

Value for money: Effectiveness and efficiency of public employment services

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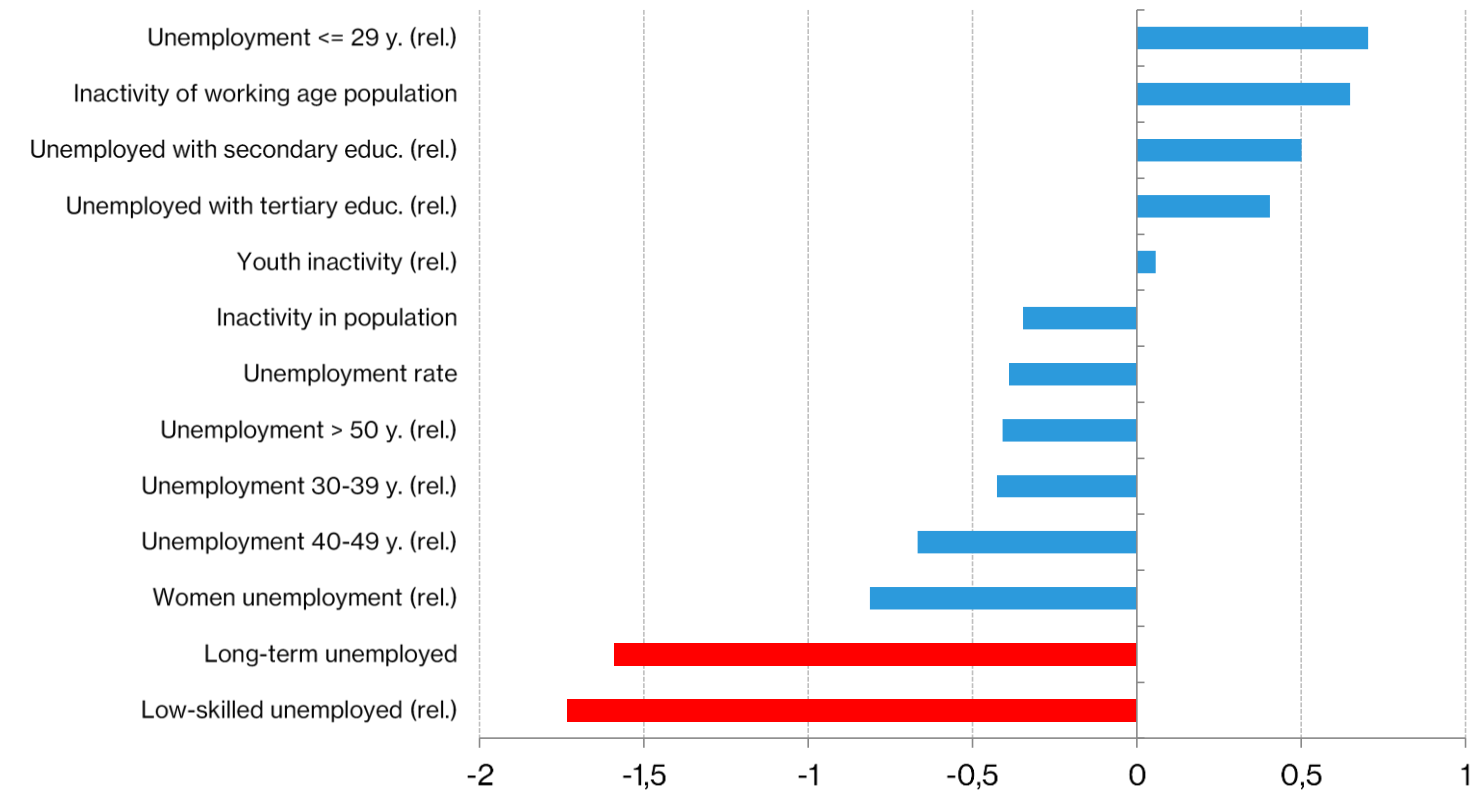
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Target groups of unemployed

Identification of labour market priorities (standard deviation from the EU average, 2015)



Source: own calculations, Eurostat

Long-term unemployment more costly

Costs of unemployment

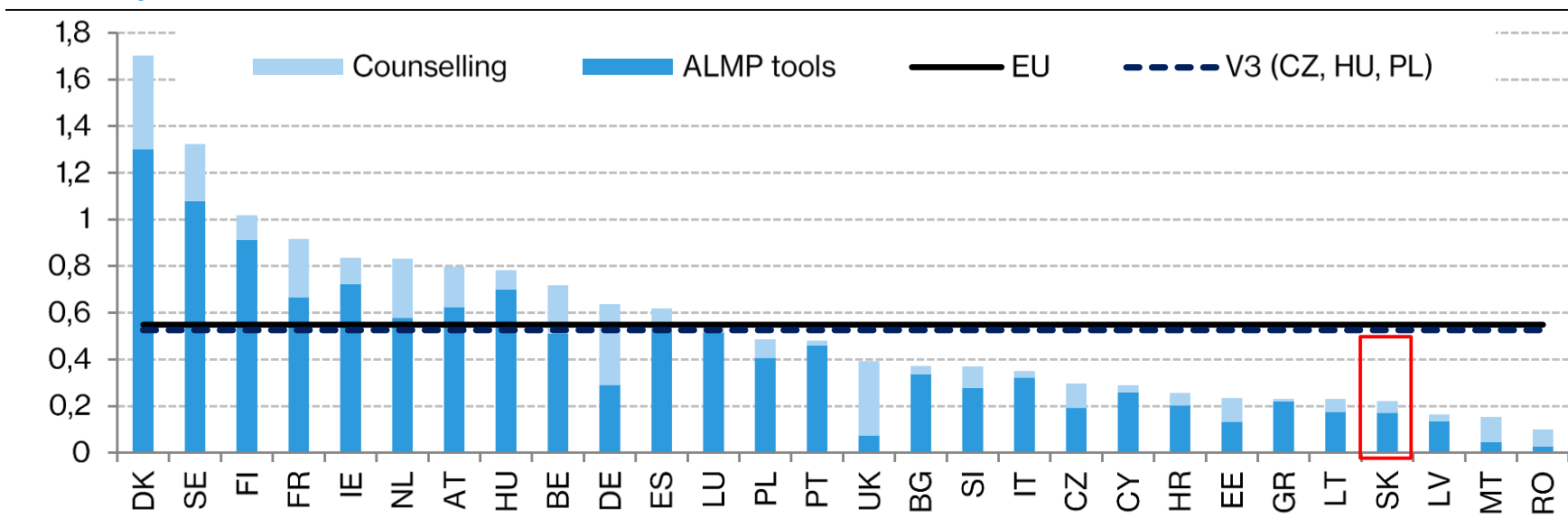
Unemployment duration	No. of unemployed	Unemployment benefit (% share)	Benefit in material need (% share)	Costs per unemployed (annual / cumulative in eur)
< 6 months	133 998	28 %	12 %	1 623 / 541
6 months – 1 year	66 612	-	23 %	712 / 534
1 – 2 years	77 602	-	32 %	881 / 1 322
2 - 3 years	43 027	-	37 %	1 011 / 2 529
> 3 years	79 931	-	49 %	1 377 / 7 346
Total	401 170	9 %	28 %	1 214 / 2 260

Source: own calculations, SIA, CoLSAF

- Focus on most disadvantaged groups (LTU) of unemployed may have positive impact on public finance

Relatively low resources on PES

PES expenditure (% of GDP)



Source: Eurostat

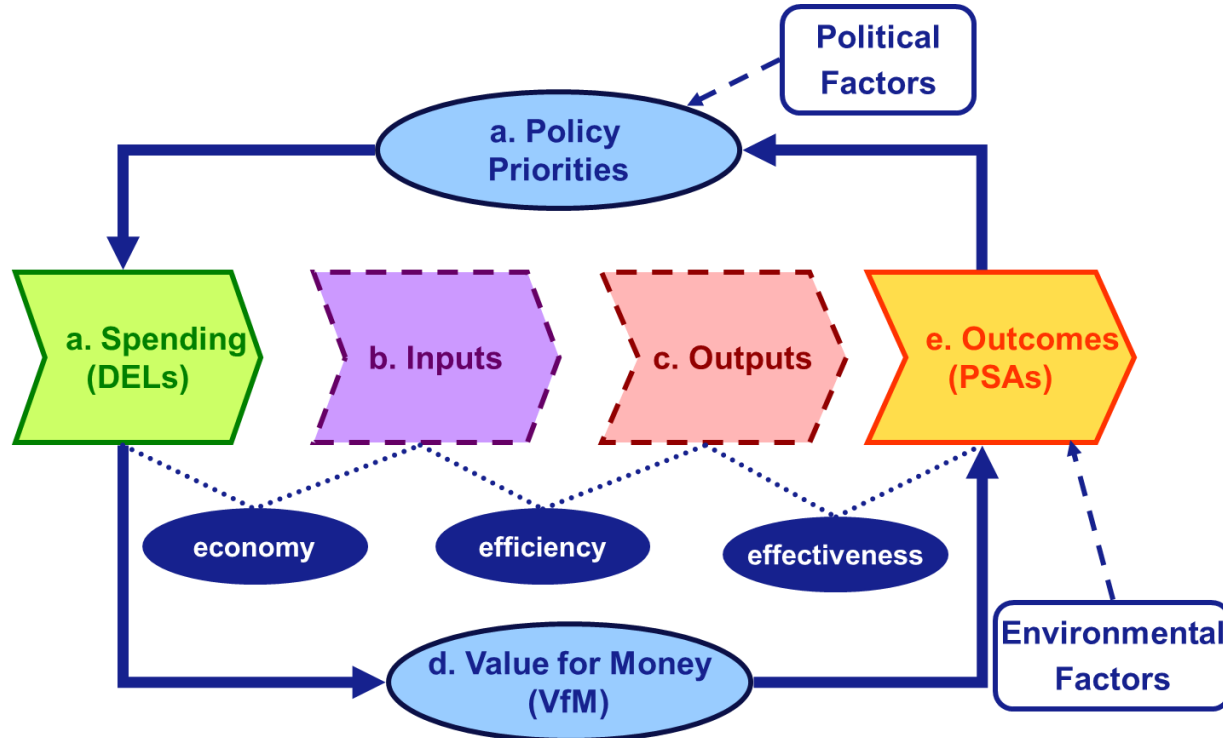
Notes: 2013 or 2014, or latest year available

- PES expenditure – counselling services and active labour market policies (ALMP) – only 0,22 % of GDP vs. EU / V3 average (0,55 / 0,53 % of GDP)
- Budget increase to the level of the EU or V3 average = additional 217 or 234 mil. eur



How efficient are labour offices with allocated resources?

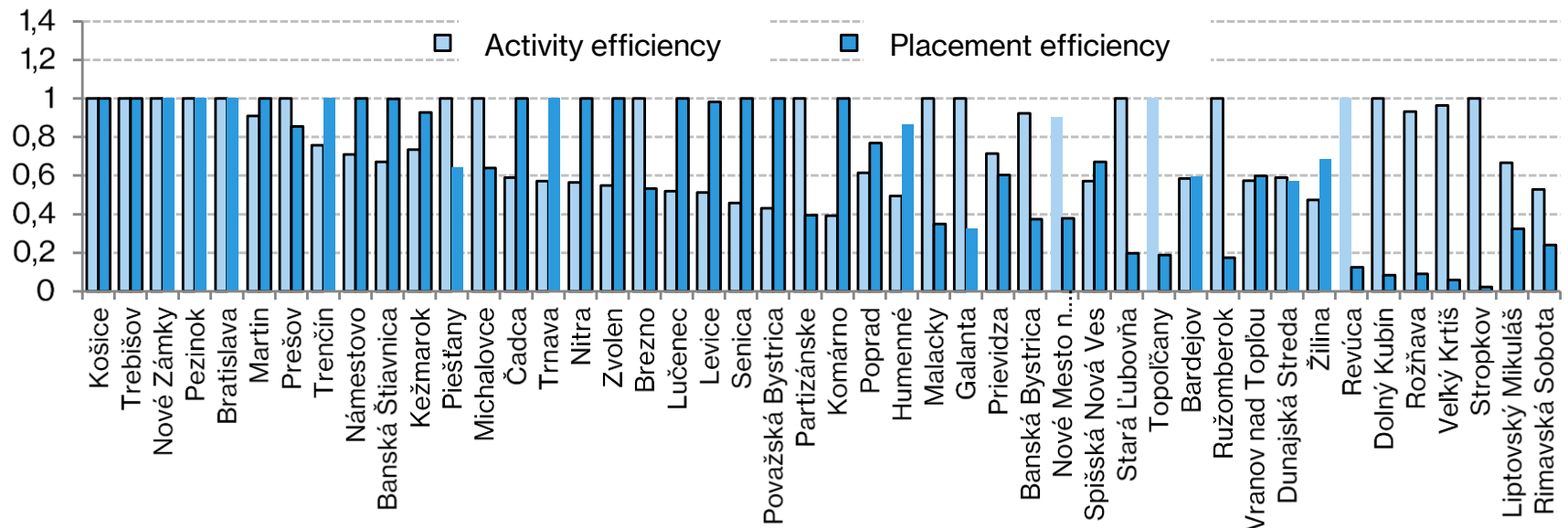
Measuring efficiency/effectiveness of LO



- Measuring outcome of LO – placement of unemployed...
- ...for given resources of LO (inputs) – expenditure, employees and activities of PES departments
- Regional characteristics were taken into account

Substantial differences in efficiency between LO

Results of LO efficiency



Source: own calculations

- Substantial differences between LO even after taking regional characteristics into account
- Potential savings can reach 7 mil. eur on unemployment-related expenditure by increasing efficiency of lagging LO

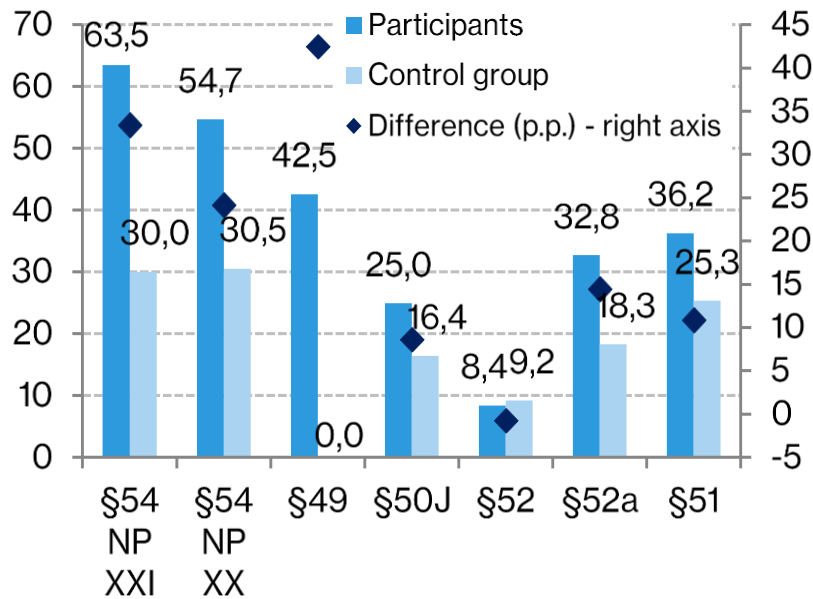
How to set the right mix of ALMP tools?

Measuring efficiency/effectiveness of ALMP

- Comparing employment outcomes of ALMP participants vs. unemployed non-participants
- Positive difference in employment probability of ALMP participants vs. non-participants – efficient ALMP tool (net efficiency)
- Calculating costs per successfully employed ALMP participants – net cost-effectiveness

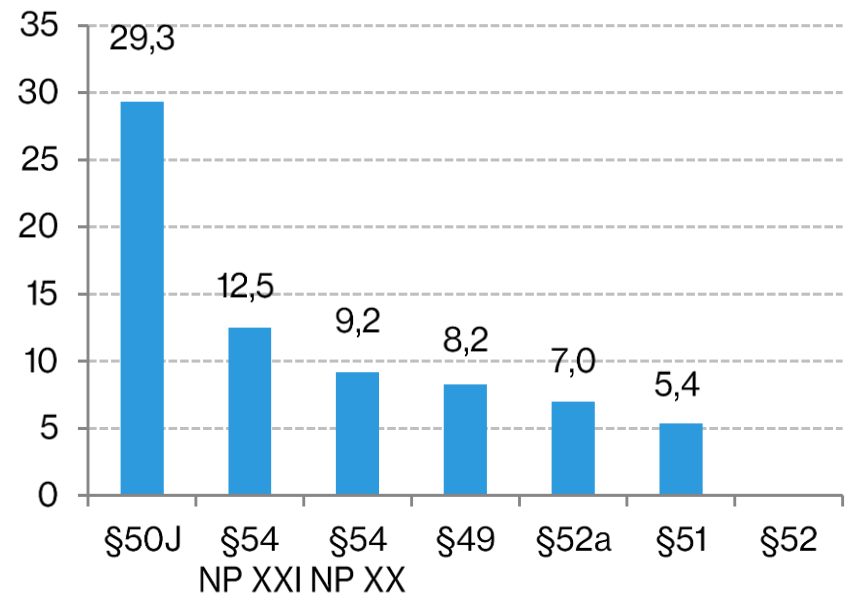
Public employment unsuccessful in combatting long-term unemployment

Probability of employment (% diff. in p.p.)



Source: own calculations

Net cost-effectiveness (thousands eur)



Source: own calculations

- Public employment of low skilled/long-term unemployed appears to be inefficient (activation works) or cost-ineffective (public employment of low-skilled)
- Efficient youth support, but short-term programmes appear to be more cost-effective (e.g. graduate practice)

Public employment unsuccessful in combatting long-term unemployment

ALMP cost-effectiveness

ALMP programme	Programme type	% share of ALMP costs	% share of ALMP participants	Cost per participant (eur)	Net cost-effectiveness (eur)	Economic return on employment (in years)
Public employment – low-skilled (§50J)	Empl. incentives	12,4	3,0	2 512	29 330	19
Youth employment in private sector (§54 NP XXI)	Empl. incentives	18,8	1,3	4 171	12 485	8
Youth public employment (§54 NP XX)	Empl. incentives	1,1	0,1	2 214	9 158	6
Small business support (§49)	Startup incentives	5,3	9,1	3 506	8 247	5
Public employment – volunteer activities (§52a)	Direct job creation	4,4	2,9	1 010	6 982	4
Graduate practice (§51)	Empl. incentives	3,4	5,9	584	5 369	3
Public employment – activation works (§52)	Direct job creation	3,6	10,1	137	-	-

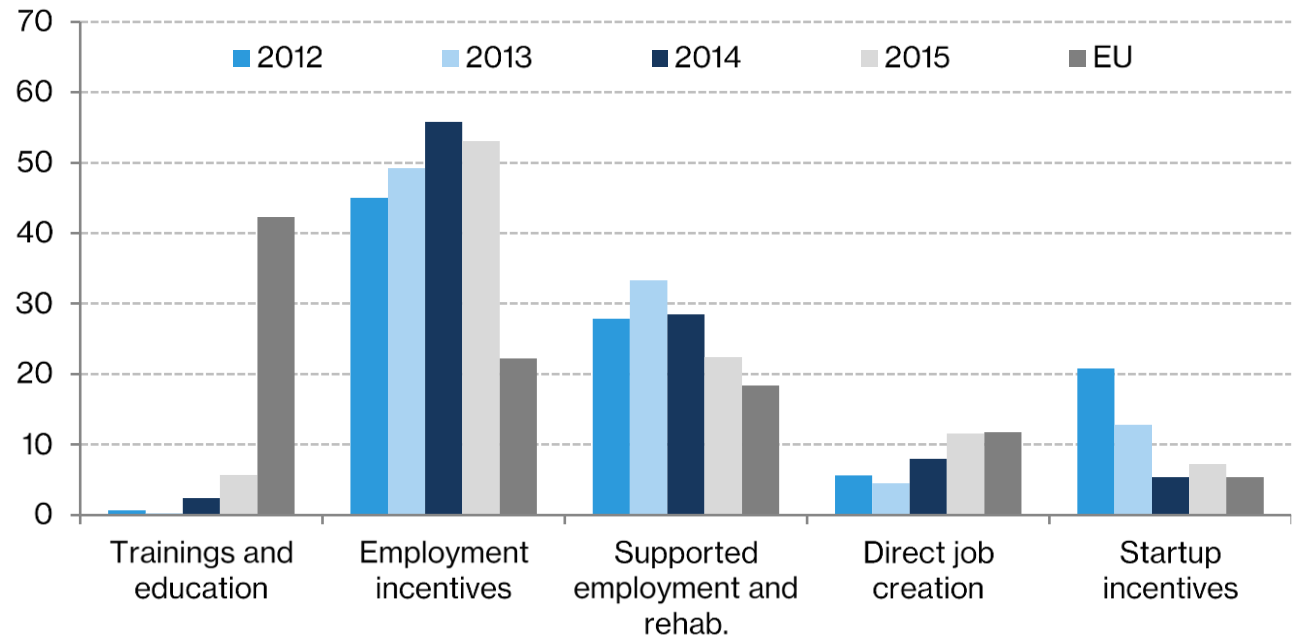
Notes: % share of ALMP costs in 2014; % share of ALMP participants = share of participants finishing the programme in 2014

Source: own calculations, CoLSAF

How to allocate resources better?

Different ALMP structure vs. „best practice“

ALMP expenditure structure (%)



Source: own calculations, CoLSAF, Eurostat

- Fewer resources allocated in cheaper and relatively more efficient programmes (trainings and education)

ALMP tools do not target long-term unemployed

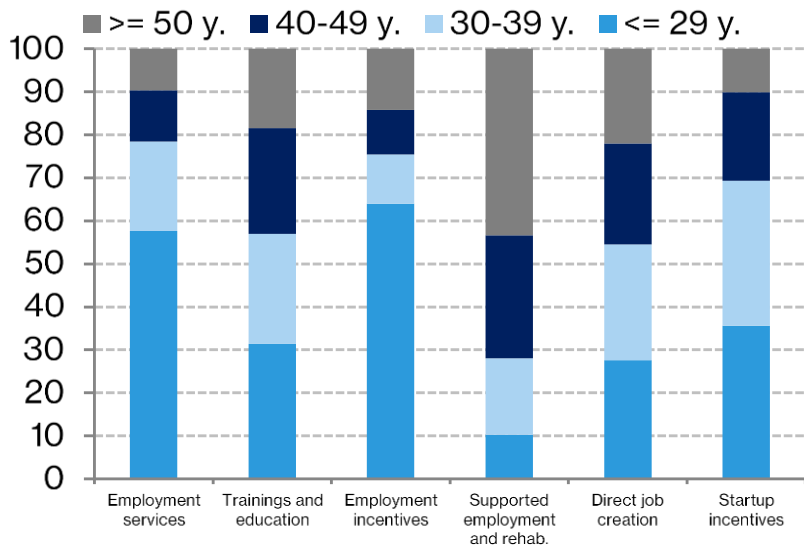
ALMP tools targeting

ALMP type	Inflows	Average unemployment duration	Long-term unemployed (% share)	Average costs (eur)
Employment services	13 817	337	28	55
Trainings and education	21 048	475	37	329
Employment incentives	97 464	430	37	1 574
<i>Labour mobility</i>	<i>21 687</i>	<i>436</i>	<i>39</i>	<i>206</i>
Supported employment and rehab.	4 389	252	21	4 991
Direct job creation	74 397	965	84	356
Startup incentives	9 656	409	40	3 109
Total	220 771	575	52	1 129

Source: own calculations, CoLSAF

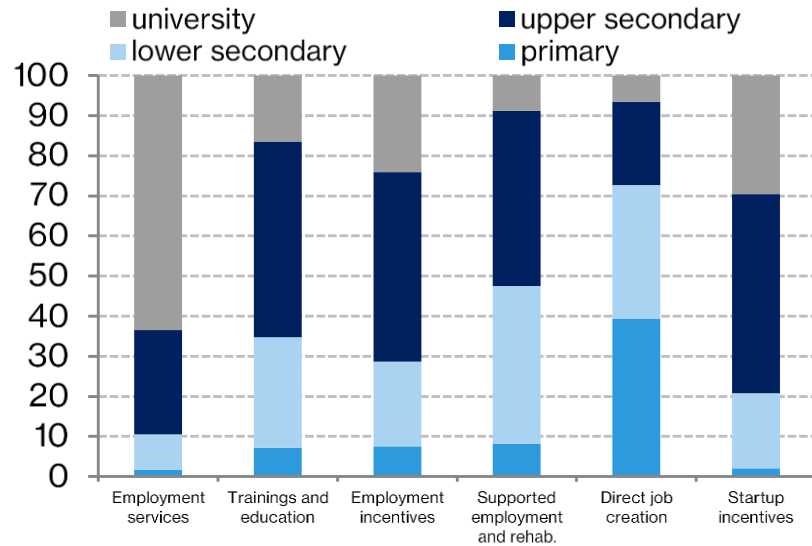
Wrong ALMP priorities based on age and education

Age structure of ALMP participants (%)



Source: own calculations, CoLSAF

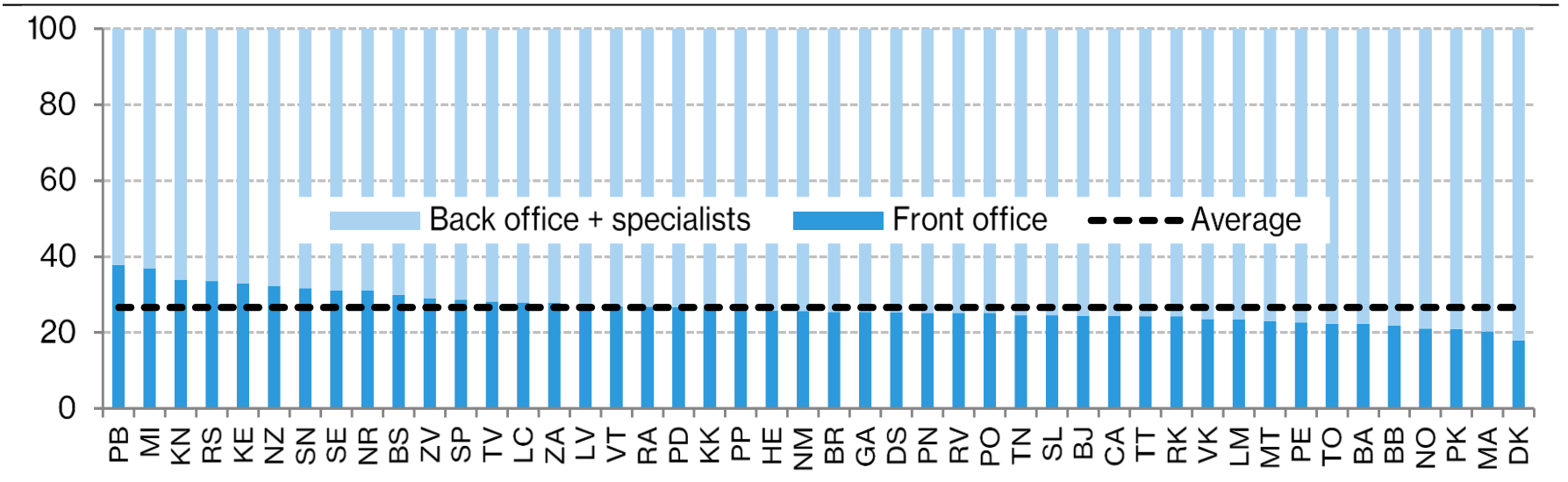
Education structure of ALMP participants (%)



Source: own calculations, CoLSAF

Low number of front office staff?

LO staff structure (% , 2015)

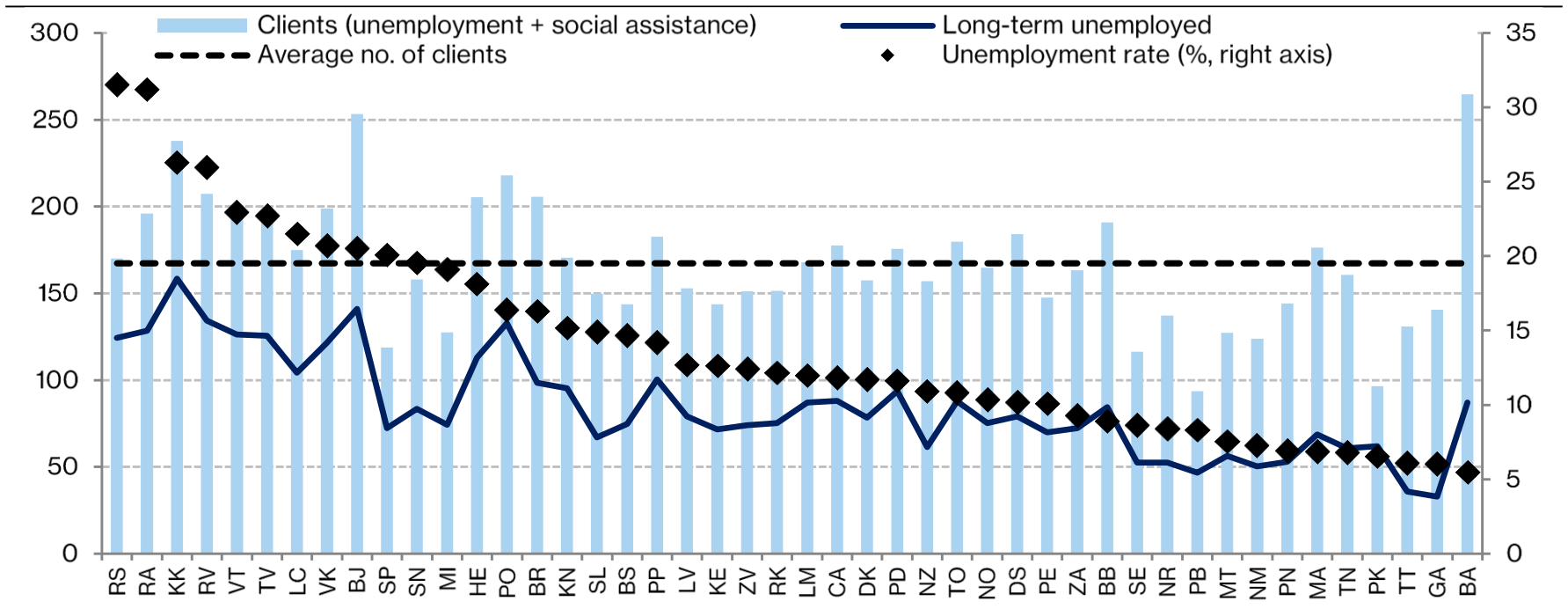


Source: own calculations, CoLSAF

- Differences between LO in the share of front office staff can be a problem when dealing with target groups of unemployed

Staff caseload different between LO

Front office caseload (2015)

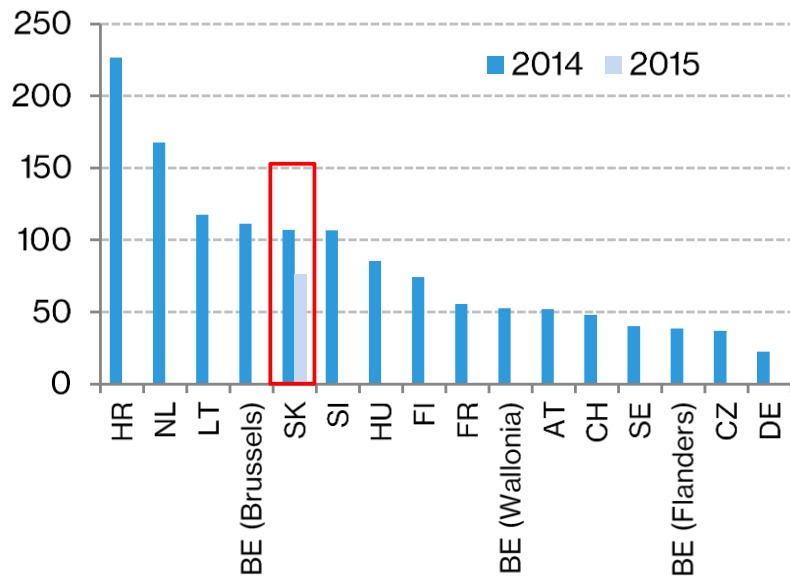


Source: own calculations, CoLSAF

- Higher staff caseload seems to be an issue in regions with highest unemployment rates (LO in south and east regions with UR > 20 %)

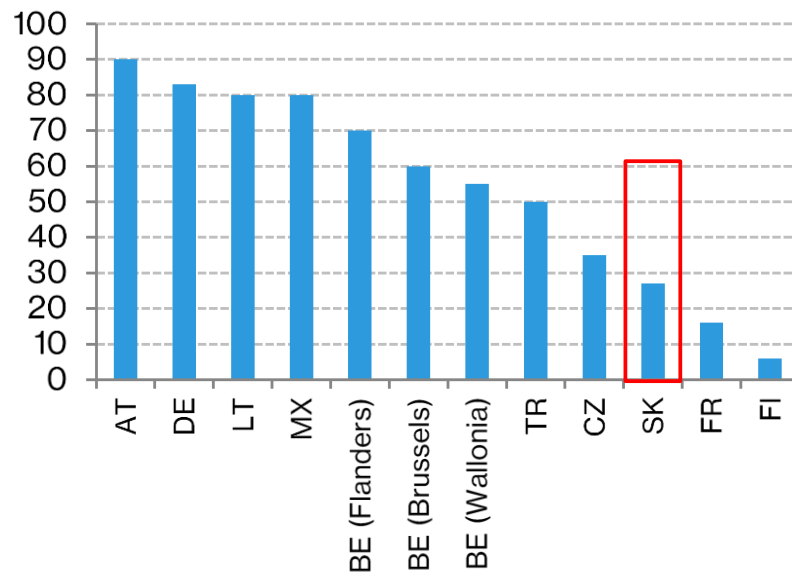
Staff caseload – an issue also in international comparison

Staff case load in OECD



Source: WAPES, OECD, CoLSAF

Share of front office staff in OECD
(%, 2014, SK - 2015)



Source: WAPES, OECD, CoLSAF

Thank you for your attention!

