

Measure for Measure: Assessing traditional and sectoral strategies for workforce development

This report summary is the second in a three-part series from The Aspen Institute's Sectoral Employment Development Learning Project (SEDLP) – a multi-year, multi-site evaluation designed to investigate the key characteristics, operational features and effectiveness over time of sectoral workforce development programs. The purpose of the “Measure for Measure” publication is to make both the general concept of the sector strategy and the particular outcomes of sector programs accessible to policymakers in easy-to-understand terms. To this end, the authors benchmark SEDLP findings against those from other workforce development demonstration projects, particularly the National Job Training Partnership Act (JTPA) Study. The topical areas of each paper in the series are:

- Baseline characteristics and preliminary outcomes (Report No. 1; published October 2000)
- Intermediary assessment of outcomes 12 months after training (this Report)
- Analysis of final outcomes at 24 months and policy implications of the study (Report No. 3; forthcoming)

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Introduction

Numerous evaluations have been conducted during the past 20 years to document which types of employment and training strategies are successful at helping economically disadvantaged Americans find jobs and increase their earnings. Many of the services that have been evaluated, such as job-search assistance and classroom and on-the-job training, have demonstrated some positive, statistically significant earnings and employment impacts for disadvantaged adults, especially women. These positive findings, however, tend to be de-emphasized in subsequent analysis and discussion. More often than not, the enduring message that sifts through to policymakers is that training programs fail to alleviate poverty. This, in turn, has led to a common perception among policy audiences that training does not work.

This sentiment partly explains why, in the most recent reforms of workforce and welfare law, Congress favored intervention strategies designed to promote rapid attachment to the labor force as opposed to more time-intensive and costly training options. Rapid attachment or “work first” policies have come to the forefront during a period of strong economic growth and tight regional labor markets. As a result, more Americans are participating in the labor market than ever before. However, while more people are working, the percentage of non-elderly adults and children who live in low-income families also is growing. These diverging trends suggest that work, in and of itself, is not a sufficient safeguard against economic hardship. To help working poor individuals out of dead-end jobs and into work that pays well and allows for advancement, it is more important than ever to provide and promote skill-building opportunities.

One purpose of The Aspen Institute's Sectoral Employment Development Learning Project is to document the labor market experience of disadvantaged adults following their participation in six well-known sectoral or industry-focused employment development programs.¹ In this second report in the SEDLP Policy Project Series, the 12-month findings

¹The 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.; Project QUEST, San Antonio, Texas. For a description of each project, see *Measure for Measure: Assessing Traditional and Sectoral Strategies for Workforce Development, SEDLP Policy Project Series Report No. 1* or visit our Web site: www.aspeninstitute.org/eop/eop_sedlp.html#about.

from the SEDLP's participant survey are presented alongside benchmark findings from other job-training and welfare-to-work evaluations, especially the National JTPA Study (NJS). By placing SEDLP findings in the context of other evaluation findings, and by describing some of the key strategies that sector programs use to help improve outcomes for both job seekers and employers in targeted industries, it is hoped that sectoral approaches to workforce development become more widely understood, and that policymakers who believe that training does not work will begin to re-evaluate their position.

Understanding Sectoral Approaches to Workforce Development

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How do sectoral approaches to workforce development improve employment and earnings outcomes for program participants?

Whereas the traditional debate in workforce development focuses on the pros and cons of providing services that promote rapid attachment to work vs. better mastery of basic skills, sector programs choose a different emphasis. Sector programs such as the six taking part in the SEDLP meld a strong employment focus with investments in skills training. Training is an upfront and non-equivocal first step in the employment process, and is designed to simulate a working environment in as many respects as possible. Emphasis is placed on moving candidates successfully and permanently into employment by first immersing them in the specific skills and protocol of a particular industry and occupation, which familiarizes them with all of the norms and expectations that apply in that field. Programs have a deep understanding of the target population they serve and the barriers to employment these people face. At the same time, their industry-specific knowledge and experience allow them to build relationships with employers and to tailor training and other types of services to address the skill needs of the industry. Within this industry- and community-embedded context, sector practitioners believe they become better positioned to help disadvantaged job seekers qualify for and gain access to entry-level jobs that pay good starting wages, provide benefits and offer opportunities for career advancement.

12-Month SEDLP Outcomes in Context

How successful are the participants of sectoral workforce development programs at finding and retaining quality employment, and advancing toward self-sufficiency?

In the SEDLP participant survey, conducted one year following the completion of training, the employment, earnings and job quality outcomes reported by respondents are highly promising and appear to support the idea that sectoral employment development programs can help disadvantaged individuals find pathways out of poverty. Both in general and in relation to other evaluation findings, SEDLP survey participants have been very successful in securing quality employment that offers better starting wages and benefits during the first year following training. While there are limitations on the extent to which outcomes from other employment and

Benchmark Studies

| Program/Study (Abbreviation and Baseline Year) | Activities and Services | Target Population (Participation Requirement) | Evaluation Details |
|---|---|--|--|
| National Job Training Partnership Act Study (NJS, 1988) | Classroom training, on-the-job training, other services | Disadvantaged adults and youth (voluntary) | Experimental design, 16 sites, 30 months. Abt Associates, Inc.: Bloom (1991, 1993), Orr (1996) |
| JTPA Annual Outcome Data (JTPA, 1997) | Varies widely among the 600-plus programs. Full range of employment services | Disadvantaged adults and youth (voluntary) | Annual Standardized Program Information Report (SPIR) for all JTPA service delivery areas. Self-reported data. U.S. Department of Labor |
| Center for Employment Training (San Jose, Calif. site) (CET, 1982) | Classroom training, work experience | Disadvantaged minority single mothers (voluntary) | Experimental design – Minority Female Single Parent Demonstration Project, five sites, 60 months. Mathematica Policy Research, Inc.: Zambrowski (1993) |
| Greater Avenues to Independence (GAIN, 1988) | Job placement, job search, classroom training, on-the-job training | Aid to Families With Dependent Children/Temporary Assistance for Needy Families recipients (mandatory) | Experimental design, six sites, 36 months. Manpower Development Research Corporation: Riccio (1994) |
| National Evaluation of Welfare to Work Strategies (Portland, Ore. site) (NEWWS, 1993) | Labor force attachment (job placement, job search, job development) | AFDC/TANF recipients (mandatory) | Experimental design, 11 sites, 48 months. Manpower Development Research Corporation: Scrivener (1998), Freedman (2000) |
| Wisconsin Welfare Leavers Project (WWLP, 1996) | NA | TANF recipients who exited welfare for more than two months during the year | Outcome evaluation – 12-month, statewide analysis of administrative and survey data. Institute for Research on Poverty: Cancian, et al. (1999) |
| Sectoral Employment Development Learning Project Participant Survey (SEDLP, 1998) | Strategies vary across sites: occupational training, soft skills development, work experience, occupation-specific job search, job development services | Disadvantaged adults, TANF recipients (voluntary) | Reflexive control design with multiple data collection points and exhaustive sample, six sites, 40 months. The Aspen Institute's Economic Opportunities Program: Conway and Zandniapour (2000, 2001) |

training evaluations can serve as accurate benchmarks for SEDLP findings, there is still value in providing readers with information that can help sketch a rough context for assessing the strength of the SEDLP outcomes. The benchmark studies cited throughout this report are described in the box on Page 3.²

Employment

Overall, 94 percent of SEDLP survey respondents reported working during some part of the year following training. Of this group, 82 percent said they used the skills and knowledge they gained from sectoral training on the job, and 70 percent reported that the jobs they found were in the specific industry sector for which they received training. In contrast, a survey of JTPA participants conducted during the late 1980s during the same time period when the National JTPA Study (NJS) was under way found that only 46 percent of women and 49 percent of men reported using the skills they acquired through training on the job.³

In the SEDLP and all of the benchmark studies, more individuals worked during the follow-up period than during the period for which baseline measurements were taken. This is not surprising, given the tendency of many individuals to apply to employment and training programs only when they find themselves out of work and in particularly dire straits. In the SEDLP's first 12-month follow-up period, the employment rate among participants increased by 27 percent over the baseline rate of 67 percent. This improvement was benchmarked against findings for the treatment groups of several experimental studies including NJS, the National Evaluation of Welfare to Work Strategies (NEWWS) and the Minority Female Single Parent Demonstration Project (MFSP). The NJS recorded a 14-percentage point increase in the employment rate for program enrollees during the 18 months following baseline — from 71 percent to 85 percent. NEWWS participants at the Portland, Ore. site increased their rate of employment by 22 percentage points during a 24-month follow-up period — from 53.7 percent to 75.8 percent. Employment rates among treatment group members of MFSP's San Jose site at the Center for Employment Training (CET) increased by 16 percentage points to 62 percent during the first follow-up year of the study.

Earnings⁴

Individual earnings for SEDLP survey respondents increased an average of \$9,048 in the 12 months following training.⁵ Total earnings for employed respondents in the 12-month follow-up period averaged \$14,347. A before-and-after comparison of average annual earnings (excluding participants with zero earnings) shows an 82-percent earnings increase, from \$7,895 during the baseline year to \$14,347 during the follow-up period (a difference of \$6,452). These findings were benchmarked against the earnings outcomes for NJS enrollees as calculated for the 12 months following the end

²The SEDLP participant findings contained in this report reference outcomes for the non-incumbent portion of the SEDLP survey sample, which accounts for 77 percent of the total sample. The characteristics of non-incumbent SEDLP respondents most closely resemble those of participants in traditional workforce development programs.

³JTPA skills usage data drawn from the 1987 Survey of Income and Program Participation (SIPP) as cited in N. Grubb, *Evaluating Job Training Programs in the United States: Evidence and Explanations*, (1995) IV-8.

⁴Unless otherwise stated, earnings figures and wages from other evaluations have been inflated to 1998 dollars from the various baseline years of study. SEDLP earnings are reported in 1998 nominal dollars.

⁵The \$9,048 change in earnings is the average longitudinal change in earnings recorded for sample participants with valid answers to earnings questions (including zero earnings) in both waves of the study.

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of the evaluation's training period.⁶ Other benchmarks come from studies that deal specifically with welfare populations, including the Wisconsin Welfare Leavers Project (WWLP) and findings from the Portland NEWWS site.

The annual earnings of NJS enrollees in the year following training increased by an average \$4,473 over baseline year earnings (excluding zeros). Average earnings during this follow-up period were calculated to be \$10,394.⁷ The WWLP reported that former welfare recipients in Wisconsin averaged \$8,789 in annual earnings in the year after exiting welfare. Portland NEWWS participants who were employed during the follow-up period had annualized average earnings of approximately \$5,600 over a two-year follow-up period.

One of the main criticisms of employment and training programs is that even when they successfully help participants increase earnings, the increase is not enough to enable self-sufficiency. In many cases, individuals who increase their work effort and decrease reliance on subsidies experience very little change in overall income. While it may be a zero sum game, the supplemental income that low-income workers continue to receive from sources such as the Earned Income Tax Credit, food stamps, housing subsidies and friends and family is essential in helping to close the gap between what is earned and what is needed to make ends meet. For most individuals, however, reliance on public and private sources of supplementary income is neither a desirable nor sustainable alternative to securing one's livelihood through meaningful work.

Most experimental studies are not designed to evaluate or assess the earnings mobility of participants who actually receive employment and training services.⁸ The Wisconsin Welfare Leavers Project, however, did assess the change in poverty status for welfare leavers in the year after they exited the welfare rolls. Overall, the study found that 19.5 percent of welfare leavers made greater than poverty-level earnings in the year after exiting welfare.⁹ Only 5.4 percent of the sample achieved earnings gains that raised them above 150 percent of poverty. Analysis of SEDLP survey data shows that 27 percent of participants moved above the poverty threshold on the basis of earnings alone in the 12 months following training. In addition, 16 percent of this group raised their earnings above 150 percent of the poverty line.¹⁰

⁶The 12-month post-training follow-up period for NJS referenced in this report refers to months seven through 18 of the study period. According to the NJS evaluation design, the 30-month follow-up period after random assignment breaks down as follows: The first six months after assignment were considered the time set aside for the treatment groups' participation in job-training programs; months seven through 18 were considered the one-year follow-up period; and months 19 through 30 the two-year follow-up period.

⁷Analysis is based on data in Larry L. Orr et al., *The National JTPA Study: Title II-A Impacts on Earnings and Employment at 18 Months*, (Bethesda, Md., Abt Associates, Inc., 1993).

⁸The NJS baseline report notes, "It was not possible to compute the exact percentage of the sample that was below the poverty level." From Howard S. Bloom et al., *The National JTPA Study: Baseline Characteristics of the Experimental Sample*, (Bethesda, Md.: Abt Associates, Inc., September 1991), 38. Without estimates of the percentage of individuals living in poverty at baseline, it is not possible to assess the degree of economic mobility that the sample experienced.

⁹Maria Cancian et al., *Work, Earnings and Well-Being After Welfare: What Do We Know?*, *Focus*, (Madison, Wis.: Institute for Research on Poverty, 1999) Vol. 20: 2. WWLP is not an evaluation of any service program. It simply tracks the post-exit earnings and employment patterns of welfare leavers. Many of these individuals may have received some form of employment or placement assistance as they transitioned from welfare to work.

¹⁰Total non-incumbent population below 100 percent of the poverty threshold on the basis of earnings alone was 89 percent at baseline. Ninety-five percent of the non-incumbent sample had earnings lower than 150 percent of the poverty threshold based on family size.

Job Quality

For this report, the definition of job quality was confined to quantifiable outcome measures that describe improvements in wages, working hours and employer-provided health care and other benefits. In all of these categories, SEDLP participants recorded much-improved outcomes in the year following training. Additional measures of job quality and job satisfaction that were not amenable to benchmarking are highlighted in other SEDLP publications available from the Aspen Institute.

During the year following training, a greater number of SEDLP participants found work and remained employed for longer periods of time, both overall and at their main job.

Wages: The hourly wages of SEDLP sample members increased by an average of \$2.33 in the year following training.¹¹ The average hourly wage in the follow-up period for employed participants was \$9.67. This wage represents a 28-percent increase over the \$8.27 average hourly wage that employed individuals received in the baseline year. During approximately the same time period, the Economic Policy Institute reported that low-income workers in America experienced real hourly wage gains of 36 cents between 1996 and 1998. This increase equates to an annualized change of 3.6 percent.¹²

Analysis of the earnings and hours worked by NJS enrollees suggests that average wages increased by about \$1.80 per hour in the follow-up year to an estimated \$8.52 per hour.¹³ JTPA program data for 1997 records a 33-cent increase in hourly wages to \$8.27 for participants 13 weeks after program participation. The average hourly wage among WWLP sample members was \$7.52 per hour in the year after exiting welfare. Portland NEWWS participants who worked in the follow-up period averaged \$8.28 per hour, and the San Jose Center for Employment Training recorded average follow-up period earnings of \$8.90 per hour (all figures in 1998 inflation adjusted dollars).

Duration of Employment: Employment patterns are always closely tied to the prevailing economic conditions of a time period. The economic climate of the late 1980s, when the NJS was under way, was markedly different from the economic climate in which the SEDLP was conducted in the late 1990s. The first report in this series discusses these differences in detail.

During the year following training, a greater number of SEDLP participants found work and remained employed for longer periods of time, both overall and at their main job.¹⁴ The total number of hours worked per employed respondent averaged 1,620 hours, or about 93 percent of a full-time, year-round, 1,750-hour working year.¹⁵ In the 12 months following the treatment period for NJS participants, those who enrolled

¹¹The \$2.33 increase in hourly wage is the average longitudinal change in wage recorded for non-incumbent respondents.

¹²Lawrence Mishel, Jared Bernstein and John Schmitt, *The State of Working America 1998-1999*, a report to the Economic Policy Institute, (Ithaca, N.Y.: Cornell University Press).

¹³Figures adjusted for inflation and reflect a simple before-and-after comparison of wages. Average hourly wages were not collected in the NJS interim follow-up period and were approximated by dividing the average earnings for enrollees in months seven through 18 by average hours worked for enrollees in the same months.

¹⁴Duration of employment at the main job (job that was the main source of income) increased from 23 to 36 weeks on average. The hours worked per week at the main job also increased by an average of five hours per week to 37.5 hours. These figures exclude zero earners, but the percentage of zero earners in the follow-up period was extremely low, less than 6 percent.

¹⁵The Bureau of Labor Statistics considers employment to be year-round when workers are employed for at least 50 weeks a year, and full time when workers are on the job 35 or more hours a week. Thus full-time, year-round employment would consist of a minimum of 1,750 hours.

in employment services worked an average of 1,220 hours, or about 70 percent of a full-time, 1,750-hour working year.¹⁶

Health-Care Benefits: SEDLP participants reported that 75 percent of all jobs they held in the 12-month follow-up period to training provided access to health insurance, and that 61 percent of respondents were using this benefit. This finding is striking in the context of other research into employer-provided health-care benefits for low-wage workers. NJS did not record information about job-related medical benefits, but the Greater Avenues to Independence (GAIN) study shows that only 28 percent of participants who were employed at the end of a three-year follow-up period had health-care benefits associated with their jobs. Forty-nine percent of Portland NEWWS site participants who were employed at the end of a two-year follow-up had jobs that provided medical benefits, and 38 percent of CET participants employed five years after training had medical benefits associated with their jobs (all sites). A recent Urban Institute report showed that 42 percent of low-income workers in America have employer-sponsored health benefits.¹⁷

Along with strong findings regarding employer-provided health benefits, the SEDLP survey also found that the majority of respondents reported access to paid vacation (70 percent), sick leave (63 percent) and life insurance (54 percent) through their employer. The survey also examined the quality of participants' employment in terms of overall job satisfaction and access to career advancement opportunities. Discussions of these and other components of job quality are highlighted in other SEDLP publications.

Conclusion

This summary documents employment and earnings gains that participants of sectoral workforce initiatives experience one year following training. The post-training outcomes for these men and women have been placed in the context of findings from other studies to provide a framework for assessment. The strength of the findings speaks to the potential that exists for improving the skills, employability and earnings potential of disadvantaged individuals through sectoral approaches that are specifically tailored to meet industry and worker needs. The third report in this series, to be published early in 2002, will continue this analysis with a discussion of participant outcomes two years after training completion, and an assessment of the implications for workforce policy.

Current workforce and welfare policies emphasize the importance of work, and they seek to help low-income individuals find jobs quickly. While an emphasis on work and incentives that encourage work (such as the Earned Income Tax Credit) are commendable, the workforce development system must begin to place equal emphasis on the quality of work, and support skill-building activities that lead to better jobs.

¹⁶NJS information taken from Bloom (1993), Tables 4.6 and 5.5; and from Bloom (1991), Exhibits 3.5 and 3.6.

¹⁷*Snapshots of America's Families*, (Washington, D.C.: The Urban Institute Press, January 2001), Issue 11.

A copy of the full report of *Measure for Measure: Assessing Traditional and Sectoral Strategies for Workforce Development*, SEDLP Policy Project Series Report No. 2 is available from the Economic Opportunities Program (EOP) at The Aspen Institute, and from the EOP Web site. Other related and upcoming SEDLP publications include:

- The Sectoral Studies Series: In-depth case studies of each of the six SEDLP participant programs
- SEDLP Research Series: Participant survey findings at baseline, year 1 and year 2
- Jobs and the Urban Poor: Privately Initiated Sectoral Strategies

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