

**A Review of US and European Literature on the Microeconomic Effects of Labour
Market Programmes for Young People**

by Patricia Auspos and James Riccio
of the Manpower Demonstration Research Corporation, New York
and Michael White of the Policy Studies Institute, London

CONTENTS

Executive Summary

1 Introduction

1.1 Characteristics of the New Deal for Young People

1.2 Interpreting cross-national evidence

A. Micro-evaluation of labor market programs in the USA

A.1 Introduction

A.2 Overview of the U.S. Employment and Training System and Welfare System

A.2.1 The U.S. employment and training system under CETA, JTPA, and WIA

A.2.2 The U.S. welfare system under AFDC and TANF

A.2.3 The economic significance of high school completion in the U.S.

A.3 Evidence from programs offering a menu of services

A.3.1 Evidence from CETA

A.3.2 Evidence from JTPA

A.4 Evidence from programs offering occupational skills training

A.4.1 Evidence from CETA and JTPA

A.4.2 Evidence from the Job Corps

A.4.3 Evidence from JOBSTART

A.4.4 Evidence from evaluations of the Center for Employment Training

A.5 Evidence from Work Experience programs

A.5.1 The National Supported Work Demonstration

A.5.2 The Youth Incentive Entitlement Pilot Projects (YIEPP)

A.5.3 The California Conservation Corps (CCC)

A.5.4 Youth Corps Programs

A.5.5 OJT programs

A.6 Evidence from job search assistance and job placement programs

A.7 Effects of wage subsidies on private sector hiring decisions

A.7.1 Employer take-up rates

A.8 Lessons on the effectiveness of mandatory programs versus voluntary approaches

A.8.1 Evidence from mandatory programs for youth

A.8.2 Non-experimental evidence on the importance of program retention

A.9 Emerging emphases in youth programming in the U.S.

A.10 Conclusions concerning the U.S. evaluation evidence

B. Micro-evaluation of labour market programmes in European countries

B.1 Introduction

B.2 Overall investigations of labour market programmes for young unemployed people

B.3 Programmes offering a menu of services

B.4 Evidence from training programmes

B.4.1 Country results

B.4.2 Thematic discussion

B.4.2.1 Scale of programme

B.4.2.2 Duration of training

B.4.2.3 Employer placements within training programmes

B.4.2.4 Qualifications

B.4.3 Types of outcomes following training

B.4.3.1 Initial job entry

B.4.3.2 Wages

B.4.3.3 Job stability (sustainability)

B.5 Subsidised employment and temporary job creation

B.5.1 Country results

B.5.2 Thematic discussion

B.6 Job search assistance programmes

B.6.1 Results for the NL and UK

B.6.2 Thematic discussion

B.7 Concluding Comments on the European Review

C. Overview

C.1 The USA

C.2 Europe

C.3 Concluding comments

C.3.1 Suggested implications for the evaluation of New Deal for Young People

Annex 1 Methodology of econometric evaluation: key terms and select bibliography

Annex 2 Summary table of European evaluation evidence reviewed

Glossary

References

Executive Summary

1 Aims and scope

This review was conducted as part of the wider evaluation of New Deal for Young People (NDYP). Its aims were to inform other parallel strands of evaluation research which are taking place for NDYP. To guide the review, a set of key characteristics of NDYP was drawn up and the literature was examined to identify points of relevance.

The review was limited to evaluations which had been carried out within a micro-econometric framework, to estimate the impacts of programmes on individual participants. Studies were not included unless they provided an adequate technical description of methods, such as details of the sample and its representativeness, and steps taken to avoid or reduce bias.

The review is in two parts: (a) evaluation evidence from the USA, and (b) evaluation evidence from European countries, including Britain. Because of considerable differences in the nature of the studies conducted in USA and Europe, it was not feasible to integrate the two reviews.

2 Main findings of the US review

The US review examined evaluation evidence relating to 15 programmes for disadvantaged young people. While most of these evaluations produced negative conclusions in overall terms, there were positive impacts at a local level or for particular sub-groups.

Two programmes provided a 'menu of options' to participants. Neither of these yielded a positive impact, in overall terms, for its young participants, but young women who were educationally disadvantaged did benefit from one of these programmes.

Four programmes which mainly consisted of work experience were all deemed unsuccessful in overall terms. The earnings which participants obtained during the programmes were generally higher than they would otherwise have got, but these gains were not sustained afterwards. The most disadvantaged groups, however, did achieve longer-term gains in one of the programmes (the California Conservation Corps).

Six educational and occupational skills training programmes were evaluated; some of these had additional features such as welfare benefit sanctions, or recruitment links with employers. In general, these programmes were not effective in overall terms. However there were two major exceptions:

- The Job Corps programme produced large and consistent benefits across a range of employment and social outcome measures. This is a high-cost, residential, long-period, intensive education and training programme which is targeted on extremely disadvantaged groups. Non-residential delivery of the programme has proved ineffective.

- The Center for Employment Training (CET), a major provider working within several programmes, achieved high earnings gains for its participants. The CET method is based on

intensive medium-period (typically six-month) instruction with open entry and exit and a strong emphasis on early employment outcomes. Expanded provision using this approach is currently being evaluated.

The US programmes generally showed variation in outcomes by site or location. Studies of the National Supported Work (NSW) demonstration initially indicated that in overall terms the programme was ineffective, but subsequent research suggested that many sites had failed to implement important features of the service design. Where the design had been fully implemented, the programme appeared effective.

Evidence from several studies relating to the California Conservation Corps, the Job Corps, and Jobstart programme, suggested that longer stayers or completers gained much more subsequently than did shorter stayers or dropouts. These findings should be regarded with some caution, because there may be unknown differences between stayers and leavers which bias the outcomes. However the results were regarded as sufficiently reliable to have influenced subsequent policy concerning retention.

Most US programmes have been of a voluntary nature. However, two mandatory programmes attempted to draw young parents into education or training. Neither of these produced positive outcomes persisting beyond the period of participation, and in one of the programmes the average income of the families fell.

The US evidence on wage subsidies was mixed. The two main studies relating to youth employment subsidies showed that there was a low take-up by employers, and there were indications of individuals being stigmatized if they used subsidy vouchers in support of job applications. None the less, one programme provided evidence of a moderate positive impact on employment of young people, while the other indicated that the majority of jobs offered were additional rather than substitution into existing posts

A feature of the US evaluation studies has been collection of outcomes over a time period of three to four years. As well as obtaining information on earnings and employment, studies have often included measures of welfare income, total family income, qualifications gained, and criminal arrests or convictions.

3 Main findings of the European review

There has been less evaluation research in Europe than in the USA. Studies relating specifically to programmes for young people have been carried out in Britain, France, Ireland, Norway and Sweden. Studies from Austria, Finland and Poland include some separate information about younger groups, although they cover general unemployed populations. Studies from Belgium, Denmark and the Netherlands cover all ages without any separate analysis of young participants.

The results for Europe contrast strongly with those for the USA. Most of the European evaluations have returned positive findings. One partial reason might be the more stringent or conservative tests provided by the evaluation methods used in the USA. Numerous other

differences in the labour market and social institutions of the USA and Europe may also be involved.

Sweden, the country with the longest history of active labour market policies in Europe, returned somewhat negative evaluation results. Results from Norway, which has greatly expanded training in recent years, were mixed.

The youth programmes in France and Ireland, as well as Britain, produced positive impacts on employment. Ireland's temporary employment programmes produced more highly positive, and persisting, impacts than its training programmes. The suite of youth programmes in France, which included work experience and training of various types and duration, produced a variety of benefits. These benefits differed by qualification level of participant and previous employment status; some combinations had adverse effects associated with them. The French evaluation therefore suggested the importance of matching programmes to the varying needs of participants.

On the available evidence, none of the main types of programme can be ruled out as generally ineffective in Europe. Positive effects were generally obtained from temporary employment or work experience programmes, as well as from training. Many of these programmes incorporated wage subsidies, but the effect of the subsidies was not separately evaluated. (In Belgium, a combination of training with subsidy was found to be more effective than training on its own or subsidy on its own.) No evaluation has been carried out of jobsearch assistance programmes for young people specifically, but positive impacts for samples of mixed ages have been identified in the Netherlands and Britain.

Most often, European evaluations have used the employment rate, or entry to employment, as the outcome. There has been little indication of a positive impact on the wages of young people, in the few cases where attempts have been made to assess that in Europe. However, there is evidence from Austria, Belgium, France, Ireland and Britain that participants have gained in terms of stability of employment, as well as in terms of initial entry to jobs.

There is not conclusive evidence from Europe that small targeted programmes have been more effective than large-scale programmes, nor vice versa. Similarly, there is no clear relationship between the length of the programme and its impact. Some results from Britain suggest that longer periods spent on or completion of a training programme, is beneficial, but this could result from a good match between the programme and the individual rather than length of programme in itself.

European evaluation research has tended to be of narrower scope than in the USA. The European evidence does not address the impact of mandatory programmes (except in Britain); nor local variations in delivery; nor the value of a 'menu of options'; nor social outcomes such as criminal offending. There has also been little or no analysis of the impacts for sub-groups of young people having different kinds of disadvantage.

1 Introduction

This review has been conducted as part of the wider evaluation of New Deal for Young People (NDYP) which commenced at the beginning of 1998. Its aim is to inform other parallel strands of evaluation research which are taking place. It aims to cover those aspects of the literature which may be of relevance to the evaluation of NDYP. The primary requirement for a study to be included in the review is that it has some features which are relevant to (but not necessarily the same as) NDYP.

Apart from the foregoing, the chief restrictions on the scope of the review are methodological. Macroeconomic studies have been excluded, because they have been covered in a parallel paper by researchers at the National Institute for Economic and Social Research (NIESR). The focus is on evaluations which have been carried out within a micro-econometric framework, which will be explained in the next paragraph. Qualitative and descriptive studies have not been considered. Even though they are often of considerable interest, such studies are more difficult to access and hence to cover systematically, especially across countries, and hence their inclusion would require greater resources than have been available for this review.

From a micro-econometric viewpoint, the central problem of programme evaluation is how to assess what would have been the outcomes for the participants in the absence of the programme. This is often referred to as the “counterfactual case”. This approach is equivalent to estimating the net-of-deadweight impact of the programme. Most of the studies included in this review offer some method of assessing the impacts of participating in the programme relative to the counterfactual case of no programme participation. (A few studies are included which do not use this approach, but offer some other information of interest.) When in the following sections we speak of the effects or impacts of the programme, it should be understood that this means the net-of-deadweight impact which results from comparison with the counterfactual, however constructed. This convention will make it possible to report the results in relatively simple English.

In selecting studies to include in the review, we also required that methods had been reported in sufficient detail to form some judgement of their adequacy. For example, we expected studies to explain the sample used, and to justify the method of estimation. However, inclusion of a study does not necessarily mean that we endorse its methods or assume that its results are accurate. Inclusion merely means that the study is of sufficient standard to merit attention. The review makes no claim to advance current debates on evaluation methodology. We have alluded briefly to some methodological issues in the course of the review, but do not discuss such points in depth. Annex 1 provides a brief explanation of technical terms and provides some references to reviews of econometric evaluation.

The review is in two parts. The first concerns the USA, while the second concerns Europe. A concluding section comments on both reviews. It should be noted that the evidence from the two reviews differs in two main respects. First, much (though not all) of the evidence from the USA has been obtained by the method of random assignment field experiments, whereas most (though not all) the evidence from European countries has been obtained from non-experimental samples of participants and non-participants. Second, the evidence from the USA is in most cases more detailed than in the case of European studies. The US reports tend to provide information on a wider range of outcomes, they contain more detailed background

information on the programmes, and they follow the samples for longer periods. The US evidence mostly come from full primary reports, whereas the European evidence tends to be provided by economists who are using secondary data sources, and present their results in short academic papers.

The difference between experimental and non-experimental evaluations deserves some emphasis. Experimental studies nearly always compare volunteers who have been admitted to a programme with volunteers who have been excluded from the programme. The volunteers who have been excluded from the programme may be likely to seek alternative provision to meet their needs. Accordingly, to some extent an experimental evaluation compares the effectiveness of the programme with the effectiveness of other provision (rather than the effectiveness of the programme compared with no provision). The non-experimental studies compare programme participants with broadly similar groups of people who have *not* put themselves forward for the programme. The latter group may be less likely to seek other types of provision, than the experimental control group members. If that is so, then the experimental evaluations which are common in the USA are likely to provide more stringent tests of effectiveness than the non-experimental evaluations which are usual in European countries.

The lack of background information in many of the published European studies is particularly unsatisfactory from a policy viewpoint. While in principle it might have been possible to fill in the gaps in the European context, by making use of some published reviews of European labour market and welfare institutions, this was judged not to be a practical undertaking. No existing review that we know of provides sufficient detail at country level, and further, any such review refers to a particular point in time, whereas most European countries were changing their labour market and welfare systems substantially during the 1980s and 1990s.

The reporting of evidence from the various studies relies upon the notion of statistical significance. The usual convention is that a result is regarded as significant only if it is sufficiently large that it would have arisen by chance not more than one in 20 times. The US review often reports the magnitude of impacts and then separately notes statistical significance, whereas in the European review the magnitude of an impact is usually not reported when it is statistically non-significant. While the US convention provides somewhat more information about the results, there is no difference in the nature of the statistical inferences drawn. The additional information provided in the case of the USA may be useful because of the greater number of studies there, which provides more scope for considering studies in combination. In Europe, where the evaluation evidence is sparser, the scope for combining information is correspondingly limited. It should be noted that the interpretation of significance levels is an area of continuing controversy among professional statisticians.

In the US part of the review, US spelling variants have been retained while in the European part of the review UK spelling variants have been used. The introduction and concluding section use UK spelling variants. There is also some variation in terminology between the US and European reviews. A glossary of terms, including programme acronyms, has been appended to the text.

1.1 Characteristics of the New Deal for Young People

The literature review has been structured, as far as possible (given the limitations of the sources), to relate to features of the NDYP. The main features are assumed to be the following.

- a. NDYP is a comprehensive programme for long-term unemployed youth (18-24 year olds). All those in the age group who reach 6 months of unemployment are eligible. Consequently, the volume of clients participating is large.
- b. The programme is mandatory. It requires all the eligible individuals to take part in one of the opportunities which are provided. Non-compliance may be followed by benefit sanctions.
- c. All participants pass through an initial period of counselling, the Gateway, which is linked to various forms of job-search support and help services. The Gateway is delivered by a Personal Adviser, a role which in some respects adopts the case manager model of service delivery.
- d. A 'menu of options' is available to the participants, who to a considerable extent can follow the pathway of their choice through the programme.
- e. Wage subsidy is an important option, and is expected to be used by about one in four of the participants. More generally, NDYP has been supported by a campaign to get employers involved in supporting the programme.
- f. Community projects, with voluntary organisations and an Environment Task Force, provide another major option for participants.
- g. There is also an option of full-time education or training. This provides relatively long periods of skill formation, typically six months but with the possibility of continuing for up to 12 months.
- h. NDYP aims at substantial local flexibility. There is scope for variation in local delivery and in the mix of local option provision.
- j. An explicit objective of NDYP is to increase 'employability'. The concept of employability indicates a continuous scale so that an individual can develop to a higher level through various intermediate stages.
- k. While the programme is intended to produce economic benefits, there is also interest in non-economic outcomes, under the general heading of reducing social exclusion.

Not all these features of NDYP are reflected in the literature surveyed. Employability, as distinct from employment probability, is a new measurement concept which has not directly entered into evaluation studies. The concept of social exclusion has also only recently become established, and is not explicitly addressed in programmes before NDYP, although some US programmes for youth have had aims of reducing poverty (or increasing income), and reducing crime.

1.2 Interpreting cross-national evidence

Because this review brings together evidence from the USA and from a number of European countries, it invites comparisons between the countries, or between each country and Britain. It is important however to state the limitations on such comparisons. Programme evaluation research aspires to the highest standards of rigour which are available in the social sciences. How far can such rigour be carried over into comparisons across evaluations and across countries?

Meta-analysis

A widely used approach for comparative reviews in the social sciences, which claims to remain within the framework of rigorous statistical inference, is the meta-analysis study. Here the unit of data is the outcome of a study, and the question posed is whether, across many such studies, the tendency of the outcomes is in a certain direction. To apply such a meta-analysis in a valid way, it is necessary at least that (a) the programme or treatment is similar across all studies being jointly analysed, (b) the outcome measures are closely similar (and preferably identical) across all studies, and (c) there are sufficient studies available to make the test reasonably precise.

It is clear that these conditions cannot be satisfied either for the US or European studies. In the first place, even using the broadest of headings to classify programmes, the number of studies which can be brought together is too small for statistical procedures. Further, it is hard to classify programmes except in a crude way. Programmes cannot be equated across countries, partly because there is often little information available about their characteristics, and partly because they are highly diverse. Again, the outcome measures are varied rather than standardised. This is aggravated by a lack of standardisation in evaluation methodology, at least in Europe. Even an apparently common outcome measure, such as earnings or probability of employment, is subjected to substantially different types of statistical adjustment in different country studies. Because of these differences in method, results may not be comparable even when they appear to be based on the same outcome.

Falsification of generalisations

The relatively small number of studies available does not rule out all types of rigorous inference. Any generalisation can be tested and shown false by even a single study which produces contrary evidence. An advantage of considering a range of studies, drawn from different programmes and different countries, is that generalisations about active labour market policy can be tested more stringently.

This approach may appear somewhat negative, but this is not necessarily the case. Some of the generalisations or assumptions which may have influenced policy in the past were themselves of a negative nature and their falsification can therefore stimulate fresh consideration of options which may previously have seemed foreclosed. For example, public temporary employment programmes have sometimes been portrayed as 'make-work schemes' which are incapable of generating positive outcomes for participants, beyond their period of placement. This is the type of assumption which a review of the present type can test directly.

Falsification can also be useful in suggesting the need for a more refined or selective policy. For example, if training programmes are sometimes effective in raising employment rates or earnings, but in other cases fail to do so, this should stimulate investigation of the differences in the programmes which lead to these varied outcomes.

Heuristics

Another use of cross-country evidence is to search out the possibilities for better programmes. By searching across a wide range of examples, one may hope to find types or variants of programmes, new to one's own country, which have promise. Whether or not the programmes identified in this way are relevant and transferable is of course a matter of judgement, and cannot be directly inferred from the evaluation evidence. The process of using evidence to prompt and guide the search for improvement is sometimes called 'heuristics'.

One obstacle to using other countries' evaluation data for heuristic purposes is the limited descriptive information available in many of the published papers, which makes it difficult to identify the key features of each programme and compare them with programmes in Britain. Further background work would generally be needed to make use of the review in this way.

One should also be cautious about focusing upon examples just because the evaluation studies report particularly positive outcomes. Apparent differences in outcomes between countries may be the result of different statistical treatment of the outcome measures, or of different circumstances or different client populations. For all these reasons, differences between countries in outcome measures need not correspond to differences in programme effectiveness.

This point is underlined by the contrast in results between the section of the review relating to the USA, and the section relating to Europe. The US results appear to be considerably less positive than the European, but the USA has considerably more experience of programme design than does any European country, so it seems implausible that their programmes are less well designed. The differences in results could come about because of different evaluation methods (see earlier), differences in circumstances between labour markets, or differences in the groups to which programmes are applied.

Within-country comparisons

For an assessment of relative effectiveness, comparisons of results *within* countries, and better still within types of programmes within countries, are likely to be more informative than cross-country comparisons. The context is likely to be relatively stable across such comparisons, or if it has changed, it should be easier to identify what the changes consist of. For this reason the US findings are more useful than the European for assessing the relative effectiveness of various approaches. Different variations on particular types of programme have been experimented with in a purposeful way, and this has helped to make experience cumulative. For most European countries, there are only one or two isolated evaluation studies and within-country comparisons are restricted. Britain and Sweden come nearest to the USA in the cumulative nature of their evaluation research, but still fall well short.

A. Micro-evaluation of labour market programmes in the USA

A.1 Introduction

A variety of strategies similar to the components proposed for New Deal for young unemployed people (NDYP) in Great Britain – work experience in both the private and public sectors, conservation work, occupational skills training, job search assistance - have been tried and evaluated in the U.S. over the past twenty years. This review discusses the research findings which are particularly relevant to the NDYP design and implementation. (It does not review, for example, findings on the growing array of programs which serve in-school youth.) In general, it reviews only impact evaluations which used an experimental or a well-constructed quasi-experimental research design since only such studies are considered to yield reliable results.

Overall, the results are not very encouraging. Out of school youths, particularly those without a degree, have proven to be one of the most intractable groups to serve in the U.S. experience. Rigorous research shows that few programs have yielded long-term positive results for economically-disadvantaged out-of-school youths, especially for those who left high school before attaining a degree. What is particularly discouraging is that several strategies which have been shown to be effective in helping adults, female welfare recipients, or youths who are still in school have not proven effective with the young out-of-school population.

Nevertheless, a few programs have proven quite successful in working with the type of population targeted by NDYP. Others have been shown to be quite effective with certain subgroups of disadvantaged youth, although less effective overall. This suggests the importance of designing an evaluation with a sample size of sufficient magnitude to conduct subgroup analyses.

It should be stressed that the U.S. studies have measured the *incremental* effect of the tested program compared to existing services, not the effectiveness of the program in the absence of any services at all. In the studies, the members of the control or comparison group have been eligible to participate in whatever other programs were available at the time of the study. In many cases, particularly in the 1970s and early 1980s when a good deal of federal money was spent on youth employment programs, a large proportion of the control or comparison group did participate in some kind of program or services.

U.S. evaluations have generally distinguished between the impacts on participants while in the program, those which arise in the period shortly after the program, and those which are long-term. Anything less than a two-year follow-up period after assignment to a program is considered 'short-term'. 'Long-term' is taken to mean two years or more of follow-up. Follow-up of four to five years is considered desirable to capture the effects of lengthier, more intensive training or work experience programs.

This section first reviews the U.S. research findings on the effectiveness of the strategies proposed for NDYP – classroom training, work experience and subsidized employment, job search/job placement assistance. Where available, it includes impact findings on non-economic outcomes, such as crime and educational attainment, as well as impacts on earnings,

employment and welfare receipt. Then it discusses what the U.S. experience suggests about specific implementation issues, such as offering private sector employers a subsidy to hire youths, and the implications of requiring participation rather than allowing youths to volunteer for services. Where appropriate, it includes information on similar programs which served a different target group (such as adults, or single-parent adult female welfare recipients). This part of the review concludes with a discussion on current thinking about new approaches and program elements that might prove more effective for the target population.

Readers should bear in mind several key aspects that distinguish the U.S. programs described here from the design of NDYP. First, most U.S. programs have been operated as “stand alone” initiatives, not as options in a service “menu” with a “gateway” to direct people to the most appropriate option. Second, youths who are living on their own and who are not custodial parents are not eligible for cash welfare assistance in the United States; to qualify for aid under the main cash welfare program in the U.S., youths must be over 18 and a custodial parent in their own household, or a dependent child under the age of 18 (19, if the child is enrolled in a specified education program) and living at home. Third, few of the U.S. programs which have been rigorously evaluated have mandated youth to participate in an employment program as a condition for receiving welfare benefits. In the programs described in this review, enrollees – many of whom were not receiving cash assistance - volunteered to participate. Fourth, the “youth” populations served in the programs discussed here do not coincide exactly with the 18-24 cohort targeted by the British NDYP.

A.2 Overview of the U.S. Employment and Training System and Welfare System

Until very recently in the United States, the programs that provide employment and training services to economically disadvantaged youths and adults and the welfare programs that provide cash assistance have been operated by two different, largely parallel systems. Federally-funded employment and training programs for disadvantaged youth have been administered by the U.S. Department of Labor. Cash assistance has been available through the Aid to Families with Dependent Children (AFDC) program, now replaced by the Temporary Assistance for Needy Families (TANF) program. Both are operated by the U.S. Department of Health and Human Services. Only recently has participation in an employment-related program been mandated as a condition of AFDC/TANF benefit receipt for youths in families or young heads of households.

The concept of economic disadvantage is generally used to define eligibility for programs. For example, economically disadvantaged youth were defined under the Job Training Partnership Act as having a family income equal to or below the current poverty guideline set by the U.S. Office of Management and Budget, or 70 per cent of the lower living standard set by the U.S. Department of Labor. A variety of other targeting criteria have been introduced in particular programs: for example, some have been targeted on young parents.

A.2.1 The U.S. employment and training system under CETA, JTPA, and WIA

The Comprehensive Employment and Training Act (CETA) authorized the federally-funded, locally-administered system that provided employment and training services to economically disadvantaged, underemployed, or unemployed youths and adults between 1973 and 1982. The system had no compulsion: participants volunteered for services, and there were no penalties for failing to participate. CETA authorized an array of programmatic components, including classroom training in occupational skills; on-the-job training (OJT), where participants were placed in jobs with employers who were paid a subsidy to cover part of the wage cost; public service employment (PSE), which created jobs in the public sector; work experience (WE); and basic and remedial education. Participants were eligible for supportive services such as counseling and stipends. State and local governments administered the program and (in its initial years) had considerable flexibility to fashion the local service mix and the content of specific programs. Over time, legislative amendments focused eligibility more narrowly on the economically disadvantaged and chronically unemployed and reduced some of the local autonomy. A major part of the CETA program was PSE which was used as a counter-cyclical economic tool.

In 1977, the Youth Employment and Demonstration Projects Act (YEDPA) created a separate set of innovative programs designed to address the labor market problems of economically disadvantaged youths. These programs were available in addition to what youths were receiving in regular CETA programs and effectively doubled the level of federal funding for youth employment programs.

The Job Training Partnership Act (JTPA), enacted in 1982, replaced CETA. Compared to CETA, JTPA was more closely targeted on economically disadvantaged groups and administered through a different administrative structure at the state and local level. It eliminated most work experience positions, all public service employment, and stipends for trainees.

New legislation, the Workforce Investment Act (enacted in August 1998) replaces JTPA with a workforce investment system. Scheduled to be fully implemented by July, 2000, the new legislation requires local government units to consolidate a variety of federally-funded employment and training services administered by the Department of Labor into a locally-administered "one-stop delivery system." Eligible low-income youth must be between the ages of 14 and 21 and have at least one other condition that puts them at risk in the labor market. A minimum of 30 percent of local funding is required to be spent on out-of-school youth.

A.2.2 The U.S. welfare system under AFDC and TANF

The major welfare program for the economically needy in the United States has been Aid to Families with Dependent Children (AFDC), which was replaced by the Temporary Assistance for Needy Families (TANF) program in 1996. AFDC provided cash grants to economically needy children and their adult caretakers in single-parent households, and in two-parent households who met additional eligibility criteria. Youths in such families qualify for assistance until they reach the age of 19 if they are in school, and 18 if they are out of school.

In the early 1970s, adult single-family heads of households were required to register for employment and training services under the WIN (Work Incentive) program, but only a small

percentage of the national caseload participated in an activity. In the 1980s, states experimented with “welfare-to-work” programs - sometimes on a mandatory basis - designed to help adult recipients move into the workforce and off welfare. In 1988, such services were mandated for adult recipients under the Job Opportunities and Basic Skills Training (JOBS) Program, an employment and training program administered and funded through the U.S. Department of Health and Human Services and state and county welfare offices. JOBS has been run separately from state and local JTPA programs, although local welfare offices have sometimes contracted with JTPA agencies for services.

TANF imposes more restrictions on how federal monies can be spent on welfare-to-work activities. TANF recipients are supposed to be placed in work experience positions/community jobs if they do not find employment on their own within two months, and, with some exceptions, may not receive federally-funded TANF grants after five years on the welfare rolls. States may use their own funds to provide aid after the five year time limit is reached.

Under the TANF legislation, young adult heads of households also face a participation mandate. Those who have not yet graduated from high school or attained a General Equivalency Diploma are required to enroll in an education program. In addition, some states require dependent teenagers to remain in or return to school in order for their family to qualify for the full welfare grant. Economically disadvantaged individuals can also qualify for Food Stamps (coupons which can be used for the purchase of food). There is no federal program that provides cash assistance to unmarried men, but many states operate “home relief” or “general assistance” programs, which typically require such individuals to perform part-time work in community service positions in order to qualify for cash assistance.

A.2.3 The economic significance of high school completion in the U.S.

There is an important distinction in the United States between two segments of the out-of-school youth population who enroll in employment programs: between those who have “dropped out” (left school) before graduating from high school (the end for 12th grade), and those who have received a high school diploma before leaving school. (In most states in the U.S., youth can legally leave school at age 16, although students are typically 17 or 18 when they complete the 12 years of education required for graduation.) Various studies have documented that high school dropouts in the U.S. do not fare as well as high school graduates in the labor market (Levy and Murnane, 1992). Youths who have dropped out of high school before graduation can qualify for a General Equivalency Diploma (GED) by taking a written test, but there is some debate among economists as to whether GED attainment significantly improves a dropout’s subsequent employment and earnings potential (Cameron and Heckman, 1993). Nevertheless, most programs that work with high school dropouts in the U.S. regard GED attainment as an important interim outcome which enhances an individual’s likelihood of success in the labor market.

A.3 Evidence from programs offering a menu of services

A.3.1 Evidence from CETA

Several evaluations of CETA were completed in the 1980s. None of these studies involved an experimental design. Instead, they used data on CETA enrollees from a longitudinal data base (the Continuous Longitudinal Manpower Survey) and Social Security earnings records, and constructed matched comparison groups from individuals in the Current Population Survey. The results were analyzed separately for men and women, and in some studies, for youth. Most of the CETA studies found an overall earnings impact of about \$200 to \$600 per year (i.e., the amount by which the earnings of the treatment group exceeded the earnings of the matched comparison group); all found much larger impacts for women than men. Estimates of impacts by service component – i.e., classroom training, public service employment, work experience, on-the-job training (OJT) and “multiple activities” – differed significantly across the studies, however (Barnow, 1987).

Only two of the studies reported results separately for youth enrollees. Using earnings data from 1978 -1979, Bassi et al. (1984) found generally negative, but not statistically significant, earnings impacts for a youth cohort (aged 13-22) who enrolled in CETA in FY 1977 (cited in Barnow, 1987). Dickinson, Johnson and West analyzed CETA impacts on the 1978 earnings of a cohort of youth (aged 16-21) who enrolled in CETA in calendar year 1976. They found negative earnings effects for young men across all program activities, although only the impacts on classroom training, work experience, and direct referral were statistically significant. Impacts for young women were generally positive in all program activities, but only statistically significant for the on-the-job training component (Dickinson, Johnson and West, 1984).

An overview assessment of the various CETA studies concludes that the results are highly sensitive to the assumptions researchers made in modeling the CETA selection process and developing the matched comparison groups, and there is insufficient evidence to determine which of the studies modeled the process correctly (Barnow, 1987).

Research was also conducted under YEDPA, which funded a wealth of youth programs from 1977 through 1981 and required them to be evaluated. A panel of experts which reviewed the findings concluded that most studies did not yield reliable results because they lacked an experimental design, used poorly constructed comparison groups, had inadequate response rates to follow-up surveys, or reported only short-term findings. The major exceptions were the evaluations of the Jobs Corps, Supported Work, and YIEPP programs which are discussed below (Betsey, Hollister and Papageorgiou, 1985).

A.3.2 Evidence from JTPA

To avoid the weaknesses of the CETA evaluations, the federally-funded evaluation of the JTPA system which replaced CETA in 1982 used a random assignment experimental research design to study the impact of JTPA on adults and out-of-school youth (age 16-21). The National JTPA Study impact sample was drawn from 16 sites between November 1987 and September 1989 (Bloom et al., 1994; Orr et al., 1996). It includes almost 16,000 individuals -- almost 4,800 youths of whom were youths -- who were randomly assigned and tracked for 30 months. Two thirds of the sample were assigned to the experimental group, and one-third was assigned to the control group.

Eligibility for JTPA is based primarily on economic criteria. During the study intake period, 95 percent of JTPA enrollees nationwide were classified as economically disadvantaged (defined as having a family income equal to or less than the U.S. poverty standard, or 70 percent of the Department of Labor's Lower Living Standard), and about 86 percent had one or more barriers to employment (including limited education and limited work experience, among other criteria) (Orr et al., 1996).

In the study sample, about half the female youth did not have a high school diploma or a GED, almost 60 percent had worked fewer than 13 weeks in the prior year, and 30 percent were receiving cash welfare. Almost 60 percent of the young men who had no prior arrests did not have a high school diploma or a GED, and almost half had worked less than 13 weeks in the prior year (Orr et al., 1996).¹

JTPA applicants were eligible for three JTPA "service strategies" or "service clusters": occupational skills training in a classroom setting (plus, in some cases, secondary services); OJT/JSA which aimed at immediate placement in either a subsidized or unsubsidized private sector job, and may have also provided other services; and "other services," which for youth generally combined basic education with some miscellaneous services. Following normal JTPA procedures, program applicants were assessed by program staff who recommended that they enroll in one of the three service strategies. Random assignment occurred after the recommendation to a service strategy was made. Thus, all applicants who were recommended for classroom training were randomly assigned into experimental and control groups after they were designated as appropriate for that service strategy. Similarly, applicants recommended for the other service strategies were randomly assigned from a pool of all those designated as appropriate for the specific service strategy. In general, the OJT/JSA category was reserved for those whom staff considered the most job ready or employable. Those who were randomly assigned to the experimental groups were allowed to enroll in the recommended program; those who were assigned to the control groups were eligible for any other local services that were available, but not for JTPA services. The impact evaluation thus measured the incremental effect of the JTPA services over other services (Orr et al., 1994).

The results for the out-of-school youth cohort were disappointing: researchers found no statistically significant positive effects of the program on the youths' earnings during the in-program period, the post-program period, or over the entire 30-months of follow-up (Bloom et al., 1994). Female youths in the experimental impact sample had mean earnings per enrollee of \$10,508 over 30-months, which represents a non-statistically significant increase of \$210 over the control group earnings. Among males who had no prior arrests, earnings averaged \$16,418 per enrollee over the 30-month follow-up period, which represents a non-significant earnings loss of \$868.

Nor were there statistically significant gains in earnings for any subgroup of youth, in any of the three service categories (Bloom et al., 1994). There were no statistically significant reductions in AFDC or Food Stamp receipt among the youths in the experimental group, or reductions in self-reported arrest rates among the female out-of-school subgroup. However,

¹ The JTPA Study divides the young male sample into two sub-samples – young male arrestees and young males with no prior arrests - which are analyzed separately. This was done because the two sources of earnings data produced contradictory results for the young males who had been arrested prior to program enrollment. Because the findings for that sub-sample are inconclusive, this paper reports only the findings for the young males with no prior arrests.

the self-reported arrest rate was higher among the experimental members than among the control members of the young male sample who had not previously been arrested. There was a positive impact on attainment of a GED or high school diploma among the female dropouts in the youth sample, but not among their male counterparts. A total of 39.4 percent of the female dropouts in the experimental group had a GED or high school diploma at the end of the follow-up period, compared to 31.7 percent of the control group (Orr et al., 1996; Bloom et al., 1994).

In contrast, JTPA produced a statistically significant “modest increase” in earnings for adults which was sustained throughout the 30-months of follow-up (Bloom et al., 1994). Effects were greater for adult women than men. Breaking the impacts down by service components showed that both male and female adults assigned to the OJT/JSA component had consistent earnings gains over the 30-month follow-up, while those assigned to classroom training showed no gains.

A.4 Evidence from programs offering occupational skills training

A.4.1 Evidence from CETA and JTPA

As noted, the evaluations of CETA and JTPA programs indicate that enrollment in the classroom training component failed to increase earnings significantly among disadvantaged youths over the long term. In JTPA, female youths initially suffered a statistically significant drop in earnings for the first six months after they entered training. Over the next 24 months, they showed positive – and growing - earnings gains compared to the control group, but the differences were not statistically significant (Bloom et al., 1994).

The limited evidence available on the effectiveness of more intensive classroom training models is somewhat more encouraging, yielding two programs which produced earnings and employment gains over the long-term.

A.4.2 Evidence from the Job Corps

The federally-funded Job Corps program is one of the few youth programs which has been shown to be effective in raising earnings and employment levels among economically-disadvantaged youth. The Job Corps historically serves a more disadvantaged mix of participants than CETA or JTPA programs and offers more intensive and comprehensive services than a typical CETA or JTPA program. In the late 1970s, about 70 percent of Job Corps enrollees were male, about 70 percent were members of minority groups, between 85 and 90 percent were high school dropouts, and about 50 percent read at or below the 6th-grade level (Mallar et al., 1982). Job Corps centers enroll youths between the ages of 16 and 21 and provide them with a combination of basic education, vocational skills training, life skills instruction, work experience, job placement assistance, health care, counseling and other support services (such as stipends and financial rewards for good behavior). Most of the Job Corps centers operate residential programs, but some offer a non-residential program. Enrollees can stay for up to two years.

The Job Corps approach was shown to be effective across a spectrum of outcomes in an early evaluation which used a matched comparison group design with a sample of 5,200 youths who

entered the study in 1977 (Mallar et. al, 1982). (The comparison youths were drawn from geographic areas that were matched with the Job Corps sites.) The evaluation is regarded as well-designed and well-executed, but because it uses a quasi-experimental design, the findings are considered less conclusive than those from a random assignment study would be. The sample is similar to the Job Corps population in terms of sex, age, race/ethnicity, and educational background.

Findings showed that four years after program participation ended, Job Corps participants had increased earnings and employment, reduced welfare receipt and unemployment insurance receipt, increased educational attainment, and reduced criminality, compared to a comparison group who had not applied to enroll in Job Corps. Evidence about whether the effects were growing or shrinking at the end of the follow-up period is mixed, but the researchers conclude that the Job Corps effects persist at a relatively stable rate from about three months after departure from the program to the end of the four-year follow-up period; extrapolating beyond that point is difficult.

Averaging the results over the four years of follow-up shows that, compared to the comparison group members, Corpsmembers worked an average of three additional weeks per year, earned approximately \$650 more per year (more than a 15 percent increase), and received welfare for about two weeks less per year and Unemployment Insurance for about one week less per year.² In addition, enrollment in the Job Corps greatly increased the probability of having a high school diploma or GED (25 percent versus 5 percent). There were no overall effects on the rate of arrests (as self-reported by sample members), but there was a significant shift from more to less serious crimes.

A drawback with the Job Corps program is its relatively high cost – about \$5,000 in 1977 dollars, which translated into \$15,000 per participant in the early 1990s (Cave et al., 1993). Nevertheless, the 1982 evaluation found that the Job Corps was a worthwhile investment of public money, from the perspective of society. Over half of the estimated social benefits were derived from the value of output produced by Corpsmembers; another 40 percent was derived from the reductions in criminal activity, especially robbery and larceny (Mallar et al., 1982). Much of the reduced crime occurred during the program, when the youths were living at the Job Corp centers.

Although the findings are less convincing than similar findings in a random-assignment design would have been, the Job Corps evaluations have been very influential in developing the policy conclusion that this very disadvantaged youth population requires – and responds positively – to more intensive service interventions than are typically available through the CETA or JTPA systems. A new evaluation of the Job Corps, which uses a random assignment design, is currently being conducted by Mathematica Policy Research, but the results are not yet available. It should also be noted that the three non-residential Job Corps Centers which participated in the JOBSTART Demonstration (described below) failed to produce earnings gains among their program enrollees.

A.4.3 Evidence from JOBSTART

² These results include military jobs as well as civilian jobs.

Interest in testing whether a program offering the key elements of the Job Corps in a less-expensive and non-residential environment would prove effective led to the development of the JOBSTART Demonstration. Operated between 1985 and 1988 in 13 sites across the nation, JOBSTART provided education classes, vocational skills training, support services, and job placement assistance to economically disadvantaged youths, aged 17-21, who were high school dropouts with poor reading skills. JOBSTART was run in a variety of settings, including non-residential Job Corps centers, community-based organizations, and schools. The program was designed to provide more intensive services and supports than JTPA programs typically offer and to serve a more disadvantaged group of youths than JTPA typically serves, but its services and supports were less intensive and less comprehensive than those provided in the residential Job Corps.

The results of the evaluation, which used an experimental design involving over 2,000 youths, were largely disappointing. Over the 48 months of follow-up after random assignment, compared to the control group members, JOBSTART enrollees had essentially the same yearly and cumulative employment rate (about 65 percent of both groups were employed during the fourth post-program year); worked about the same number of hours in total (3,031 compared to 3,071, on average); and earned about the same amount (\$17,010 compared to \$16,796, on average) (Cave et al., 1993). Their work was neither steady nor high-paying, however. There was no overall long-term effect on public assistance receipt or crime reduction. Nor did JOBSTART prove to be a cost-effective program from the perspective of society or taxpayers.

The JOBSTART evaluation attributes the lack of earnings gains to the fact that members of the experimental group lost so much income, compared to the control group, while they were in the program, that their subsequent earnings were not sufficient to make up that loss and produce an overall positive earnings impact. In the final two years of follow-up, researchers point out, the average earnings of experimentals appeared to overtake those of the controls (by about \$400 per year), a difference which just missed being statistically significant.

There were some positive findings. JOBSTART increased the rate at which youths who had not completed high school at random assignment either passed the General Educational Development examination or received a high school diploma (42 percent of experimentals compared to 29 percent of controls). For some sub-groups, JOBSTART had better results. Young men who had been arrested between turning 16 and enrolling in the program had earnings gains, compared to their control counterparts, of \$1,129 and \$1,872, respectively, in the third and fourth years of follow-up; the increase in the final year was statistically significant. One JOBSTART site produced large and significant earnings effects: JOBSTART enrollees at the Center for Employment Training (CET) in San Jose, California had average earnings that totaled over \$6,000 more than their control counterparts over the last two years of follow-up combined.

The JOBSTART report makes several suggestions about how programs which offer a similar mix of services – classroom training, education, support services and placement assistance -- might be better designed to produce greater impacts. To reduce the earnings loss that enrollees incur while they are enrolled in the program and not working, the report suggests concentrating training and education into a relatively short but intense period (as was done at CET). Alternatively, increasing the length of the program, but reducing the amount of time spent per

week in training would allow participants to work while enrolled in education and training. Researchers caution, however, against implementing programs which are short term and not very intensive.

Another approach would be to increase the long-term payoff of participating in the program enough to compensate for the early earnings loss. The JOBSTART report recommends several possible options for doing this:

- strengthening the connection between program services and the job market (as discussed below, CET provides one model for doing this);
- placing more emphasis on addressing the developmental need of youths;
- finding ways of increasing program retention;
- helping more participants receive a GED;
- strengthening job placement assistance;
- continuing program services after the initial job placement.

A.4.4 Evidence from evaluations of the Center for Employment Training

CET's program also showed strong earnings impacts in another multi-site demonstration, the Minority Female Single Parent Demonstration, which targeted minority single parents, most of whom were welfare recipients. The MFSP demonstration operated from 1982 to 1988 and was evaluated with an experimental design (Zambrowski and Gordon, 1993). Over a 30-month follow-up period, the CET program at San Jose produced average earnings impacts of \$2,062 (a 22 percent increase) for the experimental group, and the gains persisted over a 5-year follow-up. During the final year of follow-up, members of the experimental group earned a statistically significant \$95 more per month (a 17 percent increase) than their control counterparts. They also worked more hours and had higher hourly wages. However, early positive effects on earnings and educational attainment were not sustained over the long term for the high school dropouts in the sample.

The success of CET in the JOBSTART and MFSP demonstrations has been so promising that the U.S. Department of Labor is sponsoring a demonstration to test the implementation challenges in replicating the CET model in ten sites, under a variety of administrative arrangements (Hershey and Rosenberg, 1994). The Department of Labor is also conducting a random assignment study of 12 CET sites, other than the San Jose location. This study is being carried out by the Manpower Demonstration Research Corporation and Berkeley Planning Associates. No results are yet available.

The major elements of the CET program are:

- *an open entry/open exit design.* Participants can enter the program at any point in the curriculum, work at their own pace, and exit when they have achieved basic competencies.
- *integration of basic education and skills training.* Academic skills are taught as an integral part of the vocational education, in a classroom which simulates a work environment.

- *a strong employment focus.* The employment focus is evident in the training design, classroom instruction, and simulated work environment. It is fostered by efforts to develop strong ties with local businesses and involve employers in developing courses and curricula and setting standards for skills attainment. Most instructors are drawn from local industry; job development through connections to local employers is an integral part of the program.
- *short but intensive training.* Most CET programs are designed to be completed in six-months of full-time participation.

It should be noted that no experimental research has been done to identify which elements of the CET program account for its success.

A.5 Evidence from Work Experience programs

The lack of positive impacts on the youth who were enrolled in the Supported Work program in the late 1970s has long been taken as strong evidence that work experience alone is not a successful strategy for increasing the employability of young high school drop outs. More recent evaluations of programs which combine work experience with education and other services show some promising results in the short-term, but do not provide evidence about long-term effects.

A.5.1 The National Supported Work Demonstration

The National Supported Work Demonstration, operated between 1975 and 1981, offered young high school dropouts and other seriously disadvantaged groups 12 months (sometimes, 18 months) of paid work experience. Enrollees in Supported Work were typically supposed to work in crews with ten or fewer peers; supervisors were to serve as foremen and counselors; the work was supposed to become increasingly demanding over time. The expectation was that in such an environment, participants would develop skills, habits, and credentials which would facilitate their movement into unsubsidized employment.

Supported Work was targeted to groups which were considered likely to experience difficulty in finding jobs and developing sustained employment: school dropouts, aged 17-20, with limited work histories and other difficulties; long-term AFDC recipients; ex-drug addicts; and ex-offenders.

The Supported Work evaluation was the first major evaluation of an employment program to use an experimental design. The youth sample in Supported Work included a total of 1,252 youths, drawn from five urban sites (Maynard, 1984). Most of the sample members were male; 70 percent were 18 or older; over 90 percent were members of minority groups; two thirds had been out of school for over a year; more than half had been arrested and more than a third had been convicted of a criminal offense. Over 20 percent had never worked, and 13 percent had received welfare in the month prior to enrollment.

For the youth group, the Supported Work results were quite discouraging. The research found no significant long-term impacts on earnings, employment, criminal activity, or drug use among the youth group, over a 36-month follow-up period (MDRC Board of Directors, 1980; Maynard, 1984). During the time the youths were enrolled in Supported Work positions, the employment rates, hours worked, and earnings of the experimental group were higher -- and their welfare receipt, lower -- than those of the control group, but these in-program gains did not translate into gains during the post-program period. Drug use and criminality were unaffected while youths were in the program as well as during the post-program period. Nor did Supported Work prove to be a cost effective intervention for the youth group.

Findings for youth were less favorable than for other target groups in the Demonstration -- especially AFDC recipients -- even though the members of the experimental youth group had higher employment rates and worked more hours in the post-program period than the experimentals in other target groups (Maynard, 1984). The lack of effects for youths appears to be due to the fact that the youth control group did much better in the absence of the intervention than did the control counterparts among the other target populations. Thus, 18 months after random assignment, the youth control group had reached about the same level of employment (around 50 percent) as the group which was enrolled in Supported Work. Overall, between 80 to 90 percent of the members of the control group were employed at some point over the follow-up period, many of them in government-subsidized jobs. However, the youths did not work steadily and their average earnings remained low (typically, less than \$300 per month, on average) (MDRC, 1980; Maynard, 1984).

The Supported Work findings have been taken as strong evidence that work experience by itself is not enough to improve the employment opportunities of young high school dropouts. The researchers suggest that a less expensive but more comprehensive package of services -- e.g., work experience in combination with other services -- might be a more effective model (Maynard, 1984).

A reanalysis of the Supported Work data suggests that the quality of the worksite experience may also have affected the outcomes (Long, 1987). While most youths were assigned to crews that fit the Supported Work model of close supervision, peer support, and graduated work demands, a large number were placed in positions that resembled more traditional work experience positions in community agencies where they were supervised by a regular employee of the agency rather than a specially-hired Supported Work supervisor. The reanalysis of the data showed that while the program results were negative overall, they were positive for the youths who were assigned to the Supported Work positions that adhered to the model, and positive for youths who had an arrest record and less prior work experience. These findings suggest that the Supported Work model "may have been more effective for youths than the overall evaluation indicated," the researcher concludes.

A.5.2 The Youth Incentive Entitlement Pilot Projects (YIEPP)

The Youth Incentive Entitlement Pilot Projects (YIEPP), which operated in 17 demonstration sites across the country between 1978 and 1980, promised a subsidized minimum wage job to youths (aged 16 to 19) who were currently enrolled in school or, if they had already dropped out, were willing to return to school. The jobs -- which were in either the public or the private sector -- were part-time during the school year and full-time in the summer. Participants had

not only to be in school, but also to meet specified standards on attendance and performance. By linking the job offer to school attendance, YIEPP was designed as a response to the evidence from Supported Work that work experience alone was not sufficient to improve the labor market prospects of disadvantaged youth.

Because YIEPP was intended to be operated as a saturation program, it was not feasible to evaluate the results with an experimental design. Instead, the impact study (summarized in Gueron, 1984) used a quasi-experimental design to compare the experiences of eligible youths in four large Entitlement sites with similar youths in four matched comparison locations. The full analysis sample included 3,765 youths. The implementation research drew on evidence from all 17 sites.

Over the course of the demonstration, YIEPP provided jobs to 76,000 youths; during most months, between 20,000 and 25,000 youths were employed at any one time across the 17 sites. This resulted in a 68 percent increase in the employment rate of poor teenagers (from 24 percent to 41 percent) in the demonstration communities during the demonstration period. It also eliminated the longstanding differentials in the employment rates of black youths and white youths in the study communities.

Entitlement also showed promising results for the sub-sample of young (aged 15-16 at baseline) black youths in the post-program period as well as the in-program period. During the period that the YIEPP jobs were available, this group increased their weekly earnings as well as their employment rate, compared to eligible youths in the comparison sites. Entitlement did not, however, increase high school enrollment or graduation rates. In the short-term, post-program earnings among the young blacks who were eligible for the program averaged over \$10 more per week than among comparison group youths; for those who actually participated, the earnings gain was over \$14 a week, on average (in the study year dollars). On an annual basis, this would amount to \$545 per eligible youth, and \$747 per participating youth. The researchers conclude that the evidence shows that a work experience program for in-school youth can produce post-program effects, but caution that more evidence is needed about the durability and stability of the post-program gains over a longer period. Impacts for older youths – those 17 to 19 at baseline – were less positive.

YIEPP was not, however, an effective strategy for improving labor market outcomes for youths who had already dropped out of school. The job offer did not prove to be a sufficient inducement to draw many dropouts back to school. While 94 percent of in-school youth had heard about Entitlement, and 63 percent actually participated, only 75 percent of the drop-outs in the Entitlement communities had heard of the program, and only 25 percent participated. Many of the dropouts who enrolled in YIEPP dropped out again. Overall, there were no effects on educational attainment, employment, or earnings among the dropouts in the program.

The YIEPP evaluation provides important information about the feasibility of implementing a job guarantee and providing work experience positions on a large-scale. In total, YIEPP developed positions with almost 11,000 work sponsors - almost 6,000 of whom were private sector employers -- and provided 45 million hours of work to more than 76,000 youths. The willingness of private sector employers to employ a youth, and the effect that variations in the wage subsidy rate had on that decision, are discussed in section A.7. A study of worksite

quality in 500 randomly selected YIEPP jobs found that the great majority (86 percent) were assessed to be of adequate or better than adequate quality, based on a variety of measures. Thus, the work experience in YIEPP did not constitute unproductive “make work” but encouraged good work habits and conveyed the sense of “a day’s work for a day’s pay.” Contrary to expectations that private sector placements would be of a higher quality than YIEPP positions created in the public sector, the worksite study found few significant differences between the non-profit public and private sector positions, and equal proportions of both were rated by independent assessors as being of adequate or better than adequate quality overall.³

A.5.3 The California Conservation Corps (CCC)

The California Conservation Corps (CCC) is a state-funded program providing a year of work experience combined with youth development activities to 18-23 year olds who have not been convicted of a violent crime. Although there are no economic or educational eligibility criteria, in the study year (Nov 1983-Oct 1984) 70 percent of the CCC enrollees were at risk in the labor market: just under half were eligible for JTPA, and just under half were high school drop outs. About 75 percent were male. CCC was primarily a residential program, but a few non-residential sites were included in the study. The program began with a 15-day training period; Corps members worked 40 hours per week, did daily calisthenics, and attended education classes (remedial classes for those reading below the 6th grade level; GED classes at least once a week for those without a high school diploma). The work experience emphasized physical labor relating to conservation projects, enhancement of outdoor recreational areas, or preservation of historic sites.

The impact evaluation (Wolf, Leiderman and Voith, 1987) used a quasi-experimental design which matched 943 Corps members with 1,083 individuals in a comparison group drawn from applicants for services at California’s Employment Development Department (the primary recruitment source for the CCC). Program impacts were calculated for the period Corps members were active in the program (the in-program period) and for the first twelve months after Corps members left the program (the post-program period).

The research found small, statistically significant earnings effects of \$75 for the full sample during the in-program period, but no evidence of post-program earnings gains for this group. Results for the economically disadvantaged Corps members were quite positive, however. The economically disadvantaged youths in the residential CCC program showed large and statistically significant earnings gains of \$678, on average, over the first year after leaving the program. The fact that these effects were strongest in the last months (months 7-12) of the post-program period suggests that the gains may have continued. High school dropouts showed earnings gains of just under \$500 in the post-program year, but the finding was not statistically significant. Earnings gains for dropouts in post-program months 7 -12 were large and statistically significant, however.

³ Details on the measures and findings can be found in Ball, Gerould and Burstein, 1980. A growing body of research in the U.S. documents the results of efforts to assess and measure the quality of work experience provided employment programs. In addition to the studies evaluating the quality of the work experience in the youth programs discussed in this paper, several evaluations of welfare-to-work programs for the AFDC population also assess worksite quality in adult work experience programs which mandate participation as a condition of welfare benefit receipt. For summaries of the findings and methodology, see Gueron, 1987; and Brock, Butler and Long, 1993.

The evaluation also looked at non-economic outcomes relating to changes in Corps members' attitudes. It found positive effects on the residential youths' feelings of self-worth relating to their physical condition, attitudes about non-traditional jobs for women, attitudes about recycling and littering, and interest in increasing others' awareness of environmental problems. Since little or no change was found on the issues that the CCC addressed only implicitly, the researchers concluded that changing attitudes requires "deliberately planned and implemented program activities," not just the creation of an environment which is generally conducive to change.

Analysis of the quality of the CCC worksites concluded that corps members were given meaningful work opportunities which produced work of considerable monetary value. Close supervision required enrollees to be productive and uphold strict work standards. The lack of long-term post-program data makes it impossible to determine whether the CCC work experience provided on-the-job training that increased employment skills. They note, however, that "skills training is largely incidental." The finding of increased hours of employment but not increased wages is consistent with the interpretation that the program teaches enrollees to work but does not build skills.

Evidence on the ratio of benefits to costs in the CCC program is inconclusive because the data were insufficient to measure them fully. However, the calculated value of the work produced and the in-program benefits to corps members suggests that the CCC represents a successful social investment, although questions have been raised about some of the assumptions.

The researchers concluded that the CCC results, like the Supported Work findings, indicate that "well-supervised and structured work experience is not enough to produce lasting effects on youth's employability." They suggested that more attention should be given to educational remediation, job search assistance, and job development, and to increasing retention in the program.

A.5.4 Youth Corps Programs

Although federal funding for CETA youth corps programs was eliminated between 1981 and 1984, a number of states and localities continued to operate such programs. A recent survey of Service Corps programs reported that about 120 state and locally-sponsored youth corps programs were in operation, with an annual enrollment of 26,000 youths nationwide (Jastrzab et al., 1997). (Federal support for such projects has also revived in the 1990s.) According to this survey, participants in youth corps programs (which are mostly non-residential) are typically educationally or economically disadvantaged youths, aged 18 to 25. Participation is typically full-time, and designed to last between 6 to 12 months; average participation is about 4-5 months. Participants work in teams with 8 to 15 members on community service projects. Corps members generally spend about 80 percent of their time on the community projects and the rest in education or other developmental activities. They are paid a stipend, usually equivalent to the minimum wage; in some programs, completers are eligible for post-program educational stipends for cash bonuses.

An intensive study (Jastrzab et al., 1997) of eight youth corps programs showed that staff of the sponsoring agencies were satisfied with the quality of the work performed (most of which

was in human services, housing reconstruction, education or environmental projects). They also indicated that most of the work would not otherwise have been done. The estimated value of the work averaged \$13 per service hour (using a supply price methodology) or about \$8,000 per participant.

An impact analysis (Jastrzab et al., 1997) using an experimental design was conducted at four large and well-established youth corps sites where 626 program applicants, aged 17 to 26, were randomly assigned to a treatment or control group. Most of the sample members (who entered the program during the 1993-94 funding cycle) were educationally or economically disadvantaged and persons of color; 56 percent were high school dropouts, and 80 percent had no work in the year prior to enrollment.

The study reports the following statistically-significant impact findings, based on a 15-month follow-up period after program entry, which includes in-program as well as post-program employment and earnings. Counting work done in the Corps, almost all the corps members had been employed at some point over the 15 months, compared to about three quarters of the control group. Corps members also worked more hours, on average, over the 15 months (2,000 hours compared to less than 1,500), and reported lower arrest rates than the control group (12 percent versus 17 percent). Corpsmembers were less likely than control group members to receive a certificate or a diploma from a technical school, however (8 percent compared to 13 percent).

In contrast to the findings in evaluations of some similar programs, youths who had dropped out of high school were not helped more than high school completers, the study found. Race and ethnicity did affect program outcomes, however. Researchers found large and positive employment and earnings impacts for African-American men, but earnings and employment losses for white males. Over the 15-month follow-up, African-American men in the experimental group had higher employment rates than the control group (91 percent versus 62 percent). The \$705 earned per month, on average, by the black males in the experimental group was one-and-half times larger than the average monthly earnings of their counterparts in the control group, as was the average total number of hours worked (1,810). Researchers explain the positive findings for black men and negative results for white men by noting that black men have very limited opportunities for employment if they are not enrolled in the program, while white men have more access to employment that pays better than the minimum wage positions provided through the Youth Corps. The youth corps programs also produced statistically significant gains for African-American men along several measures of personal and social responsibility and civic involvement.

A cost-benefit analysis (Jasztrab et al., 1997) was conducted at the four impact sites. It found that, when the value of the work produced and the increased earnings of the participants were counted, the programs produced a net benefit to society of almost \$600 per participant in the short-term.

Although the impact findings are encouraging, especially for African-American males, it should be stressed that the results include both in-program and post-program effects. Post-program impacts are not reported separately. If the average length of stay were the 4-5 months reported for all Service Corps programs, then this post-program period was only about 10

months, on average. Several programs reviewed above found in-program effects that did not translate into statistically-significant post-program effects.

The researchers believe that the following aspects of the program were important to its success: the provision of an intensive program with a comprehensive array of services, including education and counseling; case managers who coordinated service delivery rather than just referring corps members for services; the provision of meaningful work experience; and the incorporation of principles of youth development into the program offerings. (Youth development principles are discussed in more detail in section A.9.)

A.5.5 OJT programs

As noted, one of the studies on the effectiveness of CETA found positive, statistically significant impacts for young women in the OJT component. The National JTPA Study showed no positive effects for youths who were recommended for the OJT/job search service stream in JTPA, although there were positive impacts for the adults recommended for this strategy; for adult women, the impacts were always statistically significant (Bloom et al., 1994). OJT programs which subsidized part of the wages paid by private employers to new hires who were AFDC recipients have also shown positive impacts for long-term adult welfare recipients in two early welfare-to-work state programs (Gueron and Pauly, 1991). A recent review of these findings and evaluations of other OJT programs suggests that combining wage subsidies with training and/or job development is an effective strategy for increasing the earnings and employment of disadvantaged adults, especially female AFDC recipients (Katz, 1998).

A.6 Evidence from job search assistance and job placement programs

A few job search assistance programs which provided out-of-school youths with a variety of job search and job placement assistance, including simulated interviews, seminars on job-search techniques, job readiness classes, career information, job counseling and help in making contact with potential employers, were evaluated in the late 1970s and early 1980s. The evaluations found short-term increases in employment and earnings among program enrollees, but the gains were not sustained over the long term. By the end of a two-year follow-up period, there were no effects (Betsey et al., 1985; Cave et al., 1993).

In contrast, random assignment evaluations of job search assistance programs operated by states in the early 1980s for single parents (mostly women) receiving AFDC found modest effects on employment and earnings that persisted for as long as five years (Friedlander and Burtless, 1995). (Some required welfare recipients to participate, others did not.) The programs had little or no impact on the type of jobs that participants got or their overall well-being, however.

A.7 Effects of wage subsidies on private sector hiring decisions

Several programs in the U.S. have offered tax credits or wage subsidies to private sector employers who hire economically disadvantaged youths. Studies have found that the response

rate fluctuates with the size of the subsidy, and that, overall, the “take-up” rate has been generally low, even when the available subsidy is 100 percent of the placement wage. Nevertheless, the strategy does appear to result in some net job creation among the target group of disadvantaged youths.

A.7.1 Employer take-up rates

Evidence from several programs suggests that a substantial proportion of employers who hire workers who are eligible for tax credits or other subsidies fail to claim them. A program called JOBS that operated in the late 1960s and early 1970s offered employers reimbursements which averaged about \$3200 per placement if they hired poorly educated youths from poverty backgrounds.⁴ The program was well-advertised, and subsidies were provided for about 93,000 positions in the peak year of 1971. Nevertheless, only about a third of the employers who hired a youth from the target group actually took advantage of the subsidy (Katz, 1998). Similarly low utilization is evident in the 1970s Work Incentive Tax Credit program, which offered a tax credit to employers who hired AFDC recipients enrolled in the Work Incentive program. Only 20 percent of the WIN enrollees who are known to have entered employment during a year when the credit was in effect were ever claimed as tax credits (Katz, 1998).

Evidence from the Targeted Jobs Tax Credit program

More extensive information is available about the use of the Targeted Jobs Tax Credit, the major U.S. tax credit subsidy available to employers who hired members of specified disadvantaged groups – among them economically disadvantaged youths. In operation for most of the period from 1979 through 1994, TJTC initially offered a tax credit of up to 50 percent of the wages paid in the first year of employment for new hires and 25 percent of wages paid in the second year. Subsequent legislation lowered the subsidy rates and placed more restrictions on eligibility among the target groups. (TJTC has been replaced by a work opportunity tax credit which offers subsidies to employers who hire long-term welfare recipients.)

Throughout its history, the majority of TJTC certifications were for youth hires. Nevertheless, as with the other subsidy programs just described, the employer take up rate was relatively low. It is estimated that, from the mid-to the late-1980s, only about 9 percent of the economically disadvantaged youth who were eligible for the TJTC and employed had actually been hired under the credit (Katz, 1998). The fact that employers hire workers who are eligible for a tax credit but fail to claim it suggests that it does not provide an incremental incentive for hiring such workers, and that the financial reimbursement may not be sufficient compensation for the administrative burden involved in claiming it.

Other evidence suggests that the knowledge that a job applicant is a member of a target group which is eligible for a wage subsidy might have a stigmatizing effect and thus provide a disincentive for private sector employers to hire the individual. Evidence supporting this theory comes from experimental research on the use of TJTC in Dayton, Ohio (Burtless, 1985). Adult welfare recipients who were eligible for TJTC or the WIN tax credit were assigned to one of three groups. The first group was given vouchers that entitled prospective employers to

⁴ This JOBS program is unrelated to the JOBS program operated for AFDC recipients in the late 1980s and 1990s.

a cash rebate subsidy. The second group received vouchers that entitled employers to the TJTC or WIN tax credit. Members of both groups were encouraged to distribute explanatory information about the wage subsidy or tax credit to employers. Individuals assigned to the third group were eligible for WIN and tax credits, but not informed of their eligibility.

The result of the experiment was that the members of the two groups who were encouraged to market their eligibility for an incentive or wage subsidy were significantly less likely to find employment than those in the third group who were not informed of their eligibility. Similar results are reported in a random assignment experiment conducted in the early 1980s by the Wisconsin Department of Health and Social Services (cited in Katz, 1998). In this experiment, welfare recipients, ex-offenders, and handicapped members of the research group that was trained to market their eligibility for TJTC to employers had lower employment rates than their counterparts in the control group who were not so trained. Katz cautions that it is not clear whether the results are applicable to TJTC-eligible youths.

Despite the evidence that only a small proportion of private sector employers who hired youth who were theoretically eligible for the TJTC actually claimed it, a new analysis (Katz, 1998) of the employment rates of disadvantaged and non-disadvantaged 23-24 year old youths in the years before and after TJTC restricted eligibility to 18-22 year olds (until 1989, 18-24 year olds were covered by the program) suggests that the restrictions on TJTC eligibility reduced employment among disadvantaged youths by 3.4 percentage points or about 8 percent. Economist Lawrence Katz concludes, therefore, that TJTC appears to have had “modest employment effects” on economically disadvantaged youths.

Evidence from YIEPP

Additional information about employer use of subsidies is available from the YIEPP evaluation described above (Ball et al., 1981). Over the course of the demonstration almost 6,000 of the 11,000 work sponsors were private sector employers, and they provided nearly 20 percent of the job hours that youth worked. As explained, YIEPP work sponsors had to provide full-time work during the summer months, and part-time work during the school year. The participating firms in YIEPP were typically small retail or service firms located in the communities; it proved difficult to recruit large firms and manufacturing establishments.

YIEPP provided the wage subsidy under extremely favorable conditions: in all but one site, employers were eligible for a 100 per cent subsidy for the first year of employment. In addition, since the youths were paid from a central payroll administered by the local government unit which operated CETA programs, participating employers encountered virtually no administrative burden; they did not have to deal with wages, taxes, or retrospective tax credits. (The subsidy amounted to \$2500 in 1980 dollars if a youth worked the maximum allowable hours.)

Even so, the employer take-up rate was low, and intensive work by program staff was required to develop and maintain the private sector positions. A wage subsidy variation experiment carried out in two sites when the Entitlement target areas were expanded in early 1980 suggests that lowering the subsidy rate would have substantially reduced private employers' willingness to participate (Ball et al., 1981). In Detroit, staff listed over 1,000 private businesses that had not served as Entitlement sponsors. The list was randomly divided into

two groups: employers in one group were offered a 100 percent subsidy by the job developers; firms in the other group were offered a 75 percent subsidy. In Baltimore, firms on one side of town were offered a 100 percent subsidy by job developers, while firms on the other side of town were offered a 50 percent subsidy. (The study measured only whether employers were willing to hire a youth under the conditions offered; it did not measure the actual rates of hiring.) Lowering the subsidy rate substantially reduced employer interest in becoming a work sponsor: when offered a 100 percent subsidy, 18 percent of the firms which were contacted said they would hire an Entitlement youth; the commitment rate fell to 10 percent when the subsidy was set at 75 percent, and to 5 percent when the subsidy was set at 50 percent.

When asked why they had agreed to participate, employers volunteered two principle reasons: they were interested in helping a disadvantaged youth, and they found the relatively low labor cost appealing. More firms cited the altruistic reason than the reduced labor costs as their primary consideration. Those who declined to participate said most frequently that it was because they did not have enough work, or only had work that required higher skills than a youth was likely to have. Very few employers mentioned red tape or administrative burdens as a reason for non-participation.

The YIEPP research also found that the challenge of developing private sector placements was intensified because not all employers who hired a youth continued to participate in the program. A survey of private sector work sponsors in YIEPP found that, over the course of a year, about 17 percent of the private sector employers who hired a youth chose to stop participating in YIEPP.

Stressing the difficulty entailed in recruiting and retaining private sector work sponsors even with a 100 percent subsidy, the YIEPP evaluation concluded that “most private firms will play only a limited role in providing training and jobs for unskilled, disadvantaged youths” (Gueron, 1984).

The YIEPP evaluation also analyzed the effect of the program on net job creation and found that, overall, YIEPP resulted in creating new jobs rather than simply substituting Entitlement jobs for jobs the youth already had. The impact researchers calculated that every one and 2/3rds positions funded by Entitlement created one new job for the eligible youth population. The net job creation effects were substantially higher in the public sector than in the private sector (Gueron, 1984).

A.8 Lessons on the effectiveness of mandatory programs versus voluntary approaches

A.8.1 Evidence from mandatory programs for youth

Most youth employment programs in the U.S. have been run on a voluntary basis, so there are no direct tests of voluntary versus mandatory approaches. The few exceptions to the voluntary rule are “learnfare” or welfare-to-work programs which mandate, as a condition of welfare receipt, that teens in households that receive AFDC or young mothers on AFDC attend school or participate in education, training, or job search assistance. The target group for such programs – principally young mothers with young children - is different from that of the British New Deal for young unemployed people, but the impact and implementation findings

are useful for understanding some of the implications of mandating participation in the NDYP program.

Learning, Earning and Parenting (LEAP) Program

Ohio's LEAP (Learning, Earning and Parenting) Program required pregnant and parenting teens who had not graduated from high school or attained a GED to stay in school or enroll in a program leading to a high school diploma or GED. Teens who met the enrollment and attendance standards received an additional \$62 in their welfare check each month; those who failed to meet the standards were subject to a "sanction" which deducted \$62 from their grant for each month they failed to comply. (A typical monthly grant was \$274.)

A rigorous evaluation of LEAP – based on a sample of about 4,000 teens who were randomly assigned, in 1990 and 1991, either to an experimental group which was subject to the LEAP requirements or to a control group which was not -- found positive impacts on the schooling and employment of sample members who were still in school when they entered the program. Three years after they entered the program, 66 percent of the in-school youths had completed high school, received a GED, or were still in school, compared to 57 percent of the control group members (Long et al., 1996). In the fourth year of follow-up, the employment rate of the youths who were still in-school when they enrolled in LEAP was higher than that of their control group counterparts (65 percent compared to 60 percent) (Bos and Fellerath, 1997). Small but statistically-significant positive impacts on earnings were found in the first two years of follow-up for this group, but did not persist because the control group earnings caught up with those of the experimental group in the final two-years of follow-up. Over the four years, the members of the experimental group who were still in school at program entry earned a total of \$4,862 (\$544 more than their control group counterparts).

For the youths who were not in high school or a GED program at baseline, LEAP showed no statistically significant impacts on school completion, GED attainment, or employment. During the fourth year of follow-up, 56 percent of these experimental group members were employed, compared to almost 59 percent of their control group counterparts (Bos and Fellerath, 1997). Moreover, sanction rates were considerably higher for the older, out-of-school group: while less than two-thirds of the in-school group were ever referred for a sanction, more than three-quarters of the out-of school group qualified for at least one sanction, and 22 percent qualified for nine or more sanctions and failed to receive any bonuses. Almost 60 percent of those who had been sanctioned at least four times indicated that, because of the reductions in their benefits, their families had fewer essentials, such as clothing, food, and medicine (Long et al., 1996). Overall, LEAP teens experienced a net loss of more than \$1,100 in income during the four year follow-up period, because losses in welfare benefits was not offset by earnings gains (Bos and Fellerath, 1997).

The Teen Parent Demonstration

The design of the Teenage Parent Demonstration (TPD), which operated between late 1987 and mid-1991 at three sites in two states, is closer to that of Britain's New Deal for young unemployed people, although the target group is different. TPD required all teenage mothers with only one child who were heads of household and new to welfare to enroll in an education program or a skills training program or find a job. (For those who had not completed high

school, the focus was on enrollment in high school or a GED program.) Support services, including transportation, child care, and counseling, were also available. Teens who failed to comply received a reduced welfare grant, reflecting the loss of the parent's portion of the grant (typically, a reduction of about \$160 per month).

TPD was evaluated using a rigorous experimental design. Of almost 6,000 eligible teens, almost 5,300 (about 90 percent) completed intake into the study. These teens were randomly assigned either to an experimental group which was mandated for the enhanced services and subject to sanctions for noncompliance, or a control group which received regular AFDC services. Researchers concluded that it is possible to operate large-scale, mandatory work-related programs for teenage parents and achieve "relatively high" participation rates (Maynard et al., 1993). Over the first two year of follow-up, TPD significantly increased participation in employment-related activities: 79 percent of the experimental group participated in education, training, or employment, compared to 67 percent of the control group members. Most of the gain was in school enrollment (41 percent compared to 29 percent), but enrollment in job training (27 percent compared to 23 percent) and job search programs (25 percent compared to 7 percent) also rose, as did the percent employed (48 percent compared to 43 percent).

However, after four years of operation, the TPD program ended and the early impacts on participation in employment-related activities faded when enrollees transitioned back to regular AFDC services and requirements (Kisker et al., 1998). The percentage of experimentals ever employed within five years after random assignment was significantly higher than the rate for the control group (between 75 and 78 percent, depending on the site, compared to between 70 percent and 76 percent). However, there was no difference in the employment rate by the end of the fifth year. Nor were there any sustained positive effects on average earnings. Among both the experimental and control groups, average earnings were low, and employment was not steady.

The evaluation notes that the TPD participation requirements and sanction policy became "very constructive case management tools" which facilitated the staff's ability to involve the youths and maintain participation over time (Maynard, 1993). Nearly two-thirds of the enrollees responded only after being threatened with a sanction. Just over 60 percent were warned about receiving a sanction at least once, and more than a third were sanctioned at least once. Even so, spells of inactivity were common among the enrollees, and those who were high school dropouts at entry into the program had lower participation rates than those who were still in school or who had completed high school (30-35 percent in a given month, compared to 40-50 percent). About 30 percent of the sample were high school dropouts at entry.

Two things were important to the successful implementation of the mandatory requirements, the researchers stress (Maynard, 1993): adequate staffing to monitor and follow-up with enrollees, and a range of education and training offerings, including quality alternative education programs for those who had not succeeded in regular schools. "Strong case management" was viewed as a "cornerstone" of the program, needed to identify appropriate activities, individualize services, provide support and encouragement, resolve problems, and monitor participation.

A.8.2 Non-experimental evidence on the importance of program retention

A question is whether participation mandates can substantially increase active or ongoing participation over time – thus substantively increasing the “amount” of an intervention that enrollees typically receive - rather than just raising “ever participated” rates. Average length of stay in programs like JOBSTART, Supported Work and the Job Corps, for example, is typically between 6 and 7 months. This matters because there is some evidence to suggest that, in programs that are designed to be intensive, program effectiveness is enhanced if participants remain longer in the program and thus experience more of the intended treatment.

For example, enrollees who participated for longer than four months in the California Conservation Corps (which was designed to be a 12-month program) showed post-program earnings gains and increases in the total number of hours worked, while those who stayed less than four months did not. Thus, JTPA-eligible corps members who stayed in the CCC for longer than four months had statistically-significant earnings gains of \$1200 over the first year after leaving the program, while those who left the program before four months showed gains of less than \$300. Similarly, high school drop outs who stayed longer than four months, had statistically significant earnings gains of \$1300 in the first post-program year, while those who left in less than four months showed an earnings loss of \$80 (Wolf, Leiderman and Voith, 1987).

The Job Corps evaluation (Mallar et al, 1982) also noted a “substantial, positive correlation” between the estimated program impacts and the proportion of the program which was completed. Impacts for the group which completed the full program were typically more than twice as large as the average gain in employment and earnings and reductions in welfare receipt among the full sample, while those who dropped out of the program early showed almost no gains at all. Researchers conclude that increasing the average length of stay and program completion rates would increase the effectiveness of the Job Corps program.

Similarly, in JOBSTART, non-experimental analysis (Cave et al., 1993) suggested that longer participation was associated with higher impacts on post-program earnings. The data suggest that there were negative post-program earnings effects on youths in the lowest third on hours of participation; youths in the middle third had modest positive impacts; and those in the top third had very large positive impacts.

All these evaluations urge caution in interpreting these findings and stress that the conclusions are tentative at best, because they involve estimating impacts for subgroups that are defined by behavior that occurs after random assignment. This possibly introduces selection biases that may not be eliminated by statistical techniques. For example, those who stay longer in the program may be more likely to be successful in the labor market even without the program. Despite this caution, researchers recommend developing strategies to increase program retention.

A.9 Emerging emphases in youth programming in the U.S.

Several recent papers by youth policy experts draw lessons from the U.S. research record about designing more effective programs for older out-of-school youth (Walker, 1997; Ivry, 1997; Long, 1998). Current thinking stresses that the obstacles such youth have to overcome in the

labor market – lack of skills, work experience, and connections to work -- are compounded by family and neighborhood conditions, and successful employment programs for this population must pay attention to and deal with the effects of that larger context. Recognizing that the problems do not lend themselves to “quick fix” ameliorative strategies, policy experts suggest that the following principles should be reflected in employment programs for older, out-of-school youth. They caution that programs which incorporate them are not guaranteed to be successful, but programs which do not reflect them are not likely to make much of a difference in enrollees’ lives.

- *Programs should integrate basic education with skills training or work experience, provide alternative education opportunities, and link job training or work experience to “real world” employment opportunities and employers .*

Integrating basic education into job skills training courses - as is done in the Job Corps and the CET program – appears to fit the learning style of many youth. Such “contextual learning” seems to make the academic work more relevant and keep the youth focused on the goal of employment. Requiring enrollees to gain education credentials before moving into skills training – especially if the education is provided by a different organization than the training component - seems to work less well. At the least, the education component should provide opportunities for alternative learning environments, rather than returning the youths to a traditional high school setting, and the job training and work experience components need to develop connections to employers and employment opportunities in growth sectors of the local economy.

- *Programs should offer opportunities for youth to have sustained involvement with and support from caring adults.*

The critical importance of on-going interaction with adults who can serve as mentors and help maintain the youth’s connection to the program, deal with personal and familial stresses, and overcome the potentially negative influences of peers and neighborhood, has been highlighted in several evaluations of programs for in-school youth as well as out-of-school youth. Experience suggests that a variety of staff and volunteers (e.g., teachers, counselors, case managers, work crew supervisors, “big brother/big sisters,” “community women”) can successfully fill this critical role, but will require training and support to do it well.

- *Programs should offer on-going support that can continue after the initial placement in a job, through several jobs if need be.*

Many youth exhibit a pattern of moving in and out of jobs. To boost job retention, smooth the transition between jobs, and help youths move from entry-level jobs to more advanced positions, programs should continue to provide opportunities for former enrollees to talk with staff and get job search or job placement assistance or counseling for some time after they leave the program.

The youth policy experts also note that some youth who are very disconnected from mainstream society will require additional supports in order to be successful in an employment program and in the labor market. Human development theory and programmatic experience in youth employment suggest that such youth will benefit from:

- *motivational strategies that recognize and encourage individual achievement.*

Recognition of good performance should mark interim successes, accomplishments, and progress along the way to a final outcome. This practice can increase youths' feelings of self-esteem and help address retention problems in lengthy programs. A system of financial incentives and penalties is one way to do this.

- *connections to outside providers for help in meeting basic needs.*

Youths who are living stressful economic and personal lives may require extra help dealing with housing problems, obtaining food and clothing, getting medical care, or coping with personal issues. Program staff should be able to connect them to the appropriate services, and may need to monitor that they are receiving the assistance they require, not just make a referral.

- *opportunities for leadership development and civic engagement.*

Youth who suffer from social isolation as well as a lack of connection to the labor market need to develop interpersonal skills and "life" skills. They may therefore benefit from opportunities to act as part of a team, develop leadership, and receive peer support. Efforts to build connections through civic involvement and service to others (as in youth corps programs) can help youths develop a positive self image through being useful to others and overcome their deeper disconnection from mainstream institutions and values.

YouthBuild is a promising model of a program which embodies the principles and elements just described. The program, which was operated in 108 locations in 1996, is designed to address the developmental needs of disadvantaged youth (aged 16-24) while providing work experience and training and educational remediation. It has achieved considerable operational success but its ability to improve labor market outcomes has not been rigorously tested. (See Ferguson and Clay, 1996, and the description in Sum et al., 1997.)

Enrollees in YouthBuild spend up to 12 months on work projects in their own communities, rehabilitating abandoned buildings or constructing new housing for homeless or low-income people. The work gives them opportunities to develop marketable construction skills, handle work-related problems, demonstrate leadership, and develop satisfaction and self-esteem from helping others. Half the enrollees' time is spent working towards a GED or high school diploma in alternative education classes which incorporate individualized instruction and peer support. Youth Build also provides individual and group counseling, life skills training, job placement assistance, and follow-up counseling for up to two years after a youth leaves the program. It seeks to develop a kind of "mini-community" among participants who enter as a cohort and work and study in small groups, in order to provide a different environment from that which the youths previously experienced in their schools and neighborhoods. YouthBuild emphasizes leadership development and civic education by giving the youths a voice in decision-making and other responsibilities in the program – e.g., the enrollees set the rules for the group and plan and carry out activities.

A.10 Conclusions concerning the U.S. evaluation evidence

This part of the literature review has identified several U.S. programs, for similar groups to those targeted in the British NDYP, that showed sustained earnings and employment impacts in reliable evaluations which utilized a rigorous experimental design or a carefully constructed comparison group:

- The **Job Corps**, an intensive and mostly residential program which provides a combination of basic education, vocational skills training, life skills instruction, work experience, and a variety of support services to quite disadvantaged youths;
- The **Center for Employment Training** in California, which integrates skill training with basic education, allows enrollees to move ahead at their own pace, and involves local employers in the design and delivery of its skill training courses;
- **Work experience** programs that integrate work with education and are based on a **service corps model** have shown promising short-term results, but do not provide evidence about long-term effects.

On-going evaluations of the Job Corps and the CET model should yield additional information about the effectiveness of these approaches.

Other findings that seem particularly relevant for the implementation of the British New Deal for young unemployed people include:

- It has been difficult to interest private employers in hiring disadvantaged youths, even when the government is willing to underwrite 100 percent of the wage costs. When the offered subsidy rate was reduced, the employer take-up rate also fell. Other evidence suggests that employers have been reluctant to make use of tax credits which can underwrite part of the cost of hiring workers who are members of specified disadvantaged groups.
- It has proven especially difficult to engage older, out-of-school youths in education or employment-related activities in programs which required participation as a condition of welfare receipt as well as in programs where youths could choose to volunteer.
- Although a test of a mandatory approach for a youth population comparable to that targeted in Britain's NDYP is lacking, mandatory programs for young teen mothers on welfare have been shown to increase participation levels in employment-related activities (mostly education), but not to produce long-term increases in earnings.

It should be stressed again that all the evaluations reviewed here measured the incremental effects of the tested intervention against those of other available services rather than creating a situation in which control or comparison group members were ineligible for existing services. The programs would probably have produced larger impacts if the members of the control or comparison group had received no services, or were ineligible for the government-subsidies

and government-funded jobs which were available to disadvantaged youths at the time the intervention was tested.

B. Micro-evaluation of labour market programmes in European countries

B.1 Introduction

As indicated in the general introduction to this report, this is a selective review of recent European literature on the impact of labour market programmes for young people. The basic criteria for selection of studies for the review have been set out in the general introduction. Only studies reported in English, French or Italian have been included. This is unlikely to have been a major limitation, because most econometric studies are published in English.

Few evaluations of labour market programmes in Europe have used the random assignment method which is dominant in the USA. For the most part, the evaluations have been based on participants who have chosen or been selected into programmes, who are compared with non-participants. The characteristics which determine whether or not individuals participate may bias the outcomes of the evaluation (for instance, those taking part in training programmes may tend to be those who already have educational qualifications, while the non-qualified abstain from them). Most European studies that address this issue have relied on statistical methods to adjust for the potential bias (matched comparison groups, to remove bias through sample construction, have mainly been used in Britain). There are however several practical difficulties associated with these methods, which have probably until recently been underestimated: for example, if some types of participants are not represented in the non-participant group, statistical adjustment will be ineffective (Heckman et al., 1998). Since these potential complications are often not discussed in the research papers, the reliability of the European evidence is more difficult to assess with confidence, relative to US evidence based on random assignment methods.

Another limitation is that many of the European evaluations lack background information about either the participants, or the content and nature of the programmes, or both. If we excluded all the studies with poor descriptive information, there would be rather few studies left for the review.

Despite these limitations, some of the European studies have distinctive strengths. Some of them, especially in the Scandinavian countries, have very large samples with impressive administrative data. Some, especially in Britain, collect and analyse many more explanatory variables than in the USA, and these can assist in understanding the process of re-employment.

Because the European programmes and evaluation studies are fewer and more diverse than in the case of the USA, it has not been possible to use the same thematic structure here. Instead the approach adopted here is to present country-by-country descriptions for each broad type of programme, and include a short round-up of thematic points after the country descriptions. Summary tables will be found for the European material in the Conclusions, and a reference table by country is provided in Annex 2.

B.2 Overall investigations of labour market programmes for young unemployed people

For this review, the main interest is in studies which focus on particular types of programmes which are relevant to aspects of NDYP. However, two studies which have adopted a broad perspective on youth labour market programmes as a whole offer a preface to the European review.

A study of the Norwegian youth labour market (Hernaes and Raaum, 1996) investigated why young people appeared to exit unemployment more rapidly than older groups. It took a large flow sample of those entering unemployment in October 1990 (18,000 people) and analysed the duration to various types of exit - to jobs, to inactivity, and to programmes. Contrary to what the simple descriptive statistics appeared to tell, it was found that young people actually took considerably longer than older people to exit to a job, and this adverse difference could only to a small extent be explained by lack of work experience or lower educational qualifications. The reason why young people appeared to exit more rapidly from unemployment was that many of their exits were to labour market programmes, which removed them from registered unemployment, and in which young people participated to a greater extent than older age groups. If unemployment spells and spells in programmes were summed, then the different age groups would spend about the same time out-of-work.

One of the most elaborate studies in the programme evaluation literature is that of Bonnal et al. (1994) of youth programmes in France. In part, this results from the complexity of the French system of youth labour market programmes. The authors attempt to model the links between three successive transitions in the labour market, although to simplify matters somewhat they confine the analysis to young men. What is shown in this study is the effects of programme participation at two removes, rather than just at the immediate transition. When a programme is followed by a job, that job is less likely to be followed either by unemployment or by another job, but more likely to be followed by further assisted employment or training. In other words, youth programmes in France tend to initiate a cycle with alternating movements between jobs and programmes. This pattern may perhaps result from the wide range of provision available in the French system, so that its possibilities are not exhausted by a single period on a programme. When a programme is followed by unemployment, then what happens thereafter depends on the type of programme; those variations which can be traced to particular types of programme will be described later.

The Norwegian and French studies reveal some of the overall complexity of youth labour market programmes, a complexity which is usually ignored in evaluations which focus on a single programme and a single type of outcome. There is no comparable study for the BRITISH youth labour market. However, several studies have provided relatively informal or descriptive information about young peoples transitions or trajectories in Britain (e.g., Banks et al., 1992). These too tend to stress the complexity of trajectories.

B.3 Programmes offering a menu of services

There has been no evaluation of programmes offering a menu of services in the manner of NDYP or several US programmes. It seems unlikely that such programmes have existed in Europe until recently. However, it is worth noting that Sweden, Norway, Ireland and France have all offered rather an extensive range of programmes for young people in unemployment,

although not presented as a menu of services. As already noted, the various routes through programmes followed by different types of young people have been investigated in France, and this research will be discussed further in the next sections. The Irish research compares two types of youth programme, training and temporary job creation, which were studied in parallel. One Swedish study (Ackum, 1991) also compares the effects of different types of youth programmes.

B.4 Evidence from training programmes

The larger part of the evidence concerning European labour market programmes for young people concerns those which offer training. This presumably reflects the major share in active labour market programmes taken by training. Although some of the available studies concern training programmes in general, rather than youth training programmes specifically, they are generally relevant to youth issues since young people are more likely to take part than older workers. Some studies which cover all age-groups show results separately for younger groups or indicate that the majority of expenditure is directed towards younger groups.

This section will be divided as follows. First, the main findings will be described country by country, with Britain coming last. There will then be a thematic discussion which cross-cuts the country findings, and the themes will as far as possible be linked to aspects of New Deal for Young People (NDYP). A similar structure, with some simplification of the thematic discussion, will be followed in the later sections of evidence. Unfortunately, several of the aspects covered in the US evaluation are completely missing from the European studies, so it has not been possible to adopt the same sequence as in the US review.

B.4.1 Country results

Sweden

Sweden is a country by reputation strongly linked with the use of active labour market programmes for many years. People who remain unemployed for one year are required to enter a programme, and this has included a large element of training or re-training.

The majority of the original evaluation studies exist in Swedish language sources only, but there have been two reviews in English, by Björklund (1994) and by Forslund and Krueger (1997). Both these reviews came to the conclusion that there was no clear evidence of a positive impact from the training programmes. Björklund considered three studies which produced a range of estimates of the net employment effect of from 2 to 8 percentage points, but only the highest figure was statistically significant. Forslund and Krueger focused mainly on earnings as an outcome measure, for which they found five relevant studies. Only one of these produced a significantly positive result, and this was an earnings gain slightly below 2 per cent. The remaining results were not significantly different from zero, and three were actually in the negative direction.

These results relate to all training programmes rather than to youth training as such. However, youth unemployment has always been a large element of unemployment in Sweden (with generally a ratio of about 3:1 between the youth unemployment rate and the overall

unemployment rate). A study which explicitly focuses on youth unemployment is that of Ackum (1991). She used a sample of 900 16-24 year olds drawn from Stockholm, and compared the subsequent effects on earnings of time spent in schooling, unemployment, training programmes, temporary work programmes, and normal employment. Time spent in training programmes was found to have no effect on earnings by comparison with being unemployed.

Norway

Although training programmes have not been as long-established in Norway as they were in Sweden, they were greatly expanded in the late 1980s. Several studies in the 1990s have attempted to assess the effects of training. The study of youth labour markets by Hernaes and Raaum (1996), which has already been alluded to, generated estimates of the time taken to enter a job, for a late 1990 inflow cohort to unemployment, for those who did and did not take part in a labour market programme. Although this covered all programmes, not just training, it seems likely that training would be the major element (Torp (1995) indicated that in 1988 training expenditure was more than four times that for job creation). It was shown that time-to-a-job was substantially longer for participants than for non-participants, and this was the more so for people aged 20-24, who took part in programmes more than other age groups. It is important to note, however, that the time spent on programmes was included in time to enter a job, whereas some other studies have measured job entry time from the point where the individual leaves the programme. If the programme time were excluded, then the results would be broadly consistent with labour market programmes having a zero effect.

An earlier study by Torp (1994) focused exclusively on training programmes in Norway, but did not give separate results by age group. The study took an outflow sample of training participants and measured employment over the following 12 months against a comparison sample. The results indicated that training could have a positive effect, but also indicated that in practice this existed only for a minority of courses that had a duration well below or well above the average, with typical courses of 10-20 weeks having no effect or even a somewhat negative effect. In any case, there are some doubts about the appropriateness of the comparison group used. In essence, a flow sample of participants was compared with a stock sample of non-participants, and this could bias the training effects in a positive direction⁵.

A third Norwegian study, that of Raaum and Torp (1996), avoided this potential sampling bias by comparing an inflow of training participants with applicants of the same period (quarter by quarter) who were unsuccessful in gaining a place. For a minority of the courses, moreover, the allocation of places was randomised, and this reduces further any bias in the comparisons (although, as explained by the authors, it does not wholly do so, since non-cooperation with the experiment in some areas reintroduced selection effects). The measure used was earnings in the period from 1.5 to 2.5 years later, an outcome which combines information from amount of employment and wage rate. At a gross level, participants appeared to earn considerably more (20-25 per cent) than non-participants, but this difference was halved in the case of the random allocation sub-sample. Information was available on earnings prior to unemployment, and it

⁵ This is because a stock sample over-represents, relative to a flow sample, those who have persistent long-term disadvantages which it may be difficult to control for in the analysis.

was found that the participants tended to earn more than the non-participants even then⁶. Although it seems likely on the balance of evidence that there were some gains in earnings for the participants, the amount was impossible to estimate with confidence, and may have been quite small.

Denmark

For a third Scandinavian country, Denmark, the main English-language study available (Jensen et al., 1993) relates to the training schemes of the 1976-86 period, when they were generally of short duration (typically, four weeks) and open to employed and unemployed people equally. The study made use of panel data over the 1976-86 period to compare employment rates in each year, for participants with varying amounts of prior unemployment (including none), compared with non-participants in each year. Age groups were not separately considered, but young people are prominent in Danish active labour market programmes for young people so it is likely that these findings are relevant (according to OECD statistics, Denmark spent 0.34% of GDP on youth measures in 1990, the second highest proportion in the EU).

Those with low levels of prior unemployment did not benefit significantly from training in terms of employment, and in the case of women their subsequent employment rates even declined somewhat. However, those with substantial amounts of unemployment made small but statistically significant⁷ gains in subsequent employment. For example, those who had spent more than 40 per cent of the previous year unemployed, and took part in training, improved their employment rate by 3 percentage points in the case of men and by 9 percentage points in the case of women - an average gain across the sexes of 5 percentage points. In view of its short duration, the training was probably cost-effective when focused upon those with the greatest employment problems. However, no unemployed group achieved higher hourly wage rates as a result of participation, whereas employed people did benefit from training in this respect.

In all three Scandinavian countries, a practical problem for programme evaluation is that there is a great deal of provision of other kinds which citizens can draw upon. For example, all three countries, and especially Sweden, have strong traditions of continuing adult education, and many community institutions to assist with employment problems. This high level of educational and labour market support in the background may make it hard for a programme for unemployed people to show a net advantage.

Finland

Although Finland is sometimes classified as a Nordic country, its institutions are considerably different from the three Scandinavian countries and it has had no long tradition of active labour market policy. According to Naatti (1996), Finland's level of spending on training

⁶ For example, in the non-randomly allocated courses, participants subsequently earned 26 per cent more than rejected applicants, but earned 22 per cent more than them before the course.

⁷ As in many of the Scandinavian studies, administrative data were used for this study and the sample size is very large (nearly 40,000 people, observed for up to 11 years), so that statistical precision is high.

programmes during the late 1980s and early 1990s was similar to the EU average. Training varied in length from a few weeks to two years, with an average duration of six months in 1988. Naatti used administrative data to track 96,000 people who were unemployed during 1988, 30 per cent of whom took part in training programmes. Training was provided in local vocational training centres, as well as through employers, but this distinction was not used in the analysis. The outcome variable was months in employment during 1989-1992. It was found that training participants gained 4.8 months of employment in 1988-92. As the non-participants averaged 24 months of employment out of the possible 48, the gain was 20 per cent relative to the non-participants, or 10 percentage points in absolute terms. There was no separate econometric analysis by age group, but the descriptive data suggested that the under-25 age group may have benefited by slightly less than the average, with workers over 45 benefiting the most. Regrettably the proportions of the participants in different age groups was not reported. Another limitation of the study is the lack of consideration of possible selection bias between participants and non-participants in training.

Netherlands

The Netherlands (NL) has a long experience in the use of re-training programmes of various types. The study of Ridder (1986) was important in introducing exit-times from unemployment as an outcome measure for training programmes, but its purpose was mainly methodological so it will not be discussed further in this review. A later study by de Koning et al. (1991) considered the impact of a range of training courses provided at State vocational training centres. The duration of courses was not stated but the average cost per place (in 1986) was said to be about 25,000 guilders, so presumably these were long-period courses. A sample of 500 formerly unemployed trainees was used; the average age was 30, but the proportion aged under 25 is not stated. A comparison group was constructed of people who became unemployed at about the same time as the trainees left the training centres; these were also matched on a range of other characteristics. The study is of interest in that it shows the separate effects of courses in metal working (engineering), building, clerical work, and other occupational subjects. The outcome measure was the exit rate to employment relative to the comparison group.

The results showed that those taking metal working and building courses entered jobs in about half the time that it took the comparison sample. Clerical courses had no impact on the time to enter a job, an outcome which was thought to reflect the recent introduction of these subjects into the vocational centres, and hence a lack of market acceptance. A possible limitation of this study is that the samples were drawn at different stages with respect to the start of their unemployment spells.

Poland and East Germany

Labour market programmes in East Europe are of recent origin. Puhani and Steiner (1997) analysed data from the Polish Labour Force Survey of 1994, and found that following public training programmes in the previous year, there was no increase in the short-term probability of employment. However, a significantly positive training effect of about 12 percentage points

was reported by O'Leary (1998) in a new study of 1995 training participants in Poland, using a matched comparison group design⁸. For those aged less than 30, the gain was somewhat lower, at an estimated 8 percentage points. In addition, O'Leary's study found a 23 per cent improvement in earnings among those who had received training (no separate figure was given for younger participants).

If both these results are valid, it would appear that the effectiveness of training programmes can increase rapidly. Another factor which should also be considered, however, is the rapid improvement in the Polish economy over the 1993-95 period, when GDP growth reached six per cent per annum. This could have created a more favourable environment for all kinds of programmes by creating a tight labour market in which employers would tend to abandon discrimination against unemployed job-seekers.

Lechner (1996) conducted a study of training programmes in East Germany following German reunification. Unfortunately, this study (though methodologically advanced) had a very small sample (103) of training participants. The average age of the sample was 34. The findings were that participation in the training programmes (which were of around 12 months duration) did not improve subsequent employment rates or earnings relative to a matched comparison sample. Although these conclusions have to be viewed with reserve because of the small sample, the author's interpretive comments are interesting. He suggests that the training programmes were of inadequate quality or esteem in employers' eyes, and that subsequently policy has changed to improve quality.

A subsequent study (Kraus et al., 1997), which had more substantial samples at its disposal, tends to confirm this interpretation. After an initial period of two years, the training programmes became more effective. For women, both off-job and on-job training significantly increased the rate of transition into stable employment (defined as remaining in employment for at least one year). For men, only off-job training produced a significant improvement in this outcome measure. However, by this stage the programme was of limited relevance to youth unemployment, since only 11 per cent of participants were under 25.

Ireland

Programmes for unemployed young people formed a major part of labour market policies in Ireland in the late 1980s and 1990s. By 1995 Ireland devoted a higher proportion of GDP to such programmes than any other EU country (OECD statistics). However, much of this expenditure went to temporary job creation (discussed later in this review) and only a minority to training.

An evaluation of youth programmes in Ireland (Breen, 1991) contrasted short-term and medium-term employment outcomes. A short-term outcome was defined as the employment status immediately after leaving the programme, while a medium-term outcome was defined as the status one year later. Two types of programmes were evaluated, training and temporary job creation (some of the latter involved employer subsidies). The historical period of the study was 1983-86, training for young unemployed people was provided for up to six months at this time, and the sample was approaching age 23 at the end of the study period.

⁸ At this stage we have not had access to full statistical details for this study.

The study found that training courses were quite effective in the short-term, raising the employment rates of participants by an estimated 17 percentage points, which was highly significant. One year later, however, the difference, though positive, was smaller and no longer statistically significant. Interestingly, this did not apply to the temporary employment programmes (see section B.5.1). A further event-history analysis showed that jobs which were preceded by participation in a training programme had an increased risk of ending soon in further unemployment. This, again, did not apply to jobs preceded by temporary employment programmes.

France

A limitation of the Irish study, as of the majority of the other studies noted so far, is that it averaged across types of training, which may have varied in length and intensity. One European study which distinguished between several forms of training was the main French evaluation to date (Bonnal et al., 1994). High levels of youth unemployment have been a persistent problem in France, and a complex set of youth training provisions has been developed in response. Bonnal et al. group these into three: longer-term training contracts (which are themselves of three types, varying from 6 months to 3 years in length but with most around 1 or 2 years); SIVP (a special form of contract, lasting 3-6 months, and involving formal training); and other training for wholly unqualified youth, lasting 6-9 months and requiring part-time attendance at a training centre. A fourth type of youth programme, TUC, is also evaluated in the research, but this consists purely of work experience (for 3-12 months) without a specific training content. All these youth programmes involve substantial, but varying, degrees of state subsidy to employers.

The analysis was confined to young men (despite the large amount of female youth unemployment in France). It was conducted separately for those young men with, and those without, a diploma (that is, a vocational qualification gained in the education system⁹) on entry to the job market.

Bonnal et al. argue that a simple single-transition analysis is likely to be misleading because of the high degree of circulation in the French youth labour market between unemployment, programmes, and jobs (the majority of which are temporary). Accordingly they model all transitions over a period of about two years, during which administrative information was supplemented through four tracking surveys.

The central results of this complex analysis concern how the different forms of training affect subsequent transitions. For young men without diplomas, it was found that all forms of training programme increased the chances of moving to a job on a permanent contract¹⁰. There was a clear pecking order by type of training contract, with long-period training first by a large margin, SIVP second, and other training third. SIVP was also effective in moving young men

⁹ In France it is normal for vocational qualifications to be obtained in the educational system rather than in the work-place or by a mixture of workplace and classroom training. Those entering the labour market without such a diploma will generally be the most disadvantaged group.

¹⁰ Permanent and temporary contracts are more clearly distinguished in French labour law and practice than in the UK and permanent contracts are regarded as particularly advantageous.

without diplomas into temporary employment, whereas the long-period and other training made no difference here.

Turning to young men with diplomas, long-period training did assist them to move into permanent jobs but it did make it much less likely that they would move into temporary jobs. Indeed, this group, possibly because of raised aspirations, had the highest probability of entering long-term unemployment after their programme. The relatively short-period SIVP training again performed quite well for young men with diplomas, increasing their rate of entry to permanent jobs significantly; but SIVP was also particularly likely to be followed by participation in a further programme of one type or another.

As might be inferred from the above, SIVP was effective in reducing the incidence of long-term unemployment, for both non-qualified young men (who were assisted to get jobs) and for qualified young men (who went into more programmes if they could not get permanent jobs). The long-period training was effective in reducing the risk of long-term unemployment only for young men without diplomas. The other training programmes were relatively likely to be followed by long-term unemployment among non-qualified young men.

What makes the overall picture particularly complicated is the role of temporary employment. This is the most common destination for young French men in the lower half of the job market. Those participating in any kind of youth programme before entering a temporary job became much more likely, after that job, to enter another youth programme. This could be regarded as a gain (inasmuch as this kept them out of further unemployment), but it also implied continuing dependence on support in the labour market.

Another finding from this study was that relatively short-period training (SIVP) generally performed better than subsidised work experience (TUC). The results for TUC will be discussed later.

Overall, despite its complexity, this study appears to offer positive evidence for the value of training programmes for young unemployed men in France. The study also suggests, however, that strongly positive effects of training were contingent on matching type of person, position in a labour market trajectory, and type of training offered.

Austria

The main evaluation study in Austria (Zweimüller and Winter-Ebmer, 1996) used employment stability following unemployment as the outcome variable. The sample, drawn from administrative data, consisted of those leaving unemployment for a job in 1986, and the outcome measure was whether the job entered lasted for one year (jobs in seasonal industries such as tourism, which are important in Austria, were excluded). The analysis considered this outcome in conjunction with the probability of participating in training before leaving unemployment for a job.

The analysis demonstrated, first, that training programmes were sharply focused on those with serious disadvantages; only 6 per cent of the sample received training. The effect of the training was to reduce the risk of job loss, estimated at 94 per cent for this group in the absence of training, to 54 per cent, which was more or less the same as for non-participants. Some

separate estimates by age-group were made, but the youngest group reported upon was aged 26-32. For these the gain was greater than the average: 46 percentage points.

Although the Austrian result seems one of the most impressive among the studies reviewed, it should be noted that the analysis considered only one aspect of programme effectiveness, so it is not possible to conclude that this training programme had higher performance than others in overall terms. It would be interesting, in particular, to know the effect of Austrian training programmes on entry to employment, as well as stability of employment once entered.

Britain

There are two distinct forms of British training programme to be considered, transition training for unqualified or low-qualified school leavers (YTS/YT) and training for long-term unemployed 18-24 year olds under adult training programmes (ET/TfW). The transition training had a duration of one year in the early 1980s, subsequently extended to two years in 1986; this is similar to long-period youth training in France. Britain's adult training, such as Employment Training (ET), was typically of six months' duration.

Britain's Youth Training Scheme (YTS) of the 1980s has been the subject of at least six econometric studies (Main and Shelley, 1990; Main, 1991; Whitfield and Bourlakis, 1991; Dolton et al., 1994; OHiggins, 1994; Green et al., 1996). Five of the studies (all except the last-named) considered employment as an outcome. Four of these five found a significantly positive effect of YTS on employment while one study found a negative effect of YTS (Dolton et al., 1994). There was substantial variation in the magnitudes of the estimated positive effects, and this has been taken as an indication of unreliability (Ryan and Buchtemann, 1996). However, the variations in results may not be unreasonable. Main and Shelley (1990) and Main (1991), who obtained relatively high positive estimates, considered only Scotland, where the education and training institutions differ from those in England and Wales, and where survey response rates were higher. At the other extreme, the negative findings of Dolton et al. (1994) may reflect several differences in their study from the others. They focused on the years 1986-1989 when a booming labour market gave a possibly temporary advantage to those who had remained active job-seekers. Dolton et al. also included all those leaving school within the study period of two-and-a-half years (which would include some entering the labour market at 18 with advanced-level qualifications), whereas the earlier studies were confined to 16-year-old school leavers. These differences illustrate the complications in making comparisons across studies, even within a single country.

Several of these studies also attempted to assess the effects of YTS on hourly wage rates when in employment, but the estimates obtained varied from highly positive to highly negative and cannot be regarded as reliable. The study of Green et al. (1996) is an attempt to compare the earnings outcomes of different forms of YTS against other trajectories from school to the labour market at age 21. It concludes that YTS did not increase earnings, by comparison with entering the labour market at 16 with no subsequent further education or training, except in the case where YTS was supplemented by further employer training. This conclusion, however, is limited to a sample of young people in employment at the time of interview (1991). It does not take account of the potential earnings of those unemployed or inactive at the time of the survey. Inclusion of these individuals might affect the conclusions.

A problem for all the studies of YTS is the impossibility of constructing a matched comparison group. In large part this results from a streaming of 16-17 year old school leavers, with some better-qualified tending to go straight into jobs or apprenticeships, others with particularly poor educational attainments or motivations into the job market and (often) early unemployment, while the YTS entrants tended to be intermediate¹¹. Thus, YTS samples tend to be compared with a heterogeneous group of non-participants, which is likely to impose great strain on statistical adjustment and modelling procedures (Heckman et al., 1998). In view of these problems, findings should be viewed with some caution although the balance of the evidence points to a positive effect.

Young people aged 18-24 have constituted the largest age group within British adult training programmes for the unemployed, to which they have been given priority access on reaching six months of unemployment. The Employment Training (ET) programme was evaluated by Payne et al. (1996) using a flow of leavers from early 1993. At that time training, often combined with work experience, generally lasted for about six months and could continue for up to one year. The study estimated that, over a two-year follow-up period, male participants gained 2.3 months in employment compared with matched non-participants, while women gained just under 1 month of employment. Although these may appear small gains in absolute terms (10 percentage points and 4 percentage points respectively), relative to the counterfactual they represented a 36 per cent relative increase in the case of men and a 12 per cent increase in the case of women. This was because of the low levels of employment which were expected for previously long-term unemployed people in that period. Separate results were not given by age group in this study.

The study indicated that, other things being equal, it improved employment prospects to spend longer on the programme. The research also included estimates of the effects of various qualitative variations within the ET programme on exit-time to a job, but this part of the analysis should be regarded as suggestive rather than rigorous, since there is a possibility of selection effects into these variations which have not been explicitly modelled. On the criterion of exit-time to a job, employer placements appeared more effective than forms of the programme which did not involve employers¹², and obtaining a qualification was also beneficial. The amount of training in itself made no significant difference to the rate of entry to a job, but the total time spent on the programme was beneficial¹³. Off-the-job training increased hourly wages in the first year of the study, by 6 per cent, but this effect became non-significant in the second year. Other aspects of the programme, including achievement of qualifications, did not affect hourly wages, nor was there an overall average impact on wages from programme participation.

Training for Work (TfW), the successor to ET, was also evaluated by Payne et al. (1999), along similar lines to the ET evaluation. The conclusions were broadly similar. TfW placed

¹¹ To make matters still more complicated, the streaming differed considerably from area to area, with YTS being operated as the main entry-port for all 16-17 year old school leavers in some localities, while it was used as a last recourse in others.

¹² The main alternatives were receiving training at a college or other training centre, and taking part in project work with a voluntary sector organisation.

¹³ These estimates however were pooled with another smaller programme, Employment Action, and this may have had some influence on the results obtained.

increased emphasis on training in the workplace and on work experience alongside training. The evaluation indicates that these elements of the programme were effective in reducing subsequent entry-time to employment. Like ET, there was also some indication that longer periods on the programme were on average beneficial for subsequent employment. However, gaining a qualification no longer produced a distinct advantage. Also, there was no significant impact on subsequent wages from the programme, or from the various elements of the programme which were measured.

B.4.2 Thematic discussion

A striking feature of the preceding review of training programme evaluations is the wide range of results obtained across countries. In several countries training programmes appear to have substantially increased the employment rates of participants. In some other countries, on the other hand, there has been little indication of a positive effect, despite large public investment in training. It would be of value to understand the reasons for these differences. With only a few evaluation studies, this cannot unfortunately be achieved in any rigorous way.

B.4.2.1 Scale of programme

Programmes may differ in their scale, e.g. the proportion of the unemployed age group for which places are provided. A related contrast often drawn in the literature on active labour market programmes is between universal provision and targeted provision. NDYP is a hybrid programme, where the overall scale is large (all 18-24s with 6 months or more of unemployment are covered), but the numbers passing through any of the particular options is smaller. NDYP might be described as a universal programme with the ability to target through its range of options.

It has sometimes been argued (Jackman et al., 1990) that a universal or comprehensive programme will be most effective in combatting unemployment. Others (e.g., Calmfors and Lange, 1993) have argued that smaller-scale targeted programmes are inherently more effective. These views have largely rested upon macroeconomic reasoning, but it is doubtful whether a programme could have an appreciable macroeconomic effect if participants were unaffected.

In Sweden, where training appeared to produce no clear advantages for participants, provision of labour market programmes has generally been towards the universal rather than the targeted end, with young people in particular being offered placements early in unemployment. By 1990 the ratio of trainee places to unemployed was nearly two-to-three (Forslund and Krueger, 1997). Ackum (1991) tested for unobserved selection effects into youth programmes and found none; this suggests that entry was more-or-less random, fitting the notion of universality.

Norway, another country with somewhat weak results for training programmes, was also towards the universal rather than targeted end of the spectrum of provision. Between 1988 and 1993, active labour market programmes were increased roughly five-fold, and by 1993 the ratio of trainees to unemployed had reached one-half (Torp, 1995). A third Scandinavian country, Denmark, also offered evidence of the value of targeting training upon the more disadvantaged. The long-term unemployed had improved employment prospects after taking part in training, but the short-term unemployed did not. In Finland, however, training

programmes were apparently successful even though the ratio of training participants to unemployed was fairly high, rising to nearly one in three at the time of the reported research.

Several countries with positive results from their evaluations had a targeted approach to training. The analysis for Austria provided evidence that training there was targeted on disadvantaged people, comprising just six per cent of the unemployed who obtained jobs. Youth training programmes have also been relatively targeted in Britain, covering in the case of YTS not more than one in five of each year.

The results from France suggest that perhaps what matters is not so much the total proportion of young unemployed people going into programmes, but the range of choice and the effectiveness of matching needs to provision. These suggestions emerge because the French research examines how the effectiveness of programmes depends on the educational attainment and recent history of the individual. The other studies have not attempted to do this.

B.4.2.2 Duration of training

From the viewpoint of human capital theory, longer periods of training should (other things being equal) offer greater benefits to participants. In the US section of the review, this was in part supported, with the lengthy and intensive Job Corps one of the main successes. Conclusions on this point are weakened in the European part of the review because for Austria and Sweden the duration of training was not reported, and for the Netherlands we can only infer it from expenditure. There are also technical difficulties in investigating the issue in a convincing way, in the absence of random allocation of individuals to longer and shorter programmes. Individuals may self-select by length of course or by time spent on the course. Premature departure from a course may reflect a poor match of the course to the individual's needs, or alternatively may indicate a lack of persistence on the part of the individual.

In only two European countries, Britain and Norway, has variation in length of course been directly investigated. The results for Britain suggested that longer periods on training programmes tended to be effective. There was some suggestion, however, that this might be a selection effect, with employers and trainees remaining together where a good job match was in prospect. In Norway, rather short training periods seemed more effective than training at the average duration, although long courses were also effective. A third country with some internal comparative data was France. Among the French results the SIVP scheme, offering moderate periods of training, was on some criteria as effective, and on others more effective, than long-period youth training.

In Denmark only short training course (4 weeks) were assessed; this was sufficient to give some assistance to those with long-term unemployment but those with short unemployed periods did not gain from the short courses. In both Ireland and Finland, training programmes were said to be of variable duration but to average six months. Both programmes appeared effective for initial job entry.

Overall, there was no clear evidence that long-period programmes were more effective than short-period programmes. Each could be effective but there is virtually no knowledge about what the critical circumstances may be.

B.4.2.3 Employer placements within training programmes

A possible reason why short-period training is often quite effective may be that the function of such training programmes is to act as an extended matching period, between employer and trainee, rather than as a period of human capital acquisition. If that were generally the case, then longer-period training would tend to be needlessly expensive. To test this explanation, one needs at least information about whether the training programme is based at an employer or away from an employer, and preferably about the nature of the employer placement if any. Unfortunately, most of the training evaluation studies are lacking in this information. The studies providing most information are the French and British. The British information indicates that employer placements are important. In France, all the programmes are employer-based and without a further depth study it is impossible to tell how the quality of the employer-trainee relationship varies.

An additional study worth noting here is that of Mialli et al. (1996) concerning the British YTS programme. This considered how the employment outcomes for participants differed according to the period they remained on the programme. It was shown that nearly all those who completed the programme obtained employment immediately, whereas large proportions of early leavers became unemployed. The issue here, however, is evidently completion versus non-completion, rather than length of participation in itself. Employers may perhaps take completion as a signal of a reliable employee. Or completion may signal a satisfactory match between the trainee and the employer whereas non-completion signals unhappiness with the placement on the part of one or both.

B.4.2.4 Qualifications

Gaining a qualification is one of the qualitative dimensions referred to by Payne et al. (1996) as being of value in adult training in Britain (although this is not investigated specifically for young people). However, this finding was not replicated in the follow-up study in Britain (Payne et al., 1999). There is no reference to this issue in any of the other European studies reviewed, though longer programmes may involve certification.

B.4.3 Types of outcomes following training

European evaluation studies have used outcome measures which are different from those used in the USA. For training evaluations, three main types of outcome are found in the literature reviewed: job entry, wages, and stability of employment (also sometimes called sustainability). Each of these may be defined in a variety of ways.

B.4.3.1 Initial job entry

Job entry is the most commonly used measure in Europe where the eligible population for training programmes is usually (long-term) unemployed people. Job entry may be measured either as a gain in the proportion in employment at a certain "snap-shot" time (say, six months or a year after training), or as the gain in the rate of entry from unemployment over the whole period until follow-up.

The bulk of the positive evidence concerning training programmes concerns job entry. Countries reporting positive results (for at least some groups) on this criterion were Denmark, France, Ireland, Poland, Finland, and perhaps Norway, as well as Britain.

B.4.3.2 Wages

It has frequently been argued that higher-quality, long-term outcomes should follow training, by comparison with other forms of programme. For example, skills training should permit the trainees to compete in higher-paid sectors of the job market where there may be labour shortages that force up wages and constrict the growth of employment. How far do the European studies of training support the view that training gives trainees access to higher paid employment?

Earnings are not significantly improved for trainees in Sweden. Norway returns a weak earnings effect alongside a weak employment effect. In Denmark, there is no effect on wages for unemployed trainees (although there is for employed trainees). In Britain, the gain is indeterminate for transition training, and positive only in the short-term for some forms of ET (but not for TfW). The only strong wage effect is reported from the later of two Polish studies; here the measure is average monthly wages, which could reflect hours worked as well as wage rates.

On balance, there is little evidence that youth training programmes have led, in Europe, to qualitatively better jobs as measured by wages. However, this conclusion is limited by the relatively short period of follow-up of all European training studies, by comparison with the US studies.

B.4.3.3 Job stability (sustainability)

In Austria, substantial reductions in the risk of losing employment was reported for programme participants who had entered work, by comparison with similar non-trainees. In Britain, average employment gains on ET for the whole trainee sample appeared stable over a two-year period. However, this was not the case in Ireland where an initial gain in employment for trainees was lost over a period of a year. The remaining studies did not use sufficiently long follow-up periods to offer relevant evidence.

The French study, however, was unique in systematically examining transitions to permanent and temporary jobs, a crucial qualitative distinction in the French youth labour market. An important finding was that all kinds of training helped young men without diplomas to enter permanent jobs, even though some kinds of training also increased the probability of re-entering other programmes.

For the future, employment stability appears a promising alternative to wages or earnings as a key indicator of employment quality following unemployment. However it is difficult to investigate *job* stability (i.e., remaining in the same job, rather than just remaining employed), because the identity of jobs is hard to establish across follow-up surveys.

B.5 Subsidised employment and temporary job creation

There are many variants of employment subsidy and of temporary job creation in Europe; they can also be regarded as roughly similar to the “work experience” programmes of the US review, although in Europe this term may be confusing because training programmes also often have a considerable element of work experience. Because of considerable overlap between temporary job creation and employment subsidy in practice, and often a lack of relevant details in the published European studies, it is not feasible to treat these as separate sections.

These programmes have generally been the focus of less evaluation effort than in the case of training programmes. Accordingly, the number of studies to review in this section is smaller than in the section about training, with relevant results from six countries. As before, we will briefly describe the experience of each available country, and then reconsider them through a brief thematic discussion.

B.5.1 Country results

Sweden

The study by Ackum (1991), referred to in section B.4, also included information about time spent by young people participating in temporary employment programmes. It was found that, as for training, time spent in this activity resulted in no increase in earnings relative to time spent unemployed.

France

Previous sections have referred to the study in the French youth labour market by Bonnal et al. (1994). While most of the French youth programmes have a large training element, the exception is the TUC programme which in 1986 offered a heavily subsidised placement in a non-profit organisation for 3-12 months¹⁴. Entry was reserved for young people experiencing repeat unemployment or long-term unemployment of more than one year. As noted earlier, the Bonnal et al. study was confined to young male participants.

It was apparent in section B.4.1 that TUC gave less positive outcomes than the long-period training programmes or the medium-period SIVP programme. However, it was linked to several reasonably favourable transitions relative to non-participants. Young men without diplomas who entered TUC subsequently had an increased chance of a temporary job, without any deterioration of their probability of getting a permanent job. TUC participants, whether with or without diplomas, also had lower probability of becoming long-term unemployed thereafter than non-participants of all types; lower also than the participants in the miscellaneous 'other training' category. The main disadvantage with TUC was an increased tendency to re-cycle to another programme, and this applied particularly to young men with diplomas. Overall, though, one would probably class TUC as a success from the viewpoint of reducing social exclusion for a group of young men in a risky labour market position.

¹⁴ The maximum period was increased to 24 months in 1987. Prior to that there was a possibility of renewal of the placement, although with reduced subsidy to the employer.

Although TUC is the only youth job subsidy programme in the French evaluation, it should be noted that all the youth training programmes were employer-based, and all involved substantial elements of subsidy to employers. As is often the case, there is no clear demarcation line between one type of programme and another.

Belgium

The French results can be augmented with an unusual type of study from Belgium (Cockx et al., 1996), which particularly relates to the combination of training and employer subsidy. The data were taken from a survey of employers who provided details of employees whom they had recruited from unemployment. This type of sampling procedure gives rise to some difficult technical problems of analysis, since two potential kinds of sampling bias have to be corrected, and the authors showed that the results were sensitive to how these problems were treated. The study compared the stability of employment for recruits coming from public training programmes, those coming with a pure wage subsidy, and those coming with a subsidy linked to an obligation for the employer to provide further training. The study included all ages of recruits, and did not separately analyse under-25s; however, as youth unemployment is an important feature in Belgium, it can be assumed to play a large part in the sample (the unemployment rate of under-25s has for many years been more than twice as high as for other workers).

It was found that the greatest gain in stability, by comparison with non-participants, was for those who were recruited under a wage subsidy coupled with an in-house training requirement (a programme known as FPI). This programme had better results than either a prior training programme, or a pure employment subsidy, in every variant analysis conducted. In the authors' preferred specification of the analysis, FPI was the only one of the three programmes whose effect was statistically significant.

Ireland

Another comparison between training and temporary employment comes from the Irish study by Breen (1991), which was outlined in section B.4.1. The temporary employment label covered a variety of special programmes in the public and private sectors ('Environmental Work', 'Teamwork', etc.) some of which involved subsidies, although the proportions were not stated. It was noted earlier that the short-term employment impact of training programmes in Ireland was a gain of about 17 percentage points, but this had become insignificantly different from zero one year later. In the case of temporary employment, the initial gain was 23 percentage points, and one year later this was virtually unchanged. Supplementary analyses showed that where a temporary supported job was held before becoming unemployed again, the time to enter a new job was somewhat reduced. Once a new job was obtained, the fact of having been previously in a temporary supported job did not affect the stability of employment one way or the other. Overall, these temporary employment schemes in Ireland appear to have been rather effective.

Poland

The 1995 study in Poland (O'Leary, 1998) offers further evidence of the potentially positive effects of subsidised employment, although with a sharp contrast between different types of

programme. The Public Works (PW) programme is a short-term job creation programme, largely focusing on health services and infrastructure projects directly created by the State. The Intervention Works (IW) programme carries out similar work, but more of it is financed in the private sector, wages during the programme are confined to the level of unemployment benefits, and wage subsidies after the programme are available for employers who retain participants. From an employer viewpoint, then, IW is largely a wage subsidy programme.

The effects of PW were found to be significantly negative for the whole sample (a 4 percentage points fall in employment); the same effect was found for the under-30s, though it was not separately significant. The effects of IW, in contrast, were highly positive, with a 24 percentage points gain in employment. This was exactly twice as great as for training programmes, although the cost per participant of the two programmes was virtually the same. Accordingly IW was judged to be by a considerable margin the most cost-effective labour market programme in Poland. In addition, participants in IW were found to gain in terms of increased monthly earnings after the programme.

Italy

A country which has relied heavily on subsidisation schemes of various types, including in the youth labour market, is Italy (Samek Lodovici, 1995). Evaluation work, however, has largely been confined to descriptive studies (aiming to show only whether the legally defined processes of the programmes are being executed), together with a few academic studies using aggregate data. The only study located which analyses individual outcomes in a comparative way is that of Ichino and Felli (1988; summarised in Samek Lodovici, 1995). This considered the effect on re-employment rates of the introduction of employment subsidies (in one province of Italy) for recruitment of those on long-term layoff (Cassa Integrazione Guadagni) or in long-term unemployment. The method was to measure job entry times, over a period of 24 months, comparing samples from before and after the introduction of the subsidy. Despite some shortcomings in the design, the chief finding appears robust: the estimated median period of unemployment for the group in question fell by 21 months following the introduction of the hiring subsidy. However, this is a finding which in Italy may be relevant chiefly to prime-age and older workers rather than to young workers.

Denmark

Finally, a study from Denmark (Rosholm, 1995) looked at participants in public job creation programmes, without a comparison group. It was therefore not able to assess the net impact of participation, but by taking a large sample from administrative records (nearly 22,000 people), it provided a comparative analysis of different forms of temporary job creation. The transition rates to jobs were estimated for different time-periods after completing placements, and separately for placements in the private sector and the public sector, with the latter further split between municipality, county and state level provision. (These public sector distinctions reflect the highly dispersed nature of governance in Denmark.) Two main conclusions can be drawn from this somewhat complex study. One is that the placements in the private sector generally resulted in more consistent movement into jobs subsequently, than was the case for placements in the public sector. Secondly, most of the movement into jobs took place for people who made an immediate transition following the end of their placement, with subsequent transitions relatively few. The second finding cannot easily be interpreted as

retention by the placement provider, since it was more marked in the public sector than in the private sector: since the public sector has a continuous need to provide temporary placements for the unemployed, it is unlikely to convert many of these into permanent posts. The differences between public and private sector placements may be influenced by selection effects, although the study attempted to control for these.

Britain

Britain operated a variety of programmes of job creation or employment subsidy over the 1980s and 1990s, but there was little attention given to evaluating their economic impacts on participants. One relevant programme was the Young Workers Scheme (YWS), which provided a wage subsidy to employers of 16 and 17 year olds in jobs which were below a certain wage. This scheme functioned during 1982-87. Evaluation chiefly took the form of surveys of employers to establish the nature of the jobs filled under YWS and to make assessments of the additionality of this employment, together with analysis of aggregate data concerning youth wages and youth employment (see Bushell, 1986, for review). According to these criteria, the YWS appears to have been a successful programme, but the impact on participants' longer-term employment and earnings is not known. A number of other British subsidisation schemes were evaluated by similar methods, and the findings concerning additionality have recently been reviewed by Hasluck (1999). Job creation schemes such as Community Programme (CP) were not evaluated to the criteria adopted in this review.

A recent programme which contained elements of temporary employment, although it also had other features, was Project Work. A compulsory programme for those with two or more years of continuous unemployment, it commenced with a stage of jobsearch assistance, which was followed (after a pause of three months) by placement on a temporary work experience project. An evaluation of a pilot version of the programme was carried out in 1996 (Bryson et al., 1998). The authors pointed out that the design of the evaluation had serious limitations, and findings should be regarded with caution: the study was based on a comparison between areas included in the pilots and other non-participating areas, but the areas differed in many respects¹⁵, and in addition other policy changes taking place during the study period may have contaminated the results. The most robust finding from this study concerned an increased movement out of unemployment benefit claiming, which took place during the period between jobsearch assistance and temporary work experience. These exits included movements into other types of benefits, movements into education or training, movements into jobs, and other movements including unknown destinations. The results could be interpreted in several ways.

B.5.2 Thematic discussion

The findings concerning job subsidisation and temporary job creation indicate that in most cases these programmes gave clear positive benefits to the participants. It should be noted, however, that such programmes have often been criticised because of possible substitution and negative displacement effects. These are not considered here since the perspective of the review is purely an individual one.

Scale of programmes

¹⁵ Close similarity between areas would not be required if there were pre-programme outcome measures to provide a comparative baseline; however this was not the case in this study.

With the possible exception of Denmark, where public temporary employment has been universally available to the very long-term unemployed, it appears that the programmes considered above were relatively small-scale and targeted. For example, the TUC programme in France was targeted upon young people with more than one year of unemployment or with recurrent unemployment. The Belgian wage subsidy scheme was a small one, and overall at the time Belgium was spending less than 0.1 per cent of GDP on job creation and wage subsidies. The Irish youth job creation efforts were on a larger scale than youth training programmes there, but still accounted for only about 15 per cent of the flow sample in the cited study. Furthermore, it took the form of a number of separate schemes which gave additional scope for targeting. Although numbers on the Polish programmes are not reported, they were focused on the long-term unemployed.

Duration of programmes

The effect of the duration of the programme placements was not investigated in any of these studies, and they provide little information about placement durations in practice. It is known, however, that the Belgian FPI programme (combining training with subsidy) was generally limited to six months, while the apparently less effective training-only and subsidy-only programmes had longer durations - mostly one to two years.

The Danish study is interesting in showing that the point at which the placement terminates is of special importance for employment chances. This finding is similar to that of Mialli et al. (1996) in relation to jobs following Britain's YTS programme (see section B.4.2.2). The implication is that the value of a programme may decline rapidly if it is not followed by a job - which in turn points to the importance of job search and placement aspects within or at the termination of programmes. None of these studies directly describes or analyses such job search and placement processes.

Public and private sector placements

Another qualitative aspect of the job creation and subsidy programmes, considered in some of these studies, is the difference between private sector and public sector placements. The Danish study indicated that it was the public sector placements which were more exposed to post-programme decay in job prospects. The suggestion is that private sector placements have a more lasting value as a recruitment credential, in that country. In Poland, there was a sharp contrast in the effectiveness of the public sector and private sector schemes, even though the types of projects, and hence presumably the types of work involved, were broadly similar. However, this might be attributed to differences in the structure of the subsidies, which will be discussed shortly, rather than in differences between the value of private and public sector work experience. Subsidised placements in the non-market sector can be effective, as was shown by the French TUC programme, from which profit-making organisations were excluded. Private and public sector placements were not separately analysed in the evaluation in Ireland, but it is known that both types of placement were available.

Nature of subsidy

The question of subsidy structure is a potentially important one. Unfortunately, not much detail is available from the studies reviewed. It can at least be said that the French, Belgian, Danish and Irish studies estimated employment effects after subsidies had come to an end. This is not clear, however, in the Italian and Polish studies, where the strong employment effects could reflect the operation of continuing long-term subsidies. The Polish IW scheme, in particular, involved two stages of subsidy: during the initial placement, grants equivalent to unemployment benefit were paid by the State or local public agencies, so that the employer paid no wages, while if the employer subsequently hired the worker, a direct wage subsidy would be received. In this kind of scheme, a short-term outcome measure may give an inflated impression of the scheme's eventual effects, and a longer-term follow-up is desirable.

Types of outcome

All of the reviewed studies used subsequent employment rates as outcome measures, and it is unnecessary to repeat the findings.

The 1995 study in Poland is the only one to provide data on subsequent earnings, and here it was found that the impact of the programme was positive. However the existence of a continuing subsidy in the private sector could upwardly bias this result.

The other qualitative outcome discussed in the earlier section on youth training was stability of employment. This was directly assessed only in the Irish study¹⁶, which showed the employment gain remaining steady over a one-year follow-up period. In the French study, a reasonable proxy (given the nature of the French youth labour market) is entry into a job on permanent contract. The TUC programme did not increase entry into such jobs for its participants, but neither did it reduce the entry rate.

Although the evidence on the more qualitative dimensions of employment outcomes is limited, as far as it goes it is positive, strengthening the conclusion that these job subsidisation and temporary job creation programmes have been beneficial to participants.

B.6 Job search assistance programmes

The final topic for the review is the impact of job search assistance programmes. Job search assistance is of considerable relevance to NDYP because of the prominent role of the Gateway process.

In most European countries, there has been little or no investigation of the impact of jobsearch services or programmes. This was despite a Swedish experiment of the 1970s era (described in Björklund and Regner, 1996), which showed highly positive effects of intensive job search counselling. Such assumptions are now changing in Europe but the altered climate has not yet been reflected in evaluation studies. Accordingly, this section is a short one. It should be noted at the outset that we have found no European evidence concerning jobsearch assistance for young unemployed people as such.

¹⁶ The Danish study (Rosholm, 1995) also attempted an analysis of job stability, but this was unsuccessful for technical reasons.

B.6.1 Results for the NL and Britain

The two countries where job search assistance programmes have to some extent been evaluated are the Netherlands and Britain. In the NL, only some pilot schemes have been studied, whereas in Britain there have been evaluations of a number of the main job search programmes. Numerous British evaluations have been conducted by the Employment Service, including some using random assignment methods. We do not report these since their methods have not been published in sufficient detail for their reliability to be judged independently.

A programme referred to as Counselling and Monitoring (CM) was introduced on a pilot basis in NL at the end of the 1980s. It consisted of a systematic review of job search services and programmes for entrants to unemployment, discussion of job search methods with an emphasis on the individual identifying the most effective approach, and frequent follow-up to record actual search activities and outcomes. The programme was not available for individuals seeking a temporary job. The pilot was the subject of an evaluation described in Gorter and Kalb (1993). This made use of a quasi-random control group design, and administrative follow-up data for up to a year. The number of job applications made, the number of job offers received, and the time to enter a job were recorded as outcomes.

It was found that, excluding people who previously worked in temporary jobs¹⁷, those participating in the programme had a higher job entry rate in each 4-week period up to week 32 (by which time most of the sample had entered employment). This effect was highly significant. In addition, it was shown that the effect resulted from a higher rate of making job applications, rather than a higher strike rate in obtaining job offers. The study did not include data on the wage rate or other qualitative aspects of the jobs obtained and there were no separate analyses by age group.

In Britain, the largest evaluation of job search services as yet published is the Restart programme, which was instituted in 1986 and consisted of six-monthly interviews with unemployed people to review their job search methods and the programmes and services available to them. An evaluation in 1989-90 was based on randomly excluding a small number of individuals from their initial Restart interview, and comparing their subsequent progress over a year with a random sample of participants. The results, reported by White and Lakey (1992), showed that exits from unemployment were less rapid for the non-participant group and this appeared to result from a combination of lower job entry rate and lower entry rate to training programmes. Unlike the NL study described above, however, the study was unable to identify actual changes in job search behaviour resulting from the programme, so the mechanisms involved remain unclear. Separate results by age group were not produced since the control group sample was too small. A follow-up analysis on the same sample by Dolton and O'Neill (1996) reported that the employment gains for the participants relative to the non-participants were persistent, suggesting that omission of even a small programme intervention was not easily made good by subsequent opportunities.

¹⁷ These were excluded because they were required to switch to permanent employment by the programme, which may have placed them at a disadvantage during a transitional period.

Two job search assistance programmes, Jobclubs and Matching and Screening, were available in Britain for many of those with six months or more of unemployment. These were evaluated in 1994-95 by means of a six-month follow-up after participation, and use of a matched comparison group¹⁸. Jobclub services are used in many other countries and it is not necessary to describe them. Matching and screening involved the cooperation of participating employers, who agreed to give job interviews for notified vacancies to any person submitted by the Employment Service. Job seekers participating in this programme, therefore, had an enhanced opportunity of receiving job interviews, and were also given extra support by programme staff.

Findings for the two programmes (White et al., 1997) were rather similar. There were small positive but non-significant effects on employment rates at follow-up for men, and larger and significant effects for women. The typical female participant in Jobclubs gained 15 percentage points in employment, while for Matching and Screening the figure was 18 percentage points. The positive results for women appeared to be associated with improved entry into particular occupational segments, notably full-time jobs in the case of Jobclubs, and temporary non-manual jobs in the case of the other programme. The non-significant results for men appeared to be linked to negative effects for the qualified sub-group; men without vocational qualifications benefited significantly from both programmes. There were also falls in hourly wage rates, below the expected level, for male participants in Jobclubs; otherwise wages were unaffected. No separate results by age-group were provided; 20 per cent of the Jobclub sample and 19 per cent of the Matching and Screening sample were under 25.

Finally, the Work Trials programme was evaluated in parallel with the study just described, by the same method, and was also reported in White et al. (1997). This programme offered a period of three weeks placement with an employer, carrying out a normal job while remaining on unemployment benefit. At the end of the trial period, the job could be converted to a normal contract by agreement between the job-seeker and the employer, or it could be terminated by either party without penalty. This programme was found to be highly successful, raising employment rates by 34 percentage points for the typical female participant and by 40 percentage points for the typical male participant. There was no effect on wages. A limitation of this evaluation, however, was that it did not analyse employer participation, which was clearly important. No results by age group were reported; 31 per cent of the sample were aged under 25.

B.6.2 Thematic discussion

The positive findings concerning job search assistance, in both the NL and Britain, tend to confirm the potential importance of these programmes.

Scope of programme

Jobsearch review interviews are from their nature universal instruments, but there is an issue about when to introduce them into the job search process. The earlier they are introduced, the more unemployed individuals may benefit from them, but the greater the operational costs will

¹⁸ The comparison group was matched only to the Job Club participant sample, but the characteristics of Matching and Screening participants were believed to be similar.

be. The Restart evaluation focused on interviews taking place (at that time) after six months of unemployment, but the CM programme in NL was applied after only 2-3 weeks of unemployment, and yielded similar results (but it was clearly a more intensive procedure).

The lower overall level of effectiveness for men in the British Jobclub and Matching and Screening programmes might be interpreted in terms of insufficient targeting, since non-qualified men were shown to benefit from the programmes whereas qualified men did not. However, the researchers reported that they were unable to corroborate this interpretation by supplementary analysis.

The exceptionally strong impact of Britain's Work Trials programme may have resulted in part from targeting of a different type. The programme was relatively small and possibly involved identification of particularly helpful employers to cooperate in the scheme. This aspect was not directly addressed in the evaluation.

Duration and intensity

Although job search services or programmes are often thought of as small, brief interventions, this is not necessarily the case. The Netherlands' CM system included not only initial counselling interviews but follow-up contacts to monitor progress over many weeks. Jobclubs in Britain at the time of the study provided job-search facilities for participants for up to six months, while the assistance provided by Matching and Screening was essentially open-ended. Restart (as of 1990) was clearly the briefest intervention but appeared effective. The Work Trials programme was a different kind of intervention and cannot be directly compared with these.

The Netherlands' CM experiment appeared to be the most intensive, in the sense of providing more in-depth counselling and a closer subsequent supervision of jobsearch. It is impossible to judge whether this approach was cost-effective by comparison with Restart. Although the results were similar, which might indicate at first sight that the less expensive Restart system was more cost-effective, the CM system achieved a gain even for a sample of very short-term unemployed.

Outcomes

Job entry measures were used to evaluate all these programmes and they all achieved positive results on this criterion.

In the British evaluation studies, wage rates on the whole appeared to be little affected by participation. Jobclubs were an exception, with some negative impact on male wage rates. The Netherlands study did not collect wage data.

Impacts on employment stability (sustainability) have not been directly investigated for these programmes. Participants in the Restart programme, however, had gains in employment which persisted over the medium-term.

B.7 Concluding Comments on the European Review

In section 1.1 of the overall introduction, some distinctive features of New Deal for 18-24 year olds were listed. In conclusion we briefly consider what relevance the European evaluation studies have to these features. Some passing reference is also made concerning the US material, but these are only a few selective points of contrast.

In section 2 of the introduction, it was pointed out that few rigorous inferences could be drawn from the material available for the review. The following comments should be regarded as suggesting directions for further investigation, not as drawing strong conclusions.

a. We noted in section 1.1 that NDYP "is a comprehensive programme for long-term unemployed youth (18-24 year olds). All those in the age group who reach 6 months of unemployment are eligible. Consequently, the volume of clients participating is large."

Excluding job-search and placement programmes, there is no close parallel in Europe (or the USA) to these features of NDYP. The nearest is, perhaps, Sweden, where the net effects on participants from large-scale training programmes appear to have been at best weak. Norway, another country with large-scale and rapidly growing training programmes, also appeared to achieve only weak impacts. Austria, with a small training programme targeted on disadvantaged job-seekers, achieved particularly strong results in terms of employment stability. Another country which reported substantial impacts was Finland, where training programmes were of an intermediate size between Austria and Norway.

Overall, the evidence is insufficient to show that the effectiveness of training programmes is greater when they are targeted and small, than when they are universal or very large. It is however sufficient to reject the converse.

Turning to job-search and placement programmes, the only European evaluation outside Britain was in the Netherlands. This indicated that such programmes could be effective even when applied very soon after entry to unemployment, hence with minimal targeting or selectivity. However the British evidence indicated that they can also be effective when applied in a more targeted way to the long-term unemployed.

b. We observed in section 1.1 that NDYP "is mandatory. It requires all the eligible individuals to take part in one of the options which are provided. Non-compliance may be followed by benefit sanctions."

To assess the impact of mandatory provisions, one would need to make comparisons with similar programmes operated in a voluntary way. There is no information on this issue from the European studies. Britain's mandatory Restart programme, however, was found to be effective.

c. Section 1.1 noted the special job-search and counselling features of the NDYP Gateway, which is "delivered by a Personal Adviser, a role which in some respects adopts the case manager model of service delivery."

The positive impact of job-search and placement programmes has been shown in a number of previous British evaluations, but has been little investigated elsewhere in Europe except in the Netherlands. The Dutch programme involved several features rather similar to NDYP Gateway, including the use of multiple counselling and assessment interviews, and follow-up at short intervals to monitor progress up to and after job entry. A programme of this type was shown in the Netherlands to lead to more rapid transitions to employment, via an increased intensity of search by the participants.

The review provides no evidence relating specifically to case management in employment services.

d. The use of a "menu of options" is another feature of NDYP highlighted in section 1.1.

There is no direct example which related to this feature within the European review, although the US review provides some comparable examples. Britain's Training for Work programme might be regarded as to some degree a programme with a range of options, although less extensive than in the case of NDYP.

e. We remarked in section 1.1 that "Wage subsidy is an important option [in NDYP] ... More generally, NDYP has been supported by a campaign to get employers involved in supporting the programme."

Wage subsidies have been widely used in European programmes, but usually to support other provision, such as training, rather than as a separate provision (this is also the case with NDYP, since employers which receive subsidy are required to provide training). There has been little attempt in evaluation studies to separate the effect of subsidy from the effect of training or other provision. The only relevant evidence comes from Belgium, where it was found that training combined with wage subsidy (the FPI programme) was more effective (in terms of subsequent employment stability) than was wage subsidy on its own or training on its own.

The European evaluations have not analysed employer take-up of wage subsidy options, but the US evidence suggests that employer resistance may be a major obstacle to extending this type of programme.

f. As noted in section 1.1., "Community projects, with voluntary organisations and an Environmental Task Force, provide another major option for participants [in NDYP]."

The evidence of the European studies, although limited, is mostly positive concerning the effects of these types of programmes. In Sweden no impact was found, but France, Ireland, and Poland all provided examples of improved outcomes following involvement in public job creation projects. The Irish findings were of special interest, since they showed that an employment advantage remained stable for at least a year, whereas this was not the case with youth training programmes evaluated at the same time. A recent British evaluation (the Project Work pilots) provided some evidence of a positive impact but limitations of the design made interpretation difficult.

While the evidence is not sufficient to assert that these programmes are generally positive in their effects, it is sufficient to reject the assertion that they are in principle ineffective, which has sometimes been put forward ("make-work schemes").

g. Section 1.1 pointed to the "option of full-time education or training. This provides relatively long periods of skill formation, typically six months but with the possibility of continuing for up to 12 months."

The evidence from the European evaluations of training programmes does not suggest that either long-period or short-period training programmes are consistently superior. Examples of benefits from short-period training were found in Denmark and Norway. Examples of benefits from medium-period training (around 6 months) were found in France, Finland and (to a lesser extent) Ireland, as well as Britain. Examples of benefits from long-period training (one or two years) were found in France and the Netherlands, as well as Britain.

In Britain, Norway and France it was possible to compare outcomes between training which varied in duration. The British results indicated that remaining for a longer period on a training programme was associated with improved outcomes. The Norwegian results suggested that the typical training period used there, of around 4-5 months, was ineffective, while both shorter-period and longer-period training was more effective. The French evaluation study reported that a medium-period (six month) programme was on some criteria as effective and on other criteria more effective than a long-period (1-2 year) programme. In all these cases, however, duration could be associated with other characteristics of the programmes, which were not analysed, and selection into programmes and placements may also be imperfectly controlled.

h. We note in section 1.1. that "NDYP involves greater local flexibility than in most previous UK programmes. There is scope for variation in local delivery and in the mix of local option provision."

Local variation in programme delivery has not been studied in any of the European evaluations which have been reviewed here. In the USA, in contrast, certain local variants of programmes have been identified as particularly effective.

j. As noted in section 1.1, "An explicit objective of NDYP is to increase employability."

The concept of employability does not appear in the European literature which has been reviewed. This is perhaps not surprising in view of the economic perspective of these studies. However, some measures that have been studied may be partially relevant to the employability concept.

Qualifications gained, and their relationship to subsequent employment rates, have been studied only in Britain. The earlier study (of Employment Training) indicated that qualifications were of positive benefit for employment, and so could be an intermediate outcome of value. However, this was not found to be the case with the later study (of Training for Work).

More generally, economists suppose that gains in wages reflect additions to individuals' human capital, skill or productivity. Programmes of education and training are therefore expected to increase wages. A clear positive effect of training on subsequent earnings was found only in Poland, while ambiguous or negative results were obtained in Norway, Denmark and Britain.

Stable employment might be seen as an indication that an individual had achieved a good level of employability, sufficient to keep her or him in work as well as to find work. The Austrian, Belgian and Irish evaluations used employment stability as an outcome measure, while the French evaluation distinguished transitions to temporary jobs from transitions to permanent jobs. All except the Irish study found that training had positive effects from the viewpoint of employment stability. In Ireland, training only produced short-term employment gains, with programmes of temporary public employment generating more stability.

k. It was noted in section 1.1. that NDYP had non-economic as well as economic aims. These non-economic aims broadly related to the reduction of social exclusion.

The US literature pays considerable attention to one aspect of social exclusion, namely criminal offending, and several other social measures have been collected from time to time in the USA. Such variables are often costed in the USA and so given a role in cost-benefit analyses. In the European econometric evaluations, however, information of this type has been lacking.

In Europe, there is an extensive literature (especially British and Scandinavian) concerning the linkages between youth unemployment, psychosocial health, and health-related behaviours (alcohol and substance abuse, parasuicide, smoking, etc.). However, this literature is not integrated with a consideration of economic or labour market outcomes, so it has not been considered here (for review, see Lakey, 1999).

C. Overview

The evaluation studies provide complex and dense results, and any summary across many such studies must be selective. The purpose of this overview is to condense this material as far as possible, and to point to a few general implications of what has been found in the literature. As an aid to scanning the findings of the US and European reviews, we have prepared summary tables which highlight many (though not all) of the key results. Table C1 relates to the USA, and Tables C2-5 relate to Europe (excluding Britain). A more comprehensive reference table of the European results, including Britain, is provided in Annex 2.

C.1 *The USA*

Table C1 (at the end of this section) shows findings from evaluations of 12 US programmes for disadvantaged young people (some of these also catered for adults). It should be noted that these US programmes did not focus on unemployed people as such: eligibility usually depended on a low family income criterion together with specific disadvantages such as not completing schooling, criminal arrest, teenage parenthood, etc.

The table divides results by two main types of programme, 'work experience' (which roughly equates to 'temporary employment' in the European context) and 'education and occupational training' (which refers to basic education and/or to skills training with a substantial off-the-job or classroom element). A third heading in the table is for programmes with a 'menu of services' which have been evaluated as a whole.

The headings of the table are broad and do not do justice to many additional features which are present in various of the programmes. For example:

- LEAP applied a benefit and sanction system to young mothers drawing welfare payments, in order to keep them in the education system or return them to education.
- YIEPP involved a type of bargain in which young people who remained in education were given special opportunities of entry to jobs through links with employers.

Further information on the details of the programmes are provided in Part A of the report.

The results of Table C1 are striking. Most of the US evaluations have produced negative conclusions: the programmes did not produce additional benefits for the young participants, and did not pay for themselves. This applied to the 'menu of services' programmes, to all work experience programmes, and to the majority of educational and occupational training programmes.

There were however two important exceptions, both in the education and occupational training area:

- The Job Corps programme produced large and consistent benefits across a range of employment and social outcome measures. This is a high-cost, residential, long-period,

intensive education and training programme which is targeted on extremely disadvantaged groups. Non-residential delivery of the programme has proved ineffective.

- The Center for Employment Training (CET), a major provider working within Jobstart and other programmes, achieved high earnings gains for its participants. The CET method is based on intensive medium-period (typically six-month) instruction with open entry and exit and a strong emphasis on early employment outcomes. Expanded provision using this approach is currently being evaluated.

The US programmes generally showed variation in outcomes by site or location. Studies of the National Supported Work (NSW) demonstration are of particular interest. Although a first study indicated overall ineffectiveness of the programme, subsequent research suggested that many sites had failed to implement important features of the service design. The indications were that at those sites where the design had been fully implemented, the programme was probably effective.

In addition, several programmes, although not producing overall benefits, have been effective for particular groups having specific disadvantages. These sub-group effects are highlighted within Table C1.

The US experience of mandatory programmes has been quite limited. However, two mandatory programmes attempting to draw young parents into education or training are included in Table C1. Neither of these produced positive outcomes persisting beyond the period of participation.

Another dimension of the evidence from these studies, which is not shown in Table C1, is the importance of retention of participants in programmes. Non-experimental evidence from several studies relating to the California Conservation Corps (CCC), the Job Corps, and Jobstart, suggested that longer stayers or completers gained much more subsequently than did shorter stayers or dropouts. These findings should be regarded with some caution, because of possible self-selection bias. However they were regarded as sufficiently reliable to have influenced subsequent policy concerning retention.

In addition to the types of programme covered in Table C1, the US review considers some relatively limited evidence concerning wage subsidies, and jobsearch assistance.

The evidence on wage subsidies was mixed. The two main studies relating to youth employment subsidies showed that there was a low take-up by employers, and there were indications of individuals being stigmatized if they used subsidy vouchers in support of job applications. None the less, one programme provided evidence of a moderate positive impact on employment of young people, while the other indicated that the majority of jobs offered were additional rather than substitution into existing posts. The problem of employer take-up seems central to achieving larger impacts from subsidy programmes.

There have been several US experiments concerning jobsearch assistance, but none of these was focused upon young people specifically. These programmes have typically been found to have moderate but persisting positive effects on the employment of participants.

The full review of US experience describes the developments in service design, especially concerning education and training programmes for young people, to which these evaluations have led. The extent to which these policy implications can be applied to the UK or other European countries is a matter of judgement. A difficulty in transferring the US experience to Europe at present is the lack of detailed information about the characteristics of the young people served by the programmes in the various countries, and in the case of Europe also a lack of detail about the programmes themselves.

Table C1 USA: Overall findings from programmes concerning young people
(Broadly positive impacts in **bold**; partially positive impacts in *bold italics*.)

	Menu of services	Work experience	Education and Occupational training
CETA	Earnings: No impact.		Earnings: No impact from classroom training
JTPA	Earnings: No impact. <i>Qualifications: Impact for female school dropouts</i>		Earnings: No impact from classroom training
Job Corps **			Positive impacts on earnings, employment, qualifications. Lower welfare receipt, crime rate
Jobstart			Positive impact on qualifications. No impact on employment. <i>Gains in earnings for young men with arrests.</i>
CET/ Jobstart			Large gain in earnings
CET/ MFSP			Gain in earnings
NSW		No overall impact on earnings, employment, crime, drug use. (<i>Sites operating the program fully were effective.</i>)	
YIEPP		Earnings gain during program but not after	
CCC		<i>Earnings gain for most disadvantaged</i>	
Youth Corps		Positive impacts during programme, but no post-program evaluation	
LEAP*			No positive impacts; loss of income
Teen Parent*			No positive impacts after program

** Residential program. Non-residential version had no positive impacts.

* Mandatory program.

C.2 Europe

Table C2 (at the end of this section) provides a summary for European evaluations, under four headings: advisory services (jobsearch assistance), wage subsidy, temporary employment, and training and education. Temporary employment corresponds roughly to the US work experience category but in Europe there has generally been more emphasis on creation of temporary jobs in the public sector. Similarly, training and education corresponds roughly to the US education and occupational training, but in the USA there has been more emphasis on basic educational provision while in Europe most of the programmes concern vocational training, sometimes of short duration.

Studies relating specifically to youth programmes have been carried out only in France, Ireland, Norway and Sweden (and Britain, not shown in the table). Studies from several other countries include some limited information about younger groups although they cover general unemployed populations. Some evaluations, which provide no information directly about young people, are included because young people are prominent in a country's unemployment or in its programmes for the unemployed.

The results shown in Table C2 contrast strongly with those for the USA shown earlier. Most of the European evaluations have returned positive findings. One partial reason might be the more stringent or conservative tests provided by the experimental methods used in the USA. Numerous other differences in the labour market and social institutions of the USA and Europe may also be involved, but such explanations are speculative.

The youth programmes in France, Ireland and Britain (YTS/YT - not shown in table) all produced positive impacts on employment. Ireland's temporary employment programmes produced more highly positive, and persisting, impacts than its training programmes. The suite of youth programmes in France, which might be regarded as the nearest to NDYP, produced a variety of benefits but these differed by qualification level of participant and previous employment status; some trajectories had adverse effects associated with them. The French evaluation therefore pointed to the value of good matching of programmes to participants.

A general conclusion which can be drawn from Table C2 is that, on the available evidence, none of the main types of programme can be ruled out as generally ineffective in Europe. The task remains, however, to identify circumstances which fit particular kinds of programmes or vice versa. Tables C3-5 review some of the additional evidence from the evaluations, which may provide some insight into their workings.

Table C3 attempts to identify 'higher quality' outcomes in the evaluations, in terms of (a) higher wages or earnings, and (b) employment stability. These outcomes are more similar to the approach usually adopted in the USA, which considers total earnings over a substantial period after leaving the programme. In general, European programmes have not produced gains in wage rates or earnings for participants. Programmes in Austria, Belgium, Ireland, France (and Britain) have shown positive impacts on employment stability or acquisition of permanent jobs, but only the results in Ireland and France related specifically to those aged under 25. Information on these types of outcomes was lacking in several of the countries.

Table C4 considers the scale or targeting of programmes as a possible influence on effectiveness. This addresses a European debate in which some assert that universal or large-scale programmes are likely to be most effective while others assert that small-scale, targeted programmes are likely to be most effective. The findings are not consistent with the assertion that universal or very large-scale programmes are the most effective. On the other hand, the findings are also inconsistent with the assertion that small-scale, targeted programmes are the most effective. The range of apparently effective programmes covers from small to medium-large. Information is generally lacking about the extent to which large programmes may, in practice, be divided into smaller sub-programmes which are targeted on individuals with different needs.

Table C5 considers the importance of the length of training programmes for individual outcomes. In Europe, it appears that both short programmes and longer programmes can be effective. In Norway, where the effectiveness of training courses of different length was directly assessed, it was found that the shortest and longest courses were the more effective, with training of the typical length (around 4 months) being ineffective. In France, training programmes of both medium (6 months) and long duration (1-2 years) produced some benefits, but these depended on the characteristics and employment background of the recipients. The Irish youth training programmes are known to be of variable length but this factor was not directly analysed in their evaluation.

A related issue, not shown in Table C5, is the impact of length of stay or completion, which was found to be potentially important in the US studies. Here the main European evidence is from Britain. Completers from youth training were found to have much higher rates of employment than early leavers, while longer duration of stay in adult training programmes (which involved many 18-24 year olds) was found to increase subsequent employment chances. These findings however could result to some extent from a better match between the individual and the placement, rather than from length of stay or completion in itself.

As in the USA, the use of jobsearch assistance (advice, assessment, counselling, matching etc.) has not been evaluated in Europe for young people specifically. Evidence from the Netherlands as well as from Britain indicates that programmes of jobsearch assistance have positive effects but it is not known whether these are greater or less for young people.

Other issues of relevance to New Deal are only touched on in the European evaluations, or are missing altogether:

- There is no European evidence concerning the impact of mandatory programmes, unless one counts Britain's Restart programme as an example under this heading
- No programme offering a 'menu of options' has been evaluated in Europe, unless one counts Britain's Training for Work under this heading.
- No information is available about how local variations in delivery methods influence the effectiveness of either youth or adult programmes. But an evaluation from the Netherlands showed that training courses in different subjects could have widely differing pay-offs for the participants.

- Wage subsidies are present in many of the European programmes (e.g. the French youth programmes all have a substantial subsidy element) but the role of the subsidy has not been separately evaluated. Evidence from a study in Belgium suggested that a combination of wage subsidy plus training was more effective than either a wage subsidy on its own or a training programme on its own.
- There is no European evidence on the effectiveness of labour market programmes in reducing criminal arrests or other indicators of antisocial behaviour studied in some US evaluations. There is a substantial European literature on the links between youth unemployment and psychosocial health, but this this does not directly consider the effects of programmes.

Table C2. Outline of impacts in European studies (excluding Britain)

	Advice, assessment and counselling	Wage subsidy	Temporary employment	Training / education
Austria *				+
Belgium		+ if combined with training		+ if combined with subsidy
Denmark				+ for LTU only
Finland *				+
France **		Used in most programmes, not separately evaluated	+ for some groups (male only evaluated)	generally + (male only evaluated) but different programmes help different groups
Germany				No impact initially, + subsequently
Ireland **		Used in temporary employment programmes, not separately evaluated	+ impact	+ impact
Italy		+ (but young workers not separately evaluated)		
NL	+			+ for some training but not all
Norway *				Impacts weak or doubtful
Poland *		Used in temporary employment programmes, not separately evaluated	+	No impact in initial study, + later
Sweden **			No clear impact	No clear impact

+ Positive impact

** Special study of young unemployed. *Includes some information about young people.

Table C3. Europe: Wage gains and employment stability from temporary employment and training programmes (excluding Britain)

(Countries with no assessment of wages/stability of employment omitted)

	Temporary employment	Training / education
Austria		Employment stability (those getting jobs) (+)
Belgium		Employment stability (those getting jobs) (+ if coupled with wage subsidy)
Denmark		Wages (no effect)
France	No effect on obtaining permanent jobs	Movement to permanent jobs (+)
Germany		Employment stability (+)
Ireland	Employment stability (+)	No effect on employment stability
Norway		Wages (? weak effect)
Poland	Earnings (+)	Earnings (+)
Sweden	Wages (no effect)	Wages (no effect)

+ Positive impact

Table C4. Europe: Indications of the scale or targeting of programmes (excluding Britain)

(Countries with no indication of scale/targeting omitted)

	Advice, assessment and counselling	Wage subsidy	Temporary employment	Training / education
Austria				Small/targeted (+)
Belgium		Small (+)		Small (+)
Denmark				Wide (+ only for LTU)
Finland				Large (+)
France			Not stated (+)	Not stated, but variety of provision (+)
Germany				Large (?)
Ireland			Medium (+)	Small (+)
NL	Wide (applied soon after entry) (+)			Not stated (+)
Norway				Large (?)
Sweden			Very large (-)	Very large (-)

(+) outcome significantly positive. (-) outcome generally non-significant. (?) outcomes mixed or variable.

Table C5. Europe: Indications of impacts from the length of training programmes (excluding Britain)

(Countries with no indication of length of programme omitted)

	Length of training /education	Training / education: impact summary
Belgium	6 months	+ (only with subsidy)
Denmark	4 weeks	+ (only for LTU)
Finland	6 months with wide spread	+ (no info. about differences by length)
France	Some 6 months, some 1-2 years	6-month at least as effective as longer programmes (+)
Ireland	6 months with wide spread	+ (no info. about differences by length)
NL	Not stated but presumably long	+
Norway	4 months with wide spread	Shortest and longest courses more effective than typical length

C.3 Concluding comments

The US evaluation results contrast sharply with those from Europe. Most of the US programmes have not provided significant and persisting advantages for young people. In Europe, most programmes that were evaluated appeared to be beneficial, and this applied equally to programmes for young people as to programmes for wider unemployed groups.

In the USA, only two specialised forms of intensive training had strongly positive impacts on young disadvantaged people. Less intensive training programmes, work experience programmes, and programmes offering a mixed menu of services, have all proved to be ineffective with a population of disadvantaged young people even though successful with disadvantaged adults. Wage subsidy programmes for young people have reported some positive results, but impacts have been limited by low employer take-up.

These findings have influenced the subsequent design of programmes in the USA. How far they are transferable to European programmes, or to the New Deal for Young People in particular, remains a matter of judgement.

In Europe, it is impossible to argue that one type of labour market programme has been more effective than another. Training programmes, temporary employment programmes, and jobsearch assistance programmes have all registered positive outcomes (wage subsidies have not been separately evaluated, though they are involved in many of the programmes). The broadly favourable picture holds true even when attention is confined to the more limited range of programmes for young people that have been evaluated in Europe. However, the apparent contrast between the USA and Europe should be regarded with some caution, because most US programmes have been evaluated by experimental methods which may be more stringent than the non-experimental methods used in Europe.

It is not possible, on the available European evidence, to link relative success and failure with the scale of programmes, nor their duration. There is some evidence, in Britain as in the USA, that people who stay longer in a given programme do better than those who leave early, but this has to be interpreted carefully since retention may reflect an initially good match between the individual and the placement.

The US evaluation studies have produced a wider range of information than the European evaluations. These include the impacts on receipt of welfare payments, on family income, on educational qualification rates, and on rates of criminal offending. The US studies usually include long-term tracking of outcomes, using administrative databases, and this has been important in showing the persistent or transitory nature of impacts.

The US evaluations reveal important variation in outcomes between different sites or versions of a particular programme. This has been of value in learning how programmes can be better designed and delivered.

C.3.1 Suggested implications for the evaluation of New Deal for Young People

Any set of implications for NDYP from the review contains a large measure of personal opinion or judgement. The following list is put forward as an aid to discussion, while recognizing that others may draw different implications which are no less valid. The implications which we point to are expressed in terms of *questions to be investigated or evaluated*, rather than recommendations for policy.

Counselling and jobsearch assistance. Although there is substantial evidence from the USA, Netherlands and Britain that counselling and jobsearch assistance can be effective, there is no evidence which focuses specifically on young people. Separate evaluation of the Gateway phase in NDYP would be of particular value in advancing knowledge of how programmes work for young people.

Menu of options. Each element of NDYP appears to receive some support from previous evaluations of broadly similar provision. It is therefore reasonable to evaluate the *total* impact of the programme.

Matching to options. Evidence from France and from Britain suggests that the efficacy of matching people to options may be important for programme outcomes. This is particularly relevant to a programme with multiple options like NDYP.

Period on option. The potential importance of the time spent on a programme, also referred to as programme retention, emerges from US and British evidence. This is relevant to NDYP because its options generally involve placements for substantial periods.

Employer take-up of wage subsidy. Low take-up of wage subsidy by employers has been identified in the US evaluations as an important problem. Investigation of this issue, possibly on a locality basis (see also below), could be of value to NDYP.

Variations in programme delivery. The US evaluations have given considerable attention to comparisons of the effectiveness of local variants of programme delivery, and this approach has produced some of the main findings which have influenced policy. NDYP gives scope to local variations in delivery, and it should be a useful advance if local differences in impact can be investigated in the evaluation.

Employment stability. US evaluations have in several cases found that outcomes change between the short-term and medium-term. Studies in Austria, Ireland and France have benefited from a focus on employment stability. This may be of interest to NDYP because of its emphasis on the 'employability' concept.

Social outcomes. US evaluations have been strengthened by use of social measures, such as welfare receipt and criminal offending rates, alongside employment outcomes. There is also a substantial European literature on the psychosocial health implications of youth unemployment. Social outcome measures, though not necessarily of these particular types, could be of interest to NDYP.

Annex 1

Methodology of econometric evaluation: key terms and select bibliography

a. Some main concepts and terms in evaluation

The econometric evaluation of labour market or social programmes is usually concerned with the estimation of the impact of a programme relative to what would have happened in the absence of the programme. Outcomes which would have occurred in the absence of the programme constitute deadweight. The evaluation therefore is concerned with estimating impacts which are net of deadweight, or more simply, net impacts. This differs from programme monitoring criteria which consider how many positive outcomes (such as jobs) follow a programme, or the average cost per positive outcome. In these latter cases, the measurement of positive outcomes is often on a gross rather than net basis.

Alternative terms often used in place of net impacts are ‘net treatment effects’. The treatment is what the individual participant receives as a result of the programme or policy. In the context of econometric evaluation, the terms ‘impact’ and ‘effect’ are understood to be shorthand for the estimated net impact or estimated net effect.

The fundamental limitation on evaluation is that a given individual at a given period cannot both be in a programme and not in a programme. Only one of these situations can be observed per person per period. It is necessary to use information about other people or other periods to construct what would happen if the participating individual was not in the programme (or vice versa). This is known as ‘constructing the counterfactual case’.

Because all evaluations involve a counterfactual case rather than direct observation, they are all subject to bias. Bias is the difference between the estimated impact of the programme and its true impact, but the true impact cannot be directly observed because of the limitation noted above. Evaluation methodology seeks to minimise bias.

There are two main approaches to constructing the counterfactual: experimental designs and non-experimental designs (the latter is often called ‘quasi-experimental’, and statisticians also use the term ‘observational’). In an experimental evaluation, whether a particular individual becomes a participant or a non-participant is determined by a random process. This is often referred to as ‘random assignment’. In non-experimental evaluations, individuals have chosen to take part or have been selected to take part and this process can affect the results.

If the evaluation is experimental, provided that the sample size is large and the allocation process is random, the participants and non-participants will have the same distribution of pre-programme characteristics (for example, they will have the same distribution of ages and the same distribution of pre-programme attitudes). This eliminates many of the sources of bias which affect non-experimental evaluations. It should be stressed, however, that this only applies to the group to which the random assignment process was applied. For example, the outcomes for randomly assigned participants in one spatial area cannot legitimately be compared with the outcomes for randomly excluded participants in a different spatial area. It should also be appreciated that, while experimental evaluation reduces many kinds of bias, it may also introduce other kinds of bias. For example, being randomly excluded from a

programme may have different motivational effects from choosing not to take part in a programme. A necessary assumption for experimental designs is that bias resulting from assignment is insignificantly small.

In the case of non-experimental evaluation, there are two main strategies for reducing bias in estimating the programme impact. One is to obtain a non-participant comparison group which is similar to the participant group, while the other is to remove the bias due to dissimilarity by statistical means. In practice, both strategies are often used in conjunction.

To obtain a non-participant group which is similar to the participant group, one can make comparisons of the same group (or similarly constituted groups) before and after the introduction of the programme. This is often referred to as the ‘before-and-after’ design. This design necessarily assumes that other changes in context or in individuals’ lives have not affected the comparisons over time, or can be controlled by other means.

Alternatively, one can match the participant group with contemporaneous non-participants who have similar characteristics. The most relevant characteristics for matching are those which affect entry to the programme *and* are likely to influence subsequent outcomes. This approach is often referred to as a ‘matched comparison group’ design, or simply ‘matching’. This design necessarily assumes that factors which are important are all either included in the matching process, or can be controlled by other means.

There are various more elaborate versions of both before-and-after designs and matched comparison designs. For instance, there are various designs which make use of longitudinal follow-up over many periods (‘panel designs’) or collections of comparative samples drawn at several points in time (‘repeat cross-section designs’).

Virtually all non-experimental studies involve the use of statistical adjustment methods to remove bias resulting from dissimilarity in the samples being compared. One widely used approach is known as ‘differences in differences’. This uses observations on the participant and non-participant groups both before and after introduction of the programme. The bias due to dissimilarity between the two groups is reduced by comparing the difference in outcomes between the groups after the programme with the difference between the groups in the pre-programme baseline period.

Another widely used method is to estimate outcomes for the participant and non-participant samples, while adjusting for those characteristics that influence choice of, or selection into, the programme. Statistical methods have been developed to allow for the influence of unobserved influences on participation, insofar as these may affect outcomes, as well as known and observed influences. There is unfortunately no standard terminology to refer to this range of techniques. Where there is an adjustment for unobserved as well as observed influences, this is sometimes referred to as a ‘selectivity adjustment’. Estimates obtained by this method depend on assumptions about the form of the statistical relationships being analysed; these are often referred to as ‘functional form assumptions’.

b. Some reviews of methodology

The relative efficacy of experimental and non-experimental methods, and of the various more specific methods referred to above, has been extensively debated. No brief summary of this complex debate is possible. The intention of this section is simply to offer some signposts to the methodological literature.

The theory of experiments derives from the work of the British statistician R.A. Fisher (Fisher, 1956). A non-technical introductory text, with comments on causal interpretation, written for medical researchers, is that of Hill (1984). Cook and Campbell (1979) describe a wide range of non-experimental research designs. Rubin (1978) provides a more formal probabilistic treatment of experimental and non-experimental evaluation. Rubin (1979) and Rosenbaum and Rubin (1983) are important references for matching methods. Heckman and Robb (1985) define the underlying econometric models and assumptions involved in a wide range of evaluation methods.

There is a large literature, mostly from the USA, comparing the use of experimental and non-experimental methods. For example, LaLonde (1986) and Barnow (1987) argued that application of different non-experimental analysis methods could lead to different results from the same evaluation data, and that experimental methods offered a more reliable approach for policy purposes. A relatively non-technical exposition in favour of experimental methods was that of Burtless (1995). Björklund and Regnér (1996) described results from a range of experimental studies of labour market policy and discussed both advantages and some problems.

The arguments favouring experimental methods against non-experimental have been disputed. Heckman and Smith (1996) pointed out that the results obtained by LaLonde, among others, possibly arose from inadequate data and poorly matched samples, rather than from non-experimental methods as such. They also provided a discussion of some sources of bias which may affect experimental evaluations, and indicated that these could be substantial. The conditions which affect bias in various non-experimental designs have been further examined in Heckman et al. (1998).

Annex 2 Reference table for European programme evaluations in this review

Note The following table summarises evidence in a highly simplified form and is intended only to guide readers to the more detailed discussion in the main text. The effects of programmes are not quantified since it is not possible to reduce the results of different studies to a comparable form.

<i>Country</i>	<i>Type of programme</i>	<i>Outcomes studied</i>	<i>Chief results</i>
Austria	Adult training (period not stated).	Employment stability for those getting job.	Trainees' stability increased.
Belgium	Adult training, and wage subsidies (6 months).	Employment stability for those getting jobs (data from employers).	Combination of training and subsidies increased stability. Training on its own and subsidy on its own did not.
Denmark	Adult short-period training (one month).	Employment rate; earnings.	Employment rate increased for long-term unemployed only. No effect on earnings.
Finland	Adult training (few weeks to 2 years; average 6 months).	Months employed over a 4 year period.	Trainees spent more time in employment. Effect may have been smaller for young people.
France	Youth programmes: Work experience; Medium-period training; Long-period training.	Transition rates to various labour market statuses, conditional on prior status. Risk of long-term unemployment.	<i>Work experience</i> increased transitions of non-qualified to temporary jobs, and reduced long-term unemployment. <i>All training</i> increased transitions to permanent jobs, <i>long-period</i> more so than medium-period. But <i>medium-period</i> training increased transitions to temporary jobs and did more overall to reduce the risk of long-term unemployment. Effects of training also varied by qualification and prior status.
	Note: above all included employer subsidies		

<i>Country</i>	<i>Type of programme</i>	<i>Outcomes studied</i>	<i>Chief results</i>
Germany	Adult training (12 months).	Employment rate, earnings. (Small sample, from East Germany.)	Trainees did not gain in employment or earnings.
Great Britain	Youth training (1-2 years).	Employment rate. Earnings. (Various studies).	Trainees had higher employment after programme than non-participating school leavers. Estimated impact varied across studies. Effect on earnings not clear.
	Adult training (up to 1 year, average 6 months).	Employment rate, earnings (two studies)	Trainees had higher employment 1 year and 2 years after programme. No impact on earnings. Some differences by type of programme.
	Jobsearch assistance interviews	Unemployment rate, employment rate.	Those receiving jobsearch interviews and advice were later less likely to be unemployed and more likely to be employed.
	Special jobsearch support programmes (work trials, job clubs, guaranteed interviews).	Employment rate, earnings.	Employment was increased after programmes, especially work trials. Employment effects were greater for women than men after job clubs and guaranteed interviews. No positive impacts on earnings.
	Jobsearch assistance and work experience (compulsory).	Unemployment rate, employment rate, earnings.	Unemployment rate fell before entry to work experience. Effect on employment rate not clear. No effect on earnings.

<i>Country</i>	<i>Type of programme</i>	<i>Outcomes studied</i>	<i>Chief results</i>
Ireland	Youth training (varied length, up to 6 months maximum).	Employment rate after programme and 1 year later. Risk of transition to unemployment.	Trainees had higher employment after programme but not 1 year later. Trainees had higher risk of job ending in unemployment.
	Youth temporary work (with subsidy).	Employment rate after programme and 1 year later. Risk of transition to unemployment.	Participants had higher employment after programme and also 1 year later. No increased risk of job ending in unemployment.
Netherlands	Adult training (long period).	Transition time to employment.	Transition time was shorter for those taking metal working or building courses, but not for clerical courses.
	Jobsearch assistance and counselling.	Job applications, job offers, time to employment.	Time to employment was shorter for those getting assistance; they made more job applications but did not get more frequent job offers.
Norway	Adult training (few weeks to one year).	Employment rate. Earnings. (Several studies).	Employment rate increased for those on the shortest and the longest courses only. Earnings may have increased (size of impact not clear).
Poland	Adult training (period not stated).	Employment rate, earnings.	Employment rate increased for trainees (effect smaller for younger people). Earnings increased. (Earlier study showed no effects.)
	Temporary work (with subsidy) - two programmes.	Employment rate, earnings.	After one programme, employment rate fell. After the other programme, the employment rate increased and earnings were higher.

<i>Country</i>	<i>Type of programme</i>	<i>Outcomes studied</i>	<i>Chief results</i>
Sweden	Adult and youth training (various periods).	Employment rate, earnings (various studies).	No clear effect on employment or on earnings.
	Youth training (taking account of time spent).	Earnings.	No effect on earnings from time spent on training.
	Temporary employment (taking account of time spent).	Earnings.	No effect on earnings from time spent on temporary employment.

Glossary

(a) Programmes and welfare systems

Terms refer to the USA unless stated otherwise.

AFDC	Aid to Families with Dependent Children. Main welfare benefit in the USA until replaced by TANF (see below).
CCC	California Conservation Corps. A State work experience program.
CET	Centre for Employment Training. A US provider offering distinctive versions of some programmes.
CETA	Comprehensive Employment and Training Act. Major Federal programme offering employment and training services, 1973-82.
ET	Employment Training. Main UK training programme for adults, 1988-93.
IW	Polish programme of subsidised temporary employment, largely in the market sector.
JOBS	Job Opportunities and Basic Skills Training. From 1988, a major US programme chiefly for adults.
JOBSTART	Demonstration programme running at selected sites between 1985-88.
JTPA	Job Training Partnership Act. Replaced CETA in 1982.
LEAP	Learning Earning and Parenting, a demonstration programme running 1990-91.
MFSP	Minority Female Single Parents. A demonstration programme from 1982-88 – one of those operated by CET.
NDYP	New Deal for Young People (UK programme).
NSW	National Supported Work demonstration programme, 1975-81.
PW	Polish programme of subsidised temporary employment, in the public sector.
SIVP	Shorter period youth training programme in France.
TANF	Temporary Assistance for Needy Families. Replaced AFDC as the main welfare benefit in 1996.
TfW	Main UK training programme for adults, from 1993.

TJTC	Targeted Jobs Tax Credit. A US employment subsidy programme, running 1979-94.
TPD	Teenage Parent Demonstration, demonstration programme 1987-91.
TUC	Work experience/temporary employment programme for young people in France.
WIA	Workforce Investment Act. Will replace JTPA in 2000.
WIN	Early US programme specifically for single parent family heads.
YEDPA	Youth Employment and Demonstration Projects Act. A supplementary programme to CETA, starting in 1977.
YIEPP	Youth Incentive Entitlement Pilot Projects. Programme to keep disadvantaged young people in education, 1978-80.
YTS/YT	Youth Training Scheme/Youth Training. Main UK training programme for school leavers from 1983.

(b) Other

GED General Equivalency Diploma. US qualification which provides a lower-status alternative to High School graduation.

High School US secondary education

High School
diploma or
graduation Equivalent to UK A-level

LTU Long-term unemployment.

OJT On-job training.

PSE Public sector employment.

Sixth grade US level of schooling entered at age 11

Twelfth grade US level of schooling entered at age 17

References

- Ackum, S. Youth unemployment, labour market programmes and subsequent earnings, *Scandinavian Journal of Economics*, 1991, 93, 431-453.
- Ball, J., Gerould, D.M. and Burstein, P. *The Quality of Work in the Youth Entitlement Demonstration*. New York, NY: Manpower Demonstration Research Corporation, 1980.
- Ball, J. et al. *The Participation of Private Businesses as Work Sponsors in the Youth Entitlement Demonstration*. New York, NY: Manpower Demonstration Research Corporation, 1981.
- Banks, M., Bates, I., Breakwell, G., Bynner, J., Emler, N., Jamieson, L. and Roberts, K. *Careers and Identities*, Milton Keynes: Open University Press, 1992.
- Barnow, B. The impact of CETA programs on earnings: a review of the literature, *Journal of Human Resources*, 1987, 22, 157-193.
- Bassi, L.J. et al. *Measuring the Effect of CETA on Youth and the Economically Disadvantaged*. Washington, D.C.: The Urban Institute, 1984.
- Betsey, C.L., Hollister, R.G. Jr., and Papageorgiou, M.R.(eds.) *Youth Employment and Training Programs: The YEDPA Years*, Washington, D.C.: National Academy Press, 1985.
- Björklund, A. and Regnér, H. "Experimental Evaluation of European Labour Market Policy", in Schmid, G., O'Reilly, J. and Schömann, K. (eds.) *International Handbook of Labour Market Policy and Evaluation*, Cheltenham: Edward Elgar, 1996.
- Björklund, A. Evaluation of Labour Market Policy in Sweden, *International Journal of Manpower*, 1994, 15, 16-31.
- Bloom, H.S. *The National JTPA Study Overview: Impacts, Benefits, and Costs of Title II-A*. Bethesda, MD: Abt Associates, Inc., 1994.
- Bonnal, L., Fougere, D. et Serandon, A. L'impact des dispositifs d'emploi sur le devenir des jeunes chômeurs: une evaluation econometrique sur données longitudinales, *Economie et Prevision*, 1994, no. 115, 1-28.
- Bos, J.M. and Fellerath, V. *LEAP: Final Report on Ohio's Welfare Initiative to Improve School Attendance Among Teenage Parents*. New York, NY: Manpower Demonstration Research Corporation, 1997.
- Breen, R. *Education, Employment and Training in the Youth Labour Market*, General Research Series No. 152, Dublin: The Economic and Social Research Institute, 1991.
- Brock, T., Butler, D. and Long, D. *Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research*. New York, NY: Manpower Demonstration Research Corporation, 1993.

Bryson, A., Lissenburgh, S. and Payne, J. *The First Project Work Pilots: A Quantitative Evaluation*, Research & Development Report, Sheffield: Employment Service, 1998.

Burtless, G. Are Targeted Wage Subsidies Harmful? Evidence from a Wage Voucher Experiment, *Industrial and Labor Relations Review*, 1985, 39(1).

Burtless, G. The case for randomized field trials in economic and policy research, *Journal of Economic Perspectives*, 1995, 9(2), 63-84.

Bushell, R. Evaluation of the Young Workers Scheme, *Employment Gazette*, May 1986, 145-152.

Calmfors, L. and Lang, H. *Macroeconomic Effects of Active Labour Market Programmes - The Basic Theory*, Seminar Paper No. 541, Stockholm: Institute for International Economic Studies, 1993.

Cameron, S. and Heckman, J. The Nonequivalence of High School Equivalents, *Journal of Labor Economics*, January 1993.

Cave, G. et al.. *JOBSTART: Final Report on a Program for School Dropouts*. New York, NY: Manpower Demonstration Research Corporation, 1993.

Cockx, B., van der Linden, B., and Karaa, A. On active labour market policies and job duration: A microeconomic evaluation for Belgium, *Conference Proceedings, European Association of Labour Economists*, Vol. 4, 1996.

Cook, T.D. and Campbell, D.T. *Quasi-Experimentation: Design and Analysis Issues for Field Settings*, Chicago: Rand-McNally, 1979.

de Koning, J., Koss, M., and Verkaik, A. A quasi-experimental evaluation of the Vocational Training Centre for Adults, *Environment and Planning C*, 1991, 9, 143-153.

Dickinson, K.P., Johnson, T.R. and West, R.W.. *An Analysis of the Impact of CETA Programs on Participants' Earnings*. Menlo Park, CA: SRI International, 1984.

Dolton, P. and O'Neill, D. Unemployment duration and the Restart effect: some experimental evidence, *The Economic Journal*, 106, 1996, 387-400.

Dolton, P., Makepeace, G. and Treble, J. The Youth Training Scheme and the School -to-Work Transition, *Oxford Economic Papers*, 1994, 46, 629-657.

Ferguson, R.F. and Clay, P.L. *YouthBuild in Developmental Perspective: A Formative Evaluation of the YouthBuild Demonstration Project*. Cited in: *Some Things Do Make a Difference for Youth: A Compendium of Evaluations of Youth Programs and Practices*. Washington, D.C.: American Youth Policy Forum, 1997.

Fisher, R.A. *Statistical Methods and Scientific Inference*, Edinburgh: Oliver and Boyd, 1956.

Forslund, A. and Krueger, A. "An Evaluation of Swedish Labor Market Policy: New and Received Wisdom", in Freeman, R.B., Topel, R and Swedenborg, B. (eds.) *The Welfare State in Transition: Reforming the Swedish Model*, University of Chicago Press, 1997.

Friedlander, D. and Burtless, G. *Five Years After: The Long-Term Effects of Welfare-to-Work Programs*. New York, NY: Russell Sage Foundation, 1995.

Gorter, C. and Kalb, G.R. Estimating the effect of counselling and monitoring the unemployed on their probability of finding a job, application intensity and matching probability. *Conference Proceedings, European Association of Labour Economists*, 1993.

Green, F., Hoskings, M. and Montgomery, S. The effects of company training, further education and the youth training scheme on the earnings of young employees, *Oxford Bulletin of Economics and Statistics*, 1996, 58, 469-488.

Gueron, J.M. *Lessons from a Job Guarantee: The Youth Incentive Entitlement Pilot Projects*. New York, NY: Manpower Demonstration Research Corporation, 1984.

Gueron, J.M. *Reforming Welfare with Work*. New York, NY: Ford Foundation, 1987.

Gueron, J.M. and Pauly, E. *From Welfare to Work*. New York, NY: Russell Sage Foundation, 1991.

Hasluck, C. *Employers and the Employment Option of the New Deal for Young Unemployed People: Employment additionality and its measurement*, Research & Development Report ESR14, Sheffield: Employment Service, 1999.

Heckman, J.J., LaLonde, R.J. and Smith, J.A. "The Economics and Econometrics of Active Labor Market Programs", mimeo, 1998 (chapter prepared for inclusion in Ashenfelter, O. and Card, D. (eds.) *Handbook of Labor Economics, Vol. III*, forthcoming).

Heckman, J.J. and Robb, R. "Alternative methods for evaluating the impact of interventions", in: Heckman, J. and Singer, B. (eds.) *Longitudinal Analysis of Labor Market Data*, New York: Cambridge University Press for Econometric Society Monograph Series, 1985.

Heckman, J.J. and Smith, J.A. "Experimental and Nonexperimental Evaluation", in Schmid, G., O'Reilly, J. and Schömann, K. (eds.) *International Handbook of Labour Market Policy and Evaluation*, Cheltenham: Edward Elgar, 1996.

Hernaes, E. and Raaum, O. Unemployment Duration of Young Norwegians, *Conference Proceedings, European Association of Labour Economists, Vol. 4*, 1996.

Hershey, A.M. and Rosenberg, L.S. *The Study of the Replication of the CET Job Training Model*. Princeton, NJ: Mathematica Policy Research, Inc. 1994

Hill, A.B. *A Short Textbook of Medical Statistics*, revised edition, London: Hodder and Stoughton, 1984.

Ichino, A. and Felli, L. Do Marginal Employment Subsidies Increase Employment Probabilities? Preliminary Results on the Experiment of the Agenzia del Lavoro of Trento, *Labour*, 1988, no. 3.

Ivry, R.J. "Implications for Youth Policy and Practice." In *Some Things Do Make a Difference for Youth: A Compendium of Evaluations of Youth Programs and Practices*. Washington, D.C.: American Youth Policy Forum, 1997.

Jackman, R. and others, *A Job Guarantee for Long-term Unemployed People*, London: Employment Institute, undated (ca. 1990).

Jastrzab, J.A. et al.. *Youth Corps: Promising Strategies for Young People and Their Communities*. Cambridge, MA: Abt Associates, Inc. 1997.

Jensen, P., Pedersen, P.J., Smith, N. and Westergård-Nielsen, N. "The effects of labour market training on wages and unemployment: Some Danish results", in Bunzel, H., Jensen, P. and Westergård-Nielsen, N. (eds.) *Panel Data and Labour Market Dynamics*, North-Holland, 1993.

Katz, L.F. "Wage Subsidies for the Disadvantaged." In Freeman, R.B. and Gottschalk, P. *Generating Jobs: How to Increase Demand for Less-Skilled Workers*. New York, NY: Russell Sage Foundation, 1998.

Kisker, E.E., Rangarajan, A. and Boller, K. *Moving into Adulthood: Were the Impacts of Mandatory Programs for Welfare-Dependent Teenage Parents Sustained after the Programs Ended?* Princeton, NJ: Mathematica Policy Research, Inc. 1998.

Kraus, F., Puhani, P. and Steiner, V. Employment Effects of Publicly Financed Training Programs – The East German Experience, Discussion Paper No. 97-33, Mannheim: Zentrum für Europäische Wirtschaftsforschung.

Lakey, J. with Mukherjee, A. and White, M. *Youth Unemployment, Labour Market Programmes and Health*, Report to the Department of Health, London: Policy Studies Institute, 1999 (forthcoming).

LaLonde, R.J. Evaluating the econometric evaluations of training programs with experimental data, *American Economic Review*, 1986, 76(4), 604-620.

Lechner, M. *An Evaluation of Public Sector Sponsored Continuous Vocational Training Programs in East Germany*, Discussion Paper 539-96, University of Mannheim, 1996.

Levy, F. and Murnane, R.J.. September, 1992. "U.S. Earnings Levels and Earnings Inequality: A Review of Recent Trends and Proposed Explanations." *Journal of Economic Literature*, 1992, 30, 1333-1381.

Long, D.A. 1987. Analyzing Social Program Production: An Assessment of Supported Work for Youths. *The Journal of Human Resources*, 1987, 22(4).

Long, D.A. *What Works? A Synthesis of Research on Programs for Disadvantaged Youth in the United States*. New York, NY: Manpower Demonstration Research Corporation, 1998.

Long, D.A. et al. *LEAP: Three-Year Impacts of Ohio's Welfare Initiative to Improve School Attendance Among Teenage Parents*. New York, NY: Manpower Demonstration Research Corporation, 1996.

Main, B.G. The Effect of the Youth Training Scheme on Employment Probability, *Applied Economics*, 1991, 23, 367-372.

Main, B.G. and Shelley, M.A. The Effectiveness of the Youth Training Scheme as a Manpower Policy, *Economica*, 1990, 57, 485-514.

Mallar, C. et al. *Third Follow-Up Report on the Evaluation of the Economic Impact of the Job Corps Program*. Princeton: Mathematica Policy Research, Inc. 1982.

Maynard, R. "The Impacts of Supported Work on Youth." In Robin G. Hollister, R.G. Jr., Kemper, P. and Maynard, R. (eds). *The National Supported Work Demonstration*. Madison, WI: The University of Wisconsin Press. 1984.

Maynard, R. (ed.) *Building Self-Sufficiency among Welfare-Dependent Teenage Parents*. Princeton, NJ: Mathematica Policy Research, Inc. 1993.

MDRC Board of Directors. *Summary and Findings of the National Supported Work Demonstration*. New York, NY: Manpower Demonstration Research Corporation, 1980.

Mialli, F., Pudney, S. and Thomas, J. Training Duration and Post-training Outcomes: A Duration-limited Competing Risks Model, *The Economic Journal*, 1996, 106, 422-433.

Naatti, J. Employment effects of labour market training in Finland 1988-92, *Conference Proceedings, European Association of Labour Economists, Vol. 4*, 1996.

Nicaise, I., Bollens, J., Dawes, L., Laghaei, S., Thaulow, I., Verdie, M. and Wagner, A. *Labour Market Programmes for the Poor in Europe: Pitfalls, Dilemmas and How to Avoid Them*, Avebury, 1995.

Orr, L.L, et al. *Does Training for the Disadvantaged Work? Evidence from the National JTPA Study*. Washington, D.C.: The Urban Institute Press, 1996.

O'Higgins, N. YTS, Employment and Sample Selection Bias, *Oxford Economic Papers*, 1994, 46, 605-628.

O'Leary, C.J. *Evaluating the Effectiveness of Active Labor Programs in Poland: Summary*, W.E. Upjohn Institute for Employment Research, 1998.

- Payne, J., Lissenburgh, S., White, M. and Payne, C. *Employment Training and Employment Action: An evaluation by the matched comparison method*, Research Series No. 74, Sheffield: Department for Education and Employment, 1996.
- Payne, J., Payne, C., Lissenburgh, S. and Range, M. *Work-Based Training and Job Prospects for the Unemployed: An Evaluation of Training for Work*, Research Series No. 96, Sheffield: Department for Education and Employment, 1999.
- Puhani, P.A. and Steiner, V. The Effectiveness and Efficiency of Active Labour Market Policies in Poland, *Empirica*, 1997, 24, 209-231.
- Raaum, O. and Torp, H. Impact of Training on Earnings: Testing Alternative Models, *Conference Proceedings, European Association of Labour Economists, Vol. 4*, 1996.
- Ridder, G. An event history approach to the evaluation of training, recruitment and employment programmes, *Journal of Applied Econometrics*, 1986, 1, 109-126.
- Rosenbaum, P. and Rubin, D. The central role of the propensity score in observational studies for causal effects, *Biometrika*, 1983, 70(1), 41-55.
- Rosholm, M. The effect of public job creation on the exit rate from employment and unemployment for long term unemployed, *Conference Proceedings, European Association of Labour Economists, Vol. 3*, 1995.
- Rubin, D. Bayesian inference for causal effects: the role of randomization, *Annals of Statistics*, 1978, 6(1), 34-58.
- Rubin, D. Using multivariate matched sampling and regression adjustment to control bias in observational studies, *Journal of the American Statistical Association*, 1979, 74, 318-328.
- Samek Lodovici, M. La valutazione delle politiche attive del lavoro: L'esperienza internazionale ed il caso Italiano, *Economia & Lavoro*, 1995, 29, 63-96.
- Sum, A. et al. *A Generation of Challenge: Pathways to Success for Urban Youth*. Baltimore, MD: Sar Levitan Center for Social Policy Studies, The John Hopkins University, 1997.
- Torp, H. The Impact of Training on Employment: Assessing Norwegian Labour Market Policy, *Scandinavian Journal of Economics*, 1994, 96, 531-550.
- Torp, H. *Labour Market Institutions and Development: Norway Baseline Study*, Report 95:11, Institute for Social Research (ISF), Oslo, 1995.
- Walker, G. "Out of School and Unemployed: Principles for More Effective Policy and Programs." In Sum A. et al., *A Generation of Challenge: Pathways to Success for Urban Youth*. Baltimore, MD: Sar Levitan Center for Social Policy Studies, The John Hopkins University. 1997.
- White, M. and Lakey, J. *The Restart Effect*, London: Policy Studies Institute, 1992.

White, M., Lissenburgh, S. and Bryson, A. *The Impact of Public Job Placing Programmes*, London: Policy Studies Institute, 1997.

Whitfield, K. and Bourlakis, C. An Empirical Analysis of YTS, Employment and Earnings, *Journal of Economic Studies*, 1991, 18, 42-56.

Wolf, W.C., Leiderman, S. and Voith, R. *The California Conservation Corps. An Analysis of Short-term Impacts on Participants*. Philadelphia, PA: Public/Private Ventures, 1987.

Zambrowski, A. and Gordon, A. *Evaluation of the Minority Female Single Parent Demonstration: Fifth Year Impacts at CET*. Princeton, NJ: Mathematica Policy Research, Inc. 1993.

Zweimüller, J. and Winter-Ebmer, R. Manpower training programmes and employment stability, *Economica*, 1996, 63, 113-130.

Synopsis

This report presents reviews of evaluation studies in the USA and in Europe concerning the impacts of labour market programmes on young unemployed people. The review has been conducted as part of the wider evaluation of New Deal for Young People (NDYP) which commenced at the beginning of 1998. Its aim is to inform other parallel strands of evaluation research which are taking place. It therefore covers those aspects of the literature which may be of relevance to the evaluation of NDYP, and this has been guided by a list of NDYP's special features.

The main part of the report consists of non-technical descriptions of the evaluation studies which are relevant, with sections corresponding to different types of programmes and to themes which cross-cut the programmes. The report also discusses ways in which this type of cross-national evidence can be used, and provides a concluding overview which spans the US and European material and suggests some possible implications for the evaluation of NDYP.