

3. TRAINING POLICY AT THE ONSET OF THE GREAT RECESSION

Too Important to Let
Evidence Intercede

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Policymakers' twin goals of assuring that the skills of the workforce align with the needs of the modern economy and that workers with skill deficits receive support have resulted in a long line of laws that seek to provide worker training. Modern federal support for job training dates to the 1960s, when President John F. Kennedy's administration introduced the Manpower Development and Training Act as part of its anti-poverty program.¹

Enacted in 1998 at a time of near-full employment, the Workforce Investment Act (WIA) replaced the 1982 Job Training Partnership Act (JTPA) incorporating the welfare-reform agenda that was dominant at the time. Responding to the perceived need to modernize job training, WIA introduced a new system of centralized employment and job-training centers, established a process for combining job-search and job-training activities, used training vouchers to allow participants greater choice among providers, and included significant changes in the governance structures overseeing training at the state and local levels. Two WIA programs served adults: the Adult Program served those with poor work histories, and the Dislocated Worker Program served recently unemployed workers.

ISSUE BACKGROUND

WIA directed the U.S. Department of Labor to undertake at least one multisite evaluation of WIA by the end of fiscal year 2005. The law directed that WIA undertake an experimental evaluation.² Although several studies of WIA were undertaken in the law's early years, none of these studies met the experimental evaluation requirement.

In 2005, the White House Office of Management and Budget (OMB) assigned the WIA program a rating of "adequate" from its Program Assessment Rating Tool. But WIA received

low marks for its evaluation efforts, again because the program lacked an experimental evaluation, a point that was stressed in meetings between the OMB and the U.S. Labor Department.^{3,4} In response, in 2007, the Labor Department released plans for two evaluations of WIA: (1) an experimental evaluation, based on a random assignment of eligible participants either to training or to a control group, that cost over \$20 million with final results released over a decade later and (2) a second evaluation of WIA with a non-experimental design that used existing program data, receiving over \$1 million in funding and having results available in 2008.

The nonexperimental evaluation used data for participants in the WIA Adult and Dislocated Worker programs in 12 states from 2003 to 2005, to evaluate impacts on employment and earnings for up to four years following program entry. The comparison group consisted of either those receiving job-search services in state offices or those receiving Unemployment Insurance benefits, depending on the state. The study employed statistical techniques to adjust for differences in characteristics and prior employment between participants and the comparison groups. The nonexperimental evaluation results became available in December 2008—just as interest in job training rose in response to the plight of unemployed workers, whose numbers were spiking with the onset of the recession.

The experimental evaluation collected data from individuals who applied to receive WIA services and who were deemed eligible at 28 local area offices between November 2011 and April 2013. The study then assigned applicants to one of three groups—(1) individuals who received full WIA services (including possibly job training); (2) individuals who only received the core and intensive services, which provided counseling and other individualized services; and (3) individuals who received only core services, comparable to job-search assistance freely available at state job centers. Analysts estimated treatment effects by comparing the average outcomes of individuals in the three groups. Final results from the experimental study became available in December 2018, more than 11 years after Labor Department initially announced plans for the study, 10 years after the release of results from the nonexperimental study, and four years after WIA was replaced by the Workforce Innovation and Opportunity Act.

EVIDENCE AVAILABILITY

Until the 1980s, evaluations of job-training programs relied primarily on nonexperimental methods. A widely cited 1978 review examining the effects of training programs made almost no reference to experimental studies, as the few studies that had used random-assignment methods were not viewed as directly applicable to existing large-scale programs.⁵ A significant shift occurred with the publication of a 1986 study, which showed that results from an experimental, random-assignment, job-training study could not be obtained by using nonexperimental methods.⁶ These conclusions would be challenged in subsequent decades as some observers perceived that only random-assignment methods could lead to causal findings from program evaluations.

Responding to this view, the federal government chose to fund an experimental, random-assignment evaluation of the law that preceded WIA in the 1980s, the JTPA. That evaluation focused on disadvantaged workers—those with unstable work histories and low earnings. The study found that job training had statistically significant but modest effects on participants' earnings.⁷ The researchers did not attempt to consider job training for dislocated workers or for individuals who became unemployed after extended periods of stable employment.

Since the publication of the 1986 study and after publication of the JTPA evaluation results, researchers debated the validity of the dichotomy between experimental and nonexperimental evaluations. Critics of social experiments argue that randomized experiments have limited usefulness in policymaking.^{8,9} In 1997, researchers published a set of papers using data from experiments to identify strategies that might be successful in estimating program impacts from nonexperimental data.^{10,11,12}

A growing number of nonexperimental studies in Europe, covering a variety of programs providing both job-search and job-training assistance, took advantage of exceedingly detailed administrative data. In an international meta-analysis of training program evaluations in 2009, researchers found that longer-term job-training programs tended to have small or negative impacts on employment or earnings in periods of less than a year but that impacts often turned positive in the second or third years.¹³ They also concluded that “research designs used in recent nonexperimental evaluations are not significantly biased relative to the benchmark of an experimental design.”¹⁴ A 2006 meta-analysis reached a similar conclusion.¹⁵

Before 2008, the Labor Department had overseen several studies of WIA. Two studies focused primarily on implementation.^{16,17} In 2005, researchers examined labor-market outcomes in seven states for WIA participants who had completed the program in the period from July 2000 to June 2002, but data limitations and the focus on the early years of program implementation (WIA was adopted in 2000 in most states) raised questions about the validity of reported estimates.¹⁸

In 2008, the best estimate of the impacts of the WIA program were based on the JTPA experimental study, supported by nonexperimental findings implying modest positive effects of job-training programs across several countries. Given that the JTPA study focused exclusively on disadvantaged workers, conclusions for other unemployed workers would have been more uncertain. Although both JTPA and WIA provided similar training, the passage of two decades and a variety of administrative differences between the programs suggested that there could be substantial differences in program efficacy.

EVIDENCE USE

In 2008, researchers submitted the final report for the WIA nonexperimental evaluation to the Labor Department. The impact of the study on policy, at least in the short run, was quite limited. In large part, policymakers cherry-picked results to support activities that they wished to pursue for reasons unrelated to the study's findings. Some critics who exclusively

avored experimental methods questioned the nonexperimental design, which made it easier for those who disagreed with the study's conclusions to dismiss it. Despite the limited short-term policy effects, the study received positive attention from researchers, and it has arguably added to the weight of evidence that may be relevant in the long run.

The study's results suggested that by two to three years after program entry, participants in the WIA Adult Program experienced increased expected earnings of 15 to 26 percent, due in large part to increased employment. For participants in the WIA Dislocated Worker Program, the report concluded that the benefits of participation were either small or nonexistent and that any returns were unlikely to compensate for time spent in training.

Several months before completion of the final evaluation report, the Labor Department asked the Coalition for Evidence-Based Policy, now part of Arnold Ventures, to comment on the study's design and preliminary results. The coalition expressed doubt as to whether the nonexperimental methods would be successful in providing valid estimates of program impact. Although the study's authors disputed the basis for their conclusions, noting that their criticisms would imply the rejection of any feasible nonexperimental evaluation, the Labor Department invited the coalition to provide a review of the final report. Looking back, Labor Department staffer Jonathan Simonetta says he believes that these reviews caused policymakers to downplay the study's results.

Immediately after the study was issued at the end of 2008, the Obama administration took office amid a financial crisis that would signal the onset of the worst recession since the 1930s. Within a month of assuming the presidency, in January 2009, President Obama had signed into law the American Recovery and Reinvestment Act, which allocated \$3.45 billion for additional job training, including \$500 million for the WIA Adult Program and \$1.25 billion for the WIA Dislocated Worker Program. The political commitment to provide retraining to unemployed workers was apparently central to the administration's policy, and it seems unlikely that the report influenced the administration's position.¹⁹ The Economic Report of the President cited the study as supporting the efficacy of WIA, without distinguishing between the Adult and Dislocated Worker programs.²⁰

Although the direct impact of the study on federal policy was likely minimal, a variety of news outlets cited the study, including *The New York Times* and *The Atlanta Journal-Constitution*.^{21,22} In academic policy circles, the report appears to have received some attention. Several times in 2009, the study's authors made presentations based on the report, including to the Recovery and Reemployment Research Conference, set up by the Labor Department, and to a meeting with the European Commission in Washington. The study's authors summarized the results of the report in a chapter of a book based on this last conference.²³ In March 2011, a congressional staffer contacted one of the authors of the study, indicating that a pre-publication version of the book had received the attention of those preparing for a congressional hearing. The study's authors provided a summary of the findings for the hearing.

Following the submission of the report, the authors undertook several additional analyses. The revised paper was published in 2013.²⁴ The study found a place among serious job-training discussions, and especially in discussions of the Workforce Innovation and Opportunity Act, the law that replaced WIA. The original study also received a prominent place in a 2011 review of WIA research and job training.²⁵ Recent studies have tended to support the findings of the report. A subsequent nonexperimental study of the Trade Adjustment Assistance Program, which served unemployed workers similar to those served by the WIA Dislocated Worker Program, also found that participants gained little in terms of employment or earnings from the initiative.²⁶

Researchers finally released results from the experimental WIA evaluation in 2018, and they were less informative than anticipated due to unforeseen problems with the study's design. The study found that those individuals assigned to receive intensive services experienced improvements in employment outcomes 30 months after assignment to the program. In contrast, assignment to the training treatment was not associated with any employment benefit. However, because those assigned to the training treatment were only somewhat more likely to obtain training than those in the control groups, estimates of the impact of training are uncertain. Although the effects of the Adult and Dislocated Worker programs were not statistically different, the power to distinguish differences was quite limited.²⁷

LESSONS

- **Researchers' intended use of evidence isn't guaranteed.** Results from the nonexperimental study were relevant for the development of policy implementation at the time, but, in the face of political exigencies, they had little immediate role. In the longer run, however, the results undoubtedly contributed to the general understanding of the efficacy of training programs. When analyses of the Trade Adjustment Assistance Program showed little impact, this confirmed the difficulties of retraining experienced workers. In part, researchers must accept that their work will contribute to general knowledge, which will be of value in framing policy decisions in the long run. In retrospect, in comparison with the experimental study, the nonexperimental study was not only much less expensive but was at least as useful in contributing to this knowledge.

- **Research questions should be specific and direct.** To inform those who are implementing a program that their program may be of little value does not provide them with actionable information. What is most useful is information about what kinds of activities are most likely to be successful in achieving the desired outcomes.
- **Do certain groups of people benefit more from particular programs?** Are particular approaches more likely to work? To have a substantial immediate policy impact, studies must frame research questions to respond to issues faced by the users. In making most decisions, the relative expense of alternatives weighs heavily, yet cost information is seldom of sufficient quality or granularity for the analyst to make useful inferences. Program administrators must collect cost information more consistently and make it available for research purposes.
- **When federal funding is involved, states should be required to provide data.** Research is not possible without detailed and high-quality data. Researchers contacted all 50 states with a request for data, but ultimately only 12 participated. While the sample was sufficient to undertake the analysis, the issue of whether the omitted states were systemically different from those included reduces the generalizability of the conclusions. Given that the federal government funds WIA and other similar programs, policymakers could pass legislation requiring states to provide these data. The burden of providing these data is relatively modest, and the failure to do so merely reflects the lack of meaningful incentives faced by the state. ■

1 *Manpower Development and Training Act of 1962*. Public Law 87-415, 1962.

2 *Workforce Investment Act of 1998*. Public Law 105-220, 1998.

3 U.S. Government Accountability Office. *Performance and Accountability Report, Fiscal Year 2008*. GAO-09-1SP, November 14, 2008.

4 Jonathan Simonetta, who oversaw research activities in the Labor Department's Employment and Training Administration, observed that OMB staff repeatedly referenced the department's failure to satisfy WIA evaluation requirements.

5 Orley Ashenfelter. "Estimating the Effect of Training Programs on Earnings." *The Review of Economics and Statistics*, 60(1): 47, 1978.

6 Robert J. LaLonde. "Evaluating the Econometric Evaluations of Training Programs with Experimental Data." *The American Economic Review*, 76(4): 604-620, 1986.

7 Larry L. Orr, Howard S. Bloom, Stephen H. Bell, et al. *Does Training for the Disadvantaged Work? Evidence from the National JTPA Study* (Washington, D.C.: The Urban Institute Press, 1996).

8 James J. Heckman and Jeffrey A. Smith. "Assessing the Case for Social Experiments." *Journal of Economic Perspectives*, 9(2): 85-85, 1995.

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- 13 David Card, Jochen Kluge, and Andrea Weber. "Active Labor Market Policy Evaluations: A Meta-Analysis." *IZA*, Discussion Paper No. 4002, February 2009.
- 14 *Ibid.*, 26
- 15 David Greenberg, Charles Michaelopoulos, and Philip Robin. "Do Experimental and Nonexperimental Evaluations Give Different Answers about the Effectiveness of Government-Funded Training Programs?" *Journal of Policy Analysis and Management*, 25(3): 523-552, 2006.
- 16 Burt S. Barnow and Christopher T. King. *The Workforce Investment Act in Eight States*. U.S. Department of Labor, ETA Occasional Paper, 2005.
- 17 Social Policy Research Associates and TATC Consulting. *The Workforce Investment Act after Five Year: Results from the National Evaluation of the Implementation of WIA*. U.S. Department of Labor, Employment and Training Administration, June 2004. Available at: https://www.doleta.gov/reports/searcheta/occ/papers/spr-wia_final_report.pdf.
- 18 Kevin Hollenbeck, Daniel Schroeder, Christopher T. King, and Wei-Jang Huang. *Net Impact Estimates For Services Provided Through the Workforce Investment Act*. U.S. Department of Labor, Employment and Training Administration, October 2005.
- 19 U.S. Department of Labor officials repeatedly defended federal support for job training—especially for dislocated workers. "These programs are really working," said the assistant secretary of labor, Jane Oates. "These are folks who clearly want to go back to work and we're able to help them get back to work. The investment in job training is one that's not only going to pay off in the short term, it's going to help us be more competitive in the long term." See: Peter S. Goodman. "After Training, Still Scrambling for Employment." *The New York Times*, July 18, 2010. Available at: <https://www.nytimes.com/2010/07/19/business/19training.html>.
- 20 "A recent study found that Workforce Investment Act training programs for adults boosted employment and earnings, on average." See: Council of Economic Advisers. *Economic Report of the President*. February 2010, 229. Available at: <https://www.govinfo.gov/content/pkg/ERP-2010/pdf/ERP-2010.pdf>.
- 21 Peter S. Goodman. "After Training, Still Scrambling for Employment." *The New York Times*, July 18, 2010. Available at: <https://www.nytimes.com/2010/07/19/business/19training.html>.
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