Benchmarks

A Review of
Recent Workforce Investment Act
Program Performance

An Occasional Paper

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Among other services, FutureWork assists states and DOL regional offices analyze WIA performance in their jurisdictions. This is same data as reported to DOL each quarter but offered in an easier to access format.

I also want to acknowledge the staff of the Bureau of Labor Statistics, the US Census, and the US Department of Health and Human Services whose highly professional, but often thankless, work provides reliable facts essential to the functioning of the US economy in a format easy to use by the American public.

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GJM

Benchmarks:
A Review of Workforce Investment Act Program Performance

Garrison Moore

Congress recently passed a rewrite of the Workforce Investment Act (WIA). The new law, The Workforce Innovation and Opportunities Act, makes a number of changes from WIA. However, both laws have the same primary goals, the training and placement of poor and unemployed people in decent jobs. It seems useful to have a point of reference for program performance under the new law by reviewing recent WIA program performance. Critics and supporters have many claims about Workforce Investment Act program performance. Most lack any basis in fact. This paper provides a few facts about WIA for the layperson.

Programs funded under Workforce Investment Act service a variety of poor and unemployed populations (youth, Native Americans, migrant workers, the disabled, etc.) WIA Services range from counseling and job search assistance to a variety of training options (community college education courses, customized classroom training, employer provided on-the-job training, etc.) This paper reviews outcomes and simple benchmarks for unemployed adult participants and recently laid off or "dislocated" workers.

The law requires local and state workforce programs to report their performance in a range of areas including placement of participants in fulltime work ("entered employment rates" or EER), wages for a period after placement, and retention in those jobs after six months as well as special measure for youth programs.

The information used for this review covers the period from April 1, 2013 through March 30, 2014. Approximately 615 local and state entities are required to provide their performance results quarterly.[1] Not all of them are timely in their reporting. By September 2014, 474 programs had completed performance reports. This represents about 77 percent of the programs required to report under the Act.

Since small changes in the number of job placements in programs with few participants can greatly change the percentage outcomes – a change on one placement in a group of five can result in a 20 percent change in the placement rates - a minimum number of participants helps get a clear picture of actual system performance. We have chosen a reasonable but arbitrary cutoff point of 50 or more participants. Some 395 programs reported more than 50 or more participants leaving the program - "exiters" as the jargon has it. [2]

Each WIA funded organization is expected to meet certain measurable program performance *standards*. The states negotiate these standards with each local area based on national standards prepared by the US Department of Labor for each state. The negotiated standards take into account factors beyond the control of the workforce agency such as local unemployment rates and the income and education levels of participants that may make it harder (or easier) to place local participants in good jobs. In general, the higher the barriers, the lower the placement and wage requirements. The data presented here are the raw placement and wage data and do not reflect local performance standards adjustments

[1]Most of the data relates to *local* Workforce Investment Act programs to train and place low income and unemployed workers. However, the data also includes about 60 *state funded programs*, which consist largely of special grants to provide workforce services in response to large unexpected economic events – including mass layoffs and natural disasters.

[2] Please remember this is a review of *institutional* performance. The statistics reported reflect the performance of local Workforce Boards (WIBs) and state programs on key indicators. It offers a within-the-ballpark view of state and local WIA *program* performance rather than statistics on individual placements and wages nationally.

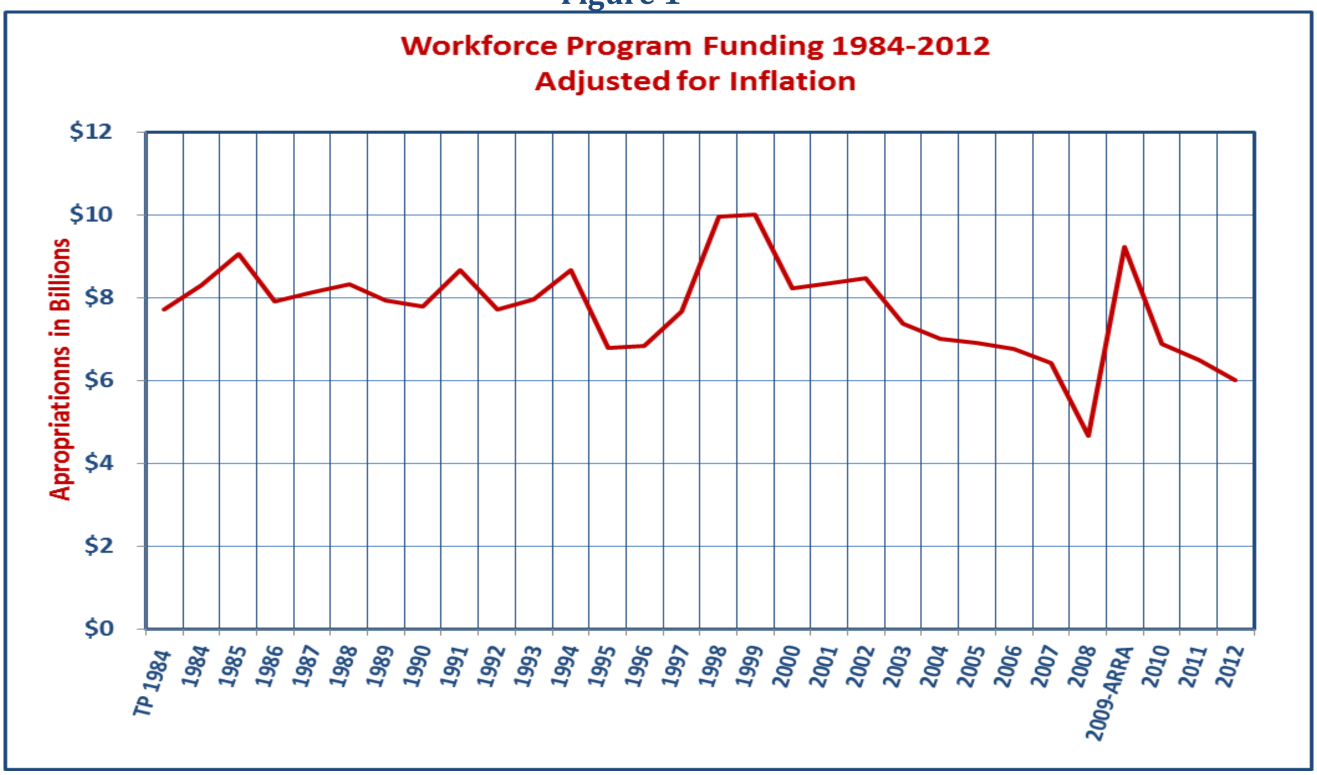
Workforce Development Funding

Over the past 30 years, there have been three successive federally funded, state administered and locally operated programs to train and place low income and unemployed Americans in fulltime employment at decent wages – the Job Training Partnership Act of 1983, the Workforce Investment Act of 1998, and the new Workforce Innovation and Opportunities Act of 2014.

Though they differ in detail, each of these programs had the same general goals and program components. An earlier program – the Comprehensive Employment and Training Act or CETA - operated between 1973 and 1983. However, this program had a much broader mandate, operated without specific performance standards and is, as such, not comparable to the later programs.

Figure 1 shows the funding of US Department of Labor administered workforce development programs over the last 30 years adjusted for inflation. As is evident, over the long run Congress has slowly but steadily reduced the amount of funding for these programs. The two spikes in funding reflect the appropriations for the now defunct National School to Work program of the 1990s and 2009-2010 "Stimulus" funding at the height of the Great Recession.

Figure 1[3]



[3] This chart shows funding for all US Department of Labor administered workforce development programs rather than just the Adult and Dislocated Worker programs discussed elsewhere in this paper. However, the latter two programs make up the bulk of the program funding and their funding closely tracks overall funding levels.

Entered Employment Rates

Local workforce agencies report job placement information to their state workforce agencies, which in turn check the data for accuracy and pass it on to US Department of Labor. Three fifths of those reporting had entered employment rates of exceeding 75 percent. Just 13 percent of the 395 Workforce programs with more than 50 participants exiting their adult programs had placements of less than 60 percent and none had less than a 49 percent placement rate. Entered employment rates for Dislocated Worker programs outperform the adult program placements. This is understandable since dislocated workers tend to be older, have more work experience and, thus, more attractive and valuable to employers.

Figure 2

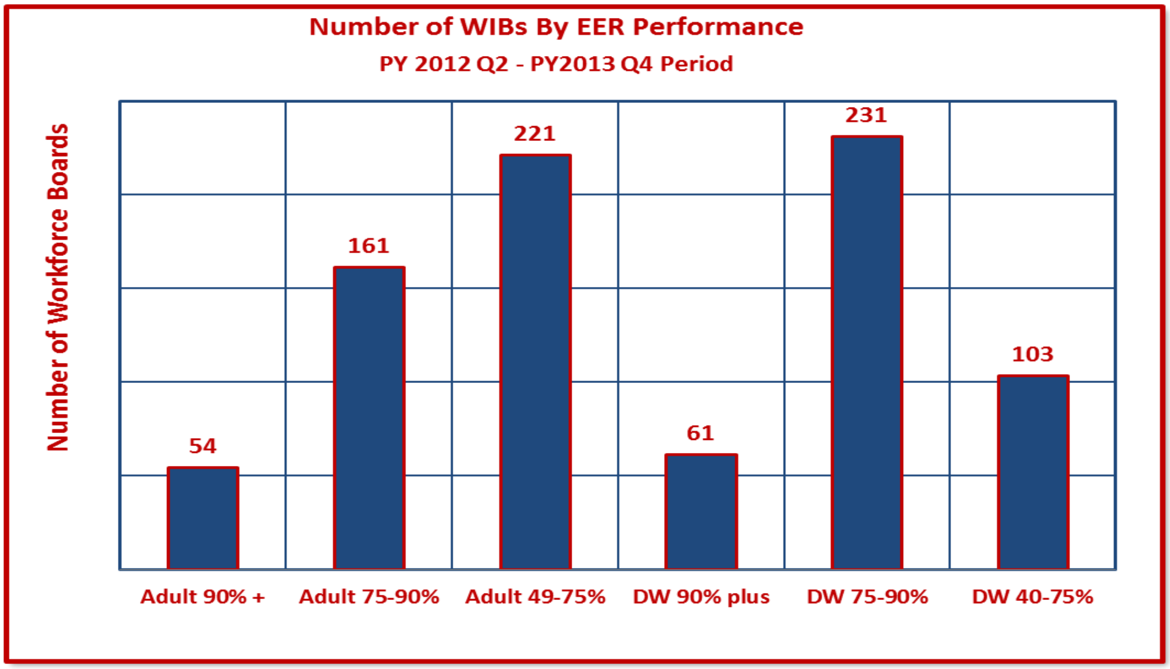


Figure 3

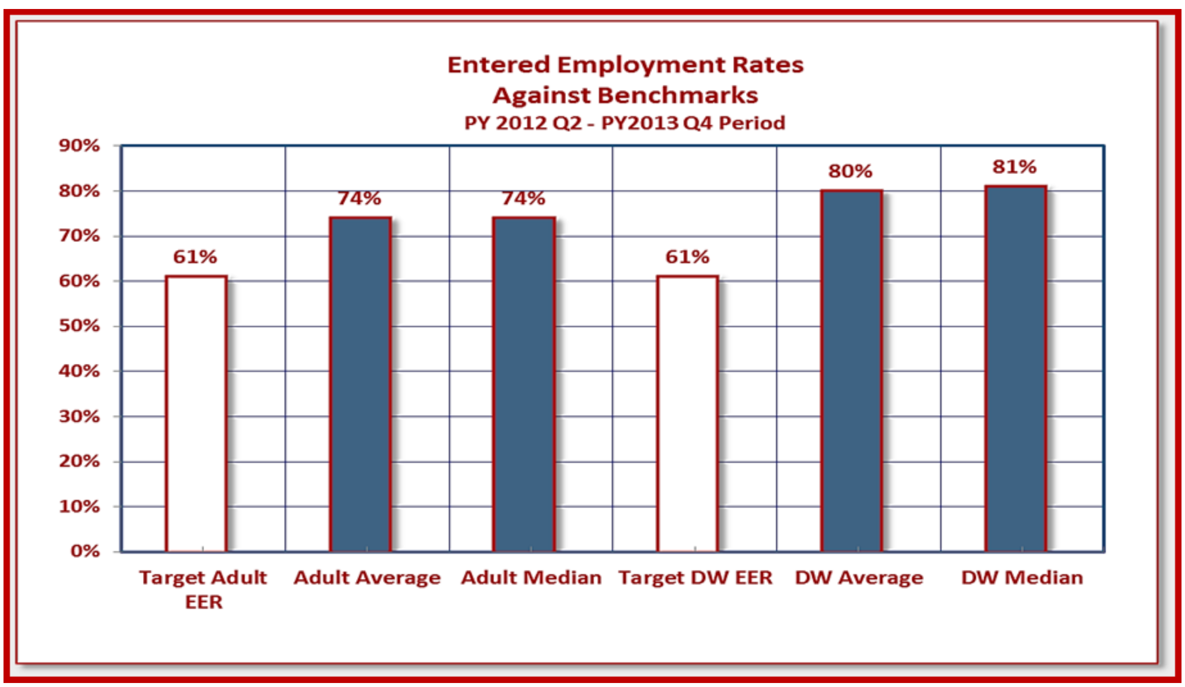


Figure 3 on the preceding page compares average, median (i.e. the midpoint in the range), highest, and lowest entered employment rates for all workforce programs reporting. Note that these program performance and not the average or median of all WIA participants in the country. Again, the dislocated worker numbers are consistently higher though one WIB came in at unimpressive 40 percent. None was lower. Several WIBs placed 100 percent of their participants in both categories.

Wage Performance

State Unemployment Insurance agencies provide the necessary information for wage reporting from reports required of all employers for unemployment insurance premium payments purposes. These reports contain information on when employers hire workers, when workers leave, and the wages they make while working. This provides an independent and reliable source of WIA participant wage and employment information.

Figure 4 shows high, average, median, and low wages for adult workforce programs. For comparison purposes an annualized income for those making the $7.25/hr. federal minimum wage ($14 790), the current poverty line for a family of four ($23,850), and the average annual wage for all US jobs $39,336) are shown as well. As is apparent the program average and median wages for WIA adult wages exceed three benchmarks comfortably but wages are below the US national average for all workers.

WIA Dislocated workers wages (**Figure 5**) exceed the WIA national target and all three of the other benchmarks. As with placement rates dislocated worker wages tend to exceed those of other workers since they tend to have more skills and experience. The WIB with the highest annual wages for dislocated workers ($87,047) operates in an oil boom area, which apparently accounts for the elevated compensation.

Figure 4

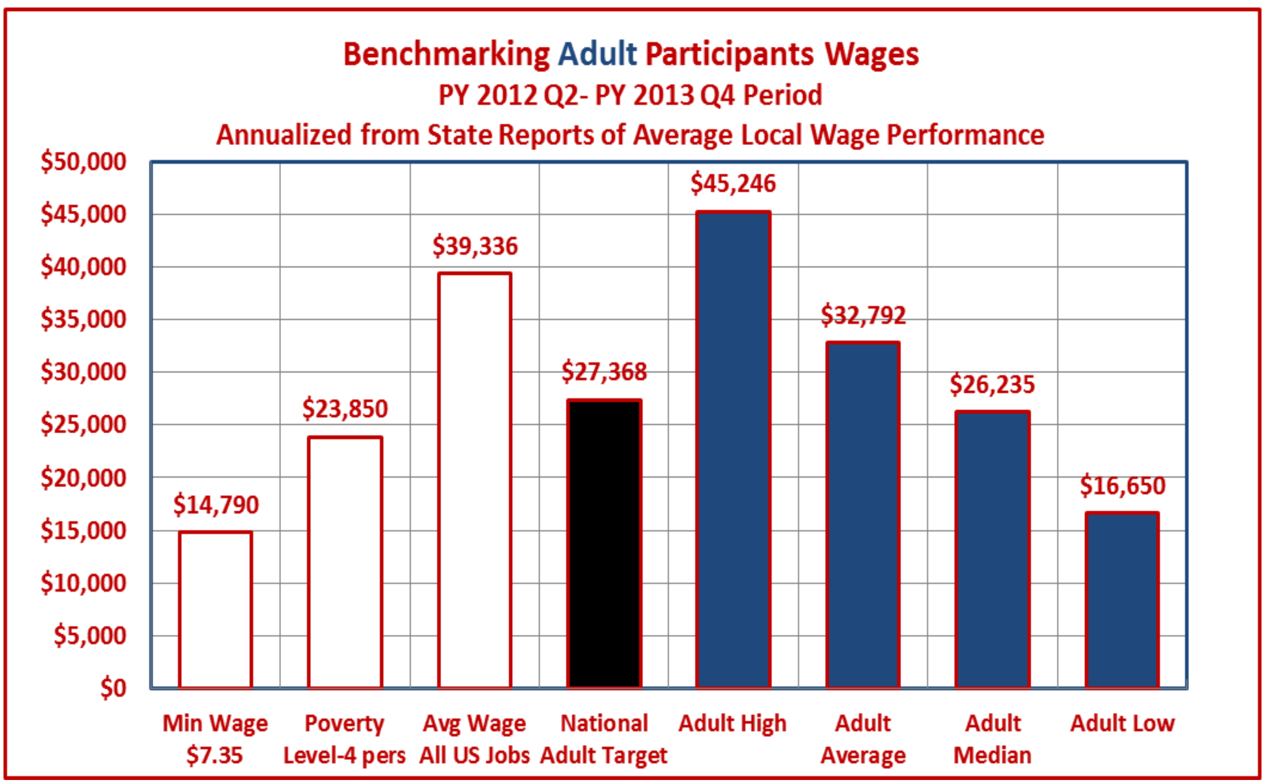
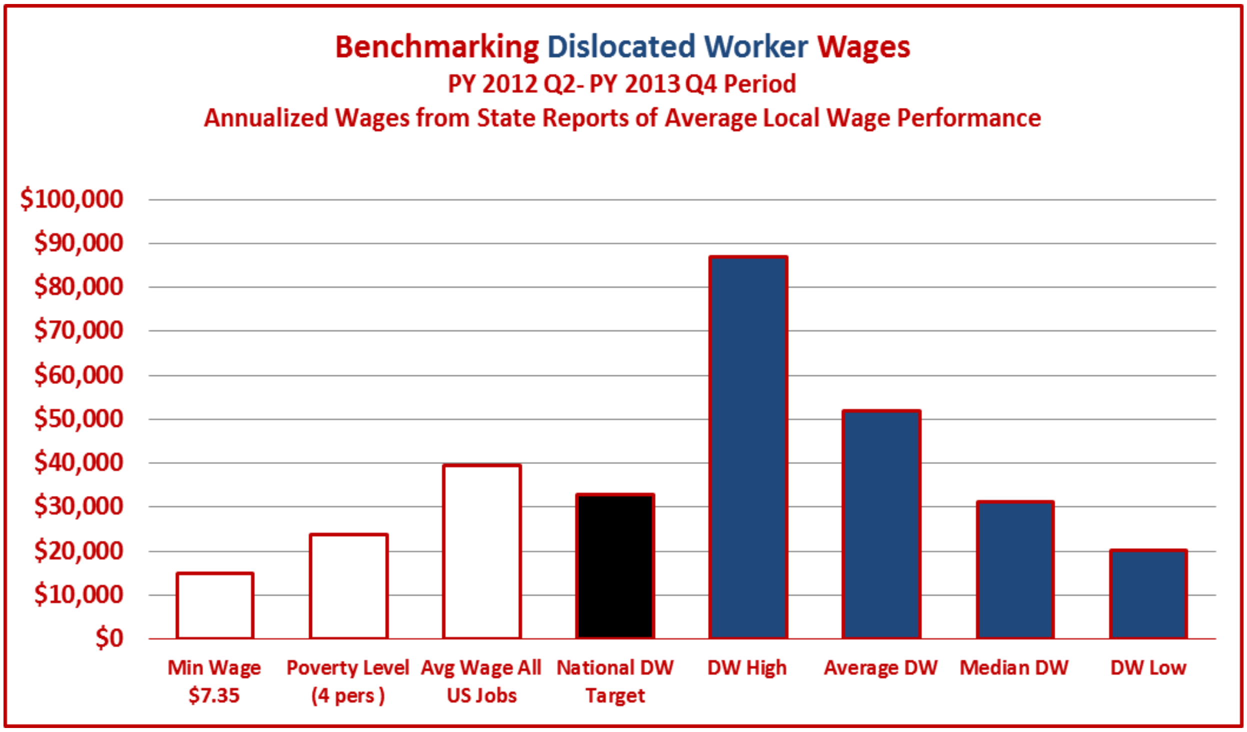


Figure 5



Sources

1. **WIA Data** All WIA employment and earnings performance data are from State WIA performance reports to the US Department of Labor as compiled by FutureWork Systems, Inc.
2. **Wage Data** Minimum wage and average annual wage data is from the Bureau of Labor Statistics (BLS) online databases.
3. **Poverty Rate** provided by the US Department of Human Services Office of Assistant Secretary for Planning and Evaluation website announcement.