



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

WR-Job SEARCH

February 23, 1994

MEMO TO: Bruce Reed
David Ellwood
Mary Jo Bane
Kathi Way
Wendell Primus

From: Belle *B*

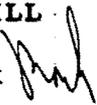
RE: Effects of Job Search Assistance

I thought you might find the attached of interest.

cc. Mark Menchik
Richard Bavier

February 22, 1994

MEMORANDUM FOR [✓] ISABEL SAWHILL

From: Mark Menchik 

Subject: Why Food Stamp Employment & Training's Ineffectiveness Need Not Generalize to Other Work Programs of Job Search Assistance

Copies: B. Selfridge, K. Fontenot, L. Matlack, R. Bavier, W. New

Summary. Of six social experiments summarized that tested job search assistance (JSA), only one -- the Food Stamp Employment & Training Program -- failed to show a significant impact on earnings. The negative outcome of this evaluation probably had two causes: (1) the Food Stamp program had the second least-costly services. Within the range of JSA costs experienced (all decidedly less expensive than more extensive training), there is a tendency for somewhat more thorough job search assistance to lead to larger earnings gains. (2) With or without job search assistance, most Food Stamp recipients were intensively looking for work, because their Food Stamp benefits could not support them and they had few other benefits. By contrast, for the other programs evaluated, job search assistance could tip the balance between remaining on the benefit rolls and working for self-support. Job search assistance thus generally added to earnings.

The Food Stamp Program used to require that specified categories of beneficiaries enroll in a work program that was predominantly job search assistance (JSA). A random-assignment experiment found that this requirement did not increase earnings and so had a negligible impact on the level of Food Stamp receipt.

Applying the findings of other evaluations of job search assistance, this memo argues that the negative Food Stamp evaluation need not apply to JSA generally. I've come up with two reasons:

- o **Level of JSA.** Taken as a whole, the group of evaluations suggests that somewhat more extensive job search assistance can increase first-year earnings more than very scant levels of JSA (see table below). The Food Stamp JSA program averaged only \$135 per beneficiary assigned to it, very much at the low end of JSA programs.
- o **JSA as Just "Tipping the Balance."** Although standard levels of JSA increase earnings to a degree that is

Cost and Earnings Impacts from Random-Assignment Evaluations of Work Programs that were Predominantly Job Search Assistance

<u>Experimental Program</u>	<u>Cost per Experimental</u>	<u>First-Yr. Earnings Impact per Experimental</u>
Food Stamp E & T (1988)	\$135	-\$67
Welfare-to-Work Demos (AFDC)		
Arkansas WORK Program (1983)	\$118	\$167 **
Louisville WIN I (1978;1985 \$)	\$136	\$289 **
Louisville WIN II (1980;1985 \$)	\$230	\$464 ** (est.)
Programs for Dislocated Workers		
UI: NJ Reemployment Demo (1986)	\$155	\$608 *
JTPA Title III: Texas Demo (1984)	\$495	\$770 (women) \$1,148 ** (men)

* Significant at 10% level ** Significant at 5% level

Sources: USDA/Abt, "Evaluation of the Food Stamp Employment & Training Program," 1990; Friedlander & Gueron /MDRC, "Are High-Cost Services More Effective than Low-Cost Services," 1992; DOL/Mathematica, "New Jersey Unemployment Insurance Reemployment Demonstration Project," 1989; Bloom/Abt, "Back to Work--Testing Reemployment Services for Displaced Workers," 1990.

both statistically reliable and important for policy purposes, these impacts are still modest. Impacts are likely simply to "tip the balance" in favor of participants' success in the job market, not fundamentally change their situation. Tipping the balance between (1) cash assistance and (2) self-support through work may, nevertheless, be enough to shorten many spells of UI or AFDC receipt.

But the situation for Food Stamp recipients in the evaluation was very different. Food Stamps alone could not support these recipients and there were few other benefits for recipients subject to the JSA requirement. As a result, most of these Food Stamp beneficiaries needed reemployment soon, were looking hard for another job, and many were succeeding even without the JSA. For participants in the Food Stamp evaluation there was no "balance" for job search assistance to tip between staying on benefit programs -- they couldn't do it for long in any case -- and supporting themselves.

Outside of the Food Stamp Program, modest but definite increases in earnings and similarly modest reductions in program benefits have often made standard levels of JSA cost-effective. The Food Stamp E & T (Employment & Training) evaluation is unlikely to apply to JSA intervention intended to shorten AFDC or UI receipt.

Level and Implementation of JSA

The table summarizes findings from a wide range of random-assignment evaluations of work programs where the "treatment" was predominantly job search assistance, rather than occupational skills training (or retraining) or work experience.

- o The most intensive, expensive, and best known welfare-to-work demos are not included because they generally put substantial numbers of participants into skills training, in a classroom or on the job. Other welfare-to-work programs were similarly excluded because they emphasized basic education, work experience, or both.
- o Some experiments for dislocated workers are included because they tested services that were "JSA-only," i.e., JSA without retraining or educational activities.
- o Although JSA is a component of most job programs for disadvantaged workers in general, neither the recent JTPA experiment nor any other has reported tests on JSA-only interventions.

The Food Stamp Employment & Training Program was the second least costly of the six summarized in the table. Within the range of predominantly JSA interventions shown, more costly services tended to bring larger earnings gains, especially comparing different welfare-to-work demonstrations against each other and dislocated worker demos with each other.

Job search assistance involves access to job listings, training (and especially, supervised practice) in completing job applications and interviews, and monitoring/encouragement in job search. JSA is not standardized so it is easy to skimp on the range or intensity of activities and especially to skimp on the degree of to which participants are supervised. The level of participation in JSA may also vary, particularly because of requirements to participate that are more or less effective.

It is all called "job search assistance," but there may be a world of difference between practicing a job interview with an experienced trainer or the job-seekers practicing on each other or simply encouraging job-seekers to prepare for the interview. By the same token, merely saying "Keep looking -- don't be discouraged" is very different from repeatedly following up with the participants.

Details of the New Jersey Demo. As one of the least expensive of the effective interventions, what did the New Jersey Reemployment Demonstration offer? It included a week long job search workshop, which took place each weekday morning. The workshop helped participants develop their own objectives and plan for job search. There were sessions on developing realistic job goals, writing convincing resumes, and on effective interview techniques. To ensure intensive work search, the staff scheduled follow-up contacts at 2, 4, 8, 12, and 16 weeks after the initial assessment interview.

Details of the Food Stamp E & T Program. Although the E & T program is described in less detail (and without the data to compare it to the NJ Demo), implementation of service delivery seemed weak. Enforcement mechanisms for the Food Stamp E & T program seemed ineffective, too.

- o 53 percent of treatment-group participants received no services at all, despite repeated attempts to contact them and the threat of eventual withdrawal of Food Stamps.
- o Of those who participated enough to be assigned to a specific activity, fully 38 percent were sanctioned for not meeting their obligations. But since such noncompliance was easily "cured," many retained their Food Stamp benefits.

- o The difference between treatment and control groups in the percent receiving services was only 12 percentage points.¹

"Tipping the Balance" in Favor of Employment

The rather modest earnings impacts demonstrated for job search assistance appear to be largely through quicker employment and thus more hours worked per year. Again, the NJ Demo provides welcome specifics (all statistically reliable):

- o The JSA-only treatment increased earnings by \$608 during the first year after the UI-based program began.
- o Initial employment was an average of 1.9 or 2.1 weeks faster, depending on how this was calculated. (There could be subsequent spells of insured unemployment and reemployment within the year.)
- o Adding up all the spells, UI receipt was reduced by 0.47 weeks in that year.

For many of those who have UI or AFDC benefits to fall back onto, it appears that job search assistance can tip the balance toward more intensive and effective job search. In this way, JSA can help benefit recipients leave the rolls sooner.

There was quite a different situation, though, for those Food Stamp recipients subject to the E & T requirement:

"Most received no ... assistance other than food stamps. For the most part then, these were individuals who needed to work -- food stamp benefits are not intended to meet total subsistence needs. It would, therefore, be expected that most of the E&T participants would be looking for work [even] in the absence of E&T requirements."²

Many of these work searches were successful, too, both for treatment and control groups. Within a year after certification

¹ Previous tests of a similar requirement for many Food Stamp recipients found modest reductions in the benefits received, probably because of more frequent sanctions. What earnings gains were observed probably came from favorable self-selection of the participants.

² U.S. Department of Agriculture (Food and Nutrition Service) and Abt Associates, **Evaluation of the Food Stamp Employment and Training Program**, final report, vol. I, June 1990, p. xiii (summary).

for Food Stamps, the percent employed increased by 23 percentage points.

Having little other assistance to fall back onto, Food Stamp recipients apparently were looking hard for work, and the rather limited impacts of job search assistance could not appreciably intensify their efforts, nor make them more effective.