

## **Responses to Questions/Comments from State and Local Officials about the Initial Design**

**“Throughout the Design Summary, Mathematica refers to “improved earnings” due to participation in EDWAA supported programs. But my question is improved from what? Will Mathematica compare post-program earnings to earnings before layoff, to earnings while unemployed, or to projected earnings of those who found reemployment without EDWAA support?”**

The evaluation is designed to measure the impact of EDWAA retraining on participants compared with what would have been their experience in the absence of EDWAA retraining. The difficult part of this type of evaluation is determining what would have happened to trainees in the absence of retraining. Random assignment of eligible applicants represents the most credible method for this determination. Using this approach, we can create two identical groups, and offer EDWAA retraining to one group but not to the other. The group not offered retraining represents an ideal comparison group for evaluating the impacts of retraining on the group offered retraining. Given that the two groups are otherwise identical, any observed differences in outcomes between the two groups can be attributed to retraining.

**“To assign people to the three study groups ... will change the choices which participants will make about what services to receive ... The way people choose to accept or reject services is an essential quality of the EDWAA program.”**

Treatment groups are defined according to the broad service packages offered to clients, but within these groups clients will be able to choose which of the offered services they want to receive. Hence, the services received will vary by client within treatment groups. For example, among clients assigned to a group offered the full array of EDWAA services, some clients will choose to participate in EDWAA retraining, some will participate only in basic readjustment services, and some will choose not to participate in any services.

**“Study group members must be chosen from pools of EDWAA eligible clients who have already self-selected into one of three categories: selected retraining services, selected basic readjustment services only, or rejected all services.”**

Random assignment to the treatment groups is essential to generate reliable impact estimates. If we allow self-selection into the treatment groups, there are likely to be substantial differences between the groups, and we could not attribute differences in observed outcomes between the groups to the services received. In the revised design we have defined two treatment groups--one that has

access to only EDWAA basic readjustment services, and one that has access to all EDWAA services, including retraining. Random assignment will ensure that these two groups are essentially identical, so that any differences in observed outcomes can be attributed to the availability of EDWAA retraining. In the revised design we have eliminated the control group, so there will be no eligible clients who will be denied all EDWAA services.

**“The evaluation design neither recognizes nor accounts for the high probability that alternative resources will be found to serve these individuals, and the contaminating effects that will result for the control group, just as was the case in the previous evaluation in the JTPA youth programs.”**

The revised design eliminates the control group from the initial design, in part because of the widespread availability of alternative readjustment services that are available to the control group. The issue of alternative services arises even with the revised design, since the treatment group not offered EDWAA retraining may participate in training from other sources. However, there probably are not alternative sources of comparable training for many of the EDWAA clients, so this is probably less of an issue for the revised design. Regardless, the estimates generated by the evaluation must be carefully interpreted in light of the different services received by the two treatment groups. As part of the evaluation, we will closely examine the EDWAA and non-EDWAA services received by the two treatment groups.

**“Randomly selecting thirty SDAs out of the nearly 650 in the country will not achieve results that are representative of the program as a whole. The range and depth of diversity in local economic conditions, worker characteristics, program delivery strategies and resources are simply too great.”**

In setting the number of sites, it is necessary to trade off the need for an adequate number of sites to capture site-level variation against the need to limit the number of sites to hold down costs of the evaluation. The choice of 30 sites is appropriate given this tradeoff. Based on calculations that account for the expected site-level variation in outcomes 30 substate grantees will adequately represent the program if they are selected using stratified random sampling to account for the diversity in the program. Stratification will be based primarily on location and size of caseload. The analysis will closely examine local operations and attempt to determine the extent to which variations in program delivery strategies translate into variations in measurable impacts.

**“In order to draw inferences about the effectiveness of EDWAA retraining services, it is important to ensure that the group on which estimates are based actually receives retraining**

**services. The large attrition rate among Title II clients participating in the National JTPA Study had serious implications for the estimates of that program's impacts."**

In the revised design, the difference in average outcomes between the group offered full EDWAA services and the group offered only basic readjustment services provides an unbiased estimate of the impact per enrollee of making retraining available. But not all clients assigned to the full EDWAA treatment group will actually participate in retraining. From a policy perspective, we may be most interested in the impact of retraining on retraining participants. We can calculate an estimate of the impact of retraining on retraining participants by dividing the simple between-group difference in average outcomes by the retraining participation rate among the full EDWAA group.

**"It is not clear what measures will be used to determine program impacts. The design refers to employment and earnings measures. However, the manner in which these measures will be operationalized has not been specified. This could lead to problems in the estimation of impacts. For example, if a single quarter of wages is examined, the level of wages will be affected by the number of pay periods in a quarter. Fluctuations over time may be partly due to the numbers of pay periods in a quarter, rather than true program effects."**

We will examine employment and earnings measures over a post-enrollment period of 30 months. The type of issues associated with examining a short time frame, such as variations in the number of pay periods, will be avoided when we use a 30-month follow-up period to estimate the impacts of EDWAA.

**"Mathematica has devised some measure of cost effectiveness, and has stipulated that EDWAA must show an earnings increase of \$300 per quarter in order to prove its cost effectiveness. I have several concerns about this. First, Mathematica does not describe how it arrived at this number. What variables did they consider? Does it reflect a confidence interval or expected earnings? What is their definition of cost effective? Is it a "break-even" return on investment or "greater than zero" return? What is the comparison base: before, during, or after dislocation? What is the time frame used?"**

Ultimately, we will evaluate net benefits of EDWAA retraining by comparing the costs of providing training with the benefits, including increased earnings, generated by training. The comparison base will be the treatment group not offered EDWAA retraining. The standard of an earnings increase of \$300 was used simply as a basis for determining an appropriate sample size for the evaluation. In calculating the appropriate sample size, we needed to have a goal for the size of impact that we want to detect. We used \$300 per quarter as an estimate of the impact that would be necessary for EDWAA retraining to be cost effective given a set of conservative assumptions about the costs of EDWAA retraining.