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APRIL 2015

### In this issue . . .

*Kevin Hollenbeck*  
Sectoral Initiatives and  
Opportunity Youth



*Seth Gershenson*  
Did No Child Left Behind  
Affect Teacher Attendance?  
Evidence from North Carolina



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## Sectoral Initiatives and Opportunity Youth

An estimated 6.7 million individuals in the United States are between the ages of 16 and 24 and are not employed, not in school, and have not earned a postsecondary credential. An acronym that is applied to these individuals is NEET (not employed or in education and training). A more hopeful appellation is opportunity youth (OY). This article is based on a recent policy paper (Hollenbeck [2014]; see [http://research.upjohn.org/up\\_policypapers/18](http://research.upjohn.org/up_policypapers/18)) that reviews policies targeted at OY and examines the extent to which sectoral initiatives, which operate on the demand side of the labor market, can help to facilitate pathways into productive careers.<sup>1</sup>

### Sectoral Initiatives

Workforce development sectoral initiatives have evolved from the work of Michael Porter (1990, 1998, 2000) on the economic development advantages of industrial clusters. Such clusters involve collections of regionally based companies operating horizontally or vertically in the same industrial sector(s) in order to exploit localized agglomeration economies. These economies, or positive externalities, are at least threefold:

- 1) Benefits that arise from an accessible labor pool with appropriate skills; not only do incumbent workers possess the needed skills heightened by on-the-

job training and experience, but training institutions in the region that are meeting the local demands are likely to offer to potential workers the skills training that is suitable to the cluster.

- 2) Development of supplier firms (second- and third-tier firms) that keep inputs available and presumably competitively priced.
- 3) Network effects: proximity facilitates communication flows that may lead to innovation, business-to-business transactions, and increasing interdependence.

Workforce development entities, recognizing the need for involvement of private sector and other employers in order to be successful, have formed partnerships with firms in clusters. We refer to these partnerships as sectoral initiatives. A major advantage of these initiatives is that the workforce systems develop networks with employers that allow them to more effectively train and place customers (see Conway and Giloth [2014]). From a workplace development perspective, sectoral initiatives narrow or bound the occupations that trainees can focus on, and they are a convenient venue from which to derive employer input into training delivery and job development.

An important structural element of workforce development sectoral initiatives is the intermediary that organizes and convenes (in person or virtually) the participants. In general,

employers focus on their own production issues (inputs, throughputs, and outputs) and maintain their customer base. Furthermore, employers are engaged in competition with other employers. Educators and workforce development agencies typically focus on providing services to customers needing skill training and job search assistance. Often, the educational and workforce agencies consider themselves to be in competition as well. An intermediary organization (which sometimes may come from the education or workforce development side of the market) brings together employers,

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**Sectoral initiatives are a convenient venue from which to derive employer input into training delivery and job development.**

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educators, and workforce development agencies to identify and exploit areas in which collaboration among the entities is possible and beneficial. In some instances, the collaboration may bring in economic development agencies, philanthropic organizations, governmental agencies, or others with an interest in the economic or community development goals of the initiative.

On the supply side of the labor market, the intermediaries get involved in recruitment; provision of services, such as training; provision of or referral to support services, as necessary; placement; and follow-up assistance. On the demand side of the labor market, the intermediaries conduct job development, organize and communicate with the sectoral network of firms, and help them meet their labor market needs.

**Evidence about the Impact of Sectoral Initiatives on OY**

Maguire et al. (2010) is usually considered the most rigorous evaluation of sectoral initiatives. This study features a random assignment framework for evaluating the net impact of sectoral initiatives on the employment and earnings of individuals at three fairly large, established workforce development programs: Wisconsin Regional Training

Program (WRTP) in Milwaukee, Jewish Vocational Services (JVS-Boston), and Per Scholas in Brooklyn. These programs serve individuals of all ages with several different employment barriers, but in particular, around 30 percent of the clients are aged 18–24. The WRTP program provides short-term preemployment training in construction, manufacturing, and health care; JVS-Boston provides training in preparation for jobs in medical billing and accounting; and Per Scholas focuses on computer technician occupations.

Maguire et al. (2010) find quite positive outcomes for the overall population of participants—annual earnings increases of \$4,500 (about 18 percent), more months of employment, higher wage rates, and a greater likelihood of holding jobs with benefits. Most of the positive outcomes occurred in the second follow-up year. For youth aged 18–24 in 2003, when data from all the sites were pooled, the statistically significant net impacts were about \$3,100 in annual earnings in the second year, one month of extra employment in the second year, 237 hours of employment in the second year, 2.7 extra months in the first year with a wage rate over \$11 per hour, and 2.0 extra months in the second year with a wage rate over \$11 per hour.<sup>2</sup> Whereas the report does not break out the quantitative results by site for the youth subgroup, the text notes that youth at the JVS-Boston site did particularly well vis-à-vis the control group. Maguire et al. (2010) suggest that this may have occurred because of particularly effective supports at that site.<sup>3</sup>

Gasper and Henderson (2014) assess the employment and earnings outcomes of individuals who participated at one of three Career Centers in New York City. They also find statistically significant impacts for youth aged 18–24. The three sectoral initiatives are the Transportation Career Center, the Healthcare Career Center, and the Manufacturing Career Center. The study uses a quasi-experimental approach that statistically matches individuals who received services from the sector-focused career centers to individuals who received services at the Workforce 1 Career Centers in New York City (the city's one-

stops). The percentage of participants in the 18–24-year-old age range in this study is only about 12 percent compared to 30 percent in Maguire et al. (2010).

Nevertheless, Gasper and Henderson (2014) find statistically significant employment and earnings impacts for youth aged 18–24 in the first year after program exit.<sup>4</sup> The net impact of the sector-focused career centers on employment in the fourth quarter after exit was 3.8 percentage points, or about 6 percent. This was statistically significant. Also statistically significant was the net impact on total earnings for the four quarters after exit—\$3,294, a percentage increase of about 30 percent. In short, this evaluation presents quite strong evidence that a sectoral initiative can have positive employment and earnings impacts on young people aged 18–24.

**Policy Recommendations**

Whereas the focus of the review paper is on the demand side of the labor market—that is, how workforce development sectoral initiatives can help to engage OY in employment or training activities—it should be noted that a root cause of the disengagement of many youth is a poor experience or preparation in high school. Strengthening career and technical education, and in particular, integrating work-based learning

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opportunities, may make high school more relevant and interesting for at-risk students and may stem disengagement. The intermediaries and workforce development partners in sectoral initiatives should ensure that partnerships include K–12 districts, particularly the career and technical education administrators of those districts, and firms should make an effort to serve on career and technical education advisory committees and offer internships or other work-based learning opportunities.

In considering the liabilities and needs of OY, overcoming technical or

employability skill deficiencies and simultaneously providing means of support imply solutions that pair “learning and earning.” Apprenticeships are an obvious model, wherein individuals are employed and receiving on-the-job training, while also pursuing related academic instruction. Traditionally, apprentices are older than 24, but programs such as the Wisconsin Youth

**Most research on youth programs note that it is a hard demographic in which to make a lot of progress and bring programs to scale.**

Apprenticeship model serve high school students.<sup>5</sup> Again, this kind of program can engage youth who might otherwise flounder in high school and drop out.

Because members of the OY population are not engaged in training or education, outreach to these young people may present a challenge. As a consequence, it would seem incumbent upon workforce intermediaries or other workforce development agencies to have the capability to immediately assist any young person who happens to encounter the agency. Technology should be available to allow an individual to complete a skills and competency inventory and output a resume on a flash drive. Private sector employers who are on workforce boards or are otherwise involved in sectoral initiatives should participate in career fairs for youth, at which they can engage in mock interviews and critique the job search and interview skills of participants.

Many OY have entrepreneurial skills that can and should be triggered. Well-publicized competitions or mentorships with successful entrepreneurs are strategies that may capture and display entrepreneurial abilities. The policy paper cites an example in Paris, where an annual competition called Talent Revealers is staged in which the most successful young entrepreneur is recognized and given a cash prize of 12,000 euros, which is contributed by companies.

As a closing note, it should be recognized that there is no “silver bullet”

that solves all the issues for OY. Marginal progress may be the best that can be accomplished. Whereas some studies find positive outcomes for some programs, most research on youth programs note that it is a hard demographic in which to make a lot of progress and bring programs to scale. One lesson that has emerged from the existing literature is that adequate planning is a necessity. A good example to study is the New York City Young Adult Sectoral Employment Project (see JobsFirstNYC [2014]). The lesson from this initiative is that it is best to go slowly and get potential intermediaries and employers together to jointly formulate interventions before actually enrolling youth.

#### Notes

1. Funding for the paper was provided by the Rockefeller Foundation and the Pew Charitable Trusts. I would like to thank Jennifer Thornton of the Pew Charitable Trusts for her thoughtful guidance in developing the paper. The views expressed in that paper and in this article are solely mine and do not necessarily reflect those of the supporting institutions.
2. The control group worked, on average, 7.4 months of the second year and averaged 1,095 hours for the year. The treatment group worked, on average, 8.4 months of the second year and averaged 1,332 hours of work for the year.
3. Maguire et al. (2010) note that there were no statistically significant impacts at the WRTP or Per Scholas sites for youth, which means that positive results were not sizable enough relative to their standard errors to be statistically significant.
4. At first blush, it appears as though the timing of the positive outcomes for the two evaluations differs. However, the difference is likely due to the baseline starting point. The Maguire et al. (2010) random assignment evaluation measures outcomes relative to the start date, whereas the Gasper and Henderson (2014) evaluation measures outcomes relative to the program’s exit date.
5. Sum et al. (2014) indicate that Georgia and South Carolina also have developed youth apprenticeship programs.

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Seth Gershenson

# Did No Child Left Behind Affect Teacher Attendance? Evidence from North Carolina

Attaching incentives to students' performance on standardized exams has the potential to alleviate the principal-agent problem inherent in the relationship between stakeholders and schools, improve student achievement, and reduce the costs of public education. Indeed, this is the motivation behind the state-level consequential accountability policies introduced in the 1990s and the 2001 passage of the federal No Child Left Behind Act (NCLB).<sup>1</sup> The efficacy of such policies is central to the current debate surrounding the reauthorization of the Elementary and Secondary Education Act, under which NCLB was first passed.

Consequential accountability policies are typically associated with modest, statistically significant increases in student achievement ranging from 10 to 30 percent of a test-score standard deviation (Figlio and Loeb 2011). However, critics contend that these test-score gains are illusory and reflect strategic responses by schools rather than true learning gains. Evidence of strategic responses to the incentives provided by consequential accountability policies runs the gamut from the relatively innocuous (e.g., "narrowing of the curriculum") to the nefarious (e.g., explicit teacher cheating). As a result, the mechanisms through which consequential accountability policies affect academic achievement are not entirely understood, but they have implications for the design of future education policies and the public sector performance standards movement more generally.

Increased teacher effort is one potential mechanism through which consequential accountability policies might improve student achievement, as teachers play a critical role in the educational process. Teacher attendance measures one dimension of teacher effort that is known to affect student

achievement.<sup>2</sup> Moreover, teacher absences are financially costly and create negative externalities by influencing the attendance of their peers. This article is based on a recent Upjohn Institute Working Paper (Gershenson [2015]; see [http://research.upjohn.org/up\\_workingpapers/217/](http://research.upjohn.org/up_workingpapers/217/)) that examines one potential mechanism through which consequential accountability policies affect student achievement by considering how, if at all, the threat of sanctions associated with failing to meet NCLB's performance standards affected teacher absence rates in North Carolina.

## Accountability Pressure in Early Years of NCLB

NCLB required all schools to make adequate yearly progress (AYP), which included meeting percent proficient, attendance, and test-participation thresholds both overall and for specific subgroups of the student population. Furthermore, the act mandated additional sanctions (e.g., restructuring and state takeover) on Title I schools that failed to make AYP in consecutive years. The subsequent discussion focuses on Title I schools, as they comprise the majority of North Carolina's public primary schools, and the threat of sanctions there was particularly salient.

In 2004, teachers in schools that failed to make AYP in 2003 (the first year of NCLB) were under considerably

more pressure than their counterparts in schools that made AYP in 2003, as the former were in schools at risk of failing to make AYP for two consecutive school years.<sup>3</sup> Thus, teachers in schools that failed to make AYP in 2003 compose the treatment group, while their counterparts in schools that made AYP in 2003 compose the control group. However, a simple comparison between the 2004 attendance records of teachers in the treatment and control groups is unlikely to provide a valid estimate of the effect of failing to make AYP on teacher absences, as the treatment (i.e., failing to make AYP in 2003) was not randomly assigned to schools. Specifically, the schools that failed to make AYP in 2003 might systematically differ from their counterparts that made AYP in 2003 in both observable and unobservable ways.

## Main Results

That problem can be avoided using a difference-in-differences (DD) strategy that uses data from 2003 to control for preexisting differences between treatment and control schools. The method's name comes from the fact that in its simplest form, the DD estimate is simply the difference between two differences: the difference in average annual absences between treatment and control schools, between 2003 and 2004. Table 1 presents the sample averages used to compute the DD estimate of the effect of failing to make AYP on annual teacher absences. The DD point estimate of  $-1.25$ , which is strongly statistically significant, suggests that on average teachers in schools that failed to make AYP in 2003 took 1.25 fewer absences in 2004. To put this number in perspective, note that the average teacher was absent about 8.7 times per year, so 1.25 represents a

**Table 1 Mean Annual Teacher Absences**

Year	School failed in 2003	School passed in 2003	Difference
2004	7.97	8.97	-1.00
2003	9.01	8.76	0.25
Difference	-1.04	0.21	-1.25***

NOTE: N = 8,080 teacher-years. The standard error of the difference-in-differences estimate of  $-1.25$ , which is robust to clustering at the school level, is 0.43. \*\*\* $p < 0.01$ .

SOURCE: Author's calculations using data from the North Carolina Education Research Data Center.

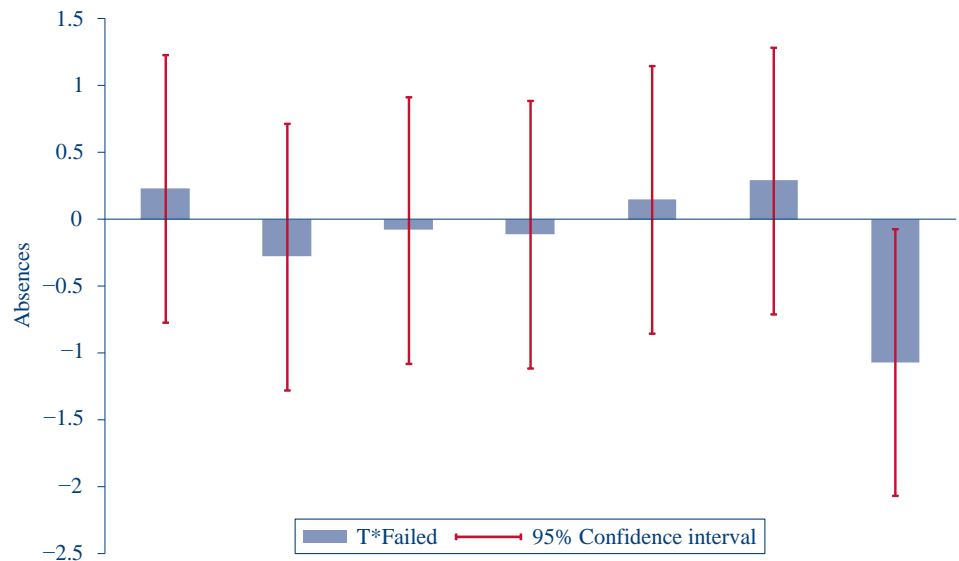
14 percent decrease. The DD estimate remains similar in magnitude when the sample is restricted to teachers who did not change schools between 2003 and 2004, which suggests that the effect of sanctions associated with failing AYP on teacher absences is driven by within-teacher changes in behavior, not by changes in the composition of schools' teaching staffs. The decrease is even larger among more effective teachers who attended selective undergraduate institutions and who have higher value-added measures of effectiveness.

More sophisticated regression-based DD estimators that control for observed teacher qualifications, observed school characteristics, school fixed effects, teacher fixed effects, and school-specific time trends yield similarly sized, statistically significant estimates ranging from about  $-1.0$  to  $-1.6$ . These results suggest that the main results are not driven by changes in the student bodies of "treatment" schools relative to those of "control" schools between 2003 and 2004. The DD estimate presented in Table 1 is similarly robust to the way in which teacher absences are measured. For example, the analogous DD estimate of the effect of accountability pressure on the likelihood that a teacher is absent 15 or more times per school year is  $-0.03$ , which represents a 30 percent decline.

### Sensitivity Analysis

The DD estimates discussed above are suggestive of a causal effect of failing AYP in 2003, and the resulting increase in accountability pressure, on teachers' 2004 attendance. However, the validity of DD estimates hinges on the "common trends" assumption that there was no preexisting differential trend in teacher absences in treated schools (i.e., schools that failed AYP in 2003). This assumption is easily tested in an event-study framework using several years of data prior to the passage of NCLB. Intuitively, the event-study model includes placebo "treatment effects" of failing AYP in 2003 on absences in prior years. Event-study estimates, using data from 1997 to 2004, are depicted in Figure 1. The bars represent the effect of failing AYP in 2003 on annual teacher

**Figure 1 Event-Study Estimates, 1997–2004**



NOTE: 95% confidence intervals, which are robust to clustering at the school level, are reported. SOURCE: Author's calculations using data from the North Carolina Education Research Data Center.

absences in each year from 1998 onward. If the common trends assumption holds—that is, there is no preexisting differential trend in the treated schools—the 1998–2003 interaction terms should be statistically indistinguishable from zero. Indeed, this is exactly what we see in Figure 1, as each of the 95 percent confidence intervals includes zero. However, in 2004, the year in which we expect to see an effect of failing AYP in 2003, the estimated effect is about  $-1.10$  and statistically significantly different from zero. This is in line with the DD estimates discussed above and provides further evidence that the DD estimate presented in Table 1 can be given a causal interpretation.

### Conclusion

The estimated effect of performance standards on teacher absences is consistent with previous research on the malleability of teacher effort, as Ahn (2013) and Jacob (2013) find evidence that teacher effort, as measured by teacher absences, responds to incentives. Moreover, the magnitudes of the effects discussed above are similar to those of the estimated effects of a policy change in Chicago that granted principals the discretion to dismiss

probationary teachers (Jacob 2013). Finally, the estimates reported here likely underestimate the total effect of NCLB's accountability pressure on teacher effort, as NCLB placed pressure on all schools, including those that made AYP in 2003, and attendance only represents one dimension of effort.

The results discussed here have at least three implications for education policy and for public-sector performance standards more generally. First, that teacher absences declined in response to increased accountability pressure suggests that one mechanism through which consequential accountability policies affect student achievement is through increased teacher effort. Second, these results contribute to the growing body of evidence that teacher effort, as measured by absences, responds to both school- and individual-level incentives. In particular, salient incentives associated with school-level academic performance can alter individual teacher behaviors. Finally, the heterogeneity in teachers' responses to the threat of sanctions suggests potential benefits to policy designs and teacher training programs that account for such differences. For example, to the extent that teachers in tested and nontested grades responded differently to the threat of sanctions,

standard labor economic theory suggests that if jobs in tested grades are more stressful, such jobs can pay compensating differentials. The differentials need not be monetary and could instead be provided in the form of additional planning periods, teaching aids, mentorship, or professional development. Similarly, that the increase in effort was particularly strong among more effective teachers suggests that providing additional support to less effective teachers may be helpful, particularly for teachers and schools subject to increased accountability pressure.

### Notes

1. See Figlio and Loeb (2011) for a thorough review of such policies.
2. For example, Herrmann and Rockoff (2012) provide persuasive evidence that teacher absences in New York City's public schools harmed student achievement.
3. Years refer to the spring semester of academic years, so 2003 refers to the 2002–2003 academic year.

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