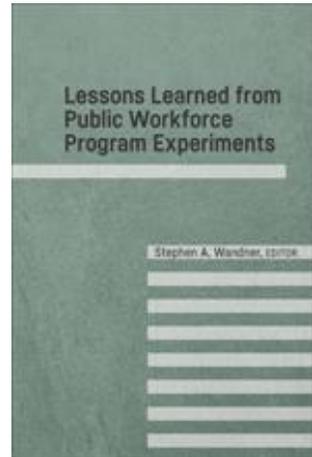

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Chapter 3

An Example of a Low-Cost Intervention to Target Services to Participants of a Local Welfare-to-Work Program

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This chapter shows how low-cost interventions can be integrated into the operations of existing workforce programs. Recent interest in using lessons from behavioral economics to improve participation and engagement in social programs has led to a growing number of initiatives. These initiatives have attempted to use randomized controlled trial (RCT) experiments to improve program design, particularly in the way information is presented to participants. The administration of President Obama made this approach a priority in how it administered social programs. In 2014 the administration created the Social and Behavioral Sciences Team (SBST), dubbed the “Nudge Squad”—presumably after Richard Thaler and Cass Sunstein’s (2008) influential book titled *Nudge*. Their book documents the use of behavioral science in improving participation in social programs and thus the effectiveness of the programs. Even before the creation of the SBST, the administration used lessons from behavioral economics in designing certain programs included in the American Recovery and Reinvestment Act so that consumers would respond more quickly and effectively to the economic stimulus initiatives. This result will be elaborated upon in Chapter 5.

The United Kingdom (UK) has also pursued lessons from the insights of behavioral economics. In 2010 the UK Cabinet Office established the Behavioural Insights Team for the purpose of finding

“intelligent ways to encourage, support and enable people to make better choices for themselves” (Behavioural Insights Team 2011, p. 3). One of its first interventions was to work with staff from Jobcentre Plus offices, which are similar to the U.S. One-Stop Career Centers, to redesign the process individuals go through when they sign on to receive benefits and begin their job search process. Since then, the Behavioural Insights Team has conducted more than 150 randomized controlled trials evaluating interventions in a wide variety of social areas.¹

According to a survey paper by Babcock et al. (2012), “behavioral economics stresses empirical findings of behavior that are partially at odds with standard economic assumptions. The key empirical findings from field research in behavioral economics suggest that individuals can make systematic errors or be put off by complexity, that they procrastinate, and that they hold nonstandard preferences and nonstandard beliefs” (p. 2). Therefore, insights from behavioral economics focus on ways to simplify complex decision-making processes that may tax the ability of individuals to navigate government programs effectively. The SBST projects in the United States and the Behavioural Insights Team initiatives in Great Britain are designed primarily to address the behavioral barriers that affect how people engage with programs (National Science and Technology Council 2015). While the expected results may be modest, so are the costs, which could lead to large returns on investment.

The Obama administration formalized the use of behavioral insights by directing federal agencies to initiate and test such procedures. In 2013 the administration sent a memo to the heads of federal agencies stating that “many innovative companies use rapidly conducted randomized field trials to identify high impact innovations and move them quickly into production.”² While randomized controlled trials are not a new approach to evaluating social programs, in the past, most RCT evaluations were hugely expensive and took years to conduct and analyze. The approach advocated by the Obama administration was to try to streamline the evaluation process by embedding

the process within the programs receiving the interventions. This is possible if agencies already collect data that record participant outcomes and characteristics and if participants can easily be randomly selected into control groups and treatment groups.

For example, a conference on RCT held in the summer of 2014 and sponsored by the Office of Technology Policy and the Coalition for Evidence-Based Policy explored effective ways to embed low-cost RCTs in government social programs. Participants asserted that the following three steps should be taken: 1) acquire greater research access to government administrative data, such as unemployment insurance (UI) wage records for workforce programs, with appropriate privacy protections; 2) generate increased government funding opportunities that specifically focus on low-cost RCTs; and 3) create more high-profile competitions and challenges for low-cost RCTs, such as those launched by the Coalition for Evidence-Based Policy (Shankar 2014).

Missing from this list of necessary steps for carrying out low-cost RCTs, particularly for public workforce development programs, is the willingness of state and local agencies to participate in such programs. Directing federal agencies to pursue low-cost RCTs may be the first step, but in a decentralized workforce system—which is the approach taken in the United States in which state and local agencies have considerable autonomy in deciding whether they would like to participate in activities such as RCTs—it is necessary to consider the motivations and incentives for them to be involved. Without local involvement, it is impossible to embed behavioral insight-related interventions into most government social programs.

Despite the intense interest by the Obama administration in using low-cost RCTs to evaluate the effectiveness of behavioral insights in federal programs, few initiatives were directed at workforce programs.³ The 2015 and 2016 annual reports of the SBST list nearly 40 projects, and only 2 involve federal workforce programs (National Science and Technology Council 2015, 2016). At least one effort to conduct a low-cost RCT at local workforce investment boards was

thwarted by the boards' reluctance to participate. Consequently, it is paramount to identify local workforce boards with interested staff and an organizational and incentive structure conducive to undertaking these experiments.

Therefore, the purpose of this chapter is twofold. First, it describes the prerequisites for successful implementation of such interventions in workforce programs, including incentives to enlist local workforce boards. Second, it describes a program that successfully integrated a simple but effective low-cost intervention and evaluation into a workforce program. While the program described here is not new (the pilot was conducted in the late 1990s and early 2000s) and has been reported in previous publications, it still is instructive in providing an example that may guide the implementation of future initiatives.⁴ Furthermore, since the program has already been evaluated using RCT, which was embedded in the intervention, the outcomes of the intervention are available, whereas many of the more recent projects are still awaiting the completion of an evaluation.

THE FEDERAL GOVERNMENT'S INTEREST IN LOW-COST RCTs

By establishing the Social and Behavioral Sciences Team in 2014, the Obama administration institutionalized the use of behavioral insights at the federal level. SBST was a cross-agency team, housed in the White House Office of Science and Technology Policy, with the purpose of translating findings and methods from the social and behavioral sciences into improvements in federal policies and programs (National Science and Technology Council 2015).⁵ During its first year of operation, its team focused on executing proof-of-concept projects in which behavioral insights could be embedded directly into programs at a low cost and could lead to quantifiable and immediate improvements in program outcomes. The team pur-

sued two areas where behavioral science could play a significant role: 1) improving access to programs and 2) improving government efficiency. Seventeen projects are listed in the SBST 2015 annual report; these include promoting retirement savings, improving college access, increasing medical insurance coverage, and reducing delinquent debt repayments, among several others. Many of the projects included simple ways to communicate with individuals to improve their engagement in federal programs.

On September 15, 2015, behavioral insights were further codified into federal social policy when President Obama signed an executive order that encouraged federal agencies to “design . . . policies and programs to reflect our best understanding of how people engage with, participate in, use, and respond to those policies and programs.” In the words of the order, it specifically directed agencies to take the following four actions:

- 1) Identify opportunities to help qualifying individuals, families, communities, and businesses access public programs and benefits by . . . removing administrative hurdles, shortening wait times, and simplifying forms;
- 2) Improve how information is presented to consumers . . . by considering how the content, format, timing, and medium by which information is conveyed affects comprehension and action by individuals, as appropriate;
- 3) Identify programs that offer choices and carefully consider how the presentation and structure of those choices, including the order, number, and arrangement of options, can most effectively promote public welfare, as appropriate, giving particular consideration to the selection and setting of default options; and
- 4) Review elements of their policies and programs that are designed to encourage or make it easier for Americans to take specific actions . . . (White House 2015).

WILLINGNESS OF STATE AND LOCAL AGENCIES TO CONDUCT BEHAVIORAL EXPERIMENTS

While a presidential executive order, like the one President Obama issued incorporating behavioral insights into federal programs, gets the attention of federal officials, it may not be as effective in eliciting the participation of states and local agencies. The nation's workforce system, currently operating under the Workforce Innovation and Opportunity Act (WIOA), is a federal-state-local partnership. Most funding and guidelines originate from the federal government, but the local workforce investment boards (WIBs) have direct responsibility for delivering the services to customers. The WIBs develop strategic plans that target services to meet the needs of customers (both job seekers and employers) and contract with local providers to deliver services. While they must meet the requirements of WIOA, the local boards and their staff have some discretion in the operations, including whether to participate in additional programs or activities that may be beyond the scope of the WIOA legislation and state mandates.

The willingness of states and local workforce boards to participate in programs that involve low-cost RCTs, or even in large-scale evaluations funded by the U.S. Department of Labor, varies widely. Stephen Wandner, the editor of this volume and a longtime USDOL official involved with federal evaluations, describes in his book *Solving the Reemployment Puzzle* the negotiations required between USDOL and the states to implement various large-scale evaluation projects. He writes that establishing what became known as the New Jersey Experiment, one of the most consequential evaluations of workforce programs and UI systems, rested on convincing the state of New Jersey to participate. Issues included the following three: 1) providing funding for the state to cover additional costs, including alteration of regular services to accommodate the evaluation; 2) determining whether state officials would be willing to participate in a randomized controlled trial in which a preselected group of customers are denied services; and 3) addressing the concern of state

officials as to whether the results would shine a favorable light on New Jersey. Ultimately, the state agreed to serve as the demonstration site and was awarded \$4.7 million for operating the evaluation when the program began in 1986 (Wandner 2010).

Many of the same issues that confront a state in deciding to conduct a large evaluation, such as the New Jersey Experiment, also confront a local WIB in deciding whether to engage in a low-cost RCT. Are staff interested in exploring ways to improve the services they offer to customers? Can they come up with possible interventions on their own that they consider valid ways to improve the services provided? Are they comfortable with adopting practices and procedures that are introduced by researchers who are outside the workforce programs? Are they receptive to evaluators “looking over their shoulders” as they provide services? Can they take constructive criticism, if the intervention is shown not to work, and learn from the experience? In the same vein, can they learn from a successful intervention and implement continuous improvement?

In confronting these questions, successful engagement by WIBs and their staff first requires a culture that promotes and supports innovation, kindles a desire to find ways to improve services, embraces data-driven decisions, and accommodates a level of comfort with research methods. Staff must be willing to experiment with new ideas and approaches and accept the fact that not all ideas actually work. A culture that encourages risk taking may be counter to the culture to which many staff are accustomed. The workforce system has been subject to strict performance metrics since the days of the Job Training Partnership Act. Staffs from many WIBs are reluctant to try approaches that may cause them not to meet or exceed their performance targets. To overcome this hesitancy, a culture of innovation and risk taking must permeate the local organization. The board, leadership, and staff must be willing to take a chance on innovative ideas and communicate to others the same sentiment.

Second, local WIBs need support from state agencies that will encourage such a culture and provide the resources necessary to carry

out such interventions. As for resources, RCT evaluations cannot be carried out without the proper data, and in many states the required data, such as UI wage records, are held closely by state agencies, which do not always share their data with local WIBs. Without access to UI wage records to track the employment outcomes of members of both the control and treatment groups, RCT—or any other evaluation methodology—is much more difficult and expensive to implement, if not impossible. Some states—Ohio, for example—have established a data clearinghouse in which researchers can access UI wage records and other administrative data to conduct evaluations and pursue pertinent research.⁶ This arrangement in Ohio serves as an example for other states to follow.

Third, as much as possible, interventions need to be designed to be embedded seamlessly in the daily operations, and this includes the random-assignment component as well. Since in most cases these low-cost interventions are “nudges” and not radical changes in program offerings or in the delivery of services, the minimal disruption of operations for staff and customers helps to make participation more palatable.

Fourth, sponsors of low-cost interventions should be prepared to compensate local WIBs for their participation. Nevertheless, the fact that they are called “low-cost” means that few additional funds may be available for such a purpose. Ideally, a data-driven staff will see its engagement in innovative approaches as a way to improve outcomes, which could be considered incentive enough, particularly within a culture such as described above. The fact that WIOA is outcome based, research focused, and driven by objective metrics helps to promote such motivations.

Fifth, local WIBs (and state agencies) need access to talented researchers who can help design and then evaluate such interventions. Even if frontline staff have identified the intervention that they believe will improve customer service and program outcomes, researchers who are expert in the design and implementation of evaluations are needed to carry out the experiment.

RELEVANCE OF THE WORK-FIRST PILOT TO THE ADMINISTRATION'S GOALS FOR RCTs

The Upjohn Institute initiated the low-cost RCT described in this chapter long before the Obama administration directed federal agencies to pursue such interventions. In the late 1990s, the Institute received funding from the USDOL to defray the costs of housing, designing, conducting, and evaluating the intervention. The Institute was interested in carrying out such an experiment because of the Institute's unique marriage of research and operations. Having both functions together within one organization fosters a culture of innovation, experimentation, and evaluation, as described above. Other reasons for staff's willingness to participate in the pilot were the anticipated improvement in the operation of the program (such as improved handling of information and the targeted referrals of customers to services) and the minimal disruption to services since the intervention and evaluation were embedded in the operations.

The pilot program described here illustrates four aspects of the Obama administration's concept of low-cost RCTs. First, the pilot focuses on two of the four directives to federal agencies in the president's executive order: 1) improve how information is presented and 2) improve how choices of programs are presented to customers. The pilot streamlines the intake process by reducing the number of times participants must fill out registration forms, and it tries to match participants with providers that are better suited to respond to their specific needs. Second, part of the setup of this intervention was based on establishing an employability score, which was derived from statistical procedures similar to the profiling score required under Worker Profiling and Reemployment Services. Behavioral scientists, as reported in Babcock et al. (2012), advocate using profiling when assigning participants to various job search assistance services in order to minimize their procrastination in engaging in available programs. Third, the pilot embeds an RCT experiment directly in the intake process by randomly assigning participants (stratified by three

levels of employability) to one of three service providers. Fourth, the RCT uses administrative data generated by the program to record participant characteristics and employment outcomes. This technique provides a low-cost evaluation instrument that can yield results in a short period of time.

Description of the Work First Pilot

The purpose of Michigan's Work First program was to move welfare recipients into jobs as quickly as possible. The program provided welfare recipients with reemployment skills, support, and opportunities to obtain employment, and it offered instruction in the proper techniques for writing résumés, completing applications, and interviewing for jobs. The purpose of the pilot was to improve the employment outcomes of participants in the state welfare-to-work program by streamlining the referral process so that services could be tailored to best meet the needs of participants.

At the time of the pilot, the Kalamazoo–St. Joseph Workforce Development Board contracted with three organizations to provide services under the Work First program. While each provider offered services required under the law, the three differed in their approach and in the mix of services provided. Institute staff administering the program observed that some participants responded more favorably to one approach than another, and they wanted to see if they could devise a system that would assign recipients to providers that best met their needs and in a style that best fit their personalities. The pilot referred welfare-to-work participants to one of three service providers based on a statistical algorithm that used administrative data to determine which provider offered services that were shown to be most effective for customers possessing specific characteristics and employment backgrounds. Prior to the pilot, participants were randomly assigned to providers. Information collected at that time was used to “teach” the referral algorithm which providers delivered the best outcomes for individuals with certain characteristics from each

of the three employability groups. The pilot demonstrated that customizing services based on participant characteristics could increase the effectiveness and efficiency of the intervention. An RCT evaluation of the pilot demonstrated that customizing services based on participant characteristics could increase the effectiveness and efficiency of the program, as seen by an increase in the 90-day employment retention rate of participants and a benefit-cost ratio of three to one.

Description of the Referral Process

Institute staff worked closely with the local office of the state's social service agency, the Family Independence Agency, to administer the Work First program. The Family Independence Agency determined welfare eligibility, issued welfare payments, and referred welfare recipients to Work First programs, while the Work First agency provided welfare recipients with employment services through intermediaries.

The Family Independence Agency referred all qualified applicants to Work First within 10 days of their applying for cash assistance. Applicants were notified of the date and time they were to enroll in the program and attend orientation. Orientation included an introduction to the Work First program, specification of the roles and responsibilities of the program and client, and a brief assessment of the client's situation and immediate needs, including the possible need for supportive services. In-depth assessment and counseling were offered only to those in considerable need.

The Work First pilot incorporated a statistical assessment and referral system into the initial intake and orientation process. Each welfare recipient who enrolled in Work First was immediately assigned a score indicating his or her probability of finding employment. The score provided an assessment of each participant's need for services, based upon the past experiences of local Work First participants who had observable characteristics like that participant. A high score indicated that a person had little need of services, since past par-

ticipants with the same set of characteristics had shown a high probability of finding a job without much if any intervention. Those with a low score required more services, since past recipients with similar attributes had less success in finding and retaining employment. Each participant was then referred to one of three subcontractors within each of the employability scores.

Data were obtained from the intake forms and tracking system developed and maintained by the Kalamazoo–St. Joseph Workforce Development Board. By recording the type of activity, the number of hours engaged in each activity, and the starting and ending dates of each activity, it was possible to piece together a sequence of activities between the time participants entered and the time they left the program.

Design of the Evaluation

The pilot was evaluated using a randomized controlled trial, which was embedded in the intake process. The random-assignment procedure took place in three steps. First, participants were divided into one of three groups, depending upon their employability score. Assignment of participants to the three employability groups was based not on a predetermined cutoff value but on their ranking in the distribution of employability scores of those who enrolled in Work First at that session. Those participants with employability scores in the lowest 40 percent of the distribution were assigned to the low employability group (L), the next 20 percent were assigned to the middle group (M), and the highest 40 percent were assigned to the high group (H). The middle group included only 20 percent of the participants since the treatment provider for that group could accommodate only that percentage of participants because of capacity constraints.

Second, those within each employability group were randomly divided between control and treatment groups of equal size. Third, enrollees in the control group were randomly assigned to one of the

three providers. Those in the treatment group were assigned to a predetermined provider that the evidence showed to be most effective for those in one of the three employability groups. The evaluation included 3,600 welfare recipients who entered the Kalamazoo–St. Joseph Work First program from March 1998 to March 2000.

The primary outcome measure for the evaluation is the retention rate—that is, whether a participant was employed for 90 consecutive days after exiting the program. Table 3.1 shows the retention rates of those in the control and treatment groups by employability group and provider. In this case, there is considerable variation both across groups and within groups. Note that the actual retention rate averaged for each group increases from the lowest employability group to the highest. For the control group, it increases from 11.6 percent for the lowest group to 21.7 percent for the highest employability group. The treatment group also follows the pattern of exhibiting increased retention rates from low to high employability groups.

Retention Rates by Various Combinations of Providers

Three providers delivered services to the Work First participants in the pilot. It is obvious from Table 3.1 that the retention rates varied across employability groups and providers within those groups.

Table 3.1 Retention Rates, by Provider and Employability Group (%)

Employability groups	Low		Middle		High	
	Control	Treat- ment	Control	Treat- ment	Control	Treat- ment
Control/treatment groups						
Provider						
A	15.3	15.4	21.9		22.6	
B	7.9		14.5		22.3	23.4
C	13.6		37.0	17.0	16.7	
Average	11.6		20.8		21.7	

SOURCE: Author's calculations of Kalamazoo–St. Joseph Work First administrative data, 1996–1997.

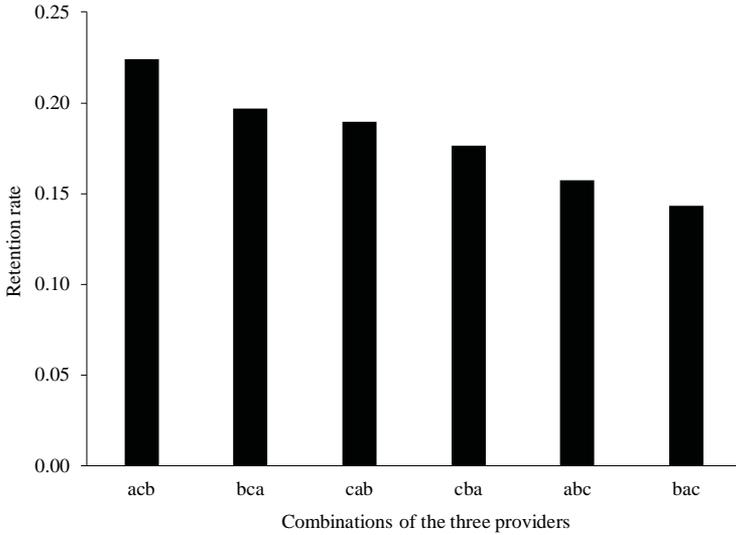
To be more precise about the retention rates resulting from different combinations of providers, we examined six combinations of referrals. Since participants in the control group were randomly assigned to each of the three providers within each employability group, we used the retention rates for each group, as reported in Table 3.1, to compute the retention rates for each of the six combinations. The combinations are denoted in the following way: the letter refers to the provider, and its position in the combination of three letters refers to the assignment of participants from an employability group to that provider. For example, the first combination, acb, refers to members of the low employability group assigned to provider a, members of the middle employability group assigned to provider c, and members of the high employability group assigned to provider b.

Figure 3.1 displays the retention rates for the six groups, starting from the left with the combination yielding the highest retention rate and moving to the right with combinations yielding successively lower retention rates.⁷ The difference between the retention rates of the highest-yielding combination (acb) and the combination with the lowest retention rate (bac) is 8.0 percentage points, and the difference between the combination with the highest retention rate and the retention rate if all participants were randomly assigned is 4.8 percentage points. Differences between any of the pairs of combinations are statistically significant at the 95 percent level.

BENEFIT-COST ANALYSIS OF THE STATISTICAL ASSESSMENT AND REFERRAL SYSTEM

The benefits of using the statistical assessment and referral system can be quantified by considering the earnings received by those additional participants who retained their jobs. As shown in the previous section, the optimal assignment rule yielded a net increase of 47 participants who retained their jobs for 90 consecutive days over the number retaining their jobs for that length of time in the group

Figure 3.1 Retention Rates for Various Combinations of the Three Providers According to Employability Group Assigned to Them



NOTE: In the x axis, the letters signifying providers a, b, and c have their order determined as follows: first letter = the provider to which the low employability group is assigned; second letter = the provider to which the middle employability group is assigned; third letter = the provider to which the high employability group is assigned.

SOURCE: Author’s compilation.

created by random assignment. Consequently, the net effect of the statistical assessment and referral system is computed by considering the difference in retention rates and earnings of the two groups. A benefit-to-cost ratio is then calculated by dividing the net effect by the cost of the pilot.⁸ Two scenarios were considered. The first scenario assumes that the difference in the number of participants retaining their jobs for 90 days persists for eight quarters. The second scenario assumes that the difference in job retention narrows throughout the eight-quarter period until the two series are equal. In both scenarios, wages are assumed to grow by 3 percent a year, and a 10 percent

annual discount rate is used when computing the net present value of the earnings streams. Dividing the net present value for each scenario by the program costs of \$145,000 yields a benefit-to-cost ratio for the first scenario of 5.8 and a ratio for the second scenario of 3.3.⁹

SUMMARY

The potential of improving the effectiveness of social programs by incorporating behavioral insights into the delivery of services has received considerable attention among policymakers. The Obama administration encouraged federal agencies to find ways to improve programs through behavioral insights and established a special task force to help them with that effort. This chapter discusses how such efforts can become more widespread, particularly for programs that depend on a federal-state-local partnership to deliver services, such as is the case for the national workforce programs. The chapter offers the example of a USDOL-funded pilot conducted in the late 1990s as an illustration of how low-cost interventions in workforce programs can improve employment outcomes of participants. The pilot is relevant for the current interest in low-cost RCT experiments, in that it demonstrates how a simple improvement in the referral of participants to services can improve outcomes, how RCT can be embedded in the existing program, and how administrative data can be used to minimize the cost and disruption of the evaluation. It also illustrates the type of culture and the amount of resources needed for local WIBs to be willing to engage in such projects.

The Upjohn Institute conducted the pilot through its division that administers Work First programs and other workforce programs for the local workforce investment area. The unique organizational structure of the Institute, which combines both research and operations, perhaps offers some lessons of what it would take for other states and local WIBs to be able to undertake similar projects, short of establish-

ing a similar organization. Based on the experience of conducting this pilot, one could conclude that for such ventures to be successful, it takes a culture of innovation, evidence-based decision making, the willingness to take some risks, and expertise in designing, implementing, and evaluating social experiments. The RCT showed that the pilot improved participants' employment outcomes with a benefit-cost ratio of greater than three to one.

The recent initiative for using low-cost interventions and RCTs to improve social programs came about from one administration's desire to improve the delivery of social services through insights gleaned from research in behavioral science. To sustain such efforts into the future, a culture of innovation, experimentation, and research must be embedded in the programs and the organizations responsible for administering those programs. The WIOA legislation, which governs the national workforce programs, codifies some aspects of a culture of innovation and assessment by requiring each state to evaluate the effectiveness of their programs on a regular basis using a rigorous methodology. It also mandates the use of a statistical methodology by states to adjust their performance targets.

For such legislation to nurture a culture throughout the system, there must be strong leadership at all three levels of the partnership—federal, state, and local—as well as a willingness to demonstrate flexibility. For example, the USDOL could be more willing to grant waivers to states and local WIBs to exempt them from meeting performance standards for short periods of time so they can pursue innovative ideas and approaches. States could demonstrate a willingness to support the pursuit of RCTs through making available the necessary data (e.g., UI wage records and other administrative records) and by creating an environment that encourages experimentation. Such an environment could be nurtured by offering forums for the exchange of ideas and creating a clearinghouse for the use of data. Finally, states and local WIBs could reach out to researchers from universities and other research organizations to partner on the design and evaluation of low-cost interventions.

Notes

1. Recently, the Behavioural Insights Team has evolved into a social purpose company and is no longer embedded in the Cabinet Office.
2. "Memorandum to the Heads of Departments and Agencies," Office of Management and Budget, July 2013.
3. One of the USDOL-sponsored "nudge" programs directed at workforce programs is being conducted at the Upjohn Institute through its division that administers WIOA programs for a four-county area in Southwest Michigan. The program was developed by frontline staff with the assistance of Ideas42 and Mathematica. It is being evaluated using an embedded RCT experiment.
4. The description of the pilot included in this chapter draws heavily from Eberts (2002).
5. SBST's website is inactive, suggesting that SBST has not been continued under the subsequent administration. A message at the top of the home page says, "This is historical material 'frozen in time' on January 20, 2017. This website will no longer be updated."
6. For an example, see www.ohioanalytics.gov.
7. More than six combinations are possible with three providers and three groups by assigning more than one employability group to a provider. However, we adhered to the workforce development board's contractual arrangement during the pilot that all three providers should deliver services. Therefore, we eliminated from consideration combinations that assigned two or three groups to one service provider.
8. The social value of the new system may be less than the value computed here because of displacement effects among the welfare population. It is conceivable that the additional retention by participants of the program with the new system may displace other welfare recipients from their existing jobs or preclude new Work First participants from finding jobs, since the additional retentions reduce the number of job vacancies.
9. The amount of \$145,000 includes only the costs of developing and operating the statistical referral system over the two-year life of the pilot. It does not include the cost of providing the services once participants were referred to the providers.

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