

Assessing tailored conditions in Social Assistance Benefits and their effect on (non-)economic individual outcomes: a local RCT experiment.

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Abstract

In the Netherlands, dissatisfaction with the current scheme of social assistance benefits (SAB) led various Dutch cities to run randomized controlled trials (RCT) to test out new ways of delivering support for re-integration to its citizens. Among them is the City of Groningen where the study goes by the name 'Bijstand op Maat' (English: Tailored Social Assistance Benefits). The Groningen RCT has a number of unique features. Firstly, the RCT follows a Zelen's design, which allows us to shed light on the internal and external validity of our results. Secondly, besides outflow to work, our study includes outcome measures in the domains of individual wellbeing, health and trust. Third, the Groningen RCT uniquely features a "choice" treatment. For the duration of the two-years trial, job search requirements and SAB sanctions tied to SAB will be eliminated to make room for more autonomy (treatment 1). Other treatments include a more tailor-made intensive coaching approach in supporting SABSAB recipients (treatment 2) and increasing financial incentives to take up paid work (treatment 3). As a final treatment, unique relative to similar RCTs (4), one group may actually choose between the first three treatments which allows us to investigate the effect of freedom of choice on the outcomes. The study is set up as a randomized controlled trial (RCT) with interventions running from November 2017 to November 2019. The RCT includes 900 recipients of SAB, for whom we measure differences in the uptake of paid work (full time and part time) and societal participation and social activation as well as participants' health and well-being. Overall, we conclude that the Groningen RCT demonstrates that there are various work and wellbeing related positive effects among SAB clients that choose and are in a position to comply with options that are available. An overall population effect could not be demonstrated. Considering the substantial heterogeneity amongst SAB clients in terms of skills, personal situation, individual effects could still be a ground to implement policies along the lines of our interventions.

Background

In an ageing, globalising and digitizing economy, but likewise, from the perspective of individual wellbeing, effective measures for re-integration and inclusion of currently unemployed and inactive individuals are crucial. The Groningen RCT Social Assistance experiment is a unique study into the behavioural responses to implementations of social assistance benefits (SAB) regimes ranging from workfare and activation policies to social investment strategies. The current social assistance regime in the Netherlands is based on the principle of mutual obligations with an emphasis on control and penalization (SRC). The government provides (supplementary) income equal to a pre-determined social minimum. In return, the SAB claimants are subjected to obligations and restrictions that are thought to have an activating effect. With this unique experiment the municipality wants to investigate the effects on reintegration, participation and improved well-being, if people entitled to social assistance are given more freedom to choose, more confidence and control, and the opportunity for development. Therefore, four treatments have been implemented in randomly assigned groups and compared with a control and a reference group in a Zelen's RCT framework. In this paper we report on work-related and wellbeing related outcome measures for our four treatment groups. Concerning the effects on work, our Zelen design puts us in the position to investigate both the effects of a treatment among the compliers as well as for the general population (intent-to-treat analysis, ITT).

Compliance in our RCT was low, at around 10% on average. This fact alone suggests that having more flexible SAB regimes available does not necessarily mean that they will be taken up *en masse*. This is a pointer for further research, which would need to take into account the heterogeneity of the SAB population, and in particular their pre-existing dispositions and against initiatives of any sort from local government (lack of social and institutional trust) and other elements in their personal situation which might demotivate or withhold them from seizing opportunities.

Against this background of low compliance, which dilutes the treatment effects, our ITT analysis gives an insight in the overall, population level effects of these interventions. The overall conclusion here is that the effects after 24 months are modest, minimal or absent, depending on the specific outcome measure and the comparison group. Surprisingly, we see the control group outperforming all treatment groups for all variables of interest, with the exception of the probability of attaining a permanent contract. Further analysis demonstrated that this was related to favourable outcomes for those randomized into the control group who declined to participate in the RCT. Comparing with the reference group we see rarely significant results after 24 months although most results have a positive sign. When we look at the results over time, there is much more dynamic in positive and negative results. It is striking that for substantial jobs (> 32 hours a week or more than 70% minimum wage) the positive results in the ITT-specification drop two months before the end of the experiment.

Among the compliers, we find positive effects on the outflow towards part-time work and temporary contracts for those that were allowed to retain more of their earnings from work whilst on SAB. In addition, it is noteworthy that those who opted-in to this specific treatment were doing relatively well before the RCT started. These results illustrate that having this earnings release option available is an effective tool to leave SAB, for those who are in a position to benefit from it. However, we find no other significant effects on outflow to work amongst the compliers. Furthermore, we find that social trust improved and furthermore we see positive results on self-efficacy for most treatment groups. Job search hours and number of job applications decrease significantly in the self-management group and in tailored supervision group.

Overall, we conclude that the Groningen RCT demonstrates that there are various work and wellbeing related positive effects among SAB clients that choose and are in a position to comply with options that are available. An overall population effect could not be demonstrated. Considering the substantial heterogeneity amongst SAB clients in terms of skills, personal situation, individual effects could still be a ground to implement policies along the lines of our interventions.