County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

February 3, 2013

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

LOS ANGELES COUNTY'S GAIN PROGRAM: OUTCOMES OF ENGAGEMENT WITH EDUCATION AND TRAINING COMPONENTS

Background

This memo transmits a report examining the effects of participation in the education and training components of the Greater Avenues for Independence (GAIN) program, which is administered by the Department of Public Social Services (DPSS). GAIN is designed to provide participants with work-readiness skills, and participation in the program is mandatory for all able-bodied recipients of cash aid through the California Work Opportunity and Responsibility for Kids (CalWORKs) program. The GAIN program includes Self-Initiated components, such as attendance at a community college, for individuals enrolled in school on or before their first appraisal appointment, as well as components providing vocational and remedial training. The report's findings are based on statistical analyses of close to 28,000 CalWORKs participants who exited a GAIN training component between June 2006 and June 2010.

Key Findings

The report looks at GAIN participant outcomes in the areas of component completion, employment, and receipt of CalWORKs assistance after exit from GAIN. Additionally, the study sample is separated into CalWORKs recipients who participated in GAIN before and after the most recent recession to determine the effect of macro-economic conditions on outcomes. Analyses in each of these areas yielded the following key findings:

Completion of GAIN Components

- Overall, 9,957 (35.7 percent) participants in the study completed their GAIN component.

- Program completion rates were better in the Vocational and Educational Training (VOC) component (4,452 participants out of 11,916, 37.4 percent), and the Remedial Education (REM) component (2,892 participants out of 7,842 participants, 38.6 percent), by comparison with the Self-Initiated Programs (SIP) component (2,613 out of 8,746 participants, 30.8 percent).

- Component completion rates varied by provider, ranging from 16.2 percent to 63.6 percent. Specifically, participation in training services by six of the 20 providers increased participant odds of completing their component.

- Participants who received services during the post-recession period were much less likely to complete their program component. For providers who offered GAIN components in both time periods, the completion rates were invariably higher during the pre-recession period than the post-recession period, except for those providers who offered Remedial Education Classes (REM) components. While explanations for differences in employment outcomes in the two periods are fairly intuitive, available data does not offer immediate suggestions as to how or why macro-economic conditions could affect the likelihood of completing welfare-to-work activities.

GAIN Participation and Employment

- Levels of employment were higher during the period following GAIN component participation compared to the time period prior to GAIN component participation. Specifically, employment rates per quarter ranged from 22 percent to 25 percent during the two-year pre-GAIN period, and this range jumped to between 31 percent and 41 percent in the period after participation.

- Among the 10,035 of GAIN participants who were employed in the first quarter after they exited GAIN, 6,824 (68 percent) also had records of earnings in the subsequent three quarters. This is the best available indicator for the extent to which GAIN participants, once they secured work, managed to sustain their employment.

- In controlling for a wide range of factors that might affect employment outcomes, completion of a GAIN component (compared with starting but not completing a

component) was associated with a 34 percent increase in the likelihood that participants would gain employment.

- Mean earnings per quarter for the entire study population increased by more than 52 percent, from $2,760 to $4,206 over the year after exit from GAIN.

- However, those who did not complete their GAIN components, but who nevertheless had records of any earnings at all after exit from GAIN, had higher average wages per quarter until the second year following exit, by which time earnings for participants who completed their components surpassed earnings for those who did not.

- The highest mean earnings during the post-recession period were for participants of the SIP component. Mean quarterly earnings for SIP participants (among those who worked) were $3,960 ($15,844 annualized) in the year following exit from GAIN, compared to $2,637 ($10,548 annualized) in the year preceding GAIN participation. VOC participants were second highest in mean post-GAIN earnings per quarter ($3,515, $14,060 annualized), followed by REM participants ($3,368, $13,472 annualized).

GAIN Participation and Subsequent Receipt of CalWORKs Aid

- In comparing those who completed their GAIN components with those who did not, the rates of CalWORKs receipt after exit from GAIN dropped much more sharply—and almost immediately—for those who did not complete the component.

- The rate of CalWORKs receipt dropped at a substantially more gradual rate for the subgroup of participants who completed GAIN, which suggests that completion of components does not tend to translate into an immediate exit from CalWORKs.

Policy Recommendations

The findings presented in the attached report inform the following policy recommendations for steps that can be taken to enhance the effectiveness of GAIN and boost favorable outcomes:

- Identify the most common impediments that prevent CalWORKs participants from completing their GAIN program components - e.g. child care barriers, transportation needs, difficulties complying with program requirements, provision

of care for relatives, etc. – and, where resources are available, make program enhancements designed to facilitate welfare-to-work participation and component completion.

- Identify the best practices that enable certain GAIN services providers to produce comparatively high component completion rates, as well as the practical deficiencies amongst providers with comparatively low completion rates.

- Consider the feasibility of adding incentives pegged to component completion rates in future contracts with GAIN providers.

- Consider conducting a comprehensive review of the training offered through the GAIN program, as well as of the program's providers. Given this report's findings on the relationship between completion of components and earnings, the objective of the review would be to:

    - Assess whether the training provided through GAIN is adequately aligned with skills that are currently in demand in the job market;

    - Identify feasible enhancements that can be made to the training components so as to improve the earnings capacity of participants who complete the program; and

    - Determine whether participant earnings capacity after exit from GAIN would benefit from training components more specifically tailored to the diverse needs of individual participants.

    - Assess whether certain providers offer higher quality training than others and determine steps that can be taken to improve and standardize high-quality training among all GAIN providers.

- Identify the most common characteristics and paths taken through GAIN by the program's 'success stories' - i.e. those participants who completed their components and subsequently secured sustained employment and left CalWORKS permanently – and determine whether their experiences can help guide the implementation of policy enhancements that would boost the program's effectiveness in promoting employment and self-sufficiency.

- Additionally, identify potential deficiencies in GAIN by examining the most common reasons participants continue to receive CalWORKs assistance for extended durations after completion of their GAIN components.

Next Steps

The attached report offers evidence that participation in GAIN is associated with some encouraging outcomes, but also suggests possible program enhancements, as well as issues that might be examined further. Testing the effects of enhancements based on evidence presented in this report, as well as gathering further information on the CalWORKs population's experiences in obtaining employment training through GAIN, would be positive steps towards improving outcomes and promoting self-sufficiency.

If you have any questions, please contact Antonia Jiménez at (213) 974-7365, or via email at ajimenez@ceo.lacounty.gov.

WTF:AJ
CDM:MS:am

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Public Social Services

GAIN Program.bm

County of Los Angeles
Chief Executive Office
Service Integration Branch

Los Angeles County's GAIN Program: Outcomes of Engagement with Education and Training Components

Final Report

Principal Investigator:
Stephen Metraux, PhD
Associate Professor
Department of Health Policy & Public Health
University of the Sciences
Philadelphia, PA

Ann Elizabeth Montgomery, PhD
Kristen Camuso, BS
Thomas Byrne, PhD
Dennis Culhane, PhD

Submitted to:
County of Los Angeles Department of Public Social Services
Project Officer: Michael Bono, PhD

January 2014

Contents

Summary i

Background 1

GAIN Program Components 1

The Purpose of this Evaluation 1

Study Design, Population and Data Sources 2

Completion of GAIN Components 2

Program Completion by Provider 4

GAIN Component Participation and Employment Outcomes 5

Employment Rates 6

Employment Rates by GAIN Component Completion 7

Employment Rates by GAIN Component and Time Period 8

Earnings 10

GAIN Component Participation and Subsequent Receipt of CalWORKs Benefits 11

Receipt of CalWORKs Prior to and Following GAIN Participation 11

Conclusion 13

Figures and Tables

Figure 1 Overall Rates of Employment Relative to GAIN Component Participation, by Quarter 6

Figure 2 Rates of Employment by Component Completion, and by Quarter 7

Figure 3 Rates of Employment by GAIN Component, and by Quarter 8

Figure 4 Rates of Employment by Time Period, and by Quarter 9

Figure 5 Survival Curve for Number of Months of CalWORKs Receipt During the 18-Month Post-GAIN Period, by Program Completion 11

Figure 6 Monthly Rates of CalWORKs Receipt by GAIN Component Completion 12

Table 1 Characteristics and Completion Rates of Participants Assigned to GAIN Component 3

Summary

This report examines the effects of participation in the education and training components of Los Angeles County's Greater Avenues for Independence (GAIN) program. GAIN, which is administered by the Department of Public Social Services (DPSS), is a welfare-to-work program designed to provide participants with work-readiness skills. Participation in GAIN is mandatory for all able-bodied adult recipients of cash aid through the California Work Opportunity and Responsibility for Kids (CalWORKs) program in Los Angeles County. The findings reported here are based on statistical analyses of close to 28,000 CalWORKs participants who exited GAIN between June 2006 and June 2010.

Overall, 9,957 participants (35.7%) completed the GAIN component to which they were assigned during the study period. However, in controlling for factors that might affect employment, completion of a GAIN component (compared to starting but not completing the component) is shown to increase the likelihood of finding employment by 34%. Moreover, average quarterly earnings for the entire study group – inclusive of both those who did and did not complete their components – increased by 52% over the year after exit from GAIN. These findings suggest that any engagement with GAIN activities tends to boost the employability of participants, even if they leave their component prematurely.

However, a comparison of component completers versus non-completers shows that non-completers had higher average earnings until the second year following exit from GAIN, by which time average earnings for completers surpassed those for non-completers. The earnings disparity up to two years after exit persisted even when looking only at participants who found sustained employment. Additionally, while these two groups are strikingly similar in their patterns and durations of CalWORKs receipt prior to participation in GAIN activities, the rates of receipt after exit from GAIN dropped much more sharply – and almost immediately – for those who did not complete their GAIN components.

One plausible inference that can be drawn from the findings is that those who find work before they have completed GAIN tend to be the most employable participants in the CalWORKs population, i.e. those with comparatively long histories of employment, and who are most likely to stay employed and remain off CalWORKs. By extension, those who complete their GAIN components may consist of less employable participants who are unable to secure jobs quickly. The data further suggest that many of those who exit GAIN prior to completion of their components also exit CalWORKs, likely due to difficulties complying with program requirements. While these participants receive fewer CalWORKs benefits in the short term, in the long term they appear to be at a disadvantage in the labor market.

None of these possibilities exclude the others and each can be tested with quantitative and qualitative methods. At the same time, the results presented here are rich in policy implications and form the basis for a series of recommendations designed to provide direction on steps DPSS might take to enhance the effectiveness with which GAIN promotes work-readiness and self-sufficiency.

Background

This report examines outcomes related to participation in the education and training components of Los Angeles County's Greater Avenues for Independence (GAIN) program. GAIN is a welfare-to-work program whose objective is to provide participants with skills that will enable them to secure sustained employment and achieve self-sufficiency. Participation in GAIN is mandatory for all able-bodied adult recipients of cash assistance through the California Work Opportunity and Responsibility for Kids (CalWORKs) program in Los Angeles County. CalWORKs is a California State program that distributes cash assistance to eligible, extremely poor families, and is primarily funded through federal Temporary Assistance for Needy Families (TANF) block grants.

GAIN Program Components

The GAIN program includes three primary education and training components:

- **Self-Initiated Programs (SIP)**, such as attendance at a community college, which applies to individuals enrolled in school on or before their first appraisal appointment in GAIN.
- **Vocational Education and Training (VOC)** and **Job Skills Training**, both post-assessment activities.
- **Remedial Education Classes (REM)**, i.e. adult basic education, General Educational Development preparation, and English as a Second Language training – all of which are designed to develop basic employment skills.

The Purpose of this Evaluation

The primary objective of this report is to examine the extent to which CalWORKs participants successfully complete GAIN program components and are able to subsequently secure employment. In addressing this question, we also look at whether completion of GAIN education and training activities facilitates exits from CalWORKs, and we explore whether certain GAIN services providers are systematically associated with positive programmatic outcomes. Additionally, we analyze the degree to which outcomes differ based on whether participation took place before or after the onset of the most recent economic downturn. Three general research areas structure the analysis conducted for this study:

- **Completion of GAIN components**;
- **GAIN participation and employment outcomes**; and
- **GAIN participation and subsequent receipt of CalWORKs benefits**.

Study Design, Population and Data Sources

This report's findings and recommendations are based on analyses of administrative records for 27,874 GAIN participants. Where necessary, this population is separated into two cohorts of participants distinguished from each other by whether exit from GAIN took place before or after the onset of the most recent economic downturn[i]:

- **The *pre-recession cohort*** (N=7,903) is comprised of CalWORKs participants who exited from GAIN between June 1, 2006 and June 30, 2007.
- **The *post-recession cohort*** (N=19,971) is comprised of CalWORKs participants who exited from GAIN between June 1, 2009 and June 30, 2010.[ii]

DPSS Administrative records for the population observed in this report come from the Department's GAIN Employment and Activity Reporting System (GEARS) and reflect GAIN participation and receipt of CalWORKs assistance paid out by DPSS. In addition to these DPSS data on GAIN participation and receipt of CalWORKs benefits, data from the California Employment Development Department (EDD) were used to assess the extent to which CalWORKs recipients were employed before and after GAIN participation. Methods to analyze these data are primarily descriptive, and in several places multivariate regression techniques are used to provide a more rigorous assessment of the descriptive findings.[iii]

Completion of GAIN Components

This section reports the completion rates for each cohort (pre-recession and post-recession), by GAIN component. Additionally, we analyze the characteristics of both the GAIN participants who engage with the components and the results produced by the agencies providing GAIN services to these participants.

Overall, 9,957 welfare-to-work participants, slightly more than one-third (35.7%) of those in both cohorts combined, completed their GAIN component. Table 1 presents the characteristics and completion rates of individuals who participated in the GAIN program and were assigned to one of three program components.[iv]

Table 1 Characteristics and Completion Rates of Participants Assigned to GAIN Component

	GAIN Component							
	Total (n=27,874)		SIP (n=8,476)		VOC (n=11,916)		REM (n=7,482)	
	Completed	Incomplete	Completed	Incomplete	Completed	Incomplete	Completed	Incomplete
N	9,957	17,917	2,613	5,863	4,452	7,464	2,892	4,590
%	35.7%	64.3%	30.8%	69.2%	37.4%	62.6%	38.6%	61.3%
Age (SD)	31.4 (9.2)	31.2 (9.2)	27.7 (7.2)	27.8 (7.3)	31.2 (8.7)	31.1 (8.7)	35.1 (10.1)	35.5 (10.4)
Gender (% female)	81.6%	82.7%	88.6%	87.0%	86.8%	83.9%	67.4%	75.5%
Race								
Black	18.4%	25.4%	21.8%	30.4%	24.1%	30.3%	6.4%	11.1%
Hispanic	38.7%	48.4%	47.8%	44.2%	40.0%	46.4%	28.5%	56.9%
White	26.8%	13.1%	12.3%	11.3%	18.5%	10.2%	52.8%	20.3%
Other	3.9%	3.9%	4.7%	3.8%	3.7%	3.4%	3.6%	5.0%
Missing	12.1%	9.1%	13.4%	10.3%	13.7%	9.7%	8.6%	6.6%
Household Composition (SD)								
Children younger than 6	1.0 (1.0)	1.1 (1.0)	1.3 (0.9)	1.3 (0.9)	1.1 (1.0)	1.2 (1.0)	0.6 (0.9)	0.9 (1.0)
Children older than 6	0.8 (1.0)	0.9 (1.1)	0.6 (0.9)	0.6 (1.0)	0.9 (1.1)	0.9 (1.1)	0.8 (1.0)	1.1 (1.2)
Single-adult parents	0.6 (0.8)	0.7 (0.9)	0.6 (0.7)	0.6 (0.8)	0.6 (0.8)	0.7 (0.9)	0.7 (0.9)	1.0 (1.1)
Supportive Services Utilization*								
Mental health	13.5%	--	8.9%	--	16.3%	--	11.0%	--
Substance abuse	1.6%	--	1.1%	--	2.1%	--	1.0%	--
Domestic violence	9.8%	--	7.3%	--	11.7%	--	7.1%	--
Child care	33.9%	--	36.2%	--	37.8%	--	18.9%	--
Transportation	74.5%	--	68.6%	--	75.0%	--	65.3%	--
Time Period								
Pre-recession	32.2%	26.2%	39.0%	32.8%	36.6%	23.4%	19.3%	22.4%
Post-recession	67.8%	73.8%	61.0%	67.2%	63.4%	76.6%	80.7%	77.6%

Note. *Supportive services utilization was only available for those participants who completed the program.
Source: DPSS, GEARS.

Summary of Table 1

- *Program Completion* – Program completion rates were better in the VOC (37.4%) and REM (38.6%) programs by comparison with the SIP component (30.8%).

- *Time Period* – Approximately 30% of all the participants observed for this study were served during the pre-recession period. This pre-recession group had higher overall rates of completion across all program components with the exception of REM.

- *Ethnicity* – Persons of Hispanic ethnicity comprised the largest racial or ethnic group among the observed GAIN participants, both among those completing their GAIN components (38.7%) and those who did not complete their components (48.4%).

- *Race and Ethnicity* – White (non-Hispanic) participants made up a much higher proportion of those completing their GAIN components (26.8%) compared to their representation among those not completing the program (13.1%). Completion rates, parsed by race or ethnicity, are consistent but considerably more pronounced in looking at the REM component, where 52.8% of the observed White participants in the two cohorts combined completed the component, and 56.8% of the observed Hispanic participants in the two cohorts did not complete their component.

- *Age* – The average age for all observed GAIN participants was 31 years. SIP participants had the youngest mean age (28), followed by VOC participants (31), and REM participants (35).

- *Gender* – Overall, about 82% of the study group were women. However, the proportion of women was considerably lower in the REM component, both among those who completed the component (67.4%) and those who did not (75.5%).

- *Size of Household-* Participants who did not complete their GAIN component had slightly larger households. REM participants also had slightly larger households. However, this latter finding may be a function of the REM participants being older than those in the other subgroups.

Recommendation: *Identify the most common impediments that prevent CalWORKs participants from completing their GAIN program components- e.g. child care barriers, transportation needs, difficulties complying with program requirements, provision of care for relatives, etc. – and, where resources are available, make program enhancements designed to facilitate welfare-to-work participation and component completion.*

Program Completion by Provider

Different training and educational services providers were linked to different rates of program completion. The 27,874 persons in the overall study group received services that helped them meet their welfare-to-work requirements from many different services providers. Because of the unwieldiness of reporting on each of these providers—many of whom served fewer than

100 recipients—we retained the 20 providers serving the largest proportion of participants (and at least one percent of the total sample).[v]

A table showing GAIN component completion rates for each of the 20 providers included in the analysis is provided in the Technical Appendix to this study. Highlights from the analysis are as follows:

- *Program Completion* – Across all providers and both cohorts, 35.7% of participants completed their training component. Provider-level completion rates ranged from 16.2% (Provider 19) to 63.6% (Provider 9). Specifically, participation in services by six providers (1, 8, 9, 10, 15, and 20) increased participants' odds of completing their component.

- *Program Completion by Time Period* – Participants who received services during the post-recession period were much less likely to complete their program component. For providers who offered GAIN components in both time periods, the completion rates were invariably higher during the pre-recession period than the post-recession period, except for those providers who offered REM components.

- *Program Completion by GAIN Component* – Some providers had greater success (measured by completion rates) within specific program components. For example, participants in both cohorts combined who received training/education from Provider 1 were more likely to complete their program, regardless of the type. On the other hand, participants who received services from Provider 7 were more likely *not* to complete their program component, unless they were assigned to the SIP component, in which case they were almost three times as likely to complete the program.[vi]

Recommendation: *Work with CalWORKs and GAIN program managers at DPSS to identify the practices that enable certain GAIN services providers to produce comparatively high component completion rates, as well as the practical deficiencies amongst providers with comparatively low completion rates.*

Recommendation: *Consider the feasibility of implementing a system of incentives pegged to component completion rates in future contracts with GAIN providers.*

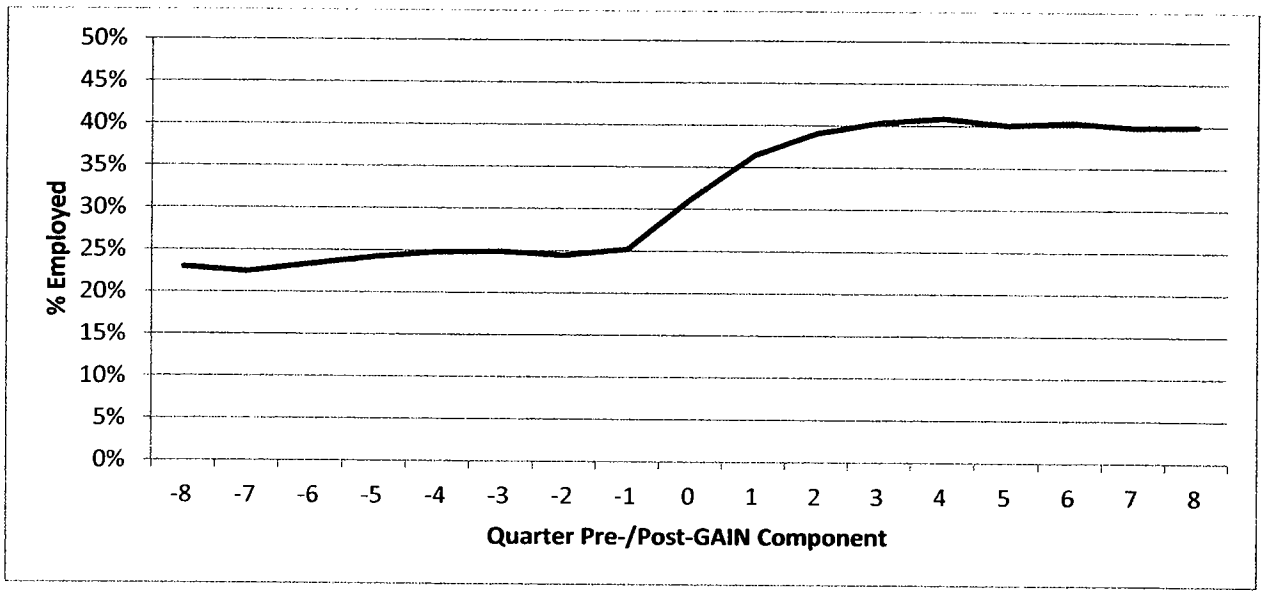
GAIN Component Participation and Employment Outcomes

Employment data on workforce participation and wages earned, come from matching administrative records for GAIN participants with quarterly earnings data from EDD. In looking at employment outcomes, we separate results based on GAIN component type and time period (i.e. pre-recession and post-recession). Analyses of employment data cover eight quarters following GAIN completion (Q0 through Q7), in addition to the eight quarters prior to GAIN participation (Q-8 through Q-1).

Employment Rates

Figure 1 shows the trend in quarterly employment rates for the two-year period prior to exit from GAIN components (Q-8 to Q-1,) and the two-year period following exit from GAIN component (Q0 to Q7). The "0" quarter represents the quarter during which each participant exited the GAIN component. Both cohorts are combined for Figure 1.

Figure 1 Overall Rates of Employment Relative to GAIN Component Participation, by Quarter (N=27,874)



Sources: DPSS, GEARS; EDD, Quarterly Reports.

Summary of Figure 1

- Levels of employment were higher during the period following GAIN component participation compared to the time period prior to GAIN component participation. Specifically, employment rates per quarter ranged from 22% to 25% during the two-year pre-GAIN component participation period (Q-8 to Q-1), and this range jumped to between 31% and 41% in the period from the quarter of GAIN component participation (Q0) through the subsequent seven quarters (Q1 to Q7).

- The data indicate that 8,641 (31%) of the observed participants were employed during the same quarter as their GAIN component participation (i.e., Q0). Due to data limitations, it is impossible to discern how much employment in this quarter preceded their exit from the GAIN component.

- During the first full quarter after leaving GAIN components (Q1), 10,035 (36%) of GAIN participants reported some work. All of this employment occurred after GAIN exit.

- The employment rate continued to climb to 41% (11,428 participants) in the fourth quarter after ending GAIN component participation (Q4), and then leveled off to 40% for the last three quarters in the study period (Q5 to Q7).

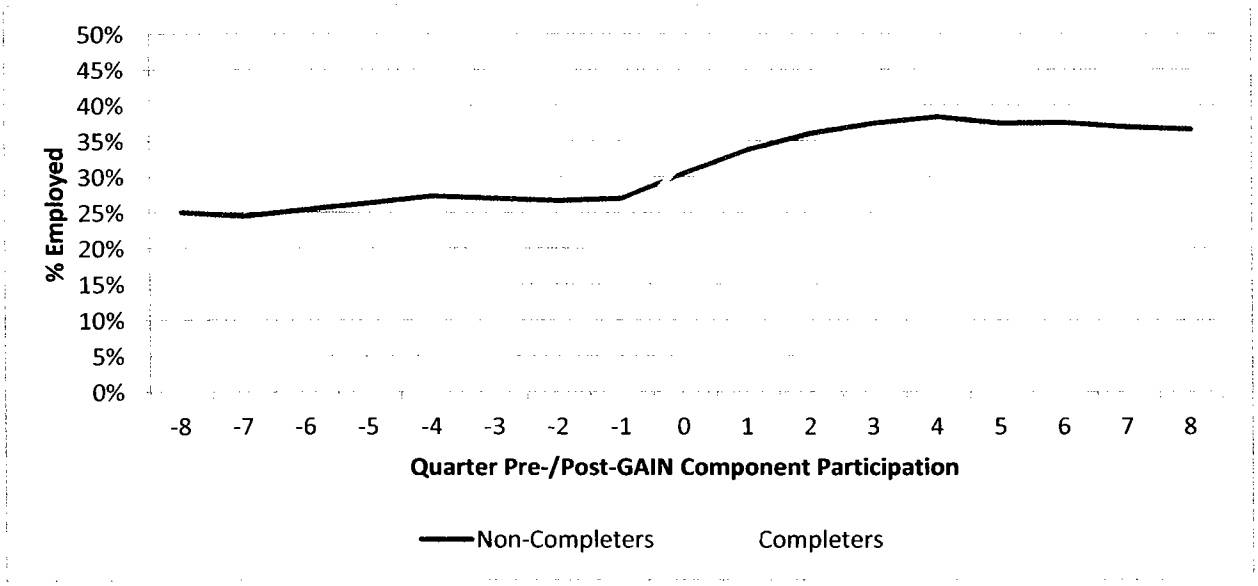
- Additionally, among the 10,035 GAIN participants who were employed in Q1, 68% ((6,824 participants) also had records of earnings in the subsequent three quarters. This is the best available indicator for the extent to which GAIN participants, once they secured work, managed to sustain their employment.

- The proportion of GAIN participants, among those working, who sustained their employment for at least four quarters, was virtually identical for the pre- and post-recession periods.

Employment Rates by GAIN Component Completion

While Figure 1 examines *participation in* GAIN, regardless of whether or not the program components were completed, Figure 2 shows trends in quarterly employment rates in the pre- and post-GAIN periods for participants who did and did not *complete* their GAIN component. The figure combines the pre- and post-recession cohorts.

Figure 2 Rates of Employment by Component Completion, and by Quarter*



Sources: DPSS, GEARS; EDD, Quarterly Reports.

***Completers N = 9,957 participants; Non-Completers N = 17,917 participants.**

Summary of Figure 2

- Participants who completed their GAIN component had slightly higher employment rates during the quarter in which they exited the program (32% versus 30%), and their employment rates over the first year increased at a higher rate (41% in Q1 and then 45% in Q3) than those who did not complete their GAIN component (33% in Q1 and 37% in Q3).

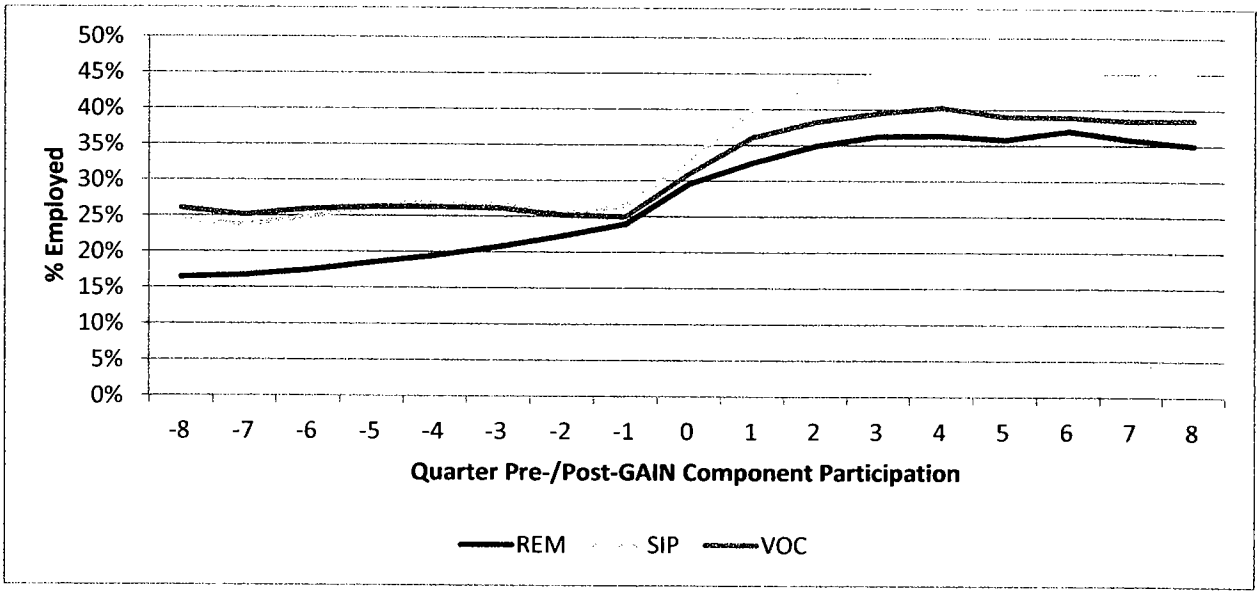
- Among those who secured work, there was no significant difference in the rates of sustained employment (i.e., staying employed for four quarters or more) between GAIN participants who completed their component and those who did not.

- An additional Cox regression model, which controls for a wide range of factors that might affect employment outcomes, shows that GAIN component completion (compared with starting but not completing a component) was associated with a 34% increase in the likelihood that participants would gain employment.[vii]

Employment Rates by GAIN Component and Time Period

Figure 3 and Figure 4 relax the distinction between those who did and did not complete their components and shows employment rates by quarter, with separate trend lines for each GAIN component. The pre- and post-recession cohorts are combined in Figure 3 and separated in Figure 4.

Figure 3 Rates of Employment by GAIN Component, and by Quarter*



Sources: DPSS, GEARS; EDD, Quarterly Reports

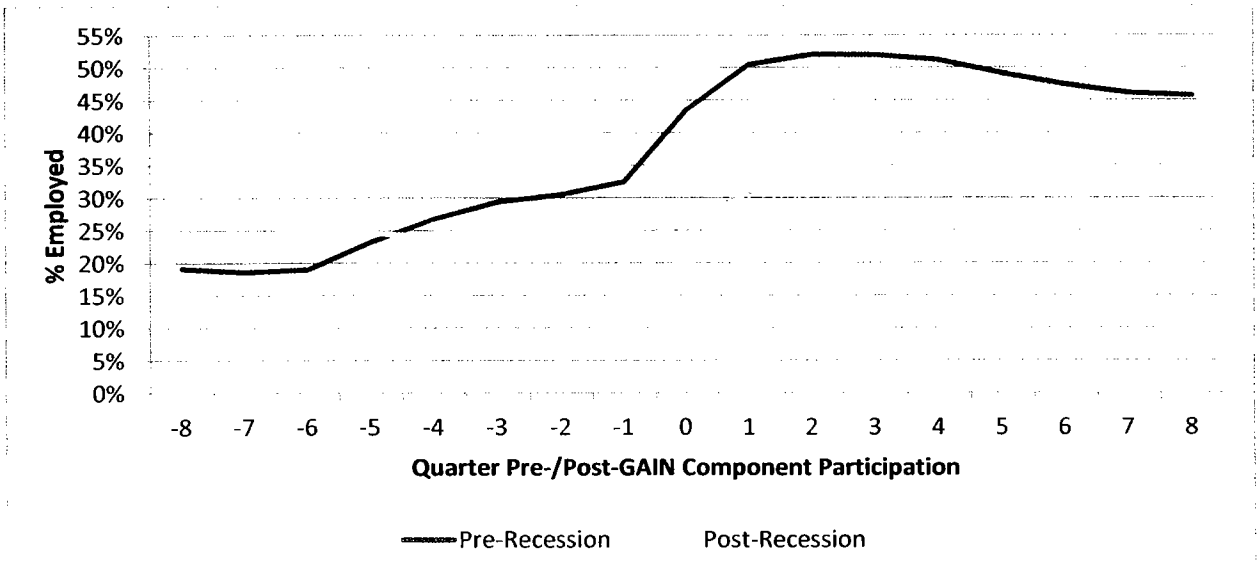
***REM N = 7,842 participants; SIP N = 8,476 participants; VOC N = 11,916 participants.**

Summary of Figure 3

- Participants in SIP had higher rates of employment during the quarter of GAIN component exit (33%) than participants in the REM (30%) and VOC (31%) components.

- After approximately one year following GAIN component participation (i.e., in Q3), the employment rate for SIP component participants increased to 45%, and the employment rates for participants in the other components increased substantially as well (39% for VOC and 36% for REM).

Figure 4 Rates of Employment by Time Period, and by Quarter*



Sources: DPSS, GEARS; EDD, Quarterly Reports.

***Pre-Recession N = 7,903 participants; Post-Recession N = 19,971 participants.**

Summary of Figure 4

- Not surprisingly, employment rates were, for the most part, better during the pre-recession period.

- Regardless of whether program components were completed during the pre-recession period, quarterly employment rates following GAIN participation were initially 43% (Q0), climbing to 50% (Q1), and then to 52% (Q3).

- Comparable rates in the post-recession period were uniformly lower, but also increased over time: 26% (Q0), 31% (Q1), and 36% (Q3).[viii]

Earnings

Analysis of EDD records on earnings for the study sample show the following:

- Mean earnings per quarter for the entire study group were $2,760 during the quarter in which GAIN participants left their GAIN components (Q0).[ix] These mean earnings increased to $3,518 in Q1, and then to $4,206 approximately one year after exit from GAIN (Q3).

- Those who did not complete their GAIN components, but who nevertheless had records of any earnings at all after exit from GAIN, had higher average wages per quarter until the second year following exit from GAIN, when the participants who completed their components had higher mean wages (starting at Q7).

- This earnings disparity persisted even when looking only at participants who found sustained employment, suggesting that participants who completed GAIN had, on average, lower wages or fewer working hours.

- The highest mean earnings during the post-recession period were for participants of the SIP component. Mean quarterly earnings for SIP participants (among those who worked) were $3,960 ($15,844 annualized) in the year during/following exit from GAIN (Q0 to Q3), compared to $2,637 ($10,548 annualized) in the year preceding GAIN participation (Q-4 to Q-1). VOC was second highest in mean post-GAIN earnings per quarter ($3,515 or $14,060 annualized), followed by REM ($3,368 or $13,472 annualized).[x]

Recommendation: *Consider conducting a comprehensive review of the training offered through the GAIN program, as well as of the program's providers. Given this report's findings on the relationship between component completion and employment, the purpose of the objective of the review would be as follows:*

- *To assess whether the training provided through GAIN is adequately aligned with skills that are currently in demand in the job market.*

- *To identify feasible enhancements that can be made to the training components so as to improve the earnings capacity of participants who complete the program.*

- *To determine whether participant earnings capacity after exit from GAIN would benefit from training components more specifically tailored to the diverse needs of individual participants.*

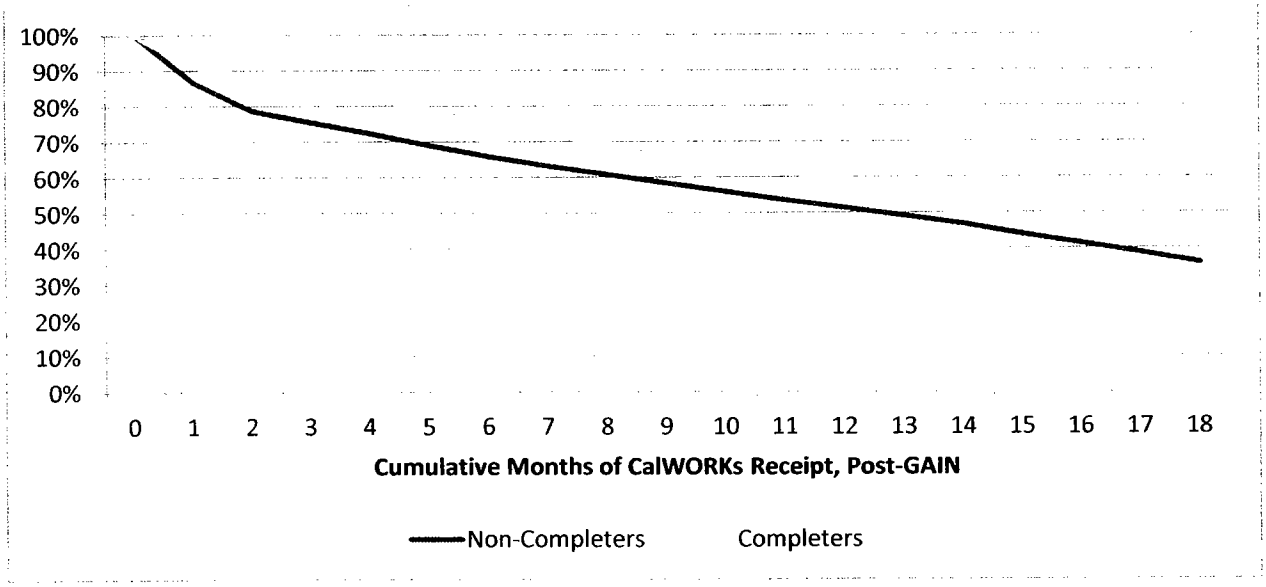
GAIN Component Participation and Subsequent Receipt of CalWORKs Benefits

In this section we examine whether completing GAIN components is associated with subsequent reductions in the receipt of CalWORKs benefits.

Receipt of CalWORKs Prior to and Following GAIN Participation

Figure 5, which combines the pre- and post-recession cohorts, shows the cumulative number of months of welfare receipt over the 18-month period after exit from GAIN, parsed by completion or non-completion of the training components. In the figure, the percentage of persons receiving CalWORKs assistance falls with each successive month. The figure starts at the left, where 100% of the group has yet to begin receipt of CalWORKs, and ends at the right with the percentage of completers and non-completers who received CalWORKs benefits for the entire 18-month study period.

Figure 5 Survival Curve for Number of Months of CalWORKs Receipt During the 18-Month Post-GAIN Period, by Program Completion*



Sources: DPSS, GEARS.

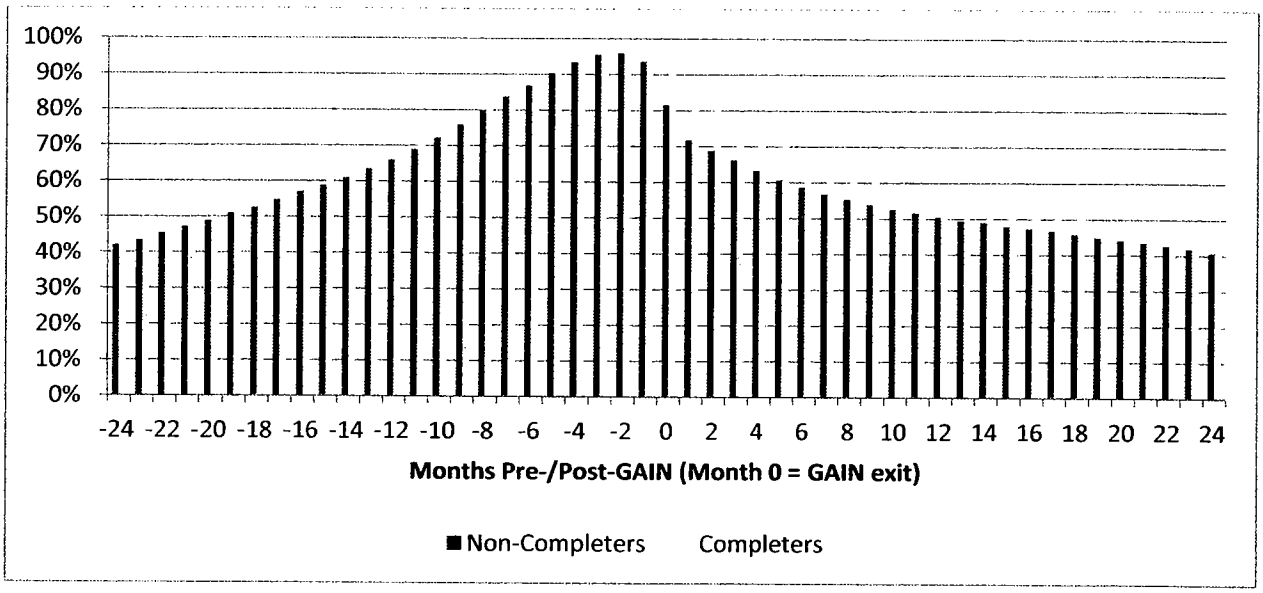
***Completers N = 9,957 participants; Non-Completers N = 17,917 participants.**

Summary of Figure 5

- The survival curve in Figure 5 shows that substantially more non-completers only had one or two months of total CalWORKs receipt for the entire 18-month post-GAIN component period. In short, the previously observed association between GAIN component completion and subsequent employment did not translate into decreased CalWORKs receipt.

Figure 6, which combines both study cohorts, compares the relationship between completion of GAIN components and CalWORKs receipt by comparing CalWORKs receipt before and after participation in GAIN activities.

Figure 6 Monthly Rates of CalWORKs Receipt by GAIN Component Completion*



Sources: DPSS, GEARS; EDD, Quarterly Reports.

***Completers N = 9,957 participants; Non-Completers N = 17,917 participants.**

Summary of Figure 6

- The data show strikingly similar rates of CalWORKs receipt during the pre-exit period. Then, after GAIN exit, the rates of CalWORKs receipt dropped much more sharply—and almost immediately—for those who did not complete the component.

- The rate of CalWORKs receipt dropped at a substantially more gradual rate for the subgroup of participants who completed GAIN.[xi]

- These findings reinforce the confounding findings presented in Figure 5, showing that completion of GAIN components does not necessarily promote immediate exits from CalWORKs.

Recommendation: *Identify the most common characteristics and paths taken through GAIN by the program's 'success stories' - i.e. those participants who completed their components and subsequently secured sustained employment and left CalWORKS permanently – and determine whether their experiences can guide the implementation of policy enhancements that would boost the program's effectiveness in promoting employment and self-sufficiency.*

Recommendation: *Additionally identify potential deficiencies in the GAIN Program by examining the most common reasons participants continue to receive CalWORKs assistance for extended durations after completion of their GAIN components.*

Conclusion

This Study's Limitations

Although the findings presented in this study have noteworthy policy implications, several analytical limitations must be considered. Some of the data analyzed here do not lend themselves to more precise time sequence categorization. For example, dates in EDD data are limited to quarters, precluding any more exacting assessments of the timing of employment and earnings immediately before and after GAIN participation. However, general trends and *ad hoc* analyses suggest that the majority of employment in question here (i.e., occurring in Q0) occurred following GAIN participation. In addition, employment records only reflect wages that are reported to EDD, so these records do not cover all employment and miss any informal or "under the table" work and earnings.

In spite of these limitations, however, this report offers evidence that participation in GAIN is associated with some encouraging outcomes, but also suggests possible program enhancements, as well as issues that might be examined further.

Participation in GAIN yields some Favorable Employment Outcomes

Regardless of whether GAIN education and training components were completed or not, employment rates among the GAIN participants observed for this study improved after they left GAIN. Moreover, higher post-GAIN employment rates were observed for participants who completed their components by comparison with those who did not complete them. Additionally, a regression model measuring the impact of component completion on employment indicates that participants who complete their components are 34% more likely to obtain employment after exit from GAIN than those who start but don't complete their components.

Slightly more than one-third of the observed GAIN Participants completed their Components

However, the examination of this study's pre- and post-recession cohorts combined revealed that 35.7% of those observed completed their GAIN components. Put more starkly, close to two-thirds of those referred to GAIN did not complete their components. Moreover, those who left GAIN prematurely were employed at lower rates after exit from GAIN than those who completed their components. Given these findings, as this report recommends, DPSS might consider making efforts to identify the most common reasons participants leave GAIN prematurely without having found work, in order to determine whether enhancements can be made that would facilitate participation and completion.

A wide range of Completion Rates are observed among GAIN Providers

Slightly less than one-third of the 20 large providers examined for this report were statistically associated with an increased probability that their clients would complete GAIN program components. Identifying the best practices common to providers with the highest completion rates, and making these practices integral to the contractually-agreed-upon procedures carried out by all providers, would be important steps in the process of improving the component completion rates for the GAIN program as a whole.

GAIN Components and the Current Job Market

While participation in (as distinct from completion of) GAIN education and training components is positively associated with subsequent employment, it must also be noted that during most of the period after exit from GAIN, those who did not complete their components earned more on average than those who did not complete them. DPSS might therefore consider reviewing the training provided through GAIN to determine whether the program can be more closely aligned with the skills in demand in the current employment market.

How much emphasis should be placed on Completion of GAIN Components?

Given the negative relationship shown between completion of GAIN components and earnings over most of the study period, it is not surprising to find that, even when controlling for a variety of factors that might affect observed differences, those who completed their components continued to receive CalWORKs for longer durations after leaving GAIN than those who did not complete their components. Several plausible inferences can be drawn from this relationship.

One hypothesis is that those who leave GAIN prematurely, and who find work before they have completed their GAIN components, tend to be the most employable participants in the CalWORKs population, i.e. those with comparatively long histories of employment prior to their receipt of CalWORKs benefits, those most likely to find enduring employment, those most likely to earn comparatively high wages, and those most likely to earn enough to exit CalWORKs permanently. By extension, a second hypothesis is that a significant portion of those who complete their GAIN components are CalWORKs recipients whose barriers to sustained employment go beyond what can be addressed through participation in welfare-to-work activities.

If validated by the evidence, these first two hypotheses would place the issue of completion versus non-completion in a different light. It may be the case that completion of welfare-to-work components is less important than the specific work-readiness needs of participants, which will vary from one individual to the next, and that positive outcomes for GAIN participants will be more likely if the program offers more diverse and specifically tailored education and training services.

A third hypothesis is that a significant proportion of those who exit GAIN prior to completion of their component also exit CalWORKs, possibly due to difficulties complying with program requirements, and they therefore receive fewer CalWORKs benefits in the short term, but in the long-term are at a disadvantage in the labor market. This would be consistent with the finding that those who complete their components eventually earn more than the non-completers.

Who are the GAIN Program's Success Stories?

These hypotheses are not mutually exclusive. Each could be tested in connection with a larger process of identifying the GAIN program's success stories, those participants who are referred to GAIN, complete their component, find sustained employment, and leave CalWORKs permanently. What do these participants have in common? More specifically, to what extent are completion rates and employability related to programmatic features of the training components as opposed to personal characteristics, and can potential program enhancements be extrapolated from the experiences of those who have successful outcomes after participating in GAIN? Addressing each of these possibilities would provide policymakers with further guidance on steps that can be taken to boost the effectiveness with which the GAIN program promotes self-sufficiency.

Endnotes

[i] In defining the cohorts observed for this study, exits from GAIN included both those participants who completed their GAIN program components and those who left the program before completion of the component.

[ii] The post-recession cohort is approximately 2.5 times larger than the pre-recession cohort. Most of this difference is likely explained by the impact of the downturn on employment as opposed to any changes in the regulations regarding receipt of CalWORKs assistance.

[iii] Please note that this study's Technical Appendices A and B provide additional details on the data and methods used to conduct this study.

[iv] Supportive services data were only available for participants completing their assigned GAIN component and thus are difficult to interpret meaningfully. Due to the challenges related to the special needs that are suggested by these supportive services, recipients of these services may not be likely to successfully complete a GAIN component, or to obtain employment as a result of Welfare-to-Work participation. Thus while the inclusion of persons who receive supportive services may negatively impact the observed outcomes related to GAIN participation, we are unable to remove these observations from the study without incurring a substantial degree of bias because an undetermined number of persons who did not complete their GAIN component also presumably received supportive services.

[v] These 20 largest providers, which covered 65% of the sample, were anonymized for this report and assigned a provider number.

[vi] For legal reasons, the names of the GAIN Services providers analyzed and cited in this report have been redacted and the providers are referred to using random and anonymous numbers.

[vii] Further details on the regression analyses conducted for this report are available in the Technical Appendix C.

[viii] Additional analysis and evidence of the relationship between component completion and employment outcomes is provided in Technical Appendix B.

[ix] Earnings data in a particular quarter are only examined for those who reported employment in that quarter and are not adjusted for inflation. Unless noted, adjusting these earnings results for inflation would not substantially alter the interpretations of the results.

[x] Earnings per participant who worked were slightly higher in the post-recession period (compared to pre-recession), which may be a function of inflation.

[xi] Additional analysis of the relationship between completion of GAIN and subsequent CalWORKs receipt is provided in Technical Appendix C.