The effect of the trips program on participating beneficiaries

How do children and adolescents benefit from visiting social institutions that CHILDREN supports financially? So far this question could not be empirically validated. Hence, one of our biggest challenges was determining a possible solution for measuring potential causal effects of the supported programs on the participating beneficiaries. During the first meeting with CHILDREN, Wiltrud de Haan presented relevant information that CHILDREN supports all organizations with their meals program. However, not all organizations receive additional funding to provide the trips program. This fact could be used for applying an empirical approach which determines the effects of the trips program by comparing a treatment with a control group. The aim of this analysis is to test whether the activities offered by the trips program have a positive effect on the participating children, measured through a change in selfworth and everyday expertise.

Empirical Approach

The basis of the empirical approach is the specification of the treatment and the control group. Using the data provided by children we determine the treatment group as all organizations that receive funding for both the trips and the meals program. On the other hand, the control group represents all organizations that only receive funding for the meals program. Therefore, the social institutions in the control group do not participate in the trips program.

When analyzing the available dataset, it was not certain which organizations actually received funding for the trips program. As previously mentioned, the CHILDREN survey consists of two parts. The first part contains questions that are specific to the meals program and the second part includes all questions which are relevant for organizations that receive funding for the trips program. The dataset shows that there are several organizations that did not provide information regarding the trips program. In consultation with Wiltrud de Haan, she informed us that these specific organizations did not receive funding to offer trips and activities. Hence, we assumed that all organizations that did not provide information regarding the trips program in a given year, did not receive funding for the program and would be part of the control group. When analyzing the possible treatment group we realized that some organizations did not completely answer the trips program survey. There are organizations, for example organization 103 in 2015, that did not provide information about the funding amount but answered the Entdeckerfonds survey questions such as the number of trips in a given year. Wiltrud de Haan informed us, that one possible explanation for this occurrence is that these organizations did not completely use the funding in the previous year. Therefore, they did not receive additional funding in the following year but were able to organize trips for the children as part of the trips program with the remaining funding of the year before.

Due to these uncertainties we determine the treatment group in two different ways. Firstly, the treatment variable is specified as follows:

, if organization I participates in the trips program in year t or in any year before

otherwise

In this setting, once an organization receives funding for the trips program, we consider this organization as treated in the year of the first funding and all proceeding years. This implies that an organization remains in the control group as long as it does not receives funding for the trips program. Due to this definition, an organization cannot change from the treatment into the control group.

In general, the constellation of the treatment and control group varies across years. As the number of organizations supported by CHILDREN increased over time, both the treatment and control group increased as well. At first, new organizations are generally funded to provide the meals program and might receive funding for the trips program during later funding periods. In this case, organizations change from the control group into the treatment group resulting in an overall adjustment of the constellation of both groups. However, the dataset also includes organizations that switch from the treatment to the control group. The first definition of the treatment variable does not take this case into account. Therefore, we additionally construct a second treatment indicator which is defined as follows:

, if organization participates in the trips program in year

, otherwise

Using this alternative treatment variable, the actual funding for the trips program in a given year determines the treatment. Therefore, the treatment status could change every year.

The fact that all organizations within the control group did not answer the trips program survey questions was helpful to categorize the control and the treatment group. However, the impact of the trips program cannot be measured with variables that are specific to the trips program as these were only observed for the treatment group. Therefore, we have to use variables of the meals program as outcome variables in our analysis. For this purpose we identified selfworth and everyday expertise as appropriate dependent variables. Firstly, both variables are applicable to the trips program as well as the meals program. In addition, the chosen variables are observed in every year throughout the observation period and seem to be influenced by the fact that an organization received funding for the trips program.

GRAPH X & GRAPH Y

To check for potential differences in treatment and control group, we created the following graphs using descriptive statistics.

Graph 1 Graph 2

Graph 1 depicts the development of average selfworth both in the treatment and control group over time. There is a difference in levels of average selfworth, as well as a difference in trends between both groups. As the treatment group is characterized by a positive and the control group by a negative trend, there is a divergence in the level of average selfworth over time.

Graph 2 shows the development of average everyday expertise in both treatment and control group over time. Similarly, Graph 2 depicts the difference between the level of average everyday expertise as well as the difference in the trends of both groups. There is a decrease in the level of average everyday expertise overtime in the control group, whereas the level of average everyday expertise in the treatment group remains roughly constant across all observed time periods. Hence, we also observe a divergence in levels of average everyday expertise of all participating beneficiaries over time.

As shown by graph 1 and graph 2, organizations that receive funding to provide the trips program are characterized by a higher level of average selfworth and average everyday expertise of their beneficiaries. Moreover, the difference of organizations that receive funding for the trips program and organizations that do not receive funding increases over time. However, the trend depicted by both graphs cannot be interpreted as a causal relationship. Nevertheless, it provides evidence that there might be a potential positive influence of the trips program on average selfworth and everyday expertise of all participating children and adolescents.

As a first step in our empirical analysis, we test for a positive influence of the Entdeckerfonds program on the outcome variable by analysing the linear relationship between the treatment dummy and everyday expertise. In this simple linear regression, as the dependent variable is regressed on the treatment dummy

The coefficient of interest captures the

interest captures the simple difference estimator which measures the difference in means between treatment and control group. Our baseline estimates of equation are given in Table 1. Looking first at column 1, when we estimate equation 1, we find that the coefficient for the treatment is positive and statistically significant. This indicates a positive influence of the Entdeckerfonds program on everyday expertise of children and adolescents.

NOT CAUSAL ONLY CORRELATION

With this regression one concern is that the effect is driven by omitted variables. Omitted variables are relevant variables that influence both the independent and the dependent variable, resulting in biased estimates. Therefore, to deal with the potential problem of omitted variable bias, we include a vector of controls in further regressions. Whereby the set of controls includes variables that might affect the everyday expertise while also influencing the treatment dummy.

In order to identify the relevant controls, we constructed a correlation matrix of all variables specific to the meals program and then selected all variables that are significantly correlated with the outcome variables and the treatment dummy. As shown in Table 1, columns 2-5 include the identified control variables.

However, the set of control variables does not capture the effect of unobservable characteristics or observable variables that are not included in the CHILDREN dataset.

The panel data set allowed us to implement fixed effects that control for unobservable and observable characteristics. Specifically, in our analysis we introduced individual fixed effects and time fixed effects. The ID fixed effects control for organization specific characteristics that are constant over time but differ across social institutions. For example, the state of an organization does not vary over time but might differ across supported social institutions. Additionally, the year fixed effects capture all variables that change over time but are the same for all organizations and within a time period. As a result of these specifications, column 6 estimates the following equation :

One **central** problem of using panel data is serial correlation resulting from the fact that the error term of an observation unit in year is correlated with the error terms of previous years. Therefore, serial correlation may have a substantial impact on statistical significance because normal OLS standard errors would underestimate the standard deviation of the estimated coefficients.

Source: Mostly harmless econometrics, page 236-238

* The consequences of serial correlation for clustered panels are highlighted by Bertrand, Duáo and Mulainathan (2004) and Kèzdi (2004)

The set of control variables includes variables that were observed. However, there are also unobservable variables that might influence both the outcome and the explanatory variable.

Possible variables as dependent variables

how we determined that:

The used variables should not be specific to the mittagstisch but more general and should also apply to the context of the Entdeckerfonds

possible variables selfworth, day to day skills

used these variables because these variables could be influenced both by the mittagstisch and entdeckerfonds and are not specific to the entdeckerfonds

looked at the general trends of these two variables with the difference of the treatment and control group to look at whether our idea makes sense

linear regression just to look at whether there are effects

add controls and fixed effects time and id fixedeffects --> explain why (id: specific effects of being in Bayern for example or the subsidy amount)

how fixed effects are implemented

which control variables we use

how we determined which controls

Ende??

the dataset does not allow a channel analysis but these could be possible channels that might explain the effects we find

To check the robustness of this result, we compared both groups in variables from the Mittagstisch that cannot be affected by the participation at the Entdeckerfonds. For example, the variable “monthly cooks” is not influenced by the Entdeckerfonds participation. However, in this placebo analysis we found no similar difference in trends as in selfworth or everyday expertise, which supports our findings as well.