

Study What Works (Weten wat werkt)

Summary of the final report in English



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Utrecht, March 2020



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This document contains a summary of the final report presenting the results of the study *What Works (Weten wat werkt)*, conducted by Utrecht University (Utrecht University School of Economics) on behalf of the Municipality of Utrecht and the Regional Social Service *Kromme Rijn Heuvelrug*.

The study is part of a series of Dutch experiments with social assistance, carried out independently within a national research framework designed by the Dutch Ministry of Social Affairs and Employment. Parts of the final report were developed through contributions from a national research group within which, along with the authors, researchers from Saxion University of Applied Sciences, Radboud University Nijmegen, Groningen University and Tilburg University are represented. We wish to thank everyone who in any way contributed to the implementation of the research or the realisation of this report.

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Verlaat, T., de Kruijk, M., Rosenkranz, S., Groot, L., & Sanders, M. (2020). *Onderzoek Weten wat werkt: samen werken aan een betere bijstand*, Eindrapport. Utrecht: Utrecht University.

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Illustration front page
iStock.com / Bluebearry ©

Graphic design
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The research was made possible by the Research Talent programme of the Dutch Scientific Organisation (NWO), project number 406.16.538, and by the European Social Fund (ESF) of the European Union, project number 2018EUSF2011696.

Study *What Works* (*Weten wat werkt*)

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Summary

Utrecht University conducted the study *What Works (Weten wat werkt)* under commission for the Municipality of Utrecht and the Municipality of Zeist.¹ The research addresses the question: What is the best way to guide people on social assistance (back) towards paid work or other forms of social participation? In the study, 752 individuals entitled to social assistance in Utrecht volunteered and were randomly divided into four different treatment groups. Each group received a different treatment for sixteen months. The four treatments applied are:

1. **Measuring what works** - In this group, the current laws and regulations and the prevailing method of counselling remained unchanged. We therefore also refer to this group as the control group.
2. **Autonomously in action** - In this group, participants received an exemption from the obligation to find and accept work, and were free to choose whether or not they wanted to be counselled by the municipality's welfare agency.
3. **With extra help in action** - The approach in this group was aimed at extra help and guidance, among other things, through the deployment of permanent caseworkers, additional tools and programmes, more room for manoeuvre for caseworkers and more contact between caseworkers and client.
4. **Work pays off** - Participants in this group were allowed to keep a larger part of their income from work as extra income on top of their benefits and to do so for a longer period of time.²

As far as we could establish, the study has been well implemented. The random division into groups was successful, allowing us to interpret differences between the groups as the causal effect of a different treatment. Furthermore, during the sixteen months of the study there was a clear difference in the treatment of the four groups. As best as could be determined, participants in the control group were counselled and treated according to the regular approach.

¹ See the info boxes below for more information on the Dutch social assistance system.

² If claimants earn income on top of their benefits (e.g., through part-time work), most of that income is offset against the benefit payment. Under the status quo regulations, claimants are allowed to keep 25 percent of their earnings up to a maximum amount of 202 EUR per month for a maximum period of in total six months. In group 4 this is 50 percent to a maximum of 202 EUR for sixteen months.

To answer the research question, we looked at effects on labour participation, social participation, health and well-being, client satisfaction and the financial situation of claimants. Outcomes for the control group were compared with outcomes for the other three groups. In consultation with the Netherlands Bureau for Economic Policy Analysis (CPB) and the Ministry of Social Affairs and Employment (SZW), the results with regard to labour participation were based on data from Statistics Netherlands (CBS). On the basis of monthly information on wage income, hours worked and the type of contract, labour participation was determined to varying degrees. Data for the other outcome measures were collected using questionnaires.

The most important results are:

- In all three interventions, there are positive results that indicate increased labour participation.

- More autonomy for claimants, as well as more room for manoeuvre and time for caseworkers, lead to positive effects on several dimensions. The effect of a financial incentive is limited to more small jobs.
- More autonomy for claimants increases the chance of a permanent contract.
- The treatments *With extra help in action* as well as *Autonomously in action* work particularly well for those with lower levels of education. Claimants who are at a greater distance from the labour market almost exclusively benefit from *With extra help in action*.

The specific results for each treatment group are:

Autonomously in action

- In the first months of the study, negative effects on labour market participation for this group occur but disappear towards the end of the study. Effects on a complete exit from benefits cannot be distinguished from zero, but indicate a positive effect in the last month.
- It is striking that lower educated people clearly benefit more from *Autonomously in action* than intermediate and higher educated people.³ For lower educated people, the chances of complete exit from benefits, a job of more than 12 hours per week and a permanent contract increase. For intermediate and higher educated people, the approach does not seem to have any effect.
- In the group *Autonomously in action* a shift takes place with regard to the type of work contract entered by participants. While participants in other groups mainly enter into temporary contracts, in this group the percentage of participants with a permanent contract increases.

With extra help in action

- In the group *With extra help in action* the probability of finding a job of more than 12 hours per week increases. This effect occurs in the last months of the study.
- Results for complete exit cannot be distinguished (except for one month) from zero, but indicate a positive effect.
- It is striking that *With extra help in action* seems to be the only approach that activates participants with a long distance to the labour market.

Work pays off

- In the *Work pays off* group the chance of finding a job of more than 8 hours per week increases. As with the previous group, this effect is only visible in the last few months.
- The more generous treatment of supplementary earnings appears to encourage participants both to find work and to keep existing (small) jobs.
- Finding or keeping small jobs does not seem to translate into complete exit from benefits. On the basis of the data now collected, we cannot yet determine whether the expiration of the more generous treatment of supplementary earnings at the end of the study had any effects.

In general, many of the results for labour participation cannot be distinguished from zero at the desired confidence levels. However, the results do indicate that with a high probability, no negative effects occurred. The largest and most reliable effects occur for labour participation in the form of small jobs. This could indicate that a full exit to gainful employment within a period of sixteen months is too ambitious a goal for the average participant. It should also be taken into account that the welfare agency indicated a long distance to the labour market for three

³ Education levels according to ISCED 2011.

quarters of the participants. In this respect, the effects on labour participation in a broader sense (i.e., including small jobs) can be seen as a success. It is regrettable that the study did not extend longer and that we were not able to establish whether positive trends in the final months of the study would have continued. The results also show that the treatments may have a different impact on different subgroups. With the limited number of participants in this study, it is not possible to make a more detailed subgroup analysis. Therefore, we limited ourselves to rough categories, and further research is needed to find out which groups experience particular advantages or disadvantages as a result of a different treatment.

Effects on social participation, health and well-being, client satisfaction and the financial situation of claimants for all groups are often small and statistically indistinguishable from zero. In the groups *Autonomously in action* and *With extra help in action*, we see a positive effect on confidence in one's own ability to find work (self-efficacy). Participants in *With extra help in action* are also more satisfied with the services provided by the welfare agency halfway the study, but this effect did not extend to the end of the study. We know that experiences in the areas of health, well-being and client satisfaction, among others, are influenced by many factors. It is likely that the relative impact of a different treatment in the provision of social assistance is not large enough to lead to measurable effects in the answers to the questionnaires. In-depth interviews with participants in the groups *Autonomously in action* and *With extra help in action* did provide some additional information. Respondents in both groups were especially positive about the approach in their group. They experience more support and acceptance in the group *With extra help in action* and more peace and control over the way of returning to work in the group *Autonomously in action*. From in-depth interviews with caseworkers who have provided more intensive services in the group *With extra help in action*, we conclude that this way of working is also much appreciated by them.

Finally, a number of important limitations are mentioned:

- Participation in the study was voluntary and the average participant has a more favourable labour market position than the average claimant in the target group for the study. In the final report we show why we still consider the results to be representative.
- Due to an early delivery of the report we were required to use provisional CBS data for the last months of the study. We assume, however, that possible biases and errors in the preliminary CBS data are evenly distributed across all four treatment groups due to randomisation and will not lead to qualitatively different results.
- For the intervention *With extra help in action*, a group of dedicated caseworkers was formed. These caseworkers were not involved with the regular services during the study to prevent that claimants outside the group *With extra help in action* received this special treatment. When interpreting the results for the group *With extra help in action*, we must realise that the effect of the support provided by a specific group of caseworkers is woven into the total effects for this group.

Social assistance in the Netherlands

Social assistance (*bijstand*) in the Netherlands is a non-contributory transfer programme that provides monthly income support to households identified based on a means (income, assets), and work test (i.e., ability to work). Such schemes are also often referred to as social welfare, social safety net, or minimum income guarantee. The regime foresees a monthly transfer payment depending on the household composition.⁴ On top of welfare benefits, claimants may be eligible for means-tested child, housing and healthcare allowances. In most cases, social assistance recipients have either exhausted other social security benefits (e.g., unemployment insurance benefits) or never been eligible for other benefits in the first place. The policy is designed as a temporary safety net aiming to deliver income support until recipients can provide for their own income again, mostly by finding employment. Whereas the legal framework determining eligibility, benefit level, rules and regulations for social assistance is determined at the national level, local governments (e.g., municipalities and regional councils) are charged with the task of executing the scheme. That includes helping claimants to reintegrate into the labour market or participate in another way, monitoring and sanctioning of claimants, and paying out the benefits. Consequently, claimants apply for social welfare benefits in the municipality where they live and become clients of the local welfare agency, which often is a department at the municipality.

Compliance requirements

In order to receive social assistance, claimants must comply with several rules and obligations (also referred to as compliance requirements), which primarily target labour market behaviour. Generally, claimants are obliged to actively look for paid work, accept any job offered, and follow education and training programmes. Also, claimants have to cooperate with the welfare agency, which includes showing up for meetings with a caseworker. Claimants are monitored in their behaviour and claimants that do not comply may be sanctioned by reductions in the monthly benefit or temporarily freezing payment. Caseworkers at the local welfare agency oversee the re-integration process. The intensity of contact between the agency and a claimant largely depends on the claimant's distance to the labour market. Claimants that are assumed to be close to finding paid work are in contact with the department more frequently, and also face more compliance requirements.

Study site

The study took place in Utrecht, the fourth largest city in the Netherlands with around 360,000 inhabitants. At the time the study started, around 10,000 households in Utrecht received social assistance, or roughly 6 percent of all households. This figure is comparable to the Netherlands as a whole. In Utrecht, the department *Work & Income* (*Werk en Inkomen*) at the municipality is in charge of executing the social assistance scheme.

⁴ As of January 2019, the benefit levels are: maximum 1,025.55 EUR/month for a single-person household and 1,465.07 EUR/ month for a two-person household. Claimants receive extra budget for children living in the same household. Benefit levels are tied to the statutory minimum wage: single-person households receive 70 percent of the net minimum wage, while two-person households receive 100 percent.

