

Testing the Next Generation of Subsidized Employment Programs

An Introduction to the Subsidized and Transitional Employment Demonstration and the Enhanced Transitional Jobs Demonstration

In 2010, the U.S. Department of Health and Human Services launched the Subsidized and Transitional Employment Demonstration (STED) and the U.S. Department of Labor launched the Enhanced Transitional Jobs Demonstration (ETJD), complementary large-scale research projects evaluating the effectiveness of the latest generation of subsidized employment models. The ETJD and STED projects are evaluating a total of 13 subsidized employment programs in 10 locations across the United States, all of which aim to improve participants' long-term success in the labor market. They target groups considered "hard to employ" (recipients of Temporary Assistance for Needy Families [TANF], people with crimi-

nal records, young people who are neither in school nor working, and others), and they use subsidies to give participants opportunities to learn employment skills while working in supportive settings, or to help them get a foot in the door with employers. Often, the programs also provide support services to help participants address personal barriers to steady work. Each of the 13 program models is distinct, but it is possible to group them into three broad categories:

- Modified Transitional Jobs Models place all or nearly all participants into fully subsidized, temporary jobs designed to teach soft skills and provide work experience. There is no expectation that

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- host employers will hire participants permanently.
- Wage Subsidy Models place participants directly into permanent positions. An employer receives a temporary subsidy covering all or part of an employee's wages and, in return, is expected to move the individual into a regular, unsubsidized job if things go well.
 - Hybrid Models use a combination of modified transitional jobs and wage subsidies.

Each program is being evaluated using a random assignment design whereby eligible participants are assigned at random to a program group whose members are offered access to the subsidized jobs program, or to a control group whose members are not offered services from the program being tested, but may receive other services in their communities. The evaluation team will follow the groups for at least 30 months using government administrative records and individual surveys to measure a variety of outcomes such as employment, earnings, incarceration, public assistance receipt, and child support payments. If significant differences emerge between the groups over time, one can

be quite confident that the differences are the result of the subsidized employment programs. The evaluations will carefully study the implementation of each program and will assess each program's financial costs and benefits.

This report introduces the STED and ETJD projects and presents some preliminary findings about their implementation. At this early stage, a few cross-cutting themes stand out:

- Most programs struggled initially to meet their recruitment targets due to somewhat narrow eligibility criteria, selective screening protocols, inadequate referral partnerships, or a combination of these factors. Ultimately, the programs were able to meet their goals.
- Programs were better able to place participants into fully subsidized, temporary jobs than into subsidized, permanent positions.
- The policies and practices of the criminal justice, public assistance, and child support systems may affect the outcomes of both program and control group members.

In 2016, the ETJD and STED evaluations will begin to release interim study results.

