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Net Impacts of Workforce Development Programs on Individuals with Low Earnings

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July 20, 2009

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Presentation at MDRC, New York City. Comments or questions are welcome. The author can be reached at (269) 385-0431 (phone); (269) 343-3308 (fax); or hollenbeck@upjohninstitute.org

Background

Series of Net Impact and ROI Estimates of Workforce Development System in several states:

- (1) Hollenbeck & Huang, *Net Impact and Benefit-Cost Estimates of the Workforce Development System in Washington State, 2003*
url: <http://www.upjohninstitute.org/publications/tr/tr03-018.pdf>
- (2) Hollenbeck & Huang, *Net Impact and Benefit-Cost Estimates of the Workforce Development System in Washington State, 2006*
url: <http://www.upjohninstitute.org/publications/tr/tr06-020.pdf>
- (3) Hollenbeck & Huang, *Workforce Program Performance Indicators for The Commonwealth of Virginia, 2008*
url: <http://www.upjohninstitute.org/publications/tr/tr08-024.pdf>

Research Question

- What are the net impacts on low wage individuals?
- Are programs equally effective across earnings distribution?

Methodology

- Quasi-experimental
- Propensity score matching of administrative records to Employment Service (ES) applicants

Methodology

Treatment \equiv exiting from a program (listed below)
during a particular 12 month period

Implications:

1. May be completer or non-completer (can do subgroups)
2. Exit date sometimes difficult to determine
3. Entry may have occurred in prior years
4. Entry date sometimes difficult to determine
5. “Treatment” is black box

Programs

- WIA
 - Adults
 - Dislocated Workers
- Applied Associate Degree
- Worker Retraining (State-funded DW program)
- Adult Basic Education
- Private Career Schools
- Apprenticeship
- Vocational Rehabilitation

Full Population Results (8-11 quarters after exit)

Long-Term Net Impact Estimates

Program	Outcome			
	Employment Rate	Quarterly Hours	Wage Rate ^c	Quarterly Earnings ^c
Federal Job Training (Adults) WIA I-B	0.066***	35.9***	\$ 0.67**	\$ 455***
Dislocated Workers WIA I-B	0.064***	48.8***	\$ 0.97***	\$ 771***
Worker Retraining ^a	0.046***	29.8***	\$ 0.18	\$ 306***
Comm. College Job Prep	0.067***	39.7***	\$ 2.11***	\$1,034***
Private Career Schools	0.043***	21.0***	\$ 1.06***	\$ 351***
Adult Basic Ed. ^b	0.059***	18.5***	-\$ 0.02	-\$ 27
Apprenticeships	0.068***	20.3***	\$ 5.73***	\$2,340***
Vocational Rehabilitation	0.110***	44.8***	\$ 1.38***	\$ 699***

NOTES: From Hollenbeck and Huang 2006 (Washington State).

*** represents statistical significance at the 0.01 level; ** represents statistical significance at the 0.05 level; * represents statistical significance at the 0.10 level.

^a A state-funded program for dislocated worker training.

^b As administered by the Community and Technical College system.

^c In \$2005/2006.

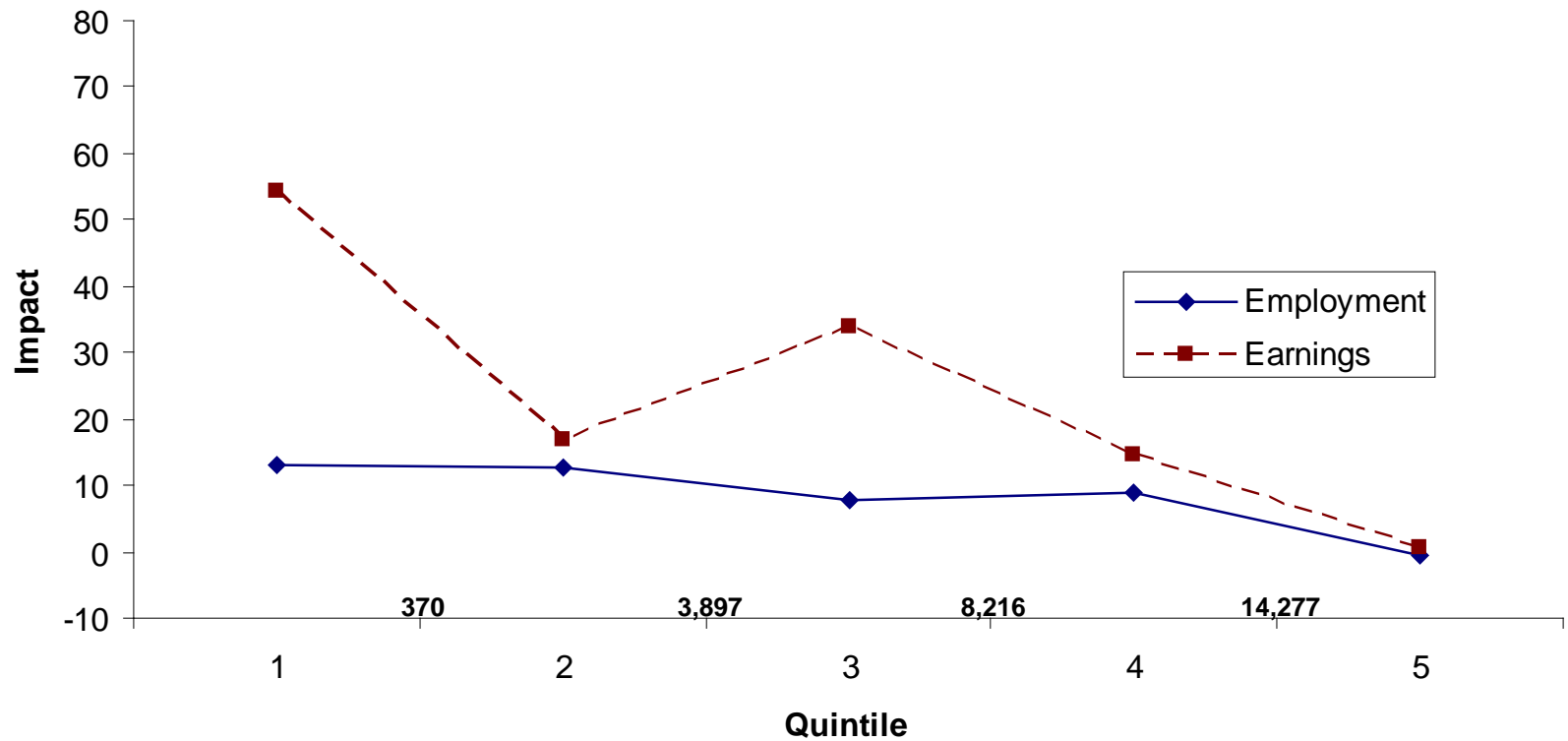
Summary

- All programs increased employment rates, on average (impacts on order of 10-15%)
- Most program increased earnings, on average (impacts large, on order of 20-30%)
 - Exception is Adult Basic Education

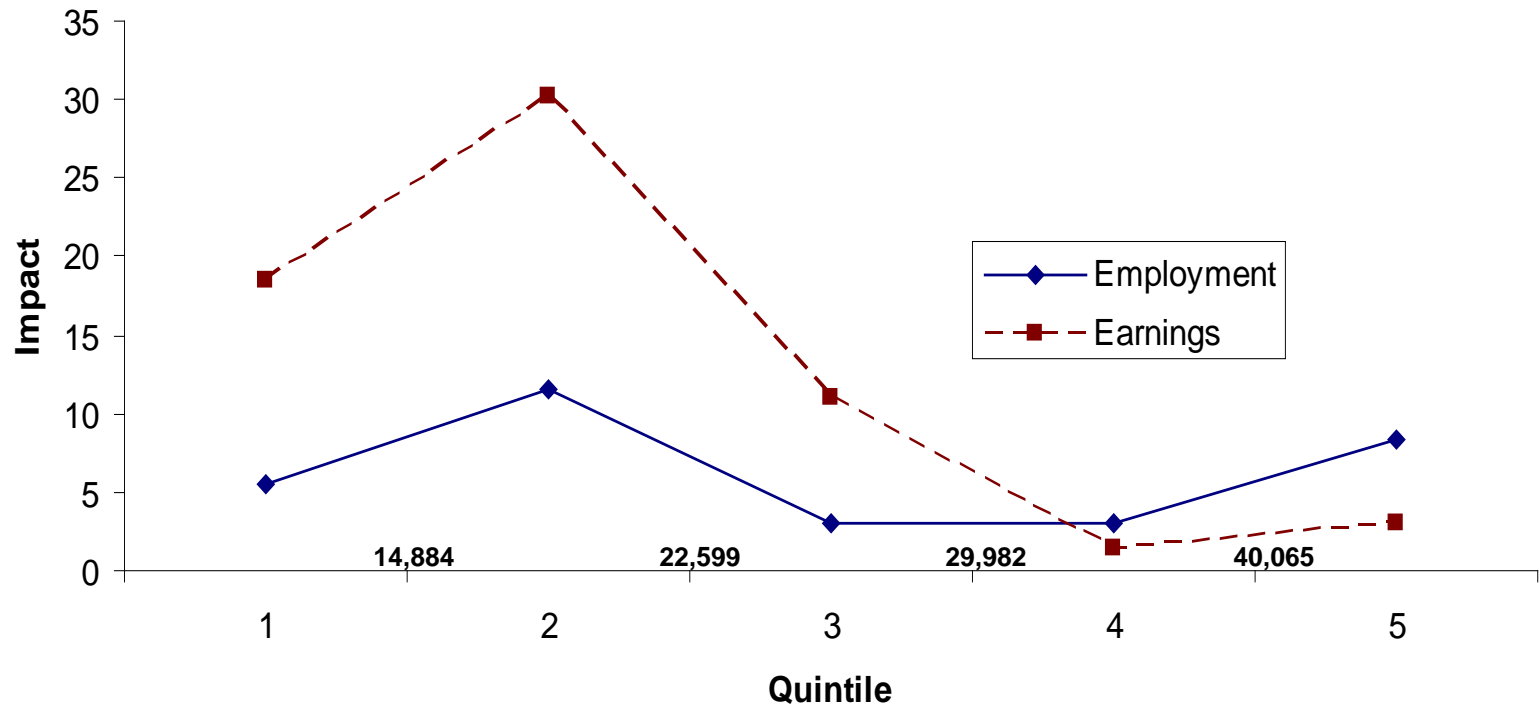
Net Impact, by Earnings Quintile

- For each program, divided program participants into quintiles by annual earnings prior to entry
- Divided comparison group into quintiles
- Compared mean net impacts by quintile; impacts in graphs are quarterly net earnings impact 8-11 quarters after exit as a percentage of average earnings prior to entry; ditto for employment
- All results in 2000 \$

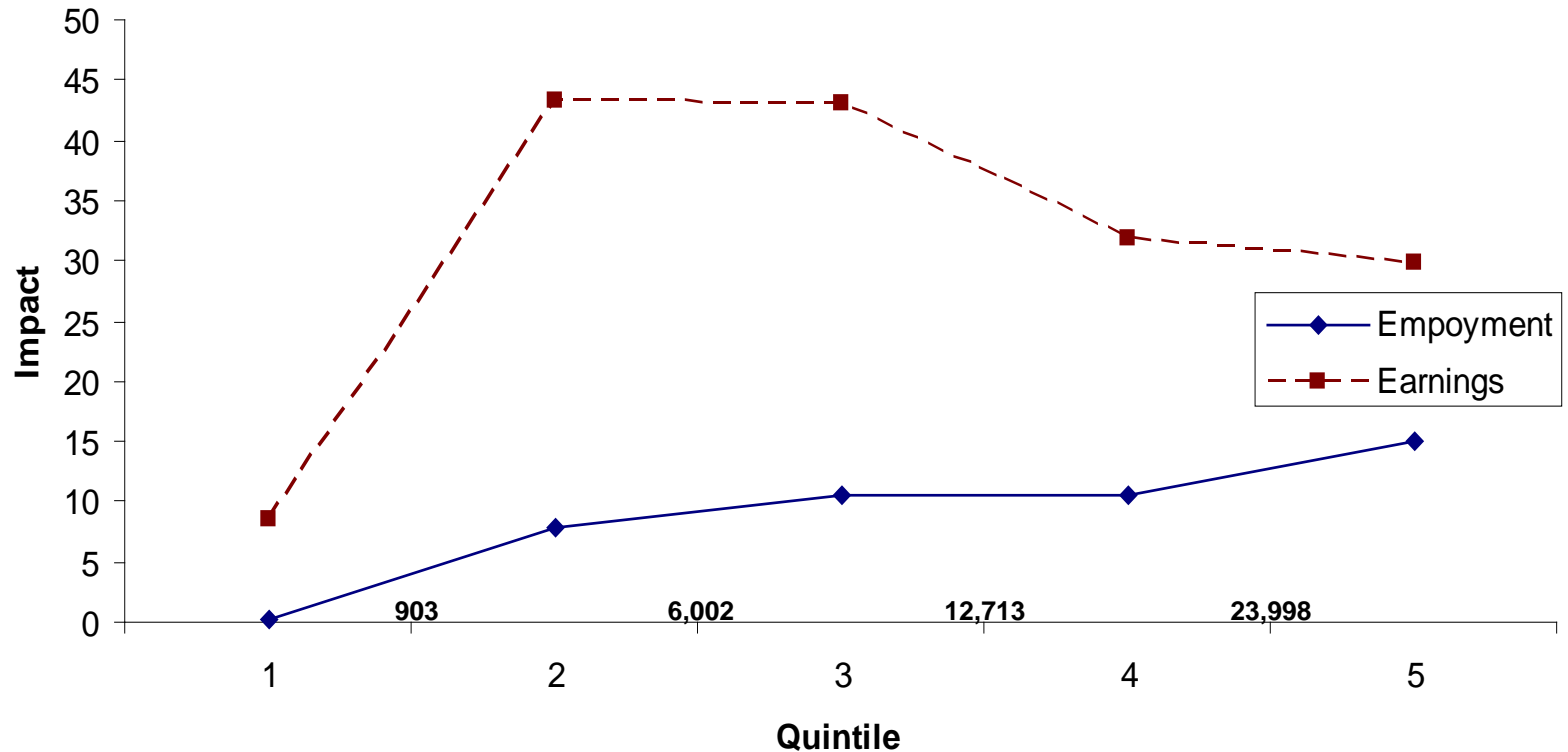
WIA Adults



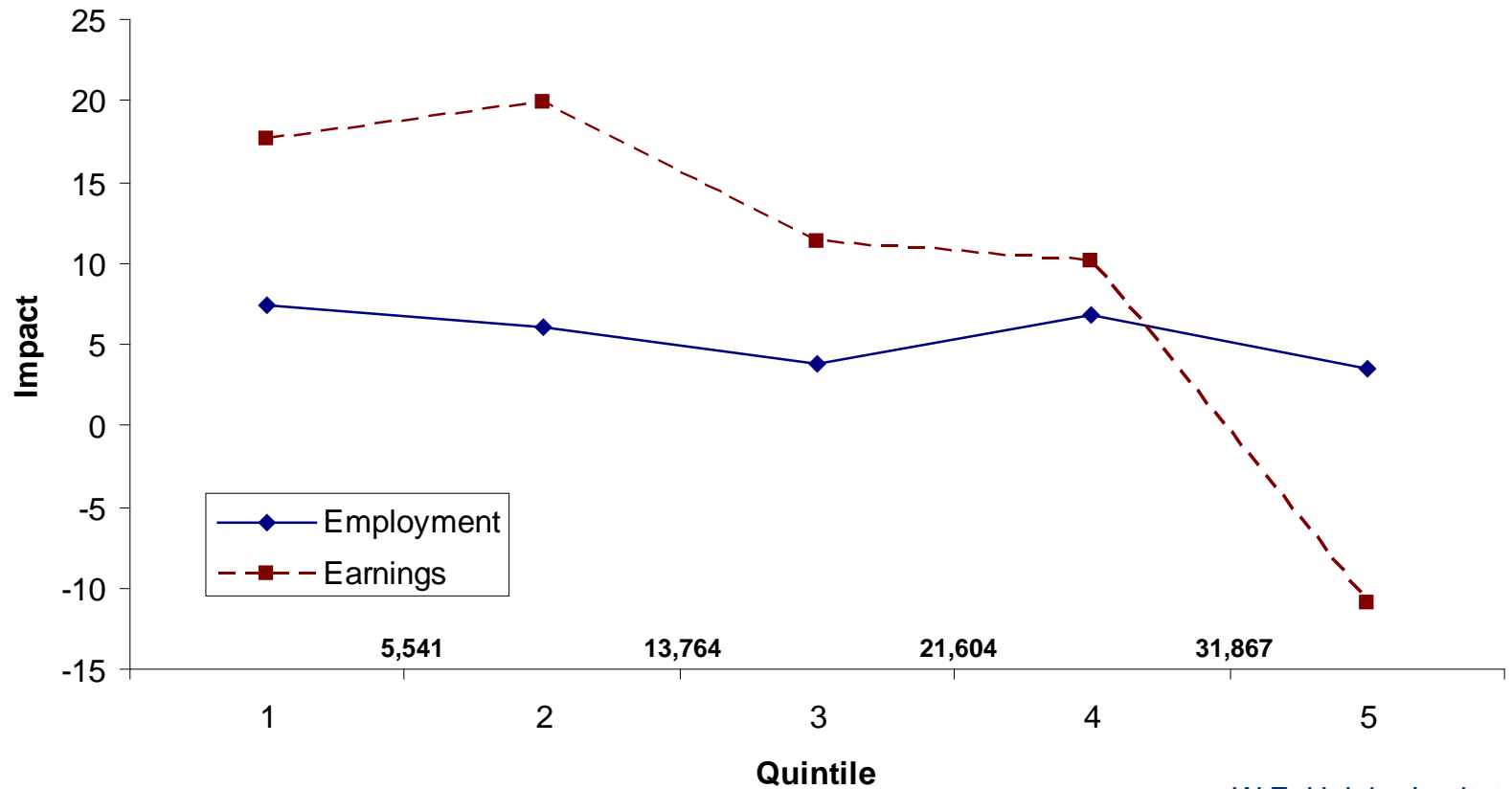
WIA Dislocated Workers



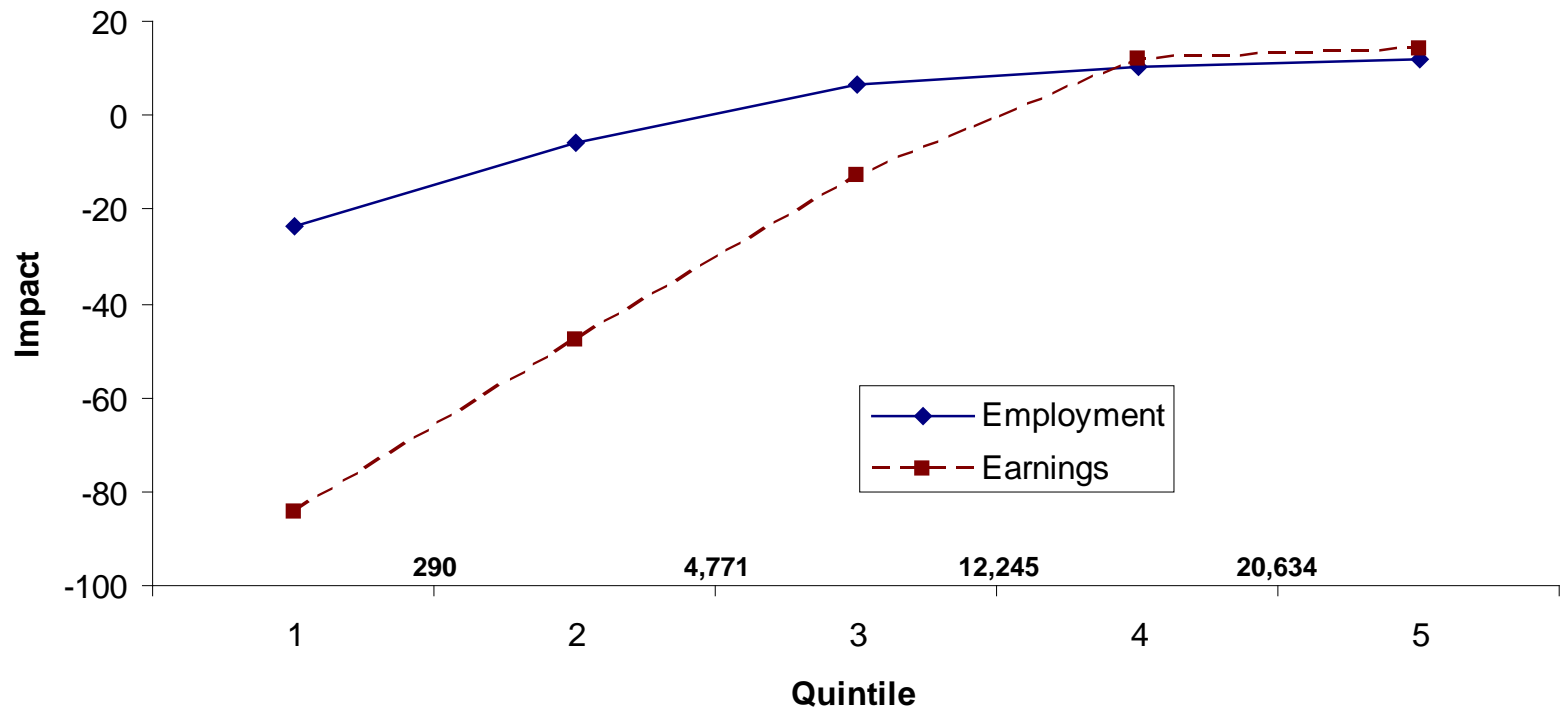
Job Prep (Postsec. CTE)



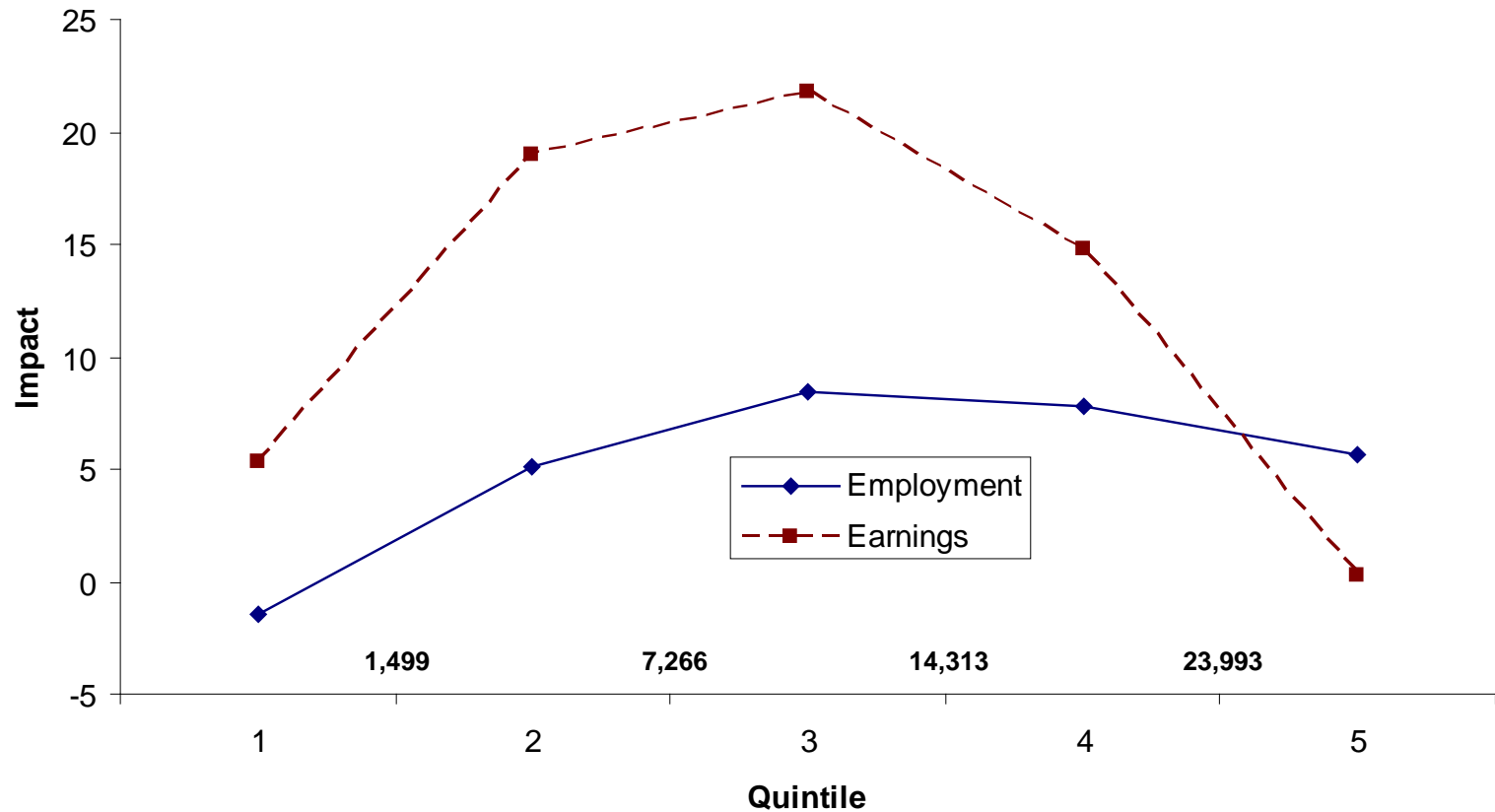
Worker Retraining



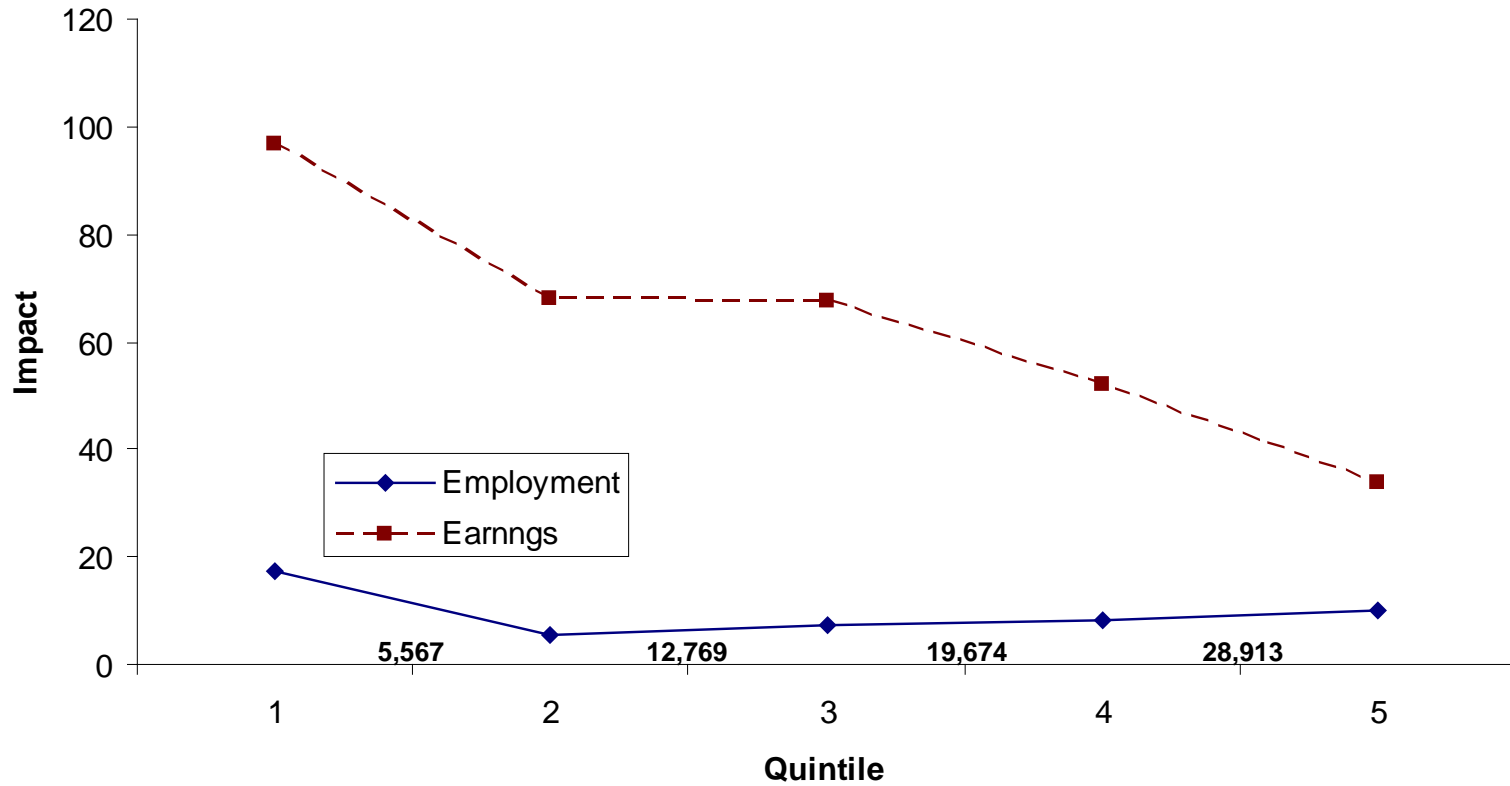
ABE



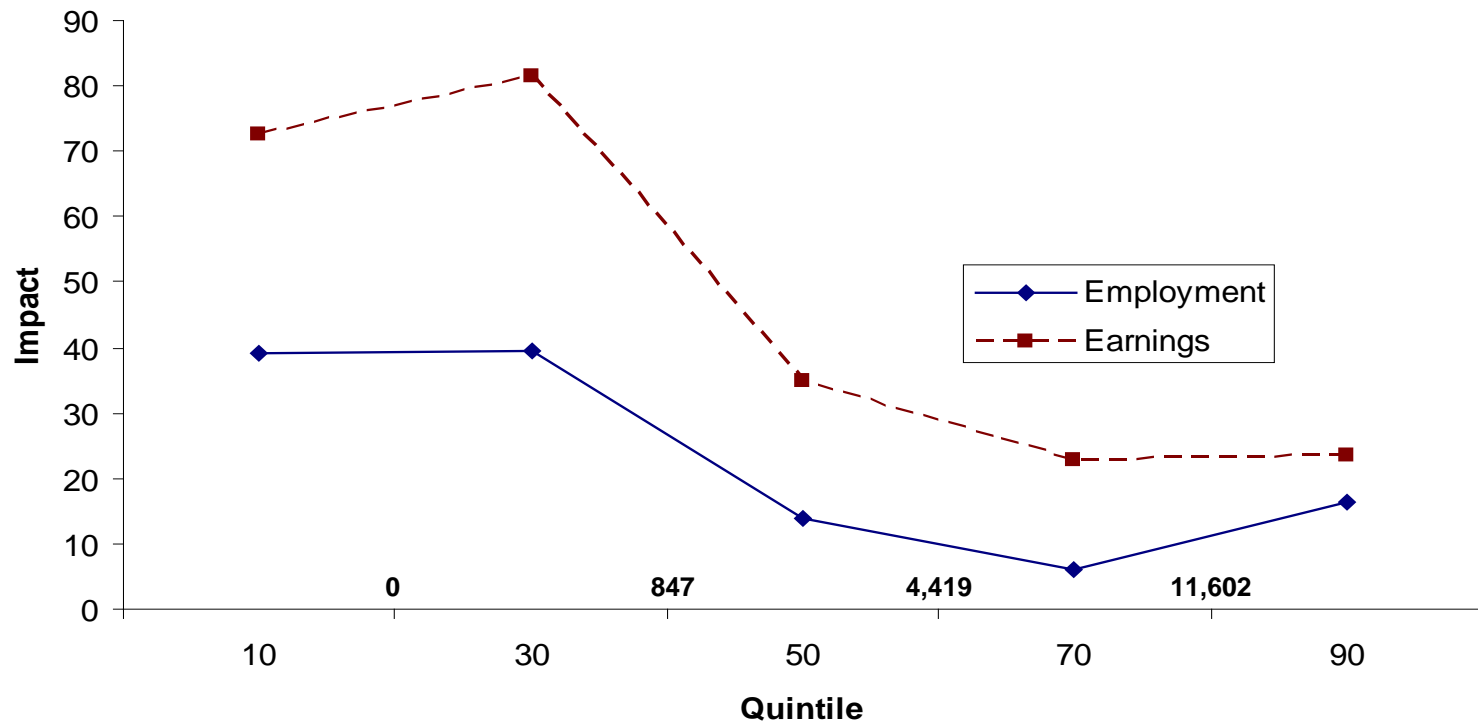
Private Career Schools



Apprenticeship



Vocational Rehabilitation



Findings

WIA – Adults	Progressive
WIA – Dislocated Workers	Weakly progressive
Job Prep (Postsecondary CTE)	Weakly progressive
Worker Retraining (DW)	Weakly progressive
ABE	Regressive
Private Career Schools	Neutral
Apprenticeships	Weakly progressive
VR	Progressive

Discussion

- Many caveats
 - One state
 - One particular year
 - Quasi-experimentation
 - May be other, better distributional measures
- Nevertheless, we see
 - Education tends to be regressive relative to Job Training
 - Public system more progressive than individual choice programs (WIA, WR, DVR)

Discussion

- If public provision/subsidization is based on equity grounds, then
 - system should be monitoring and reporting outcomes by distribution
 - perhaps we should consider performance standards by distribution