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Job Training

LONG-TERM EFFORT BEATS QUICK FIX OUTCOMES, YIELDS ROI PAYOFF

A long-term workforce development program yielded noticeably better results than seven other shorter-term interventions in the same county, as well as measurable returns on the investment.

This is the conclusion of two related reports from the Ray Marshall Center for the Study of Human Resources unveiling results from a continuing evaluation of eight workforce development ventures operated in Travis County, Texas, between the beginning of 2007 and the end of 2008.

All "Positive"

All the programs "made a positive difference" in participants' labor market outcomes.

"These individuals left a workforce training program and entered the job market during the most recent economic recession," write RMC researchers Tara Smith, Christopher King and Daniel Schroeder in *Local Investments in Workforce Development: 2012 Evaluation Update*.

However, outcomes from the seven short-term efforts yielded "mixed results." Overall, these programs had outcomes that peaked between the second and sixth quarter after enrollment and only one program, focused on youth, increased income.

In contrast, the sole Travis County long-term program — run by Capital IDEA, a nonprofit workforce intermediary based in Austin, Texas — had a "positive, statistically significant impact" on earnings. Not only that, the researchers estimate the program yielded $5.01 per dollar invested.

"These results, especially in light of the more modest impacts for short-term interventions, suggest that longer-term investments in skills training yield large, lasting returns in the labor market even seven years after services have ended," the authors write.

The researchers looked at postprogram employment and earnings data for participants enrolled either in 2007 or 2008 through March 2011. To assess the value added to participants by the programs, the researchers used what they call a "quasi-experimental" approach, selecting for comparison county residents who registered for employment with the state's "WorkinTexas" program or who received job search services at the local one-stop career centers.

Youth

Achieving the most promising results among the short-term programs was American YouthWorks, a group that trains youths ages 17 to 24 in service-learning jobs. The youths studied by the RMC scholars were placed with Casa Verde Builders and the Environmental Corps. About a quarter of them were involved with the juvenile justice system, half had completed high school and another quarter completed an equivalency by the time they left the program.

By the 10th postprogram quarter, or roughly two and a half years later, their employment rate doubled, from 24.7 percent before training to 50.8 percent. Average quarterly earnings, which appeared to peak in the 6th quarter then decline slightly, nearly doubled, from $1,647 to $3,021, as did the proportion of youths qualifying on the basis of earnings for unemployment insurance, from 14.8 percent to 31.2 percent.

Compared with the comparison group, the AYW participants had an employment rate that was 13.1 percent higher and the participants' net impact on earnings was an average quarterly $854 higher.

Participants in other short-term programs run by other groups did not achieve earnings gains or failed to make a net positive impact compared with the control group, or both. Still, many were placed in jobs and some participants went on to further their education.

Several Years

Capital IDEA was distinctive in combining a college prep academy, occupational training and weekly peer support sessions with a career counselor, along with child care and transportation aid. Participants typically had longer participation spans lasting several years. As a result, researchers had a pool of participants that included individuals who had entered service between 2003 and 2008 and postprogram spans of up to 18 quarters or four and a half years.

These participants went from 67.4 percent employment before the program to 72.3 percent by the 10th quarter and 74 percent by the 18th, or less than half a percentage point down from the peak at the 14th quarter. Average quarterly earnings went from $4,345 before to $7,208 at the 10th quarter and $8,017 at the 18th, still rising at the last snapshot. Before the program 61.1 percent qualified for UI based on earnings, whereas at the 6th quarter 75 percent did, declining slightly to 72.8 percent at the 18th quarter.

Part of the difference is that CI aimed for high-skill, high-wage jobs. Participants could study all the way to an associate degree in nursing and related health occupations, pursue technology jobs from auto technician to computer network/system administrator and certified trade positions, such as electrician, lineman or plumber.

The CI participants also beat their comparison group across the board. Their quarterly employment was 12.3 points higher at the last data taking, their average quarterly earnings $759 higher and their rate of qualifying for UI 12.3 points higher.

Bang for Buck

That's not all.

In *Exploratory Return-on-Investment Analysis of Local Workforce Investments,* researchers Smith and King took on the task of measuring the bang that participants, taxpayers and society got for the buck, using a methodology developed by the Texas Association of Workforce Boards.

The analysts conclude that participants stood to gain $64,712 over 10 years and $201,975 over 20 years. The net gain to the taxpayer was calculated at $10,382 over 10 years and $31,499 over 20 years, figures that are lower than earnings gains because they take into account net added receipts from taxes and savings from less use of social services.

"The total returns for taxpayers are estimated at 501 percent, with an annualized ROI for the 20-year period estimated at 17 percent," the authors state. "Therefore, each dollar invested in Capital IDEA is associated with returns to taxpayers of $5.01 over the 20-year period."

The societal gains combine taxpayer and participant gains.

The research's sponsoring organization, RMC, was founded at the University of Texas at Austin in 1970 by Ray Marshall, who was later President Carter's secretary of labor. The center was named for Marshall in 1999, when he retired as a professor at UT Austin. The former secretary of labor still chairs an advisory committee to the center.

✓ *Local Investments in Workforce Development: 2012 Evaluation Update* by Tara Smith, Christopher King and Daniel Schroeder and *Exploratory Return-on-Investment Analysis of Local Workforce Investments* by Tara Smith and Christopher King are available from the Ray Marshall Center for the Study of Human Resources, 3001 Lake Austin Blvd., Suite 3.200, Austin, Texas 78703; (512) 471-7891; www.raymarshallcenter.org.

—Cecilio Morales