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# Evaluating Public Employment Programs with Field Experiments: A Survey of American Evidence

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# Evaluating Public Employment Programs with Field Experiments: A Survey of American Evidence

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# Introduction

- Feldstein (1974) – High wage replacement ratios, moral hazard, work disincentive.
- Ehrenberg and Oaxaca (1976) – 10 point rise in replacement: +1.5 weeks duration, +7 pp reemployment wages.
- 1980s field tests of reemployment bonuses.
- Burgess and Kingston (1987) – overpayment.
- 1990s – field tests of tighter eligibility rules.
- 2000s – refinements and innovations.

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# Reemployment Bonus Experiments

- Illinois UI Incentive Experiment  
(Woodbury - Spiegelman 1987)
- New Jersey UI Reemployment  
Demonstration (Corson - Decker 1989)
- Pennsylvania Reemployment Bonus  
Experiment (Corson - Decker 1992)
- Washington Reemployment Bonus  
Experiment (Spiegelman - O'Leary 1992)

Illinois		
Bonus Amount	Qualification Period	Impact Estimate
\$500	11 weeks	-1.15** (-0.27)
New Jersey		
Bonus Amount	Qualification Period	Impact Estimate
Half the remaining UI entitlement with the initial offer good for two weeks and then declining by 10 percent per week.	11 weeks	-0.69** (-0.23)

Pennsylvania		
Bonus Amount	6 Weeks (short)	12 Weeks (long)
3 x WBA (low)	-0.65 (-0.34)	-0.36* (-0.28)
6 x WBA (high)	-0.44* (-0.31)	-0.82** (-0.27)
Declining		-0.33 (-0.30)
Washington		
2 x WBA (low)	-0.06 (-0.30)	-0.50* (-0.29)
4 x WBA (medium)	-0.19 (-0.30)	-0.14 (-0.30)
6 x WBA (high)	-0.62* (-0.33)	-0.73** (-0.34)

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# Reemployment Bonus Experiments

- Illinois -1.15 weeks
- New Jersey -0.69 weeks
- Pennsylvania -0.50 weeks
- Washington -0.50 weeks

Reexamination of Illinois (Davidson & Woodbury, 1991)

- -1.78 weeks for those eligible for FSC (38 weeks)
- -0.54 weeks for those not FSC eligible (26 weeks)

WPRS Targeted Reemployment Bonuses in PA & WA  
(O'Leary, Decker & Wandner, 2005)

- Low Bonus, Long Duration, Targeted to top 50%

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# UI Work Test & Job Search Assistance

Stronger UI work test through validation of contacts  
UI-ES cooperation—Charleston (Corson et al 1985)

Eliminating continued claim and work test—longer spells  
Response to ERI is invitation effect—Tacoma (Johnson  
and Klepinger 1991; Lachowska-Woodbury 2014)

Standardized ERI and JSW are inexpensive and effective  
Verification of reported contacts is effective--Maryland  
(Klepinger et al. 1998)

Enhanced BRI and verification of initial eligibility  
Reduced initial eligibility rates—CT, MA, TN, VA  
(Ashenfelter, Ashmore, and Deschênes 2005)



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# Targeted Job Search Assistance

JSA targeted to dislocated workers can be a cost effective intervention. Led directly to WPRS implementation—New Jersey (Corson et al. 1989)

Structured JSA targeted to at jobless at risk of long term unemployment modestly reduces UI durations—District of Columbia & Florida (Decker et al. 2000)

WPRS profiling tie groups RCT significantly shortens jobless durations--Kentucky (Black et al. 2003)

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# Employer Incentives

- Dayton Wage Subsidy (Burtless, 1985)
- Illinois (Woodbury and Spiegelman 1987)
- Washington and Massachusetts UI Self-Employment (Benus and Johnson 1995)
  - (7 state programs, 4 active)
- Maine, Minnesota, and Pennsylvania Entrepreneurship (GATE) (Benus 2008)
- Work Sharing Participation (Houseman, O'Leary, Bennici, Abraham 2015)

# Summary and Relevance to UI Today

- Employment disincentives from paying UI
- Reemployment bonus experiments
- UI work test enforcement experiments
- Targeted UI work test experiments
- Employer incentives: SEA & Work Sharing
- Great Recession UI experience
- Reduced potential durations
- Improving financing and benefit adequacy
- Expanding program and policy options
  - Grants for services instead of increasing W-P
  - Linking REA and WPRS—RESEA