

9

Public Job Training

Experience and Prospects

Christopher J. O’Leary
Robert A. Straits
Stephen A. Wandner

Federal job training policy in the United States has been a case of learning by doing. New and proposed policy represents a synthesis of lessons learned from previous programs. The United States is currently operating under the fourth major federal administrative structure since the 1960s. It can be argued that despite the inevitable political wrangling over employment policy, each incarnation has brought improvements born from lessons of previous arrangements.

Although the Great Depression witnessed some public works programs, including on-the-job training, focused and federally funded job skill training policy did not begin in the United States until 1962, with the passage of the Manpower Development Training Act (MDTA). Initially, training authorized under MDTA was viewed as motivated by an antipoverty agenda. MDTA’s structure called for the federal government to administer the program directly to local service providers serving specific target groups. MDTA expired in 1969, largely due to the federally oriented administrative structure, which circumvented state and local authority—an arrangement deemed politically unacceptable.

While most workforce development programs have evolved, incorporating lessons learned from previous initiatives, the Job Corps program, designed to offer disadvantaged youth a one-year residential workforce development program, has continued virtually unchanged since it was established by the Economic Opportunity Act in 1964. Today, the Job Corps program continues to operate within its original structure, serving an estimated 60,000 youth per year, with an annual budget of approximately \$1 billion. Job Corps provides remedial aca-

demic instruction, job training, and other supportive services, in an environment that encourages participation and successful program completion. Relative to other similar programs for youth, Job Corps participants achieve significant earnings gains.

Following MDTA, the next major workforce development program was the Comprehensive Employment and Training Act (CETA) of 1973. CETA introduced the private industry council (PIC) as a local advisory board. CETA job training was targeted toward the economically disadvantaged, welfare recipients, and disadvantaged youth. Evaluations of programs authorized by CETA found no measurable employment or earnings impacts for men; conversely, impacts for women were positive and significant. CETA evaluations also found on-the-job training usually to be more effective than classroom training in terms of job placement and cost per placement. CETA also included the last federal public service employment (PSE) program. The improper enrollment and spending practices documented for PSE under CETA spelled the end for the program.

CETA was succeeded by the Job Training Partnership Act (JTPA) of 1982. The new workforce development agenda under JTPA limited training choices to skills in demand by local employers. The program was performance-driven through a system of standards for participant reemployment rates and earnings. The JTPA-targeted population for job training included dislocated workers and economically disadvantaged welfare recipients. JTPA training had positive net benefits for both men and women. The net benefit to society for both genders was just over \$500 per participant.

The experience of the past 40 years has taught us that women often benefit from job training, while men sometimes benefit. The most effective job training programs for youth have been costly and of long duration.

The Workforce Investment Act (WIA) of 1998 devolved authority from the federal government to the states, and increased customer choice in selecting job training. It increased the private sector presence on local workforce investment boards, institutionalized one-stop centers, revised performance monitoring practices, and emphasized job placement services over skill training. The most pioneering addition to workforce development service delivery adopted under WIA is the introduction of training vouchers as Individual Training Accounts

(ITAs). A review of vouchers and ITAs is provided in this summary chapter. Under WIA, requirements for performance measurement and reporting were greatly simplified. Additionally, WIA required establishment of Eligible Training Provider (ETP) lists, and thereby the idea of accountability and competition among training providers. These systemic service delivery changes authorized under WIA represent a new approach to workforce development service delivery. However, WIA was given modest funding compared to previous federal employment and training programs.

In the next two sections of this final chapter, we briefly review the two sides of the market for job training under WIA: the choice environment for job training participants, and the regulatory environment governing job training providers. The fourth section offers speculation on the shape of future federal workforce development policy. A final section provides a summary and concluding remarks.

CHOICE OF JOB TRAINING UNDER WIA

Vouchers are WIA's key structural innovation. A voucher is a "subsidy that grants limited purchasing power to an individual to choose among a restricted set of goods and services" (Steuerle 2000, p. 4). Vouchers are one of many ways that the government can provide services. Alternative delivery mechanisms include direct government delivery, contracting out government services, and use of competitive public suppliers, providing loans or cash payment (Steuerle 2000, pp. 12–17).

Vouchers are viewed as a mechanism for making government more effective and efficient by making use of the market mechanism. Vouchers introduce multitasking provider competition in contrast to the usual way government services are provided. They have been found to be useful in a wide variety of contexts (Osborne and Gaebler 1992).

Under MDTA, CETA, and JTPA, classroom training was mostly provided as slots in classes through contracts with training providers. Since the private sector has been providing training with government funding, privatization per se was not a major aim of WIA. Instead,

vouchers were introduced to increase customer choice, with the hope that it would lead to better employment outcomes.

To introduce job training vouchers under WIA, a variety of practical implementation issues had to be resolved. As documented in Chapters 4 through 6 of this book, identifying the best institutional arrangements for job training vouchers under WIA involved a review of vouchers in other contexts, local demonstrations of voucher methods, and a random trial evaluation of alternative voucher designs.

Voucher Designs

To use vouchers wisely when shopping for training services, prospective training participants must have enough information to make an educated choice among alternatives. In particular, a voucher recipient must be able to appraise the quality and effectiveness of prospective training providers, while at the same time know whether the training will match their own skills and abilities (Barnow 2000, p. 227). To help improve the choice environment, WIA Eligible Training Providers (ETP) are required to be preapproved by the local workforce development board. Part of the approval process requires posting on the Internet descriptions of available training and employment success information for recent participants.

In competitive job training markets, a “free choice” model is viewed as theoretically ideal. It permits unrestricted expression of customer preferences. However, in practical terms it may be wanting. This model presumes that customers free to express their will could make choices superior to those possible in consultation with training counselors. A critical assumption is that consumers have accurate and adequate information both about which occupations they are suited for and which training providers are best. Customers would need to know which occupations were in demand, and what wages they could expect when they completed training. Knowledge about which occupations offered the best long-term career paths would also be useful. For the free choice model to be superior, customers would need to make informed and wise decisions.

When configuring vouchers, individuals receiving public training could be given more or less freedom to choose services compared to the unlimited flexibility presented by the free choice model. Frontline

staff in one-stop centers could provide more or less information and guidance about how to use vouchers. Three models for providing public training vouchers emerged following the continuum of the degree of freedom, information, and guidance (Barnow and Trutko 1999; Perez-Johnson and Decker 2001; D'Amico et al. 2002).

Informed choice represents the middle ground of the voucher structure spectrum. It is the closest to the intent of WIA legislation and is the model most widely adopted by local workforce development boards due to its low risk nature. This model has four main characteristics. First, assessment and counseling specialists check if available training is appropriate given customer skills and aptitudes. The specialists then check local labor market information (LMI) to ensure adequate occupational demand. Next, training vendors are screened for value by success of participants and training cost. Then there is joint decision making between the counselor and the participant, with the frontline staff acting as a guide or information broker. Finally, the voucher offer is limited in its cash value and time availability, with a definite expiration date set.

Free choice is one extreme of the voucher spectrum and gives the individual training recipient the most flexibility and responsibility. Indeed, the role of frontline staff is usually restricted and limited in this model. Customers judged to require training are offered vouchers, and they can make use of them with no further guidance from staff. Voucher recipients are able to make use of LMI, ETP performance information, and self-assessment tools available at the One-Stop Career Center. They can use the voucher for training for any occupation that is not restricted by law, and they can use the voucher to purchase training from any provider on the ETP list.

Directed choice is somewhat similar to informed choice and falls at the opposite end of the scale compared to the free choice model. Assessment, LMI, and ETP information are provided, but frontline workers play a stronger role. Rather than simply providing guidance, frontline staff use their professional judgment about what program and training provider to select. Staff use their knowledge about training programs, training providers, occupational demand and wages, the skills and aptitudes of customers, and the prospect of successful training completion. The model can be used to guide customers to more

cost-effective training choices or to restrict choices that are less likely to be cost effective.

Effectiveness of Training Vouchers before WIA

A review of the prior use of vouchers for public training programs for disadvantaged and dislocated workers did not yield a success story. Barnow (2000, p. 234) wrote "there is little evidence that vouchers for these workers are effective and that they are a better alternative than other service delivery mechanisms." The U.S. Department of Labor (USDOL) reviewed voucher-like programs for low-wage workers under the Seattle-Denver Income Maintenance Experiments of the 1970s and the evaluation of the Trade Adjustment Assistance program of the late 1980s, and found neither to have a positive impact. "They offered non-directive counseling and a wide range of educational opportunities" (Barnow 2000, p. 236). The inadequate informational aspects of customer choice were seen as a deficiency.

Although WIA represents the first federal policy initiating the use of vouchers, voucher implementation began before WIA's enactment. Some individual localities experimented with vouchers on their own. For example, the Atlanta Regional Commission first used vouchers in 1991 as the means to provide training services to about 13,000 Eastern Airlines workers when the company went bankrupt. Vouchers were an expedient forced by the massive size of the dislocation and limitations on staff available. Atlanta's experience saw many voucher recipients making poor training choices, selecting training for occupations with low wages and poor career development prospects. In response, the Atlanta Commission began to build its own vendor list and monitor vendor performance, long before the enactment of WIA (D'Amico et al. 2002, pp. II-2-3).

Just before WIA implementation, USDOL performed a formal evaluation of vouchers under JTPA in nine demonstration sites. Eight sites had the informed choice voucher design, while the other site used the free choice model. In all sites, the vouchers were a limited-time offer (usually two years or less) with a limited dollar value (between \$2,000 and \$10,000). Voucher payment by the workforce development agency was not always contingent upon job placement of the training participant; however, it was usually contingent upon training comple-

tion. Eligible training providers were usually prescreened based on past performance (Barnow 2000).

USDOL began examining the operation of vouchers in the mid 1990s as policy interest grew. Anticipating enactment of ITAs as part of the new workforce development legislation, USDOL implemented a Career Management Account (CMA) demonstration. This project was conducted from 1995 to 1997 in 13 sites (Public Policy Associates 1999). An average of 335 offers was made per site. All vouchers were targeted to dislocated workers. The average voucher value was \$3,292, with a maximum of \$8,500. Participants were permitted free choice in using their vouchers, but preferred being provided with information by frontline staff to guide their decisions (D'Amico et al. 2001).

A number of CMA demonstration sites continued using vouchers after the demonstration ended in 1995. Metropolitan Portland, Oregon, initiated an Individual Learning Account (ILA) approach after CMA under which customers made regular contributions to an account that can be used to pay for training or education, with contributions matched by employers and social service agencies. The Baltimore Office of Employment Development continued the voucher approach after CMA ended, making case managers into coaches who helped customers make informed choices and were empowered to make decisions about customers with special needs (D'Amico et al. 2002, pp. II-2–II-3).

Early Evidence from WIA

To gain a better understanding of the new service delivery design adopted under WIA, and to jump start the use of ITAs and ETPs, USDOL contracted to have a study of the early implementation of WIA (D'Amico et al. 2001). Under WIA, ITAs are required for all types of training except on-the-job and customized training. ITAs are not required in a limited number of circumstances, such as situations where there are insufficient numbers of providers or a particular provider is exemplary for a particular subgroup with multiple barriers to employment.

Localities usually set policy for job training delivery, including criteria for training providers to be placed on ETP lists. While most localities do have ETP lists, usually these lists are paper rather than Internet-based. In some cases, states have created automated ETP lists, such

that training providers can enter their own initial and subsequent applications directly into the system. Local WIBs also determine eligibility and registration procedures and set priorities for selection of ITA recipients.

Local WIA training funds have usually been a residual budget item. That is, the amount left after all other WIA services have been provided. Setting performance levels was not difficult in the first year (program year 2000) because training providers who were already eligible for Pell grants were not required to submit performance information. It was expected that this process would be much more difficult when training providers have to apply for subsequent eligibility. Conditions for subsequent eligibility were still being developed.

States have developed fairly similar procedures for establishing whether an individual was appropriate for training. Individuals determined eligible developed an employment goal, completed a confirming assessment, and searched for alternative funding for training programs. Local sites generally have also set minimum basic education skills needed before undergoing training.

WIA training delivery arrangements were slow to develop, with some still incomplete at the end of 2000. Localities have implemented procedures for administering ITAs. Ongoing case management is proving difficult, because with ITAs, it is hard to get direct feedback and reports from training providers. Consequently, local sites are trying to monitor performance both for themselves and for ITA recipients, by developing consumer report card systems and by conducting site visits or hiring independent monitors of training providers.

To accelerate and guide the local implementation of ITAs under WIA, in March 2000, USDOL selected and funded 13 sites (6 workforce investment areas and 7 states) for early implementation through an ITA/ETP Demonstration Project (D'Amico et al. 2002). Twelve of these demonstration sites mainly used the informed choice model, though some flexibility was practiced. Only 1 site predominately used the free choice model.

The study found that training declined significantly from JTPA levels during early WIA implementation. The drop in training enrollments probably happened for several reasons. The new WIA obligation to provide core and intensive employment services and the time lags associated with satisfying new standards for designating service pro-

viders as eligible are prime candidates. Given the announced “work first” emphasis of WIA, cautious local administrators may also have tried to first assure adequate funding for core and intensive services before committing funding to training services. The ongoing WIA obligation to provide core and intensive employment services could have permanently depressed training enrollments; however, training enrollments rose somewhat in program year 2001. Possible causes for this rebound were rising unemployment and USDOL’s effort to dispel the original interpretation that WIA was strictly a work-first program. The characteristics of training participants under WIA remained largely unchanged from JTPA, with participants being mostly low wage adult and dislocated workers.

All sites had dollar caps on the ITA amount, varying between \$1,700 and \$10,000. Given WIA performance measures, sites had an interest in having their ITA recipients complete training and find subsequent employment. Frontline staff maintained contact with ITA recipients during their training and tried to help solve problems. Although the level of staff contact varied, all sites contacted recipients at least once a month. Among training vendors, proprietary schools were more proactive in helping trainees complete training and had strong programs for helping them find jobs after completion. Community colleges were less proactive, although they provided counseling and placement services.

Sites had developed ETP lists and consumer reports systems. The ETP lists were based on initial eligibility in all states except Texas. States made it easy for training vendors to appear on the list. Only two states required vendors to meet performance requirements for initial eligibility. Most states also tried to automate the ETP lists and the ETP list application process to make completion of applications easier for vendors. States expected great difficulty in keeping vendors participating in WIA training after they implemented their subsequent eligibility requirements. States had implemented consumer report systems, but half of them only included WIA vendors on the ETP list.

TRAINING PROVIDERS UNDER WIA

Institutional classroom job training under JTPA was provided by a combination of community colleges, nonprofit, and for-profit training institutions. Under WIA, new policy has emerged to place increased emphasis on and encouragement of the key role played by community colleges.

While continuing to maintain their role in supporting academic students planning to transfer to four-year colleges, community colleges in the 1990s moved strongly into the job training market. This role expanded along with labor demand during the 1990s, when employers struggled to fill job openings for skilled workers. Community colleges increasingly developed alliances with industries to provide customized training for incumbent workers, and thereby became a principal source of training for employers. This expanded job training mission of community colleges in the 1990s was not in response to governmental funding, but rather a consequence of large increases in formal training provided for employers in 1980s and the projected continued future increase (Carnevale and Derochers 1997).

Nearly all of America's 1,300 community colleges offer workforce training and educational courses. They increasingly serve their communities directly and through the workforce development system.¹ A national survey of 10 percent of community colleges and 2,500 businesses found that 95 percent of businesses that contract out training for their workers preferred using community colleges. The community college system is also interested in expanding and improving its capability to provide workforce education and customized training (McCabe 1997, pp. 30–32).

Community colleges are the primary providers of training under the workforce development system. Coordination between workforce development agencies and community colleges tends to be close, but the relationship varies a great deal. In most cases, community colleges provide much of the training in local areas. Under JTPA, however, training programs offered by community colleges tended to differ greatly from training programs offered by other providers. The latter tend to be shorter in duration and less intensive than the former. Thus,

there was little outright duplication between the two (Grubb 1996, pp. 114–118).

While community colleges are the most important providers of workforce development training, this training is a small part of the business of community colleges. States and local educational institutions frequently provide more of their state workforce development funds than the workforce development agency. For example, in Texas in FY 2000, the Texas Higher Education Coordinating Board provided 40 percent of all state funds for workforce development, while the Texas Workforce Commission provided only one-sixth of the state funds. Similarly, Washington State estimated that community and vocational technical education contributed 25 percent to workforce development funding, while the WIA provided only 7 percent (O’Shea and King 2001).

In recent years there has been close coordination of policy between the U.S. Departments of Education and Labor to coordinate the 2003 reauthorization of both WIA and the Perkins Act. The goal of this effort is to accommodate “community colleges as engines for workforce development in this country [by] examining ways to enhance the community colleges’ growing role in workforce development [and reconsidering federal policies that] . . . inadvertently discourage community college activity in workforce development” (D’Amico 2002, p. 22).

An evaluation of the operations in 13 workforce development areas found a wide variety of training providers (D’Amico et al. 2002). Community colleges, available in all sites, offered a wide variety of courses at low cost, a certificate or a degree, and relatively inflexible time schedules. Community college courses also tended to be longer and less suited to the needs of WIA recipients than proprietary schools. Nontraditional students from the WIA system also found it difficult to negotiate community colleges because they tend to be so large.

Proprietary schools, by contrast, are more expensive and have fewer course offerings. They tend to be smaller in size and specialize in particular areas. They may specialize in serving a particular population and use particular pedagogical methods to suit that group. However, proprietary schools tend to be more flexible and are more likely to offer open entry/open exit programs. They also tend to have shorter, more

intensive courses that were judged to be more appropriate for WIA participants in many cases.

Nonprofit or community-based schools tended to specialize in providing training to economically disadvantaged workers under JTPA. Interviews of local board and one-stop center staff indicated concern that these organizations would not be successful under WIA because their economic base likely would be eroded with the provision of greater choice among training providers. Concern was particularly related to their ability to compete for the broader WIA clientele, and their financial situation, which may not let them weather the ups and downs of the flow of trainees.

Choice in using ITAs is limited by the number and variety of training vendors. This choice is related to the degree of urbanization of a local area. In 2000, there were numerous job training vendors among urban sites (number of vendors): Baltimore, Maryland (70 to 80), Macomb-St. Clair, Michigan (349), and Indianapolis, Indiana (240). By contrast, the largely rural area of Nebraska had only 100 vendors statewide. This contrast in range of choice may or may not widen as vendors move from provisional to regular eligibility status on ETP lists. In Texas, for example, the only early WIA implementation state among the 13 studied, the drop-off from provisional to regular ETP reduced the list of eligible vendors from 8,000 to 1,000. Due to the performance reporting requirements, community colleges were unwilling to participate in the system and therefore represent a large percentage of this decline. The number of vendors in Texas, however, returned to earlier numbers a year later, with aggressive recruitment of vendors who had initially dropped out of the system. For a more exhaustive description of the Texas example, refer to Chapter 5 of this book.

Screening for regular ETP status was expected to primarily affect community colleges that are concerned about the high cost of collecting reporting performance data. Those colleges view ITAs under WIA as a small share of their student body. They were also concerned that their open enrollment policies would hinder their performance reports. Proprietary schools, being smaller and more selective in their admissions, did not share these concerns.

ITAs did not have a significant effect on the prices of training, despite the increase in competition under WIA. Prices remained some-

what lower among community colleges and higher for training by proprietary schools.

JOB TRAINING IN FUTURE WORKFORCE DEVELOPMENT SYSTEMS

Previous federal workforce programs targeted particular groups facing serious barriers to employment: unskilled and economically disadvantaged adults and youth. The WIA of 1998 reflects a change in emphasis toward universal access. Specifically, the purpose of WIA is to provide for workforce investment activities designed to increase the employment, retention, earnings, and occupational skill attainment of all job seekers, regardless of their background characteristics. Congress envisioned state and local workforce investment systems seeking to improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation. This expanded role, however, was not matched with increased funding for workforce development programs authorized under WIA.

The more than 30 years of searching for ways to reduce poverty through employment policy has evolved into an approach that shifts responsibility from the government to the individual and transfers authority from the federal government to the states.

States' initial interpretation of WIA was a work-first approach, with an emphasis on achieving employment. In this framework, jobs were viewed as the best training. If a job is not available, then training was mostly customized to serve employer needs, provide on-the-job training, and offer short-term training in core skills. The latter was selected by participants using vouchers with significant frontline staff guidance.

USDOL subsequently moved away from the work-first philosophy. Learning from the gaps in the work-first approach, current WIA administrators recognize that there is insufficient funding to address the myriad of workforce development needs. Consequently, policy is designed to leverage resources at the local level and induce cooperation among programs in One-Stop Career Centers. The concept of a physical one-stop center for career development services located in

each major labor market is evolving. Coordinating multiple funding streams and administrative reporting lines are remaining hurdles to clear.

For example, there is no requirement that providers of Temporary Assistance to Needy Families (TANF) services be housed in one-stop centers, but the emphasis of TANF is on independence through work and the funding has been more substantial than WIA. A future of autonomous programs is not optimal but is likely to persist at least over the short term. The political environment of labor market policy in which strategic decisions cannot be made independent of centralized planning has persisted over 30 years and will change only gradually. On the other hand, at the customer level, there has been a significant evolution from classroom training based primarily on institutional arrangements towards individual vouchers approved for job skill training in occupations with local employer demand.

Job matching that once required the intervention of a placement specialist is now often provided through self-help employment centers or Internet-connected state and national job banks accessible from any computer. Such technology supports the devolution of responsibility from federal to state and local levels. Furthermore, it helps to accommodate the funding limitations, need for continuous training for most jobs, and the dynamics of today's labor market.

Career planning once involved simply finding a well-paying job. However, the days have passed when high school graduation was quickly followed by stable and high-paid employment until retirement at a local manufacturing plant. Young people today can expect many job changes during a lifetime career process of choosing and experiencing different occupations. Earlier days saw job training emphasize manufacturing occupations such as welding or assembly. Today, training is dominated by service occupations in health care, food service, retail, and customer service.

In the 1960s, training was provided in either classrooms or on-the-job settings. Now, training often uses computer-based instructional modules that permit individually customized programs addressing either the soft or hard skills needed for jobs available locally.

To address skill deficiencies, federal workforce policy previously focused on unskilled and low-skilled workers. In recent years, this has evolved into a focus on the low and medium skilled. This part of the

workforce development strategy gives equal weight to the needs of private sector employers. WIA also reflects this shift in emphasis by requiring that a majority of seats on workforce development boards be held by private sector employer representatives.

Historically, federal job training funds were allocated to programs serving specific categories of customers. Now, federal funds are used to leverage state and local funds so as to ensure universal access to all job seekers. The federal role has changed from one of centralized control to that of a technical advisor and guidance provider/performance overseer.

Some would assert that the federal government has general responsibility to promote national workforce development and a particular responsibility to help those most in need. However, federal legislation has continuously moved away from the strong federal involvement in local affairs exercised under MDTA in the 1960s. Federal policy has shifted to one which solicits active participation from local employers to help eradicate poverty through independence. This change reflects a federal view that local employers' best know their own training needs and government resources are most effective as a supplement to private human resource investments.

What follows WIA, namely WIA reauthorization, will be influenced greatly by the state of the economy. There is value to the general marketplace for services offered by one-stop centers; however, a renewed sense of mission to assist the most vulnerable members of our communities, such as at-risk youth and individuals with disabilities, is necessary. We should build upon the past to address the current issues that we face. Some of the lessons learned include recognizing the value in programs targeted toward individuals with special needs. For example, job placement assistance for some individuals with disabilities and "crisis" counseling for individuals faced with the emotions of a job loss can not be satisfied in a one-size-fits-all environment.

A career education system that serves all age groups needs to be incorporated into our educational system. Elements that have proven successful, such as mentoring, job shadowing, and teachers who take a personal interest in the future success of their students, must be emphasized. A prerequisite is the ability to identify potential problems early and ensure adequate resources for appropriate long-term training and employment assistance services.

The future is likely to witness a gradual phasing-in of some components and a refinement of others. If school systems are modified in a way that ensures no child falls behind, it should involve promoting “healthy behaviors” and commitment to community values for all students. This will also mean that both technical and workplace behavior skills are developed simultaneously, and that there is an alignment of career aspirations and educational outcomes with economic opportunities. The workforce system will need to be tied closely with formal education—kindergarten through twelfth grade and beyond. The recognition of symbiotic relationships between education, economic development, government, and the private sector are critical; in other words, good labor market information, good counseling, and a true “community” commitment.

The days of credentials and Internet-based training are just beginning. If all sectors are to be involved, then a common language of standards needs to be agreed upon. There is a need for a strong federal presence in attaining the elusive goal of common definitions, reporting, and outcome measurements. It would be a major accomplishment to have simplicity and clarity in measurements and accountability. Technical assistance provided at the federal level could further benefit the local program operator by facilitating the integration of performance measurement and results-based management.

“Training” as a share of total employment and training expenditure was never as prominent, as the titles of MDTA, CETA, and JTPA implied. Large proportions of appropriations were spent on eligibility determination, counseling and assessment, supportive services, management information systems (MIS), administration and reporting, work experience, and, in the days of CETA, public service employment. In fact, it could be argued that even some of the programs classified as training really do not meet such criteria. For example, rather than providing structured training, on-the-job-training often acts more as an inducement for employers to hire the unemployed.

Soft skills training, such as self-esteem building, grooming, and interview techniques is often an essential part of a participant’s “employability plan,” but these types of programs are often not viewed as skills training. Human capital development needs to focus on a continuum ranging from the unskilled to the professionals. Employers of entry-level employees expect the soft skills to be present and assume

they are included in any basic training program. Employers should also know that even their highly skilled employees in technical and professional occupations require periodic training to maintain a competitive edge.

It is important to recognize the emerging new classifications of jobs, as well as the changes in necessary skills required at traditional jobs, as we look at training for jobs in technology, bio-genetics, robotics, alternative energy sources, virtual assistance, and precision farming. It is predicted that 60 percent of the new jobs will require skills possessed by only 20 percent of the young people entering the labor market unless there are changes in the way our education and training systems operate in the future. The system should be driven by good information about the job skills in demand, and it should involve flexible training methods that can accommodate worker career cycles.

Refinement of LMI, which provides individuals knowledge about the requisite skills for jobs, is critical. The dynamic nature of labor markets means that the need for LMI does not end with early exposure, but continues throughout the working life. Labor shortages should drive training, as well as vocational and technical education. Our systems will need to be agile and responsive to changes in skill shortages, skill surpluses, demographic changes, local economic conditions, and globalization. LMI will need to be timely, effective, and user-friendly.

Jobs requiring specialized skills training will increase dramatically over next decade. The standardization of credentials, particularly at the local level and supported by local businesses, will be important. Where skills based credentials have become a reality, it is the result of employers demanding it. Colleges offer a form of credentials, but the percentage of jobs requiring a college degree will remain relatively constant. It is the technical, vocational, and soft skills areas where standardization and criteria need to develop more fully.

The federal role in employment and training needs to evolve into one of providing information on “best practices,” supporting pilot programs, and working toward standardizing the definitions and reporting systems for both finance and management of federal and state funded programs. Ideally, at the federal level, a simplified process would be developed and a clearing house of information would be constructed.

SUMMARY AND CONCLUSIONS

- Individual Training Accounts (ITAs): Experience to date with ITAs has largely been restricted to informed choice models. Little has been learned about how alternative approaches might work. The ITA Experiment will shed light on how free choice and directed choice models compare.
- Eligible Training Provider lists (ETPs): States have created mostly paper ETP lists that include large numbers of training providers with initial eligibility. Much work still needs to be done to automate the lists. States have resisted the next step of determining subsequent eligibility based on performance, fearing a sharp reduction in eligible providers as was experienced in the state of Texas.
- USDOL training programs are a small part of workforce development training in the United States. WIA ITA requirements relating to the ETP lists and WIA consumer reports need to be rethought, given the limited leverage WIA training programs have with training providers. USDOL probably can not successfully require the collection of data that is not required by other agencies that fund education and training programs.
- ITA recipients will have imperfect information when they make training choices, regardless of what happens to WIA consumer reports. Federal, state, and local policy makers should decide what the proper model for ITA choice is along the continuum from free choice to directed choice.
- Community colleges are the primary source of training under WIA. They are well suited to provide a wide variety of more intensive training courses to WIA participants. Community colleges have been resistant to collecting the data needed to create the WIA consumer reports, both because of their fear of the results and because of the cost and effort to collect this data. The majority of community college students prepare for matriculation to colleges and universities, while WIA performance measures emphasize job placement, employment, and earnings. The perfor-

mance measurement methodology should be modified to recognize the dual role of community colleges.

- Nonprofit and community-based training providers focus on serving the disadvantaged. They also tend to be small and have limited financing. These agencies fear that they will not be able to compete with other training providers after the introduction of ITAs.
- For-profit training providers seem to have entered the WIA training market in large numbers. They seem to have the easiest time collecting WIA consumer report data and reaching the WIA outcome results.

Following the history of learning from previous policies and administrative workforce development structures, future workforce development service delivery faces challenges stemming from WIA. Future policy must confront the coordination of multiple funding streams. Policy will also have to renew the priority of one-stop centers to serve the most vulnerable populations. Furthermore, new policy must promote the integration of educational and workforce development systems. To facilitate this, a common language and set of definitions must be developed. For the evolution of existing workforce development policy to occur, new legislation must recognize the emerging new classifications of jobs as well as corresponding required job skills. As the complexity of employer skill requirements continues to increase, the publicly funded workforce development system must keep pace if it is to remain relevant in the 21st century.

Notes

This chapter reflects the opinions of the authors and does not reflect the policy or positions of either the W.E. Upjohn Institute for Employment Research or the U.S. Department of Labor.

1. The continuing education program of Montgomery College in Montgomery County, Maryland, is called Workforce Development and Continuing Education. Its June–August 2000 course catalog offers a wide variety of courses in areas such as Certification and Licensure, Computer, Professional and Workforce Development, and Technical Trades. These programs served 26,000 people in the prior year.

References

- Barnow, Burt. 2000. "Vouchers for Federal Targeted Training Programs." In *Vouchers and the Provision of Public Services*, C. Eugene Steuerle, Van Doorn Ooms, George E. Peterson, and Robert D. Reischauer, eds. Washington, DC: Brookings Institution, pp. 224–250.
- Barnow, Burt, and John Trutko. 1999. "Vouchers Under JTPA: Lessons Learned for Implementation of the Workforce Investment Act." Unpublished paper. Washington, DC: U.S. Department of Labor.
- Carnevale, Anthony P., and Donna M. Desrochers. 1997. "The Role of Community Colleges in the New Economy." *Community College Journal* April/May: 26–33.
- D'Amico, Carole. 2002. "Q&A with Carole D'Amico, Assistant Secretary of Education, Office of Vocational and Adult Education." *Community College Journal* June/July: 22–23.
- D'Amico, Ronald, Deborah Kogan, Suzanne Kreutzer, Andrew Wiegand, Alberta Baker, Gardner Carrick, Carole McCarthy. 2001. *A Report on Early State and Local Progress Toward WIA Implementation: Final Interim Report*. Research and Evaluation Monograph Series 01-I. Washington, DC: U.S. Department of Labor.
- D'Amico, Ronald, Alexandria Martinez, Jeffrey Salzman, Robin Wagner. 2002. *An Evaluation of the Individual Training Account/Eligible Training Provider Demonstration: Final Interim Report*. Research and Evaluation Monograph Series 02-A. Washington, DC: U.S. Department of Labor, Employment and Training Administration.
- Grubb, W. Norton. 1996. *Working in the Middle: Strengthening Education and Training for the Mid-Skilled Labor Force*. San Francisco: Jossey-Bass Publishers.
- McCabe, Robert H., ed. 1997. *The American Community College: Nexus for Workforce Development*. Mission Viejo, CA: League for Innovation in the Community College.
- Osborne, David, and Ted Gaebler. 1992. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*. Reading, MA: Addison-Wesley.
- O'Shea, Daniel, and Christopher T. King. 2001. *The Workforce Investment Act of 1998: Restructuring Workforce Development Initiatives in States and Localities*. Rockefeller Report No. 12. Albany, NY: Rockefeller Institute of Government.
- Perez-Johnson, Irma, and Paul Decker. 2001. "Customer Choice or Business as Usual? Promoting Innovation in the Design of WIA Training Program

- through the Individual Training Account Experiment.” Unpublished paper. Princeton, NJ: Mathematica Policy Research.
- Public Policy Associates. 1999. *Dislocated Worker Program Report: Career Management Account Demonstration*. Washington: DC: U.S. Department of Labor, Employment and Training Administration.
- Steuerle, C. Eugene. 2000. “Common Issues for Voucher Programs.” In *Vouchers and the Provision of Public Services*, C. Eugene Steuerle, Van Doorn Ooms, George E. Peterson, and Robert D. Reischauer, eds. Washington, DC: Brookings Institution, pp. 3–39.

Job Training Policy in the United States

Christopher J. O'Leary
Robert A. Straits
Stephen A. Wandner
Editors

2004

W.E. Upjohn Institute for Employment Research
Kalamazoo, Michigan

Library of Congress Cataloging-in-Publication Data

Job training policy in the United States / Christopher J. O'Leary, Robert A. Straits, Stephen A. Wandner editors.

p. cm.

Includes bibliographical references and index.

ISBN 0-88099-306-5 (pbk.: alk. paper)—ISBN 0-88099-307-3 (hardcover : alk. paper)

1. Occupational training—Government policy—United States. 2. Occupational training—United States—Evaluation. I. O'Leary, Christopher J. II. Straits, Robert A. III. Wandner, Stephen A.

HD5715.2.J626 2004

331.25'92'0973—dc22

2004007770

© 2004

W.E. Upjohn Institute for Employment Research
300 S. Westnedge Avenue
Kalamazoo, Michigan 49007-4686

The facts presented in this study and the observations and viewpoints expressed are the sole responsibility of the authors. They do not necessarily represent positions of the W.E. Upjohn Institute for Employment Research.

Cover design by J.R. Underhill.
Index prepared by Nancy Humphreys.
Printed in the United States of America.
Printed on recycled paper.