



Australian Government
Department of Employment

Transition to Work

Evaluation Strategy

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1 Introduction

The Department of Employment (the Department) is required to monitor and evaluate Australian Government employment services programs under the terms of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and specific directives from Cabinet.

This document outlines a strategy for evaluating the Transition to Work (TtW) service. It begins with a brief description of the service and then outlines evaluation questions and reporting timelines for the evaluation. The document subsequently discusses the analytical approach for the evaluation and finally explains how the overall evaluation will be managed.

1.1 Transition to Work Service

As part of the 2015–16 Budget, the Australian Government (the Government) announced the \$322 million TtW service, which targets young people at risk of long-term unemployment. The objective of TtW is to provide intensive, pre-employment support to improve the work readiness of young people and to help them into work (including apprenticeships or traineeships) or education.

TtW aims to provide more intensive support than is currently available through existing employment services to assist young people aged 15-21 years who are not in employment or education to develop the attitudes and behaviours sought by employers. The service operates separately from the Government's mainstream employment service, jobactive, and targeted employment services such as the Disability Employment Service and the Community Development Programme.

TtW participants receiving income support with Mutual Obligation Requirements fully meet these requirements by participating in the service. Participation in TtW services is expected to be for 25 hours per week and up to a maximum of 12 months.

Providers are able to determine the appropriate mix of individual, group and self-directed activities for a participant to meet their 25 hours per week participation requirement. This may include paid employment, activities hosted by the provider, attendance at education and training courses, and attending activities or appointments to address non-vocational barriers.

1.2 Transition to Work Target Groups

TtW targets three groups of young job seekers aged 15-21 years who are considered most at risk of disengagement or disadvantage in moving into work. Young people may be referred to TtW services through different pathways, reflecting the different circumstances of young people in each of the three target groups (see Box 1).

Box 1: Transition to Work target groups: eligibility, referral process and caseload profile

Group One – Early School Leavers

Eligibility:

- have not been awarded a Year 12 certificate or a Certificate III
- are receiving Youth Allowance (Other) (YA(O)), or any other activity tested income support payments
- are assessed as eligible for Stream B in jobactive, but not a person with a pending Employment Services Assessment (ESAt).

Referral process

- Eligible young people are referred to the TtW service in their location by the Department of Human Services (Centrelink) when they first claim income support. They are expected to commence in the service within two business days after referral.
- Participants in this group may opt out and elect to participate in jobactive services instead. The opportunity to opt out is not available until after commencement to give TtW providers an opportunity to engage the young person.

Caseload

- Participants in this group are given priority access to TtW services and are expected to make up approximately 70 per cent of the caseload, with places available as required.

Group Two – disengaged young people

Eligibility:

- have not been awarded a Year 12 certificate or a Certificate III, or have completed Year 12 but have not engaged with employment or education for six months or more
- are not already participating in employment services
- are not currently working an average of eight hours or more per week for a period of 13 weeks
- have not attended education for a period of 13 weeks, or are not currently enrolled in education, or have an approved exemption from legal requirements to attend school
- are not receiving income support or are receiving non-activity tested income support such as Parenting Payment.

Referral process:

- Eligible young people are able to directly register with a provider.
- Providers are expected to undertake engagement activities to promote and attract disengaged youth to fully participate in the service.

Caseload

- Group Two is expected to make up around 20 per cent of the caseload.

Group Three – jobactive referrals

Eligibility:

- are in Stream C in jobactive
- are identified by their jobactive providers as having capacity to benefit from the TtW service (e.g. young job seekers who have addressed areas of disadvantage such as unstable housing).

Referral process

- jobactive providers are able to directly refer young people in this category to TtW providers.

Caseload

- The participation of young people in Group Three is subject to a cap on places, which is set at approximately 10 per cent of all places allocated (excluding during the initial commencement stage).

1.3 Transfers between Transition to Work and jobactive

TtW providers and jobactive providers are expected to cooperate in helping young people to move between the two services when required.

TtW participants with Mutual Obligation Requirements who have not moved into work or education within 12 months of entering the service will exit TtW and be transferred to jobactive, commencing in the Work for the Dole phase. Participants with Mutual Obligation Requirements who opt out of the service, or who are excused by the TtW provider for not participating adequately, will commence in the jobactive phase most appropriate to their stream type and how long they have been in the service.

1.4 Quality and Performance

TtW has a Service Guarantee setting out the standard of service delivery that participants, and employers, can expect from a provider. This is complemented by Service Delivery Plans outlining the agreed suite of services to be delivered by TtW providers including highly flexible strategies that are appropriately tailored to meet the circumstances of individual participants, employers and other stakeholders.

Key Performance Indicators (KPIs) are being used by the Department to assess the effectiveness, efficiency and quality of a provider's service delivery. For example, the Department monitors:

- the number of outcomes (excluding sustainability outcomes) achieved for participants relative to the outcome performance target (effectiveness indicator)
- time lapsing between referral and commencement of participants (efficiency indicator)
- service delivery against the Service Guarantee and the Service Delivery Plans (quality indicator).

The Department continuously monitors service delivery, including through regular meetings with providers, and undertake service assurance activities. Formal performance reviews will commence progressively from January 2017 and then on an annual basis. The Department may gather information on a provider's performance from a variety of sources, including through client satisfaction surveys and post program monitoring surveys.

Indigenous youth and other highly vulnerable groups are a priority under this service and the Department continues to monitor outcomes for these groups. Indigenous Australians make up an estimated one-fifth of TtW participants, although this varies considerably by employment region.

1.5 Performance Targets

As a condition of the upfront payment for each participant (see Section 1.6), providers are required to achieve an agreed number of Employment, Education or 'Hybrid' Outcomes (Hybrid Outcomes are a combination of education and employment):

- An Employment Outcome is 12 cumulative weeks of employment where the employment has been confirmed and is tracking during a participant's Period of Service.

- A Hybrid Outcome is achieved where a participant has participated for 12 cumulative weeks in a combination of education and employment for no less than 25 hours on average per week.
- An Education Outcome is the successful completion of Year 12, a Certificate III or higher course, or participation in a qualifying education course or program full-time for 26 consecutive weeks.

The Outcome Performance Target is set at 25 per cent above the average employment and education outcome rates achieved for each region through jobactive. For example, in a region where a jobactive provider is achieving 100 outcomes, a TtW provider with the same caseload would be expected to achieve 125 outcomes.

To account for variations in labour market conditions the Outcome Performance Target is calculated separately for each of the 51 Employment Regions.

In the first year, performance targets are set using three-year average outcome rates from Job Services Australia (JSA) and, when available, jobactive comparable data. The first year performance targets are lower than subsequent years, reflecting the shorter period of operation.

1.6 Payments to Providers

The payment structure for TtW includes both an upfront payment and additional outcome payments to drive high performance. There are three elements to the payments providers can receive:

- an upfront payment of \$5,300 per place per annum paid on a quarterly basis with the requirement that an Outcome Performance Target will be achieved
- a Bonus Outcome Payment of \$3,500 for every Outcome achieved above the Outcome Performance Target which is paid as outcomes are achieved
- a Sustainability Outcome Payment of \$3,500 for every 26 week Outcome which is paid as outcomes are achieved.

Sustainability Outcomes are Employment and Hybrid Outcomes over 14 consecutive weeks which follow a 12 week Employment or Hybrid Outcome.

The upfront payment is designed to allow providers to fund services or activities that support participants to gain employment, participate in education and increase work readiness.

1.7 Implementation of the TtW Service

The TtW service commenced in February 2016 in the first seven employment regions, with rolling commencements in the remaining employment regions up to April 2016. TtW Deeds are to be offered up until 26 June 2020, with an option to extend for a further two years from 1 July 2020 to 24 June 2022.

To support the commencement of TtW, each provider received transition participants from jobactive in the first three months following the Service Start Date for each Employment Region. The Department advised jobactive providers which participants were eligible for TtW and then worked

with jobactive providers to determine which participants (based on the needs of the individual) were best suited for moving to TtW, for example, by offering flexibility for those participants who were actively progressing towards achieving an employment or education outcome in jobactive.

2 Evaluation of Transition to Work

Program evaluation contributes to the Australian Government’s transparency and accountability agenda, informing future policy development, and to driving continuous improvement and innovation. With the implementation of the enhanced Commonwealth performance framework in July 2015 under the requirements stipulated within the *PGPA Act*, evidence generated from evaluations can also be used to support performance reporting in annual performance statements. To that end, the evaluation of TtW focuses on supporting continuous improvement for the service, and assessing how effectively and efficiently the service meets its objectives.

Given the recency and new features of TtW, in addition to the routine element of summative evaluation which focuses on outcomes, a formative evaluation element that examines service implementation and operational processes will assist ongoing improvement of TtW.

2.1 Evaluation Outline

In line with the dual objectives, the TtW evaluation will be conducted in two stages. Stage one will focus on examining the service implementation processes, operational parameters and participant engagement with findings presented in an Interim Evaluation Report. With a longer operational time period and more administrative data available, stage two will focus on assessing service effectiveness, efficiency, service quality and identifying good practice, resulting in the Final Evaluation Report.

The two stages of the evaluation are further outlined below by key evaluation questions, subordinate elements or associated indicators.

2.1.1 Stage one

Stage one of the evaluation is to be conducted early in the operation of TtW. The evaluation is largely formative in nature, and focuses on the service implementation and operational processes and the initial stage of job seeker participation. Although outcomes will be examined, the analysis can realistically only provide a tentative assessment due to the short period of TtW operation and limited availability of outcome data.

Analyses in stage one are based mainly on qualitative research of participants, providers and other key stakeholders. Quantitative analysis will be conducted using administrative data available for the first ten months of the service being fully operational. The Interim Evaluation Report is expected to address the following questions:

Question 1.1: To what extent do the service implementation and operational processes enable effective and efficient service delivery?

Key service elements/indicators:

1. implementation planning
2. phased roll-out
3. operational processes
4. service appropriateness
5. standard of service (under Service Delivery Plans)
6. interactions of key parties.

Question 1.2: How efficiently and effectively does the service engage and retain participants?

Key indicators:

1. number of participant commencements relative to number of funded places
2. characteristics of participants
3. time between referral and commencement
4. appointment and activity attendance rates (if available)
5. exit rates (and reasons).

Question 1.3: Do early employment and education outcomes indicate participants are benefiting from TtW?

Key indicators:

1. proportion of participants placed in employment or education
2. number of 12 week outcomes against the set performance targets
3. proportion of participants leaving income support or with reduced income support reliance as compared to the proportion of similar cohorts in other employment services.

2.1.2 Stage two

The final stage of the evaluation will provide an assessment of the overall performance of the TtW model, addressing questions of service quality, effectiveness, efficiency and good practice. With more data available for analysis compared with the stage one report, the final (stage two) report will offer more robust assessments on outcomes, including: improvement of participant work readiness; cost and time effectiveness; and service quality. The final report will also assess the impact of specific service elements on employment and education outcomes.

Where feasible, the performance of TtW will be compared to jobactive or JSA. The final report is expected to cover the following key questions:

Question 2.1: Does participation in TtW lead to improved work readiness¹, and employment and educational outcomes for participants?

Key indicators:

1. proportion of participants with improved work readiness
2. proportion of participants placed in employment or education
3. number of 12 week outcomes exceeding performance targets
4. number of 26 week outcomes
5. proportion of participants leaving income support or with reduced income support reliance
6. income support status three months after employment.

Question 2.2: Does TtW deliver cost-effective and time-effective outcomes?

Key indicators:

1. time between referral and commencement of participants
2. time between commencements and the achievement of outcomes
3. cost per outcome
4. time between completion of participation in TtW and commencement in jobactive.

Question 2.3: What service elements are associated with improved education and employment outcomes and from which providers?

Possible service elements:

1. work experience placements
2. wage subsidies uptake
3. attendance at education and training courses.

Question 2.4: Does TtW deliver targeted and quality service to participants?

Key indicators:

1. participants' satisfaction with the quality and relevance of assistance received
2. providers' views of the service's viability and appropriateness
3. employers' views of the TtW service
4. employer satisfaction with TtW participants.

¹ The Department will identify/develop a suitable work readiness assessment tool to use for TtW by July 2017.

2.2 Scope of the Evaluation

The evaluation will focus on the core function of the TtW service. The impact of related programs or changes to mainstream services will not be the focus of this evaluation. As some of these programs and services interact with TtW, their potential impact on TtW as revealed by other evaluations will be discussed, where relevant and possible. Those elements and programs that are considered out of scope for the TtW evaluation include:

- changes coinciding with the transition of JSA to jobactive
- changes to job seeker streaming arrangements
- other related Commonwealth-administered employment initiatives including:
 - wage subsidies
 - National Work Experience Programme (NWEPP)
 - Green Army Programme
 - Empowering YOUTH Initiatives (EYI)
 - Youth Jobs PaTH (Prepare-Trial-Hire)
- services and regions under the Community Development Programme (CDP) (previously known as Remote Jobs and Communities Programme (RJCP))
- state and territory funded youth employment initiatives and programs.

Evaluation findings will be presented at the overall service level, for each state and territory, as well as for key participant sub-populations (for example: the three different target groups and the ‘start-up’ caseload; Indigenous participants, etc.).

2.3 Evaluation Reporting

This evaluation will produce two evaluation reports. The planned completion time of the two reports is shown in Table 1.

Table 1: Planned evaluation reports and completion dates

Deliverable	Completion Date
Interim Evaluation Report	June 2017
Final Evaluation Report	September 2018

2.3.1 Interim evaluation report

The Interim Evaluation Report is expected to be completed early in 2017. The report will focus on the phased roll-out period and the first ten months of the service being fully operational. The primary purpose of the interim report is to inform ongoing improvement of the TtW service by examining the implementation and operational processes. Findings from the report will assist the Department and providers, where necessary, to refine the delivery of the service early in its life.

2.3.2 Final evaluation report

The Final Evaluation Report will provide an in-depth assessment of the overall performance of TtW from commencement of the service to March 2018. The final report is expected to be delivered in September 2018 and will provide detailed:

- quantitative measures of service effectiveness (Evaluation Question 2.1) for participants who commence during the first 12 months of the service, including 12 month outcome assessments
- assessment of service efficiency (Evaluation Question 2.2)
- analysis of what service elements are associated with improved education and employment outcomes (Evaluation Question 2.3)
- assessment of service quality and appropriateness (Evaluation Question 2.4).

Where possible, the longer-term effectiveness and efficiency of TtW will be compared to those of mainstream employment service programs.

3 Evaluation Method

The evaluation needs to adopt a flexible approach, recognising that as the evaluation progresses new questions may emerge, while some of the questions identified as important at the outset may become less significant over time. As the evaluation moves forward, its content should adapt to reflect changes to policy or the relative importance of issues and the availability of resources and data.

3.1 Analytical Approach

Broadly, this evaluation will use both qualitative and quantitative data to assess processes and service appropriateness, and the effectiveness and efficiency of the service. For quantitative data, both descriptive and regression analyses will be undertaken. Where feasible descriptive statistics and regression results will be reported at the whole service level and disaggregated for different: demographic groups; service activities; and provider groups.

For assessing program impact, a net impact study which attempts to determine the difference between outcome rates in the presence and absence of an intervention, is widely regarded as best practice in evaluation². However, a net impact study for TtW at the whole program level is not feasible as a credible control group³ does not exist and cannot be constructed for several reasons, including:

- Group One and Three participants, and similar youth in receipt of activity tested income support, have compulsory participation requirements through program intervention (such as JSA, jobactive or TtW). This leads to difficulties in selecting a control group for Group One and Group Three participants who are not exposed to an intervention. This issue also applies to using volunteer youth job seekers in JSA or jobactive as a control for Group Two participants.
- It is not possible to create a control group for Group Two participants from disengaged youth. A control group should consist of youth who are similar to Group Two participants but not subject to any program intervention. Because of their nature of disengagement, there is no systematic data collected on non-participants.
- It is also difficult to control for factors, such as participants' motivation, which are potentially linked to the propensity to enrol in TtW.

Instead of taking a net impact approach, where possible, the evaluation will compare TtW participants with similar job seekers in jobactive or its predecessor, JSA, to assess the relative effectiveness of the services. Comparison (not control) groups will be constructed for Group One and Three participants by selecting similar job seekers in the same age group and with the same participation requirements from the jobactive and/or JSA population. Statistical regression modelling will be used to estimate the relative effect of TtW, and to control for changes in the

² A net impact study involves comparing a group of participants in a program (treatment group) with group which is similar, but did not participate in the program (control group) in order to quantify the overall benefit of the program.

³ A 'control group' is a group of non-participants with similar characteristics to participants.

macroeconomic environment and effect of observable differences in the unmatched characteristics of the participant populations.

It will be difficult to create a comparison group for Group Two participants as it is not possible to control for factors such as motivation, potentially linked to both employability and propensity to enrol in the TtW service. Group Two participants could be compared to young volunteer job seekers in jobactive who enrolled before TtW commenced. However, TtW providers actively market to disengaged youth, potentially making disengaged youth more likely to enrol in TtW, relative to jobactive.

3.1.1 Key subpopulations

The key subpopulations of interest for analytical purposes include:

- start-up cases in TtW
- Group One, Two and Three participants
- at risk early school leavers aged 15-21 years who received employment services under JSA or jobactive
- participants who are transferred to jobactive for not moving into work or education within 12 months of entering TtW
- TtW participants who are exited by the provider for not participating adequately
- job seekers who are referred to TtW as Group One or Three participants but opt out and elect to participate in jobactive services instead.

3.1.2 Limitations

The main limitation to the evaluation methodology, as outlined in Section 3.1, is the absence of a control group, which renders a net impact study infeasible at a whole service level. The comparative approach proposed for this evaluation will lead to conclusions about how effective and efficient TtW is in comparison to other programs and services, but not how effective and efficient it is relative to a control group where no TtW or other service and programs are present.

Other potential limitations to the analysis include:

- data quality issues – missing or poorly recorded data (such as, missing exit reasons and poorly recorded hours and earnings data) may affect some parts of the analysis
- comparison groups – difficulty creating comparison groups even under the comparative approach, especially for Group Two participants
- consistency in service delivery – the highly flexible nature of the training and services offered by TtW providers, under Service Delivery Plans, may make it difficult to distinguish the effects of the TtW service model as a whole from the effects of particular providers
- differences in program operation parameters – there are a number of differences between TtW and JSA or jobactive which will make direct comparison difficult, including:
 - the definitions of paid outcomes
 - payment structures
 - recording of expenditure on participants
 - the focus on improving and assessing work readiness

- service duration (TtW is capped at 12 months)
- changes introduced with the implementation of jobactive:
 - streaming changes – job seekers are streamed differently under jobactive, causing some issues with identification of JSA groups (pre-1 July 2015) to compare to TtW groups⁴
 - Job Seeker Classification Instrument (JSCI) changes – the JSCI changed under jobactive, compounding with streaming changes to make the identification of comparable job seekers more difficult⁵
 - administrative data changes – the nature of data collected by the Department underwent changes in line with changes to the employment services model. Not all data previously collected continue and likewise some data collected under the jobactive model are not available for the previous model.

3.2 Data Sources

Data for the evaluation come mainly from the Department’s existing data collections, including administrative data from the Employment Services System (ESS) and data from surveys conducted by the Department; in particular the Post Programme Monitoring (PPM) survey and from a suitable work readiness assessment measure⁶. Qualitative research will also be conducted to assess participant and provider views of TtW service.

3.2.1 Administrative data

The Department’s administrative data includes caseload information (such as participant demographics, referrals, commencements and paid outcomes) and payment transactions (e.g. claims for service and outcome fees, and wage subsidies etc.).

The Department also has access to income support data collected by the Department of Human Services (DHS) through the administration of income support.

3.2.2 Participant feedback

Conducted since 1987, the PPM survey is an ongoing mail and telephone survey run by the Department that collects information from job seekers/participants who have participated in, or are participating in, Government funded employment assistance such as jobactive and TtW. The PPM survey collects data on job seekers’ labour market and educational status after employment assistance, as well as job seekers’ satisfaction on the assistance received.

3.2.3 Survey of Employers

⁴ The JSA model had 4 Streams. Under jobactive there are 3 Streams A, B and C. In transitioning job seekers from JSA to jobactive, Stream A consists of those job seekers from Stream 1 and those Stream 2 job seekers with a low to moderate JSCI score. Stream B consists of job seekers from Stream 2 with a moderate to high JSCI score and also Stream 3 job seekers. Stream 4 directly equates to Stream C, with eligibility determined by an ESAt. As a result of combining the streams, each is now broader than before.

⁵ The JSCI factors (and weights associated with them) are re-estimated every few years. A new set of JSCI factors and weights commenced at the same time as jobactive.

⁶ The Department will identify/develop a suitable method for measuring the work readiness key performance indicator for TtW by July 2017.

The Survey of Employers is a biennial survey conducted by the Evaluation, Research and Evidence Branch (EREB) within the Department.

It collects information on:

- awareness, use, and satisfaction with the quality, of Government employment services and programs
- attitudes and behaviours of employers towards hiring people in key groups of interest, including job seekers who are mature aged, people with disability, long-term unemployed, youth and Indigenous Australians.

3.2.4 Survey of Employment Service Providers

It is anticipated that the annual Survey of Employment Services Providers, also administered by EREB, will include TtW providers. The survey is usually conducted at the site level of organisations providing employment services. The primary focus of the survey is to gather views of service providers on the design, operation of the service and adequacy of support provided by the Department.

3.2.5 Other qualitative research

EREB will engage consultants to collect qualitative information on program operation and service quality from providers, participants and other stakeholders.

3.2.6 Other data sources

Additional available data, including that from other agencies such as the Australian Bureau of Statistics (ABS), may be used to support the evaluation where appropriate.

4 Evaluation Management

4.1 Governance

The TtW evaluation will be undertaken by the EREB with oversight from departmental governance committees.

Advice on the evaluation strategy has been sought from the TtW Working Group (TtWWG) which included members from the Youth and Programmes; Delivery and Engagement; Employment Systems; Activation and Work for the Dole; Quality and Integrity; Labour Market Strategy and Economic Strategy Groups. External stakeholders, including members from relevant teams of the Department of Social Services (DSS) and DHS were also included in the TtWWG.

4.2 Stakeholders

A range of key stakeholders will be consulted during the course of this evaluation. EREB anticipates that consultation with various areas of the Department, DHS and DSS during the course of the evaluation. In addition, EREB will seek feedback from TtW providers, employers and peak bodies to inform the process. The evaluation will aim to incorporate the views of relevant stakeholders where possible.

4.3 Risks

Evaluation risks have been identified and are managed in RiskActive, the Department's risk management system, in accordance with the Department's Risk Management Framework and Risk Management Policy. The risks most relevant to this evaluation have been identified as:

- time pressures associated with reporting – the Interim Evaluation Report (June 2017) will need to be prepared within four months after the end of the analysis period (February 2017)
- resource management – including difficulty in attracting and retaining specialist staff
- data availability – whether the evaluation questions outlined above can be successfully answered will depend on the availability and quality of data.

This strategy assumes that adequate TtW data will be collected in the ESS to allow for comparison with jobactive or JSA. If the scope and nature of the TtW data is not sufficient, this may limit the scope and timeliness of the evaluation. The strategy is also based on the assumption that the Department will continue to have timely access to income support data managed by the DHS and that this data will remain similar to the current data collected.