

## **Executive Summary**

**The Employment Retention  
and Advancement Project**

# **Paths to Advancement for Single Parents**

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The findings and conclusions presented herein do not necessarily represent the official position or policies of HHS.

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# Overview

Between 2000 and 2003, the Employment Retention and Advancement (ERA) project identified and implemented a diverse set of innovative models designed to promote employment stability and wage or earnings progression among low-income individuals, mostly current or former welfare recipients. The project's goal was to determine which strategies could help low-wage workers stay employed and advance over time — and which strategies seem not to work.

Over a dozen different ERA program models have now been evaluated using experimental, random assignment research designs, and three of the programs increased single parents' employment and earnings. This report augments the ERA project's experimental findings by examining the work, education, and training experiences of single parents targeted by the studied programs. Although the analysis is descriptive only and cannot be used to identify the exact causes of advancement, examining the characteristics of single parents who advance and the pathways by which they do so can inform the design of the next generation of retention and advancement programs.

## Key Findings

- **Few parents advanced over time, and most of the remaining parents either spent long periods out of work or lost ground.** One in four single parents advanced over the three-year follow-up period. One in three parents did not work in Year 3 (in jobs covered by the unemployment insurance system), and the remaining 42 percent were working during Year 3 but had not advanced.
- **Parents who advanced worked more stably over the period than other parents.** These parents experienced more rapid earnings growth when they did work, both from tenure at the same job and especially from changing jobs. They were more educated and somewhat younger than other parents and were more likely to participate in education and training activities during the first year of the follow-up period.
- **Parents who did not work during Year 3 had very high rates of employment instability.** One in three left work in any given quarter during the follow-up period. These parents had lower education levels than other parents and were somewhat older. When they did work, they tended to work in very low-wage jobs with few offered benefits.
- **In terms of demographic characteristics and experiences, parents who worked but had not advanced were between these two extremes (that is, between parents who advanced and those who did not work in Year 3).** A key way in which they differed from those who advanced was that they tended to have lower rates of earnings growth while working, particularly from job changing. In addition, they were less likely by the last year of follow-up to work in “good” jobs.
- **Job changing is an important route to advancement.** Quarterly earnings gains for parents were typically much larger from changing jobs than from staying at the same job.



## About the Employment Retention and Advancement Project

The federal welfare overhaul of 1996 ushered in myriad policy changes aimed at getting low-income parents off public assistance and into employment. These changes — especially cash welfare’s transformation from an entitlement into a time-limited benefit contingent on work participation, in the form of Temporary Assistance for Needy Families (TANF) — have intensified the need to help low-income families become economically self-sufficient and remain so. Although a fair amount is known about how to help welfare recipients prepare for and find jobs, the Employment Retention and Advancement (ERA) project is the most comprehensive effort thus far to ascertain which approaches help welfare recipients and other low-income people stay steadily employed and advance in their jobs. The study was conceived and funded by the Administration for Children and Families in the U.S. Department of Health and Human Services; supplemental support has been provided by the U.S. Department of Labor. The evaluation is being conducted by MDRC.

Launched in 1999, the ERA project encompasses more than a dozen models and uses a rigorous research design to analyze the programs’ implementation and impacts on research sample members.<sup>1</sup> In total, over 45,000 individuals were randomly assigned to research groups — in each site, to either a program group, which received ERA services, or a control group, which did not — starting in 2000 in the earliest-starting test and ending in 2004 in the latest-starting test. The random assignment process ensured that when individuals entered the study, there were no systematic differences in sample members’ characteristics, measured or unmeasured, between the program and control groups in each site. Thus, any differences between them that emerge after random assignment (for example, in employment stability or average earnings) can be attributed to a site’s ERA program — in contrast to the services and supports already available in the site. These differences are known as “impacts.”

The aims, target populations, and services of the programs studied in ERA varied:

- **Advancement programs** focused on helping low-income workers (in most cases, workers currently or recently receiving welfare) move into better jobs by offering such services as career counseling and education and training.

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<sup>1</sup>Sixteen different ERA models were implemented and studied in eight states: California, Illinois, Minnesota, New York, Ohio, Oregon, South Carolina, and Texas.

- **Placement and retention programs** sought to help participants find and hold jobs and, in some cases, were aimed at “harder-to-employ” people, such as welfare recipients who had disabilities or substance abuse problems.
- **Mixed-goals programs** focused on job placement, retention, and advancement — in that order — and were targeted primarily to welfare recipients who were searching for jobs.

Prior ERA project reports describe the implementation and impacts of each ERA program, drawing on administrative and fiscal records, surveys of study sample members, and field visits to the participating sites, as well as using the strong random assignment designs (also known as “experimental” designs) embedded in each ERA model test. These reports address such questions as: What services were provided by the program? How were the services delivered? Who received them? How were implementation and operational problems addressed? To what extent did the program improve employment rates, job retention, advancement, and other key outcomes?

While the ERA project has identified some promising approaches that can help low-wage workers increase their employment stability and earnings, much more remains to be learned. This report presents an analysis of the work, earnings, and training experiences of single parents in the study, documenting how many single parents increased their earnings over the three-year follow-up period and how their characteristics and experience differ from single parents who did not advance. The analysis in this report is one example of the ways in which the ERA project data are being used to provide further knowledge about how best to improve the employment retention and advancement of low-income individuals.

## Acknowledgments

The Employment Retention and Advancement (ERA) evaluation would not have been possible without the cooperation, commitment, and hard work of a wide range of administrators and staff in all the ERA sites. All the sites stepped forward to innovate in a challenging and important area of social policy and practice.

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Finally, gratitude is due the thousands of families who participated in the ERA evaluation, who gave generously of their time and shared information without which this, and other ERA studies, would not have been possible.

The Authors



## Executive Summary

Between 2000 and 2003, the Employment Retention and Advancement (ERA) project identified and implemented a diverse set of innovative models designed to promote employment stability and wage or earnings progression among low-income individuals, mostly current or former welfare recipients.<sup>1</sup> While the main objective of ERA was to test a range of program approaches, the data collected as part of the evaluation provide an important opportunity to look in depth at the work experiences over a three-year period of the more than 27,000 single parents targeted by the programs. As single parents — most of whom were current or former welfare recipients — many of them faced considerable barriers to work and advancement.

This report augments the ERA project's experimental findings by examining the work, education, and training experiences of single parents targeted by the programs studied. Specifically, these analyses identify the single parents in the study who advanced, and it compares their experiences with the experiences of parents who did not advance. Although the analyses are descriptive only and cannot be used to identify the exact causes of advancement, examining the characteristics of single parents who advance and the pathways by which they do so can inform the design of the next generation of retention and advancement programs.

### Measuring Advancement

How many of the ERA single parents advanced over the three-year period after they entered the study? Earnings data reported to the unemployment insurance (UI) system are used to define three groups, based largely on a comparison of their earnings in Year 1 with their earnings in Year 3. Parents who “advanced” experienced a notable increase in earnings between the two periods. The remaining parents either worked during Year 3 but had experienced little earnings increase or did not work at all during Year 3.

Although the UI records cover the majority of employment in a given state, they do have some limitations for measuring advancement. First, they miss some types of employment, such as self-employment and informal jobs. Second, they do not provide information on why earnings might change from one quarter to the next, since quarterly earnings are the product of the hourly wage, weekly hours worked, and weeks worked during the quarter. Finally, because they include only earnings, the UI data do not provide information on other ways in which workers might advance, such as by obtaining employer-provided benefits or by having greater job satisfaction.

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<sup>1</sup>ERA was conceived and funded by the Administration for Children and Families in the U.S. Department of Health and Human Services and is also supported by the U.S. Department of Labor.

Data on these other aspects of advancement — such as hours worked, wage rates, and benefits — are presented in the report using information from two surveys administered to single parents in the study, one at 12 months after study entry and one at 42 months after study entry. These survey data largely corroborate the findings based on the UI data.

## Key Findings

### How Many Single Parents Advanced?

- **Few single parents advanced over time, and most of the remaining parents either spent long periods out of work or lost ground.**

One in four single parents advanced over the three-year follow-up period. The increase in earnings among those who advanced is notable: the median worker experienced a 91 percent earnings gain from Year 1 to Year 3. However, with average earnings of \$20,700 in Year 3, earnings levels for this group were still relatively low. One in three parents did not work at all in Year 3 (in jobs covered by the UI system). Just under half of this group also did not work in Year 1, suggesting that a significant number of these parents are very disconnected from the labor force. The remaining 42 percent were working during Year 3 but had not advanced, meaning that they did not experience a notable earnings gain relative to Year 1. In fact, the median worker in this group experienced an earnings decrease, and average earnings were only \$7,700 in the third year.

### Work and Earnings Patterns

- **Single parents who advanced worked more stably over the period than other parents, and they returned to work more quickly if not employed.**

Parents who advanced by Year 3 worked about 80 percent of the time during Years 1 and 2, compared with 70 percent of parents who did not advance and only 25 percent of parents who did not work during Year 3. Underlying these differences in total time employed are substantial differences in the rate of leaving and returning to work in UI-covered jobs. Among parents who advanced, for example, in any given quarter, only about 6 percent left employment by the next quarter. In contrast, among those who did not work in Year 3, a third left employment by the next quarter. Similarly, those who advanced moved fairly quickly back to work if unemployed, while other parents took much longer to return to work.

- **Single parents who advanced also experienced faster earnings growth while working than other parents, especially when they changed jobs.**

At the median, single parents in the ERA sample experienced a 0.4 percent increase in earnings from staying at the same employer from one quarter to the next. However, the median quarterly gain from making a job change was 12.6 percent. Parents who advanced had higher earnings growth than other parents largely because they gained considerably more when they changed jobs. Although parents who advanced were not much more likely to change jobs than other parents in any given quarter, when they did change jobs, they gained (at the median) 21.1 percent in earnings, compared with gains of 5 percent to 6 percent for the other two groups.

### **Differences Across the Three Groups**

- **Single parents who advanced worked in better jobs than other parents at the end of the three-year period.**

Single parents in the group that advanced, relative to other parents, worked in higher-wage jobs during Year 1, were more likely to work full time, and worked in jobs that were somewhat more likely to offer key benefits. By the 42-month point, differences in job characteristics across the three groups had widened, particularly with respect to wage rates, hours worked, and benefits offered. Single parents in the advanced group, relative to other parents, were also more likely to be covered by a union agreement and to work in large firms.

- **Differences across the three groups in terms of participation in education and training activities were evident during Year 1 but had diminished by the 42-month point.**

About 30 percent of the single parents in ERA participated in education or training activities during Year 1. Parents who advanced were more likely than other parents to participate, particularly in college courses. They were also more likely to have earned college credit, a license, or a certificate. By the 42-month point, although 60 percent of all parents had participated in some activity, differences across the three groups had narrowed considerably.

- **Single parents who advanced had higher levels of education and were somewhat younger at study entry than other parents.**

Single parents who advanced differed from other parents primarily in terms of education, age, and work history. Parents who advanced were more likely to have a high school diploma or higher degree, compared with other parents, and they were somewhat younger. Single parents who advanced also had higher earnings than other parents in the year prior to entering the study. These factors, in turn, are associated with the work and earnings patterns documented above. More educated individuals, for example, are less likely to transition out of work in a given quarter, and they return to work more quickly if not employed. They are also

more likely to engage in vocational training or college courses than their less educated counterparts.

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Data from the ERA evaluation show that the experiences of single parents who are targeted by employment retention and advancement programs vary widely. While some parents in this study experienced large gains in earnings over the three-year period, others experienced long periods of joblessness. Single parents who advanced worked more stably over the period than other parents, and they had higher rates of earnings growth. They had characteristics and experiences that are typically associated with more positive work outcomes: they were relatively more educated and younger at study entry, and they were more likely to take up education and training, particularly college courses, during Year 1. These single parents also seemed to do better when changing jobs, experiencing much larger earnings gains than other parents. By the end of the follow-up period, they were working in better-paying, higher-quality jobs.

The findings suggest the need to better target program services to match individuals' circumstances. Parents like those in the group that advanced, for example, are likely to need and benefit from a very different set of services than parents like those who did not work in Year 3. In terms of the nature of the services, the findings here, although suggestive only, are consistent with other research in pointing to the importance of job changing and of access to “good” jobs — for example, jobs paying high wages and offering key benefits — as strategies to help low-wage workers advance.

## About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Child Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.