

# **Results and Returns from Public Investments in Employment and Training**

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The nation's public workforce development system is a partnership of federal, state, and local governments charged with providing employment-related services to two customer groups: workers and employers.

Job training is just one of many activities in the nation's workforce development system. Through more than 2,000 local American Job Centers (formerly One-Stop Career Centers), the system operates a free nationwide labor exchange, offers job search and job matching services, and provides access to a range of services to improve the employability of Americans, including training. The goal of the system is to help anyone find a job, especially the unemployed and underemployed, dislocated workers, and veterans. Veterans and their spouses must be given priority for all services. Employment services and job training are also provided to workers with disabilities, older workers, younger and other new workers entering the job market, and people lacking skills that employers in their community demand.

In addition, since 1933, when Congress initially enacted the Wagner-Peyser Act, which provided for "the establishment and maintenance of a national system of public employment offices" (U.S. Department of Labor, Employment and Training Administration n.d.), the workforce development system has been regularly called upon to mobilize during national economic recessions and in local areas where unemployment rates or economic dislocation is particularly high. The system also facilitates the processing of unemployment insurance claims; administers transitional or subsidized jobs when authorized; arranges

to retrain workers whose regular occupations or industries have disappeared; and assists workers, communities, and regions affected by disasters.

The Workforce Investment and Opportunity Act (WIOA) of 2014 is the latest statutory enhancement of the public workforce development system. The new law includes provisions to improve the system overall and to increase the emphasis on and quality of job training. For example, the law intends the workforce development system to be more responsive to businesses, increase access to training, better align training and education programs, expand public access to information about training programs to allow workers to make more informed decisions about possible career options, and increase services to individuals with barriers to employment.

This essay focuses on job training as part of the public workforce development system and how research and evaluation can inform workforce development policy, especially WIOA implementation. The next section provides a brief summary of how the federal government funds job training and highlights evaluation results on the effects of job training on individuals' employment, earnings, and other outcomes that are informing policy discussions.

## **HOW THE FEDERAL GOVERNMENT FUNDS JOB TRAINING**

Across the federal government, 10 agencies support job training programs, with more than 95 percent of the funding coming from four agencies: the U.S. Departments of Labor (45 percent), Education (30 percent), Health and Human Services (13 percent), and Veterans Affairs (8 percent) (Biden 2014). The programs include those funded through WIOA, which serves dislocated workers, adults, youth, persons with disabilities, and individuals with low basic skills, among others. Additional programs, through other legislative authority, also provide funding that can be used for job training as well as other services and activities, such as Temporary Assistance for Needy Families (TANF), Veterans Vocational Rehabilitation and Employment, Supplemental

Nutrition Assistance Program Employment and Training, and Career and Technical Education.

Table 1 highlights the major federal funding sources that support these programs, as identified by Barnow and Smith (2015). Not all the activities that comprise these programs are job training because they also include activities such as employment and job placement services that help individuals find and keep a job, rather than learn new skills or receive credentials.

Another way the federal government funds job training is through federal student financial aid, namely the Pell Grant program. Pell Grants, which are needs-based grants to low-income college students, can be used to pay tuition and related college expenses for attendance at two- and four-year institutions for recipients to earn degrees and certificates from eligible programs of study (U.S. Department of Education 2015). The 2015–2016 annual limit for Pell Grants was \$5,775 (U.S. Department of Education 2015), but the amount the student receives depends on financial need, costs of attendance, status as a full-time or part-time student, and plans to attend school for a full academic year or less. Barnow and Smith (2015) estimate that over \$8 billion in Pell Grants annually go toward funding individuals to earn occupational degrees and certificates, making it the largest means-tested source of funding for job training programs.

WIOA also governs the “public” workforce system, where local boards of representatives of employers, government, nonprofit organizations, education and training, unions, and other organizations administer employment and training programs funded under WIOA. These boards also coordinate with other federally funded programs present in local employment offices—referred to as One-Stop Centers or American Job Centers—such as TANF and Vocational Rehabilitation (Eyster et al. 2016).

The enactment of WIOA complemented the Obama administration’s increased focus on skills training. In 2014, Vice President Joe Biden spearheaded a review of job training in the United States to promote strategies that meet the needs of businesses and industry. Although there was little new federal funding, the intent was to shift the available funding through WIOA and the largest discretionary grant programs (such as the 2015 H-1B TechHire Partnership grants) administered by the Department of Labor more toward developing training programs for

**Table 1 Annual Federal Funding for Major Workforce Development, Education, and Training Programs**

Funding source or program	Federal agency	Fiscal year 2016 appropriation
Workforce Innovation and Opportunity Act Title I-A programs	U.S. Department of Labor	\$813 million (adult), \$1.2 billion (dislocated worker), and \$871 million (youth)
Workforce Innovation and Opportunity Act Title II programs	U.S. Department of Education	\$596 million
Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV) (Title I) program	U.S. Department of Education	\$1.1 billion
Pell Grant program	U.S. Department of Education	\$34.5 billion
Senior Community Service Employment Program (SCSEP)	U.S. Department of Labor	\$433 million
Trade Adjustment Assistance (TAA) program	U.S. Department of Labor	\$391 million
H1-B Job Training Grants	U.S. Department of Labor	\$127 million
Temporary Assistance for Needy Families (TANF) (the share of total funding that is for work-related activities only)	U.S. Department of Health and Human Services	\$1.6 billion (FY2015)
Supplemental Nutrition Assistance Program Employment and Training (SNAP-ED only) (allocations to states)	U.S. Department of Agriculture	\$408 million

NOTES: Federal programs listed are those with more than \$100 million in annual funding, and some (but not all) of the funding can be used for job training as well as for other benefits and services. The TANF amount is 6.7 percent of total TANF spending, which is the most recent estimate of spending that goes to work-related activities; thus, it is based on FY2015 expenditures rather than appropriations.

SOURCES: U.S. Department of Agriculture, Food and Nutrition Services (2015); U.S. Department of Education (2016); U.S. Department of Health and Human Services (2016); U.S. Department of Labor, Employment and Training Administration (2016).

in-demand jobs. The resulting report on “job-driven” training (Biden 2014) highlights a range of ways education and training can be appropriately aligned with labor market needs to assure “workers have the skills they need to secure good jobs that are ready to be filled” (p. 2). The report called for a “Job-Driven Checklist” that uses evidence-based practices to ensure that federally funded job training adheres to the following principles:

- engaging employers upfront,
- offering work-based learning opportunities,
- making better use of data for accountability,
- measuring and evaluating employment and earnings outcomes,
- promoting a seamless progression from one educational step to another,
- breaking down barriers to access to training and hiring through support services, and
- creating regional partnerships to provide a network for employer, training, and related services (Biden 2014, pp. 8–10).

These principles were intended to send a message to the field to focus on job training and to improve the design, implementation, and coordination of federal programs that fund job training.

## **WHAT WORKS IN JOB TRAINING?**

Over the past four decades many evaluations have been conducted to determine the impact of job training and other employment services. The evaluation evidence suggests four job training strategies that can work well.

### **Training Connected to Work Has the Most Positive Impact for Workers**

Not all training is the same, and not all training, whether publicly funded or privately provided, is effective. However, a cross-departmental

report that accompanied the job-driven skills principles synthesized considerable evidence from evaluations over many years. The evidence shows that the most effective type of job training is connected directly to work, rather than “stand-alone” training not aligned with jobs in demand (U.S. Departments of Labor, Commerce, Education, and Health and Human Services 2014). Several formal evaluations have found positive impacts on earnings and employment from work-based and work-integrated training models, including registered apprenticeships with particular employers, sectoral and industry-specific training, career pathways, and on-the-job training where a subsidy is offered to employers for a portion of wages for a set period (e.g., 50 percent of salary for six or nine months). Findings from more recent evaluations of integrated education and occupational instruction also show promise, where students are taught basic education skills such as mathematics or English composition, in the context of a particular occupation and skills required on the job.

### **Training by Postsecondary Institutions Has Positive Returns to Workers and Society**

It is common wisdom that postsecondary education, on average, yields positive returns for students as compared to those who do not attend (Card 1999). Much of the federal investment in job training is directed to postsecondary institutions, particularly community colleges. For example, the U.S. Department of Labor invested \$2 billion beginning in 2011, through the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant program, to help community colleges to build their capacity to provide innovative programming, services, and partnerships to accelerate learning, improve students’ completion of programs, and support labor market success for adult learners (Mikelson et al. 2017).

Research suggests these types of approaches can have positive labor market returns for students, but not all postsecondary degrees and certificates have the same ultimate effect on earnings. For example, students in some fields, such as health and business, appear to achieve substantial increases in earnings, particularly if they receive an associate’s degree rather than just a nondegree certificate. Overall, earnings gains are greatest for those studying math and technical fields of study

at community colleges and obtaining bachelor or higher degrees in science, engineering, and information technology (Carnevale, Strohl, and Melton 2014; Goldin and Katz 2008; Jacobson, LaLonde, and Sullivan 2005; Jepsen, Troske, and Coomes 2014; Stevens, Kurlaender, and Grosz 2015).

Few studies, however, have examined whether community job training provided by colleges is cost beneficial to society. One recent study showed that federal investments in job training at community colleges, such as from a large grant program like TAACCCT, could begin to yield positive returns to society as soon as the eighth year after the initial investment (Eyster 2017). More cost-benefit studies of actual investments are needed, however, to show which types of community college yield the greatest returns to society.

### **Counseling and Customer-Focused Career Services Are Important**

Several evaluations suggest that the types of intensive services offered in One-Stop Career Centers are important for job seekers and trainees. Veterans who receive assistance from specialized staff have better employment outcomes than veterans who receive general core services (U.S. Department of Labor, Chief Evaluation Office 2015). Trainees who receive assistance in selecting their training do better than those who make their own choices without any career coaching (Mathematica Policy Research 2012). In addition, interim results from the evaluation of Workforce Investment Act programs indicate that individuals who have staff-supported services, such as workshops and counseling, available to them do better than those who have access to only basic self-service resources (McConnell et al. 2016). Similar findings about the importance of student supports have been seen in evaluations of community college programs (Anderson et al. 2016).

### **Comprehensive and Integrated Models Work for Youth**

Youth, especially those out of school and not working, are much more challenging to serve than adults. Fewer formal evaluations of job training for youth have been done than for adults. However, growing evidence indicates that the programs showing the most positive outcomes for youth have a comprehensive set of integrated services,

including education, occupational training, counseling, and support services. Residential models such as Job Corps (Schochet, Burghardt, and McConnell 2008) and National Guard Youth Challenge (Millenky et al. 2011) have been found to increase employment outcomes. Comprehensive programs, though, are costly, limiting the number of young people who can be served. As with adults, there is evidence that industry-focused training is important for youth. Career academies, for example, where high schools prepare students for particular industries and sectors, have positive and long-lasting impacts on labor market outcomes, particularly for young men (Kemple 2008). Recent reports from an evaluation of the YouthBuild program document positive impacts of that construction industry-based comprehensive model (MDRC 2012).

### **Public Investment in Training Fills a “Gap”**

Most job training in the United States is provided by employers. Public funding for training comes mainly from the federal government, although some states invest considerable resources in training, usually in tandem with the federal funding. The private sector spends 8 to 10 times as much as the public sector (federal and state combined) each year on training (Carnevale, Strohl, and Gulish 2015; Mikelson and Nightingale 2004). Training at work is clearly important, especially for company-specific purposes (Lerman, McKernan, and Riegg 2004). Surveys indicate, though, that employer-provided training is more likely to go to more-educated and higher-level workers. More highly educated and highly paid employees are twice as likely to receive employer-provided training as lower-level and less-educated workers. The 2016 Training Industry Report’s recent survey suggests more than 60 percent of those receiving training by employers are executives, managers, and other “exempt” employees (*Training Magazine* 2016).

The public workforce system’s very limited funding only allows serving a small fraction of the 150 million or so workers in the nation. The public system also tends to serve smaller businesses and newer businesses by identifying available workers and training them, because many of those businesses do not have the same level of resources that larger, established companies have. Thus, the public system is training workers who might not otherwise receive it—namely, those with middle and lower skills and wages, and providing training for businesses



that might not have the resources to do it on their own. However, the system is constrained by very limited funding in reaching all workers and businesses that could use the services.

## **HOW MIGHT WIOA CHANGE THE SYSTEM TO IMPROVE PARTICIPANT OUTCOMES?**

WIOA is the latest congressional legislation regarding the workforce development and training system. It reinforces many of the evidence-based approaches just mentioned. WIOA continues some of the basic parameters of the Workforce Investment Act, such as the emphasis on universal services to both job seekers and employers, and requiring that veterans and eligible spouses receive priority of service. The law also includes the following provisions and changes that should improve the workforce development system and continue to build evidence about “what works”:

**More demand-driven.** The full range of work-related evidence-based training noted previously is allowable under WIOA. Local workforce boards are now required to develop industry or sector partnerships to improve the connection between the job training provided and the skills that are in demand by employers. WIOA also explicitly endorses the most evidence-based approach by recognizing the importance of workplace training, including endorsing registered apprenticeships with specific employers, increasing the subsidy amount employers can receive through their participation in on-the-job training, and expanding the support of work experience for youth.

**More flexibility in service delivery.** Rather than requiring a sequence of services before offering training as was the case under WIA, WIOA allows staff to work with customers to develop the most appropriate plans, including training. The redefinition of core and intensive services also reinforces the importance of the client-focused services and assistance, while allowing states and local boards to use sophisticated electronic information tools for those preferring self-directed services.

**Alignment of workforce development and other systems.** WIOA aligns workforce development, employment services, adult education, economic development, and vocational rehabilitation. The joint federal guidance is sending a clear message about the importance of alignment and partnerships.

**Revised performance accountability requirements to improve results.** The new performance measures apply to the entire WIOA system: workforce development, adult education, employment services, and vocational rehabilitation.

**Expanded public access to data about the performance of training programs.** The latest federal guidance indicates new consumer tools will be available to compare training programs so workers can make more informed decisions about their options. In addition, WIOA calls for federal funding to states to create and improve longitudinal data systems, an investment that is critical to better track program performance and outcomes over time.

**Increased services to individuals with barriers to employment.** WIOA increases the emphasis on both job training and serving those with barriers to employment, who often require supportive services such as child care, transportation, and referrals to other services in order to succeed in training. WIOA shifts youth funding to devote more focus on out-of-school youth than on in-school youth, who may have other programs and resources available to help them. The shift is in keeping with the WIOA priority on those with barriers to employment.

**Increased emphasis on evaluation and evidence.** Several provisions in WIOA specifically require formal evaluations so federal agencies and states can test the effectiveness of strategies and approaches, including career pathways models that can train workers in health care and early childhood education occupations, strategies for expanding gender equity in occupations, including nontraditional job training, and tests of other promising approaches to improve outcomes. Adding to the knowledge about effective programming is critical, and WIOA's future evaluations can make a major contribution about what works.

The challenge under WIOA will be how to achieve better participant outcomes and program performance, increase services to those

with barriers to employment, strengthen performance accountability, increase cross-agency integration, and meet the skills needs demanded by employers. The law provides the framework for doing so, but current appropriations may not be enough to support these goals. Federal funding for job training, through WIOA and other grants, is helping to fill in the gaps and direct training priorities, such as recent grants for building apprenticeships. However, state and local implementers may need to build partnerships beyond WIOA to gradually recalibrate the system to meet the mandates in the new law.

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