



Statement of

Demetra Smith Nightingale, PhD*

Institute Fellow, Urban Institute

before the

Committee on Appropriations,

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

United States House of Representatives

hearing on

PREPARING THE WORKFORCE

Tuesday, April 4, 2017

*The views expressed are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

Chairman Cole, Ranking Member DeLauro, and members of the Committee: I appreciate the opportunity to testify before you on the workforce development system and job training. My testimony is based on research and evaluations conducted over the years, along with my recent experience as Chief Evaluation Officer at the U.S. Department of Labor for five years. The views expressed are my own and should not be attributed to the Urban Institute, its trustees, or its funders, or to the Labor Department. I will focus on two questions: What works in job training? And, how might the Workforce Innovation and Opportunity Act (WIOA) which replaced the Workforce Investment Act in 2014, change the workforce development system?

The nation's public workforce development system is a partnership of federal, state, and local governments charged with providing employment-related services to two customer groups: workers and employers. Through more than 2,000 local One Stop Career Centers, the system operates a free labor exchange nationwide, offers job search and job matching services, and provides access to a range of services to improve the employability of Americans, including training. The goal of the system is to help anyone find a job, especially the unemployed and underemployed, dislocated workers, and veterans. Veterans and their spouses must be given priority for all services. Employment services and job training are also provided to workers with disabilities, older workers, youth and other new workers entering the job market, and people lacking skills that employers in their community demand.

In addition, since its establishment by Congress in 1933, the workforce development system is regularly called upon to mobilize during economic recessions and in local areas where unemployment rates or economic dislocation is particularly high, to facilitate the processing of

unemployment insurance claims, administer transitional or subsidized jobs when authorized, retrain workers whose regular occupations or industries have disappeared, and assist workers, communities, and regions affected by disasters.

Job training is, therefore, just one of many activities in the nation's workforce development system.

What works in job training? Evidence from evaluations suggests four points.

*Training connected to work has the most positive evidence.*¹ Not all training is the same, and not all training, whether public or private, is effective, but considerable evidence from evaluations over many years shows that the most effective type of job training is that which is connected directly to work, rather than “stand alone” training not aligned with jobs in demand. Several formal evaluations have found positive impacts on earnings and employment from work-based and work-integrated training models, including registered apprenticeships with particular employers, sectoral and industry-specific training, career pathways, and on-the-job training where a subsidy is offered to employers for a portion of wages for a set period (e.g., six or nine months). Findings from recent evaluations of integrated education and occupational instruction also show promise.

Counseling and customer-focused career services are important. Several different evaluations suggest that the types of intensive services offered in One-Stop Career Centers are important for job seekers and trainees. Veterans who receive assistance from specialized staff

¹ U.S. Departments of Labor, Commerce, Education, and Health and Human Services, “[What Works in Job Training: A Synthesis of the Evidence](#)” (Washington, DC: U.S. Department of Labor, 2014).

have better employment outcomes than veterans who receive general core services.² Trainees who receive assistance in selecting their training do better than those who make their own choices without any career coaching.³ And interim results from the WIA Gold Standard evaluation find that individuals who have staff-supported services, such as workshops and counseling, available to them do better than those who have access to only basic self-service resources.⁴ Similar findings about the importance of student supports are coming from evaluations of community college programs.⁵

Comprehensive and integrated models work for youth. Youth, especially those out of school and not working, are much more challenging to serve than adults. Fewer formal evaluations of job training for youth have been done than for adults. However, growing evidence indicates that the programs showing the most positive outcomes for youth have a comprehensive set of integrated services, including education, occupational training, counseling and support services. Residential models such as Job Corps⁶ and National Guard Youth Challenge⁷ have been found to increase employment outcomes. Comprehensive programs, though, are costly, limiting the number of youth who can be served. As with adults, there is evidence that industry-focused training is important for youth. Career academies, for

² U.S. Department of Labor, Chief Evaluation Office "[Women Veterans Who Get Employment Services for Veterans Specialists Earn More](#)," Evaluation Snapshot 4/24/2015 (Washington, DC: U.S. Department of Labor, 2015).

³ Mathematica Policy Research, "Larger Training Awards and Counseling Improve Cost Effectiveness: Long Term Impacts of Individual Training Accounts" (Washington, DC: Mathematica Policy Research, 2012).

⁴ Sheena McConnell, Kenneth Fortson, Dana Rotz, Peter Schochet, Paul Burkander, Linda Rosenberg, Annalisa Mastri, and Ronald D'Amico "[Providing Public Workforce Services to Job Seekers: 15-month findings on the WIA Adult and Dislocated Worker Programs](#)" (Princeton, NJ: Mathematica Policy Research, 2016).

⁵ Theresa Anderson, Lauren Eyster, Robert I. Lerman, Maureen Conway, Ranita Jain, and Marcela Montes, [Implementation of Accelerating Opportunity: Final Implementation Findings with Lessons from the Field](#) (Washington, DC: Urban Institute, 2016).

⁶ Peter Z. Schochet, John Burghardt, and Sheena McConnell, "Does Job Corps Work? Impact Findings from the National Job Corps Study," *American Economic Review*, 98 no. 5 (2008).

⁷ Megan Millenky, Dan Bloom, Sara Muller-Ravet, and Joseph Broadus, "Staying on Course: Three Year Results of the National Guard Youth Challenge Evaluation" (New York: MDRC, 2011).

example, where high schools prepare students for particular industries and sectors, have positive and long-lasting impacts on labor market outcomes, particularly for young men. And recent reports from the YouthBuild evaluation find positive impacts of that industry-based comprehensive model.⁸

Public investment in training fills a “gap.” Most job training in the United States is provided by employers. Public funding on training comes mainly from the federal government, although some states invest considerable resources in training, usually in tandem with the federal funding. One Urban Institute study conducted several years ago, but that probably still holds true, estimated that the private sector spends two to three times as much as the public sector (federal and state combined) each year on training.⁹ Training at work is clearly important, especially for company-specific purposes. Surveys indicate, though, that employer-provided training is more likely to go to more-educated and higher-level workers. Higher educated and higher paid employees are twice as likely to receive employer-provided training as lower-level and less-educated workers. The 2016 Training Industry Report’s recent survey suggests more than 60 percent of those receiving training by employers are executives, managers, and other “exempt” employees.¹⁰ The public workforce system’s very limited funding only allows serving a small fraction of the 150 million or so workers in the nation. The public system also tends to serve smaller businesses and newer businesses by identifying available workers and training them, because many of those businesses do not have the resource levels that larger, established companies have. Thus, the public system is training

⁸ MDRC, “Building a Future: Interim Impact Findings from the YouthBuild Evaluation” (New York: MDRC, 2016).

⁹ Kelly S. Mikelson and Demetra Smith Nightingale, “[Estimating Public and Private Expenditures on Occupational Training in the United States](#)” (Washington DC: Urban Institute, 2004).

¹⁰ “2016 Training Industry Report,” *Training Magazine*, November/December 2016, accessed March 26, 2017, www.trainingmag.com.

workers who might not otherwise receive it—namely, those with middle and lower skills and wages, and providing training for businesses that might not have the resources to do it on their own. However, the system is constrained by very limited funding in reaching all workers and businesses that could use the services.

How might WIOA change the system?

WIOA reinforces many of the evidence-based approaches just mentioned. WIOA continues some basic parameters of WIA, such as the emphasis on universal services to both job seekers and employers, and requiring that veterans and eligible spouses receive priority of service. The law also includes provisions and changes that should improve the workforce development system and continue to build evidence about “what works”:

- *More demand-driven.* The full range of work-related evidence-based training noted above is allowable under WIOA. Local workforce boards are now required to develop industry or sector partnerships to improve the connection between job training provided and skills that are in demand by employers. WIOA also explicitly endorses the most evidence-based approach by recognizing the importance of workplace training, including endorsing registered apprenticeship with specific employers, increasing the subsidy amount employers can receive through their participation in on-the-job training, and expanding the support of work experience for youth.
- *More flexibility in service delivery.* Rather than requiring a sequence of services before offering training as was the case under WIA, WIOA allows staff to work with customers to develop the most appropriate plan, including training. The redefinition of core and intensive services also reinforces the importance of the client-focused services and assistance, while allowing states and local boards to use sophisticated electronic information tools for those preferring self-directed services.

- *Alignment of workforce development and other systems.* WIOA aligns workforce development, employment services, adult education, economic development, and vocational rehabilitation. The joint federal guidance is sending a clear message about the importance of alignment and partnerships.
- *Revised performance accountability requirements to improve results.* The new performance measures apply to the entire WIOA system: workforce development, adult education, employment services, and vocational rehabilitation.
- *Expanded public access to data about the performance of training programs.* The latest federal guidance indicates new consumer tools will be available to compare training programs so workers can make more informed decisions about their options. In addition, WIOA calls for federal funding to states to create and improve longitudinal data systems, an investment that is critical to better track program performance and outcomes over time.
- *Increased services to individuals with barriers to employment.* WIOA increases the emphasis on both job training and serving those with barriers to employment, who often require supportive services such as child care, transportation, and referrals to other services in order to succeed in training. WIOA shifts youth funding to devote more focus on out-of-school youth than in-school youth, who may have other programs and resources to help them. The shift is in keeping with the WIOA priority on those with barriers to employment.
- *Increased emphasis on evaluation and evidence.* Several provisions in WIOA specifically require formal evaluations so federal agencies and states can test the effectiveness of strategies and approaches, including career pathways models that can train workers in health care and early childhood education occupations, strategies for expanding gender equity in occupations, including nontraditional job training, and tests of other promising approaches to improve outcomes. Adding to the knowledge about effective

programming is critical, and WIOA's future evaluations can make a major contribution about "what works."

The challenge under WIOA will be how to achieve better participant outcomes and program performance, increase services to those with barriers to employment, strengthen performance accountability, increase cross-agency integration, and meet the skills needs demanded by employers. The law provides the framework for doing so and with appropriate funding the system could gradually recalibrate to meet the mandates in the new law.