

## Measuring Up and Weighing In: Industry-Based Workforce Development Training Results in Strong Employment Outcomes

This report summary is the third in a three-part series from the Aspen Institute's Sectoral Employment Development Learning Project (SEDLP) — a multi-year, multi-site evaluation designed to investigate the key characteristics, operational features and effectiveness over time of sectoral workforce development programs. The purpose of this series is to make both the general concept of a sector workforce strategy and the particular outcomes of these programs accessible to policymakers in easy-to-understand terms. To this end, the authors benchmark SEDLP findings against those from well-respected workforce development demonstration projects, particularly the National Job Training Partnership Act (JTPA) Study. The topical areas of each paper in the series are as follows:

- Baseline characteristics and preliminary outcomes;
- Intermediary assessment of outcomes 12 months after training and key characteristics of sectoral workforce development programs; and
- Analysis of final outcomes at 24 months and policy implications of the study.

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### Introduction

Subsequent to the passage of welfare reform and the Workforce Investment Act (WIA), radical changes have occurred in the arena of workforce development policy. This current era offers both challenges and opportunities to design a new system that works more effectively for both workers and employers. Existing research on the outcomes of occupational skills training, especially industry-based training, shows that employment training merits investment as an important component of the new workforce development system.

However, since 1996 when the Personal Responsibility and Work Opportunity Act (welfare reform) and later the 1998 Workforce Investment Act were passed, public policy has been increasingly oriented toward quickly moving unemployed individuals into the workforce. As a result, many programs providing employment services are now geared toward “rapid attachment” to the labor force or “work first.” In the latest economic era of abundant job opportunities, the prevailing belief has been that work experience alone can provide the base for sustained employment and progress in the labor market, while occupational training and skills development have been downplayed as factors contributing to employment stability and advancement. Furthermore, many have interpreted findings from evaluations of employment and training and welfare-to-work programs as not being robust enough to justify investment in such programs and thus have encouraged a shift toward rapid labor force attachment or “work first” strategies.

Along with this new “work first” policy environment, difficulties in implementing the new WIA workforce development infrastructure have also resulted in some erosion of the existing training system for disadvantaged workers and the unemployed. Specifically, former JTPA service providers are often ineligible or choose not to participate under the new system, while new providers are discouraged from participating in the system because of reporting requirements and other difficulties with the new Individual Training Account

system. Furthermore, while funds for training are being reduced, local WIA implementers are incurring large administrative costs associated with establishing new infrastructure. These conditions appear to pose serious threats to the viability of long-term and intensive occupational training programs.

This report presents findings from the Aspen Institute’s Sectoral Employment Development Learning Project (SEDLP), an evaluation of six industry-based workforce development or sectoral employment programs, and a review of other evaluations of workforce development programs. Positive employment and earnings outcomes are seen among participants of some training programs, which are often characterized by: being connected in a real way to the labor market, frequently to specific employers within the market; offering training of sufficient intensity that participants have the opportunity to develop and practice new skills; and pairing training with appropriate participant supports in order to improve the likelihood of participant success. On the other hand, it is also important to “unbundle” the employment and training infrastructure in order to discern which individual strategies merit investment based on their effectiveness for job seekers and employers.

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## The Sector Policy Project

The Sector Policy Project report series highlights the uniqueness of the industry-based workforce development (or sectoral) strategy and reports on the outcomes experienced by participants of these programs in the context of participant outcomes from other well-regarded evaluations of other workforce development projects. The goal in producing this series has been to re-examine the prevalent perception that training doesn’t make a difference in employment, wage and job quality outcomes for un- and under-employed Americans. Findings from the Aspen Institute’s Sectoral Employment Development Learning Project, as well as other research on the effects of employment services that are reviewed in the report, provide compelling evidence that this perception merits reconsideration.

The first report in the three-report series summarized the baseline demographic characteristics of the Aspen Institute’s SEDLP participant survey sample. The SEDLP evaluation has documented the labor market experiences of disadvantaged adults following their participation in one of six well-known sectoral employment development programs.<sup>1</sup> That report assessed the similarities and differences of SEDLP and JTPA participants, looking in particular at the findings from the National JTPA study (NJS) published in 1996. The second report presented 12-month follow-up SEDLP findings alongside those of other job training and welfare-to-work evaluations,

<sup>1</sup>The six projects are: Asian Neighborhood Design, San Francisco, Calif.; Paraprofessional Healthcare Institute, South Bronx, N.Y.; Garment Industry Development Corporation, New York, N.Y.; Focus: HOPE, Detroit, Mich.; Jane Addams Resource Corporation, Chicago, Ill.; and Project QUEST, San Antonio, Texas. For project descriptions, see *Measure for Measure: Assessing Traditional and Sectoral Strategies for Workforce Development*, SEDLP Policy Project Series Report No. 1, or visit the SEDLP Web site: [http://www.aspeninstitute.org/eop/eop\\_sedlp.html#about](http://www.aspeninstitute.org/eop/eop_sedlp.html#about).

especially the NJS. This third report builds upon the two previous reports and documents 24-month outcomes findings of SEDLP participants, placing them in context with other relevant longitudinal evaluations of employment and training and welfare-to-work programs. This three-report series is intended to provide federal, state and local policy makers, researchers and workforce development practitioners with answers to the following questions:

- How successful are participants of sectoral workforce development programs at finding and retaining quality employment, and advancing toward self-sufficiency?
- How do sectoral approaches to workforce development improve employment and earnings outcomes for program participants?
- What are some of the key policy issues that affect the ability of sectoral workforce development programs to serve participants? In particular, are there key issues associated with the implementation of the Workforce Investment Act that affect the ability of training programs to develop and deliver a variety of skills-building activities to job seekers?

## Data Used in This Report

As with the first two reports in the series, this report benchmarks data from a number of studies against the two-year outcomes findings from the Sectoral Employment Development Learning Project (SEDLP). These studies include:

- National JTPA Study (NJS)<sup>2</sup>
- Center for Employment and Training (CET) — San Jose, Calif.<sup>3</sup>
- Greater Avenue to Independence (GAIN) — Riverside, Calif.<sup>4</sup>
- National Evaluation of Welfare-to-Work Strategies (NEWWS) — Portland, Ore. JOBS<sup>5</sup>

In this report, results from two new non-experimental evaluations have been added. These reports document the outcomes of participants of programs that are of particular interest in attempting to benchmark the findings of the SEDLP. These studies include:

- Sectoral Employment Initiative (SEI), conducted by Public/Private Ventures, which

<sup>2</sup>Larry Orr et al, *Does Training for the Disadvantaged Work? Evidence from the National JTPA Study* (Washington, DC: Urban Institute Press, 1996).

<sup>3</sup>Amy Zambrowski and Anne Gordon, *Evaluation of the Minority Female Single Parent Demonstration: Fifth-Year Impacts at CET*, (Princeton: Mathematica Policy Research, December 1993).

<sup>4</sup>James Riccio et al, *GAIN: Benefits, Costs and Three-year Impacts of a Welfare-to-Work Program* (New York: Manpower Demonstration Research Corporation, September 1994).

<sup>5</sup>Stephen Freedman et al, *National Evaluation of Welfare-to-Work Strategies Evaluating Alternative Welfare-to-Work Approaches: Two-year Impacts for Eleven Programs* (New York: Manpower Demonstration Research Corporation, June 2000).

is evaluating 10 newly established demonstration projects that, similar to the SEDLP programs, are all industry-based, sectoral employment development projects.<sup>6</sup>

- Annie E. Casey’s Jobs Initiative, which has recently reported 18-month outcomes data collected by programs and Abt Associates, the project’s evaluator.<sup>7</sup> The Jobs Initiative includes six programs located in six major U.S. cities.

## 24-Month SEDLP Outcomes in Context

The SEDLP survey participants have been highly successful in terms of their experiences in the labor market after completing training. Findings are positive both in general and in relation to findings from other evaluations. Key findings from the SEDLP and benchmark studies are highlighted below.

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- **All of the evaluations of employment and training and welfare-to-work programs showed positive employment results at the end of two years after program participation.** Ninety-five percent of SEDLP participants held jobs during the year, and 84 percent were employed at the time of their follow-up interviews (compared to an employment rate of 28 percent at program enrollment). Portland NEWWS JOBS program enrollees experienced a 40.2 percentage point increase in employment — from 9.4 percent at enrollment to 49.6 percent at two-year follow-up. Similarly, 66 percent of CET participants were employed during the follow-up year compared to 46 percent in the year prior to training. The Portland NEWWS study showed positive effects not only in terms of gross outcomes, but also in terms of positive employment results when viewed against the experiences of control group members. At the 24-month follow-up point, the point-in-time employment rate of treatment group members was 14.9 percentage points higher than the employment rate of the control group. Findings are similar for the Riverside GAIN study in which the percentage of treatment group members who were employed at any time during the second year was 14 points higher than that of the control group members.
- **Earnings grew for participants of all studies** with those reported by the SEDLP participants far surpassing the more modest results reported in the experimental design evaluations. Two years after training, SEDLP participants had increased their annual earnings by an average of \$13,679, and average annual earnings for employed respondents were \$19,344. It is important to note that the broadly misunderstood NJS study reported that treatment group members who actually enrolled in one of the JTPA programs experienced earnings gains 15 percent higher for women and 8 percent higher for men than their counterparts who were not eligible for services.

<sup>6</sup>For more information about the Sectoral Employment Initiative, see Mark Elliott and others, *Gearing Up: An Interim Report on the Sectoral Employment Initiative* (Philadelphia: Public/Private Ventures, September 2001).

<sup>7</sup>For more information on the Jobs Initiative, see Wendy Fleischer, *Extending Ladders, Findings from the Annie E. Casey Foundation’s Jobs Initiative*, September 2001, and Susan Gewirtz, *Retaining Low-income Residents in the Workforce: Lessons from the Annie E. Casey Jobs Initiative* (Baltimore: Annie E. Casey Foundation, January 2001).

- **Real labor market progress appears to require an upgrade in the quality of the job.** Findings from the SEDLP and other studies reviewed in the full report point to wage rates; full-time, consistent work; basic employment benefits such as medical insurance, pension benefits, paid vacation and sick leave, as factors that are linked with individuals' maintaining employment over time. Average hourly wages of employed SEDLP participants grew \$1.97 (23 percent), from \$8.63 at enrollment, to \$10.60 two years later. Seventy-seven percent of jobs held two years after training provided access to health insurance, 74 percent provided paid vacation, and 63 percent provided paid sick leave. Sixty-eight percent of jobs provided access to a retirement or pension plan. Average hours worked per week grew from 32.3 at program enrollment to 39.1 two years later. In addition, 82 percent of respondents in the study reported that they thought their career prospects were better because of their participation in industry-targeted training.

## Workforce Investment Act — Possibilities and Realities

This report comments on the Workforce Investment Act and its implementation because of WIA's flagship position in the nationwide workforce development infrastructure and the current legislative focus on utilizing WIA to develop and establish a new system for creating a skilled workforce that better serves both employers and workers. Since many new local WIA operations are still in the planning stages, it is too early to say definitively how the Act as it is interpreted and implemented will impact either the employment outcomes of disadvantaged workers and the unemployed, or employers who will use the WIA system. Even with much of the system in the planning stages, it is exceedingly timely to highlight some of the challenges that WIA implementers are reported to be facing as they work to develop a new workforce development infrastructure.<sup>8</sup>

- **While WIA implementation is still new, it appears that individuals may have trouble accessing training services.** The basic framework of WIA services is a three-tiered construction, consisting of core services, intensive services, and training services, that allows for the provision of effective sectoral, or industry-based, workforce development practice.<sup>9</sup> However, the method of service delivery varies

<sup>8</sup>Information for this section is drawn from: Federal Register, Vol. 65, No. 156 (August 11, 2000), 49328; Nisha Patel and Steve Savner, *Implementation of Individual Training Account Policies under the Workforce Investment Act: Early Information from Local Areas*, (Washington, DC: Center for Law and Social Policy, May 2001); *Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements* (Washington, DC: General Accounting Office, October 2001).

<sup>9</sup>Core services are universally accessible and include job search and placement assistance and career counseling. Examples of intensive services include assessment, development of individual employment plans, and short-term job-readiness services. Training services are provided largely through Individual Training Accounts, which are vouchers that can be used for occupational skills training, on-the-job training, skills upgrading and retraining and entrepreneurial training.

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broadly in practice among local Workforce Investment Boards (WIBs), potentially discouraging individuals from seeking or receiving training. For example, federal regulations prohibit individuals from skipping tiers, but the exact method by which job seekers move through the system is determined by local implementers, of whom some allow simultaneous access to the different tiers of services and facilitate entry into occupational training, while many others focus their services in the first tier, quickly referring job seekers to placement activities rather than training or education services. Reinforcing this pattern is the strong “work first” focus of many states and local WIB implementers, which requires job seekers to spend a specified amount of time looking for jobs, or to participate in a specified number of unsuccessful interviews before they can receive training. There are also many reports that local implementers, after establishing mandated one-stop centers, do not have funds remaining to finance the Individual Training Accounts (ITAs) that would allow individuals to access training.

- **There is evidence that the number of Eligible Training Providers (ETPs) has been shrinking since implementation of WIA.** The Workforce Investment Act places a strong emphasis on accountability of training providers for outcomes in terms of participants’ labor market experiences. While this concern is appropriate, training providers generally have neither the research and data collection expertise nor the financial resources to comply with the new and largely unfunded data collection requirements of the new system. In addition to basic federal reporting requirements, local implementers are imposing even greater performance monitoring burdens, often requiring long-term participant tracking more appropriately conducted by trained evaluators. Other factors deemed significant in the declining number of trainers participating in the system are that many WIBs may not yet have set ITA voucher values, established guidelines for how individuals may access training, or referred any job seekers to training.

## Conclusion

The Workforce Investment Act was established to rationalize and coordinate the very fragmented national employment services system, and to provide a mandate and template for state and local agencies to collaborate and deliver services that will lead to better outcomes for the unemployed and provide greater value for private employers. While indicators to measure the value of services to employers are notoriously difficult to determine, it is clear that the industry-based, sectoral employment development programs evaluated as part of SEDLP resulted in promising outcomes for the unemployed individuals who participated in them. In addition, many of the other evaluations reviewed in this report show that employment and training services, especially occupational skills training, also benefit disadvantaged individuals and lead to positive employment outcomes over time.

At the end of the 24-month SEDLP study period, individuals who participated in one of the six sectoral employment training programs show strong indications of having changed the course of their employment experience. Most have full-time, steady employment in an occupation in the sector for which they were trained, earn substantially higher wages, and finally have access to the employment benefits that characterize a “good” job — health insurance, paid vacation, sick leave and pensions.

Given the strength of these employment outcomes, it is clear that sectoral, industry-based workforce development strategies hold significant promise for disadvantaged job seekers and offer an opportunity to invest in developing skilled workers for industry and employers. It is important that WIA, still in its nascence, be implemented in such a way as to not only allow, but also encourage and support this type of strategic employment and training programming. The currently popular “work first” approach that has been followed in the implementation of WIA undermines approaches that offer potential for both labor force and individual development through a more long-term view that seeks not to place individuals in the *first* jobs available, but to train them for the *best* jobs available.

## EXECUTIVE SUMMARY

A copy of the full report of, *Measuring Up and Weighing In: Industry-Based Workforce Development Training Results in Strong Employment Outcomes*, as well as the other reports in this series are available from the Economic Opportunities Program (EOP) at the Aspen Institute, and from the EOP Web site. Other forthcoming SEDLP and related publications include:

- The Sectoral Studies Series: In-depth case studies of each of the six SEDLP participant programs
- SEDLP Research Series: Participant survey findings
- *Working with Value: Industry-Specific Approaches to Workforce Development*, a synthesis of findings from the Sectoral Employment Development Learning Project
- *Jobs and the Urban Poor: Privately Initiated Sectoral Strategies*

To be added to the SEDLP mailing list, please contact EOP.

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