Government-Supported Job Training in the US

PATHS TOWARD REFORMING THE WORKFORCE

Peter Mueser, Kenneth Troske, and Brent Orrell

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Introduction

The Workforce Futures Initiative is a research collaboration among the American Enterprise Institute, the Brookings Institution, and the Project on Workforce at Harvard Kennedy School's Malcolm Wiener Center for Social Policy. The initiative aims to develop concise and actionable reviews of existing research for federal, state, and local policymakers. Since August 2021, the group has provided a forum for researchers and practitioners to discuss policy ideas, evaluate evidence, and identify priorities for new research on the future of work and the public workforce system.

As part of the Workforce Futures Initiative, the following reports analyze the effectiveness of federal programs funded through the Workforce Innovation and Opportunity Act, presenting options for experimentation at the state and local level.

The first report, *Government-Supported Job Training in the US: The Workforce Innovation and Opportunity Act Moving Forward* by Peter Mueser and Kenneth Troske, notes that Workforce Innovation and Opportunity Act programs continue to lag when it comes to positive outcomes for participants. These interventions are often bureaucratically cumbersome and inflexible in addressing emerging skill demands. Policymakers should rethink budget and authority structures to work more collaboratively. Further, expanding our knowledge base regarding US programs will help policymakers determine what programs and methods are most effective in the job-training space. The authors note that wise investment in improved outcomes can lay the groundwork for future increases in federal government investment.

The second report, *A Response to Peter Mueser and Kenneth Troske* by Brent Orrell, argues that Congress and the executive branch can support innovation through additional administrative flexibilities under Section 1115 of the Social Security Act. A limited number of states would be allowed to submit reorganization and innovation proposals with additional federal resources to support implementation. Innovations would be carefully monitored and evaluated and, if shown to be effective, made available to other states for replication.

Government-Supported Job Training in the US

The Workforce Innovation and Opportunity Act Moving Forward

Peter Mueser and Kenneth Troske

Although large-scale federal job-training programs were first introduced in the US during the Great Depression, the precursor to today's programs first appeared in 1962, with the passage of the Manpower Development and Training Act (MDTA), followed by the 1972 Comprehensive Employment and Training Act (CETA). As a share of gross domestic product (GDP), funding for these programs started fairly small (around 0.1 percent of GDP) but grew quickly, averaging about 0.29 percent of GDP during the 1970s. However, starting in the early 1980s, with the advent of the Job Training Partnership Act (JTPA), funding has shown a steady decline. Today, funding for the Workforce Innovation and Opportunity Act (WIOA) and related programs in real terms is about a quarter of that for CETA and is only a tenth as large when measured relative to GDP.[1] (See Table 1.)

In this report, we examine the WIOA program's current operations in light of this declining funding and suggest changes to the system that could allow it to become more efficient and successful. We suspect the declining funding for federal job-training programs is because previous research failed to find positive impacts of job training, so, as part of our review, we examine more recent research that shows training programs produce long-term positive impacts on participant-labor-market success. Based on these studies, we argue for an increase in overall funding for the program. We also argue that the administrative burden of operating the system is not aligned with the current funding levels, and we make recommendations for realigning those.

We further argue for more ongoing evaluation of the system to identify additional training programs that work best for those who most need aid, particularly the homeless, high school dropouts, and the reentry population—groups that face daunting challenges and are particularly hard to serve. The need for programs to help these groups join the productive labor force is particularly clear during times such as the present when employers are facing a tight labor market. Finally, we argue that communication in the system needs to be more collaborative, incorporating input from all levels of the system instead of the current top-down structure in which rules are often handed down from the federal level to the state level and then to the local level.

Whenever possible, we base our recommendations on research into the operations and performance of the WIOA system. However, given the paucity of such research, we also draw on our 25 years of experience evaluating the job-training programs at the national, state, and local levels and our experience helping administer local programs.[2] Our recommendations also draw on several interviews we conducted with state and local WIOA administrators.

In the report's next section, we discuss changes in the funding of federal job-training programs over time and administrative issues that result from the decline in funding. In light of these observations, we give recommendations to streamline the administrative structure of WIOA and improve the communication and management structure in line with modern business practice. We then discuss the efficacy of job training and the recent literature. Recent studies suggest that government training programs—and WIOA in particular—are generally effective and point to ways to increase their returns. We emphasize the importance of continuing to develop a knowledge base on which future program improvements can build.

Budget Issues and Administrative Burden

Table 1 presents data on the training funding overseen by the US Department of Labor (DOL) in inflation-adjusted dollars and as a share of US GDP. The earliest major training program in the modern era was the MDTA (active from 1962 to 1972), accounting for about 0.11 percent of the GDP during that period. Training funding expanded dramatically in the 1970s with the CETA, which more than tripled real expenditures and accounted for 0.29 percent of GDP. In contrast, the JTPA, active over most of the 1980s and 1990s, cut expenditures to 0.08 percent of GDP, and the Workforce Investment Act (WIA) of the late '90s and early 2000s reduced expenditures to 0.05 percent of GDP. The WIOA program dates from 2014, and Table 1 presents annual expenditures since then. Compared to training funding under the CETA, funding relative to GDP has fallen 90 percent through fiscal year 2021, and compared to the first year of WIOA, relative funding has dropped by 21 percent. For almost any starting period and any of the programs, current funding for federal training programs is a fraction of what it has been previously, whether measured in real dollars or relative to GDP.[3]

Obviously, declining funding directly affects the funding available for training participants, but this decline in funding indirectly affects the dollars available to spend on WIOA participants. As with any federal program, WIOA is associated with substantial administrative requirements. These include the expenses of hiring administrators and staff and certifying that applicants are eligible to participate in WIOA.

WIOA is also responsible for maintaining online job-search systems. Many administrative burdens are inherited from the WIA program. For example, as in the WIA program, WIOA administrators are responsible for overseeing the administration of the One-Stop Career Centers (now American Job Centers). Since administrative costs are partly fixed—they don't vary proportionally with the number of participants—they consume a larger portion of available resources as funding declines. So as the funding allocation to WIOA falls, a smaller proportion of the total dollars is available for spending in ways that directly benefit participants.

Reducing Administrative Red Tape. Given the shrinking size of the program, we believe that Congress needs to adopt administrative requirements more in line with current funding levels. Many of the current requirements were adopted years ago, when the program was larger. Another obvious solution is to increase funding levels for WIOA so they are more in line with existing administrative requirements.

So what are some of the more burdensome administrative requirements, and what are some possible changes? To start, one administrative burden is the data requirements to determine if someone is eligible to participate in WIOA. Depending on the program, individuals may be required to provide work information (such as six months of pay stubs for every household member who has worked), verification of family size (such as a birth certificate or court decree for everyone in the household), verification of unemployment insurance and dislocated worker status termination letter, verification of business closure, and other documentation depending on the individual's circumstances.[4]

Certainly, for many people who have had limited contact with the labor market, collecting all this information can be challenging. Further, a caseworker needs to enter all this information as soon as it is provided. Based on conversations with Workforce Development Board (WDB) directors, just entering all the information for an individual can take as long as 30 minutes, and explaining the program details can take another 30 minutes, so staff spend an hour simply doing overhead to get someone into the program. Given other responsibilities, the typical WIOA staff person can process five to six individuals in a standard day.

Table 1. Funding for Employment and Training Programs, Thousands of 2021 Dollars

Fiscal Year	Total Employment and Training[a]	Dislocated Workers	Adults	Youth Except Job Corps[b]	Job Corps	E&T Programs as a % of GDP
Manpower Development and Training Act						
1962–72 (average)	7,719,122	N/A	2,404,311	2,429,767	1,568,076	0.109
Comprehensive Employment and Training Act						
1973–82 (average)	26,011,988	N/A	N/A	N/A	N/A	0.289
Job Training Partnership Act						
1983–99 (average)	9,961,835	1,274,690	5,146,020*		1,821,256	0.081
Workforce Investment Act						
2000–13 (average)	8,703,448	2,149,945	1,241,713	1,623,132	1,977,237	0.049
Workforce Innovation and Opportunity Act						
2014	7,511,027	1,375,454	861,960	1,010,591	1,899,926	0.038
2015	7,009,705	1,385,441	870,375	1,021,667	1,892,161	0.034
2016	7,273,482	1,379,348	905,950	1,064,395	1,877,027	0.035
2017	7,075,965	1,338,763	888,261	1,043,612	1,859,051	0.034
2018	7,011,519	1,393,540	901,915	1,057,930	1,864,032	0.032
2019	7,067,038	1,370,592	885,119	1,039,410	1,799,071	0.032
2020	6,951,473	1,364,463	881,591	1,039,412	1,797,918	0.032
2021	6,807,750	1,342,412	862,649	1,017,664	1,748,655	0.030

Note: Average annual training expenditures are the average of annual inflation-adjusted expenditures over the program's lifespan. Expenditures relative to gross domestic product (GDP) are the sum of annual inflation-adjusted expenditures divided by the sum of annual inflation-adjusted GDP.

NA=Not available or not applicable.

[a] Starting in 2014, this was calculated as the sum of Total Employment and Training Employment Services minus State Unemployment Insurance and Employment Security Operations.

[b] Starting in 2014, this was calculated as the sum of Youth Activities and Youth Build.

*From 1983 to 1999, the Adult and Youth programs were combined (to form the Adults and Youth Except Jobs Corps), and spending on each program was not separated; total spending for the joint programs was $5,146,020.

Source: 1962–2008: Burt S. Barnow and Jeffery Smith, "Employment and Training Programs," National Bureau of Economic Research, March 23, 2015, 152, Table 3.2, https://www.nber.org/system/files/chapters/c13490/c13490.pdf.

2008–2013: US Department of Labor, Employment and Training Administration, Training and Employment Programs, "Summary of Budget Authority, FY 1984 to 2013, by Year of Appropriation," March 24, 2015, https://www.dol.gov/sites/dolgov/files/ETA/budget/pdfs/tepbah.pdf.

2014–22: US Department of Labor, "FY 2014 Department of Labor Budget in Brief," https://www.dol.gov/sites/dolgov/files/ETA/budget/pdfs/fy2014BudgetExcerpts.pdf; US Department of Labor, "FY 2015 Department of Labor Budget in Brief," https://www.dol.gov/sites/dolgov/files/ETA/budget/pdfs/FY2015_BIB_ETA_Excerpts.pdf; US Department of Labor, "FY 2016 Department of Labor Budget in Brief," https://www.dol.gov/sites/dolgov/files/ETA/budget/pdfs/FY2016_BIB_ETA_Excerpts.pdf; US Department of Labor, "FY 2017 Department of Labor Budget in Brief," https://www.dol.gov/sites/dolgov/files/ETA/budget/pdfs/FY2017_BIB_ETA_Excerpts.pdf; US Department of Labor, "FY 2018 Department of Labor Budget in Brief," https://www.dol.gov/sites/dolgov/files/ETA/budget/pdfs/FY_2018%20BIB_ETA%20Excerpts.pdf; US Department of Labor, "FY 2019 Department of Labor Budget in Brief," https://www.dol.gov/sites/dolgov/files/ETA/budget/pdfs/FY2019BIB_ETAexcerpts.pdf; US Department of Labor, "FY 2020 Department of Labor Budget in Brief," https://www.doleta.gov/Budget/docs/FY2020BIB.pdf; US Department of Labor, "FY 2021 Department of Labor Budget in Brief," https://www.dol.gov/sites/dolgov/files/ETA/budget/pdfs/FY2021BIB.pdf; and US Department of Labor, "FY 2022 Department of Labor Budget in Brief," https://www.dol.gov/sites/dolgov/files/ETA/budget/pdfs/FY2022BIB_ETA.pdf.

Price adjustment: CPI for all urban consumers (CPI-U), series CUUR0000SA0, annual.

Gross domestic product: Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org.

Administrative requirements are particularly burdensome for the hard-to-serve population, such as the homeless (including homeless veterans), high-school dropouts, and the reentry population, so WDBs have an incentive to limit these types of customers. Suggested changes include requiring less-difficult-to-obtain information for determining eligibility, allowing someone to start the program with limited documentation, and collecting and entering the additional information at a later date.

A related problem is that, given the declining funding, some entrepreneurial WDB directors seek funding from private funding organizations (and other local, state, and federal funding) to provide services to the hard-to-serve population. Outside funding is necessary because these populations are expensive to serve—requiring more direct attention and more skilled, highly paid staff who are experienced in treating these populations—and given the barriers they face, these populations are likely to pull down performance measures.

On the bright side, many outside funding agencies want to help these groups, particularly homeless veterans and the reentry population, because they feel that the dollars spent can potentially have a bigger impact. However, if WDBs want to combine this funding with federal WIOA funding, then they must impose the same documentation requirements on potential participants and may face sanctions because of the lower success rate. This is particularly problematic when some of the outside money comes from a private funding agency, since they expect that most of their contribution will go to support participants and not toward meeting federal documentation requirements. In response, WDB directors choose either not to pursue outside funding opportunities or to simply set up siloed funding streams to help this population, which is inefficient. One potential solution is to reward WDB directors who obtain outside funding by adopting more lenient documentation requirements for programs that are partially funded by non-WIOA funds.

Clarifying Job Center Responsibilities. In the original WIA legislation, Congress set up what was then called the One-Stop Career Center, which was supposed to be a single place where someone could obtain job-search assistance associated with Unemployment Insurance (UI) and other support programs (such as Temporary Assistance for Needy Families and the Supplemental Nutrition Assistance Program) and determine eligibility for employment and training programs, such as WIA or WIOA, Trade Adjustment Assistance (TAA), and Vocational Rehabilitation programs. Now renamed American Job Centers, the centers remain an important part of the current WIOA structure. Administrative responsibility for the centers resides in the WDBs, but they have not been given the authority to require other programs to co-locate in the centers. In many states, if they do co-locate, notwithstanding formal requirements for cost sharing, the WDBs do not have the operational ability to require other programs to pay their share.

This lack of clear federal guidance on whether agencies are required to participate in the centers and the lack of authority on the part of the local WDBs to require agencies to pay their share of administrative costs means that there is a great deal of heterogeneity across states, and even regions within a state, as to which agencies actually participate in the centers and their level of participation. This is disappointing, since evidence suggests that these centers improve the system's efficiency, reduce administrative costs, and provide benefits to some participants.[5]

The issue is illustrated in Louisville, Kentucky, where the local UI office has chosen not to co-locate in the local job center, despite that one of the legislation's main focuses was to ensure that WIA or WIOA job-training and job-search-assistance services (offered under the Wagner-Peyser program) were being provided in the same office. Given these kinds of problems, in many WDBs where other agencies choose not to participate, the local WDB runs the center on its own and covers all the administrative costs.

One obvious solution is to provide clearer federal guidance for which agencies must co-locate in a center and share costs and to provide the local WIOA officials with the ability to enforce cost-sharing rules. Finally, better outcomes would likely follow by improving in-person coordination among local, state, and federal officials over expectations for local job centers.

Coordination Between Levels of Government. A related issue concerns the lack of collaboration between the various levels of government involved in the workforce development system. Typically, Congress passes rules governing the federal job-training system, which then go to the DOL for interpretation and implementation. DOL then passes them down to state governments, which often also have wide leeway to interpret the rules and then impose these rules on the local WDBs, with little input from local officials over the new rules' impact on their operation. Given the wide leeway to implement and interpret rules, this means that the "rules" can differ across states and over time as the people involved in the system change.

One example from Kentucky concerns the ability to move funds from the dislocated worker program to the adult program. The ability to move funds between the programs in the original WIA legislation was based on the recognition that the number of participants eligible for dislocated worker funds varied substantially over the business cycle, resulting in years in which dislocated worker funds were available after adult program funds had been exhausted. Before 2015, Kentucky followed many other states in giving local WDBs free rein to move funds between these programs. However, starting in 2015 with a change in the administration in the governor's office, the state started imposing constraints on the ability to move funds between programs despite a falling unemployment rate, leading to relative excess funding in the dislocated worker program.

One improvement to the system would be for the different parties to view themselves as collaborators with the other parties in running the system, where parties at all levels are understood to have a voice in determining how the rules are implemented. One way to accomplish this goal would be to hold annual meetings at the start of the program year, during which federal officials from the local workforce development region and state and local officials would discuss program operation details. This would also allow administrators from all levels of the system to provide input in setting goals and discuss new ideas for ways to improve the systems. This type of meeting is consistent with research on modern management techniques such as Total Quality Management (TQM) or Continuous Improvement (CI), based on the finding that regular collaborative meetings between managers and employees produce more engaged and committed employees who ultimately add more value to the firm. Federal agencies should be pushed to follow the same practices that most large businesses now follow.

Another recommendation that involves several of these issues relates to dividing funds between the dislocated worker program and the adult program. Given the structure of current legislation, the distinction between these programs is largely meaningless, particularly in periods with low unemployment and little job displacement. In addition, a good portion of the adult program population resembles the dislocated worker population in that they are currently unemployed workers with relatively strong attachments to the labor market who are seeking additional skills so they can find new jobs with higher wages. In contrast, the hard-to-serve population that we described above has unique challenges, often requires longer and more focused assistance, and collectively is likely to rate lower on performance measures.

Therefore, we recommend doing away with the distinction between the adult and dislocated worker programs and instead propose dividing funds between the two groups of workers: those who have fewer employment barriers and are primarily looking to improve their skills so they can obtain better jobs and those who are the most challenging to serve, such as the homeless, high school dropouts, and the reentry population. These two groups would then have different standards for determining eligibility and different expected performance standard measures. They would also receive services better designed for their specific situations, and WDB directors would be incentivized to search for additional funding for the latter group. We provide additional details on this recommendation below.

Program Efficacy and Expanding the Knowledge Base

We make clear above that funding for job training in the US—especially as reflected in allocations to the core WIOA programs for adults, dislocated workers, and youths—has been declining for many decades. How one views this decline is clearly tied to whether the program is effective. We argue here that over the past two decades, a growing set of studies suggest that job training is of value and that we are better prepared than in the past to design effective programs.

How Successful Is Job Training? Is It Worth Keeping? It has now been over three decades since a system of performance standards was established for job-training programs. Applied to WIOA's core programs and most others under WIOA, the system requires that states report labor market and educational outcomes for program participants, with states or programs not meeting negotiated standards being subject to sanctions. Although performance standards surely succeed in weeding out many programs of no value, studies have shown that they do not meaningfully assess a program's long-term value.[6] Rigorous evaluations using experimental or quasi-experimental designs are necessary.

Evaluations of the WIA program are a natural place to start in judging WIOA's effectiveness.[7] Several nonexperimental studies examining WIA in the 2000s tended to confirm the effectiveness of counseling services and training in some programs. Using a matching methodology, studies by Carolyn J. Heinrich et al.[8] and Fredrik Andersson et al.[9] found that the services provided by the adult program substantially affected earnings. In contrast, estimates of effects of training for the dislocated worker program were minimal.

Paul T. Decker provides a review of several other early nonexperimental studies of WIA that supports these findings.[10] These results parallel those of Peter Z. Schochet et al.'s nonexperimental study of the TAA, which provides training for workers certified as having lost jobs owing to competition related to foreign trade. This study found that participants in TAA, a population that substantially overlaps with WIOA's dislocated workers, were no more successful—and often less successful—in the labor market than comparable individuals who did not participate in the program.[11]

Although the above studies account for participants' detailed prior employment histories, it is always possible that participants differ from comparison-group individuals in unmeasured ways. In an effort to obtain reliable estimates of program effects, DOL funded an experimental study of WIA, which used a random control trial design to examine the impact of various levels of services for WIA participants during 2011–13.

Results showed that intensive counseling services for those seeking training provided substantial benefits in terms of labor market success to participants in the adult and dislocated worker programs.[12] Analyses that attempted to examine the efficacy of training itself were inconclusive.[13] In contrast, a well-executed experimental study in the late 1980s showed that WIA's predecessor, the JTPA, provided training with at least modest labor market benefits to disadvantaged participants, a population similar to that of WIOA's adult program.[14]

No high-quality experimental study has examined the WIOA adult and dislocated worker programs. However, evidence suggests that government-supported job-training programs are effective. A meta-analysis by David Card, Jochen Kluve, and Andrea Weber—based on over 200 studies of job-search assistance and training programs, most for the period since 2000—found that programs increased employment by 5–10 percentage points around two to three years after participation.[15] Unfortunately, few of these studies looked at earnings, and a large share of them studied programs in continental Europe, which were likely to be obligatory for those receiving unemployment benefits in contrast to WIOA's voluntary training programs. Experimental and nonexperimental studies were included in the meta-analysis, and the authors argue that "the average program effects from randomized experiments are not very different from the average effects from nonexperimental designs."[16]

Recent studies have supported the view that, notwithstanding study results cited above, job training is valuable for dislocated workers. Laid-off workers who choose to enter a training program may have particularly poor market alternatives, inducing bias in effects estimates obtained in nonexperimental studies. Benjamin G. Hyman addresses this issue by using variation in acceptance into TAA across DOL staff. His conclusion is that, over the 10 years after participation in TAA, training causes cumulative earnings to increase substantially, by approximately $50,000.[17]

Our knowledge of the effectiveness of existing WIOA programs for youths is much more limited than our knowledge of programs aimed at adults. Because WIOA Youth funding supports a variety of disparate programs, no one has attempted to evaluate the overall benefits that accrue from that funding stream. Several experimental studies of various youth programs, including some supported by WIOA, suggest positive effects, but these are generally studies of small, localized programs.[18]

Our best indication of impacts of WIOA programs aimed at youth is a high-quality experimental study of Job Corps, a long-standing program overseen by DOL with separate funding from the WIOA Youth stream. The study found that youths in the program were initially more successful in the labor market than those in the control group, but the differences faded after several years, and the benefits were not enough to cover the program's costs.[19] While these results open the possibility that training interventions for youth may be successful, Job Corps is much more intensive than most WIOA youth programs, so there are uncertainties in extrapolating these results in terms of costs and benefits.

What Kind of Job Training Works? Who Benefits? In addition to evidence suggesting that job-training programs are helping participants, we now have at least some indicators of the kinds of programs most likely to succeed. Returning to the meta-analysis of Card, Kluve, and Weber, we observe that job-search-assistance programs, which make no effort to provide skills of value on the job, tend to have only short-run effects on labor market success.[20] As valuable as such programs may be in helping unemployed participants get jobs, we do not expect they will be of much use in contributing to the lifetime earnings of disadvantaged workers. In contrast, whereas training programs usually lead to reduced earnings in the first few months after program entry, reflecting time in classroom or other training activities, their long-run effects are greater.

Programs that appear to be of little value are those that provide employment in government jobs for unemployed individuals. Once individuals face the need to seek competitive employment, participants do no better than nonparticipants. CETA, the primary job-training program of the 1970s, included a large public employment component. These results do not justify reinstituting such programs.

Perhaps more importantly, we now have experimental evidence that particular training programs are highly successful. The knowledge base is clearest in the case of what are often described as sectoral programs, a training approach explicitly supported by WIOA. Lawrence F. Katz et al. summarize four experimental studies covering programs at nine sites, showing earnings gains of up to 35 percent two or more years out.[21] We also have recent evidence from two sectoral training programs funded through DOL's Workforce Innovation Fund. The first was a program in New Orleans, which provided training focused for medium-skilled jobs in the advanced manufacturing, health care, and information technology industries.[22] The second was a training program in Louisville to provide training in computer coding.[23] Both programs found positive impacts of training on subsequent employment and earnings.

All the sectoral programs evaluated have upfront screening, requiring minimum levels of skill to enroll. Although the overwhelming majority of participants in the sectoral programs reviewed above were Hispanic or non-white, such programs cannot help many of the most disadvantaged workers, including those failing the stringent screening. We see, for example, that only a small proportion of program participants were high school dropouts. Aside from this issue, expanding sectoral programs presents several challenges. Many of the current studies are of well-established programs that have maintained relationships with employers over extended periods. They often have experienced program staff, and reproducing their commitment

Table 2. Effectiveness at a Glance

WIOA Adult Program	High-quality studies of closely related programs show counseling and training help participants increase earnings.
WIOA Dislocated Worker Program	Evidence has been mixed, with studies of the WIA dislocated worker program and the closely related TAA program showing little effect of training. However, recent evidence supports claims of positive impacts for counseling and training.
WIOA Youth Programs	No direct evidence of effectiveness. Evaluation of the Job Corps program shows job training can work for youths; effects are modest. WIOA Youth programs are generally much less intensive than Job Corps.
Targeted Training Programs	High-quality experimental studies show that "sectoral" programs are often highly successful in helping participants obtain employment in high-wage jobs.

Source: Authors.

and knowledge with new staff may be difficult. Overall, successful programs may not be easily expanded or duplicated elsewhere.

Notwithstanding these problems, we can say that job training works, and we have substantial evidence of what kinds of job training are most successful. Table 2 provides a summary by program of the estimated effects of each. If it ever made sense to argue that WIOA could be shut down with no negative consequences, that claim is no longer tenable. The evidence does, however, argue for supporting new innovative job-training programs. Where alternative approaches are likely to produce greater benefits, we need to allow WIOA training funds to be diverted to such approaches. As we note above, the distinction between the adult and dislocated worker funding streams is artificial at best, and it often creates unnecessary difficulties. Further flexibility is called for.

Expanding Our Knowledge Base. The review above makes clear, however, that our knowledge is far from complete. Although we may have evidence that a program benefits the average participant, we have much less information on what kinds of participants benefit most. Matthew D. Baird et al.[24] provide evidence that participants who are not employed when entering the program are most likely to benefit. That paper is an exception; most studies give us little more than general evaluations of a full program. We know little about the marginal benefits of various support services, especially in combination with alternative approaches.

Despite the requirement in the WIOA legislation that states spend some portion of the state set-aside funds to conduct research to improve operations and better understand the most successful training programs,[25] the evidence indicates that few states are conducting evaluations.[26] We acknowledge that, to date, DOL has made valuable strides in supporting state evaluations. The 2020 edition of DOL's "Evaluation Toolkit: Key Elements for State Workforce Agencies" is an extraordinarily thoughtful and comprehensive how-to guide to help states implement meaningful evaluations.[27] DOL has also set up programs to allow state staff to meet regularly with evaluation experts and share their experiences with other states. Such capacity-building programs are crucial in developing state-level evaluations that can contribute to our general knowledge.

DOL has also attempted to support the development of longitudinal data at the state level and through sharing systems across states. The Workforce Data Quality Initiative (WDQI) has been in place for over a decade and has provided funding to states to establish such systems; it is funded at the level of $6 million in the 2022 budget. DOL has also worked to support data exchange systems (most recently the State Wage Interchange System) allowing state agencies to examine labor market outcomes for program participants outside their home state.

As valuable as these activities are, states often have relatively limited staff resources to allocate to evaluation; the staff time and expertise to implement a high-quality program evaluation—even if they can hire an outside firm—are simply not available. In addition, although the data systems established under the WDQI undoubtedly have some benefit, they have not led to a large number of high-quality evaluation projects. Most commonly, they support efforts to improve performance measure estimates or address various state-level concerns. Without a clear research goal, the resulting databases may do little to facilitate high-quality research.

Given that careful evaluation research is a public good, with high costs but with benefits that accrue to multiple jurisdictions with training programs, it is not surprising that states seldom find the resources to undertake such projects. As part of allowing program flexibility, DOL needs to require stringent evaluations of new programs. Of course, if such requirements are simply imposed, the incentive to innovate would be seriously reduced. To avoid penalizing states that develop new training programs, DOL needs to have a separate funding stream to support evaluation research. States that implement promising new programs should be subsidized, so long as they undertake high-quality evaluations of those programs.

Evaluation requirements should go beyond merely determining a program's overall effectiveness; they need to expand on what aspects of a program make it successful. Simple estimates of average program effect on participants are valuable, but, as we are seldom in a position to consider whether to eliminate a program, their usefulness is limited. In contrast, an understanding of what makes a program work allows us to improve existing programs.

It is also imperative that evaluation efforts include participants from all parts of the system, particularly individuals from the local WDBs who are providing direct services to the customers. The people who interact with customers have the most knowledge about what customers are demanding, the challenges they face, and ways to improve the programs. However, these individuals are seldom heard from when new programs are developed or evaluations are designed. DOL's most recent efforts to expand evaluations are a classic example. Federal officials are interacting with state officials, while many local officials have no idea that these efforts are even occurring. One of the fundamental principles of TQM and CI, practices that have been prominent in the private sector for many decades, is that the workers on the front lines, who have the most interactions with the production process or customers, are the ones with the most knowledge of how to drive improvement. It is important that these basic principles be applied to the Workforce Development System, particularly when developing new ways to serve clients and trying to evaluate existing programs.

Conclusion

Government support for job training in the US has declined quite steadily from the 1970s; even since WIOA's inception in 2014, total funding as a proportion of GDP is down by a fifth. Given its current size, WIOA needs to be streamlined, with modern management tools put in place and needless red tape stripped away. Responsibilities for overseeing job centers need clarification, and procedures need to be developed and refined to facilitate communications with the various levels of government that play a role in implementing the legislation.

Even as funding for job training has declined, we are now seeing growing evidence that job-training programs produce valuable benefits. Equally important, we have information that allows us to expand programs in ways to increase their effectiveness. We have a set of innovative programs that are no longer merely "promising" but have been proven successful based on rigorous evaluations. Still, just as tech firms need to invest in research and development, WIOA needs to create processes that make investments to ensure greater effectiveness accompanies its services' expansion. A serious commitment to developing innovative approaches and accumulating basic knowledge is crucial. We need to go beyond mere evaluation studies of whole programs to understanding what makes a program successful.

In sum, we believe the US has much to gain by making a national investment in job training. With appropriate attention to the details of program structure and incentives, the potential exists to develop a job-training system that benefits participants and the economy.

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We want to thank individuals at the federal, state, and local level who provided us with details about the operations of the Workforce Innovation and Opportunity Act (WIOA) system and the Department of Labor's efforts to facilitate evaluations. Their help was valuable in preparing this report, but we emphasize that all the conclusions are our own and should not be attributed to anyone who helped us.

Response to Peter Mueser and Kenneth Troske

Brent Orrell

As the Workforce Futures Initiative (WFI) undertook its review of evidence surrounding the effectiveness of Workforce Innovation and Opportunity Act (WIOA) programs, the principal investigators were struck by a single important fact: WIOA programs do work, but they deliver weak results. As WFI researchers noted in a recent *Forbes* op-ed, “Small benefits at low levels of funding discourage higher levels of investment by Congress; yet without additional funding, it is unlikely we’ll see substantial improvement.”[28] The WIOA system, as structured, is caught in an evidence-funding catch-22.

WIOA programs need reform to improve wage, retention, and advancement outcomes. The authors of this report, Kenneth Troske and Peter Mueser, have experience in evaluating WIOA program outcomes and, in Troske’s case, helping oversee the strategy and implementation of local training and workforce development programs. Their review of the evidence includes important and detailed recommendations on how to boost the effectiveness of WIOA training programs that should be studied closely by policymakers in Congress and the administration as they pursue statutory and regulatory reforms to WIOA.

But we need to do more than adjust and reform existing programs. In our dynamic, $25 trillion economy, there is a constant and, I would argue, increasing need for innovations that make workforce development programs more responsive to changing technology and market conditions. WIOA is a legacy system built on decades of trial and error, parts of which date back to the New Deal era, that frequently render it poorly adapted to workers’ and businesses’ needs. At the same time, it is neither politically nor administratively possible to revolutionize such a workforce system from the top. Further complicating the picture is the relative paucity of information on the types of programs and practices that might go into a high-performing workforce system. Humility in policymaking is called for.

To put it as simply as possible, if we want to get better returns from public investments in workforce development, we will need a period of innovation and evaluation to design, test, and verify new models of workforce program delivery. The best way to get these models is not to design and impose them centrally on our sprawling and diverse country only to see them swamped by local contingencies but to leverage the strengths of our federal system to incentivize entrepreneurial governors and state legislatures in designing and testing workforce reform.

Here are the key elements to how such reform efforts might proceed. Under Section 1115 of the Social Security Act—a provision that dates back to the Kennedy administration—the US government’s executive branch has broad authority to issue waivers allowing states to experiment with programs to improve economic outcomes for low-income Americans.[29] From Medicaid to cash welfare to child support, the federal government under Section 1115 provides flexibility to states to test new antipoverty strategies and approaches. Such waivers need to be deployed to allow states broad flexibility in redesigning workforce program solutions.[30]

This type of waiver program would contain the following key elements to balance flexibility, accountability, and incentives.

1. A limited number of states should be permitted to opt in to the waiver process and be charged with developing a plan for workforce system redesign. Such plans would include proposed reform models, goals, and evaluation strategies. Once approved by the relevant authorities (Office of Management and Budget, Department of Labor, and other key agencies such as the Department of Education and the Department of Health and Human Services), states would receive necessary waiver authority to begin implementation.
2. The federal government would support participating states via training and technical assistance. This might consist of federal agencies coordinating access to best-practice research and leading experts and practitioners from across the country to advise governors and state and local workforce agencies on waiver implementation.
3. As noted above, an evaluation strategy would help the states and federal government assess progress toward the agreed-upon reform and performance metrics. States showing adequate progress would be eligible for supplemental incentive funding to expand successful practices.
4. Federally funded research activities would help consolidate successful reform practices to inform future rounds of workforce system reauthorization and models of successful practices to other states not participating in the waiver demonstration.

The virtue of this approach is that it combines state and local leadership, insight, *and* national-level expertise and oversight in a supportive rather than directive role. It is a tested mechanism that respects existing institutions, promotes federalism, and affirms locally led innovation. As we seek to improve the programs that are currently "on the books," increasing flexibility and incentivizing innovation can help us write a new story.

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