

Workforce Investment Act Reauthorization:

What research has to say about reforming WIA

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Recovery and Reemployment Research Conference

Sponsored by U.S. Department of Labor

September 15-16, 2009

Workforce Investment Act

- **The Workforce Investment Act of 1998 (WIA) was enacted to address deficiencies in previous workforce programs:**
 - overlapping and redundant programs
 - limited access to services
 - unnecessary use of expensive training programs
 - training programs not targeted to the needs of businesses or workers
 - ... and others
- **In response to these deficiencies, WIA incorporated the following guiding principles:**
 - Customer focus and empowerment
 - System integration and service coordination
 - Universal access to services
 - Increased accountability and efficiency through performance monitoring
 - Strengthened local decision-making through WIBs
 - Enhanced state and local flexibility
 - Improved youth services

Key Challenges 2002-03

- Balancing accountability and flexibility under a broad-based federal grant-in-aid program.
- Maintaining cooperative federal-state-local relationships on an ongoing basis.
- Assuring that reporting and performance requirements do not adversely affect customer selection, services provided and outcomes.
- Balancing the effects of UI call centers and Internet-based claims processing with the role of One-Stop Career Centers.
- Balancing the goals of universal access and serving those most in need.
- Determining effective roles for business in workforce programs and how to achieve and sustain them.
- Designing One-Stop Career Centers so orientation, management structures, and the layout for customer flow maximize outcomes.
- Integrating workforce services at One-Stop Career Centers and at other locations.
- Developing return-on-investment measures as a component of workforce performance management systems.

Barnow and King (2005)

Federal-State-WIB Relations	Infrastructure	Services	Service Delivery
Balancing accountability and flexibility	Design One-Stops so orientation, management structures, flow of services maximize outcomes	Balancing universal access with those in need	Design service delivery to be close to customers
Cooperative Fed-State-Local relationships	Improve performance targeting and reporting to reduce adverse effects on customer selection	Reemployment (Wagner-Peyser) services are cost effective	Integrate workforce services: UI/ES/Training etc.
WIB-led local partnerships with effective role for businesses on WIB Boards	Incorporate business-focused metrics	More emphasis on demand-driven, high return training	Eliminate sequencing of services—stress instead targeting of services
Funding consistent with demand for services (GAO 2009) Align Formula factors with target populations	Local workforce system as “innovative system”—reward innovations through special grants	More emphasis on youth training combined with work experience and finishing HS	Simplify participant eligibility and MIS reporting requirements and make them consistent across programs
Consider States’ obligations when estimating available funds (GAO 2009)	Fund infrastructure needs for partnerships and One-Stops and training to ensure local and state capacity		Implement smarter delivery system—use administrative data and LMI data to develop decision tools
More technical assistance	Require periodic evaluations		

Performance Measures

- **Existing performance system can have adverse effects on customer selection**
 - Heinrich (2005) shows that that participant characteristics affected states' measured performance, such that states serving more disadvantaged individuals (for example, high school dropouts) were less likely to qualify for a performance bonus.
 - Heinrich et.al (2005): “probably the most discouraging finding of this study is that public employees can influence states' measured performance by engaging in strategic behaviors such as limiting individuals' access to WIA program services.”
 - Others come to same conclusion: Trutko et al. (2005), Barnow and Smith (2004), Heinrich (2004), GAO (2002)
- **Correct performance system by adjusting performance targets**
 - GAO (2009) “One approach that would help would be to systematically adjust expected performance levels to account for different populations and local economic conditions when negotiating performance.
- **USDOL has recognized the need for adjusted performance measures and has included adjusted targets in the 2010 budgets projects for WIA performance at the national level and plans to do the same for states**

Employment Service

- **Employment Service (reemployment services) is cost-effective and services are complementary with WIA services not duplicative**
 - ES provides WIA-type core and intensive services in most states and localities and WIA provides intensive and training services (Barnow and King, 2005)
- **Major forms of reemployment services—job search assistance, UI work test, and referrals to job openings—are cost effective separately and even more so when provided jointly (e.g., Jacobson, et al. 2004)**
- **Cooperation between UI and One-Stop Center staff can enhance the effective of reemployment services for UI claimants (Decker et al. 2000)**
- **Stronger enforcement of UI work test can reduce the duration of unemployment (Decker et al. 2000)**
 - In addition, WPRS evaluation shows that identifying those likely to exhaust UI benefits and getting them engaged in reemployment services early in their unemployment spell reduces the length of employment spell (Black et al. 2003)

Training

- **Training can be effective but one size does not fit all:**
 - Research on workforce service strategies suggests that labor force attachment approaches yield employment and earnings impacts for some groups (gender, income levels, past work experience) in the near term; however, over the longer run (three to five years), OJT and occupational skills training are likely to outperform them (summarized in King, 2004; recent evaluation by Hollenbeck, 2005)
- **We get what we pay for: need more intensive and targeted training programs**
 - LaLonde (1995): Public training funding is exceedingly small compared to the magnitude of the skill deficiencies that programs are trying to address
 - Expenditures per participant are smaller under WIA than under JTPA
 - Focus on higher return training courses (Jacobson, LaLonde, and Sullivan, 2002)
- **Considering combining work experience with training, OJT, customized training and apprenticeships**
 - MDRC's NEWWS evaluation, JTPA experiments, King (2004)
- **ITA evaluation shows no difference in outcomes between counselor-directed and customer-directed training, but counselors provided 5 hours of counseling for both groups before being offered training vouchers**
 - Thus local agencies may benefit from flexibility to set up own approach (McConnell, 2006)
- **Youth training: publicly funded training has been shown not to be effective for economically disadvantaged youth (LaLonde, 2003), except for some promising results from the Job Corps evaluation (McConnell, 2006, 2008)**

Smarter Delivery System

- **Target services (Decker et al. 2005; Black et al. 2003)**
 - Research finds that statistical targeting does better than caseworkers in assigning customers to services that provide the largest returns (Lechner & Smith, 2007; Bell & Orr, 2002)
- **Develop a set of decision-support tools that uses administrative and other data to provide customers and staff with customized information on:**
 - Employment prospects
 - Identifying effective services for individual participants
 - Targeting resources
- **Integrate workforce MIS with educational data and business talent needs**
- **Recovery Act provides funding to upgrade and transform the way in which public services are delivered (TEGL):**
 - Target the use of funds on services that most efficiently and effectively assist dislocated workers
 - Integrate the implementation of DW services with reemployment services and UI programs
 - Integrate data-driven counseling and assessment into service strategies
 - Provide easy and seamless access to all programs regardless of their point of entry
- **Frontline Decision Support System—State of Georgia (Eberts & O’Leary, 2002)**
- **USDOL sponsored Work First pilot that targeted participants to providers based on likely success—25% difference in entered employment over control (Eberts, 2002)**

Conclusion

- **Research can't answer all the issues related to reauthorization**
 - Some aspects of reforming WIA require political negotiations (Fed-State-Local relations); following best practices in system organization; and adhering to good management and business practice (e.g., Baldrige Quality Award criteria)
 - Some aspects require common sense: Need to stay focused on the customer; and understand their multiple and varied needs
 - Understand the nature of local labor markets: Bring together key stakeholders at the local level with WIBs providing strong leadership
- **If we follow the research:**
 - Performance measures need to be adjusted for outside factors
 - Keep and enhance key services: reemployment services (Wagner-Peyser) and training
 - Integrate and coordinate services
 - Develop smarter service delivery systems using integrated data systems and statistical tools
- **To do this, we need:**
 - Additional research
 - Technical assistance and infrastructure support to develop a more comprehensive, integrated, and coherent system

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