# What Works Clearinghouse

ies INSTITUTE OF EDUCATION SCIENCES



# Financial Incentives for Teen Parents to Stay in School

## Program description

Financial incentives for teen parents are components of state welfare programs intended to encourage enrollment, attendance, and completion of high school as a means of increasing employment and earnings and reducing welfare dependence. The incentives take the form of bonuses and sanctions to the welfare grant related to school enrollment, performance, and completion. The programs typically provide case management and social services to supplement financial incentives.

## Research

One study of financial incentives for teen parents met the What Works Clearinghouse (WWC) evidence standards and a second study met WWC evidence standards with reservations. The two studies included more than 2,000 pregnant or parenting teens in the Ohio *Learning, Earning, and Parenting* program (LEAP) and the California Cal-Learn program.[1]

## Effectiveness

Financial incentives for teen parents had potentially positive effects on staying in school, no discernible effects on progressing in school, and no discernible effects on completing school.

| | *Staying in school* | *Progressing in school* | *Completing school* |
|---|---|---|---|
| **Rating of effectiveness** | Potentially positive effects | No discernible effects | No discernible effects |
| **Improvement index[2]** | Average: +6 percentile points<br>Range: +5 to +7 percentile points | Average: +4 percentile points | Average: +4 percentile points<br>Range: +2 to +6 percentile points |

1. The evidence presented in this report is based on available research. Findings and conclusions may change as new research becomes available.
2. These numbers show the average and range of improvement indices across outcomes reported from all studies.

## Additional program information

### Developer and contact

LEAP is administered by the Ohio Department of Job and Family Services and operated in Ohio counties as part of Ohio Works First. An example of county information on the program can be found at www.meigsdjfs.net/Ohioworks.htm, and the directory of Ohio county Job and Family Services agencies can be found at http://jfs.ohio.gov/county/cntydir.stm. The LEAP program began in 1989.

Cal-Learn is operated by the California Department of Social Services. Information on the program can be found at www.dss.cahwnet.gov/cdssweb/Cal-Learn_170.htm. The Cal-Learn program began in 1994.

### Scope of use

Eight states operate welfare programs that include financial incentives for teen parents: California, Colorado, Delaware, Kentucky, North Dakota, Ohio, Oregon, and Vermont. However, only LEAP (Ohio) and Cal-Learn (California) have studies of effects that meet WWC evidence standards. So, this WWC report focuses on these two programs (with detailed descriptions presented in Appendices A1.1 and A1.2).

### Description of intervention

State welfare programs generally include services and activities designed to increase employment and earnings and reduce welfare dependence. For pregnant teens or teen parents, some states attempt to encourage enrollment, attendance, and completion of high school by providing financial incentives through the welfare grant. Welfare programs typically provide supplemental case management and support services along with the financial incentives.

Ohio's LEAP program provides $62 bonuses for monthly attendance and school year completion, $62 monthly sanctions for inadequate attendance, and a $200 bonus for high school completion or General Educational Development (GED) receipt. California's Cal-Learn program increases or decreases family support ($50 or $100) based on course grades and provides a $500 award for high school completion or GED receipt. Components currently implemented in the six other states with financial incentives for teen parents include a one-time bonus for high school completion or GED receipt ranging from $50 to $250 (Delaware, Kentucky, and North Dakota); bonuses based on grades, credits, and completion (Colorado); incentive payments to reward cooperation with schooling requirements in a minor parent's self-sufficiency plan (Oregon); and bonuses for finishing tasks related to high school completion or its equivalent (Vermont).

### Cost

Costs for these programs arise from bonuses and sanctions to teens, completion bonuses, and case management services. In the LEAP study, the average cost per program group member was $2,256 (in 2005 dollars).[3] The study also found that administrative costs, support services (such as transportation and child care), and case management were the main expenses of the LEAP program because dollars paid out as bonuses were about the same as dollars saved because of sanctions. Information is not available on the cost of the Cal-Learn program.

## Research

The WWC reviewed two studies of the effectiveness of financial incentives for teen parents. The Ohio LEAP program study met WWC evidence standards, and the California Cal-Learn program study met evidence standards with reservations.

The evaluation of the Ohio LEAP program (Long, Gueron, Wood, Fisher, & Fellerath, 1996) that met WWC evidence standards was a randomized controlled trial. A total of 7,017 teens in seven Ohio counties were randomly assigned to the intervention and control groups. Some sample members were then excluded

3. The Bureau of Labor Statistics' Consumer Price Index was used to convert the initial cost estimates expressed in 1991 dollars ($1,573) to 2005 dollars. Initial cost estimates are from Bos and Fellerath (1997).

## Research *(continued)*

from the analysis, because implementation problems in the start-up year resulted in an inconsistent treatment. The study followed the same rules in excluding intervention and control members, however, thus maintaining the integrity of random assignment. Of the 2,967 teens who remained after exclusions, the study collected outcomes using a survey fielded to a random sample of 1,178 teens three years after random assignment. The analysis was conducted using data for the 913 respondents to the survey.

The evaluation of the Cal-Learn program (Mauldon, Malvin, Stiles, Nicosia, & Seto, 2000) that met WWC evidence standards with reservations was a randomized controlled trial with attrition problems. A total of 4,859 teens in four California counties were randomly assigned to research groups. Of those teens, 2,682 responded to the first survey about 13 months after they entered the program. After the survey, the study excluded sample members who lost custody of their children, moved to a nonresearch county or out of state, left welfare, or did not receive welfare for at least six months, resulting in a sample of 2,156. The study administered a second survey about 26 months after program entry, with 1,562 respondents. In addition to the low response rates, the WWC had reservations about the study because sample members were excluded from the second survey based on conditions that could have been affected by the financial incentives, such as high school completion within six months of random assignment. As a result, the remaining teen parents in intervention and comparison groups may no longer have been equivalent.

## Effectiveness

### Findings

The WWC review of dropout prevention programs addresses student outcomes in three domains: staying in school, progressing in school, and completing school.[4]

*Staying in school.* Both Long et al. (1996) and Mauldon et al. (2000) reported that teens in LEAP and Cal-Learn programs dropped out of school at lower rates than teens in the control groups. The LEAP study reported that three years after random assignment, 48.4% of LEAP teens dropped out compared with 53.5% of control group teens, but the difference was not statistically significant. The Cal-Learn study reported that for teens 18 years of age and older, 44.7% of Cal-Learn students dropped out compared with 52.3% of control group students. The WWC confirmed that this difference was statistically significant.

*Progressing in school.* The LEAP study reported that 50% of treatment group members completed grade 11, compared with 45.4% of control group members, but the difference was not statistically significant. Outcomes in this domain were not measured in the Cal-Learn study.

*Completing school.* The LEAP study reported 34% of LEAP teens completed high school or earned a GED compared with 31.9% of control group students. The Cal-Learn study reported 29.1% of treatment group members 18 years of age and older received a high school diploma or GED compared with 24.2% of similarly aged control group members. Neither study reported effects on completion that were statistically significant. Both studies reported that the impact on completing school was due almost entirely to higher rates of GED receipt, and the impact on GED receipt was statistically significant for Cal-Learn.

### Rating of effectiveness

The WWC rates interventions as positive, potentially positive, mixed, no discernible effects, potentially negative, or negative. The rating of effectiveness takes into account four factors: the quality of the research design, the statistical significance of the findings, the size of the difference between participants in the intervention condition and the comparison condition, and the consistency in findings across studies (see the WWC Intervention Rating Scheme).

4. The level of statistical significance was reported by the study authors or, where necessary, calculated by the WWC to correct for clustering within classrooms or schools and for multiple comparisons. For an explanation, see the WWC Tutorial on Mismatch. See Technical Details of WWC-Conducted Computations for the formulas the WWC used to calculate the statistical significance. In the case of *Financial Incentives,* no corrections for clustering or multiple comparisons were needed.

**The WWC found financial incentives for teen parents to have potentially positive effects on staying in school, no discernible effects on progressing in school, and no discernible effects on completing school**

### Improvement index

The WWC computes an improvement index for each individual finding. In addition, within each outcome domain, the WWC computes an average improvement index for each study and an average improvement index across studies (see Technical Details of WWC-Conducted Computations). The improvement index represents the difference between the percentile rank of the average student in the intervention condition versus the percentile rank of the average student in the comparison condition. Unlike the rating of effectiveness, the improvement index is entirely based on the size of the effect, regardless of the statistical significance of the effect, the study design, or the analysis. The improvement index can take on values between –50 and +50, with positive numbers denoting favorable results.

The average improvement index for staying in school is +6 percentile points, with a range of +5 to +7 percentile points. The improvement index for progressing in school is +4 percentile points. The average improvement index for completing school is +4 percentile points, with a range of +2 to +6 percentile points.

### Summary

The WWC reviewed two studies on financial incentives for teen parents. One of these studies met WWC standards; the other study met WWC standards with reservations. These studies found potentially positive effects on staying in school, no discernible effects on progressing in school, and no discernible effects on completing school. The evidence presented in this report is limited and may change as new research emerges.

## References


### Met WWC evidence standards

Long, D., Gueron, J. M., Wood, R. G., Fisher, R., & Fellerath, V. (1996). *LEAP: Three-Year Impacts of Ohio's Welfare Initiative to Improve School Attendance among Teenage Parents.* New York: Manpower Demonstration Research Corporation.

***Additional sources***

Bos, J. M., & Fellerath, V. (1997). *LEAP: Final Report on Ohio's Welfare Initiative to Improve School Attendance among Teenage Parents.* New York: Manpower Demonstration Research Corporation.

Bloom, D., Kopp, H., Long, D., & Polit, D. (1991). *LEAP: Implementing a Welfare Initiative to Improve School Attendance among Teenage Parents.* New York: Manpower Demonstration Research Corporation.

### Met WWC evidence standards with reservations

Mauldon, J., Malvin, J., Stiles, J., Nicosia, N., & Seto, E. (2000). *Impact of California's Cal-Learn Demonstration Project: Final Report.* Berkeley, CA: University of California, UC DATA.


**For more information about specific studies and WWC calculations, please see the WWC *Financial Incentives for Teen Parents* Technical Appendices.**