

Testimony before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives

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Good afternoon Chairman Reichert, Ranking Member Doggett, and Members of the Subcommittee. My name is Tara Smith; I am a Research Associate at the Ray Marshall Center for the Study of Human Resources, which is part of The University of Texas at Austin's Lyndon B. Johnson School of Public Affairs. Thank you for inviting me to testify about evaluation efforts to help families support their children and escape poverty. The two-generation focus of this hearing coincides with a growing body of research and demonstration programs that seek to link services for children and parents so that families as a whole can build the human capital they need to succeed in school and the labor market.

Today I would like to share with you the findings from the Ray Marshall Center's evaluation of two sector-based training programs with an identified two-generation focus (Sommer et al, 2011). The first, Capital IDEA, is a program that operates in Travis County, Texas. The Center's evaluation tracks participants over time, starting with the cohort that began in 2003. The second program is CareerAdvance®, a program launched by the Community Action Project of Tulsa County, Oklahoma (CAP) in 2009. Both evaluations incorporate a rigorous quasi-experimental design to 1) address issues related to the localized nature and selectivity of the programs; and 2) work within funding constraints by taking advantage of inexpensive administrative data sources and propensity score matching techniques. In both cases the available pool of eligible and interested applicants is not large enough to support a random control trial. The programs have developed selective enrollment requirements to target resources at individuals who are better prepared to enter and succeed in intensive skills training. Key data sources available for both evaluations include program progress data and state unemployment insurance (UI), workforce, and other public benefit records.

Evaluation of Capital IDEA

Since 2006, my colleagues at the Ray Marshall Center and I have been conducting an outcomes and impacts evaluation of local workforce development investments.¹ Travis County, Texas, home to state capital Austin, is fairly unique among local governments: each year it invests approximately \$1.5 - 2 million local tax dollars in job training and other workforce services for disadvantaged residents, including individuals who are at or below 200 percent of the poverty

¹ All of the research reports from this evaluation is available at: www.raymarshallcenter.org

line, ex-offenders, and individuals without high school education credentials.² Perhaps even more unique, Travis County funds the Ray Marshall Center to conduct a rigorous ongoing evaluation of those investments.

Capital IDEA is one of the programs whose evaluation is funded by Travis County. Annual reports document participant outcomes across four measures over time: quarterly employment, quarterly earnings of those employed, claims filed for UI benefits, and monetary eligibility for UI benefits in the event of a job loss—a proxy measure for employment stability given that, to be eligible, individuals must have earnings in the first four of the last five quarters prior to filing a UI claim.

The impacts analysis follows a quasi-experimental methodology with the creation of a carefully matched comparison group drawn from individuals who received job search assistance or other universal services at local One-Stop Career Centers. Individuals are matched along at least 18 dimensions, including demographics and prior employment and earnings. Impacts are measured by statistically significant differences between outcomes from participation in Capital IDEA versus outcomes from accessing other job search assistance services in the community. This methodology follows research by Greenberg et al. (2006), Hollenbeck and Huang (2006), Card et al. (2010), and Heinrich et al. (2010), all of which have found that such quasi-experimental designs can produce impact estimates comparable to those resulting from more rigorous and costly approaches, i.e., randomized control trials. As recently advocated by Maureen Conway and her colleagues at the Aspen Institute (2012), state UI (and other state workforce) records provide a key advantage given the modest Travis County evaluation budget: it is relatively inexpensive to collect the data and run the analysis.

Capital IDEA takes a sectoral approach through strong collaborations with Austin Community College and employers and industry groups to prepare participants to succeed in the workplace. Capital IDEA supports long-term training primarily in healthcare (approximately 75 percent of participants), including nursing and allied health occupations such as dental hygienist, surgical technician, and occupational or physical therapy assistant. Training is also available in technology careers and professional trades currently paying a starting wage of \$16 or more per hour with benefits. The range of training options supported by Capital IDEA has changed over time based on the needs of the Austin labor market and prevailing occupational wages.

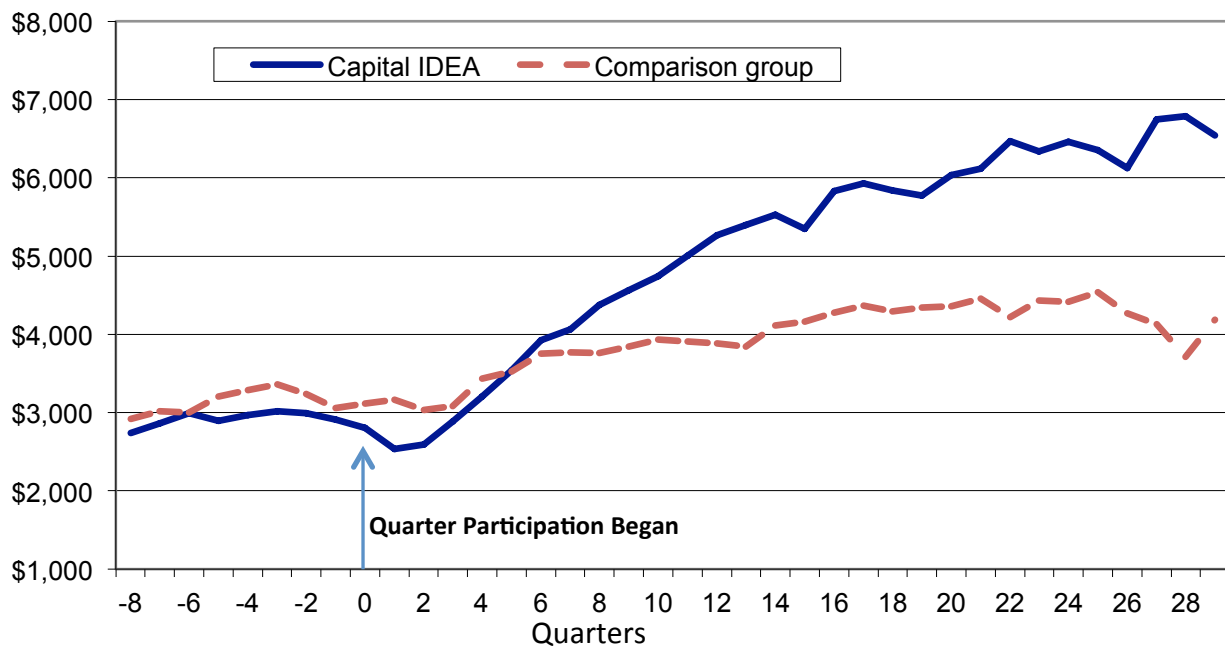
The most recent impact evaluation includes 879 Capital IDEA participants who started and either completed or dropped out of the program between 2003 and 2008, and examines outcomes through March 2011 (Smith, King, and Schroeder, 2012). Capital IDEA participants

² It should be noted that the City of Austin also invests a similar amount of its local tax dollars each year in workforce development services for disadvantaged residents.

significantly out-performed the comparison group on three measures. Across all post-service quarters, participants had a 12.3 percentage point advantage over the comparison group in the share employed as well as the share with sufficient employment and earnings to meet the monetary eligibility standards for UI benefits. Employed Capital IDEA participants also earned an average \$759 *more* in each post-service quarter than the comparison group, at an average of \$7,104 per quarter over the post-service period. Unemployment claims were low (under 3 percent) and not significantly different between the groups.

The evaluation also compares the unconditional earnings over time of participants and comparison group members to illustrate the relationship between quarterly employment and earnings. Unconditional earnings are averaged across all of the individuals in a group regardless of employment status. After having very similar earnings in the eight quarters prior to seeking workforce development services—demonstrating the quality of the comparison group matching process—participants entering Capital IDEA experienced a trough of earnings in relation to the comparison group for several quarters (Figure 1 below). Capital IDEA participants are typically in training for eighteen months and often only work part-time during that period. Starting in the sixth quarter after service, however, participants out-earned the comparison group in each subsequent quarter examined. While the comparison group’s earnings have been relatively flat, the earnings of Capital IDEA participants have continued to climb. The earliest cohorts earned approximately \$2,000 more each quarter than the comparison group in five and one-half to seven years after program entry.

Figure 1: Capital IDEA Participant Earnings Over Time Versus Matched Comparison Group



The design of Capital IDEA grew out of a model pioneered by Project QUEST in San Antonio, Texas, for employer-driven, intensive skill development with a focus on investing in people (Deaton and McPherson, 1991; Campbell, 1994). As a sectoral program, Capital IDEA collaborates with employers and training providers to help prepare participants to succeed in available jobs. The program regularly reviews training offerings and local labor demand with employers and industry groups to shape program offerings to meet the needs of the local economy. A close collaboration with Austin Community College, the provider for the majority of the occupational training programs, has also resulted in Capital IDEA's College Prep Academy, which prepares individuals with at least 5th grade skills to enter college-level courses rather than traditional developmental education.

It is important to note that Capital IDEA has a selective enrollment process that is intended to identify individuals who are motivated and capable to succeed in an intensive program. Capital IDEA covers all of the costs associated with the training, and provides or funds multiple support services designed to help individuals achieve their employment goals. Child care and transportation assistance are key supports for many participants who would otherwise not be able to afford to spend time in training. Weekly participant VIP (Vision, Initiative, and Perseverance) group meetings and individual conversations with career counselors help keep participants focused on the opportunity and build the critical soft skills in communication, time management, and financial literacy that will better prepare them for the workplace.

In 2011, the Ray Marshall Center conducted an exploratory return on investment (ROI) analysis of the program (Smith and King, 2011). Capital IDEA is funded through a mix of public and private resources. Approximately two-thirds of the program's budget is derived from taxpayers, while the remaining one-third is funded by employers, alumni, individuals and philanthropic organizations. Using the impact evaluation findings for the 2003-2004 cohorts of Capital IDEA participants, we completed a benefit-cost analysis based on actual program expenditures (which averaged approximately \$6,500 per participant), foregone earnings, and outcomes using conservative assumptions for fringe benefits, future earnings growth, the discount rate, taxes, and public benefits. We found that the taxpayer's investment was fully recouped after 8.5 years. Over the first ten years, each dollar invested in Capital IDEA was estimated to return \$1.65 to taxpayers – an annual rate of return of approximately 9 percent. Over 20 years that rate rises to 17 percent with each taxpayer dollar in Capital IDEA returning \$5.01.

The Ray Marshall Center is not the only organization evaluating Capital IDEA. Researchers for the Aspen Institute's Workforce Strategies Initiative have studied the Capital IDEA-Austin Community College collaboration along with five other sector-based nonprofit-community college partnerships across the country to identify how such partnerships provide the supports

and services that low-income learners need to succeed in training and enter employment. The Courses to Employment evaluation seeks to identify effective partnership models and key program components that lead to better student outcomes. The most recent update from the study (Helmer, 2013) examines how each of the partnerships helps adult learners navigate community college and the labor market. College entry, persistence and completion, and the transition to the labor market are the three major challenges facing many adult learners. The research highlights Capital IDEA's College Prep Academy, the program's peer support group meetings and career counselors, and its ongoing case management and alumni network as promising strategies for addressing those common challenges.

Finally, recent indicative evidence on Capital IDEA includes a survey of seventy-eight graduates to gather information about intergenerational impacts (McCollum, 2011). Almost ninety percent of respondents' children who are now 18 or older have received a high school diploma, while another 7 percent have received a GED. More than half (53 percent) of those children are currently enrolled in college while 11 percent have already earned a college degree. An additional 11 percent had some college experience but were not currently enrolled at the time of the survey. The survey respondents strongly connected their participation in Capital IDEA with their children's academic performance and their expectations for their children to attend college.

Given this full body of evidence, the Capital IDEA sectoral/career pathway model appears to be a successful strategy for helping to lift families out of poverty. The quasi-experimental methods, combined with multiple evaluation sources, appear to demonstrate significant support for the conclusions drawn about program effectiveness. Further tests of the model in different labor markets would help to identify challenges and alternative approaches for successful replication. Recent Federal investments, including the U.S. Department of Health and Human Services-funded Innovative Strategies Initiative for Self-Sufficiency (ISIS) and the U.S. Department of Labor's Workforce Innovation Funds, should provide important evidence on these topics.

Evaluation of CareerAdvance®

Through my work at the Ray Marshall Center, I have also been involved in the development and evaluation of a two-generation strategy in Tulsa, Oklahoma. CareerAdvance® provides training for parents of children in Head Start or Early Head Start, including TANF recipients, for careers in nursing, health information technology, and other allied health professions. CareerAdvance® was launched in 2009 based on a program design created by the Ray Marshall Center in collaboration with researchers at Harvard University and the Community Action Project of Tulsa County (CAP) which, among other activities, runs most of Tulsa's Head Start and Early Head Start centers (King et al., 2009). CAP contracts with Tulsa Community College and the Tulsa

Technology Center to provide training along several healthcare career pathways. Other key components of the program include career coaching, peer support groups, childcare assistance, and monthly financial incentives based on performance and attendance.

In Tulsa, a multi-method evaluation is underway to determine whether this sectoral/career pathway training program linked to high quality early childhood education programs and other supports will result in better outcomes for both parents and children over time. Originally funded by the George Kaiser Family Foundation, the program is now supported by the Administration for Children and Families' Health Professions Opportunities Grant (HPOG) program. The CAP Family Life Study evaluation is funded by the HPOG-University Partnership initiative and the W.K. Kellogg Foundation, and led by P. Lindsay Chase-Lansdale at Northwestern University and Christopher T. King, Director at the Ray Marshall Center. The comprehensive evaluation design includes qualitative and quantitative research components to understand educational and labor market impacts for parents who participate in *CareerAdvance*[®] and their children (Chase-Lansdale and King, 2013).

The variety and breadth of the data assembled for the evaluation are particularly appropriate for a program at this stage in its development. *CareerAdvance*[®] is still refining its service and training approach through a regular feedback loop among evaluators, program staff, training providers, and Tulsa healthcare industry employers. This focus on continuous improvement is one factor that seems to be tied to program effectiveness. A key piece of evidence for program improvement is the implementation evaluation of *CareerAdvance*[®] led by the Ray Marshall Center. I draw your attention to this research to underscore how important it is to fund more than outcomes and impact studies when evaluating social programs, especially new and emerging ones. The implementation study provides important context for interpreting *CareerAdvance*[®] outcomes and impact findings. Implementation research and process evaluations are needed, particularly in pilot and demonstration projects, to discover how a planned program design operates in reality, to document challenges and any program responses over time, and to gain insight from key stakeholders to identify lessons learned and recommendations for other partnerships that may be interested in replicating or adapting the approach in their community (Smith, Douglas, and Glover, 2012).

The quasi-experimental impacts analysis underway in Tulsa uses a carefully matched comparison group drawn from parents of children in CAP early childhood centers who do not participate in *CareerAdvance*[®], but who have shown significant motivation for and interest in further education and career training in surveys conducted by Family Support workers. In the impacts study, participant and matched comparison group parents all complete regular surveys and interviews and consent to have their employment and public benefit records released for analysis. Further, the research identifies a target child in each family to follow in their

transition from CAP's early childhood centers to elementary school and beyond to document second-generation outcomes. Regular assessments with the child, based on measures that are validated in the evaluation literature, as well as surveys of the child's teachers provide information important to determining how a parent's participation in job training impacts the child's educational experiences. This research is in year three of a funded five-year study (Chase-Lansdale, et al., 2013).

Other Evidence in Support of Two-Generation and Sector Strategies

I believe the Capital IDEA and CareerAdvance® evaluations contribute important evidence to the growing research base in support of sector-based or career pathway workforce development and two-generation strategies designed to lift low-income adults and their families out of poverty. Other researchers have found that social programs, particularly education and training programs focused on improving longer-term economic outcomes, also can have a significant effect on families.

In *Tuning into Local Labor Markets: Findings from the Sectoral Employment Impact Study*, Maguire et al. (2010) report on the results of an experimental study of three sector-based programs.³ The findings reveal strong impacts, including a 32 percentage point increase in training participation, and an 18 percent increase in earnings over a two-year period. The authors conclude that “the study provides compelling evidence that nonprofit-led sector-focused training programs can increase the earnings of a range of disadvantaged populations” (page 54).

In a study for the Annie E. Casey Foundation, Magnuson (2007) concluded that “evidence suggest that parents who succeed in completing additional schooling or secure a higher-paying job are likely to have children with better health, schooling, and labor market outcomes” (p. 7). One promising approach is Washington State's I-BEST Model (Integrated Basic Education and Skills Training Program). The I-BEST Model has gained national attention through evaluations showing that it is a highly effective strategy for low-income adults who need to quickly develop basic and occupational skills for fast entry into the labor market (Zeidenberg et al., 2010). Using a quasi-experimental methodology, evaluators have found a 17 percentage point increase in service participation and a 7.5 percentage point increase in the rate of occupational certifications earned within three years of initial enrollment. This strategy has important implications for helping low-income adults overcome poor basic academic skills and avoid the trap of developmental education which too often prevents individuals from pursuing college-level training for higher-wage occupations.

³ Per Scholas in New York City, Jewish Vocational Services in Boston, and the Wisconsin Regional Training Partnership in Milwaukee.

In a review of the evaluation literature, King and Heinrich (2011) found considerable evidence that workforce development investments are effective and can produce significant returns for participants, employers, taxpayers, and society. They note sector-based programs in particular as a promising strategy for preparing low-income adults for opportunities in the labor market. The authors sound a warning, however, on declining investments in workforce development at a time when the nation is still struggling to recover from the Great Recession. Younger workers and low-skilled, low-income adults in particular need proven, targeted interventions to prepare for, obtain, and persist in employment.

Concluding Thoughts

Sector-based strategies and related career pathway programs which are targeted at local labor market needs and which support low-income adults in overcoming barriers to program completion and labor market transitions have demonstrated effectiveness in a number of communities and industries (Glover and King, 2010). Tying those strategies, which are targeted at adults, with services and high quality educational opportunities for children is the logical next step (Smith, 2012; Ascend, 2012). Thoughtfully connected programs that target whole families for advancement have demonstrated some promising preliminary results. While the evidence base in support of two-generation strategies is currently being built, there is much the Federal government can do to act on the available evidence.

Federal programs, whether contract- or grant-funded, should encourage or require investments in program models and strategies that have consistently been found to be effective. Strategies that focus on basic skills, provide counseling and other support services, increase opportunities to “earn and learn” so that parents can support their families while in training, and target skill development at high-wage, high-demand occupations in the local labor market all appear to have significant, rigorous evaluation support and could be promoted in Federal programs. Because no single approach would work in every community or with every disadvantaged population, it is important to identify which strategies appear to be best applied in a given context. The Federal government can help build the needed knowledge base for understanding what works by funding evaluation studies of its investments using a variety of research methods that have been proven both rigorous and cost-effective.

Thank you for your attention; I would be happy to answer any questions you may have about my work or the programs and research I have discussed here today.

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