

# Measuring Up and Weighing In:

## Industry-Based Workforce Development Training Results in Strong Employment Outcomes

The Aspen Institute's Sectoral Employment  
Development Learning Project (SEDLP)

March 2002

The Aspen Institute's Sector Policy Project benchmarks findings from the Sectoral Employment Development Learning Project (SEDLP) against findings from other workforce development demonstration projects.

To date, the Sector Policy Project has produced five publications:

*Executive Summary No. 1: Measure for Measure: Assessing traditional and sectoral strategies for workforce development*, published in August 2000.

*Report No. 1: Measure for Measure: Assessing traditional and sectoral strategies for workforce development*, published in October 2000

*Executive Summary No. 2: Measure for Measure: Assessing traditional and sectoral strategies for workforce development*, published in September 2001.

*Report No. 2: Measure for Measure: Assessing traditional and sectoral strategies for workforce development*, published in October 2001.

*Executive Summary No. 3: Measuring Up and Weighing In: Industry-Based Workforce Development Training Results in Strong Employment Outcomes*, published in March 2002.

All of these publications can be downloaded from the Aspen Institute's Web site ([www.aspeninstitute.org/eop/eop\\_sedlp.html#pubs](http://www.aspeninstitute.org/eop/eop_sedlp.html#pubs)) or ordered by contacting the Institute.

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

**Sector Policy Project Series  
Report No. 3**

**March 2002**

**Amy J. Blair**

**The Aspen Institute  
Washington, D.C.**

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**MEASURING UP AND WEIGHING IN:  
INDUSTRY-BASED WORKFORCE DEVELOPMENT TRAINING  
RESULTS IN STRONG EMPLOYMENT OUTCOMES**

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## Executive Summary

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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 (WIA) 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.

## 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, 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 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:

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<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).



- National JTPA Study (NJS)<sup>2</sup>
- Center for Employment and Training (CET) — San Jose, California<sup>3</sup>
- Greater Avenue to Independence (GAIN) — Riverside, California<sup>4</sup>
- Portland, Oregon 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 have been added. These studies include:

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

- ***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

<sup>2</sup> Larry Orr and others, *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*, Mathematica Policy Research (Princeton, NJ: December 1993).

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

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

<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).

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.
- ***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>

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<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); General Accounting Office, *Workforce Investment Act: Better Guidance Needed to Address Concerns over New Requirements* (Washington, DC: October 2001).

- 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 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 is 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

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<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.

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.

## Introduction

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Subsequent to the passage of welfare reform and the Workforce Investment Act, 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, and especially industry-based training, shows that employment training is an important component of the new workforce development system.

The Sector Policy Project was established to enhance understanding of the uniqueness and outcomes of the sectoral, or industry-based, workforce development strategy for delivery of employment and training services to disadvantaged workers and the unemployed. This report is the third in a three-report series of publications. The reports highlight findings from the Sectoral Employment Development Learning Project (SEDLP), an evaluation of six industry-based employment and training programs, and benchmark findings against those of other highly regarded evaluations of employment and training and welfare-to-work programs.

The goal of this report series is to re-examine findings from notable evaluations and provide context for thoughtful reflection on the outcomes and efficacy of occupational skills training. This examination and reflection is timely given the prevalent perception that training for the disadvantaged does not merit public investment. This perception, combined with an economy that has up until recently seemed to effectively absorb workers into jobs, has fed the “Work First” paradigm in which training and skills development for *good* jobs have taken a back seat to rapid placement into the *first* job.

### Faces of Training Participants

In June 2000, Joyce lost her job. Just a few years earlier, being laid off without notice would have caused her to experience financial upheaval and uncertain prospects for re-employment. Instead, she rebounded and found a new position even better than the one she lost. Joyce had recently completed training in nursing through San Antonio’s Project QUEST. So rather than constantly moving from job to job in restaurants, hotels, and even working a stint at a rodeo, she now has a career in which her work leads to advancement, she has good benefits and a flexible schedule, and she earns a wage that supports her family. Project QUEST arranged for her tuition to be paid at a local community college, helped her to get Pell grants to cover living expenses, and importantly, helped her to learn how to work more effectively, manage more responsibility, and remain focused on her dream. At the same time, Project QUEST was working with local employers to ensure that Joyce’s dream reflected real employment opportunity in San Antonio.

Janet may be a step behind Joyce in her career, but she is working and making progress toward a similar dream. She is employed as a home health care aide at Cooperative Home Care Associates (CHCA) in the Bronx, New York. Janet has four children and had been on AFDC/TANF for five years before enrolling in CHCA’s companion training program. Since completing training and becoming a worker-owner at CHCA, Janet has gone from working irregular, part-time hours at a concession stand in Yankee Stadium, to a 40-hour workweek in a position that she enjoys and in which she sees opportunities for increased responsibility and

promotion. While she still receives some public assistance in the form of food stamps and Medicaid, Janet no longer receives TANF. She has moved out of her mother's house and is supporting her four children. She says that her success has motivated her to consider nursing school, and she has plans to begin taking college courses soon.

### **Sectoral Workforce Development Strategies**

Janet and Joyce<sup>10</sup> are two of hundreds of people who have benefited from occupational training from a growing number of industry-based workforce development, or sectoral employment, programs located across the U.S. These programs not only teach job skills and help participants find employment, but they have various methods for working within industry or alongside employers within specific industry sectors to influence hiring, employment, and other industry practices on behalf of low-wage workers. These training providers are part of a growing field of sectoral employment development professionals who subscribe to a set of principles that are proving to result in positive outcomes for job seekers.

Sectoral workforce development strategies—so called because they operate exclusively within an industry occupational context—take individual barriers into account when designing training programs. They also investigate industry employment practices, employer needs and the quality of jobs and existing training practices to understand any “demand-side” issues that can impede an employer's or industry's ability to recruit, retain and reward workers.<sup>11</sup> By pursuing “dual customer” strategies that take into account both the supply-side (issues involving individuals' needs) and demand-side (issues involving industry and workplace dynamics) of the labor market, sector programs strive to achieve significant and lasting employment outcomes for low-skill, low-income individuals.<sup>12</sup>

### **Challenges for Training under WIA and Work First**

Since 1996 when the Personal Responsibility and Work Opportunity Act (welfare reform) and then the 1998 Workforce Investment Act (WIA) were passed, employment and training and welfare-to-work policy have been increasingly oriented toward quickly moving unemployed individuals into the workforce, and many programs providing employment services are now geared toward “rapid attachment” to the labor force or “Work First.” In the recent economic era when jobs have been plentiful, the prominent belief has been that work experience alone can provide the base for sustained employment and progress in the labor market. Occupational training and skills development have been downplayed as factors contributing to employment stability and advancement. At the same time, findings from evaluations of employment and training and welfare-to-work programs have been interpreted as not being robust enough to merit the time and money invested in them when viewed alongside early employment placement data resulting from the new Work First focus.

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<sup>10</sup> Joyce and Janet's stories are compiled from telephone surveys conducted between 1997 and 2000 as part of the SEDLP longitudinal participant study. While their names have been changed to protect their privacy, all other facts are true.

<sup>11</sup> The SEDLP has published a number of reports that describe the different strategies implemented by the six sectoral employment development programs evaluated. It is important to note that it is the specific sectoral, or industry-based, work they do that defines and complements their actual occupational skills training and that is hypothesized to lead to the strong and sustained employment outcomes observed.

<sup>12</sup> Rademacher, Ida S. *Measure for Measure: Assessing Traditional and Sectoral Strategies for Workforce Development*, SEDLP Policy Project Series Report No. 2, The Aspen Institute, Washington, DC, October 2001, p. 9.

Because of the design of leading evaluations of employment and training and welfare-to-work programs, it has not been possible to learn much about which strategies work better than others. Most large-scale evaluations have been conducted across numerous programs offering a variety of services, with results largely blended together and therefore masking the variety of outcomes resulting from participation. The prominent studies have been designed methodologically to require large samples of individuals in order to generate statistically significant conclusions. Because most individual programs serve relatively few participants, by necessity the studies have had to compose large samples by drawing from a number of programs. Few of these studies provide more than an outline of the services employment programs provide. Another important factor that hinders learning about the effects that may result from training is that most studies do not document the experiences of participants for long enough periods of time to discern how their outcomes in the labor market may change over time. Unfortunately, the conclusions drawn from this body of research have not provided sufficient detail about the strategies used by the programs being evaluated or long-term outcomes in terms of labor force participation that can lead to poverty alleviation and financial self-sufficiency.

In 1996, findings from the national evaluation of JTPA programs were published under the headline question, “Does Training for the Disadvantaged Work?” The response, based on results from the Aspen Institute evaluation of six industry-based workforce development, or sectoral employment programs, and a review of other evaluations of programs providing occupational skills training, is a resounding *Yes*, when it is targeted toward and connected in a real way to the labor market and employers, and when it is of sufficient intensity and partnered with appropriate supports to participants.<sup>13</sup> At the same time, it is important to unbundle the employment and training infrastructure to be able to discern which strategies merit investment because they are effective for job seekers and employers.

In the early 1990s, anecdotal information heralding very positive employment outcomes of a number of employment and training programs described as “sectoral” in design caught the attention of major philanthropic supporters. The Charles Stewart Mott and Ford Foundations, later joined by the Annie E. Casey Foundation, along with six experienced practitioners worked in partnership with the Aspen Institute’s Economic Opportunities Program to design a longitudinal evaluation to learn more. The Sectoral Employment Development Learning Project (SEDLP) was established to evaluate these six industry-based workforce development programs that were chosen to represent this strategy of workforce development practice operating on both the supply and demand sides of the labor market (See Box 1). The recently completed evaluation answers a number of exploratory research questions about the programs’ methodologies and their participants’ outcomes. The research areas ranged from in-depth examinations of the sectoral program strategies implemented, to how the programs interacted with industry to promote change and positive employment outcomes for participants, to measurement of participant outcomes in terms of their labor market experience over a two-year period following training.

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<sup>13</sup> Based on findings from the other evaluations of employment and training programs reviewed in this report, the answer appears to be *Yes*—although somewhat less resounding—as well.

### **Box 1: SEDLP Participating Programs**

**Asian Neighborhood Design** (San Francisco, Calif.) is a community development corporation that provides training in cabinetry, carpentry and other construction trades. Founded in 1973, it runs a specialty furniture and wood products manufacturing company that provides a work-oriented training environment and transitional employment opportunities for trainees.

**Garment Industry Development Corporation** (New York, N.Y.) is a nonprofit institution established in 1984 and supported through the collaboration of union, industry and government entities. GIDC provides training for employed and unemployed individuals in a range of occupations in the garment industry, and provides technical assistance and marketing services to garment industry firms.

**Focus: HOPE** (Detroit, Mich.) is a civil- and human-rights organization founded in 1968 in the aftermath of the 1967 Detroit riots. Focus: HOPE offers precision machining and metalworking training to inner-city youth and young adults. It also operates businesses that provide hands-on learning for students and produces parts and services for the automobile and related industries.

**Jane Addams Resource Corporation** (Chicago, Ill.) is a community development organization formed in 1984 to retain and grow local industry, provide community residents with educational services and offer job training in the metalworking industry for both incumbent and unemployed workers. JARC provides assistance to small- and medium-size metalworking manufacturing businesses in modernization and human resource management.

**Paraprofessional Healthcare Institute** (Bronx, N.Y.) is a sectoral employment advocacy organization that supports the training of low-income women of color in paraprofessional health-care skills. It links them with Cooperative Home Care Associates (CHCA), an employee-owned agency founded in 1985 and designed to provide full-time employment, with benefits, for home health aides.

**Project QUEST** (San Antonio, Texas) is a nonprofit organization established in 1992 and developed through a community organizing effort. It engages employers, community colleges and others in coalitions to develop training projects that prepare low-income individuals for good jobs in a range of selected industries, including health care and business services.



## 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 in comparison with other well-regarded evaluations of 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 this study as well as other research on the effects of employment services that we will review in this report provide compelling evidence that this perception merits re-consideration.

Two years after participating in one of the six sectoral employment development programs highlighted in the SEDLP evaluation, participants experienced the following outcomes:<sup>14</sup>

- *Average annual earnings of employed participants rose by 73 percent to \$19,344 two years after training.*
- *Average hourly wages of employed participants grew \$1.97 (23 percent), from \$8.63 at enrollment, to \$10.60 two years later.*
- *77 percent of jobs held two years after training provided access to health insurance, compared to 50 percent of jobs held prior to training.*
- *69 percent of employed participants were working in a job related to their training two years after participation.*<sup>15</sup>

The first report in the three-report series summarized the baseline demographic characteristics of the SEDLP participant survey sample, and 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, especially the NJS. This third report will build upon the two previous reports and document 24-month outcomes findings of SEDLP participants, placing them in context with other relevant longitudinal evaluations of employment, training and welfare-to-work programs. This three-report series is intended to provide federal, state and local policymakers, 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?

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<sup>14</sup> The SEDLP study included both unemployed and incumbent workers. Findings presented in this report will detail the experiences of only those participants who were unemployed at baseline. In addition, financial data are adjusted to 1998 dollars in order to present real outcomes and compare most precisely with other study findings, which are also adjusted to 1998 dollars. Because of these adjustments, the data presented here will vary slightly from data reported in other SEDLP reports.

<sup>15</sup> This reflects the experience of most of the study participants—95 percent were employed during the follow-up study period.

- 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?

## The Case for Industry-based Workforce Development Training—24-Month SEDLP Findings in Context<sup>16</sup>

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**B**uilding on the previous two sector policy project reports in this series, this report continues to address the question of how successful the participants of sectoral workforce development programs are at finding and retaining quality employment and advancing toward self-sufficiency. Key findings were highlighted in the *Introduction*, and in the following sections additional findings are reported and placed in the context of results from a number of other evaluations of employment and training programs. The three main areas of data chosen to reflect the outcomes of participants are employment, earnings and job quality.

### Studies Cited for Two-Year Comparison

Similar to the first two reports in this series, data from a number of studies are benchmarked against the two-year outcomes findings from the Sectoral Employment Development Learning Project (SEDLP). The National JTPA Study (NJS) continues to be the main benchmark study, with further examination via 30-month follow-up point outcomes.<sup>17</sup>

SEDLP outcomes are compared to data from other programs that researchers have identified as exhibiting best practices and resulting in positive outcomes in terms of employment and earnings. These studies include both experimental design studies similar to the NJS, in which outcomes for members of a treatment group, who were allowed or required to enroll in the program are compared to a control group, whose members were not eligible for enrollment, and non-experimental design studies that, similar to the SEDLP, measure changes in key variables at points in time and are self-referenced longitudinally. As described in the second report in this series, evaluations of programs considered to have resulted in strong outcomes were chosen to compare to the SEDLP programs, for which extremely positive early outcomes findings had been seen.

The experimental design evaluations referenced in this report include the NJS, which encompassed 16 sites across the U.S., the Center for Employment and Training (CET), located in San Jose, California,<sup>18</sup> the Greater Avenue to Independence (GAIN) program's Riverside,

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<sup>16</sup> Detailed information on the SEDLP 24-month follow-up findings will be available from the Aspen Institute's Economic Opportunities Program in the SEDLP Research Report No. 3, by Lily Zandniapour and Maureen Conway (forthcoming 2002).

<sup>17</sup> Orr, Larry et al., *Does Training for the Disadvantaged Work? Evidence from the National JTPA Study*, Urban Institute Press, Washington, DC, 1996.

<sup>18</sup> Zambrowski Amy and Anne Gordon, *Evaluation of the Minority Female Single Parent Demonstration: Fifth-Year Impacts at CET*, Mathematica Policy Research, Princeton, NJ December 1993.

California location,<sup>19</sup> and the Portland, Oregon JOBS program,<sup>20</sup> one of 11 programs studied as part of the National Evaluation of Welfare-to-Work Strategies (NEWWS).<sup>21</sup>

The programs that the participants in these evaluations attended differed from each other in terms of key features, as did the methodology for each of the evaluations. The key differences among training programs, which are described more completely in the two previous reports in this series, range from the type of intervention offered clients (job placement services, basic education, on-the-job training, job skills training), the characteristics of clients (welfare recipients, JTPA Title I and II eligible, disadvantaged workers), and the requirements for participation. Key differences among evaluations include that they were conducted during different time periods, for varying durations, and using a variety of data collection methodologies (e.g., individual surveys and administrative data records).

In this report, results from two new evaluations have been added. These studies document the outcomes of participants of programs that are of particular interest in attempting to benchmark the findings of the SEDLP. The first is the Sectoral Employment Initiative (SEI), conducted by Public/Private Ventures, which is evaluating ten newly established demonstration projects that, similar to the SEDLP programs, are all industry-based, sectoral employment development projects. They are located across the U.S. in both urban and rural areas.<sup>22</sup> The second new study is the 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>23</sup> The Jobs Initiative includes six programs located in six major U.S. cities. Both of these participant studies have a non-experimental design with features that are similar to the SEDLP's methodology.

All of the programs evaluated in the studies used for comparison have differing strategies in terms of the services delivered to participants. With the exception of the two welfare-to-work projects (Riverside GAIN and Portland NEWWS), where clients were required to enroll and attend as a condition of receiving benefits, participation in services was voluntary. In other ways, differences across sites, even within an individual evaluation, were great. For example, the 16 JTPA sites offered rapid attachment employment placement services, training in basic education or vocational skills, on-the-job training, and varying combinations of the three. SEDLP programs' strategies ranged from occupation-specific training for employment in a

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<sup>19</sup> Riccio, James et al., *GAIN: Benefits, Costs and Three-year Impacts of a Welfare-to-Work Program*, Manpower Demonstration Research Corporation, September 1994.

<sup>20</sup> Freedman, Stephen et al., *National Evaluation of Welfare-to-Work Strategies Evaluating Alternative Welfare-to-Work Approaches: Two-year Impacts for Eleven Program*, Manpower Demonstration Research Corporation, June 2000.

<sup>21</sup> For the studies that used experimental design methods (NJS, NEWWS, CET, GAIN), the results cited reflect the gross outcomes for treatment group members. Monetary values have been inflated to 1998 dollars to compare with SEDLP outcomes that are also adjusted to 1998 dollars. When tables omit results for a particular study, it is because the study either did not report on the selected measure, or because the published literature reflected results only in terms for which the SEDLP has no comparable measure.

<sup>22</sup> For more information about the Sectoral Employment Initiative see, Elliott, Mark et al., *Gearing Up: An Interim Report on the Sectoral Employment Initiative*, Public/Private Ventures, Philadelphia, PA, September 2001.

<sup>23</sup> For more information on the Jobs Initiative, see Fleischer, Wendy, *Extending Ladders, Findings from the Annie E. Casey Foundation's Jobs Initiative*, September 2001 and Gewirtz, Susan, *Retaining Low-income Residents in the Workforce: Lessons from the Annie E. Casey Jobs Initiative*, January 2001, Annie E. Casey Foundation, Baltimore, MD.

partner social enterprise, to programs of study at community colleges accompanied by various supportive services, to on-the-job training for incumbent workers in apparel and metalworking factories combined with technical assistance to employers in human resources practices and production techniques and methodologies. All of the SEI programs were start-up, industry-based employment and training programs, and the Jobs Initiative programs also included some sites operating industry-based strategies.

There is variation across studies in terms of the follow-up data collection periods. The SEDLP, GAIN and NEWWS evaluations all reported on participant outcomes at approximately two years after program enrollment.<sup>24</sup> The NJS and CET report data at 30 months after enrollment.<sup>25</sup> The Jobs Initiative study reports results for 12 and 18 months after enrollment. And the SEI is a new study, with findings currently available for a 12-month follow-up period (although the study will continue to the 24-month point).

The SEDLP evaluation includes programs that work with incumbent workers as well as with the unemployed. Data reported here will exclude incumbent workers to attempt to be more comparable with the results of the experimental design evaluations that largely studied programs working with the unemployed. The experimental design evaluations (NJS, CET, GAIN and NEWWS) all collect data on members assigned to the treatment group—regardless of enrollment status. Thus it is important to note that outcomes may reflect experiences of individuals who did not enroll. The NJS reported some outcome findings separately for those study participants who actually enrolled in one of the 16 programs. These data are used in this report. Finally, outcomes on some key indicators from the experimental design evaluations are not reported in absolute terms but rather as the difference between the treatment and control groups. Thus, comparisons across some indicators cannot be made.

### Box 2: Studies Cited for 2-Year Comparison

	SEDLP	NJS	CET	NEWWS	GAIN	AEC Jobs Initiative	SEI
<b>Study Name</b>	Sectoral Employment Development Learning Project	National JTPA Study	Center for Employment & Training	National Evaluation of Welfare-to-Work Study JOBS Program	Greater Avenues for Independence	Jobs Initiative of the Annie E. Casey Foundation	Sectoral Employment Initiative of the C.S. Mott Foundation
<b>Location(s)</b>	6 sites, urban	16 sites, urban & rural	San Jose, CA	Portland, OR	Riverside, CA	6 sites, urban	10 sites, urban & rural
<b>Time Period</b>	1997-2000	1987-1989	1982-1988	1997-1999	1988-1990	1998-2000	1999-2000
<b>Population</b>	Low-income workers & job-seekers (voluntary)	Disadvantaged adults, youth (voluntary)	Low-income minority single mothers (voluntary)	AFDC/TANF recipients (mandatory)	AFDC/TANF recipients (mandatory)	Disadvantaged job seekers (voluntary)	Low-income workers and job-seekers (voluntary)
<b>Comparison Point</b>	24 months	30 months	30 months	2 years	2 years	12-18 months	12 months

<sup>24</sup> The SEDLP baseline interview was conducted as participants entered training, and the 2-year follow-up interview occurred 24 months after training completion.

<sup>25</sup> For NJS, months 1-6 were the “treatment” period. Months 7-18 made up the first 12-month follow-up period, and months 19-30 made up the 24-month follow-up period.

<b>Researcher</b>	Aspen Institute's Economic Opportunities Program	Abt Associates	Mathematica	Manpower Demonstration Research Corporation	Manpower Demonstration Research Corporation	Abt Associates; Annie E. Casey Foundation	Public/Private Ventures
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## Employment Outcomes

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 (see Box 3). Findings from the SEDLP are particularly encouraging.<sup>26</sup> Two years after training, 95 percent reported having been employed at some point during the year—28 percentage points higher than the 67 percent who were employed at any point during the year prior to training. Two years after training, the percentage of participants who were employed at the time of the interview was 84 percent—up from 28 percent at the time of the baseline interview.

The NEWWS JOBS program in Portland also experienced an increase in the percentage of participants employed at any time during the year two years following program participation compared to employment in the 12 months prior to program enrollment (62 percent, up from 53.7 percent). At the point of enrollment in Portland NEWWS, employment was extremely low among participants—9.4 percent. Two years later, 49.6 percent were employed at the time of the follow-up survey—a 40.2 percentage point increase. In addition, the employment experiences of treatment group members were more positive than those of control group members who did not receive services. 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 from the CET, while showing employment growth, are more ambiguous. While the point-in-time employment rate of participants at program enrollment is not available and the employment rate at 30-month follow-up was 46.1 percent, the percentage who were employed at any time during the year before training compared to the year ending two years after training changed from 46 percent to 66 percent—a 20 percentage point increase.

Similar to the CET, a point-in-time employment rate at program enrollment is not available for the Riverside GAIN study. And employment among Riverside GAIN participants, when viewed as the percentage of participants employed at any time during the year prior to program participation compared to the year ending two years after training, is virtually unchanged. But the difference in the experiences between the treatment and control groups in that study show that the program did have an impact on employment. The percentage of treatment group members who were employed at any time during the second year was 14 percentage points higher than that of the control group members who did not participate in the GAIN program.

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<sup>26</sup> 30-month follow-up employment data for the NJS were reported only in terms of the numbers of hours worked—employment rates were not reported.

### Box 3: Employment Outcomes

<b>Employment Outcomes</b>	<b>SEDLP</b>	<b>NJS <i>Enrollees</i></b>	<b>CET <i>San Jose</i></b>	<b>NEWWS <i>Portland</i></b>	<b>GAIN <i>Riverside</i></b>	<b>AEC <i>Jobs Initiative</i></b>	<b>SEI</b>
<b>Follow-up Period</b>	24 mos.	30 mos.	30 mos.	24 mos.	24 mos.	18 mos.	12 mos.
<b>Pre-Training:</b> Point-in-time employment rate at baseline	28	14	N/a	9.4	N/a	25	N/a
Percent employed for any part of the 12 months prior to program enrollment	67	71	46.3	53.7	50	65	83
<b>Post-Training Follow-Up</b> Point-in-time employment rate at end of follow-up period	84	N/a	46.1	49.6	67	54	N/a
Difference in point-in-time employment rate between treatment and control groups	N/a	N/a	N/a	+14.9 (treatment)	N/a	N/a	N/a
Percent employed for any part of follow-up time period	95	N/a	66	62	49.4	N/a	93
Difference in percent employed for any part of follow-up time period between treatment and control groups	N/a	N/a	N/a	+12.6 (treatment)	+14 (treatment)	N/a	N/a

### Earnings Outcomes

Among participants of SEDLP industry-based workforce development programs, earnings grew dramatically in the first year after training and continued to show strong growth at the point of the two-year follow-up interview. Two years after training, SEDLP participants had increased their annual earnings by an average of \$13,679 (see Box 4). Average annual earnings for employed respondents were \$19,344. Of particular note from the SEDLP evaluation is the comparability of findings for men and women in the population. Two years after participation in training, both men and women averaged similar annual earnings (\$19,276 and \$19,366 respectively). Women’s earnings increased by a greater amount than men’s earnings to achieve this parity.

In both absolute terms and in terms of treatment vs. control group experiences, enrollees documented in the National JTPA Study also showed positive earnings growth. NJS 30-month earnings findings were reported separately for men and women. Male enrollees increased their

annual earnings by an average of \$7,657, and female enrollees' average annual earnings rose by \$6,026. While differences in earnings increases between male and female NJS enrollees served to broaden a pre-existing earnings gender gap, for both groups, earnings gains were statistically significant. For treatment group members who actually enrolled in one of the JTPA programs, earnings gains were 15 percent higher for women and 8 percent higher for men than for their counterparts who were not eligible for services.

There has been broad misunderstanding that the NJS study resulted in findings that show that the availability of JTPA did not result in earnings and employment gains among participants. In fact, the study's authors stated:

*“Overall, we found that JTPA worked reasonably well for adults. Although the program-induced gains in earnings were relatively modest—less than \$900 per year in the postprogram period—the incremental cost of the program was even smaller.”* The authors continued with, *“This does not mean that the program could not be improved, but it does suggest that the adult program was basically sound.”*<sup>27</sup>

The CET, NEWWS and GAIN studies all reported similar earnings outcomes. Participants in the CET increased their average annual earnings by \$1,015, and after 30 months, the treatment group's earnings exceeded control group earnings by 45 percent. NEWWS study participants in Portland increased earnings on an absolute basis by \$1,873, and this reflects a 35 percent greater increase for the treatment than for the control group. This program has been held up as a model Work First program, but in fact education and training services were important components of its welfare-to-work strategy.<sup>28</sup> Similarly, the treatment group surveyed as part of the Riverside GAIN evaluation experienced a \$1,062 increase in average earnings. This was 56 percent more than gains made by the control group.

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<sup>27</sup> Orr and others, 1996, p. 215 The authors do not note whether the \$900 figure, the amount of earnings impact that the treatment group experienced that was greater than the control group, was in 1987, 1988 or 1989 dollars (the years the study was conducted).

<sup>28</sup> Freedman and others., 2000, p. 5.



### Box 4: Earnings Outcomes

<b>Earnings Outcomes*</b>	<b>SEDLP</b>	<b>NJS Enrollees ***</b>	<b>CET San Jose</b>	<b>NEWWS Portland</b>	<b>GAIN Riverside</b>	<b>AEC Jobs Initiative</b>	<b>SEI***</b>
<b>Follow-up Period</b>	24 mos.	30 mos.	30 mos.	24 mos.	24 mos.	18 mos.	12 mos.
<b>Women</b>							
Average earnings in follow-up period	19,366	9,128	4,263 <sup>^</sup>	N/a	N/a	N/a	N/a
Change in earnings	14,079**	6,026	1,015	N/a	N/a	N/a	N/a
<b>Men</b>							
Average earnings in follow-up period	19,276	13,051	N/a	N/a	N/a	N/a	N/a
Change in earnings	9,814**	7,657	N/a	N/a	N/a	N/a	N/a
<b>Full Sample</b>							
Average earnings in follow-up period	19,344	N/a	4,263 <sup>^</sup>	4,448	4,385	N/a	14,299
Change in earnings	13,679**	N/a	1,015	1,873	1,062 <sup>^^</sup>	N/a	7,617
<b>Impacts</b>							
Difference in earnings between treatment and control groups	N/a	+15% (female enrollees) +8% (male enrollees)	+45% (treatment)	+35% (treatment)	+56% (treatment)	N/a	N/a

\*All figures are adjusted to 1998 dollars. Change in earnings is calculated as the change from enrollment until year 2 (or defined Follow-up Period). All earnings calculations exclude \$0 earners, with the exceptions detailed below.

\*\*Includes all respondents—including \$0 earners.

\*\*\*Available data do not specify whether \$0 earners are excluded.

<sup>^</sup>Average annual earnings is calculated by multiplying 1998 adjusted average monthly earnings by 5.5 (average number of months employed in follow-up period).

<sup>^^</sup>Change in earnings is calculated as the change from year 1 to year 2.

### Job Quality Outcomes

Employment and earnings are key basic indicators that provide a yardstick for measuring the outcomes or impacts of an employment and training or welfare-to-work program. But other variables that provide measurements of the quality of jobs may be more telling and provide relevant and complementary information about an individual's overall ability to support herself and her family. To understand whether individuals have made real progress in the labor market, it is necessary to know whether they obtain jobs at higher wages, are able to work full-time and without gaps, and whether the jobs they obtain provide basic employment benefits such as access to medical insurance, pension benefits, and paid vacation or sick leave.

These issues are even more important in the current Work First era of workforce development policy. In a recently published report that reviewed findings from a number of employment outcomes studies, the Center for Law and Social Policy (CLASP) reported that a number of factors have been found to be linked with sustaining employment over time.<sup>29</sup> The quality of an initial job at placement may have important consequences for longer-term labor market outcomes. These findings highlight the importance of helping welfare recipients and the unemployed to obtain a *good* job, not just *any* job.

Factors that were linked with individuals' maintaining employment over time included the following: the amount worked in the first year following placement, the amount of wages earned, the range of available employment benefits, and the occupation of employment. The following is a summary of these findings:

- Women who work full-time, all year after leaving welfare are more likely to have better long-term employment outcomes.<sup>30</sup>
- The wages and benefits of an initial job are positively linked with maintaining employment.<sup>31</sup>
- Women getting jobs offering paid vacation leave maintain employment for longer than those who do not get paid vacation.<sup>32</sup>
- Welfare leavers who got a job that provided access to health insurance worked 77 percent of the time during the two years after leaving welfare. Those who did not get this employment benefit worked only 56 percent of the time during that period.<sup>33</sup>

Although most evaluations of job training and welfare-to-work programs do not provide much detail on the strategy used by the program, there is some evidence that skills training leads to the best outcomes among the unemployed. A review of welfare-to-work program models by the Center for Law and Social Policy (CLASP) published in 1998 found that “while there is no definitive research on what makes one job training program more effective than another, a common thread among successful programs is an effort to tie training closely to the workplace—involving employers in the design of training, providing training in a work-like setting, providing training on-the-job, and coupling training with paid or unpaid work experience.”<sup>34</sup> The SEDLP and SEI programs are all geared toward providing specific occupational skills training for participants. The NJS reported that the sites offering on-the-job training combined with job search assistance had the most positive earnings outcomes. Both

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<sup>29</sup> Strawn, Julie, Mark Greenberg and Steve Savner, *Improving Employment Outcomes under TANF*, Center for Law and Social Policy, Washington, DC, February 2001.

<sup>30</sup> Cancian, Maria and Daniel R. Meyer, *Work After Welfare: Women's Work Effort, Occupation, and Economic Well-being*, Social Work Research, National Association for Social Workers, Washington, DC 2000.

<sup>31</sup> Rangarajan, Anu, Alicia Meckstroth and Tim Novak, *The Effectiveness of the Postemployment Services Demonstration*, Mathematica Policy Research, Inc., Princeton, NJ, 1998.

<sup>32</sup> Rangarajan, Anu, Peter Schochet and Dexter Chu, *Employment Experiences of Welfare Recipients who Find Jobs: Is Targeting Possible?* Mathematica Policy Research, Inc., Princeton, NJ, 1998.

<sup>33</sup> Rangarajan, Anu, Peter Schochet and Dexter Chu, *Employment Experiences of Welfare Recipients who Find Jobs: Is Targeting Possible?* Mathematica Policy Research, Inc., Princeton, NJ, 1998.

<sup>34</sup> Strawn, Julie, *Beyond Job Search or Basic Education: Rethinking the Role of Skills in Welfare Reform*, Center for Law and Social Policy, Washington, DC, April 1998, p. 24.

Portland NEWWS and Riverside GAIN programs provided training to substantial percentages of enrollees.

Change in wage data are not available for the experimental design evaluations, so it is not possible to provide much in terms of context to compare the findings of the SEDLP and the two other non-experimental evaluations. For these three evaluations, the SEDLP 24-month, Jobs Initiative 18-month, and SEI 12-month, wages grew by \$1.97, \$1.60 and \$1.99 per hour, respectively (see Box 5). In addition, the Jobs Initiative reported that wages among participants of its sectoral, or industry-based, programs were on average \$1.50 higher than wages for the overall group. Point-in-time wages for CET participants averaged \$10.18 two years after participating in the program, and the CET at the time of the evaluation was providing targeted occupational skills training and job placement services.

**Box 5: Wage Outcomes**

<b>Wage Outcomes*</b>	<b>SEDLP</b>	<i>NJS Enrollees</i>	<i>CET San Jose</i>	<i>NEWWS Portland</i>	<i>GAIN Riverside</i>	<i>AEC Jobs Initiative</i>	<b>SEI</b>
<b>Follow-up Period</b>	24 months	30 months	30 months	24 months	24 months	12-18 months	12 months
<b>Mean Hourly Wage</b>							
In time prior to baseline	8.63	6.72	N/a	N/a	N/a	8.06	7.88
In follow-up period	10.60	N/a	10.18	7.46	N/a	9.66	9.87
Change in wage	1.97	N/a	N/a	N/a	N/a	1.60	1.99

\*Wage figures from the SEDLP, CET, NJS and NEWWS are adjusted to 1998 nominal dollars. Jobs Initiative and SEI data are left unadjusted due to lack of specific information about when data were, although it is known that the studies took place within the 1997-2000 time period. Average wage figures exclude \$0 earners.

Access to medical insurance benefits is another critical indicator of a job’s quality and its likelihood of providing a foundation for moving a family closer to self-sufficiency in the absence of public subsidies. More than three-quarters of jobs held by employed participants of SEDLP and AEC Jobs Initiative programs provided access to medical insurance benefits. SEI, CET and NEWWS evaluation findings also showed that after participating in employment and training programs, individuals obtained “better” employment as measured by this indicator (see Box 6).

**Box 6: Medical Benefits Outcomes**

<b>Medical Benefits</b>	<b>SEDLP</b>	<i>NJS Enrollees</i>	<i>CET San Jose</i>	<i>NEWWS Portland</i>	<i>GAIN Riverside</i>	<i>AEC Jobs Initiative</i>	<b>SEI</b>
<b>Follow-up Period</b>	24 months	30 months	30 months	24 months	24 months	12-18 months	12 months
Percentage w/ benefits in time prior to baseline	50	46	N/a	N/a	N/a	32	45
Percentage of employed w/ job-related health benefits in follow-up period	77	N/a	58.6	49.2	N/a	83	67

Other indicators of job quality were not available from the comparison studies at the 24-month benchmark period, but it is important to note additional findings from the SEDLP. Two years after participating in training, 69 percent were employed at occupations that were related to the training they received, and 86 percent reported high job satisfaction. Eighty-two percent of respondents reported that they thought their career prospects were better because of their participation in industry-targeted training, and average hours worked per week by those who were employed increased from 32.3 at the time of program enrollment to 39.1 hours two years later. Jobs held by 74 percent of training participants provided paid vacation, and 63 percent provided paid sick leave. Sixty-eight percent of jobs provided access to a retirement or pension plan—either through a union or the employer.

## Workforce Investment Act—Possibilities and Realities

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The overall objective in reporting the SEDLP findings alongside outcomes of other evaluations of employment and training and welfare-to-work projects has been to build the case for re-evaluating the conclusions commonly drawn about the efficacy and necessity of good occupational skills training. Good training results in meaningful value for both the unemployed and under-employed as well as for employers. There is compelling evidence that industry-based workforce development strategies offer great promise, and a thoughtful re-examination of outcomes and the importance of training is timely in terms of the types of policy and program decisions that are occurring at the federal, state and local levels as policies such as the new Workforce Investment Act (WIA) and welfare reform are implemented. This report comments in particular on WIA because of its 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. Because 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. But while much of the system is in the planning stages, it is exceedingly timely to highlight some of the challenges that WIA implementers may face as they work to develop a new workforce development infrastructure.

### The WIA Framework

The stated goals and requirements of WIA are compatible with the philosophy of effective sectoral, or industry-based, workforce development practice. WIA objectives include providing for a stronger role for the private sector in the workforce system by including employers and other representatives of industry on local and state workforce investment boards (WIBs), providing for enhanced training opportunities for job-seekers by supporting only training programs that can demonstrate effectiveness in terms of outcomes, and streamlining the delivery of employment and training services by consolidating the activities of 17 federal programs in local one-stop centers established to provide job placement assistance and a single point of contact for employers seeking workers. Overall, WIA is intended to replace the fragmented JTPA system with a workforce development system that better matches workers to labor market needs and opportunities and rationalizes government's investment in a skilled workforce.

The basic framework for services provided to individuals under WIA is comprised of three required categories or tiers of services, which may be accessed in sequence or simultaneously—core services, intensive services, and training services. Core services are universally accessible and include job search and placement assistance and career counseling. Examples of intensive services include assessment, developing 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.<sup>35</sup> Local WIBs are

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<sup>35</sup> WIA regulations also allow for local areas to contract with an employment service provider such as a community-based organization if it determines that the provider has demonstrated effectiveness serving special low-income populations with specific employment barriers (e.g., limited English language ability, ex-offenders, homelessness),

allowed broad discretion in how they design their workforce service delivery system within these parameters. For example, while federal regulations require that individuals not skip tiers in accessing services, it is up to the local WIB to define exactly how a job seeker moves through its system. Federal regulations allow individuals to access services sequentially or simultaneously, but local WIBs interpret and operationalize federal regulations variously. Some allow simultaneous access to the different tiers of services and facilitate entry into occupational training. Others focus their services in the first tier and job-seekers are referred quickly to placement activities—rarely getting access to training or education services.

### **Accessibility of Training under WIA**

The WIA system is in the very early stages of implementation, but there is evidence that some troubling trends are developing in terms of access to third tier training services and utilization of ITAs. While not required by WIA federal regulations, many local areas have largely adopted a Work First focus in implementing WIA, meaning that clients are expected to seek employment without training.<sup>36</sup> Beyond this, there is some lack of clarity around how decisions will be made to determine eligibility for training, what types of training will be allowable, and how much funds are set aside for training investments. A recently completed study by the Center for Law and Social Policy reported that the policies being implemented by the 76 WIBs responding to a survey about their ITA policies varied significantly from place to place. States have largely left decisions about ITA eligibility and spending to local boards, and only 25 of the 76 reporting WIBs had developed an implementation policy specifically detailing how clients could access training. Most local plans re-stated the statutory requirement that training services will be provided after interview, evaluation, assessment and/or case management. Many noted that funds available for training are limited in supply.<sup>37</sup>

In October 2001 the General Accounting Office (GAO) released a report to Congress detailing the critical need for greater clarity around a number of issues that are arising with the implementation of WIA.<sup>38</sup> The GAO reviewed the experiences of a sample of nine one-stop centers representing six local areas in three states (California, Pennsylvania and Vermont) and found that they averaged only six training referrals between July 2000 and spring 2001. Reasons for the lack of referrals were found to be diverse, and two in particular related to local and state interpretations of WIA. The first reported was the strong Work First policy focus found across sites that required job seekers to accept employment if it was offered at a “sustainable wage” set by the local area at what were considered to be very low wage levels. The second was related to the way in which local areas have implemented the required “sequencing” of services through

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for on-the-job or customized training, and if there are an insufficient number of eligible trainers providers to constitute a system of ITAs.

<sup>36</sup> The Department of Labor has explicitly stated that “neither the [Workforce Investment] Act nor the federal regulations mandate a “work first” system that forces individuals into the first available employment, regardless of whether or not that employment leads to self-sufficiency.” (*Federal Register* Vol. 65, No. 156, August 11, 2000, p. 49328). In fact, the DOL has established a demonstration project, awarding grants to local implementers for planning or implementation of industry-based workforce development and training projects.

<sup>37</sup> Patel, Nisha and Steve Savner, *Implementation of Individual Training Account Policies under the Workforce Investment Act: Early Information from Local Areas*, Center for Law and Social Policy, Washington, DC, May 2001.

<sup>38</sup> General Accounting Office, *Workforce Investment Act: Better Guidance Needed to Address Concerns over New Requirements*, Washington, DC, October 2001.

the three tiers. In a number of sites, job seekers are required to spend a specified amount of time looking for a job or to go on a specified number of interviews and fail at job search before they can receive training. This type of policy generally reinforces the Work First, rapid labor force attachment paradigm that a quick job placement is a good job placement, and it may discourage individuals from being more strategic and thinking longer-term.

Another factor that hampers the ability of local one-stops to provide ITAs for training is that they simply might not have the funds. Complying with the WIA mandate to establish consolidated one-stop service centers has been expensive and necessitated large outlays of funds to bring the mandatory partners under one roof. The practical implication of this is that money that could have gone for training and other supports and employment services has had to pay for the “bricks and mortar” required to build and outfit new centers. The GAO points out that some of the mandatory one-stop partners, including the Vocational Rehabilitation Service and the Veteran’s Administration, are prohibited by law from contributing funds to the one-stops if they cannot show that the money will directly relate to serving individuals eligible under their legislated mandates. Funds for establishing the common infrastructure and staffing the start-up one-stops have come disproportionately from the Adult and Dislocated Worker program.

### **Issues for Training Providers under WIA**

The laudable goal of enhancing training opportunities for job seekers seems particularly elusive. The number of Eligible Training Providers (ETPs) has been shrinking since implementation of WIA. While it may be the case that some training providers are not effective, the reasons cited for the declining numbers of ETPs in the system have related more to providers finding it unprofitable or impossible to serve WIA clients. In order to qualify for the ETP list, a provider must collect basic data on the completion, employment placement and wage rates of WIA-funded participants of its program. This basic reporting is required by federal WIA regulations. But local areas are imposing even greater data collection and performance monitoring burdens. These include the requirement that a trainer who receives even one ITA-funded student collect information on all students in a program, and extending the time periods monitored beyond initial placement. In addition, ETPs that provide training to participants funded by the Adult and Dislocated Worker programs face additional data collection requirements and must collect data on retention rates and wage gains for six months following employment placement.

Training providers generally have neither the research and data collection expertise nor the financial resources to comply with these largely unfunded data collection requirements. In fact, most of the training providers in the SEDLP study report that they find it even more challenging to participate in the public workforce training system since the implementation of WIA than it was under the previous JTPA system.

Several of the SEDLP training programs are attempting to establish relationships with their local area WIA implementers. But because the primary implementation focus has been on establishing facilities, policies and relationships via WIBs (which replaced the Private Industry Councils (PICs) under the previous JTPA system), programs have not yet been successful at establishing the types of relationships that can provide the opportunity to educate WIBs about the activities and outcomes of their programs and possibly lead to referrals. In fact, most report that

to their knowledge, their local WIBs have not yet set ITA voucher values or referred job seekers to training.



## Conclusion

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The Workforce Investment Act was established to rationalize and coordinate the very fragmented national employment services system and 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 that they have 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 and sick leave and pensions.

Given the strength of these employment outcomes, it is clear that sectoral, industry-based workforce development strategies may 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 to 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 by taking a more long-term view and seeking to place individuals not in the *first* job available, but to train them for the *best* job available.



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