

# **Evaluating Local Workforce Investments: Results for Short- and Long-Term Training in Austin (TX)**

by

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Presented to APPAM's 31<sup>st</sup> Annual Research Conference

Washington, D.C.

November 2009

## **Overview**

In recent decades, workforce development programs in the United States have refocused their energies and resources away from real investments in human capital or skills development towards low-cost, “work-first” or “labor-force attachment” approaches. This characterization applies to efforts ranging from work programs under the federal/state-funded Temporary Assistance for Needy Families (TANF) as well as efforts under the federally funded Workforce Investment Act (WIA) of 1998. Resources for training, and the support services individuals often require to avail themselves of training opportunities, also have become relatively scarce.

Under WIA, participants are often expected to move through a sequence of core, intensive and then training services, but only if they cannot find suitable work using low-cost core services.<sup>1</sup> In fact, most jobseekers themselves prefer to go right to work rather than undergo long periods of training without pay, and thus most workforce offerings tend to emphasize relatively quick connection to the workplace.

The City of Austin and Travis County are unique among local governments in their approach to and support of workforce development.<sup>2</sup> Rather than relying exclusively on federal and state funding to support services for their residents as most jurisdictions do, they have consistently augmented federal and state funds with local tax

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<sup>1</sup> See Barnow and King (2005) for a discussion of these issues.

<sup>2</sup> See Glover et al. (2007).

dollars for the last decade, strategically coordinating their investments with *Workforce Solutions*-The Capital Area Workforce Board, the local workforce investment board serving the City and Travis County.<sup>3</sup> In recent years, the City and County together have expended around \$3 million annually on workforce services for local residents. Primary areas of emphasis for these local investments have been longer-term training and support services, offerings that have often been constrained under federal program rules.

Another unique feature of the Central Texas environment has been the robust, ongoing appetite for outcomes and impact analyses focused on workforce investments. In part, this may be a reflection of a broader accountability/program improvement culture that characterizes public investments in the region and the state as a whole. Yet, it is not typical for local governments and other local entities (e.g., chambers of commerce, workforce boards) to actually invest in outcomes and impact analyses on a sustained basis, either acting alone or in concert, as they have in Austin.

Travis County, the City of Austin and Workforce Solutions approached the Ray Marshall Center four years ago to explore the possibility of documenting labor market and related outcomes from their investments in workforce services. They were primarily interested in finding ways to more effectively and efficiently document the results of workforce services in the near and longer term, a burden that was then shouldered mainly by their various contractors. As the discussions unfolded, it became clear that they were also open to exploring prospects for conducting more extensive impact and return-on-investment (ROI) analyses as well. The Ray Marshall Center was well situated for engaging in such analyses as a result of its extensive work linking administrative records for workforce, education, welfare and related data for research and evaluation dating back to the mid-1980s, as well as its recent effort to estimate net impacts from WIA participation as part of the ETA-funded Administrative Data Research and Evaluation (ADARE) alliance (see Hollenbeck et al. 2005).

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<sup>3</sup> City and county tax expenditures on workforce services grew out of the experience with the Samsung-related agreements in the mid-to-late 1990s (Glover et al., 2007). The Austin Chamber has also put member-services funding into workforce organizations and initiatives over much of the last decade.

## Paper Organization

This paper focuses on two local workforce investments that illustrate the range of services being provided in Central Texas through the collaborative efforts of the partners: the Rapid Employment Model (REM) project operated by Workforce Solutions, and occupational training and related services provided by Capital IDEA and its partners. After briefly discussing the programs, data sources and methods of analysis, it presents near- and longer-term outcomes and impact results for Capital IDEA and REM, as well as conclusions and policy implications.

## The Local Programs

As indicated above, the City, County and Workforce Solutions fund a wide array of providers and types of workforce services, ranging from relatively short-term interventions to longer-term occupational skill training and support services. These investments began in the late 1990s with considerable pressure from Austin Interfaith, a local multi-denominational community action group, to direct resources that had originally been intended for use as part of a tax abatement effort to lure Samsung to the area to supporting the creation of a new workforce intermediary and training provider, Capital IDEA.<sup>4</sup> Shortly thereafter, the list of training providers supported by these local funds began to expand, as did the types and range of services offered.

The Ray Marshall Center has been tracking participants from seven different City- and County-funded workforce development programs, in addition to REM participants:

- *American Youth Works*, providing education and training, including job readiness and occupational skills development, to youth ages 16-25
- *Austin Academy*, providing workforce training in job readiness and basic office/clerical skills.
- *Austin Area Urban League (AAUL)*, providing a variety of training options, including GED preparation, computer skills, and financial literacy classes.

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<sup>4</sup> Capital IDEA was created in the mould of an earlier Industrial Areas Foundation effort that the Ray Marshall Center was involved in, San Antonio's Project QUEST (see McPherson and Deaton, 1992).

- *Capital IDEA*, offering long-term training for high-wage, high-demand occupations (mainly nursing and allied health) along with support services.
- *Crime Prevention Institute (CPI)*, providing job readiness training and support services for individuals released from the Travis County Jail System
- *Goodwill Industries*, providing workforce services to disadvantaged residents, particularly youth and individuals with disabilities. (Goodwill is also the board's contracted youth services provider under WIA.)
- *Construction Gateway*, providing short-term occupational skills training for work in the construction industry.
- *Rapid Employment Model*, providing work readiness and short-term occupational skills training, combined with active job placement assistance.

Capital IDEA and REM illustrate the full range of workforce service offerings locally. Both are thoughtful, well structured workforce programs, one designed for skills creation and the other primarily for helping unemployed workers return to work quickly. These programs are the focus of this analysis.<sup>5</sup>

### **Capital IDEA**

Capital IDEA, an Austin, Texas based workforce intermediary, offers occupational skills training and extensive support services to low-income residents, concentrating on long-term engagement to improve education and labor-market outcomes. Capital IDEA takes a sectoral approach, focusing on occupations in high demand typically with starting wages of \$14 per hour or more in health care, information technology, accounting, wireless technologies, utilities, and education. Fully three-quarters of Capital IDEA's training in the 2003–2005 period was in nursing and allied health careers (Table 1). Its training is usually provided through Austin Community College.

Capital IDEA's practice includes an extensive orientation and enrollment process that requires applicants to undergo a series of academic, financial, and other assessments.

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<sup>5</sup> Details on these and other local programs will be available in a series of forthcoming reports from the Ray Marshall Center.

Through this process, Capital IDEA identifies candidates who have sufficient math and language skills to be successful in college-level coursework; who will be able to handle the financial pressures of longer-term training without resorting to student loans; and who have the drive and determination necessary for success.

A key feature of Capital IDEA’s approach is providing wrap-around services to participants to ensure that their participation is successful. Participants meet (or at least talk) weekly in what are called VIP (Vision, Initiative, Perseverance) Sessions that are part counseling and part peer support. Participants also receive no-cost training, childcare and transportation assistance, and other assistance as needed. In turn, participants are expected to give back to the program by supporting others in their cohort, volunteering in the community, and helping to shape the experience of future participants.

**Table 1. Capital IDEA Training Programs**

<b>Training Options, 2003-2005</b>	
Healthcare Occupations	<ul style="list-style-type: none"> <li>• Nursing</li> <li>• Surgical technology</li> <li>• Diagnostic medical imaging</li> <li>• Diagnostic medical sonography</li> <li>• Medical laboratory technology</li> <li>• Dental hygienist</li> <li>• Occupational therapy assistant</li> <li>• Physical therapy assistant Respiratory therapist</li> <li>• Emergency medical services</li> </ul>
Financial Services Occupations	<ul style="list-style-type: none"> <li>• Accounting technician</li> </ul>
Technology Occupations	<ul style="list-style-type: none"> <li>• Network/systems administrator</li> <li>• Wireless technician</li> <li>• Broadband technician</li> <li>• Power utilities technician</li> </ul>

**Rapid Employment Model**

In 2005, Travis County and workforce board staff began discussing the need for improved services to assist jobseekers find suitable work more quickly through a structured effort that would supplement their longer-term skill development offerings. These discussions ultimately resulted in the creation of the Rapid Employment Model (REM). The REM project seeks to demonstrate that work readiness and short-term occupational skills training, when combined with active job placement assistance, can

lead to successful employment outcomes for jobseekers who might otherwise struggle in the labor market.

REM began operations in January 2006 as a joint effort of the County, Workforce Solutions and area workforce service providers to decrease the amount of time individuals are out of work. Like all County-funded workforce services, the REM project targets disadvantaged, indigent County residents, particularly those individuals who have been released from incarceration, as well as individuals receiving Food Stamps or cash welfare benefits. Individuals in the state’s Project RIO (Re-Integrating Offenders) program make up the majority of participants in the REM program each year (Table 2). Because the REM program draws participants from three programs with different eligibility requirements as well as distinct policies on the amount and type of employment and training activities that individuals must engage in, the individuals in the REM program are not a homogenous group and should not be assumed to share similar motivations for employment.

**Table 2. Rapid Employment Model Program Overview**

	<b>Participant Mix</b>	<b>Training Options</b>	<b>Providers</b>
<b>REM 2006</b>	Project RIO: 83% TANF Choices: 14.3% Food Stamp E&T: 2.7%	Office assistant Truck driving Construction Dental assisting Teacher’s aide Child care Heavy equipment operator	Austin Community College Austin Academy Construction Gateway Institute for Child Care Excellence Professional Institute of Dental Assisting
<b>REM 2007</b>	Project RIO: 77% TANF Choices: 22% Food Stamp E&T: 1.8%	Office assistant Truck driving Construction Nurse aide	Austin Community College Austin Academy Construction Gateway Central Texas Nurse Network
<b>REM 2008</b>	Project RIO: 74% Choices: 22% Food Stamp E&T: 3.7%	Office assistant Truck driving Construction Nurse aide	Austin Community College Austin Academy Construction Gateway Central Texas Nurse Network

## Data Sources, Methods and Key Measures

### Major Data Sources

Participant and program services data from REM (Workforce Solutions) and Capital IDEA have been linked to both Unemployment Insurance (UI) wage and claimant (benefit) records for a period of at least four years prior to entry into their respective program and extending to the most recent period for which records are available. For REM participants, whose brief participation began at the start of 2006 at the earliest, clearly the span of outcomes data is relatively short, as is the expected duration of the impacts of these services. On the other hand, some Capital IDEA participants in the study sample received services starting in early 2003, so their outcomes may cover a period as long as five or six years. Given that Capital IDEA stresses building occupational skills, certificates and degrees, impacts from participation are expected to emerge more slowly and endure much longer.

### Outcomes and Quasi-experimental Analysis

The outcomes evaluation documents labor market and program outcomes, including employment status, earnings, and potential eligibility for and receipt of UI benefits. The evaluation also gauges the “value-added” of these workforce services through *quasi-experimental impact analysis*, comparing labor market outcomes for local government-supported participants with those of a local comparison group of similar non-participants. For the impact analysis, comparison group members were drawn from two possible sources in the Austin-area: individuals who either registered to look for employment with the state’s WorkinTexas program or received “core” services under the Workforce Investment Act at Workforce Solutions Career Centers. Thus, the estimated impacts measure the *marginal* impact of REM or Capital IDEA participation *over and above* what they may have experienced from receiving relatively inexpensive, short-duration job referral or job search assistance.

Quasi-experimental estimation works well when participants for whom comparison groups are being created have sufficient prior employment and earnings histories, when data are available on a sufficient number of variables with which to perform the match and when both treatment and comparison groups are drawn from the

same local labor markets.<sup>6</sup> Youth and ex-offenders are problematic in this regard precisely because their prior employment and earnings histories are either lacking or difficult to determine with any real confidence.

Workforce services participants were matched on a one to one basis with potential comparison group members using a method known as weighted multivariate matching. This technique places greater weights on those variables showing greater initial (pre-service) differences between the groups. Matching was done by selecting for each participant the one comparison group member judged most similar. Matching was done without replacement, with no caliper applied to eliminate poor matches, since doing so may have reduced the generalizability of the results.

Exact matches were required on the following: county; year of entry into the program; and whether or not individuals had recently experienced an earnings dip of 20% or more. Distance matches were also carried out on up to 15 variables by including them in the overall multivariate distance measurement. These variables included: age (for those with a recorded birth date), gender, race/ethnicity (Black, Hispanic, White), time since first earnings, employed at entry, percent of time employed over four years prior to program entry, average quarterly earnings over four years prior to program entry, percent of time in any workforce development service in the year immediately prior to program entry (matched according to service intensity: high for training programs or low for job placement services), any UI claims filed in the year prior to program entry, any UI benefits received in the year prior to program entry, and whether the individual's earnings history at entry qualified for UI if he/she were to lose a job. For the subset of participants experiencing a recent dip in earnings, the time since the earnings dip and the percent of earnings represented by the dip were also included in the matching process.

The adequacy of each comparison group for the quasi-experimental impacts analysis was judged by performing t-tests comparing treatment and comparison group members on the same 18 dimensions. If the groups were found to be statistically different from one another at  $p < .01$  on more than two of the dimensions, the comparison was considered inadequate, and no impacts were reported. The REM 2007 cohort differed from its comparison group only on the "employed at entry" variable, while the

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<sup>6</sup> See Greenberg et al. (2006).

REM 2008 cohort differed from its comparison group on the “Hispanic” variable. No other statistically significant differences were found between the treatment groups and their selected comparison groups. More detail is provided in Appendix A.

### **Key Outcome Measures**

The analysis focuses on four key measures of program outcome:

- The rate of employment, measured only in UI-covered employment<sup>7</sup>
- Quarterly earnings among those who were employed, also based on UI wage records
- The rate of UI eligibility, based on recent employment and earnings, without any adjustments for other eligibility factors (e.g., reason for job loss)
- The rate of UI benefit claims

## **Labor Market Outcomes and Impacts**

This section presents both the outcomes and quasi-experimental impacts of participation in the REM and Capital IDEA programs.

### **Labor Market Outcomes**

#### **Employment Outcomes**

Between 2003 and 2005, Capital IDEA served 321 participants who either completed services or dropped out of the program (Table 3). In the four quarters prior to their entry into the Capital IDEA program, participants were present in UI wage records approximately 69% of the time, with those who would go on to complete the program having higher rates of employment than those who would eventually dropout. In their last quarter of service, 79% of participants were employed. Once again, employment rates for those who were completing the program were significantly higher than for those who were dropping out. An examination of all post-service quarters finds that 90% of

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<sup>7</sup> UI coverage comprises approximately 95 percent of Texas wage and salary employment (Stevens, 2002).

Capital IDEA completers were employed during that period, while just 71% of non-completers were working.

**Table 3. Capital IDEA 2003-2005 Participants: Quarterly Employment**

Cohort	Total Participants	Four Qtrs Before Service	Last Qtr of Service	2 <sup>nd</sup> Qtr After Service Ends	6 <sup>th</sup> Qtr After Service Ends	10 <sup>th</sup> Qtr After Service Ends	All Qtrs After Service Ends
All	321	68.5%	78.8%	78.5%	76.0%	75.6%	77.9%
Non-Completers	212	66.2%	71.2%	71.7%	69.8%	68.6%	71.2%
Completers	109	72.9%	93.6%	91.7%	88.1%	88.9%	90.3%

There are three cohorts in the Rapid Employment Model analysis: 103 participants in 2006; 85 participants in 2007; and 81 participants in 2008 (Table 4). Employment in the four quarters prior to participation in the REM project ranged from a low of 16% for 2006 participants to a high of 29% for 2008 participants. In their last quarter of service, about half of the participants in 2006 and 2008 were employed while just 31% of 2007 participants were employed. In all post-service quarters, about half of 2006 and 2007 participants have been employed while almost two-thirds of 2008 participants have been employed. It is important to note that large numbers of REM participants trained for employment in occupations that are known to have lower-levels of UI coverage, e.g., truck driving and construction, which employ many individuals as self-employed contractors. Therefore, it is likely that the employment rates noted here significantly under-count employment for these cohorts.

**Table 4. REM Participants: Quarterly Employment**

Cohort	Total Participants	Four Qtrs Before Service	Last Qtr of Service	2 <sup>nd</sup> Qtr After Service Ends	6 <sup>th</sup> Qtr After Service Ends	10 <sup>th</sup> Qtr After Service Ends	All Qtrs After Service Ends
2006	103	16.3%	51.5%	59.2%	47.6%	44.0%	51.9%
2007	85	22.1%	30.6%	55.3%	47.1%	.	50.4%
2008	81	29.3%	49.4%	68.2%	.	.	65.6%

Note: A dot indicates too few participants or no data to report.

It is interesting to note the employment differences between the Capital IDEA and the REM participants. In general, Capital IDEA participants appear to have had stronger labor force attachment before, during, and after their training program than those individuals served by the REM project. This is likely due, in part, to the fact that the REM program has primarily served individuals returning to the community from state jail incarceration.

**Earnings Outcomes**

Earnings are analyzed only for those who were employed in the defined quarter(s), also known as conditional earnings. Therefore, reported average earnings are typically for a smaller number of participants than are identified in the entire cohort.

Employed Capital IDEA participants earned an average \$4,429 in the four quarters prior to their participation in the program (Table 5). Those who would go on to complete the program averaged about \$1,000 more per quarter than those who would eventually drop out. In the second quarter after service ended, employed participants earned an average of almost \$6,000. Those who had completed a degree or certificate program through Capital IDEA earned an average of almost \$3,000 more per quarter than those who had dropped out. By the tenth quarter after service ended, employed completers were earning approximately \$3,700 more per quarter than employed non-completers.

**Table 5. Capital IDEA 2003-2005 Participants:  
Average Quarterly Earnings of Those Employed**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four Qtrs Before Service</b>	<b>Last Qtr of Service</b>	<b>2<sup>nd</sup> Qtr After Service Ends</b>	<b>6<sup>th</sup> Qtr After Service Ends</b>	<b>10<sup>th</sup> Qtr After Service Ends</b>	<b>All Qtrs After Service Ends</b>
<b>All</b>	321	\$4,429	\$4,580	\$5,992	\$6,825	\$7,261	\$6,833
<b>Non-Completers</b>	212	\$4,044	\$3,887	\$4,811	\$5,722	\$5,742	\$5,544
<b>Completers</b>	109	\$5,108	\$5,604	\$7,787	\$8,525	\$9,475	\$8,712

For employed REM participants (Table 6), pre-service earnings averages ranged from \$1,953 to \$4,574. In the second quarter after their participation ended, both employed 2006 and 2007 participants earned an average of approximately \$3,100 while

employed 2008 participants averaged approximately \$4,500. For the two cohorts with sufficient time elapsed, earnings in the sixth quarter after participation increased substantially: employed 2006 participants earned an average of \$5,333, an increase of more than 333% over their average earnings in the last quarter of service, while employed 2007 participants earned an average of \$4,060, an increase of more than 350% over their earnings in the last quarter of service.

**Table 6. REM Participants: Average Quarterly Earnings of Those Employed**

Cohort	Total Participants	Four Qtrs Before Service	Last Qtr of Service	2 <sup>nd</sup> Qtr After Service Ends	6 <sup>th</sup> Qtr After Service Ends	10 <sup>th</sup> Qtr After Service Ends	All Qtrs After Service Ends
2006	103	\$1,953	\$1,598	\$3,145	\$5,333	\$5,291	\$4,512
2007	85	\$2,360	\$1,141	\$3,191	\$4,060	.	\$3,600
2008	81	\$4,574	\$2,981	\$4,524	.	.	\$3,838

Note: A dot indicates too few participants or no data to report.

### Eligibility for Unemployment Insurance

This is the first of two measures related to UI benefits that we examined. In this measure, qualification for UI benefits<sup>8</sup>, researchers examined participants’ work histories in the pre- and post-service period to determine if workforce development services had increased participants’ eligibility for receiving UI insurance in the event of a layoff or other employment separation. Qualification for UI benefits is based on the length of employment, earnings levels and reason for separation, among other factors. An individual must have sufficient earnings in UI-covered employment in at least two of the four quarters prior to separation to qualify for UI benefits. This measure is significant as it looks at the stability of an individual’s employment and their ability to access this important safety-net, if needed.

A large number of Capital IDEA participants (64%) had strong employment and earnings histories prior to their participation in the program (Table 7). In fact, three-fourths of those who would go on to complete the program met the earnings history

<sup>8</sup> In this paper, “qualified for UI benefits” refers to individuals who met the employment and earnings threshold for those benefits. This threshold in combination with other factors, such as reason for separation, would ultimately determine whether or not an individual would be eligible to collect benefit payments.

standard in their pre-service period. That percentage increased to 93% in the sixth quarter after service and 90% over all post-service quarters. For all participants, three-fourths had sufficient earnings and employment histories to qualify for UI benefits in the post-service period.

**Table 7. Capital IDEA 2003-2005 Participants:  
Eligible for UI Based on Earnings History if One Were to Lose a Job**

Cohort	Total Participants	Four Qtrs Before Service	Last Qtr of Service	2 <sup>nd</sup> Qtr After Service Ends	6 <sup>th</sup> Qtr After Service Ends	10 <sup>th</sup> Qtr After Service Ends	All Qtrs After Service Ends
All	321	64.2%	.	.	76.9%	74.0%	75.5%
Non-Completers	212	58.4%	.	.	68.9%	67.2%	67.5%
Completers	109	75.5%	.	.	92.7%	87.0%	89.9%

Note: A dot indicates too few participants or no data to report. UI eligibility is only reported for those whose qualification period does not overlap the period of service, thus no outcomes are reported for five quarters after service.

Prior to entering the REM project, many participants had a history of unstable employment. Twenty percent or fewer of each cohort met the earnings and employment standard for UI benefits in the pre-service period (Table 8). After their participation, however, a large number have moved into stable employment that would qualify them for benefits through the UI program. For participants in the 2006 cohort, the percentage who would qualify for UI benefits increased by more than 400% in the post-service period. Participants in the 2007 cohort would qualify for UI benefits at more than double the rate of the pre-service period.

**Table 8. REM Participants:  
Eligible for UI Based on Earnings History if One Were to Lose a Job**

Cohort	Total Participants	Four Qtrs Before Service	Last Qtr of Service	2 <sup>nd</sup> Qtr After Service Ends	6 <sup>th</sup> Qtr After Service Ends	10 <sup>th</sup> Qtr After Service Ends	All Qtrs After Service Ends
2006	103	9.7%	.	.	53.4%	41.0%	46.1%
2007	85	19.7%	.	.	41.2%	.	39.6%
2008	81	19.4%	.	.	.	.	.

Note: A dot indicates too few participants or no data to report. UI eligibility is only reported for those whose qualification period does not overlap the period of service, thus no outcomes are reported for five quarters after service.

### Unemployment Insurance Claims Filed

In this second measure related to UI benefits, researchers examined UI claims in both the pre- and post-service period to determine if participating in workforce development services had reduced participants' reliance on UI benefits. Approximately 5% of Capital IDEA participants had filed a claim for UI benefits in the four quarters prior to program entry (Table 9). In all post-service quarters, just 2.2% had filed a claim. For those that completed the program, the drop in filings was even more dramatic. Approximately 4% had filed a claim in the pre-service period, while just 1.1% filed a claim in the post-service period.

**Table 9. Capital IDEA 2003-2005 Participants: UI Claims Filed**

Cohort	Total Participants	Four Qtrs Before Service	Last Qtr of Service	2 <sup>nd</sup> Qtr After Service Ends	6 <sup>th</sup> Qtr After Service Ends	10 <sup>th</sup> Qtr After Service Ends	All Qtrs After Service Ends
All	321	4.9%	1.9%	1.2%	1.9%	1.6%	2.2%
Non-Completers	212	5.4%	1.9%	1.9%	2.4%	2.0%	2.7%
Completers	109	3.9%	1.8%	0.0%	0.9%	0.9%	1.1%

Given their lower rates of qualification for UI benefits, it is not surprising that few REM participants filed a UI claim in either the pre- or post-service period (Table 10). Both the 2006 and 2007 cohorts show higher percentages of UI claims filed in the post-service period, though both were less than 1.5%. This may be, in part, a reflection that more of the participants met the employment and earnings standards to qualify for benefits than had previously.

**Table 10. REM Participants: UI Claims Filed**

Cohort	Total Participants	Four Qtrs Before Service	Last Qtr of Service	2 <sup>nd</sup> Qtr After Service Ends	6 <sup>th</sup> Qtr After Service Ends	10 <sup>th</sup> Qtr After Service Ends	All Qtrs After Service Ends
2006	103	0.2%	0.0%	0.0%	0.0%	1.0%	1.4%
2007	85	0.9%	0.0%	0.0%	4.7%	.	1.3%
2008	81	1.2%	2.5%	0.0%	.	.	0.9%

Note: A dot indicates too few participants or no data to report.

## Program Impacts

In the presentation of program impacts detailed below, two columns for effects are displayed. The *Unadjusted Net Effect* column simply shows the computed difference between treatment and comparison groups on the outcome in question. The *Adjusted Net Effect* column presents the net effect after further statistical adjustment has been made (e.g., for demographic and other minor differences that remain after matching). The adjusted figures form the basis of the discussion that follows.

## Employment

Capital IDEA participation has a statistically significant impact on employment of approximately 11 percentage points (Table 11). Moreover, the employment impact is strongly linked to completion of the Capital IDEA program: a difference of almost 25 percentage points between the treatment and comparison group. Of course, some unknown part of this difference may be due to unobservable differences between completers and non-completers that cannot be controlled for in the analysis.

**Table 11. Capital IDEA Participants 2003-2005:  
Quarterly Employment Impacts**

Cohort	Number of Post-Service Person-Quarters	All quarters after service ends: Comp group	All quarters after service ends: Treatment group	Unadjusted net effect	Adjusted net effect
All	4812	67.3%	77.9%	10.6%	10.6% **
Non-Completers	4205	70.7%	71.2%	0.5%	1.1%
Completers	2300	67.8%	90.3%	22.6%	24.8% **

Note: \*\*=significant at p<.01

Participation in the REM project also has a statistically significant impact on employment of about five to six percentage points for the earlier cohorts (Table 12). It should be noted again that many of the REM participants trained for employment in positions that are known to have low-levels of UI-coverage (e.g., truck driving and construction). Therefore, it is likely that the employment rates noted here significantly under-count the actual levels of employment for these cohorts.

**Table 12. REM Participants: Quarterly Employment Impacts**

Cohort	Number of Post-Service Person-Quarters	All quarters after service ends: Comp group	All quarters after service ends: Treatment group	Unadjusted net effect	Adjusted net effect
2006	2322	51.2%	51.9%	0.7%	4.6% *
2007	1473	55.1%	50.4%	(4.7%)	5.6% *
2008	477	59.5%	65.6%	6.1%	4.1%

Note: \*=significant at p<.05

**Earnings**

Two measures of earnings are presented below. In the tables, earnings impacts are presented only for those who were employed. In the subsequent figures, earnings impacts are averaged across *all* participants, whether or not they were employed. The latter measure is a summary measure that captures the full impacts of the programs.

Employed participants in the Capital IDEA program experienced a significant, positive impact on earnings of \$739 per quarter on average (Table 13). Once again, this impact is almost exclusively related to completion: those who completed the program experienced, on average, a quarterly earnings increase of almost \$1,700 over the comparison group.

**Table 13. Capital IDEA 2003-2005 Participants: Impacts on Average Quarterly Earnings of Those Employed**

Cohort	Number of Post-Service Person-Quarters	All quarters after service ends: Comp group	All quarters after service ends: Treatment group	Unadjusted net effect	Adjusted net effect
All	3240	\$5,970	\$6,833	\$863	\$739 **
Non-Completers	2975	\$5,283	\$5,544	\$260	\$47
Completers	1559	\$6,073	\$8,712	\$2,638	\$1,691 **

Note: \*\*=significant at p<.01

For employed REM participants, the earnings story is somewhat mixed (Table 14). While earnings growth was not a central goal of the REM project, it did target employment at a living wage. Employed REM 2006 and 2008 participants experienced statistically non-significant earnings impact in relation to their comparison groups. Employed members of the REM 2007 cohort, however, experienced a negative earnings impact (\$-520 per quarter, on average).

**Table 14. REM Participants:  
Impacts on Average Quarterly Earnings of Those Employed**

Cohort	Number of Post-Service Person-Quarters	All quarters after service ends: Comp group	All quarters after service ends: Treatment group	Unadjusted net effect	Adjusted net effect
2006	1190	\$3,752	\$4,512	\$760	\$312
2007	812	\$4,064	\$3,600	\$-464	\$-520 *
2008	284	\$3,382	\$3,838	\$456	\$-446

Note: \*=significant at p<.05

### **Unemployment Insurance Benefits**

The impacts analysis also examined program participation impacts on the two measures related to unemployment insurance: eligibility for UI benefits and UI claims filed. In both cases, participation in Capital IDEA had a statistically significant impact for those who completed the program. Capital IDEA completers experienced almost a 26 percentage point increase in eligibility for UI benefits over the comparison group (Table 15). Completers also filed fewer UI claims in the post-service period than the comparison group, approximately 1.7 percentage points lower (Table 16).

**Table 15. Capital IDEA 2003-2005 Participants:  
Impacts on UI Eligibility Based on Earnings if One Lost a Job**

<b>Cohort</b>	<b>Number of Post-Service Person-Quarters</b>	<b>All quarters after service ends: Comp group</b>	<b>All quarters after service ends: Treatment group</b>	<b>Unadjusted net effect</b>	<b>Adjusted net effect</b>
<b>All</b>	3207	64.6%	75.5%	10.9%	10.7% **
<b>Non-Completers</b>	2745	68.1%	67.5%	(0.5%)	(0.1%)
<b>Completers</b>	1570	67.0%	89.9%	22.9%	25.7% **

Note: \*\*=significant at p<.01

**Table 16. Capital IDEA 2003-2005 Participants: Impact on UI Claims Filed**

<b>Cohort</b>	<b>Number of Post-Service Person-Quarters</b>	<b>All quarters after service ends: Comp group</b>	<b>All quarters after service ends: Treatment group</b>	<b>Unadjusted net effect</b>	<b>Adjusted net effect</b>
<b>All</b>	4812	2.7%	2.2%	(0.5%)	(0.4%)
<b>Non-Completers</b>	4205	3.2%	2.7%	(0.5%)	(0.2%)
<b>Completers</b>	2300	3.3%	1.1%	(2.1%)	(1.7%) **

Note: \*\*=significant at p<.01

Participation in REM also had a statistically significant impact on the UI measures for some cohorts. The 2006 REM cohort experienced a statistically significant increase in eligibility for UI benefits over the comparison group (Table 17). The 2007 and 2008 REM cohorts filed significantly fewer UI claims than the comparison group (Table 18).

**Table 17. REM Participants:  
Impacts on UI Eligibility Based on Earnings if One Lost a Job**

Cohort	Number of Post-Service Person-Quarters	All quarters after service ends: Comp group	All quarters after service ends: Treatment group	Unadjusted net effect	Adjusted net effect
2006	1262	40.8%	46.1%	5.3%	7.2% **
2007	433	50.1%	39.6%	(10.6%)	(0.2%)
2008	0	.	.	.	.

Note: \*\*=significant at p<.01

**Table 18. REM Participants: Impact on UI Claims Filed**

Cohort	Number of Post-Service Person-Quarters	All quarters after service ends: Comp group	All quarters after service ends: Treatment group	Unadjusted net effect	Adjusted net effect
2006	2322	3.3%	1.4%	(1.9%)	(1.2%)
2007	1473	4.2%	1.3%	(2.9%)	(3.3%) **
2008	477	6.3%	0.9%	(5.4%)	(7.0%) **

Note: \*\*=significant at p<.01

**Earnings Impacts Over Time**

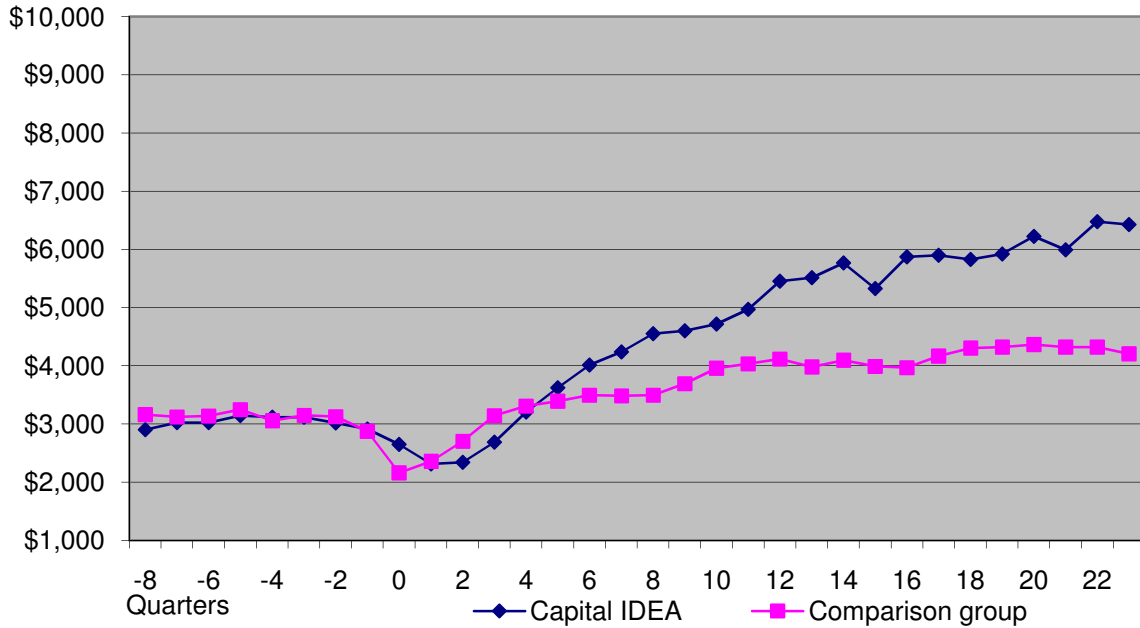
The following figures provide a summary measure of participants' employment and earnings experiences. Treatment group earnings shown in these figures are averaged across *all* participants in these quarters (i.e., unconditional earnings), not just those who were employed. The difference between earnings for treatment and comparison group members captures the combined employment and earnings impacts of the program.

**Capital IDEA Impacts**

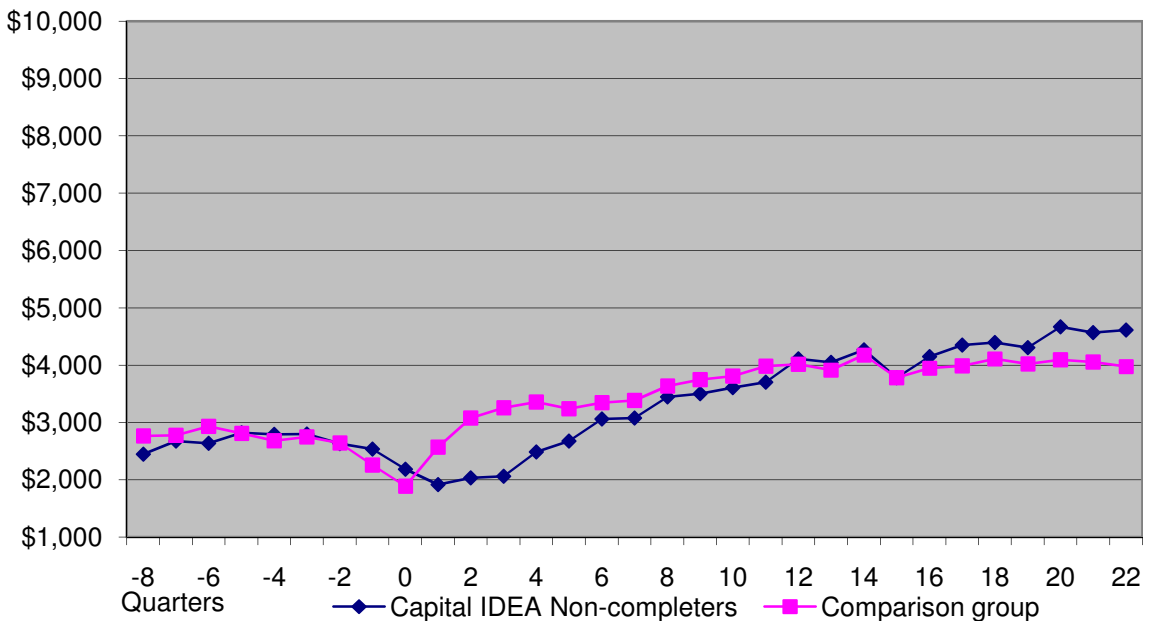
The first three figures look at the cohorts of Capital IDEA participants. In all three figures, pre-service employment and earnings for both participants and comparison group members are very similar. The story changes in the post-service period. Figure 1 shows that the advantage gained for Capital IDEA participants by the end of the

measurement period was large (about \$2,000 per quarter), and apparently still widening. Figure 2 shows, however, that non-completers did not realize much of an advantage. Their earnings track very closely with the comparison group throughout the measurement period, exceeding them somewhat in more recent quarters.

**Figure 1. Capital IDEA 2003-2005 Participants vs. Comparison Group Earnings Over Time**

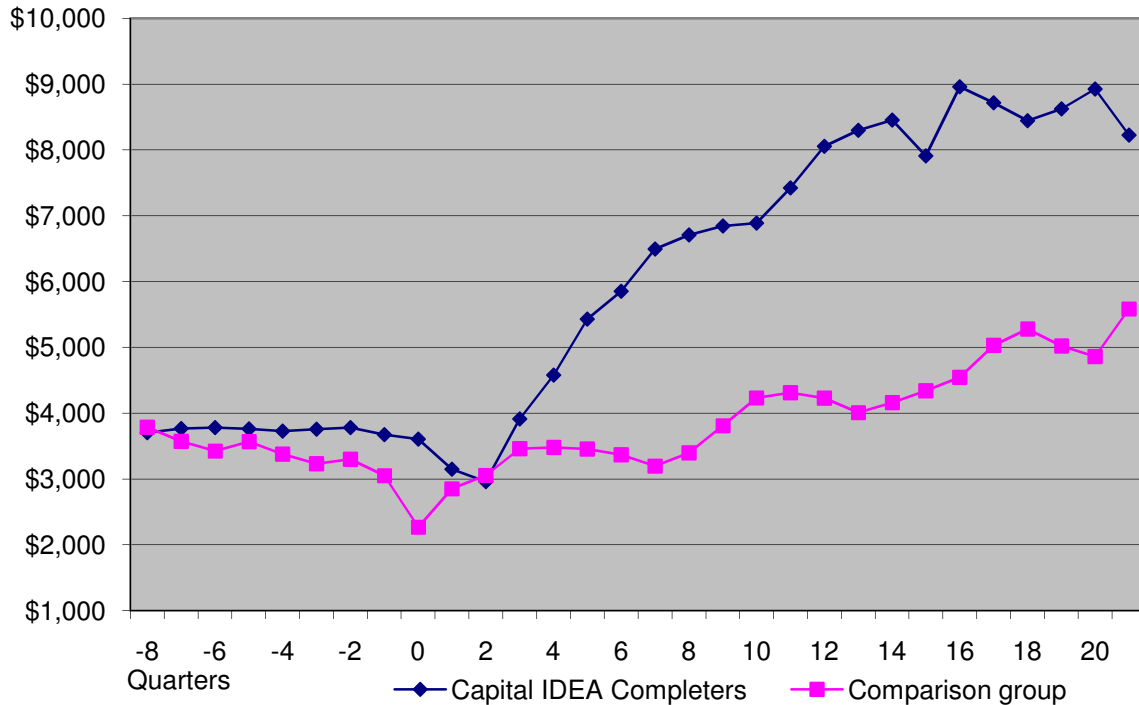


**Figure 2. Capital IDEA Non-Completers vs. Comparison Group Earnings Over Time**



In Figure 3, it is clear that the earnings advantage experienced by Capital IDEA participants lies almost entirely with those who completed the program. By the end of the period analyzed, Capital IDEA program completers were earning \$2,300 more per quarter than the comparison group.

**Figure 3. Capital IDEA Completers vs. Comparison Group Earnings Over Time**

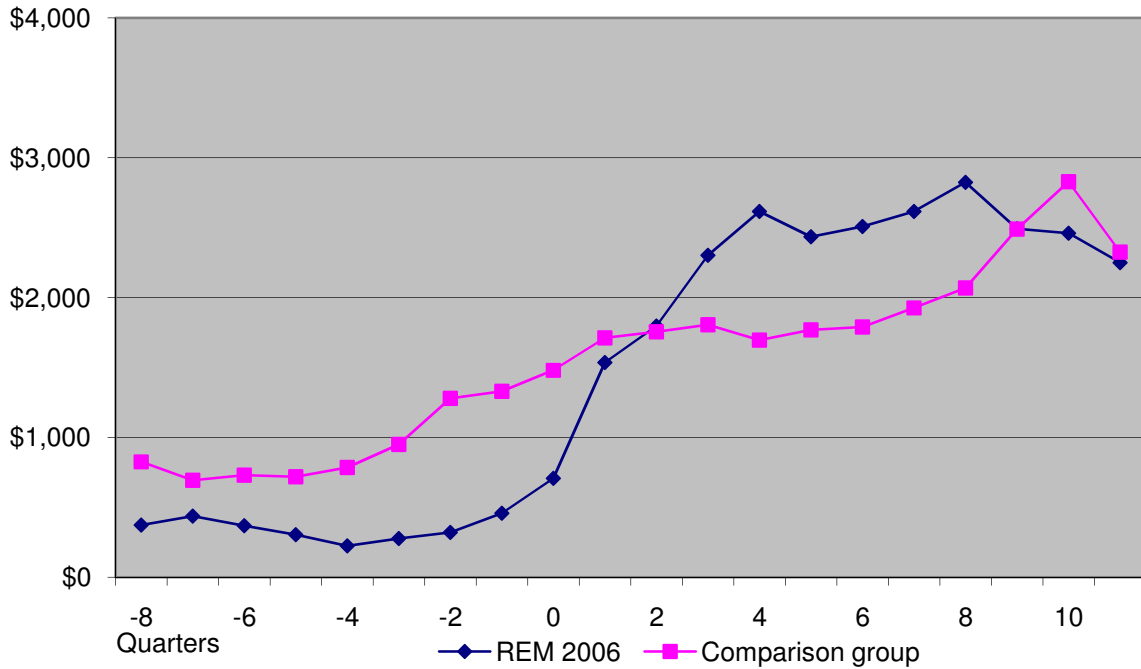


**REM Impacts**

For the REM program participants, the earnings and employment story is somewhat mixed (Figures 4-6). In the pre-service period, REM participants in the 2006 and 2007 cohorts had very low-earnings (less than \$1,000 per quarter) that were often far below those of the comparison group. Pre-service earnings by the 2008 cohort were higher (about \$1,500 per quarter) and were very similar to the comparison group. The post-service picture also varies widely by cohort.

The 2006 REM cohort (Figure 4) experienced strong employment and earnings gains in post-service quarters two through eight, with an earnings advantage of more than \$500 per quarter over the comparison group. In post-service quarters nine and ten, however, the REM advantage disappeared.

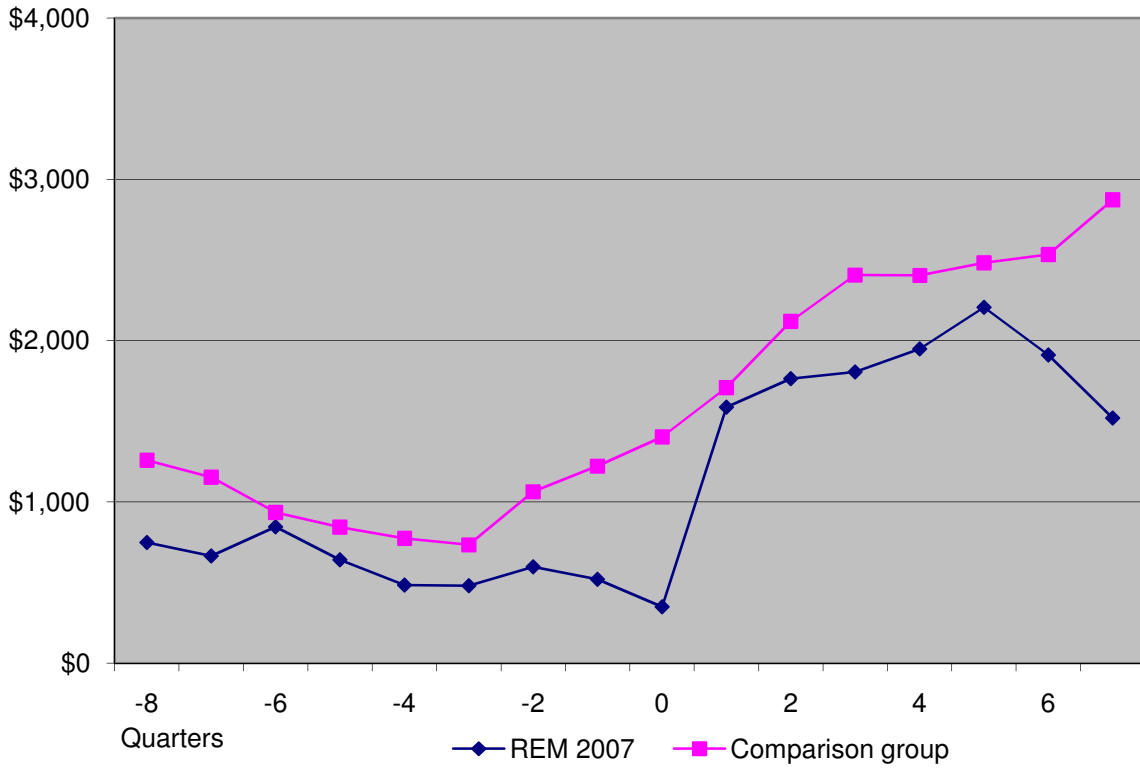
**Figure 4. REM 2006 Participants vs. Comparison Group Earnings Over Time**



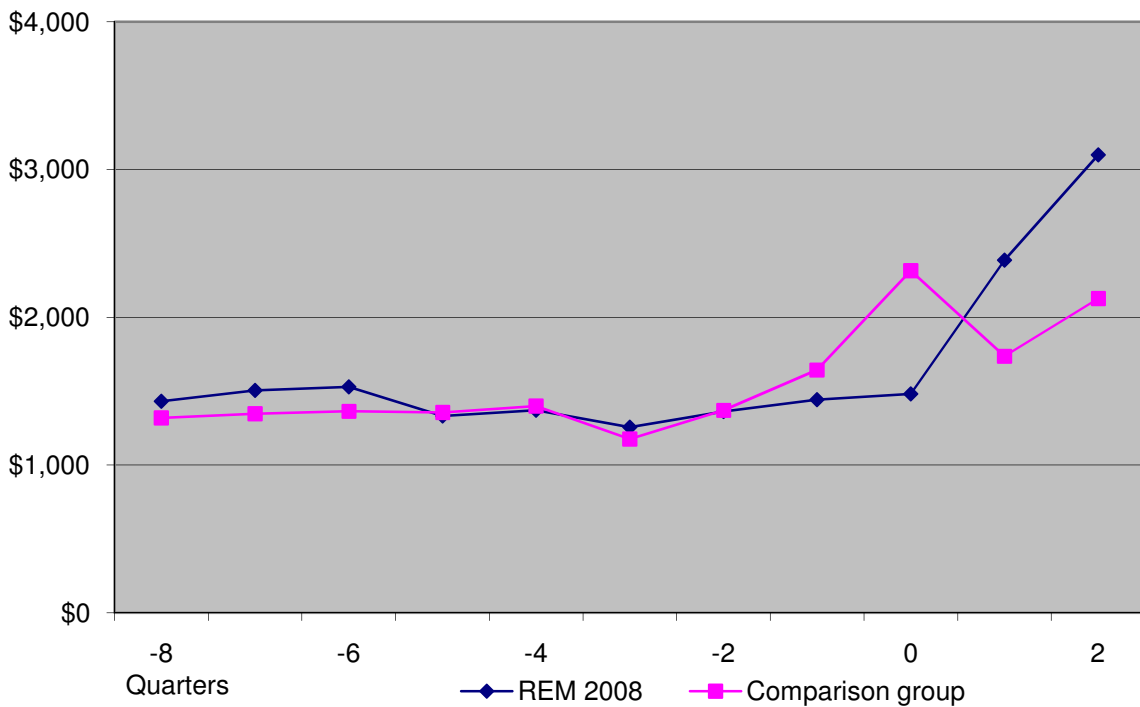
The 2007 REM cohort also experienced strong employment and earnings gains in the post-service period that was sustained from quarters one through five (Figure 5). In subsequent quarters, earnings declined but were still substantially above the pre-service average. The difference between the 2006 and the 2007 cohort, however, is that the 2007 group never out-performed its comparison group.

While the post-service period is very limited for the REM 2008 cohort, its earnings picture appears promising (Figure 6). In the pre-service period, both participants and comparison group members had very similar earnings. While comparison group earnings went up substantially in the quarter that the REM cohort was in training, that advantage was not sustained over time. In the post-service period, 2008 REM participants experienced strong earnings gains of almost \$1,000 per quarter.

**Figure 5. REM 2007 Participants vs. Comparison Group Earnings Over Time**



**Figure 6. REM 2008 Participants vs. Comparison Group Earnings Over Time**



## Conclusions & Policy Implications

This paper has examined two programs representing the range of locally-funded workforce investment services in Travis County, Texas. The Rapid Employment Model (REM) program emphasizes very short-term training with structured job-search assistance. The intent of the project is to increase employment in the targeted population; there is no specific intent to improve earnings. While results are mixed across the three cohorts examined, overall participants experienced an initial post-service increase in employment and earnings well above their pre-service levels. In addition, REM participants greatly improved their eligibility for accessing Unemployment Insurance benefits if they were to experience a job loss. These impacts, however, do not appear to be sustained, a finding that is not surprising given the relatively short-duration, low-intensity training undertaken.

At the other end of the spectrum, the Capital IDEA program emphasizes long-term training for high-wage, high-demand occupations in growth sectors coupled with intensive wrap-around services. While results for participants overall are strong, further analysis reveals that most of the impacts accrue to those who actually complete the program. The employment and earnings impacts are strong and appear to not only sustain, but to grow, over time. Program completion also was associated with strong impacts on UI benefit eligibility, while at the same time decreasing actual UI claims filed.

The findings presented here support the conclusions drawn by Jenkins (2005) and Prince and Jenkins (2005) in their “tipping point” analysis. While short-term training helps low-income workers access employment, it does not impact their earnings over time. Workers who undertake longer-term training (of at least a year) leading to a credential not only gain access to higher-paying employment initially, over time their earnings continue to increase. Workforce programs that provide the necessary wrap-around supports to enable low-income workers to engage in and complete longer-term training, such as Capital IDEA, are critical partners in helping low-income workers change their career trajectories. This last point was found to be particularly critical in Public/Private Ventures’ Sectoral Employment Initiative. Roder et al. (2008) found that successful sectoral projects targeting disadvantaged workers were those that carefully

screened candidates to fully understand potential barriers to success and then implemented support services and programs to address those barriers. Maguire et al. (2009) evaluated three sectoral training programs<sup>9</sup> using a random assignment design and found strong positive impacts, as previewed in a brief published in May 2009.

Travis County and *Workforce Solutions*-Capital Area remain committed to the ongoing evaluation of their investments in workforce services. This year, the partners have begun talking with the Ray Marshall Center about extending the evaluation analysis to include benefit-cost analysis. In addition, the partners continue to expand the range of training options available to Travis County residents. After examining the outcomes of both the Capital IDEA and the Rapid Employment Model program, *Workforce Solutions* proposed a new program to the County: the Gainful Employment Model (GEM). The GEM program offers the community a mid-term training option, focusing on career opportunities that require training ranging from three to nine months in length leading to an occupational certificate or license. The intent of the GEM program is to identify interventions that are less time and resource intensive than Capital IDEA, yet yield greater, more lasting earnings and employment impacts than have been realized in the REM program. The GEM program began operations in May 2009; it will be included in the evaluation reports for the first time in December 2010.

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<sup>9</sup> The programs are: Jewish Vocational Services (Boston, MA), Per Scholas (New York, NY) and the Wisconsin Regional Partnership (Milwaukee, WI).

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## APPENDIX A

**Table A-1. Summary of Differences between Treatment and Selected Comparison Groups, by Provider and Cohort**

	Capital IDEA	REM 2006	REM 2007	REM 2008
Age				
Average earnings, 4 years prior				
Percent of earnings that earnings dip represents				
Employed at entry			**	
White				
Black				
Hispanic				**
Gender, female				
Eligible for UI based on work history				
Percent of time employed, 4 years prior				
Time since first observed earnings, quarters				
Time since earnings dip, quarters				
Any UI benefits in prior year				
Any UI claims in prior year				
Any high-intensity workforce development in prior year		-		
Percent of time in high-intensity workforce development in prior year		-		
Any low-intensity workforce development in prior year				
Percent of time in low-intensity workforce development in prior year				
<b>Pass or fail test for adequacy of comparison group</b>	<b>PASS</b>	<b>PASS</b>	<b>PASS</b>	<b>PASS</b>

Note: \*\*=significantly different at  $p < .01$ , - =test could not be computed