

# **Executive Summary**

## **Background**

The State of Hawaii received a waiver from the U.S. Department of Health and Human Services in 1994 to implement the Creating Work Opportunities for JOBS Clients Project. This initiative, which later became known as JOBS WORKS!, permitted Hawaii to:

- Lift the 8-week federal limitations on upfront job search
- Operate the waiver on less than a statewide basis
- Require 18 hours of work from participants, and
- Secure additional matched federal funds to implement the waiver.

The Hawaii Department of Human Services (HDHS) contracted with the Center for the Study of Human Resources at the University of Texas at Austin (CSHR) to conduct an impact evaluation of the JOBS WORKS! demonstration. The pilot operated on the Island of Oahu from January 1995 through December 1996.

## **The JOBS WORKS! Treatment**

The JOBS WORKS! demonstration offered immediate job search and job readiness activities, as well as job development and placement services, to AFDC recipients typically waiting for “openings” in education and training activities of the regular Hawaii JOBS program. JOBS WORKS! was based on the premise that AFDC adults and their families would benefit from these labor market experiences, instead of simply waiting for the more intensive human capital development options of the Hawaii JOBS program. Labor force participation, followed by education and training, was expected to increase income through work and reduce welfare payment in the short-term, while improving the long-term livelihood prospects of the participants and their families. A specialized unit, located in Honolulu, provided employment services to JOBS WORKS! participants, prior to referral to the regular JOBS program.

## **The JOBS WORKS! Evaluation**

For the evaluation, which was designed as a classical experiment, approximately 6,000 individuals in the JOBS selection pool were randomly assigned into either an experimental or control group. Experimental group members were called into the JOBS WORKS! demonstration. Control group members, who received the same treatment as the rest of the island's JOBS eligible, remained idle in the selection pool until called in for normal JOBS treatments.

The random assignment resulted in experimental and control groups that did not differ systematically on measured or unmeasured background characteristics when they entered the study. Because of this equivalence between the two groups at the time of random assignment, any subsequently observed differences between the groups could be safely attributed to the effects of the differing treatment they received during the experiment.

Most of the data used to evaluate the impacts of the demonstration came from administrative records kept by the Hawaii Department of Human Services. These records covered client demographic attributes, periods of AFDC receipt, program activities, benefits received, sanctions, etc. Due to biases that always exist in self-reported employment data, all employment-related impacts were measured using unemployment insurance (UI) earnings records kept by the Hawaii Department of Labor and Industrial Relations (DLIR).

## **Findings on Program Implementation**

JOBS WORKS! services were delivered by a single unit in Honolulu that served the entire island of Oahu. The plan called for a staff of 18 workers, 10 of whom were to be job development specialists. Staffing issues were a major constraint on program operations. Not all of the planned positions were filled, and turnover, training, and reductions in force (RIF's) were problems. As a result of staff overload, the number of individuals participating in the program was smaller than expected. By the end of the experimental period, members of the experimental group were waiting as long for job searches as members of the control group were waiting for education and training.

Also occurring during this time was a general economic slump in Hawaii. AFDC caseload had been on a continuing upward trend from about 13,400 in 1989 to about 21,500 when the experiment began in 1995.

The program operated as planned until the last quarter of 1995. At that time, the treatment afforded to the experimental group began to change. Instead of being called in immediately after randomization to begin job search, the control group began to experience ever increasing lags between randomization and activity. By the end of the experiment, the treatments afforded the experimental group were not very different than the non-treatment afforded the control group. For this reason, the analysis of the experiment was limited to the sample of clients randomized on or before September, 1995. This subset of the sample included slightly more than half of the individuals randomized.

## **The Findings on Program Impacts**

Differences in impacts between the experimental and control groups were calculated to judge the influence of JOBS WORKS! on participants' self-sufficiency and AFDC participation. Specific self-sufficiency measures included employment rates, length of employment, amount of total earnings, and total family income. AFDC measures included average amount of AFDC benefits per case, AFDC exit and recidivism rates, use of subsidized child care, and rates at which persons were sanctioned for failing to comply with program requirements.

Table I summarizes the results of these calculations. Taken together, these results indicated that the JOBS WORKS! demonstration significantly improved self-sufficiency for its early participants and reduced these persons' dependence on AFDC. Rates of employment, length of employment, and total earnings were all significantly higher for experimental group members than control group members during the first 21 months after assignment. While the differences in total family income between the two groups were insignificant, this finding was not particularly meaningful because nearly every family in both groups had some income. Moreover, the amount of family income was significantly higher for experimental group members among those families with earned income.

**Table I. Summary of Findings**

<b>Research Question</b>	<b>Magnitude of estimated adjusted net effect</b>	<b>Was estimated effect statistically significant?</b>
1. Did the demonstration promote self-sufficiency?		
Employment Rate	4.5 Percent	Yes
Length of Employment	1.33 Months	Yes
Earnings	28.5 Percent	Yes
Total Family Income		
Probability that family earned income	0.04 Percent	No
Amount earned for those with earnings	8.0 Percent	Yes
2. Did the demonstration affect AFDC participation?		
Average Per-Case Benefits	-6.3 Percent	Yes
Exits	5.2 Percent	Yes
Recidivism	-1.58 Percent	No
Subsidized Child Care		
Probability that SCC was received	-2.4 Percent	Yes
Amount of SCC for those who received it	11.6 Percent	No
Sanction	6.6 Percent	Yes

Source: CSHR analysis of HDHS administrative data.

Experimental members also decreased their dependence on AFDC during the period of study. They experienced a 6.3 percent net decrease in their average AFDC benefits and left the rolls at significantly higher rates than control group members. However, the experiment had no significant effect on rates of AFDC recidivism, primarily due to the small sample size of persons returning to AFDC during this period. As expected, a significantly higher percentage of JOBS WORKS! participants received sanctions for non-participation. This occurred because experimental group members were required to participate in job search activities while most control group members were merely waiting to be served with no participation obligations. Child care usage was quite small for both groups, ranging from 4-6 percent of total AFDC recipients. Also, experimental group members used significantly less child care than control group members. These reasons for this finding are unclear.

In conclusion, the JOBS WORKS! demonstration achieved most of its major objectives for early participants in the program. Although these early impacts were very positive, the shortened period of this evaluation only allowed impacts to be measured for

21 months after assignment to an experimental or control group. Thus, it was not possible to predict whether these findings would hold up for a longer period of time for these participants or whether similar positive results would occur for later groups of participants. Even so, this approach showed great promise for its current status as one component of the Hawaii JOBS program.