### House Subcommittee on Labor, Health and Human Services, Education and Related Agencies

**Committee on Appropriations** 

### Hearing on Labor and Education 2011 Budget Priorities

Hearing March 17, 2009

**Testimony by Evelyn Ganzglass** *Director, Workforce Development Center for Law and Social Policy*  Thank you for the opportunity to testify. I am the Director of Workforce Development at the Center for Law and Social Policy (CLASP). CLASP is a nonprofit organization that develops and advocates for policies at the federal, state and local levels that improve the lives of low-income people.

My testimony will focus on four points:

- 1. Why it is important to invest in workforce programs at this point in economic recovery
- 2. How increased funding under the ARRA has laid the groundwork for economic recovery
- 3. What we know about the return on investment in workforce programs
- 4. CLASP's recommendations for increasing the effectiveness of the WIA

## WHY IT IS IMPORTANT TO INVEST IN WORKFORCE PROGRAMS AT THIS POINT IN ECONOMIC RECOVERY

CLASP welcomes the Administration's proposals in the FY 2011 budget to promote innovation in the WIA system, demonstrate the effectiveness of Transitional Jobs strategies and expand resources for onthe-job training subsidies to spur the hiring and training of low-income and long-term unemployed workers as the economy emerges from recession. These proposals are consistent with CLASP's policy recommendations for job creation and WIA reauthorization. They will increase work and learning opportunities for low-skill, low-income youth and adults who face the greatest difficulties in the labor market.

We also welcome the Administration's commitment to WIA reauthorization and to increased collaboration between the Departments of Labor and Education to remove disincentives to serving people with barriers to employment and to encourage better outcomes for individuals at every level of the workforce system.

The Administration's FY 2011 budget signals much-needed redirection of the WIA system toward increased investment in training and improved serves for low-income youth and adults. But the budget proposal does not go far to sustain service levels enabled by Recovery Act funding to support our nation's economic recovery and promote long-term, inclusive economic growth.

The U. S. economy is undergoing an economic transformation that demands strategic investment in workforce services.

#### Skill deficits threaten our economic recovery.

Education and skill disparities in the U.S. workforce threaten our economic competitiveness. The Council of Economic Advisers finds that because of globalization and automation, many manufacturing and other

jobs are being replaced by positions requiring higher level skills that enable workers to flexibly complete tasks that are uncertain and interactive.<sup>1</sup> (See Figure 1 in Appendix I)

Based on BLS projections, Dr. Anthony P. Carnevale, director of the Georgetown University Center on Education and the Workforce, estimates that in the next decade two-thirds of the 47 million projected job openings will require some level of postsecondary education or training, including industry certification. Some 34 percent will require at least a bachelor's degree, while 30 percent will require some college or a two-year associate's degree. Only 36 percent of those 47 million jobs will require workers with only a high school diploma or less.<sup>2</sup>

Analysis by the National Center for Higher Education Management Systems shows that 45 million adults, or one quarter of the adult population, are most in need of additional education and training to perform in jobs of the future. (See Figure 2 in Appendix I)

- Of these adults, more than 26 million adults in this country between the ages of 18 and 64 have not graduated from high school and therefore do not qualify for most jobs in this economy.
- More than 10 million people have no college and speak little or no English
- $\circ$  More than 30 million adults have no college education and earn less than a living wage.<sup>3</sup>
- $\circ$  In 35 states, more than 60 percent of the population do not have an associate's degree or higher<sup>4</sup>

This mismatch between job requirements and workforce skills has resulted in a wage premium for education and skills. Although real wages of college graduates have declined since 2002, the wage difference between college graduates and high school graduates has remained large.<sup>5</sup>

## Employers are experiencing skill shortages even during the recession and these shortages are likely to grow as consumer demand recovers and employers seek to hire skilled workers.

According to a survey of healthcare CIOs by Robert Half Technology, one in six healthcare CIOs are planning to increase hiring in the first quarter of 2010, and they are already having a tough time finding skilled workers in areas such as data/database management, help desk/technical support, and application development. <sup>6</sup> The *Financial Times* reported that even though manufacturing has shed more than 2 million jobs in the past two years, the shortage of skilled staff, in part fueled by pending retirements, may restrict companies' ability to increase production as the economic recovery progresses. <sup>7</sup>

<sup>&</sup>lt;sup>1</sup> Council on Economic Advisers, *Preparing the Workers of Today for the Jobs of Tomorrow*, July, 2009.

<sup>&</sup>lt;sup>2</sup> Testimony by Tony Carnevale, director, the Georgetown Center on Education and the Workforce, before the Senate HELP committee, February 24, 2010

<sup>&</sup>lt;sup>3</sup> The National Center for Higher Education Management Systems based on US Census Bureau, 2008 American Community Survey data.

<sup>&</sup>lt;sup>4</sup> Presentation by Pamela Tate, President and CEO, CAEL, at ETS Adult Learning Symposium, Washington DC, March 3, 2010.

<sup>&</sup>lt;sup>5</sup> Georgetown University Center for Education and the Workforce. *College is Still the Best Option*, 2010.

<sup>&</sup>lt;sup>6</sup> Marianne McGee, "Demand for Health IT Talent Rising," InformationWeek, December 7, 2009.

<sup>&</sup>lt;sup>7</sup> Hal Weitzman, "US Manufacturers Face Skills Shortages," *Financial Times*, February 28, 2010.

Dislocated, skilled workers cannot readily fill skill gaps in another field without additional training. The good news is that economic recovery and increased employer demand for workers create new opportunities for employer partnerships to provide on-the-job training and work experience for workers in transition.

## The recession has had a disproportionately negative effect on low-skilled workers, young people, blacks and Latinos.

BLS estimates that currently there are 5.8 million youth between ages of 16 and 24 who are out of school and out of work.<sup>8</sup> Teen unemployment rates rose dramatically from 15.2 percent in January 2007 to a current rate of 25 percent for all teens and 42 percent for black teens<sup>9</sup>. These rates of high youth unemployment are not likely to subside in the short run.

There also has been a sharp increase in unemployment among the least educated adults since the beginning of the recession. In February 2010, the unemployment rate of individuals with less than a high school diploma was 15.6 percent—well above the 9.7 percent national average and nearly triple the rate of those with college degrees.<sup>10</sup> (See Figure 3 in Appendix I)

Less educated workers, especially black and Hispanic workers with no postsecondary schooling, workers in many lower-skilled occupations, and workers in lower-wage jobs also have been hard hit by underemployment or involuntarily working less than full time. The Center for Labor Market Studies at Northeastern University calculated that the incidence of underemployment in the fourth quarter of 2009 was 13 times higher among workers in the bottom tenth of household income than for those in the top tenth of the income distribution.<sup>11</sup>

Four in ten unemployed workers have been jobless for more than 27 weeks. Long-term unemployment can lead to deterioration of worker skills and loss of productive capacity. It also is likely to compound the economic and social difficulties of hard-hit communities. The Council of Economic Advisers' Economic Report of the President discusses forthcoming research by Lisa Kahn that "shows that teens who first enter the labor market during a recession can have trouble getting their feet onto the first rung of the career ladder, leaving them a step or more behind throughout their lives." The CEA report also points to evidence that when parents lose their jobs, their children's long-run economic opportunities suffer. <sup>12</sup>

<sup>&</sup>lt;sup>8</sup> Bureau of Labor Statistics: Household Data. Table A-16. Employment Status of the Civilian Noninstitutional Population 16-24 Years of Age by School Enrollment, Sex, Race, Hispanic or Latino Ethnicity. February 2010.

<sup>&</sup>lt;sup>9</sup> Bureau of Labor Statistics, Employment Situation News Release. March 5, 2010, The Employment Situation February 2010 and Bureau of Labor Statistics News Release on February 2, 2007, The Employment Situation January 2007.

<sup>&</sup>lt;sup>10</sup> Bureau of Labor Statistics, 2007-2009

<sup>&</sup>lt;sup>11</sup> Sum, A., I. Khatiwada, and S. Palma, Labor Underutilization Problems in the U.S. Workers Across Household Income Groups at the End of the Great Recession: A Truly Great Depression among the Nation's Low Income Workers Amidst Full Employment among the Most Affluent, Center for Labor Market Studies, Northeastern University, February 2010.

<sup>&</sup>lt;sup>12</sup> Council of Economic Advisers Economic Report of the President

## Despite promising signs of economic recovery, the jobs situation is unlikely to get better for a while, especially for hard hit populations and communities.

Projections are that the nation will not recover its pre-recession job levels for another 24 months and that it may take until 2015 to recover the jobs we lost during the recession and add enough new jobs to employ the job seekers who have come into the workforce since December 2007 when the recession began.<sup>13</sup> Further, the recovery is likely to take longer to reach hardest hit communities. The Congressional Budget Office (CBO) projects that the unemployment rate is expected to remain at or above 10 percent throughout 2010 and above 9 percent through 2011.<sup>14</sup>

### HOW INCREASED FUNDING UNDER THE ARRA HAS LAID THE GROUNDWORK FOR ECONOMIC RECOVERY

# The infusion of new money enabled the WIA system to expand access to training, increase services to low-income adults and augment one-stop services to meet unprecedented need for retraining and reemployment services during the economic recession.

The WIA system quickly mounted a summer youth employment program in 2009 that served more than 300,000 young people. A study by the Center for Economic Development and Business Research at Wichita State University on the impact of the summer jobs program on the regional economy in Kansas found that for every \$1 of wage expenditure there was \$1.64 returned to the regional economy.<sup>15</sup> In addition to providing much needed income to these low income youth, communities exposed them to a wide variety of work environments and connected them to a host of skill-building opportunities. For example:

- The San Diego Hire a Youth program provided youth with employment opportunities in areas such as digital design, video production, website development, environmental preservation, health care, food service, recreation, marketing, law, and more.
- In Sonoma County, ARRA funds were used to employ 330 community youth in environmental projects throughout the County. The local Workforce Investment Board combined \$1.2 million of stimulus grants with Water Agency funds and private and non-profit resources to employ 27 youth work crews, with approximately 10 to15 members each, to perform stream restoration efforts. There was also a strong educational component that helped the participants develop career skills.
- In Philadelphia, participants in the summer jobs program were required to complete an academic project for which they could receive academic credit. Philadelphia also piloted a GED to College program.
- Several communities, including Baltimore, San Francisco, Boston, Indianapolis, used ARRA funds to provide training beyond summer for older, out-of-school youth, in areas such as HVAC, solar

<sup>&</sup>lt;sup>13</sup> Anthony Carnevale testimony before the Senate HELP committee, February 24, 2010

<sup>&</sup>lt;sup>14</sup> CBO, The Budget and Economic Outlook—2010-2020

<sup>&</sup>lt;sup>15</sup> Center for Economic Development and Business Research, Summer Youth Employment Program Impact Analysis, W. Frank Barton School of Business, Wichita State University. December 2009.

installation and other energy related occupations, apprenticeships for help desk and computer technical support, and Red Cross CPR training.

There is limited national data on the use of ARRA WIA funds beyond the summer program, but there are early signs that the system has used these resources to address the needs of workers and employers during these difficult economic times.

The number of participants in the Adult Program increased by 10 percent in the first quarter of Program Year (PY) 2009 compared to the final quarter of PY 2008 and the number of participants receiving training increased by 13 percent.<sup>16</sup> Respondents to a survey of Local Workforce Investment areas conducted by intergovernmental organizations said that implemented a variety of strategies to increase services to low-income populations, including partnering with CBOs for referrals, delivering workforce services in places where these populations are already receiving other services and increasing the provision of support services including transportation and needs-related payments.<sup>17</sup> For example:

- In 2009 New York City more than doubled the number of people who received training through Individualized Training Accounts.
- California Workforce Investment Boards (WIBS) used ARRA funds to increase on-the-job training contracts in key industries; provided work experience for people who have exhausted their UI benefits; mounted new programs for TANF recipients, veterans and their spouses, foster youth, high school drop outs, youth at risk of gang involvement, people with limited English proficiency and other disadvantaged and at risk populations; tripled the amount of supportive services to those in training; and used new contracting authority to partner with community colleges and state colleges for training in clean and green occupations, including a certified apprenticeship to train electricians for solar residential work.
- Minnesota set a 70 percent floor for the expenditure of ARRA funds on training. Other states implemented similar policies to encourage local areas to expand investment in participant training.

## **ARRA WIA resources supported innovations to create better on-ramps to postsecondary education and training and promote career pathways.** For example:

 Illinois used ARRA WIA discretionary funds for competitive, sector-based grants whose primary purpose was to upgrade the skills of incumbent workers that prioritized bridge programs. These programs combine basic skills remediation and occupational training. The state also issued guidance encouraging the use of needs-related payments.

<sup>&</sup>lt;sup>16</sup> Workforce System Results, July 1-September 30, 2009, Employment and Training Administration, U.S. Department of Labor.

<sup>&</sup>lt;sup>17</sup> The survey was conducted by the National Governors' Association, the National Association of State Workforce Agencies, the National Association of Workforce Boards and the US Conference of Mayors for the US Department of Labor.

- Michigan used all of its ARRA WIA funds to expand the reach of its *No Worker Left Behind* strategy, which has enrolled more than 108,000 workers in training since August 2007. The vast majority of the funds have been used to reduce Michigan's long waiting list for *No Worker Left Behind*, currently estimated at 16,000, even after significant injections of ARRA WIA funds. A portion of the ARRA WIA funds were used to support special efforts under the state's *No Worker Left Behind: Everybody In!* strategies, aimed at increasing connections between basic skills education and postsecondary training to prepare more workers for training through *No Worker Left Behind*.
- The South Bay Workforce Investment Board, in partnership with the local human services agency, is using TANF Emergency Contingency funds, to place welfare recipients into subsidized employment in the public and private sectors. Nearly 4,600 participants were enrolled as of February 2010.

However, ARRA funds are running out. Three-quarters of respondents to the intergovernmental organization survey reported either already having run out of money for training or anticipating that the demand for training would outstrip the amount they could provide with ARRA funding.

# WHAT WE KNOW ABOUT THE RETURN ON INVESTMENT OF WORKFORCE PROGRAMS

## There is a growing body of evidence that dollars spent on workforce development can be an excellent investment, even in tough economic times.

The returns on investment in high quality training and related services are real and significant for workers, employers and the economy. (See Appendix II for brief summaries of key workforce evaluations)

Robert LaLonde's research found that a year of education is associated with a return of about 6 percent while others have suggested that an investment in training might be expected to yield upwards of a 10 percent return.<sup>18</sup> Pamela Tate, president and CEO of CAEL, calculated that increasing the educational attainment of the U.S. workforce would result in significant increases in personal income if current relationship between education and earnings hold.

 If those 25 to 64 year olds without a high school diploma were to earn that credential and if they earned the additional income that is usually associated with achieving a high school diploma, the United States would experience a \$191 billion increase in personal income.<sup>19</sup>

<sup>&</sup>lt;sup>18</sup> King, Christopher, *Does Workforce Development Work?*, The Workforce Narrative Project, January 2008.

<sup>&</sup>lt;sup>19</sup> US Census Bureau, 2005 American Community Survey

• If the 25 to64 year olds with a high school diploma or less were to complete an associate's degree, and earned the income associated with it, the U.S. would experience an \$848 billion increase in personal income.

## CLASP'S RECOMMENDATIONS FOR IMPROVING THE EFFECTIVENESS OF WIA SERVICES

### Reauthorize WIA and make changes to improve effectiveness

CLASP's recommendations for WIA reauthorization call for a renewed emphasis on training and a more targeted approach to service delivery. This is needed because funding declines coupled with the mandate to provide universal services through a one-stop system, and a tiered service delivery model in the adult and dislocated worker programs has led the system to a focus on lower- intensity core services.

We call on Congress to:

- Clarify that the focus of the Adult program should be on the provision of high quality education, training and related services that provide individuals with the necessary skills and experience to access jobs that pay family-supporting wages and have advancement potential. This redirection is needed to better serve employers and improve the employment prospects and increase earnings for low-income, less-educated individuals.
- Increase the focus and capacity to serve individuals who are low-income, have limited skills and have other barriers to economic success. This is needed because there has been a steady decline in the share of exiters from the Adult program who received intensive or training services and individuals who are low-income or have barriers to employment. Compared to 2001 when 71 percent of the adult exiters receiving intensive or training services were low-income, only 44 percent in Program Year (PY) 2008 were low income.<sup>20</sup>
- Ensure that the WIA Adult program explicitly supports Transitional Jobs programs that enable individuals with barriers to employment to get and maintain employment. Such programs give participants the opportunity to gain valuable work experience, develop a work history, and to earn a reference from an employer, which can be a critical factor in securing unsubsidized employment. Demonstrating success in a workplace environment can significantly increase the likelihood of getting hired for participants with a criminal record, little or no work experience, or no work history in the United States.
- **Revamp the current performance measurement system.** This is needed because the current accountability system for workforce investment programs does not support of transforming the system into an effective on-ramp to postsecondary and career success for low-income, low-skilled youth and adults. It tends to give disproportionate weight to immediate employment over preparing workers for jobs in high-demand fields with opportunities for advancement. Further, the system does not adequately encourage and document continuous improvement toward effective practices that help low-skilled people achieve their career and postsecondary goals.

<sup>&</sup>lt;sup>20</sup> Employment and Training Administration, WIASRD Databook 2008 (PY 2008 data are through March 31, 2009 only.)

- Strengthen connections between workforce investment programs, related education and training programs and economic development. The fragmented nature of our current workforce and education policies makes it difficult to craft seamless pathways to good jobs that pay family-sustaining wages for low-income, low-skilled adults. Federal policy change is needed to bring together different levels and types of education and training programs under a shared mission of promoting individual advancement and inclusive economic growth.
- Use WIA reauthorization to build a stronger, more effective youth delivery system across the nation. This will require increased investments, strengthening the capacity of Workforce Investment Boards and Youth Councils to play a strategic role in bringing together youth serving systems and resources to structure more comprehensive interventions to support youth's attainment of labor market and postsecondary success.
- Require that 50 percent of the youth formula funding be for youth in high risk categories such as dropouts, homeless youth, young offenders, disabled youth and those in the foster care system. In-school youth represent the majority of those served in the WIA youth title. High school dropouts and those with multiple barriers to employment are underserved. Mandating increased service levels for harder to serve youth will not only assure more focused attention on the needs of these groups but changes in program design and interventions to adequately address the barriers to their labor market success.
- Continue authorization for targeted funding to economically distressed communities via Youth Opportunity or similar grants to focus on building comprehensive and integrated youth delivery systems in communities of high youth distress. There is a critical need to rebuild the capacity and infrastructure of the youth delivery systems in communities where 50 to 60 percent of youth are dropping out-of-school and where youth unemployment is at perilous levels. These grants should focus on the cross-system and cross-sector collaboration to build efforts at scale to put high risk out of school youth pathways to postsecondary credentials connected to growing sectors of the regional economy.

#### Increase investment in vital services

The public workforce system can help build a stronger and more equitable economy. By creating onramps to postsecondary education and training for adults and out-of-school youth, it can contribute to achieving the President's goal of increasing U.S. competitiveness by doubling the number of community college graduates by 2020.

But, the impact of the workforce system on the economy has been, and continues to be, hampered by under-funding. Even with the nearly a doubling of resources for WIA in 2009 through the ARRA, WIA funding remains less in real terms than funding for programs under the Job Training Partnership Act,

which preceded WIA.<sup>21</sup> While the size of the U.S. workforce and economy, as measured by Gross Domestic Product (GDP), has doubled since the 1970's<sup>22</sup>, federal expenditures on employment and training across agencies have dwindled over this time with a particularly sharp decline in DOL spending. Total DOL spending for employment and training declined from \$17 billion in 1979 under the Comprehensive Employment and Training Act to \$5.5 billion in 2008 (both in 2007 dollars). The United States now ranks 21st among industrialized nations in total federal expenditures on job training programs.<sup>23</sup>

As indicated, we welcome the Administration's proposed investments in the workforce system, but the proposed increases are insufficient to adequately support either employers' need for a skilled workforce or to help hard hit workers get the skills and connections they need to succeed in the labor market.

Despite the dramatic increase in teen unemployment rates and attempts in the Senate to provide funding for summer jobs, there is no funding for summer and year round youth programming. The high rates of youth unemployment are not likely to subside in the short run and this extended period of youth joblessness and idleness will have consequences for their future labor market competitiveness as well as the nation's competitiveness in a global market.

We urge you to see this as a time for investing in developing the skills of our nation's youth by increasing the funding to the Department of Labor for youth programming to \$3 billion<sup>24</sup>– for expanded summer and year-round youth activities through the WIA title I youth formula; for targeted grants to high poverty communities (similar to Youth Opportunity Grants authorized under WIA) to build pathways that will prepare low income disconnected youth for opportunities in growing areas of the economy; and for expansion of national programs of demonstrated effectiveness in serving the hard- to-serve youth populations.

We also call on you to sustain the ARRA level of investment in workforce programs to address continuing labor market problems that have a particularly devastating effect on low-income workers. While official data on spend out rates is not available, informal reports from the field indicate that most and in many cases all of the Recovery Act funds have either been spent or obligated under performance-based contracts or to pay for longer-term training in which people are already enrolled.

We believe that investments in innovation and ARRA funding levels to meet demand are warranted despite tight budgets and legitimate concerns about deficit reduction. Failure to invest in America's workforce will undermine our economic recovery and put us at a disadvantage with other nations that invest more strategically in workforce training.

<sup>&</sup>lt;sup>21</sup> *Workforce Investment Act Reauthorization, Will the Past be Prologue*, remarks delivered Gordon Berlin, President MDRC at the Recovery and Reemployment Research Conference sponsored by the DOL Employment and Training Administration, September 15, 2009.

<sup>&</sup>lt;sup>22</sup> Ibid.

<sup>&</sup>lt;sup>23</sup> Maguire, S., J. Freely, C. Clymer and M. Conway, Job Training That Works: Findings from the Sectoral Employment impact Study, In Brief, issue 7, Public Private Ventures, May 2009.

<sup>&</sup>lt;sup>24</sup> The Campaign for Youth, the Children's Leadership Council and the National Youth Employment Coalition have called for this level of investment.

### APPENDIX I

#### Figure 1:

Task Intensity of Declining vs. Growing Occupations, 1992 - 2002



Source: CEA calculations using data on task intensity from Autor, Levy, and Murnane (2003) and CPS data.

### Figure 2:

The Bare Minimum: Adults Most In Need of Adult Education and Training (Ages 18-64), 2008



### Figure 3:



Sharp Increases in Unemployment for Least Educated Adults (Source: bureau of Labor Statistics 2007-2009)

### APPENDIX II

Summary of Key Evaluations of Training and Related Services

- A non-experimental net impact evaluation of the both the Adult and Dislocated Worker programs under found large and immediate impacts on earnings and employment for individuals who participate in the WIA Adult program. Although participants who obtained training services had lower initial returns, they caught up to others within ten quarters, ultimately registering larger total gains." The employment and earnings impacts for participants for Dislocated Workers were less significant than under the WIA Adult program, but still found overall quarterly earnings of program participants (including those who received training and those who did not) ultimately exceeded those of the comparison group by up to \$400.<sup>25</sup>
- Similarly, a 2005 paper by Louis Jacobson, Robert LaLonde, and Daniel Sullivan for the argued that investments in retraining for displaced workers can be productive for both the workers themselves and for society as a whole. Drawing on research they conducted on dislocated workers attending community college retraining in Washington State, the authors found that the individual rate of return for every dollar invested in a dislocated worker ranged from \$2.27 for older male workers to \$4.52 for younger female workers. The benefit to society, ranged from \$1.34 for older male workers to \$2.04 for both younger male and female workers.<sup>26</sup>
- A recent scientific study of sector-focused training programs found that participants in these programs earned significantly more than the control group members with most of the earnings gains taking place in the second year. Program participants were more likely to work and work more consistently than control group members; and employed program participants worked more hours, earned higher hourly wages and were significantly more likely to work in jobs that offered benefits. Sector-focused programs usually target rapidly growing jobs that require limited postsecondary education but pay wages at or near the median wage in the economy and that involve intermediary organizations that bring together training providers, employers and workers.<sup>27</sup>
- School-to-work strategies such as Career Academies that provide internships, job shadowing, and other career and technical information and education can have a long-term earnings payoff, especially for minority males.<sup>28</sup>
- Transitional Jobs programs, which combine time-limited subsidized employment with a comprehensive set of services including intensive case management help participants overcome

<sup>&</sup>lt;sup>25</sup> Heinrich, C., P. Mueser and K. Troske, Workforce Investment Act Non-Experimental Net Impact Evaluation, Final Report, IMPAQ international, December, 2008.

<sup>&</sup>lt;sup>26</sup> Jacobson, L., R.J. LaLonde and D. Sullivan, *Estimating the Returns to Community College Schooling for Displaced Workers*, Journal of Econometrics, March-April 2005.

<sup>&</sup>lt;sup>27</sup> Maguire, S., J. Freely, C. Clymer and M. Conway, *Job Training That Works: Findings from the Sectoral Employment Impact Study*, P/PV In Brief, Public/Private Ventures, May 2009.

<sup>&</sup>lt;sup>28</sup> Workforce Investment Act Reauthorization, Will the Past be Prologue, remarks delivered Gordon Berlin, President MDRC at the Recovery and Reemployment Research Conference sponsored by the DOL Employment and Training Administration, September 15, 2009.

barriers and build work-related skills, have been found to increase the likelihood that welfare recipients will find employment and experience reduced need for public assistance, Programs also have been shown to significantly reduce the likelihood that formerly incarcerated individuals will be convicted of a crime or be admitted to prison for a new crime.<sup>29</sup>

- An evaluation of California's Employment Training Panel (ETP) customized training programs found positive results for workers, companies, and the economy. Incumbent workers and new hires who completed the program experienced significant earnings gains; worker productivity rose in participating companies; and the state benefitted both from the faster growth of participating firms and savings on unemployment insurance payments due to layoff avoidance. Workers who had lower earnings received the biggest jump.<sup>30</sup>
- A study of Kentucky's Bluegrass State Skills Corporation (BSSC) training programs found that the long-term impact on earnings and job creation of this economic development program was stronger than that of Kentucky's non-training tax incentives.<sup>31</sup>

<sup>&</sup>lt;sup>29</sup> C. Redcross, D. Bloom, G. Azurdia, J. Zweig, and Nancy Pindus Transitional Jobs for Ex-Prisoners two Year Impacts and Costs of the Center for Employment Opportunities (CEO) Prisoner Reentry Program, MDRC Working Paper, August 2009. Bloom, D., S. Rich, C. Recross, E. Jacobs, J. Yahner and N. Pindus, Alternative Welfare-to-Work Strategies for the Hard-to-Employ, Testing Transitional Jobs and Pre-Employment Services in Philadelphia, MDRC, October 2009.

<sup>&</sup>lt;sup>30</sup> Moore, Richard W., D. Blake, G. M.I Phillips, and D. McConaughy, Training That Works: Lessons from California's Employment Training Panel Program., W.E. Upjohn Institute for Employment Research, 2003.

<sup>&</sup>lt;sup>31</sup> Hoyt, W., C. Jepsen, and K. Troske, An Examination of Incentives to Attract and Retain Businesses in Kentucky, Kentucky Cabinet for Economic Development, 2007.