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Returning Citizen Stimulus (RCS) Impacts on Long-Term Employment Outcomes

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Center for Employment Opportunities

Introduction

The COVID-19 pandemic has had a lasting impact on the United States (U.S.) economy in ways that are still unfolding. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rate in the U.S. has decreased to 3.6% as of June 2023, down from 14.8% in April 2020 at the height of the pandemic; however, the recovery has been uneven with regard to industry, geography, and available job postings. In the Midwest, hiring within the legacy industries including healthcare and distributive services are at decade highs, whereas retail and consumer goods hit historic lows. Racial diversity within the workforce is only 55% of its potential when considering the demographics of working adults actively seeking employment nationally. In many ways, the pandemic has exacerbated traditional barriers to employment for vulnerable populations. Simultaneously, the expectations and demands of job seekers have shifted dramatically. There is now greater focus on the social determinants of work - the various economic, social, cultural, political, and environmental factors that influence individuals' access to and experiences in the workforce.

These shifts have created opportunities for those who traditionally have had fewer options, such as individuals who were previously incarcerated. Each year in the United States, approximately 600,000 "returning citizens" are released from state and federal prisons, with millions more released from local jails.

In April 2020, the Center for Employment Opportunities (CEO) launched the Returning Citizens Stimulus program (RCS) to help ease the transition back home for these individuals. This cash transfer program offered financial support during the critical period just after release, providing participants with up to $2,750 in three monthly payments. The program aimed to reduce concerns around basic needs, such as food and housing, while lowering barriers to securing employment - such as fines and fees. RCS was intended to be a temporary, emergency relief initiative designed to leverage CEO's resources to meet the immediate needs of as many returning citizens as possible. Though there was no long-term plan in place to incorporate cash assistance within its core program model, CEO commissioned an evaluation of the RCS program to monitor its effectiveness.

An interim external evaluation report produced by MDRC highlighted the program's implementation and recipients' use of the funds. The study found that despite the program's large-scale launch with little planning, it operated smoothly overall. CEO was successful in recruiting partner organizations nationally and operating as an administrative hub for data storage and payment facilitation across various jurisdictions and program types. Over 90% of RCS participants reached the required milestones and received three payments, indicating that most participants were connected to employment and financial support services during the duration of the program.

Participants reported that the RCS program helped them feel more financially stable following incarceration, and most used the funds for essential expenses such as rent and groceries. The evaluation results suggested that RCS may provide a promising model for reentry services beyond the period of pandemic-related economic volatility. However, more research is needed to determine the effectiveness of coupling cash assistance with employment services.

Connection to Emerging Research on Cash Transfers

CEO's ongoing research focuses on the interactive impact of cash transfers within the organization's evidence-based core program model. This research aligns with other evaluation efforts on various forms of cash assistance and ultimately seeks to increase opportunities for vulnerable populations to receive support best suited to their needs.

Focus on Justice-Impacted Individuals

Since the launch of RCS, several cash transfer programs benefiting justice-impacted individuals have begun. Each program offers a unique perspective on the specific needs of this population after incarceration. As a body of research, the potential effects of tailored support, both on an individual and community level, are substantial. For instance, guaranteed income programs in Durham, NC, Richmond, VA, and Alachua Country, FL were implemented to reduce additional financial burdens, such as fines, fees, and restitution, faced by individuals reintegrating into society after incarceration.

The Chicago Future Fund (CFF), established by Equity and Transformation (EAT) in November 2021, provided $500 each month for 18 months to 30 system-impacted residents of Chicago's West Garfield Park neighborhood. To qualify for the program, participants had to be 18-35 years old, earn less than $12,000 per year, and have a history of incarceration. By the final distribution in April 2023, a majority of residents were either unemployed (27%) or irregularly employed (47%) throughout the entire study period. Eight of the 30 CFF recipients had steady employment since the program's inception, holding full-time, part-time, or temporary jobs throughout the CFF funding period.

Comparing the work participation rates of CFF with the RCS program is unfair, as the latter focused on employment and employment-seeking behavior. However, it is notable that participants in both programs face similar barriers to employment. By examining the implementation and initial results of CFF and other similar unconditional cash transfer programs that target individuals involved with the justice system, we can gain valuable insights. These insights can help us strike a balance between granting participants the freedom to prioritize their needs and using cash as a catalyst to increase engagement in evidence-based programs that target one specific long-term challenge facing returning citizens.

Conditional Cash Transfer vs. Guaranteed Income

Despite multiple studies showing that participants in cash transfer programs, whether unconditional or conditional, use funds in a responsible and rational manner, many policymakers remain skeptical of supporting 'no-strings' financial assistance. To better understand how certain program features may enhance individual outcomes, it is important to separate the overlapping impacts of conditional cash transfer programs like RCS from those of guaranteed income pilots. The cash transfer ecosystem in Colorado provides rich insights to address this question, given the amount and diversity of program types being tested in a single geography. As of November 2023, there were 32 programs providing cash assistance in the state. Out of these 32 programs, the 21 with reported enrollment figures have connected almost 30,000 individuals with some form of financial assistance. These programs utilized different distribution methods (e.g., via third parties vs direct payments), distribution amounts, and target populations.

The Denver Guaranteed Income program (DGIP) provides some of the most in-depth findings to date due to its design. DGIP is a 12-month guaranteed income project designed for 820 adults experiencing

homelessness in Denver, Colorado. In October 2022, eligible DGIP applicants were randomly assigned to one of three payment groups. Participants in payment group A received $1,000 a month for 12 months. Participants in payment group B received $6,500 upon enrollment and $500 a month for the subsequent 11 months. Participants in payment group C received $50 a month for 12 months. Across all groups, there was a significant reduction in the number of participants who reported sleeping outside at the 6-month follow-up. Individuals in the larger payment groups (A&B) experienced improved outcomes in housing stability, perceived housing safety, financial well-being, and employment.

The RCS program offered larger payments in a shorter time period. It was hypothesized that combining services could help mitigate some of the volatility experienced once the distributions ceased. One common concern with all program distribution styles is that direct cash support could potentially jeopardize participants' eligibility for other benefits, such as SNAP or TANF. Some organizations address this concern by distributing cash payments directly to third-party services, such as utility providers or entities assisting with immigration paperwork.

In the case of CEO, combining direct cash transfers with earnings from transitional work (a key feature of its program model) expedited participants' risk of reaching a "benefits cliff." Partnering with direct service organizations that regularly interact with recipients can enhance the delivery of cash assistance, offering more opportunities to prevent these consequences. This collaboration provides a deeper understanding of potential conflicts and allows for greater flexibility in the timing of fund distribution.

Long-Term Impacts

The current report adds to the existing research on the long-term effects of cash transfers. While the focus of the RCS study is lasting economic outcomes, other pilot studies with multiple years of results after the final distribution offer valuable insights into food security, housing, and mental health. As an emerging body of research, these studies enable comparisons that highlight how shocks experienced across society, whether economic (e.g., national inflation) or social (e.g., racial unrest), are exacerbated for vulnerable populations.

In the same period of the RCS launch, Project Resilience was started in Ulster County, New York, and it provided $500 per month, with no strings attached, to 100 households earning less than 80% of the Area Median Income (AMI) ($46,900 per household). The Center for Guaranteed Income Research (CGIR) conducted a mixed-methods study to gain a better understanding of the relationship between guaranteed income and the financial well-being, quality of life, pathways and barriers to well-being, perspectives on work, and other factors impacting study participants' upward mobility.

In the September 2023 evaluation update, the findings strongly suggest that Project Resilience had a positive impact on the overall financial well-being of the treatment group. Participants reported improved control over finances, resilience to setbacks, and the freedom to make choices that bring joy. Notably, there was a significant increase in emergency savings when comparing the stipend and control groups As more data on long-term outcomes becomes available, it should become clearer that addressing immediate concerns for vulnerable populations can spark productive economic behavior.

Current Report

This report examines the long-term effects of cash transfers on participant outcomes, focusing on CEO as a service provider. For cash assistance to prove to be a viable permanent supplement to re-entry employment services, cash transfers should have measurable benefits for enrolled participants without compromising the known effectiveness of existing programming. Qualitative data from the previous RCS program evaluation suggests that cash transfers can reduce barriers for participants to join the program and engage with the intervention components (e.g., skill development, coaching) that are most relevant to their individual employment goals. CEO must also ensure that any supplement to its core model results in an equitable distribution of benefits and opportunities from the participants' perspective (i.e., race, gender), as well as taking into account geographic differences (i.e., labor market, legislation).

Specifically, this evaluation reviews the effect of cash assistance on the following:

1. **Service Population Diversity:** Did the RCS program lead to significant shifts in the demographics of CEO's service population? If so, how did that impact the effectiveness of the CEO's core program model?

2. **Program Engagement:** Did the addition of cash transfers change how much participants engaged with CEO staff and program components?

3. **Long-Term Employment Outcomes:** Did the RCS program increase the likelihood that participants obtained and maintained unsubsidized employment?

The corresponding analyses compare the CEO service population that received stipends in the first 12 months of the RCS program implementation (N=489) to matched samples from the larger population of CEO participants who entered the program during the same time period but did not receive stipends (N=3755).

Service Population Diversity

In the full RCS program enrollment population (at CEO and partner organizations), the average age of participants was 39. About 78% of the participants identified as male, and over half identified as Black or African-American (55%). Approximately 55% of participants reported that their highest degree earned was a high school diploma or equivalent, and almost a quarter (24%) had not completed high school.

Slightly less than half (46%) of RCS participants reported living in private residences when they enrolled in the program, presumably with family or friends.

The sample of RCS participants enrolled by CEO (N=489) was generally similar to the RCS population enrolled by partners with some key differences. Slightly more than half of those in the CEO-enrolled RCS sample identified as African-American or Black (53%), and 65% had at least a high school or GED-equivalent education. Compared to the population across partner organizations, some of which deliver housing-focused services, significantly fewer individuals reported a moderate or higher level of housing insecurity (33%).

There were more notable differences between the CEO-enrolled RCS population and the larger group of CEO-enrolled individuals who did not participate in RCS. The stipend population significantly more likely to identify as female and to be older than the non-stipend group. Additionally, the RCS group reported having more formal education and were less likely to experience housing insecurity, both of which were statistically significant ($p<.01$). These findings are particularly interesting when considering historical CEO program data, which suggests that female, older participants with higher levels of formal education tend to experience greater success in the core program. This success is measured by factors such as job placement and reaching employment retention milestones.

These observations suggest that the RCS program may be particularly advantageous for individuals who fall within certain demographic categories. To test the hypothesis that cash assistance would benefit the vast majority of CEO enrollees regardless of individual characteristics, factors correlated to program engagement and success need to be controlled for. It is important to note that although the COVID-19 pandemic had a unique and immediate effect on program diversification, increasing the availability of resources permanently may similarly change the makeup of the service population. Nevertheless, measuring the distinctive effectiveness of cash assistance can inform the suitability of conditions imposed on cash transfer eligibility in future programs or policies.

Program Engagement

Across the entire RCS program about 90% of participants reached milestones for payments; for almost two-thirds of participants the milestones achieved were employment-related. The most common employment milestones reached were completing a résumé (38%) and completing an employment workshop (23%). For CEO-enrolled RCS participants, the conditions for stipend eligibility were layered over organizations' criteria to remain active in the core program model. These activities include participating in work readiness training, transitional work, and staff-assisted job searches.

To compare the impact of RCS program participation on engagement with CEO's core program services, stipend-receiving participants were matched to participants with similar demographic profiles who entered CEO during the RCS implementation without receiving stipends. RCS program participants were matched to comparison group members on gender, race/ethnicity, education, housing status, enrollment date, and city of residence population using 1:1 propensity score matching. After matching, no significant differences existed between the two groups of 489 participants on any of the aforementioned variables.

Although the two groups were nearly identical in demographic profile, significant variations were observed in program participation and job placement outcomes. On average, participants engaged in about 23 more days of transitional work, during which time they interacted significantly more with CEO staff. RCS participants were also 38% more likely to achieve unsubsidized job placements than their comparison group counterparts.

Logistic regression was used to control for demographic variations between the two groups and to balance the potential for higher engagement with CEO staff alone explaining the increased likelihood of success in the stipend-receiving group. The likelihood of participants achieving job placement increased to approximately 54% even after controlling for those factors and for the size of the CEO site in which the participant enrolled. Identifying as female, having at least a high school education, and living in a secure home residence were significantly related to the likelihood of achieving job placement, in addition to being part of the RCS program and working additional days of transitional work with CEO.

Logistic Regression Results

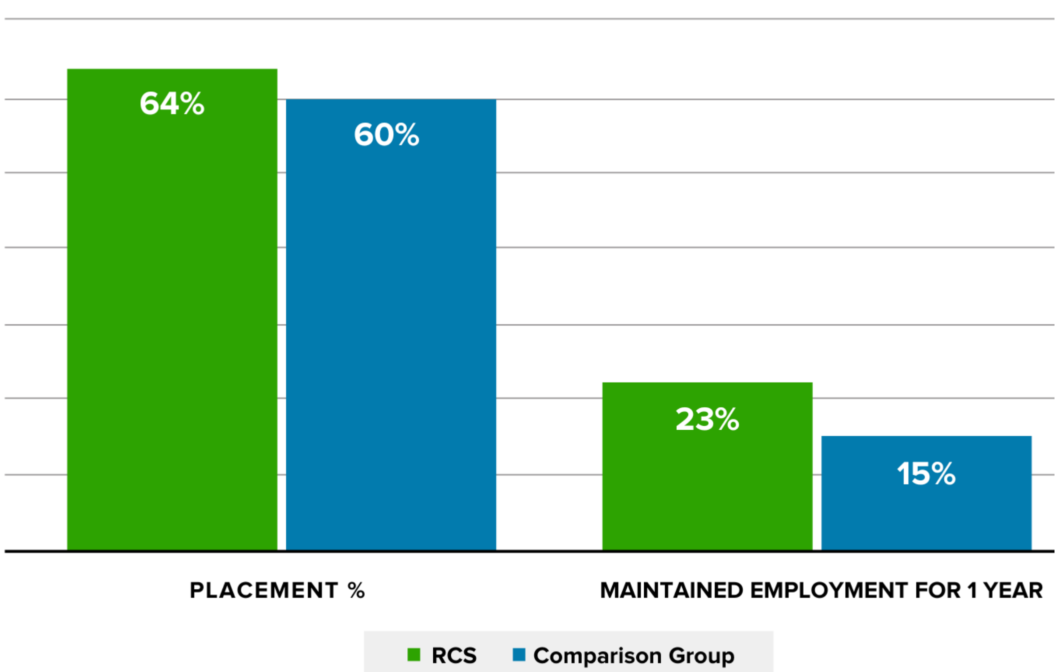
Dependent Variable = Job Placement	Odds Ratio	Significance
RCS Participation	1.547	***
Site Location Size	1.040	
Age at Enrollment	1.006	
Gender	0.624	*
Race	1.079	
Education	2.258	***
Housing Insecurity	1.014	***
Transitional Work Days	1.015	***
	Observations	978

Validating its hypothesized theory of change and the perceptual data from the previous evaluation (i.e., participant surveys, staff interviews), the RCS program has shown promising results in improving participant outcomes beyond what would be expected via the CEO program alone. This positive trend is consistent with the evaluations of other cash assistance programs that are coupled with program models previously tested to be effective. A possible limitation of this analysis and of similar programs that have used this approach is that the stipend may act as a confounder of the program's intended effect. This means that the positive outcome may be influenced by participants doing whatever is required to receive the stipend without fully engaging with the services provided.

An alternative view is that the RCS program's flexibility with employment-related milestones may serve as a motivator for participants to engage more with staff, rather than simply reducing barriers to engagement. This is an important aspect that should be further explored in future analyses. Within the current analysis, a more comprehensive understanding of RCS's impact can be achieved by controlling for the level of program engagement between participants who received cash assistance and those who did not.

Long-Term Employment Outcomes

The previous RCS program evaluation aggregated self-reported employment status data for a targeted subset of participants in the five months after they received cash assistance. In the two-month follow-up survey, 30% of respondents reported being employed. At five months, the percentage of employed individuals grew to 44%. For CEO participants, job retention time is measured from the point when unsubsidized employment is secured and a paystub is verified. Given the CEO program model, job placement generally occurred several months after the initial stipend was disbursed.



Stipend-receiving participants were matched with non-RCS CEO participants who had similar levels of program engagement during the program implementation period, in order to compare the impact of RCS participation on employment retention one year after their initial placement. Using 1:1 propensity score matching, RCS program participants were matched with members of a comparison group who had similar amounts of CEO staff interactions and transitional work participation, as well as a comparable demographic profile. The final groups had no significant differences in individual- or engagement-related predictors of success.

Logistic Regression Results

Dependent Variable = Job Retention	Odds Ratio	Significance
RCS Participation	1.837	***
Site Location Size	1.509	*
Age at Enrollment	1.016	*
Gender	0.726	
Race	0.762	
Education	2.511	***
Housing Insecurity	1.035	
	Observations	978

Balancing the groups on program participation led to a slight difference in placement rates between the stipend and comparison groups (+4% in the RCS group), but a statistically significant difference in the likelihood for individuals to reach the employment retention milestone (+8%, $p < .001$). Separate logistic regression analyses were performed using placement and 365-day job retention as outcome variables, controlling for participant demographics and program participation. With the exception of education level, RCS participation was the largest predictor of long-term employment retention. Stipend-receiving CEO participants were 84% more likely to maintain employment one year after their initial job placement. Even when controlling for the dosage of CEO programs, the stipend appears to contribute to a quantifiable boost in participant outcomes.

Discussion

The outcomes of the RCS program evaluation have the potential to inform policy and service delivery interventions that incorporate cash assistance for reentry populations, helping individuals achieve stability and increasing the likelihood of long-term independence. Compared to other reentry programs serving high-risk populations, the RCS program - which combines CEO's core program model with conditional cash assistance - has achieved greater long-term employment outcomes than any other program to date. Even when controlling for the dosage of CEO programs, the unique impacts of the RCS program on participants' employment-seeking behavior and job retention are significant.

Using insights from the RCS program, CEO is expanding the evidence base on the potential of pairing cash assistance with employment-focused programming by testing longer-term financial support for enrolled participants in its two Colorado sites. By providing consistent financial support over a longer period during participants' time in core programming, CEO hypothesizes that it can improve both job placement and job quality for returning citizens. The extended cash assistance is believed to reduce internal and external barriers for participants to engage with program staff, thus allowing more time for skill development, career exploration, and informed job searches.

Furthermore, CEO is pursuing key policy changes nationally. This includes (1) a Cash + Workforce Services Budget Allocation, which would provides cash stipends in connection to reentry workforce services and training that justice impacted citizens would not otherwise be compensated for; (2) a Cash + Human Services and/or Corrections Budget Allocation connecting cash to supportive services and is not specific to workforce providers; and, (3) Gate Money Legislation to provide money to people immediately upon leaving prison without requiring a connection to any services.

In summary, the outcomes of the RCS program can inform permanent change in how society supports returning citizens. That goal for change aligns with CEO's vision, utilizing the organization's resources and partnerships. CEO is committed to building upon the program's effectiveness to support reentry populations in achieving long-term success. For all stakeholders in support of justice-involved citizens, the findings can guide the implementation and service delivery of cash assistance programs and policy interventions, promoting access to employment opportunities and supporting reentry populations in a more equitable manner.