariate analyses reported in the state's **final** impact report lacked substantial statistical power. This lack of statistical power is primarily the result of the state's choice of demonstration counties; given that choice, there was little that they could do to effectively control for economic differences during the analysis. For this reason, in addition to reporting the state's final analyses, we also report some preliminary analyses that did not control for economic differences. The reader should keep in mind, however, that some of the differences detected in these preliminary models might be due to economic differences rather than to the demonstration itself.

¹ Missouri Department of Social Services, *Jet Impact Analysis*, June 1997, p.3.

Another factor that affects the interpretation of the difference in participation rates between the demonstration and the comparison counties. As discussed below, the demonstration counties served only mandatory work registrants while the comparison counties served a

very selected group. Differences between the demonstration and comparison counties could easily result from the differential targeting of services in the demonstration counties rather than to differences in the demonstration services themselves.

Thus, the demonstration participants used in the state's impact analysis are a very selected group. Differences between the demonstration and comparison counties could easily result from the differential targeting of services in the demonstration counties rather than to differences in the demonstration services themselves.

Finally, during the demonstration period, the state made certain service components available to the non-demonstration participants so

Participation Rate

Because the demonstration both targeted services to priority groups and was intended to provide more intensive services to those who participated, it was expected that participation rates would decline. Although Missouri did not provide information on the total number of work registrants and participants for the entire demonstration period, it did provide such information for the first year of the demonstration. As shown in Table C-1, the overall participation rate among mandatory work registrants was markedly lower in the demonstration than in the comparison counties during the first year of the demonstration. Only 1.2 percent of work registrants received services from the demonstration while over 21 percent of work registrants participated in the comparison counties' E&T program. Clearly, the demonstration succeeded in focusing services on relatively few participants.

Table C-1
Participation in Demonstration and Comparison Counties
(October 1994 to September 1995)

	<u>Demonstration</u>	<u>Comparison</u>
Mandatory work registrants	10,168	54,383
Participants	123	11,276
Participation rate	1.2%	21%

Source: Missouri Department of Social Services, *Addendum to the Process Evaluation of JOBS-Employment and Training Demonstration Program*, April 1996, p. 13.

Volunteers

The Missouri demonstration succeeded in targeting services to volunteers. Fifty-six percent of participants in the demonstration were exempt work registrants, the highest percentage of volunteers reported by any of the state demonstrations, while there were virtually no volunteers in the comparison counties. Because of the low overall participation rate, however, only 68 volunteers participated in the demonstration.

Priority Groups

Priority groups targeted by Missouri included:

- Former JOBS participants who had lost their AFDC eligibility.
- Individuals who were high school dropouts, had little or no work experience, and/or were long-term Food Stamps recipients.
- Displaced homemakers or former AFDC recipients.
- Absent parents with pending child support claims.

For the most part, the state did not provide information on precisely these priority groups. However, the state's process report identified some substantial differences in the demographic characteristics of E&T participants in the demonstration and comparison counties, as summarized in Table C-2.

Table C-2
Participant Demographic Characteristics in Demonstration and
Comparison Counties
(October 1994 to September 1995)

	<u>Demonstration</u>	<u>Comparison</u>
Female	82%	53%
White	80%	50%
High school dropout	29%	33%
Under 4 months of work experience	53%	21%

Source: Missouri Department of Social Services, *Addendum to the Process Evaluation of JOBS-Employment and Training Demonstration Program*, April 1996, Attachments C and E.

Some of the demographic differences between the demonstration and comparison sites were consistent with expanded service to the demonstrations priority groups; others were not.

Consistent with its targeting criteria, the demonstration served a greater percentage of females and individuals with little work experience than did the comparison counties. In contrast, the percentage of participants who were high school dropouts was actually slightly lower in the demonstration site than in nondemonstration counties, so that the demonstration did not succeed in giving priority to dropouts. There was also a marked difference in the ethnic makeup of participants: 80 percent of participants in the demonstration were white, while only 50 percent were white in the

remainder of the state. The writers of the state's process report thought that this very large difference could not be explained by demographic differences in the area-the percentage of the population that is white is only slightly higher in the demonstration counties than in the comparison counties (93 percent as compared to 87 percent).

On balance, the demonstration project likely achieved most of its targeting goals.

Sanctioning

Missouri did not implement sanctions until late in the demonstration.

SERVICES RECEIVED

Types of Services

The demonstration was intended to provide a broader array of services to E&T participants. To examine whether the demonstration was successful in providing enhanced services, the state provided some descriptive statistics on the distribution of services for the demonstration and comparison counties, as summarized in Table C-3.

Table C-3
Distribution of Services in Demonstration and Comparison Counties
(October 1994 to September 1995)

	<u>Demonstration</u>	<u>Comparison</u>
Assessment	22%	0%
Job readiness/job search	13%	32%
H.S./GED/ABE	14%	0%
Postsecondary education	12%	0%
Job skills training	11%	17%
Work experience	4%	8%
On-the-job training	0%	2%

Note: percentages are based on the total number of services (and sum to 100 percent), not on the number of participants. Because some participants received multiple services, a greater percentage of participants received each service

Source: Missouri Department of Social Services, *Addendum to the Process Evaluation of JOBS-Employment and Training Demonstration Program*, April 1996, p. 17.

The major differences between the demonstration and comparison counties are consistent with the overall goals of the demonstration. The demonstration was more likely to provide assessment and educational training than the comparison counties. The comparison counties were more likely to provide job-search-related activities and occupational related-training, such as job skills training and work experience. In addition the demonstration tended to provide more services per participant.

Intensity of Service

Missouri did not provide information on the intensity of services offered.

Completion Rates

Missouri did not provide any quantitative information on the completion rates.

Outcomes

Employment Rates

Missouri's final impact report did not examine employment rates. However, the state provided descriptive statistics that show that 86 percent of 451 participants in the demonstration were employed at termination.² In contrast, only 65 percent were employed at termination in the comparison counties. Although this simple comparison does not account for the economic differences between the demonstration and comparison counties, one would have expected lower employment rates in the demonstration counties because of the poorer economic conditions discussed above. There are, however, other factors that may have influenced this difference, **The** demonstration had a higher percentage of participants who were more motivated (volunteers), females, and white. These factors might explain some of the employment rate difference. However, not all these factors necessarily work in the same direction (e.g., females generally have lower employment rates than males while whites typically have higher employment rates than nonwhites) and the employment difference is fairly large relative to the demographic differences. Therefore, there is some evidence that the demonstration had a positive effect on employment rates for the relatively small number of individuals who received demonstration services. Because the participation rate was so low, however, there can be little confidence that their result also applies to all work registrants

² These data cover the period from October 1994 to March 1996.

Earnings

In its final impact report, Missouri examined the effects of the demonstration on two measures of earnings: average weekly earnings derived from UI wage records and earned income as reported in the Food Stamp files. As discussed above, the statistical power of these analyses was quite small because a measure of local economic conditions included in the model was highly correlated with the dummy variable identifying the demonstration counties. As a result, Missouri not **find** a significant effect of the demonstration on either outcome.

A previous draft of the impact report examined the influence of the demonstration on reported income without trying to control for regional economic differences.³ This analysis indicated that the demonstration had a significant positive effect on reported income, increasing income by \$100 per week. Because the demonstration was conducted in relatively economically depressed areas, one would expect that adjusting for economic conditions would increase the estimated effect. The models also did not, adjust for gender and ethnicity, two factors that are known to be quite different between the demonstration and comparison counties. Although these differences might explain some of the difference in earnings, their influences likely offset each other: the higher percentage of females in the demonstration would tend to lead to lower earnings while the higher percentage of whites would tend to lead to higher earnings. Overall, the result indicates that the demonstration likely increased earnings among participants.

COSTS

As shown in Table C-4, Missouri spent four times as much per participant in the demonstration as in the comparison site: \$1,274 in the demonstration site as compared to \$317 in the comparison site.

Both support costs and other costs per participant were substantially higher in the demonstration, although there was also a shift in the distribution of costs towards support costs. The increase in costs per participant is consistent with the decline in the participation rate discussed above. As discussed above, the participation rate in the demonstration was only 1 percent while the participation rate was 21 percent in the

³ Missouri Department of Social Services, *JET Impact Analysis, Draft*, March 1997. The analyses reported in this version of the report did, however, control for family size, age, and education.

comparison site. Thus, a relatively small number of individuals were served in the demonstration at a relatively high cost per participant.

Table C-4
Costs in the Demonstration and Comparison Counties
(October 1994 to March 1996)

	<u>Demonstration</u>	<u>Comparison</u>
Total cost per participant	\$1,274	\$317
Support cost per participant	\$502	\$73
Other cost per participant	\$772	\$244
Percent spent on support costs	40%	23%

Source: Missouri Department of Social Services, *JET Cost Evaluation*, December 1996, Table 1, p. 1.

SUMMARY

The Missouri demonstration strengthened work registration requirements, encouraged participation by volunteers, targeted priority groups, and offered participants a wider range of services. Key impacts of the demonstration include:

- Little change in the number of work registrants.
- A dramatic decline in the participation rate, from 21 percent to 1 percent.
- Increased service to females, whites, and to individuals with limited work experience.
- Participation in educational services by about a quarter of participants and declines in the percentage of participants receiving job readiness/job search, job skills training and job entry.
- An increase in employment upon exit from the E&T program and an increase in reported income.
- A quadrupling of cost per participant, with the largest increase occurring for support costs, which amounted to 40 percent of all costs.



APPENDIX D
THE EVALUATION OF THE SOUTH DAKOTA FAMILY
INDEPENDENCE FOOD STAMP EMPLOYMENT AND
TRAINING/JOBS CONFORMANCE DEMONSTRATION



THE EVALUATION OF THE SOUTH DAKOTA FAMILY INDEPENDENCE FOOD STAMP EMPLOYMENT AND TRAINING/JOBS CONFORMANCE DEMONSTRATION

OVERVIEW

South Dakota's Family Independence Food Stamp Employment and Training/JOBS Conformance Demonstration was implemented statewide in all 20 counties in which E&T services are offered. As stated by the South Dakota Department of Social Services (DSS), the objectives of the demonstration were to improve the operations, effectiveness, and efficiency of the Food Stamp E&T program by:

- ***Improving the efficiency of program operations***, by conforming work registration and sanctioning rules for JOBS and E&T.
- ***Making the services provided to program participants more comprehensive*** and better designed to promote self-sufficiency for households receiving Food Stamps.
- ***Encouraging participants to follow through on their commitments*** by increasing staff follow-up and strengthening the sanctioning process.

The demonstration was implemented in all counties in the state that had operational E&T programs.

SPR's process and implementation report provides additional information concerning the implementation of the demonstration project (including its goals and objectives, its history and evolution, program costs, and other features). This appendix summarizes the state's impact and cost evaluations, including an overview of the evaluation design and a discussion of the estimated impacts on participation patterns, services, outcomes, and costs.

EVALUATION DESIGN

Because the demonstration operated statewide, the state's evaluation design compared E&T before and during the conformance demonstration (i.e., a pre/post analysis). The **pre/post** design relies on the assumption that the introduction of the demonstration is the only change between the **predemonstration** and demonstration periods that materially affects the outcomes and other dependent variables being

studied. The major factors that might have changed between these two periods are economic conditions, which can be expected to affect outcomes, and the characteristics of E&T participants.

To address the threats to the validity of the evaluation posed by these potential confounding factors, South Dakota's evaluation employed multivariate models that controlled for differences in participant characteristics and for temporal and geographic differences in economic conditions. Participant characteristics used in these regression models included, for example, gender, race, and age. Local economic conditions included the number of employed and unemployed in the county. These multiple regression models were used to examine two outcomes-employment and earnings. The outcomes were examined only for two subgroups of participants: individuals receiving job search and individuals receiving job readiness services.

In addition, the state's evaluation included a variety of descriptive analyses that allow a simple **pre/post** comparison or that examined demonstration participants in detail.

Several limitations should be kept in mind when assessing the estimated impacts of the demonstration:

- Much of what is discussed below is based on the descriptive analyses. The reader should keep in mind that these descriptive analyses are subject to confounding influences by temporal changes in participant characteristics and economic conditions. This qualification applies to all the impacts discussed below except for the impacts on employment and earnings.
- The impact models estimated by the state for employment and earnings were conducted only for the subgroups receiving job search or job readiness services. They do not include E&T participants receiving new services that were introduced by the demonstration. Therefore, the estimated impacts do not reflect the benefits of the expanded services available through the demonstration.
- The impact evaluation did not report the magnitude of the estimated impacts from the regression models. It also did not report the statistical significance of the findings. We assume that all reported results are significant, both statistically and in terms of their absolute size.

IMPACT FINDINGS

Participation Patterns

Work Registrants

As a result of applying more inclusive JOBS work registration requirements, the demonstration was expected to increase the number of mandatory work registrants. As expected, South Dakota had an increase in the number of mandatory work registrants over time. As reported in the state's impact study¹, the number of mandatory work registrants rose from an average of 4,698 per year before the demonstration to 6,983 during the demonstration, an increase of 49 percent. Over the same time period, the total number of Food Stamp recipients in the state declined slightly. Therefore, we can be confident that the demonstration increased work registration among recipients.

Most of the increase in work registration appears to have resulted from eliminating the exemption for caretakers of young children-South Dakota required work registration by caretakers of children as young as one year old. The percentage of work registrants who were female increased from 44 percent to 57 percent and the percentage who were parents with children increased from 48 percent to 63 percent.

Participation Rates

Because the demonstration both targeted services to priority groups and was intended to provide more comprehensive services to those who participated, it was expected that participation rates would decline. The results presented in the state's impact report show that the participation rate fell by half after introduction of the demonstration. The participation rate before the demonstration was 31 percent (4,436 participants out of 14,095 work registrants). For the demonstration as a whole, it was 15 percent (2,554 participants out of 17,457 work registrants). The number of participants declined from an annual average of 1,479 per year before the demonstration to 1,022 during the demonstration.

Volunteers

South Dakota did not encourage participation by volunteers in the demonstration. As a result, only 9 exempt volunteers received any E&T services during the demonstration.

¹ The state's impact report uses a different methodology in computing the number of participants, so the numbers presented here cannot be directly compared to the state's process report.

Priority Groups

South Dakota identified several priority groups for services, including heads of household under age 24, individuals under age 24 with limited work experience, long-term Food Stamp recipients, and volunteers. As intended, the demonstration succeeded in focusing resources somewhat on younger work registrants. As shown in Table D- 1, the percentage of participants age 25 or under increased from 30 percent before the demonstration to 41 percent during the demonstration. There was also a marked increase in the percentage of participants who were female, from 41 percent to 61 percent. Similarly, there was an increase in the percentage of parents with children, from 46 percent to 66 percent. These changes in gender and family composition among participants largely mirrored similar changes among all work registrants, so the changes probably resulted primarily from changes in work registration requirements. For example, caretakers of children between the ages of 1 and 6 were no longer exempted from work registration, a change that may have led to the increased relative service to females, young adults, and parents with children. Among participants, the percentage of long-term food stamp recipients (a priority group defined as being a food stamp recipient 36 out of 60 months prior to the initial application) increased from 28 percent to 32 percent. Other demographic characteristics showed smaller, changes.

Table D-1
Characteristics of Work Registrants and Participants

	Work Registrants		Participants	
	Before Demonstration	Demonstration	Before Demonstration	Demonstration
Age 25 or under	33%	35%	30%	41%
Female	43%	57%	41%	61%
At least one child in household	50%	65%	46%	66%
Food stamp recipient in 36 of 60 months	23%	25%	28%	32%
White	70%	71%	71%	76%

Source: Business Research Bureau, *South Dakota's Food Stamp Employment & Training/Job Opportunities and Basic Skills Conformance Demonstration: A Report of the Findings of the Impact Evaluation Study*, September 1996, Tables 3 and 4, pp. 54-55.

It should be noted that, although service to these groups increased as a percentage of all participants, because of the sharp drop in the participation rate, work registrants in these groups were actually less likely to receive services during the demonstration than previously. For example, before the demonstration about 30 percent of female work registrants received some E&T services. During the demonstration, only about 18 percent of female work registrants received services. Thus, the focus of the demonstration on providing intensive services to a few individuals overwhelmed the more directed targeting of services on priority groups.

The state also provided descriptive information about service to priority groups during the demonstration: about 42 percent of all participants who received services beyond job search and job search training (such as education, classroom training, and on-the-job training) were members of one of the priority groups; nearly 20 percent were under age 24 with little work experience.*

Overall, the data show that South Dakota was able to target resources as intended during the demonstration.

Sanctioning

In South Dakota, notices of adverse action were sent to 46 percent of work registrants in the first full year of the demonstration as compared to 49 percent in the year before the demonstration, a decline of 3 percentage points. The absolute number of notices of adverse action then increased dramatically in the second year of the demonstration, but we don't know whether there was a corresponding increase in the number of work registrants. Therefore, the overall effect of the demonstration on sanctioning in South Dakota is unclear.

Services

Types of Services

The demonstration offered a broader range of services than was previously the case. Enhanced services included secondary education, skills training, on-the-job training, work experience, and community service. Of the 2,554 participants who received any service, 21 percent (544) received one of these enhanced services. As

² Business Research Bureau, *South Dakota's Food Stamp Employment & Training/Job Opportunities and Basic Skills Conformance Demonstration: A Report of the Findings of the Impact Evaluation Study*, September 1996, Table 18, p. 69.

shown in Table D-2, the most frequently used enhanced service was educational services, which was received by 14 percent of participants. The remaining enhanced services were received by a relatively small percentage of participants. Overall, about 20 percent of participants received enhanced services introduced by the demonstration. A smaller percentage of participants received job search and job readiness services during the demonstration than previously, a result that was confirmed by multivariate regression analyses. The decline in job search was small-over 80 percent of participants received job search, as they had before the demonstration. Thus, the demonstration generated only modest changes in service mix, possibly because the increased funding for the demonstration was spread across the entire E&T program in the state.

Table D-2
Effects of Demonstration on Service Receipt
(Percent of Participants)

	Demonstration	Before Demonstration	Difference (Percentage Points)
Job readiness	21%	30%	-9
Job search	84%	88%	-4
Educational services	14%	0%	+14
Vocational skills training	2%	0%	+2
On-the-job training	2%	0%	+2
Work experience	1%	0%	+1
Community service	3%	0%	+3

Source: Calculated from South Dakota's Impact Report, Tables 1, 18, 28, and 31; pp. 52, 69, 79, and **82**.

Intensity

The length of time in training typically ranged from 1 to 3 months. For the traditional programs of job readiness and job search, the average time spent was 1.2 and 2.4 months respectively (there was little change from the **predemonstration** period). The other service components lasted about a month longer, in the range of over 3

months. Because the demonstration increased participation in the longer components, there was an overall increase in the intensity of training services.

Completion Rates

No information was given on training completion rates for South Dakota.

Outcomes

Employment Rates

The South Dakota evaluation used multivariate models to assess the influence of the demonstration on employment for two subgroups of participants: those receiving job readiness training and those receiving job search. These models estimated the impact of the demonstration while controlling for demographic characteristics and economic conditions.

The multivariate models for employment showed positive demonstration effects on employment at both 6 and 12 months after referral to E&T for both the job readiness and job search groups.³ We cannot, however, infer from these results that the overall impacts on employment of participants were positive, although the results are suggestive since over 80 percent of participants received job search and, thus, were included in the models.

Earnings

The South Dakota impact report examined impacts on earnings in two different ways. First, it provided descriptive data on earnings for all work registrants; not just participants, both during and before the demonstration. These data allow an assessment of the overall effects of employment combining both the effects on participants and the effects on nonparticipants who would have received services if the demonstration had not reduced the participation rate. The descriptive data indicate that, earnings 6 months after referral to E&T was a few dollars higher during the demonstration than before and that earnings 12 months after referral was about \$100 higher after the demonstration than before.

Second, it provided multivariate estimates of the impacts on earnings (for both those employed and those not employed) for the job search and job readiness subgroups. These results were mixed: there were positive effects on earnings 6 and 12

³ South Dakota's Impact Report, Table 64A, p. 115. No numerical estimates were presented.

months after referral for the job readiness group, but negative impacts were found for the group receiving job search services. Since the job search group is nearly four times the size of the job readiness group, the overall demonstration impact is likely to have been negative.

Because these multivariate analyses control for demographic and economic conditions, we consider them to be more reliable than the simple descriptive analysis. Therefore, the overall conclusion is that there were no positive effects on earnings, despite the increase in employment

Food Stamp Receipt

Descriptive data for all work registrants show that the average benefit amount was higher during the demonstration than previously, by \$18, 6 months after referral to E&T and by \$9, 12 months after referral, despite lower benefits (by \$24) in the referral month. Further analysis showed that these differences were concentrated among female work registrants. Male work registrants tended to have slightly lower benefits during the demonstration. These data suggest that, if anything, the demonstration may have increased Food Stamps benefits overall, possibly because services were provided to a smaller proportion of all work registrants.

COSTS

As shown in table D-3 annual spending for the E&T program increased from under \$500,000 per year before the demonstration to \$700,000 per year during the demonstration, a 43 percent increase. Costs per individual assessed increased by an even greater percentage, 121 percent, due to the decline in the participation rate. Thus, costs per individual assessed increased from \$141 to \$311.⁴

⁴ Costs per participant are higher because many individuals were assessed but did not receive subsequent services. Participant counts for the same time periods covered by the cost data were not provided.

Table D-3
Costs During and Before the Demonstration

	During Demonstration	Before Demonstration	Change (%)
Aggregate Costs (Annualized)	\$699,947	\$488,463	43%
Cost per individual assessed	\$311	\$141	121%

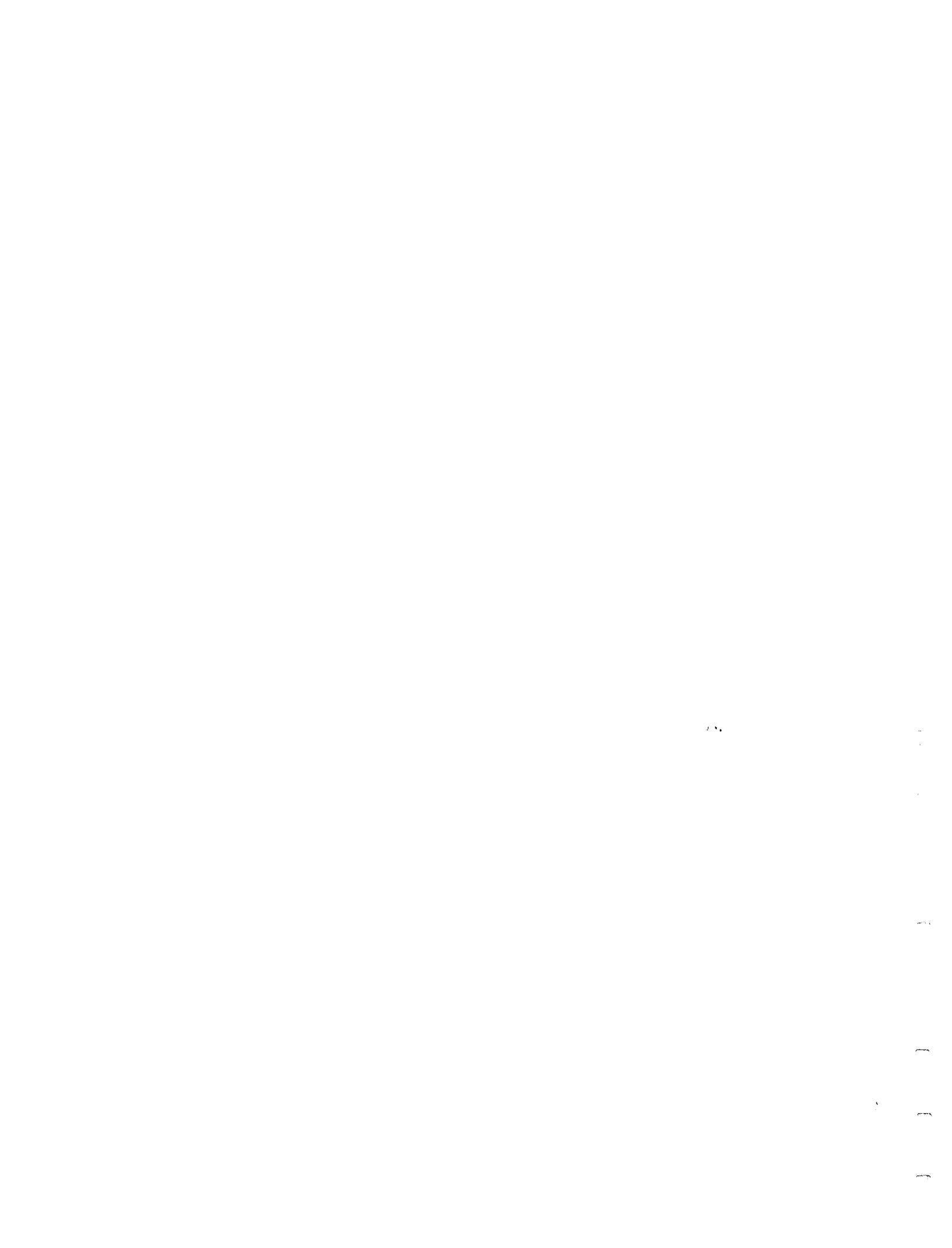
South Dakota also reported on leveraged funds, that is funds from other sources used to serve demonstration participants. However, cost information on child care, financial aid, and postsecondary education could not be reported. The remaining leveraged funds, from basic education programs (e.g., ABE and GED) and JTPA-funded services were estimated at \$257,118 for the three-year demonstration period, serving about 400 individuals. The reported leveraged funds enabled South Dakota to increase resources by devoted to participant services by 12 percent.

SUMMARY

The South Dakota demonstration implemented more inclusive work registration requirements, targeted some priority groups, and offered a broader array of services to E&T participants. Key impacts of the demonstration include:

- A substantial increase in the number of work registrants, possibly by as much as 4,990. Most of the increase appears to result from **eliminating** the exemption for caretakers of young children.
- A halving of the participation rate from 31 percent to 15 percent of mandatory work registrants.
- Large increases in the percentages of participants who are young, female, or parents with children.
- Provision of new services, primarily secondary education, to about 20 percent of participants.
- A modest increase in the average length of services.
- Positive effects on employment for those receiving job search or job readiness, but little or even negative effects on earnings.
- An increase of over 100 percent in costs per individual assessed.

Overall the demonstration appears to have succeeded, although the evidence of impacts on employment are weak.



APPENDIX E
THE EVALUATION OF THE TEXAS BOND
DEMONSTRATION PROJECT

THE EVALUATION OF THE TEXAS BOND DEMONSTRATION PROJECT

OVERVIEW

The Texas BOND demonstration was implemented in a single county. As described by the Texas Department of Human Services (DHS),¹ the objectives of the demonstration included:

- **Providing expanded and enhanced activities and support services** for E&T participants, both through services directly funded with E&T dollars and services provided by collaborating education and training agencies from other funding streams.
- **Improving participation** through a stronger sanctioning policy.
- **Targeting resources** based upon participant need, rather than operating a “one size fits all” E&T program.
- **Providing continuity of services to E&T and JOBS participants** who experience a change in program eligibility while participating in employment and training services.
- **Increasing program efficiency and reducing program costs** through common administrative processes, support materials, staff training, and a single service delivery system.
- **Assisting participants to move toward self-sufficiency.**

A unique feature of Texas demonstration was its two-tiered service design. High school graduates with recent work experience were generally provided with job search and job readiness activities, which were identical to those provided in the comparison site. In the demonstration, these services were supplemented with group case management. High school dropouts with 8th grade completion and recent work history were typically referred to components that addressed their education or social skills deficits, such as adult education or special survival skills training, along with individual case management. In the comparison site these individuals received the job search and job readiness services. Child care support was available to both groups of individuals in the demonstration.

¹ The administration of the Food Stamp Employment and Training Program was transferred to the new Texas Workforce Commission, effective June 1, 1996.

As part of the demonstration, there was a full consolidation of the E&T and JOBS programs in the county. JOBS policies and procedures were applied to participants in both programs, staff serving the two client groups were merged, case management and service delivery procedures were consolidated, and, with few exceptions, identical services were provided to JOBS and E&T participants. Among all the states, the Texas demonstration model most closely matched JOBS program goals.

SPR's process and implementation report provides additional information concerning the implementation of the demonstration project (including its goals and objectives, its history and evolution, program costs, and other features). This appendix summarizes the state's impact and cost evaluations, including an overview of the evaluation design and a discussion of the estimated impacts on participation patterns, services, outcomes, and costs for the period October 1993 to September 1995. FY 1996 is not covered by the evaluation because of a restructuring of the state's welfare-to-work programs.

EVALUATION DESIGN

Texas chose to use a combined comparison site/pre-post design to evaluate the impacts of its demonstration. The demonstration was operated in **McLennan** County, while the state selected Smith County as the comparison site. These two counties are quite similar economically. Both contain small cities (Waco and Tyler respectively) and have similar industrial mixes, unemployment rates, and poverty rates.

Data provided in the impact report show, however, that there were substantial differences between the demonstration and comparison sites in the demographic characteristics of E&T participants before implementation of the demonstration, as shown in Table E-1.

Because of these substantial differences, the state's evaluators were not willing to rely on simple comparisons between the demonstration and comparison sites to determine the impacts of the demonstration. Instead, the estimate of the demonstration impact was based on the difference between the demonstration and comparison sites of the change from before to during the demonstration period. For example, if earnings increases by \$15 in the demonstration site and increases by \$5 in the comparison site, then the estimate of the impact is \$10 ($15 - 5$).

Table E-1
Demographic Characteristics of E&T Participants in Demonstration and Comparison Sites Before Implementation of the Demonstration

	Demonstration Comparison	
Female	40%	47%
White	27%	35%
Black	60%	62%
Hispanic	12%	3%
Age 30 or under	28%	36%
One person household	53%	33%
High school graduate	56%	75%

Source: Texas Impact Evaluation Final Report, Table 5, p. 14.

The strength of the combined design is that it adjusts both for preexisting differences between the demonstration and comparison site and for trends over time that are common to both sites. Thus, the main threat to the validity of the estimates is differential changes in participant characteristics or economic conditions. To address this possibility, the state's impact evaluation estimated regression models that controlled for a variety of participant demographic characteristics, including household composition, gender, age, ethnicity, high school dropout. Selected models also included variables for whether previously sanctioned, volunteer, and preprogram earnings. Many models also included several economic variables: employment growth, income growth, and the unemployment rate. Because there were only one demonstration and one comparison county, these county-level economic variables are likely to be highly correlated with the variable measuring the demonstration impact. This correlation may have seriously reduced the statistical power of the regression models.

During the period of the demonstration there were several statewide changes that affect the interpretation of the results. In particular, the E&T program in the comparison site experienced some changes that made it more like the demonstration. The most important of these changes was a statewide redesign of the job search and job readiness components offered to E&T participants that occurred just as the demonstration was beginning. As a result of this redesign, E&T participants received

expanded and intensified job search and job readiness services, which were similar in both the demonstration and comparison sites. It also reduced capacity to serve clients in many E&T offices. In addition, transportation allowances available to E&T participants were increased to conform transportation payments statewide between E&T and JOBS. As a result of these changes in the comparison site, the major service-design features that distinguished the demonstration site from the comparison site were (1) increased access to a wide variety of additional activities, including initial assessment, group or individual case management, education, vocational skills training and work experience and (2) increased access to supportive services, especially child care assistance. The estimated impacts of the demonstration should be interpreted as those resulting from these remaining differences.

The remainder of this appendix summarizes the findings of the Texas impact and cost reports on work registration, participation rates, participant demographics, services, outcomes, and costs.

IMPACT FINDINGS

Participation Patterns

Work Registrants

The demonstration strengthened work registration rules to include three new groups: unemployment compensation recipients, participants in residential substance abuse treatment programs, and caretakers for children 3 to 5 years old. The demonstration was, therefore, expected to increase the number of work registrants. The state's impact report conducted a simulation of the change in work registration rules and found that the number of exemptions decreased by about 8 percent as a result of the new rules. Over 80 percent of these new work registrants were affected by the elimination of the exemption for caretakers of children aged 3 to 5 years. The decline in exemptions suggests a substantial increase in mandatory work registration: about 25 % . Overall, only **2/3** of adult Food Stamps recipients were exempt from E&T participation in the demonstration county as compared to over 80 percent in the comparison county.

Participation Rates

Because the demonstration was intended to provide more intensive services to priority groups, it was expected that the participation rate would decline.² As shown in Table E-2, the participation rate among mandatory registrants in the demonstration county fell from 4.7 percent before the demonstration to 2.3 percent in the first year of the demonstration and increased to 3.9 percent in the second year. The comparison site, however, experienced even larger declines as the number of participants dropped dramatically. By the second year of the demonstration, participation rates were the same in the demonstration and comparison site even though the participation rate was much higher in the comparison site before the demonstration term. As a result, the simple difference in means pre-post analysis presented in the table indicates that the demonstration actually **increased** participation among mandatory work registrants. The estimated effects, however, are not reasonable in size because they exceed the actual participation rate in the demonstration. The increase in the participation rate is confirmed by regression models that hold constant background and other economic variables, although the effect is somewhat smaller, an increase of about 2 percentage points. ***Texas was unique among demonstration states in finding that the demonstration increased participation rates, which was enabled by nearly four-fold increase in expenditure in the demonstration site.***

² Participant was defined in Texas as an individual who had some actual hours beyond assessment recorded in an E&T activity.

Table E2
Participation Rates for Mandatory Registrants
in the Demonstration and Comparison Sites

	Demonstration	Comparison	Demonstration Effect (percentage points)
Before demonstration	4.7%	11.8%	
First year of demonstration	2.4%	5.9%	
Change from before	-2.3	-5.8	+3.5
Second year of demonstration	3 . 9	3.9	
Change from before	-0.8	-7.9	+7.1

Source: Texas Impact Evaluation Final Report, Table 7, p. 17.

Volunteers

A major difference between the demonstration and comparison sites was that the demonstration allowed exempt individuals to participate voluntarily in E&T services. Volunteers were very important in demonstration participation patterns, as they made up over 40 percent of demonstration participants. Volunteers were more likely to be female, white, have a higher education, more children, and have more job experience than were those who did not volunteer. Individuals with significant barriers to employment were less likely to volunteer as well. This demographic profile of volunteers is similar to that of volunteers in other states.

Participant Characteristics

The Texas demonstration did not change priority groups and used the same procedures as the remainder of the state to determine which work registrants would be required to participate. Thus, the only aspects of the demonstration likely to affect participant characteristics are the changes in the mandatory work registration requirements and the extensive service to volunteers.

There were some substantial changes in participant characteristics due to the demonstration, as shown in Table E-3. There was a sharp increase in the percentages

Table E3
Characteristics of Demonstration Participants

	Percent of Participants		Demonstration Effect (percentage points)
	During Demonstration	Before Demonstration	
Female	69%	40%	+29
White	50%	27%	+23
Black	36%	60%	-24
Hispanic	14%	12%	+2
Age 30 or under	55%	28%	+27
One person household	23%	53%	- 3 0
High school graduate	82%	56%	+26

Source: Texas Impact Evaluation Final Report, Table 5, p. 14.

of participants who were female or under age 30 and a decline in the percentage in one-person households. These changes are consistent with the removal of exemptions for those caring for children aged 3 to 6. In addition, there was a marked increase in the percentage white, a decline in the percentage black and an increase in the percentage of high school graduates. These changes are consistent with the heavy service to volunteers. Changes in the comparison site over the same time period were much smaller and often in the opposite direction.

Sanctioning

Because the demonstration adopted JOBS sanctioning rules, some impact on sanctions was expected. Texas had problems with tracking data on sanctions imposed. Instead, the evaluators examined sanctions requested by employment workers for failure to respond to the initial call-in. During the demonstration, sanctions were requested for 43 percent of called-in work registrants. Both descriptive and multiple regression analyses indicate that the percentage of called-in work registrants for whom sanctions were requested declined by over 15 percentage points due to the demonstration; the estimate from the regression analysis is a decline of 17 percentage points.

Services

The demonstration was intended to provide participants with expanded and enhanced activities and support services, as well as group or individual case management. Available services included job skills training, post-secondary education, and work experience.

As shown in Table E-4, the distribution of services received by participants changed markedly in the demonstration. The estimated demonstration effects, which account for changes in the comparison site as well as the change in the demonstration site, show that there was a substantial reduction in the receipt of directed job search and a substantial increase in educational services. Most participants in educational services received postsecondary education at a community college; others received GED and high school education; a few received English as a second language or adult basic education. Regression models that controlled for participant characteristics and time trends showed similar results.

Table E-4
Services Received by Participants in the Demonstration

	Demonstration Site (Average Monthly Percent)	Demonstration Effect (percentage points)	
	During Demonstration	Before Demonstration	
Directed job search	11%	78%	-66
Job readiness	15%	14%	-3
Vocational training	1%	0%	+1
Education services	74%	9%	+65
Work experience	4%	0%	+4

Source: Texas Impact Evaluation Final Report, Tables A-1 to A-5, pp. A-1 to A-5.

Interestingly, training activities received by demonstration participants differed by exemption status. Nearly all volunteers participated in educational activities, whereas nonvolunteers were split equally between educational activities and the remaining activities (mostly the traditional E&T training programs of directed job search and job

readiness). Thus, providing services to volunteers enabled exempt individuals to access educational activities.

Intensity

There was also an increase in the intensity of training services offered. The overall average monthly hours of activities increased by 61 hours from 24 to 86 hours per month in the demonstration site as compared to an increase of just 35 hours in the comparison site. Most of this change was due to the large amount of vocational and educational training provided in the demonstration. There was little change relative to the comparison site in monthly hours of directed job search and job readiness, both of which increased in intensity and had similar designs in both the demonstration and comparison sites.

Completion Rates

Texas provided information on educational outcomes of its participants. Thirteen percent of participants who enrolled in GED-oriented components before the demonstration actually obtained a certificate. During the demonstration, that figure rose to 17 percent. The absolute number of **GEDs** attained increased by an even greater amount because many more participants received GED training. There was also a marked increase in the attainment of a postsecondary degree or certificate: the number receiving such a degree or certificate increased from none before the demonstration to 112 over the first two years of the demonstration. Regression analyses that adjusted for personal characteristics and other background variables show only modest and not statistically significant impacts of demonstration on receipt of postsecondary degrees or certificates. The authors of the impact report explain this apparent inconsistency by noting that the participants in the demonstration had more educational and employment skills—largely due to the increased numbers of volunteers. It is these background characteristics that appear to be the cause of the higher educational outcomes rather the demonstration itself.

Outcomes

Employment Rates

Employment at program completion increased substantially in the demonstration site: from 48 percent before the demonstration to 61 percent during the demonstration. However, somewhat smaller increases also occurred in comparison site. Regression models that adjust both for the trend in the comparison site and for demographic characteristics and economic conditions indicated that the demonstration did not have a

significant influence on employment rates. As with the educational outcomes discussed above, other demographic factors such as age, race, and education level played a larger role than the demonstration itself in the increase in employment rates.

Texas also measured longer-term estimates of employment outcomes. Long-term employment was defined as earning at least \$1,500 for four consecutive quarters after termination. The descriptive statistics show that employment rates are higher for the demonstration (8 percent before the demonstration and 15 percent during the demonstration), but, once again, they are not significant when holding constant demographic factors.

Earnings

Although employment rates at termination were similar for both the demonstration and comparison sites, demonstration participants did appear to have slightly higher quarterly earnings at termination. On average, quarterly earnings of employed demonstration participants increased by about \$375 relative to the increase in the comparison site. Regression models, however, again indicated that there was no increase after adjusting for demographic and economic differences.

To conclude, while descriptive statistics show some small gains in employment and earnings, most of these gains can be attributed to demographic factors such as age, race, and educational level, which in turn may have increased because of the high level of service to volunteers.

Food Stamp Receipt

Texas did not provide information on Food Stamp receipt.

Costs

Total spending in the demonstration site increased from \$25 1,000 per year to an average of \$920,000 per year during the two years of the demonstration. Total costs in the comparison site also increased, but by a much smaller amount.

Per participant costs in the demonstration were about two to three times what the comparison county spent per participant and more than twice what was spent before the demonstration program, as shown in Table E-5. Thus, it seems likely that the demonstration at least doubled costs per participant.

Table E-5
Costs per Participant in the Demonstration and Comparison Sites

	<u>Demonstration</u>	<u>Comparison</u>
Before demonstration	\$296	—
First demonstration year	\$1,035	\$336
Second demonstration year	\$1,318	\$680

Source: Calculated from data in Texas Cost Analysis Final Report and Texas Impact Evaluation Final Report.

As total costs in the demonstration increased, there were also substantial changes in the distribution of costs among activities. Direct delivery costs decreased from 80 percent of total costs before the demonstration to just 43 percent of total costs during the demonstration. Support services increased from 14 percent to about 50 percent of total costs. Among the various supportive services, the biggest change occurred for child care costs, which increased from 3 percent to 44 percent of total costs. The share of costs spent on administration did not change. The comparison site spent the bulk of its funds on direct service delivery and little on supportive services. Table E-6, which displays per participant costs for the major cost categories, makes it clear that the major difference in costs between the demonstration and comparison sites was the large amount spent on child care in the demonstration.

Table E-6
Costs per Participant in the Demonstration and Comparison Sites
(Average for Two Demonstration Years)

	<u>Demonstration</u>	<u>Comparison</u>
Administration	\$69	\$38
Direct delivery	\$515	\$377
Support services	\$607	\$38
Total	\$1,191	\$453
Child care	\$520	N/A

Source: Texas Cost Analysis Final Report, Figure 3.9, p. 20.

The difference in costs per participant hour between the demonstration and comparison sites was much smaller than the difference in costs per participant. For example, during the first year of the demonstration per hour costs were only 30 percent higher in the demonstration (\$3.73 as compared to \$4.31 in the comparison county) while per participant costs were 200 percent higher. In the second year of the demonstration, per hour costs were actually lower in the demonstration than in the comparison site (\$4.31 as compared to \$5.37) due to declining enrollments and the introduction of a new training component in the comparison site. These relatively small differences in hourly costs suggest that the added cost of the demonstration primarily supported longer activities.

The Texas demonstration was able to access just over a million dollars in leveraged funds during the two-year demonstration project. These leveraged funds provided an additional \$850 in resources per participant. Most of the leveraged funds came from Pell Grants, student loans, and personal earnings. The remainder came from adult education programs, the community college, and JTPA.

SUMMARY

The Texas demonstration tightened work registration requirements, encouraged volunteers, and offered a broader array of services to E&T participants. Key impacts of the demonstration include:

- A small increase in the number of work registrants (about 8 percent) due primarily to eliminating the exemption for individuals caring for children aged 3 to 5.
- An increase in the participation rate among mandatory registrants.
- Substantial participation by volunteers.
- Increased service to females, whites, individuals age 30 or under, and high school graduates, accompanied by reduced service to one-person households.
- A large decline in the provision of directed job search offset by an increase in the provision of educational services.
- An increase in the intensity of training as measured by total hours per month, primarily because of the large amount of educational services provided.
- Little or no effect on employment and earnings outcomes.

- A large increase in costs, both aggregate and per participant. The increase in the cost per participant hour, however, was much smaller.
- A large increase in leveraged funds from JTPA and educational sources.

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