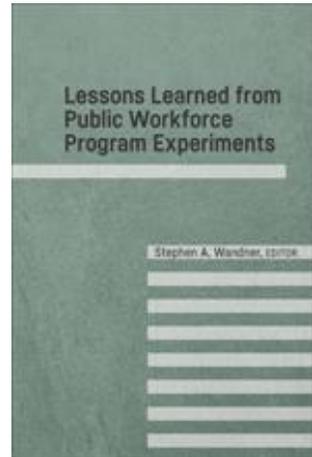

Upjohn Institute Press

Introduction

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Chapter 1 (pp. 1-12) in:

Lessons Learned from Public Workforce Program Experiments

Stephen A. Wandner, editor.

Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2017.

DOI: <https://doi.org/10.17848/9780880996310.ch1>

Chapter 1

Introduction

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This book presents an analysis of the lessons learned from public workforce experiments that have been conducted and evaluated in the United States. The U.S. Department of Labor (USDOL) has sponsored a large number of these experiments over several decades, and some of them have resulted in significant public workforce program and policy improvements. The USDOL has been a leader in making use of rigorous evaluations of existing workforce programs and in the development of new public workforce program options.¹

These experimental evaluations of public workforce programs have included evaluations of training programs—the Job Training Partnership Act (JTPA) and the Workforce Investment Act (WIA)—and of the Job Corps. In the past, experimental evaluations have had an impact on public workforce policy. One example is an enormous cut in funding of the JTPA Youth program in 1995 following negative findings from the JTPA evaluation.² Another is the expansion of the Job Corps program at the beginning of the George W. Bush administration in response to a favorable evaluation of the program, despite an initial impulse to cut the program because of its high cost per participant.

Experimental methods have been widely used to develop new approaches to help dislocated workers return to work. One major effort was a series of unemployment insurance (UI) experiments that were conducted in the 1980s and 1990s to test new or improved reemployment approaches. Two sets of experiments resulted in the enactment of federal legislation in 1993: 1) a targeted, early-intervention job search assistance program known as Worker Profiling and Reemployment Services and 2) a self-employment assistance program for

UI recipients called, simply, Self-Employment Assistance (Wandner 2010). More recently, experimental evaluations of a UI work-search eligibility review and reemployment services program (Reemployment and Eligibility Assessment, or REA) has helped to increase funding for this program and encouraged the Obama administration to expand and restructure it as the recent Reemployment Services and Eligibility Assessment (RESEA) program.

The experimental evaluation of public workforce programs has been a major component of all U.S. experiments over the past 50 years. For example, Greenberg, Shroder, and Onstott (2004) studied 293 social experiment interventions completed between 1962 and 1996. They found that at least 186 of the interventions, or 63 percent, could be categorized as public workforce experiments: job search assistance (33 interventions), work experience/on-the-job training (32), case management (32), counseling (23), wage subsidies (14), other employment services (13), job clubs (12), reemployment bonuses (10), job placement services (7), incentive bonuses to participate in education/training (5), child care for employment (4), and employer tax credits (1).³ In the period since 1996, the number and diversity of social experiments has increased significantly, as has the percentage of experiments conducted outside the United States.⁴

Interest in evidence-based policy increased during the Barack Obama administration, especially the use of rigorous research and evaluation methods and randomized controlled trials (RCTs). Early on, the White House reserved funding for experiments and had federal agencies compete for these funds. The White House also issued guidance regarding evidence-based public policy and rigorous evaluations. More recently, the White House has encouraged small and large improvements in ongoing federal programs based on the results of low-cost experiments that used behavioral science methods. Specifically, in 2014 the Obama administration established the Social and Behavioral Sciences Team to build behavioral science findings into federal policy decision making. The cross-agency team was to be overseen by the White House Office of Science and Technology

Policy, with responsibility for translating findings and methods from the social and behavioral sciences into improvements to federal policies and programs.

A number of federal agencies, including USDOL, have funded behavioral economics experiments. One ongoing USDOL-funded project, the Michigan Reemployment and Eligibility Assessment Experiment, is discussed below in separate chapters by Randall W. Eberts and Christopher J. O’Leary. The Michigan experiment has made small changes to program outreach that have succeeded in having more unemployed workers participate in job search assistance programs. These types of incremental improvements to governmental programs are popularly known as “nudges,” based on a book of that title (Thaler and Sunstein 2009).

Interest in improving governmental programs by learning from rigorous evaluations has in the past been bipartisan and widespread. In March 2016, Congress established the Commission on Evidence-Based Policymaking, with cosponsorship from Speaker Paul Ryan (R-WI) and Senator Patti Murray (D-WA). The commission is chaired by Katharine G. Abraham of the University of Maryland and Ron Haskins of the Brookings Institution. The commission’s charge is to make recommendations about how administrative data can be made more accessible to researchers for policy evaluation purposes as well as to make recommendations on how rigorous evaluations can be made more integral to the ongoing operations of federal programs. A central task of the commission is the development of a plan for the establishment of an administrative data clearinghouse to support these program evaluation goals. The 15 commission members, appointed by the president, the House, and the Senate, have 15 months to issue a final report once membership is complete.

This book consists of four chapters. Their principal authors—Eberts, O’Leary, Irma Perez-Johnson, and Jacob Benus—have extensive experience in designing, implementing, and evaluating a substantial number of USDOL experiments. Conducting experiments tends to be time consuming and expensive, and successfully imple-

menting experiments is complicated. Because there was increasing interest in carrying out rigorous evaluations, the authors decided that presenting issues and lessons learned in the successful completion of these projects would be instructive to researchers and public policy analysts. Early versions of the chapters that make up this volume were presented at the November 2015 meeting of the Association for Public Policy Analysis and Management, as indicated in the acknowledgments.

LESSONS LEARNED FROM PUBLIC WORKFORCE EXPERIMENTS

This book presents some key lessons learned from public workforce RCTs, covering both the evaluations of existing programs and the development of new interventions. Among the topics covered are the following:

Securing Funding

The Department of Labor has concluded that programs should be rigorously evaluated on a regular basis, and it has considered establishing a periodic evaluation schedule, such as evaluating major programs every five years. Generally, however, there has been insufficient funding to achieve this target. The funding shortage has become more acute in recent years because of a decline in funding for public workforce research in the USDOL budget. Yet there has been increased concern that public policy be evidence based, suggesting the need for substantial increases in evaluation funding.

Because of interest in using behavioral science research to improve programs, a number of federal agencies have provided funding for nudge projects. It is easier for the agencies to provide this funding since the cost of nudge RCTs tends to be much lower than that of other experiments, both because the interventions them-

selves have minimal costs and because they tend to be evaluated with administrative data rather than with more costly participant surveys.

Securing Participating States or Localities

State workforce agencies are primarily operational organizations for the delivery of public workforce services. State workforce agencies and their local American Job Centers often do not see the need for or the direct benefit from research and evaluation of their operational effectiveness and efficiency. As a result, these research and evaluation activities frequently are met with limited enthusiasm and given low priority. Social experiments tend to be implemented in the small number of states that are most interested in learning how to improve their programs using rigorous evaluations. Indeed, Greenberg, Shroder, and Onstott (2004) find that, between 1962 and 1996, 54 percent of all experimental interventions were concentrated in nine states.⁵

State participation in experiments can be voluntary or “recruited.” If the combination of participating states need not be representative of the country as a whole, then researchers can rely solely on volunteers. But if a representative sample of states is sought, then states have to be recruited so that they are representative geographically and demographically. For example, all of the UI experiments made use of state volunteers and ran competitions for some of the experiments when there was an excess of expected volunteers. Similarly, for the Individual Training Account Experiment, USDOL solicited volunteer Workforce Investment Boards to participate. By contrast, the Job Corps and JTPA/WIA experimental evaluations were based on randomly assigned individuals or local offices, and each of these evaluations experienced participation problems.

States and local areas have traditionally had the option to participate or not in research and evaluation projects. Even though the major public workforce programs provide grants to states to operate, participating in these projects could be a condition of receiving grants. However, neither the Workforce Innovation and Opportunity Act (and its

predecessor statute, the Workforce Investment Act) nor the Wagner-Peyser Act requires participation in federally funded research and evaluation projects, although the Workforce Innovation and Opportunity Act encourages states to conduct their own research and evaluations.⁶ By contrast, the Job Corps statute does require participation.

A similar problem involves the UI program. Section 303(a)(6) of the Social Security Act requires states to provide such reports as the secretary of labor may request, and these requests could include UI wage records that are used to assess the outcomes of many evaluations. Nonetheless, it has often been difficult to obtain state UI wage records to estimate the impact of a program or an intervention. In 2012, USDOL issued a UI program letter to try to assure that wage records would be made available by states in accordance with Section 303(1)(6) (USDOL 2012). The Department of Labor has also worked around state objections to providing UI wage records for federal evaluation by using the National Directory of New Hires.

Monitoring Experiments

The training of state and local office staff as well as the close monitoring of the operation of experiments have been critical to maintaining the fidelity and integrity of an experiment's design. It is easy for staff to stray from project procedures over time, and new staff must be trained over the life of the project.

It is helpful to have a number of monitors in the field. For the UI experiments, monitoring was conducted by the research contractor, USDOL staff, and state staff. The result of this three-level monitoring was the ability to maintain the integrity of the projects. For example, the Washington Self-Employment Assistance Experiment provided Self-Employment Assistance lump-sum payments averaging \$4,225. State project monitors detected that a project staff member had approved payment to several project participants before the participants had met all of the criteria for payment, and the payments were not made. This was fortunate, because when the General Accounting

Office (as it was still called in the early 1990s) later conducted a 100 percent audit of all 451 payments made by the project, they found that all payments were made in accordance with project procedures.

By contrast, for a state-funded Illinois Reemployment Bonus experiment, monitoring was minimal, and conditions changed during the operation of the project. It was only after the publication of the project evaluation report that the integrity of the project was called into question, resulting in federal reemployment bonus experiments to verify the Illinois evaluation results.

Design, Implementation, and Evaluation Issues

There are a number of procedural issues discussed in this book, including whether or not an experiment will include a control group, random-assignment problems, and design considerations. The implementation and evaluation of experiments is a complex process. Greenberg, Shroder, and Onstott (2004) report that until 1996 the concentration of experience in conducting experiments in the United States resulted in a large percentage of the experiments being conducted by the so-called Big Three experimental evaluators: Mathematica Policy Research, Abt Associates, and Manpower Demonstration Research Corporation (MDRC). These three research and evaluation firms continue to be important, but expertise and experience have spread widely, and many other research institutions conduct and evaluate experiments, including IMPAQ International and the W.E. Upjohn Institute for Employment Research, both of which are represented among the authors of this book.

The design and evaluation process has a direct impact on the cost of experiments. The experiments discussed in this book vary in cost from under \$100,000 (e.g., the Work First Experiment) to over \$10 million (e.g., the WIA Gold Standard Evaluation). The cost of experiments is of critical importance in a world with stagnant or declining funding for research and evaluation. Future emphasis is likely to be placed on finding low-cost experiments, including nudge-type experiments.

Learning from and Using Results

Conducting experiments only makes a great deal of sense if they can influence public workforce programs and public policy. We will see in this book that experiments frequently have major impacts. For example, the JTPA evaluation resulted in temporary reductions in the JTPA Youth program while USDOL looked for better ways to administer youth employment programs. The initial REA evaluations resulted in restructuring and expanding funding for eligibility reviews and reemployment services. Demonstration projects can result in changing existing programs or creating new ones. Examples of the latter are the federal law creating the Worker Profiling and Reemployment Services program, based on a New Jersey UI experiment, and the Self-Employment Assistance program, based on the Massachusetts Self-Employment Assistance Experiment.

SUMMARY OF THE FOUR CHAPTERS

This book presents the design, policy, and administrative lessons learned from a series of experiments sponsored by the U.S. Department of Labor. The experiments include the small and inexpensive Kalamazoo Work First Experiment, which offers lessons learned for developing future low-cost, effective public workforce experiments. A series of reemployment bonus experiments offer a new policy initiative that has the potential to be cost effective if properly targeted. The Individual Training Account experiment helped to guide the design of training vouchers. Finally, the Nevada Reemployment and Eligibility Assessment Experiment, as well as two previous REA evaluations, have confirmed what has been learned from earlier experiments conducted in New Jersey; the District of Columbia; Florida; and Charleston, South Carolina; and this experiment reaffirms the need to provide reemployment services to UI recipients at the same time as conducting eligibility reviews.

Irma Perez-Johnson, Annalisa Mastri, and Samia Amin of Mathematica Policy Research draw on Mathematica’s experiences in designing and implementing demonstration studies for the U.S. Department of Labor to discuss how “on the ground” realities shape study design, implementation, and results. They recognize that when designing pilot programs, study teams are faced with the need to balance innovation with practicality, and analytical rigor with feasibility. They draw on lessons from the Individual Training Account Experiment, the Self-Employment Training Demonstration, and the Workforce Investment Act Adult and Dislocated Worker Programs Gold Standard Evaluation, all conducted by Mathematica, to discuss the kinds of decisions and important issues that policymakers and researchers commonly negotiate, and how these can shape the design, implementation, and results of demonstration studies.

Randall W. Eberts of the W.E. Upjohn Institute for Employment Research writes about small, inexpensive experiments—both the recent effort to implement and use behavioral economics experiments to develop public policy, and an inexpensive Work First Experiment that demonstrates how low-cost public workforce experiments can be conducted. Reviewing the findings of the Work First Experiment, he discusses factors that can make local public workforce offices both more effective and more efficient in operating experiments.

Jacob Benus of IMPAQ International writes about the impact of the Reemployment and Eligibility Assessment Initiative and three REA evaluations that include quasi-experimental and experimental designs. He describes a series of research projects conducted by IMPAQ in four states; the projects find evidence that the REA program is effective in reducing UI duration and in generating savings for the UI Trust Fund (Poe-Yamagata et al. 2011). Because the evaluation of the Nevada program generated substantially larger impacts than the evaluations of the other three states’ programs, the Nevada REA program study was extended to see whether it would confirm the initial Nevada findings. The results (Michaelides et al. 2012) do indeed confirm the earlier results—the Nevada REA program was highly effec-

tive in assisting claimants to exit the UI program sooner than they would have in the absence of the program. Based on these results, the study concluded that the combination of eligibility reviews and reemployment services is an effective model for reducing UI duration and assisting UI claimants in returning to productive employment.

Christopher J. O'Leary of the Upjohn Institute reviews the outcomes of a wide variety of workforce program field experiments, conducted mostly for the U.S. Department of Labor. Specifically, he reviews the results of the following: reemployment bonus experiments conducted in Illinois, New Jersey, Pennsylvania, and Washington; UI work test and job search assistance experiments conducted in Maryland, Washington, and Charleston, South Carolina; benefits rights interview experiments conducted in Massachusetts, Virginia, and Michigan; targeted job search assistance experiments conducted in New Jersey, the District of Columbia, Florida, and Kentucky; and employer incentive experiments conducted in Illinois, Washington, Massachusetts, Pennsylvania, Iowa, Oregon, and Dayton, Ohio. One of the studies he discusses is the Michigan Reemployment and Eligibility Assessment Nudge experiment.

This book presents an overview of a large number of workforce RCT demonstrations and evaluations that have been conducted over the past 35 years. It describes what was done and how these experiments have contributed to public policy, including the enactment of new legislation and the improvement of ongoing programs. It also presents the methods that have been used to ensure that these RCT studies are successful and that enable these studies to be conducted in a cost-effective manner. Taken together, the chapters of this book attempt to form a guide for conducting successful RCT studies in the future.

Notes

1. RCT experiments have been invaluable from a public-policy perspective in providing research and evaluations that are able to affect public policy, but they also have limitations. See Rothstein and von Wachter (forthcoming).
2. The decline in Youth grants to states was from \$1.497 billion in 1994 to \$311 million in 1995.
3. Other categories of interventions included education, income transfers, tax system, health, and electricity.
4. See David Greenberg and Mark Shroder's periodic online publication, *Randomized Social Experiments eJournal*, now in its ninth volume, generally published weekly.
5. The states and the number of interventions tested in each state were as follows: New York, 27; California, 26; Illinois, 19; Pennsylvania, 19; Ohio, 16; Florida, 13; Massachusetts, 13; Texas, 13; and Washington, 13.
6. Workforce Innovation and Opportunity Act, Section 169.

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Lessons Learned from Public Workforce Program Experiments

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Editor

2017

WE*focus*
series

W.E. Upjohn Institute for Employment Research
Kalamazoo, Michigan

Library of Congress Cataloging-in-Publication Data

Names: Wandner, Stephen A., editor.

Title: Lessons learned from public workforce program experiments / Stephen A. Wandner, editor.

Description: Kalamazoo, Michigan : W.E. Upjohn Institute for Employment Research, 2017. | Series: WE focus series | Includes index.

Identifiers: LCCN 2017044711 | ISBN 9780880996303 (pbk. : alk. paper) | ISBN 0880996307 (pbk. : alk. paper)

Subjects: LCSH: Public services employment—United States. | Manpower policy—United States. | Unemployment—United States.

Classification: LCC HD5713.6.U54 L47 2017 | DDC 331.12/0420973—dc23 LC record available at <https://lccn.loc.gov/2017044711>

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Kalamazoo, Michigan 49007-4686

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Cover design by Carol A.S. Derks.
Index prepared by Diane Worden.
Printed in the United States of America.
Printed on recycled paper.