

Federally-funded Workforce Development

Carolyn J. Heinrich

University of Texas at Austin

National Academy of Sciences Symposium on The Supply Chain for Middle-Skill Jobs: Education, Training, and Certification Pathways, June 24-25, 2015



Workforce development role in middle-skill employment

- Employer-provided training offered to better educated, skilled workers (firm-specific, higher occ. skill-intensity)
 - Gaps in access to training are worsening inequality between higher- and less-skilled workers (in human capital accumulation and wages)
- U.S. will struggle to compete in the global labor market for middle-skill jobs if we under-supply workers with requisite skills
 - U.S. government spending on workforce development has averaged less than 0.5 percent of GDP (most western European countries spend 6-7 times more)

Workforce training improves labor market outcomes

- Adult program evaluation findings: earnings increases of \$320-\$887/quarter for participants (5-26% of earnings) and 5-29 %-point employment increases
- Low-intensity services (e.g., job search assistance) generate positive, short-run impacts that fade; impacts of vocational training mature slowly but turn positive and grow larger
 - Sectoral training programs that combine classroom and workplace training in sectors with expanding employment opportunities are more effective on average
- Smaller employment impacts and little or no impacts on earnings for dislocated worker programs
- Mixed evidence on youth programs; promising models in Year Up, Career Academies and dual apprenticeships (awaiting findings on YouthBuild)

Limitations of evidence base

- Estimates of program impacts primarily focus on *average* employment and earnings or wages
 - Scant information on variance in returns to different types of training; idiosyncratic definitions of training
- Little or no measurement of skills, credentials or productivity gains from training and limited follow-up periods for evaluating gains
- Few studies monetize other impacts, such as govt. savings or reductions in welfare spending and crime
- Full accounting of costs and benefits rare; accurate data on direct program costs (and efficiency) lacking



Coordination and alignment in workforce development programs

- Increasing coordination under WIA and new requirements under WIOA
 - Unified, strategic 4-year plans: DOL, DOE, DHHS, HUD
 - Mandated partnerships/co-location at local level
 - Comprehensive regional and industry/sector partnerships to boost middle-skills training in growth industries
 - Dual customer focus—job seeker and employer—motivated by new performance measures
 - Greater emphasis on work-based learning; Title I youth program required to spend at least 20% on work experience and incorporate CTE

Increasing role of data in planning and coordination

- Greater coordination and **resources** needed across state and local jurisdictions for linking and analyzing workforce development system data (including longitudinal analysis)
 - Progress under WDQI, but piecemeal; Strategic Workforce and Education Alignment Project is developing data tools for supply-demand analysis, dashboards, career pathway eval.
- Common performance measures coming under WIOA for adult core programs and programs serving youth
 - New adult measures for receipt of secondary diploma, postsecondary skills/credentials, and employer engagement
- Expanded performance reporting requirements, Pay for Performance contracting



Recommendations for workforce development programs and policy

- Use new flexibility under WIOA to shift more funding toward WIA Adult (vs. Dislocated Workers) programs
- Make additional federal funding contingent on service levels to disadvantaged adults and youth
- Increase funding for sectoral programs; expand training capacities in high-demand, middle-skill sectors
- Continue to fund, evaluate and scale up (as supported by evidence) innovative work-based learning strategies for youth (incl. dual apprenticeships, CTE)

Recommendations (continued)

- Improve access to data for identifying high-value training programs and link ITA allocations and other aid to performance of individuals and educational institutions (e.g., completion rates)
- Make data on training and other program costs available for calculating worker and program efficiency/productivity and returns to public-private partnerships
- Coordinate use of performance measures and incentives *across* (as well as within) education and training programs funded by DOL and DOE
- Increase support for cross-state research efforts and exchanges facilitated by organizations such as NASWA