



On Labor Market Policy

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Outline

- Programs for UI Recipients
- Job Training
- Evaluation



Who am I?

		UI	Training
Evaluator	<i>Impact evaluations for</i>	DOL/CEO (, HHS/ACF)	DOL/ETA, HHS/ACF



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Recovering Academic		Editor, <i>Evaluation Review</i>	



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For UI Programs: Two Different Pathways

Assistance		
Enforcement		



Assistance

	Sample Activities	Impact on UI Weeks
Assistance	<ul style="list-style-type: none">• Job search plan• Workshops (resume writing, interviewing)• Job leads	Weak and small
Enforcement		



Enforcement

	Sample Activities	Impact on UI Weeks
Assistance	<ul style="list-style-type: none">• Job search plan• Workshops (resume writing, interviewing)• Job leads	Weak and small
Enforcement	<ul style="list-style-type: none">• Require meetings with staff• Require and verify active job search• Suspend benefits for non-compliance	Strong and large: perhaps cutting UI by a week or more



Older Head-to-Head Tests

Test	Baseline									
Charleston, SC (1985)	“Customary” work test	<table border="1"><caption>Charleston, SC (1985) - Decreased Weeks of UI</caption><thead><tr><th>Condition</th><th>Decreased Weeks of UI</th></tr></thead><tbody><tr><td>Stronger work test</td><td>0.55</td></tr><tr><td>Plus EPS</td><td>0.60</td></tr><tr><td>Plus job search workshop</td><td>0.75</td></tr></tbody></table>	Condition	Decreased Weeks of UI	Stronger work test	0.55	Plus EPS	0.60	Plus job search workshop	0.75
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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



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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

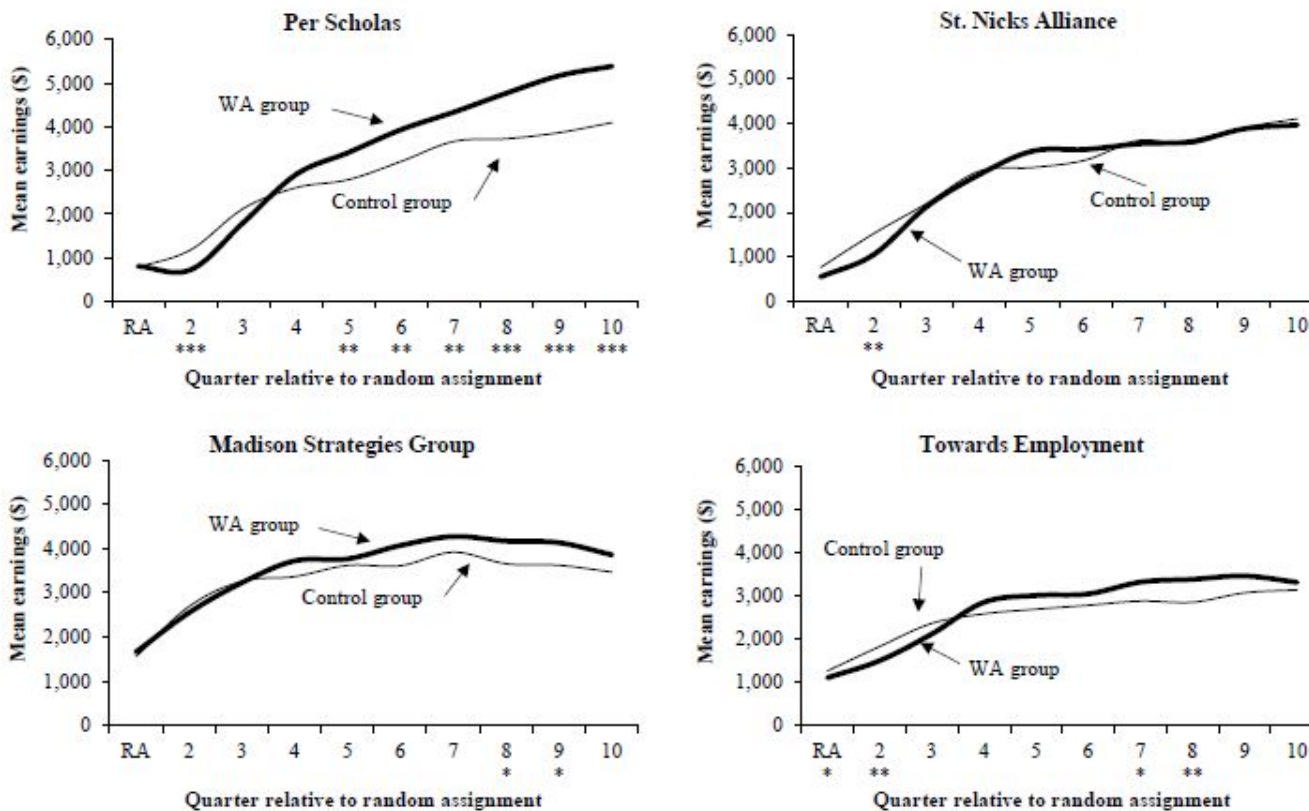


Some Programs are Effective; Unclear Why those Programs

The WorkAdvance Study

Figure 5.2

Quarters 1 to 10 Impacts on Mean Earnings from an Unemployment Insurance-Covered Job, by Relative Quarter and Site

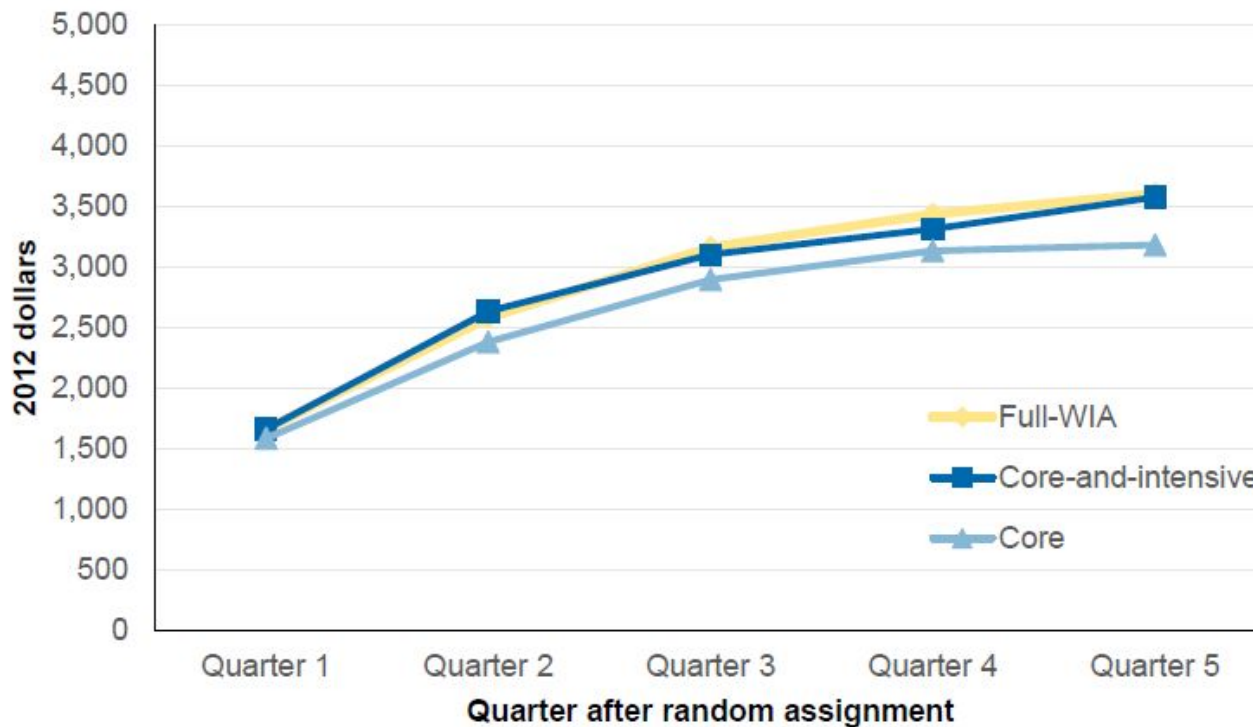


MDRC Work Advance; similar pattern Abt Green Jobs



WIA-GSE Earnings Estimates

Figure VI.20. Quarterly earnings among adults in all three study groups



Source: WIA Gold Standard Evaluation 15-month follow-up survey.

Notes: The technical supplement to this report provides more detail about the estimation approach, sensitivity analyses, and more estimates, *p*-values, and sample sizes.

None of the differences between the full-WIA and core-and-intensive groups are significant at the 5 percent level.

None of the differences between the core-and-intensive and core groups are significant at the 5 percent level.

None of the differences between the full-WIA and core groups are significant at the 5 percent level.

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”



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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?



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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

- **Results reported here from:** CJ O’Leary. 2004. “Evaluating the Effectiveness of Labor Exchange Services.” In *Labor Exchange Policy in the United States*, DE Balducchi, RW Eberts, and CJ O’Leary, eds. Kalamazoo: W.E. Upjohn Institute for Employment Research.
- **My updating review:** Klerman, J.A. Forthcoming 2017. “Unemployment Insurance in the Early 21st Century.” In *Updating the US Safety Net: How European and Other Developed Countries Have Updated Their Safety-Net Programs to Provide Social Assistance While Encouraging Work*. Oxford University Press, Doug Besharov and Doug Call, eds.
- **Our new results (implementation here; impact soon):** Minzner, A., Klerman, J., et al. 2016. *REA Impact Study: Implementation Report*. Prepared for the U.S. Department of Labor. Cambridge, MA: Abt Associates



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