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Participation Income Experiments in the Netherlands: October 1, 2017-31 December 2019 Deliverable 4.1

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Where are we now?

9 Experiment cities 2017-2019

- **6 Article 83 cities (Tilburg, Wageningen, Utrecht, Groningen, Deventer, Nijmegen)**
- **3 Not-article 83 cities (Apeldoorn/Epe + Oss + Amsterdam (started in 2018)**

- **Experiments are finished on 31 December 2019**

- **Exposure in media in June 2020. Preliminary results.**

- **Deliverable 4.1. Report on Dutch experiments Due in November 2020**

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Outline

1. **Background of the experiments (debate started in 2015)**

2. **Theory, design and methodology**

3. **Preliminary results**

4. **Technequality research: impact of technical change on inequality of access to LM**

5. **Conclusions and discussion**

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Debate in 2015

- **Not UBI but in media: Free money for lazy people, too expensive? Only for people on welfare and conditional (reciprocity- work-income linkage).**

- **Conditional Participation Income for people on SA**

- **For municipalities: what works better: 'workfare' or self-management and tailored support?**

Biggest Experiment Ever Worldwide

Municipalities			Participants	
RCT Exp	Population	Target population	Application	Realisation
Article 83				
Tilburg	8200	6000	800	783
Wageningen	800	800	300	399
Deventer	3117	3117	1000	553
Utrecht	12500	8100	900	780
Nijmegen	8000	5000	400	348
Groningen	11000	8744	700	891
Subtotaal	43617	31761	4100	3754
Non-article 83				
Apeldoorn-Epe	4300	3425	540	559
Oss	2225	1500	300	301
Amsterdam	42000	42000	2000	750
Subtotaal	48525	46925	2840	1610
Totaal	92142	78686	6940	5364

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Theory - ideas

Behavioural economics (trust, rewarding, reciprocity)

- **Reciprocity, trust and fairness concerns (Fehr & Schmidt, 2000; Thaler, 1980)**

Positive and motivation psychology (self-management; autonomy, intrinsic motivation)

- **Scarcity and poverty stress affect people's mindset (Mullainathan & Shafir, 2013; Mani et al., 2013)**

- **Crowding out of intrinsic motivation (Deci, 1971; Frey & Jegen, 2001)**

Sen's capability theory (freedom of choice).

- **Free choice to create opportunities for the disadvantaged (Sen, 1985, 2004)**

- **Providing trust and rewarding might under certain conditions work better to influence behavior than punishment (positive reciprocity)**
- **Reflects modern psychological ideas on self-efficacy and self-management creating more wellbeing and positive health.**
- **Ideas used to define treatments of RCT experiment**

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Hypotheses and Policy Expectations

- **Hypotheses to be tested:**
  - **Positive effect of tailored support and earnings release on outflow to paid work (effect sizes: 5-10%)**
  - **Positive effect of relaxation, trust and free choice on SWB, subjective health, and self-efficacy (effect sizes probably low because of stability of concepts)**

- **Policy expectations**

- **Workfare policies mostly short-term effects but positive incentives might improve long-term effects (better job matches)**

- **Less enforcement, self-management and tailored support might raise efficiency and effectiveness of reintegration policies**

- **Rendering more free choice and trust reduces stress and evokes positive reciprocity → raise job search effort and increase health and wellbeing**

Ik wil weten wat werkt voor mij!

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Random Controlled Trial with 4 experimental groups

Group 1: Self-management and exemption group; (helping people to help themselves), 2 contacts a year

Group 2: Intensive tailor-made supervision group; 5/6 contacts a year.

Group 3: Earnings release group. Reduced withdrawal rate (from 75 to 50%); 2 years instead of 6 months; up to same maximum of €202 per month; #contacts differ between cities.

Group 4: Regular treatment group ("care as usual") with strong obligations and benefit penalties (1 contact a year; in practice none for long spells)

Non-participants=reference group (regular treatment but not part of experiment; randomized or not)

Rather large differences between experiments

- Single or combined treatments
- Pre or post-randomization
- Earnings release (extra premium in Tilburg and Deventer)
- Exemption group (leave them alone or support in self-management)
- Randomization reference groups
- Power (small number of people in treatments 100-200)

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Differences of treatments across cities

Groep	Deventer	Groningen	Nijmegen	Tilburg	Utrecht	Wageningen
1	A₁ + C	A	A + C	A +C	A	A
2	A₂ + C	B	B + C	B	B	B
3	B + C	C		B + C	C	C
4		A, B of C				

Apeldoorn-Epe-Oss
A+B

Amsterdam
A+B+C

A = Exemption – Self-management
B = Intensive tailored support
C = Earnings release (50% up to €200 p/mth. In Tilburg two groups in addition €200 p/mth for fulltime work)

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Research design

Product evaluation

Impact of treatments on:

- **Exit into paid or unpaid work (full-time, part-time, temp work)**

- **Health, subjective wellbeing, self-efficacy, trust, social participation**
  - **3 Surveys at begin with participants (baseline), 1 year, 2 year**

Process evaluation (5 cities researched by Tilburg University)

- **Impact of different treatments on implementation plus learning effects for caseworkers**
  - **Training**
  - **3 Surveys with caseworkers on each participant**
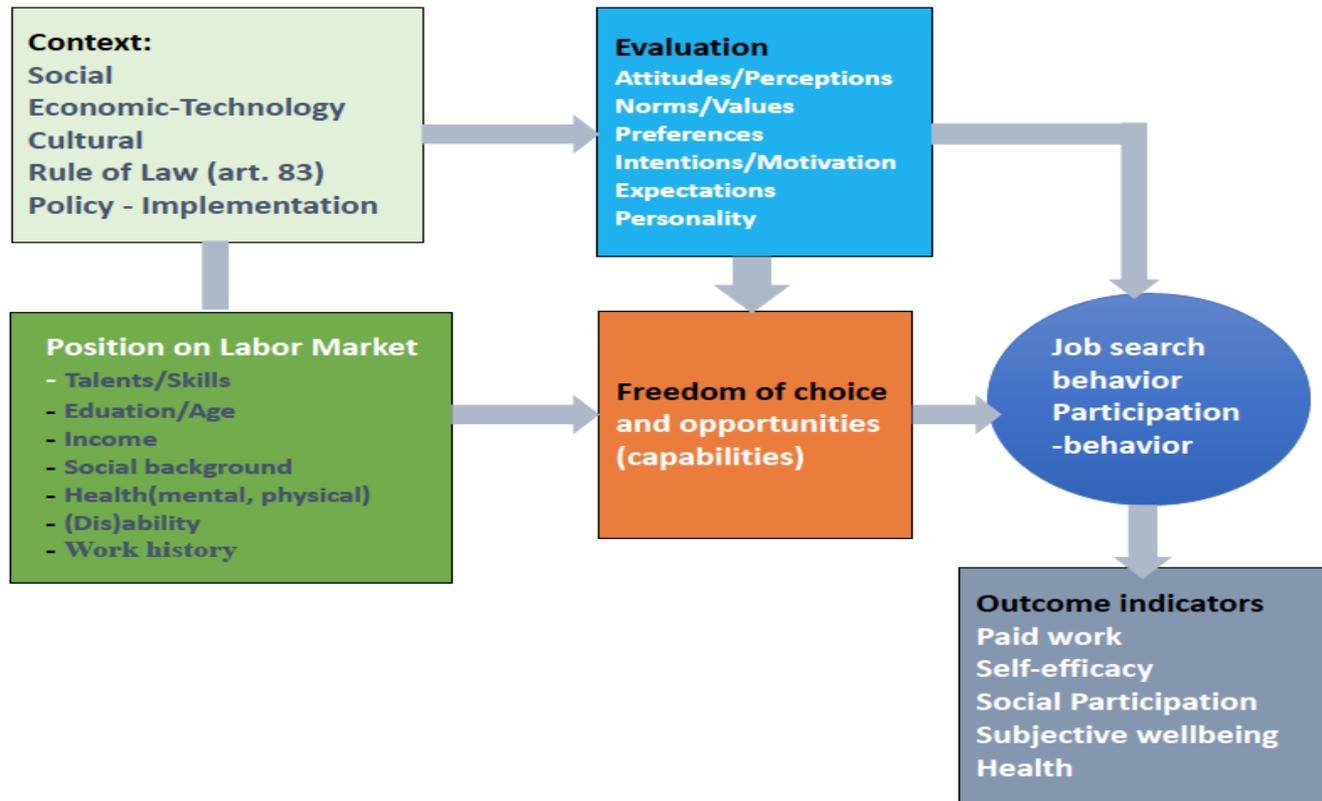 - **4 Focusgroup interviews with caseworkers and project leaders**

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Analytical research model

Outcome measures

|	
Subj. wellbeing (SWB)	average score on life satisfaction(0-10), meaning of life (0-10) and happiness (0-5)
Subjective health (SH)	Subjective health question (1=very bad to 5=excellent)
Mental health (MH)	Mental health scale based on 5 items and 5-points Likert scale:never=1 to 5=always:
	Items: nervous; sad-down; gloomy-depressed; calm-peaceful; happy
Opportunities-Capabilities	Based on two questions and 7 items: item is considered important; available in own situation (Likert scale 1=never to 5=always)
	Items: to learn and do new things; to set own targets; to have good contacts with others; to have a decent income; to contribute to the life of others
	Capability index: weighted sum of items, weighted with level of importance ranging from 1 to 5 and normalised on 0-10 scale
Social trust	ESS survey question on how much trust people put in others on 0-10 scale
Self-efficacy	Based on 4 statements and 5-points Likert scale 1=completely disagree to 5 completely agree
	Items: find work when i put effort; confident to find work in future; can make good impression when apply; job fits well to my education/skills
Social network	Frequency of monthly contacts with family, friends, neighbours ranging from 0 to 4 times a month
Income poverty reduction	Based on question on financial situation ranging from: have to make debts, dissave, just make ends meet, saving a bit of money, can save money
	Reduced probability of living in income poverty (% of people with debts or dissavings)
Deprivation poverty reduction	Based on two questions on necessity of item and whether one can afford it on 5 out of 14 selected items derived from EU-SILC deprivation list
	5 items: once a day fruit/vegetables; once a day a meal w. meat, poultry or fish; replace worn-out furniture; replace worn clothes; repair damaged equipment

Note: EU-SILC=European Statistics on Income and Living Conditions

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Research methodology

- **Balancing tests on characteristics of groups**

- **Placebo regressions (CPB) – differences in outcomes already before start of experiment**

- **Models**
  - **ITT intention to treat analyses (including withdrawals) – Linear probability – Logistic Regression**
  - **LATE analyses (ITT/share of compliers) 2-Stage Least Square (instrument = assignment to treatment)**

- **Hawthorne (treatments) and John Henry effects (control group)**

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Preliminary results on outflow to FT work
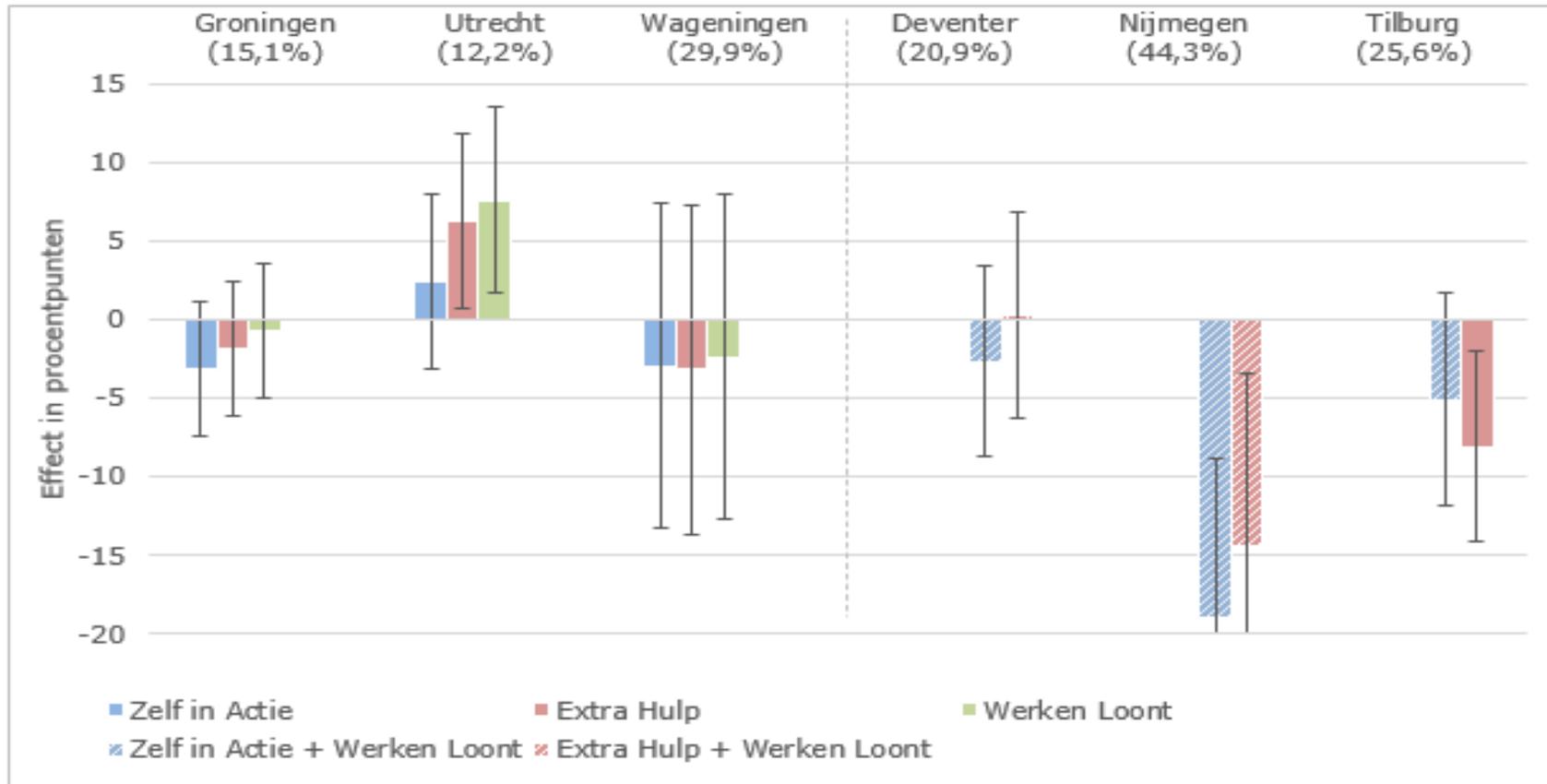
Blue: Self-management; striped: + earnings release
Red: Tailor-made (extra) support; striped: + earnings release
Green: Earnings release

Impact on Social Trust (CBS data)
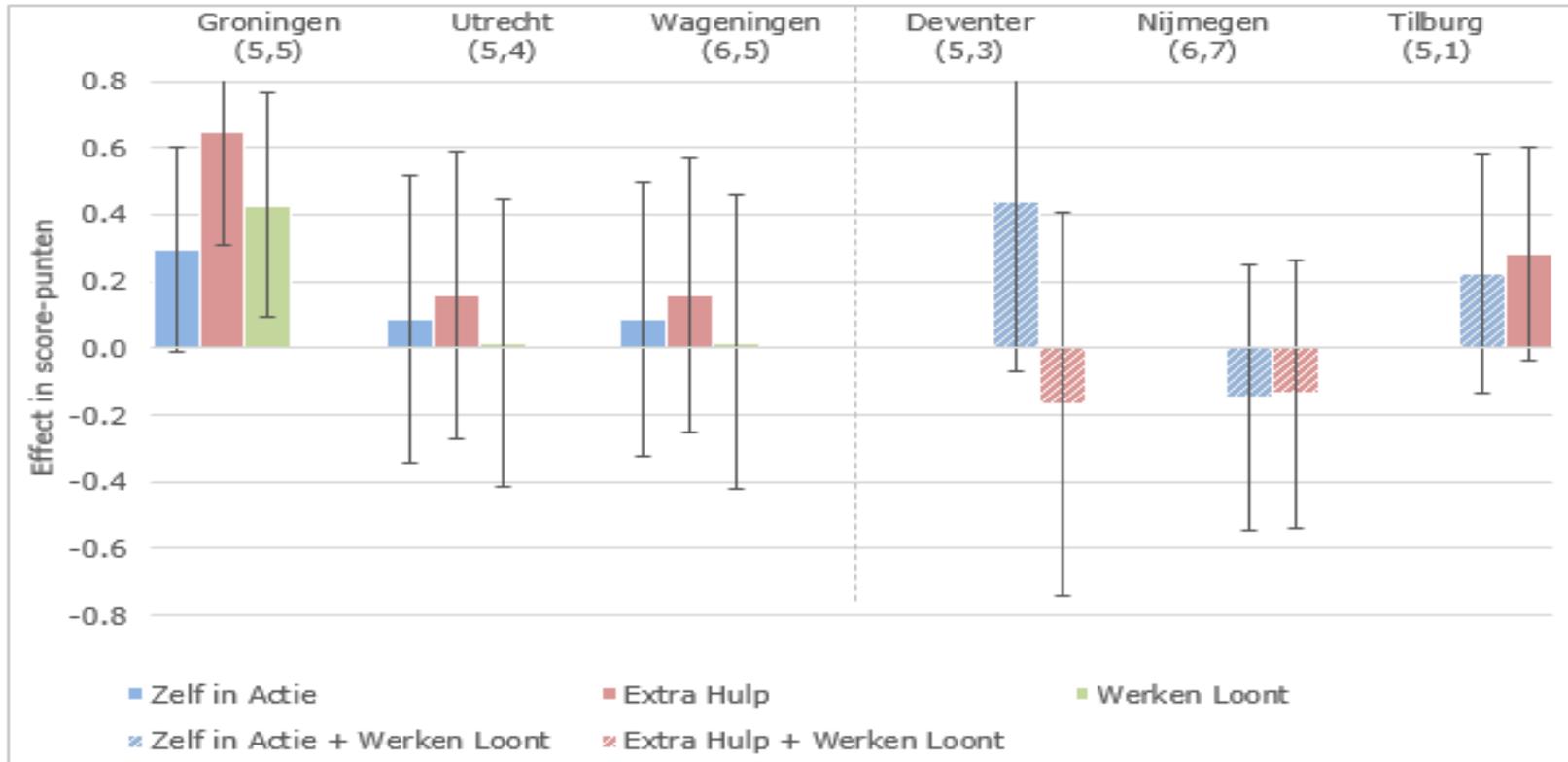

Blue: Self-management; striped: + earnings release

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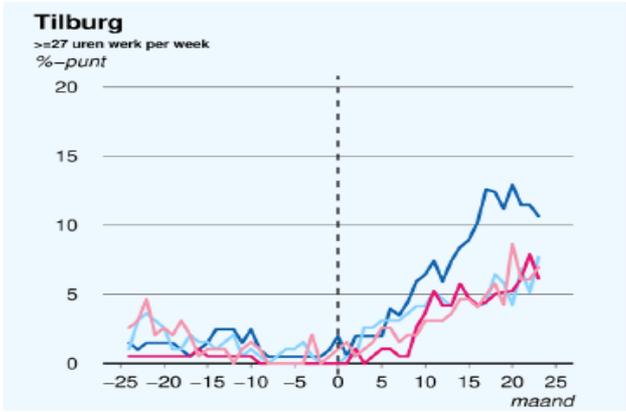
Green: Earnings release

Employment outcomes (CBS data) compared with non-participants (reference group) by Propensity Score Matching; Non-work outcomes (surveys) compared with control group by OLS/LR

	Employment				Non-work outcomes								
	EMP >27 hrs a week				SWB	SH	MH	CAP	STRUST	SEFF	SNETW	IPR	DPR
	Control group		Ref. group		Control group	Control group	Control group	Control group	Control group	Control group	Control group	Control group	Control group
Models	LR	PSM (ATE)	LR	PSM (ATE)	OLS	OLS	OLS	OLS	OLS	OLS	OLS	LR	LR
Tilburg (n=780)		0	**0**	+ (4.7%)									
(1) Self-management + ER +WB	--		+		0	+	0	0	+	+	0	0	0
(2) Extra support	--		0		+	+	0	+	0	+	+	0	+
(3) Extra support + ER + WB	--		+		0	0	0	0	0	+	+	+	0
Wageningen (n=410)	0	0	+(12%)	+ (5.6%)									
(1) Self-management	0		+		0	0	0	0	0	0	0	+	0
(2) Extra support	0		+		0	+	0	0	0	0	0	0	0
(3) Earnings release	0		0		0	0	0	0	0	0	0	0	0
Apeldoorn/Epe (n=577)	0	0	+(11-13%)	+ (4.9%)									
(1) Self-management	0 (+NI)		+		0	0	0	0	0	+	0	+	+
(2) Extra support	0 (+SB)		0 (+SB)		0	0	0	0	0	+	0	0	+
Oss (n=301)	0	0	+(17%)	+ (13%)									
(1) Self-management	0	0	+		0	0	0	0	0	0	+	0	0
(2) Extra support	0	0	+		0	0	0	0	-	0	+	0	0

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Outflow to FT (left) - PT(right) work over time (CBS-Data)

Dark blue = control group
Light blue = exemption A + earnings release C

Red = Intensive support B
Pink = Intensive support + earnings release C
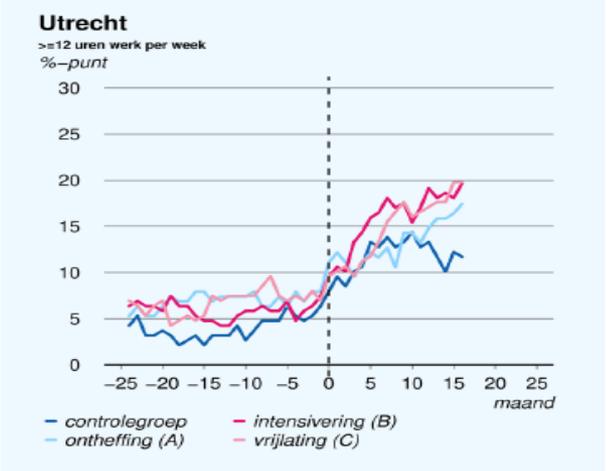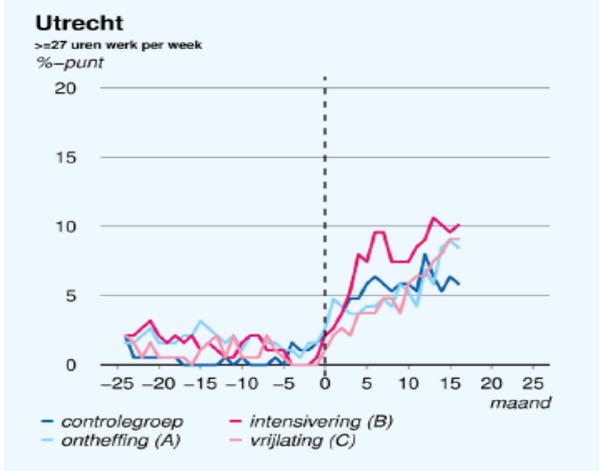
Experiment (Hawthorne, John Henry effects) found in Groningen, Tilburg and Nijmegen

Methodological issues

- Design very different across cities for analyzing joint effects. Technequality: Compare similar treatments across 2 or 3 cities

- Small numbers, little power. Technequality research in WP4 focuses on comparison between cities and between countries (e,g, Finland).

- Experiment effects (Hawthorne-John Henry) reported in local reports and CPB report. How to deal with them?

- Why effects e.g. on work cancel each other out within treatment groups?

- We control for spell duration in SA, education level etc. but these variables might take-up part of the treatment effect

- Comparison with (randomised) reference groups need other statistical models such as matching or mixed-effect panel regression (correcting for selection and UH).

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Substantive research issues

- **Research into effect of technical change on access to work for people on welfare (micro-economic and macro-economic) related to job destruction or polarization of jobs**

- **LM effects: long-term unemployment; barriers to access due to skill deficiencies**

- **Adverse impact of technical change on health and wellbeing**

- **Time horizon CBS data; 2015-2020. Follow careers of participants and control/reference groups**

- **Short-term versus sustainable employment and job match**

- **Compare results with other experiments elsewhere (literature review, collaborative work H2020)**

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Conclusions

- National policy response: no change of law needed
- Experiment and selection effects: more scrutiny needed.
- Effects cancel each other out. More power needed by comparing and joining similar treatments across cities (Technequality)
- From punishing to rewarding: Some but generally little positive effects found on employment and wellbeing and health. Further research needed. Longer observation window to find effects.
- Treatments are small: Small interventions cannot have big effects.
- Field experiments: very interesting way to test policies but researchers need more impact on design to make them comparable.
- Challenging research: how is access and exit to work for people on welfare affected by technical change.
- Are UBI/PI approaches a way forward for social policies? Volume at the end in 2022 (Edward Elgar)

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Positive mid-term results of earnings release premium in Amsterdam

"**An additional earnings release premium in Social Assistance has a positive effect on the outflow to work. This is one of the most important results of the mid-term evaluation of the Amsterdam Social Assistance experiment. Amsterdam is since 2018 experimenting with the possibility of earnings release in social assistance. More than 5,000 participants participate. They now appear to find work more than twice as often as the control group, which means that they no longer have to rely on Social Assistance. In addition, participants in the experiment more often start with part-time work in addition to the benefit. The lower cost of assistance appears to more than offset the cost of the premium" (City of Amsterdam, June 1 2020)"**
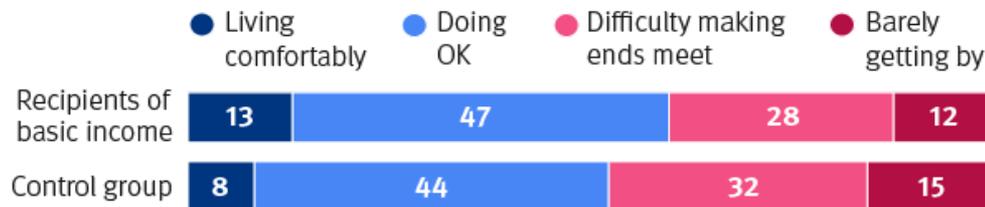
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Finnish BI experiment 2017-2018 (2000 unemployed 560 euro p/mth)

Results of the basic income experiment: small employment effects, better perceived economic security and mental wellbeing
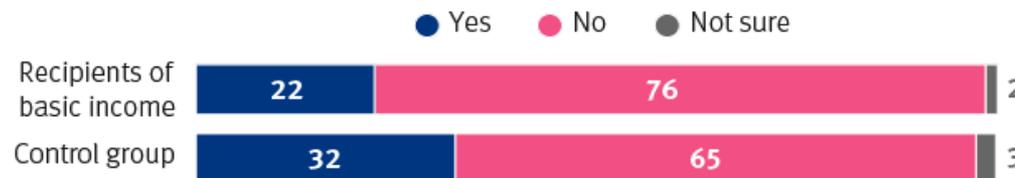
Self-perceived financial situation at current household income, % of respondents*

- Living comfortably
- Doing OK
- Difficulty making ends meet
- Barely getting by

	Living comfortably	Doing OK	Difficulty making ends meet	Barely getting by
Recipients of basic income	13	47	28	12
Control group	8	44	32	15

Average number of days of employment November 2017–October 2018

Recipients of basic income	Control group
78	73

Self-perceived depression, % of respondents*

- Yes
- No
- Not sure

	Yes	No	Not sure
Recipients of basic income	22	76	2
Control group	32	65	3

Satisfaction with life on scale 0–10, average

Recipients of basic income	Control group
7.3	6.8

*The survey was carried out towards the end of 2018.
The interpretation of the results of the basic income experiment is complicated by the introduction of the activation model in 2018.

Kela

Technequality. 2nd Consortium meeting 8 October 2020

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