BUDAPEST INSTITUTE

TRAINING ROMA IN PÉCS TO INCREASE VOCATIONAL COMPETENCIES

A quantitative impact evaluation

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CUSTOMER:
HCSOM, RARE PROJECT

AUTHORS:
MÁRTON CSILLAG, BORI GRESKOVICS

1. INTRODUCTION

In this short paper we describe the quantitative evaluation of the RARE pilot in Pécs. This programme involved a 3-month workshop-based training course provided by experienced craftsmen in three different trades. Roma persons from segregated communities in Pécs participated in the training course, and they produced an 'apprentice's masterpiece'. They received a for 'certificate of achievement', however, this is not an official recognized validation of knowledge. In this paper, we first briefly discuss the selection method into the programme. Then, we go on to evaluate the outcomes of participants. Finally, we provide a preliminary cost-benefit calculation for the programme.

2. SELECTION INTO THE PROGRAMME

The participants were randomly selected among those who were interested and had the minimum level of competence. Random selection solves the issue that to enrol (or were screened out by service providers) will differ in characteristics that also determine outcomes (selection bias).

We used a questionnaire to record the main characteristics of both those who enrolled and those who were randomized out before and after the program. Accordingly, the 'control group' stands for what would have happened to participants in the absence of the program.

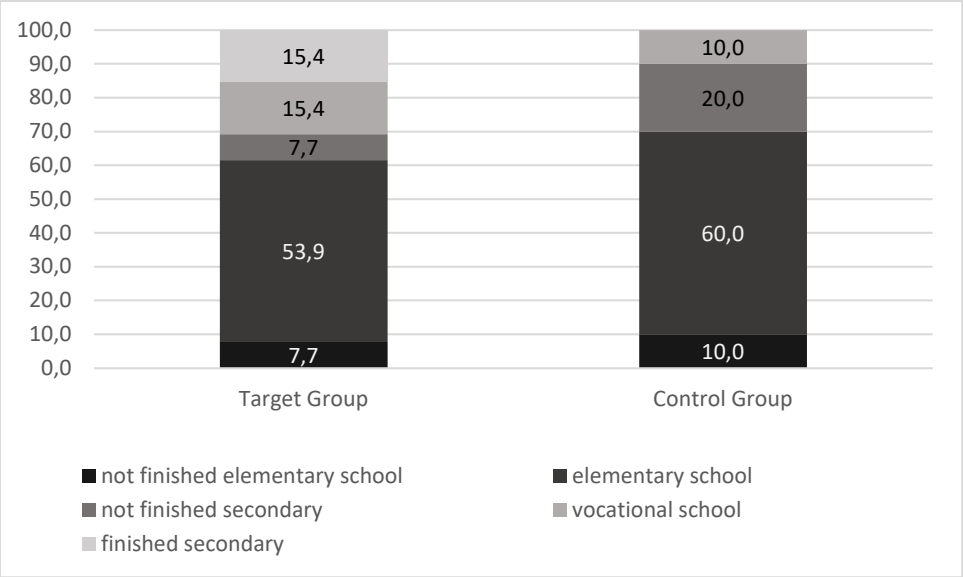
In practice, randomization could not be fully applied, due to the fact that participants were supported by the National Labour Office's 90 day short-term wage subsidy programme. Accordingly, participants had to convene to the wage subsidy programme's selection criteria. Furthermore, in small samples (here, there were a total of 28 persons who were randomized into two groups) will not necessarily yield an outcome where main characteristics are balanced across treatment and control groups (due to sheer luck). Hence, we will discuss here to what extent balance was achieved.

The gender distribution is the same in the target and in the control group, 60% of the respondents are men. In both groups men are slightly younger than women, however the difference is a bit more relevant in the control group. However, these differences are not statistically significant.

The average household size is much bigger in the treatment group than in the control group (4.6 people vs 2.9 people), however, due to the small sample size this difference is not significant.

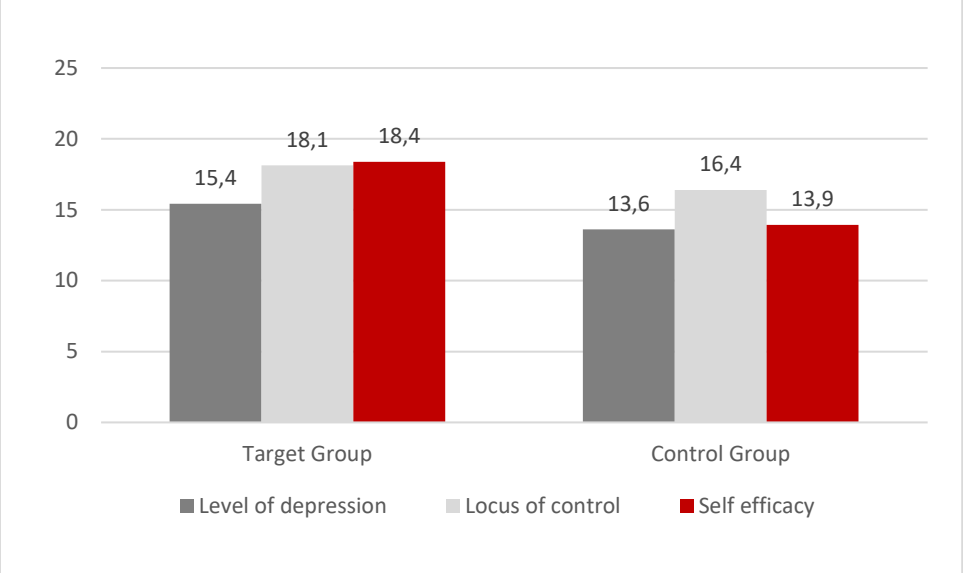
Both the members of the target group and the control have very low level of education, however, there are slightly more people with finished or unfinished secondary education in the target group.

Figure 1 Educational composition of the treatment and control groups in Pécs (%)



Both the treatment and the control group are in relatively good mental health. They have no severe depression (that according to WHO would be a lower depression indicator than 8,25). Both the internal locus of control and the self-efficacy level of the participants are relatively high (20 would be the maximum).[1] However, the target group is slightly more positive, especially in terms of self-efficacy.[2] [3]

Figure 2 Mental health and attitudes of the treatment and control groups in Pécs



[1] WHO (Five) Well-Being Index: https://www.psykiatri-regionh.dk/who-5/Documents/WHO5_English.pdf

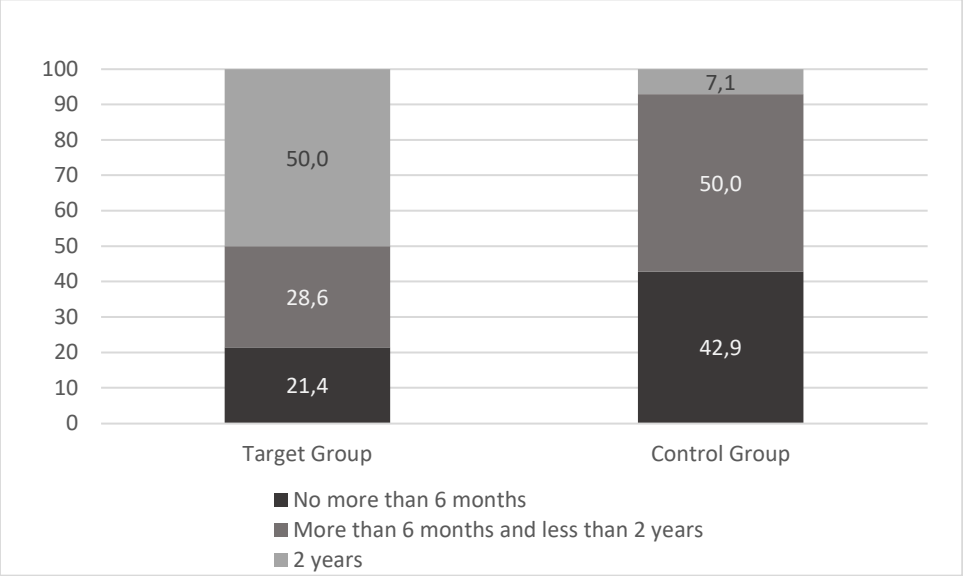
[2] Simplified locus of control scale based on Rotter's locus of control scale: http://www.mccc.edu/~jenningh/Courses/documents/Rotter-locusofcontrolhandout.pdf

[3] Simplified self efficacy scale based on the general self efficacy scale: https://www.drugsandalcohol.ie/26768/1/General_Self-Efficacy_Scale%20(GSE).pdf

The employment history of the participants is relatively long; however, these employment episodes are mostly occasional or public work. The employment status of the respondents seems more stable in the target group even prior the pilot intervention.

The labour income level is very low both in the target and in the control group (185 and 155 Euro/head)[4] and the total household income is not much higher (223 and 206 Euro/head). The average household income with low education in Hungary is 240 Euro/head which is a bit higher than in the sample. The average household income in the sample corresponds to roughly the 2nd income decile in Hungary. [5]

Figure 3 Stability of employment in the last two years prior to enrollment into the programme of the treatment and control groups in Pécs (%)

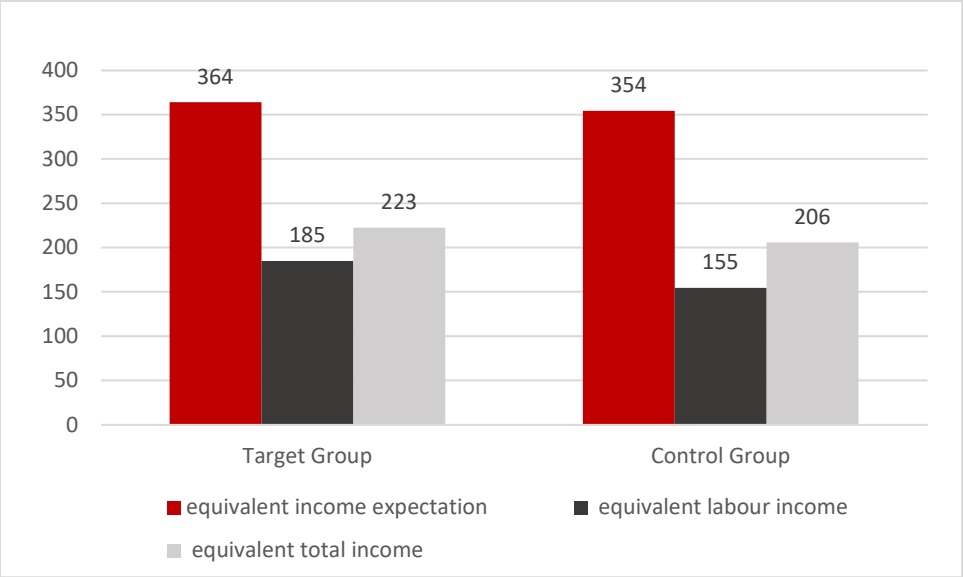


In both group the families experiencing hardship and would need around 350 Euro/head (364 and 354) to live adequately which is higher than their current total income (with 171 Euro in the target group and with 161 in the control).

Figure 3 Income and income expectations in 3 month prior to enrollment into the programme of the treatment and control groups in Pécs (EUR per head)

[4] Equivalent income calculated by OECD's OECD-modified equivalence scale where the assigned value of the household head is 1, each additional adult member's is 0.5 and 0.3 to each child under the age of 14. http://www.oecd.org/els/soc/OECD-Note-EquivalenceScales.pdf

[5] http://www.ksh.hu/docs/hun/xftp/idoszaki/hazteletszinv/hazteletszinv16.pdf



All in all, based on our findings, we will have to control for some of the main background variables (such as household size, age, and some of the mental health/attitude questions), when conducting our evaluation.

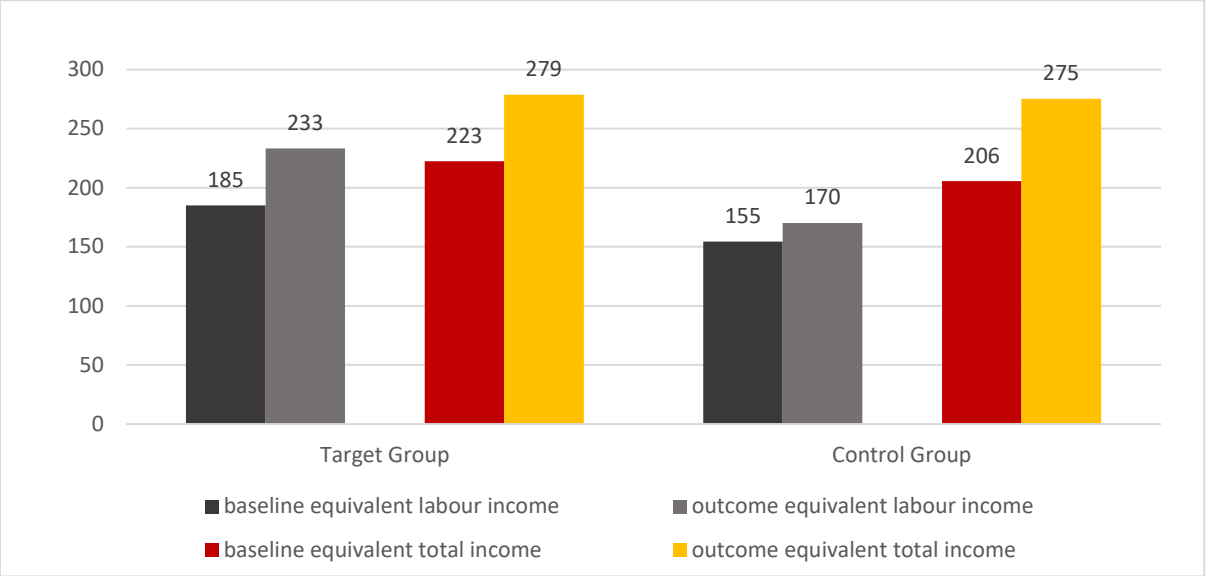
3. THE SHORT-TERM EFFECT OF THE PROGRAMME

To measure the short-term effect of the programme, we compared the changes in the main outcomes of the participants and the control group. The methodology of the quantitative impact evaluation of the pilot program has a few shortcomings: One shortcoming is that the timeframe was very short thus the measurement only presents the participants status directly after the end of the trainings therefore it is not clear whether the full benefits of the programme can be witnessed. Another shortcoming is since we are measuring a pilot program therefore the sample size was very small (14 + 14 persons). Small sample size on the one hand leads to moderately precise results and on the other hand due to the small sample size the randomisation does not necessary balance of participants and non-participants. Therefore, we only present very basic relationships.

The next graph contains the main points of our evaluation. Both labour and total (equivalent) income was somewhat higher in the treatment group (among participants) than in the control group (among non-participants) in the beginning of the programme. Both to positive labour market developments, both participants and non-participants improved their incomes. However, labour income increased a bit more in the treatment group than in the control group (almost 50 Euro/head compared to 15 Euro/head). In more complex analysis, we found that part of the reason why participants increased their labour income was due to the influence of self-efficacy. [6]

[6] Meaning that higher self-efficacy was related to a positive cahnge in labour income, and the participant group had higher levels of self-efficacy.

Figure 4 Total incomes and labour income of the treatment and control groups in Pécs, before and after the programme (EUR per head)



4. COSTS AND GAINS OF THE PROGRAMME

In order to measure the cost effectiveness of the programme, we gathered data on costs of the programme, as well as for the alternative programmes – which in general represents Public Works participation. Given, that the results of the survey were rather imprecise, we basically relied on alternative assumptions (scenarios) to model the gains from the programme. All in all, we will only talk about the short term costs and gains of the programme, thus we will only evaluate the 12 month

COSTS OF THE PROGRAMME (AND THE ALTERNATIVE)

The main costs of the programme are the wage costs for the programme participants, which amounts to (net) 330 EUR/month for each participant, thus around 1000EUR in total for the whole duration of the pilot. Further personnel costs were the wages for the master craftsmen, as well as for the project co-ordinator and her assistant; which amounted to roughly 300EUR per participant. Finally, materials and equipment used costed roughly 575 EUR per head. Thus, in total the full per head costs of the pilot somewhat more than 2000EUR. We make the assumption that the alternative is participation in a public works programme, which costs on the order of 110 EUR per month.

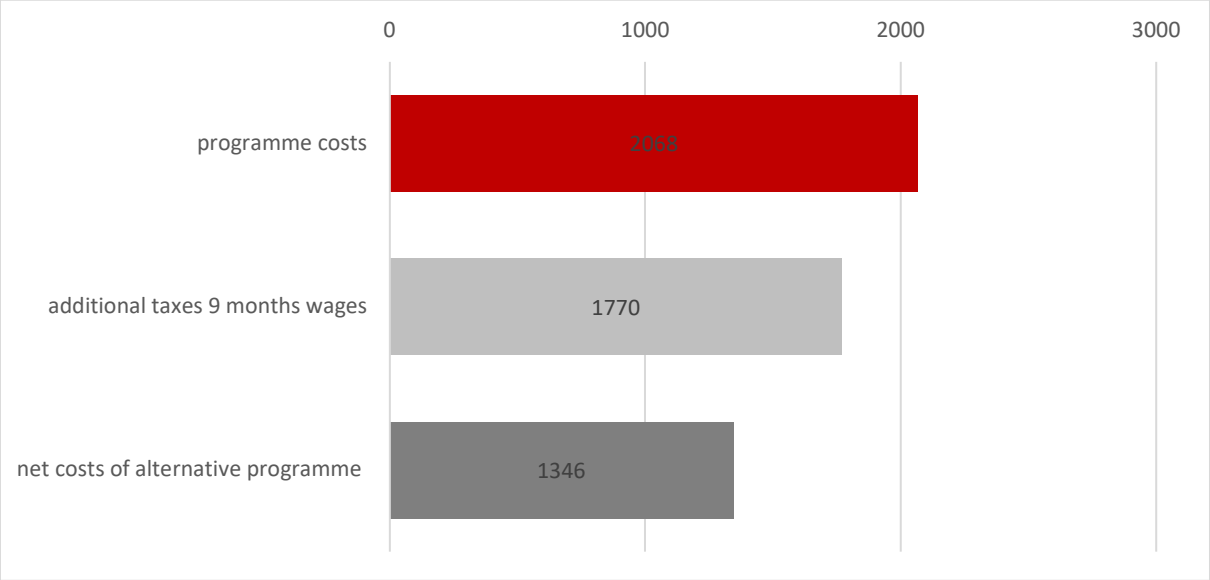
GAINS FROM THE PROGRAMME

Clearly, when evaluating the gains from the pilot, we will have to rely on making some relatively strong assumptions. In the most optimistic case, we can assume that 80 percent of participants find a (legal) minimum-wage job, while 20 percent will be on minimum income benefits. In that case the additional taxes and social contributions from legal work thanks to the programme, minus welfare benefits would amount to 1770 EUR per pilot participant.

Thus, in the short term, participation in the programme would yield losses of about 300EUR per participant to the state.

However, the mainstream alternative is substantially more costly. This is primarily due to the fact that on average only about 20 percent of public works participants find a job in the primary labour market. Thus, for the alternative, we assume that (i) 80 percent of public works participants are enrolled for 9 months, followed by 3 months on welfare benefits; and (ii) 20 percent find a minimum wage job after a 3-month participation in public works. Thus, the total per head balance of public works is somewhat more than 1300EUR losses for the state.

Figure 5 Costs and gains of the programme and the alternative of public works participation (EUR per head)



However, when we take into account the perspective of the individuals (families) affected, the perspective is much more positive. Under the assumptions made above, the monthly expected income of participants is around 250EUR, while if they were to enroll in a public works programme, this would be around 170EUR. Thus, for participants, the yearly additional gain is close to 1000EUR.

The calculations above yield a very positive picture of the pilot programme, when compared to the alternative of public works. On the one hand, the state would incur a loss which is roughly 1000 EUR lower, while participants' income would increase by almost 1000EUR over a one-year period. This is largely due to the fact that we assumed that 80 percent of participants find a job after the training programme. However, if only half of participants found a job, the balance would be much more negative: the state would incur only a small, 300 EUR gain, while the participants would on average end up with around 150 EUR lower incomes.