PATHWAYS TO WORK
Evidence Clearinghouse

Evidence Snapshot March 2022

Financial Incentives

Interventions that use financial incentives reward clients for engaging in specific activities (such as work) or achieving certain goals (such as completing training). These types of interventions are administered by state government agencies, local nonprofits, workforce agencies, and community colleges. Program staff, such as case managers, typically establish eligibility, monitor clients' progress toward their goals, and provide clients with incentives. Eligibility is often based on information from applications for public benefits such as Temporary Assistance for Needy Families (TANF) (formerly Aid to Families with Dependent Children). Across interventions, financial incentives take different forms but generally include one or more of the following: (1) increased access to public benefits or tax credits (for example, due to modified eligibility criteria), (2) more generous public benefits (for example, higher TANF benefit payments, benefits over a longer period of time, or earnings disregards that discount earned income when calculating public benefits), and (3) financial payments separate from TANF benefits.

Although many of these incentives are provided as cash to recipients, they can also include noncash benefits, such as vouchers redeemable at a college bookstore, or gift cards to support basic needs. Some financial incentive interventions also provide other supportive services such as assistance with child care, ongoing case management, work readiness activities such as job search assistance, or other education and training opportunities.

What are financial incentives?

The Pathways to Work Evidence Clearinghouse defines financial incentives as bonuses that clients receive for engaging in specific activities or achieving certain goals.

What are evidence snapshots?

Evidence snapshots are short briefs on the effectiveness of programs that use a common approach to service provision. These briefs draw on interventions that the Pathways Clearinghouse has reviewed. They summarize what we know about programs that use a specific service (such as financial incentives) or a common service-delivery strategy (such as career pathways).

What is the Pathways Clearinghouse?

The Pathways Clearinghouse identifies interventions that aim to improve employment and earnings outcomes for populations with low incomes, especially public benefits recipients. The Pathways Clearinghouse conducts a transparent, comprehensive search for studies of such interventions, rates the quality of those studies to assess the strength of the evidence they provide, and determines the evidence of effectiveness for the studied interventions.

For more information, visit the Pathways Clearinghouse website: https://pathwaystowork.acf.hhs.gov/.

What does the evidence say?

The Pathways Clearinghouse identified 16 interventions in which financial incentives were the primary focus of the intervention, or the primary service.[1] These 16 interventions were described in 26 studies of high or moderate quality that examined employment, earnings, public benefit receipt, or education and training outcomes.[2] In looking across these studies, we can observe the following, relative to comparison groups that did not receive the intervention services:

Short-term annual earnings increased by $1,092, and long-term annual earnings increased by $858, on average, across the 15 financial incentive interventions for which these outcomes were examined.[3] Seven financial incentive interventions increased clients' earnings, either in the short term (18 or fewer months) or long term. Four of these interventions increased earnings in both the short and long terms and three increased earnings in the long term but not the short term.

Short-term employment increased by 3 percentage points, and long-term employment increased by 2 percentage points, on average, across the 15 financial incentive interventions for which these outcomes were examined.[4] Six interventions increased employment in the short term, and four of these interventions also improved employment in the long term.

The proportion of individuals receiving public benefits decreased by 1 percentage point in the short term and 3 percentage points in the long term, on average, across the 11 financial incentive interventions for which these outcomes were examined. **The amount of public benefits received increased by $161 in the short term and $86 in the long term, on average, across the 9 financial incentive interventions for which these outcomes were examined.** Across the 15 financial incentive interventions that measured whether individuals received public benefits or the amount of public benefits received, four interventions reduced public benefit receipt or amount.[5]

Education and training attainment increased by 2 percentage points, on average, across the five financial incentive interventions for which this outcome was examined. Only one financial incentive intervention significantly increased the receipt of a degree or credential.

Five interventions improved more than one type of outcome. More specifically, two financial incentive interventions—**Family Transition Program (FTP)**, and the **Self-Sufficiency Project (SSP)**—increased short-term employment and long-term earnings and reduced the use of public benefits in the short and long terms. These programs provided incentives as part of welfare reform efforts in the 1990s in Canada (SSP) and the United States (FTP). Additionally, **Jobs First**, **Family Rewards**, and **New Hope** all improved more than one type of outcome.

How does the Pathways Clearinghouse assess if an intervention is effective?

The Pathways Clearinghouse assigned an evidence of effectiveness rating to each intervention in each of four outcome domains: earnings, employment, public benefit receipt, and education and training. Most of the domains are broken into short (18 or fewer months) and long (between 18 months and five years) term because we expect the interventions might have different effects in different time periods. The education and training domain is not broken into time periods because after you obtain a degree, you cannot lose it in the future. The evidence of effectiveness rating describes whether the intervention is likely to produce favorable results in that domain if faithfully replicated with a similar population. If an intervention had no evidence to assess support in any domain, we excluded it from this brief.

There are six ratings:

- *Well-supported* means there are at least two moderate- or high-quality studies with favorable findings.
- *Supported* means there is one moderate- or high-quality study with favorable findings.
- *Mixed support* means there is some evidence that the intervention improves outcomes and some evidence the intervention worsens outcomes.
- *Not supported* means moderate- or high-quality studies did not find any favorable results.
- *Insufficient evidence to assess support* means there are moderate- and high-quality studies, but we cannot assign one of the other ratings.
- *No evidence to assess support* means there are no moderate- or high-quality studies.

No financial incentive interventions received the well-supported rating in the outcome domains of interest to the Pathways Clearinghouse. Eleven financial incentive interventions received a supported rating in at least one outcome domain.

Evaluations compared the outcomes of study participants in the intervention group to the outcomes of participants in a comparison group who were not offered the intervention but who might have received alternative services. People in the comparison group either had access to (1) a less-intensive version of services (about 75 percent of the studies examining financial incentive interventions) or (2) other services provided by the organization or available in the community (about 25 percent of the studies examining financial incentive interventions).[6]

How does the Pathways Clearinghouse calculate the average impact of an intervention?

For this brief, the Pathways Clearinghouse calculated the average impact for each domain by averaging impacts within moderate- and high-quality studies, then within interventions, and then across interventions that use financial incentives. The average includes all studies, not just those with a supported rating or statistically significant findings, because these studies still provide useful evidence in considering the overall effectiveness of financial incentives. We show the average and not the median because, for the most part, there are no outliers skewing the average.[7]

What makes an effect large?

The Pathways Clearinghouse classifies an effect as large if its corresponding effect size is more than 0.25 standard deviations. The effect size is the strength of the effect measured in standard units (that is, standard deviations). In 2018, an increase in annual earnings of $4,584 among people with low incomes would have an effect size of about 0.25.

What interventions provide financial incentives as their primary service?

The Pathways Clearinghouse defines an intervention as a specific bundle of services or policies implemented in a given context. Exhibit 1 alphabetically lists and describes the 16 interventions for which financial incentives were the primary service, including information about the populations served by the intervention, the setting where the intervention was provided (whether it was in urban, rural, or mixed settings), and when the evaluation was conducted. It also contains the effectiveness rating for each domain.

Exhibit 1. Financial incentive interventions and their effectiveness by domain

well-supported | supported | mixed support | not supported | insufficient evidence | no evidence

Intervention description	Populations and employment barriers	Settings[a]	Year evaluation began	Increase earnings	Increase employment	Decrease public benefit receipt[b]	Increase education and training
California Work Pays Demonstration Project (CWPDP)[c] Sought to move recipients of AFDC into the labor market by changing aspects of the program's eligibility and public benefit calculation so it was easier to qualify for benefits, and recipients received more generous earnings disregards (or the amount of income not counted against monthly benefit payments).	Cash assistance recipients	Tested in multiple settings	1992	supported	insufficient evidence	insufficient evidence	no evidence
Connecticut's Jobs First Program A statewide welfare reform initiative in Connecticut that promoted work and encouraged people to seek, obtain, and retain employment by changing aspects of the program's eligibility and public benefit calculation so it was easier to qualify for benefits, and recipients received more generous earnings disregards.	Cash assistance recipients	Tested in multiple settings	1996	supported	supported	not supported	insufficient evidence
Family Rewards Provided cash incentives to families with low incomes for completing activities related to children's education, family health, and parents' work and education.	Parents with very low incomes	Urban only	2007	supported	mixed support	supported	insufficient evidence
Family Rewards 2.0 Provided cash incentives and supportive services to families with low incomes who were receiving government assistance. Families received incentives for completing activities related to children's education, family health, and parents' work and education.	Cash assistance recipients, Parents	Urban only	2011	supported	insufficient evidence	insufficient evidence	insufficient evidence
Family Self-Sufficiency (FSS) Program Helped participants set goals, save money, and get referrals to needed services. Families with housing vouchers typically paid 30 percent of any increases in earnings toward rent through FSS; this money was credited to an interest-bearing account the head of household could access if they remained employed, completed their goals, and remained off of TANF for at least 12 months.	People with low incomes	Tested in multiple settings	2013	insufficient evidence	insufficient evidence	insufficient evidence	no evidence

well-supported · supported · mixed support · not supported · insufficient evidence · no evidence

Intervention description	Populations and employment barriers	Settings[a]	Year evaluation began	Increase earnings	Increase employment	Decrease public benefit receipt[b]	Increase education and training
Family Transition Program (FTP) A welfare reform initiative designed to improve the self-sufficiency of single-parent recipients of AFDC in Florida. To incentivize employment, FTP disregarded participants' first $200 of monthly earnings, plus half of their remaining earnings, when calculating a family's monthly public benefit amount.	Single parents, cash assistance recipients	Tested in multiple settings	1994	supported	supported	supported	no evidence
Health Profession Opportunity Grants (HPOG) 1.0—Noncash Incentives Provided noncash incentives for achieving program milestones such as completing key courses or obtaining or retaining employment, in addition to the standard HPOG services. It was an enhancement of HPOG 1.0, which provided education and training to TANF recipients and other individuals with low incomes for occupations in the health care field expected to pay well and experience labor shortages or be in high demand.	People with low incomes	Tested in multiple settings	2013	insufficient evidence	insufficient evidence	insufficient evidence	no evidence
Minnesota Family Investment Program (MFIP)[d] Used financial incentives, such as greater access to public benefits, more generous benefits (20 percent higher), and earnings disregards, along with mandatory employment and training activities to increase employment and reduce poverty among AFDC recipients.	Cash assistance recipients, Parents, Single parents.	Tested in multiple settings; Urban only	1994	insufficient evidence	insufficient evidence	insufficient evidence	no evidence
Minnesota Family Investment Program (MFIP) Incentives Only Used financial incentives, such as greater access to public benefits, more generous public benefits, and earnings disregards, to increase employment and reduce poverty among recipients of AFDC. MFIP Incentives Only participants could not receive MFIP employment and training services.	Cash assistance recipients, Long-term cash assistance recipients, Single parents	Urban only	1994	insufficient evidence	supported	insufficient evidence	no evidence
New Hope Provided adults with low incomes who worked at least 30 hours per week with cash earnings supplements, access to health insurance and child care coverage, and subsidized job placement in community-based organizations.	People with low incomes	Urban only	1994	supported	supported	insufficient evidence	insufficient evidence
Paycheck Plus Provided childless adults with income-based supplements to the federal earned income tax credit to reduce poverty and test effects on work and well-being.	People with low incomes	Urban only	2014	insufficient evidence	insufficient evidence	no evidence	no evidence
Self-Sufficiency Project (SSP) Aimed to increase employment and income for single parents receiving public assistance in two Canadian provinces by increasing the financial incentive to work. SSP offered a generous earnings subsidy to single parents who maintained at least 30 hours of employment per week, or conducted equivalent job search activities or community service.	Single parents, cash assistance recipients	Tested in multiple settings	1992	supported	supported	supported	no evidence

Intervention description	Populations and employment barriers	Settings[a]	Year evaluation began	Increase earnings	Increase employment	Decrease public benefit receipt[b]	Increase education and training
well-supported · supported · mixed support · not supported · insufficient evidence · no evidence							
Self-Sufficiency Project-Plus (SSP-Plus) Sought to encourage employment among Canadian Income Assistance recipients by offering a generous earnings subsidy as well as job search and employment services to participants who maintained at least 30 hours of employment per week, or conducted equivalent job search activities or community service.	Cash assistance recipients, Single parents	Tested in multiple settings	1994	no evidence	no evidence	insufficient evidence	no evidence
Virginia Independence Program (VIP) Changed the eligibility requirements for AFDC/TANF to encourage paternity establishment and economic self-sufficiency. Financial incentives included one-time payments to families with a temporary loss of income if they agreed to forgo TANF receipt for 160 days. Participants could accumulate savings up to $5,000 to support education, entrepreneurship, or the purchase of a home. Sanctions were implemented if parents did not establish paternity, or their children were not immunized or did not regularly attend school. Parents who were minors were also mandated to live with a parent to receive assistance.	Cash assistance recipients	Tested in multiple settings	1995	not supported	supported	not supported	no evidence
Welfare Restructuring Project (WRP) Incentives Only[e] Provided financial incentives to work , such as earnings disregards, and supportive services for single parents and two-parent families with a disabled or unemployed parent receiving cash assistance. The goal of WRP Incentives Only was to encourage employment and reduce reliance on welfare.	Cash assistance recipients, Parents	Tested in multiple settings	1995	insufficient evidence	insufficient evidence	supported	no evidence
Work Advancement and Support Center (WASC) with Incentive Payments Delivered integrated, intensive retention and advancement services with participation incentives to workers with low wages to help fill the gap in services available to them and help them advance and increase their incomes. Participants received cash incentives for maintaining employment and participating in trainings.	Employed	Tested in multiple settings	2005	insufficient evidence	insufficient evidence	insufficient evidence	supported

Table notes:

[a] The settings indicate whether the study was conducted in urban, rural, or multiple settings. If the studies of an intervention were conducted in different settings, all relevant settings types are listed.

[b] The decrease public benefit receipt ratings in this table are from the Pathways Clearinghouse website and combine outcomes related to public benefit receipt and amount.

[c] CWPDP measured impacts on employment but did not include enough information for us to calculate an effect size. Therefore, CWPDP is not included in the average calculation or the employment graphs in this report.

[d] MFIP measured impacts on earnings but did not include enough information for us to calculate an effect size. Therefore, MFIP is not included in the average calculation or the earnings graphs in this report.

[e] WRP reduced public benefits in the very long term. Very long-term outcomes are not factored into average effects and are not shown in the public benefits graphs in this report. WRP did not reduce public benefits in the short or long term.

Aid to Families with Dependent Children = AFDC; Temporary Assistance for Needy Families = TANF.

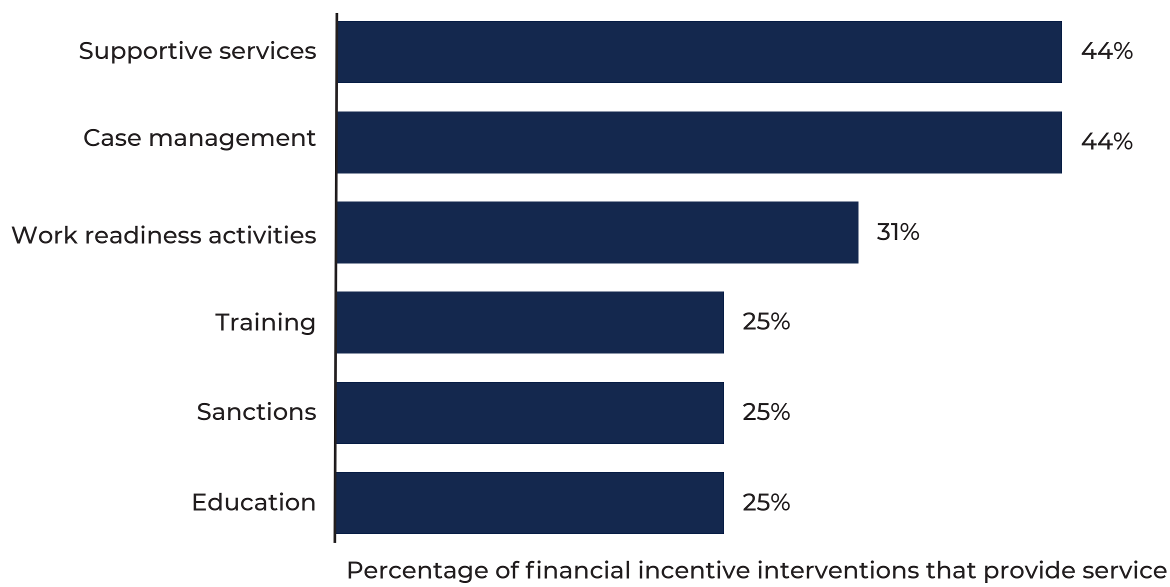
How were the interventions implemented?

Understanding how interventions were implemented is crucial to deciding whether an intervention is likely to have a similar impact in your community. Financial incentive interventions were most often implemented by public-sector organizations, such as human services or TANF agencies, but they were sometimes implemented by nonprofits or local workforce agencies. Nine of the 16 financial incentive interventions provided financial assistance separate from any public benefits participants were eligible to receive. Seven interventions increased access to public benefits, for example by eliminating work history requirements or allowing two-parent households in which one parent was employed to maintain access to public benefits. Six financial incentive interventions provided more generous public benefits, such as by offering higher cash assistance payments or allowing for earnings disregards. Six of the interventions offered more than one type of financial incentive, and are counted in multiple categories.

The length of the interventions varied widely from six weeks to three years, but most interventions lasted for two to three years. The populations, settings, and timing of financial incentive interventions also varied (Exhibit 1). Clients of financial incentive interventions were most often cash assistance recipients, parents (often single parents), or people with low incomes. Most financial incentive interventions have been tested in multiple settings, but some have only been tried in urban settings specifically. Studies of financial incentive interventions were most common in the 1990s, but some have been implemented in recent years: 10 of the evaluations began in the 1990s, 2 began in the 2000s, and 4 began after 2010.[8] The Pathways Clearinghouse website (https://pathwaystowork.acf.hhs.gov/) includes more detail about each intervention.

Across the 16 financial incentive interventions examined, most (11 interventions) were bundled with other policies or services (see Exhibit 2). For example, many financial incentive interventions also provided supportive services[9] or case management (44 percent each) or work readiness activities (31 percent).

Exhibit 2. Other services offered with financial incentives, out of 16 interventions[10]



Do financial incentive interventions increase earnings?

Short-term annual earnings increased by $1,092, and long-term annual earnings increased by $858, on average, across the 15 financial incentive interventions that measured an impact on earnings (Exhibit 3), compared with comparison group earnings.

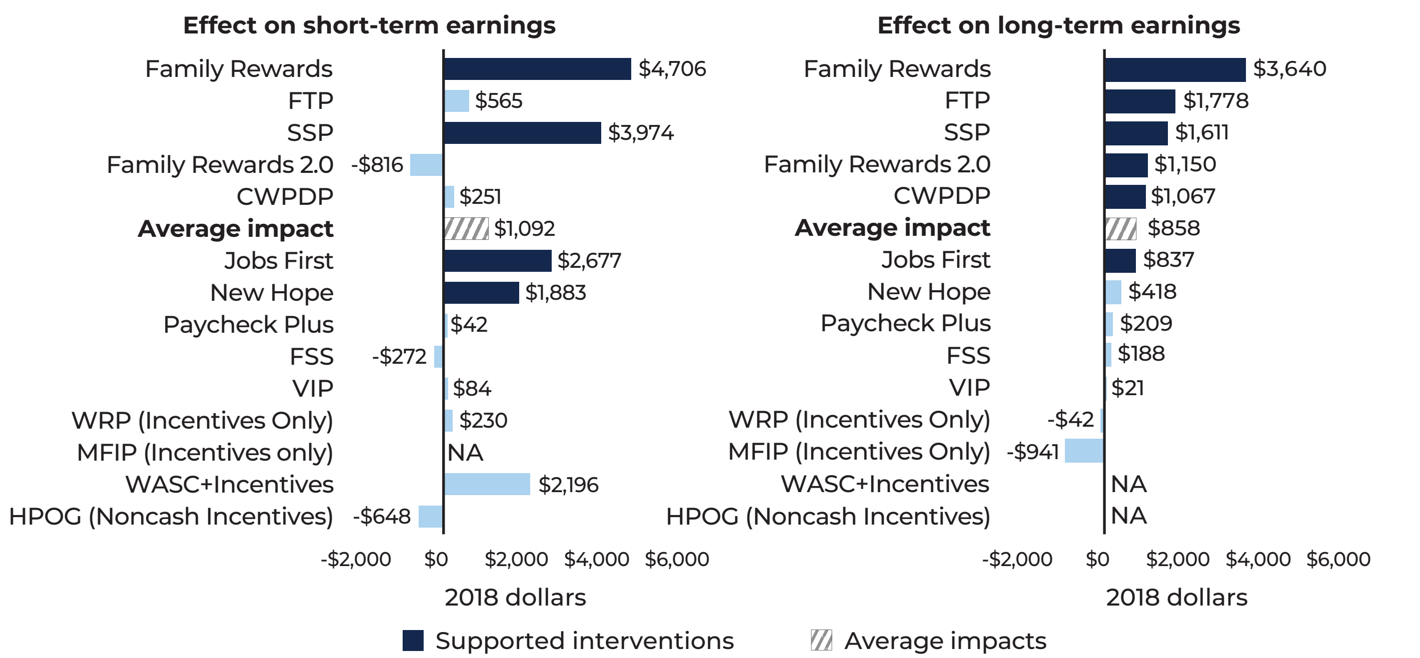
Seven of the 15 financial incentive interventions increased clients' earnings, either in the short term or long term compared with comparison group earnings. Three of these interventions increased earnings in both the short and long terms—Family Rewards, SSP, and Jobs First.[11] Family Rewards and SSP had the largest impact on short-term earnings, increasing earnings by $4,706 and $3,974, respectively, in the short term.[12]

Meanwhile, Family Rewards and FTP had the largest impacts on long-term earnings, increasing earnings by $3,640 and $1,778, respectively.

Notably, both Family Rewards and Family Rewards 2.0, which adds services such as case management and financial education onto the Family Rewards program, received a supported rating for long-term earnings. Although these programs were not considered the same intervention, they had many of the same components and features.

Exhibit 3 shows the average impact on earnings for each intervention. Interventions with research indicating significant and favorable impacts are noted in darker blue.

Exhibit 3. Financial incentive interventions, on average, increased short-term earnings and long-term earnings



Interventions are sorted according to the size of the long-term impacts because long-term effects better represent sustained increases in economic self-sufficiency. Supported interventions, meaning interventions with research indicating significant and favorable impacts, are noted in darker blue.

NA means an intervention did not measure outcomes at the specified time period.

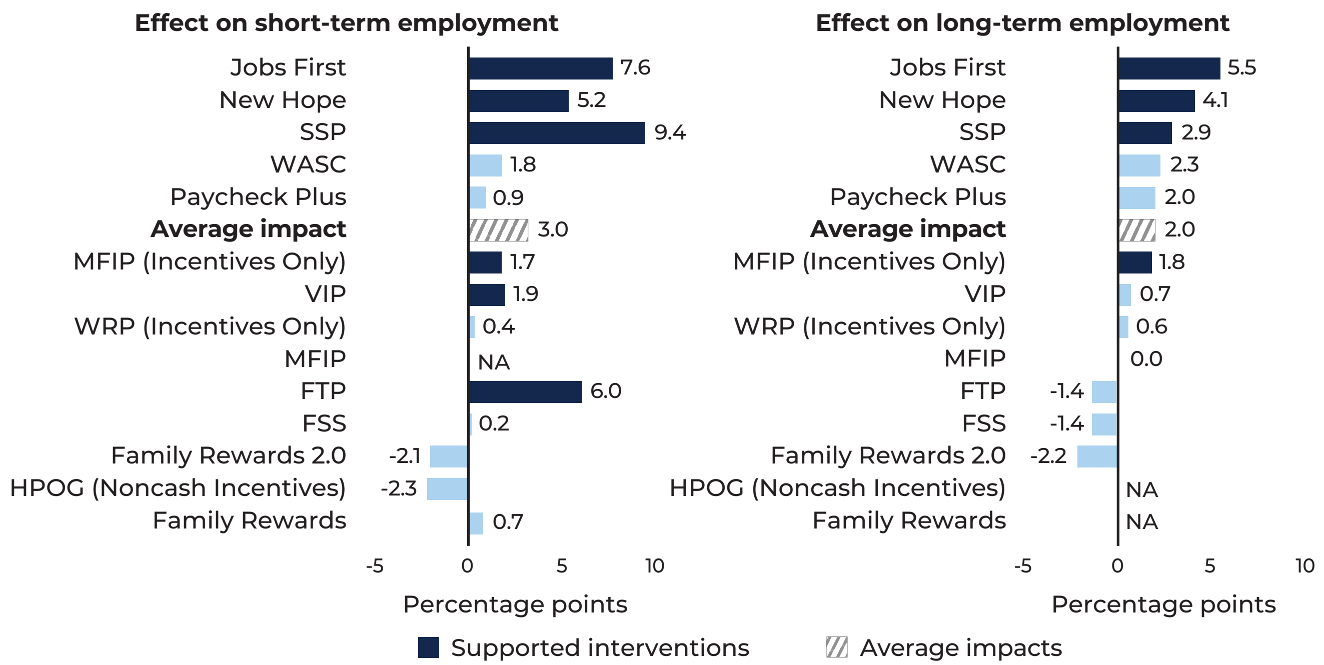
California Work Pays Demonstration Project = CWPDP; Family Self-Sufficiency program = FSS; Family Transition Program = FTP; Health Profession Opportunity Grants 1.0—Noncash Incentives = HPOG (Noncash Incentives); Connecticut's Jobs First Program = Jobs First; Minnesota Family Investment Program Incentives Only = MFIP (Incentives Only); Self-Sufficiency Project = SSP; Virginia Independence Program = VIP; Work Advancement and Support Center Demonstration with Incentive Payments = WASC+Incentives; Welfare Restructuring Project Incentives Only = WRP (Incentives Only).

Do financial incentive interventions increase employment?

Short-term employment increased by 3 percentage points, and long-term employment increased 2 percentage points, on average, across research on the 15 interventions that examined employment outcomes (Exhibit 4), compared with comparison group employment.

Six interventions increased employment in the short term, and four of these interventions also improved employment in the long term, compared with comparison group employment. Jobs First, SSP, New Hope, and MFIP (Incentives Only) all had significant short-term and long-term impacts, although the effects were smaller in the long term. For example, Jobs First increased employment by 7.6 percentage points in the short-term, but 5.5 percentage points in the long-term. Exhibit 4 shows the impacts of each intervention.

Exhibit 4. Financial incentives, on average, improved short-term and long-term employment



Interventions are sorted according to the size of the long-term impacts because long-term effects better represent sustained increases in economic self-sufficiency. Supported interventions, meaning interventions with research indicating significant and favorable impacts, are noted in darker blue.

NA means an intervention did not measure outcomes at the specified time period.

Family Self-Sufficiency program = FSS; Family Transition Program = FTP; Health Profession Opportunity Grants 1.0—Noncash Incentives = HPOG (Noncash Incentives); Connecticut's Jobs First Program = Jobs First; Minnesota Family Investment Program = MFIP; Minnesota Family Investment Program Incentives Only = MFIP (Incentives Only); Self-Sufficiency Project = SSP; Virginia Independence Program = VIP; Work Advancement and Support Center Demonstration = WASC; Welfare Restructuring Project Incentives Only = WRP (Incentives Only).

Do financial incentive interventions decrease public benefit receipt?

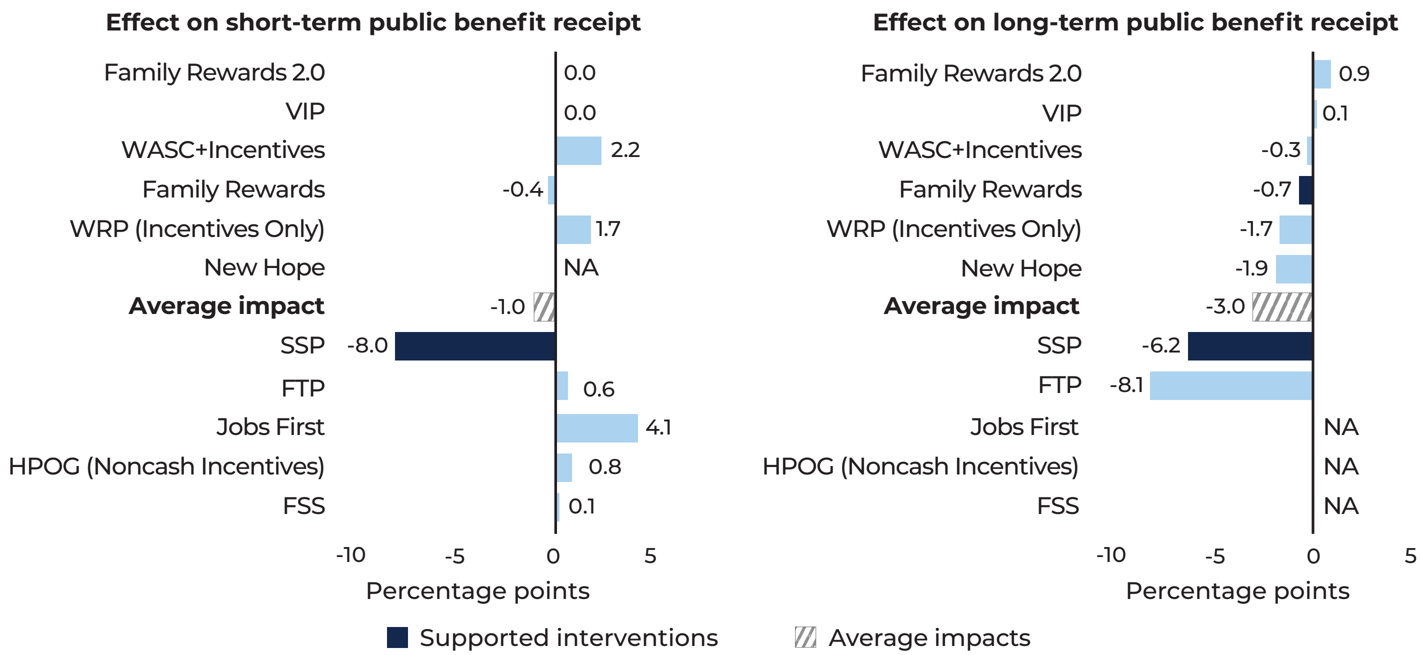
The proportion of individuals receiving public benefits decreased by 1 percentage point in the short term and 3 percentage points in the long term, on average, relative to the comparison group**.** Studies of eleven financial incentive interventions estimated impacts on public benefit receipt. Exhibit 5 shows the estimated impact for each intervention on public benefit receipt.[13]

One intervention decreased the proportion of individuals receiving public benefits in the short and long terms, relative to the comparison group. Across the research on interventions that measured public benefit receipt, SSP was the only intervention that reduced both short-term and long-term public benefit receipt (-8.0 percentage points and -6.2 percentage points, respectively).

The amount of public benefits received increased by an average of $161 in the short term, but decreased by an average of $86 in the long term, compared to the amount of public benefits received by the comparison group. Studies of nine financial incentive interventions estimated impacts on public benefit amount. Exhibit 6 shows the estimated impact for each intervention on public benefit amount.

Two interventions showed reductions in the amount of public benefits provided in the short and long terms, relative to the comparison group. FTP and SSP decreased the amount of public benefits clients' received in the short term (-$242 and -$495 per year, respectively)

Exhibit 5. Financial incentive interventions, on average, decreased short-term and long-term public benefit receipt



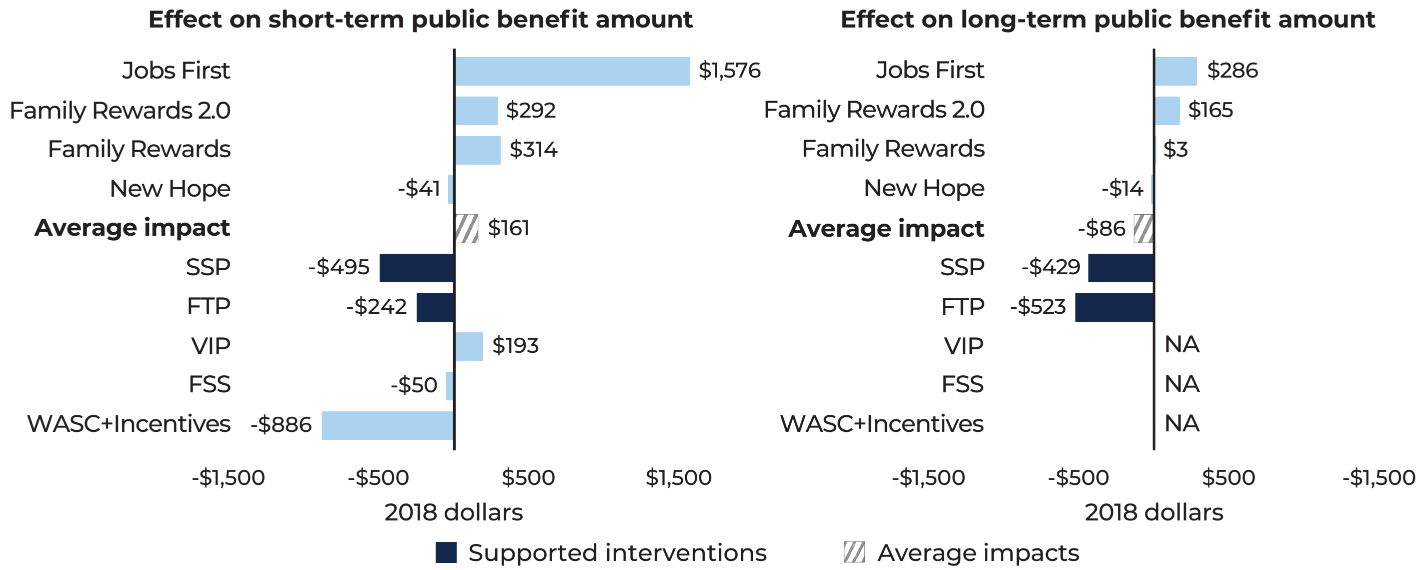
Interventions are sorted according to the size of the long-term impacts because long-term effects better represent sustained increases in economic self-sufficiency. Supported interventions, meaning interventions with research indicating significant and favorable impacts, are noted in darker blue.

NA means an intervention did not measure outcomes at the specified time period.

WRP had a supported rating for reducing benefits in the very long term. Very long-term outcomes are not factored into average effects and are not shown in the benefits graphs in this report.

Family Self-Sufficiency program = FSS; Family Transition Program = FTP; Health Profession Opportunity Grants 1.0—Noncash Incentives = HPOG (Noncash Incentives); Connecticut's Jobs First Program = Jobs First; Self-Sufficiency Project = SSP; Virginia Independence Program = VIP; Work Advancement and Support Center Demonstration with Incentive Payments = WASC+Incentives; Welfare Restructuring Project Incentives Only = WRP (Incentives Only).

Exhibit 6. Financial incentive interventions, on average, increased the amount of public benefits received in the short term and decreased the amount of public benefits received in the long term[14]



Interventions are sorted according to the size of the long-term impacts because long-term effects better represent sustained increases in economic self-sufficiency. Supported interventions, meaning interventions with research indicating significant and favorable impacts, are noted in darker blue.

NA means an intervention did not measure outcomes at the specified time period.

Welfare Restructuring Project had a supported rating for reducing public benefits in the very long term (not shown in graph or factored into the average effect).

Family Self-Sufficiency program = FSS; Family Transition Program = FTP; Connecticut's Jobs First Program = Jobs First; Self-Sufficiency = SSP Project; Virginia Independence Program = VIP; Work Advancement and Support Center Demonstration with Incentive Payments = WASC+Incentives.

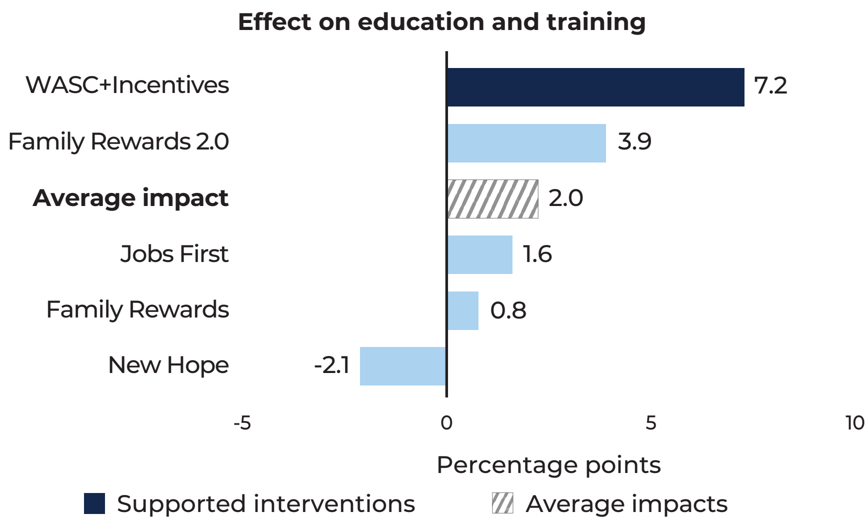
Do financial incentive interventions increase education and training?

Education and training attainment increased by an average of 2 percentage points across the studies of five financial incentive interventions that measured changes in education (Exhibit 7), compared with comparison group education and training attainment.

One financial incentive intervention increased education and training attainment compared with comparison group education and training attainment. WASC with Incentive Payments was the only intervention to receive a supported rating in the education and training domain. WASC with Incentive Payments provided a mix of cash and in-kind incentives and supports to help clients obtain training and employment and to stabilize income. Payments through the intervention were offered for two years.

Most studies of financial incentive interventions did not assess the impact of the interventions on education and training, likely because this was not an explicit goal for most interventions. Therefore, we do not know whether most financial incentive interventions affected these outcomes. Besides the one intervention that received a supported rating (WASC with Incentive Payments), only studies of four other interventions (Family Rewards 2.0, Job First, Family Rewards, and New Hope) assessed impacts on education and training; those interventions did not receive a supported rating.

Exhibit 7. One financial incentive intervention increased clients' education or training



Supported interventions, meaning interventions with research indicating significant and favorable impacts, are noted in darker blue.

Connecticut's Jobs First Program = Jobs First; Work Advancement and Support Center Demonstration with Incentive Payments = WASC+Incentives.

Which are the most effective interventions?

Five financial incentive interventions had a favorable impact on two or more types of outcomes examined by the Pathways Clearinghouse. Of these, two interventions had favorable impacts on three types of outcomes:

- Family Transition Program (FTP)
- The Self-Sufficiency Project (SSP)

These interventions improved employment and earnings and reduced the use of public benefits (Exhibit 8). More specifically, FTP increased short-term employment (6 percentage points), short-term earnings ($565), and long-term earnings ($1,778). As shown in Exhibit 6, FTP also decreased the amount of public benefits clients received in the short and long terms (-$242 and -$523, respectively). Meanwhile, SSP increased short- and long-term employment (by 9 percentage points and 3 percentage points, respectively), and short- and long-term earnings ($3,974 and $1,611, respectively). As shown in Exhibit 6, SSP also decreased receipt of public benefits in the short- and long-terms (8 and 6 percentage points, respectively) and the amount of public benefits clients received in the short and long terms (-$495 and -$429, respectively).

Exhibit 8. Effects in 2018 dollars for financial incentive interventions that improved outcomes in three domains*

Increase earnings

	Family Transition Program	The Self-Sufficiency Project (SSP)
Short-term	↑ $565 per year	↑ $3,974 per year
Long-term	↑ $1,778 per year	↑ $1,611 per year

Increase employment

	Family Transition Program	The Self-Sufficiency Project (SSP)
Short-term	↑ 6% (in percentage points)	↑ 9% (in percentage points)
Long-term	↓ –1% (in percentage points)	↑ 3% (in percentage points)

Decrease public benefit receipt[a]

	Family Transition Program	The Self-Sufficiency Project (SSP)
Short-term	↑ –$91 per year	↑ –$569 per year
Long-term	↑ –$435 per year	↑ –$468 per year

[a] The Pathways Clearinghouse considered public benefit amount and receipt together and assigned them a single, combined effectiveness rating. As a result, the impacts shown here represent a combined impact across public benefit receipt and amount; hence they do not match the impact estimates for public benefit amount, shown in Exhibit 6.

These two interventions share some characteristics, but they also differ in interesting ways. Both interventions served single parents, were tested in multiple settings, and provided financial incentives for about three years; however, the types of financial incentives provided differed. Clients served through SSP were provided monthly earnings supplements as long as they remained employed full-time and did not receive Canadian public assistance. Clients served through FTP were allowed to receive public assistance, and were provided an earnings disregard, meaning they were allowed to earn more money from work before their public benefits were reduced due to their higher income.

FTP also differed from SSP because clients were required to participate in services for 30 hours per week until they found employment and then were offered supportive services thereafter (as needed). Lastly, FTP participants were required to ensure that their school-age children attended school regularly, to talk to their children's teachers each grading period, and to begin any necessary immunizations for their children. Clients' TANF assistance grants would be reduced if they failed to do these things.

In addition to FTP and SSP, three other interventions—Jobs First, Family Rewards, and New Hope—had favorable impacts on more than one outcome examined by the Pathways Clearinghouse (Exhibit 9).

Exhibit 9. Financial incentive interventions with favorable impacts on more than one outcome

Intervention	Increase earnings	Increase employment	Decrease public benefit receipt	Increase education and training
Jobs First	↑	↑		
Family Rewards	↑		↑	
FTP	↑	↑	↑	
New Hope	↑	↑		
SSP	↑	↑	↑	

Interventions with the greatest effect size

Another way to assess intervention effectiveness is to examine the greatest effects by domain. Across all financial incentive interventions, Family Rewards had the biggest effect on earnings ($4,706 and $3,640 per year, on short- and long-term earnings respectively). SSP had the biggest effect on short-term employment (an average of 9.4 percentage points), while Jobs First had the biggest effect on long-term employment (an average of 5.5 percentage points). SSP also had the greatest impacts on public benefits, reducing long-term public benefit receipt by an average of 6 percentage points and the amount of public benefits received by an average of $429 per year. WASC with Incentive Payments had the biggest impacts on education and training, with a 7 percentage point increase in education and training credentials.

Of these five interventions, three provided financial payments separate from TANF benefits: Family Rewards, New Hope, and SSP. The other two interventions—FTP and Jobs First—provided more generous public benefits. Specifically, FTP offered earnings disregards, allowing clients to earn more income before reducing their public benefits, and Jobs First provided higher levels of cash assistance for a longer period of time to intervention group members than to those in the comparison condition. Jobs First also increased access to public benefits by allowing clients to have $3,000 in assets (in contrast, clients under regular AFDC were only allowed to have $1,000 in assets before they were considered ineligible for cash assistance).

Outcomes by type of financial incentive offered

We also looked at interventions separately by the type of financial incentive they offered. Overall, 6 of the 7 interventions that increased access to public benefits, 5 of the 6 interventions that provided more generous public benefits, and 5 of the 9 interventions that provided financial payments separate from public benefits improved outcomes in any domain. Exhibit 10 shows the number of interventions with favorable outcomes in each domain by type of financial incentive offered.

Exhibit 10. Number of interventions with favorable outcomes by type of financial incentive offered

Types of financial incentives	Increase earnings	Increase employment	Decrease public benefit receipt	Increase education and training
Increased access to public benefits (n = 7)	2	3	1	0
More generous public benefits (n = 6)	3	3	2	0
Financial payments separate from public benefits (n = 9)	4	2	2	1

Some studies increased outcomes in multiple domains so the columns may not sum to the total number of interventions shown.

Needs for future research

Although much is known about financial incentives, more research is needed to determine the benefits of this strategy and when it improves outcomes. The majority of the evidence on financial incentives is from the 1990s. More timely evidence is needed on the different types of financial incentive interventions to understand whether certain types of financial incentives are more successful than others (for example, exploring whether separate cash payments are more or less effective than offering higher cash assistance benefits). In addition, while many interventions improve outcomes, few improve them sufficiently to be likely to move workers and families out of poverty. Further research is needed on what interventions could achieve this goal.

Endnotes

[1] An intervention's primary service is the principal service of the intervention. To identify primary services, two trained coders examined each intervention and identified the service that (1) a large proportion of intervention group members received and a large proportion of comparison group members did not and (2) was described by the study authors as most integral to the theory of change tested by the study. The two coders then compared their independent assessments and discussed the study until they achieved consensus.

[2] A high rating means there is strong evidence that the study findings are solely attributable to the intervention examined. A moderate rating means readers can be somewhat confident that the study findings are attributable to the intervention, but other factors not accounted for in the study might also have contributed to the findings.

[3] Studies of 15 interventions measured earnings in the short or long term; however, the study of one intervention, MFIP, did not include enough information for us to calculate an effect size. Therefore, MFIP is not included in the average calculation or the earnings graphs in this report.

[4] Studies of 15 interventions measured employment in the short or long term; however, one intervention, CWPDP did not include enough information for us to calculate an effect size. Therefore, CWPDP is not included in the average calculation or the earnings graphs in this report.

[5] Fifteen interventions had studies measuring the impact on public benefit receipt or amount. Studies of 10 interventions measured short-term public benefit receipt, and studies of 8 interventions measured impacts on long-term public benefit receipt. Studies of nine interventions measured public benefit amount in the short term, and studies of six interventions measured impacts on long-term public benefit amount.

[6] The comparison group varies by study, so here we present the statistics by percentage of studies and not the percentage of interventions.

[7] The Pathways Clearinghouse considers statistical significance to be support for the existence of an effect of an intervention. The Pathways Clearinghouse considers an effect estimate statistically significant if the p-value of a two-sided hypothesis test of whether the effect is equal to zero is less than 0.05. A p-value is the probability of observing an effect estimate as large or larger than the one observed, if there were no actual effect.

[8] The Pathways Clearinghouse examined studies published from 1990 to 2019.

[9] At the time of publication, the Pathways Clearinghouse was in the process of adding additional services tags for interventions that provide more intensive services around housing, child care, legal assistance, and possibly other related domains. For this snapshot, any interventions including these types of services are included in the "supportive services" classification.

[10] Specific definitions of these services are available in this glossary: https://pathwaystowork.acf.hhs.gov/glossary. Services were included if provided to the intervention group but not the comparison group, or if the services were provided more intensively or differently to the intervention group than the comparison group.

[11] Earnings data were reported in various time frames, including quarterly and annual. The Pathways Clearinghouse converted all the earnings estimates to annual estimates.

[12] SSP provided earnings supplements to clients who maintained full-time employment and continued to not receive cash assistance from the Canadian government. The large impacts on short-term public benefit receipt do not account for the earnings supplements clients could receive as part of the intervention for the first three years of the study. Nevertheless, research on the long-term impacts of SSP demonstrates sustained reductions in the receipt and amount of public benefits multiple years after the earnings supplements ended.

[13] We break out public benefit receipt and benefit amount for graphing purposes only; the Pathways Clearinghouse considered benefit amount and receipt together and assigned them a single, combined effectiveness rating.

[14] The Pathways Clearinghouse adjusted the various estimated impacts to account for inflation and other changes over time. This adjustment accounts for changes in the maximum amount of public benefits available because of the Great Recession and other policy changes.

Goals of the Pathways Clearinghouse

The Pathways Clearinghouse systematically evaluates and summarizes the evidence on the effectiveness of interventions that aim to improve employment outcomes, reduce employment challenges, and support self-sufficiency for populations with low incomes. It has several goals:

- Conduct a transparent, comprehensive search to identify studies of employment and training interventions designed to improve employment, increase earnings, support self-sufficiency, or advance education and training for populations who have low incomes.
- Rate the quality of those studies to assess the strength of the evidence they provide on the different interventions.
- Determine the evidence of effectiveness for those interventions.
- Share the results, as well as other Clearinghouse products, on a user-friendly website to help state and local TANF administrators, policymakers, researchers and the general public make sense of the results and better understand how this evidence might apply to questions and contexts that matter to them.
- Synthesize the overall state of evidence in the field by creating and disseminating a variety of reports, briefs, and other products.

For more information, see https://pathwaystowork.acf.hhs.gov.

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