

Evaluating Active Labor Market Policies

Remarks on Policy Discussions in the United States

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About me

Trained at Chicago with Jim Heckman.

Taught at Western Ontario, Maryland, Michigan and now Wisconsin.

Work centers on applied econometrics of program evaluation, active labor market programs and education, with bits of health economics and development economics thrown in.

My policy side builds on work with Burt Barnow and service on many "technical working groups" (or "TWGs" to beltway insiders).

Topics discussed in brief

- 1) Efficiently using administrative data for evaluation of labor market programs.
- 2) Pell grants for short courses
 - Pell grants subsidize educational investments for low income students
 - Barnow and Smith (2015) point out that, in a sense, Pell is the largest public training program, but it does not presently cover shorter courses.
- 3) Administrative burden
 - See, e.g., Marifian, Smith and Turner (2024) on financial aid.
- 4) Apprenticeships

RESEA

WPRS = Worker Profiling and Reemployment Services

REA = Reemployment and Eligibility Assessment

RESEA = REmployment Services and Eligibility Assessment

Voluntary (for the states) programs funded by feds. RESEA replaced REA.
WPRS is the program in Black, Smith, Berger and Noel (2003).

Not all UI claimants receive it. States vary in assignment rules.

Combines a stick (eligibility assessment) with some carrots (motivation, information, referrals).

Program generally found to reduce UI claim duration without a meaningful negative effect on earnings.

RESEA (continued)

Participating states required to do some sort of serious evaluation. Many are RCTs. Some states just use randomization as the assignment rule to facilitate this.

Programs implicitly builds local evaluation capacity. Quality of state REA and RESEA evaluations varies widely.

Evaluations vary in the questions they address. Most center on the number of meetings, the timing of meetings, the content of meetings or the assignment process.

The multistate evaluation by Abt Associates (2019) is particularly nice. See also the recent Actus Policy Research (2023) evaluation of Wisconsin's RESEA program.

Some effort has been devoted to trying to make the state evaluations complements rather than substitutes and to thinking about how to generalize the evaluation results.

Sectoral training

Sectoral training programs provide expensive training designed by firms to highly selected sets of workers.

Early programs highly successful. Lots of enthusiasm.

More recent programs aimed at broader populations provide less inspiring evaluation findings, with COVID as a potential confounder.

Key issues:

- Secret sauce?
- Scaling the program to broader, less selected trainees.
- Extent to which program simply pays for training firms would do anyway.

See the discussions in the Black, Skipper and Smith (2023) firm training handbook chapter and the Katz, Roth, Hendra, and Schaberg (2022) *Journal of Labor Economics* paper.

Interpretation of the WIA Gold Standard Experiment

WIA = Workforce Investment Act.

MDTA begat CETA begat JTPA begat WIA begat WIOA. The sequence of big federal employment and training programs in the US.

WIA experiment included only WIA registrants. They were randomly assigned to three treatment arms: core services only, core and intensive services, and full WIA.

Experimental design aims to correct perceived issues with the National JTPA Study in terms of site selection and treatment contrast.

WIA GSE (continued)

Results show that the core and intensive arm looks great and the full WIA arm does not add much to it.

Key issue: some training in the core only arm, substantial training in the core and intensive arm, even more training in the full WIA arm.

Two interpretations:

- Intensive services really effective, training not effective.
- Training effective for those who obtain it even in the first two arms.
Marginal training in the third arm not effective.

See the *Journal of Policy Analysis and Management* piece by the Mathematica team for the first interpretation.

UI Equity

Feds giving grants to states to study equity in their Unemployment Insurance (UI) systems.

Equity here means differences by demographic characteristics, industry, and geography in UI and UI-related experiences and outcomes.

Wisconsin Department for Workforce Development and the Institute for Research on Poverty at the University of Wisconsin-Madison are working on one of these.

Key issue is sorting out the relative importance of differences in worker characteristics, worker choices, system design (e.g. eligibility rules) and discretion within the system (e.g. RESEA staff decisions) in generating group differences in experiences and outcomes.

Lessons so far: 20 percent of claims ineligible. UI rules more complicated and less well known among potential claimants than we had thought.