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Workforce Development And Rental Policy: How Can What We Know Inform Next Steps?

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Introduction

U.S. rental housing policy is primarily aimed at relieving the housing cost burdens of a fraction of low-income Americans for as long as they remain income-eligible to receive assistance. To a lesser but still important degree, rental housing policy has also been used as a means to help revitalize distressed communities. Rental housing programs were mostly not intended to help people become more self-sufficient. Furthermore, even though residential location influences many social, economic, and educational outcomes, the spatial implications of housing programs and policies on labor market outcomes have mostly been treated as an afterthought in the formulation of rental policy.

Traditional forms of housing assistance, like many other programs that provide assistance to low-income individuals, reduce the amount of assistance as labor earnings increase. Not surprisingly, the labor force participation rates among long-income individuals, many served by several programs of this sort, have typically been low. Dissatisfaction with low labor force participation of welfare recipients was an important factor that led to the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 that included the introduction of programs with strong incentives to promote labor supply, such as the Temporary Assistance for Needy Families (TANF) program and the Earned Income Tax Credit (EITC).[1] More recently federal policy has begun to deliberately use rental housing policy as a tool to promote workforce development as well.

Through programs as diverse as Moving-to-Opportunity, Jobs-Plus-Housing, Family Self Sufficiency, and programs that bundle pro-workforce services such as childcare with housing, the government has started to use rental housing programs to encourage self-sufficiency. Yet rental housing assistance is also seen by many as a disincentive to work. With housing payments frequently capped at a fixed percentage of income, every additional dollar spent is in a sense taxed. This in principle discourages recipients from making a greater work effort. In addition, rental housing subsidies are substantial. The marginal benefit of accepting employment with wages that exceed income eligibility guidelines can therefore exceed the benefit of the larger income. Loss of rental housing assistance also typically means returning to a long waiting list should former recipients lose their jobs. Studies of the implications of rental housing policy have produced mixed results. Nevertheless, some have argued that there should be time limits or work

[1] For effects of the welfare reform on poverty, e.g. Blank, 2003, and on employment , e.g. Holzer and Stoll, 2001.

requirements for rental housing assistance so that recipients are motivated to earn as much as they can as soon as they can. Others counter that if left unassisted, many of these working families would spend so much on housing that they would spend less on food, healthcare, education, and other outlays essential to labor productivity.

The purpose of this paper is to suggest what rental housing policy might look like if its intention was to help develop the workforce. The paper provides an overview of antipoverty programs and explores what is known about the influence that existing rental housing programs have had on efforts to reduce poverty. It will also consider the spatial implications of rental housing programs and of the mismatch between low wages and the cost of housing. The paper will then make some initial suggestions about what current research suggests about how rental housing policy could be redesigned to enhance workforce development and other programs based on a richer understanding of the drivers of poverty.

Finally, the paper will discuss the information gaps, both in terms of research and data needs that might be needed to inform the use of rental assistance to the poor as a stepping stone to greater opportunity.

<u>What Do We Know About Anti Poverty Programs?</u>

The effects on employment and earnings of traditional income assistance programs have received ample attention for decades (Danziger et al, 1981; Hoynes, 1997; Moffit, 1992, 2003). The focus of more recent anti poverty programs in the past decade has been to encourage poor individuals to get and retain jobs. As such, the focus has been much more on work support than income support. The supply side aspect of this approach has been to create incentives to encourage poor individuals to take jobs. The demand side has been to identify which kinds of firms are most likely to hire and retain poor individuals, as well as pay them enough to move out of poverty, and facilitate placement with such firms. We provide a brief overview of each in this section, and then summarize the spatial implications.

Supply Side Approaches

There is a vast amount of literature on different supply side approaches, ably summarized by Holzer and Martinson (2005). We briefly summarize some of the main types here.

A major piece of legislation in this effort was the Earned Income Tax Credit, which largely focused on creating incentives for low income individuals to get work. Meyer and Rosenbaum (2002) found that the EITC was responsible for more than half of increased employment among single mothers between 1984 and 1996: particularly mothers with young children and mothers with low education levels. Grogger (2003) similarly found that the EITC may be the single most important policy for explaining recent increases in work and earnings and declines in receipt of cash welfare assistance among female-headed families. The success of EITC in welfare-to-work transitions has lead to calls for similar reforms of in-kind transfer programs, including housing assistance programs. And although Moffitt (2002) found that the combination of economic strength and the EITC meant that former welfare recipients experienced average employment levels of around 60 to 75 percent, Moffitt and Winder (2003) note that the income gain from leaving welfare is only of the order of 11 to 18 percent, due to the loss of benefits.

There is, however, cause for concern on two fronts. Much evidence suggests that reduction in benefits due to work based income has resulted in the incomes of women leaving welfare being only slightly above what they were when they were on welfare (although Danziger et al., 2002, find substantially greater increases). In addition, there is an substantial group of former welfare recipients with multiple disabilities who neither receive welfare nor have workbased income (Danziger, 2006).

A number of other supply side approaches at the state level have produced promising results --notably the Minnesota Family Investment Program, which reduced the effective tax rate on earnings for TANF recipients (Gennetian et al. 2005). Other state level incentive programs, beyond those that provide direct financial incentives for work, range from pre-employment training and job search assistance to career counseling and transportation and child care assistance. These have had mixed success, although Holzer (2005) notes that the provision of a mix of services combined with pressuring individuals to gain employment seems to be more successful. Of these, the Portland, Oregon National Evaluation of Welfare-to-Work Strategy, which suggests that getting jobs with high wage employers had the longest lasting earnings and employment gains. This approach, which not only provided education or training to large numbers of clients, but encouraged clients to look for stable jobs that paid more than minimum wage, not only had longer lasting effects than other interventions but also had larger effects. Earnings increased by about $5,000 and the number of quarters employed increased by about 1.6. (Hamilton, 2002)

Demand Side Issues

Increased attention is now being paid to the demand, or employer, side of anti poverty strategies. Research has identified two issues of importance. The first is the ephemeral nature of work for low-wage workers. There is substantial economic turbulence in the economy, so not only will workers change jobs regularly, but often the firms that employ them will enter, exit and change employment levels quite rapidly. In addition, different firms have different idiosyncratic turnover rates, even within quite narrowly defined industries. High turnover firms, by definition, are much more likely to be hiring than low turnover firms (conditioned on size), and workers are hence at risk of being churned through jobs very quickly. The impact of such churning on annual earnings, and the consequent disincentives are obvious. The second is the difference in pay paid by different firms to observationally equivalent workers. Earnings outcomes, and hence work incentives, for low-wage individuals will vary dramatically depending on where they get work.

The level of economic turbulence is well documented. In any given quarter, about one in *four* job matches either begins or ends, one in *thirteen* jobs is created or destroyed and one in *twenty* establishments closes or is born. (Brown, Haltiwanger and Lane 2005). Meanwhile in almost every industry, new firms have emerged with very different ways of doing business. In the early 1990s, for example, large firms with manufacturing plants dominated employment in the semiconductor industry, but during the 1990s, a significant portion of chip manufacturing moved overseas and small design-only firms without manufacturing plants sprang up. There are large differences across trucking firms in what they are doing—some firms ship higher quality freight carried by higher-skilled, higher-paid, and often unionized drivers, and other firms the reverse. In general, non-union carriers have replaced unionized carriers, which pay higher mileage rates to their drivers. In retail food, similar patterns emerged through the process of some unionized firms exiting or at least not growing while nonunion firms entered as well as grew. In financial services, restructuring and strategies to segment customers, combined with new human resource management practices, have affected pay within the industry. So any demand side policies have to recognize and respond to the prospect of substantial change.

In addition to this turbulence, there is now little doubt that some firms do pay more than others, even within the same industry. In seminal work using large scale micro data on firms and workers, Abowd and others found that individual characteristics on French wages contributed about 55% to earnings variation and firm characteristics contributed the balance (Abowd, Kramarz and Margolis, 1999; Abowd and Kramarz, 2000). Other studies have focused on the role of employers and their characteristics or hiring behaviors in determining which less-educated workers get hired into different kinds of jobs (e.g., Bishop, 1993; Holzer, 1996).

The two tables below illustrate the importance of the firm in earnings outcomes. The first table, entitled "The Big Losers" provides a ranking of the lowest paid industries in Illinois, with the pay earned by workers in each industry ranked as a percent below the median industry. That pay differential is then decomposed into how much is due to the pay premium due to individuals in that industry (due to, for example, higher education, training, innate ability or skills), and the pay premium paid by firms in that industry (due to, for example, compensating wage differentials, economic rents, or unionization). The second table, entitled "the Big Winners" does the same for the highest paid industries.

The Big Losers

SIC	Sector	Different From Average	Who You Are	Who You Work For
58	Eating and drinking places	-43%	-10%	-37%
88	Private households	-36%	-25%	-16%
1	Agriculture-crops	-34%	-12%	-26%
79	Amusement and recreation services	-32%	-7%	-28%
72	Personal services	-32%	-11%	-24%
70	Hotel and lodging services	-30%	-14%	-20%
78	Motion pictures	-29%	-7%	-25%
53	General merchandise stores	-26%	-3%	-24%
2	Agriculture-livestock	-25%	-13%	-14%
56	Apparel and accessory stores	-25%	1%	-26%
83	Social services	-24%	-14%	-12%
59	Miscellaneous retail	-24%	-1%	-24%
54	Food stores	-24%	1%	-25%

Source: Abowd, Kramarz, Lengermann and Roux (2002)

The Big Winners

SIC	Sector	Different From Average	Who You Are	Who You Work For
62	Security, commodity, brokers and services	79%	32%	37%
67	Holding and other investments	61%	29%	26%
46	Pipelines, except natural gas	57%	4%	54%
48	Communication	55%	3%	50%
49	Electric, gas and sanitary services	50%	2%	48%
28	Chemicals and allied products	47%	11%	34%
81	Legal services	43%	14%	26%
12	Bituminous coal mining	40%	-26%	93%
61	Credit agencies other than banks	36%	14%	20%
63	Insurance carriers	35%	10%	24%
37	Transportation equipment	30%	-1%	32%
87	Engineering, accounting, research services	29%	9%	18%
38	Instruments and related products	27%	6%	21%

Source: Abowd, Kramarz, Lengermann and Roux (2002)

As is quickly evident from a perusal of the two tables, high earnings are not always due to the characteristics of the individual. For example, in the transportation equipment, communication and electric and gas services industries, workers make between 30 and 50% more than the average worker, yet their individual characteristics are on average, no different. Similarly, in the food store and apparel store industries, workers earn about 30% less than average, despite being no different from the typical worker in the economy at large.

This suggests that matching workers to high paid firms is likely to be an important part of workforce development activities. Indeed, Andersson Holzer and Lane (2005) and Holzer, Lane and Vilhuber (2005) have found that changes from low paid to high paid firms for any worker – as well as changes in more easily observable characteristics such as size, turnover and industry – are important determinants of the ability of initially low earners to escape this status in the labor market.

The literature suggests two possible approaches. One is to turn to labor market intermediaries as a vehicle for getting workers into jobs, and then into high paid firms. This approach is substantiated in research by Andersson, Holzer and Lane (2005) and Lane et al (2005) who find supporting evidence, albeit using very different datasources.

Another approach is to create direct links between a subset of employers in key industries, such as health care, and provide customized training and credentialing in occupations needed by those employers. Example of this include the Massachusetts Extended Care Career Ladder Initiative (1999–present) and the Kentucky Career Pathways (2004–present). Of course, identifying firms that pay high wages and have low turnover is more difficult. However, a number of papers have noted that firm pay and turnover behavior is not only heterogeneous but also persistent (see e.g. Haltiwanger, Lane and Spletzer 2006). And,as Lane and Stevens (1999) and Andersson Holzer and Lane (2005), most hiring of low-wage workers is done by very few firms. As a result, one focus of this approach is to work with firms that are likely to hire low-wage workers, and focus placement efforts on such firms. Using such firms to expand relationships with other similar firms (in a snowball approach) may also be a useful approach. This may involve encouraging state and local government to combine economic and workforce development approaches.

A quite promising approach that recognizes the importance of both demand and supply side strategies is the establishment of the Work Advancement and Support Center Demonstration, which focuses on both aspects:

- Job retention and advancement services aimed at both meeting employer needs and enabling low-wage workers to find better-paying jobs
- Simplified access to financial supports for working people, including child care subsidies, the Earned Income Tax Credit (EITC), food stamps, and health insurance[2]

Finding a Match: The Role Of Place

The role of place in getting and finding jobs has received attention in both the spatial mismatch literature and the social network literature. The first set of literature emphasizes that getting jobs is more difficult if potential workers live in a place that is geographically separate from where the jobs are; the second set emphasizes the importance of geography to the development of social networks, and hence to finding out where the jobs are.

Measuring the impact of spatial mismatch is difficult. Ihlanfeldt and Sjoquist (1998) have identified three methodological approaches. The first of these is to compare commuting time (or distance) across different ethnic groups, the second is to correlate the labor market status of individuals with the proximity to jobs; the third is to compare the labor market outcomes of central city and suburban residents.

What is the impact of spatial mismatch? Stoll, Holzer and Ihlanfeldt (1999) find strong segregation by income and jobs. Less educated workers, and welfare recipients, live in areas where there is little availability of less skilled work. Low skilled jobs, by and large, are available in white suburban areas, which are generally not accessible through public transit..

Holzer and Ihlanfeldt (1996), in a survey of employers in four large metropolitan areas, find that spatial factors have a substantial impact on the employment of blacks at the firm level. In particular, employers' proximity to black residences and public transportation stops increases the probability of hiring blacks. In a follow-up study Raphael et al find (1998) that the most racial differences in hiring as well as most differences in applications are due to spatial frictions – primarily because of the differential cost of commuting times between blacks and whites.

[2] http://www.mdrc.org/publications/424/execsum.html

The Andersson, Holzer and Lane work, as well as work by Andersson, Burgess and Lane (2006) finds a substantial causal component between geographic locations and employment outcomes for low earners. There is quite clear evidence that high wage, low turnover firms are quite geographically distant from low wage workers.

In the social network literature, Ioannides and coauthors have found that geography is an important component to the development of informal networks, and these, in turn, have indeed played an important role in employment and earnings outcomes. In a paper particularly relevant to this topic, Ioannides and Loury (2004) identify a number of stylized facts. First, individuals use friends and relatives to find jobs. Second, the use of informal contacts varies by age, race, and ethnicity. This use varies by location: those in high poverty neighborhoods and in large cities are substantially more likely to use informal networks. Third, such job search is particularly productive for less well-educated workers in high poverty neighborhoods, which is probably why individuals continue to use networks. Indeed, Elliott (1999) finds that in neighborhoods with poverty rates exceeding 40%, about 73 percent of jobs are found through informal means, compared with about 50% of non-poor neighborhoods.

There is some empirical evidence that supports both views. In qualitative research with MTO participants, Turney et al. (2005) find that although individuals who had been moved to non-poor neighborhoods were more likely to have employed neighbors, their neighbors were unlikely to be employed in the sectors or the occupations for which they were qualified. As a result, the potential for job referrals was reduced.

> "More importantly, the fact that experimentals perceive their neighbors to be working these jobs means that since they lack these credentials themselves, they usually do not even attempt to approach neighbors for job information or referrals. Even if they tried, it is unclear whether these ties would generate more or higher-quality jobs than they are already getting through other means." Turney et al, p22

What Do We Know About Current Rental Policy and Labor Market Outcomes?

The conceptual economic framework for studying the linkage between rental policy and labor market outcomes is reasonably straightforward. On the labor supply side, the decision about how many hours to work is driven by demographic characteristics and relative wages. The firm's demand for workers is derived from the demand for the product produced, the production function, and the relative cost of labor. The match between the two is based on information. Rental policy affects the supply side inasmuch as it affects relative wages through both incentives and the geographic distance to jobs. It also can act, through social networks, to affect the information flow that determines the match between workers and firms. Thus, the conceptual framework for rental policy mirrors, to some extent, that for workforce development policy, which we have seen above affects both incentives and the match (through job placement policy).

Despite these parallels, the literature on the link between rental policy and labor market outcomes is surprisingly sparse given the level of expenditures on the program, the number of families affected, and the size of the subsidy (as Olsen (2006) points out, $50 billion a year is spent on low-income housing programs – much more than is spent on TANF or Food Stamps[3]). This is very likely due to two reasons. One is that workforce development is not a primary focus of rental policy. The second is lack of data: no datasets simultaneously have the necessary longitudinal information on the employment and earnings outcomes of housing assistance recipients (and a control group), their demographic characteristics, their social networks, the type and level of rental subsidies that are received, the characteristics of the demand side of the labor market, as well as the nature and type of workforce development interventions.

Despite this, some attention has been paid to the supply side aspects. Olsen has a series of papers arguing that the structure of the rental subsidies, which amount to $600 or more a month, and decline linearly with an increase in the recipient's earnings, effectively increase the marginal tax on labor and, thus, reduce labor supply. This view is challenged by Shroder (2002) who points out that theory does not unambiguously predict reduced labor supply.[4] Consistent with theoretical ambiguities, Shroder (2002), in a comprehensive review of 18 empirical studies

[3] In 2001, over 6 million households received some kind of rental assistance. The subsidy a recipient received was quite substantial: typically the market rent or the local payment standard minus 30 percent of the recipient's adjusted income.The effects of in-kind transfers on earnings and employment has been studied by Currie, 2003; Gruber, 2003, Olsen, 2003.

[4] Essentially his argument is that housing assistance should be modeled as a reduction in the price of a normal good (housing), rather than as an income supplement. In this case, the effects on labor supply, rather than being negative, is ambiguous, and could even be positive if the recipient has sufficiently strong preferences for "more" housing.

showing mixed results, concludes that there is no clear evidence regarding the overall relationship between housing assistance and labor supply. In response, however, Olsen et al (2005) have been critical of the substantive data and methodological flaws in the research surveyed by Shroder, and argued for the use of rich, longitudinal administrative data to overcome the flaws. The study finds that current housing policy has a substantial and significant negative effect on employment and earnings: public housing assistance recipients earn about $4,000 less and tenant-based assistance recipients about $3,500 less per year.

This academic debate about the supply side effects of housing policy has been matched with programmatic housing initiatives to increase labor supply and promote self-sufficiency: most notably HUD's Family Self-Sufficiency (FSS) program. This program is designed to increase labor supply and promote savings by essentially eliminating the extra marginal tax on labor that housing assistance recipients face by ensuring that completers receive an amount corresponding to the extra marginal tax on labor plus interest. Research by Olsen et al (DATE) suggests that this initiative has been quite successful, in that there are no negative labor supply effects of this program; in fact, participants in this program earn on average some $400 more per year.[5]

Other work has addressed the demand side. In particular, HUD initiatives, such as the Moving to Opportunity experiment, the Jobs-Plus initiative and the Bridges to Work demonstration, have been designed to promote self-sufficiency, not only by considering supply-side factors, but also factors on the demand side. In the most well known of these, the Moving to Opportunity experiment targeted census tracts in selected cities in which at least 40 percent of the people were living in poverty and the participants in the experiment were given vouchers usable only in tracts with less than 10 percent poverty. The Jobs-Plus initiative combined financial incentives with a mix of other factors, individualized job coaching, help with transportation costs, referrals for other education or training or social services, and sometimes just ongoing informal encouragement and support from the program. The Bridges to Work demonstration was designed to help residents of high-poverty, central-city communities find and retain jobs in suburban areas by recruiting employment and providing transportation assistance.

The empirical evidence on intervention on the demand side – moving individual residences closer to jobs and placing them in different social networks -- is quite mixed. The

[5] Program participation in FSS is not random, which likely bias the estimates of the effects of this program on earnings upward.

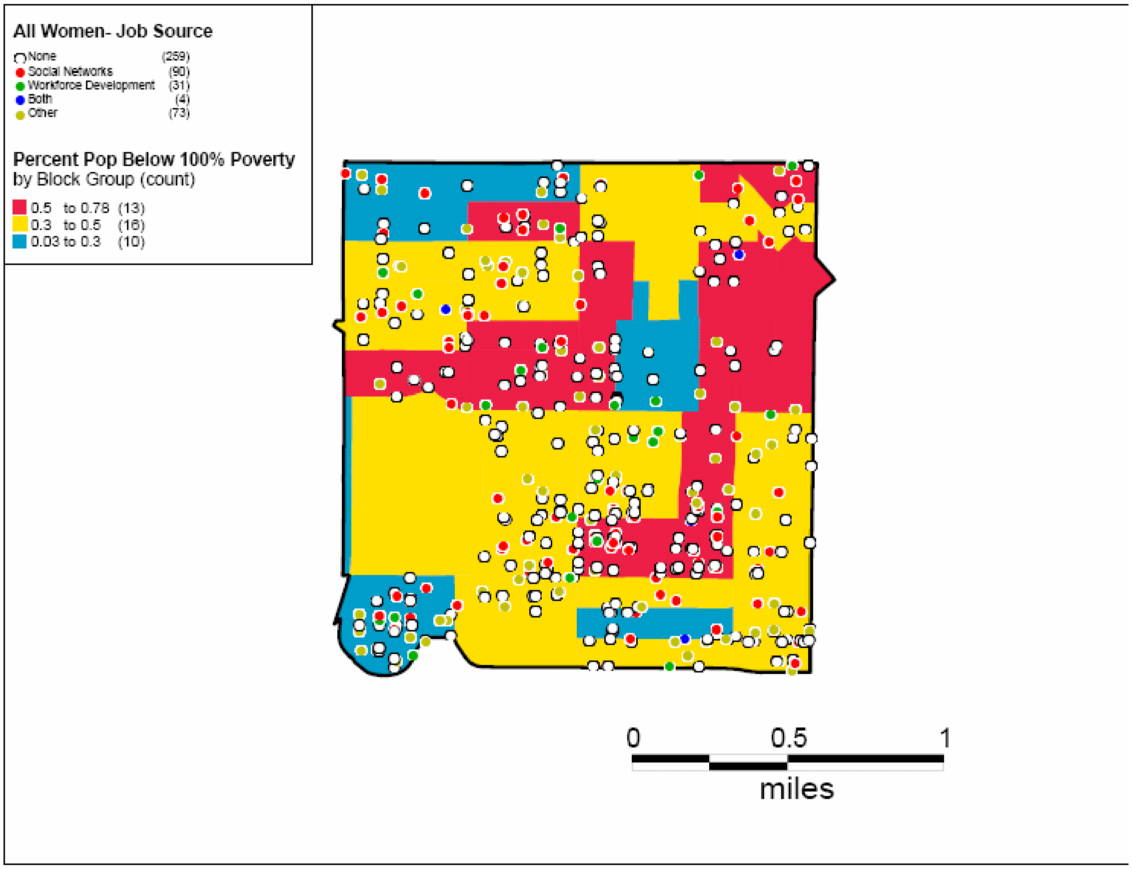
study of Ludwig et al (1999) finds that welfare recipients in Baltimore who participated in the Moving to Opportunity experiment were more likely to exit welfare than a control group, and that welfare-to-work transitions account for most of the difference. The study of Katz et al (2000), on the other hand, following high-poverty households in Boston, and the study of Kling et al (2006), pooling data from all five cities, found no significant effects on employment or earnings after entering the experiment.[6]

Turney et al (2006) found that the lack of success of the Moving to Opportunity experiment in terms of employment and earnings outcomes for participants might possibly be due to the reliance by the voucher group on a flawed search strategy: informal referrals from similarly skilled and credentialed acquaintances who already held jobs in these sectors. They also found that the location of workers relative to the location of jobs, and the associated transportation challenges, created substantive barriers.

The Jobs-Plus program uncovered more encouraging outcomes. The program produced substantial increases in residents' earnings and employment rates that were significantly higher than residents of control areas. Even though the Bridges to Work demonstration seem to have produced no significant effects in general, partly due to major implementation problems of the program, some evidence suggests that the program was successful in helping welfare recipients, who were able to get jobs with better pay and benefits than comparable job-seekers without access to Bridges to Work services (Turner and Rawlings, 2005).

There has been little research into the impact of rental housing location on the access to jobs – either the role of social networks or spatial networks. This is partly due to the lack of data mentioned above, particularly the lack of demand side information. In our preliminary analysis of the Annie E. Casey Foundation's Making Connections study of poor neighborhoods, we tried to compensate by merging demand side data from the LEHD program into the survey level data on residents' characteristics and labor market outcomes. Although there are only 10 neighborhoods in the study, we did find that social networks were a more frequent way of getting jobs than workforce development (see Figure 2), but the evidence on the importance of demand side factors was mixed.

[6] One should remember that the scope of the HUD initiatives went beyond helping participants to find better job. For instance, additional goals with the Moving to Opportunity experiment include helping individuals in high-poverty areas to get access to good schools and safe streets, and there are several studies that find encouraging results along these dimensions. E.g. Ludwig et al (1999) and Leventhal and Brooks-Gunn (2000).



Discussion

A major purpose of this paper is to suggest how rental policy might be structured to increase labor force participation and promote self-sufficiency among its participants, in addition to providing income support. While a comprehensive analysis of optimal rental policy design is beyond the scope of this paper, the existing research on workforce development -- in general and as related to housing assistance -- provides some general guidance about important design features, and the related data requirements, that might be included.

Paying attention to supply-side mechanisms is likely to be worthwhile. Even though the results are mixed, evidence suggests that in-kind transfer programs, such as the traditional forms of housing assistance provided by HUD, have had adverse effects on labor force participation, employment and earnings among recipients (e.g. Olsen et al, 2005). Based on the generally positive effects from the Earned Income Tax Credit (EITC) program in promoting welfare-to-work transitions (Meyer and Rosenbaum, 2001), as well as other programs aimed at providing financial incentives for work, we believe that an important aspect of designing efficient housing assistance policy is attention to supply-side mechanisms. Along these lines the experience from HUD's Family Self-Sufficient program is quite encouraging. The likely data requirements include a combination of survey and longitudinal administrative data on earnings and employment outcomes.

Consideration of demand-side issues is of critical importance for workforce development. Failure to address issues on the labor demand side is likely to hamper workforce development and long-run self-sufficiency. Many low-income individuals face a turbulent labor market situation, in which they cycle from one low-wage job to another with little hope for advancement. However, results from recent research on the dynamics in the low-wage labor market show that there are important pathways out of low-wage work that involves finding a "good" job (Anderson et al, 2005). Furthermore, while good jobs for low-wage workers are not always directly correlated with area characteristics, such as the poverty rate (e.g.. the Moving to Opportunity experiment), they can often be identified based on easily observable characteristics of the employing firms. This implies that there is scope for interventions on the demand side. New data tools such as the On the Map application, together with the Quarterly Workforce Indicators (QWI) from the U.S. Census Bureau's LEHD program can help identify which types of employers are hiring which types of workers in a local area. The MultiCity survey undertaken by Harry Holzer is another example of collecting information on labor demand.

Social networks and labor market intermediaries play important roles in workforce development. In addition to supply and demand-side considerations there is a strong case to be made for paying attention to factors affecting the match between the two sides of the labor market when designing housing assistance policy.

On the social network side, the literature has established that jobs for low-income individuals are primarily found via informal networks, as defined by friends and neighbors. This information, combined with the fact that relatively few employers account for the majority of low-wage hires, suggests that expending a great deal of effort to placing initial residents in "good" jobs should be a fruitful approach.

On the labor market intermediary side, research has shown that well focused temporary employment agencies can also play an important role in facilitating the matching process. In terms of rental policy this could for instance entail actively engaging temporary employment agencies to work with residents of rental housing to identify "good" placements, since evidence suggest that temp agency jobs often provide a pathway out of low wage work.

The data requirements here include, once again, matched administrative and survey data, together with firm level information (which can be constructed from administrative records). Because the role of geography is so important in the social network literature, geographically detailed information, like the Making Connections study funded by the Annie E. Casey Foundation is critical.

Mixed approaches are likely to produce best results. The research in workforce development has found that it is the combination of demand side and supply side strategies that are likely to be the most successful. The relative success of mixed strategies in rental policy, such as the Jobs-plus approach, certainly provides some promise for the same type of approach in this arena.

Further research is needed and additional experiments should be encouraged. Finally it needs to be recognized that there are important information gaps that need to be filled. The previous discussion described the research on only a subset of existing and potential policy parameters. This necessarily limited the scope of policy recommendations. For instance, it is likely to be important to pay close attention to job and firm characteristics in the design of rental policy. However, knowledge about this is limited: most evidence is derived from its importance for workforce development in general. Additional research is necessary to better understand how well this approach applies in the context of rental policy. Along these lines we can benefit from a better understanding of the relative importance of various components in mixed strategies, particularly time limitations and sanctions.

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