

Research and Evaluation Brief

Facts, figures, and insights for workforce development practice and policy

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Training Matters: Earnings and Employment Effects by Type of Service Provider

This brief is the third in a series of briefs based on a study conducted in 2003 by the Center for the Study of Urban Poverty at the University of California, Los Angeles for Commonwealth Corporation evaluating the effect of Massachusetts' workforce development programs on labor market outcomes. This brief centers on how participant outcomes vary by the type of service provider.

Description of Study

The study examined the labor market outcomes of individuals who participated in a Job Training Partnership Act (JTPA) Title IIA funded workforce development program, as compared to individuals who completed an objective assessment of their eligibility for services, were deemed eligible, and yet did not participate in a workforce development program.

The JTPA Title IIA funds training programs for economically disadvantaged adults. The eligible population includes individuals or members of a family that receive welfare benefits, have a total family income below the official poverty line or 70% of the lower living standard income level, as well as individuals receiving food stamps or who qualify as homeless. Additionally, 65% have to be "hard-to-serve" meaning they are high school dropouts, offenders or ex-offenders, disabled, homeless, basic skills deficient (below 9th

grade equivalent in reading or math tests) or a category defined by the local Regional Employment Board.

Two research briefs describing the methodology of the study as well as the main findings and implications of the study can be found at www.commcorp.org/cre.

Description of Service Providers

Service providers were grouped into six categories: community-based organizations (CBOs), non-profit organizations (NPOs) with a national affiliation, trade/technical school (including many private proprietary ventures), other educational institutions, employer-based organizations, and other organizations. CBOs include those training organizations that are community-based and that focus exclusively on employment training or that may, in addition, provide a variety of other community services such as healthcare or housing. Non-profit organizations with a national affiliation, on the other hand, include regional affiliates of national non-profit organizations, such as the YWCA, and non-profits with branches or affiliates outside of Massachusetts.

The category of "trade, technical, and vocational schools" includes many private proprietary ventures. "Other educational institutions" include traditional educational providers, such as community colleges and adult basic education programs along with four-year colleges, which engage in workforce development. "Employer-based organizations" refers to those programs that are provided by employers, such as health care providers

REPORT FOCUS

An Evaluation of Massachusetts' Workforce Development Programs: The Earning and Employment Impacts of Participation in Employment and Training Programs on Low-Income Adults

Report Released: October 2003

Authors: Michael A. Stoll, Steven Raphael, Edwin Melendez, Alexandra de Montrichard, and Michael P. Massagli
(Center for the Study of Urban Poverty, UCLA)



with training programs and businesses providing on-the-job training. Finally, the “other organization” category includes those that fall into none of the above, mostly local service delivery areas, city government agencies and one stop career centers.

Earnings Impact

Figure 1 presents the differences in the earnings of the program and comparison groups two years before and two years after the training (known as “difference-in-difference” estimates). CBOs had the largest effect for the sample overall (\$3,985), followed by non-profits (\$3,558), and trade/technical schools (\$3,014), employer-based programs (\$2,131), other organizations (\$1,521), and other educational institutions (\$958).

This pattern was not the same for men and women, however. For men, employer-based organizations were associated with the largest difference in post-program earnings differences (\$5,106), followed by trade/technical schools and non-profit organizations (\$4,023 and \$4,055, respectively), CBOs (\$2,894), other organizations (\$2,112), and other educational institutions (\$1,363), though the standard errors were fairly large for all estimates. Further analyses suggested that the effectiveness of these programs were biased toward the more job-ready population.

For more information, contact Johan Uvin, juvin@commcorp.org. Please visit the Center for Research and Evaluation’s web site at www.commcorp.org/cre for additional workforce development findings.

For women, however, CBOs were associated with the largest difference in post-program earning differences (\$4,059), followed by nationally affiliated non-profits (\$3,368) and trade/technical schools (\$2,802), other organizations (\$1,570), and other educational institutions (\$777).

Employment Impact

Looking at the impact of the type of provider on the relative employment rates of training participants versus non-participants, similar to the results for earnings, community-based organizations have the largest employment effects on program participants. Those who received services from CBOs were 12.8 percentage points more likely to be employed two years after training than those who did not participate in training. They are followed by non-profits (11.6%), employer-based organizations (7.8%), and trade/technical schools (5.4%).

For men, community-based organizations were associated with the largest difference in the likelihood of being employed (17.3%), followed by employer-based programs (15.1%), other types of organizations (4.9%). For women CBOs were also associated with the largest difference in the likelihood of being employed (11.3%), followed by non-profits (10.9%), trade and technical schools (6.3%), other types of organizations (3.4%) and employer-based programs (7.6%).

Given the non-experimental design of the study, further research is needed to either disprove or confirm the associations between earnings and different service providers. This research would preferably involve a randomized experiment to be able to determine whether the service intervention caused the effects observed.

For additional data and implications, the full report can be viewed at www.commcorp.org/cre.

Figure 1: Estimates of the Program Earnings Effects by Type of Service Provider

Service Type	Total	Men	Women
Community-based	\$3,985 (238)	\$2,894 (807)	\$4,059 (241)
Non-profit with a national affiliation	\$3,558 (217)	\$4,055 (870)	\$3,368 (216)
Trade/technical schools	\$3,014 (154)	\$4,023 (441)	\$2,802 (161)
Other educational institutions	\$958 (169)	\$1,363 (670)	\$777 (168)
Employer-based	\$2,131 (547)	\$5,106 (1168)	\$1,020 (629)
Other	\$1,521 (155)	\$2,112 (364)	\$1,570 (173)