THE EFFECTS OF SUBSIDIZED AND TRANSITIONAL EMPLOYMENT PROGRAMS ON NONECONOMIC WELL-BEING

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The Effects of Subsidized and Transitional Employment Programs on Noneconomic Well-Being

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Overview

Programs designed to help disadvantaged workers improve their labor-market prospects may have effects beyond improvements in employment rates and income. One possible supplementary effect is improvements in subjective well-being, or how participants feel about their current life situations. Subjective well-being is important because there are social costs related to lower levels of well-being, and because a person’s outlook has been demonstrated to have an effect on his or her future behavior.

The analysis reported here uses data collected as part of the Subsidized and Transitional Employment Demonstration (STED), which is designed to investigate the effects of subsidized and transitional employment programs on both financial and nonfinancial well-being. The STED programs examined here had positive effects on both employment and well-being while the programs were operating, but these effects dissipated. The analysis reported here examines two main research questions:

- What were the programs’ effects on well-being and how did the effects vary over time?
- What are the mechanisms for these effects? Were the effects primarily due to participation in employment or did other factors contribute?

The STED data-collection effort included multiple approaches to the measurement of well-being, including a global measure of “happiness” (or overall life satisfaction) and several more specific concepts such as emotional distress, “locus of control,” and self-esteem. The interrelationships among the multiple measures were examined. Generally, individuals with less positive scores on the specific measures also had less positive overall assessments of their well-being, so the analysis focused on the overall measure.

The analysis of STED’s effects on well-being began by examining the variation in well-being associated with participants’ social and demographic characteristics, and comparing the trends in that population with well-being trends among Americans in general. Members of the STED sample were less likely to assess their well-being positively than the general population, and some factors associated with positive assessments in the general population (marriage, for example) had little association with positive assessments in the STED sample. However, the STED programs, which provided employment (and earnings) along with supportive services, had a positive effect on well-being. The impact model indicates that these positive effects occurred both because the programs made it more likely for program group members to be employed (or because that employment brought them increased income) and because of their participation in the program itself, independent of its effects on their employment. These results add to an emerging body of literature on changes in well-being when people move from unemployment to employment.
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This report would not have been possible without the support of many individuals and organizations. The Administration for Children and Families in the U.S. Department of Health and Human Services developed the Subsidized and Transitional Employment Demonstration Project (STED) and has sponsored the project since its inception. Dedicated staff members in that agency have been instrumental to the success of the project, in particular Girley Wright and Erica Zielewski.

We would also like to thank the many organizations, administrators, and staff members who oversaw and delivered the employment programs at the heart of this research. These programs include GoodTransitions in Atlanta (a project of Goodwill of North Georgia and the Division of Child Support Services in the Georgia Department of Human Services); the Los Angeles County Transitional Subsidized Employment Program (a project of the Los Angeles Department of Public Social Services and the South Bay Workforce Investment Board); TransitionsSF in San Francisco (a project of the San Francisco’s Mayor Office of Economic and Workforce Development, the City and County of San Francisco Department of Child Support Services, and Goodwill of San Francisco, San Mateo, and Marin); and the Young Adult Internship Program in New York City (a project of the New York Center for Economic Opportunity, the New York City Department of Youth and Community Development, and provider organizations throughout the city).

At MDRC, Dan Bloom directs the STED project and, along with Nandita Verma, provided thoughtful comments on several drafts of the report. Danielle Cummings provided programming support and Jillian Verrillo provided report coordination. Joshua Malbin edited the report and Ann Kottner prepared it for publication.

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The Authors
Introduction

Increasing attention is being paid to the noneconomic outcomes of poverty-reduction programs. In particular, subjective well-being — defined as a person’s assessment of his or her own life situation or emotional state — has been receiving increased attention in evaluation research as an important outcome to measure alongside more traditional outcomes such as increased employment rates or income. Subjective well-being is important because there are social costs related to lower levels of well-being, and because an individual’s outlook has been demonstrated to have an effect on his or her future behavior. Investigating a program’s effects on subjective well-being can also provide insights that may help future designers of programs that incorporate supportive services. Finally, there is substantial evidence that negative financial events such as loss of employment or foreclosure have negative effects on well-being. There is less conclusive evidence, however, regarding the effects on well-being of positive events such as becoming employed or earning more money.

The Subsidized and Transitional Employment Demonstration (STED) is designed to investigate the effects of subsidized and transitional employment programs on both financial and nonfinancial well-being. Participants were assigned at random to a program group that had access to program services, including subsidized or transitional jobs, or to a control group that did not. Several of the STED programs produced large employment and earnings effects in the first year after random assignment because program group members participated in subsidized or transitional jobs at high rates. However, one year after random assignment the employment rates of the program group and the control group were about the same (as shown in more detail in Appendix Figure A.1).

The interim impact reports for the individual STED programs indicate positive effects on well-being while the programs were operating.¹ These effects dissipated, however. At 12 months after random assignment, control group and program group members were equally likely to assess their well-being positively. The analysis reported here examines two main research questions:

- What were the programs’ effects on well-being and how did the effects vary over time?

- What are the mechanisms for these effects? Were the effects primarily due to employment or did other factors contribute?

¹Bloom (2015); Redcross et al. (2016); Glosser, Barden, and Williams (2016); Skemer, Sherman, Williams, and Cummings (2017).
The paper begins with an overview of STED and the unique opportunity afforded by the study to investigate the relationship between employment and well-being. Then it briefly reviews previous research into the relationship between subjective well-being and employment (or income). Next, the paper discusses measurement issues concerning subjective well-being assessments. Analysis results are presented next, including estimates from both experimental and quasi-experimental models. The paper concludes with a summary of the findings and implications for future research and policy.

**STED Overview**

In 2010, the U.S. Department of Health and Human Services launched STED, a large-scale research project evaluating the effectiveness of the latest generation of subsidized employment models.\(^2\) The STED project is evaluating a total of eight subsidized employment programs in seven 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 criminal records, young people who are neither in school nor working, noncustodial parents, and others),\(^3\) 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. Most of the programs also provide support services to help participants address personal barriers to steady work.

Each program is being evaluated using a random assignment design whereby eligible participants were assigned at random to a program group whose members were offered access to the subsidized jobs program, or to a control group whose members were not offered services from the program being tested, but could receive other services in their communities. The evaluation team followed the groups for at least 30 months using government records and individual surveys to measure a variety of outcomes such as employment, earnings, incarceration, receipt of public assistance, and child support payments.

Due to funding constraints and other factors, the data collection necessary to support the analysis reported here was limited to selected STED programs. The five programs included here cover three of the population groups STED targeted (noncustodial parents, TANF recipients, and young adults) and a variety of approaches to the delivery of subsidized and transitional employment (see Appendix A for further details regarding these five programs). One element common to all of the programs was a high participation rate among program group members:

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\(^2\)At the same time, the U.S. Department of Labor launched the Enhanced Transitional Jobs Demonstration, a complementary research project.

\(^3\)Noncustodial parents are those who do not have custody of at least one of their children.
nearly all of those assigned to the program group participated in subsidized or transitional employment. Because STED study participants generally faced significant challenges finding jobs, the high levels of participation in subsidized and transitional employment meant that, in effect, participants were randomly assigned to work or not to work; that is, control group members were unlikely to find employment while program group members were engaged in STED subsidized or transitional jobs. While the subsidized and transitional jobs were temporary and not expected to help participants build many marketable skills, the circumstances of the study surmount the selection issue that plagues many previous studies of the effects of employment on well-being and other outcomes.4

Previous Research on the Relationship Between Well-Being and Employment or Income

In 1974, economist Richard Easterlin published his seminal research concerning the relationship between income and well-being.5 His study focused on the differences between the within-nation correlation of well-being and income (richer people tend to be happier than poorer people) and the between-nations correlations of income and well-being (richer countries are not happier than poorer countries). These opposing relationships have become known as the “Easterlin Paradox.” Continuing investigations and debate concerning the paradox have resulted in efforts to broaden the consideration of well-being to include noneconomic factors, particularly when it comes to studies and policies directed towards disadvantaged populations. Most recent work has focused on the effects of negative economic events such as job loss or foreclosure on people’s psychological and social condition, finding strong support for the hypothesis that negative economic events have far-reaching effects on overall well-being.6 There is less evidence regarding whether the reverse is true: it is not clear whether entering employment after a moderate or long period of unemployment would result in improvements to overall well-being.

Social programs intended to alleviate poverty tend to focus on measures of income to gauge their effects, reflecting the assumption that increases in income should lead to improvements in overall well-being. While there is some support for this hypothesis,7 other research

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4The selection issue refers to the process by which individuals normally secure employment. People have varying rates of success in obtaining and keeping employment, and the factors that contribute to success in the labor market may also influence their well-being and other outcomes.

5Easterlin (1974).

6Several researchers have examined this question including Carroll (2007); Goldsmith, Veum, and Darity (1997); McLeanahan and Sorensen (1984); Linn, Sandifer, and Stein (1985); Korpi (2001); Kruger and Mueller (2011); and Brand, Levy, and Gallo (2008).

7Stagner, Kortenkamp, and Reardon-Anderson (2002); Ayala and Rodriguez (2013).
suggests satiation effects or more complex interactions between increased income and subjective well-being. More troubling is research suggesting that income increases resulting from social programs that only temporarily boost income (for example, temporary wage supplements) can have a negative effect on the subjective well-being of low-income people after support is taken away. These findings may arise because participants become accustomed to the temporary increases in income. There are also negative effects on subjective well-being among those who do not find employment in jobs-first programs. However, other research indicates positive effects on well-being stemming from social programs — for example, programs that promote mobility to higher-income neighborhoods.

Research specifically focused on the effects on well-being of returning to work following unemployment has also found mixed results. Returning to work is generally found to improve well-being; though this is speculation, it may be that obtaining employment through programs such as “workfare” or subsidized jobs does not provide the same gains as employment one finds for oneself. Employment obtained through social programs may have lesser effects on well-being because those programs seem like “welfare” to participants and thus carry a stigma, or because the jobs themselves are not permanent and stable.

One of the more important effects of improved well-being is that it can contribute to psychological and social resilience — the capacity to adapt effectively to adversity and life challenges. A recent meta-analysis of studies examining the association between happiness (or positive emotions) and success in multiple domains of life indicates that the link between happiness and success exists not only because success causes happiness but also because positive emotions engender success. Theorists suggest that this phenomenon is a result of evolutionary processes whereby positive emotions facilitate the accumulation of personal resources such as social connections, coping strategies, and environmental knowledge. The accumulation of these personal resources is the mechanism by which the experience of personal emotions, which might be fleeting, can spark processes that promote later successes. This theory has garnered some attention in various domains, and has found preliminary support in areas

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8Diener and Biswas-Diener (2002).
9Dorsett and Oswald (2014); Graham and Swenson (2015).
10Lennon, Blome, and English (2001).
11Ludwig et al. (2013).
12Crost (2011).
13Hetschko, Schöb, and Wolf (2016).
14Griep et al. (2016); Kim and von dem Knesebeck (2015); Virtanen, Janlert, and Hammarström (2010).
15Lyubomirsky, King, and Diener (2005).
including marriage, work performance, and education. But the most extensive evidence for the effect of positive emotions on future outcomes has been developed in health research, where empirical evidence has accumulated that links positive emotional states to healthier behavioral choices and improved health overall.

Measuring Subjective Well-Being

The definition and measurement of subjective well-being is not a settled matter. The psychometric literature abounds with theoretical proposals and empirical strategies for understanding and measuring well-being. One long-standing approach is to focus on overall life satisfaction or happiness. This strategy has been used in several policy-research efforts (for example, Moving to Opportunity, Work Rewards, and Family Rewards) and has also been included in the General Social Survey for over 20 years. The standard survey question (included in all rounds of the surveys administered in the STED study) is shown below:

Taken all together, how would you say things are going these days? Would you say that you are ...

1. very happy,
2. pretty happy, or
3. not too happy?

This survey item also has a long history of use in comparative studies assessing differences in well-being among different countries and different population groups.

Proponents of alternative approaches to measuring and defining well-being criticize this global measure due to its lack of specificity, which makes it less useful when it comes to developing theoretical and philosophical theories of well-being. This dissatisfaction with the global measure has led to approaches that focus on specific psychological constructs such as emotional distress or self-esteem. While these approaches have illuminated how individuals construct their subjective assessments of well-being, they have also made it more complicated to measure well-being for more applied purposes.

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[19] For Moving to Opportunity see Sanbonmatsu et al. (2001); for Work Rewards see Verma, Yang, Nuñez, and Long (2017); for Family Rewards see Riccio et al. (2013); and for the General Social Survey see Smith, Marsden, Hout, and Kim (2017).
The STED study was designed to measure many dimensions of well-being, to reflect both these critiques of the global measure and the specific nature of the populations included in the STED programs. Specifically, most well-being research has focused on general populations, and it is unclear to what extent the findings from general-population studies can be extended to disadvantaged groups. The STED study took a multidimensional approach so that it could more thoroughly assess how various facets of well-being interrelate, and to provide a foundation for assessing STED’s effects on participants’ well-being. In addition to the global measure, the STED study measured:

- Emotional distress — the existence of negative emotional reactions (for example, sadness or nervousness) experienced with some frequency for an extended time
- Locus of control — one’s perception of the degree of control one has over life events
- Self-esteem — one’s level of confidence in one’s own worth

The study also measured nonsubjective aspects of well-being, including health, financial strain, and social support.

STED administered three surveys to participants in the programs included in these analyses. The first survey was fielded while STED participants were engaged in program activities (roughly 4 to 6 months after random assignment), the second at 12 months after random assignment, and the third at 30 months after random assignment. For the first and second, slightly different surveys were used for participants in the one program targeting young adults.

As a first step, the study investigated the interrelationships among the various measures, in particular the relationships between the more specific measures and the global measure. Figure 1 shows the percentage of sample members (across all waves of the STED surveys) who assessed their well-being positively (that is, who responded “very happy” or “pretty happy” to the global question), grouped by their scores on the more specific measures. For all of the specific measures except self-esteem and to some extent financial strain, there is a great deal of consistency between the specific measure and the global one. The relationship is particularly strong for the “alternative” well-being measures of emotional distress and locus of control.

One implication of these results is that since the global measure generally reflects most of the other aspects of well-being, levels of well-being among participants in similar social programs can be adequately assessed using the global measure.
As noted above, the global measure has a long history of use in both comparative studies and program evaluations, but most studies that have used it have focused on the general population. Previous studies have indicated various social and demographic characteristics as being associated with higher likelihoods of positive well-being assessments, but it was not clear whether these associations would hold for the STED populations. The study investigated this question using the control group members of the STED sample to avoid confounding program

Figure 1

Percentages of Sample Members with Positive Well-Being Assessments, by Other Measures of Well-Being

- Emotional distress: low
- Emotional distress: high
- Locus of control: high
- Locus of control: low
- Self-esteem: positive
- Self-esteem: negative
- Financial strain: none
- Financial strain: moderate
- Financial strain: high
- Social support: high
- Social support: low
- Health excellent/very good
- Health poor

SOURCE: MDRC calculations based on responses to the STED surveys.

NOTES: Sample sizes vary by measure because not all respondents answered all questions. The sample is pooled across the program locations and survey waves in the study.
effects. As can be seen in Figure 2, members of the STED sample were substantially less likely to assess their well-being positively than the general population on average. None of the social or demographic subgroups reach the general population’s benchmark of positive well-being assessments, but the variation among subgroups generally follows the same patterns as those reported for the general population.

A baseline model was estimated to further investigate interactions between these characteristics and positive assessments of well-being. For example, most of the ex-offenders in the STED sample are male, so cross-sectional analyses such as presented in Figure 2 may overstate gender differences because the men are more likely to also have criminal justice histories; likewise, the age differences may reflect the fact that older sample members were more likely to be married, have children, or both. A similar model was estimated for the general population. Comparing these two models makes it possible to assess more accurately the differences between the two populations in the degree to which various social and demographic characteristics are associated with positive assessments of well-being. The results of these analyses are shown in Table 1; see Box 1 for further information on interpreting these results.

For the STED sample, three characteristics have statistically significant associations with positive assessments of well-being: gender, age, and employment status. Being male and having been unemployed for more than six months at the time of random assignment decrease the likelihood of a positive well-being assessment; this likelihood also declines as age increases. Age and employment status have similar effects in the general population model (in terms of direction), though the general population shows associations between positive assessments of well-being and several other characteristics that did not show statistically significant associations with positive assessments in the STED model.

These differences between the STED sample and the general population suggest that members of a disadvantaged population are less likely to assess their well-being positively. For example, in the general population, being married increases the likelihood of positive well-being assessments by almost 18 percentage points, while the difference between married and nonmarried STED sample members is not statistically significant. Most of the STED sample members included in this analysis (control group members) were unemployed and had been

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20 Figure 2 shows the prevalence of positive well-being assessments among the STED control group sample measured on the in-program survey (roughly 4 to 6 months after random assignment), distributed by social and demographic characteristics measured at random assignment. Well-being data collected at the time of random assignment would be the most appropriate way to investigate how the STED populations compare with the general population, but the in-program survey is the first source of data available.

21 Appendix Table A.1 shows the distribution of social and demographic characteristics for the STED sample and the general population.
Figure 2
Percentages of Control Group Members with Positive Well-Being Assessments on the In-Program Survey, by Baseline Characteristics

Control group mean: 73%  U.S. population mean: 86%

- Female
- Male
- Black
- Hispanic
- White/other
- Age 18-24
- Age 25-40
- Age 41+
- Does not have a HSD or equivalent
- Has a HSD or equivalent
- Not married
- Married
- No children
- Has children
- No criminal justice history
- Ex-offender
- Not employed in the last 6 mos.
- Employed in the last 6 mos.

SOURCE: MDRC calculations based on responses to the STED in-program survey.

NOTES: Sample size = 1,228. The sample is pooled across the program locations in the study and weighted to provide equal representation to each population group (TANF recipients, noncustodial parents, and young adults). HSD = high school diploma.

Stars indicate the statistical significance of differences between group means. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.
Table 1

The Effects of Social and Demographic Characteristics on Positive Well-Being Assessments for the Study Sample and the General Population: Percentages with Positive Well-Being Assessments

<table>
<thead>
<tr>
<th>Predictor Variable (Contrast)</th>
<th>STED Sample</th>
<th>General Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean #1</td>
<td>Mean #2</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male vs. female</td>
<td>72.6</td>
<td>80.2</td>
</tr>
<tr>
<td>Race/ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black vs. Hispanic</td>
<td>72.8</td>
<td>74.2</td>
</tr>
<tr>
<td>Black vs. white/other</td>
<td>72.8</td>
<td>82.0</td>
</tr>
<tr>
<td>Hispanic vs. white/other</td>
<td>74.2</td>
<td>82.0</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 18-24 vs. age 25-40</td>
<td>83.5</td>
<td>77.7</td>
</tr>
<tr>
<td>Age 18-24 vs. age 41+</td>
<td>83.5</td>
<td>66.6</td>
</tr>
<tr>
<td>Age 25-40 vs. age 41+</td>
<td>77.7</td>
<td>66.6</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma or equivalent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>vs. no diploma or equivalent</td>
<td>76.5</td>
<td>76.7</td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married vs. not married</td>
<td>79.3</td>
<td>73.7</td>
</tr>
<tr>
<td>Children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has children vs. no children</td>
<td>77.3</td>
<td>75.9</td>
</tr>
<tr>
<td>Criminal justice history</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ex-offender vs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>no criminal justice history</td>
<td>74.3</td>
<td>78.8</td>
</tr>
<tr>
<td>Employment history</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not employed in the last six months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>vs. employed in the last six months</td>
<td>73.9</td>
<td>79.1</td>
</tr>
<tr>
<td>Sample size</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sample size 1,220 (continued)
How to Interpret Estimates from Logistic Regressions

The analyses presented here were mainly performed using logistic regression because the primary outcome (having a positive assessment of one’s well-being) can best be understood as a probability. That is, the analysis aims to understand the factors that, on average, affect whether someone has a positive feeling about his or her current life situation. Logistic regression results can be more complicated to interpret than those from linear models, partly because there are multiple ways to present the estimated effects.

The presentation in this report focuses on what are called “contrasts,” which are estimates of the difference in the outcome between two categories of a predictor variable, for example, male versus female or Hispanic versus black. This presentation means that predictor variables that have multiple categories, such as race/ethnicity or age, will have multiple results, as it is possible for some pairs of categories to have different effects on the outcome while other pairs have similar effects.

An example result from a logistic regression is shown below. Here, the predictor variable has three categories — Red, Green, and Blue — so there are three contrasts tested.

<table>
<thead>
<tr>
<th>Contrast</th>
<th>Least-Square Mean</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Category 1</td>
<td>Category 2</td>
</tr>
<tr>
<td>Red</td>
<td>Green</td>
<td>75.1</td>
</tr>
<tr>
<td>Red</td>
<td>Blue</td>
<td>75.1</td>
</tr>
<tr>
<td>Green</td>
<td>Blue</td>
<td>60.9</td>
</tr>
</tbody>
</table>

These results indicate that sample members whose category is “Red” are more likely to experience the outcome (holding all else equal) than those who are “Green” or “Blue.” Those who are “Green” or “Blue” have similar likelihoods of experiencing the outcome.
seeking employment for some time when the data for this analysis were collected, which may explain why marriage has little effect on the their well-being (as do other characteristics that promote positive assessments of well-being in the general population). Because age, employment history, and gender have statistically significant associations with positive assessments of well-being among STED sample members, the impact estimates that follow present effects on participants of different ages, genders, and employment histories.

**Impact Analysis**

Participation in the STED programs could affect participants’ assessments of their well-being in several ways. Since participation levels were fairly high among program group members, the increased income and employment (engagement in productive activity) could lead them to assess their well-being positively. Likewise, for the STED programs that provided supplementary services, access to counseling and other forms of support could lead to well-being improvements. On the other hand, as described above, there is some evidence in the literature that transitional and subsidized employment programs could affect well-being negatively due to the transitory nature of the employment offered. One would expect to see this type of negative effect at the 12-month follow-up point rather than on the in-program survey.

Table 2 shows the estimated effect of being in the program group on the likelihood of a positive well-being assessment at the time of the in-program survey. Estimates are shown for the full sample and selected subgroups (those of both genders, those in various age ranges, and those who had and had not been employed in the six months before random assignment). Overall, there was a 7 point difference between the control and program groups in the percentages who assessed their well-being positively, holding all else equal. Effects on well-being were concentrated among men, younger sample members, and those who had not been employed in the six months before random assignment.

Often, impacts are largest among those subgroups with the lowest control group levels in an outcome of interest. The well-being impacts among the gender and unemployment subgroups conform to this pattern: male control group members were less likely to assess their well-being positively than women, and control group members who had not been employed in the six months before random assignment were less likely to assess their well-being positively than those who had been employed. However, the age subgroup where well-being impacts were concentrated — ages 18 to 24 — had the highest well-being levels in the control group.

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22The study also tested whether the full sample or subgroup effects varied from one STED program to another; no statistically significant differences were found.
As discussed in the interim reports for the four STED programs, effects on well-being were found in responses to the “in-program” survey (roughly 4 to 6 months after random assignment) but there were no effects on well-being at 12 months after random assignment. The top panel Figure 3 shows the estimated effects of the programs on well-being, controlling for social and demographic characteristics (the “baseline” model described above).

### Table 2

**Effects on Well-Being: Percentages with Positive Well-Being Assessments on the In-Program Survey**

<table>
<thead>
<tr>
<th>Characteristic (%)</th>
<th>Control Group</th>
<th>Program Group</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>74.8</td>
<td>81.4</td>
<td>6.6 ***</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>71.5</td>
<td>81.7</td>
<td>10.2 ***</td>
</tr>
<tr>
<td>Female</td>
<td>80.9</td>
<td>80.0</td>
<td>-0.8</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 to 24</td>
<td>83.2</td>
<td>90.2</td>
<td>7.1 ***</td>
</tr>
<tr>
<td>25 to 40</td>
<td>77.1</td>
<td>79.1</td>
<td>2.0</td>
</tr>
<tr>
<td>41+</td>
<td>67.6</td>
<td>68.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Employment history</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not employed in the last six months</td>
<td>74.1</td>
<td>82.9</td>
<td>8.8 ***</td>
</tr>
<tr>
<td>Employed in the last six months</td>
<td>78.8</td>
<td>78.7</td>
<td>-0.1</td>
</tr>
</tbody>
</table>

Sample size 3,059

SOURCE: MDRC calculations based on responses to the STED in-program survey.

NOTES: The sample is pooled across the program locations in the study and weighted to provide equal representation to each population group (TANF recipients, noncustodial parents, and young adults).

Stars indicate the statistical significance of differences between group means.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.
Figure 3

Effects on Positive Well-Being Assessments, by Survey Wave

<table>
<thead>
<tr>
<th>Survey Wave</th>
<th>Program</th>
<th>Control</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-program</td>
<td></td>
<td></td>
<td>6.6</td>
</tr>
<tr>
<td>12-month</td>
<td></td>
<td></td>
<td>0.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Survey Wave</th>
<th>Program</th>
<th>Control</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-program</td>
<td></td>
<td></td>
<td>29.7</td>
</tr>
<tr>
<td>12-month</td>
<td></td>
<td></td>
<td>5.0</td>
</tr>
</tbody>
</table>

SOURCES: MDRC calculations based on responses to the STED in-program and 12-month surveys.

NOTES: The sample is pooled across the program locations in the study and weighted to provide equal representation to each population group (TANF recipients, noncustodial parents, and young adults). Sample size for the in-program analysis is 3,080; sample size for the 12-month analysis is 5,651.

Stars indicate the statistical significance of differences between group means. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.
These results mirror the pattern seen for program effects on employment, as shown in the bottom panel of Figure 3.\textsuperscript{23} For both outcomes (well-being and employment), differences between the control and program groups lessened — note that there is still a small but statistically significant difference in current employment for this sample at 12 months.

These results suggest that employment, or increased income due to employment, is an important determinant of well-being. To test this hypothesis, nonexperimental variables (that is, variables measuring conditions after random assignment in order to associate them with impacts) were added to the model that correspond to employment status at the time of the survey.\textsuperscript{24} As can be seen in Figure 4, current employment increases the likelihood of a positive well-being assessment by more than 7 percentage points, all else being equal.\textsuperscript{25}

Yet the effect of being in the program group is still significant after controlling for employment status and is slightly stronger among those who were not employed at the time they were surveyed (a 5 percentage point increase) compared with who were currently employed (a 4 percentage point increase). These results indicate that while the primary mechanism by which STED increased well-being was most likely the employment it offered (or the increased income, or both), other program services also contributed to the program’s overall effect on well-being. If the effect of STED on well-being were solely due to employment (or increased income), then the analysis should find no effect from being in the program group after controlling for employment.

**Summary**

The Subsidized and Transitional Employment Demonstration (STED) is designed to investigate the effects of subsidized and transitional employment programs on both financial and nonfinancial well-being. The STED programs’ effects on subjective well-being mirror their effects on employment; that is, program group members were more likely to be employed and were more

\textsuperscript{23}The results for current employment shown here differ from those reported in the interim site reports for several reasons, including differences in the sample (the analysis here is based on a pooled sample of survey respondents, weighted across program locations) and differences in the methods used for estimation.

\textsuperscript{24}Several different indicators of employment were tested, including employment at the time of the survey and employment at any time since random assignment. Since it is known that some program participants did not report participation in transitional or subsidized employment as “employment” when asked on the survey, models were also tested that used “adjusted” employment (employment status based on either self-reported employment or indications of program participation). All of the possible employment measures resulted in similar estimates. These models also include the effects from the baseline models.

\textsuperscript{25}As a further test of the employment effects, similar models were estimated using the 12-month survey data. The effect of employment on well-being persisted.
Figure 4

Effects on Positive Well-Being Assessments

By Employment Status

Full sample

Currently employed
Not currently employed

Program group

Currently employed
Not currently employed

Control group

Currently employed
Not currently employed

By Research Group Status

Currently employed

Program group
Control group

Not currently employed

Program group
Control group

SOURCE: MDRC calculations based on responses to the STED in-program survey.

NOTES: The sample is pooled across the program locations in the study and weighted to provide equal representation to each population group (TANF recipients, noncustodial parents, and young adults). The sample size is 3,056.

These are nonexperimental results.

Stars indicate the statistical significance of differences between group means. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.
likely to assess their well-being positively while they were participating in the program, and effects on both employment and well-being dissipated by one year after random assignment. Further investigation indicates that the differences observed between program and control group members were due both to the employment offered by the programs and to participation in the program itself.

These results are consistent with previous research showing that the well-being of unemployed people improves after they get jobs. However, the study here focused on employment status alone (that is, it did not test whether higher income had any effect on its own), so it could be that participants’ well-being improved due to the higher incomes they received from being employed (which would also be consistent with previous research indicating that income increases can produce improvements in well-being). One question for future research is the extent to which effects are due to employment as opposed to increased income.

The analysis also provides results that can be used to inform future studies concerning well-being specifically among disadvantaged populations. First, on the whole, STED study members were less likely to assess their well-being positively than the general population. While some of the relationships between well-being and social and demographic characteristics that show up in the general population also appear to hold for STED study members, others do not. Second, the global measure of well-being corresponded fairly well with measures designed to capture specific aspects of well-being, indicating that the global measure can be used fairly reliably on its own. This finding means that it should be possible to include subjective well-being as an evaluation outcome in future studies without incurring significant additional data-collection costs or burdens.

Finally, these results show some of the additional benefits transitional and subsidized employment programs provide to low-income and disadvantaged workers. While thus far these programs have tended to have limited long-term effects, they do clearly have effects in the short term. Since well-implemented transitional and subsidized employment programs generally have high participation rates, they generally give at least temporary increases in employment and earnings to people who otherwise cannot find jobs in the private labor market. These results in this report indicate that these programs also temporarily improve subjective well-being. While these temporary effects fall short of the primary goals for implementing transitional or subsidized employment programs (that is, long-term improvements in self-sufficiency) they may improve outcomes in more subtle ways.
Appendix A

STED Programs Included in the Well-Being Study
Good Transitions (Atlanta)

Target Population: Noncustodial Parents

Participants started with a two-day assessment, after which each was assigned a case manager and a Goodwill location to begin what was intended to be the first of two transitional jobs. Specifically, the program intended that a participant would work at a Goodwill store for approximately one month while receiving support and constructive criticism from an on-site job coach, and then would move into a less supported subsidized position with a private employer in the community for about three months. Implementing the second phase proved difficult and so most participants worked at Goodwill for the entirety of their participation. The program also offered case management, job-development services, life-skills workshops, and certifications in fields such as commercial driving and forklift operation.

One year after random assignment, the program resulted in a 28 percentage point increase in employment (at any time since random assignment) and a $2,056 increase in total earnings (meaning wages plus subsidies). As can be seen in Appendix Figure A.1, most of these gains occurred in the quarters immediately after random assignment; by the fourth quarter after random assignment, the control and program groups had similar employment rates.

TransitionsSF (San Francisco)

Target Population: Noncustodial Parents

Participants were enrolled in cohorts of about 25.\(^1\) They began with one week of assessments followed by two weeks of job-readiness training. Then they were placed into one of three tiers of subsidized jobs depending on their job readiness: (1) nonprofit, private-sector jobs (mainly at Goodwill); (2) public-sector jobs; or (3) for-profit, private sector jobs. Participants continued to meet with their case managers, attend high school equivalency or digital literacy classes, and search for jobs. They may have received modest financial incentives for participation milestones and child support-related assistance.

One year after random assignment, the program resulted in a 28 percentage point increase in employment and a $3,337 increase in total earnings. As can be seen in Appendix Figure A.1, most of these gains occurred in the quarters immediately after random assignment;

\(^1\)A cohort is a group of participants who join a program at the same time and move through it together.
by the fourth quarter after random assignment, the control and program groups had similar employment rates.

**Young Adult Internship Program (New York City)**

**Target Population: Disconnected Young Adults**

Cohorts of about 30 young people (per provider) began the program with paid orientations lasting two to four weeks. Participants were then placed individually or in small groups into internships in a variety of sectors. During the internships, participants attended weekly workshops on development, work readiness, and life skills. They received case management, job-search assistance, and other forms of support during their internships and for nine months afterward.

One year after random assignment, the program resulted in a 29 percentage point increase in employment and a $3,433 increase in total earnings. As can be seen in Appendix Figure A.1, most of these gains occurred in the quarters immediately after random assignment; by the fourth quarter after random assignment, the control and program groups had similar employment rates.

**Los Angeles County Transitional Subsidized Employment Program (Los Angeles)**

**Target Population: Recipients of Temporary Assistance for Needy Families (TANF)**

**Paid Work Experience**

Participants were placed individually in minimum-wage employment with public agencies or nonprofit organizations. Participants’ wages were fully subsidized for the duration of the placement. All participants received case management and assistance searching for unsubsidized jobs through Worksource Centers, along with support services through the TANF program.\(^2\)

One year after random assignment, the program resulted in a 34 percentage point increase in employment and a $2,729 increase in total earnings. As can be seen in Appendix

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\(^2\)Worksource Centers in Los Angeles County work with both employers and job seekers to provide business and employment services.
Figure A.1, most of these gains occurred in the quarters immediately after random assignment; by the fourth quarter after random assignment, the control and program groups had similar employment rates.

**On-the-Job Training**

Participants were placed individually in private-sector positions. Participants’ wages were subsidized up to minimum wage for the first two months, and for the remainder of the placement employers received a subsidy roughly equal to 50 percent of minimum wage. All participants received case management and assistance searching for unsubsidized jobs through Worksource Centers, along with support services through the TANF program.

One year after random assignment, the program resulted in an 18 percentage point increase in employment and a $1,305 increase in total earnings. As can be seen in Appendix Figure A.1, most of these gains occurred in the quarters immediately after random assignment; by the fourth quarter after random assignment, the control and program groups had similar employment rates.

Appendix Table A.1 provides social and demographic characteristics for sample members at each of the four experimental sites.
Appendix Figure A.1

Employment Over Time, by Program

Good Transitions (Atlanta)

Percentage employed

Quarter after random assignment

Young Adult Internship Program (New York City)

Percentage employed

Quarter after random assignment

Transitions SF (San Francisco)

Percentage employed

Quarter after random assignment

(continued)
SOURCE: MDRC calculations based on quarterly wage data from the National Directory of New Hires and program administrative data.

NOTES: Results in this figure are regression-adjusted, controlling for pre-random assignment characteristics.
Statistical significance levels for the differences between program group total employment and control group employment are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.
Employment rates include both STED subsidized jobs and all other jobs covered by unemployment insurance.
### Appendix Table A.1

**Sample Social and Demographic Characteristics**

<table>
<thead>
<tr>
<th>Characteristic (%)</th>
<th>STED Sample</th>
<th>General Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Atlanta</td>
<td>SF</td>
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<tr>
<td>Gender</td>
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<tr>
<td>Female</td>
<td>6.7</td>
<td>12.8</td>
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<tr>
<td>Male</td>
<td>93.3</td>
<td>87.2</td>
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<tr>
<td>Race/ethnicity</td>
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<td></td>
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<tr>
<td>Black</td>
<td>90.6</td>
<td>68.7</td>
</tr>
<tr>
<td>Hispanic</td>
<td>3.2</td>
<td>19.2</td>
</tr>
<tr>
<td>White/other</td>
<td>6.1</td>
<td>12.0</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 to 24</td>
<td>2.8</td>
<td>4.1</td>
</tr>
<tr>
<td>25 to 40</td>
<td>49.5</td>
<td>46.8</td>
</tr>
<tr>
<td>41 and older</td>
<td>47.7</td>
<td>49.1</td>
</tr>
<tr>
<td>Education</td>
<td></td>
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<tr>
<td>Does not have a high school diploma or equivalent</td>
<td>20.6</td>
<td>27.2</td>
</tr>
<tr>
<td>Has a high school diploma or equivalent</td>
<td>79.4</td>
<td>72.8</td>
</tr>
<tr>
<td>Marital status</td>
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<tr>
<td>Not married</td>
<td>87.1</td>
<td>92.0</td>
</tr>
<tr>
<td>Married</td>
<td>12.9</td>
<td>8.0</td>
</tr>
<tr>
<td>Children</td>
<td></td>
<td></td>
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<tr>
<td>No children</td>
<td>10.4</td>
<td>13.4</td>
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<tr>
<td>Has children</td>
<td>89.6</td>
<td>86.6</td>
</tr>
<tr>
<td>Criminal justice history</td>
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<tr>
<td>None</td>
<td>35.3</td>
<td>22.1</td>
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<td>Ex-offender</td>
<td>64.7</td>
<td>77.9</td>
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<tr>
<td>Employment history</td>
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<tr>
<td>Not employed in the last six months</td>
<td>55.4</td>
<td>70.7</td>
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<tr>
<td>Employed in the last six months</td>
<td>44.6</td>
<td>29.3</td>
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<tr>
<td>Sample size</td>
<td>652</td>
<td>515</td>
</tr>
</tbody>
</table>

(continued)
Appendix Table A.1 (continued)

SOURCES: MDRC calculations based on responses to the STED baseline survey and the General Social Survey (Smith, Marsden, Hout, and Kim, 2017).

NOTES: The STED sample shown here consists of respondents to the in-program survey for each program location; the total column corresponds to the pooled sample, weighted so that each population type (noncustodial parents, TANF recipients, and young adults) is equally represented.

Length of time since last employment was not available for the General Social Survey sample; employment status at the time of the survey is used as a proxy measure.

SF = San Francisco, LA = Los Angeles, and NYC = New York City.
References


Earlier MDRC Publications on the Subsidized and Transitional Employment Demonstration

*Reengaging New York City’s Disconnected Youth Through Work Implementation and Early Impacts of the Young Adult Internship Program*  
2017. Melanie Skemer, Arielle Sherman, Sonya Williams, Danielle Cummings

*Testing Two Subsidized Employment Approaches for Recipients of Temporary Assistance for Needy Families Implementation and Early Impacts of the Los Angeles County Transitional Subsidized Employment Program*  
2016. Asaph Glosser, Bret Barden, Sonya Williams

*Implementation and Early Impacts of the Next Generation of Subsidized Employment Programs The Enhanced Transitional Jobs Demonstration*  
2016. Cindy Redcross, Bret Barden, Dan Bloom, Joseph Broadus, Jennifer Thompson, Sonya Williams, Sam Elkin, Randall Juras, Janaé Bonsu, Ada Tso, Barbara Fink, Whitney Engstrom, Johanna Walter, Gary Reynolds, Mary Farrell, Karen Gardiner, Arielle Sherman, Melanie Skemer, Yana Kusayeva, Sara Muller-Ravett

*Testing the Next Generation of Subsidized Employment Programs An Introduction to the Subsidized and Transitional Employment Demonstration and the Enhanced Transitional Jobs Demonstration*  
2015. Dan Bloom

NOTE: A complete publications list is available from MDRC and on its website (www.mdrc.org), from which copies of reports can also be downloaded.