The Importance of meeting your case worker
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Introduction

3 (4) simultaneous randomized control trials conducted in Denmark 2008

• Aimed at new unemployment insurance benefit recipients

• Treatment (early intensification of ALMP)
  A. group meetings w. case workers
  B. individual meetings w. case workers
  C. early activation
Introduction

Our contribution
• Report results from 3 RCTs
• Policy evaluation in a dynamic setting
• CBA

Our findings:
• Meetings have large effects!
• (Threat of) activation has effects for men
• Men and women respond differently
Outline

1. Motivation
2. The experiments
3. Results
4. CBA
5. Conclusion & perspectives
Motivation

- ALMPs are a crucial element in the Danish Flexicurity system
  - Flexible hiring/firing rules
  - Income security for employees
  - ALMPs ensure availability and provide skills...

- ...but ALMPs are expensive (1.5% of GDP)
  - Meetings, however, are cheap, compared to activation programs!
Motivation

• QBW1 (RCT, 2005-6): Treatment involved a number of instruments
  – Information, job search assistance, meetings, early activation
• Effect: 10% increase in accumulated employment
• BUT... What was it?
  – Single instrument or synergies?
  – How did each element work?
• ...HENCE QBW2!
The Experiments

• Targeted towards newly unemployed UI recipients (80% of labour force)
• Sampling inflow to unemployment week 8-29, 2008
• Randomization
  – Control group (not informed)
  – Treatment group (pilot study information)
• No escape from treatment by leaving
• Implemented in 3 different regions
The Experiments

- Meetings primarily focus on counseling
- Activation programs: mostly job search/general training
- Control group: Meeting every 13 weeks, mandatory activation after 9 months

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>A</td>
<td>Group meeting each week (1-13)</td>
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<tr>
<td>B</td>
<td>Individual meeting every other week (1-13)</td>
</tr>
<tr>
<td>C</td>
<td>Activation (after 13 weeks) (14-26)</td>
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<tr>
<td>D</td>
<td>Group meeting each week (1-13) and activation (14-26)</td>
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</table>
The Experiments

• DREAM: Adm. register data (NLMA)
  – Records and governs payments of public transfers+ participation in ALMP
  – Variables include weekly labor market status and program participation, gender, age, marital status, residence, UI fund, ethnicity, etc.

• We can follow individuals for slightly more than 2 years
The Experiments

- Splitting samples by gender, sample sizes are around 500-600 per experiment

- This allows for Minimum Detectable Effect sizes of 0.3 Std. Dev.’s
  - Hence, we can only hope to detect decently sized effects

- Baseline information shows treatment and control groups to be very similar
The Experiments

Figure 1: Kaplan-Meier survival estimates for control groups
The Experiment - implementation

Figure 2: Weekly meetings intensities

A - group meetings

B - individual meetings

C - early activation

D - group meetings + early activation
Figure 3: Weekly activation intensities

A - group meetings

B - individual meetings

C - early activation

D - group meetings + early activation
Results – evaluation approach

We estimate the impact on accumulated weeks of employment, including accumulated past employment and other pre-determined variables to reduce residual variance.
Results

**Figure 4: The employment effect of Experiment A (group meetings)**

Note: The figure shows the accumulated difference in the employment rate between the treatment and control groups. The one-sided confidence bands are obtained by bootstrapping.

- Duration models: men stay employed significantly longer
Results

Figure 5: The employment effect of Experiment B (Individual meetings)

Note: The figure shows the accumulated difference in the employment rate between the treatment and control groups. The one-sided confidence bands are obtained by bootstrapping.

- Duration models: women find employment faster, men stay employed longer
Results

**Figure 6: The employment effect of Experiment C (early activation)**

Note: The figure shows the accumulated difference in the employment rate between the treatment and control groups. The one-sided confidence bands are obtained by bootstrapping.

- **Duration models:** lock-in for women, men find jobs faster and stay employed longer
CBA

• Costs of running programs and income transfers available from NLMA database

• Benefits; extra work assumed to be net addition (labour supply determines total employment)

• Only realised effects included (longer term potential effects are ignored)

• MCPF: assumed 20%
### Copenhagen & Sealand - Experiment B

<table>
<thead>
<tr>
<th>Item</th>
<th>Costs</th>
<th>Corrected for MCPF</th>
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<tbody>
<tr>
<td>Saved income transfers</td>
<td>1569</td>
<td>314</td>
</tr>
<tr>
<td>Saved program costs</td>
<td>41</td>
<td>49</td>
</tr>
<tr>
<td>saved total costs</td>
<td>1610</td>
<td>363</td>
</tr>
<tr>
<td>Accumulated gain in employment (weeks)</td>
<td>4.99</td>
<td></td>
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<tr>
<td>Value of increased production</td>
<td>4362</td>
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**Net result of CBA (in €)**: 4725

<table>
<thead>
<tr>
<th>Net result: Experiment A</th>
<th>1342</th>
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<tr>
<td>Net result: Experiment C</td>
<td>1258</td>
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Conclusion & perspectives

• Meetings work, but differential behavioural effects by gender

• Threat of activation works for men
Conclusion & perspectives

Policy impact?

• Yes, meetings used more today!
Specifically for youth

• Less focus on activation programs than previously
Conclusion & perspectives

In future RCTs, we will conduct (sequential) surveys on behavioural effects (search activity, well-being, etc.)

Which behavioural parameters should case workers try to affect?

– Why are there differences between men and women?