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9. Impact benchmark

The benchmark has now come to the discussion of the impact of each program. As part of the policy-chain, the impact represents the influence the program will have on its participant. With respect to labour market policies, impacts are clearly linked to the objectives of the programs of promoting the return to work of its participants. Nevertheless, this return to work should be sustainable if the program wants to have a lasting impact on the caseload level. It might also be that programs are not so much interested in that their participants find a job on the labour market, but rather that they exit the benefit caseload, no matter the destination. That many participants would have to continue claiming the benefit after completing the work-based employment program would therefore in this view be considered a failure of the program. Similarly, programs might want to act more on the forefront of the claim and intend to prevent that claimants enter the benefit. A high number of exit just before the start of the work-activities of the program would therefore be considered a positive impact of the program for those programs. Four indicators of impact will therefore be analysed and compared in this benchmark, that is to say:

1. Rate of return to work
2. Sustainability of job placement
3. Rate of return to the benefit
4. Rate of inflow prevention

9.1. Rates of outflow to work

The large body of evaluations of the performance of the New Deal has been surveyed by Chris Hasluck and Anne E. Green of the Warwick Institute for Employment Research, on behalf of the Department of Work and Pensions. Their final report was published in January 2007 and presents all the available information on the performance level of the different programs the Departments provides for each of its target groups, and thereby gives an answer to the question "What works for whom?". However, as the author noted, most of the evaluations of the New Deal programs are outdated, as they refer to the first four year of the program. In addition, most of the evaluations are of qualitative nature, surveying the experience of participants in the program and only reporting very broad impact figures. Also, most of the attention on the rates of outflow to work as been on the level of the whole NDYP and ND25+, thus including all three phases. Figures on the rates of outflow to work from each of the work-based options are therefore not included in almost all of

the evaluations on both programs. Clearly, while the New Deal programs, and especially the NDYP, have been claimed by Hasluck and Green to be one of the most evaluated social programs in the UK, the evidence gathered from these evaluations will be of little use to this benchmark.

Nevertheless, some studies and some data are available on the outflow to work of the work-based activities of the NDYP and the ND25+. With respect to the NDYP, Dorsett (2006 and 2004) is one of the only researchers to have concentrated on the outflow to work from each of the four options. His approach to measuring impact is however not ideal for this benchmark, since he looked at employment status one year after having started with the program, thus in general 6 months after the end. In addition, his data refers to the group of unemployed which were in one of the options between September and November 1998, which means that his results are highly outdated. What his results showed was that the Employment Option was by far the most effective option, even when correcting for selection bias within the options. Crude employment values showed that one year after having starting the Employment Option (which usually lasts 6 months), 51.4 % of the participants were employed (Dorsett, 2004, p. 50). This contrasted with 20% for the Voluntary Sector Option and 15.4 % for the Environmental Task Force (Dorsett, 2004, p. 50). As already mentioned, some of the differences could be caused by the fact that the most employable participants choose to take part in the Employment Option, and while some if it is the case, a correction for this selection bias through propensity score matching does not change the fact that this Option is by far the best one in terms of employment outcome.

However, these results cannot be directly attributed to the Options themselves, since the outcome is measured half a year after the participants have left the options. Indeed, two effects can influence the results positively and negatively. First, it could be so that some people only gained employment after leaving the option and while taking part in the third phase of the program, which would mean that employment outcomes would be overestimated. Second, some of those who did find jobs immediately upon leaving the program might have not sustained this job up until the measurement time of 6 months after completion of the program. As mentioned in chapter 4, the rates of outflow to work are not meant to measure job sustainability, so that even short-term job entry would be counted here towards the rate of outflow to work. Hence, many short-term employment entries would mean that the results are underestimating gross outflow to work. Which of these two effects is the largest is not know. Nevertheless, data from another study shows that

60% of those participating in an Employment Option in the end of 1999 were retained in their position. Adding to this the possibility of some of those not being retained finding jobs elsewhere, it can be concluded that the outflow to work presented by Dorsett (2004) underestimate the number of participants who had a job at the end of the option. An estimate of somewhere between 50% and 60% of outflow to work will be taken here as the best estimate available for this benchmark. While this range is quite large, it will be shown that in comparison to the other program, the Employment Option clearly has the highest rate of return to work.

No other studies looked further at the rates of outflow from the VS and ETF Options. In order to further investigate the impact of these programs, data provided by the Department of Work and Pensions through its Tabulation Tool on its website can be used. A direct measure of outflow to work is however not provided and not easily calculated, but can nevertheless be extracted from the data available. Own calculations from the data in the Tabulation tool extracted in November 2007 and November 2008 confirms the estimate made above. Indeed, it was calculated that approximately 55% of the participants in the Employment Option left that option for work in the year 2007. It can thus be concluded that the estimation technique used with the data in the Tabulation Tool is an accurate one. It should be noted that this calculation does not include the rather large group of leavers to “unknown destination”, for which a part could be found in employment. This would mean that the rate of 55% would be underestimated.

Calculations regarding the Voluntary Sector Option and the Environmental Task Force are in the same line as the data provided by Dorsett (2004), although slightly higher. It was calculated that immediate outflow to work from the VS option was 30% and in the ETF was 18%. Since the rest of the benchmark did not differentiate between these two options, the approximation of around 25% will be used in this benchmark for these two work-based options not based on regular employment. Similarly to the calculations above, this rate is likely to be underestimated since the group of leavers to unknown destination is not taken into account.

As Hasluck and Green (2007) mentioned in their recent survey, the bulk of evaluation on the New Deal 25 plus was done before the program was drastically re-engineered in 2001 and only little evaluations are available on the programs as it now stands. Nevertheless, Freud showed that since 1997, long-term unemployment has been halved according to the ILO standard (survey method) and by 75% according to claimant count

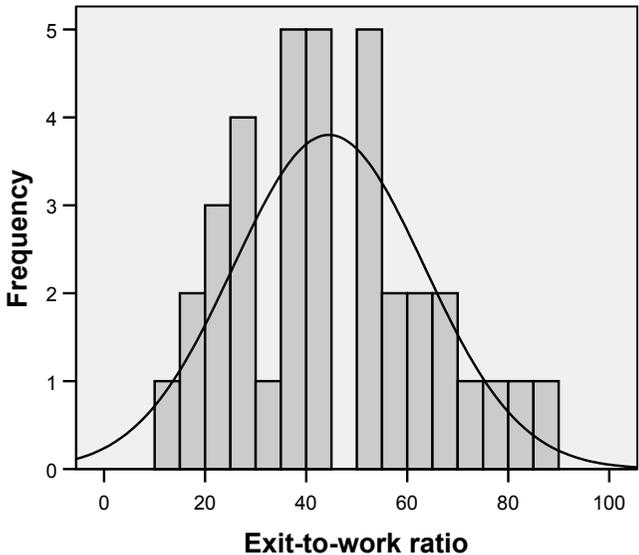
(Freud, 2007, p.3). Furthermore, it has been illustrated that by February 2006, around 30% of the ND25plus participants had entered employment from the program and studies showed that the re-engineering of the program in 2001 doubled the job-entry rate (Hasluck and Green, 2007). Moreover, a survey of employers also showed that the Work Placement activity of the IAP in the ND25plus resulted in a substantial proportion of participants which continued to be employed for a significant period of time after the subsidy was stopped at the end of the 13 weeks period (Hales, Collins, Hasluck and Woodland, 2000; in Hasluck and Green, 2007, p.46).

Unfortunately, not further studies have been realised on the different phases of the ND25plus. Nevertheless, the same kind of data is made available from the Department of Work and Pension's online Tabulation Tool, and as a result, the same approximations can be made in order to calculate an exit rate to employment for the Work Experience/Work Placement Intense Activity Period. This calculation showed that about 15% of the participants in this program left for employment in 2007. Also here, since many leavers were found in the category of "unknown destination", this rate is likely underestimated. Furthermore, as already discussed earlier in the process-benchmark, another work-based IAP is available, namely the Subsidized Employment IAP, which resembles the Employment Option of the NDYP. This program was deemed too small to take into account in this benchmark. Nevertheless, it can be mentioned that this "regular-employment" IAP has much better result, with 30% of its participants leaving for a job in 2007. Results in the ND25plus with respect to its various options are thus consistent with what was found in the NDYP, in that regular employment surpasses employment in the public or third sector.

Turning to the Work First projects in the Netherlands, the success of the Work First programs was even before the publication of the Work First Benchmark 2006 report already acclaimed by many municipalities who had seen their claimant count diminish significantly after the implementation of the projects. As a whole, the 49 projects which took part in the Work First Benchmark did reflect this level of success. The exit-to-work ratio was calculated by using only the number of participants who had left the project, since for many projects a significant number of participants were still taking part in the activities. The exit-to-work ratio is thus similar to the one calculated in the New Deal program, and looks at the ratio of those who left the program for employment, as a percentage of all those who left the program (either during the program or at the end of it). Furthermore, this ratio does not take into account subsidized jobs.

On average over the 49 projects, 45% of the participants who had completed the project had found a job by the end of the program. Graph 9.1 under shows how the ratios were distributed amongst the projects which provided the indicator. As can be seen, while most projects have an exit-to-work ratio close to the average, a considerable amount of projects actually outperformed this average, with some projects with as much as 80 to 90% of their participants finding a regular job during the course of the project or at the end of it. Sol et. al. (2007) in their rapport on the Work First Benchmark 2006 indeed discussed how these results are rather high, and much higher than what had been achieved with the previous active labour market programs within the Social Assistance benefit.

Graph 9.1: Histogram of the Exit-to-work ratio for the Dutch Work First projects



As already discussed in the Input Benchmark, the Work for the Dole program does not have as a direct objective to increase the rate of return to work for its participants. Instead, the objectives of the program focus on increasing the self-esteem of the participants and provide them with a valuable work experience and increased skills level (see Guide to Social Security Law, 2008, section 3.2.10.80). A second important objective of the program is the creation of a mutual obligation, in which the Work for the Dole participants give something back to the community in return for the benefits they receive (though the tax contributions of this community).

Nevertheless, when discussing the labour market assistance outcome of its programs, the Department of Employment and Workplace Relation does present the number of person who did gain employment after participating in the Work for the Dole program. Considering the stated objective of the program, it is also worth noting the fact that the department does not directly evaluate the softer objectives of increasing self-esteem or levels of skills. The department does however provide survey evidence of the satisfaction of the participants with the program, which could be seen as a proxy for the soft objectives of the program (more on this in chapter 12).

The data provided by the Department of Work and Pension on the Work for the Dole program does however present some comparability issues with the other programs in this benchmark. Firstly, the source of information for the calculations of the exit-to-work ratios are not administrative data, but come from a survey of program participant, called the Department's Post Program Monitoring (PPM) Survey (DEWR LMAO June 2006, p.2). Secondly, the status of the participant is not measured at the end of the program, but three months after they exit the program (DEWR LMAO June 2006, p.2). This presents some problems since after having completed their Work for the Dole program, those participants who have not exited the benefit in the meanwhile are then placed in Intensive Support Customized Assistance with a Job Network member. The services offered within this program involve intensive job search support with contact with case-manager every two weeks, as well as additional services in order to secure a job (www.workplace.gov.au). This thus means that at the time the participant is surveyed, three months after leaving the Work for the Dole program, if the participant didn't find a job through Work for the Dole, the effect of the first three months of Intensive Support Customized Assistance will be included in the effect of participating in the Work for the Dole program. For example, if a person after Work for the Dole is then placed in Intensive Support Customized Assistance and through this, found a job after two months, when this person will be surveyed three months after leaving the Work for the Dole program, it will be counted as being employed. This survey method obviously leads to important overestimations of the real effect of the Work for the Dole program on the rate of exit-to-work of its participants.

The Labour Market Assistance Outcome for the year ending in June 2006 shows that 3 months after leaving the Work for the Dole program, 31.4% of the participants were employed. This was made up of 14.5% of full-time jobs, and 16.9% of part-time jobs. Furthermore, some 11.8% of the participants were in Education and Training 3 months after having left the program. The annual report of the Department in 2005-2006 also states

that 12 months after having started the Work for the Dole program, 39.4% of the participants were in employment. Since the program lasts usually for 6 months, this shows that there was a progression of the rate of employment from 3 months after leaving the program to 6 months after leaving the program of 8%. This 8 percent then relates to other services than what is found in the Work for the Dole.

As already mentioned above, the employment rate of 31.4% also includes the effect of the first three months of the Intensive Support Customized Assistance program for those who didn't immediately exit the Work for the Dole program for employment. This means that this exit-to-work rate is overestimated. Neither other data made available by the Department of Employment and Workplace Relations nor any other external evaluations provides other data from which rates of return to work upon completion of the program can be calculated. Nevertheless, when comparing this rate to the other programs included in the benchmark so far, it is clear that its performance rate is the lowest so far, even in its overestimated level.

The low level of performance of the Work for the Dole program in terms of employment outcome had indeed been discussed in many external evaluations, while internal reports from the Department are generally positive about the performance of the program. The most recent evaluation by the Department showed that 39.4% of those who had started a Work for the Dole placement were in employment 12 months after this start, compared to 32.1% for the control groups, which lead to the conclusion that the program had a net impact of 7.3% 12 months after commencement (DEWR, 2006, p.8). Again, this might even be more the impact of services provided after the Work for the Dole than the impact of the program itself, since status is collected about 6 months after the program has been completed. Nevertheless, even though net impacts are not being compared in this benchmark since only a few programs have performed such evaluations, this result confirms the low impact of the program in terms of return to the labour market by its participants. In addition, this report by the DEWR showed that there was a slight improvement in the employment net impact, in the commencement rates, and also a weaker attachment effect than what had earlier been concluded by an internal evaluation of the Work for the Dole in 2000 (see DEWRSB, 2000).

These positive conclusions from the government were however met by many criticisms in external evaluations, research and articles. The Australian Council on Social Services compared the figures in the Work for the Dole net impact study of 2000 and showed how the program performed much worse than the previous government's Working Nation

programs, with the Jobskills and Jobstart programs having a rate of employment after 3 months of completion of 41% and 58% respectively. Moreover, Borland and Tseng (2004) used quasi-experimental methods using administrative data to evaluate Work for the Dole. Borland and Tseng show that during its pilot phase in 1997-1998, there was a large lock-in effect of participants during the participation in the project, and that after completion of the project a partial catching-up effect took place, but not large enough to offset all the negative effects from participating in the program (Borland and Tseng, 2004, p.30). Needless to say, the evaluation from Borland and Tseng relates to the Work for the Dole as it was designed in its first phases, and since much of it has since changed, these results are not valid anymore. More recently, Nevile and Nevile (2005) have concluded that the net impact of the Work for the Dole should be estimated at around 10%, which they consider rather high when compared to programs abroad, and by such conclude that the Work for the Dole does increase the employment rate of its participants, even though it remains widely regarded as a means to fulfilling mutual obligation requirements.

Similarly to the other programs discussed so far in this benchmark, the government of Ontario acclaimed the Ontario Works program for achieving large decrease in the Social Assistance caseload since its implementation. However, the monitoring of the results of the Ontario Works program has been criticised for being very unclear as of the reasons for this decline. This criticism can be found in many external evaluations, amongst which the Provincial Auditor of Ontario in its Audit report of the program in 2002 and 2004. Indeed, the Ministry of Community and Social Services only publishes data on total caseload and total beneficiaries, without providing further breakdowns in terms of entry and exits out of the system, and most importantly without providing information on the destination/status of those exiting the benefit.

Nevertheless, a study by Finnie, Irvine and Sceviour (2004) of Statistics Canada has looked at the trends concerning the incidence, entry and exit in Social Assistance in the Canadian provinces between 1992 and 2000. Their data on exit of Social Assistance in the Province of Ontario provides an indication of the exit rate of the Ontario Works program. Most interestingly, their analysis shows that the large drop in the social assistance caseload since the implementation of Ontario Works is largely due to the drastic decrease in entry rate, much more than due to the moderate increase in exit rates (Finnie et. al, 2004, p. 17). The study differentiates between four family types, that is to say, single persons; couples with children; couples without children; and lone parents. For

these four categories, Finnie, Irvine and Sceviour calculated an exit rate, that is to say, the proportion of those claiming SA in the previous year who had left SA in the current year. This exit rate was 13.78% for singles; 32.77% for couples with children; 23.78% for couples without children; and 24.29% for lone parents, all for the year 1999. From the caseload data provided by the Ministry, it can be calculated that around 40% of the caseload was made up of single claimants in that year, around 46% made up of single parents, and the remaining 14% of couples, with and without children. By using these ratios to approximate a total exit rate for the complete caseload an exit rate of 21.2% in one year for all claimants irrespective of the length of their claim can be calculated. This is in addition irrespective of the destination of the claimant, and thus means that exit-to-work ratios would be even lower.

Information on the extent to which those who leave Ontario Works do so because of finding employment is nevertheless available through a survey by Lightman, Mitchell and Herd (2005). In this survey, 804 leavers of social assistance in the City of Toronto in 2001 were asked, amongst other, about their reason for leaving welfare. From this group, 56% said that they left for employment-related reason, such as that they or their spouse found a job, or increased number of hours worked, returned to a previous job, or got a raise. A further 11% left because of what was defined as "system related" reason, such as ineligibility and wanting to be off social assistance, and the rest left for other reasons, such as claiming another type of benefit (8%) or starting full-time education (6%) (see Lightman et. al, 2005, p.98). Nevertheless, at the time of the interview which was 8 to 10 months after leaving Ontario Works, a significant those who had left social assistance for other reasons than employment were employed, more specifically, 40% of those non-employment related leavers were employed at the time of the interview. On the other side, 16% of those who left for employment-related reasons were actually not employed anymore at the time of the interview. All in all, 8 to 10 months after leaving Ontario Works, nearly two-thirds of those interviewed were currently employed (see Lightman et. al., 2005, p.99). Using these results to approximate an exit-to-work ratio from the exit-rates derived from Finnie et. al. gives an exit-to-work ratio of between 11.9% and 14.1% (depending whether the immediate reason for leaving SA is taken, or the actual employment level 8 - 10 months after leaving). These results should be interpreted with caution since this extrapolation is based on a small sample of respondent concentrated in the City of Toronto. This nevertheless allows making the conclusion that exit-to-work ratios for the whole of the Social Assistance scheme are rather low in Ontario.

The specific design of the Ontario Works program makes comparing its exit rate to the exit rate of other programs more difficult. As discussed in the input and the process benchmark, all claimants are required to participate in Employment Assistance, unless they have valid reasons to be exempted. However, the program is not organised in a modular way like the other programs discussed so far, so one cannot speak of exiting the program to go on to participate in another program. In fact, the precise type of Employment Assistance will vary on a case-by-case basis. Nevertheless, as already illustrated in the Process Benchmark, the most important employment program of Ontario Works is Community Participation, which was taken in this benchmark to be the work-based activity of Ontario Works. As already discussed, about half of the Ontario Works claimants participate in Community Placement. Unfortunately, there is no data publicly available on the rate of exit to work of only those who participated in Community Placement. Nevertheless, Lightman et. al. (2005, p. 102) have shown that the quality of the jobs gained by those who participated in Community Placement was lower than those who did not participate in it. They explained this by the fact that these work-experience programs are targeted at those who have barriers to work and not for the most job-ready claimants (who are facing harsher requirements to accept *any* job). This would indicate that actually less Community Work participants than non-participants did find a job in that year. This finding thus indicates that the rate-of-return to work for Community Placement is more likely to be slightly overestimated if taking the overall exit-to-work ratio of all claimants. It can be assumed to be somewhere around 12 %, but probably slightly lower. Even without possessing a clear comparable figure on exit-to-work of Ontario Works, we can nevertheless see that this program performs far under the various New Deal work-based Options/IAP, the Work First programs in the Netherlands and the Work for the Dole.

Similar low level of exit to work can be found within these two programs in the Canton of Geneva. First, data on the exit rates out of the RMCAS are given in the most recent evaluation of the benefit by Fluckliker and Vasiliev (2003, p.71). They mention that in the year between June 2001 and 2002, about 25% of those claiming the benefit left it, all destination included. Unfortunately, their database did not contain information on the precise destination of those leavers, but this was nevertheless provided by the evaluation from Cunha et. al (2002). Their analysis showed that for the year 2000, only 8.2% of those claiming a RMCAS benefit left for employment, while this figure was 9.7% for 1999. Similar to the Ontario Works program, this figure does not related to exits from the work-based activity in the program, but to exits from the benefit as a whole. Yet, most claimants (about 80%) do take part in what is called the

“mutual obligation” activity. As a result, an exit-to-work ratio between 8% and 10% can be considered to be an appropriate estimate for the performance of this work-based program.

Concerning the Temporary Job program, the whole program is designed to lead to exiting the program to claim another benefit, that is to say the federal Unemployment Insurance benefit. Nevertheless, 10% of all starters leave the program before its end, and a further 15% does not claim UI at the end of the program (Fluckiger and Vasiliev, 2003, p.77). This led to the conclusion that about 23.5% of all those who participate in the program end up off-benefit at the end of the program. This rate only refers to total gross outflow, and not outflow to employment. An indication of the extent to which Temporary Job participants do regain employment is given in the evaluation of the Temporary Job program by the CEPP (2003, p. 63), which found that less than 20% of all temporary jobs had an impact on the rates of return to work of their participants.

To sum up the findings from this section, wide variations can be seen in the gross rates of return to work of the programs in this benchmark. However, precise estimates of the number of participants who were employed at the end of the program are in almost all programs not easily made available. This has meant that figures needed to be calculated and that estimates of performance levels were provided, which in many cases should be carefully interpreted as an attempt to gauge the relative performance of the programs in this benchmark. But even when considering a considerable error margin for each estimate, a clear ranking of performance is still visible. First, the Employment Option of the New Deal for Young People was by far the most successful work-based employment program, with a gross outflow to regular work of around 55%. The second position is for the Work First programs in the Netherlands, with gross outflow to work on average of 45%. The third position is filled by the Work for the Dole program, with an overestimated 30 %, which is close to the Voluntary Sector and Environmental Task force of the NDYP. In the fourth rank one can find the Temporary Job program, with estimations at around 20%, but most likely overestimated. This rank is thus shared with the New Deal 25 plus Work Placement / Work Experience IAP, with a rate of outflow to work of around 15%. And at last, both the Ontario Works and the RMCAS, at around 10 % gross outflow. These ranking are shown in Benchmark 18.

Benchmark 18: Impact – Gross rates of outflow to work

| | Benchmark |
|-----------------------------|---------------------|
| | Exit to work ratios |
| United Kingdom | |
| -NDYP EO | 5 |
| - NDYP VS/ETF | 3 |
| -ND25+ IAP | 2 |
| The Netherlands | 4 |
| <i>Work First</i> | |
| Australia | 3 |
| <i>Work for the Dole</i> | |
| Canada (Ontario) | 1 |
| <i>Ontario Works</i> | |
| Switzerland (Geneva) | |
| <i>Temporary Job</i> | 2 |
| <i>RMCAS</i> | 1 |

It is true that these exit-to-work ratios cannot be directly comparable since each program has different set of input, process, output and external factors. Precisely for this reason it this benchmark model going further than only discussing rates of outflow to work as presented in this section, but will proceed to put these results in the light of possible explanations as for why these are being attained. Amongst others, differences in target groups and economic context will thus be added to this comparison, in order to make sure that good performance is well understood. Furthermore, the rankings do not follow a perfect scale, so that distances between each rank might not truly reflect distances between rates of outflow to work. The ranking thus reflect much more whether results are very low, average or high, and as will be discussed in chapter 11, the effect of lowering or raising a rank by half a point or one point does not change much of the conclusions to be made. All in all, the rankings in this section should therefore be read with caution, and should be analysed together with the findings presented in the chapter aggregating the results from this benchmark.

9.2. Other impacts: sustainability of placement, caseload reduction and prevention of entry

The rates of outflow to work presented in the previous benchmark can be seen as a relevant indicator of the success of work-based employment

programs since they all have for implicit or explicit objective to assist their participant in finding work. However, as presented throughout this research, work-based employment programs can have other objectives. In particular, the programs might be more intended to increase outflow of the benefit, disregarding whether exits are employment related or not. Also, the programs can be aimed at having a large threat effect, where claimants will be discouraged to claim the benefit by the high demands coming from the work-activities and activation conditions of the program. On the other side, the success of work-based employment programs can be also judged by the sustainability of the job placements for those who did find work. This is because in the case participants only joined the labour market for a short time and returned to the benefit after only a couple of weeks, total caseload will not be affected that much by these temporary exits from the benefit.

These three other impacts, outflow out of benefit, prevention of entry into benefit, and sustainability of job placements will therefore also be taken into account in this benchmark. However, it was already shown throughout the previous benchmarks that data collection, especially on the impact of the programs, is very poor in most country. It can thus be expected that data with respect to these three other impacts will most likely not be easily comparable, and in some case not even available. Nevertheless, because of the importance of measuring all aspects of the impacts of work-based employment programs, it is worth presenting here the data that is available. How this data should be interpreted will be discussed at the end of this section.

The varying degree of success of the New Deal programs has been shown in the previous benchmark, with more than half of the participant finding a job after completing the Employment Option of the NDYP but only 15% doing so in the work-activities of the ND25+. When looking at outflow out of the benefit, irrespective of whether work was found or not, one can see that total outflow out of the Jobseekers Allowance was similar to the outflow to work with respect to ranking. Data from the Department for Work and Pension Tabulation Tool shows that outflow to work made up almost 70% of all outflow for the Employment Option, bringing total gross outflow at slightly less than 80%. With respect to the other two options, about half of the total outflow was towards employment, meaning that total gross outflow from these options would be at around 50%. Exit to work only represented about 40% of the Work Experience / Work placement IAP of the ND25plus, and this meant that about 38% left this option in total.

Indeed, long-term unemployment remains an issue in Great-Britain. By February 2006, about a third of all participants of the New Deal 25plus had returned at least once to the program (Hasluck and Green, 2007). Freud (2007) also mentions how a large number of claimants – “perhaps a third” – have spent more time on benefits than in work and that around 100,000 people receiving a Jobseekers Allowance have spent six of the last seven years on benefit. The revolving-door phenomenon is also of concern with the 18-24 years old groups, since statistics show that over a fifth of all job entrants are back on benefit within 13 weeks (Bodganor, 2004). As the Select Committee on Work and Pensions commented in July 2002: *“we are concerned that almost 40% of 18-24 year old New Deal leavers end up back on JSA within six months, and this is reflected in the fact that one in three currently joining the New Deal is not doing so for the first time. Since 1998, nearly 80,000 of the known job entrants started jobs that were not sustained beyond 13 weeks duration. Many of these find themselves back on New Deal as re-entrants”* (in Bodganor, 2004). On the other side, it appears that for the New Deal for 25 plus, job entry rate for the second spell appears to be almost double that of the first spell (Hasluck and Green, 2007, p.41). More recent data is also available on the DWP Tabulation Tool on the sustainability of the jobs found through the New Deal programs. However, this data encompasses all jobs found through all phases of the programs, and is thus not available on the level of the Options or IAP. The Tabulation Tool shows that for the NDYP, of all the jobs found in the year 2006, 77.5% were sustained for at least 13 weeks. In the ND25plus, this figure was very similar, at 77.1%. Again, this related to job also found while being on the Gateway phase of the programs, as well as the Follow-Through. The same is true for all data gathered in the research reports presented above.

Furthermore, a threat-effect can be expected from the presence of the New Deal program, meaning that many claimants will try to avoid having to participate in the program and will therefore leave the benefit before reaching 6 months of benefit claim. Indeed, a recent report by the Policy Studies Institute concluded that the NDYP had reduced unemployment by 30.000 to 40.000 claimants, with most of the impact coming from the young short-term unemployed who terminated their benefit claim before six months to avoid participation in the New Deal (in Bodganor, 2004). This entry-prevention effect however occurs much before the start of the actual work-based activities, since participants must first take part in the Gateway program. Exits of the program just towards the end of the Gateway, at the time work-activities would become mandatory, would reflect better the threat effect of this work-based employment program. This has been shown by Finn (2003) who discussed how two-thirds of young people leave the NDYP in the Gateway, out of which one in ten

will never attend a first interview. This rate of exit can however not only be attributed to the threat-effect of the work-activities, since job search assistance and training programs are most likely to have assisted most of these transitions. Considering the nature of the New Deal program in which work-based activities are not used as early-intervention programs (see benchmark 9), it is very difficult to clearly attribute a reliable number to its threat-effect.

The size of the threat-effect within the Dutch Work First programs has been measured by the Benchmark Work First 2006. It was recognised to be highly relevant to add a measure of the rate of claims drops prior to having to take part in those Work First projects, besides also measuring gross exit rates. As was discussed in benchmark 1, even though this is not made explicit by policy-makers, Work First programs have also been implemented in order to slow-down entry into the benefit, since this is encouraged by financial incentives. More precisely, this threat effect – or prevention-of-entry effect – was calculated by the ratio of all those who did start with the project, as a proportion of all those who were required by the municipality to take part in the project. Hence, all those who were referred to the program but did not show-up for it were considered here to have been prevented from entering the benefit scheme, since participation was mandatory for claiming the benefit.

On average, the projects for which data was available in the benchmark had a rate of prevention-of-entry of 33%. However, it cannot be said that this “drop-out” rate can fully be attributed to the threat-effect of this work-based employment program. One reason for this is that claimants who make a claim for social assistance initially receive some assistance from the Public Employment Agency (called in the Netherlands the Centre for Work and Income (the CWI)). Some of the drop-outs could thus be caused by potential claimants finding jobs through this initial assistance by the CWI. This situation would then be similar of that found in the UK, where the effect of the Gateway provisions could not be disentangled from the threat effect of the work-based program. Also, while the ratio of 33% relates to person who did not start with the Work First program, some of them might not have been completely refused a benefit, but received a partial sanction instead. As shown in benchmark 7, sanctions within the Work First projects can also take the form of a partial reduction of the benefit for a fixed amount of time. In those cases, it cannot directly be said that all those who did not start with the project also ended up not claiming the benefit. Decreases in caseload would therefore not be in direct link with this drop-out ratio, and using the wording “prevention-of-entry” might also not be appropriate. By as already discussed in benchmark 7, most programs do indeed withdraw

the benefit of those not willing to participate in the projects, meaning that the great majority of those who drop-out before the start of the project can be said to have been prevented to enter the benefit.

In terms of total exit out of the benefit, data from the Work First Benchmark 2006 shows that on average, 28% of the Work First participants return to the social assistance benefit when the project has reached its end. Reversing this thus means that 72% of the participants actually leave the benefit scheme upon completion of the program, of while it is still going on. As shown earlier 45% do find regular work, so from this it can be deducted that a large proportion will exit for other reasons. By designing Work First projects in a particular way, it might be possible that participants become eligible for claiming unemployment insurance. They will thus technically not return to the benefit, but will nevertheless be claiming social security and taking part in activation programs, but under the insurance schemes, outside of the realm of the municipality. But it can also be so that other benefits become available, such as disability benefits. Young people (who are often a large part of the target group) can also choose to return to full-time education, in which case other benefits are then available.

Information on how long the jobs gained by Work First participants are held is unfortunately not made available through the Work First Benchmark 2006. Municipalities are not required to gather such information and many of them do not invest the resources evaluate the sustainability of the jobs found by those who leave the benefit. While using database from the Tax services or surveys would provide estimates of job sustainability, such studies have not yet been undertaken in the context of Work first.

In Australia, because of generous income disregards, it is possible to be in part-time employment and also receive unemployment benefit. For this reason, finding a job does not always mean that Work for the Dole participants will actually exit the benefit. Exits from the benefit can also be for many other reasons, such as returning to full-time education or withdrawing from the labour market. For the Work for the Dole, slightly fewer than 40% of the participants were completely off-benefits 3 months after leaving the program, and slightly over 40% were off-benefit after 6 months of leaving the program. As noted by the Department itself, this indicates that first, some claimants who left for part-time employment and/or education and training did remain on the benefit, and second, that the gains from participating in the program happen within 3 months after leaving, and not on a longer-term basis (DEWR LMAO, issue 22, p.26). In addition, while a large majority of those that are "off-benefit" would leave

for employment, a proportion can also have left for other reasons. In fact, 9.8% of those surveyed 3 months after leaving the program were classified as being “not in the labour force”. This would mean that in fact, slightly fewer than 30% of those off-benefits did so for reasons other than “not in the labour force”, which is then close to the 31.4% of those in employment reported earlier. All in all, this indicates that not only exit to employment is relatively low in this program, but also total exit of the benefit when compared to that of the UK and the Netherlands.

Unclear is whether the slightly over 40% out-of-benefit rate after six months of leaving Work for the Dole as compared to the slightly under 40% out-of-benefit rate after three months can be seen as an indicator of sustainability of job placements. First, it could be so that those who would first exit the program after 3 months would not be taking part of the survey again, meaning that exit rates could only increase and not decrease in spite of some claimants returning to the benefit. Second, movement between work and “not active on the labour force” cannot be detected, and it could be so that some of the short term jobs have lead to not a return to the benefit but a withdrawal from the labour market. Hence, true job sustainability would be unnoticed by only looking at exits from the benefit.

The Department of Employment and Workplace Relations has mentioned in their last net impact evaluation of the Work for the Dole program that 70% of those referred to the program actually do take part in it (DEWR, 2006, p.11). This thus would imply a prevention-of-entry ratio of 30%. However, as also mentioned in this evaluation by the DEWR, a proportion of this non-commencement can also be due to faulty referral to the program. Even though the Active Participation Model meant that referrals to Work for the Dole programs would not anymore be done by computers but through the Job Network, some participants might be referred to the program but not need to participate in it after further examination of their situation (for example, part-time work). Nevile and Nevile (2003) mention how especially short-term work contracts can make it more difficult to determine if someone is required to participate in Work for the Dole. In any case, the difficulties with attributing this ratio of non-commencement to the threat-effect of the program are similar to that discussed above with regards to the New Deal and the Dutch Work First programs. Only survey data could provide clear answers as to why some claimants end-up refusing to start with the work-based employment programs. These are unfortunately unavailable also in the case of the Work for the Dole.

The lack of proper monitoring mechanisms in the Ontario Works program and both programs in the Canton of Geneva has been highlighted throughout this benchmark. It should not be a surprise that data the sustainability of the jobs found by participants will be very scarce. With respect to the Ontario Works program, a survey by Lightman, Mitchell and Herd (2005) of 805 leavers of Social Assistance showed that 16% of those who had left the program for employment-related reasons were not employed anymore after 8 to 10 months of leaving the program. This would suggest that about 85 % of the jobs found were sustainable, and if not, then another job was quickly found by the participants. Compared to the data on the sustainability of the New Deal jobs, which showed that 77% of the jobs lasted at least 3 months, the Ontarian rate of sustainability in employment can be seen to be rather high. However, as just mentioned, this relates to sustainability in employment, and not with regard to one specific job. If looking at employment and not jobs, the UK data could very well be very close and maybe higher than that of Ontario. Gross outflow from Ontario Works was already mentioned in the net exit-rates benchmark to be at around 20%, irrespective of the reason for leaving the benefit. As also already mentioned in the section on exit-to-work, an important decrease in rates of entry into social assistance took place since the reform of the system in 1997. As Finnie, Irvine and Sceviour (2004, p.14) showed, the rate of entry into social assistance from the total population was 6.2 % in 1992 and had dropped to 1.2 % in 2000. However, this could also be due to more favourable economic conditions towards the end of the 1990's. And also similarly to what was already said with regard to the other countries' threat-effect, many other reasons could explain drops in claims besides wanting to avoid the work-activities of the program. In the case of Ontario Works, the New Service Delivery Model was explained by Herd and Mitchell (2003, p.2) to be burdensome and inflexible, resulting in the systematic denial of claims through complicated application processes, deliberately confusing intake procedures as well as inappropriate request of information, all with the intent to reduce entry and reduce benefit levels. These issues are more likely to explain better the drop in entry into the benefit than the presence of the requirement to participate in a work-based activity within the employment assistance program.

What is very important to also mention here is that with respect to the three impacts discussed with respect to Ontario Works, the data refers to claimants of social assistance in general and not to participants in the work-based program in specific (Community Participation). Nevertheless, since the large majority of claimants do participate in this program, the results can be interpreted as being a good representation of the rates found within the work-based employment program itself.

Nevertheless, some variation could occur if selection-bias is present within the program. As mentioned earlier, this is likely to be the case since those most ready-to-work are often required to quickly accept any job, meaning that the program would contain a slightly more disadvantaged target group as compared to the total caseload. Job sustainability and total outflow could thus be overestimated in the data presented above.

As rates of exit to the labour market are barely available concerning the RMCAS and the Temporary Job program, no data could be found on the sustainability of these jobs. With respect to total exit out of the benefit irrespective of the reason for leaving, more information could be found. Within the Temporary Job program, it could be seen from Flückiger and Vassiliev (2003, p. 77) that 23.5% of all those who started the program ended up either leaving unemployment benefits. The threat-effect of this work-based program is here also very difficult to pin-point since many elements can play a role in deciding not to take part in such a program. Indeed, the CEPP (2002, p.13) showed that about 55% of those who reached the end of their regular unemployment insurance and were eligible to apply for a Temporary Job did not do so. Furthermore, their data showed that about half did so for employment-related reason, and the other half for other reasons such as withdrawing from the labour market to take care of children, or claiming other types of benefits such as disability and sickness benefits. Whether all of this can be said to be a threat-effect of the requirements of the Temporary Job programs is impossible to say. With respect to the RMCAS program, it was already shown in the benchmark on exit-to-work that about 25% of all those claiming the benefit left between June 2001 and 2002, all destination included (Fluckliker and Vasiliev, 2003, p.71). The same result had been found by Cuhna (2002, p. 5) for the years 1999 and 2000. Unfortunately, no data is available concerning the number of those who did not claim the benefit as a result of being required to take part in work-activities, so not inferences can be made concerning the prevention-of-entry ratio of this program.

It should be more than clear that the quality of the data concerning these three other impacts is rather poor and very difficult to compare from program to program. It is often not clear exactly what is being measured, or which other effects could come into play in explaining certain data. This is especially true for the prevention-of-entry ratios, but also often the case when looking at jobs sustainability and total gross outflow. A benchmark of these impacts will as a result not be possible.

9.3. Conclusions on the impacts of work-based employment programs

Since only one benchmark will make up the impacts, no radar chart will be made with respect to this part of the policy chain. The ranking of the programs based on the number of participants who returned to the labour market will thus form the total performance measurement of impact in the benchmark model. As a result, the program with the highest impact is the NDYP Employment Option, followed by the Dutch Work First programs, NDYP Voluntary Sector and EFT Options, the Work for the Dole program, the ND20plus Work Experience IAP, the Temporary Job program, the Ontario Works program and the RMCAS, in decreasing order of performance.

Nevertheless, these performance level should be put in light of what was found in terms of the other indicators of the impact which were meant to be included in this benchmark, was it not for the lack of comparable data. As it was mentioned throughout the previous section, it is very difficult to say anything about the effect work-based employment programs have on preventing unemployed person from actually claiming an unemployment benefit. In theory, having to perform work-activities and having to fulfil a range of activation criteria could be said to have a threatening effect on potential claimants, who would then consider claiming unemployment benefits to be requirement significant efforts and involvement. In other words, and referring the intervention strategy as defined in chapter 3, work-based employment program might increase the willingness to work, even before the participants actually participated in the benefit. The previous section did show some indication of how many claimants did not enter the program.

However, events or incentives could play a role in this prevention rate, such as job search assistance being provided at the moment of intake by the Centre for Work and Income. Such interference between the requirement to take-part in the work-based program and job search assistance being offered at that time as well is present in most programs. Unfortunately, no data is available in any of the programs benchmarked which would allow to pin-point to what extent such a prevention-effect is directly caused by the requirement to take part in the work-based employment program. This can be partially explained by the type of data which needs to be gathered for such evaluations, which would require survey interviews of potential participants who do not follow-up with their claim after being made aware of the requirements of the program. The collections of such data is thus very costly, and often not within the

priority of many policy-makers who still very often first need to concentrate on improving the monitoring of participants *within* their different programs. If the monitoring of those who actually do not enter the program is very poor, the same can be said about those who have left the program. Indicators of the sustainability of the jobs found by participants, as well as indicators of the status of those who leave for other reasons than finding a job are not often available in the programs being benchmarked. With respect to the New Deal program, data indicated that a large proportion of those who gained a job were able to keep that job for at least 3 months. However, comparisons cannot be made with the other program since this information is either not available, or not comparable.

As a result of this lack of comparable data on prevention-of-entry and sustainability of jobs found through work-based employment programs, the impact in terms of entry into work can only be put into the light of one other impact, the total gross outflow. The hypothesis to be verified is whether a program could have relatively low exit-to-work rates because emphasis would be put on reducing total caseload through any channels. Hence, one could expect that these programs could have a low score on the indicator of the exit to work, which would need to be seen in the light of a high score with respect to gross total outflow. As can be seen from the discussion on total gross outflow in the previous section, this is not the case for the programs within this benchmark. The indicators regarding gross outflow were following a similar ranking to the one according to exit-to-work, where programs with high outflow to work having also a high level of total gross outflow. Programs with low exit to work, such as the RMCAS and the Ontario Works program did not compensate this low score with high overall exit rates. Chapter 11 will discuss in further detail the implication of this finding for the level of effectiveness of those programs.