

## FINAL RESULTS: Impact Evaluation of the Department of Labor and Employment's Special Program for Employment of Students (SPES) (v. Aug. 7, 2017)

The Special Program for the Employment of Students (SPES) links low-income youth to formal work opportunities at decent wages during their school breaks by offering employers a 40% wage subsidy and facilitating the matching process. In partnership with the Department of Labor and Employment (DOLE), Innovations for Poverty Action (IPA) conducted a large-scale randomized field experiment to measure the impact of SPES. In municipalities where the number of eligible applicants exceeded the number of available slots, IPA randomly chose applicants to fill the available slots. IPA determined the impact of SPES in the medium run (8-12 months later) by comparing the outcomes of those randomly chosen to receive the program (treatment group) to those who were randomly not chosen (control group). Any differences between the two groups can be attributed to SPES – this is the causal impact of the program.

### Study considerations:

- Political objections to study → Fewer participating municipalities, smaller sample size, and exclusion of two target regions
- Comparison group withheld from SPES participation for only one year
  - Medium-run results, follow up data collection only 8-12 months after initial application
  - Outcomes measured within the same academic school year
  - No graduating high school class in 2017 due to K-12 implementation
- Study period occurred *prior* to DOLE's issuance of Department Order No. 175-17 Implementing Rules and Regulations of Republic Act 10917

### Summary of findings:

We compare members of the treatment group (those randomly chosen to receive SPES) to the control group (those randomly chosen *not* to receive SPES) to measure the impact of SPES on education, employment, and employability.

#### Education:

- **With or without SPES, SPES applicants will enroll in school:** In the medium-run, SPES participation does not increase school enrollment – school enrollment is roughly 95% regardless of whether applicants were chosen to receive SPES.
  - However, **SPES increases enrollment for men**, who are at higher risk of dropping out of school.
- SPES participation **does not increase college graduation rates** in the medium-run.

#### Employment:

- SPES participation **increased the likelihood of being currently employed** with a private employer, LGU, or NGO compared to control group (70% increase). For every 100 SPES beneficiaries, 3.9 beneficiaries are moved into employment because of SPES.
- Without SPES, very few applicants would have worked during the summer. SPES participation reduces the likelihood of summer work, but only 8% of those not chosen for SPES report either formal or informal summer work.

#### Employability:

- SPES participants **engage in a variety of office tasks**, primarily surveying (30%), encoding (25%), and organizing and filing (24%), while around 14% are tasked with maintaining the orderliness of the office.
- SPES participation **does not affect students' self-esteem or self-reported life skills** in the medium-run.
- SPES **improves students' confidence about their work prospects** after graduation, but it **did not affect their wage perceptions**.

**Response rates and adherence to treatment:** IPA attempted to contact 3,796 SPES applicants in the impact evaluation sample who agreed to participate in the study. Through multiple phone attempts and in-person follow-up efforts, we surveyed 86% of respondents, with no evidence of differential attrition by treatment status. Despite coordination with each participating PESO by IPA and DOLE, there was substantial non-compliance with assignment to treatment. Only 6 municipalities (20%) showed very high adherence to their assigned control groups (fewer than 10% enroll in SPES in 2016), while in 9 municipalities (31%), more than 75% of the control group enrolled in SPES.

**Education:** With or without SPES, applicants still enroll in the medium-run. School enrollment is roughly 95% regardless of whether applicants were chosen to receive SPES. However, SPES does have marginally statistically significant impact

on current and anticipated enrollment for men, who are at a higher risk of dropping out. SPES increases men's enrollment by 6.2 percentage points and their anticipated enrollment next year by 7.5 percentage points, while it has almost no effect for women. There is suggestive evidence that the impact of enrollment is concentrated among high school students and students from relatively lower-income households. Among those who were not enrolled, the most common reasons are financial problems (58%), having completed school (18%), or because the respondent is already working (5%). 89% plan to enroll in the next academic year.

**Employability:** We test whether SPES increases students' employability by collecting data on self-reported experience with work-relevant skills and measures of their own work-readiness. Out of 11 possible office tasks, the only statistically significant increase among SPES beneficiaries is assisting clients/constituents by phone. We see no change in students' self-esteem, measures of their life skills, or work-readiness, even when examining subgroups by gender, education, and relative family income level.

**Employment:** At endline, SPES participation increases the likelihood of currently working by 3.9 percentage points, and there is no effect on the likelihood of working in the remainder of 2016. Conditional on working, SPES does not affect monthly wages earned or hours worked. In comparing treatment and control (those chosen to receive vs. those chosen not to receive SPES) on summer work besides SPES, only 8 percent of control group members reported other summer work; without SPES very few students would have worked during the summer. Compared to the control group, participation in SPES reduces the likelihood of work besides SPES during the summer by 7.0 percentage points, reducing formal work by 5.3 percentage points and informal/unpaid work by 4.4 percentage points.

**Labor market perceptions:** SPES participation increases students' confidence about their labor market prospects; SPES participation increases the likelihood they believe they can find a job within 6 months of graduating by 14%, and this increase is concentrated among college graduates. It does not affect the wages they expect to earn nor the lowest wage they would accept.

**Targeting of recipients:** SPES applicants came from families that are relatively poor. Based on the Progress out of Poverty Index (PPI), 63% were likely to live below 200% of the Philippine national poverty line (P95 per person per day), although only 4% were likely to live below 100% of the national poverty line (P47 per person per day).<sup>1</sup> Conditional cash transfer ("4Ps") beneficiaries comprised about one quarter of the sample. 2.3% of female applicants reported they were pregnant.

**Receipt and use of funds:** Nearly all SPES beneficiaries (78%) worked the minimum of 20 days, and fewer than 5% worked the maximum of 52 days. Beneficiaries also reported substantial delays in receipt of payment, particularly for the DOLE portion of funds. 30% received their employer's portion of funds more than 30 days after completion of work, and 69% received the DOLE portion of funds more than 30 days after completion of work. At endline, 8-12 months after the completion of SPES, 14% had not received payment from DOLE. SPES beneficiaries primarily used their funds for education expenses (70%), but many used at least some money to help support their families (43%), to purchase personal effects (35%), or to fund extracurricular activities (12%). Half reported using their earnings in multiple ways.

**Regional variation:** Reflecting differences in implementation and local contexts, we see regional variation in program impacts. While SPES does not improve education outcomes in any individual region, we find suggestive evidence that the increase in employment is concentrated among applicants in the National Capital Region (NCR). Additionally, the challenges in receipt of payment vary by region. 17% of participants in Region III had not received payment from their DOLE regional office 8-12 months after SPES, compared with 15% in Region XI and 6% of participants in NCR.

#### **Specific findings for policy and practice:**

- In the medium run, *SPES may be more effective as a work program than an education program*, but costs remain high. SPES costs roughly P90,000 per job found and P220,000 per drop-out avoided in that academic year.
- *Resolve payment delays* to help students use earnings to fund their education.
- *Explore ways to help work experience provide meaningful skills:* Nearly all students are engaged in office work in the LGU, but SPES did not improve students' experience with specific office tasks, nor changed their general attitudes or motivation for work.
- *Consider adding training to help students build life skills:* Developing programs to directly provide students with training in the areas that DOLE seeks to promote may be relatively low-cost and more successful.
- *Improved targeting may maximize program effectiveness:* Men<sup>2</sup>, students from relatively lower-income families, and high-school students receive the greatest educational benefits from SPES. Refining program targeting through adjustments to screening criteria or outreach methods may help SPES reach those who benefit the most.

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<sup>1</sup> These calculations are based on the 2009 Philippine national poverty line of approximately P47.35 /person/day.

<sup>2</sup> Most SPES applicants are female, with only 1/3<sup>rd</sup> of the sample comprised of males.