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# Ensuring the Quality of Training Providers under the Workforce Investment Act (WIA)

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## Introduction

The Workforce Investment Act of 1998 (WIA) authorized the use of a voucher-like mechanism, called Individual Training Accounts (ITAs), by which the WIA participants can purchase training services. The motivation behind ITAs is to promote maximum customer choice and encourage a market-driven strategy for the workforce investment system. To ensure that customers have a selection of high-quality training providers whose training will lead to employment, states are required to provide ITA participants with a list of state-approved training providers. However, states have a great deal of flexibility in the criteria they use to certify training providers, how they construct and distribute their lists, and if they devolve the process to local workforce investment areas.

WIA created a framework for states to customize their eligible training provider (ETP) systems from which ITA participants can select the provider that most meets their workforce goals. The legislation requires initial and subsequent eligibility procedures for training providers to be established but allows states to design their own application and certification process, allow for local flexibility in the eligibility process, and seek a waiver to extend eligibility periods. Standard performance data on the aggregate employment and wage outcomes of training programs must be collected and shared by states but states can set the performance levels and allow local workforce investment boards (WIBs) to increase those levels. WIA also requires that states publish a statewide ETP list but states can present the information to meet their needs such as including providers from other states or providers that are not approved on their lists. Thus, while WIA provides a framework for the ETP system, states have a great deal of flexibility to develop their own ETP policies, ostensibly to help ensure that their state's ITA participants receive high-quality training services that will lead to gainful employment.

Little is known about how states have designed their ETP policies and if these policies increase the quality of approved training providers as measured by the employment and training outcomes of ITA participants. To better understand states' ETP policies and their possible effects, this study attempts to answer the following questions:

- What ETP policies have states implemented and how do policies vary across states?
- How much do the various state ETP policies have an effect on ITA participants' employment and training outcomes?

It is expected that while states set ETP policies that encourage the inclusion of high-quality training providers (training that leads to employment), ETP eligibility criteria that are too strict or onerous may deter some providers from applying which decrease the number of quality providers. In addition, the more colleges – both two- and four-year postsecondary institutions – included on the ETP lists may also encourage ITA participants to select a higher quality training program that leads to gainful employment. Finally, the states that have more flexibility through having a waiver and by giving local workforce investment areas some control to develop their own ETP policies and practices may lead ITA participants to select higher quality training programs because the eligibility process can be customized to state and local needs.

To answer these questions and test these hypotheses, a survey entitled, the State Eligible Training Provider Survey, of the 50 states (and the District of Columbia) was fielded to inquire about their ETP policies over the past five program years. The short survey, which was administered January-May 2010 and completed by 24 states, asked overall ETP policies (e.g., use of waiver, local flexibility), criteria used for provider eligibility, percentage of colleges on the state ETP list, and state experiences administering ETP policies. The state survey data are then linked to Workforce Investment Act Standardized Record Data (WIASRD) files for the four most recent program years available (2004-2007), and provide data on ITA participant characteristics, program participation, pre-program employment experiences, and post-program employment and training outcomes for the analysis. Both descriptive and multivariate regression analyses are used to understand how state ETP policies affect individual-level employment and training outcomes.

This paper first offers a conceptual framework for how states under WIA can ensure the quality of training providers through their ETP policies in order to improve outcomes for adults and dislocated workers. A summary of research on ITAs and ETP policies is then presented. Next, a description of the primary and secondary data and the methodology used to analyze the effects of state ETP policies on individual employment and training outcomes is provided. The final section summarizes the results of these analyses and offers several policy implications from the research.

## A Conceptual Framework for Ensuring the Quality of Training Providers for Adults and Dislocated Workers under WIA

A conceptual framework is needed to provide a theoretical understanding of how state ETP policies ensure training provider quality in order to improve individual employment and training outcomes under WIA. The framework, depicted in Figure 1, focuses on WIA adult and dislocated worker participants.[1] The following section provides the rationale for this framework and how it offers a basis for the analytical task presented later in this paper.

### *The Need for Training*

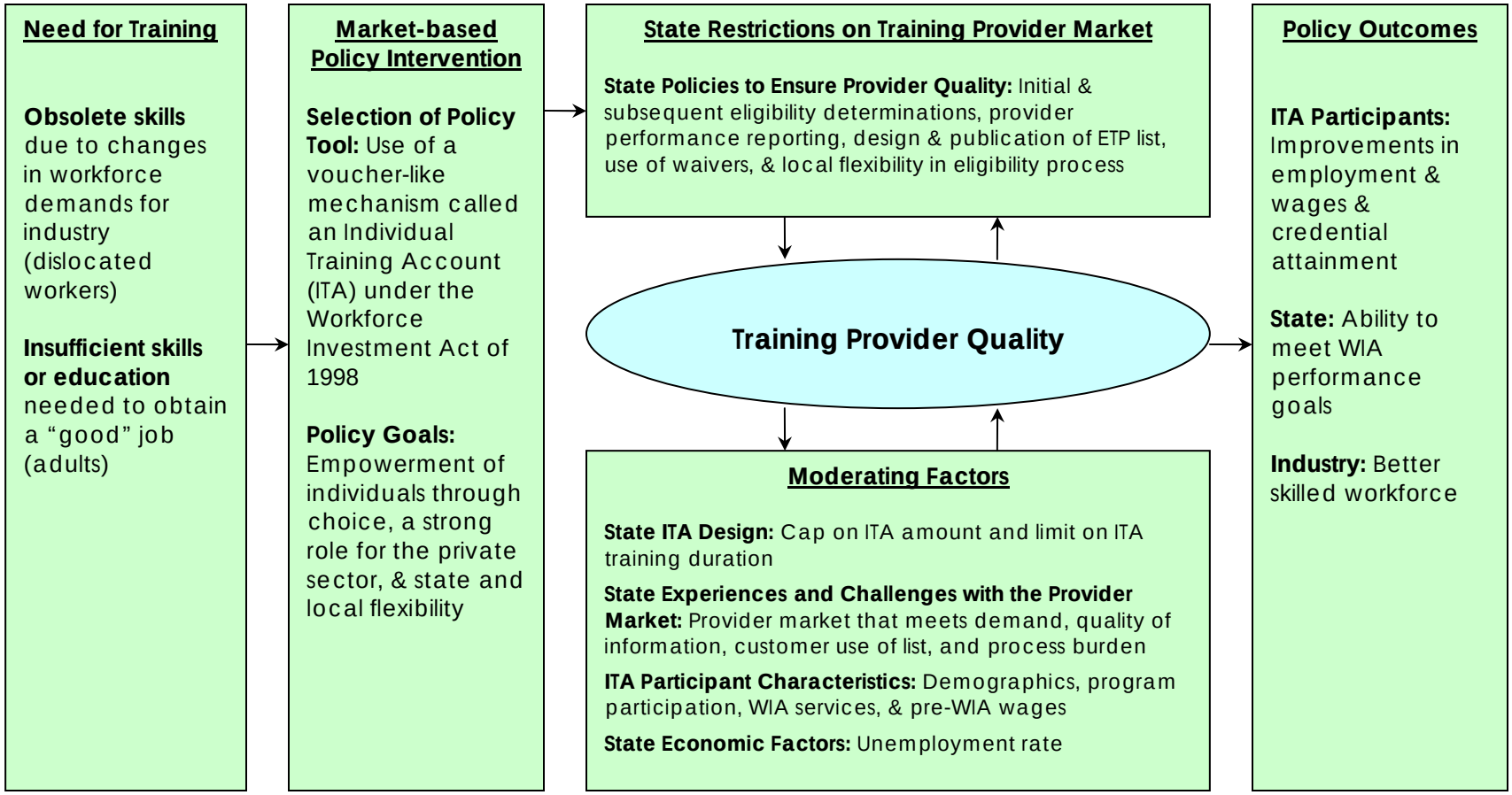
At the starting point of the conceptual framework, it is important to ask why adults and dislocated workers need publicly-provided training. As shown in the first column of the conceptual framework, there are two reasons for entering into WIA training. First, dislocated workers may need retraining because they have skills that are considered obsolete and cannot qualify for new employment. For example, an assembly person who lost his or her job at a manufacturer may need a skills upgrade or training in a new occupation to find a job. Second, adults who have insufficient skills or education may also need training in order to find a "good" job, meaning employment that provides a self-sufficient wage and opportunities for promotion. These could be individuals who have only worked in low-paying jobs that require few occupational skills to perform and provide no opportunities for career growth. Under WIA, adults and dislocated workers who cannot find employment because of a lack of necessary skills are assessed at a local One-Stop Career Center and may be considered eligible for training.

### *Market-Based Policy Intervention*

The second column of the conceptual framework provides an understanding of how the need for training is addressed by government using a market-based policy intervention – the ITA. ITAs operate similarly to a voucher, defined by Judith Resnik as "a subsidy that grants limited purchasing power to an individual to choose among a restricted set of goods and services." WIA participants use ITAs to select and purchase training services from the market of eligible training providers. While the subsidy transaction remains between the entity issuing the ITA (e.g., a One-Stop Career Center or workforce investment board) and the training provider, the power lies with the participant choose which training provider will best meet his or her

[1] Although with a waiver local areas can provide training to older and out-of-school youth through ITAs, the analysis focused on ITAs for adults and dislocated workers.

**Figure 1. Conceptual Framework for Ensuring the Quality of Training Providers for Adults and Dislocated Workers under WIA**



individual needs and preferences. However, this choice is limited to the providers that have been approved by the state and are on the ETP list.

Vouchers are often used as a tool for government to provide goods and services and can be politically popular (Steuerle and Twombly 2002). Policymakers recognize that vouchers can create competition among businesses vying for vouchers from which produce goods and services more efficiently, meaning that supply will meet demand at fair market pricing (Steuerle and Twombly 2002). Policymakers may also view them as a way to reduce the need for government resources to administer the voucher and, thus, reduce government size and spending. Voucher recipients may favor having the choice among goods and services rather than having a very limited or lack of choice through direct government provision, grants, and contracts (Salamon 2002). In addition, business may prefer vouchers because they open the market to all providers of a good or service and expand opportunities for the private sector to tap into government spending. This popular appeal of vouchers has led to many Federally-funded social programs to use a voucher mechanism to deliver services, including food stamps, child care, and housing, among others.

The goals of WIA and the use of vouchers as a policy tool, as shown in the conceptual framework, embody many of the principles in presented by Osborne and Gaebler (1992) in their seminal book, *Reinventing Government*. As provided in the final rules of WIA (U.S. Department of Labor 2000), the key principles include empowering individuals through choice, a strong role for the private sector, and state and local flexibility, which directly align with Osborne and Gaebler framework. The use of training vouchers – because they are a market-driven, permit customer choice and are administered at a local level – will help to meet the goals of WIA.

### *State Restrictions on Training Provider Markets*

In the conceptual framework, the next step is to implement the market-based policy intervention but with restrictions on the policy tool selected, a voucher. These restrictions are to ensure that the government is receiving a certain standard of quality in the goods and services it procures—in this case, training. Vouchers as policy tools also use the power of the market to ensure that there is an adequate supply of quality goods and services to meet customer demand. However, the market of providers of ITA-funded training may not perform as intended and a market failure may occur (Barnow 2000; Ellis 2001; Hipp and Warner 2008). In their study of German and U.S. training vouchers, Hipp and Warner observe that market failures can occur on

both the supply and demand sides of vouchers. On the supply side, it can be difficult for government to manage the quality of the providers and the viability of the market. For example, in training vouchers, developing performance standards for providers may be necessary to ensure the quality of the training as measured by employment and earnings outcomes of participants. Solutions to supply side market failures can also include oversight and regulation of providers, both in their selection and performance. Market formation issues because of a lack of scale in the demand for training services can be addressed by making non-voucher services available to customers, such as those in rural areas.

Market failures on the demand side can also be corrected by government action. Voucher users can have preferences that do not align with the goals of the program and government must restrict the choices they can make, according to Hipp and Warner. This solution is evident in programs such as food stamps where the U.S. Department of Agriculture restricts the types of food participants can buy because of nutritional concerns. In training programs, voucher use may be restricted to training that is most likely to lead to employment. Restrictions on the vouchers may lead to their underuse, which may hinder the formation of markets. Not enough demand by consumers for training, especially in early implementation stages, will stunt the development of a viable market. Governments sponsoring training vouchers have to carefully structure voucher choice to encourage use by consumers and incentivize provision by private firms. Poor or uninformed choices can occur when the consumer holding the voucher does not have enough information to make good choices for themselves. In the case of training vouchers, a consumer may not be able to make a reasonable judgment as to whether their interests and abilities will lead to successful completion of training and placement in a job. Thus, a system that provides the data needed to make an informed decision and guidance from an intermediary, such as the ETP list under WIA, can help to overcome a lack of adequate information.

While ITAs are designed to allow for maximum choice in training options, the risk of ITA participants making poor choices that did not lead to positive outcomes, such finding employment and earning a living wage, is evident. WIA specifies that certain restrictions imposed at the state or local level should be used to vet providers for their quality, determined by the training providers' past performance, and their ability to provide training in high-demand, high-wage occupations. States and local WIBs must make information on training providers and

their programs available to WIA participants and are encouraged in the WIA regulations to provide assessment and counseling to ITA participants so they can make an informed choice.

The WIA legislation provides an overall structure to the ITA system that limits customers' choices to training providers that have been certified through a state-approved process and ensures that WIA customers have access to information about the performance of participants who had been served by these providers. The Governor of each state must establish minimum eligibility criteria and procedures for use by local WIBs to screen training providers to be eligible to serve ITA participants. The purpose of the eligibility process is not only to ensure that ITA participants have adequate information from which to choose training services but also to create a market-driven system of training providers that must compete against each other for ITA participants. There are two eligibility processes for training providers seeking state approval to serve ITA participants: 1) initial eligibility, which can be waived for colleges and registered apprenticeship programs; and 2) subsequent eligibility, which all providers must undergo after the initial period ends.

The eligibility process can be administered at the state or local level but the states have final approval of training providers for the ETP list. To be placed on the ETP list, training providers must submit performance data on the training programs they want to be approved for use by ITA participants and the training program must be for an occupation that is considered "high demand and high wage" for the local labor market area. These program performance measures include (U.S. Department of Labor 2000):

- Completion rates for WIA and all training participants
- Employment (unsubsidized) rates for WIA and all training participants
- Average wages at the time of placement into employment of all participants
- Employment retention rates for WIA participants completing training
- Average earnings at six months for WIA participants completing training
- Credential attainment (if applicable) for WIA participants completing training

If permitted by the state, local WIBs can apply more stringent criteria to evaluate the provider performance for the eligibility process. States can also seek a Federal waiver to extend the initial eligibility period for the training provider approval.

If the providers are approved, they are put on the ETP list that is linked to a Consumer Reporting System (CRS), which provides the performance data on approved training programs to

ITA participants. ETP lists have to be available through One-Stop Career Centers and are typically available on the Internet (U.S Department of Labor 2000). States can also choose to place training providers on the list that are not approved for ITAs. In addition, a state can develop reciprocal agreements with other states to place their approved training providers on its own list. These policies can expand the training provider market from which ITA participants can choose a training program.

Thus, the conceptual framework shows the policies that states enact to implement these restrictions and quality controls on the training provider market. These include: making initial eligibility determinations for ETPs through an application process; receiving a Federal waiver to extend the initial eligibility period; permitting local flexibility in the eligibility process setting provider performance levels for subsequent eligibility determinations; and designing and publishing a state ETP list may includes providers from border states or providers that are not approved for ITA use. The results from the survey, provided in a later section, describe how states have designed these policies to implement their ETP systems.

### *Training Provider Quality*

Up to this point, the quality of training providers has been discussed somewhat ambiguously. However, as shown in the conceptual framework, the notion of "quality" is key to meeting the intended outcomes of WIA, which are to help participants complete training, earn a credential, and improve their employment and earnings. WIA provides some signals for what its creators saw as the key elements of training provider quality. First, WIA allows states to make post-secondary educational institutions (eligible under the Higher Education Act[2]) and registered apprenticeship programs automatically eligible, at least initially, as approved training providers. These providers offer participants widely recognized credentials upon graduation – a certificate or college degree – or lead to licensure in a particular occupation such as a journeyman's license or a certified nursing assistant license. This indicates that post-secondary educational institutions and registered apprenticeship programs are considered higher quality than other providers, who need additional screening by states or local WIBs. Second, the training offered by providers must be in high-demand, high-wage occupations to be eligible. The rationale is that training in

[2] Title IV of the Higher Education Act provides federal financial aid funds including Pell grants to post-secondary educational institutions. Institutions that receive these funds are initially eligible to be approved training providers under WIA.

these occupations are more likely to lead to gainful employment by WIA training participants. Finally, WIA stipulates that training providers during the eligibility process must demonstrate that the training program(s) it offers is likely to lead to completion of or graduation from the program, credential attainment, employment, and wages. This requirement shows that the outcomes of participants are a crucial indicator of the quality of training providers.

There are other potential indicators of training provider quality that WIA does not directly address. For example, training providers that use evidence-based learning models may be considered higher quality as they use instructional methods or program features that have shown some success in achieving positive participant outcomes. Thus, the use of evidence-based programs can be considered an indicator of high-quality training. In addition, hiring and retaining qualified instructors that are trained in the latest industry advances or are highly experienced in the classroom may also be a key indicator of training provider quality. Finding qualified instructors for training in a particular industry can be challenging because they may be able to earn a higher wage working in the industry, such as a registered nurse, rather than as an instructor at a post-secondary institution (Nightingale et al. 2008). Thus, some training providers may not have enough qualified instructors for their training program due to competition for their skills in the industry. Another indicator of training quality may be providers that offer services to participants that help them stay in and complete a training program (e.g., child care, counseling or peer support, monetary incentives) and find employment after program completion. While many of the providers approved for ITA training may have any of attributes mentioned, WIA does not address them as possible measures of training provider quality. This is indicated by the focus of the WIA regulations on the use of only training outcomes to measure quality, rather than inputs.

### *Moderating Factors in Training Provider Quality*

As described in the conceptual framework, the state ETP policies are designed to ensure the quality of training providers under WIA but moderating factors can influence the effectiveness of the training providers. First, some states put a cap on the amount of the ITA available to recipients and limit the duration of training received (Barnow and King 2005). In addition, some states allow local WIBs to develop their own ITA policies to limit ITA use (GAO 2005). These limits to ITAs may, in turn, limit the training options that ITA participants can pursue, especially longer-term or higher cost training programs.

Another factor that may moderate the quality of training provider available to ITA participants is the potential market failures that may occur in the implementation of ETP policies. Limits on provider eligibility and the burden of the eligibility process may keep providers from applying (D'Amico and Salzman 2004). There may also be a lack of qualified providers in the workforce area such as those that have programs in high-wage, high-demand occupations. In addition, there may be a lack of quality data on the eligible training providers in order for ITA participants to make informed training decisions or the ITA participants use other means to select training providers other than the performance data provided by the ETP list (U.S. Department of Labor WIA Readiness Review 2002).

The characteristics of ITA participants may also moderate the effect of the quality of training providers on participants' outcomes. Studies of the effectiveness of training programs take into account the individual demographics of participants, other government programs they participate in, the training program's services they use, and their preprogram employment and wages. In particular, participant characteristics are important in determining who may see more success in their employment and training outcomes compared to others. State economic factors may also moderate the effectiveness of training provider quality. It is important to consider how the state economy, such as unemployment rates may influence the employment outcomes of individuals participating in a training program.

### *Policy Outcomes*

There are three potential policy outcomes to the training offered by eligible providers, as shown in the conceptual framework. ITA participants may be better prepared for the workforce (and may have a credential in an occupation) and see improvements in their employment and earnings. These are the major outcomes that are tracked and monitored through the performance reporting by states under WIA. Specifically, states must meet performance goals set by the U.S. Department of Labor, which are entered employment, employment retention, and average post-program earnings (U.S. Department of Labor 2006). The Department also tracks credential attainment for WIA participants. Thus, the second policy outcome shown in the conceptual framework is the state's ability to meet these performance goals, which having a pool of high-quality training providers should improve. Finally, while a less directly measurable outcome, industry in a state may be strengthened through the efforts to train a better workforce.

## Current Research on ITAs and ETP Policies and Their Effectiveness

The conceptual framework offers an analytical guide from which to understand how state ETP policies affect ITA participants' employment and training outcomes by ensuring the quality of training providers. While little is known about the ETP policies and ensuring provider quality, some studies provide offer some insight into the effects of early training voucher experiments and of the more recent ITAs. More recent studies also offer some understanding of how states and local areas have implemented their ETP policies.

In the 1970s, an experimental evaluation of a subsidy for vocational education for low-income individuals was conducted as a part of the negative income tax experiments. Researchers found that individuals who received a 100-percent subsidy for training received one additional year of training compared to those who did not receive the subsidy (Dickenson and West 1983). However, there was no statistically significant difference in their post-program earnings. Thus, these subsidies increased participation in job training but did not result in higher earnings. A nonexperimental evaluation of the Career Management Account (CMA) demonstration, a precursor to ITAs, showed mixed results; there were small positive impacts on earnings for those who received CMAs compared to those who did not (Public Policy Associates 1998). However, selection bias was a possible issue that could not be overcome in the nonexperimental design so the results cannot be solely attributed to the CMA.[3]

Three, more recent ETA-sponsored evaluations have studied the implementation, and sometimes the outcomes, of ITAs and ETPs in numerous states and local areas. They are:

- *National Evaluation of the Implementation of the Workforce Investment Act.* An implementation study of WIA in the five years since its passage, with 21 states and 40 local workforce investment areas participating in the study (Social Policy Research Associates 2004).
- *An Evaluation of the Individual Training Account/Eligible Training Provider Demonstration*. The implementation component of an experimental evaluation to understand the implementation of three approaches to ITAs in 13 states and local areas (D'Amico and Salzman 2004).

[3] Selection bias can occur when the participation in programs is not determined randomly and that those who enter the program may be systematically different in immeasurable ways (e.g., ability, motivation) from those who did not.

- *The Workforce Investment Act in Eight States*. An evaluation of eight states with in-depth case studies of the state and local administration of WIA (Barnow and King 2005).

In all three evaluations, more direct evidence of the effects of ITAs and the implementation of the ETP policies and processes in states and local areas is provided. Researchers found that many of the local staff were using a "guided" or "informed" choice model in which they worked with the ITA customers to make training selections but that the choices were ultimately being made by the customers after receiving information on their options. Both evaluations concluded that some of these states and training providers indicated that the application process to become an eligible training provider was burdensome and expensive. D'Amico and Salzman (2004) also noted that most of the lists were made up of community colleges and proprietary schools but that many community colleges "balked" at the eligibility requirements and considered it "not worth the trouble." These evaluations also highlighted the strong role of the local WIBs and One-Stop Career Center staff in guiding ITA participants the selection of an eligible training provider and the development of ITA policies such as caps on amount and duration. States allowed for local discretion in developing the ETP processes but still created a structure in which the local entities operate.

The U.S. Government Accountability Office (GAO) (2005) surveyed a sample of local WIBs on training under WIA. The survey asked respondents to provide information on how local boards spend training dollars and manage the use of ITAs, and what outcome data on training are available. The study identified some of the challenges of local boards that imply some level of market failure in local workforce systems. The boards were challenged by a lack of good performance data on training providers (and, for rural areas, a lack of training providers), which did not permit them to evaluate the effectiveness of these providers. However, these findings described local-level systems and did not indicate the state-level structures that may mitigate the challenges local boards faced.

While the current literature offers insight of how ETP policies are implemented, no research to date has been conducted to describe *state-level* ETP policies, and how *state-level* decisions on ETP policy can affect the outcomes of ITA participants. The research presented in this paper contributes to the current literature on ITAs and training vouchers by examining the various state ETP policies and how they vary. These include criteria for provider eligibility, processing of applications, the composition of the ETP list, and local flexibility to institute ETP

policy – and how different combinations of these elements may affect ITA participants' employment and training outcomes.

## Data and Research Methodology

The following section provides a description of the data and analytical methods used to answer the research questions on state ETP lists. A discussion of the study's limitations is also included.

### *Data*

To answer the questions outlined, a research design involving the use of primary and secondary data and multivariate analytic methods was necessary. Primary data collection entailed the fielding of a survey to capture state-level ETP policy data, the key independent variables of interest to understand how these factors influence state performance and participant training outcomes. See Appendix A for a copy of the State Eligible Training Provider Survey. Secondary data drawn from WIASRD provided individual-level WIA records of ITA participants (adults and dislocated workers). State-level economic data were accessed through the Bureau of Labor Statistics. All data used were for the program years 2004-2007.

State-Level Data**.** State documents such as policy manuals, WIA state plans, and ETP lists were reviewed for ETP data but the state information sought was inconsistent in format and availability. Thus, to obtain standardized state-level ETP policy data, a web-based survey of state and the District of Columbia WIA administrators was conducted and fielded from January-May 2010 and completed by 24 states. The following questions were asked of state respondents to ascertain basic information on their ETP policies and experiences over the past five program years:

- Overall state policies such as receipt of a Federal waiver for the initial eligibility period and local flexibility to design their own ETP eligibility process and set higher performance levels for eligibility.
- Minimum performance standards for ETP for completion rates (for WIA and all participants), employment (unsubsidized) rates (WIA and all participants); average wages at the time of placement into employment of all participants; employment retention rates for WIA completers; average earnings at six months for WIA completers; and credential attainment (if applicable) for WIA completers;

- Composition of the ETP list such as the percentage of colleges on the state ETP list and inclusion of providers that are not approved and from other states on the list; and
- Perceived difficulty of the eligibility process and challenges with the provider market.

Ranges rather than point estimates were used to capture the data because of the temporal factor of looking at several years of data. It was assumed that state ITA and ETP policies stabilized by 2004 and those changes would occur only around the margins so that a range estimate would be acceptable for this analysis. Using this temporal consideration for the state-level variables also allows for analysis to be continued once WIASRD files are released for program years 2008 and 2009. A set of questions also asked states about their ITA policies including ceiling on ITA amount, training duration limit, and degree of guidance provided to ITA participants at local One-Stop Career Centers. The data derived from these questions controlled for other state ITA policies such as ceilings on training duration and costs to isolate the effects of state ETP policies on state performance levels and individual training outcomes.

Individual-Level Data**.** The largest data source for this research was the WIASRD file for the four most recent program years available – 2004-2007. This source provided administrative data at the individual WIA participant level from which ITA participants from the Adult and Dislocated Worker programs were extracted. Demographic (e.g., race, gender, age, education, preprogram earnings) and program participation variables (e.g., unemployment insurance, Temporary Assistance for Needy families) were provided for these individuals and are used as controls for the multivariate analysis. Other variables of interest were WIA program experiences such as receipt of a Pell grant, needs related payments, and support services. Data on ITA participant outcomes of entered employment, employment retention, and average wages, the key common measures of performance for WIA, as well as credential attainment (not a general equivalency degree), were used for the analysis (U.S. Department of Labor 2006). Annual state unemployment rates (U.S. Department of Labor, Bureau of Labor Statistics 2010) from 2004-2007 were also used.

## *Research Methodology*

Descriptive and multivariate regression analyses were used to answer the research questions posed: 1) what ETP policies have states implemented and how do policies vary across states?; and 2) how much do the various state ETP policies have an effect on ITA participants' employment and training outcomes? The main independent variables of interest were the set of

state ETP policies collected from the survey to describe state ETP policies and to better understand how each of the state policies influenced ITA participant outcomes. Descriptive analysis of the state ETP policies and experiences – eligibility criteria and processes, composition of the list, and local flexibility – was used to answer the first research question. Fixed and random effects models provided answers to the second question of interest.

The multivariate models were used to better understand how state-level variation in ETP list policies – after controlling for experiences implementing ETP policies, ITA policies, ITA participant characteristics, program participation, and state economic conditions – may influence or be associated with changes in individual-level training outcomes of ITA participants. Fixed effects models, which do not identify the variance in the model at the state level, were estimated first. Using ordinary least squares (OLS) regression, the continuous dependent variables of wages during the first quarter after exit and average wages in the second and third quarter after exit were regressed on the independent variables to estimate the predicted change in wages due to state ETP policies. A logistic regression estimation for the fixed effects model provided the probability of employment conditional on the state ETP policies and other independent variables.

The fixed effects models are specified as follows:[4]

- OLS Model:
  $Y = \beta_0 + \beta_1 P_i + \beta_2 M_i + \beta_3 D_i + \beta_4 E_i$

- Logistic Model:
  $\log[\pi(x)/1-\pi(x)] = \beta_0 + \beta_1 P_i + \beta_2 M_i + \beta_3 D_i + \beta_4 E_i$

Where $\boldsymbol{Y}$ = outcome variable of interest (wages);
$\boldsymbol{\pi(x)}$ = the probability of the outcome variable of interest (employment and credential attainment);
$\boldsymbol{P_i}$ = state ETP policies
$\boldsymbol{M_i}$ = key moderating variables for state ETP experiences and ITA policy
$\boldsymbol{D_i}$ = variables for ITA participant characteristics, program participation, and WIA services received;
$\boldsymbol{E_i}$ = state economic conditions

[4] For multivariate models, it is possible to cluster the standard errors by a higher-level variable, which provides more robust standard errors. In this analysis, the fixed effects models were estimated but the results are not reported in detail because there were too few states to permit to calculate a model test (F or chi-squared test). In general, fewer estimates of the key ETP policy variables and moderating factors were statistically significant when clustering the standard errors by state. However, the random effects models were able to achieve more robust standard errors and provided a goodness-of-fit test so those estimates are reported in detail.

Table 1 describes the variables included in each of these components.

**Table 1. Description of Variables in Model Components**

| Model Component | Variables Included |
|---|---|
| Earnings Outcomes (Y) | Wages in 1st quarter after exit, average wages at 2nd and 3rd quarters after exit |
| Employment and Credential Outcomes ($\pi(x)$) | Employed in 1st quarter after exit, employed in 2nd and 3rd quarters after exit, attained credential |
| State ETP Policies ($P_i$) | ETP waiver, local ETP flexibility, no minimum criteria, reciprocal agreement, non-approved providers on the ETP list |
| Key Moderating Variables ($M_i$) | Less than 50 percent colleges on ETP list, provider difficulties, performance data difficulties, state ITA cap on training amount or on training duration |
| ITA participant characteristics, program participation, and WIA services received ($D_i$) | Gender, ethnicity, race, older worker, disabled, limited English speaker, single parent, education level, veteran, displaced homemaker, public assistance recipient (i.e., Temporary Assistance for Needy Families and state general assistance), unemployment insurance claimant or exhaustee, Rapid Response, Trade Adjustment Assistance, received supportive services or needs related payments, Pell grant recipient, employed in quarter prior to program entry |
| State Economic Conditions ($E_i$) | State unemployment rate by program year |

Each model was run separately for adults and dislocated workers. This was because the two groups are inherently different (e.g., all dislocated workers have recent work experience) and the models for each group require the use of different control variables.

The random effects models, which identify state-level variance, were estimated next. The overall models were the same but estimates of the within state and between state variance were provided. While the parameter estimates did not change much (or at all, in some cases) between the fixed and random effect models, the random effects models provide more robust standard errors and a measure of within-state variance and between-state variance. These models were specified as follows:

- Random Effects Generalized Least Squares Model:
  $Y = \mu + \alpha_i + \beta_0 + \beta_1 P_i + \beta_2 M_i + \beta_3 D_i + \beta_4 E_i + \varepsilon_{ij}$

- Random Effects Logistic Model:
  $\log[\pi(x)/1-\pi(x)] = \mu + \alpha_i + \beta_0 + \beta_1 P_i + \beta_2 M_i + \beta_3 D_i + \beta_4 E_i + \varepsilon_{ij}$

Where $\boldsymbol{Y}$ = outcome variable of interest (wages);
$\boldsymbol{\pi(x)}$ = the probability of the outcome variable of interest (employment and credential attainment);
$\boldsymbol{\mu}$ = overall mean of the outcome variable, which is an unknown constant
$\boldsymbol{\alpha_i}$ = a random effect due to the *i*th state
$\boldsymbol{P_i}$ = state ETP policies
$\boldsymbol{M_i}$ = key moderating variables for state ETP experiences and ITA policy
$\boldsymbol{D_i}$ = variables for ITA participant characteristics, program participation, and WIA services received;

$E_i$ = state economic conditions
$\varepsilon_{ij}$ = the within state variance among ITA participants

Because the random effect models identifies the state-level variance, estimates for these models are reported in the findings section below and the full results are provides in Tables B.1-B.5 in the Appendix. To compare the model estimates, the tables with the fixed effects models are provided in Tables B.6-B10 in the Appendix.

### *Limitations*

There are several limitations of this study. First and foremost, the effectiveness of WIA training against no training or another type of training is not being tested or measured in this research. This study only examines how different state ETP policies affect employment and training outcomes, not whether using ITAs works better than contracting (as used under the Job Training Partnership Act, the precursor to WIA) nor whether the ETP framework ensures the quality of training providers for ITA participants. This analysis can only provide some understanding of which state ETP policies, which are intended to ensure the quality of training providers, may show better employment and training outcomes within the adult and dislocated worker programs. It is hoped, though, that this study can serve as a starting point for understanding ETP policies as a means to ensure training provider quality under a voucher system. It would be ideal if the research could build upon by using experimental or nonexperimental analyses that involve a comparison group for measuring the impact of such policies.

The State Eligible Training Provider Survey has two specific challenges. First, the survey analysis is limited to 24 states instead of all states. A longer survey period was used to increase the response rate but it is suspected that survey "fatigue" exists among WIA administrators.[5] The 24 states that responded show a range in characteristics such as size and DOL region but caution is used in generalizing the results to all states. A second concern is the measures of ETP and ITA policies collected in the survey. Precision of the estimates is comprised by asking state WIA administrators for ranges rather than point estimates over

[5] Requests for state WIA administrators to participate in surveys and other research activities have increased greatly over the past year with the implementation of the WIA and other workforce provisions in the American Recovery and Reinvestment Act of 2009 (ARRA). Thus, it is expected that some states have had difficulty meeting research requests because of their intensive efforts to respond to the ARRA and recession and have experienced what researchers call "survey fatigue."

multiple years but the design of the data collection was necessary for ease of answering the survey and using state ETP and ITA policy variables across program years.

Another challenge that exists is the bias inherent in the WIASRD dataset. WIA performance standards encourage local staff to keep participants enrolled in WIA until they find employment and only terminate them once they do so. Thus, as WIASRD population is comprised of only WIA exiters, the findings from this analysis are likely to be biased toward positive participant outcomes, especially immediately after exiting the program. Missing data can also be a problem with WIASRD, with some local workforce investment areas (LWIAs) systematically not reporting some information. Another challenge in using the WIASRD is that it only provides three quarters of post-program earnings and employment. Human capital theory shows that gains to education and training should increase over time but it is not possible to test the hypothesis of whether ETP policies have any influence on long-term employment and earnings outcomes with the available data.

A final limitation of the study is omitted variable bias. First, as is typical of analysis that study human capital improvements, having measures of participants' ability and motivation are critical because they contribute to an individual's selection into a particular field of training and their ability to successfully complete the training and find employment. There are no variables that capture these data for ITA participants and could bias the results. In addition, local-level ETP policies and administration clearly have the potential to influence the experiences of ITA participants (Barnow and King 2005; D'Amico and Salzman 2004; SPR 2004). This analysis can only capture whether states allow for local flexibility in ETP policies but not the precise nature of those policies.

With all of the limitations of the study, the multivariate models of state ETP policies cannot be interpreted as causal models, where it can be said that one ETP policy caused an increase or decrease in earnings or employment, for example. The models can only indicate how the state ETP models may be associated with or have an influence on the employment and training outcomes of interest.

## Findings and Conclusions

This final section provides a summary of the results from the descriptive and multivariate analyses and their implications for policy, especially in light of possible WIA reauthorization. Full analytic results are provided in Tables B.1-B.11 in the Appendix.

### *Descriptive Results of the State ETP Policy Survey*

As mentioned, 24 states, which range in characteristics such as size and geographic region, completed the state ETP policy survey. These states catalogued their state ETP policies and experiences implementing these policies as presented here.[6]

First, states were asked about policy options they have exercised in designing their ETP system over the past five program years. These options include having a Federal waiver extending the time limit on the initial eligibility period for training providers and allowing local WIBs to increase minimum performance criteria set by the state. Half of the state respondents (12) said that they had a Federal waiver for the initial eligibility period. This is consistent with the number of all states (25) that currently have this Federal waiver (U.S. Department of Labor 2010). Local flexibility to set higher minimum performance levels than the state is also a policy option but only 4 of the respondents said that they had opted to permit such flexibility.

The survey then asked state respondents about the minimum performance levels they require for providers to maintain eligibility over the past five program years. It should be mentioned that there is a correspondence, although not perfect, between states that report having waivers and not using the performance criteria for subsequent eligibility described in the WIA legislation. This is to be expected as since their initial eligibility period for providers has been extended and performance criteria for subsequent eligibility are not needed.

The survey asks about the subsequent eligibility criteria used by state and the levels they have set to maintain eligibility, as described in the WIA regulations. Table 1 summarizes these results. The first eligibility criterion is training program completion for all participants and WIA participants. While most state respondents (5) that use this criterion for all participants tend toward the middle option of 50-75 percent completion, more state respondents (4) indicate that they set a higher minimum completion rate for WIA participants (75 percent or more).

[6] To encourage participation in the survey, the states were assured that their individual answers would be kept confidential. Thus, the results do not identify specific state answers and are provided in the aggregate.

The employment rate is also a key criterion used for maintaining provider eligibility. While over half the states that responded did not use this performance criterion, of those that did, more states (7) report the their minimum performance level for post-program employment is in the middle range (50-75 percent) for all participants and evenly distributed between the mid- and high-range (4 states each) for WIA participants. As observed in the completion rate criterion, the these states more often use employment rate minimums that are set higher for WIA participants than for all participants that attended an eligible training provider.

Two other possible performance criteria for training providers – employment in a related occupation and employment at six months – are also identified in the WIA regulations. More states than with other employment criteria indicate that they do no use employment in a related occupation for all participants as a criterion for eligibility. Of the 6 states that use this criterion, half (3) report setting the minimum rate of 50-75 percent. Ten states report using employment rate at six months for WIA participants that completed training as a criterion. Of these, 6 states use a minimum level within 50-75 percent, 3 states set a higher minimum at over 75 percent, and 1 state has a minimum level of less than 50 percent.

**Table 2. State's Use of Minimum Performance Levels to Maintain Eligibility (N=24)**

| Minimum Performance Criteria | < 50% | 50-75% | >75% | Do Not Use | Do Not Know | |
|---|---|---|---|---|---|---|
| Completion Rate (all individuals) | 2 states (8%) | 5 states (21%) | 2 states (8%) | 14 states (58%) | 1 state (4%) | |
| Completion Rate (WIA participants) | 1 state (4%) | 3 states (13%) | 4 states (17%) | 15 states (63%) | 1 state (4%) | |
| Employment Rate (all individuals) | 0 states (0%) | 7 states (29%) | 2 states (8%) | 14 states (58%) | 1 state (4%) | |
| Employment Rate (WIA participants) | 1 state (4%) | 4 states (17%) | 4 states (17%) | 13 states (54%) | 2 states (8%) | |
| Rate of Employment in Related Occupation (all individuals) | 1 state (4%) | 3 states (13%) | 2 states (8%) | 16 states (67%) | 2 states (8%) | |
| Employment Rate at 6 Months (WIA completers) | 1 state (4%) | 6 states (25%) | 3 states (13%) | 13 states (54%) | 1 state (4%) | |
| | **<$7 per hour** | **$7-10 per hour** | **$11-14 per hour** | **$15 or more** | **Do Not Use** | **Do Not Know** |
| Hourly Wage at Placement (all individuals) | 0 states (0%) | 7 states (29%) | 0 states (0%) | 0 states (0%) | 13 states (54%) | 4 states (17%) |
| | **<$5,000** | **$5,000-$9,999** | **$10,000-$14,999** | **$15,000 or more** | **Do Not Use** | **Do Not Know** |
| Average Wages at 6 Months (WIA completers) | 1 state (4%) | 3 states (13%) | 2 states (8%) | 1 state (4%) | 14 states (58%) | 3 states (13%) |

Source: 2010 Survey of State Eligible Training Provider Policies
Note: Percentages across cell rows may not total 100 percent due to rounding.

Minimum wage levels are also used as eligibility criteria. Of the 7 states that report using hourly wage at placement into employment for all participants as a criterion, all of these states indicate that they set their minimum hourly wage at $7-10. While this may be a realistic goal for training providers to meet for wages in entry-level jobs, an hourly wage of $10 and working fulltime would barely put a single-headed household of three above 100 percent of the national poverty level (U.S. Department of Health and Human Services 2010). Thus, this may not be a difficult performance level to meet. The minimum performance level for average wages at six months for WIA participants who complete the training is not set as low. Of the states that use a longer-term wage minimum criterion, three states set the average six-month wages at $10,000 and over and 4 states set it at below $10,000.

As allowed by WIA, several states set additional criteria for maintaining provider eligibility. Six states use rates of licensure, certification, or attainment of academic degrees of WIA participants and 1 state uses the criterion for all participants to determine subsequent eligibility. In addition, 4 states use the rate of attainment of industry-recognized occupational skills as an eligibility criterion. Two states report using retention rates in employment at six months for all participants and two states use average wages at six months for all individuals. Fourteen states report using no additional criteria for setting minimum performance levels for maintaining provider eligibility.

These minimum performance levels for provider eligibility can be a contentious issue for some states. A workgroup of state representatives hosted by the U.S. Department of Labor met in 2001 to discuss and develop recommendations for the implementation of subsequent eligibility policies under WIA (U.S. Department of Labor WIA Readiness Review 2002). The states indicated that there is confusion in using the seven criteria used to determine subsequent eligibility as states can weight each criterion differently. In addition, the workgroup suggested that an adequate system is not in place to capture performance data in "a uniform, meaningful, and cost-effective manner across all programs on the ETP list." The workgroup's main concern was that implementing these eligibility criteria would reduce the number of providers on the ETP list and restrict the choice of training for ITA participants.

Three questions were asked about how states have designed their ETP lists – reciprocal agreements with other states, non-approved providers on the ETP list, and the proportion of post-secondary institutions on the ETP list. These options are intended to help to increase the size of

the provider market for ITA participants. Nearly half of the respondents (11) also said that they had entered into a reciprocal agreement with another state that permits eligible training providers from one state to accept ITAs provided by another state. Over a third of state respondents (9) report allowing training providers to be placed on their state ETP list that have not been approved for ITA use. States were also asked about the approximate proportion of two- and four-year colleges and universities on the ETP list. Nearly half of the respondents (11) indicate that at least half of the providers on the list are two- and four-year institutions, which could lead to more ITA participants selecting training programs that would lead to a college degree.

States were asked their perceptions of their experiences implementing ETP policies over the past five years. On a four-point scale, the state respondents indicated how successfully they believed they addressed issues around ETP policies.[7] Table 2 provides a summary of these results.

**Table 3. State Respondents' Experiences Address ETP Issues (N=24)**

| Issues | With Great or Some Success | With Great or Some Difficulty | Does Not Apply |
|---|---|---|---|
| Getting new providers onto the ETP list | 21 states (88%) | 1 state (4%) | 2 states (8%) |
| Getting degree-bearing institutions onto the ETP list | 19 states (79%) | 3 states (13%) | 2 states (8%) |
| Getting unqualified providers off the ETP list | 12 states (50%) | 5 states (21%) | 7 states (29%) |
| Lack of providers on the ETP list that offer training in high-demand, high-wage occupations | 11 states (46%) | 6 states (25%) | 7 states (29%) |
| Lack of qualified providers | 11 states (46%) | 3 states (13%) | 10 states (42%) |
| Lack of quality data on provider performance | 5 states (21%) | 16 states (67%) | 3 states (13%) |
| Lack of customer use of ETP list | 15 states (63%) | 1 state (4%) | 8 states (33%) |
| Negative feedback from providers on the burden of the application process | 15 states (63%) | 4 states (17%) | 5 states (21%) |
| Negative feedback from providers on the burden of maintaining eligibility | 9 states (38%) | 8 states (33%) | 7 states (29%) |

Source: 2010 Survey of State Eligible Training Provider Policies
Note: Percentages across cell rows may not total 100 percent due to rounding.

[7] GAO (2005) developed a survey of local workforce investment areas that included questions on their experiences implementing ITA and ETP policies. Several of the survey questions for this study were adapted from the GAO survey.

The first five issues on which states provided their perceptions of the experiences dealt with various aspects of the viability of the provider market for their state over the past five program years. Of the 24 state respondents, most either had success in addressing provider market issues or the issues did not apply to their state. These responses may indicate that the ETP policies and systems have been in place long enough to have achieved a steady operating state and that most of the issues were addressed earlier in WIA implementation. However, several states, especially in getting unqualified providers off the list (5 states) and getting providers that offer training in high-demand, high-wage occupations (6 states), have experienced some difficulty in addressing provider market issues.

As mentioned, an issue that was at the forefront of Federal-State discussions on ETP policy implementation in 2001—a lack of quality data on provider performance—remained an issue through the past five program years. Two-thirds of the state respondents (16) indicate that they have had some or great difficulty addressing the issue of quality data on provider performance over the past five program years. The current requirements under WIA for performance data on training providers (and their programs) are still a considerable challenge for the states that responded to the survey. However, customer use of the list has not been a perceived challenge for state respondents. Only 1 state reports that it has been a problem over the past five program years.

The final two issues address the experience of states with negative feedback on the burden of the application and subsequent eligibility processes. As mentioned, early studies on ETP policies indicated that training providers were concerned about the burden of becoming and remaining an eligible training provider for ITA participants. Some state respondents report that they have experienced difficulties addressing this issue over the past five program years, particularly for the burden of the subsequent eligibility process. A third of state respondents (8) indicates that they have had some or great difficulty addressing the negative feedback from providers on the subsequent eligibility process. Only 17 percent of respondents (4) report having difficulty addressing negative provider feedback on the application process.

The survey also asks states about its ITA policies on capping the ITA amount and limiting the duration of training at the state level. Half of the state respondents report capping the amount of ITAs at the state level. Of those states that cap the amount, 5 states set the cap at less than $3,000, 4 states between $3,000-$4,999, and 3 states between $5,000-$7,499. Of the 7

states that limit the duration of ITA training, 5 states limit the duration to less than 12 months and 2 states limit the duration to 12-23 months. While not the focus of this study, these responses are used to understand one of the potential moderating factors that are associated with ITA participant outcomes and are included in the multivariate analysis.

Survey respondents were offered the opportunity to further explain their state's ETP policies and to comment on what they would change about the ETP framework under WIA. Several of the comments addressed the issue of performance data required by providers. Some states have centralized and automated the ETP list, which has streamlined the data collection process for eligibility and reporting purposes. Other state respondents indicate that the challenge still exists to collecting performance data consistently, especially data on all individuals in a training program. One state respondent reported that two large universities have pulled out of the ETP list because the requirement that they track the performance of all students was too onerous. Another respondent recommended that the requirement that performance data on all individuals be eliminated and only data on WIA participants be captured.

Other comments addressed issues regarding the types or training providers and their programs. One respondent noted that not all post-secondary institutions automatically placed on the ETP list offer training in high-demand, high-wage occupations and would want to have greater discretion to remove those programs that do not offer such training. Another respondent thought that the emphasis for WIA-funded training should be on developing work-based learning models such as on-the-job training, apprenticeship, and customized training rather than only traditional classroom training. A third respondent said that determining the quality of training providers is becoming more difficult as for-profit providers aggressively pursue enrollment but may not deliver a job after training.

Finally, several state respondents indicate that they would recommend eliminating the ETP component of WIA altogether. One respondent thought that the ETP has not achieved its intended purpose. Another respondent indicated that it is the counselors in One-Stop Career Centers that do the work to ensure the quality of the training provided, not the ETP processes that have been established.

Overall, these comments highlight some of the issues that some states have experienced in implementing ETP provisions and some point out several challenges in determining the quality of a provider in order to allow ITA participants to make informed training choices.

### *Multivariate Analysis of State ETP Policies*

The analysis presented in this section builds on the descriptive data on state ETP policies and experiences discussed above. The conceptual framework provides an understanding of how various state ETP policies influence the quality of training providers used by ITA recipients in order to improve their employment and training outcomes. The models discussed in the methodology section run each outcome variable of interest against the key variables of interest and control variables separately for adults and dislocated workers.

One challenge to the analysis that bears addressing upfront is the problem of multicollinearity, which occurs when variables are highly correlated with each other, among the key ETP policy variables. This caused large standard errors, which lead to imprecision in the model estimates (i.e., wide confidence intervals). To address the issue, some survey questions were collapsed into dichotomous variables to capture overall state ETP policy in a particular topic area. For example, one variable created captures whether states used minimum performance criteria for eligibility determinations. In addition, a single variable was created to capture whether the state experienced any difficulty addressing provider market issues. In addition, the information provided variable on the burden of training providers in the ETP application and subsequent eligibility process was captured in the variable on the difficulty of obtaining quality performance data so the burden variable was omitted. A simple correlation table and principal component analysis of the state ETP policy and moderating variables were used to test for multicollinearity. All models were then tested using variance inflation factors to understand where continued issues may be present.[8] The results of the analysis show that while multicollinearity exists between the key variables of interest, particularly between ETP waiver and having no minimum criteria, between ETP waiver and state ITA policy, and between having no minimum criteria and state ITA policy.[9] With the existence of multicollinearity in the model and other limitations, it is again important to note that interpretations are limited to associations rather than causal inferences.

[8] See Berenson, M.L., D.M. Levine, and M. Goldstein (1983), *Intermediate Methods and Applications: A Computer Package Approach*, and Neter, J., M.H. Kutner, and C.J. Nachtsheim (2003), *Applied Linear Regression Models* (4th Edition) for more information on multicollinearity tests.

[9] The results of the correlation table are provided in Tables B.11 in the Appendix.

Addressing the issue of multicollinearity, yet adhering to the conceptual framework designed for this study, has focused the analysis on five key predictor variables of interest. They are:

1. Use of a Federal ETP waiver;
2. Local ETP flexibility
3. Use of any minimum performance criteria for subsequent eligibility determinations;
4. Use of a reciprocal agreement with another state to allow use of ITAs with the other state's eligible training providers; and
5. Inclusion of training providers on the ETP list that have not been approved.

The random effects models were run separately for adults and dislocated workers. Included in the models are three moderating variables that capture the state ETP experiences: less than 50 percent two- and four-year colleges and universities on the ETP list; some or a great degree of difficulty experienced with the provider market; and some or a great degree of difficulty experienced in obtaining quality data on provider performance. A moderating variable that captures state ITA policy was also included in the model. Demographics, program participation, WIA services, preprogram wages, and state economic conditions were used as control variables.

Table B.1 in the Appendix presents the results of the first set of results for understanding the effect of ETP state policies on the wages of adults and dislocated workers in the quarter after exit. For dislocated workers, being in a state with a Federal ETP waiver raises the earnings in the first quarter after exit by $297. However, being in a state with no minimum criteria for subsequent eligibility decreases these first quarter earnings for dislocated workers by $506. For these two policies, the findings are similar for adult workers' first quarter earnings but are of a greater magnitude. These findings indicate that having a Federal waiver is associated with higher first-quarter earnings but having no standards by which to measure the quality of training providers could be detrimental to earnings in the first quarter. It also appears that adults may see negative earnings from two state ETP policies—local ETP flexibility and allowing non-approved providers on the ETP list—which do not influence the post-program earnings of dislocated workers. Adults see a $623 decrease in first quarter earnings in states that permitted local ETP flexibility and see a $93 decrease in states which allowed non-approved providers on the ETP list. These findings contradict of the hypothesis that local flexibility in using higher minimum performance levels improves ITA participant outcomes. In addition, the inclusion of non-

approved providers on the list was hypothesized to strengthen the provider market but it is possible that lower-quality providers are being selected by ITA participants from the ETP list.

The moderating variables of interest also show statistically significant results for first quarter earnings. For both adults and dislocated workers, being in a state in which less than half of its ETPs are two- or four-year colleges or universities is associated with a $526 decrease in first quarter earnings for dislocated workers and a $294 decrease for adult workers. This finding is expected as having fewer colleges available to ITA participants may lead to the selection of lower-quality providers. Being in a state that has a cap on its ITA amount or limited ITA duration decreases the first quarter earnings of dislocated workers by $812 and by $324 for adults. As hypothesized, caps on ITAs and limits to training duration may deter ITA recipients from completing their training program because of the cost or length of the program. Some differences in the effects of the moderating variables for adults and dislocated workers exist. Being in a state with performance data difficulties shows a $156 decrease in first quarter earnings for adults. Challenges with data quality may lead to a lack of information for ITA participants on the providers they are selecting. The analysis also indicates that being in a state with provider difficulties is associated with a $251 increase in first quarter earnings for dislocated workers. This result is surprising as it is an indicator of challenges to the provider market.

The effects of state ETP policies on average post-program wages are presented for the second and third quarters after exit for adults and dislocated workers. As shown in Table B.2 in the Appendix, the positive association with being in a state with a waiver for adults ($2,472) and dislocated workers ($834) and the negative association with being in a state with no minimum eligibility criteria for adults ($895) and dislocated workers ($635) are consistent with the findings for first quarter earnings. Adults in states with local ETP flexibility see a $1,357 decrease in earnings and being in a state with non-approved ETP see a $694 decrease in average quarterly post-program earnings.

The moderating variables show a somewhat similar pattern of the effects on second and third quarter earnings to the effects on first quarter earnings. Being in a state with less than half of its ETPs as two- and four-year colleges and universities indicates a decrease in second and third quarter earnings for both adults ($186) and dislocated workers ($706) but the magnitude of the association for adults is not as strong as it is for adult first quarter earnings. Dislocated

worker ITA participants in states that experience provider difficulties see a $423 increase in second and third quarter earnings. The estimates for performance data difficulties show some instability across earnings time periods as the second and third quarter earnings estimate becomes positive and significant for dislocated workers and nonsignificant for adults, compared to the results for first quarter earnings. This may indicate that this variable is a poor influential factor in the conceptual model or that the limitations of the analysis may be causing instability in the estimates. The estimate of second and third quarter earnings for adult exiters who are in a state with a cap or limited duration on ITAs also changes to nonsignificant from the first quarter earnings estimates.

The third outcome variable of interest is entered employment (or employed in the first quarter after exiting WIA) and the results of the analysis are provided in Table B.3 in the Appendix. For adults and dislocated workers, there is no statistically significant change in employment associated with being in a state with a waiver, local ETP flexibility, no minimum eligibility criteria, and reciprocal agreement. However, both adults and dislocated workers see an increase in the odds of being employment (41 percent and 32 percent, respectively) if they are in a state where non-approved providers are allowed on the ETP list.

The estimates of the moderating variables on employment in the first quarter after exit are different for adults and dislocated workers. As with wages in the first quarter after exit, there is a negative association for dislocated workers (28 percent) with being in a state with less than 50 percent of its ETPs as colleges on employment in the first quarter after exit. Dislocated workers also see the odds of employment increase by 39 percent when the state where they received WIA services has experienced any difficulties with its provider market. This is consistent with the findings for wage at placement but is contradictory to the original hypothesis. Being in a state with performance data difficulties decreases the odds of employment for adults by 29 percent, an expected and consistent finding. There were no statistically significant changes in employment in the first quarter after exit for adults and dislocated workers associated with the state having an ITA cap on duration limit.

The magnitude of the association with state ETP policies on employment becomes slightly stronger for employment in the second and third quarters after exit for both adults and dislocated workers. As shown in Table B.4 in the Appendix, being in a state with non-approved training providers on the ETP list increases the odds of retaining employment by 83 percent for

dislocated workers and 22 percent for adults. A state with local ETP flexibility also increases the odds of retaining employment for dislocated workers by 84 percent. Finally, the odds of being employed in these two quarters increases for adults by 30 percent when being served in a state with an ETP waiver. Neither adults nor dislocated workers see any change in the odds of employment retention when in a state with a reciprocal agreement or with no minimum criteria for subsequent eligibility.

The estimates of the moderating variables change for the second and third quarter of employment from the first quarter. The only moderating factor showing some association with increased employment retention is having an ITA cap or duration limit. The odds of retaining employment into the second and third quarters increase by 49 percent for dislocated workers and by 31 percent for adults.

Credential attainment is the final outcome of interest for this analysis and the results are presented in Table B.5 in the Appendix. Consistent with the positive findings for earnings, the analysis shows that being in a state with a waiver increases the odds of earning a credential by 87 percent for adults but shows no change in odds for dislocated workers. Adults in a state with a reciprocal agreement see their odds of attaining a credential decrease by 30 percent. No state ETP policies show any change in the likelihood of credential attainment for dislocated workers.

As is consistent with the direction of the findings for other earnings variables, being in a state that has less than half of its ETPs as colleges decreases the odds of credential attainment for adults (62 percent) and dislocated workers (41 percent). In addition, having a state ITA cap or duration limitation increases the odds of credential attainment increases the odds for adults by 54 percent. As discussed, this may be because training participants may choose shorter-term training because resources and time for ITA-funded training may not be sufficient for longer-term training such as a community college or apprenticeship program.

Overall, the findings from the multivariate analyses provide mixed and limited evidence of how state ETP policies may be associated with ITA participant outcomes as explained in the conceptual framework. The analysis shows a positive association of being in a state with a Federal waiver with the earnings and credential variables; having this waiver may allow states to have more providers on the ETP list and do so in a way that they use they own screening criteria to ensure the quality of training providers for ITA participants. The influence of no minimum criteria on employment and training outcomes is inconsistent but is negative, as hypothesized,

for earnings. The two variables identifying state efforts to expand the provider market – the reciprocal agreements and policy to allow non-approved providers on the state ETP list – also show mixed findings for employment and training outcomes. This could be because it is not possible to account for the quality and use of providers across state borders and non-approved providers.

The moderating factors of interests also had mixed results. For the most part, being in a state that has less than half of its ETPs as two- and four-year colleges and universities indicates negative employment and training outcomes of ITA participants. In addition, having a cap on the ITA amount or a limit on the duration of training has inconsistent findings – negative for earnings outcomes and positive for employment and credential outcomes. However, the evidence was more mixed or nonsignificant on the difficulties states experienced in dealing with issues of providers. It could be that states, while they experienced difficulty in these areas, were able to overcome these challenges successfully and thus did not affect ITA participants' outcomes.

It is possible that the inconsistencies in the findings are due to the limitations presented earlier. The state ETP policy variables may too diffuse in their construction (because of temporal issues and collapsing of similar variables) to capture the effects of the policies on ITA participant outcomes. The multicollinearity and omitted variable bias are major challenges to the analysis. Finally, the attempt to capture some of the state-level variance in the models may not have been sufficient.

While this first attempt at analyzing the association of state ETP policies with ITA participant outcomes is limited, it provides a basis for future research to examine what state policies and factors may affect the quality of eligible training providers and their relevancy to ITA participants' outcomes. A more qualitative examination of how states design and implement their ETP systems under WIA and how training providers and ITA participants respond to these systems would help refine the conceptual framework and provide a better understanding of state ETP policies and promising practices. Case studies of the different approaches states use to implement their ETP systems may shed light on what standards states are using to determine the quality of training providers for their ETP lists. This research could then inform the development of better, possibly annually collected, measures of the state ETP policies (and potentially all state WIA policies) to conduct more rigorous analyses that provides

stronger evidence of the effects of these policies on ITA participants' outcomes. A database of state Temporary Assistance for Needy Families policies, called the Welfare Rules Database, has been operated since 1996 and a similar database could be constructed for WIA.

The importance of the local WIBs and One-Stop Career Centers should also be examined in more depth. While several studies have studied how states and local WIBs have implemented ITAs and the ETP system that supports customer choice, it is unclear the relationship between the state and local WIBs in designing this system and how much local flexibility is permitted. In addition better understanding of how ITA participants are using the ETP list and performance data may help states and local WIBs improve how One-Stop staff work with ITA participants to use the ETP list and performance data, and potentially offer supplemental information on training programs such as reviews by WIA completers and informational interviews with graduates who are working in the field to help them make training decisions.

### *Policy Implications*

The research on state ETP policies conducted for this study contributes new information for policymakers to better understand the role of training provider quality in publicly-funded job training efforts. The conceptual framework shows how states' efforts to design a training system that incorporates customer choice but must ensure that participants find and keep employment have to consider the quality of the providers in the system. Under WIA, the quality of the training providers is measured by aggregate participant outcomes for employment, credential attainment, and earnings. The conceptual framework shows that the inputs of training such as evidence-based instructional models, highly qualified instructors, and supportive services can also matter in looking at the quality of training providers. While the notion of evaluating program inputs is counter to the results-oriented management movement in government, overall program performance should consider evaluating both inputs and outcomes to support the management of successful program. Having this level and type of performance data would help the Department of Labor identify and provide promising practices for states to test and replicate.

Greater knowledge of the states' ETP policies has also been gained through this research. Of the 24 states that responded to the survey, many do not use the minimum criteria for subsequent eligibility as provided in WIA. Many states also have pursued a Federal waiver to extend the initial eligibility period of ETPs. In addition, states have shared anecdotes of the challenges for providers and states to collect performance data needed to maintain eligibility on

the list. As this research shows that the collection and use of ETP performance criteria and data may not be fully implemented as intended in the WIA legislation, future research could establish how states have designed their ETP systems and interacted with local WIBs in establishing sub-state ETP systems to approved and maintain providers on the ETP list. They may be able to offer lessons for WIA reauthorization in how to amend the current regulations to better develop less burdensome state ETP systems but maintain a focus on ensuring the quality of the training providers.

This research also sought to provide insights into which ETP policies states have developed may have an effect on ITA participants' outcomes than states that do not. Because of the limitations of the study, answering this question was challenging. However, there are some indications of promising state ETP policies and efforts that should be explored. The importance of having higher education represented on the ETP lists is supported by the analyses conducted. The findings show that states that have a significant presence of two- and four-year colleges and universities on their ETP lists is often associated with improvements the employment and training outcomes of their ITA participants. With the current policy discussion about the use of community colleges as a major training provider, it is important to consider how higher education can connect to the workforce investment system and respond to its participants' needs. These needs may include student retention incentives and supportive services such as child care and transportation to assist ITA participants succeed in their pursuit of better skills and education. The promising findings from MDRC's Opening Doors study, which tested retention incentives and services (Scrivener and Weiss 2009), and the ongoing evaluation of the Community-Based Job Training Grants, a Department of Labor demonstration program, could provide some ideas to incorporate into future community college-workforce investment system initiatives.

Any efforts to improve the states' ETP systems and test new approaches would take considerable federal government resources to implement. It would also be challenging for overburdened state and local staff, especially as they respond to the economic crisis, to focus on such activities. However, with more WIA participants being placed into training more than ever and the potential reauthorization of WIA in the near future, the time may be ripe to examine states' ETP systems and how states are ensuring the quality of the training providers within these systems.

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## Appendix A – State Eligible Training Provider Survey

# State ETP Policy Survey

## 1. State of Respondent

*** 1. Which state do you represent?**

State:

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## State ETP Policy Survey

### 2. State ETP Policy Options

The following questions ask about the options your state may have used for developing ETP policies and procedures over the past five program years (PY2004-2009).

*** 2. At any time over the past five program years, has your state had a federal waiver extending the time limit on initial eligibility for training providers?**

- ◯ Yes
- ◯ No
- ◯ Do not know

*** 3. Over the past five program years, has your state allowed its local workforce investment boards (WIBs) to increase minimum performance levels required by your state for local providers to maintain eligibility?**

- ◯ Yes
- ◯ No
- ◯ Do not know

*** 4. Over the past five program years, has your state ever entered into a reciprocal agreement with any other state, permitting eligible training providers from one state to accept ITAs provided by another state?**

- ◯ Yes
- ◯ No
- ◯ Do not know

State ETP Policy Survey

## 3. Minimum Performance Levels for Maintaining Eligibility

The following questions ask about your state's ETP policies regarding minimum performance levels for providers to maintain eligibility over the past five program years (PY2004-2009).

*** 5. Over the past five program years, what has been your state's minimum completion rate, on average, for ALL individuals in a program for a provider to maintain eligibility?**

- ◯ Less than 50 percent
- ◯ 50-74 percent
- ◯ 75 percent or more
- ◯ Do not use as a minimum criterion
- ◯ Do not know

*** 6. Over the past five program years, what has been your state's minimum unsubsidized employment rate at placement, on average, for ALL individuals in a program for a provider to maintain eligibility?**

- ◯ Less than 50 percent
- ◯ 50-74 percent
- ◯ 75 percent or more
- ◯ Do not use as a minimum criterion
- ◯ Do not know

*** 7. Over the past five program years, what has been your state's minimum rate of unsubsidized employment in a related occupation, on average, for ALL individuals in a program for a provider to maintain eligibility?**

- ◯ Less than 50 percent
- ◯ 50-74 percent
- ◯ 75 percent or more
- ◯ Do not use as a minimum criterion
- ◯ Do not know

## State ETP Policy Survey

*** 8. Over the past five program years, what has been your state's minimum hourly wage at placement, on average, for ALL individuals in a program for a provider to maintain eligibility?**

- ◯ Less than $7 per hour
- ◯ $7-10 per hour
- ◯ $11-14 per hour
- ◯ $15 per hour or more
- ◯ Do not use as a minimum criterion
- ◯ Do not know

*** 9. Over the past five program years, what has been your state's minimum completion rate, on average, for WIA participants in a program for a provider to maintain eligibility?**

- ◯ Less than 50 percent
- ◯ 50-74 percent
- ◯ 75 percent or more
- ◯ Do not use as a minimum criterion
- ◯ Do not know

*** 10. Over the past five program years, what has been your state's minimum unsubsidized employment rate at placement, on average, for WIA participants for a provider to maintain eligibility?**

- ◯ Less than 50 percent
- ◯ 50-74 percent
- ◯ 75 percent or more
- ◯ Do not use as a minimum criterion
- ◯ Do not know

## State ETP Policy Survey

*** 11. Over the past five years, what has been your state's minimum employment rate at six months, on average, for WIA completers for a provider to maintain eligibility?**

- ◯ Less than 50 percent
- ◯ 50 to 74 percent
- ◯ 75 percent or more
- ◯ Do not use as a minimum criterion
- ◯ Do not know

*** 12. Over the past five program years, what has been your state's minimum average earnings at six months of employment, on average, for WIA completers for providers to maintain eligibility?**

- ◯ Less than $5,000
- ◯ $5,000-$9,999
- ◯ $10,000-$14,999
- ◯ $15,000 or more
- ◯ Do not use as a minimum criterion
- ◯ Do not know

*** 13. Over the past five program years, what alternate performance levels have you required from training providers to maintain eligibility? (Check all that apply.)**

- ☐ Rates of attainment for licensure, certification, or academic degrees for WIA participants
- ☐ Rates of attainment for licensure, certification, or academic degrees for ALL individuals in a program
- ☐ Retention rates in employment at six months for ALL individuals in a program
- ☐ Wages at six months' employmentfor ALL individuals in a program
- ☐ Rates of attainment of industry-recognized occupational skills for ALL individuals in a program
- ☐ Do not use any additional criterion
- ☐ Do not know
- ☐ Other (please specify)

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State ETP Policy Survey

## 4. Your State's Experience Implementing ETP Policy

The following questions ask you to rate the experiences your state has had in implementing ETP policy over the past five program years (PY2004-2009).

*** 14. At any time over the past five program years, has your state allowed non-eligible training providers to be listed on the same website as your state ETP list?**

- ◯ Yes
- ◯ No
- ◯ Do not know

*** 15. Over the past five program years, what has been the approximate proportion of the providers on your state's ETP list that are two- or four-year colleges or universities?**

- ◯ Less than half
- ◯ Half or more
- ◯ Do not know

## State ETP Policy Survey

*** 16. Over the past five program years, how has your state been able to address the following issues that can arise in implementing ETP policy?**

| | With great success | With some success | With some difficulty | With great difficulty | Does not apply |
|---|---|---|---|---|---|
| Getting new providers onto the ETP list | ◯ | ◯ | ◯ | ◯ | ◯ |
| Getting degree-bearing institutions onto the ETP list | ◯ | ◯ | ◯ | ◯ | ◯ |
| Getting unqualified providers off the ETP list | ◯ | ◯ | ◯ | ◯ | ◯ |
| Lack of providers on the ETP list that offer high-demand, high-wage occupations | ◯ | ◯ | ◯ | ◯ | ◯ |
| Lack of qualified providers | ◯ | ◯ | ◯ | ◯ | ◯ |
| Lack of quality data on provider performance | ◯ | ◯ | ◯ | ◯ | ◯ |
| Lack of customer use of ETP list | ◯ | ◯ | ◯ | ◯ | ◯ |
| Negative feedback from providers on burden of application process | ◯ | ◯ | ◯ | ◯ | ◯ |
| Negative feedback from providers on burden of maintaining eligibility | ◯ | ◯ | ◯ | ◯ | ◯ |

# State ETP Policy Survey

## 5. State Individual Training Account Policy

The following is a short section that asks basic questions about your state's Individual Training Account (ITA) policies over the past five program years (PY2004-2009).

*** 17. At any time over the past five program years, has your state had a cap on ITA amounts?**

- ◯ Yes
- ◯ No
- ◯ Do not know

**18. If yes, what has been the average capped amount for ITAs over the past five program years?**

- ◯ Less than $3,000
- ◯ $3,000-$4,999
- ◯ $5,000-$7,499
- ◯ $7,500 or more
- ◯ Do not know

State ETP Policy Survey

## 6. State Individual Training Account Policy

Continued from Page 5

*** 19. At any time over the past five program years, has your state limited the duration of ITA-funded training?**

- ◯ Yes
- ◯ No
- ◯ Do not know

**20. If yes, what was the average limit to the duration of training using ITAs over the past five program years?**

- ◯ Less than 12 months
- ◯ 12-23 months
- ◯ 24 months or more
- ◯ Do not know

State ETP Policy Survey

## 7. State ETP Policy - Wrap Up

The following questions provide you with an opportunity to add any comments or thoughts on your state's ETP policy that you would like to share.

**21. Please share any thoughts or comments you have that would enhance the understanding of how ETP policies work in your state.**

**22. Are there any policies at the federal levels that you would add or change to help your state ensure the quality of eligible training providers under the Workforce Investment Act?**

**23. Would you like a copy of the report on state ETP policies emailed to you when it is released?**

- ◯ Yes
- ◯ No

If Yes, please provide your email address.

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# Appendix B – Tables on Multivariate Results

**Table B.1. Dependent Variable Is Wage at Placement (Random Effects)**

| Wages in 1st Quarter after Exit | Dislocated Workers<br>Coefficient (Std. Er.) | Adults<br>Coefficient (Std. Er.) |
|---|---|---|
| ***State ETP Policies*** | | |
| ETP Waiver | 296.5184***<br>(93.2657) | 961.8756***<br>(69.9830) |
| Local ETP Flexibility | 15.32332<br>(77.7260) | -623.3708***<br>(62.5893) |
| No Minimum Criteria | -506.2482***<br>(83.3760) | -629.9391***<br>(67.0033) |
| Reciprocal Agreement | -37.5340<br>(61.2808) | 70.92884<br>(44.25134) |
| Non-Approved Providers on ETP List | 91.06931<br>(62.5639) | -93.48729**<br>(45.5373) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | -525.8137***<br>(58.9208) | -294.1053***<br>(44.7627) |
| Provider Difficulties | 250.7538***<br>(74.4034) | 71.08679<br>(55.3828) |
| Performance Data Difficulties | 39.3094<br>(67.0033) | -156.3243***<br>(48.2135) |
| State ITA Cap or Duration Limit | -812.4335***<br>(96.2491) | -323.9131***<br>(74.3258) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 1227.886***<br>(35.01888) | 419.1516***<br>(32.2434) |
| Hispanic | -325.968***<br>(57.8690) | -285.3029***<br>(45.3916) |
| Black | -727.6263***<br>(42.0410) | -965.6244***<br>(32.2692) |
| Age 45 and Older | -460.4658***<br>(35.1199) | -454.2002***<br>(40.0297) |
| Disabled | -575.6758***<br>(96.0549) | -814.2557***<br>(69.5075) |
| Limited English Speaker | -607.8044***<br>(78.3176) | -272.8541***<br>(78.4771) |
| Single Parent | -60.3922<br>(46.3104) | -118.377***<br>(32.6958) |
| Less than High School | -2765.303 ***<br>(72.8470) | -2590.482***<br>(67.6988) |
| High School/GED | -2280.776***<br>(55.0550) | -2067.17***<br>(56.6032) |
| Some College/No Degree | -1460.937***<br>(60.1817) | -855.0988***<br>(60.7986) |
| Veteran | 10.2492<br>(60.9838) | 175.6869***<br>(60.5430) |
| Displaced Homemaker | -525.6269***<br>(126.8887) | n.a. |
| Public Assistance Recipient | -510.3727**<br>(207.2375) | -676.4217***<br>(36.8733) |
| UI Claimant | 387.4343***<br>(42.2135) | 252.3147***<br>(40.2462) |

| | | |
|---|---|---|
| UI Exhaustee | 199.9681***<br>(71.2133) | 261.5851***<br>(69.9007) |
| Rapid Response | 224.2406***<br>(76.0052) | n.a. |
| Trade Adjustment Assistance | -626.8225***<br>(48.2242) | n.a. |
| Supportive Services | -157.247***<br>(38.1581) | 69.5116**<br>(69.9007) |
| Needs Related Payments | -145.2554<br>(114.7422) | 110.4907<br>(80.0742) |
| Pell Grant | 102.7376*<br>(58.4758) | 416.32***<br>(38.9580) |
| Employed in Quarter Prior to Entry | 854.4655***<br>(38.30149) | 1074.606***<br>(28.1801) |
| State Unemployment Rate | -220.2359***<br>(26.6321) | -139.845***<br>(17.2806) |
| Constant | 8402.926***<br>(229.0521) | 6822.97***<br>(175.2454) |
| | N = 76769; groups=20 | N = 87038; groups=21 |
| | Wald chi2 = 6538.29 | Wald Chi2 = 7458.10 |
| | Prob > chi2 = 0.0000 | Prob > chi2 = 0.0000 |
| | R-squared = 0.0785 | R-squared = 0.0789 |
| *** statistically significant at the .01 level | Within state variance = 0.0678 | Within state variance = 0.0718 |
| ** statistically significant at the .05 level<br>* statistically significant at the .10 level | Between state variance = 0.7198 | Between state variance = 0.5001 |

## Table B.2. Dependent Variable Is Average Wages (Random Effects)

| Average Wages at 2nd and 3rd Quarters after Exit | Dislocated Workers<br>Coefficient (Std. Er.) | Adults<br>Coefficient (Std. Er.) |
|---|---|---|
| ***State ETP Policies*** | | |
| ETP Waiver | 834.1603***<br>(195.1461) | 2472.078***<br>(165.2124) |
| Local ETP Flexibility | 32.83617<br>(163.7634) | -1356.786***<br>(147.0612) |
| No Minimum Criteria | -634.9872***<br>(174.4487) | -895.4289***<br>(157.5376) |
| Reciprocal Agreement | 11.9598<br>(129.3904) | 124.2513<br>(103.5055) |
| Non-Approved Providers on ETP List | -66.8821<br>(134.2795) | -694.0967***<br>(109.8091) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | -705.6964***<br>(126.7546) | -186.1961*<br>(107.3687) |
| Provider Difficulties | 423.4538***<br>(157.8244) | -3.8601<br>(132.6738) |
| Performance Data Difficulties | 318.5417**<br>(141.3519) | -155.1761<br>(113.9033) |
| State ITA Cap or Duration Limit | -988.3405***<br>(203.6050) | 63.40015<br>(176.3354) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 2595.662***<br>(74.0409) | 832.0147***<br>(75.7095) |
| Hispanic | -607.3506***<br>(123.5732) | -681.7535***<br>(106.6948) |
| Black | -1445.316***<br>(88.9030) | -1921.733***<br>(75.6244) |
| Age 45 and Older | -1144.567***<br>(74.0903) | -1072.619***<br>(94.1694) |
| Disabled | -1251.139***<br>(201.9849) | -1610.379***<br>(162.7435) |
| Limited English Speaker | -1366.966***<br>(166.9149) | -597.2806***<br>(181.7183) |
| Single Parent | -35.00702<br>(98.1519) | -228.0564***<br>(76.5432) |
| Less than High School | -5894.185***<br>(155.1219) | -5520.787***<br>(160.0845) |
| High School/GED | -4656.926***<br>(116.6158) | -4364.031***<br>(133.9699) |
| Some College/No Degree | -3013.139***<br>(127.6603) | -1842.07***<br>(144.1763) |
| Veteran | 68.3890<br>(128.0103) | 503.5552***<br>(141.2892) |
| Displaced Homemaker | -1093.566***<br>(269.8455) | n.a. |
| Public Assistance Recipient | -1039.214**<br>(451.5161) | -1455.665***<br>(86.0368) |
| UI Claimant | 715.8291***<br>(89.9724) | 628.7289***<br>(93.218) |
| UI Exhaustee | 232.8817<br>(151.7431) | 682.6655***<br>(164.8945) |
| Rapid Response | 634.7572***<br>(161.2314) | n.a. |

| | | |
|---|---|---|
| Trade Adjustment Assistance | -966.6388***<br>(101.0130) | n.a. |
| Supportive Services | -340.5629***<br>(80.6350) | 156.5555**<br>(71.4604) |
| Needs Related Payments | -402.6591*<br>(239.5110) | 352.5914*<br>(183.3252) |
| Pell Grant | 99.7124<br>(124.8827) | 1017.728***<br>(91.5865) |
| Employed in Quarter Prior to Entry | 1666.538***<br>(80.9645) | 2125.872***<br>(65.9615) |
| State Unemployment Rate | -363.5331***<br>(57.7559) | -117.9064***<br>(41.0121) |
| Constant | 15786.83***<br>(489.6641) | 11880.90***<br>(411.299) |
| | N = 65763; groups=20 | N = 72767; groups=21 |
| | Wald chi2 = 6037.62 | Wald chi2 = 5799.46 |
| | Prob > chi2 = 0.0000 | Prob > chi2 = 0.0000 |
| | R-squared = 0.0841 | R-squared = 0.0738 |
| *** statistically significant at the .01 level | Within state variance = 0.0748 | Within state variance = 0.0674 |
| ** statistically significant at the .05 level<br>* statistically significant at the .10 level | Between state variance = 0.6941 | Between state variance = 0.5041 |

## Table B.3. Dependent Variable Is Entered Employment (Random Effects)

| Employed in 1st Quarter after Exit | Dislocated Workers<br>Odds Ratio (Std. Er.) | Adults<br>Odds Ratio (Std. Er.) |
|---|---|---|
| ***State ETP Policies*** | | |
| ETP Waiver | 1.1127<br>(0.2028) | 1.2711<br>(0.1896) |
| Local ETP Flexibility | 1.0178<br>(0.0198) | 0.6887<br>(0.1896) |
| No Minimum Criteria | 1.1422<br>(0.1833) | 1.3317<br>(0.3005) |
| Reciprocal Agreement | 0.8832<br>(0.1134) | 0.7644<br>(0.1331) |
| Non-Approved Providers on ETP List | 1.3245**<br>(0.1830) | 1.4072*<br>(0.2643) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | 0.7200**<br>(0.1020) | 1.1011<br>(0.2188) |
| Provider Difficulties | 1.3873**<br>(0.2166) | 1.3260<br>(0.2914) |
| Performance Data Difficulties | 0.8426<br>(0.1117) | 0.7134*<br>(0.1330) |
| State ITA Cap and/or Duration Limit | 1.1909<br>(0.2075) | 1.3302<br>(0.3243) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 1.0668***<br>(0.0248) | 0.9116***<br>(0.0209) |
| Hispanic | 1.1895***<br>(0.0469) | 1.0348<br>(0.0339) |
| Black | 0.9520*<br>(0.0259) | 0.7975***<br>(0.0183) |
| Age 45 and Older | 0.7037***<br>(0.0159) | 0.7627***<br>(0.0208) |
| Disabled | 0.7039***<br>(0.0454) | 0.6250***<br>(0.0272) |
| Limited English Speaker | 0.9309<br>(0.0463) | 0.9891<br>(0.0540) |
| Single Parent | 1.0540*<br>(0.0324) | 1.0709***<br>(0.0255) |
| Less than High School | 0.7580***<br>(0.0361) | 0.6261***<br>(0.0311) |
| High School/GED | 0.8993***<br>(0.0341) | 0.7437***<br>(0.0325) |
| Some College/No Degree | 0.9600<br>(0.0394) | 0.9243*<br>(0.0433) |
| Veteran | 0.9295*<br>(0.0363) | 1.005<br>(0.0423) |
| Displaced Homemaker | 0.7796***<br>(0.0587) | n.a. |
| Public Assistance Recipient | 0.8961<br>(0.1132) | 0.7855***<br>(0.0199) |
| UI Claimant | 1.2644***<br>(0.0347) | 1.1620***<br>(0.0356) |
| UI Exhaustee | 1.2127***<br>(0.0535) | 1.3140***<br>(0.0660) |

| | | |
|---|---|---|
| Rapid Response | 1.0853<br>(0.0571) | n.a. |
| Trade Adjustment Assistance | 0.6997***<br>(0.0211) | n.a. |
| Supportive Services | 1.1410***<br>(0.0302) | 1.0912***<br>(0.0248) |
| Needs Related Payments | 0.8404**<br>(0.0618) | 1.015<br>(0.0589) |
| Pell Grant | 0.9681<br>(0.0361) | 1.0602**<br>(0.0309) |
| Employed in Quarter Prior to Entry | 1.8245***<br>(0.0430) | 2.4205***<br>(0.0478) |
| State Unemployment Rate | 1.0759***<br>(0.0280) | 1.4180***<br>(0.0242) |
| | N = 76769; groups=20 | N = 87038; groups=21 |
| | Wald chi2 = 1408.83 | Wald Chi2 = 3268.66 |
| | Prob > chi2 = 0.0000 | Prob > chi2 = 0.0000 |
| *** statistically significant at the .01 level | Within state variance = 0.0621 | Within state variance = 0.0913 |
| ** statistically significant at the .05 level<br>* statistically significant at the .10 level | Between state variance = 0.9379 | Between state variance = 0.9087 |

## Table B.4. Dependent Variable Is Employment Retention (Random Effects)

| Employed in Both 2nd and 3rd Quarters after Exit | Dislocated Workers | Adults |
|---|---|---|
| | Odds Ratio (Std. Er.) | Odds Ratio (Std. Er.) |
| ***State ETP Policies*** | | |
| ETP Waiver | 1.1466<br>(0.2836) | 1.3023*<br>(0.2089) |
| Local ETP Flexibility | 1.8426**<br>(0.4907) | 0.1.1619<br>(0.1953) |
| No Minimum Criteria | 0.9423<br>(0.2048) | 1.0383<br>(0.1473) |
| Reciprocal Agreement | 0.9021<br>(0.1585) | 1.0767<br>(0.1142) |
| Non-Approved Providers on ETP List | 1.8307***<br>(0.3522) | 1.2212*<br>(0.1430) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | 0.8243<br>(0.1965) | 1.1130<br>(0.1352) |
| Provider Difficulties | 0.9190<br>(0.2186) | 0.9996<br>(0.1352) |
| Performance Data Difficulties | 1.2163<br>(0.2186) | 1.0231<br>(0.1159) |
| State ITA Cap and/or Duration Limit | 1.4938*<br>(0.3543) | 1.3094*<br>(0.2073) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 0.8508***<br>(0.0246) | 0.7138***<br>(0.0187) |
| Hispanic | 1.0390<br>(0.0471) | 1.0134<br>(0.0381) |
| Black | 0.8483***<br>(0.0291) | 0.7937***<br>(0.0212) |
| Age 45 and Older | 0.8484***<br>(0.0245) | 0.8842***<br>(0.0286) |
| Disabled | 0.8172***<br>(0.0594) | 0.8089***<br>(0.0449) |
| Limited English Speaker | 0.8654**<br>(0.0504) | 0.9393<br>(0.0554) |
| Single Parent | 1.0068<br>(0.0389) | 1.0029<br>(0.0279) |
| Less than High School | 0.7561***<br>(0.0426) | 0.5651***<br>(0.0322) |
| High School/GED | 1.0281<br>(0.0457) | 0.7361***<br>(0.0368) |
| Some College/No Degree | 1.0967*<br>(0.0538) | 0.9466<br>(0.0514) |
| Veteran | 0.9132*<br>(0.0440) | 0.9468<br>(0.0448) |
| Displaced Homemaker | 0.8501<br>(0.0847) | n.a. |
| Public Assistance Recipient | 0.8093<br>(0.1334) | 0.7987***<br>(0.0245) |
| UI Claimant | 1.1624**<br>(0.04005) | 1.2196***<br>(0.0414) |
| UI Exhaustee | 1.0866<br>(0.0596) | 1.2052***<br>(0.0692) |
| Rapid Response | 1.3200***<br>(0.0915) | n.a. |

| | | |
|---|---|---|
| Trade Adjustment Assistance | 1.3065***<br>(0.0603) | n.a. |
| Supportive Services | 0.9802<br>(0.0303) | 1.0569**<br>(0.0270) |
| Needs Related Payments | 1.0046<br>(0.0984) | 1.1404*<br>(0.0474466) |
| Pell Grant | 1.1470***<br>(0.0596) | 1.2456***<br>(0.0449) |
| Employed in Quarter Prior to Entry | 1.4809***<br>(0.0441) | 1.5885***<br>(0.0365) |
| State Unemployment Rate | 1.1385***<br>(0.0378) | 1.1135***<br>(0.0307) |
| | N = 56914; groups=20 | N = 61897; groups=21 |
| | Wald chi2 = 535.56 | Wald chi2 = 1236.99 |
| | Prob > chi2 = 0.0000 | Prob > chi2 = 0.0000 |
| | Within state variance = 0.0825 | Within state variance = 0.0556 |
| | Between state variance = 0.9175 | Between state variance = 0.9444 |

*** statistically significant at the .01 level
** statistically significant at the .05 level
* statistically significant at the .10 level

## Table B.5. Dependent Variable Is Credential Attainment (Random Effects)

| Credential Attainment | Dislocated Workers<br>Odds Ratio (Std. Er.) | Adults<br>Odds Ratio (Std. Er.) |
|---|---|---|
| ***State ETP Policies*** | | |
| ETP Waiver | 1.5771<br>(0.5044) | 1.8669***<br>(0.4079) |
| Local ETP Flexibility | 1.3703<br>(0.4959) | 0.8007<br>(0.1916) |
| No Minimum Criteria | 0.6957<br>(0.1826) | 0.8532<br>(0.1513) |
| Reciprocal Agreement | 1.0771<br>(0.2432) | 0.6974**<br>(0.0997) |
| Non-Approved Providers on ETP List | 0.7572<br>(0.1832) | 1.2297<br>(0.1917) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | 0.3767***<br>(0.0905) | 0.5876***<br>(0.0912) |
| Provider Difficulties | 0.9250<br>(0.2394) | 1.2009<br>(0.2059) |
| Performance Data Difficulties | 1.3918<br>(0.3327) | 0.9814<br>(0.1548) |
| State ITA Cap and/or Duration Limit | 1.1347<br>(0.3232) | 1.5386**<br>(0.2963) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 1.0096<br>(0.0214) | 1.0724***<br>(0.0245) |
| Hispanic | 1.1215**<br>(0.0538) | 0.8646***<br>(0.0363) |
| Black | 0.7938***<br>(0.0189) | 0.7355***<br>(0.0160) |
| Age 45 and Older | 1.0025<br>(0.0215) | 1.0831***<br>(0.0315) |
| Disabled | 0.7867***<br>(0.0434) | 0.8046***<br>(0.0358) |
| Limited English Speaker | 0.8565***<br>(0.0470) | 1.1738***<br>(0.0730) |
| Single Parent | 0.8952***<br>(0.0248) | 0.9181***<br>(0.0209) |
| Less than High School | 0.6632***<br>(0.0294) | 0.5247***<br>(0.0270) |
| High School/GED | 1.0163<br>(0.0361) | 0.7351***<br>(0.0334) |
| Some College/No Degree | 0.9864<br>(0.0378) | 0.9242<br>(0.0447) |
| Veteran | 1.1443***<br>(0.0424) | 1.0136<br>(0.0427) |
| Displaced Homemaker | 1.1178<br>(0.0865) | n.a. |
| Public Assistance Recipient | 1.342<br>(0.3049) | 0.8195***<br>(0.0229) |
| UI Claimant | 0.9476*<br>(0.0265) | 0.9348**<br>(0.0281) |
| UI Exhaustee | 0.9812<br>(0.0403) | 0.9140**<br>(0.0414) |
| Rapid Response | 1.0775<br>(0.0601) | n.a. |

| | | |
|---|---|---|
| Trade Adjustment Assistance | 0.6848***<br>(0.0200) | n.a. |
| Supportive Services | 1.4032***<br>(0.0371) | 1.1595***<br>(0.0272) |
| Needs Related Payments | 0.9902<br>(0.0713) | 1.1373*<br>(0.0750) |
| Pell Grant | 0.7705***<br>(0.0247) | 0.8519***<br>(0.0219) |
| Employed in Quarter Prior to Entry | 1.1579***<br>(0.0257) | 1.0604***<br>(0.0209) |
| State Unemployment Rate | 0.8397***<br>(0.0222) | 1.4148***<br>(0.0250) |
| | N = 61849; groups=19 | N = 66887; groups=20 |
| | Wald chi2 = 864.64 | Wald chi2 = 1233.48 |
| | Prob > chi2 = 0.0000 | Prob > chi2 = 0.0000 |
| *** statistically significant at the .01 level | Within state variance = 0.1023 | Within state variance = 0.0731 |
| ** statistically significant at the .05 level<br>* statistically significant at the .10 level | Between state variance = 0.8977 | Between state variance = 0.9269 |

## Table B.6. Dependent Variable Is Wage at Placement (OLS)

| Wages in 1st Quarter after Exit | Dislocated Workers<br>Coefficient (Std. Er.) | Adults<br>Coefficient (Std. Er.) |
|---|---|---|
| ***State ETP Policies*** | | |
| ETP Waiver | 296.5184***<br>(93.2657) | 961.8756***<br>(69.9830) |
| Local ETP Flexibility | 15.32332<br>(77.7260) | -623.3708***<br>(62.5893) |
| No Minimum Criteria | -506.2482***<br>(83.3760) | -629.9391***<br>(67.0033) |
| Reciprocal Agreement | -37.53401<br>(61.2808) | 70.9288<br>(44.2513) |
| Non-Approved Providers on ETP List | 91.06931<br>(62.5639) | -93.4873**<br>(45.5373) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | -525.8137***<br>(58.9208) | -294.1053***<br>(44.7627) |
| Provider Difficulties | 250.7538***<br>(74.4034) | 71.0868<br>(55.38275) |
| Performance Data Difficulties | 39.30938<br>(67.0033) | -156.3243***<br>(48.2135) |
| State ITA Cap or Duration Limit | -812.4335***<br>(96.2491) | -323.9131***<br>(74.3258) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 1227.886***<br>(35.0189) | 419.1516***<br>(32.2434) |
| Hispanic | -325.968 ***<br>(57.8690) | -285.3029***<br>(45.3916) |
| Black | -727.6263***<br>(42.0410) | -965.6244***<br>(32.2692) |
| Age 45 and Older | -460.4658***<br>(35.1199) | -454.2002***<br>(40.0297) |
| Disabled | -575.6758***<br>(96.0549) | -814.2557***<br>(69.5075) |
| Limited English Speaker | -607.8044***<br>(78.3176) | -272.8541***<br>(78.4771) |
| Single Parent | -60.3922<br>(46.3104) | -118.377***<br>(32.6958) |
| Less than High School | -2765.303 ***<br>(72.8467) | -2590.482***<br>(67.6988) |
| High School/GED | -2280.776***<br>(55.0550) | -2067.17***<br>(56.6032) |
| Some College/No Degree | -1460.937***<br>(60.1817) | -855.0988***<br>(60.7986) |
| Veteran | 10.2492<br>(60.9838) | 175.6869***<br>(60.5430) |
| Displaced Homemaker | -525.6269***<br>(126.8887) | n.a. |
| Public Assistance Recipient | -510.3727***<br>(207.2375) | -676.4217***<br>(36.8733) |
| UI Claimant | 387.4343***<br>(42.2135) | 252.3147***<br>(40.2462) |
| UI Exhaustee | 199.9681***<br>(71.2133) | 261.5851***<br>(69.9007) |
| Rapid Response | 224.2406***<br>(76.00512) | n.a. |

| | | |
|---|---|---|
| Trade Adjustment Assistance | -626.8225***<br>(48.2242) | n.a. |
| Supportive Services | -157.247***<br>(38.1581) | 69.5116**<br>(30.5937) |
| Needs Related Payments | -145.2554<br>(114.7422) | 110.4907<br>(80.0742) |
| Pell Grant | 102.7376*<br>(58.4758) | 416.32***<br>(38.9580) |
| Employed in Quarter Prior to Entry | 854.4655***<br>(38.3015) | 1074.606***<br>(28.1801) |
| State Unemployment Rate | -220.2359***<br>(26.6321) | -139.845***<br>(17.2806) |
| Constant | 8402.926***<br>(229.0521) | 6822.97***<br>(175.2454) |
| | N = 76769 | N = 87038 |
| | F( 31, 76737) = 210.91 | F( 28, 87009) = 266.36 |
| | Prob > F = 0.0000 | Prob > F = 0.0000 |
| | R-squared = 0.0785 | R-squared = 0.0789 |
| | Adj R-squared = 0.0781 | Adj R-squared = 0.0787 |

*** statistically significant at the .01 level
** statistically significant at the .05 level
* statistically significant at the .10 level

## Table B.7. Dependent Variable Is Average Wages (OLS)

| Average Wages at 2nd and 3rd Quarters after Exit | Dislocated Workers<br>Coefficient (Std. Er.) | Adults<br>Coefficient (Std. Er.) |
|---|---|---|
| ***State ETP Policies*** | | |
| ETP Waiver | 834.1603***<br>(195.1461) | 2472.078***<br>(165.2124) |
| Local ETP Flexibility | 32.8362<br>(163.7634) | -1356.786***<br>(147.0612) |
| No Minimum Criteria | -634.9872***<br>(174.4487) | -895.4289***<br>(157.5376) |
| Reciprocal Agreement | 11.9598<br>(129.3904) | 124.2513<br>(103.5055) |
| Non-Approved Providers on ETP List | -66.8821<br>(134.2795) | -694.0967***<br>(109.8091) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | -705.6964***<br>(126.7546) | -186.1961*<br>(107.3687) |
| Provider Difficulties | 423.4538***<br>(157.8244) | -3.8601<br>(132.6738) |
| Performance Data Difficulties | 318.5417**<br>(141.3519) | -155.1761<br>(113.9033) |
| State ITA Cap or Duration Limit | -988.3405***<br>(203.6050) | 63.4002<br>(176.3354) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 2595.662***<br>(74.0409) | 832.0147***<br>(75.7095) |
| Hispanic | -607.3506***<br>(123.5732) | -681.7535***<br>(106.6948) |
| Black | -1445.316***<br>(88.9030) | -1921.733***<br>(75.6244) |
| Age 45 and Older | -1144.567***<br>(74.0903) | -1072.619***<br>(94.1694) |
| Disabled | -1251.139***<br>(201.9849) | -1610.379***<br>(162.7435) |
| Limited English Speaker | -1366.966***<br>(166.9149) | -597.2806***<br>(181.7183) |
| Single Parent | -35.00702<br>(98.1519) | -228.0564***<br>(76.5432) |
| Less than High School | -5894.185***<br>(155.1219) | -5520.787***<br>(160.0845) |
| High School/GED | -4656.926***<br>(116.6158) | -4364.031***<br>(133.9699) |
| Some College/No Degree | -3013.139***<br>(127.6603) | -1842.07***<br>(144.1763) |
| Veteran | 68.38895<br>(128.0103) | 503.5552***<br>(141.2892) |
| Displaced Homemaker | -1093.566***<br>(269.8455) | n.a. |
| Public Assistance Recipient | -1039.214**<br>(451.5161) | -1455.665***<br>(86.0368) |
| UI Claimant | 715.8291***<br>(89.9724) | 628.7289***<br>(93.2180) |
| UI Exhaustee | 232.8817<br>(151.7431) | 682.6655***<br>(164.8945) |
| Rapid Response | 634.7572***<br>(161.2314) | n.a. |

| | | |
|---|---|---|
| Trade Adjustment Assistance | -966.6388***<br>(101.0130) | n.a. |
| Supportive Services | -340.5629***<br>(80.6350) | 156.5555**<br>(71.4604) |
| Needs Related Payments | -402.6591*<br>(239.5110) | 352.5914*<br>(183.3252) |
| Pell Grant | 99.71238<br>(124.8827) | 1017.728***<br>(91.5865) |
| Employed in Quarter Prior to Entry | 1666.538***<br>(80.9645) | 2125.872***<br>(65.9615) |
| State Unemployment Rate | -363.5331***<br>(57.7559) | -117.9064***<br>(41.0121) |
| Constant | 15786.83***<br>(489.6641) | 11880.9***<br>(411.2990) |
| | N = 65763 | N = 72767 |
| | F( 31, 65731) = 194.76 | F( 28, 72738) = 207.12 |
| | Prob > F = 0.0000 | Prob > F = 0.0000 |
| | R-squared = 0.0841 | R-squared = 0.0738 |
| | Adj R-squared = 0.0837 | Adj R-squared = 0.0735 |

*** statistically significant at the .01 level
** statistically significant at the .05 level
* statistically significant at the .10 level

## Table B.8. Dependent Variable Is Entered Employment (Logistic)

| Employed in 1st Quarter after Exit | Dislocated Workers<br>Odds Ratio (Std. Er.) | Adults<br>Odds Ratio (Std. Er.) |
|---|---|---|
| ***State ETP Policies*** | | |
| ETP Waiver | 1.0659<br>(0.0681) | 1.1598***<br>(0.0579) |
| Local ETP Flexibility | 1.0775<br>(0.0567) | 0.9027**<br>(0.0391) |
| No Minimum Criteria | 0.9287<br>(0.0506) | 0.9432<br>(0.0437) |
| Reciprocal Agreement | 0.8050***<br>(0.0326) | 0.7647***<br>(0.0231) |
| Non-Approved Providers on ETP List | 1.1882***<br>(0.0487) | 1.1750***<br>(0.0366) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | 0.6982***<br>(0.0270) | 0.8386***<br>(0.0260) |
| Provider Difficulties | 1.4354***<br>(0.0726) | 1.3226***<br>(0.0503) |
| Performance Data Difficulties | 0.9149**<br>(0.0400) | 0.8602***<br>(0.0286) |
| State ITA Cap and/or Duration Limit | 1.1895***<br>(0.0774) | 1.1632***<br>(0.0606) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 1.0664***<br>(0.0247) | 0.9153***<br>(0.0208) |
| Hispanic | 1.1856***<br>(0.0469) | 1.0446<br>(0.0336) |
| Black | 0.9518*<br>(0.0257) | 0.7937***<br>(0.0180) |
| Age 45 and Older | 0.7037***<br>(0.0159) | 0.7816***<br>(0.0212) |
| Disabled | 0.7847***<br>(0.0456) | 0.6401***<br>(0.0273) |
| Limited English Speaker | 0.9438<br>(0.0464) | 1.0474<br>(0.0566) |
| Single Parent | 1.0497<br>(0.0321) | 1.0545**<br>(0.0248) |
| Less than High School | 0.7724***<br>(0.0365) | 0.6374***<br>(0.0315) |
| High School/GED | 0.8890***<br>(0.0335) | 0.7591]***<br>(0.0330) |
| Some College/No Degree | 0.9565<br>(0.0391) | 0.9541<br>(0.0445) |
| Veteran | 0.9251**<br>(0.0361) | 1.0147<br>(0.0425) |
| Displaced Homemaker | 0.7445***<br>(0.0553) | n.a. |
| Public Assistance Recipient | 0.8498<br>(0.1070) | 0.7374***<br>(0.0183) |
| UI Claimant | 1.2660***<br>(0.0343) | 1.1763***<br>(0.0357) |
| UI Exhaustee | 1.2229***<br>(0.0537) | 1.3356***<br>(0.0669) |

| | | |
|---|---|---|
| Rapid Response | 1.1022*<br>(0.0573) | n.a. |
| Trade Adjustment Assistance | 0.6672***<br>(0.0195) | n.a. |
| Supportive Services | 1.1389***<br>(0.0296) | 1.0804***<br>(0.0238) |
| Needs Related Payments | 0.8074**<br>(0.0590) | 0.9771<br>(0.0564) |
| Pell Grant | 0.9888<br>(0.0367) | 1.0677**<br>(0.0303) |
| Employed in Quarter Prior to Entry | 1.7985***<br>(0.0419) | 2.3846***<br>(0.0467) |
| State Unemployment Rate | 1.0938***<br>(0.0197) | 1.2479***<br>(0.0145) |
| | N = 76769 | N = 87038 |
| | LR chi2(31) = 2187.76 | LR chi2(28) = 3926.65 |
| *** statistically significant at the .01 level<br>** statistically significant at the .05 level<br>* statistically significant at the .10 level | Prob > chi2 = 0.0000 | Prob > chi2 = 0.0000 |
| | Pseudo R2 = 0.0354 | Pseudo R2 = 0.0524 |

## Table B.9. Dependent Variable Is Employment Retention (Logistic)

| Employed in Both 2nd and 3rd Quarters after Exit | Dislocated Workers | Adults |
|---|---|---|
| | Odds Ratio (Std. Er.) | Odds Ratio (Std. Er.) |
| ***State ETP Policies*** | | |
| ETP Waiver | 2.1579*** (0.0958) | 1.3613*** (0.0465) |
| Local ETP Flexibility | 1.4870*** (0.0525) | 0.9437* (0.0287) |
| No Minimum Criteria | 1.5727*** (0.0583) | 2.2464*** (0.0753423) |
| Reciprocal Agreement | 0.9893 (0.0269) | 1.2106*** (0.0264) |
| Non-Approved Providers on ETP List | 1.6701*** (0.0473) | 1.1483*** (0.0251) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | 1.0469* (0.0270) | 1.3723*** (0.0294) |
| Provider Difficulties | 0.7049*** (0.0230) | 0.8524*** (0.0229) |
| Performance Data Difficulties | 0.7500*** (0.0220) | 0.9469** (0.0221) |
| State ITA Cap and/or Duration Limit | 3.0973*** (0.1392) | 2.4617*** (0.0907) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 0.9572*** (0.0151) | 0.8419*** (0.0132) |
| Hispanic | 0.9395** (0.0241) | 0.9523** (0.0210) |
| Black | 0.9016*** (0.0171) | 0.8537*** (0.0134) |
| Age 45 and Older | 0.8104*** (0.0128) | 0.8394*** (0.0162) |
| Disabled | 0.9244* (0.0395) | 0.9041*** (0.0311) |
| Limited English Speaker | 0.9819 (0.0341) | 1.0912** (0.0418) |
| Single Parent | 0.9787 (0.0204) | 1.0811*** (0.0174) |
| Less than High School | 0.8370** (0.0271) | 0.9011*** (0.0294) |
| High School/GED | 1.0584* (0.0261) | 1.0646*** (0.0289) |
| Some College/No Degree | 1.0381 (0.0280) | 1.0850** (0.0317) |
| Veteran | 0.9600 (0.0263) | 1.0352 (0.0307) |
| Displaced Homemaker | 0.9778 (0.0546) | n.a. |
| Public Assistance Recipient | 0.8132** (0.0713) | 0.7949*** (0.0143) |
| UI Claimant | 1.1084*** (0.0207) | 1.2103*** (0.0242) |
| UI Exhaustee | 1.0667** (0.0336) | 1.1094*** (0.0379) |
| Rapid Response | 1.1110*** (0.0380) | n.a. |

| | | |
|---|---|---|
| Trade Adjustment Assistance | 0.9906<br>(0.0218) | n.a. |
| Supportive Services | 1.0138<br>(0.0173) | 1.1059***<br>(0.0166) |
| Needs Related Payments | 1.0585<br>(0.0554) | 1.1721***<br>(0.0474) |
| Pell Grant | 0.9638<br>(0.0253) | 1.1253***<br>(0.0217) |
| Employed in Quarter Prior to Entry | 1.3922***<br>(0.0238) | 1.4476***<br>(0.0199) |
| State Unemployment Rate | 1.8533***<br>(0.0224) | 1.7684***<br>(0.0162) |
| | N = 56914 | N = 98947 |
| *** statistically significant at the .01 level<br>** statistically significant at the .05 level<br>* statistically significant at the .10 level | LR chi2(31) = 4594.34 | LR chi2(28) = 6515.86 |
| | Prob > chi2 = 0.0000 | Prob > chi2 = 0.0000 |
| | Pseudo R2 = 0.0410 | Pseudo R2 = 0.0478 |

## Table B.10. Dependent Variable Is Credential Attainment (Logistic)

| Credential Attainment | Dislocated Workers<br>Odds Ratio (Std. Er.) | Adults<br>Odds Ratio (Std. Er.) |
|---|---|---|
| ***State ETP Policies*** | | |
| ETP Waiver | 1.362047***<br>(0.0791268) | 1.503802***<br>(0.0738823) |
| Local ETP Flexibility | 1.192903***<br>(0.0659165) | 1.086719*<br>(0.0501626) |
| No Minimum Criteria | 0.5889517***<br>(0.0287845) | 0.6303801***<br>(0.0259187) |
| Reciprocal Agreement | 0.8038859***<br>(0.0308537) | 0.7688012***<br>(0.0231051) |
| Non-Approved Providers on ETP List | 0.821864***<br>(0.0305776) | 0.9212954***<br>(0.0285404) |
| ***Moderating Factors*** | | |
| Less than 50% Colleges | 0.4160928***<br>(0.0140744) | 0.4844944***<br>(0.0134903) |
| Provider Difficulties | 1.299758***<br>(0.0581351) | 1.232921***<br>(0.0414332) |
| Performance Data Difficulties | 1.266055***<br>(0.0551611) | 1.041325<br>(0.0344193) |
| State ITA Cap and/or Duration Limit | 0.9075297***<br>(0.0493752) | 1.084563*<br>(0.0488886) |
| ***Participant Demographics, Program Participation, WIA Services, and State Economic Conditions*** | | |
| Male | 1.005608<br>(0.0212931) | 1.085944***<br>(0.0246675) |
| Hispanic | 1.093782*<br>(0.0513149) | 0.9649167<br>(0.0388968) |
| Black | 0.7993544***<br>(0.018882) | 0.7013264***<br>(0.0149626) |
| Age 45 and Older | 0.9955974<br>(0.0212589) | 1.100156***<br>(0.0318527) |
| Disabled | 0.7362801***<br>(0.0401095) | 0.8082321***<br>(0.0354811) |
| Limited English Speaker | 0.8514039***<br>(0.0464474) | 1.18101***<br>(0.072862) |
| Single Parent | 0.8863159***<br>(0.0245004) | 0.912994***<br>(0.0203986) |
| Less than High School | 0.6698799***<br>(0.029513) | 0.5059487***<br>(0.0258618) |
| High School/GED | 1.019497***<br>(0.0357656) | 0.7162731***<br>(0.0323194) |
| Some College/No Degree | 0.9854497<br>(0.037551) | 0.9135837*<br>(0.043865) |
| Veteran | 1.138998***<br>(0.042114) | 1.013603<br>(0.0424255) |
| Displaced Homemaker | 1.05<br>(0.0805919) | n.a. |
| Public Assistance Recipient | 1.383428<br>(0.3138145) | 0.8666843***<br>(0.0236469) |
| UI Claimant | 0.9576332<br>(0.0261938) | 0.9458527*<br>(0.0279275) |
| UI Exhaustee | 0.9994911<br>(0.04076) | 0.9224048*<br>(0.0416234) |
| Rapid Response | 1.056595<br>(0.0585217) | n.a. |

| | | |
|---|---|---|
| Trade Adjustment Assistance | 0.6781054***<br>(0.0195372) | n.a. |
| Supportive Services | 1.372909***<br>(0.0356113) | 1.217608***<br>(0.0276749) |
| Needs Related Payments | 0.995449<br>(0.071319) | 1.137914**<br>(0.0746525) |
| Pell Grant | 0.7821315***<br>(0.0249322) | 0.8035012***<br>(0.0200784) |
| Employed in Quarter Prior to Entry | 1.166207***<br>(0.0257534) | 1.060353***<br>(0.0207686) |
| State Unemployment Rate | 0.9488461***<br>(0.0152725) | 1.245677***<br>(0.0135518) |
| | N = 61849 | N = 66887 |
| *** statistically significant at the .01 level | LR chi2(31) = 5267.81 | LR chi2(28) = 4768.57 |
| ** statistically significant at the .05 level | Prob > chi2 = 0.0000 | Prob > chi2 = 0.0000 |
| * statistically significant at the .10 level | Pseudo R2 = 0.0761 | Pseudo R2 = 0.0649 |

## Table B.11. Simple Correlation Table of Key ETP Variables

| | ETP Waiver | Local ETP Flexibility | No Minimum Criteria | Reciprocal Agreement | Non-Approved Providers on ETP List | Less than 50% Colleges | Provider Difficulties | Performance Data Difficulties | State ITA Cap and/or Duration Limit |
|---|---|---|---|---|---|---|---|---|---|
| ETP Waiver | 1.0000 | | | | | | | | |
| Local ETP Flexibility | 0.3122 | 1.0000 | | | | | | | |
| No Minimum Criteria | 0.8616 | 0.1860 | 1.0000 | | | | | | |
| Reciprocal Agreement | -0.1913 | -0.0706 | -0.1565 | 1.0000 | | | | | |
| Non-Approved Providers on ETP List | 0.2007 | -0.1193 | 0.0604 | -0.1565 | 1.0000 | | | | |
| Less than 50% Colleges | -0.0162 | 0.2238 | -0.1560 | -0.0828 | 0.5457 | 1.0000 | | | |
| Provider Difficulties | -0.3945 | 0.3500 | -0.4166 | 0.0005 | -0.2594 | 0.0115 | 1.0000 | | |
| Performance Data Difficulties | 0.1471 | -0.0257 | 0.1581 | -0.6642 | 0.2673 | 0.2579 | 0.1571 | 1.0000 | |
| State ITA Cap and/or Duration Limit | -0.8093 | -0.1594 | -0.7884 | 0.1216 | -0.2303 | -0.0038 | 0.5835 | -0.1118 | 1.0000 |