On Labor Market Policy

Jacob Alex Klerman, Abt Senior Fellow
Presentation to SIG/Secretaries’ Innovation Group
Washington DC, July 20, 2017
Outline

- Programs for UI Recipients
- Job Training
- Evaluation
## Who am I?

<table>
<thead>
<tr>
<th>Evaluator</th>
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<tr>
<td><strong>Impact evaluations for</strong></td>
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<tr>
<td>Recovering Academic</td>
<td>Editor, <em>Evaluation Review</em></td>
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Outline

- Programs for UI Recipients
- Job Training
- Evaluation
For UI Programs: Two Different Pathways

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<th>Assistance</th>
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<p>| Enforcement |  |</p>
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<td>Enforcement</td>
<td>• Require meetings with staff</td>
<td>Strong and large:</td>
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<td>• Require and verify active job search</td>
<td>perhaps cutting UI by a</td>
</tr>
<tr>
<td></td>
<td>• Suspend benefits for non-compliance</td>
<td>week or more</td>
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### Enforcement

- Require meetings with staff
- Require and verify active job search
- Suspend benefits for non-compliance

### Assistance

- Job search plan
- Workshops (resume writing, interviewing)
- Job leads
### Older Head-to-Head Tests

<table>
<thead>
<tr>
<th>Test</th>
<th>Baseline</th>
<th>Results</th>
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<tr>
<td></td>
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<td>[Graph showing decreased weeks of UI for Charleston, SC (1985)]</td>
</tr>
<tr>
<td>Maryland (1998)</td>
<td>Report 2 contacts, not verified</td>
<td>2 verified, Report 4, 2 w/JSW</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Graph showing decreased weeks of UI for Maryland (1998)]</td>
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- Monitoring and in-person meetings appears to have **dropped**
- New results starting this summer/fall/winter
How Enforcement Works is Less Clear

- Enforcement has large impacts on weeks of UI paid

- Apparently some combination of
  - Claimants leaving UI to avoid the meeting or to avoid intensive job search requirement
  - Requirement of intensive job search leading to more job finding
  - Benefits suspended due to non-compliance

- Unclear how much non-receipt of UI is work
  - vs. neither UI, nor work
Outline

▪ Programs for UI Recipients

▪ Job Training

▪ Evaluation
Goal of Training: Increase Earnings

- Goal of Training: *substantial* increase in earnings
  - At minimum wage, full-time full-year work: $15,080
  - Substantial increase: at least $2,000/year = $500/quarter

- Some job training programs achieve that

- ... most do not

- As of now, unclear what matters
  - See below for some conjectures
Some Programs are Effective; Unclear Why *those* Programs

MDRC Work Advance; similar pattern Abt Green Jobs
Earnings are **lower** for those who get training; perhaps too early
Three Broad Conjectures as to Small Impacts

1. Target Occupations
2. Nature of Training
3. Evaluation Issue
Conjecture 1: Target Occupations

- It seems obvious that training should increase earnings
  - With training, wages should be higher!
- But, it’s not that simple
  - First, many of the occupations we are training for don’t pay much more than the minimum wage
  - Second, not everyone gets the job:
    - some don’t finish, some don’t get the external credential, some don’t work full-time and full-year, some don’t use the training
    - In which case, earnings gain is less than implied wage gain
- So get more trainees all the way through
  - i.e., finish training, get external credential, work full-time and full-year, in a job using the training
  - Not clear how to do that; perhaps more advising and support
Conjecture 1: Target Occupations

- And offer and encourage training for higher earnings occupations
- But, higher earnings usually require long trainings
  - Much longer than 6 month vs. current much shorter than 6 months
  - Larger payments to trainers
  - What do trainees “live on” during training?
- Plus, longer trainings offer require more “pre-requisites”
  - e.g., high school reading, math, and science
  - Many of our candidates don’t have the pre-requisites
  - Either don’t train them or remediate them
    (i.e., even long training)
Conjecture 2: Nature of Training

- Trainees also need “supports”: soft-skills training, academic advising, help with life challenges
  - “Career Pathways” attempts to address this
  - **Successful programs**: “screen” heavily for soft skills/ motivation
  - Such screening harder for public programs, esp. given numerical performance goals

- Programs do not have connections to and trust of employers
  - Programs are evaluated when they are too new
  - Funding streams discourage continuity
  - **Successful programs**: work closely to with employers to track shifting demand and nimbly respond
Conjecture 3: Evaluation Issues

- Perhaps evaluations are too positive
  - We (sometimes) specifically evaluate “promising” programs
  - We provide intensive technical assistance in program delivery
- … so estimates better than for “normal programs”

- Perhaps evaluations are too negative
  - Follow-up periods too short
  - Sample sizes too small to detect impacts
  - Control groups get a lot of training; so not testing training vs. no training
- … so estimates are worse than for “normal programs”
Outline

▪ Programs for UI Recipients
▪ Job Training
▪ *Evaluation*
Some Thoughts on Evaluation

- More than many areas of social programs, evaluating labor market programs requires
  - Large samples (100s or 1,000s for training; 10,000s for UI programs)
  - Strong methods to control for bias
  - Usually random assignment
Beware of …

- Simple tabulations of post-program outcomes for individuals
  - Often, things would have gotten better anyway
  - Not everyone who came into the program is counted
- Simple tabulations of changes in outcomes over-time
  - Other things may have changed; e.g., the economy
- Comparisons to non-comparable comparisons groups
  - Why would we have expected similar outcomes in the absence of the program?
Outline

- Programs for UI Recipients
- Job Training
- Evaluation
Take Aways

▪ Programs for UI Claimants
  – At best, weak evidence of small impacts for “assistance”
  – Strong evidence of large impacts of “enforcement” on UI payments
  – Evidence for impact on employment and earnings unclear
  – More evidence needed; will have more soon

▪ Most training programs appear to have small impacts
  – Conjecture: larger impacts for longer training
  – Conjecture: larger impact for those entering with better academic and soft skills
  – Which would seem to imply that training is not “the answer” for the worst off
  – More evidence needed; will have more soon
Some References on UI


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