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Job Corps: An Unfailing Record of Failure

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During his Presidential radio address to the nation on April 18, 2009, President Barack Obama declared that:

In the coming weeks, I will be announcing the elimination of dozens of government programs shown to be wasteful or ineffective. In this effort, there will be no sacred cows, and no pet projects. All across America, families are making hard choices, and it's time their government did the same.¹

President Obama is correct to call for wasteful and ineffective programs to be placed on the chopping block. One such program is Job Corps, a job-training program for disadvantaged youth. The federal government spends about \$1.5 billion per year on Job Corps and scientific evaluations have demonstrated that the federal government gets little in return on its investment. Based on this evidence, President Obama and Congress should move to eliminate this wasteful and unproductive program.

Evaluations of Job Corps. A recent impact evaluation of Job Corps (“2008 outcome study”), published in the December 2008 issue of the *American Economic Review*, is a follow-up to previous evaluations of the program.² The 2008 outcome study is based on a randomized experiment—the “gold standard” of scientific research—to assess the impact of Job Corps on participants compared to similar individuals who did not participate in the program.³

For a federal taxpayer investment of \$25,000 per Job Corps participant,⁴ the 2008 outcome study found:

- Compared to non-participants, Job Corp participants were less likely to earn a high school diploma (7.5 percent versus 5.3 percent);⁵
- Compared to non-participants, Job Corp participants were no more likely to attend or complete college;⁶
- Four years after participating in the evaluation, the average weekly earnings of Job Corps participants was \$22 more than the average weekly earnings of the control group;⁷ and
- Employed Job Corps participants earned \$0.22 more in hourly wages compared to employed control group members.⁸

If Job Corps actually improves the skills of its participants, then it should have substantially raised their hourly wages. However, a \$0.22 increase in hourly wages suggests that Job Corps does little to boost the job skills of participants.

Other impact evaluations of Job Corps have found similar results. In 2001, *The National Job Corps Study: The Impacts of Job Corps on Participants' Employment and Related Outcomes* (“2001 outcome study”), measured the impact of Job Corps on participants' employment and earnings.⁹ While the 2001 outcome study found some increases in the incomes

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of participants, the gains were trivial. For example, compared to non-participants, the estimated average increase in the weekly incomes of all participants over four years was never more than \$25.20.¹⁰

Another evaluation, *The National Job Corps Study: Findings Using Administrative Earnings Records Data* (“2003 study”), was published in 2003, but the Labor Department withheld it from the general public until 2006.¹¹ The 2003 study found that Job Corps participation did not increase employment and earnings. Searching for something positive to report, the 2003 study concludes that “There is some evidence, however, of positive earnings gains for those ages 20 to 24.”¹²

Why Withhold the 2003 Study? Based on survey data, the 2001 cost-benefit study contained in the 2001 outcome study assumed that the gains in income for participants will last indefinitely, a notion unsupported by the literature on job training.¹³ But included in the 2003 study is a cost-benefit analysis that directly contradicts the positive findings of the 2001 cost-benefit study.

The 2003 study used official government data, instead of self-reported data, and used the more reasonable assumption that benefits decay, rather than last indefinitely.¹⁴ Contradicting the 2001 cost-benefit study, the 2003 study’s analysis of official government data found that the benefits of Job Corps do not outweigh the cost of the program. Even more damaging, the 2003 study re-estimated the 2001 cost-benefit study with the original survey data using the realistic assumption that benefits decay over time. According to this analysis, the program’s costs again outweighed its benefits.

Is Job Corps Worth \$1.5 Billion Per Year?

Some argue that Job Corps is worth \$1.5 billion per year because there is “some evidence” of positive income gains for those aged 20 to 24.¹⁵ This belief is based on the findings that these participants had consistently higher annual incomes from 1998 to 2001 than non-participants of similar age.¹⁶ But this conclusion is questionable. In 1998, participants aged 20 to 24 experienced an average increase in annual income of \$476 that, by traditional scientific

1. President Barack Obama, “Weekly Address: President Obama Discusses Efforts to Reform Spending, Government Waste; Names Chief Performance Officer and Chief Technology Officer” Office of the Press Secretary, The White House, April 18, 2009, at <http://polfeeds.com/item/Weekly-Address-President-Obama-Discusses-Efforts-to-Reform-Spending-Government-Waste-Names-Chief-Performance-Officer-and-Chief-Technology-Officer> (May 4, 2009).
2. Peter Z. Schochet, John Burghardt, and Sheena McConnell, “Does Job Corps Work? Impact Findings from the National Job Corps Study,” *American Economic Review*, Vol. 98, No. 5 (December 2008), pp. 1864–1886.
3. *Ibid.*
4. Job Corps serves about 60,000 new participants each year with an annual appropriation of approximately \$1.5 billion. Thus, the average cost per participant is about \$25,000. See Schochet *et al.*, “Does Job Corps Work?” p. 1864.
5. Schochet *et al.*, “Does Job Corps Work?” p. 1871.
6. *Ibid.*
7. *Ibid.*, p. 1872.
8. *Ibid.*
9. Peter Z. Schochet, John Burghardt, and Steven Glazerman, *National Job Corps Study: The Impacts of Job Corps on Participants’ Employment and Related Outcomes* (Princeton, N.J.: Mathematica Policy Research, Inc., June 2001).
10. *Ibid.*, p. 130.
11. Erik Eckholm, “Job Corps Plans Makeover for a Changed Economy,” *The New York Times*, February 20, 2007, at http://www.nytimes.com/2007/02/20/washington/20jobcorps.html?_r=1&ref=us&oref=slogin (May 4, 2009), and Peter Z. Schochet, Sheena McConnell, and John Burghardt, *National Job Corps Study: Findings Using Administrative Earnings Records Data: Final Report* (Princeton, N.J.: Mathematica Policy Research, Inc., October 2003).
12. Schochet *et al.*, *National Job Corps Study: Findings Using Administrative Earnings Records Data: Final Report*, p. 70.
13. Pedro Carneiro and James Heckman, “Human Capital Policy,” National Bureau of Economic Research Working Paper No. 39495, February 2003.
14. Schochet *et al.*, *National Job Corps Study: Findings Using Administrative Earnings Records Data: Final Report*.
15. *Ibid.*, p. 70.

standards, is *statistically significant*, meaning that the income gains are very likely attributable to Job Corps. For the remaining years, the income gains were positive, ranging from \$429 to \$375, but *statistically insignificant*, meaning that the findings cannot be attributed to participation in Job Corps. Thus, it cannot be concluded that Job Corps consistently raised the incomes of participants aged 20 to 24.

By the logic of the 2003 study, a stronger case can be made that Job Corps consistently reduced the incomes of female participants without children. In 1998 and 1999, childless female participants earned \$1,243 and \$1,401 less, respectively, than similar non-participants.¹⁷ These findings are statistically significant, suggesting that Job Corps had a harmful effect. In 2000 and 2001, the earnings of childless female participants were still beneath those of their counterparts, but the differences are statistically insignificant, indicating that the declines in income are not attributable to Job Corps—just like most of the income gains for participants aged 20 to 24 in the 2003 study.

A Predictable Failure. The findings of the 2008 outcome study are not surprising because previous

research has consistently found Job Corps to be ineffective at substantially increasing participants' wages and moving them into full-time employment.¹⁸

The 2001 outcome study revealed that Job Corps had little impact on the number of hours worked per week. During the course of the study, the average time participants spent working each week never rose above 28.1 hours.¹⁹ Average participants never worked more than two hours longer per week than those in the control group.²⁰

Job Corps does not provide the skills and training necessary to substantially raise the wages of participants. Costing \$25,000 per participant over an average participation period of eight months, the program is a waste of taxpayers' dollars.

An Ideal Candidate for the Budget Chopping Block. Given the program's poor performance and President Obama's call for "the elimination of dozens of government programs shown to be wasteful or ineffective," Job Corps is an ideal candidate for the budget chopping block.

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16. *Ibid.*, Table III.5, p. 66.

17. *Ibid.*, Table III.5, p. 67.

18. Schochet et al., *National Job Corps Study: The Impacts of Job Corps on Participants' Employment and Related Outcomes*.

19. *Ibid.*, p. 127.

20. *Ibid.*