



Subsidized Employment and Transitional Jobs



This brief summarizes evidence from the Pathways to Work Evidence Clearinghouse about interventions providing subsidized employment or transitional jobs—two related strategies for helping people with low incomes improve employment and earnings outcomes.

Subsidized employment refers to jobs for which at least some of a worker's wages are paid by an organization other than the employer (typically, though not always, the government). Interventions that provide subsidized employment have been used for various purposes, including providing income to people during periods of high unemployment, helping people develop skills needed for success in the labor market, helping individuals find jobs they would not find otherwise, and encouraging employers to hire individuals they might not otherwise consider (Cummings and Bloom 2020). There are different models of subsidized employment interventions serving people with low incomes. Some place clients in temporary positions. These positions are often fully funded by the program and are often within the organization implementing the intervention or within partner public or nonprofit agencies. Others subsidize an individual's wages in hopes that the job will become permanent after the subsidy ends. Such placements are often with private-sector employers. Subsidies might cover an employee's full wages or only a fraction; in some cases, the client is placed on the employer's payroll, whereas in others, the program might pay the client directly. More complex models might involve multiple placements—for example, a first placement in a temporary position followed by a subsidized placement expected to lead to a permanent hire.

What do we mean by subsidized employment and transitional jobs?

The Pathways to Work Evidence Clearinghouse defines subsidized employment as employment that is partially or fully paid for by an external funder (not the employer), and transitional jobs as jobs meant to integrate those who have been out of the workforce (for example, people who were formerly incarcerated) back into the workforce. Transitional jobs can be paid or unpaid.

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 subsidized employment or transitional jobs) 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.

Transitional jobs interventions are similar to subsidized employment. They provide job opportunities to groups with particularly low rates of employment or people who have been outside the workforce for an extended period (such as people with previous involvement with the justice system) and are meant to help them build their work skills before entering another job. Transitional jobs are temporary and usually subsidized, though some transitional jobs are provided within public agencies or nonprofit organizations (including social enterprises) that use their own funds to support the opportunities. Because most transitional jobs programs subsidize employee wages, this brief summarizes the evidence on both of these types of interventions.

Subsidized employment and transitional jobs interventions generally provide other services to support clients in their placements or to prepare them for longer-term success in the labor market. Services might include case management, job development, job search assistance, soft-skills training, supportive services, and, in some cases, occupational training to help prepare them to find an unsubsidized job after the subsidized or transitional job has ended.

What does the evidence say?

The Pathways Clearinghouse identified 17 interventions for which subsidized employment or transitional jobs were the primary focus of the intervention, or primary service.¹ The Pathways Clearinghouse identified 10 of the 17 as offering both subsidized employment and transitional jobs, and the rest as offering one or the other. These 17 interventions were described in 17 studies of high or moderate quality (one per intervention) that examined employment, earnings, public benefit receipt, or education and training outcomes.² The Pathways Clearinghouse considered earnings, employment, and public benefit receipt findings in both the short term (18 or fewer months) and long term (between 18 months and 5 years). 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 \$1,123 and long-term annual earnings increased by \$600 on average, across the 16 subsidized employment and transitional jobs interventions for which these outcomes were measured. Ten interventions increased earnings in the short term, but only one intervention increased earnings in the long term.



Short-term employment increased by 6 percentage points and long-term employment increased by 3 percentage points, on average, across the 17 subsidized employment and transitional jobs interventions for which these outcomes were measured. Twelve interventions increased employment in the short term, and five interventions increased employment in the long term. Authors of the studies of the 12 interventions with short-term impacts reported bigger impacts on employment while clients were in the subsidized or transitional jobs provided by the programs but smaller or no impacts once clients no longer have access to them.



The proportion of individuals receiving public benefits did not change in the short term and decreased by 2 percentage points in the long term, on average, across the 13 subsidized employment and transitional jobs interventions for which these outcomes were measured. The amount of public benefits received decreased by \$299 in the short term and decreased by \$237 in the long term, on average, across the four interventions for which public benefit amount was measured. Three interventions reduced public benefit receipt or amount.



Education and training attainment increased by four percentage points, on average, across the nine subsidized employment and transitional jobs interventions for which these outcomes were measured. Five subsidized or transitional employment interventions increased education and training attainment.



Ten subsidized or transitional employment interventions had positive impacts on two or more outcomes examined by the Pathways Clearinghouse. More specifically, seven subsidized or transitional employment interventions had positive impacts on three or more outcomes examined. [Good Transitions](#); [Ready, Willing and Able Pathways2Work \(Pathways\)](#); [RecycleForce](#); and [Supporting Families Through Work \(SFTW\)](#) improved employment, earnings, and education and training outcomes. These interventions served noncustodial parents or people who were formerly incarcerated. [Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training \(OJT\)](#), [Los Angeles County Transitional Subsidized Employment Program—Paid Work Experience \(PWE\)](#), and [Parent Success Initiative \(PSI\)](#) improved employment, earnings, and public benefit receipt outcomes. OJT and PWE served Temporary Assistance for Needy Families (TANF) recipients, whereas PSI served noncustodial parents.

Other interventions with subsidized employment or transitional job components

In addition to the 17 interventions with subsidized employment or transitional jobs as the primary service, the Pathways Clearinghouse identified ten interventions with another type of primary service that had subsidized employment or transitional jobs as a component. For four of them, the primary service was work experience, which is similar to subsidized employment and transitional jobs in that participants receive experience in work-based settings. In these cases, however, the studies characterized the experience as "internships" or "community service jobs" rather than as transitional jobs. The primary services for the other interventions included education, work readiness activities, financial incentives, and job search assistance.

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 term (between 18 months and five years) because we expect the interventions might have different effects in different time periods.³ 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 interventions for which subsidized employment or transitional jobs were the primary service received the well-supported rating in the outcome domains of interest to the Pathways Clearinghouse. Thirteen interventions for which subsidized employment or transitional jobs were the primary service 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) other services provided by the organization or available in the community (76 percent of the studies), (2) a less-intensive version of services (18 percent of the studies), or (3) intensive employment services other than transitional or subsidized employment (6 percent).

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 for which subsidized employment or transitional jobs was the primary service. 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 subsidized employment and transitional jobs.⁴ We show the average and not the median because, for the most part, there are no outliers skewing the average.

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 use subsidized employment or transitional jobs?

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 17 interventions in which subsidized employment or transitional jobs are 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. Interventions that use subsidized employment or transitional jobs and their effectiveness, by domain

| Intervention description | Primary service ^a | Populations and employment barriers | Settings ^b | Year evaluation began | Increase earnings | Increase employment | Decrease public benefit receipt ^c | Increase education and training |
|--|------------------------------|---------------------------------------|-----------------------------|-----------------------|-------------------|---------------------|--|---------------------------------|
| ★ well-supported ⬆ supported ⚖ mixed support ✖ not supported ⚪ insufficient evidence ○ no evidence | | | | | | | | |
| Center for Employment Opportunities (CEO) Prisoner Reentry Program Provided people who were formerly incarcerated with a preemployment class, temporary paid jobs with New York City agencies, job coaching, job development, a parenting class, and post-placement services to reduce recidivism and improve labor market prospects. | Transitional jobs | People who were formerly incarcerated | Urban only | 2004 | ⚪ | ⚪ | ○ | ○ |
| Good Transitions Served noncustodial parents with low incomes by providing subsidized employment combined with case management and training to help them connect to stable employment. | Subsidized employment | Noncustodial parents | Urban only | 2012 | ⬆ | ⬆ | ⚪ | ⬆ |
| Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training (OJT) Provided partially subsidized work opportunities to move TANF recipients into unsubsidized permanent employment. | Subsidized employment | Cash assistance recipients, Parents | Tested in multiple settings | 2012 | ⬆ | ⬆ | ⬆ | ✖ |

| Intervention description | Primary service ^a | Populations and employment barriers | Settings ^b | Year evaluation began | Increase earnings | Increase employment | Decrease public benefit receipt ^c | Increase education and training |
|--|------------------------------|---------------------------------------|-----------------------------|-----------------------|-------------------|---------------------|--|---------------------------------|
| ★ well-supported ⬆ supported ⚖ mixed support ✖ not supported ⚪ insufficient evidence ○ no evidence | | | | | | | | |
| Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training (OJT) (as compared with Paid Work Experience (PWE)) Provided partially subsidized work opportunities to move TANF recipients into unsubsidized permanent employment. This evaluation directly compared OJT to a separate intervention, PWE, in order to better understand which of the two interventions might be more effective; the distinctive features of OJT include job placement in the for-profit sector without job search assistance. | Subsidized employment | Cash assistance recipients, Parents | Tested in multiple settings | 2012 | ✖ | ✖ | ✖ | ✖ |
| Los Angeles County Transitional Subsidized Employment Program—Paid Work Experience (PWE) Provided subsidized work opportunities to increase the employability of TANF recipients. | Subsidized employment | Cash assistance recipients, Parents | Tested in multiple settings | 2012 | ⬆ | ⬆ | ⬆ | ⚖ |
| Los Angeles Regional Initiative for Social Enterprise (LA:RISE) Pilot Program Provided transitional jobs at a social enterprise and other services to improve employment outcomes for populations with high barriers to employment, including disconnected youth, people with a record of justice involvement, and people experiencing housing instability. | Transitional jobs | People with low incomes | Urban only | 2015 | ✖ | ✖ | ○ | ○ |
| Minnesota Subsidized and Transitional Employment Demonstration (MSTED) Provided subsidized employment as well as job readiness and job search services to improve employment, public benefit receipt, and earnings outcomes. | Subsidized employment | People with low incomes | Tested in multiple settings | 2014 | ⚖ | ⬆ | ⚖ | ○ |
| Next STEP (Subsidized Transitional Employment Program) Sought to help people who were formerly incarcerated reenter the workforce by providing them with 2 weeks of work readiness training, supportive services, and 16 weeks of subsidized work. | Subsidized employment | People who were formerly incarcerated | Urban only | 2011 | ⚖ | ⬆ | ⚖ | ⬆ |

| Intervention description | Primary service ^a | Populations and employment barriers | Settings ^b | Year evaluation began | Increase earnings | Increase employment | Decrease public benefit receipt ^c | Increase education and training |
|--|------------------------------|---|-----------------------------|-----------------------|-------------------|---------------------|--|---------------------------------|
| ★ well-supported ⬆ supported ⚖ mixed support ✖ not supported ⚪ insufficient evidence ○ no evidence | | | | | | | | |
| <u>Parent Success Initiative (PSI)</u> Provided noncustodial parents with low incomes services to improve their employment skills and ability to pay child support, including a two-week job readiness class, a transitional job placement with a nonprofit or a public-sector organization, case management, job development and placement, and legal assistance related to child support issues. | Transitional jobs | Noncustodial parents | Tested in multiple settings | 2011 | ⬆ | ⬆ | ⬆ | ○ |
| <u>Ready, Willing and Able Pathways2Work (Pathways)</u> Provided job readiness training, case management, transitional jobs, and subsidized internships to people who were formerly incarcerated to support participants in securing unsubsidized employment. | Transitional jobs | People who were formerly incarcerated | Urban only | 2011 | ⬆ | ⬆ | ⚖ | ⬆ |
| <u>RecycleForce</u> Sought to help people who were formerly incarcerated reenter the workforce by placing them in transitional jobs at social enterprises, where they received job training, work experience, and support from peer mentors. | Transitional jobs | People who were formerly incarcerated | Urban only | 2011 | ⬆ | ⬆ | ⚖ | ⬆ |
| <u>STEP Forward</u> Provided a subsidy to local employers for hiring participants and supported participants with counseling and weekly job fairs that connected them with employers. | Subsidized employment | Cash assistance recipients, People with low incomes | Urban only | 2012 | ⬆ | ⬆ | ○ | ⚖ |
| <u>Supporting Families Through Work (SFTW)</u> Arranged transitional jobs with private sector employers for noncustodial parents with low incomes with the goal of improving their employment outcomes and ability to pay child support. | Transitional jobs | Noncustodial parents | Urban only | 2011 | ⬆ | ⬆ | ⚖ | ⬆ |
| <u>Transitional Jobs Program at the Transitional Work Corporation (TWC)</u> Initiated a transitional jobs program to provide subsidized jobs to TANF recipients with barriers to employment to help them secure stable, unsubsidized employment. | Transitional jobs | Cash assistance recipients | Urban only | 2004 | ⚖ | ⬆ | ⚖ | ○ |

| Intervention description | Primary service ^a | Populations and employment barriers | Settings ^b | Year evaluation began | Increase earnings | Increase employment | Decrease public benefit receipt ^c | Increase education and training |
|--|------------------------------|--|-----------------------|-----------------------|-------------------|---------------------|--|---------------------------------|
| ★ well-supported ↑ supported ⊖ mixed support ✖ not supported ⊘ insufficient evidence ○ no evidence | | | | | | | | |
| Transitional Jobs Program at the Transitional Work Corporation (TWC) [as compared to Success Through Employment Preparation (STEP)]^d Initiated a transitional jobs program to provide subsidized jobs to TANF recipients. This evaluation directly compared TWC to a separate intervention, STEP, which provided intensive case management and other supports, in order to better understand which of the two interventions might be more effective. The distinctive features of TWC's transitional jobs program when compared to STEP are subsidized employment and retention bonuses. | Transitional jobs | Cash assistance recipients, Specific employment barriers | Urban only | 2004 | ⊘ | ⊘ | ⊘ | ○ |
| Transitional Jobs Reentry Demonstration (TJRD) Provided people who were formerly incarcerated with job search and placement assistance and subsidized employment opportunities to help reduce recidivism and increase self-sufficiency. | Transitional jobs | Male, People who were formerly incarcerated | Urban only | 2007 | ↑ | ↑ | ○ | ○ |
| TransitionsSF Supported unemployed and underemployed non-custodial parents in finding and maintaining work through job readiness activities and assignment to one of three tiers of transitional jobs based on an assessment of barriers to work, with the goal of improving participants' employment outcomes and ability to pay for child support. | Transitional jobs | Noncustodial parents | Urban only | 2011 | ↑ | ↑ | ⊘ | ○ |

Table notes:

^aAn intervention's primary service is the principal service of the intervention.

^bThe 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.

^cThe decrease benefit receipt ratings in this table are from the [Pathways Clearinghouse](#) website and combine outcomes related to both benefit receipt and benefit amount. Later in this report, we break out the outcomes by benefit receipt and benefit amount. That means the ratings listed in this column may or may not line up with data presented in the text and graphs in this report.

^dTWC v. STEP measured impacts on earnings but did not include enough information for us to calculate an effect size. Therefore, TWC v. STEP is not included in the average calculation or the earnings graphs in this report.

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. A mix of nonprofit organizations and public-sector agencies provided the subsidized employment or transitional jobs interventions. The design of each intervention varied. Some involved transitional job placements at a limited number of organizations capable of providing support to the clients while they were in the placement. For example, RecycleForce placed individuals in social enterprises, whereas the CEO Prisoner Reentry Program placed clients in work crews operated by the program. Others (for example, SFTW) arranged separate placements at a variety of employers independent of the program (known as a scattered-site model). Interventions such as Good Transitions and the Minnesota Subsidized and Transitional Employment Demonstration used staged models that involved a first placement within the organization or with a partner, followed by a second individualized placement with another employer. Finally, some (for example, TransitionsSF) had a tiered model in which clients were directed into different types of placements based on their level of job readiness. The length of the job placements also varied, ranging from about 10 weeks to 6 months. Models providing placements of four months or more were most common; 13 of the 17 interventions provided subsidized employment or transitional jobs anticipated to last at least that long.

Researchers who have studied subsidized and transitional jobs interventions have discussed the potential advantages of different models. For example, work crews might allow a higher level of support during the placement; scattered-site models might provide flexibility for matching clients to jobs that aligned with their interests; and social enterprises might provide support to clients while generating revenue to support the program and giving clients experience where their work affects the organization's competitive success (Bloom 2010; Maxwell et. al 2019).

The populations, settings, and timing of interventions that used subsidized employment or transitional jobs also varied (Exhibit 1). Many interventions focused on noncustodial parents or people who were formerly incarcerated (both largely male populations). Other interventions

focused on TANF recipients (a largely female population) or individuals close to exhausting their unemployment benefits. Most of the subsidized or transitional employment interventions studied were in urban settings, but some operated in both urban and nonurban settings. Most of the evaluations began in 2011 or 2012, reflecting two major federal studies of subsidized employment and transitional jobs that occurred during this period: (1) the Department of Labor's Enhanced Transitional Jobs Demonstration (ETJD) and (2) the Office of Planning, Research & Evaluation's Subsidized and Transitional Employment Demonstration. Four evaluations started earlier (with three beginning in 2004 and one in 2007), and two began later, in 2014 and 2015.⁵ The Pathways Clearinghouse website (<https://pathwaystowork.acf.hhs.gov/>) includes more detail about each intervention.

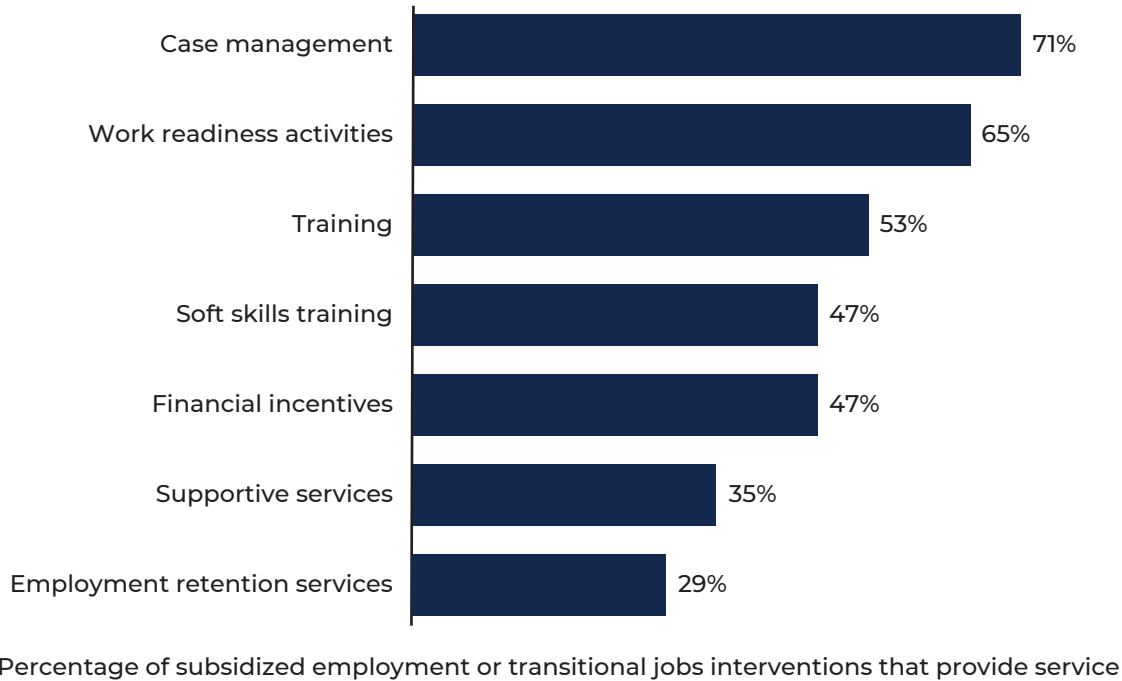
Differences between interventions that use subsidized employment and those that use transitional jobs as a primary service

Among the 17 interventions considered in this brief, Pathways Clearinghouse team categorized seven as having subsidized employment as the primary service, and ten as having transitional jobs as the primary service. The determination relied primarily on descriptions by study authors, but in some cases relied on a judgment by the Pathways Clearinghouse team about characteristics of the intervention. Features of the two types of interventions differ in various ways. For example, interventions with transitional jobs as the primary service are more likely to target people who were formerly incarcerated (5 of 10 transitional jobs interventions targeted this group as part of or as its entire service population, as compared to 1 of 7 subsidized employment interventions); are more likely to involve work spaces operated by the implementing program or work crews (7 of 10 transitional jobs interventions placed at least a portion of their participants in such environments, as compared to 2 of 7 subsidized employment interventions); and are more likely to involve placements of shorter than four months for at least some participants (4 out of 10 transitional jobs interventions, as compared to 1 out of 7 subsidized employment interventions).⁶

All the subsidized employment or transitional jobs interventions also offered accompanying services (see Exhibit 2). Most interventions also provided case management (71 percent) and work readiness activities (65 percent), such as job development or job placement. Just more than half (53 percent) offered some type of training, which in

some cases included occupational or sectoral training. Nearly half offered financial incentives (47 percent) and soft-skills training (47 percent). A smaller percentage of interventions included supportive services (35 percent) or employment retention services (29 percent), the latter of which largely focused on retaining unsubsidized employment.⁷

Exhibit 2. Other services offered with subsidized employment or transitional jobs, out of 17 interventions⁸



Do subsidized employment or transitional jobs interventions increase earnings?



Short-term annual earnings increased by \$1,123, and long-term annual earnings increased by \$600, on average, across the high and moderate rated studies on the 16 interventions that measured an impact on earnings (Exhibit 3), compared with comparison group earnings.

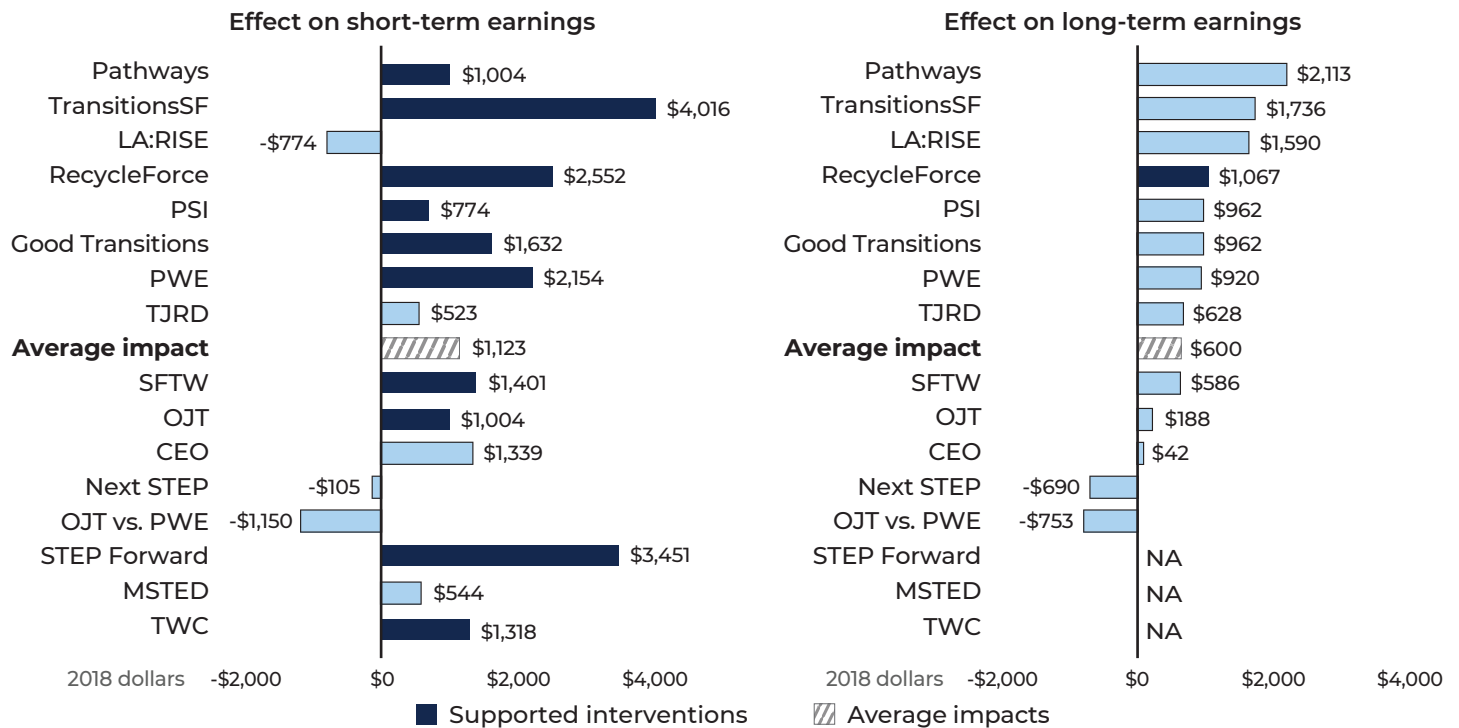
Ten interventions that used subsidized employment or transitional jobs improved earnings in the short- or long-term, compared with comparison group earnings.

All ten had positive impacts on short-term annual earnings. Two interventions operating in San Francisco—TransitionsSF, which served noncustodial parents with a tiered transitional jobs model, and STEP Forward, which placed noncustodial

parents in subsidized jobs with private-sector employers—had the largest short-term impacts, increasing short-term annual earnings by \$4,016 and \$3,451, respectively. Only one intervention (RecycleForce) found a positive impact on long-term earnings. None of the estimated short- or long-term impacts were large as defined by the Pathways Clearinghouse (meaning none of the interventions changed earnings by more than 0.25 standard deviations or an amount equivalent to \$4,854 per year in 2018).

Exhibit 3 shows the average impact on earnings for each intervention. Interventions with research that indicated positive impacts are noted in darker blue.

Exhibit 3. Interventions offering subsidized or transitional employment, on average, increased short-term earnings and long-term earnings⁹



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.

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

Center for Employment Opportunities Prisoner Reentry Program = CEO; Los Angeles Regional Initiative for Social Enterprise Pilot Program = LA:RISE; Minnesota Subsidized and Transitional Employment Demonstration = MSTED; Next STEP (Subsidized Transitional Employment Program) = Next STEP; Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training = OJT; Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training (as compared with Paid Work Experience)= OJT versus PWE; Ready, Willing and Able Pathways2Work = Pathways; Parent Success Initiative = PSI; Los Angeles County Transitional Subsidized Employment Program—Paid Work Experience = PWE; Supporting Families Through Work = SFTW; Transitional Jobs Reentry Demonstration = TJRD; Transitional Jobs Program at the Transitional Work Corporation = TWC; Transitional Jobs Program at the Transitional Work Corporation (as compared with Success Through Employment Preparation) = TWC versus STEP.

Do subsidized employment or transitional jobs interventions increase employment?



Short-term employment increased by 6 percentage points and long-term employment increased by 3 percentage points, on average, across the high and moderate rated research on the 17 interventions that examined these outcomes (Exhibit 4), compared with comparison group employment.

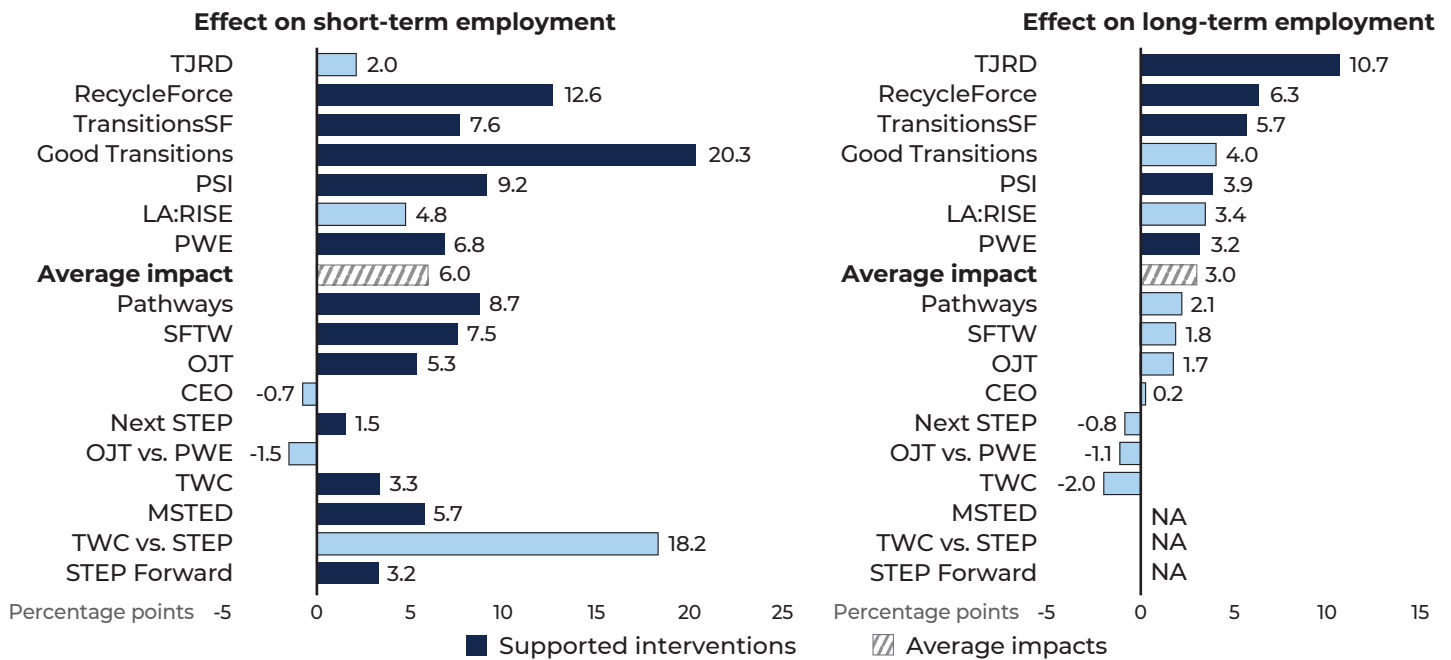
Thirteen of the interventions increased employment in the short or long term, compared with comparison group employment. All 17 interventions that used subsidized employment or transitional jobs examined short-term employment, and 12 of them showed increases. The ones with the greatest effects on short-term employment were Good Transitions and RecycleForce (which showed impacts of 20.3 percentage points and 12.6 percentage points, respectively).

Only five interventions increased long-term employment

across the 14 interventions that measured impacts on long-term employment, compared with comparison group employment: TJRD, RecycleForce, TransitionsSF, PSI, and PWE. For most interventions, the long-term impacts on employment were smaller than the short-term impacts. Authors of the studies of the 12 interventions with short-term impacts reported bigger impacts on employment while clients were in the subsidized or transitional jobs provided by the programs but smaller or no impacts once clients no longer have access to them.

TJRD, a multisite intervention serving people who were previously incarcerated, was an exception. TJRD was the only intervention that had a large impact on long-term employment (meaning it had an effect larger than 0.25 standard deviations).¹⁰ TJRD also provided financial incentives to clients who retained unsubsidized jobs for up to 12 months.

Exhibit 4. Interventions offering subsidized or transitional employment, 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.

TJRD includes at least one short-term employment outcome with favorable findings. However, across short-term employment outcomes, the average impact was not significant. Therefore, TJRD is not shown as supported in the short-term employment graph in this report.

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Do subsidized employment or transitional jobs interventions decrease public benefit receipt?



On average, the proportion of individuals receiving public benefits did not change in the short term and decreased by 2 percentage points in the long term, compared

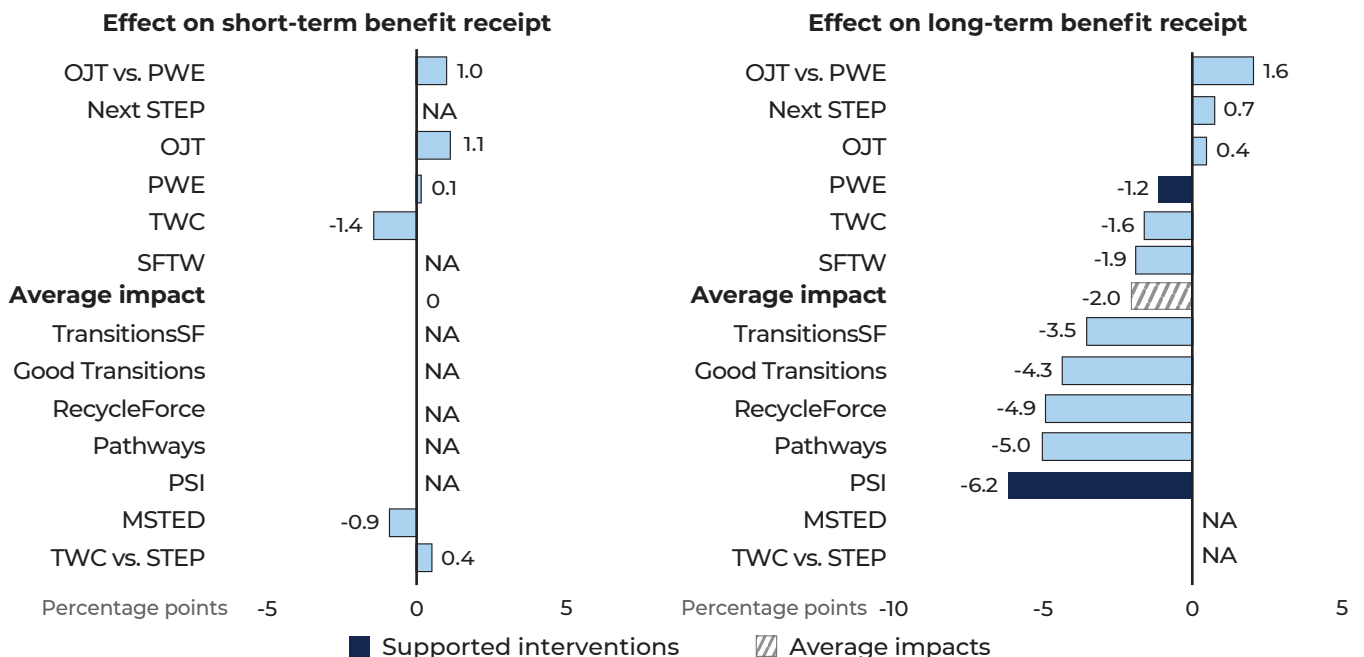
with comparison group public benefit receipt. Partly because many subsidized employment and transitional jobs interventions serve populations other than cash assistance recipients (for example, noncustodial parents or people with previous justice involvement), only four studies measured public benefit amount. However, 13 interventions estimated impacts on public benefit receipt.¹¹ Exhibit 5 shows the average impact on whether or not clients received public benefits.

No interventions reduced public benefit receipt in the short term, while two reduced public benefit receipt in the long term, relative to the comparison group. The Pathways Clearinghouse focuses on receipt and amount of benefits from public programs like TANF, the Supplemental

Nutrition Assistance Program (SNAP), Supplemental Security Income, and unemployment insurance. The two interventions that decreased long-term public benefit receipt were PSI and PWE. PSI, which served noncustodial parents, showed the most sizeable decrease, which reflects decreases in the receipt of SNAP.

Two interventions reduced the amount of public benefits received in the short term, while none reduced the amount of public benefits received in the long term, relative to the comparison group (Exhibit 6). The two interventions that reduced the amount of public benefits received in the short term were PWE and OJT. Both were within the Los Angeles County Transitional Subsidized Employment Program and both focused on TANF recipients. The amount of short-term public benefits received decreased by \$299, on average, across the four interventions for which public benefit amount was measured.

Exhibit 5. Interventions offering subsidized or transitional employment, on average, decreased long-term public benefit receipt but had no impact in the short term

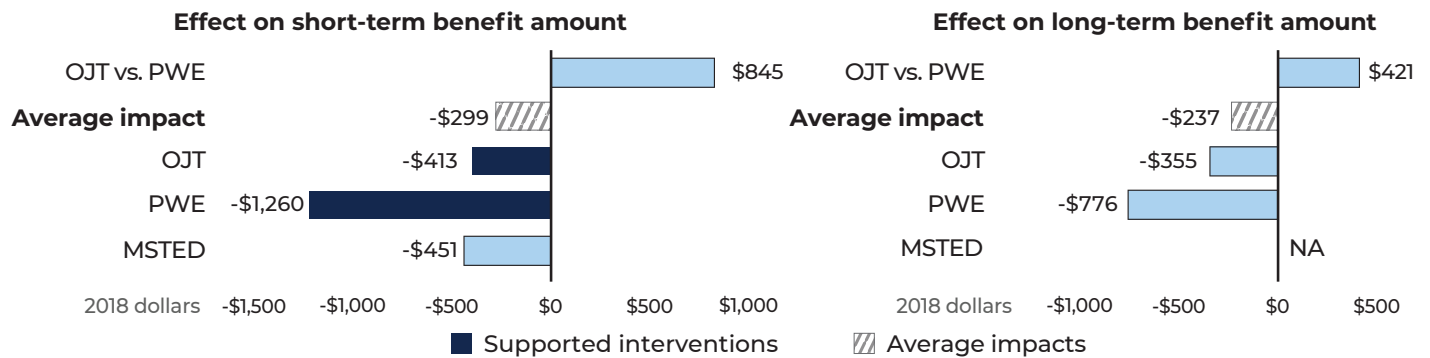


Interventions are sorted according to the size of the long-term impacts because long-term effects better represent sustained increases in economic self-sufficiency. Supported interventions, meaning interventions with research indicating significant and favorable impacts, are noted in darker blue.

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

Minnesota Subsidized and Transitional Employment Demonstration = MSTED; Next STEP (Subsidized Transitional Employment Program) = Next STEP; Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training = OJT; Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training (as compared with Paid Work Experience) = OJT versus PWE; Ready, Willing and Able Pathways2Work = Pathways; Parent Success Initiative = PSI; Los Angeles County Transitional Subsidized Employment Program—Paid Work Experience = PWE; Supporting Families Through Work = SFTW; Transitional Jobs Program at the Transitional Work Corporation = TWC; Transitional Jobs Program at the Transitional Work Corporation (as compared with Success Through Employment Preparation) = TWC versus STEP.

Exhibit 6. Interventions offering subsidized or transitional employment, on average, decreased the amount of public benefits received in the short term¹²



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.

Minnesota Subsidized and Transitional Employment Demonstration = MSTED; Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training = OJT; Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training (as compared with Paid Work Experience) = OJT versus PWE; Los Angeles County Transitional Subsidized Employment Program—Paid Work Experience = PWE.

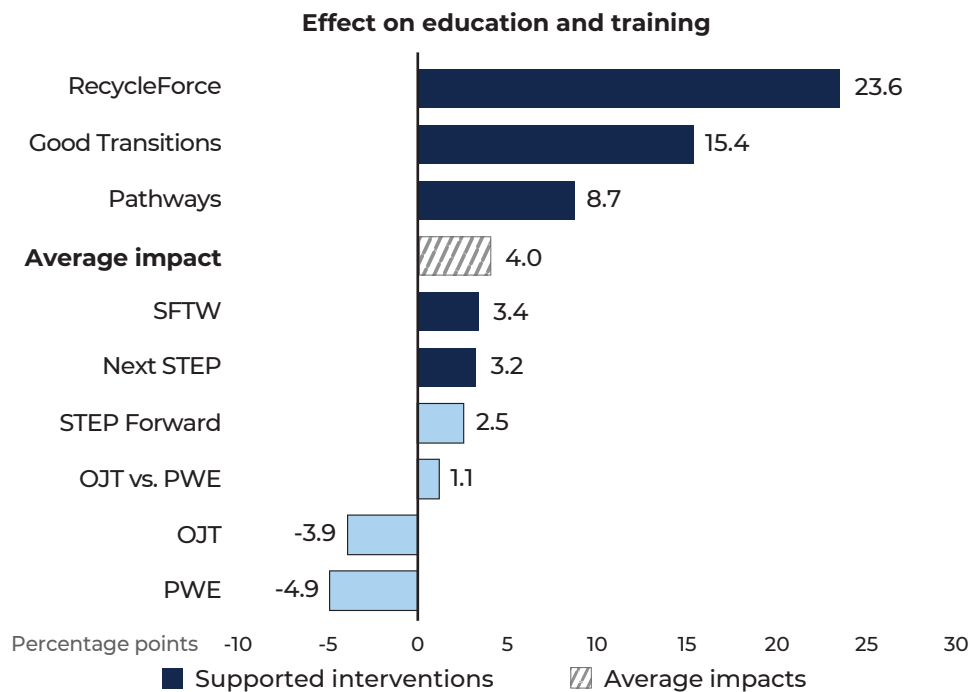
Do subsidized employment or transitional jobs interventions increase education and training?



Education and training attainment increased by 4 percentage points, on average across the nine high and moderate rated studies that measured changes in education and training (Exhibit 7), compared with comparison group

education and training. Five subsidized or transitional employment interventions increased education and training attainment. Four of the five interventions also offered occupational or sectoral training as a service (RecycleForce, Good Transitions, Pathways, and Next STEP).

Exhibit 7. Interventions offering subsidized or transitional employment, on average, increased clients' education or training



Supported interventions, meaning interventions with research indicating significant and favorable impacts, are noted in darker blue. Next STEP = Next STEP (Subsidized Transitional Employment Program); OJT = Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training; OJT versus PWE = Los Angeles County Transitional Subsidized Employment Program—On-the-Job Training (as compared with Paid Work Experience); Pathways = Ready, Willing and Able Pathways2Work; PWE = Los Angeles County Transitional Subsidized Employment Program—Paid Work Experience; SFTW = Supporting Families Through Work.

Which are the most effective interventions?

Ten subsidized employment or transitional jobs interventions had a positive impact on two or more outcomes examined by the Pathways Clearinghouse. Of these, seven interventions had positive impacts on three outcomes (see Exhibits 8 and 9). Four interventions improved earnings, employment, and education and training outcomes:

- ⬆ Good Transitions
- ⬆ Pathways
- ⬆ RecycleForce
- ⬆ SFTW

All four of these interventions were part of ETJD and received grants from the Employment and Training Administration of the U.S. Department of Labor.¹³ The studies of these interventions do not demonstrate which aspects of these interventions caused the favorable outcomes. However, the interventions shared certain characteristics. Consistent with ETJD’s design, all served noncustodial parents or people who were previously incarcerated. All four primarily served men (between 94 and 97 percent of those served). All operated in urban settings. Although all had subsidized employment or transitional jobs as the primary service, they all bundled the jobs with a set of other services that included case management, soft-skills training, and work readiness activities (including job development and placement or job search assistance). Good Transitions, RecycleForce, and Pathways all also provided occupational or sectoral training. In addition, each provided clients with a variety of other services, including some tailored to the population they served, such as assistance with child support.

However, only one (RecycleForce) demonstrated favorable impacts on employment and earnings in the long term.

Three interventions improved employment and earnings and reduced the use or amount of public benefits:

- ⬆ OJT
- ⬆ PWE
- ⬆ PSI

OJT and PWE provided a version of subsidized employment to TANF recipients in Los Angeles who were not exempt from work requirements and met certain criteria, one of which was not having major employment barriers. Most clients—86 percent—were women. PSI, in contrast, was part of ETJD. It served noncustodial parents, and 94 percent of those served were men. Despite improving outcomes in the same set of domains, the models of the three interventions were different. OJT placed clients in subsidized jobs with for-profit employers, including putting the clients on the employer’s payroll for part of the subsidy period, with the goal of those jobs becoming permanent. PWE placed clients in subsidized jobs with nonprofit and public employers and continued to provide other TANF employment services to help them find permanent unsubsidized jobs, including paid time for job search. PSI placed clients in transitional jobs on work crews with nonprofit and public organizations.

In addition to these seven interventions, three other interventions—STEP Forward, TWC, and TransitionsSF—had positive impacts on more than one outcome examined by the Pathways Clearinghouse.

Interventions with the greatest effect size

The most effective interventions could also be identified as those with the largest effects. Across all interventions for which subsidized employment or transitional jobs were the primary service, TransitionsSF had the largest effect on short-term earnings. RecycleForce was the only intervention with positive impacts on long-term earnings. Good Transitions had the largest effect on employment in the short term; Transitional Jobs Reentry Demonstration (TJRD) had the largest effect on employment in the long term.¹⁴ RecycleForce and Good Transitions also had the largest impacts on education and training attainment. PSI and PWE had the largest effects on public benefit receipt and public benefit amount, respectively.

Exhibit 8. Effects in 2018 dollars for subsidized employment or transitional jobs interventions that received supported ratings in the earnings, employment, and education and training domains













































| | Good Transitions | Pathways | RecycleForce | SFTW |
|--|--|---|--|---|
| Increase earnings | | | | |
| Short-term |  \$1,632 per year |  \$1,004 per year |  \$2,552 per year |  \$1,401 per year |
| Long-term |  \$962 per year |  \$2,113 per year |  \$1,067 per year |  \$586 per year |
| Increase employment | | | | |
| Short-term |  20% (in percentage points) |  9% (in percentage points) |  13% (in percentage points) |  7% (in percentage points) |
| Long-term |  4% (in percentage points) |  2% (in percentage points) |  6% (in percentage points) |  2% (in percentage points) |
| Increase education and training | | | | |
| All measurement periods |  15% (in percentage points) |  9% (in percentage points) |  24% (in percentage points) |  3% (in percentage points) |

Exhibit 9. Effects in 2018 dollars for subsidized employment or transitional jobs interventions that received supported ratings in the earnings, employment, and public benefit receipt domains

| | OJT | PWE | PSI |
|--|---|--|--|
| Increase earnings | | | |
| Short-term |  \$1,004 per year |  \$2,154 per year |  \$774 per year |
| Long-term |  \$188 per year |  \$920 per year |  \$962 per year |
| Increase employment | | | |
| Short-term |  5% (in percentage points) |  7% (in percentage points) |  9% (in percentage points) |
| Long-term |  2% (in percentage points) |  3% (in percentage points) |  4% (in percentage points) |
| Decrease public benefit receipt | | | |
| Short-term |  1.1% (in percentage points) |  0.1% (in percentage points) |  No evidence |
| Long-term |  0.4% (in percentage points) |  -1.2% (in percentage points) |  -6.2% (in percentage points) |
| Decrease public benefit amount | | | |
| Short-term |  -\$413 per year |  -\$1,260 per year |  No evidence |
| Long-term |  -\$355 per year |  -\$776 per year |  No evidence |

Needs for future research

As described in this brief, many interventions using subsidized employment or transitional jobs strategies have demonstrated improvements in short-term earnings and employment, but fewer have demonstrated improvements in long-term earnings and employment or in other types of outcomes. Continued research could attempt to better understand the features of subsidized employment or transitional jobs strategies most likely to improve longer-term outcomes, as well as to provide more information about the contexts in which such strategies are most effective—for example, whether they are most effective in combination with specific other types of services.

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. The Pathways Clearinghouse classified many of the 17 interventions whose primary service was subsidized employment or transitional jobs as also offering the other type of service. Specifically, the Pathways Clearinghouse identified 10 of the 17 as offering both subsidized employment and transitional jobs; six offered only subsidized employment, and one offered only transitional jobs.

² A high rating means there is strong evidence that the study findings are solely attributable to the intervention examined. A moderate rating means that 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. Studies rated as low are not included in this brief.

³ The Pathways Clearinghouse also cataloged very long-term findings, which were measured more than five years after participants were offered intervention services. Given these are rarely available, they are not examined in this snapshot.

⁴ 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.

⁵ The Pathways Clearinghouse examined studies published from 1990 to 2019.

⁶ A recent synthesis of research across 13 of the interventions concluded that "the pattern of results makes it difficult to draw firm conclusions about which type of

program works best" but noted a few conclusions about promising approaches. For example, they state that transitional jobs models, including those with their own work sites, made placements more quickly and appear promising for improving short-term outcomes, but subsidized placements at external employers may have promise for longer term earnings impacts. They also found that largest impacts were among people out of work for over a year when entering the program, suggesting that the strategy may be most effective for individuals with higher barriers to employment (Cummings and Bloom, 2020).

⁷ 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.

⁸ 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.

⁹ Earnings data were reported in various time frames, including quarterly and annual. The Pathways Clearinghouse converted all the earnings estimates to annual estimates.

¹⁰ Jacobs (2012) presents a somewhat more nuanced description of the findings for TJRD, highlighting that TJRD increased employment primarily through increases in subsidized employment early in the follow-up period. The difference in findings from the Jacob (2012) report is largely the result of the rules the Pathways Clearinghouse uses to select outcomes across studies. The individual short-term employment measures selected for review for TJRD show some increases in overall short-term employment (including both subsidized and unsubsidized employment). The measures including only unsubsidized employment show a decrease in short-term employment. When averaging these findings together, TJRD does not receive a supported rating for short-term

employment. The long-term outcome measures that the Pathways Clearinghouse selected for review include measures of employment at any time in the study follow-up period, which integrated the effect of subsidized employment in the short term. When averaged with the other measures, the overall finding is an increase in long-term employment, but this is primarily driven by the measure of overall employment at any point in the follow-up period.

¹¹ We break out public benefit receipt and public benefit amount for graphing purposes only; the Pathways Clearinghouse considered public benefit amount and receipt together and assigned them a single, combined effectiveness rating.

¹² 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.

¹³ The finding that only 4 of 17 interventions had impacts in these 3 domains in part reflects the fact that studies of only 9 of the interventions measured outcomes in all 3 domains. Of those nine, five were part of the Enhanced Transitional Jobs Demonstration.

¹⁴ TJRD's positive effect on long-term employment is driven by the measure of employment at any time in the study follow-up period, which includes the effect of subsidized employment in the short term.

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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 Pathways 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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Project Officer: Amelia Popham

Project Monitors: Clare DiSalvo and Amelie Hecht

Senior Advisor: Kimberly Clum

Office of Planning, Research, and Evaluation

Administration for Children and Families

U.S. Department of Health and Human Services

Project Director: Diana McCallum

Mathematica

1100 First Street, NE, 12th Floor


Washington, DC 20002-4221

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