

PROJECT MATCH



Advancement Among Project Match Participants: How Far? How Fast? How Frequent?

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At Project Match, one of the hallmarks of our direct-service approach has always been to stick with participants through job after job, as they become steady workers and move up in the labor market. In our research over the years, we have focused more on the “becoming steady” part than the “moving up” part, because simply working month in and month out is hard for many participants. We carefully detailed and grouped longitudinal patterns of work, for example, to consider them from the perspective of psychosocial development—that is, getting into the “habit” of regular work.¹ But we did not consider the patterns from an economic perspective, including changes in earnings over time.

With the earnings prospects of low-income workers now a topic of national interest, we recently decided to widen our research lens to explore the advancement process among Project Match participants. With support from the Joyce Foundation, we are in the midst of an analysis of nearly 20 years of monthly data on Project Match participants, in order to establish their various patterns of earnings gains—how long it takes, how far they go, where education and training fit in, who takes the “expressway” and who travels a less direct route. And with a grant from Jim and Kay Mabie, direct-service staff at Project Match have had the opportunity to identify and serve a discrete advancement group, from which we have begun to more methodically distill service-delivery lessons for the field at large. In this update, we describe some highlights from our work so far on these two projects.

Annual Earnings

Not just a matter of wages, but the amount of time spent working as well

People can be poor not only because they have low hourly wages, but because they do not work full-time and/or year-round as well. In a field where we spend a lot of time focused on hourly wages, it is easy to forget this. For example, many performance-based contracts now include benchmarks for wage at placement—and sometimes even wage increases over the course of the contract—yet how many hours a person is working is not often asked. And though job retention has also become a common feature of performance-based contracts, the timeframe is usually relatively short: 30, 60, and 90 days are common benchmarks. A longer-term perspective lies outside the bounds of the typical contract, as well as the tracking capacity of most programs, so they do not know who is a steady, year-round worker and who is an intermittent worker.

With our Project Match tracking system, we are able to document all three aspects of employment—hourly wages each month, weekly hours each month, and months of work each year—for each participant, thereby getting an accurate picture of annual earnings over time. For our Joyce Foundation-supported advancement study, we are analyzing the earnings changes of participants for whom there are five or more years of tracking system data since they started their first job at Project Match. We wanted at least five years so that there would be a sufficiently long period of time to observe labor market partici-

Project Match's advancement activities are supported by the Joyce Foundation and Jim and Kay Mabie. Grants from the Alphawood Foundation and Bowman C. Lingle Foundation Trust supported the writing and dissemination of this update. The findings and recommendations in the update do not necessarily represent the official positions or policies of the funders.

pation. Also, of the people with long enough data, we included in the sample only those participants who ever worked steadily for at least 12 months while in the program.² This steady-work criterion was important to us because we wanted to eliminate people from the sample who never developed the capacity to hold down a year-round job—an entirely different problem than being able to work year-round but failing to do so at certain times.

Most Project Match participants for whom we have at least five years of data did at some point work year-round while in the program (198 of 236, or 84%), so our sample for the study includes a substantial majority of the people with sufficiently long data to observe advancement over time. One of the important things we have learned so far in the study is that increases in annual earnings among the sample members were the result not only of increases in hourly wages, but also increases in hours worked per week and months worked per year (all annual earnings and hourly wage figures are in 2002 dollars):

Average 1st-year annual earnings	\$7,802
Average last-year annual earnings	\$13,641
Percentage change	↑75%
Average 1st-year hourly wage	\$6.51
Average last-year hourly wage	\$8.34
Percentage change	↑28%
Average 1st-year weekly hours	27 hours
Average last-year weekly hours	38 hours
Percentage change	↑41%
Average 1st-year months worked	9.0 months
Average last-year months worked	10.3 months
Percentage change	↑14%

Note: All the percentage changes are statistically significant.

When trying to raise a person’s annual earnings, then, it’s important to look at all three aspects of his or her employment and consider which of them might be more amenable to improvement at

that particular time. Prior to this research project, we assumed at Project Match that the first step in advancement was achieving year-round employment, because we wanted to be sure that people had developed the capacity to work month in and month out and maintain a steady income flow, no matter the competing pressures on the personal and home fronts. Once a proven year-round worker, our thinking went, then we’d turn to finding a better job in terms of hours per week or hourly wages.

The findings from our advancement study indicate that the process isn’t really playing out this neatly in reality. For example, sometimes wages and hours go up first, followed by increases in months worked per year. In cases like these, we may be seeing confirmation of recent research by others indicating that better jobs (i.e., higher starting wages, full-time hours) result in better retention and advancement outcomes.³ But there is every other possible advancement pattern among the sample members as well—it doesn’t happen just one way. And it certainly isn’t a straightforward process: Only a handful of sample members’ annual earnings rose steadily upward; most had setbacks along the way. Like the welfare-to-work process, which the field for a long time misconstrued as a one-step, get-a-job event, advancement is generally slow, unpredictable, and bumpy.

Education and Training Easy to start, hard to finish

From experience, we all know that education and training can improve a person’s job prospects, and there are now quite a few studies proving this specifically for low-income populations.⁴ What studies also show, though—as does our own experience at Project Match—is that many of the people who participate in education and training don’t finish it: Dropout rates are high. This finding was evident in large-scale experimental research

as far back as MDRC's study of California's GAIN program⁵ and more recently in its National Evaluation of Welfare-to-Work Strategies (NEWWS). The NEWWS findings are particularly significant, since the Portland site—the most successful in the study—is currently regarded as the best welfare-to-work model, with its “mixed” approach that allows for short-term education and training in addition to job search. However, while some of Portland's credential attainment impacts (differences between program and control group members) are both large and statistically significant, the actual attainment rates are disappointing. In its own report on NEWWS, MDRC writes:

Welfare-to-work programs can increase the proportion of people who obtain a GED or high school diploma—particularly among recipients who enter the program with literacy skills at or close to the high school level—but the overall proportion of people who earn such a credential is likely to be low. Increases in the proportion of people who obtain a training certificate or postsecondary degree are harder to achieve.⁶

Going back to school can be really hard. If it requires stopping work or cutting back on hours, financial pressures on the family increase. But combining work and school—plus family responsibilities—increases time pressures. Moreover, school often is the place where our participants have previously failed, so it can be psychologically tough to head back into the academic arena—people often fear they'll fail again. And from a pedagogical perspective, a classroom is not the most effective learning setting for many of our participants.

At Project Match, case managers provide all kinds of individualized support for people going back to school. In the group of advancement participants supported by the Mabie grant from which we are distilling service-delivery lessons,

52% have an education-related goal. Each of these people could be an example of what going back to school entails; we'll tell Cassie's story here. Cassie has been working at a community health clinic in Chicago for about 10 years and has long wanted to become an X-ray technician. She recently was accepted at one of the city's community colleges and has begun its two-year curriculum. Despite what the training means for her future, the commitment has caused lots of anxiety, because she is not able to work during the first year (the health clinic granted her an unpaid leave of absence). Cassie and her family are already feeling the financial strain; she's making ends meet because various family members are chipping in and she receives public housing assistance. Project Match has been helping Cassie with budgeting and was also able to give her \$300 for textbooks and school supplies. She regularly gets one-on-one counseling from her case manager as well, sometimes about school issues, other times about family or personal ones. During the second year of the training program, Cassie will be doing an internship. She hopes to be able to go back to work at the same time. This will alleviate some of her financial worries, though juggling a job and an internship will bring its own set of stresses.

Despite support like this, Project Match participants who return to school don't always make it to the end. Among the people in our advancement study who started a training program or college, only 57% finished (though they were much more likely to finish a training program than college). Hopefully Cassie will make it to the end of her X-ray tech program, but for some people the strains are just too great. So as much as the field needs to maintain or even increase access to education and training, we can't expect it to be the advancement silver bullet, since completion rates can be low, even among people who are motivated to enroll in the first place.⁷

Time

Like the song says, it's on your side

Many studies on advancement among low-wage workers show that time is perhaps the most critical factor: Given time, most people advance.⁸ However, the timeframe is often longer than can be accommodated by programs offering case management and other kinds of support. In the Project Match advancement study, for example, participants increased their annual earnings, on average, by 75% (adjusted for inflation), but over the course of 9.3 years. Most programs that offer “long-term” post-employment services are usually talking about a couple of years, though, not a decade.

Moreover, while most low-wage workers will advance given time, not everyone will experience the same level of advancement. Our study sample splits almost exactly in half in terms of ever having annual earnings of \$18,000 or more.⁹ In their first year after starting a job at Project Match, both groups look somewhat similar in terms of wages and also hours and months of work (see

the table below). But by their last year in the program, one group had made big leaps—more than doubling its annual earnings—while the other group increased its annual earnings less dramatically, by 35% (all annual earnings and hourly wage figures are in 2002 dollars).

For the advancement study, we are currently analyzing data to try to figure out why these two subgroups ended up advancing at such different rates. We are looking at demographic and personal characteristics, completion of education and training, types of initial jobs, and other quantifiable factors. Unlike many researchers, we also have the benefit of access to the sample members’ case managers, who can contribute their own experience-based insights on these two subgroups. The final report for the study will be completed in summer 2005.

In the final report, we will also look more closely at the heterogeneity within each of the two subgroups, for behind all averages lies a range of experiences: While the majority of sample members advanced, there are of course some people

	Annual Earnings Ever ≥ \$18,000 <small>(48% of sample)</small>	Annual Earnings Never ≥ \$18,000 <small>(52% of sample)</small>
Average 1st-year annual earnings	\$9,272	\$6,418
Average last-year annual earnings	\$18,962	\$8,633
Percentage change	↑105%	↑35%
Average 1st-year hourly wage	\$7.01	\$6.04
Average last-year hourly wage	\$10.21	\$6.59
Percentage change	↑46%	↑9%
Average 1st-year weekly hours	27 hours	27 hours
Average last-year weekly hours	43 hours	32 hours
Percentage change	↑59%	↑19%
Average 1st-year months worked	9.5 months	8.5 months
Average last-year months worked	11.0 months	9.7 months
Percentage change	↑16%	↑14%

Note: All the differences between percentage changes for the two subgroups are statistically significant, except for the percentage-change difference in months worked.

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who either stayed the same or did worse over time. Furthermore, in looking at wages, hours, and months of work, it is especially interesting to us that the biggest percentage-change differences between our two subgroups are in wages and hours worked per week (see the table above). The percentage-change difference between the subgroups is much less striking when it comes to months worked per year. In both subgroups, people worked more months, on average, during the first year than we would have expected, given the amount of job cycling that is common among new participants,¹⁰ and by the last year, even the “big leap” group wasn’t working year-round, on average, though it came close.

The persistence of less-than-full-year work among some people in both groups—48% of the less successful group and 19% of the more successful group did not work year-round in their last year of data—is something we cannot completely explain. Some of it surely reflects structural features of low-wage work that increase employment instability, such as furloughs and layoffs in off-peak seasons in the transportation

and hospitality industries—a perspective thoughtfully researched by Susan Lambert and her colleagues at the University of Chicago.¹¹ And some of it surely is the result of still-fragile work identities that don’t always hold up in the face of crises at work or home—an idea we have been exploring in recent years.¹² But just how these two circumstances interact in individual lives is not clear.

In any event, we are heartened to learn at this point in our study that most of our participants do move up in the labor market, gradually (if unsteadily) increasing their hourly wage, the number of hours they work per week, and the number of months they work per year. Whether they move up high enough—to a level that guarantees comfort and security—is an important discussion, but one for the study’s final report. Besides, we do not want anyone to discount the gains that people do make—or the effort required from individuals and families to achieve them. As Toby Herr, Project Match’s founder and executive director, is fond of saying, “We need to measure progress in social policy based on how far people have traveled rather than on where they end up.”¹³ ■

Notes

- ¹ Suzanne L. Wagner et al., “Five Years of Welfare: Too Long? Too Short? Lessons from Project Match’s Longitudinal Tracking Data” (Chicago: Project Match, June 1998).
- ² Participants could have worked at more than one job during their steady-work period, but there couldn’t be more than a month between jobs.
- ³ See, for example, Peter Schochet and Anu Rangarajan, *Characteristics of Low-Wage Workers and Their Labor Market Experiences: Evidence from the Mid- to Late 1990s* (Princeton, N.J.: Mathematica Policy Research, April 2004).
- ⁴ Nan Poppe, Julie Strawn, and Karin Martinson, “Whose Job Is It? Creating Opportunities for Advancement” (Washington, D.C.: CLASP, June 2003).
- ⁵ Karin Martinson and Daniel Friedlander, *GAIN: Basic Education in a Welfare-to-Work Program* (New York: MDRC, January 1994).
- ⁶ Gayle Hamilton, “Moving People from Welfare to Work: Lessons from the National Evaluation of Welfare-to-Work Strategies” (New York: MDRC, July 2002), p. 8 (on-line version, www.mdrc.org).
- ⁷ A separate issue around education and training is ensuring that skill levels actually improve, another problem identified by MDRC’s NEWWS evaluation. While there can certainly be benefits in the labor market from simply earning a credential, a continuing lack of basic math, reading, or other skills, when discovered by an employer, will likely limit advancement or even job retention.

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⁸ See, for example, Harry J. Holzer, “Encouraging Job Advancement Among Low-Wage Workers: A New Approach” (Washington, D.C.: Brookings Institution, May 2004); Tricia Gladden and Christopher Taber, “Wage Progression Among Less Skilled Workers,” paper prepared for the conference Labor Markets and Less Skilled Workers, Northwestern University–University of Chicago Joint Center for Poverty Research, February 1999; Maria Cancian et al., “Work, Earnings, and Well-being After Welfare: What Do We Know?” *Focus* 20, spring 1999 (published by the University of Wisconsin–Madison Institute for Research on Poverty); and Schochet and Rangarajan, *Characteristics of Low-Wage Workers and Their Labor Market Experiences*.

⁹ All annual earnings figures are in 2002 dollars and, in 2002, the federal poverty level for a family of four was \$18,100.

¹⁰ Lynn Olson, Linnea Berg, and Aimee Conrad, “High Job Turnover Among the Urban Poor: The Project Match Experience” (Evanston, Ill.: Northwestern University, Center for Urban Affairs and Policy Research, July 1990).

¹¹ See, for example, Susan Lambert, Elaine Waxman, and Anna Haley-Lock, “Against the Odds: A Study of Instability in Lower-Skilled Jobs,” presented at the APPAM annual conference, Washington, D.C., November 2001.

¹² Suzanne L. Wagner and Toby Herr, “‘Something Old, Something New’ Revisited: Project Match Experiments with Retention Incentives” (Chicago: Project Match, December 2003).

¹³ Toby Herr and Suzanne Wagner, “Learning to Live Without the Welfare Check,” *The New York Times*, March 4, 2000, p. A31.