Cash for Coloradans: ActivateWork

No-Interest Loans and Financial Coaching
Preliminary Findings

REPORT HIGHLIGHTS:

- **A randomized controlled trial included 135 learners who had an Area Mean Income of less than 80%. The treatment was access to a no-interest loan and financial coaching. The control group only had access to financial coaching.**

- **Learners offered the no-interest loan had a graduation rate 21.97 percentage points higher than learners who were not offered this financial assistance. This difference is statistically significant.**

- **Only 51.40% of learners who were offered a no-interest loan accepted it. Those that did accept the loan graduated at a statistically significant higher rate than those who opted out of the loan.**

- **Learners who had access to the no-interest loan participated in the financial coaching at a higher rate than those learners who did not have access to the loan.**

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Executive Summary

The workforce development system consists of an array of programs that aim to prepare individuals for meaningful jobs, improve their economic stability, and meet critical industry needs. Some of these programs have robust evidence bases to demonstrate their effectiveness. The purpose of this study is to examine the impact of adding financial assistance to an upskilling program for people traditionally underrepresented in the information technology (IT) industry.

Financial assistance in the form of a no-interest loan of up to $2,400 was made available to a random sample of learners participating in the Per Scholas training model implemented by ActivateWork. Learners in the control group participated in the same Per Scholas training program, but they did not have access to the no-interest loan. All learners had access to financial coaching during the training program. A total of 135 learners were enrolled in the study, with 103 learners in the treatment group and 32 learners in the control group.

Key Findings: Program Graduation

> **Learners that were offered a no-interest loan and financial coaching had a graduation rate that was 21.97 percentage points higher than learners in the control group. The control group learners had access to financial coaching but not the loan. This difference was statistically significant.**

Learners who had access to the financial assistance had a graduation rate 21.97 percentage points higher than learners who did not have access to the loan. The statistical model controlled for degree completion, age at enrollment, and individual pre-training income. The impact of financial assistance on graduation was statistically significant ($p < 0.01$).

Descriptively, 84.47% of learners in the treatment group graduated from the program compared to just 62.50% of learners in the control group. The individuals randomized into the group with access to financial assistance had graduation rates similar to what ActivateWork typically observes.

Only about half of these learners accepted the loan. Exploratory analysis indicated that graduation rates were 91.07% for those learners who accepted the loan, which is higher than ActivateWork's typical graduation rate.[i]

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[i] Exploratory analysis included all learners who were offered the loan. This includes individuals randomized into the control group who crossed over.

Key Findings: Loan Uptake

> **Of learners who were offered financial assistance, 51.4% accepted the loan.**
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> **After the conclusion of this pilot study, ActivateWork adjusted the orientation process and removed the requirement to open an account with a new bank. The goal of these program changes is to increase loan uptake in the future.**

Learners who opted in to receiving the no-interest loan were similar to learners who opted out with respect to age, marital status, pre-training income, education, and participation in government assistance programs. ActivateWork has reflected on the relatively low loan-uptake rate during the pilot program and adjusted the orientation process and removed the requirement to open an account with a new bank.

Key Findings: Financial Coaching

Financial coaching was made available for all learners during the study period, including those who did not meet the income requirements for eligibility for the study and the no-interest loan.

> **Of learners who were offered the loan, 60.19% participated in financial coaching, compared to 37.78% of learners who did not have access to the loan.**

Of the 153 learners offered financial coaching, 82 (53.59%) attended at least one financial coaching session. Together, these 82 learners attended a total of 153 financial coaching sessions. One hundred and eight learners in this sample, which is larger than the RCT sample, were offered a no-interest loan. Of these learners, 65 (60.19%) participated in at least one financial coaching session, compared to just 17 (37.78%) learners who did not have access to a no-interest loan.

Recommendations for Ongoing Evidence Building

This research lays the foundation for additional inquiry into the coupling of financial assistance with workforce training programs. The first phase of the study, reported in this document, makes the first step in the connection: Financial assistance improves graduation rates. The national literature on Per Scholas is evidence of program completion leading to improvements in labor market outcomes. The Colorado Wages Outcomes Results Coalition has produced pre-post data that indicates learners who enroll in ActivateWork have a positive post-program earnings trajectory. Phase II of this study is intended to answer research questions around employment, wages, and patterns in loan spending. This next phase of research will make the empirical connection between financial assistance and labor market outcomes. Phase II is not

yet resourced, and the Colorado Evaluation and Action Lab at the University of Denver and the Colorado Equitable Economic Mobility Initiative are currently seeking funding for Phase II.

Additionally, low loan uptake rates were a cause for concern among ActivateWork leadership and funders. ActivateWork recently implemented strategies to increase loan uptake. Additional qualitative inquiry, such as surveys, interviews, or focus groups with learners who had access to the loan, could further inform the design and delivery of subsequent financial assistance tools in a way that could maximize their uptake and potential. ActivateWork likely has the capacity to engage in this type of continuous quality improvement without the assistance of an external research partner.

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Acknowledgements

Data Sources

The data in this study comes from ActivateWork's administrative database. The program leverages a customer relationship management system that contained all the data necessary for this analysis, including learner demographic information, randomization status, loan uptake, and program completion.

Suggested Citation

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Introduction

The workforce development system consists of an array of programs that aim to prepare individuals for meaningful jobs, improve their economic stability, and meet critical industry needs. Some of these programs have strong evidence-bases to demonstrate their effectiveness.

The purpose of this study is to examine the impact of access to a no-interest loan and financial coaching on the graduation rate of learners enrolled in ActivateWork, which delivers the evidence-based program Per Scholas. In this randomized controlled (RCT) study. The no-interest loan was in the amount of $2,400 and offered to Per Scholas program participants in the treatment group. Learners in the control group were not offered the loan but did have access to financial coaching.

This evaluation of ActivateWork's no-interest loan and financial coaching is part of a larger WorkRise funded project titled Cash for Coloradans. The Cash for Coloradans project aim was to understand the impacts of financial assistance on learners' participation in evidence-based training programs and ultimately their labor market outcomes. In a companion report, the Colorado Evaluation and Action Lab evaluated the impact of providing cash assistance to individuals returning from prison who are participating in the Center for Employment Opportunities workforce development program.

About ActivateWork

ActivateWork prepares diverse, underrepresented candidates for roles in information technology (IT) through a technical training and professional development model developed by Per Scholas. Per Scholas is a nationally recognized program with positive results across 24 cities: MDRC's WorkAdvance Study, an RCT, found that $1 spent on training translated to $8 returning to the local economy. A prior RCT conducted by Public/Private Ventures found that Per Scholas increased learner earnings and employment when compared to a control group.[1] ActivateWork implements the Per Scholas model in Colorado by connecting diverse, qualified talent to leading employers through free rigorous skills training, community resources, and professional and life skills coaching. ActivateWork provides comprehensive durable skills coaching through the first 12 months of employment to ensure successful career transitions.

After a proprietary behavioral screening process, ActivateWork provides learners with a rigorous, no-cost 15-week skills training course and 12 months of on-the-job coaching to help them excel in new careers. The ActivateWork program targets individuals from underrepresented communities who are often excluded from technology careers; 68% of program participants are people of color and 22% are immigrants. The program provides skills training and access to employer networks.

ActivateWork has demonstrated outcomes that are consistent with the Per Scholas program evidence base. For example, ActivateWork reports a 77% employment retention rate after one year in a job, an 84% graduation rate, and a 123% net increase in wages.[2]

In 2023, ActivateWork received a grant from the nonprofit organization Social Finance to provide no-interest loans to their learners as an economic supplement for unexpected costs and living expenses. In addition, ActivateWork partnered with ProsperBridge to provide financial coaching to their participants to teach them how to spend money wisely, bring down debt, and live more sustainably.

The no-interest loans were presented to learners in the treatment group during the first week of the program. These loans are referred to as "RISE Loans." Learners were required to accept or reject the loan within one week of the presentation that was delivered by a representative of the lender.

To access the loan funds, participants were required to open a bank account with a partner institution, Dora Bank. Loan funds were accessible through a debit card in increments of $800 up to three times, for a total of $2,400. Distributions took place during Weeks 2, 7, and 15 of the program.

Learners who received the no-interest loan entered repayment upon graduation, with a repayment schedule of $100 per month for 24 months. Learners were informed that they may request a 30-day deferral if they have not secured a job paying $45,000 per year upon graduation, have experienced a job loss, or are facing another hardship; they can continue to request a deferral each month these conditions persist. A goal of the repayment terms was to minimize the long-term risk to learners of accepting the cash assistance.

In addition to the no-interest loans, ProsperBridge, a public benefit corporation, offered all learners, regardless of treatment status, 30-minute, individual coaching sessions with a financial planner on topics including a) how to spend money wisely, b) how to bring down debt, and c) how to live more sustainably. Each participating learner had access to coaching during Week 2, Week 6, Week 10, and Week 14 of the ActivateWork program, for a total of four sessions.

Throughout this report, the term *"financial assistance"* refers to learners having access to the no-interest loan and financial coaching.

> *"The RISE Loan was an incredible boon for me, it helped me immensely during my time in the bootcamp by providing me with some additional funding to help me pay my bills while I was dedicating most of my time to trying to excel in the bootcamp. Without the RISE Loan, I know my time in the bootcamp would have been significantly more difficult, and I am incredibly thankful that ActivateWork was able to facilitate the loan being granted to myself and my fellow classmates."*
>
> **- ActivateWork Learner**

Evaluation Objectives

The purpose of this evaluation is to first determine if providing financial assistance in the form of no-interest loans and financial coaching increases students' rate of graduating from this evidence-based IT training program, compared to financial coaching without access to a loan. Then, the next evaluation objective will be to test the hypothesis that increased graduation rates will ultimately yield higher earnings for individuals and help fulfill critical jobs in the IT industry.

The evaluation consists of two phases. The first phase involves analyzing preliminary outcomes in the short-term, and the second phase examines outcomes in the long-term. This current report documents the results of Phase I, specifically, evaluating the impact of access to financial assistance on graduating from the Per Scholas training program. The research team also examined loan and financial coaching uptake patterns among learners. Phase II of the study will assess the impact of access to financial assistance during the Per Scholas program on learners' earnings at four and 12 months after their expected graduation date.

Description of the Study

Research Questions

This first research question is answered through an RCT study design; thus, it is described as a *confirmatory* question. The study design allows for testing a hypothesis and making causal attributions.

The other questions are *exploratory* analyses intended to inform implementation of the loan program. Causal attributions cannot be made based on research question two through four findings.

> **Research Question #1 (Confirmatory): What is the impact of access to the no-interest loan and financial coaching on the likelihood that learners graduate from the ActivateWork program, compared to financial coaching without loan access?**
>
> **Hypothesis: Access to the no-interest loan will increase the likelihood that learners graduate from the ActivateWork program.**

Graduation from the ActivateWork program is achieved when a learner has missed fewer than three classes and met each of the required program milestones.

> **Research Question #2 (Exploratory): What were the loan uptake rates, and did they vary by demographic characteristics?**
>
> **Research Question #3 (Exploratory): Were there differences in graduation rates between learners who accepted the loan and those who refused?**

Loan uptake refers to whether a learner chose to accept a no-interest loan. During the first week of the program, learners in the treatment group were informed of their access to the no-interest loan. Learners then had 1 week to accept or decline the loan.

> **Research Question #4 (Exploratory): What were the financial coaching uptake rates, and did they vary by treatment status?**

Randomized Controlled Trial (RCT) Design

An RCT is the gold-standard in evaluation designs for attaining causal evidence. In an RCT, participants are randomly assigned to either a treatment group, that receives an intervention, or a control group, that receives a placebo or business as usual. Because participants are randomly assigned, other factors that may influence the efficacy of the treatment, like race or ethnicity, income, educational background, motivation and aptitude, English proficiency, age, or sex, should be distributed evenly between the treatment and control groups such that their effects are controlled for. By controlling for observable and unobservable confounders through randomization, an RCT helps researchers arrive at an unbiased estimate of the effect of a treatment. Due to the stringency of this design, it constitutes Step 5 of the [Colorado Steps to Building Evidence model](#).

Literature Review: Loan Access and Financial Coaching

Historically, financial assistance has been an integral part of upskilling and work training programs.[3] The efficacy of a workforce development program depends on the level of participation and involvement, so one of the aims of providing financial support is to encourage program participation and completion. In this study, financial assistance is in the form of a loan and financial coaching. The existing literature articulates how access to additional funds can support full program participation and provides insight into why learners accept or deny loan funds. The literature on financial coaching describes potential benefit of this service for improving learners' financial health.

"The RISE loan has been a blessing. It is helping mend the gap in my family's income while I go through rigorous training to advance my career. The loan has covered expenses like food, insurance, my child's extracurricular activities and some extra funds to celebrate passing my certification exam!"

- ActivateWork Learner

Financial assistance has included stipends aimed at alleviating child care or transportation costs during a training program, loan forgiveness programs, individual training and incentive accounts, paid apprenticeships programs which combine on-the-job training with classroom instruction, and federal grants or loans for formal education or training, among others.

Access to financial assistance in the form of a loan can benefit participants in educational, re-skilling, and up-skilling programs. Research has demonstrated a positive correlation between educational loans and graduation rates.[4] Additionally, access to emergency assistance, which could include a no-interest loan with an extended repayment schedule during an educational program, was shown to improve self-reported educational progress among low-income adults participating in a workforce training program.[5] A Federal Reserve Board report stated that 37% of American adults surveyed did not have enough cash on hand to cover an unexpected $400 expense. [6] A loan within the context of an educational program, during which a learner may be forfeiting wages, can help both to insulate against unexpected financial shocks and supplement other earnings and savings to cover daily expenses.

Loans are not income, so they do not impact receipt of means-tested benefits. Therefore, loan recipients do not face benefits cliffs. While no-interest loan and cash assistance programs both can address unexpected costs, loans programs may be easier for workers concerned with benefits cliffs.

Participants have different immediate and long-term financial needs, perceptions of debt, and future earnings potential, so the type of financial assistance offered may impact participation and completion rates. Consider cash assistance programs. Without the burden of repayment, cash assistance reduces financial barriers and stress and can allow participants to fully engage with training by covering transportation, child care, or forgone earnings. The simplicity, immediacy, and lack of future obligation make cash transfers attractive, so we may expect high participation rates. That said, cash assistance can carry a social stigma, potentially deterring participation.[7]

Assistance in the form of loans can provide similar support as cash assistance, but in practice, behaviors are likely to differ, stemming from the obligation to repay. On the one hand, a loan could be seen as a mechanism that ensures participant commitment to a program, pushing some participants to complete training when they would have not otherwise to justify the loan—like a sunk cost as described by Thaler (1980).[8] Loan programs can be more financially viable for the lender, allowing them to reach more people and to provide avenues for large investments that cash assistance might not cover (e.g., business, home, and student loans). Additionally, since personal loans cannot be treated as income (unless forgiven), they offer an avenue to avoid the behavioral responses around benefits cliffs during program participation.

On the other hand, a loan program might be less attractive due to the future obligations they entail. The prospect of holding debt can be a deterrent, especially if there is uncertainty about job placement and future income. The uncertainty can negatively impact both enrollment in, and completion of, training programs. In the context of educational attainment, Dynarski et al. (2021)[9] observed that the uncertainty regarding exact student financial aid amounts and the complexity of the student loan process lower college enrollment, especially for people from low-income backgrounds.

Additionally, a loan may be less attractive due to a learner's distrust in banks or the financial system. A number of authors have documented pervasive distrust of banks and other financial institutions by the public, attributing this phenomenon to a host of causes, including recent

economic crises, opaque bank products and practices, and perceptions of corporate greed.[10, 11, 12, 13, 14] This skepticism, in conjunction with the barriers posed by opening a new bank account in order to receive a loan, may lead to low uptake rates of loan products. For these reasons, researchers have suggested comprehensive education surrounding student loan products, their risks, and benefits.[15]

Research has highlighted many positive outcomes associated with financial coaching, including improved credit scores, reduced reliance on payday lending, increased savings, and reduced debt.[16] A recent evaluation of financial coaching for students at a community college indicated that attending two or more sessions significantly improved student success, as measured through persistence, graduation, and transferring to a four-year college.[17] By coupling the no-interest loans with financial coaching, ActivateWork should set learners up for success, not only in repaying the loans, but in a host of related measures of financial health, all of which could contribute to increased participation in and graduation from the Per Scholas program.

Key Findings

Program Graduation

> **Learners that were offered a no-interest loan and financial coaching had a graduation rate that was 21.97 percentage points higher than learners in the control group. The control group learners had access to financial coaching but not the loan. This difference was statistically significant.**

Learners who had access to the financial assistance had a graduation rate 21.97 percentage points higher than learners who did not have access to the loan. The control group had access only to financial coaching. The statistical model controlled for degree completion, age at enrollment, and individual pre-training income. The impact of financial assistance on graduation was statistically significant ($p < 0.01$). Descriptively, 84.47% of learners in the treatment group graduated from the program compared to just 62.50% of learners in the control group. The treatment group graduation rates are similar to what ActivateWork typically observes; however, exploratory analysis indicated that graduation rates were higher for those learners who accepted the loan.

Loan Uptake

> **Of learners who were offered financial assistance, 51.4% accepted the loan.**
>
> **After the conclusion of this pilot study, ActivateWork adjusted the orientation process and removed the requirement to open an account with a new bank. The goal of these program changes is to increase loan uptake in the future.**

Learners who opted in to receiving the no-interest loan were similar to learners who opted out with respect to age, marital status, pre-training income, education, and participation in government assistance programs. ActivateWork has reflected on the relatively low loan-uptake rate during the pilot program and adjusted the orientation process and removed the requirement to open an account with a new bank.

Financial Coaching

> **The financial coaching participation rates were higher among those individuals offered the loan compared to those individuals that were not offered the loan.**
>
> **Of learners who were offered the loan, 60.19% participated in financial coaching, whereas 37.78% of learners who did not have access to the loan participated in the financial coaching.**

During the study period, financial coaching was offered to all learners enrolled in ActivateWork— including those whose Area Mean Income was above the eligibility limit for the no-interest loan and participation in the RCT. For this reason, the sample size reported in this research question is higher than the sample size for other research questions.

Of the 153 learners offered financial coaching, 82 (53.59%) attended at least one financial coaching session. Together, these 82 learners attended a total of 153 financial coaching sessions. One hundred and eight learners in this distinct sample were offered a no-interest loan. Of these learners, 65 (60.19%) participated in at least one financial coaching session, compared to just 17 (37.78%) learners who did not have access to a no-interest loan.

Implications

What Do the Findings Mean for Policy or Practice?

This study demonstrates that access to no-interest loans and financial coaching increases the graduation rate of ActivateWork learners from the Per Scholas program, compared to financial coaching without access to this loan.

Pairing this pilot study findings with the best available research evidence on Per Scholas, supports the ongoing use and expansion of financial assistance in the form of offering no-interest loans and financial coaching to learners:

- Colorado-specific pre-post data has shown strong earning trajectories following enrollment in ActivateWork.

- Two RCTs have demonstrated the effectiveness of the Per Scholas program on employment, wages, and hours worked.

The implementation of the financial assistance, however, warrants further exploration:

- How can financial coaching be leveraged to inform individuals decision to accept the loan?

- How can the orientation to the loan program be modified to build trust with learners?

- What flexibility can be created in the timeline for learners opting in or out of the loan, so that this form of financial assistance is available if unexpected needs arise during program participation?

- What, if any, concerns do learners have about the impact of accepting a loan on public benefit eligibility?

Ultimately, the value of the loan program is likely to be fully realized when the financial education needs of learners are simultaneously being met.

Recommendations for Ongoing Evidence Building

While the current evaluation provides causal evidence on the impact of financial assistance on graduation, there remain several avenues for future research.

- ActivateWork strives to place program graduates in technology careers that pay at least $45,000 per year. An additional analysis linking program participants to labor and employment data would provide greater into whether the benefits of financial assistance during the program translate into improved earnings after graduation.

- Low loan uptake rates were a cause for concern among program staff and funders. Additional qualitative inquiry, such as surveys, interviews, or focus groups with learners who had access to the loan, could inform the design and delivery of subsequent financial assistance tools in a way that could maximize their uptake and potential.

- The financial coaching was available to all learners during the study period. Ongoing evidence building can use study designs that separate the impact of the financial coaching from the no-interest loan. A control group without either aspect of the financial assistance would be needed to learn more about the impact of financial coaching.

Methods

Methods

Analytic Sample

The sample was comprised of 135 learners that enrolled in the ActivateWork program from February 6, 2023, to March 4, 2024. Eligibility for participation in the RCT was being enrolled in an ActivateWork course and earning 80% or less of the Denver Metropolitan Statistical Area and Area Median Income for 2023 based on household size.

The sample size was larger for the research question exploring financial coaching uptake (n = 153 learners). This is because financial coaching was offered to all learners enrolled in ActivateWork during the study period—including those whose Area Mean Income was above the eligibility limit for the no-interest loan and participation in the RCT.

Randomization

Randomization into the treatment or control group occurred prior to students attending orientation for the ActivateWork program they had enrolled in. Each learner was randomized individually; each learner had an 80% chance of receiving treatment and a 20% chance of ending up in the control group. This randomization rate, while imbalanced, allowed for ActivateWork to offer financial assistance to as many learners as possible, while still enabling a robust evaluation.

The treatment was access to the no-interest loan and financial coaching while enrolled in the Per Scholas training model. The control group had access to the financial coaching but did not have access to the no-interest loan.

By leaving treatment status to chance, an RCT is intended to control for other factors that may affect the outcomes from participating in a program. This helps to mitigate bias and provide a more reliable estimation of program effects.

Demographic Characteristics

Table 1 details demographic characteristics of treatment and control participants. All demographic data reported in this table were collected by ActivateWork during their intake process.

Table 1. Demographic Characteristics of Learners by Treatment Status

Measure	Treatment (n = 103)	Control (n = 32)
Median age	31 years	30.5 years
Female	33.98%	28.13%
Married or in a domestic partnership	21.56%	31.25%
Race/Ethnicity:		
• White	33.01%	37.50%
• Black	24.27%	31.25%
• Hispanic	21.36%	18.75%
• Another	21.36%	12.50%
Highest level of education:		
• High school diploma/equivalency	51.46%	40.63%
• Associate's degree or higher	44.66%	50.00%
Median pre-training individual annual income	$37,440	$39,520
Rent their home	58.25%	58.06%
Receive any form of government assistance	52.43%	53.13%

Data Elements

Data comes from ActivateWork's internal administrative records. All data is at the participant level. For additional information on the variables included in the analytic sample, see Appendix A.

Analytic Approach

This study employed an intent-to-treat approach, meaning that individuals' randomization condition was how the data were analyzed. Whether an individual accepted the offer of financial assistance or not, individuals randomized into the treatment group stayed in that group for analytic purposes. Similarly, if individuals crossed over (e.g., randomized into the treatment group and not offered financial assistance), they were still considered part of the group to which they were assigned through randomization.

To estimate the impact of access to the no-interest loan on graduation, researchers leveraged logistic regression models. Covariates were included only if baseline equivalence was not met and the What Works Clearinghouse standards suggest statistical adjustments should be made.

Baseline Equivalence

Assessing baseline equivalence provides information on whether the treatment and control groups differ meaningfully on observable characteristics. This process is especially important in this study because the sample size is small overall, and the control group is substantially smaller than the treatment group. Thus, assessing baseline equivalence is a way to test if the randomization process was successful enough in making the treatment and control groups similar on average.

Equivalence of the treatment and comparison groups was established following What Works Clearinghouse guidance. Specifically, intergroup comparability was assessed using age, race/ethnicity, degree completion, and individual annual pre-training income. We examined these four characteristics in particular because they are relatively likely to be correlated with program completion based on program history and theory.

Baseline equivalence results indicated that the groups were in the adjustment range for age, degree completion, and individual pre-training income. Adjustment occurs by including these variables in the statistical model.

The test statistics for these variables, Hedge's g and Cox's d for continuous and categorical variables, respectively, were above 0.05, but did not exceed 0.25. The Hedge's g for age had a value of 0.06, falling just outside of the acceptable range. The Hedge's g for individual pre-training income was 0.21 and the Cox's d for degree completion was 0.13. As such, these variables have been included as controls in all logistic regression models. Treatment and control groups were deemed equivalent with respect to the proportion of Black, Indigenous, and people of color in each group, so race and ethnicity were excluded from the logistic regression models.

Attrition

Based on the nature of the primary research question in this study, there was no attrition per se. The outcome of interest was graduation, so any learners who dropped out of or withdrew from the program and might have traditionally been considered attritors did not graduate. For this reason, we have outcome data for all study participants.

Crossover

Within an RCT design, ideally, everyone assigned to the treatment group receives the treatment while everyone assigned to the control group does not. During this study, though, several individuals who were assigned to one group ended up in the other group. These individuals are said to have "crossed over." Specifically, five individuals who were assigned to the treatment group during randomization and should have been offered a loan were not offered one, meaning that they were effectively in the control group. Additionally, 11 individuals who were assigned to the control group during randomization were, in fact, offered a loan. There was no apparent bias impacting an individual's likelihood to cross over. According to ActivateWork program staff, there were no systematic reasons contributing to the crossover, indicating that the crossover itself may have occurred at random. However, for the purposes of this study, which is designed to examine

the intent to treat, not treatment on the treated, we focused on the original randomization values for each individual, not their crossover status. Crossover dilutes the ability to detect significant differences between the treatment and control group. Figure 1, below, presents the study sample at each stage from enrollment to loan acceptance decision.
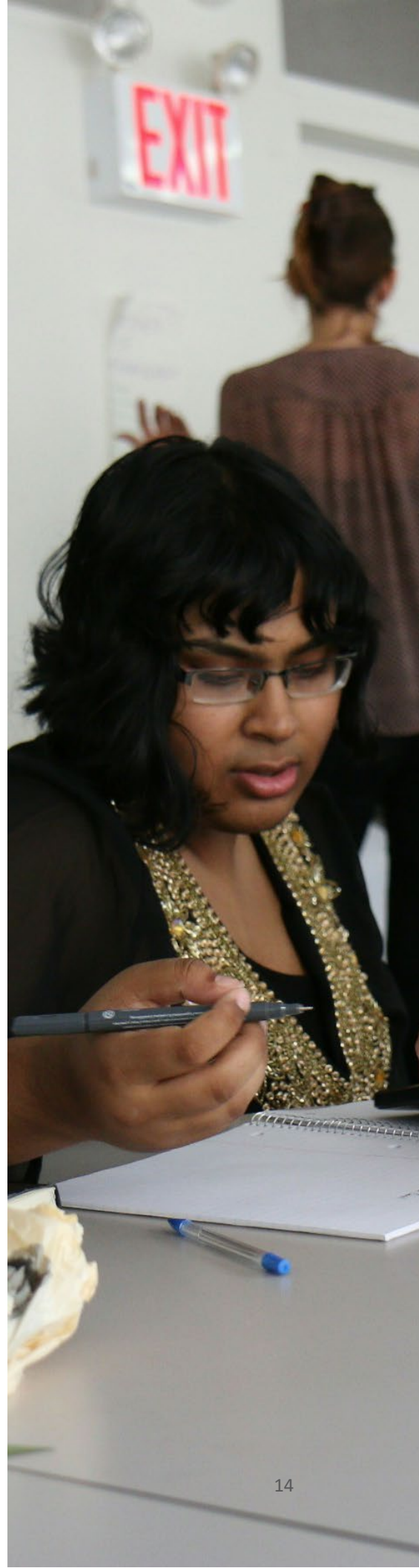
Figure 1. Study Sample by Stage: Enrollment to Loan Acceptance Decision
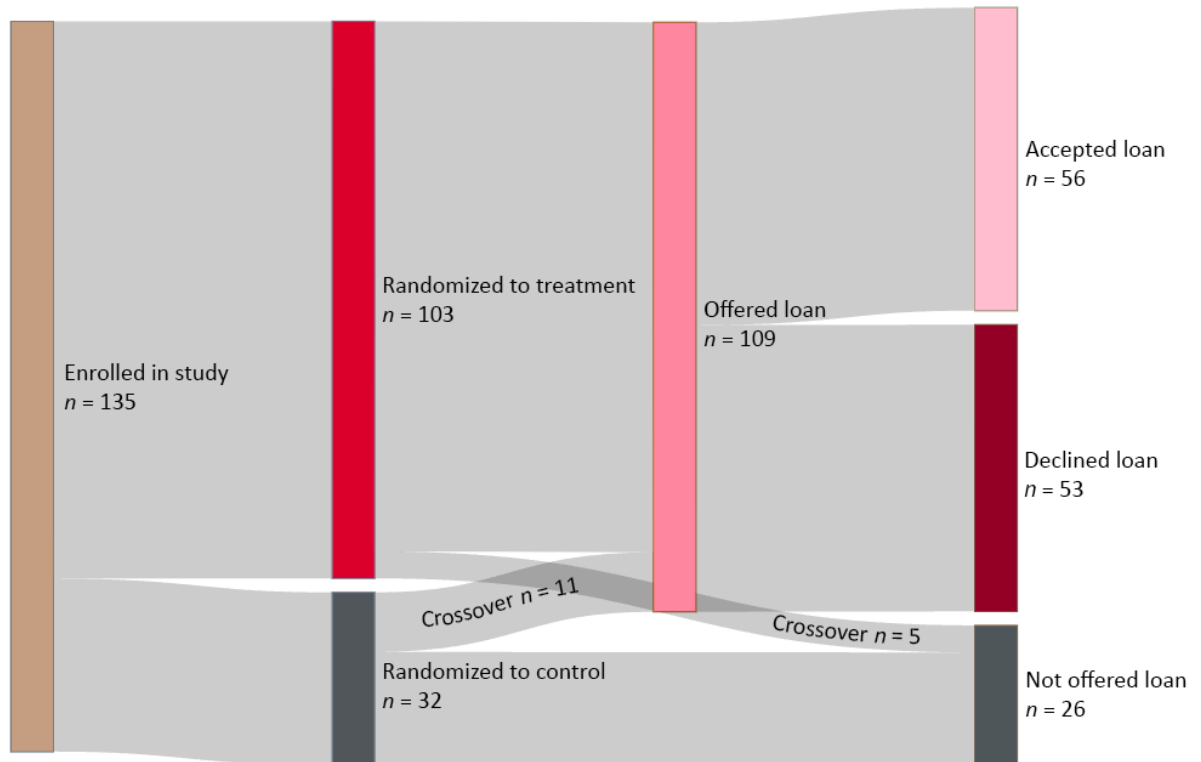
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Results

Results

The following section reports the results of the analysis tailored to each research question. Both research questions are re-stated prior to discussing the results.

Research Question #1: Graduation

Research Question #1. What is the impact of the no-interest loan on the likelihood that learners graduate from the ActivateWork program?

Hypothesis: Access to the no-interest loan will increase the likelihood that learners graduate from the ActivateWork program.

Key Finding: Learners that were offered financial assistance had a graduation rate 21.97 percentage points higher than learners in the control group. Exploratory analysis suggests that program improvements that increase uptake of financial assistance could lead to even better graduation rates.

We found that learners who had access to the no-interest loan had a graduation rate 21.97 percentage points higher than learners who did not have access to the loan. Using a logistic regression model—controlling for degree completion, age at enrollment, and individual pre-training income—yielded an odds ratio of 3.37, which was statistically significant ($p = 0.01$). None of the control variables had a statistically significant effect on program completion.

Figure 2 below presents the mean graduation rates for learners by treatment status. This figure shows, descriptively, that learners in the treatment group had a mean graduation rate of 84.47%, while learners in the control group had a mean graduation rate of 62.50%.

Table 2 below presents the output of the logistic regression model. This table reports the odds ratio associated with each variable included in the regression. An odds ratio of 1.00 associated with a variable would indicate that the variable has no effect on the likelihood that a learner would graduate. Odds ratios of less than 1.00 indicate a reduction in the likelihood of graduation, while an odds ratio in excess of 1.00 indicate an increase in the likelihood of graduation.

Figure 2. Mean Graduation Rate by Treatment Status
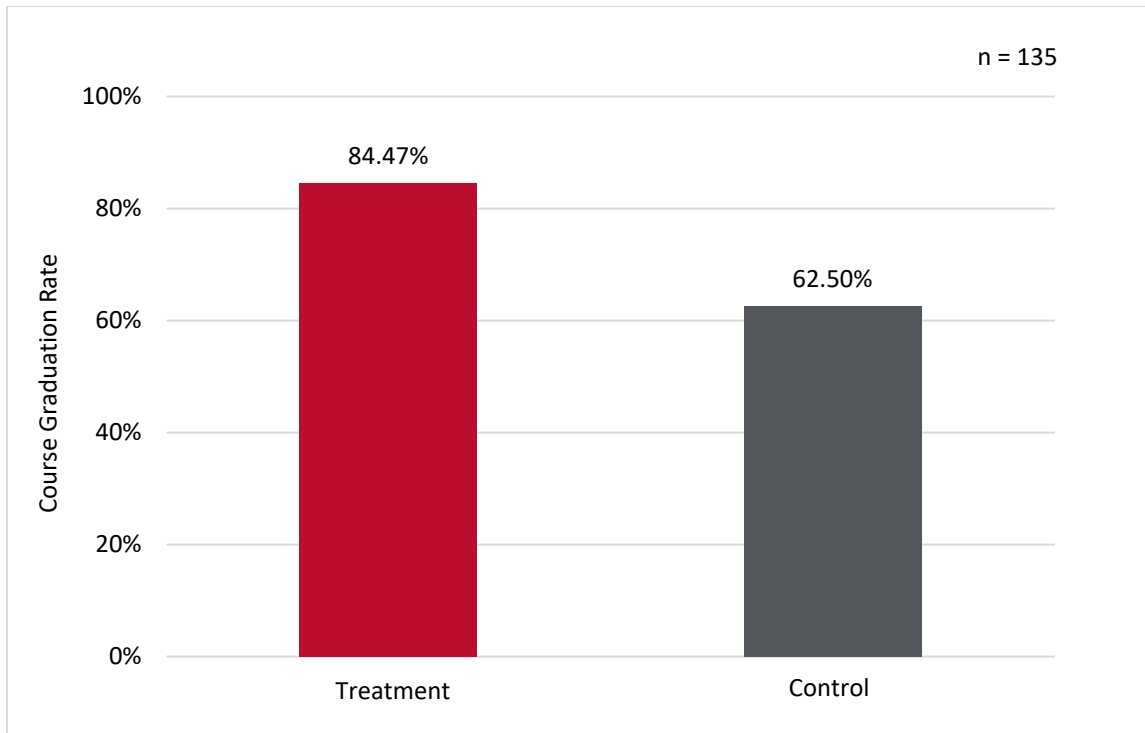
Table 2. Logistic Regression Results for Graduation

Variable	Odds Ratio	Robust Standard Error	Variable
Group			
Treatment	3.37	1.61	0.01
Control (Reference)	--	--	--
Highest Level of Education			
College graduate	1.77	0.87	0.24
No college (Reference)	--	--	--
Age			
Age in years	1.01	0.03	0.63
Pre-training income			
Dollars	1.00	0.00	0.96

In this study, there were not enough participants to truly examine treatment effects by race and ethnicity. For instance, there were 34 non-Hispanic White learners in the treatment group and 12 in the control group. There were 22 Hispanic learners in the treatment group and only six in the control group. Lastly, there were 25 Black learners in the treatment group and 10 in the control group.

Figure 3 presents mean graduation rates by treatment status, race, and ethnicity and should be interpreted with caution. Overall graduation rates for non-Hispanic White learners appeared higher, regardless of treatment status. However, regardless of race and ethnicity, learners in the treatment group graduated at a rate roughly 20 to 27 percentage points higher than their peers in the control group.

Figure 3. Mean Graduation Rate by Treatment Status, Race, and Ethnicity
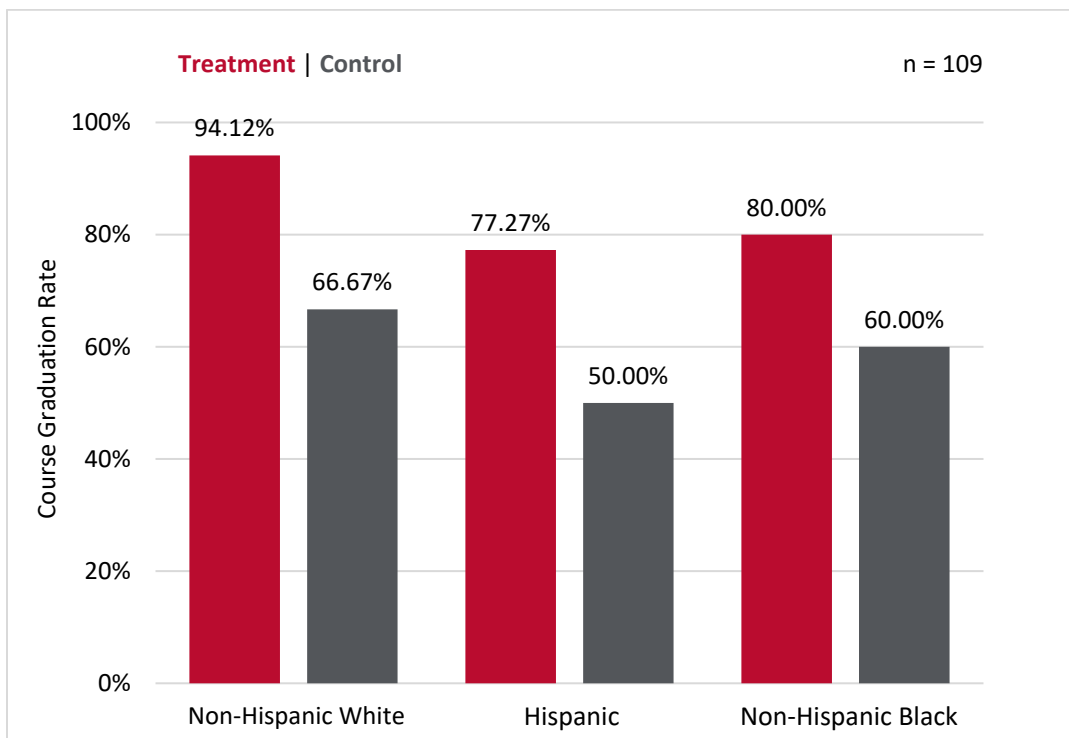
Research Questions #2 and #3: Loan Uptake

Research Question #2. What were the loan uptake rates and did they vary by demographic characteristics?

Learners offered a loan were given a presentation from a representative of Dora Bank within the first week of the program and needed to accept or deny the loan one week later. Of the 109 individuals to whom ActivateWork offered a loan (including the 11 individuals assigned to the control group during randomization, but crossed over), 56 (51.4%) of these individuals opted in to

receiving the loan, while the remaining 53 (48.6%) opted out. This means that roughly half of the learners who had access to an interest-free loan of up to $2,400 declined to accept it.

Table 3 presents loan uptake in conjunction with demographic variables of interest. Few discernable differences emerge between those who did and did not accept the loan. Of these descriptive differences presented in Table 3, only one was approaching statistical significance: a greater proportion of learners who opted into the loan (28.6% versus 15.1%) identified as Hispanic (p = 0.09). It is possible that with a larger sample, more differences in loan uptake could be detected.

Table 3. Demographic Characteristics by Loan Uptake Status

Measure	Opted In (n = 56)	Opted Out (n = 53)
Median age	31 years	29 years
Female	28.57%	35.85%
Married or in a domestic partnership	23.22%	22.64%
Race/Ethnicity:		
• White	35.71%	32.08%
• Black	17.86%	28.30%
• Hispanic*	28.57%	15.09%
• Another	17.86%	24.53%
Highest level of education:		
• High school diploma/equivalency	50.00%	49.05%
• Associate's degree or higher	46.43%	45.28%
Median pre-training individual annual income	$37,221	$37,440
Rent their home	64.29%	50.00%
Receive any form of government assistance	55.36%	50.94%

Note: * denotes a statistically significant difference at p < 0.1 identified in a paired sample t-test.

> **Research Question #3. Were there differences in graduation rates between learners who accepted the loan and those who refused**?
>
> *Note. This question diverges from the overall approach of an intent-to-treat design and is presented for exploratory purposes to inform future program improvement.*

There was a statistically significant difference in the graduation rates between these two groups (p = 0.05). Namely, 91.1% of the individuals who opted in to receiving the loan graduated, compared to only 77.4% of individuals who were offered the loan, but opted out. While the focus of this study is on the intent-to-treat model presented in Research Question #1, this preliminary, descriptive evidence of improvements in graduation rates supports future inquiry into the effects of treatment on the treated.

Table 4. Graduation Rate by Loan Uptake Status

Outcome	Opted In (n = 56)	Opted Out (n = 53)
Graduated from program*	91.07%	77.36%

Note: * denotes a statistically significant difference at p < 0.1 identified in a paired sample t-test.

Research Question #4: Financial Coaching Uptake

Research Question #4. What were the financial coaching uptake rates?

Financial coaching session attendance data was collected by ProsperBridge and shared with the evaluation team in a pre-aggregated format. As such, it was not possible to connect this attendance data to individual-level characteristics like race/ethnicity, age, pre-training income, or outcomes like graduation status or loan uptake. Additionally, the financial coaching session attendance data contained all individuals who participated in the ActivateWork training program during the study period, including individuals who were not eligible for randomization into the study (i.e., individuals with household, pre-training income more than 80% of the Area Mean Income). Lastly, the data were pre-aggregated based on loan offers, meaning the groups differ slightly from the groups assigned through randomization due to the crossover.

Of the 153 learners in this distinct sample, 108 were offered a loan, while 45 were not. Of the learners who were offered a loan, 65 (60.19%) attended at least one financial coaching session. Of the learners who were not offered a loan, 17 (37.78%) attended at least one financial coaching session. This yields an overall financial coaching uptake rate of 53.59%.

Learners who were offered a loan and attended at least one financial coaching session attended an average of 1.59 sessions. Learners who were not offered a loan, but attended at least one financial coaching session, attended an average of 2.88 sessions. Combined, both groups of learners attended a total of 153 financial coaching sessions.

Limitations

There were three major limitations of the study: length of study period, crossover over of participants between the groups, and quality of the attendance data. The study time period was driven by the funding for evaluation as opposed to the length of time necessary to enroll enough

individuals for the study to be fully powered or include follow-up data on the impact of the cash assistance on post-training earnings.

The crossover of a combined 16 individuals from treatment to control and vice versa introduced noise to this evaluation through a phenomenon called "regression dilution." Essentially, the effect we would expect to see as a result of the treatment has been diluted for two reasons. First, individuals who were randomly assigned to the treatment group, but were not offered a loan, could have brought down the group average graduation rate and hindered the perceived effect of the intervention that was noted in the regression model. Secondly, individuals who were randomly assigned to the control group, but were offered a loan, likely brought up the group average graduation rate and undermined any perceived effect of the intervention in the regression model. While this crossover was not ideal from an evaluation perspective, it is encouraging that our findings in this study were still so pronounced and statistically significant. It is possible that the true effect of coupling financial assistance and coaching with the Per Scholas training model leads to even higher rates of graduation than those noted here.

The second primary challenge surrounded attendance as an outcome of interest. The preliminary evaluation plan included a research question regarding the impact of financial assistance and coaching on program attendance rates. While this data is collected by ActivateWork program staff and substantially complete, it was nearly identical to the graduation outcomes data that we received, and did not offer any additional insights. Every individual who failed to graduate from the program had an attendance rate of 0%. It is possible, but unlikely, that this metric reflects each learner's true attendance. That said, many of the individuals who failed to graduate were designated as having withdrawn or dropped out at some point in the program. If any of these learners attended a single class, we would expect their attendance rate to be greater than zero. Conversely, all the learners who graduated had to have attendance rates of 92% or above. This is a result of program design, as graduation is determined solely by program participation. As a result of this data inputting quirk, the attendance measure was dropped from the study design.

Ongoing Evidence Building

This research lays the foundation for additional inquiry into the coupling of financial assistance with workforce training programs. Phase II of this study is intended to answer the following research questions:

> **Phase II Research Question #1 (Confirmatory): What is the impact of the no-interest loan and financial coaching program on learners' securing a $45,000 per year job within four months of expected graduation from the ActivateWork training program?**
> **Phase II Research Question #2 (Confirmatory): What is the impact of the no-interest loan and financial coaching on learners' income and employment in an IT-related field 12 months after expected graduation from the program?**

> **Phase II Research Question #3 (Exploratory): What is the difference in average starting wages within four months of expected graduation from the ActivateWork training program for learners who had access to the no-interest loan and financial coaching and those that only had access to the financial coaching?**

> **Phase II research question #4 (Exploratory): Are there patterns in how loan recipients spend those funds that correlate with program participation or employment outcomes?**

This next phase of research will make an empirical connection between financial assistance and labor market outcomes. The first phase of the study, reported in this document, make the first step in the connection: financial assistance improves graduation rates. The national literature on Per Scholas is evidence of the program completion improving labor market outcomes. The Colorado Wages Outcomes Results Coalition has produced pre-post data that indicates learners who enroll in ActivateWork have a positive post-program earnings trajectory.

Financial coaching is a component of the treatment. Examining loan spending patterns may inform the delivery of the program. Exploratory analyses may also determine whether spending patterns are correlated with program participation and subsequent earnings.

Conclusion

This evaluation of the impact of financial assistance on participation in the ActivateWork training program adds to a growing body of research supporting the supplementation of workforce training with financial assistance like direct cash payments and loans. There were large and statistically significant improvements in the graduation rates for learners who had access to a no-interest loan when compared to their peers in the control group. Exploratory analyses suggest that the full potential of offering financial assistance could be realized with program improvements that increase uptake of the financial assistance.

Additionally, learner age, college graduation status, and pre-training income did not have any significant effects on the likelihood of graduation. This finding suggests that learners from a variety of backgrounds stand to benefit from the Per Scholas model.

Exploratory analyses of loan uptake patterns provide additional insights. The low overall loan uptake rate of 51.4% underscores the apprehension with which many learners appear to view financial institutions, the acquisition of debt, or the loan acceptance and repayment process. In order to accept the loan, learners were required to open a new checking account with Dora Bank. This requirement may have served as a barrier to acceptance. Additionally, the loans were introduced to learners during the first week of the program before ActivateWork staff had a chance to build rapport. It is possible that changes to messaging, a later introduction of the loans, or a transition from loans to direct cash assistance (i.e., no repayment or new accounts required) would have improved the uptake rate.

There were very few descriptive differences in the demographic characteristics of learners who opted in to receiving the loan when compared to learners who opted out. Thus, there is no evidence that refinement of loan messaging needs to target a particular audience (e.g., college graduates and women) since learners of all backgrounds appear equally likely to opt out of receiving the loan.

Future inquiry into the impacts of financial assistance during workforce training on subsequent earnings and employment will shed more light on the potential returns on the investment for individuals and IT industry talent pipeline. As noted earlier in this report, no-interest loans offer workforce training providers with a scalable, low-cost means of supporting learners who participate in their programs, especially when compared with the substantial cost of direct cash assistance. Determining whether this form of financial assistance has the potential to shape future earnings and career trajectories will help to inform the long-term impact of these supplements. Similarly, future exploration of loan spending patterns could inform the delivery of subsequent financial coaching sessions for learners receiving any form of financial assistance while participating in a workforce training program.

Appendix A: Data Glossary

- **Age:** Learner age, in years, at enrollment in the program.

- **Area Median Income (AMI):** The median income in a geographic region, as calculated by the U.S. Department of Housing and Urban Development. This figure is tied to household size and was used to determine study eligibility. This information was compiled by the Colorado Housing Finance Agency and can be accessed here.

- **Education:** This categorical variable included the following values: high school equivalent, high school diploma, trade school, associate's degree, bachelor's degree, master's degree, and other. Due to low numbers of individuals in these discrete categories, we collapsed these values into a binary variable for college degree attainment. This variable indicated whether an individual had obtained an associate's, bachelor's, or master's degree.

- **Financial Assistance:** This term is used to describe the no-interest loan and financial coaching available to learners in the treatment group.

- **Government Assistance:** This field listed any all forms of government assistance as reported by learners at intake. It included the Supplemental Nutrition Assistance Program (SNAP), Medicaid, rental assistance/low-income housing, unemployment benefits, veteran's benefits, Temporary Assistance for Needy Families (TANF), basic cash assistance, child care assistance, and the Supplemental Nutrition Program for Women, and Infants, and Children (WIC). There were too few individuals receiving any one form of assistance to report these numbers separately, so we collapsed these categories into a single, binary variable for receiving any form of government assistance.

- **Housing Status:** This variable took three values in its original form: live rent free, rent, or own home.

- **Loan Uptake:** Collected by ActivateWork and reported separately from randomization status, loan uptake indicated whether an individual who had access to the loan (treatment) accepted (opted in) or declined (opted out) of receiving the loan. This variable also indicated if an individual was not offered the loan (in the control group). This variable was compared to randomization status to determine crossover.

- **Randomization Status:** This variable was created by the evaluation team at the Colorado Evaluation and Action Lab. It indicated whether an eligible individual (as determined by AMI) was assigned to the treatment or control group. Each individual in this study had an 80% chance of being offered financial assistance. This variable was used as the primary independent variable, due to the intent-to-treat nature of this study, as opposed to the loan uptake variable.

Appendix B: Baseline Equivalence Tables

Baseline Equivalence Tables

Table B1. ActivateWork Baseline Equivalence Table

Measure	Treatment	Control	Missing	Pooled Standard Deviation	Hedge's *g*	Cox's *d*
Race/ethnicity (% Black, Indigenous, or People of Color)	58.25%	56.25%	0			0.05
Education (% college degree)	44.66%	50.00%	0			0.13
Mean age	32.56	32.03	0	8.97	0.06	
Mean pre-training annual income	$35,685.54	$39,059.78	0	$15,909.01	0.21	

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