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Labor force impacts of enhanced employment counseling in the United States: The limits of an encouragement RCT design

## **Abstract**

This study evaluates the impact of comprehensive case management approach for young adults (ages 14-24) in welfare and workforce development enrolled in an integrated program called “Comprehensive Case Management and Employment Program” (CCMEP). The study used an encouragement RCT design to randomize participation in case management services in six counties of the State of Ohio. Over 6,000 young adults were asked to participate in services supported by the state-wide program (and 6,000 were in a control group). Approximately 2.5% of both the control and treated populations enrolled in the CCMEP. The encouragement, however, was deemed to be a failure. Given that fact that roughly the same percentage of control and treated enrolled, we determined that there were difficulties with the local implementation of the enrollment process.

Here, we use encouragement randomization to measure program effects on work behavior. The treatment, or intervention, is sending people a text message encouraging them to use CCMEP. We used an online provider of text messages (Skipio) to customize texts to young adults with slightly different messages but offering support by enrolling in programs covered by the statewide CCMEP program. We developed this strategy because it was impossible to randomly assign individuals to CCMEP and to a control condition in a traditional evaluation model. The legislative rules dictated that the program needed to be open to all potential enrollees. We could not limit access to the program at the time because statute prohibited that. In the encouragement model we could do a formal randomization while also preserving the eligibility for services of those we did not send an encouragement.

Many lessons can be drawn from this process about the design of an RCT using an encouragement and show some of the limitations of conducting evaluations with multiple layers of government, including providers of services, counties and state. The encouragement design is an important alternative for RCT designs. Originally, the encouragement was intended to work with treatments such as filing a financial aid form through a tax provider or enrolling in an employer provided pension. In the US context, these encouragements are powerful motivations (e.g., college scholarships, and pensions), and require relatively little work on the part of the participants. In the employment counseling situation we faced, individuals enroll in a voluntary program, must comply with program rules that include testing, mandatory work-participation, and follow-up reporting. It requires significant regulatory compliance, and any payoff is potentially small.

There are other aspects of this experience that are useful for governments to reflect on. First, workforce development programs overall have modest budgets, which are spent on highly diverse groups of individuals. Given the diversity in program design, and the difficulty serving a

heterogenous population, any evaluation will have difficulty identifying program effects. Indeed, for decades we have been satisfied if an evaluation shows short term gains in employment or earnings, but these fall off in later years. Moreover, we know that the labor market changes all the time, meaning that in the boom economy of 2018 we had a very tight labor market, where every available individual was already working if they wanted to and those sitting out the labor market had significant barriers or faced discrimination. Therefore, the idea that small numbers of people would enroll because they have better options is a reflection of a good problem. Finally, the state of Ohio made significant policy change in creating the CCMEP program, combining 17 different programs or services into one, and adding additional testing and counseling. Therefore, any potential program effects were limited because of the significant changes in the provision of public services.

While there were not enough cases enrolled in the CCMEP program through the encouragement, a parallel study using a propensity score method to compare all participants in CCMEP in one large Ohio county (Cuyahoga) (461 cases) with a control group (11,084) did show modest gains in both employment and earnings, for women but not for men. This result focuses attention on the possible roles of comprehensive case management to improve labor market outcomes for disadvantaged youth.

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