

Background

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In the Dark on Job Training: Federal Job-Training Programs Have a Record of Failure

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There are two plans before Congress (S. 1627 and H.R. 1261) to reauthorize the Workforce Investment Act of 1998 (WIA)—the primary legislation for employment and training programs at the U.S. Department of Labor. Although the House bill does include some worthwhile changes that might make the program more cost-effective, neither bill addresses the failure of these training programs to meaningfully raise the incomes of participants.

Legislating in the Dark

Congress faces considerable uncertainty about the effectiveness of WIA programs because, to date, there has been no reliable assessment of WIA or of the system of “one-stop” employment service centers it created. Without being able to identify what works with WIA, Congress is legislating in the dark. In the 1998 WIA Act, Congress mandated that the Labor Department conduct a multi-site impact evaluation of WIA by September 2005, using random assignment and control groups to assure an accurate measurement of WIA’s effects. Almost six years later, the Labor Department has made little progress in meeting this deadline.

Past Failures

The history of federally funded job-training programs strongly suggests that WIA will not substantially raise participants’ incomes.¹ Similar programs funded under the Job Training Partnership Act (JTPA) of 1982 were found to be largely ineffective.²

Three types of JTPA activities were evaluated: classroom training, on-the-job training and job-

Talking Points

- The history of federally funded job-training programs strongly suggests that reauthorizing the Workforce Investment Act (WIA) will not substantially raise participants’ incomes.
- A survey of manufacturers suggests that government-run job-training programs do not provide the skills that employers consider most valuable.
- The Department of Labor has yet to begin a congressionally mandated evaluation of the WIA’s effectiveness.
- The dismal failure of federal job-training programs should lead Congress to abolish the WIA.

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search assistance, and “other services” tailored to participants on the basis of their age.³ These programs were ineffective at raising the incomes of adult males or of male and female youths: Only the “other services” elements appear to have had a sustainable impact on adult women.

A program’s effect on participants’ hourly wages is an important indicator in any evaluation of job-training programs: If job-training programs increase the skills of participants, employers should then be willing to pay program graduates higher hourly wages in return for increased productivity. The JTPA programs did not have a statistically measurable effect on the wages of adults (the hourly wages of youths were not measured). This indicates that—in the opinion of employers—JTPA did not increase the skills of participants.

The failure of employment and training programs is too frequently blamed on managerial problems, without any consideration of the possibility that government-funded training is fundamentally flawed.⁴

Over several decades, Congress has “reformed” federal job-training programs numerous times. Each of these reforms promised to fix federal job-training programs—to no effect. According to Professor Gordon Lafer at the University of Oregon Labor Education and Research Center, “As successive generations of job training programs fail to produce the hoped-for results, policy makers have cycled through a stock repertoire of procedural fixes that promise to solve the problem.”⁵ For WIA, these procedural fixes fall under the mantra of “increased flexibility” and “One-Stop Career

Centers.” However, none of these fixes are likely to improve the effectiveness of job-training programs. Professor Lafer reasonably concludes that the “lesson of the National JTPA Study is that there is no managerial fix which can create dramatically more effective training programs.”⁶

What Should Be Done

The type of job training that a person will receive is best decided by that individual, based on his or her abilities and interests, and by employers, who know what skills they need. If government training fails to reflect the priorities of employers or the interests and natural abilities of trainees, those trainees are likely to be diverted into careers for which there is little demand or for which they are ill-suited. The record suggests that past federal jobs programs may have fallen into this trap, and there is as yet no solid evidence that WIA has avoided that same snare.

Even if it is working exactly as intended, WIA may still be missing the real skills shortage in the current labor market. In a 2001 survey of manufacturers, two-thirds reported that a lack of qualified applicants for production jobs had caused them to have difficulties maintaining production levels and meeting customer demand for their products—in the midst of a recession that hit manufacturers particularly hard.⁷

Nearly all of these employers rejected at least some job applicants. Yet when these employers were asked the reasons behind most of the rejected production job applications, nearly one-third reported rejecting applications due to a lack of adequate reading and writing ability and one-fifth

1. For more information about the performance history of federal job-training programs, see David B. Muhlhausen, “Congress Spends Billions on Ineffective Job-Training Programs,” Heritage Foundation *Background* No. 1597, October 1, 2002, at <http://www.heritage.org/Research/Labor/bg1597.cfm>.
2. Larry L. Orr, Howard S. Bloom, Stephen H. Bell, Fred Doolittle, Winston Lin, and George Cave, *Does Training for the Disadvantaged Work? Evidence from the National JTPA Study* (Washington, D.C.: The Urban Institute Press, 1996).
3. *Ibid.*
4. Gordon Lafer, *The Job Training Charade* (Ithica, N.Y.: Cornell University Press, 2002).
5. *Ibid.*, pp. 116–117.
6. *Ibid.*, p. 117.
7. National Association of Manufacturers, “The Skills Gap 2001,” (Washington, D.C., 2001), at http://www.nam.org/s_nam/bin.asp?CID=179&DID=227473&DOC=FILE.PDF (May 12, 2004).

reported rejecting applicants with inadequate math skills. More than two-thirds reported rejecting applicants because of a lack of “basic employability skills,” such as reliable attendance and punctuality. Less than 8 percent of manufacturing employers, however, cited the lack of a degree or of vocational training as a reason for rejecting applicants.

These results indicate that vocational training is not what is lacking: What is lacking is the kind of basic knowledge associated with a high school degree. If that is the case, vocational training offered by WIA addresses a relatively minor concern for employers—one that bars relatively few workers from employment.

The Bush Administration has proposed several administrative changes to WIA, including a consolidation of adult training and displaced-worker funding into a unified program for adult workers. Simplifying government finances and reducing the risk of service duplication and conflicts between similar programs is always a worthwhile task, although the Administration’s claim that it will be able to double the number of persons served by WIA is dubious.

The number of persons served by WIA is irrelevant if the program itself does little to improve the participants’ employment prospects. Given the absence of reliable data on WIA’s effectiveness and

the track record of similar federal job-training programs, WIA should be eventually eliminated. WIA originally received an appropriation of over \$5.93 billion in fiscal year (FY) 2004, but rescissions trimmed that number to \$5.15 billion. Given the need for closer control over federal government spending, WIA funding should be further reduced for FY 2005.

The proposal to loosen the job search requirement—allowing some WIA recipients to go directly into intensive training without first undergoing a self-directed job search—should be rejected. This change is likely to increase the use of expensive training programs (whose value remains in doubt) and to increase federal spending without necessarily improving job prospects.

The dismal failure of federal job-training programs should lead Congress to abolish WIA—along with other federal jobs-training programs—after a decent interval that will allow state and local governments to evaluate their own programs and to determine which services they will continue and how they will be funded.

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