

**The Employment Retention  
and Advancement Project**

**Paths to Advancement for Single Parents**

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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.



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## 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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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.

\* \* \*

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.



## Introduction

A large fraction of the U.S. workforce earns wages that would not lift a family above the poverty line. In 2008, for example, one in four workers earned just over \$10 per hour.<sup>1</sup> Wages for single mothers are even lower.<sup>2</sup> Recent research suggests that although some of these individuals will move up over time to better and higher-paying jobs, this type of upward mobility among low-wage workers is the exception rather than the norm.<sup>3</sup> Many continue to work at low-wage jobs; others cycle in and out of work; still others drop out of the labor force entirely.

Although there is significant interest among policymakers in finding ways to help low-income workers stay employed and move up in the labor market, identifying effective strategies has been a challenge. Some earlier programs — focused largely on single parents — increased employment but not advancement, while others that were designed specifically to increase employment retention had no effects.<sup>4</sup>

The Employment Retention and Advancement (ERA) project is a recent attempt to identify what might work. Between 2000 and 2003, the 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. Over a dozen different program models have now been evaluated using random assignment research designs. The results, covering three to four years of follow-up, show that three of the programs were successful in increasing participants' employment and earnings.<sup>5</sup>

The ERA evaluation has expanded knowledge about what might work to help low-wage workers advance. However, there is more that can be learned by examining the employment and earnings experiences of the groups targeted for these programs. As one example, the evaluation reports that have been published to date provide evidence that some individuals in the study advanced over time on their own, although these reports were not able to explore this finding in more detail. Learning about the experiences of the target populations can similarly inform policies to help them advance. For example, how many of the parents who were targeted for the programs advanced over time after entering the study? In contrast, how many parents seem to have had important barriers to staying employed or moving up? And how do these

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<sup>1</sup>U.S. Department of Labor, Bureau of Labor Statistics (2008).

<sup>2</sup>Lerman (2005).

<sup>3</sup>Andersson, Holzer, and Lane (2005).

<sup>4</sup>See Hamilton (2002) for the National Evaluation of Welfare-to-Work Strategies and Rangarajan and Novak (1999) for the more recent Post-Employment Services Demonstration.

<sup>5</sup>Hendra et al. (2010). Unemployment rates were relatively low when most of the programs began and continued to fall during the three- to four-year follow-up period, or roughly between 2004 and 2007.

groups differ in terms of their characteristics at study entry and their experiences during the follow-up period?

This report uses data from the ERA evaluation to describe the employment and earnings patterns of single parents targeted by the project. The report documents how many single parents advanced over the three-year follow-up period (“advancing” is defined as a notable increase in earnings) and whether they advanced by working more than other parents, by experiencing more rapid earnings growth, or by a combination of both factors. The report then examines how parents who advanced differ from those who did not, in terms of several factors that might affect earnings and employment: demographic characteristics, job characteristics, participation in education and training, and job changing. The final section of the report examines in a more systematic manner how each of these factors is associated with advancement.

### **Key Findings**

- **One in four single parents advanced over the three-year follow-up period.** One in three parents did not work in during Year 3 (in jobs covered by the unemployment insurance system), while 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 in 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 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 — for example, jobs that were full time, offered

higher wages and more benefits, were covered by a union contract, or were in larger firms.

- **Job changing is an important route to advancement.** Quarterly earnings gains for parents as a group were typically much larger from changing jobs than from staying at the same job.

When considering the results, it is important to keep in mind the limitations of the analysis. First and most important, the analysis is descriptive, or nonexperimental, meaning that all randomly generated research groups are analyzed together. For this reason, the findings can point only to associations between various factors and advancement, not to evidence about causality. In addition, the analysis is limited to certain groups of individuals targeted by certain programs. As such, the results may not generalize to a broader population of low-income individuals or even to a broader population of current and former welfare recipients.

Nonetheless, by looking back at the experiences of the groups of individuals that ERA attempted to serve, the report and its findings might help to inform the next generation of retention and advancement programs, which are likely to be targeted to similar types of individuals. The results highlight the strong association between education and advancement and the potential importance of job characteristics and the idea that there are “good” and “bad” jobs to which low-wage workers might have access. Although these findings are based purely on descriptive analyses, they are consistent with other research pointing to the role of education, job matching, and job access as strategies to help low-wage workers advance.

The next two sections present background on the ERA project and the data sources used for this analysis. The report then examines how many single parents advanced over time and these parents’ relative employment stability and earnings growth. The subsequent sections look at differences in characteristics and experiences between parents who advanced and those who did not and the association between these characteristics and employment and earnings outcomes. The final section concludes by offering some implications of the findings.

## **The Employment Retention and Advancement (ERA) Project**

### **Background**

The ERA project was designed to increase knowledge about effective strategies to help low-wage workers stay employed and advance over time. It was conceived and funded by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services and is also supported by the U.S. Department of Labor (DOL). MDRC — a nonprofit, nonpartisan research organization — is evaluating ERA under contract to ACF.

## Box 1

### ERA Program Descriptions

**Chicago.** A private, for-profit provider delivered a combination of services to promote career advancement to Temporary Assistance for Needy Families (TANF) recipients who had worked at least 30 hours per week for at least six consecutive months.

**Cleveland.** A nonprofit provider delivered retention services — such as supervisory trainings, office hours, and lunch meetings every two weeks — at the work site to low-wage workers who earned less than \$13 per hour and who had been in their current jobs for less than six months.

**Eugene, Oregon.** Welfare, community college, and workforce agency staff implemented a team-based case management model that targeted newly employed former TANF recipients and delivered retention and advancement services tailored to participants' career interests. (Also see Medford, below.)

**Los Angeles Enhanced Job Club.** Welfare staff provided job search workshops promoting a targeted job search method designed to help TANF recipients who were required to search for employment find a job in line with their careers of interest.

**Los Angeles Reach for Success.** County welfare staff implemented flexible and individualized stabilization and retention services, followed by a combination of services to promote advancement, to newly employed TANF recipients working at least 32 hours per week.

**Medford, Oregon.** Welfare, community college, and workforce agency staff implemented a team-based case management model that targeted newly employed former TANF recipients and employed participants of the Oregon Food Stamp Employment and Training program and the Employment-Related Day Care program; they also delivered retention and advancement services tailored to participants' career interests and personal circumstances. (Also see Eugene, above.)

**Riverside PASS.** Community-based organizations, a community college, and a county welfare agency delivered family-based support services and, if needed, reemployment services to individuals who left TANF due to increased earnings.

**Riverside Training Focused.** County workforce staff implemented an education and training model that connected newly employed TANF recipients working at least 20 hours per week to education and training activities with the option of reducing or eliminating their required work hours.

(continued)

**Box 1 (continued)**

**Riverside Work Plus.** County welfare staff implemented an education and training model that connected newly employed TANF recipients working at least 20 hours per week to education and training activities with no option of reducing or eliminating their required work hours.

**Salem, Oregon.** Welfare and community college staff implemented a team-based case management model that targeted TANF applicants and delivered job search assistance combined with career planning and, once employed, individual and group meetings to promote retention and advancement.

**South Carolina.** County welfare staff provided case management services focused on reemployment, support services, job search, career counseling, and individualized incentives to individuals who left TANF, for any reason, between October 1997 and December 2000.

**Texas.** Three sites in Texas (Corpus Christi, Forth Worth, and Houston) implemented a team-based case management model that targeted TANF applicants and recipients and delivered monthly stipends of \$200 for those who left TANF and maintained full-time employment and completed activities related to an employment plan.

As part of the project, a total of 16 innovative models were implemented across eight states between 2000 and 2003, and each of these programs has been evaluated using a random assignment design. Almost all the programs targeted current or former recipients of Temporary Assistance for Needy Families (TANF) — the cash welfare program that mainly serves single mothers and their children — although the programs varied in whether they targeted people who were working or not working. Four of the models focused on “harder-to-employ” individuals. Data from these programs are not used for this report. Individuals targeted by the remaining 12 programs included unemployed TANF recipients, employed TANF recipients, and employed individuals not receiving TANF.<sup>6</sup>

Although all or most models included some common features, such as individual staff-client meetings and job search assistance, they tested a variety of innovative retention and advancement strategies. For example, some sites partnered with nongovernmental agencies to

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<sup>6</sup>The 12 models were operated in the following locations, and some locations operated more than one model: Los Angeles and Riverside, California; Chicago, Illinois; Cleveland, Ohio; Eugene, Medford, and Salem, Oregon; the Pee Dee Region of South Carolina; and Corpus Christi, Fort Worth, and Houston, Texas. See Box 1 for descriptions of the programs evaluated in these locations.

deliver services; others provided financial incentives for participation or employment; and others encouraged participation in education and training. The diversity of the models presented an opportunity to explore the effectiveness of a variety of strategies implemented for different populations, in order to identify which strategies might work.

Each of the programs was evaluated using a random assignment design. Individuals who met the eligibility criteria were assigned, at random, either to a program group, whose members were eligible for services offered by ERA, or to a control group, whose members were not eligible for ERA services but were free to seek out services and supports generally available in the community. Because the two groups were assigned at random, the control group serves as a valid benchmark against which a site's ERA approach was assessed. Comparing the employment retention and advancement outcomes for the two groups after study entry provides an estimate of the effect of each ERA program.

Between 2005 and 2009, interim reports were produced for each program model, presenting its implementation and early impacts.<sup>7</sup> A recent report presents final impacts for 12 programs (excluding the four programs that served hard-to-employ individuals), covering effects for single parents for three to four years after study entry.<sup>8</sup> The findings show that three of the 12 programs were successful, in that they increased the employment and earnings of their sample for all or much of the available follow-up period. The successful programs included such features as incentives for full-time work, assistance with finding better jobs, and the use of nongovernmental agencies to deliver services.

## **Data and Samples**

This report relies on several data sources that were also used for the experimental evaluation of ERA.

### *Baseline Data*

Data prior to or at the point of random assignment were collected in most tests from administrative records and in a few tests using a baseline questionnaire.<sup>9</sup> These data include key demographic information — such as age, education, and race/ethnicity — and prior work and public assistance receipt.

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<sup>7</sup>See “MDRC Publications on the Employment Retention and Advancement Project” at the end of this report.

<sup>8</sup>See Hendra et al. (2010).

<sup>9</sup>Each program evaluation is referred to as a “test,” rather than a “site” or “area,” since some areas tested more than one ERA model.

### *Administrative Records Data*

The primary records data used for this report are state unemployment insurance (UI) records, which provide quarterly employment and earnings information for the majority of workers in a state. Although these records cover about 90 percent of employment, they do not capture certain types of jobs, including self-employment, federal government employment, military personnel, informal jobs, and out-of-state jobs. UI data are available for all individuals for four quarters before and 12 quarters after study entry. The three-year follow-up period covers approximately from 2004-2005 through 2006-2007. Quarterly earnings are adjusted for inflation, and all values are reported in 2008 dollars.

### *Survey Data*

The report uses data from two surveys. A 12-month follow-up survey was administered to a random subset of the sample, obtaining information on program participation, participation in education and training during the year, and characteristics of jobs held during the year. A 42-month survey was administered for three of the tests and provided a longer-term look at jobs held and participation in education and training. Hourly wage rates reported on the survey have also been adjusted for inflation and converted to 2008 dollars.

### *Samples*

UI earnings data are available for the full evaluation sample, or for about 27,000 individuals randomly assigned as part of the tests included in the report. Data from the 12-month survey are available for a random subset of the full sample, about 5,700 individuals. The 42-month survey, administered to sample members in three tests, provides data for 2,800 people. A comparison of characteristics at study entry indicates that the 12-month survey sample is quite similar to the full evaluation sample. The 42-month survey sample, in contrast, differs from the full sample in ways that reflect the target groups of the programs evaluated in three tests. Two of the programs targeted employed, TANF recipients, while the third targeted employed individuals not receiving TANF. For this reason, the 42-month survey sample was much more likely than the full sample to have received TANF in the quarter prior to study entry.<sup>10</sup> Despite this difference, the results presented in this report are fairly similar when the analysis of data from the 12-month survey is restricted to sample members in those three tests.

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<sup>10</sup>Other differences, which likely derive from the difference in TANF receipt, are that the 42-month survey sample is somewhat less educated than the full sample; fewer of its respondents are white; and they had more children at baseline.

The main goal of this analysis is to document employment and earnings outcomes that would have occurred for individuals targeted by ERA in the absence of the programs. Although the control groups represent the ideal counterfactual, additional analyses indicate that adding the program groups to the sample does not significantly change the results, particularly since only three of the 12 program models affected employment and earnings. Thus, to increase the sample size, all analyses are conducted using a pooled sample, combining individuals from the program and control groups across all tests. All tests are given equal weight in the analysis, so that tests with larger samples do not dominate the results.

### **Characteristics of Single-Parent Sample Members**

Table 1 presents selected characteristics of the ERA single-parent sample across the tests. At study entry, the sample was relatively young, with an average age of 30 and more than a third of the parents being under the age of 25. Consistent with their young age, the majority of parents had at least one child under the age of 6. The sample is fairly evenly split across racial and ethnic groups, although these proportions vary considerably across the tests. About 60 percent of the parents had at least a General Educational Development (GED) certificate or high school diploma at baseline, although a few had higher degrees.

The last several rows of Table 1 present data from administrative records on pre-random assignment employment, earnings, and benefit receipt. Consistent with the targeting of the programs to current and former welfare recipients, more than 60 percent of the parents in the sample received TANF in the quarter that they entered the study. On average, they worked only two of the four quarters in the year prior to study entry. Among those who worked in any given quarter, average earnings were fairly low, at \$2,591, or just over \$10,000 annually.

### **Characteristics of Sample Members' Jobs**

Table 2 presents survey data on the characteristics of jobs that individuals held during the follow-up period. The first column presents data on jobs held during Year 1, or the year prior to the administration of the 12-month survey, and the second column presents data on jobs held during the year prior to the administration of the 42-month survey. As mentioned above, the 12-month survey was fielded for all tests, whereas the 42-month survey was fielded only for three tests. The analysis for this table is restricted only to the three tests for which surveys were administered at both the 12- and the 42-month point.<sup>11</sup>

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<sup>11</sup>When the analysis of the 12-month survey includes data from all 12 tests, the results are similar, with one exception: the comparison of hours worked between the two points shows a greater increase in full-time  
(continued)



**The Employment Retention and Advancement Project**

**Table 1**

**Selected Characteristics of Sample Members at Study Entry**

Characteristic <sup>a</sup>	Full Sample
Age (%)	
25 or younger	35.2
26 to 40	51.8
41 or older	13.0
Average age (years)	30.3
Race/ethnicity (%)	
Black	39.0
Hispanic	26.4
White	31.2
Education (%)	
General Educational Development (GED) certificate	11.9
High school diploma	35.2
More than high school diploma	11.3
Youngest child less than age 6 (%)	63.3
Number of children (%)	
1	38.0
2	30.1
3+	31.1
Number of quarters employed in year prior to random assignment <sup>b</sup>	2.1
Earnings per quarter employed, prior year <sup>b</sup> (\$)	2,591
Received TANF in quarter of random assignment <sup>c</sup> (%)	64.4
<b>Sample size</b>	<b>26,674</b>

SOURCES: MDRC calculations from ERA baseline forms, automated records, and administrative data.

NOTES: Earnings are in 2008 dollars.

<sup>a</sup>Statistics include both program and control group members.

<sup>b</sup>This information is based on unemployment insurance (UI) records.

<sup>c</sup>This information is based on Temporary Assistance for Needy Families (TANF) records.

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work. The results are also similar when the analysis is restricted to the small group of individuals (about 780) who were surveyed at both the 12-month and the 42-month point.

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Table 2

Characteristics of Job, 12-Month and 42-Month Surveys

Outcome	12-Month Survey	42-Month Survey
Ever employed in the year prior to survey (%)	83.9	80.6
<b><u>Among those employed in year prior to survey, characteristics of current or most recent job</u></b>		
Hours worked per week (%)		
29 or less	17.2	17.2
30-34	15.3	14.8
35 or more	66.2	68.1
Hourly wage <sup>a</sup> (\$)	9.40	10.16
Offers paid sick days (%)	30.9	41.6
Offers medical plan (%)	36.1	48.1
Industry (%)		
Construction	1.3	2.4
Manufacturing	5.4	5.4
Transportation and utilities	4.7	7.1
Retail	17.5	13.8
Wholesale trade	1.4	0.4
Finance, insurance, and real estate	3.5	4.3
Health care/social assistance services	32.4	33.3
Accommodation and food services	11.1	10.0
Other services	16.5	18.3
Other	6.2	4.9
Occupation (%)		
Clerical	21.0	20.3
Operatives/laborers	15.4	18.0
Sales	17.0	14.7
Services	37.8	40.0
Other	8.9	6.9
Sample size	1,708	2,883

SOURCE: MDRC calculations from ERA 12-Month Survey and ERA 42-Month Survey.

NOTES: The analysis for this table is restricted to only the three tests for which surveys were administered at both the 12- and 42-month point.

<sup>a</sup>Values are in 2008 dollars.

Consider jobs held during follow-up Year 1. Among individuals who worked during Year 1, more than 80 percent worked 30 or more hours per week, with the majority working 35 or more hours. Average wages during Year 1 were fairly low, at \$9.40 per hour, and most workers were not offered key employer-provided benefits, such as paid sick days and health insurance. In terms of where they worked, the most common industry was “health care/social assistance,” which includes such jobs as clerical assistants in health care offices, nurses’ aides, and child care workers. The next most common industries were retail trade, accommodation and food services, and other services. The jobs were most commonly in service occupations, although they were fairly spread out across a range of occupations.

Data from the 42-month survey suggest that some individuals had advanced since Year 1, although perhaps not by much. Although hours worked per week did not change, average wages were roughly \$0.80 higher (\$10.16 versus \$9.40). In addition, more workers were offered key employer-provided benefits, such as paid sick days and health insurance, although rates were still less than 50 percent. Finally, although there were small changes in where people worked or in job type — such as a small reduction in work in sales occupations — overall there were not large changes in industry or occupation between the two periods.

## **How Many Single Parents Advanced Over Time?**

How many of the ERA single parents advanced over the three-year period after they entered the study? Advancement is defined here using quarterly earnings from UI data. While these data provide a fairly long observation period for a very large sample, they do have several limitations. First, as noted above, they miss some types of employment, such as self-employment, informal work, and out-of-state 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.

These data are used to define three groups, based largely on a comparison of their earnings in Year 1 with their earnings in Year 3. Table 3 provides this comparison. The table presents the fraction of the sample falling into each cell, defined either by no work in the given year or by the level of their earnings if they did work. The “low earnings” group is defined as earning less than \$8,000 during the year, which — at 30 hours per week and 52 weeks per year — would imply an hourly wage of less than \$5.10. The “medium earnings” group is defined as earning between \$8,000 and \$14,999, or between about \$5.10 and \$10.00 per hour, and the “high earnings” group is defined as earning \$15,000 or more during the year. The number in the

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Table 3

Transitions in Earnings Status, Year 1 to Year 3

Year 1 Earnings	Year 3 Earnings			
	None	Low	Medium	High
None	15.4	5.4	1.4	1.3
Low	11.7	13.7	5.3	4.9
Medium	3.1	5.4	5.3	6.2
High	2.1	2.9	2.7	13.4 <sup>a</sup>

↑ Did not work in Year 3	↑ <u>Worked in Year 3</u> but did not advance	↑ Advanced
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SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Low, medium, and high annual earnings are defined, respectively, as less than \$8,000; \$8,000 to \$14,999; and \$15,000 or more.

Earnings are in 2008 dollars.

<sup>a</sup>Individuals advanced only if their earnings increased by more than 10 percent. About half the sample members in this cell (6.3 percent) are not included in the advanced group.

upper left-hand corner, for example, shows that 15.4 percent of the sample did not work in Year 1 and also did not work in Year 3. As another example, the second row of the table shows that 4.9 percent of the sample had low earnings in Year 1 but high earnings in Year 3.

Using these earnings categories, the sample is divided into three groups based on how much they progressed between Years 1 and 3:

- Advanced.** This group includes parents who moved up to the medium or high earnings categories between Years 1 and 3, as indicated by the darker shaded cells in Table 3. For example, a parent advanced if she had no or low earnings in Year 1 and medium or high earnings in Year 3. A parent who moved from not employed in Year 1 to low earnings in Year 3 is not counted as having advanced. Finally, if the individual already had high earnings in Year 1, she must have experienced an earnings increase of more than 10 percent between Years 1 and 3. Among the 13.4 percent of parents with high

earnings in both periods (shown in the bottom right-hand cell), about half are defined as having advanced. Using this definition, 26.2 percent of single parents fall into the advanced group.

- **Worked in Year 3 but did not advance.** Examples of individuals in this group, denoted by the underlined cells in Table 3, include those with low or no earnings in Year 1 who had not moved up to medium or higher earnings by Year 3 and those with medium earnings in Year 1 who had not moved up to high earnings by Year 3. Also included are workers who had high earnings in Year 1 but had not increased their earnings by at least 10 percent by Year 3. Just over 40 percent of single parents fall into this group.
- **Did not work in Year 3.** This group includes parents who had no reported UI earnings in Year 3, as indicated by the lighter shaded cells in Table 3. About one-third of single parents (32.3 percent) fall into this group.

There are many other ways to define advancement using earnings data, and one obvious method is to use the percentage change in earnings between Years 1 and 3. Limitations of this method are that (1) a percentage change value cannot be calculated for individuals with zero earnings in a given year and (2) workers with large earnings changes on a low base, such as moving from \$1,000 to \$4,000 per year, would be considered as having advanced. The definitions used in this report avoid these limitations and are fairly simple to explain and understand.

However, the cost of simplicity is some loss in precision. For example, a worker earning \$8,500 in Year 1 and \$14,000 in Year 3 would not be counted as having advanced using the above definition. Separate analyses (Appendix Table A.1) indicate that there are not many cases like this one in the sample. The distribution of earnings gains between Year 1 and Year 3 shows very little overlap between the advanced group and the group that did not advance. In other words, few people in the group that did not advance experienced more than a 10 percent increase in earnings over the period, and few people in the group that did advance experienced less than a 10 percent increase in earnings.

Nonetheless, even in the absence of these extreme cases, it is important to remember for the subsequent analyses that each of the three groups includes individuals with a range of experiences. The group that advanced, for example, includes both parents who already had relatively high earnings in Year 1 and parents who started out with low earnings or even without

work. Even though they are both counted as having advanced, they may have done so in very different ways.<sup>12</sup>

- **One-quarter of single parents had advanced by Year 3. One-third had no earnings during that final year. The remaining 42 percent worked during Year 3 but had not advanced.**

Figure 1 presents the results of this analysis. Just over one-quarter of the sample had advanced over time. The median worker in this group experienced a 91 percent earnings gain between Years 1 and 3. However, the group's average earnings during Year 3 — about \$20,700 — highlight that although they “advanced” over time, they still had relatively low earnings. The poverty line for a single mother with two children was \$17,346 in 2008.<sup>13</sup> Also, using average earnings is only one way to measure advancement and provides no information about the types of jobs in which these parents worked or how many hours they worked during a typical week. Below, the section “How Do the Three Advancement Groups Differ?” uses the survey data to examine each group's job characteristics.

Figure 1 also shows that 42 percent of the parents worked during Year 3 but had not advanced. In fact, the median worker in this group saw his or her earnings fall between Years 1 and 3; average earnings were only \$7,700 during Year 3. Finally, one-third of the parents in the sample did not work at all during Year 3, meaning that they had no UI-reported earnings. Just under half of this group also did not work during Year 1 (Table 3), suggesting that a significant number of these parents were very disconnected from the labor force, at least as indicated by employment in UI-covered jobs.

## **How Did They Advance? Working More and Earning More**

Although the ERA sample can be viewed as a fairly homogeneous population, consisting largely of current and former welfare recipients, the previous section illustrates that their employment and earnings experiences vary widely. The advanced group saw, on average, their

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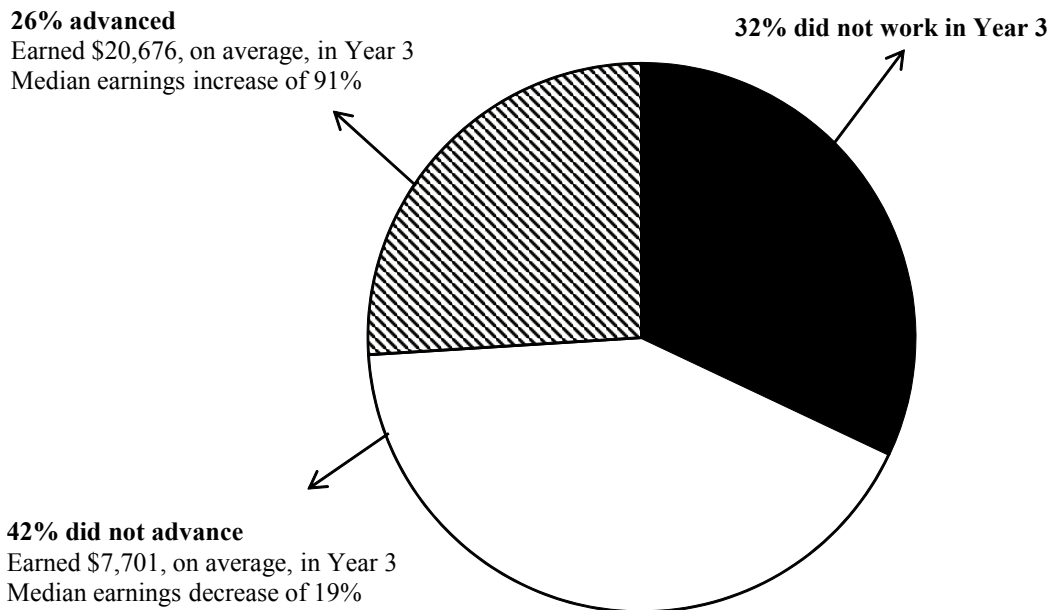
<sup>12</sup>Similarly, individuals who started out with high earnings but did not experience more than a 10 percent increase in earnings by Year 3 are not counted as having advanced. These parents are arguably more advantaged than the other parents in the group that did not advance, and their inclusion in this group may serve to obscure key differences between the group that advanced and the one that did not. When these high earners are excluded from the “did not advance” group, for example, differences between that group and the “advanced” group in terms of employment stability are more pronounced. However, the remaining findings that are presented in this report are very similar.

<sup>13</sup>A family with this level of earnings would also likely be eligible for about \$3,700 from the Earned Income Tax Credit (EITC) and about \$2,200 in food stamp benefits. Even considering these additional income sources, however, family incomes are still low.

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Figure 1

### Earnings Growth, Year 1 to Year 3



SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This figure includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Earnings are in 2008 dollars.

earnings double between Years 1 and 3, for example, while the other groups either worked very little over the period or saw their earnings decline. What underlies these differences in earnings and earnings changes? Did the advanced group work more over the period than the group that did not advance? Or did the advanced group work the same amount but see their earnings increase more rapidly? This section highlights key differences among the three groups in the amount of time that they worked and their earnings growth.

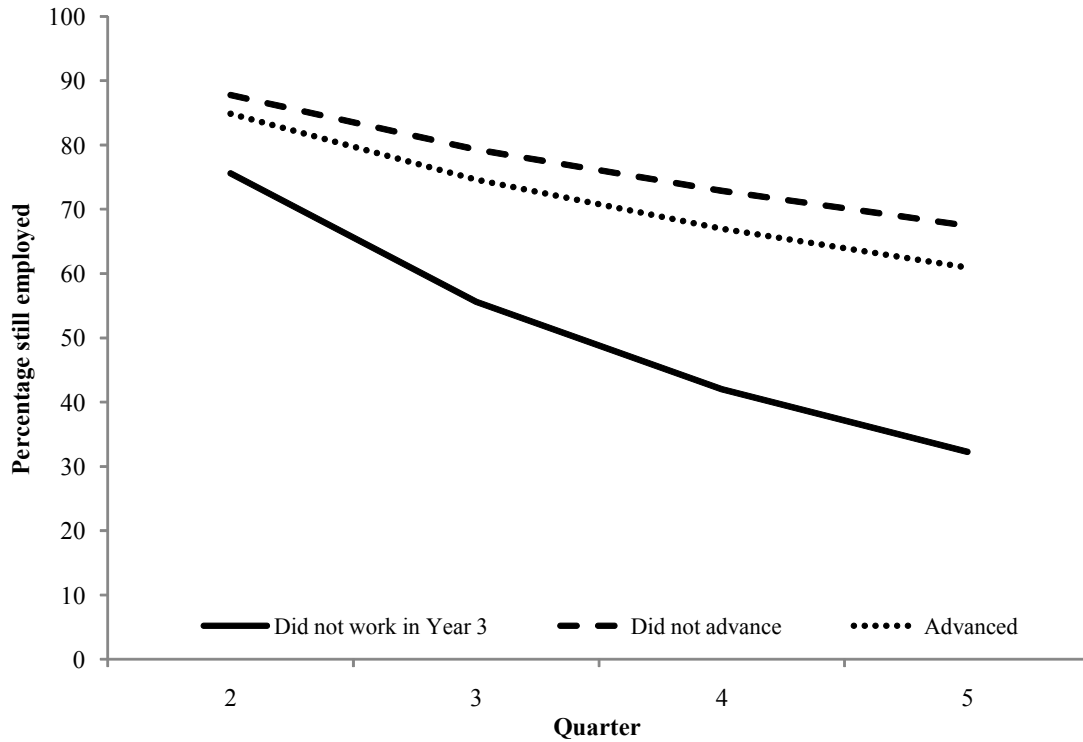
### Working More

Figures 2 and 3 and Table 4 provide a look at patterns of employment over time. Figure 2 presents data on employment rates for the first year after program entry, showing, among

The Employment Retention and Advancement Project

Figure 2

Employment Retention, Among Those Working in Quarter 1, by Advancement Group



SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Quarter 1 is the quarter of random assignment.

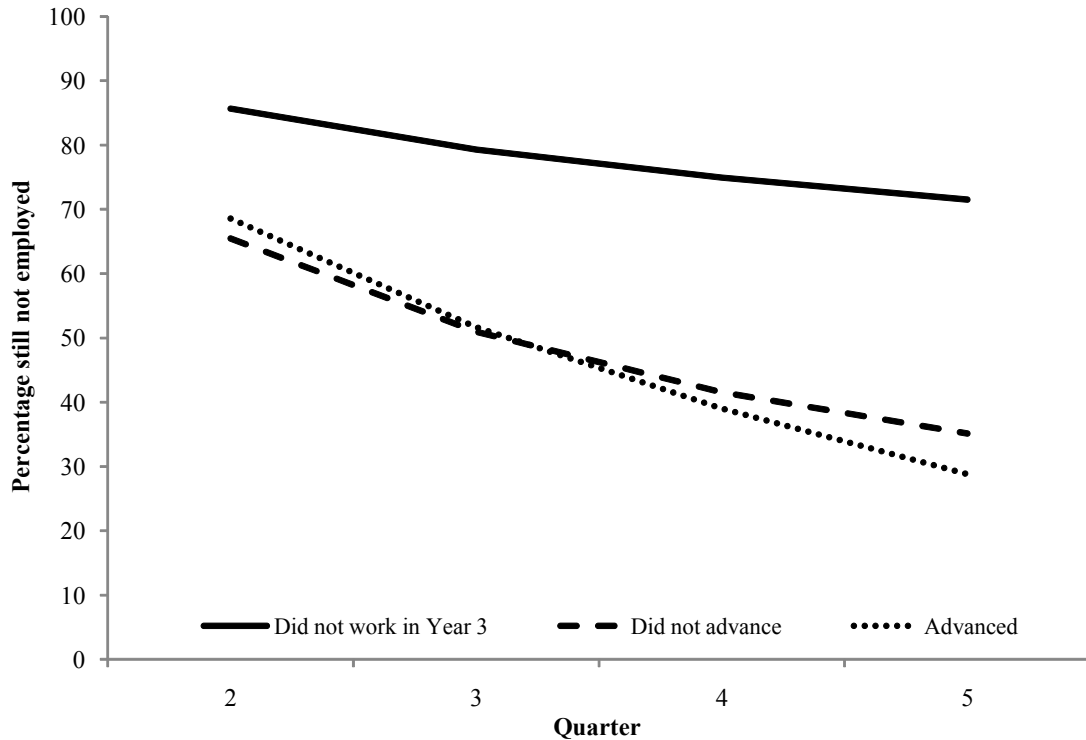
Differences across the three groups are statistically significant at the 1 percent level in every quarter.



## The Employment Retention and Advancement Project

Figure 3

### Time Not Employed, Among Those Not Employed in Quarter 1, by Advancement Group



SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Quarter 1 is the quarter of random assignment.

Differences across the three groups are statistically significant at the 1 percent level in every quarter.

those employed at study entry, the percentage of parents still employed as a of a given quarter for each of the three advancement groups. The first year is of policy interest, given that this is the key period when many programs seek to engage their clients in advancement and retention efforts. The data indicate that job loss was fairly common. For example, for the group that advanced, only 61 percent of those employed in Quarter 1 were still employed by Quarter 5. Rates of job loss were much higher for the group that did not work in Year 3. Similarly, this

**The Employment Retention and Advancement Project**

**Table 4**

**Employment Patterns**

Outcome	Full Sample	Did Not Work in Year 3	Did Not Advance	Advanced
<b><u>Years 1 and 2</u></b>				
Number of quarters employed, Year 1 to Year 2	4.6	2.2	5.6	6.2 ***
<b>Ever worked (%)</b>	83.3	61.7	93.0	97.7 ***
Average length of employment spell (%)				
1-2 quarters	27.8	52.6	23.4	16.2 ***
3-4 quarters	23.9	24.8	22.9	25.4 ***
5-8 quarters	48.3	22.7	53.7	58.5 ***
<b>Ever not employed (%)</b>	70.7	97.0	61.0	56.5 ***
Average length of unemployment spell (%)				
1-2 quarters	37.3	18.9	49.6	57.9 ***
3-4 quarters	23.6	22.3	25.4	24.4 ***
5-8 quarters	39.1	58.8	25.1	17.7 ***
Sample size	26,674	8,590	11,098	6,986

SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Quarter 1 is the quarter of random assignment.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

group took the longest to move into work if not employed (Figure 3). More than 70 percent of those who were not working in Quarter 1 were still not employed by Quarter 5.

Single parents in the group that advanced do not appear to have worked much more stably during Year 1 than those who did not advance. However, they do show more stable employment over Years 1 and 2 combined (Table 4). First, as shown in the top row of the table, parents in the advanced group worked 6.2 quarters of the 8-quarter period, compared with 5.6 quarters for the group that did not advance and 2.2 quarters for the group that did not work in Year 3. (Differences across the three advancement groups are tested for statistical significance. The level of significance is indicated by asterisks in the rightmost column). Parents in the advanced group had the longest average employment spells and moved back to work more quickly if out of work. For example, 57.9 percent of this group had unemployment spells that lasted for only one or two quarters, compared with 49.6 percent of the group that did not advance.

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**Table 5**

**Average Quarterly Transition Rates, Year 1 to Year 3**

Transitions (%)	Full Sample	Did Not Work in Year 3	Did Not Advance	Advanced
Employed to nonemployed	13.8	36.1	14.7	6.0 ***
Nonemployed to employed	16.8	4.3	32.2	39.9 ***

SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

The quarterly transition rate from employment to nonemployment is defined as the percentage of those employed in the prior quarter who are not employed in the current quarter.

The quarterly transition rate from nonemployment to employment is defined as the percentage of those not employed in the prior quarter who are employed in the current quarter.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

These data can be summarized using transition rates into and out of employment. The transition rate out of employment in a given quarter, for example, is the fraction of people employed in the previous quarter but not employed in the current quarter. If 100 people were employed in Quarter 1 and only 80 were still employed in Quarter 2, the transition rate out of employment in Quarter 2 would be 20 percent. A higher transition rate out of work implies shorter employment spells, while a lower rate implies longer employment spells, or greater employment stability.

UI records have been used in previous research to measure transition rates into and out of work. However, the records do have limitations. Because they indicate only whether an individual was employed "at some point" during a given quarter, they do not capture short spells out of work that occur in the middle of that quarter. For this reason, estimates of transitions out of work that are calculated using UI records will likely understate the rate of leaving work. However, an analysis of monthly transition rates using data from the 12-month survey suggests that the UI data do not understate flows out of work by much.<sup>14</sup>

Table 5 presents transition rates over the three-year period for the full sample and for the three advancement groups. Rates for each type of transition were calculated for each quarter of the three-year period and then averaged over all quarters. In any given quarter, 13.8 percent

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<sup>14</sup>Monthly transition rates out of work using the 12-month survey data are roughly one-third the size of the rates using quarterly UI data, suggesting that not many individuals make multiple transitions within a quarter.

of working single parents left work, while 16.8 percent of nonworking parents entered work. These rates imply a fair amount of cycling in and out of work among the ERA sample.

- **The group that advanced, compared with the other two groups, stayed employed longer (was less likely to transition out of work) and returned to work more quickly if not employed (was more likely to transition into work).**

Transition rates into and out of work vary considerably across the groups. For example, only 6.0 percent of the group that advanced transitioned out of work in a given quarter, compared with 14.7 percent of the group that did not advance and 36.1 percent of the group that did not work in Year 3. In other words, among the group that did not work in Year 3, more than one-third of those working in a given quarter would leave work by the next quarter — a very high rate of employment instability. Transition rates into work (among those not working) are consistent with these findings, showing that the group that advanced moved into work much more quickly than the other two groups.

### **Earning More (Earnings Growth While Working)**

Although the advanced group worked more over the three-year period than the other two groups and stayed employed more consistently, it is also possible that these sample members advanced because they experienced more rapid earnings growth. Staying employed is a necessary first step toward advancing, but it is not sufficient. There is some debate about how much low-wage workers can increase their earnings simply through work experience, particularly if they work in low-wage jobs with little upward mobility. The assumption behind many of the earlier welfare-to-work programs, for example, was that work experience was the best route to advancement. More recent evidence, however, shows that less-skilled workers experience fairly modest wage growth with experience,<sup>15</sup> leading some to argue that skills acquisition and help finding better jobs may be more promising routes to advancement.<sup>16</sup>

- **The group that advanced experienced faster earnings growth while working than the other two groups.**

Table 6 presents average quarterly earnings growth for the full sample and for the three advancement groups. Recall that quarterly earnings are “real” earnings, since they have been adjusted for inflation. Earnings growth is calculated as the percentage change in earnings from one quarter to the next, measured only over “full employment” quarters, or quarters in which

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<sup>15</sup>Gladden and Taber (2000); Card, Michalopoulos, and Robins (2001); Connolly and Gottschalk (2006).

<sup>16</sup>Holzer (2004, 2007).

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**Table 6**

**Quarterly Earnings Growth, Year 1 to Year 3**

Outcome	Percentage Change in Quarterly Earnings	
	Mean	Median
Full sample	0.8	0.7
Advancement groups		
Advanced	4.8	2.5
Worked in Year 3 but did not advance	-2.6	-0.5
Did not work in Year 3	-4.3	-0.6

SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Earnings are in 2008 dollars.

Differences across the three groups in mean quarterly earnings growth are statistically significant at the 1 percent level.

the individual worked all 12 weeks.<sup>17</sup> On average, earnings increased for the full sample by 0.8 percent per quarter of work, for an annual rate of 3.2 percent. The rate at the median is slightly lower.

The subsequent rows of Table 6 illustrate that the group that advanced did so not only because they worked more over the three-year period but also because their earnings grew more rapidly when they did work. This group's median quarterly earnings increase was 2.5 percent, compared with small negative values for the other two groups. Although it seems counterintuitive for a worker to experience negative earnings growth from one quarter to the next, reductions in quarterly UI earnings can be due to reductions in hours or in weeks worked or in wage rates. In addition, declines in real wage rates over time can occur. Many workers experience declines in their real hourly pay because their wages do not keep pace with inflation.<sup>18</sup>

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<sup>17</sup>"Full employment" quarters are defined as those in which the individual was employed in both the preceding and the following quarter. This definition is discussed in more detail below, in the section "Earning More (Earnings Growth)."

<sup>18</sup>Gottschalk (2001).

## How Do the Three Advancement Groups Differ?

This section considers how the three advancement groups differ — not in terms of their earnings and employment patterns but in terms of several factors that may help to explain these patterns. The factors are grouped into four categories: demographic characteristics, job characteristics, participation in education and training, and rates of job changing. Comparing these factors across the three advancement groups provides a rough look at the types of individuals who advance and some insight into how they do so. Then, the section “What Factors Are Associated with Working More and Earning More?” examines these factors’ association with advancement in a more formal, regression-based framework.

### Demographic Characteristics

A range of individual characteristics can potentially affect advancement. Parents who entered the study with higher education levels, for example, should be expected to have higher advancement rates.<sup>19</sup> Another potentially important characteristic is the presence of young children, given that child care costs and responsibilities can be a barrier to work.<sup>20</sup>

- **The group that advanced had higher levels of education at study entry than the other two groups. Parents who did not work in Year 3 were somewhat older, on average, than other parents.**

Table 7 presents selected characteristics of the full sample and of the three advancement groups at study entry. Several characteristics appear to be associated with advancement, such as age, education, and race/ethnicity. For example, the group that did not work in Year 3 was somewhat older than the other two groups, with 16 percent of parents in this group being over the age of 40. In terms of education, just over 53 percent of the advanced group had a high school diploma or higher degree, compared with only 42 percent of the group that did not work in Year 3. The groups differed less in terms of the number and ages of children in the family. The group that did not work during Year 3 was somewhat less likely to have young children (61 percent for this group, compared with 64 percent for the other two groups), but this difference is not large and is probably due to the older average age of the parents in this group.

The last several rows of Table 7 present data on prior work and TANF receipt. As expected, the group that advanced earned more than the other two groups prior to study entry. Prior employment and earnings are fairly strong predictors of subsequent employment and earnings. However, the three groups did not differ much in rates of TANF receipt at study entry.

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<sup>19</sup>Cheeseman Day and Newburger (2002).

<sup>20</sup>Kimmel (1998).

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**Table 7**

**Selected Characteristics at Study Entry:  
Full Sample and Advancement Groups**

Characteristic	Full Sample	Did Not Work in Year 3	Did Not Advance	Advanced	
Age (%)					***
25 or younger	35.2	31.6	37.1	36.3	
26 to 40	51.8	52.0	51.0	52.8	
41 or older	13.0	16.4	11.8	10.9	
Average age (years)	30.3	31.3	29.7	29.8	***
Race/ethnicity (%)					***
Black	39.0	37.1	40.8	39.0	
Hispanic	26.4	25.0	26.3	27.9	
White	31.2	34.3	29.7	29.8	
Education (%)					***
General Educational Development (GED) certificate	11.9	12.4	11.5	11.7	
High school diploma	35.2	31.3	35.2	40.7	
More than high school diploma	11.3	11.1	10.7	12.8	
Youngest child less than age 6 (%)	63.3	61.2	64.6	64.2	***
Number of children (%)					**
1	38.0	39.1	37.4	37.8	
2	30.1	29.2	30.7	29.1	
3+	31.1	30.8	31.1	32.3	
Number of quarters employed in year prior to random assignment <sup>a</sup>	2.1	1.5	2.4	2.4	***
Earnings per quarter employed, prior year <sup>a</sup> (\$)	2,591	2,214	2,606	2,895	***
Received TANF in quarter of random assignment <sup>b</sup> (%)	64.4	65.1	64.3	63.7	
Sample size	26,674	8,590	11,098	6,986	

SOURCES: MDRC calculations from ERA baseline forms, automated records, and administrative data.

NOTES: Earnings are in 2008 dollars.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

<sup>a</sup>This information is based on unemployment insurance (UI) records.

<sup>b</sup>This information is based on Temporary Assistance for Needy Families (TANF) records.

## Job Characteristics

In addition to the characteristics of the workers themselves, recent research suggests that job characteristics also matter for advancement, in that there are both “good” and “bad” jobs available to low-wage workers.<sup>21</sup> Certain industries, for example, tend to pay higher wages than others, and, even within narrow industry categories, larger firms tend to pay more than smaller firms. In this case, helping low-wage workers access these good jobs might be one strategy for advancement. Where workers start employment can also matter. Some jobs are less likely to offer training than others; some have higher turnover rates; and others have limited career ladders. This section compares the three advancement groups in terms of their job characteristics during the year prior to the administration of the 12- and 42-month surveys.

- **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.**

Table 8 presents data from the 12-month survey on the types of jobs that single parents held during the first year after study entry. Comparing the top two groups, or the group that did not advance and the group that advanced, the latter group appears to have worked in slightly better jobs, with wages that were \$0.60 higher, on average. The group that advanced was also somewhat more likely to work 35 or more hours per week. The big differences in job characteristics, however, are between the group that did not work in Year 3 and the other two groups. Parents in the group that did not work were the least likely to have worked during Year 1 (69.9 percent). When they did work, these single parents worked fewer hours and were less likely to be offered benefits. Less than a third of this group worked in jobs that offered health insurance, for example.

- **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 be in large firms.**

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<sup>21</sup>Andersson, Holzer, and Lane (2003).



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**Table 8**

**Characteristics of Job, 12-Month Survey**

Outcome	Full Sample	Did Not Work in Year 3	Did Not Advance	Advanced
Ever employed in Year 1 (%)	79.7	69.9	84.2	83.4 ***
<b><u>Among those employed in Year 1, characteristics of current or most recent job</u></b>				
Hours worked per week (%)				***
29 or less	22.0	25.7	21.1	20.3
30-34	15.1	15.5	15.9	13.3
35 or more	62.2	58.2	62.2	66.0
Hourly wage <sup>a</sup> (\$)	9.44	9.08	9.34	9.90 ***
Offers paid sick days (%)	32.4	25.2	33.6	35.5 ***
Offers medical plan (%)	40.1	32.1	41.3	44.6 ***
Works with computers (%)	38.8	33.5	39.1	43.7 ***
Requires customer contact (%)	84.8	84.8	84.7	85.2
Does arithmetic (%)	53.0	52.1	53.9	52.2
Requires reading or writing skills (%)	73.4	70.0	73.0	76.9 ***
Industry (%)				
Retail	16.4	16.4	16.4	16.8
Health care/social assistance services	33.4	34.7	31.8	33.1
Accommodation and food services	13.2	10.9	15.2	12.3
Other services	14.0	16.3	12.9	14.1
Other <sup>b</sup>	23.1	21.8	23.6	23.7
Occupation (%)				***
Clerical	17.8	15.3	18.0	20.1
Operatives/laborers	18.1	20.8	18.3	16.2
Sales	15.8	16.2	16.4	14.5
Services	39.9	41.1	39.1	38.8
Other	8.5	6.5	8.2	10.4
Sample size	5,673	1,591	2,446	1,636

SOURCE: MDRC calculations based on responses to the ERA 12-Month Survey.

NOTE: Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

<sup>a</sup>Values are in 2008 dollars.

<sup>b</sup>"Other" includes the industries of construction, finance, insurance, real estate, manufacturing, transportation, utilities, and wholesale trade.

Table 9 presents data on the characteristics of jobs that single parents held in the year prior to the 42-month survey. Despite having no reported UI earnings during the third year, 56.3 percent of the group that did not work in Year 3 reported having worked at some point between follow-up Years 3.5 and 4.5. Although part of the discrepancy may be the imperfect overlap of the two time periods, the survey data also highlight that the UI earnings data miss some forms of employment. For example, the UI data do not cover self-employment, which is more prevalent in this group (at 13 percent) than in the other two groups (2 percent). Nonetheless, the survey data are consistent with the UI data in that the group that did not work in Year 3 appears to have been the most disadvantaged in terms of labor market outcomes, with lower wages, less full-time work, and fewer benefits.<sup>22</sup>

The last several rows of Table 9 present data on how workers found their jobs. There is a clear difference among the three groups, in that the group that did not work in Year 3 was most likely to rely on friends and relatives to find a job. In contrast, the other two groups used more formal channels that may have given them access to better jobs. However, the use of friends or relatives to find jobs was still fairly high among all three groups.<sup>23</sup>

Comparing the two rightmost columns of Table 9, the group that advanced worked in better jobs than the group that did not advance. They were more likely to work full time, had higher wages, and were much more likely to receive employer-provided benefits. These differences between the groups were also apparent at the 12-month point, although they were much smaller. The 42-month survey collected additional job characteristics data that help to describe where these parents worked. For example, parents in the advanced group had higher rates of union coverage, and they tended to work in much larger firms. About one in four workers in the advanced group worked in a firm with more than 500 employees, compared with only 16.2 percent of the group that did not advance. These data were not collected at the 12-month point, so it is not possible to determine whether this difference in union coverage and

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<sup>22</sup>Separate analyses indicate that the about half the employment observed in the survey for the group that did not work in Year 3 can be “explained,” in the sense that it was in jobs that are not typically captured by the UI system, including out-of-state jobs, self-employment, and odd jobs. A small fraction of the employment can also be explained by the lack of overlap between Year 3 in the UI records and the year prior to the 42-month survey, since some individuals were surveyed many months after follow-up Month 42. The remainder of employment cannot be attributed to one of these factors.

<sup>23</sup>Although not shown in Table 9, the advanced group also reported higher levels of satisfaction at their jobs than the other two groups, measured by a series of such questions as “My job requires a lot of responsibility”; “I am allowed to contribute ideas at work”; and “I receive respect from my superiors.” In addition, members of the advanced group were also more likely than the other two groups to report that their current job was an improvement over their former job in a range of areas, such as weekly hours and opportunities to advance.

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Table 9

Characteristics of Job, 42-Month Survey

Outcome	Full Sample	Did Not Work in Year 3	Did Not Advance	Did Not Advance	Advanced
Employed during year prior to interview (%)	80.6	56.3	85.7	94.7	***
<b><u>Among those who were employed in the prior year</u></b>					
Hours worked per week (%)					***
29 or less	17.2	24.8	20.0	9.9	
30-34	14.8	15.8	17.5	11.0	
35 or more	68.1	59.4	62.5	79.2	
Hourly wage <sup>a</sup> (\$)	10.16	9.25	9.78	11.12	***
Offers paid sick days (%)	41.6	23.7	40.6	52.4	***
Offers medical plan (%)	48.1	28.4	46.6	59.8	***
Works with computers (%)	44.7	37.9	41.0	52.3	***
Requires customer contact (%)	85.1	84.3	84.9	86.3	
Does arithmetic (%)	49.4	48.8	48.2	50.9	
Requires reading or writing skills (%)	71.3	65.1	68.9	77.8	***
Member of labor union (%)	17.8	10.3	17.7	23.1	***
Industry (%)					***
Retail	13.8	12.1	14.5	14.0	
Health care/social assistance services	33.3	36.6	33.0	31.7	
Accommodation and food services	10.0	8.8	12.9	7.9	
Other services	18.3	22.2	17.0	17.5	
Other <sup>b</sup>	24.5	20.3	22.4	28.9	
Occupation (%)					***
Clerical	20.3	13.9	19.3	23.8	
Operatives/laborers	18.0	20.5	16.7	19.1	
Sales	14.7	12.5	16.3	14.3	
Services	40.0	46.4	41.2	35.0	
Other	6.9	6.6	6.5	7.6	
Self-employed	3.8	13.0	1.6	1.5	***
Firm size (%)					***
1-49 workers	52.3	71.0	51.3	42.6	
50-249 workers	22.2	13.7	24.7	23.5	
250-499 workers	7.6	5.1	7.9	8.9	
500+ workers	17.9	10.1	16.2	24.9	
How job was found (%)					***
Friend or relative	37.8	43.2	36.9	35.2	
Newspaper ad or internet	16.1	10.9	16.0	18.0	
Employment agency, One-Stop, or placement office	10.7	8.1	11.8	11.5	
Private employment agency or temp agency	5.3	3.2	5.3	6.4	
Other	29.8	34.0	29.8	28.6	
Sample size	2,883	794	1,238	851	

(continued)

**Table 9 (continued)**

SOURCE: MDRC calculations based on responses to the ERA 42-Month Survey.

NOTES: Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

<sup>a</sup>Values are in 2008 dollars.

<sup>b</sup>"Other" includes the industries of construction, finance, insurance, real estate, manufacturing, transportation, utilities, and wholesale trade.

firm size also existed during Year 1. What is clear, however, is that the advanced group was working in different types of jobs and firms at the 42-month point.

Overall, these results support the validity of using UI earnings to measure advancement. The group that advanced according to the UI data also had the highest wage levels, hours worked, and benefits of the three groups. These differences in job characteristics give some hints as to the types of jobs that may offer the best advancement prospects, although these associations are not causal and may be due to unobserved factors. For example, individuals with the highest motivation levels may be the workers who are both more likely to be hired by larger, better-paying firms and the ones who would command higher-paying jobs already. In this case, simply placing less-skilled workers in the larger firms would not help them advance. Nonetheless, the results are supportive of other work suggesting that a firm's characteristics play an important role in earnings and advancement.<sup>24</sup>

### **Education and Training**

Education and training are potentially important avenues to advancement. As workers acquire more skills (or "human capital"), they become more productive and can command higher wage rates. The positive returns to acquiring education can be seen from the fact that college-educated workers earn more than high school graduates and that high school graduates earn more than high school dropouts.<sup>25</sup> Other forms of skill acquisition, such as obtaining a GED or community college credits, are also associated with higher earnings, although the returns can sometimes take several years to emerge.<sup>26</sup> In addition, the returns to some types of training, such as GED receipt and off-the-job training, arise at least in part because they increase an individual's probability of being employed but not, necessarily, his or her wage rate.<sup>27</sup> Finally, despite the positive returns to education and training, a substantial amount of research

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<sup>24</sup>Holzer, Lane, and Vilhuber (2004).

<sup>25</sup>Cheeseman Day and Newburger (2002).

<sup>26</sup>Marcotte, Bailey, Borkoski, and Kienzl (2005); Tyler (2004).

<sup>27</sup>Tyler (2004); Boudett, Murnane, and Willett (2000).

documents that completion and persistence are relatively low for less-skilled individuals, suggesting that many may need additional supports to increase their human capital.<sup>28</sup>

Skill acquisition can occur through a variety of avenues, such as work experience, on-the-job training, formal schooling, and training programs. This section uses data from the 12- and 42-month surveys to examine rates of participation in various education and training activities and the attainment of degrees and certificates. It examines differences in participation rates and types of activities across the three advancement groups, both early and later in the follow-up period.

- **About 30 percent of single parents participated in education or training during Year 1, participating for an average of 18 weeks. About a quarter of those who participated received a license or certificate.**

Table 10 presents data on participation in education and training and credential receipt during Year 1. Focusing on the full sample (the first column), just over 30 percent participated in some activity, with college courses and basic education (including English as a Second Language, or ESL) being somewhat more common than vocational training. On average, those who participated did so for 18 weeks, although there is a lot of dispersion around that average. One-quarter of participants, for example, participated for fewer than 5 weeks. College courses tended to last the longest, at 21 weeks, on average, which is roughly consistent with a semester-long course. Finally, few individuals obtained formal degrees during the first year, with only 1.4 percent obtaining a GED certificate, for example. A more common outcome was either obtaining a vocational license or certificate (7.3 percent) or college credits (10.8 percent). If obtaining a license or certificate can be viewed as one measure of completion, then just under one-quarter of parents who participated in education or training (7.3 divided by 31.7) completed these activities.

- **The group that advanced was more likely to participate in college courses than the other two groups and more likely to obtain college credit or a license or certificate during Year 1.**

The three columns at the right of Table 10 present education and training data for the three advancement groups. Rates of participation in any activity range from 28.5 percent for the group that did not work in Year 3 to 36.1 percent for the group that advanced. There are also notable differences in the types of training that individuals took up. Nearly 20 percent of the

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<sup>28</sup>See Brock and LeBlanc (2005), for example, for a description of the Opening Doors demonstration, a project designed to increase persistence among community college students. Findings from several Opening Doors sites are available on MDRC's Web site: [http://www.mdrc.org/project\\_31\\_2.html](http://www.mdrc.org/project_31_2.html).

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**Table 10**

**Participation in Education and Training During Year 1**

Outcome	Full Sample	Did Not Work in Year 3	Did Not Advance	Did Not Advanced
<b><u>Type of education/training (%)</u></b>				
Any education/training activity	31.7	28.5	31.3	36.1 ***
College class	15.1	12.4	13.9	19.7 ***
Vocational training	8.4	7.4	8.4	9.9 **
GED/HS/ABE class <sup>a</sup>	11.1	10.8	12.1	10.2
English as a Second Language (ESL) class	2.1	2.5	2.0	2.0
<b><u>Duration of education/training among participants</u></b>				
Number of weeks in any education or training	18.3	18.2	16.8	20.1 ***
Categorical number of weeks in any education or training				**
Fewer than 5 weeks (%)	25.0	26.2	27.5	21.3
5-11 weeks (%)	21.5	22.3	21.8	19.7
12-25 weeks (%)	28.2	25.0	28.1	30.7
More than 25 weeks (%)	25.3	26.6	22.6	28.4
Mean number of weeks in college	21.3	22.5	19.5	22.6 **
Mean number of weeks in vocational training	13.1	12.6	11.5	15.8 **
Mean number of weeks in GED/HS/ABE class	10.2	10.5	10.5	8.8
Mean number of weeks in ESL class	15.8	13.2	15.8	18.3
<b><u>Received a credential in the year after random assignment (%)</u></b>				
GED certificate	1.4	1.7	1.6	1.2
High school diploma	0.6	0.7	0.6	0.5
Associate's degree	0.4	0.7	0.2	0.5 **
Bachelor's degree	0.2	0.1	0.2	0.2
Master's degree	0.0	0.0	0.0	0.0
<b><u>Received other credentials (%)</u></b>				
Certificate or license	7.3	6.1	6.5	10.4 ***
College credit	10.8	8.7	9.5	15.2 ***
Sample size	5,673	1,591	2,446	1,636

SOURCE: MDRC calculations based on responses to the ERA 12-Month Survey.

NOTES: Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

<sup>a</sup>General Educational Development (GED), high school (HS), or adult basic education (ABE) classes.

advanced group took college courses, for example, compared with only 12 percent of the group that did not work in Year 3. When the group that advanced did participate, individuals tended to do so for more weeks. For example, they participated for 16 weeks in vocational training, compared with only about 12 weeks for the other two groups, indicating that they were either more likely to persist in training or took up different types of activities. Finally, in terms of degree or credential receipt, the advanced group was somewhat more likely to have received either a certificate or college credit.

- **About half of the single parents who took up education and training in Year 1 did so while working, and most of this activity does not appear to have been employer-supported.**

Table 11 presents data on the extent to which the education and training that was taken up by the single parents in ERA was supported by employers. Training that is supported by or tied to a particular employer may provide a greater return to the labor market than training that is pursued by individuals on their own. Similarly, parents may be more likely to complete training when they are offered supports, such as tuition assistance or time off. The survey data indicate that little of the training that individuals pursued was linked to employers in any way. First, only about half of those who participated in any given activity did so while working. Among those who did participate while working, at most one in five received some type of employer support. For example, among those who took college courses while working, 6.6 percent reported that their employer reimbursed them for part of the tuition. In contrast, 19.6 percent of parents who took up vocational training while working were reimbursed by their employer for part of the tuition.

In terms of the three advancement groups, the group that did not work in Year 3 was more likely than the other two groups to have received employer supports when they participated in vocational training, although only one of the differences across the groups is statistically significant. For example, among those who participated in vocational training, 27.1 percent of the group that did not work in Year 3 reported participating at the employer, compared with only 11.9 percent of the advanced group. There are also notable differences in whether the employer held ESL classes — but these are based on very small sample sizes, given the low participation rate in this activity.

- **By the 42-month point, many more single parents had participated in education and training activities, and more had obtained certificates. The three groups did not differ in their rates of participation or credential receipt.**

Table 12 presents participation rates in education and training through follow-up Month 42. The data show first that about 60 percent of individuals had participated in some activity by

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Table 11

Participation in Education and Training While Working During Year 1

Outcome (%)	Full Sample	Did Not Work in Year 3	Did Not Advance	Advanced
<b><u>Participated in education/training while working, among those who participated</u></b>				
Any education/training activity	55.6	46.2	57.3	60.7 ***
College class	68.2	53.1	72.3	72.0 ***
Vocational education	39.0	43.6	41.2	33.5
GED/HS/ABE class <sup>a</sup>	45.5	34.9	45.9	56.2 ***
English as a Second Language (ESL) class	42.1	42.7	46.2	42.0
<b><u>Among those who participated in a given activity while working, measures of employer assistance</u></b>				
Vocational education training held at employer	18.1	27.1	18.1	11.9
Employer reimbursed part of college tuition	6.6	9.9	5.4	6.5
Employer reimbursed part of vocational education tuition	19.6	26.0	18.8	13.5
Employer held any education/training	4.7	8.1	5.4	2.5 **
Employer held GED/HS/ABE classes	2.7	4.2	3.6	0.5
Employer held ESL classes	11.5	3.5	15.5	15.5
Sample size	1,789	442	744	603

SOURCE: MDRC calculations based on responses to the ERA 12-Month Survey.

NOTES: Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

<sup>a</sup>General Educational Development (GED), high school (HS), or adult basic education (ABE) classes.



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**Table 12**

**Participation in Education and Training, 42-Month Survey**

Outcome	Full Sample	Did Not Work in Year 3	Did Not Advance	Did Not Advanced
<b><u>Type of education/training (%)</u></b>				
Any education/training activity	60.6	60.9	61.2	59.2
College class	22.0	20.4	21.7	24.1
Vocational training	20.6	20.7	19.4	22.5
GED/HS/ABE class <sup>a</sup>	11.9	13.4	12.4	9.7 *
English as a Second Language (ESL) class	4.0	5.1	3.8	3.6
<b><u>Received a credential (%)</u></b>				
GED certificate	2.0	2.1	2.0	2.0
High school diploma	1.4	1.1	1.6	1.6
Associate's degree	1.7	1.1	1.5	2.6 **
Bachelor's degree	0.7	0.3	0.6	1.3 **
Master's degree	0.2	0.2	0.2	0.2
<b><u>Received other credentials</u></b>				
Certificate or license (%)	19.5	17.6	20.0	20.7
Number of certificates/licenses	2.0	2.0	2.0	2.1
<b><u>Among those with a certificate or license</u></b>				
Type of certificate/license (%)				
Child care	7.8	11.5	6.5	6.6
Computer	6.5	7.5	4.4	8.8
Cosmetic	2.2	5.2	2.0	0.0 ***
Food preparation	4.8	5.6	5.3	2.2
Home care	4.1	3.5	6.1	2.0
Janitor	1.4	0.0	2.0	2.1
Nursing	22.5	19.3	21.0	27.9
Security	26.3	31.0	25.5	24.6
Other	7.4	4.0	7.3	10.2
Sample size	2,895	795	1,244	856

SOURCE: MDRC calculations based on responses to the ERA 42-Month Survey.

NOTES: Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

<sup>a</sup>General Educational Development (GED), high school (HS), or adult basic education (ABE) classes.

the 42-month point, compared with just over 30 percent by follow-up Month 12. In contrast to patterns during Year 1, the advanced group was no longer more likely to participate in any activity, and even the differences in college course participation had narrowed.<sup>29</sup>

Rates of license or certificate receipt were also higher at the 42-month point, and they became more similar for the three groups. There are some differences in the types of certificates that individuals obtained, although most differences are not statistically significant. The group that did not work in Year 3, for example, was more likely than the other two groups to have received a certificate in child care and cosmetics, although only the latter difference is statistically significant.

- **Education and age are strongly associated with the likelihood of taking up training and with the type of training that an individual pursues.**

A separate analysis examined the associations between demographic characteristics and Year 1 job characteristics and participation in education and training activities during Year 1. The results (Appendix Table A.2) show that education level at study entry is strongly associated with training type. Parents with a GED or higher credential are substantially more likely to participate in college courses and vocational training and are much less likely to take up basic education. Thus, lacking a diploma or GED certificate appears to be a major impediment to getting higher-level training. Older parents are less likely to take up any training, primarily because they are less likely to participate in basic education.

- **Single parents working full time were much less likely than others to participate in education and training. There were also differences in participation rates by industry of employment.**

In terms of job characteristics, there is a strong association between work hours and training (Appendix Table A.2). Parents who worked full time during Year 1 were significantly less likely to take up college courses or vocational training. Also, individuals who worked in the health care and social assistance industries were much more likely than those working in nonservice industries to take up training during Year 1, particularly college courses and vocational training.<sup>30</sup>

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<sup>29</sup>The differences between Tables 10 and 12 are similar when the analysis for Table 11 is restricted to the three sites included in the 42-month survey.

<sup>30</sup>Separate analyses indicate that workers in this industry were also more likely to report that their vocational training was employer-supported, as defined in Table 11. The omitted industry category in this analysis is nonservices, including construction, manufacturing, finance, insurance, real estate, retail trade, transportation, utilities, and wholesale trade.

## Job Changing

Although job changing is sometimes viewed as a problem for low-wage workers — signaling an underlying instability or inability to hold on to a job — recent research indicates that it can be an important route to advancement. Some have found, for example, that low-wage workers who changed employers were much more likely to have advanced over a six-year period than those who stayed in the same job.<sup>31</sup> Similarly, others have found that wage growth in a given period is higher from changing jobs than from additional tenure at the same employer — a pattern that holds for workers at all education levels.<sup>32</sup> Too much job changing, however, can have negative effects on wages.<sup>33</sup> This section examines rates of job changing across the three advancement groups and the factors associated with job changing. Below, the section “Earning More (Earnings Growth)” examines the role of job changing in advancement and whether it has similar benefits for the ERA sample.

The rate of job changing can be illustrated using transition rates. Job-to-job transition rates are calculated in a similar manner as transition rates into and out of work, but in this case using the employer ID provided with the state UI records. For this reason, although the term “job changing” is used throughout the report, the analysis is only measuring “employer changing,” since an individual might change jobs within the same employer.

One limitation of using UI data to measure job change is that it is difficult to distinguish between a real job change and concurrently held jobs.<sup>34</sup> If an individual has UI-reported earnings from two employers within a given quarter, it is unclear whether this represents a job change within that quarter or concurrent employment. This analysis follows the work of Bjelland et al. in using a fairly strict definition of job changing to avoid capturing concurrently held jobs. Individuals must be observed with at least two quarters of earnings at the old job and at least two quarters of earnings at the new job. In the following example, only Person 2 is counted as having changed jobs in Quarter 2.<sup>35</sup> Using this definition likely provides an underestimate of the rate of job changing.

	Q1	Q2	Q3	Q4
<b>Person 1</b>				
Firm A	\$0	\$500	\$0	\$0
Firm B	\$0	\$1,000	\$0	\$0

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<sup>31</sup>Andersson, Holzer, and Lane (2003).

<sup>32</sup>Gottschalk (2001); Connolly and Gottschalk (2006).

<sup>33</sup>Gladden and Taber (2000).

<sup>34</sup>Another limitation of the UI data is that employers’ IDs can change over time — for example, due to mergers or changes in firm ownership.

<sup>35</sup>Bjelland, Fallick, Haltiwanger, and McEntarfer (2008).

	Q1	Q2	Q3	Q4
<b>Person 2</b>				
Firm C	\$2,500	\$1,500	\$0	\$0
Firm D	\$0	\$750	\$3,000	\$0

Figure 4 presents quarterly rates of job changing (transitions from job to job) over the entire three-year period. The first bar, for example, indicates that 7.3 percent of workers would change jobs in any given quarter. This rate is somewhat higher for the group that advanced than the other two groups, but not by much. Rates of job changing for the ERA sample are relatively higher than national rates. Bjelland et al. found rates of about 4 percent for all workers.

- **Better-educated workers were more likely to change jobs in any given quarter than their less educated counterparts.**

Several demographic and job-related characteristics are associated with the rate of job changing (Appendix Tables A.3 and A.4). The key demographic factor associated with job changing is education level at study entry. Workers with a high school diploma or higher credential were more likely than those without at least a GED certificate to make a job-to-job transition in any given quarter. The results also show that workers were less likely to change jobs in a given quarter with a higher local unemployment rate — a finding consistent with other research.

- **Single parents who worked in retail and service industries during Year 1 were less likely to later change jobs, as were those whose jobs offered health insurance coverage. Workers who participated in education or training during Year 1 were much more likely to change jobs than those who did not participate.**

Certain job characteristics are also associated with job changing (Appendix Table A.4). Single parents who worked in retail and service industries (with the exception of accommodation and food services) during Year 1, compared with those working in nonservice industries, were much less likely to subsequently change jobs. Similarly, those whose employers offered health insurance were less likely to change jobs later — a finding consistent with other research suggesting that the risk of losing health insurance coverage reduces job mobility.<sup>36</sup> Finally, parents who participated in education or training in Year 1 were substantially more likely to change jobs later than those who did not; their odds of job changing increased by 25 percent to nearly 40 percent if they participated in college courses or vocational training.

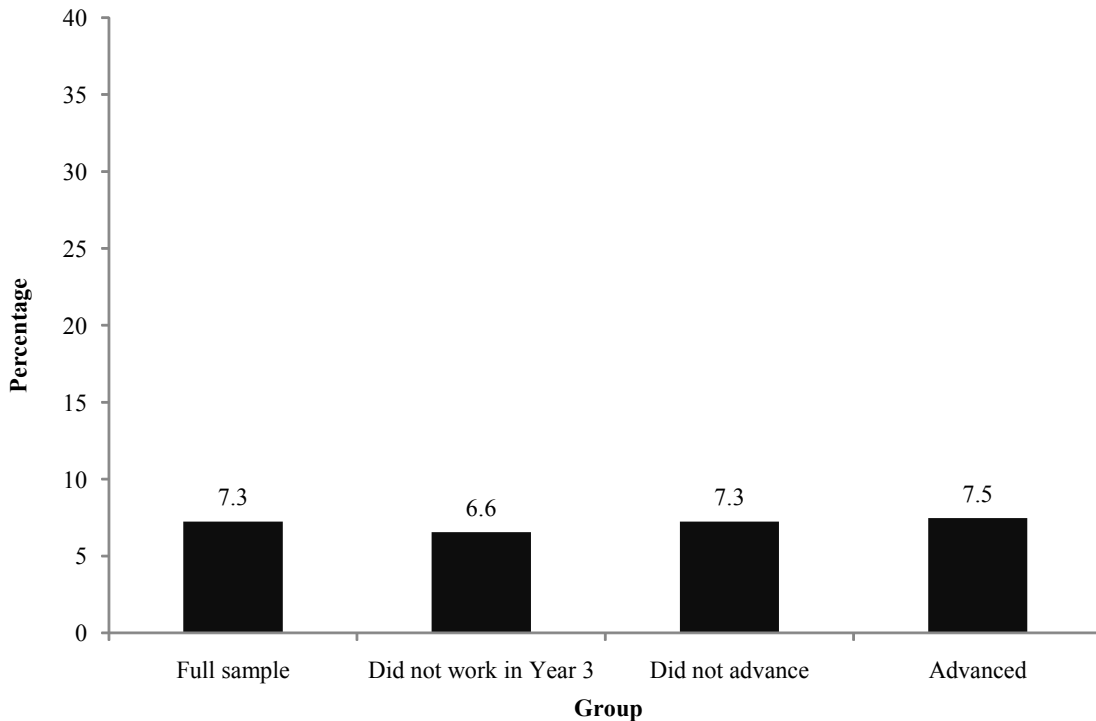
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<sup>36</sup>Gruber and Madrian (2004).

The Employment Retention and Advancement Project

Figure 4

Average Quarterly Job-to-Job Transition Rate, Year 1 to Year 3



SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Job-to-job transition rates are defined as the percentage of individuals employed in the prior quarter who are employed with a different employer in the current quarter. Individuals must be observed with at least two quarters at the old job and at least two quarters at the new job. In the transition quarter, the individual will have earnings from both employers.

Differences across the three groups are statistically significant at the 1 percent level.

## What Factors Are Associated with Working More and Earning More?

To this point, the report has documented that some single parents in the ERA evaluation did fairly well over time, while most others either did not work or experienced earnings declines. The group that advanced did so because they worked more stably over the period and also because they had higher earnings growth while working. They also differed from the other

groups in several ways. For example, they were more educated and somewhat younger at study entry; they worked in better jobs during Year 1; and they were more likely to take up education and training.

This section aims to tie the preceding two sections together by returning to the two key inputs to advancement — working more and earning more — and examining their association with a range of demographic and other factors. To illustrate, consider one factor: education level. The group that advanced had higher education levels than other parents. This section examines how education level at study entry is associated with advancement. Is it associated with employment stability, rates of earnings growth, or both? Similarly, is participation in education and training associated with either or both of these inputs to advancement?

Examining these relationships can provide some clues as to how or why single parents in the advanced group did advance while others did not. Any of the associations found here are at most suggestive, however, since the analysis is nonexperimental. For example, a positive association between taking college courses and subsequent employment stability does not necessarily indicate that college courses increase employment stability, because the types of people who take college courses are likely the same types of people who tend to stay employed steadily. For this reason, the results should be thought of primarily as helping to create a portrait of the three advancement groups.

Finally, these associations are examined in a regression framework that holds all other factors constant. If education level is associated with number of children, for example, and both of these factors potentially are associated with advancement, then it is important that the analysis “hold constant” number of children in order to examine the “net” association of education with advancement.

### **Working More (Transition Rates into and Out of Work)**

- **Workers with higher education levels, older workers, and Hispanic workers are relatively less likely to transition out of work than other workers. Workers living in areas with relatively high unemployment rates are more likely to transition out of work.**

Table 13 presents estimates from logistic regressions predicting the probability of transitioning out of work.<sup>37</sup> The data are in person-quarter format, and an individual who was employed for five quarters of the follow-up period, for example, would contribute five observa-

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<sup>37</sup>The models also include site dummies, a treatment status dummy, calendar-quarter dummies, and variables for employment and earnings in the year prior to study entry.

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Table 13

Factors Associated with the Likelihood of Transitioning Out of Work

	Odds Ratio
<b><u>Individual and site factors (full sample, N = 182,683)</u></b>	
Length of current employment spell (quarters)	0.854 ***
Unemployment rate for area	1.206 ***
Age	0.982 **
Age squared	1.000 *
No GED or high school diploma (omitted group)	1.000
General Educational Development (GED) certificate	0.917 ***
High school diploma	0.783 ***
More than high school diploma	0.802 ***
White (omitted group)	1.000
Black	0.994
Hispanic	0.876 ***
1 child (omitted group)	1.000
2 children	0.991
3 or more children	0.961
Youngest child less than age 6	0.995
<b><u>Work and training during Year 1 (12-month survey sample, N = 27,004)</u></b>	
Ever worked in Year 1	1.113
Job characteristics	
Retail	0.923
Health care/social assistance services	0.892 *
Accommodation and food services	0.971
Other services	1.080
All other industries (omitted group)	1.000
Hourly wage greater than \$9.00	0.929
Full-time hours	0.848 ***
Employer-provided health insurance	1.114 *
Training during Year 1	
Any college course	0.899
Any basic education	0.885 *
Any vocational training	1.002

(continued)

**Table 13 (continued)**

SOURCES: MDRC calculations are from unemployment insurance (UI) data, the ERA 12-Month Survey, ERA baseline forms, and automated records.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Estimates are from logistic models.

Standard errors are adjusted for multiple observations per person.

The top panel presents results estimated using the full sample. The bottom panel presents the results using the 12-month survey sample and covers transitions during Years 2 and 3.

Additional variables included in each model are treatment status, site dummies, calendar-quarter dummies, and employment and earnings prior to random assignment.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

tions to the analysis. The top panel of the table presents results from a model estimated using the full sample, examining transitions out of work over the full three-year period. The second panel uses the survey sample to examine the association between job characteristics and education and training during Year 1 on transitions out of work during Years 2 and 3.

Because coefficients from the logistic model are difficult to interpret, the table presents only the odds ratios, or the effects of the given factors on the odds of experiencing the transition. (The full set of results is presented in Appendix Tables A.5 and A.6.) The odds ratio of .802 for the factor "more than high school diploma," for example, indicates that the odds of transitioning out of work for those with this level of education are 80 percent of the odds for the group without a GED certificate or high school diploma (the omitted education group, shown with an odds ratio of 1.000 for comparison). In other words, having this level of education reduces the odds of leaving work in any given quarter by 20 percent. Similarly, for each unit increase in the unemployment rate, the odds of transitioning out of work increase by 20 percent. Asterisks next to the odds ratio indicate that this association is statistically significant, meaning that is unlikely to have arisen by chance.

The results show that several factors are associated with employment instability, or rates of moving out of work. Older individuals are less likely to transition out of work, as are those with higher education levels. Hispanic workers are less likely to transition out of work than their white counterparts (the omitted group). The ages and number of children are not generally associated with employment stability.

Also included in the model is a variable indicating the length of the current employment spell. The results are consistent with other studies, showing that the likelihood of transitioning



out of work falls the longer a worker has been employed. Finally, a higher local unemployment rate is associated with higher transition rates out of work.<sup>38</sup>

- **The types of jobs that single parents held during Year 1, such as industry and work hours, are associated with subsequent transition rates out of work.**

The bottom panel of Table 13 presents the associations between types of jobs held during Year 1, education and training during Year 1, and transition rates during Years 2 and 3. This analysis uses the survey data to measure job characteristics of the most recent or current job held as of the 12-month survey. Transition rates are then calculated using UI data for Years 2 and 3. Thus, the transition rates in the later two years may or may not be capturing transitions out of the jobs reported on in Year 1.

Individuals who worked in the health care and social assistance industries had lower transition rates out of work than those working in nonservice industries. Similarly, those working full time (defined here as 30 hours per week or more) were less likely to leave work in a given quarter.

- **Older workers and those with young children take relatively longer to move back into employment if out of work. Better-educated workers and black and Hispanic workers move back to work more quickly than other workers.**

Table 14 presents results for the model predicting transitions into employment among those not working. The results show that older individuals have a more difficult time moving back to work (their odds are lower) than younger individuals. Each additional year of age, for example, reduces a worker's odds by about 3 percent. Education level is also associated with moving back to work, although the association is not as strong or as consistent as is the case for transitions out of work. The odds ratios for black and Hispanic status indicate that these individuals are substantially more likely than their white counterparts to return to work in any given quarter. In other words, they tend to have shorter nonemployment spells. Finally, parents with at least one child under the age of 6 take somewhat longer to return to work than parents with older children.

- **Individuals who participated in education or training had shorter non-employment spells than those who did not.**

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<sup>38</sup>Together with the findings on job changing, the results indicate that workers are more likely to transition out of work in tougher economic times but that those who do stay employed are less likely to change jobs.

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Table 14

Factors Associated with the Likelihood of Transitioning into Work

	Odds Ratio
<b><u>Individual and site factors (full sample, N = 137,405)</u></b>	
Length of current unemployment spell (quarters)	0.792 ***
Unemployment rate for area	0.988
Age	0.971 **
Age squared	1.000
No GED or high school diploma (omitted group)	1.000
General Educational Development (GED) certificate	1.032
High school diploma	1.091 ***
More than high school diploma	1.030
White (omitted group)	1.000
Black	1.290 ***
Hispanic	1.215 ***
1 child (omitted group)	1.000
2 children	1.028
3 or more children	1.045
Youngest child less than age 6	0.924 **
<b><u>Work and training during Year 1 (12-month survey sample, N = 18,380)</u></b>	
Ever worked in Year 1	1.143
Job characteristics	
Retail	0.865
Health care/social assistance services	0.943
Accommodation and food services	1.092
Other services	1.012
All other industries (omitted group)	1.000
Hourly wage greater than \$9.00	0.958
Full-time hours	1.074
Employer-provided health insurance	1.046
Training during Year 1	
Any college course	1.147 *
Any basic education	0.975
Any vocational training	1.139

(continued)

### Table 14 (continued)

SOURCES: MDRC calculations are from unemployment insurance (UI) data, the ERA 12-Month Survey, ERA baseline forms, and automated records.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Estimates are from logistic models.

Standard errors are adjusted for multiple observations per person.

The top panel presents results estimated using the full sample. The bottom panel presents the results using the 12-month survey sample and covers transitions during Years 2 and 3.

Additional variables included in each model are treatment status, site dummies, calendar-quarter dummies, and employment and earnings prior to random assignment.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

The bottom panel of Table 14 presents results for jobs held during Year 1 and participation in education and training. In general, the types of jobs that people held during Year 1 do not have much association with their later likelihood of moving back into work. However, parents who took college courses had higher transition rates into work than parents who did not participate in any activity during Year 1. Again, this association does not imply causality. While having participated in college courses may provide an advantage in moving back to work, it may also be the case that these are the types of individuals who would have returned to work more quickly anyway.

### Earning More (Earnings Growth)

This section considers two types of earnings growth: within-job earnings growth, or the gain from staying in the same job from quarter to quarter, and between-job earnings growth, or the gain from changing jobs from one quarter to the next. The section then examines how demographic and other factors are associated with earnings growth, both within and between jobs.

Earnings growth is measured from quarter to quarter using UI records data. Following Bjelland et al., earnings growth is calculated only over "full employment" quarters, where a full employment quarter is one in which the individual was employed in both the prior quarter and the subsequent quarter.<sup>39</sup> This method ensures that the individual was employed for all 12 weeks of the quarter. Earnings growth for tenure on the same job is then calculated as the percentage change in earnings from one full-employed quarter to the next.

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<sup>39</sup>Bjelland, Fallick, Haltiwanger, and McEntarfer (2008).

Following a similar logic, earnings gains from job changes are calculated only over job changes in which the individual was employed at the old and new jobs for at least one full quarter. As an example, if an individual changed jobs in Quarter 4, then earnings growth is calculated only for this transition if she were employed in the separating job in Quarters 2 and 3 and subsequently employed in the new job in Quarters 5 and 6. The earnings gain from job changing is then a comparison of earnings in Quarters 3 and 5 (the two full quarters of employment highlighted in the example below). While this strict definition more accurately measures quarterly earnings, it does not count job changes in which the separating or new job was held only briefly. It is, therefore, likely to overstate the gain from job changing, since the gains are calculated only over relatively stable jobs and since workers are likely to stay longer in new jobs that involve a significant earnings increase.

Example	Q2	Q3	Q4	Q5	Q6
Firm A	\$2,500	<u>\$1,500</u>	\$2,500	\$0	\$0
Firm B	\$0	\$0	\$3,000	<u>\$3,000</u>	\$3,100

Finally, as noted above, earnings changes from one quarter to the next reflect changes in wage rate, in hours worked, in weeks worked, or in all these factors. An analysis using UI quarterly earnings cannot distinguish which of these three factors may have changed or their relative contribution to earnings changes.

- **Workers in the ERA sample gained a small amount from staying in the same job over time. Earnings gains from job changing are much larger. The group that advanced experienced especially large gains from job changing.**

Table 15 presents rates of quarterly earnings growth for three types of transitions: staying in the same job from quarter to quarter, changing jobs directly, and changing jobs with at least one quarter of intervening nonemployment. The first row of the table presents the returns to continued employment at the same job, or the returns to tenure. At the median, quarterly earnings increase by 0.4 percent per quarter for each quarter that workers stay at the same job, or by 1.6 percent per year. In contrast, the median quarterly gain from making a job change is 12.6 percent. These data are consistent with previous research suggesting that many workers hold jobs with very little advancement potential and that job changing is an important path to higher earnings.<sup>40</sup> This finding holds at the median even for job changes that involve some intervening nonemployment. The final rows of the table show that the median earnings change is still positive, albeit much smaller, for quarters in which the worker moved to a new job after being out of work for at least one quarter.

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<sup>40</sup>Andersson, Holzer, and Lane (2003).

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**Table 15**  
**Quarterly Earnings Growth**

	Percentage Change in Earnings		
	25th Percentile	Median	75th Percentile
Employed at same job	-14.3	0.4	15.4
Job change with no unemployment	-11.5	12.6	47.8
Job change with intervening unemployment	-28.0	4.0	40.3

SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Earnings are in 2008 dollars.

"Employed at same job" shows the change in earnings from consecutive quarters of employment in the same job.

"Job change with no unemployment" shows the change in earnings from job changes that occur in the same quarter.

"Job change with intervening unemployment" shows the change in earnings from job changes in which the old and new jobs were not held in the same quarter; for example, Job 1 was held in Quarters 2-4, and Job 2 was held in Quarters 5-7.

Figure 5 presents earnings gains for the three advancement groups. The group that advanced gained more than the other two groups both from tenure and from job changing. Median quarterly gains for this group from staying in the same job were 1.8 percent, compared with small negative values for the other two groups. The most notable difference, however, is in the returns to job changing. The median quarterly gain in earnings for the group that advanced was 21 percent, compared with about 5 percent to 6 percent for the other two groups.

- **There is substantial variation around the median earnings changes. Many workers experience earnings declines in a given quarter from tenure or from job changing, while others see very large increases.**

Quarterly earnings changes are positive at the median, suggesting that most workers do increase their earnings over time. However, Gottschalk used hourly wage data to illustrate that there is substantial variation around median and average rates of return, with a fair number of workers seeing their wages fall over time.<sup>41</sup> The first and third columns of Table 15 present the distribution of quarterly earnings gains for the ERA sample. Consider the value at the 25th percentile.

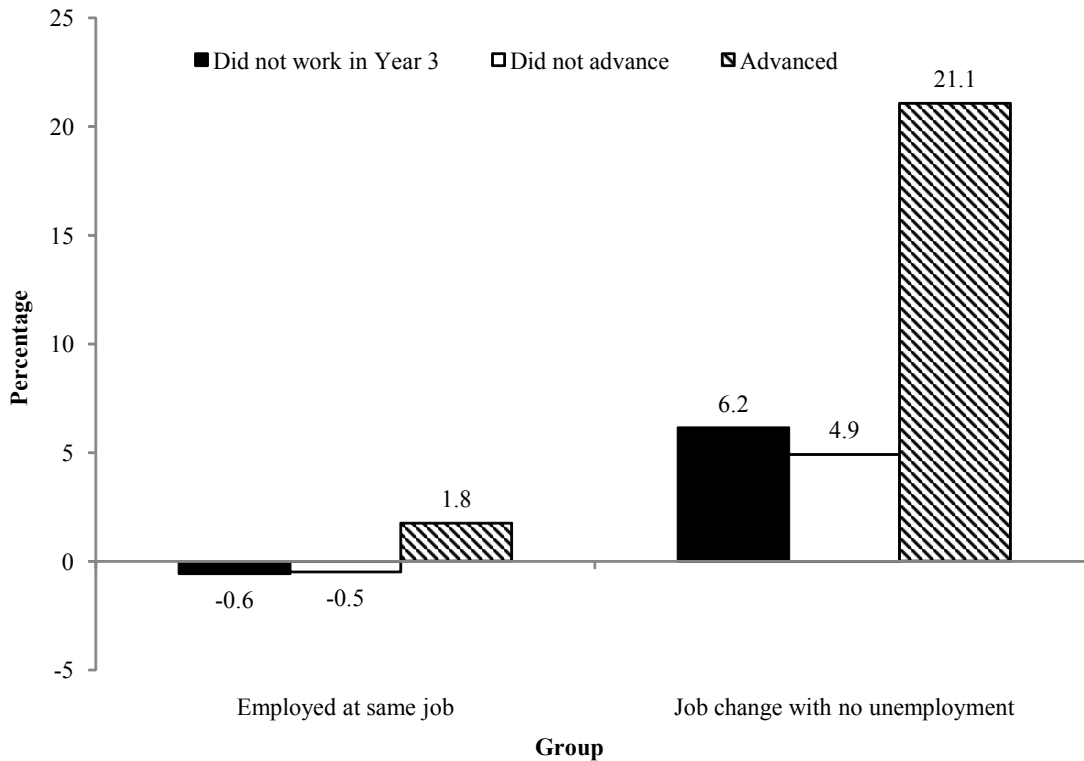
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<sup>41</sup>Gottschalk (2001).

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Figure 5

Earnings Gains, by Advancement Group



SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Earnings are in 2008 dollars.

"Employed at same job" shows the change in earnings from consecutive quarters of employment in the same job.

"Job change with no unemployment" shows the change in earnings from job changes that occur in the same quarter.

If one were to rank all the observed changes in earnings between two full quarters of employment, at the 25th percentile, the change in earnings is -14.3 percent for continued employment at the same job and -11.5 percent for changing jobs. At the other extreme, data from the 75th percentile show that many workers experience some quarters in which they do quite well staying at the same job over time, gaining 15.4 percent. While the researchers did find that

between-job hourly wage growth is larger than within-job wage growth, the difference is not as large as that reported here.<sup>42</sup> However, using quarterly earnings data, others found quite large median earnings gains for job changers compared with workers who stayed in the same job over time.<sup>43</sup>

One implication of the findings is that although many workers clearly gain from changing jobs, not all job changing leads to earnings gains. Conversely, while the median within-job earnings growth is small, some workers experience substantial gains from staying on the same job. This dispersion in outcomes may explain the somewhat puzzling finding that parents in the advanced group, although clearly doing better over time than the other groups, were not much more likely to change jobs in any given quarter (Figure 4). Perhaps they were being more strategic about the new jobs that they took, evidenced by the different types of jobs that they had worked in by Month 42.

- **There is not a strong association between earnings growth and demographic characteristics. One exception is that black workers are more likely than their white counterparts to see larger earnings gains from changing jobs.**

Separate analyses (not shown) do not indicate a notable association between demographic characteristics and median earnings growth. However, because of the substantial variation around these medians, additional models were estimated to examine the probability of experiencing an earnings loss in any given quarter or the probability of experiencing a relatively large gain, of above the 75th percentile.

Table 16 presents estimates of the association between quarterly earnings growth and selected demographic characteristics. The table focuses on earnings growth within job and between jobs, from a job change with no intervening nonemployment. Looking across both panels, there are not many demographic factors that are associated with these outcomes. One notable association is for race/ethnicity. Black workers are substantially more likely to experience a large earnings gain from changing jobs; their odds are 60 percent higher than for white workers. Black workers are also more likely than white workers to experience a large quarterly gain with tenure on the same job, although this effect is relatively small. It is not clear why black workers would gain more from changing jobs. Gottschalk did not find an association

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<sup>42</sup>Gottschalk (2001); Connolly and Gottschalk (2006).

<sup>43</sup>Holzer, Lane, and Vilhuber (2004).

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Table 16

Factors Associated with Quarterly Earnings Growth

	Experienced Earnings Loss Odds Ratio	Experienced Large Earnings Gain Odds Ratio
<b><u>Within job</u></b>		
Age	1.011 *	0.985 *
Age squared	1.000	1.000
No GED or high school diploma (omitted group)	1.000	1.000
General Educational Development (GED) certificate	0.996	0.997
High school diploma	0.966 **	0.982
More than high school diploma	0.984	0.965
White (omitted group)	1.000	1.000
Black	1.008	1.065 *
Hispanic	0.977	1.021
1 child (omitted group)	1.000	1.000
2 children	0.985	1.021
3 or more children	0.961 *	1.003
Youngest child less than age 6	1.015	0.981
<b><u>Job change</u></b>		
Age	0.934	0.957
Age squared	1.001	1.001
No GED or high school diploma (omitted group)	1.000	1.000
General Educational Development (GED) certificate	1.025	0.804
High school diploma	0.962	0.960
More than high school diploma	1.183	1.165
White (omitted group)	1.000	1.000
Black	1.210	1.616 ***
Hispanic	1.030	1.215
1 child (omitted group)	1.000	1.000
2 children	1.180	0.928
3 or more children	1.075	0.995
Youngest child less than age 6	0.800 *	1.169

(continued)



**Table 16 (continued)**

SOURCES: MDRC calculations are from unemployment insurance (UI) data, ERA baseline forms, and automated records.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Earnings are in 2008 dollars.

Estimates are from logistic models.

Standard errors are adjusted for multiple observations per person.

Additional variables included in each model are site dummies, calendar-quarter dummies, and employment and earnings prior to random assignment.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

between race and the wage gain from job changing,<sup>44</sup> suggesting that this association may be particular to the ERA sample.

- **Participation in education and training during Year 1 is associated with higher gains from job changing.**

As with the demographic characteristics, participation in education and training is generally not associated with median quarterly earnings growth, either within the same job or from job changing (analysis not shown).<sup>45</sup> However, participation in college courses or vocational training during Year 1 is associated with a substantially increased probability of experiencing a large earnings gain from job changing. Although it may be the case that training helps individuals make the move to better-paying jobs, it may also be the case that the types of people who take up this type of training are those who, in any case, would have fared better in finding a new job.

## Conclusion

This report has examined patterns of employment and earnings for a group of single parents targeted by the ERA project. As single parents, most of whom were current or former welfare recipients, many of them faced considerable barriers to work and advancement. They had not worked much prior to entering the study; earnings were low among those who did work; not many of them had an education level beyond high school; and the majority had preschool-age children.

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<sup>44</sup>Gottschalk (2001).

<sup>45</sup>Various measures of participation in education and training are included in the earnings growth models, including number of weeks participated and receipt of a license or certificate. None of these factors is associated with earnings growth.

Only one in four single parents advanced over time, meaning that they experienced a substantial increase in UI-reported earnings. One-third of the parents did not work at all during Year 3, and the remaining 40 percent worked in Year 3 but had not advanced. In fact, the typical worker in this latter group saw her earnings fall over time.

The parents who advanced 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. One way in which they advanced was by working more stably than other parents, which may be partly explained by their higher education levels — education level is strongly associated with employment stability. These parents also advanced by increasing their work hours over time: 90 percent worked at least 30 hours per week during the final year. Finally, these parents experienced more rapid earnings growth while working, with tenure at the same job but especially with job changes. Participation in education and training is also associated with larger gains from job changing, which may help to explain the larger gains for this group.

At the other extreme are the single parents who did not work in Year 3. Individuals in this group had relatively low education levels and were somewhat older than the other parents. They were less likely to participate in education or training activities or to gain credentials during Year 1. Although they did “catch up” to the other groups in terms of certificate receipt by Month 42, they were somewhat more likely to obtain certificates for lower-wage occupations. This group had limited earnings gains from tenure and job changing, but what distinguishes it from the other groups is very high rates of employment instability. More than one in three employed parents left work in a given quarter. And they took much longer to move back into work if not employed. Finally, when they did work, these parents tended to work in very low-paying jobs with few benefits.

Single parents in the final group — those who worked but did not advance — are in between these two extremes in terms of characteristics and experiences. Although parents in this group had less stable employment than the group that advanced and were less likely to work full time during the final year, the most notable difference between them and the parents who advanced is in rates of earnings growth, particularly from job changing. While the advanced group experienced large earnings gains from job changing, this middle group had relatively small gains. By the final year, parents in the advanced group were more likely to work in jobs that paid higher wages, had higher rates of union coverage, and were in larger firms.

Although the results are only suggestive, given that they are based on nonexperimental analyses, they are consistent with previous research pointing to the importance of job changing and of access to “good” jobs as strategies to help low-wage workers advance. The findings also highlight the importance of education for advancement, particularly given its strong association with employment stability.

Overall, the results paint a fairly negative picture. Only one in four single parents advanced, and most of the remaining parents lost ground over time or spent long periods out of the workforce. In addition, these patterns are based on data through 2007, prior to the recent economic downturn. Although ERA was designed to address this low rate of advancement, the employment and earnings outcomes for these parents are, in many cases, more negative than expected. For example, some earlier ERA reports have discussed how high rates of job loss forced program staff to divert their attention and resources away from advancement services to reemployment services.

This report brings a focus to the great diversity of these single parents' experiences, suggesting that programs may want to target services more selectively. Parents in the group that advanced are likely to need and benefit from a very different set of services than parents in the group that did not work in Year 3. What those services would be remains an open question. The ERA evaluation has identified some promising strategies. What is clear is that finding effective strategies remains a priority, both for parents who seem to advance over time but continue to hover around the poverty line and for those who struggle to hold on to their low-wage jobs.



Appendix A

## Supplementary Tables



**The Employment Retention and Advancement Project**

**Appendix Table A.1**

**Percentage Change in Annual Earnings, Year 1 to Year 3**

Group	25th Percentile	Median	75th Percentile
Did not advance	-60.8	-19.3	8.1
Advanced	36.5	91.5	257.9

SOURCE: MDRC calculations based on unemployment insurance (UI) data.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Earnings are in 2008 dollars.

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Appendix Table A.2

Factors Associated with Participation in Education or Training

	Any Activity Odds Ratio	Basic Education Odds Ratio	College Courses Odds Ratio	Vocational Training Odds Ratio
<b><u>Demographic characteristics</u></b>				
Age	0.886 ***	0.894 ***	0.944	0.949
Age squared	1.001 ***	1.001 ***	1.000	1.001
GED certificate	0.852	0.088 ***	4.007 ***	1.731 ***
High school diploma	0.851 **	0.132 ***	4.017 ***	1.457 ***
More than high school diploma	1.354 ***	0.169 ***	7.338 ***	1.746 ***
Black	1.127	0.959	1.365 **	1.083
Hispanic	1.063	1.204	0.751 **	1.106
2 children	0.924	0.938	1.059	0.892
3 or more children	1.093	1.143	1.127	0.959
Youngest child less than age 6	0.953	1.043	0.865	0.889
<b><u>Job characteristics, Year 1</u></b>				
Ever employed in Year 1	1.573 ***	1.153	1.496 **	1.645 **
Retail	0.889	0.963	1.015	0.748
Health care/social assistance services	1.392 ***	1.101	1.466 ***	1.718 ***
Accommodation and food services	0.820	1.031	0.787	0.695
Other services	1.110	0.849	1.322 *	1.016
Hourly wage greater than \$9.00	1.102	0.774 **	1.271 **	1.131
Full-time hours	0.703 ***	1.042	0.605 ***	0.752 **
Employer-provided health insurance	1.260 ***	1.426 ***	1.131	1.283 *
Unemployment rate in Year 1	0.998	0.379 **	1.330	0.863

SOURCE: MDRC calculations are based on responses to the ERA 12-Month Survey.

NOTES: Estimates are from logistic models predicting participation.

Each column represents a separate regression.

Also included in each model are site dummies.

The sample size is 5,925.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent, \*\* = 5 percent; and \* = 10 percent.



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Appendix Table A.3

Logistic Estimates for Transitions from Job to Job: Full Sample

	From Job to Job		Odds Ratio
	Estimate	Standard Error	
Length of current employment spell (quarters)	-0.219	0.008 ***	0.803
Unemployment rate for area	-0.053	0.037	0.948
Age	0.019	0.014	1.019
Age squared	-0.001	0.000 **	0.999
GED certificate	0.068	0.047	1.070
High school diploma	0.069	0.033 **	1.072
More than high school diploma	0.156	0.060 ***	1.168
Black	-0.015	0.049	0.985
Hispanic	0.005	0.044	1.005
2 children	-0.013	0.037	0.987
3 or more children	-0.022	0.041	0.979
Youngest child less than age 6	0.009	0.039	1.009

SOURCES: MDRC calculations are from unemployment insurance (UI) data, ERA baseline forms, and automated records.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Estimates are from logistic models predicting quarterly job-to-job transitions.

Standard errors are adjusted for multiple observations per person.

Additional variables included in each model are treatment status, site dummies, calendar-quarter dummies, and employment and earnings prior to random assignment.

Individuals must be observed with at least two quarters at the old job and at least two quarters at the new job. In the transition quarter, the individual will have earnings from both employers.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

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**Appendix Table A.4**

**Logistic Estimates for Transitions from Job to Job, Years 2-3: Survey Sample**

	From Job to Job		Odds Ratio
	Estimate	Standard Error	
Ever employed in Year 1	0.410	0.144 ***	1.507
Job characteristics			
Retail	-0.247	0.120 **	0.781
Health care/social assistance services	-0.289	0.101 ***	0.749
Accommodation and food services	-0.125	0.131	0.883
Other services	-0.224	0.135 *	0.799
Hourly wage greater than \$9.00	-0.025	0.081	0.975
Full-time hours	0.058	0.090	1.059
Employer-provided health insurance	-0.232	0.091 **	0.793
Training during Year 1			
Any college course	0.228	0.091 **	1.256
Any basic education	0.078	0.111	1.081
Any vocational training	0.326	0.099 ***	1.385

SOURCE: MDRC calculations are based on responses to the ERA 12-Month Survey.

NOTES: Estimates are from logistic models predicting quarterly job-to-job transitions.

Standard errors are adjusted for multiple observations per person.

Additional variables included in each model are all of those listed in Appendix Table A.3.

Individuals must be observed with at least two quarters at the old job and at least two quarters at the new job. In the transition quarter, the individual will have earnings from both employers.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

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Appendix Table A.5

Logistic Estimates for Transitions Out of Work: Full Sample

	From Employed to Nonemployed		
	Estimate	Standard Error	Odds Ratio
Length of current employment spell (quarters)	-0.158	0.004 ***	0.854
Unemployment rate for area	0.188	0.023 ***	1.206
Age	-0.019	0.008 **	0.982
Age squared	0.000	0.000 *	1.000
GED certificate	-0.086	0.029 ***	0.917
High school diploma	-0.244	0.020 ***	0.783
More than high school diploma	-0.221	0.038 ***	0.802
Black	-0.006	0.029	0.994
Hispanic	-0.132	0.028 ***	0.876
2 children	-0.009	0.022	0.991
3 or more children	-0.040	0.024	0.961
Youngest child less than age 6	-0.005	0.024	0.995

SOURCES: MDRC calculations are from unemployment insurance (UI) data, ERA baseline forms, and automated records.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Estimates are from logistic models predicting transitions from quarterly employment to nonemployment.

Standard errors are adjusted for multiple observations per person.

Additional variables included in each model are treatment status, site dummies, calendar-quarter dummies, and employment and earnings prior to random assignment.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

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**Appendix Table A.6**

**Logistic Estimates for Transitions Out of Work, Years 2-3: Survey Sample**

	From Employed to Nonemployed		
	Estimate	Standard Error	Odds Ratio
Ever employed in Year 1	0.107	0.091	1.113
Job characteristics			
Retail	-0.081	0.075	0.923
Health care/social assistance services	-0.114	0.068 *	0.892
Accommodation and food services	-0.029	0.081	0.971
Other services	0.077	0.084	1.080
Hourly wage greater than \$9.00	-0.074	0.057	0.929
Full-time hours	-0.165	0.057 ***	0.848
Employer-provided health insurance	0.108	0.062 *	1.114
Training during Year 1			
Any college course	-0.107	0.068	0.899
Any basic education	-0.122	0.071 *	0.885
Any vocational training	0.002	0.081	1.002

SOURCE: MDRC calculations are based on responses to the ERA 12-Month Survey.

NOTES: Estimates are from logistic models predicting transitions from quarterly employment to nonemployment. Standard errors are adjusted for multiple observations per person. Additional variables included in each model are all of those listed in Appendix Table A.5. Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

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**Appendix Table A.7**

**Logistic Estimates for Transitions into Work: Full Sample**

	From Nonemployed to Employed		
	Estimate	Standard Error	Odds Ratio
Length of current unemployment spell (quarters)	-0.234	0.006 ***	0.792
Unemployment rate for area	-0.012	0.042	0.988
Age	-0.029	0.012 **	0.971
Age squared	0.000	0.000	1.000
GED certificate	0.032	0.041	1.032
High school diploma	0.087	0.030 ***	1.091
More than high school diploma	0.030	0.079	1.030
Black	0.254	0.056 ***	1.290
Hispanic	0.195	0.041 ***	1.215
2 children	0.027	0.034	1.028
3 or more children	0.044	0.042	1.045
Youngest child less than age 6	-0.079	0.036 **	0.924

SOURCES: MDRC calculations are from unemployment insurance (UI) data, ERA baseline forms, and automated records.

NOTES: This table includes only employment and earnings in jobs covered by the unemployment insurance (UI) program. It does not include employment outside the program sites' state or in jobs not covered by unemployment insurance (for example, "off-the-books" jobs, some agricultural jobs, and federal government jobs).

Estimates are from logistic models predicting transitions from quarterly nonemployment to employment.

Standard errors are adjusted for multiple observations per person.

Additional variables included in each model are treatment status, site dummies, calendar-quarter dummies, and employment and earnings prior to random assignment.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

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**Appendix Table A.8**

**Logistic Estimates for Transitions into Work, Years 2-3: Survey Sample**

	From Nonemployed to Employed		
	Estimate	Standard Error	Odds Ratio
Ever employed in Year 1	0.133	0.099	1.143
Job characteristics			
Retail	-0.145	0.093	0.865
Health care/social assistance services	-0.059	0.083	0.943
Accommodation and food services	0.088	0.096	1.092
Other services	0.012	0.091	1.012
Hourly wage greater than \$9.00	-0.043	0.073	0.958
Full-time hours	0.072	0.069	1.074
Employer-provided health insurance	0.045	0.077	1.046
Training during Year 1			
Any college course	0.137	0.080 *	1.147
Any basic education	-0.026	0.086	0.975
Any vocational training	0.131	0.090	1.139

SOURCE: MDRC calculations are based on responses to the ERA 12-Month Survey.

NOTES: Estimates are from logistic models predicting transitions from quarterly nonemployment to employment. Standard errors are adjusted for multiple observations per person. Additional variables included in each model are all of those listed in Appendix Table A.7. Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; and \* = 10 percent.

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NOTES: A complete publications list is available from MDRC and on its Web site  
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ERA publications are available at MDRC and at the Administration for Children and Families:  
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## 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 Children's 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.

