

Results From The NATIONAL SUPPORTED WORK PROGRAM DEMONSTRATION

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The program

- U.S.A. 1970's
 - ▶ relatively small scale program (demonstration purpose)
 - ▶ a non-governmental program run by a not-for-profit institution
- Goal
 - ▶ helping long-term unemployed find long-term regular private jobs
 - ▶ AFDC recipients (women), marginalized people (men)
- Subsidized employment at private-sector employers
 - ▶ all labor costs covered by program for 12 months
 - ▶ starting wages below market level, relatively steep profile conditional on performance
- Complemented by weekly consulting (in groups)
- **Randomized assignment** to treatment and control group

Evidence on randomization

(LaLonde, 1986)

Variable	Full National Supported Work Sample			
	AFDC Participants		Male Participants	
	Treatments	Controls	Treatments	Controls
Age	33.37 (7.43)	33.63 (7.18)	24.49 (6.58)	23.99 (6.54)
Years of School	10.30 (1.92)	10.27 (2.00)	10.17 (1.75)	10.17 (1.76)
Proportion High School Dropouts	.70 (.46)	.69 (.46)	.79 (.41)	.80 (.40)
Proportion Married	.02 (.15)	.04 (.20)	.14 (.35)	.13 (.35)
Proportion Black	.84 (.37)	.82 (.39)	.76 (.43)	.75 (.43)
Proportion Hispanic	.12 (.32)	.13 (.33)	.12 (.33)	.14 (.35)
Real Earnings 1 year Before Training	\$393 (1,203) [431]	\$395 (1,149) [411]	1472 (2656) [581]	1558 (2961) [631]

Evidence on randomization, cont.

Variable	Full National Supported Work Sample			
	AFDC Participants		Male Participants	
	Treatments	Controls	Treatments	Controls
Real Earnings	\$854	\$894	2860	3030
2 years Before	(2,087)	(2,240)	(4729)	(5293)
Training	[74]	[79]	[104]	[113]
Hours Worked	90	92	278	274
1 year Before	(251)	(253)	(466)	(458)
Training	[9]	[9]	[10]	[10]
Hours Worked	186	188	458	469
2 years Before	(434)	(450)	(654)	(689)
Training	[15]	[16]	[14]	[15]
Month of Assignment (Jan. 78 = 0)	-12.26 (4.30)	-12.30 (4.23)	-16.08 (5.97)	-15.91 (5.89)
Number of Observations	800	802	2083	2193

Results: AFDC sample, employment

(Ham and LaLonde, 1996)

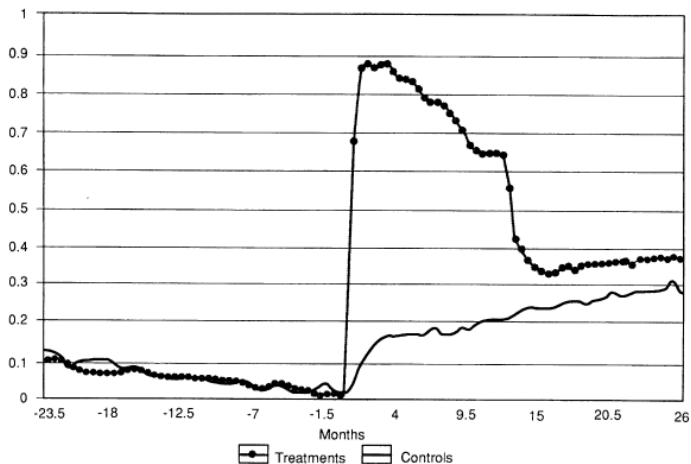
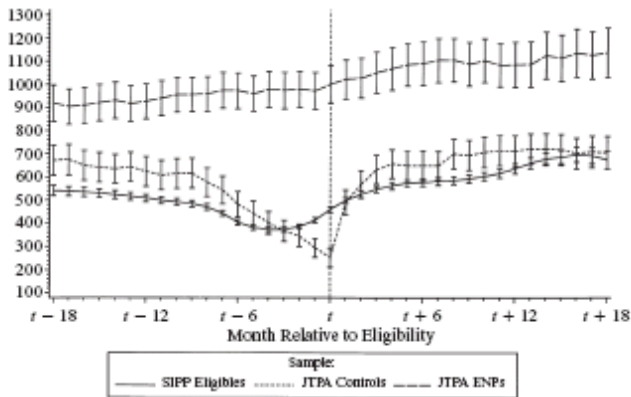


FIGURE 1.—Employment rates of AFDC women in the NSW Demonstration.

A note: Ashenfelter's Dip

Example from another program (JPTA; from Heckman and Smith, 1999)



dotted curve denotes true randomized control group; rest are non-experimental control group candidates

Results: AFDC sample, earnings

(LaLonde, 1986)

Year	Treat- ments	Controls
1975	\$895 (81)	\$877 (90)
1976	\$1,794 (99)	\$646 (63)
1977	\$6,143 (140)	\$1,518 (112)
1978	\$4,526 (270)	\$2,885 (244)
1979	\$4,670 (226)	\$3,819 (208)
Number of Observations	600	585

Results: male sample, earnings

(LaLonde, 1986)

Year	Treatments	Controls
1975	\$3,066 (283)	\$3,027 (252)
1976	\$4,035 (215)	\$2,121 (163)
1977	\$6,335 (376)	\$3,403 (228)
1978	\$5,976 (402)	\$5,090 (227)
Number of Observations	297	425