

Intensive Assistance and Job Search Training

a net impact study

Evaluation and Program Performance Branch
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Executive Summary

Since the introduction of the Job Network, Intensive Assistance (IA) and Job Search Training (JST) have been the main forms of employment assistance delivered to disadvantaged jobseekers. In the year to end June 2002 around 285,000 job seekers commenced in IA and 79,000 in JST. These two programmes account for almost one billion dollars of government expenditure.

A net impact approach was used to compare the outcomes achieved by program participants with those of a matched comparison group. This approach has been used to assess the effectiveness of labour market programs both in Australia and internationally. The methodology is in line with that suggested by the Productivity Commission and the OECD.

The study examines the impact from referral to the programme or service as well as the impact from commencement in the programme. Referral impacts capture both compliance effects that occur where job seekers avoid participation in the programme by finding employment or declaring previously undeclared income and the impacts that result from actual participation in a program. The impact from commencement captures both the improvement in employment prospects as a result of programme participation and attachment effects where participants reduce their job search activity while in a programme. This report presents the findings of several studies conducted in 2002 to measure the net impact of these programs on job seeker employment prospects.

Both IA and JST were found to be effective forms of assistance with significant impacts both from referral to and commencement in the programme or service (Table 1). These impacts are in line with overseas findings for successful programmes of their type.

Table 1 Employment Net Impacts for Intensive Assistance and Job Search Training

	May 02	August 02	November 02
Impact from Referral			
Intensive Assistance	4.0	4.4	4.0
Job Search Training	10.0	12.5	9.6
Impact from Commencement			
Intensive Assistance	6.8	5.0	6.2
Job Search Training	4.4	10.1	11.6

Net impacts measured 16 months after referral to or commencement in the programme or service.

The results show that:

- Impacts were high with the employment prospects of those referred to JST increasing by 25 percent, those referred to IA by 16 percent, those commencing JST by 31 percent and those commencing IA by 24 percent,
- The main impacts were found to be related to compliance effects. Whilst referral and commencement impacts were similar in percentage terms, many more jobseekers are referred than commence;
- IA net impacts from commencement have improved since those reported in the Job Network Stage 3 Evaluation. This rise is consistent with a general rise in employment

outcomes that has occurred for IA during the second employment services contract which started in March 2000;

- JST has continued to show high net impacts, largely as a result of its ‘jobs first’ focus and, in terms of its compliance effects, its requirement for 15 consecutive days of full time attendance;
- The impacts in IA and JST were strongest for the most disadvantaged job seekers; and
- The findings strongly support the changes in service delivery that will be implemented as part of the Active Participation Model from July 2003. This will take advantage of both the positive effect of programme participation and the motivational effect of active participation.

Net Impact of Intensive Assistance and Job Search Training

Background

In the year to end June 2002, around 285,000 job seekers participated in Intensive Assistance (IA) and 79,000 in Job Search Training (JST).

IA typically provides up to 12 months of personalised assistance to disadvantaged job seekers. Providers are paid an up-front fee and an outcome fee where participants find suitable employment. Within this framework, providers have a great deal of flexibility in the type and amount of assistance provided to individual job seekers, although in total they are expected to comply with contractual agreements as to the amount and type of assistance they provide.

JST provides 15 days of job search training and support, with participants receiving help with résumés, presentation skills and interview preparation. A large component of the program is supported job search activity, with access to newspapers, the internet, fax machines and motivational support.

This study examines the impact of these programs on job seeker employment outcomes using a net impact methodology. This approach has been used to assess the effectiveness of labour market programs both in Australia and internationally. Conceptually, net impact measures the cumulative effect of:

- ⇒ A *compliance effect*, where referral to a programme often acts as a catalyst to increase job search activity or the reporting of changed circumstances (declaring earned income for example) to avoid participation in the programme;
- ⇒ An *attachment effect*, where there is a reduction in job search activity as a result of participation in the programme with a consequent reduction in net impact¹; and
- ⇒ A *programme effect*, the increase in the probability of gaining employment as a result of actually participating in the programme.

By measuring the net impact from the point of *referral* to a programme it is possible to capture all three effects. Measuring net impact from the point of *commencement* in the programme captures the programme effects as well as the attachment effects.

Methodology

The study compares the outcomes of program participants with those of similar job seekers who had not been referred to or participated in the programs in the previous 6 months. The methodology used follows that employed in the Job Network Stage 3 Evaluation and measures impacts from referral and commencement in a programme. The approach used is in line with that suggested by the OECD and the Productivity Commission. It should be noted that direct comparisons between programs remain constrained by the fact that different labour market programs have different goals and target different client groups.

The point in time after commencement at which employment outcomes are measured is critical. Generally speaking outcomes for both the program and control groups improve over time as job

¹ Attachment effects can result from people reducing their job search activity either to accommodate program activities or because program participants may no longer be subject to at least the equivalent of regular Centrelink job search requirements.

seekers have longer to gain employment. However, where labour market programs have significant attachment effects outcomes of program participants will be lowered, relative to a control group, for the duration of the program. At the point of exit attachment effects cease and any net impact associated with the program should become evident. This effect will be lower for programmes such as Job Search Training which has a duration of only 3 weeks. For IA attachment effects may not be as obvious. Job Seekers can participate in IA for up to 12 months or more but will leave at any time if an employment opportunity is found. On average participation is around 7 or 8 months. It is likely that these two factors will cancel each other out to some extent and attachment effects will not be observed.

Subsequent to the Job Network Stage 3 Evaluation, three net impact surveys have been undertaken. The surveys were in May, August and November 2002 and in each case include jobseekers referred to or commencing assistance some 16 months earlier. To ensure that results were comparable, the methodology used in these surveys were identical to that used in the Job Network Stage 3 Evaluation, with two exceptions:

- in order to reduce respondent burden, only those who were not receiving full benefits at the time of the survey² were included in the survey. Clients receiving full benefits were considered as unemployed.
- outcomes were measured 16 months after commencement, rather than 12 months. This change was implemented to allow IA clients time to complete their placements and have several months of post program job search, and to assess the optimal timing of future net impact studies. The May 2002 questionnaire also asked participants about their employment status on a monthly basis throughout the 16 month study period.

The referral impact component of each of the three surveys included samples of 4,000 people per program who had been referred to IA or JST some 16 months prior to the survey and similar sized comparison groups. The comparison group consisted of unemployed people in receipt of Newstart and Youth Allowance (Other) some 16 months prior to the survey who had not been referred to, or participated in the programs in the previous 6 months³. The impact from commencement component of each of the three studies for IA and JST included around 2,000 people per program who commenced some 16 months earlier and similar sized comparison groups of job seekers. The study included both those who completed their placement and those who left early. The comparison group consisted of job seekers in receipt of Newstart and Youth Allowance (Other) some 16 months prior to the survey who had not been referred to, or participated in the programs in the previous 6 months³.

In line with the approach used in the Job Network Stage 3 Evaluation, logistic regression was chosen as the appropriate tool to control for variations in the client demographics and local labour market conditions. Under the logistic regression approach, a regression model using only comparison group members is developed. The resulting coefficients are then applied to members of the program group to ascertain an expected outcomes level for program group members in the absence of assistance. This expected outcomes level is then compared to the actual outcomes level achieved following program participation or referral, and the difference is the net impact. The regression controls for a range of variables including age, gender, duration on unemployment allowance, disability, persons from culturally and diverse backgrounds, Indigenous, educational attainment and local economic conditions. A comparison using a matched pairs approach produced similar results.

² For the May 2002 survey, people were only treated as such if they were also on full benefits for all of the 15 months preceding the survey.

³ This will equate to the period between 16 and 22 months prior to the survey.

Employment outcomes were measured through surveys. The overall response rate to the surveys was 62 percent.

There are a range of issues that need to be considered when assessing the measured net impact including:

- Those selected in the comparison group may subsequently be referred to or participate in the program, thus potentially affecting net impacts. While removing these jobseekers from the survey would be possible, it would lead to biased results as only those who remained unemployed could subsequently be referred to or participate in programs;
- Jobseekers may be eligible for and participate in a range of other assistance including State government labour market programs;
- Those with sickness exemptions were not removed from the study. However, the results do not differ significantly when they are removed;
- For IA and JST, the net impact results did not change when those on part benefit at selection were removed from the study.

In light of this, the results should be interpreted as conservative, with net impacts likely to be understated because the comparison is with job seekers who receive other forms of assistance rather than no assistance at all.

Findings - employment net impacts

It should be noted when considering referral and commencement impacts that around 30 percent of those referred to JST actually commence, while 65 percent of those referred to IA commence.

Net impacts from referral

Net impact measured in terms of outcomes after referral captures all effects including compliance effects and any impact from actually commencing the programme provided sufficient time is given for programme completion. For the purpose of this study, outcomes are measured 16 months after referral to IA (12 months programme duration) and JST (3 weeks).

Table 1 shows outcomes for treatment and comparison groups and referral net impacts for each programme from the November 2002 survey. The employment outcomes of job seekers 16 months after referral to IA and JST were 29.2 and 47.4 percent respectively. This compares with matched comparison groups who achieved employment outcomes levels of 25.2 and 37.8 percent, representing net impacts for IA and JST of 4.0 and 9.6 percentage points, respectively.

Table 1 Employment net impacts from referral, November 2002

	Comparison Group	Treatment Group	Net Impact
Intensive Assistance	25.2	29.2	4.0
Job Search Training	37.8	47.4	9.6

Net impact is calculated as the treatment group outcomes less the comparison group outcomes.

Net impacts from commencement

The net impact from commencement provides a measure of the impact of actually participating in the programme less any attachment effect. Table 2 shows these impacts from the November 2002 survey.

The study showed that 31.7 and 49.4 percent of job seekers who commenced IA and JST, respectively, were in employment 16 months later. This compares with matched comparison groups who achieved outcomes levels of 25.6 and 37.8 percent, representing net impacts for IA and JST of 6.2 and 11.6 percentage points, respectively.

Table 2 Employment net impacts from commencement¹

Program	Comparison Group	Treatment Group	Net Impact
Intensive Assistance	25.6	31.7	6.2
Job Search Training	37.8	49.4	11.6

Net impact is calculated as the treatment group outcomes less the comparison group outcomes.

Similar results for the May and August 2000 surveys are shown at Attachment A. Also included for comparison are the results from the April 2001 net impact survey reported in the Job Network Stage 3 Evaluation report.

Comparisons with the Job Network Stage 3 Evaluation

There have now been 3 net impact surveys conducted since the Job Network Stage 3 Evaluation. Table 3 and Figure 1 show the results from these surveys. As can be seen, the net impact estimates have exhibited some variation over time.

The results presented in the Job Network Stage 3 Evaluation relate to both IA and JST. For referral impacts, the results are similar⁴, with JST having a higher referral impact than IA. The results are also similar⁴ for the JST commencement impact. However, the IA commencement impact has risen from 0.6 percentage points in the Job Network Stage 3 Evaluation to some 6.2 percentage points in the latest study. Such a rise in outcomes represents a major improvement in program performance.

This finding is consistent with a strong rise in employment outcomes for IA. Figure 2a shows the rise in employment outcomes for IA over time, while Figure 2b shows that this rise has been consistent regardless of the level of disadvantage faced by jobseekers⁵, suggesting that the rising outcomes are not associated with changes to the mix of clients commencing IA. Similarly, the rise is also unlikely to be associated with changes in economic conditions, because over the same period JST, Job Matching and NEIS outcomes have remained fairly constant. The rise appears to be associated with the market developing, and in recent times, the introduction of the 'Star Ratings' system which has driven substantial performance improvements⁶.

⁴ Allowing for the standard error present on all survey based estimates, in this case around 2 percentage points.

⁵ As measured by duration on unemployment allowance at the start of the placement.

⁶ Paid outcomes, which represent cases where the department has paid an outcomes fee where the participants has spent 13 weeks in employment or study have risen by 50 percent with the start of the second contract period in March 2000 and a further 30 percent since June 2000.

Table 3 Employment Net Impacts for Intensive Assistance and Job Search Training

		JN Stage 3			
		Evaluation April			
		2001 ¹	May 02 ²	August 02 ²	November 02 ²
Impact from Referral					
Intensive Assistance		2.2	4.0	4.4	4.0
Job Search Training		6.7	10.0	12.5	9.6
Impact from Commencement					
Intensive Assistance		0.6	6.8	5.0	6.2
Job Search Training		8.3	4.4	10.1	11.6

1. The April 01 study shows net impacts at 12 months after referral or commencement.
2. Net impacts measured 16 months after referral to or commencement in the programme or service.
3. Net impact is calculated as the treatment group outcomes less the comparison group outcomes.

Figure 1 Net Impact studies

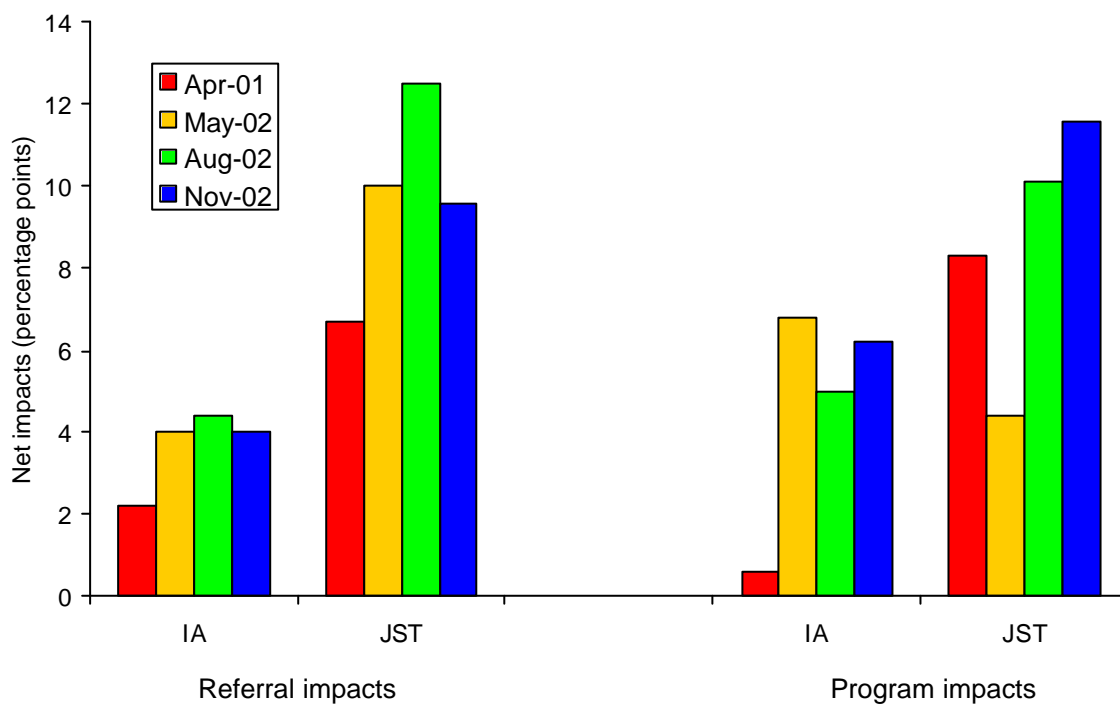
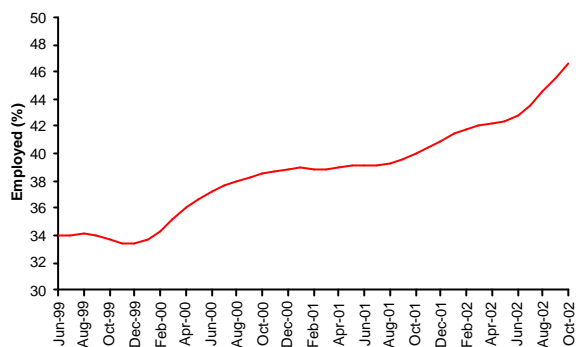
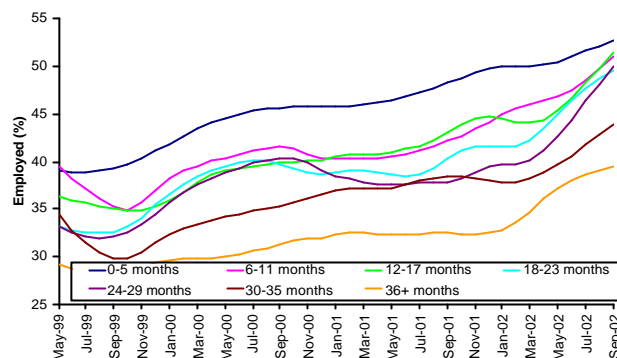


Figure 2a IA employment outcomes

Source PPM survey. Outcomes at 3 months after clients leave assistance.

Figure 2b IA employment outcomes by duration on benefit

Net impact by demographic characteristics

Table 4 shows the net impacts associated with various jobseeker groups. Job Search Training had lower referral and commencement net impacts for young people under 25 years of age (which is consistent with overseas experience). Those in JST are generally the less disadvantaged and net impacts did not vary markedly for different levels of educational attainment, for special groups such as overseas born and people with a disability and for different local labour market conditions.

Impacts were negative for young people in IA but strongly positive for those 25 years and older. Unlike the findings reported in the Job Network Evaluation Stage 3 report, in the later studies net impacts from commencement were similar for the short and the long term allowees and for different levels of educational attainment. However, IA had strong commencement net impacts for disadvantaged groups such as those born overseas and persons with a disability. The net impacts for Indigenous people in IA were similar to that for the total population at nearly 6 percentage points. This suggests that IA is particularly suited to catering for the needs of special groups.

It can be seen from Table 3 that IA commencement net impacts have improved considerably between those measured in 2001 and 2002. While commencement net impacts have improved for most categories of participants from that shown in the Job Network Evaluation Stage 3 report the improvement has been stronger for those on benefits for less than 12 months and those in special groups.

Significantly, the results show that JST is more appropriate for the short term unemployed, while IA is more effective for long term beneficiaries. This finding strongly supports the new APM model, where the vast majority of jobseekers will receive JST after a few months of unemployment, while the more intensive Customised Assistance will be withheld until it is likely to be effective.

Table 4 Net impact by job seeker characteristics¹

	Referral		Commencement	
	IA	JST	IA	JST
<i>Age</i>				
15-24	-5.7	8.0	-4.0	3.6
25-44	4.8	11.9	5.1	9.4
45+	8.2	12.1	11.8	12.4
<i>Gender</i>				
Female	5.6	7.5	7.0	9.3
Male	3.5	12.4	5.5	7.7
<i>Duration on benefits</i>				
0-11 months	1.4	10.9	7.0	8.6
12-23 months	2.3	4.2	na	na
24+ months	7.1	na	6.4	na
<i>Educational attainment</i>				
< year 10	3.2	na	5.9	na
Year 10	5.8	13.0	6.8	9.8
Year 12	2.8	8.4	3.8	7.6
TAFE	3.2	10.2	8.1	5.9
Degree	2.9	11.4	na	9.1
<i>Labour market conditions</i>				
Weak	2.5	11.5	6.2	9.4
Meduim	5.0	12.3	4.6	9.4
Strong	5.0	9.3	7.0	6.7
<i>Equity groups</i>				
CALD	8.2	15.7	12.3	9.8
PWD	8.1	14.2	14.2	Na
Indigenous	5.6	na	5.7	Na
Total	4.1	10.8	6.0	8.2

1. These figures represent the weighted average from the May, August and November 2002 studies. Sample sizes are too small to report results from the individual studies.

na not available due to small sample size for this cell.

Impact on earnings

While the above analysis has concentrated on the proportion of former participants in employment, it is also possible to measure the net impact in terms of earnings from the November survey. Table 5 provides details from the Post Program Monitoring (PPM) survey of the average pre tax income of those participants who were in employment 3 months following the end of a program. As can be seen, average incomes are quite low, even for programs such as NEIS.

Table 5 Average gross income of employed former participants

	Mean income	Proportion earning less than \$400 per week
WfD	365	59.8
IA	388	53.4
JST	433	48.5
IEP-STEP	382	63.6
IEP-WA	422	57.6
JM	431	44.4
NEIS	420	53.3

Source : PPM survey

In terms of net impact, it is important to note that any change in income levels will consist of both changes in the proportion of clients who were employed and in wage levels. Table 6 shows that the average yearly earnings of those referred to IA and JST increased by \$530 and \$4,262 respectively. For commencement impacts, the improvements were \$1,261 and \$2,494 respectively.

Table 6 Net impact in terms of annual earnings¹

	Referral impacts (\$)	Program impacts (\$)
IA	530	1,261
JST	4,262	2,494

1. Change in annualised pre tax earnings. Earnings were measured on a weekly basis and then annualised.

Net impacts in terms of new skills and field of work

The November 2002 survey allowed for an assessment of whether those who found employment were in a new field of work, or were using new skills in their job. Table 7 shows, as would be expected, that undertaking IA encourages jobseekers to try new fields of employment and use new skills, while JST, which focuses on job search, tends to see people employed in jobs they have experienced before. Similarly, referral impacts were more likely to be associated with people finding work in occupations they have experience in, while actual participation in programs tends to broaden the types of jobs ultimately found.

Table 7 Net impact in terms of new field of work and using new skills¹

	New field of work	Using new skills
IA referral	1.4	3.3
IA commencement	5.2	4.7
JST referral	-3.6	-0.1
JST commencement	0.4	1.6

1. Relates only to those in work at the time of the survey.

Net impacts over time

The May 2002 survey design allowed for an assessment of net impact over the 16 months following referral or commencement⁷. Figures 3 and 4 show the results, with the net impact being the difference between the outcomes of the program and comparison groups.

It is also evident that a significant proportion of participants and comparison group members were in employment soon after commencement or referral. As could be expected, this relates to the fact that jobseekers in part time employment are eligible for JST and IA and that any compliance effects are likely to be evident very quickly. Removing those on part-benefit at the time of selection⁸ did not change the net impact findings⁹.

Figure 3 shows that JST referral and program impacts are evident early on and are sustained over time. Figure 4 shows that IA referral and program impacts are evident early on and are sustained over time. This result in particular suggests the optimal length of IA may be considerably less than 12 months, and could even be less than 6 months.

Figure 3

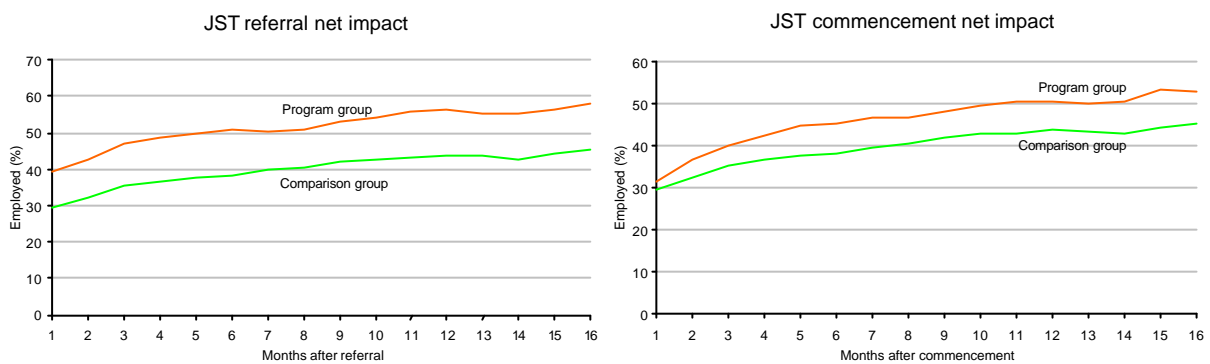
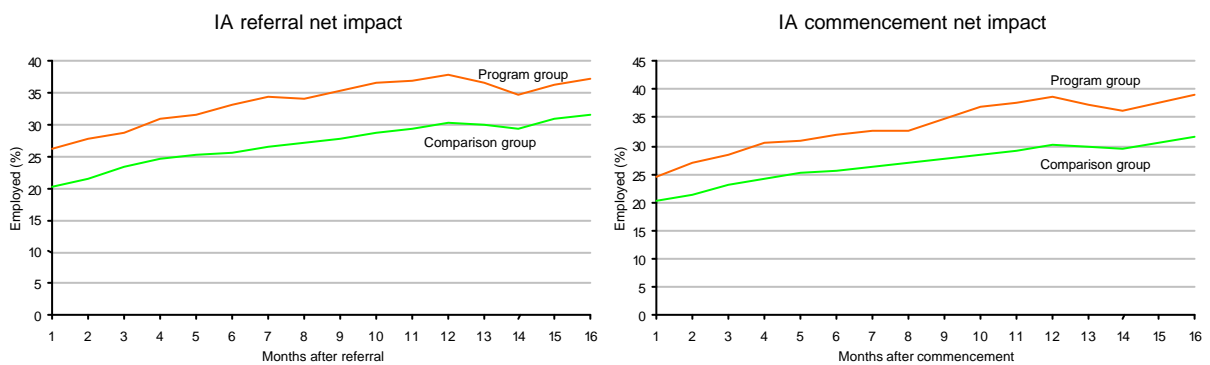


Figure 4



⁷ The questionnaire asked what they ‘mostly did’ in each month of the study period, rather than at a particular point in time. Problems such as recall bias and telescoping (moving events forward in time) may be present.

⁸ At the time of referral or commencement during November 2000, or during November 2000 for the comparison group.

⁹ Although outcomes for both the program and comparison groups were lower (at around 10-20 percentage points), the net impact (the difference) did not change significantly.

Conclusion

Both IA and JST were found to be effective forms of assistance, with high overall impacts. Significantly, while impacts were similar in percentage terms, many more jobseekers are referred than commence meaning that the biggest impacts were found to be related to compliance effects, where jobseekers find work rather than participate in a program.

For IA, net impacts have improved since the previous study reported in the Job Network Stage 3 evaluation. This rise is consistent with a general rise that has occurred for IA in both Post Program Monitoring and paid outcomes.

JST was seen to deliver high net impacts for both referral and commencement. The fact that 90 percent of jobseekers who reach 3 months of unemployment will receive such assistance under the Active Participation Model highlights the continuing importance of this type of assistance.

Overall the results are positive for both programs, in that they show substantial improvements in the employment prospects of jobseekers. Importantly, the findings strongly support the recent changes in the service delivery model that will be implemented as part of the third Job Network contract period.

Attachment A

Net impact

April 2001 survey - JN Evaluation Stage 3

	Control Group	Treatment Group	Net Impact
IA - Commencement	25.0	25.6	0.6
IA - Referral	25.9	28.1	2.2
JST - Commencement	43.2	51.5	8.3
JST - Referral	47.4	54.2	6.7

May 2002 survey

	Control Group	Treatment Group	Net Impact
IA - Commencement	29.3	36.1	6.8
IA - Referral	29.2	33.2	4.0
JST - Commencement	44.4	48.7	4.4
JST - Referral	44.6	54.5	9.9

August 2002 survey

	Control Group	Treatment Group	Net Impact
IA - Commencement	26.6	31.6	5.0
IA - Referral	25.8	30.2	4.4
JST - Commencement	40.3	50.4	10.1
JST - Referral	41.1	53.6	12.5

November 2002 survey

	Control Group	Treatment Group	Net Impact
IA - Commencement	25.6	31.7	6.2
IA - Referral	25.2	29.2	4.0
JST - Commencement	37.8	49.4	11.6
JST - Referral	37.8	47.4	9.6