Evaluation of
Employment Coaching for
TANF and Related Populations

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Should Human Services Programs Offer Financial Incentives?
Lessons Learned from Two Employment Coaching Programs

Some employment coaching programs and other human services programs offer financial incentives to reward desired behaviors such as engaging in specific activities or achieving certain goals.[1] Employment coaching involves trained staff working collaboratively with participants to help them set individualized goals, directly or indirectly related to employment, and providing motivation, support, and feedback as participants work toward those goals. Financial incentives can provide concrete and immediate rewards for steps that participants take toward their goals rather than participants needing to wait until they achieve a longer-term goal before feeling rewarded for their effort. By addressing financial needs, incentives can also reduce some of the stress related to having low income and thus help participants focus on reaching their goals. Researchers have found that on average employment programs that offered financial incentives were more effective at increasing participant's employment and earnings.[2]

This brief discusses what we learned about using financial incentives from studying the experience of two employment coaching programs serving adults with low incomes that offered financial incentives: (1) LIFT and (2) MyGoals for Employment Success (MyGoals). These two programs are being evaluated as part of a larger evaluation, the Evaluation of Employment Coaching for TANF and Related Populations, sponsored by the Office of Planning, Research, and Evaluation within the Administration for Children and Families at the U.S. Department of Health and Human Services (Box 1).

Our focus in this brief is on incentives that are provided in the form of money. Programs can also offer other tangible incentives, such as personal hygiene products, children's items, or vouchers to use in a program-run store, or intangible incentives, such as public acknowledgment of success.

Box 1. About the Evaluation of Employment Coaching for TANF and Related Populations

To learn more about employment coaching, the Office of Planning, Research, and Evaluation within the Administration for Children and Families at the U.S. Department of Health and Human Services contracted with Mathematica and its partners, Abt Associates, MDRC, and The Adjacent Possible, to conduct the Evaluation of Employment Coaching for TANF and Related Populations. This evaluation is assessing the implementation of four employment coaching programs and, using an experimental research design, their impacts on participants' self-regulation, employment, earnings, self-sufficiency, and other measures of well-being.

LIFT and MyGoals are the subject of this brief because their program designs included financial incentives; the other two programs did not include such incentives.

This brief was based on interviews with LIFT and MyGoals program staff conducted in 2019 and again in 2022; a survey of staff at the two programs conducted in 2019; and in-depth interviews with 9 LIFT participants in 2019 and 6 LIFT participants in 2022 and 20 MyGoals participants in 2019 and 15 MyGoals participants in 2022.

Visit the Employment Coaching project webpage for additional information about the evaluation.

Summary of lessons learned

- Program staff and participants alike viewed the financial incentives positively: they alleviated financial pressure on participants, bolstered the coach-participant relationship, and allowed participants to practice financial management skills.
- Discussions with participants and coaches suggest that the incentives may have improved program participation and employment outcomes, but the improvements were unlikely to be large.

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- Program staff raised several considerations regarding the cost of implementing incentives, including: the cost of the incentives themselves, the time spent explaining the incentives to participants and verifying documentation, and the cost of an accounting system that can track the incentives and staff time to track and pay the incentives.
- Several factors emerged from the discussions as important to consider when administering incentives:
  - Larger incentives are preferable but the size of incentives will be limited by a program's budget as well as tax and benefit implications for participants.
  - Participants prefer to receive the incentive as cash in person or a direct deposit into their bank account. If this is not possible, they prefer reloadable digital cards to mailed checks or gift cards.
  - When considering the incentive amount and what to base the incentive on, there are benefits to simplicity. For example, participants had trouble understanding complex incentive structures. And, making incentives contingent on employment meant that participants needed to provide pay stubs or proof of earnings. This could be complicated and an added burden to the participant, especially when the participant was self-employed.

About employment coaching

Employment coaching is increasingly considered an alternative to traditional case management in Temporary Assistance for Needy Families (TANF) and other human services programs. In employment coaching, coaches work collaboratively with participants to set individualized goals. These goals could be directly related to finding, keeping, or advancing in a job, or could be indirectly related to employment, such as completing an education or training program. Coaches provide support and feedback as participants work toward their goals. A key difference between coaching and traditional case management is that coaches do not specify goals for participants, develop plans to achieve those goals, or tell them what to do next. Rather, coaches guide participants in a collaborative process, during which participants determine their goals and develop plans to achieve them.

The employment coaching programs and their use of incentives

LIFT

The nonprofit LIFT operates a coaching program of the same name in Chicago, Los Angeles, New York City, and the District of Columbia.[3, 4] During the program, participants set financial, educational, and/or employment goals. Participants are parents or other caregivers of children under age 8 or expectant parents who demonstrate stability in housing and work or education. Most coaches are unpaid student interns from local Master of Social Work programs. LIFT also provides workshops and social gatherings for participants. Coaches aim to meet with their participants twice in the first month and monthly thereafter, for up to two years.

LIFT program leaders stressed that they view financial incentives as a way to "invest in their participants," rather than as an approach to change behavior. They view providing additional financial resources to adults with low incomes as an end in itself. Even so, the incentives were tied to attendance at coaching sessions. Participants received $150 every three months if they attended at least two coaching sessions during that quarter and were making some progress toward goals (Exhibit 1). Participants can earn up to $1,000 in incentive payments over the course of the two-year program.

MyGoals

MyGoals was an experimental demonstration program developed by MDRC and its partners and operated by the Housing Authority of Baltimore and the Housing Authority of Houston between 2017 and 2022.[5] It provided employment coaching to public housing assistance recipients who were unemployed or working less than 20 hours per month. Participants selected goals in each of four interrelated areas: (1) employment and career development, (2) education and training, (3) financial management, and (4) personal and family well-being. MyGoals also offered budgeting and financial management education and regularly updated participants on information about local labor markets. Coaches attempted to meet with participants at least monthly for up to three years.

In designing MyGoals, MDRC drew on the success of financial incentives for employment from the study of the Family Self-Sufficiency (FSS) program in New York City (Box 2).[6] In addition, MyGoals was heavily influenced by a coaching program developed by Economic Mobility Pathways (EMPath) that also offers financial incentives for attaining goals.[7]

MyGoals linked financial incentives to attendance at coaching sessions, employment, and job retention (Exhibit 1). The size of incentives was scaled to the achievement, with smaller incentives for attending sessions and the largest incentives for retaining employment. Payments were made monthly. Participants could earn a maximum of $5,000 in incentives during the three-year program.

Exhibit 1. Structure of incentives

	What they reward	Amount	Payment frequency	Maximum amount available
LIFT	Attendance at coaching sessions	$150 for attending two coaching sessions in a quarter and making progress toward their goals	Quarterly	$1,000
MyGoals	Attendance at coaching sessions, employment, job retention	$50 for attending the first meeting $30 for attending one subsequent substantive coaching session per month in the first two years in which goals, action steps, and progress are reviewed and discussed $70 for becoming employed less than 30 hours per week (available once per person) $150 for becoming employed 30 hours or more per week (available once per person) $450 for staying employed three months in a row (available twice per person) $900 for staying employed six months in a row (no limit on availability until the participant reached the maximum amount of incentives available per person)	Monthly	$5,000

Three main reasons to offer incentives

Across the two programs, the primary objectives of offering financial incentives were one or more of the following:

1. **Providing participants additional resources.** Many program participants had little or no earned income, so even relatively small incentives could make a difference in their lives. This was the main rationale given by LIFT for offering incentives.
2. **Incentivizing and covering costs of program participation.** Both LIFT and MyGoals linked incentives to program attendance. The incentive could offset the cost of transportation, child care, or other costs of attending coaching sessions. The incentive could also be an additional motivator for people to sign up for the program when they are uncertain about its benefits.
3. **Incentivizing employment outcomes.** MyGoals offered incentives linked to finding a job, moving from part-time to full-time employment, and for staying in a job.

Box 2. Evidence on the effectiveness of financial incentives from the FSS program

- The Family Self-Sufficiency (FSS) program is a program funded by the U.S. Department of Housing and Urban Development that promotes economic independence of recipients of housing assistance.
- The FSS program offers case management and makes deposits to an escrow account that participants can access when they graduate from the program.
- An experimental study launched in 2007 tested the FSS program in New York City as well as an enhanced version of the program that supplemented the case management and escrow account with a financial incentive paid bimonthly, which was contingent upon the participant sustaining full-time employment. The study found that offering the additional financial incentive improved employment outcomes in the six years after study enrollment among those who were not working at study enrollment. Offering financial incentives did not affect outcomes among those who were working at study enrollment.
- A national study of the FSS program launched in 2012 found that FSS with case management and an escrow account had a small impact on earnings.[8] The Pathways to Evidence project assigned a rating of insufficient evidence to determine whether the program is effective.

> *"If I can get you sitting in the chair for a little bit, I can sell you on the idea that this could really, really help you. But I need a little bit of help in the beginning,"*
>
> —Colin Guare, a trainer for MyGoals, on why incentives can improve initial program engagement.

In addition to these main objectives, some MyGoals coaches wished that they could provide incentives for the completion of goals other than those directly related to employment. For example, they wished they could provide incentives for the completion of a General Educational Development (GED) certificate or other educational or training accomplishments, which were frequent goals among participants.

Staff and participants viewed incentives positively but differed on whether they thought they affected behavior

Staff and participants both reported that providing financial resources through incentives alleviated some financial pressure on participants. In interviews, staff at LIFT and MyGoals highlighted the benefit of participants receiving financial assistance. Many of the coaches talked about how participants were concerned about paying rent, bills, and buying needed items for their children. According to participants, the financial incentives were greatly appreciated. They often used these incentives to pay for basic expenses such as groceries, items for their children, utility bills such as electricity or cell phones, and transportation. Several participants said that the incentive was something that they "looked forward to."

> *"Many times, I've heard [that] this money came just in time to have their vehicle fixed or they had a bill that [was due]. So, it was a really big benefit."*
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> —MyGoals coach

Overall, program staff viewed the incentives positively. In response to a staff survey conducted in winter 2019 of 30 LIFT program staff and 13 MyGoals staff, most LIFT and MyGoals coaches reported positive perceptions of the incentives. Eighty-nine percent of MyGoals staff and 79 percent of LIFT staff considered the incentives either "extremely valuable" or "somewhat valuable." None of the MyGoals staff and only 11 percent of the LIFT staff reported that incentives were "rarely valuable."

Participants reported using incentives in ways that were consistent with their goals. For example, some participants said that they used the incentives to buy clothes for a new job or add to a savings account, which helped them move toward a longer-term goal such as a car purchase or education and training.

> *"Where I was being compensated a little bit more for how long I had been employed, it always came perfectly because … I might need an umbrella and a pair of rain boots. So it's like if I'm getting $150, it's perfect timing for me to pick up, spend an extra $30 on an umbrella and a pair of boots."*
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> —MyGoals participant

Most staff thought the financial incentives affected program recruitment and attendance at coaching sessions, especially early on; however, participants were mixed on whether they made a difference. Most program staff we interviewed thought that the incentives motivated people to attend the coaching sessions, especially the first few times, but the effect lessoned over time as the participants experienced the benefit of the program. One MyGoals coach said that staff talked internally about participants "coming for the incentive but staying for the coaching." Participants differed about whether the incentives affected their program participation. A few participants said they were motivated by the financial incentive to learn more about the program or to come to the first few sessions. Others said that they would have attended coaching sessions even in the absence of the incentive. Echoing the program staff, most participants said they continued to attend coaching sessions because they thought the coaching was beneficial, not for the incentive. A higher percentage of participants (46 percent and 56 percent, respectively) remained in coaching 12 months after study enrollment in LIFT and MyGoals than the other two programs in the evaluation (27 percent in Family Development and Self Sufficiency (FaDSS) and 9 percent in Goal4 It! of participants remained in coaching in these programs). This longer participation may have been because of the incentives but could also be attributed to other differences among programs such as a longer eligibility period.

Coaches said the incentives may have motivated participants to get or stay in a job; however, participants suggested that the incentives had little if any effect on employment. The MyGoals incentives rewarded participants for obtaining a job, increasing their work hours, and staying in a job. (LIFT incentives were not contingent on employment outcomes.) MyGoals coaches discussed the incentives in a coaching session as a way to motivate participants and thought that doing so may have encouraged people to stay in a job. For example, one coach used the promise of a retention incentive to motivate a participant who had previously quit seven different jobs in one year to stay in their current job.

> *"I think the rewards are great. It motivates people…. It's good because they just know I have to stay at [the] job for three months."*
>
> —MyGoals coach

None of the participants that we spoke with thought that the incentive affected their employment decisions. However, there was insufficient evidence to conclude that the incentives did not affect employment for two reasons. First, we interviewed only a small number of participants. Second, some participants may have been concerned about the appearance of not making employment their first priority.

> *"I'm still going to work because … I have really good work ethics. So … not getting [the incentive] wouldn't have deterred me from working."*
>
> —MyGoals participant

Incentives may have bolstered the coach-participant relationship. Coaches noted that incentives provided a tangible way to celebrate participants' successes, like a "gift" that they could give the participants for their achievements. One participant talked about how providing incentives showed that the coach believed in them.

> *"[The incentive] speaks volumes about how serious you are as a coach and a program."*
>
> —MyGoals participant

Incentives provided an opportunity for participants to practice financial management. Both LIFT and MyGoals focused on financial management. Coaches said offering incentives gave participants an opportunity to practice those skills. For example, coaches could talk with the participants about how they would use the additional funds, helping them prioritize their needs. Some participants used the incentives to open a savings account.

Program staff wanted to offer larger incentives but were concerned about costs and tax and benefit implications for participants

Staff in both programs wanted to provide larger incentives, but were limited by the program's budget and concerns about tax and benefit implications. Most program staff we spoke with would like to increase the incentive amount in order to address participants' lack of financial resources. However, program leaders noted they were constrained from increasing the incentive amount not only by the program's budget but also concerns about negatively affecting participants' taxes or receipt of benefits, such as housing assistance, TANF benefits, and Supplemental Nutrition Assistance Program (SNAP) benefits. In contrast, most participants we spoke with from both programs thought the incentive amounts were reasonable.

Budgeting for incentives should account for some participants not earning the maximum amount possible. In these two programs, not all participants met the requirements for all available incentives. Substantial percentages—37 percent in LIFT and 11 percent in MyGoals—did not earn any incentive (Exhibit 2). One likely reason for the difference in the percentages was that MyGoals participants could receive an incentive for their first meeting with a coach, while LIFT participants had to attend at least two coaching sessions before they were eligible for an incentive. Among LIFT participants who earned incentives, the average total value received was $365, compared with a potential total of $600 in the first year of program participation; among MyGoals participants who earned incentives, the average received was $390 compared with a potential total of $1,450. (Exhibit 2).

Exhibit 2. Incentives received and offered in the first 12 months after study enrollment

Percentage of participants and total value of incentives in the first 12 months after study enrollment	LIFT	MyGoals
Participants receiving an incentive (%)	63	89
Average total value of incentives received ($)	$365	$390
Total maximum amount that could be received	$600	$1,450

Source: LIFT management information system; MyGoals service tracking system. The sample size was 404 for LIFT and 900 for MyGoals.

Attention needs to be paid to how incentives are administered

Participants preferred to receive the incentive as cash or a direct deposit into their bank account; in addition, they preferred reloadable digital cards to checks and gift cards if those were the only options. LIFT previously used paper checks to distribute incentives but then moved to a reloadable digital card. MyGoals provided incentives on a reloadable digital card that also provided participants' housing benefits. Both participants and program staff preferred a reloadable digital card to being mailed a check or physical gift card. This was because the mail was unreliable; they had experienced checks being lost and delayed in the mail. Some participants noted that being paid cash in person or direct deposits allowed them to more readily access the funds to make necessary purchases or pay bills. Although reloadable digital cards can be used for all purchases, they require the participant to know how to use the technology to pay bills. Some coaches helped participants use their digital cards to pay bills, but indicated this was often time consuming and frustrating for some participants.

Incentives were described to participants in written documents and discussed in coaching sessions, but not all participants understood them. Coaches in both programs provided written documentation of the incentive structure. Coaches also talked about the incentives and what participants needed to do to earn them during coaching sessions. However, few participants we spoke with completely understood the criteria for receiving the payments. This was especially true for MyGoals participants, probably because the MyGoals incentive structure was more complex than LIFT's incentive structure. When participants did not fully understand the incentive structure, problems arose: coaches needed to send reminders and follow-ups to make sure that participants submitted the correct documentation; participants felt frustrated with the program; and, in some cases, participants missed out on receiving incentives for which they were eligible. Not understanding the incentive structure may have reduced the efficacy of the incentives in changing participants' behavior.

Specialized accounting systems were needed for a smooth administration of incentives. Program managers reported that a system should track, allow staff to approve, and provide a way to pay out the funds. LIFT had recently overhauled its payment system, with the help of a consultant, to automate the process of tracking and paying out incentives. MyGoals used the housing agencies' existing system for disbursing financial assistance, which, interviewees indicated, seemed to work well.

Determining whether a participant met the criteria for an incentive could be complex, even for milestones related to engagement. To receive a quarterly payment, LIFT participants had to attend at least two coaching sessions in the quarter and show progress toward their goals. Making progress toward goals could be interpreted differently for each participant. One LIFT manager said it was difficult to determine whether to give participants an incentive when they were not meeting any of their goals, but they were in crisis and didn't have the capacity to focus on goals. This was especially a problem during the COVID-19 pandemic. To receive an engagement incentive, MyGoals required that participants attend a "substantive coaching session," which involved at least 20 minutes of discussions on goals, accomplishments, obstacles, and next steps. Coaches noted that occasionally participants would come to a session just to get the engagement incentive. However, if they were not serious about working on goals, they were refused the incentive.

Administering incentives based on employment required participants to provide pay stubs. For participants to get paid incentives related to employment, MyGoals participants had to provide pay stubs to their coaches. This required participants to scan or download their pay stubs and email them to their coaches, which was challenging for many participants. Coaches reported spending considerable time helping participants do this.

Self-employment was particularly complex to document. Many participants were employed in gig jobs (such as working for Uber or Door Dash) or other self-employment. Those participants had to verify their income through tax forms. Participants reported that they missed out on some incentives because of the difficulty of verification.

Conclusions

Financial incentives can yield some important benefits when offered by human services programs. In the two programs studied, incentives were popular among both coaches and participants. They were appreciated by participants, many of whom had low incomes, because the incentives relieved some financial stress. Sometimes the incentives were used to further goals by, for example, paying for work clothes or to start a savings account. The incentives provided an opportunity for coaches to discuss financial management with participants. The incentives also helped bolster the coach-participant relationship. Although we did not test rigorously the impact of the incentives, program staff and some participants perceived that they increased attendance at coaching sessions, at least in the first months. Program staff, but not participants, perceived that the incentives affected employment decisions.

Program staff raised several considerations regarding the cost of implementing incentives. Coaches need to spend the time explaining the incentives to the participants as well as developing clear materials to describe the incentives. Ideally, programs should have an accounting system that can track the payments and any documentation that participants or coaches need to provide. Further, coaches need to spend time with participants discussing and completing any verification documentation and, if using digital cards, providing assistance around how to use the cards.

Programs need to decide how to provide the incentives. Participants in the two studied programs preferred cash paid in person or payments directly into their bank accounts. Payments made by mail were not timely and were sometimes lost. Participants found digital cards difficult to use to pay some bills.

When considering the incentive amount and what to base the incentive on, the experiences of these two programs show the benefit of simplicity. Making incentives contingent on employment meant that participants needed to provide pay stubs or proof of earnings. This could be complicated and an added burden to the participant, especially when the participant was involved in gig work or otherwise self-employed. To expand the milestones to include those related to education, as some coaches suggested, would require consideration of how to make the verification of such activities straightforward for both participant and coach. Moreover, complex incentive structures were more difficult for participants to understand.

Endnotes

[1] Pavetti, LaDonna, and Megan Stanley. "Using Incentives to Increase Engagement and Persistence in Two-Generation Programs: A Review of the Literature with Key Insights." Washington, DC: Center on Budget and Policy Priorities, 2016.

[2] Stein, Jillian, and Dana Rotz (2022). Evidence snapshot: Financial incentives, OPRE Report #2022-41, Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services

[3] This report (https://www.acf.hhs.gov/opre/report/lift-implementation-findings-evaluation-employment-coaching) provides more information on the implementation of LIFT.

[4] This evaluation excluded the LIFT office in the District of Columbia due to its small size and participation in another study.

[5] This report (https://www.acf.hhs.gov/opre/report/mygoals-employment-success-implementation-findings-evaluation-employment-coaching) provides more information on the implementation of MyGoals.

[6] Verma, Nandita, Edith Yang, Stephen Nuñez, and David Long. "Learning from the Work Rewards Demonstration: Final Findings from the Family Self-Sufficiency Study in New York City." New York, NY: MDRC, 2017.

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[8] Verma, Nandita, Stephen Freedman, Betsy Tessler, Stephen Nuñez, and Barbara Fink. "Promoting Work and Self-Sufficiency for Housing Voucher Recipients: Early Findings from the Family Self-Sufficiency Program." New York, NY: MDRC, 2019.

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