

# Proposal 9: Providing Disadvantaged Workers with Skills to Succeed in the Labor Market

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## Introduction

Millions of Americans cannot obtain jobs that pay enough to lift them out of poverty. For many, the principal barrier to obtaining these good jobs is their lack of specialized occupational skills increasingly sought by employers. Research has shown that vocational training can be effective in boosting the earnings of disadvantaged adult workers. This proposal argues that, by helping workers acquire the skills that employers demand, vocational training could be wielded as an effective antipoverty tool.

The 1998 Workforce Investment Act (WIA) Adult program is one of the most important sources of government-funded vocational training for disadvantaged workers—workers with both low levels of education and low levels of skills. Accessed through the American Job Center network, this program provides vocational training funds for adults aged eighteen or older who are determined to need, and be suitable for, vocational training, with priority of service given to low-income workers. Eligible workers are provided a voucher, known as an individual training account, that they can use to purchase training at any program as long as it is on a state-approved list of programs that includes courses at both community colleges and private training providers. The WIA Adult program, currently funded at about \$800 million, serves more than one million workers annually. Funding

for the WIA Adult program and other sources of vocational training has been declining over the past several decades. WIA was scheduled for congressional reauthorization in 2003, but more than ten years have passed without new legislation. In May 2014, policymakers announced that they reached a bipartisan deal to reauthorize WIA through new legislation, the Workforce Innovation and Opportunity Act.

This paper outlines why Congress should increase funding for vocational training for disadvantaged adult workers.<sup>1</sup> Specifically, we argue that Congress should increase funding for the WIA Adult program. Decades of research on the effectiveness of vocational training of the type provided by the WIA Adult program, as well as an evaluation of the WIA Adult program itself, suggest that the program can be effective in increasing the employment and earnings of disadvantaged workers.

We also argue, however, that Congress, and the state and local workforce investment boards that administer the WIA Adult program, should explore ways to improve the vocational training that is available to adult disadvantaged workers. In particular, policymakers should focus on addressing two concerns about training programs: (1) too many people who start training programs do not complete them, and (2) too many people do not find a job in the occupation for which they are trained. We recommend experimentation with four evidence-

based approaches to address these concerns: (1) providing more guidance to workers so they make appropriate decisions about training, (2) investing in more services to support the workers while they are enrolled in a training program, (3) developing training programs that provide the skills demanded by employers, and (4) developing training programs that are more suited to the needs of disadvantaged adult trainees. In the absence of federal action on reauthorization to fund this experimentation, we encourage state and local workforce boards that oversee the American Job Centers to take advantage of grant opportunities to test the proposed strategies aimed at improving outcomes for trainees.

## The Challenge

Low-skilled workers are much more likely to be unemployed and living in poverty than are more-skilled workers. In 2013 the unemployment rate was 11.4 percent among people twenty-five and older without a high school diploma, compared with 5.4 percent among those with an associate's degree (U.S. Bureau of Labor Statistics 2014). Similarly, in 2013 the median weekly earnings of people twenty-five and older with an associate's degree was more than 60 percent higher than those without a high school diploma (\$777 compared with \$472). Poverty rates are highest among people who are unemployed, do not work full time, or have low wages (Meyer and Wallace 2009).

The supply of skilled workers is not keeping up with the demand for them (Goldin and Katz 2012). Employers report shortages of workers with occupation-specific skills (Holzer et al. 2011). A recent survey of 2,000 U.S. companies found that 30 percent had been unable to fill skilled job positions for more than six months (Manyika et al. 2012).

Many low-income workers would not be able to access vocational training without assistance from government programs. Although the vast majority of vocational training in the United States is provided by employers (Mikelson and Nightingale 2004), employers are less likely to provide training for their lower-skilled positions, which tend to have higher rates of turnover (Lane 2000). Hypothetically, workers could pay for their own training, but many unemployed and low-skill workers do not have the financial resources or the ability to borrow to pay for training.

The United States does not currently invest heavily in vocational training compared with other countries, and funding for vocational training has declined over the past decades. Whereas the United States spends less than 0.05 percent of its gross domestic product on vocational training, other industrialized nations invest up to ten times as much

(figure 9-1). Since 1985 the amount budgeted for key U.S. Department of Labor training programs has declined by about 20 percent in real terms.<sup>2</sup>

Even among supporters of vocational training, there is legitimate concern that many people who start programs do not complete them. Within three years of enrollment in a community college, fewer than half of all enrollees have attained an associate's degree or vocational certificate, transferred to a four-year institution, or remain in college (Horn and Weko 2009). Only about 55 percent of the people who begin two-year colleges obtain either an associate's degree or a certificate (Holzer and Dunlap 2013). Analysis of data on training vouchers provided by the WIA Adult and Dislocated Worker programs found that only 64 percent of workers who enrolled in training programs at community colleges completed a training program within three years (Perez-Johnson, Moore, and Santillano 2011). Although the rate of completion for those enrolled in training at a private training provider was higher, about 15 percent of trainees still did not complete a training program within three years.

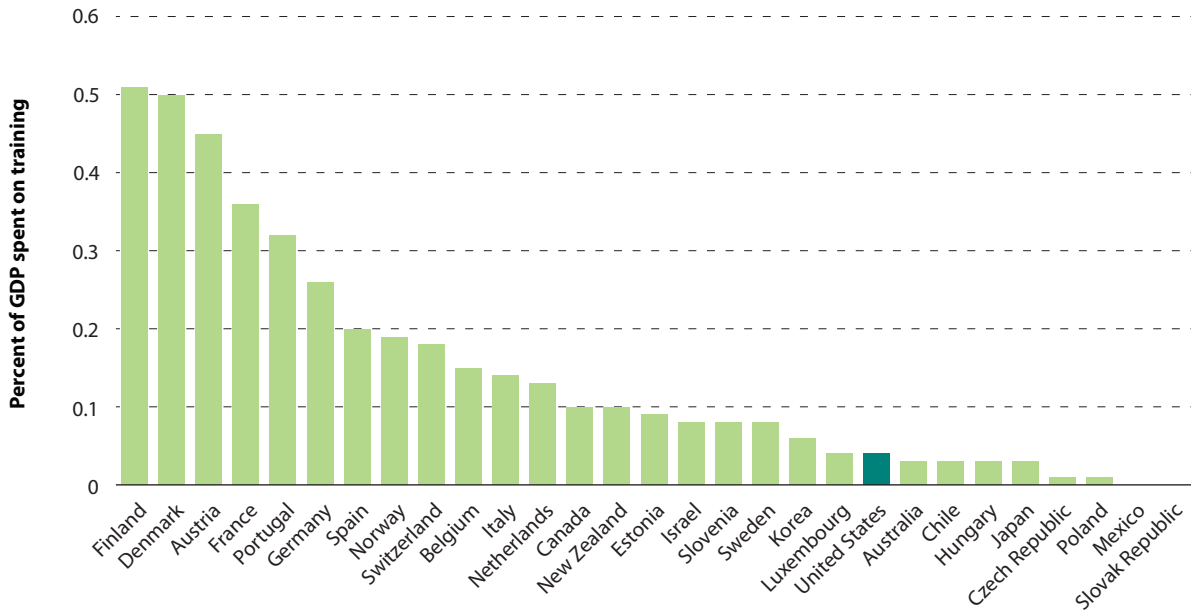
A second concern is that too many workers who complete training cannot subsequently find a job to use the acquired skills. A study of training vouchers provided through the WIA Adult and Dislocated Worker programs reported that only about 40 percent of the participants found employment in the occupation for which they received training (Perez-Johnson, Moore, and Santillano 2011). Similarly, a study of the Trade Adjustment Assistance program found that only 37 percent of people who participated in training funded by that program held a job in the occupation for which they were trained in the fourth year after they were initially laid off (Schochet et al. 2012). These statistics suggest that there is often a missing link between employers and training programs.

## A New Approach

We propose five evidence-based recommendations to improve publicly funded vocational training. The first recommendation requires congressional support for additional funding for the WIA Adult program. While the other four recommendations could be congressionally mandated when WIA is reauthorized, they could also be implemented by the state or local workforce investment boards that administer the WIA Adult program even without reauthorization. Funding for these recommendations can be obtained from federal grants. For example, in 2012 the U.S. Department of Labor issued \$147 million in grants from the Workforce Innovation Fund to states or local workforce investment boards to demonstrate and evaluate innovative,

FIGURE 9-1.

## Labor Market Training Expenditures as a Percent of GDP in OECD Countries, 2011



Source: OECD 2013.

Note: Data were not available for Greece, Ireland, and the United Kingdom. Training expenditures for Mexico and the Slovak Republic are less than 0.005 percent of GDP. The OECD defines labor market training as “measures undertaken for reasons of labor market policy, including both course costs and subsistence allowances to trainees, when such are paid. Subsidies to employers for enterprise training are also included, but not employer’s own expenses” (OECD 2008).

evidence-based approaches to improve the workforce system. Another \$60 million for these grants is proposed in the president’s fiscal year 2015 budget. The Long-Term Unemployed Ready to Work Partnerships to be awarded this summer, or the Trade Adjustment Assistance Community College and Career Training grants—both funded by the U.S. Department of Labor—could also be used.

### RECOMMENDATION #1: CONGRESS SHOULD INCREASE FUNDING FOR THE WIA ADULT PROGRAM

Multiple rigorous evaluations conducted over the past decades in Europe and the United States suggest that access to vocational training increases the employment and earnings of low-skilled adults (Bloom et al. 1993; Card, Kluve, and Weber 2010; Heinrich et al. 2013; Hollenbeck 2009). Low-skilled adults who receive training through these programs typically enroll in relatively short-term, inexpensive training programs. A typical program funded by the WIA Adult program lasts less than a year and costs between \$3,000 and \$6,000. While in training, participants earn less than they would if they were not in training; after they complete training, however, they earn more than they would if they had not participated

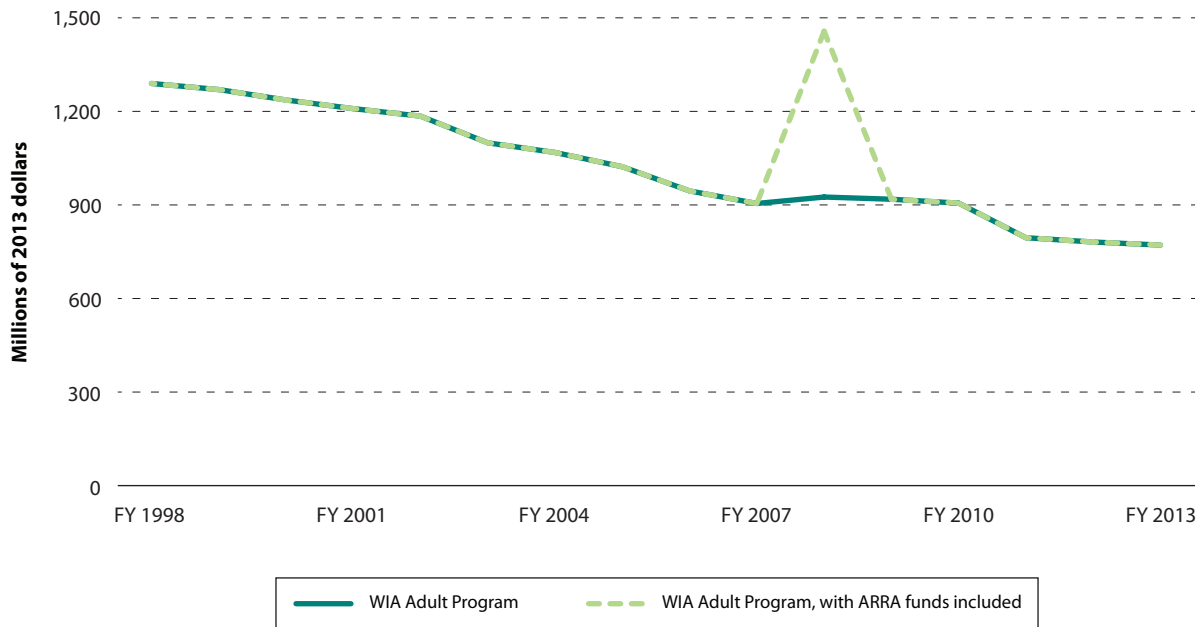
in the training, and the gains are sustained over time (U.S. Government Accountability Office [GAO] 1996). One review of the evidence suggests that low-skilled workers can increase their earnings by between about \$300 and \$900 per quarter (Heinrich 2013). These gains are large and sustained enough that they are likely to cover the cost of the programs.

Even with the evidence of the effectiveness of training for disadvantaged workers, the budget for the WIA Adult program has declined markedly over the past decades. Between fiscal years 1998 and 2013, the budget for the WIA Adult program declined by 41 percent in real terms (figure 9-2). Anecdotally, many local workforce investment administrators report not providing training for eligible workers because their training funds run out.

We recommend that Congress reverse this decline in funding for vocational training and, more specifically, that it funnel the increased funding to the WIA Adult program. We recommend expansion of the WIA Adult program rather than other sources of training funding for three main reasons. First, that program has been shown, at least by a nonexperimental study, to increase the earnings

FIGURE 9-2.

**Total Funding for the WIA Adult Program, Fiscal Years 1998–2013**



Source: U.S. Department of Labor 2014.

of its participants (Heinrich et al. 2013).<sup>3</sup> In contrast, studies of training for other populations have been less encouraging. For instance, a study of the WIA Dislocated Worker program, a program that is structured identically to the WIA Adult program but serves dislocated workers who have been laid off and are typically more skilled and experienced than the WIA Adult program participants, was found to be ineffective at increasing earnings (Heinrich et al. 2013). Other studies of training programs for dislocated workers have found either no evidence of positive impacts on earnings (Schochet et al. 2012) or impacts that are smaller than that for disadvantaged workers (Hollenbeck 2009). Second, because the WIA Adult program is offered through American Job Centers, workers can access other employment services and supports such as labor market information, job listings, and other services at the same time that they are being trained. Third, funding an established program rather than setting up a new program will avoid concerns voiced by the GAO and others about fragmenting employment and training services (GAO 2011).

**RECOMMENDATION #2: THE WORKFORCE BOARDS SHOULD EXPERIMENT WITH PROVIDING STRUCTURED, DIRECTIVE GUIDANCE TO WORKERS WHO REQUEST TRAINING**

When contemplating training, workers need to make complex decisions. They need to decide whether to undertake training, and, if so, what courses to take, and through which training provider. They may need to find child care or support for themselves and their families while they are in training. Workers may not have the information or analytical ability to make good decisions, which could result in incomplete training or in the acquisition of skills that are not in demand by employers.

A study of different approaches to providing training vouchers to trainees in the WIA Adult and Dislocated Worker programs found that WIA Adult program participants benefit from counseling (Perez-Johnson, Moore, and Santillano 2011). Those participants in the WIA Adult program who expressed interest in training and were required to discuss their training decision with an employment counselor earned on average \$474 (about 8 percent) more per quarter six to eight years later as compared to program participants who were not required to discuss their training decision, but who were offered the same amount of training funds. The study also suggests that

## BOX 9-1.

**Example of a Tool to Assist in Occupation Selection: My Next Move**

Accessed online at <http://www.mynextmove.org/>, this assessment tool enables job seekers to explore the requirements of and their suitability for different occupations. The interest assessment, accessed by clicking on “Tell us what you would like to do,” requires the job seeker to rate sixty work activities based on her interest in performing the task. The tool then categorizes the interests into six career types: realistic, investigative, artistic, social, enterprising, and conventional. The job seeker is then asked to indicate her job zone, or the level of experience and education she either has or is willing to pursue. The tool then compiles a list of potential occupations for the job seeker to explore given her interests and the results of the Job Zones activity. For each occupation, the tool provides its education and training requirements, and the typical personality traits, skills, and abilities of people in the occupation. The tool also notes if the occupations are high-demand and high-growth, green, or part of a registered apprenticeship program. (This box is based on Laird and Holcomb 2011.)

such counseling should be mandated. When meeting with a counselor was not required to receive the voucher, only 4 percent of workers chose to do so.

We recommend that WIA Adult program participants be provided structured and directive counseling. By structured, we mean that counselors consistently cover the same set of topics with program participants. By directive, we mean that counselors guide program participants to a training option and have the authority to refuse funding for training decisions that they view as unwise. Currently, while most WIA training programs require workers to discuss their training choices with an American Job Center employment counselor before their funding is approved, typically this counseling is neither structured nor directive (D’Amico et al. 2004).

We propose that employment counselors consistently discuss with program participants the factors that influence the benefits and costs of training and the likelihood that the worker will complete the training. Counselors should also be empowered to not fund training that they deem unlikely to lead to success in the labor market. During their meetings with workers who request training, counselors will need to consistently conduct assessments to collect information about workers’ interests, basic skills, aptitudes, and transferrable skills. They should discuss barriers to employment, the type of training they seek, the providers they are considering, the number of additional years they expect to work, their training costs and budget, and their need for and potential sources of income support while participating in training. Information on possible earnings trajectories after participating in training should be discussed as well as the likelihood of obtaining a job with the training.

To facilitate this counseling, the programs should provide tools to help counselors and workers examine the anticipated benefits and costs of training. A complete suite of worksheets and counseling tools was developed (drawing from exemplars

used in a wide range of programs) for a U.S. Department of Labor–sponsored study; that study is publicly available (Perez-Johnson, Moore, and Santillano 2011). Box 9-1 provides an example of an assessment tool that workers could use to explore occupations. Structured tools could help guide workers through the processes of program research, comparing program and provider options, estimating a training budget, and projecting income and expenses while participating in training. One tool could be similar to the training report card proposed in a prior Hamilton Project brief (Jacobson and LaLonde 2013). In addition to the factors in this report card, counselors should also help workers consider the amount they expect to earn once they complete training, what they could earn if they took a job instead of attending training, and the number of additional years they expect to work. This would help workers examine their expected returns to training.

To implement this recommendation, even without federal action, local workforce investment boards will need to invest in more counseling staff and in additional training and oversight of the staff, as well as in collecting and refining the tools. The study of individual training accounts found that, on average, counselors spent about seventy-five minutes with each program participant on her training decision when counseling was required but unstructured (Perez-Johnson, Moore, and Santillano 2011). We expect that more-structured counseling would require an additional thirty minutes per trainee. To minimize staff burden, some of the proposed activities could be delivered within group workshops.

To guide workers, counselors need accurate and timely information to understand the skills demanded by employers and the potential returns to different training paths. Two new data sources—Real Time Labor Market Information and linked administrative data—offer promising opportunities to enhance counselors’ understanding of local labor markets and increase their confidence in offering workers directive



counseling. Real Time Labor Market Information uses information in online job postings to make inferences about labor market conditions. Providers of Real Time Labor Market Information use a daily Web crawler to scrape job postings from the Internet and aggregate this information to capture trends in employer demand, emerging occupations, and skill requirements (Vollman 2011). Real-time data provide a snapshot of the market and can reveal the extent of demand for a particular credential or the emergence of a new occupation. Counselors can use real-time data to understand their local labor markets and guide workers accordingly. Linked administrative data increasingly allows states and local areas to track the outcomes of workers who enroll in different training programs (Jacobson and LaLonde 2013). Federal grant funding awarded under the State Longitudinal Data System grants and the Workforce Data Quality Initiative grants have allowed states to make infrastructure investments to improve linkages between the workforce system, community colleges, and administrative earnings records. States need to take the next step to analyze these data and provide counselors and workers with information on the distribution of educational and employment outcomes for workers who enrolled in similar training programs.

### **RECOMMENDATION #3: WORKFORCE BOARDS SHOULD EXPERIMENT WITH PROVIDING MORE SUPPORTIVE SERVICES**

An important barrier to low-income workers completing training is lack of financial assistance to cover child care, transportation, and basic needs (Goldrick-Rab and Sorenson 2010). Although the WIA Adult program and other programs at the American Job Centers can provide funds for supportive services, many trainees do not receive this help. We estimate that, of those who obtained training in the WIA Adult and Dislocated Worker programs, fewer than 40 percent received any support to pay for child care, transportation, tools, or uniforms (Perez-Johnson, Moore, and Santillano 2011).

The WIA Adult program could increase the value of its training vouchers, or individual training accounts, and allow the program participant to use the voucher to also cover supportive services to ease their participation in training. For example, in The Thumb Area Michigan Works! program, staff members determined all the programs for which a worker was eligible and consolidated the individual's funding into one Tool Chest voucher (U.S. Department of Labor 2002). The individual could use this voucher for education, training, or any other services that were consistent with the funding sources and approved by a staff member at the American Job Center. The consolidation relieved the worker from applying to multiple programs and allowed use of the voucher for a wider range of purposes and at a wider set of vendors.

This approach is promising, and we recommend that it be rigorously evaluated.

### **RECOMMENDATION #4: WORKFORCE BOARDS SHOULD EXPLORE DEVELOPING TRAINING PROGRAMS IN PARTNERSHIPS WITH EMPLOYERS**

One of the most promising new vocational training programs for low-skill adults strengthens this link between training and employers' needs (Maguire et al. 2010; Richburg-Hayes 2008; Woolsey and Groves 2010). Sector-based programs focus on a particular industry (such as health care, manufacturing, or information technology) and engage with employers in that sector. Using both labor market statistics and information collected directly from employers, the programs identify the skills that employers need. Training providers and employers work collaboratively to develop training curricula tailored to specific job opportunities; training providers carefully screen applicants to ensure that matches with the targeted occupation are appropriate. When trainees complete the program, they receive a credential that employers recognize. In addition, the programs develop strong relationships with employers to help quickly match workers who complete their training with available job vacancies.

Evaluations of sector-based programs have yielded promising results. A study of three relatively mature, sector-based programs estimated that participants earned about \$4,500 (18 percent) more over the two years after they had enrolled in the program than similar workers who did not participate in the program (Maguire et al. 2010). Importantly, significant earnings gains were estimated for program participants with diverse characteristics—including men, women, African Americans, Latinos, immigrants, people who were formerly incarcerated, welfare recipients, and young adults. This suggests that sectoral programs could be an appealing training option for a wide range of low-skilled workers and could be accessed by WIA Adult program participants using the individual training account vouchers in the same way that they access other training programs. Box 9-2 describes one of the sector-based programs found to be successful.

Sector-based training programs require significant up-front investment to develop and refine. Individual training providers and employers may be unlikely to make the investment, especially with uncertainty about whether public funding would be available to pay for the training. The state and local workforce boards should be willing to invest in developing the necessary partnerships between employers and training providers and to assist in designing the programs. They could involve intermediaries to develop the partnerships. One sector-based program found to be effective was developed by the Wisconsin Regional Training Partnership, a nonprofit

BOX 9-2.

## Example of a Successful Sector-Based Program: Medical Office Occupations at Jewish Vocational Services—Boston

Jewish Vocational Services (JVS)-Boston is a community-based nonprofit organization that provides vocational training to disadvantaged youth and adults. Having previously received grants to create incumbent training for health-care providers and administered an American Job Center in Boston, it has a long history of working with employers. It employed a full-time employer-relations staff member to identify employers' needs and assist with placement of trainees. Employers served on committees to advise on the content of the programs and the eligibility requirements. JVS's medical office training program was included in the Maguire and colleagues (2010) study. To be eligible for the program, workers needed to have a high school diploma or GED, possess the ability to read at the sixth-grade level or higher, and show during an interview that they have the interest and ability to succeed in the training. The training program lasted twenty to twenty-two weeks and took twenty to twenty-five hours per week. In addition to vocational skills, the program provided job readiness training, case management, postemployment services, and a four- to six-week internship. The program was found to increase trainees' earnings by 21 percent over the two years after enrollment. (This box is based on Maguire et al. 2010.)

organization (Maguire et al. 2010). The U.S. Department of Labor has announced the availability of \$150 million in grants under its Long-term Unemployed H-1B Ready to Work Partnerships grant program to fund the development of partnerships between employers, nonprofit organizations, and workforce investment boards to develop innovative sectoral training programs for the long-term unemployed. Grants that could be released under the U.S. Department of Labor's Workforce Innovation Fund could also be used for this purpose.

### RECOMMENDATION #5: WORKFORCE BOARDS SHOULD EXPLORE PARTNERING WITH TRAINING PROVIDERS TO DEVELOP TRAINING PROGRAMS MORE SUITED TO THE NEEDS OF ADULT TRAINEES

Some of the factors that make participating in training difficult for adult disadvantaged workers may be ameliorated by three types of changes in the structure of training programs: (1) providing a flexible schedule for course offerings, (2) providing basic skills training at the same time as vocational skills, and (3) providing training in more discreet, stackable modules.

Providing courses more frequently and in the evenings as well as during the day would make it easier for workers to work or care for dependents while in training. Waiting for the beginning of a semester at a community college can significantly increase the length of time before training can begin and hence the cost of participating in training in terms of forgone earnings. Online training courses can also accommodate the need for more flexibility.

Lack of math and reading skills is often a barrier to accessing and completing training programs. Typically, the WIA Adult program requires workers to take basic education courses

before they begin a vocational training program. An alternative approach that has been found to be promising is to integrate the teaching of basic and vocational skills into the same course. This provides a context for learning the basic skills and reduces the length of time taken to acquire the vocational skills. Washington state has implemented an Integrated Basic Education and Skills Training program for some occupations throughout its community and technical colleges. A study of that program found that it increased the probability the trainee earned a certificate or degree and improved other educational outcomes, but did not increase earnings (Zeidenberg, Cho, and Jenkins 2010). The findings were positive enough for this program model to have been replicated in other community colleges, and it merits further study.

As much as possible, training should be divided into multiple discrete courses that build on each other. For example, a two-year course that serves as a means to an occupational credential is better provided as a series of four separate sequential courses, each one providing an interim credential and building on the skills taught in the prior course. This approach avoids trainees participating in programs that teach skills that they already possess or do not need. It also provides more flexibility in when the courses are taken and provides some interim credentials to workers who may not be able to complete the full sequence of courses. Many of the career pathways programs identify sequences of courses to generate credentials that will lead to sufficient skills for an occupation. For example, a program could provide a series of instruction modules that prepare students for certification in progressively higher-paying health-care occupations—certified nursing assistant, patient care technician, and licensed practical nurse (Fein 2012).

While these approaches seem promising, we do not yet have rigorous evidence of their effectiveness. The Departments of Labor and Education have allocated \$2 billion in grant funds to community colleges through the Trade Adjustment Assistance Community College and Career Training grant program to facilitate open or rolling enrollment and to structure training programs to facilitate training while working. Many community colleges are conducting evaluations of their reform efforts; hopefully, these evaluations will provide strong evidence on approaches that could be adopted more broadly.

### COSTS AND BENEFITS

The main benefit of our proposal to increase public investments in vocational training is an expansion in the number of low-income individuals who participate in training and experience earnings gains once they finish training. The size of the benefits from increased earnings depends on the persistence of the earnings increase. While research evidence is not conclusive on how long the increased earnings from training persist, a study of multiple programs in the United States and Europe found that the impacts of vocational training on earnings over two to three years are on average larger than the impacts over one year (Card, Kluve, and Weber 2010), suggesting the benefits from training last for several years at least. In addition to the benefit of increased earnings for the trainees, the government also benefits from the increased tax payments and reduced use of public assistance (such as Temporary Assistance for Needy Families [TANF], Supplemental Nutrition Assistance Program [SNAP, formerly Food Stamps], and unemployment insurance [UI]) that accompany trainees' increased earnings. The main cost of vocational training is the amount the government pays for the training program. The opportunity cost of the time spent in training—that is, if the trainees were not in the program, they may be working and earning money—should also be considered as a cost, however.

On average, training is likely to be a sound investment for low-income disadvantaged workers. As discussed above, evidence suggests that earnings may increase by between \$300 and \$900 per quarter from participation in the WIA Adult program. Assuming earnings increased by \$600 per quarter (the middle of the range suggested by research), that the forgone earnings are small (which is likely for low-skilled adults), and that the impacts on earnings persist for about three years, the benefits from training programs that cost less than \$5,000 (which many do) would likely exceed their cost.

While training is cost-effective for the average disadvantaged worker, it may not be for all disadvantaged workers. This is because the expected benefits of training compared to its costs—the return on investment—can vary depending on the

experiences, skills, and other characteristics of the workers. Workers with many barriers to employment are at high risk of not completing the training and of not being able to find and retain a job after training. Resources for those workers may be better spent on addressing their employment barriers directly and providing job readiness training and assistance with job search, retention, and advancement. For other workers with more skills, the increased earnings from participating in training may not offset the cost of the earnings forgone while participating in training. In this case, training would not be cost-effective even for the trainees. Our recommendation is that employment counselors in the WIA Adult program assess the suitability of training and provide training only to workers for whom the expected benefits exceed the costs.

The other recommendations in this memo—providing guidance on the type of training, providing more supportive services, partnering with employers, and developing training more-suited to the needs of adult workers—still need to be evaluated. These evaluations should examine not only whether the interventions are effective in increasing retention in programs and the earnings of trainees, but also whether the total benefits—in terms of increased earnings, reduced use of public assistance, and increased taxes—exceed the total costs of these programs.

## Questions and Concerns

*Are you suggesting that funding for disadvantaged workers be increased at the expense of dislocated workers?*

While studies of the effectiveness of training for low-skilled, inexperienced workers consistently show that it is effective, studies of the effectiveness of training programs for dislocated workers are less encouraging. Some dislocated workers can obtain earnings gains from participating in training that are large enough to offset the cost of that training, but the evidence suggests that, on average, this is not the case. A recent evaluation of the Trade Adjustment Assistance program also finds that even when dislocated workers are offered longer-term training programs, on average, workers would have been better off finding a job rather than investing in training (Schochet et al. 2012). Synthesizing the evidence from several multistate, matched comparison-group studies, Hollenbeck (2009) concludes that the return to WIA-funded training is lower for dislocated workers than it is for other training recipients. A study of older dislocated workers in the Washington state found that attending community college increased earnings, but that the return was lower for these workers than was the return for younger workers (Jacobson LaLonde, and Sullivan 2005). Given limited training funds, it



is better that they be targeted to those workers for whom the return is greatest.

Policymakers, however, should not ignore dislocated workers who, even though they typically have more resources than disadvantaged workers, are still at risk of sliding into poverty because of their longer unemployment spells and inability to secure jobs that pay as much as they had earned before. Training may still be appropriate for some dislocated workers, especially for younger dislocated workers who have a longer time to reap the benefits from training. Programs, however, should be more selective about which dislocated workers are encouraged to pursue training. Findings from previous evaluations also suggest that there are other program refinements—including providing career assessments and minimizing time to enter training—that merit testing (Berk 2012). For those dislocated workers who are unlikely to benefit from training, alternatives to training should be developed and rigorously evaluated.

### *What do you recommend for vocational training programs for youth?*

The evidence on training for disadvantaged youth suggests that to be effective, the programs need to be intensive. The most disadvantaged youth face myriad challenges other than lack of occupational skills, such as low literacy, the need to learn English as a second language, involvement in the criminal justice system, or substance abuse; some also face the challenges of pregnancy or parenting. Successful training programs for youth need to address these challenges. We have robust evidence that Job Corps, the largest federally funded program for youth, is effective (Schochet, Burghardt, and McConnell 2008). In contrast to participants in Job Corps, youth who participated in the Job Training Partnership Act of 1982 programs, which were found to be ineffective, typically attended the program part time and for only three to four months (Kemple, Doolittle, and Wallace 1993). Effective programs are likely to be expensive—it costs an average of \$16,500 for a youth to attend Job Corps.

Notably, the residential component of youth programs like Job Corps is likely to be important for two reasons. First, it removes youth from the environment in which they were not succeeding. When asked about the benefits of moving away from home to a center, Job Corps participants talked about the negative influences of their peers in their home neighborhoods and their relief from family obligations (Johnson et al. 1999). Second, a residential program provides more time to address youth's challenges—Job Corps provides structure and supervision for most of the youth's day. Moreover, maintaining regular attendance is easier in residential programs—there is no commute and there are fewer distractions. While the residential component of a program may be important, not all youth can or want to move away from home. Findings from an ongoing study of YouthBuild, a nonresidential program with many of the elements of Job Corps, will provide more evidence on this issue.

## Conclusion

This paper has suggested policy changes to increase and improve publicly funded vocational training. Yet many questions remain about effective vocational training strategies. How can we increase the likelihood that a trainee completes the training program? How can we ensure that trainees find jobs in the occupations to which they have been trained? How can we identify who will benefit from training and who will not? To address these questions, we need to embark on a policy agenda that involves an ongoing cycle of developing new programs that are informed by the lessons already learned, evaluating these new programs, changing them in response to the findings, and then testing again. Only then will we be able to identify a full suite of training programs that can significantly reduce the number of vulnerable American workers who, because they lack the necessary skills, fall into long-term poverty.

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Jillian Berk is a senior researcher and associate director of research at Mathematica Policy Research. Her research examines employment and training programs for economically vulnerable populations, including dislocated workers, older workers, workers with disabilities, and ex-offenders. Recent projects include the national evaluation of Trade Adjustment Assistance program, an evaluation of the Virginia Community College System's efforts to better meet the education and training needs of adult students, an evaluation of U.S. Department of Labor-funded youth offender programs, and a study on the impact of the subsidization of COBRA health insurance on the take-up of coverage and other health and employment outcomes. She holds a doctorate in economics from Brown University.

### Sheena McConnell

*Vice President, Mathematica Policy Research*

Sheena McConnell is a vice president and director of human services research in Mathematica's Washington, DC office. Her research focuses primarily on evaluating policies to promote employment and strong families in disadvantaged populations. She is currently directing a national experimental evaluation of the Workforce Investment Act's Adult and Dislocated Workers programs for the U.S. Department of Labor, Employment, and Training Administration. These programs, which provide training, employment counseling, and other employment-related services, are the backbone of the public workforce investment system in the United States. She also has evaluated the use of vouchers to pay for training, programs to assist low-income people who are interested

in starting their own business, and programs to assist low-income couples improve their relationships. McConnell is an expert at designing and implementing experimental evaluations of social service interventions for low-income populations. Recently, she completed an experimental study of the impact of teachers from Teach For America and the Teaching Fellows programs on the test scores of students, most of whom were low-income. She received a bachelor's of science from Churchill College, Cambridge University, England, and a doctorate in economics from Princeton University.

### Irma Perez-Johnson

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Irma Perez-Johnson is an associate director of human services research in Mathematica's Princeton, New Jersey office. She is an expert on the design and implementation of rigorous evaluations of employment training and K-12 education programs, including pilots and demonstrations. For the U.S. Department of Labor, Perez-Johnson currently leads the evaluation of the Self-Employment Training Demonstration, directs the study of Behavioral Interventions for Labor-Related Programs, and recently served as the project director and principal investigator for the Evaluation of the Individual Training Account Experiment. She is also directing a study of Reemployment Services and Eligibility Assessments for recipients of Extended Unemployment Compensation. For the U.S. Department of Education, Institute of Education Sciences, she is helping design an Evaluation of Data-Driven Instruction and until recently served as the deputy director for the Impact Evaluation of Race-to-the-Top and School Improvement Grants. She holds a doctorate in education policy and evaluation from the University of Pennsylvania.

## Endnotes

1. While we recognize the potential importance of job search assistance, job readiness training, and work experience, this paper focuses on training programs that provide skills specific to an occupation.
2. This includes the Job Training Partnership Act of 1982 (JTPA) adult program, WIA Adult and Dislocated Worker programs, H-1B Skill Training Grants, Trade Adjustment Assistance, JTPA and WIA youth programs, YouthBuild, and Job Corps.
3. The U.S. Department of Labor is currently conducting a national, experimental study of the WIA Adult and Dislocated Worker programs. Findings on the short-term effectiveness of the programs will be available in 2016.

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