

Effectiveness of different welfare to work methods, evidence from a field experiment

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Abstract

We investigate the effectiveness of a waiting period and of different welfare to work instruments on re-employment. For this purpose a unique field experiment was set up in which individuals received differential treatment. Analysis of the data collected until date indicates that a waiting period increases the exit rate from welfare and that there are large differences between instruments in terms of effectiveness. Interestingly, the most effective instrument is one that caseworkers are not very keen to use.

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1 Introduction

Although The Netherlands has quite a large budget for re-employment programs, little is known about the effectiveness of these programs. The literature concentrates on Scandinavian countries (Denmark, Sweden) where re-employment programs also play an important role. The effect of incentives from re-employment programs may however differ with the incentives created by national institutions on the labor market and social security. For policy purposes it is therefore important to obtain evidence from different countries.

This paper will focus on two types of interventions. First, we will investigate the effect of applying a waiting period (of max. four weeks) in the application process for welfare. Second, we will look into the effect of different instruments a caseworker can use to guide the welfare recipient back to work. These different instruments are part of the normal toolkit of case workers. This implies that we test, in contrast to many other policy evaluations of labor market programs, the effectiveness of the common practice instead of a program that is offered on top of the usual job search assistance.

The main problem that arises when trying to answer this type of research questions is that normally the caseworker decides which instruments he uses to guide an individual back to work. This implies that the individuals for which a particular instrument is used are a selected, non-random sample of all welfare recipients. Part of the selection may be based on observable characteristics, but there is more and more evidence that also unobserved characteristics play an important role. This makes an investigation of the effectiveness of the various instruments based on administrative records very difficult. The cleanest way to overcome this problem is a randomized controlled trial, where individuals are randomly assigned to the different treatments (instruments). Using true randomization in the context of social security may be problematic and viewed as inappropriate. We use an experimental design that comes close to the ideal of a randomized controlled trial, but also actively tries to prevent harrowing situations due to the experiment for clients. Limiting unwanted side-effects improves compliance of caseworkers with the experiment.

2 Welfare

Welfare (*WWB* or *bijstand* in Dutch) serves as a safety net and provides people with a very low income or no income and not eligible for any other type of benefit with a minimum income level. Welfare is means tested and the benefit level depends on the composition of the household (ranging from max. € 660 per month for a single to max. € 1320 per month for a couple with children). People receiving welfare are obliged to look for employment and accept all employment that is offered to them, also if it does not match their education or work experience. An exception to this rule is made when the individual is ill or is providing care to a relative that is ill. In addition, mothers with children under 5 are exempted from the obligation to accept all suitable employment. Rules about eligibility and level of benefits are decided on at the national level, but the responsibility for the implementation is at the city level. Cities receive a fixed annual budget for welfare, of which any unused excess may be kept. How welfare recipients are guided to work and how the number of welfare recipients is kept under control is left to the cities' discretion.

When an individual applies for welfare, and there are no indications that he is not eligible, he is called for an intake meeting at the local office of the social service. In this meeting it is assessed whether the individual qualifies for welfare, whether he is able to work and what his (relative) distance to the labor market is. Based on the latter the individual is classified into one of four classes. Individuals in class I suffer from (a combination of) medical or psychological problems that make it impossible for them to work. Class II is reserved for individuals that (currently) lack the social skills needed for stable employment, possibly in combination with other (personal) problems that are an obstacle to go back to work. This group cannot be guided to work immediately, the goal is to let them participate in society for example by working in a sheltered work environment. Individuals in class III are able to work, but need more skills and guidance to find employment and stay employed.

Individuals that should be able to find employment within 6 months are classified in class IV and are assigned to a caseworker, either immediately or after a waiting period. A waiting period lasts at maximum four weeks in which the individual has to look for employment by himself. In many cases, the caseworker also specifies a minimum number of job applications that a person has to do within this period. The task of the caseworker is to guide the individual to employment. The caseworker decides how he think this can best be achieved.

He can meet with the individual for coaching and guidance, but can also send him to an intensive job application program or to a team of job hunters. If no employment is found by the individual within 6 months, his classification will be altered to class III and he will be assigned a new caseworker. For class III individuals a different set of programs to help him back to employment is available.

3 The field experiment

The experiment was set up in the city of Amsterdam. For one year, from April 2012 till March 2013, all individuals flowing into welfare class IV take part in the experiment. Based on inflow in previous years we expected to include 2500 individuals in the experiment. Worsened economic circumstances led to the fact that on the day of writing we have 2921 individuals in the experiment, while the data collection is not completely finished yet. These individuals are followed until exit to employment or until reclassification after six months on welfare. Individuals were not informed that they took part in an experiment to prevent that this knowledge influenced their behavior.

Instead of randomizing the treatment over individuals, we randomize the treatment over caseworkers. Caseworkers receive the instruction to apply one particular treatment to all their new incoming clients. This particular treatment we call their *standard option* or default, and caseworkers are expected to apply this default option during the time that they spent with their clients (until exit to employment or until reclassification after six months). The default option that a caseworker has to apply to its new incoming clients changes every three months. We allowed caseworkers to deviate from the standard option only in cases where the standard option is really not appropriate, and with a maximum of 5% of all cases. This way we wanted to avoid harmful effects on welfare recipients and also make the experiment more acceptable for the caseworkers, which will benefit compliance.

Two different decisions were randomized: first, whether a waiting period was applied or not and second, which instrument was used by the caseworker to guide the welfare recipient to employment. For the waiting period there were three different standard options:

- never apply a waiting period.
- always apply a waiting period if the financial situation of the applicant allows this.

- do what you think is most appropriate in this case.

As applying a waiting period also implies that benefit payments are delayed, applying a waiting period is considered unethical if an applicant has a (very) bad financial situation. The idea behind the waiting period is that it sends a clear signal to the applicant that receiving welfare comes with the obligation to actively search for employment.

For the instruments there were five different standard options:

- bring the client into contact with the job hunter and/or try to take up the role of intermediary yourself to match the client directly to a vacancy. Use coaching at times that there are no relevant vacancies.
- send the client to the intensive 8-week job application course. Use coaching before and after the course.
- only use coaching by having regular meetings with the client.
- take a passive stand and only give support when the client asks for it.
- do what you think is most appropriate in this case.

By including the standard option 'do what you think is most appropriate' we want to get insight in whether the waiting period/instrument chosen by caseworkers coincides with the most effective choice according to the results of the experiment. The fourth standard option, taking a passive stand and leaving the initiative for support to the client, was considered to be the most difficult standard option by the caseworkers. They expected most clients not to take any initiative, leaving them de facto without guidance from a caseworker in finding employment. This indeed seems to have been the case in the experiment.

4 Data

The data we will use is combined from three different sources. Questionnaires, administrative data from the local social service and matched employment data from social security records.

The person conducting the intake meeting and the caseworker are both asked to fill in a one page questionnaire about the client and about the waiting period/ instrument that is applied. The questionnaire contains date of birth, gender, educational level, household composition, reason of applying for welfare, financial situation and the estimated time (by the caseworker) till exit to employment, whether a waiting period was applied, duration of

the waiting period, and instrument used to guide the welfare recipient back to work. The last three questions are included to check whether the caseworker adhered to the standard option he was given, or used the possibility to deviate in special cases.

The administrative data from the social service provides information on individual characteristics, date of application, date of exit from welfare, waiting period, number and type of contacts with the caseworker, information on programs the individual took part in, sanctions issued.

After the experiment has ended, matched employment records will be used to follow the individuals that were part of the experiment in their employment and how they fare after the experiment. While exit from welfare is informative about the short run effectiveness, following individuals for a longer period after they left welfare is informative about the long run effectiveness of the different treatments.

Table 1 gives some descriptive statistics of the sample. Of our sample, almost 30% applied for welfare because they lost their job. These are either young people at the start of their career, and therefore with little or no UI rights, or people who did not build up enough new UI rights in their last job. For 36% the reason for applying for welfare is exhaustion of UI rights. Duration of UI can range from 3 up to 38 months. As young people have relatively little UI rights, the average age in the sample is only 39 and over one-third of the sample is aged below 35. Welfare is means tested and financial situation should therefore be viewed as *relative* to the total pool of applicants. *Good* is used if the applicant has little or no debts and is not lagging behind with monthly payments such as housing rent, health insurance premium, etc. *Not good, not bad* is used when the applicant has some debts, and *bad* is used when he has major debts.

Table 2 shows how many applicants received a waiting period, grouped by the standard option of their caseworker. There is a clear distinction between the three different standard options. Caseworkers that are asked to always apply a waiting period if the financial situation of the client allows, give almost 60% of the applicants a waiting period. Remember that applicants with a bad financial situation should not be given a waiting period. They make up the majority of the other 40% without a waiting period. Caseworkers that are asked never to apply a waiting period hardly give waiting periods (only 4%). If the caseworker can do what he thinks is appropriate, a waiting period is applied in 42% of all cases, which is clearly distinct from the other two categories.

Table 1: Descriptive statistics

female	29.1%
<i>age</i>	
27-34	42.8%
35-44	29.7%
45-54	21.9%
55-64	5.5%
<i>city district</i>	
South/West	34.0%
New-West	11.7%
Center/East	23.1%
North	13.2%
South-East	18.1%
<i>household composition</i>	
single without children	77.2%
single with children	9.5%
couple without children	6.2%
couple with children	7.1%
<i>financial situation</i>	
good	24.5%
not good, not bad	47.9%
bad	27.6%
<i>reason applies for welfare</i>	
lost job	29.3%
end UI	35.7%
other reason	34.9%
<i>education</i>	
university	12.0%
other tertiary	16.8%
midlevel vocational	28.3%
pre-university secondary	8.3%
other secondary	20.5%
primary school or less	14.0%
<i>estimated time (by the caseworker) till exit to employment</i>	
within 1 month	9.9%
2nd or 3rd month	35.3%
4th or 5th month	32.5%
6th month or later	22.3%
number of observations	3244

Table 2: Applied waiting period by standard option for the waiting period

standard option	% received waiting period
always apply waiting period if financial situation allows	58.7
do what you think is most appropriate	42.0
never apply a waiting period	4.1
average duration applied waiting period	3.1 weeks
number of observations	2509

In Table 3 we make a comparison similar to that in Table 2, but now for the instrument that is used to guide the welfare recipient to work. Again, we see that standard options that can be applied irrespective the characteristics of the client, are followed very well: for coaching compliance is 92.1%, for leaving the initiative to the client 95.5%. The job application course has some entry requirements (being able to read and write in Dutch, having basic computer skills and full-time availability), and it was therefore not expected that caseworkers with this standard option could send all their clients to the course. In the questionnaire we asked caseworkers with the standard option 'send to job application course' to indicate the reason for not sending a client if the client was not sent to the course. For most of the clients that received coaching, despite of the standard option to send to the job application course there was a legitimate reason to do so. Dutch language skills and already heaving a part-time job (and therefore not being available full time for the course) were the reasons most often indicated. Among caseworkers with the standard option 'send to job hunter/ intermediate between client and vacancy' there was some confusion on how to fill in the questionnaire. Quite some caseworkers ticked 'coaching' arguing that at time of filling in the questionnaire (when a new client arrives), they did not know yet whether they would succeed in guiding the client to work using this instrument. We plan to ask all caseworkers with this standard option to indicate at the end of the experiment how the clients that received this treatment found a job (if they exited to work). If it is left to the caseworker to decide which instruments to use to guide the client back to work, most of the caseworkers choose to only use coaching. All in all, each of the standard options shows a very distinct pattern of instruments used in guiding clients back to work.

Table 3: Applied instrument by standard option for instrument

standard option	applied instrument			initiative to client	number of observ.
	job hunter/ mediate	job appl. course	coaching		
job hunter/mediate	50.5	1.6	39.4	8.5	317
job application course	1.5	46.1	39.6	12.9	280
coaching/meetings	2.4	1.2	92.1	4.4	341
initiative to client	1.1	0.9	2.6	95.5	352
caseworker's choice	3.5	9.1	77.2	10.2	430
					1720

5 First results

The results given below are some first results, based on data collection until April 2013. Ultimately, our goal is to look at exit to work within 6 months. However, in April 2013, only individuals who applied for welfare between April and October 2012 were observed for the full 6 month period. Therefore we will also show results for exit within 3 months, for which the inflow between April and January 2012 can be used. Since we do not have the matched employment data yet, we can only observe whether a person is still receiving welfare or not. Exit from welfare need not necessarily be exit to work (however, as welfare is only available to individuals without enough income from other sources, it is very likely that most exits will be due to exit to work). The results we present now will therefore be the effect of the different instruments on the probability that a person receives welfare X months after first applying for welfare.

We will focus on two different samples. For the waiting period, we take all people that applied for welfare since the start of the experiment (April 2012). We do not condition on approval of the application, since the application status of a client that did not return after a waiting period is never determined. For the different instruments that are applied after a possible waiting period we take all people that applied for welfare since the start of the experiment, conditional on approval of the application. This implies that the sample for the waiting period contains people that never actually received welfare payments, while in the sample for the instruments people will by definition have a starting date of welfare payments.

Table 4: Percentage still receiving welfare, by standard option for the waiting period

Standard option	% after 3 months	% after 6 months
always apply waiting period if financial situation allows	63.7	51.5
do what you think is most appropriate	69.9	58.9
never apply a waiting period	71.3	57.7
number of observations	2116	1504

Table 4 shows the the percentage of applicants receiving welfare three and six months after applying, by standard option of the caseworker. Of caseworkers with the standard option 'always apply a waiting period if financial situation allows', 63.7% of their clients receives welfare after 3 months. Of caseworkers with the standard option 'never apply a waiting period' this was 71.3%. When the decision is left to the caseworker 69.7% still receives welfare. Recall from Table 2 that the percentage of clients that received a waiting period was respectively 59%, 42% and 4% for these standard options. From these raw statistics, a waiting period seems to be very effective.

After six months there is still an observable difference between clients of caseworkers with the standard option 'always apply a waiting period' compared to clients in the other two treatments. It seems as if a waiting period does not merely reduce the time that people spend in welfare, but that it leads to exit of some clients that would otherwise not have exited within 6 months after applying.

Table 5: Percentage still receiving welfare, by standard option for instrument

standard option	% after 3 months	% after 6 months
send to job hunter/mediate between employer and client	77.8	60.9
intensive job application course	89.2	77.5
coaching/regular meetings with client	87.8	71.1
passive stand, only give support when client asks for it	86.6	73.7
do what you think is most appropriate here	85.0	66.9
number of observations	1284	987

Table 5 lists raw exit rates within three and six months over the different standard options for the instrument. Again, there are remarkable differences between the groups.

Clients of caseworkers with the standard option 'send to job hunter/intermediate between vacancy and client' have a much lower probability to receive welfare after both three and six months. The percentage that still receives welfare of this group (77.8% after three months, 60.9% after 6 months) is much lower than in the other four groups. These groups are closer to each other in exit rates, with a ranking that changes somewhat between three and six months. After three months, the clients of caseworkers with the standard option 'send to job application course' are doing worst with only 10.8% exits. As there is usually a short waiting list for participation in the course and the course itself lasts 8 weeks, a lock-in effect was expected here. This effect has not disappeared after six months however, as the job application treatment still has the highest percentage still in welfare. Taking a passive stand and coaching are close both after three and six months while leaving the instrument choice to the caseworker does somewhat better, especially after six months.

It is remarkable that the one instrument that stands out in having the highest exit rates, 'send to job hunter/ intermediate between vacancy and client', is not a very popular choice among caseworkers if it is left up to them which instrument(s) to use. This even results in lower exit in the treatment in which a caseworker is free to choose the instrument compared to the treatment in which the client should be send to the job hunter. This may be related to the incentive structure for the caseworkers. Each caseworker has a target in terms of exits from welfare each month. If a client is sent to the job hunter and the job hunter manages to find a job for the client, the exit counts only for the target of the job hunter, *not* for the target of the caseworker. This may withhold caseworkers to send clients with relatively good prospects to the job hunter. The effect of sending a client to the job hunter or the caseworker taking up the role of intermediary between a vacancy and a client may arise from two different sources. First, it could have a direct effect if the client decides to accept the job offered to him. Second, it could also have an indirect effect if the client dislikes the job that is offered to him so much, that he decides to quickly find and accept a job that he likes better.

Figure 1 summarizes the findings in a graphical way. We look at the percentage of clients still receiving welfare benefits X months after start of the spell, separately for the different instruments. For this figure we condition on observing a client up to six months after the start of the spell, so that the figure is based on a fixed sample. Again we see that the only instruments that sticks out is the one in which caseworkers are told to send the client to the

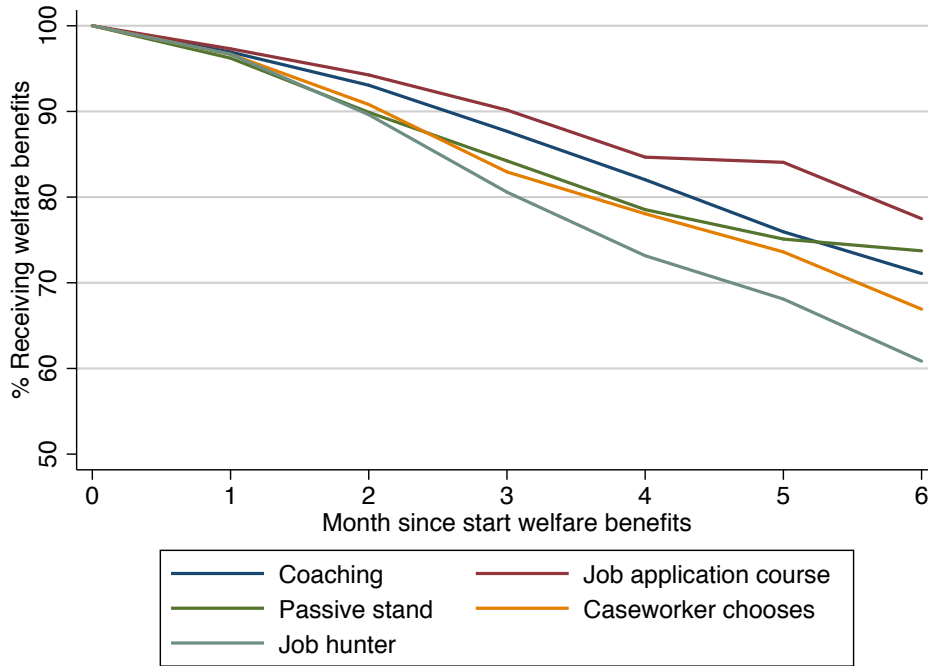


Figure 1: Percentage still receiving welfare, by standard option for instrument and months since application

job hunter/intermediate between vacancy and client.

Table 4 and 5 showed exit rates that were not corrected for differences between individual characteristics. Next, we will use a linear regression model for the probability a welfare recipient exit within 3 (resp. 6) months. Again, we use the standard option of the caseworker rather than the waiting period/ instrument that was applied. Coefficients therefore reflect the *intention to treat*. Tables 6 focuses on the effect of the waiting period, tables 7 and 8 on the effect of the different instruments. In all four tables model(1) estimates a model that only contains the standard options as regressors, model(2) adds the city districts as regressors and model(3) uses a full set of individual characteristics like age, gender, household composition, financial situation, reason for inflow and educational background.

In table 6 we see that the percentage of clients receiving welfare is significantly lower with the standard option 'always apply' compared to 'never apply': the probability to receive welfare decreases with 7.9 percentage points. If the caseworker decides the percentage is also lower but not significantly so. The effect of 'always apply' becomes even stronger when we add more controls. The decrease of 9.7 percentage points implies an almost 17% decrease in the probability to receive welfare after three months. Of the controls we see that most

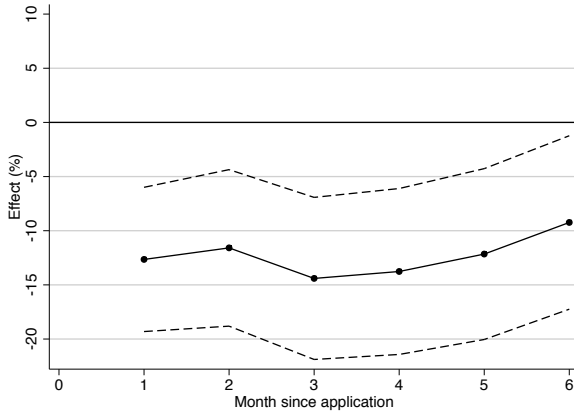


Figure 2: Always apply waiting period

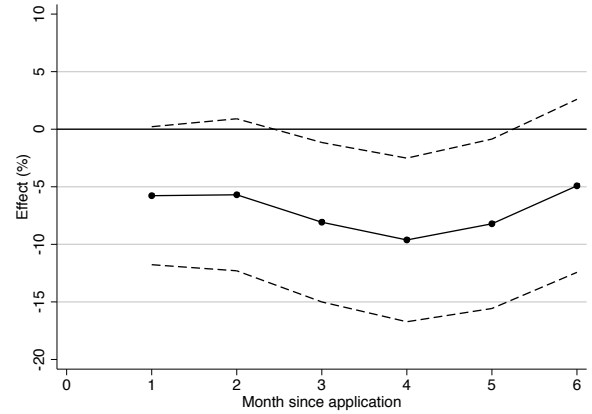


Figure 3: Caseworker decides

effects are in the expected direction. The probability to receive welfare increases in age and with being a single mother while it decreases if a client has a university education.

Figures 2 and 3 show how the effect of the waiting period evolves over time. We estimate the effect of the different standard options on the probability to receive welfare from 1-6 months after application, relative to the standard option 'never apply'. We condition on observing a client at least six months such that the figures are based on a fixed sample. Coefficients are plotted together with 95% confidence intervals. We see that the effect of the standard option 'always apply' is significantly different from 'never apply' for all time periods and that the coefficient is surprisingly stable. This implies that the waiting period does not only lead to an earlier exit of clients that would have left anyway, but that it even affects client that otherwise would have received at least 6 months of benefits. The coefficient of 'caseworker decides' is negative for all periods, but is only significantly different from 'never apply' for months 3-5.

Tables 7 and 8 present the effect of the different instruments used to guide the welfare recipient back to work, They show a large effect of the standard option 'job hunter/ mediate between vacancy and client', as we also saw in the raw percentages. The effect also remains when we add controls and is larger after six months than after three months. The probability of receiving welfare after three months is apparently more difficult to predict than after six months, since more controls are significant after six months even though the sample size is smaller. Again, age and university education have a significant effect on the probability to receive welfare. For the instruments we also find an effect of household composition. Compared to singles without children, the probability to receive welfare is much higher for

Table 6: Linear regression model for probability that client receives welfare after 3 months

	(1)	(2)	(3)
<i>standard option for waiting period (reference is 'never apply')</i>			
always apply waiting period	-0.079** (0.031)	-0.078** (0.032)	-0.097*** (0.033)
caseworker decides on waiting per.	-0.017 (0.025)	-0.024 (0.028)	-0.045 (0.030)
<i>city district (reference is 'South/West')</i>			
New-West		-0.022 (0.037)	-0.071* (0.042)
Center/East		0.000 (0.029)	-0.017 (0.033)
North		0.043 (0.033)	-0.001 (0.037)
South-East		-0.006 (0.031)	-0.012 (0.032)
age			0.002* (0.001)
female			0.268*** (0.022)
<i>household composition (reference is 'single without children')</i>			
single with children			-0.157*** (0.034)
couple without children			0.098** (0.042)
couple with children			-0.052 (0.050)
<i>financial situation (reference is 'good')</i>			
fin.situation not good/not bad			0.057** (0.027)
fin. situation bad			-0.038 (0.024)
<i>reason applies for welfare (reference is 'lost job')</i>			
end UI			-0.005 (0.017)
different reason			-0.037** (0.017)
<i>education (reference is 'midlevel vocational')</i>			
university			-0.150*** (0.039)
other tertiary			-0.083** (0.033)
pre-university secondary			0.001 (0.045)
other secondary			-0.016 (0.031)
max primary school			0.023 (0.036)
intercept	0.716*** (0.022)	0.717*** (0.024)	0.576*** (0.063)
observations	2124	2124	1723

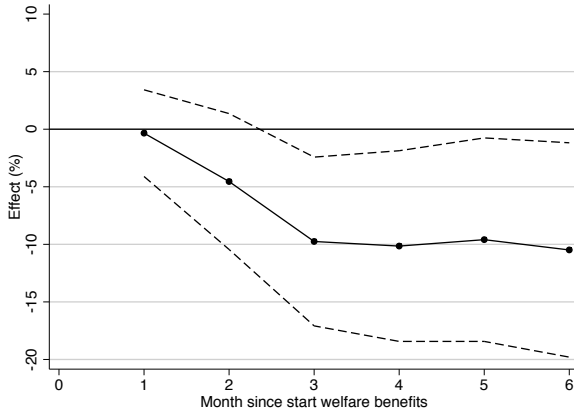


Figure 4: Job hunter/mediate

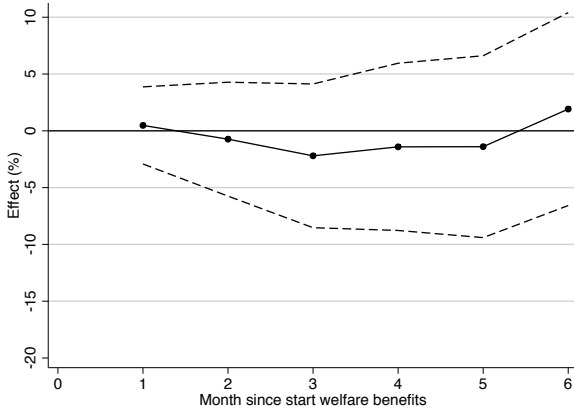


Figure 6: Passive stand

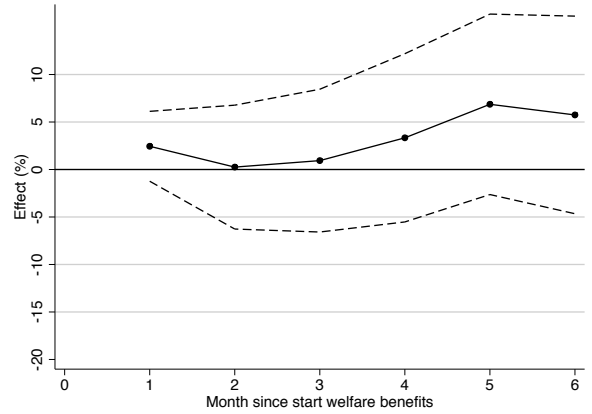


Figure 5: Job application course

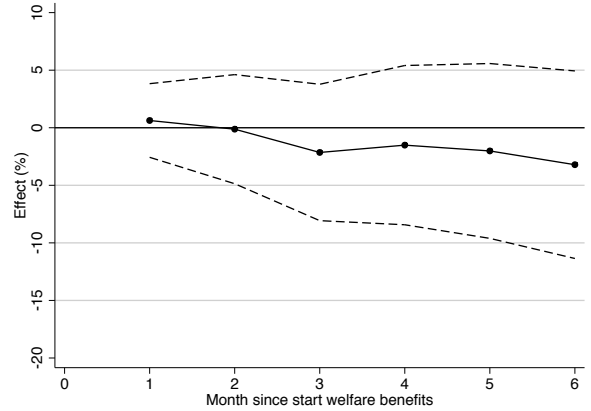


Figure 7: Caseworker decides

couples, both with and without children, and slightly higher for singles with children.

Figures 4 to 7 show how the effect of the instruments evolve over time. Just as with the waiting period, we keep the sample on which we run the regressions fixed. The instruments are compared to the standard option 'coaching'. From the figures it becomes clear that the only instrument that really stands out is 'job hunter/mediate'. After three months this effect becomes significantly different from 'coaching' and remains so up to six months after the start of welfare benefits.

6 Conclusion

We conduct a field experiment in the city of Amsterdam to gain insight in the effectiveness of a waiting period and of different instruments to guide welfare recipients back to work.

Table 7: Linear regression model for probability that client receives welfare after 3 months

	(1)	(2)	(3)
<i>standard option for instrument (reference is 'coaching')</i>			
job hunter/mediate	-0.071** (0.032)	-0.064** (0.032)	-0.067** (0.033)
intensive job application course	0.025 (0.030)	0.035 (0.030)	0.034 (0.029)
passive stand	-0.035 (0.030)	-0.030 (0.030)	-0.039 (0.029)
caseworker decides on instrument	-0.047* (0.028)	-0.040 (0.029)	-0.043 (0.028)
<i>city district (reference is 'South/West')</i>			
New-West		-0.078** (0.040)	-0.109** (0.042)
Center/East		-0.046* (0.027)	-0.052* (0.027)
North		-0.037 (0.031)	-0.066** (0.032)
South-East		0.020 (0.027)	-0.012 (0.027)
age			0.003*** (0.001)
female			-0.003 (0.022)
<i>household composition (reference is 'single without children')</i>			
single with children			0.047 (0.034)
couple without children			0.065* (0.035)
couple with children			0.061 (0.039)
<i>financial situation (reference is 'good')</i>			
fin.situation not good/not bad			0.033 (0.026)
fin. situation bad			-0.030 (0.023)
<i>reason applies for welfare (reference is 'lost job')</i>			
end UI			-0.023 (0.015)
different reason			-0.001 (0.015)
<i>education (reference is 'midlevel vocational')</i>			
university			-0.125*** (0.040)
other tertiary			-0.002 (0.029)
pre-university secondary			0.006 (0.040)
other secondary			0.019 (0.027)
max primary school			0.017 (0.031)
intercept	0.877*** 0.020	0.894*** 0.027	0.781*** 0.059
observations	1320	1320	1287

Table 8: Linear regression model for probability that client receives welfare after 6 months

	(1)	(2)	(3)
<i>standard option for instrument (reference is 'coaching')</i>			
job hunter/mediate	-0.102** (0.048)	-0.097** (0.048)	-0.110** (0.048)
intensive job application course	0.064 (0.051)	0.072 (0.052)	0.062 (0.053)
passive stand	0.027 (0.044)	0.032 (0.044)	0.026 (0.043)
caseworker decides on instrument	-0.042 (0.043)	-0.033 (0.043)	-0.033 (0.042)
<i>city district (reference is 'South/West')</i>			
New-West		-0.019 (0.055)	-0.070 (0.054)
Center/East		0.020 (0.041)	0.015 (0.041)
North		0.017 (0.045)	-0.045 (0.046)
South-East		0.067 (0.043)	0.023 (0.044)
age			0.007*** (0.002)
female			0.025 (0.033)
<i>household composition (reference is 'single without children')</i>			
single with children			0.090* (0.052)
couple without children			0.132** (0.053)
couple with children			0.160*** (0.059)
<i>financial situation (reference is 'good')</i>			
fin.situation not good/not bad			0.090** (0.038)
fin. situation bad			-0.078** (0.034)
<i>reason applies for welfare (reference is 'lost job')</i>			
end UI			-0.015 (0.019)
different reason			0.004 (0.019)
<i>education (reference is 'midlevel vocational')</i>			
university			-0.129** (0.054)
other tertiary			-0.003 (0.044)
pre-university secondary			-0.040 (0.066)
other secondary			0.040 (0.041)
max primary school			0.049 (0.046)
intercept	0.711*** 0.032	0.686*** 0.041	0.351*** 0.084
observations	987	987	975

We find that clients of caseworkers that are instructed to apply a waiting period to every client without major financial problems, are 17% less likely to receive welfare after 3 months than clients of caseworkers that are instructed to never apply a waiting period. The waiting period does not only increase the speed with which clients exit welfare, it even leads to exit of clients that would otherwise have received welfare benefits for at least six months.

Of the different instruments a caseworker can use to guide the client back to work, we find that sending him to the job hunter or let the caseworker mediate between the client and a vacancy is significantly more effective than any of the other instruments. Clients of caseworkers that were instructed to use this instrument as much as possible had a 8% lower probability of receiving welfare after 3 months. This effect increases to 15% for the probability to receive welfare after 6 months. If the instrument choice is left to the caseworker however, this instrument is used fairly little. Only for 3.5% of their clients they apply this instrument. Caseworkers prefer to only use coaching and meeting regularly with the client, an instrument that is found not to perform significantly better than taking a passive stand and only give support to the client when the client takes the initiative for it.