Are Federal Workforce Programs Effective?

*Millions of people each year receive education, training, and employment services through the One-Stop system supported by the Workforce Investment Act (WIA).*

- In 2009, more than 8 million people were served through WIA programs. More than 4 million people were served by these programs in just the first quarter of Program Year 2010. WIA participation rates increased 234% over the past two years.

- In the past year, even at the height of the Recession, more than 4.3 million WIA participants got jobs; hundreds of thousands more received education and training to help them prepare for new careers.

*Federal investments in the workforce system show significant returns on investment, helping individuals get jobs, improve their earnings, and contribute to their local economies in countless ways.*

Based on extensive research, Christopher King at the University of Texas and Carolyn Heinrich at the University of Wisconsin-Madison find that workforce development programs are not only effective, but result in a significant return on investment for its customers and for society. They conclude that the ROI on workforce investments is “particularly remarkable given [the] magnitude and intensity of workforce investments relative to size and complexity of barriers they address.” ([How Effective Are Workforce Development Programs? 2010](#))

- **EXAMPLE:** A 2008 study found that a range of workforce programs in Texas generated sizeable returns on investments for participants, taxpayers and society. Every dollar invested in workforce services (including WIA programs, Temporary Assistance for Needy Families workforce services, veterans services, employment services and other programs) generated $1.63 for participants, $1.17 for taxpayers and $1.52 for society over five years. ([Returns from Investments in Workforce Services: Texas Statewide Estimates for Participants, Taxpayers and Society, 2008, p. v](#))

- **EXAMPLE:** “Each WIA program demonstrates a positive ROI impact… resulting from participation in the program. For… the Adult program, $3.97 is returned… for each dollar spent and the investment is returned… in almost eight months. For dislocated workers, the investment is also returned in almost eight months… returning $4.74 to the community for each dollar invested… investments in youth are repaid in approximately 11 and a half months and youth are expected to return $3.14 to the community for each dollar invested in their training.” (Idaho Annual Report to DOL, PY 2008, pg. 5)

- A cost-benefit analysis of YouthBuild’s targeted intervention program aimed at youthful offenders found (1) evidence of reduced recidivism and improved education outcomes, and (2) a positive benefit-to-cost ratio, showing that every dollar spent on every court-involved youth is estimated to produce a minimum return of $10.80. ([Costs and Benefits of a Targeted Intervention Program for Youthful Offenders: The YouthBuild USA Offender Project, 2008](#))

Research demonstrates that individuals who receive services through the workforce system show positive outcomes for both employment and earnings gains.

- In his 2011 State of the State address, Mississippi Governor Haley Barbour reported, “Now, every year, the [Workforce Enhancement Training] fund puts about $20 million into workforce development and skills training at our 15 community colleges, which do a great job. A study of graduates of WET fund
financed programs show they make $4,300 more per year than before that training, and our improved, skilled workforce has been a reason companies like Toyota, GE Aviation, PACCAR, Severstal and a long list of very high-tech energy companies have come to Mississippi.”

- A 2008 DOL report, found positive outcomes for WIA Adult program participants, stating “[T]he results... imply large and immediate impacts on earnings and employment for individuals who participate in the WIA Adult program... Those who obtained training services have lower initial returns, but they catch up to others within ten quarters, ultimately registering larger total gains,” of more than $400 to $700 per quarter, and these gains held up over the 16 quarters studied. ([Workforce Investment Act Non-Experimental Net Impact Evaluation Final Report](#), 2008)

- A 2008 DOL evaluation of the Youth Opportunity Grant found positive results, noting increased educational attainment, Pell Grant receipt, labor market participation, and employment rates and earnings for more than 90,000 program participants. The study found that the program increased overall labor-force participation rates, specifically for teens ages 16 to 19, women, native-born residents, blacks, and in-school youth; increased the employment rate among blacks, teens, out-of-school youth, and native-born youths; and positively impacted the hourly wages of women and teens. ([Evaluation of Youth Opportunity Grant](#), 2008)

- Another study conducted in 2005 found that WIA programs lead to positive employment and earnings gains for adults and dislocated workers. In addition, participants in WIA programs were less likely than non-participants to receive public assistance. The authors concluded that WIA services, including training, are effective interventions for adults and dislocated workers (increasing employment by about 10 percentage points and average quarterly earnings by about $800 (in 2000 dollars), when measured in terms of net impacts on employment, earnings, and receipt of TANF for participants. “They yield positive results for men and women and for both the adult and dislocated worker populations.” ([Net Impact Estimates for Services Provided through the Workforce Investment Act](#), 2005)

- In 2004, a study looking specifically at the returns of training for Dislocated Workers in the State of Washington, found that dislocated workers receiving training of one year or more at a community college saw increases in employment of nearly 6 percent over similar individuals who did not receive training, as well as higher quarterly earnings of about 9 percent for men and 13 percent for women. The study delved further however, and found that earnings could be increased by $1600 per year on average, or an increase in earnings of 14 percent for men and 29 percent for women if the year of study was focused on more technically oriented vocational and math and science courses (including training in healthcare). ([Estimating the Returns to Community College Schooling for Displaced Workers](#), 2004)

- A random-assignment study of sector-based training programs—increasingly used to meet the training needs of workers and the skill needs of employers—found that such training initiatives have significant positive impacts for program participants, particularly those who are low-income and low-skilled. Participants in sector-based training programs earned 18% more than control group members in the first year and more than 30% in the second year, and were more likely to: work, work more hours, work in jobs that offer benefits, and work consistently. Furthermore, these initiatives were found to create a lasting change in the labor market to the benefit of both workers and employers. ([Job Training That Works: Findings from the Sectoral Employment Impact Study](#), 2009)