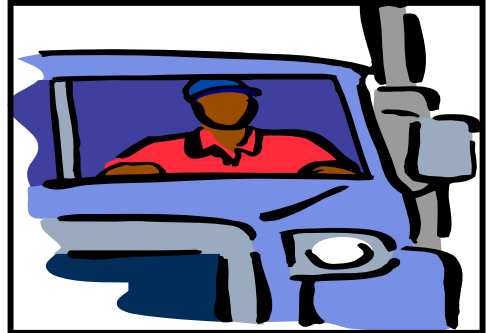


# Local Investments in Workforce Development: Evaluation Update



**Prepared by:**

Tara Carter Smith  
Christopher T. King  
Daniel G. Schroeder

**Submitted to:**

Travis County Health and Human Services Department

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## Introduction

This report is an update to the report, *Local Investments in Workforce Development: Initial Evaluation Findings Final Report*, published in December 2007. Travis County contracted with the Ray Marshall Center to extend the initial evaluation of local government-funded workforce development services. The intent of this effort is to track longer-term participant outcomes and to continue to refine the quasi-experimental impact analysis.

### Background

Travis County and the City of Austin are unique among local governments in the United States in their approach to and support of workforce development. Rather than relying exclusively on federal funding to support services for their residents as most jurisdictions do, they have augmented federal and state funds with local tax dollars in workforce services for about a decade<sup>1</sup>, strategically coordinating their investments with Workforce Solutions – Capital Area<sup>2</sup>, the local workforce investment board. The City and County began in the late 1990s by directing resources that had been intended for use as part of the Samsung tax abatement effort to supporting a new workforce intermediary and training provider, Capital IDEA. Very shortly thereafter, the list of training providers supported by these funds began to expand, as did the types of services offered. Primary areas of emphasis for these local investments have been training and support services, offerings that have typically been constrained under federal program rules. In recent years, Travis County and the City together have expended around \$3 million annually on workforce services for local residents through a common group of providers.

For this evaluation, researchers are tracking participants from seven City- and County-funded workforce development programs. These are:

- *American Youth Works (AYW)* – provides education and training, including job readiness and occupational skills development, to youth ages 16-25

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<sup>1</sup> City and county tax expenditures on workforce services grew out of the experience with the Samsung-related agreements in the mid-to-late 1990s (Glover et al. 2007). The Austin Chamber of Commerce has also put member-services funding into some of these workforce organizations and initiatives over much of the last decade.

<sup>2</sup> Formerly known as *WorkSource* – The Greater Austin Workforce Board



- *Austin Academy* – provides workforce training in job readiness and basic office/clerical skills
- *Austin Area Urban League (AAUL)* – provides a variety of training options, including GED preparation, computer skills, and financial literacy classes
- *Capital IDEA* – offers long-term training for high-wage, high-demand occupations along with support services
- *Crime Prevention Institute (CPI)* – provides job readiness training and support services for individuals released from the Travis County Jail System
- *Goodwill Industries* – provides workforce services to disadvantaged residents, particularly youth and individuals with disabilities
- *Construction Gateway* – provides occupational skills training for work in the construction industry

## **Evaluation Approach**

The Travis County Health and Human Services Department has contracted with the Ray Marshall Center for the Study of Human Resources (Ray Marshall Center) at the University of Texas at Austin’s LBJ School of Public Affairs to continue the outcomes evaluation of local government investments in workforce development services begun under a contract with the City of Austin. The ongoing outcomes evaluation documents the results of workforce services participation, including the number of participants in employment; wages earned; and eligibility for unemployment insurance benefits.

The evaluation also features an exploratory effort to gauge the “value-added” from receiving these workforce services through *quasi-experimental impact analysis*, comparing labor market outcomes for local government-supported participants with those of a comparison group of similar non-participants. For the impact analysis, comparison group members were drawn from two possible sources in the Austin-area: individuals who either registered to look for employment with the state’s WorkinTexas program or who received “core” services under the Workforce Investment Act at Workforce Solutions Career Centers.

Quasi-experimental approaches tend to work well when participants for whom comparison groups are being created have sufficient prior employment and earnings histories and when data are available on a sufficient number of variables with which to perform the match. Youth and ex-offenders are problematical in this regard precisely because their prior employment and earnings histories are either lacking or difficult to determine with any real

confidence. The report presents quasi-experimental impacts only for groups/providers for which adequate matching could be performed.

### **Report Organization**

This report is organized into four sections including this Introduction. The second section presents the labor market outcomes that have been observed to date, some of which are multi-year results reported for earlier cohorts supported by the City of Austin and Travis County. The third section presents the results of the quasi-experimental impact analysis. The last section offers several concluding observations.

## **Labor Market Outcomes**

In this section, labor market outcomes for participants of locally-funded workforce development services are examined. Ray Marshall Center researchers have measured employment, earnings, Unemployment Insurance (UI) benefit eligibility and receipt in both the pre- and post-service periods.

### **UI Wage Records-Based Employment and Earnings**

A number of caveats should be noted before examining the labor market outcomes based on UI wage records. First, depending on the cohort data provided by each organization, the following discussion of employment and earnings outcomes may be more or less comprehensive. Incomplete participant records resulted in a number of individuals being dropped from the analysis. In addition, some individuals may not enter employment in UI-covered positions; this issue is particularly relevant to work in the construction industry, which traditionally operates through systems of self-employed contractors (see Stevens 2002). Finally, some numbers may have changed from what was reported in December 2007 due to updates in UI wage records.

### ***Employment***

#### **American Youth Works**

Between 2005 and 2006, American Youth Works served 619 individuals (Table 1). In the four quarters prior to enrolling with AYW, participants were reported in UI-covered employment approximately 27% of the time (third column). In their last quarter of participation at AYW (fourth column), approximately 36% of participants were reported as employed. Following their participation in the AYW program, 53% of participants were found in UI-covered employment across all post-service quarters (last column) up from 48% a year ago. For participants in the 2005 cohort, 55% were in UI-covered employment in the tenth quarter after service (seventh column).

**Table 1. American Youth Works Participant Quarterly Employment<sup>3</sup>**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2005	137	24.3%	33.6%	41.6%	56.9%	55.1%	51.3%
2006	482	28.2%	36.1%	47.5%	55.6%	•	53.1%
Overall	619	27.3%	35.5%	46.2%	55.9%	55.1%	52.6%

**Austin Academy**

Overall, Austin Academy served 301 clients between 2001 and 2006, with UI-reported employment in the four quarters prior to enrollment at approximately 53% (Table 2). In the last quarter of their participation in Austin Academy services, clients were employed approximately 50% of the time. In all post-service quarters, participants were in UI-covered employment about 63% of the time. For those participants for whom sufficient time has passed to examine employment ten quarters after service, 65% were reported employed.

**Table 2. Austin Academy Participant Quarterly Employment**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2001 to 2003	97	59.0%	49.5%	63.9%	57.7%	70.1%	64.1%
2004	75	44.7%	44.0%	53.3%	57.3%	56.0%	56.3%
2005	73	55.1%	57.5%	75.3%	71.2%	65.8%	69.7%
2006	56	49.1%	48.2%	62.5%	57.1%	•	60.9%
Overall	301	52.7%	49.8%	63.8%	60.8%	64.5%	62.7%

<sup>3</sup> In this table and the ones to follow, a dot signifies cells with too few participants or no observations to report.

### **Austin Area Urban League**

Between 2004 and 2006, AAUL served 334 clients (Table 3). In the four quarters before entering the AAUL program, participants were employed in UI-covered positions approximately 49% of the time. In their last quarter of participation in the AAUL program, participants were employed approximately 61% of the time. In the second quarter following their participation in AAUL services, participants were employed approximately 67% of the time. For the 2004-2005 cohort, employment at ten quarters after service is reported at 66%. For all participants, employment in all quarters after service is reported at 66% as well.

**Table 3. Austin Area Urban League Participant Quarterly Employment**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2004 to 2005	121	52.7%	57.0%	70.2%	67.8%	66.1%	66.0%
2006	213	47.1%	62.9%	65.7%	63.3%	•	66.3%
Overall	334	49.1%	60.8%	67.4%	65.0%	66.1%	66.2%

### **Capital IDEA**

Between 2003 and 2005, Capital IDEA served 321 participants (Table 4) who either completed services or dropped out of the program.<sup>4</sup> In the four quarters prior to their entry into the Capital IDEA program, participants show up in UI wage records approximately 69% of the time, while 79% were reported as employed in their final quarter of participation in the Capital IDEA program. Two quarters after receiving services through Capital IDEA, 79% of clients were employed; fully 78% were employed ten quarters after service. In all quarters after service, 79% of participants were reported in UI-covered employment.

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<sup>4</sup> Approximately 500 other participants were still receiving Capital IDEA services as this analysis was being conducted.

**Table 4. Capital IDEA Participant Quarterly Employment**

<b>Cohort</b>	<b>Total Participants*</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2003	184	68.1%	78.8%	78.3%	74.5%	76.9%	78.1%
2004	75	66.3%	78.7%	73.3%	78.7%	78.0%	77.9%
2005	62	72.2%	79.0%	85.5%	77.4%	84.6%	82.0%
Overall	321	68.5%	78.8%	78.5%	76.0%	77.6%	78.6%

\* Excludes continuing participants.

### **Crime Prevention Institute**

In the period 2004 to 2006, the Crime Prevention Institute served 218 participants. In the four quarters prior to entry into the CPI program these participants were found in employment records approximately 18% of the time (Table 5). Considering that an individual enters the CPI program following their release from incarceration, this low-level of employment in the pre-service period is not surprising. In the last quarter of their participation in the CPI program, these clients were employed approximately 49% of the time. Forty percent of participants were reported in UI-covered employment two quarters after service, and for those with sufficient post-service quarters, 40% were reported employed ten quarters after service.

**Table 5. Crime Prevention Institute Quarterly Employment**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2004	23	14.1%	60.9%	43.5%	43.5%	39.1%	39.1%
2005	92	22.8%	56.5%	48.9%	39.1%	39.7%	40.6%
2006	103	14.8%	39.8%	31.1%	28.1%	•	30.9%
Overall	218	18.1%	49.1%	39.9%	34.6%	39.5%	36.9%

## Construction Gateway

Overall, between 2002 and 2006 Construction Gateway served 329 people (Table 6). In the four quarters prior to their enrollment in the Construction Gateway program these individuals were employed in UI-covered employment approximately 34% of the time, with 39% employed in their last quarter of program participation. In the post-service period, employment outcomes improved for Construction Gateway participants. Two quarters after service, approximately 56% were employed, while ten quarters out 53% were employed. In all post-service quarters, 53% of participants were reported in UI-covered employment. These employment rates are encouraging given the nature of the population served and the fact that construction work tends not to be covered by state UI programs.<sup>5</sup>

**Table 6. Construction Gateway Participant Quarterly Employment**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2002 to 2003	83	43.1%	25.3%	49.4%	44.6%	47.0%	45.9%
2004	87	34.5%	37.9%	51.7%	52.9%	50.6%	50.8%
2005	85	30.9%	45.9%	64.7%	56.5%	62.4%	64.1%
2006	74	24.7%	47.3%	58.1%	45.9%	•	56.4%
Overall	329	33.5%	38.9%	55.9%	50.2%	53.3%	52.6%

## Goodwill

Between 2003 and 2006, Goodwill served a total of 437 participants (Table 7). Of these, participants were reported in UI wage records as employed approximately 58% of the time in the four quarters prior to their enrollment with Goodwill. During their last quarter of participation in the program, approximately 68% were employed. Approximately 73% were employed two quarters after their participation in the program, while 67% were employed ten quarters later.

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<sup>5</sup> See Stevens (2002) for a review of employment that is not covered by state UI laws.

**Table 7. Goodwill Participant Quarterly Employment**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2003	34	65.4%	73.5%	79.4%	91.2%	73.5%	81.5%
2004	170	65.0%	65.3%	66.5%	65.9%	61.2%	64.6%
2005	146	46.4%	63.0%	70.5%	73.3%	71.5%	70.2%
2006	87	61.5%	80.5%	85.1%	79.3%	•	82.3%
Overall	437	58.1%	68.2%	72.5%	73.0%	66.6%	70.4%

***Earnings***

Earnings are reported for those who were employed in the defined quarter(s); therefore, reported average earnings are likely to be for a smaller number of participants than are in the entire cohort.

**American Youth Works**

American Youth Works provided services to 619 participants between 2005 and 2006. As most of these participants were youth, their employment may be limited to the degree that they were also pursuing educational opportunities. For those participants with employment reported in the four quarters prior to enrolling with AYW, quarterly earnings averaged \$1,515 (Table 8). In their last quarter of participation, employed participants earned approximately the same amount, \$1,507. Following their participation in the AYW program, participants who were employed in the second quarter after service had average earnings of \$1,834. For the 2005 cohort, earnings in the tenth quarter after service rose to an average of \$2,877.



**Table 8. American Youth Works Average Quarterly Earnings of Those Employed<sup>6</sup>**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2005	137	\$1,408	\$1,424	\$1,860	\$2,424	\$2,877	\$2,447
2006	482	\$1,541	\$1,529	\$1,827	\$2,754	•	\$2,405
Overall	619	\$1,515	\$1,507	\$1,834	\$2,680	\$2,877	\$2,416

**Austin Academy**

Overall, 301 Austin Academy participants from 2001 to 2006 were identified in UI wage records. In the four quarters prior to their participation in the program, employed individuals earned on average \$3,314 per quarter (Table 9). Employed participants earned on average \$2,721 in their last quarter of service through Austin Academy. In the post-program period earnings rebounded, with participants employed in the second quarter out averaging \$3,622, while participants employed in the tenth quarter following service earned on average \$4,589.

**Table 9. Austin Academy Average Quarterly Earnings of Those Employed**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2001 to 2003	97	\$3,440	\$2,527	\$3,559	\$4,309	\$4,885	\$4,711
2004	75	\$2,517	\$1,780	\$3,271	\$3,567	\$4,349	\$3,965
2005	73	\$3,364	\$3,117	\$3,515	\$4,360	\$4,380	\$3,922
2006	56	\$3,950	\$3,603	\$4,304	\$4,798	•	\$4,319
Overall	301	\$3,314	\$2,721	\$3,622	\$4,234	\$4,589	\$4,324

<sup>6</sup> In this table and the ones to follow, earnings have not been adjusted for inflation.

### **Austin Area Urban League**

For the 334 participants served by AAUL between 2004 and 2006, average quarterly earnings in the four quarters prior to program enrollment totaled \$3,447 (Table 10). Employed participants earned on average \$2,202 in their last quarter of participation in the AAUL program. In the second quarter following their participation in the AAUL program, employed participants earned on average \$3,460. For the 2004-2005 cohort, average earnings in the sixth quarter after service were \$4,845.

**Table 10. Austin Area Urban Leagues Average Quarterly Earnings of Those Employed**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2004 to 2005	121	\$3,290	\$2,164	\$3,231	\$4,590	\$4,845	\$4,302
2006	213	\$3,547	\$2,221	\$3,600	\$4,701	•	\$4,161
Overall	334	\$3,447	\$2,202	\$3,460	\$4,659	\$4,845	\$4,228

### **Capital IDEA**

Unlike the other providers examined in this report, Capital IDEA emphasizes long-term training for high-skill, high-wage jobs. While Capital IDEA began serving a considerable number of individuals between 2003 and 2005, a significant number of those are still in training and receiving workforce development services. Therefore, this analysis focuses solely on the 321 participants who either completed or dropped out of the program in those years. For those who were employed in the four quarters prior to enrollment in the program, quarterly earnings averaged \$4,429 (Table 11). Participants who were employed in the last quarter they received services from Capital IDEA earned on average \$4,580. In the post-service period, employed participants earned on average \$5,992 in the second quarter following participation and an average \$6,795 in the tenth quarter following participation.

**Table 11. Capital IDEA Average Quarterly Earnings of Those Employed**

<b>Cohort</b>	<b>Total Participants*</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2003	184	\$4,370	\$4,814	\$6,050	\$6,994	\$6,824	\$6,701
2004	75	\$4,146	\$3,954	\$6,151	\$6,825	\$6,543	\$6,393
2005	62	\$4,908	\$4,640	\$5,670	\$6,344	\$7,209	\$6,253
Overall	321	\$4,429	\$4,580	\$5,992	\$6,825	\$6,795	\$6,576

\* Excludes continuing participants.

**Crime Prevention Institute**

For the 218 participants served by the Crime Prevention Institute in the period between 2004 and 2006, average quarterly earnings for those employed in the four quarters prior to participation in the program totaled \$1,995 (Table 12). During their last quarter of participation in CPI activities, employed participants earned on average \$2,087. In the second quarter following their participation, employed participants earned on average \$2,374. In the tenth quarter following participation, employed participants earned on average \$3,234.

**Table 12. Crime Prevention Institute Average Quarterly Earnings of Those Employed**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2004	23	\$1,341	\$2,919	\$3,013	\$3,917	\$3,860	\$3,405
2005	92	\$2,143	\$2,094	\$2,118	\$3,135	\$3,009	\$2,857
2006	103	\$1,930	\$1,795	\$2,535	\$3,343	•	\$2,639
Overall	218	\$1,995	\$2,087	\$2,374	\$3,319	\$3,234	\$2,879

## Construction Gateway

Construction Gateway served a total of 329 participants in the 2002-2006 time frame. For participants who were employed in the four quarters prior to enrolling with Construction Gateway, quarterly earnings averaged \$4,577 (Table 13). In their last quarter of participation with the program, employed participants earned on average \$1,952. Participants employed in UI-covered positions earned an average of \$3,140 in the second quarter after service and an average \$4,896 in the tenth quarter after service.

**Table 13: Construction Gateway Average Quarterly Earnings of Those Employed**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2002 to 2003	83	\$6,835	\$1,532	\$3,117	\$4,065	\$4,621	\$5,105
2004	87	\$4,491	\$2,287	\$3,312	\$4,500	\$5,168	\$4,760
2005	85	\$3,044	\$2,625	\$3,506	\$4,390	\$4,872	\$4,047
2006	74	\$2,501	\$1,139	\$2,513	\$3,049	•	\$2,840
Overall	329	\$4,577	\$1,952	\$3,140	\$4,072	\$4,896	\$4,415

## Goodwill

Between 2003 and 2006, Goodwill Industries served a total of 437 clients. For those that were employed in the four quarters prior to enrolling with Goodwill, quarterly earnings averaged \$3,792 (Table 14). In their last quarter of participation in the Goodwill program, employed clients earned on average \$2,883. Earnings improved in the post-program period. For those that were employed in the second quarter following service, quarterly earnings averaged \$4,077. For those that were employed in the tenth quarter following service, quarterly earnings averaged \$5,229. In all post-service quarters, employed participants earned an average of \$4,775.

**Table 14. Goodwill Average Quarterly Earnings of Those Employed**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2003	34	\$5,386	\$4,448	\$4,842	\$5,950	\$6,135	\$5,930
2004	170	\$3,708	\$2,537	\$3,883	\$4,150	\$4,902	\$4,493
2005	146	\$3,189	\$2,712	\$3,798	\$4,624	\$5,344	\$4,641
2006	87	\$4,067	\$3,097	\$4,484	\$5,003	•	\$4,921
Overall	437	\$3,792	\$2,883	\$4,077	\$4,668	\$5,229	\$4,775

### *Unemployment Insurance Benefits*

Ray Marshall Center researchers examined two measures related to UI benefits. In the first measure, qualification for UI benefits<sup>7</sup>, researchers examined participants' work histories in the pre- and post-service period to determine if workforce development services had increased participants' eligibility for receiving UI insurance in the event of a layoff or other employment separation. Qualification for UI benefits is based on length of employment, earnings levels, and reason for separation, among other factors. An individual must have sufficient earnings in UI-covered employment in at least two of the four quarters prior to separation to qualify for UI benefits. This measure is significant as it looks at the stability of an individual's employment. Prior to entering locally-funded workforce development services, most participants had a history of unstable employment. After their participation in these services, many of these individuals have moved into stable employment that qualifies them for benefits through the UI program, the nation's first-tier safety net for laid-off workers that is funded by both employers and workers.<sup>8</sup> In the second measure, UI benefit claims filed, researchers examined UI claims in both the pre- and post-service period to determine if workforce development services had reduced participants' reliance on UI benefits.

<sup>7</sup> In this report, "qualified for UI benefits" refers to individuals who met the employment and earnings threshold for those benefits. This threshold in combination with other factors, such as reason for separation, would ultimately determine whether or not an individual would be eligible to collect benefit payments.

<sup>8</sup> Employers pay taxes that directly support the UI program; economists point out that workers also contribute to the program indirectly in the form of somewhat lower wages.

## American Youth Works

As youth, the number of American Youth Works (AYW) participants who were qualified for UI benefits, particularly in the pre-service period, was not expected to be very large. An examination of UI wage records confirmed this expectation. About 10% of AYW participants were eligible for UI benefits in the four quarters prior to service (Table 15). When all quarters after service were examined, 39% of AYW participants had sufficient employment retention and earnings to be qualified for UI benefits in the event of a job separation.

**Table 15. Percent of American Youth Works Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2005	137	13.0%	•	•	30.7%	44.1%	38.6%
2006	482	8.8%	•	•	33.8%	•	39.3%
Overall	619	9.7%	•	•	33.1%	44.1%	39.0%

Given their low rates of qualification for UI benefits, researchers did not expect a large number of AYW participants to have filed a claim. In their last quarter of participation in the AYW program, just 0.2% of participants filed a claim for UI benefits. In all quarters after service, there was a slight up-tick in claims filed, to 0.4% of participants (Table 16).

**Table 16. Percent of American Youth Works Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2005	137	0.2%	0.0%	0.0%	0.0%	0.0%	0.3%
2006	482	0.0%	0.2%	0.8%	0.7%	•	0.4%
Overall	619	0.0%	0.2%	0.6%	0.4%	0.0%	0.4%

### Austin Academy

In the four quarters prior to participation in the Austin Academy program, about 46% of participants were qualified to receive UI benefits based on their earnings history (Table 17). In the tenth quarter after service, 58% of Austin Academy participants had qualified for UI benefits.

**Table 17. Percent of Austin Academy Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2001 to 2003	97	54.6%	•	•	56.7%	57.7%	59.4%
2004	75	43.0%	•	•	50.7%	53.3%	52.1%
2005	73	45.2%	•	•	69.9%	61.6%	65.4%
2006	56	33.5%	•	•	51.8%	•	57.1%
Overall	301	45.5%	•	•	57.5%	57.6%	58.2%

Given that the time period examined for participation in the Austin Academy program includes the last economic downturn in Austin (2001-2003), researchers expected that a significant number of participants may have filed a UI claim. The numbers do not bear out this expectation (Table 18). For all participants between 2001-2006, just 2.5% had filed a UI claim in the four quarters prior to service and just 1.5% had filed a claim in any post-service quarter.

**Table 18. Percent of Austin Academy Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2001 to 2003	97	4.1%	4.1%	1.0%	2.1%	1.0%	2.0%
2004	75	2.3%	1.3%	0.0%	0.0%	0.0%	0.6%
2005	73	1.7%	2.7%	1.4%	2.7%	0.0%	1.5%
2006	56	0.9%	1.8%	0.0%	0.0%	•	1.5%
Overall	301	2.5%	2.7%	0.7%	1.5%	0.6%	1.5%

## Austin Area Urban League

Austin Area Urban League (AAUL) participants significantly increased their qualification for UI benefits when comparing pre- and post-service periods. In the four quarters prior to their participation in AAUL services, just 37% of individuals were eligible for benefits (Table 19). In all quarters after service, 61% of participants were qualified for UI benefits based on their earnings history.

**Table 19. Percent of AAUL Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2004 to 2005	121	40.3%	•	•	55.4%	60.3%	59.2%
2006	213	35.0%	•	•	60.0%	•	63.3%
Overall	334	36.9%	•	•	58.3%	60.3%	60.8%

The percent of AAUL participants filing UI claims declined significantly between the pre- and post-service periods (Table 20). In the four quarters prior to participation, 4% of individuals had filed a UI claim. In all quarters after service, just 2% of AAUL participants filed a claim for UI benefits.

**Table 20. Percent of AAUL Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2004 to 2005	121	5.6%	6.6%	1.7%	3.3%	0.0%	1.9%
2006	213	3.6%	5.6%	1.9%	0.0%	•	1.9%
Overall	334	4.3%	6.0%	1.8%	2.6%	0.0%	1.9%



## Capital IDEA

A large number of Capital IDEA participants who entered services between 2003 and 2005 are still in long-term training and receiving services. It should be noted again that the following analysis of Capital IDEA participants focuses solely on those individuals who completed or dropped out of services in the given time frame. In the pre-service period, 64% of Capital IDEA participants were qualified for UI benefits based on their earnings history (Table 21). That number increased to 75% in all quarters following participation in the program.

**Table 21. Percent of Capital IDEA Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2003	184	65.8%	•	•	76.1%	71.2%	73.7%
2004	75	61.0%	•	•	74.7%	73.2%	75.9%
2005	62	63.3%	•	•	82.3%	84.6%	81.7%
Overall	321	64.2%	•	•	76.9%	72.4%	74.9%

Capital IDEA participants also showed a significant decline in the filing of UI claims when comparing the pre- and post-service periods (Table 22). In the four quarters prior to their participation in the Capital IDEA program, about 5% of individuals filed a UI claim. In all of the post-service quarters, just 2% of participants filed a UI claim.

**Table 22. Percent of Capital IDEA Participants Filing UI claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2003	184	5.6%	0.5%	1.1%	3.7%	3.4%	2.0%
2004	75	2.7%	2.7%	0.0%	0.0%	0.0%	1.5%
2005	62	5.6%	4.8%	3.2%	0.0%	0.0%	2.0%
Overall	321	4.9%	1.9%	1.2%	2.4%	3.1%	1.9%

## Crime Prevention Institute

Individuals enter the Crime Prevention Institute (CPI) program upon their release from the Travis County jail. Because of this, researchers did not expect a significant number of participants to have qualified for UI benefits in the pre-service period. Surprisingly, 20% of CPI participants had a sufficient earnings history in the four quarters prior to service to qualify for UI benefits (Table 23). In all quarters after service, 28% of CPI participants qualified for UI benefits.

**Table 23. Percent of CPI Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2004	23	12.0%	•	•	30.4%	30.4%	29.4%
2005	92	23.9%	•	•	33.7%	30.2%	31.5%
2006	103	18.0%	•	•	20.8%	•	19.2%
Overall	218	19.8%	•	•	27.5%	30.2%	28.3%

Given their low levels of eligibility for UI benefits, researchers did not expect to find a significant number of UI claims from CPI participants. In the four quarters prior to service, less than one percent of CPI participants filed a UI claim (Table 24). In all post-service quarters, UI claims were filed by just one percent of participants.

**Table 24. Percent of CPI Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2004	23	1.1%	0.0%	0.0%	0.0%	0.0%	0.9%
2005	92	1.1%	1.1%	2.2%	0.0%	0.0%	1.5%
2006	103	0.2%	0.0%	0.0%	0.0%	•	0.7%
Overall	218	0.7%	0.5%	0.9%	0.0%	0.0%	1.1%

## Construction Gateway

In the four quarters prior to participation in the Construction Gateway program, only 25% of individuals qualified for UI benefits based on their employment and earnings history (Table 25). In all post-service quarters, 44% of Construction Gateway participants qualified for UI benefits.

**Table 25. Percent of Construction Gateway Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2002 to 2003	83	34.3%	•	•	41.0%	39.8%	37.1%
2004	87	27.9%	•	•	41.4%	44.8%	44.9%
2005	85	22.4%	•	•	58.8%	52.9%	54.8%
2006	74	15.9%	•	•	54.1%	•	47.8%
Overall	329	25.4%	•	•	48.6%	45.9%	43.7%

Construction Gateway participants showed a measurable decrease in UI claims filed between the pre- and post-service periods (Table 26). In the four quarters prior to service, 3% of participants had filed a claim for UI benefits. In all the post-service quarters, just 1% of participants had filed a UI claim.

**Table 26. Percent of Construction Gateway Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2002 to 2003	83	3.9%	4.8%	1.2%	0.0%	2.4%	0.9%
2004	87	3.7%	2.3%	0.0%	2.3%	1.1%	1.7%
2005	85	3.2%	2.4%	1.2%	0.0%	0.0%	0.6%
2006	74	0.3%	1.4%	0.0%	0.0%	•	0.0%
Overall	329	2.9%	2.7%	0.6%	0.7%	1.7%	1.0%

## Goodwill

Prior to their participation in the Goodwill program, 54% of individuals served by Goodwill qualified for UI benefits (Table 27). This improved in the post-service period. In all quarters after service, 65% of Goodwill participants qualified for UI benefits based on their employment and earnings history.

**Table 27. Percent of Goodwill Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2003	34	65.4%	•	•	79.4%	91.2%	83.9%
2004	170	61.6%	•	•	59.4%	57.6%	58.2%
2005	146	42.5%	•	•	65.1%	67.9%	64.9%
2006	87	54.6%	•	•	79.3%	•	76.3%
Overall	437	54.1%	•	•	66.8%	65.1%	64.7%

While Goodwill participants had the highest rate of UI claims for all providers examined, they also demonstrated a significant decrease in claims in the post-service period (Table 28). In the four quarters prior to their participation in Goodwill services, about 7% of individuals had filed a UI claim. In all the post-service quarters, just 3% of Goodwill participants filed UI claims.

**Table 28. Percent of Goodwill Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2003	34	8.8%	2.9%	5.9%	0.0%	0.0%	4.1%
2004	170	8.5%	8.2%	1.2%	1.8%	3.6%	3.1%
2005	146	5.1%	3.4%	0.7%	2.2%	5.8%	3.0%
2006	87	5.7%	9.2%	2.3%	2.9%	•	3.6%
Overall	437	6.9%	6.4%	1.6%	1.9%	3.5%	3.2%

## Quasi-Experimental Impact Estimates

This section reports the results of exploratory quasi-experimental impact estimation conducted by Ray Marshall Center researchers to gauge the “value added” of participation in locally-funded workforce development services. Researchers are continuing to refine their approach to impact estimation and will present additional estimates in future reports.

The quasi-experimental impact analysis compared employment and earnings outcomes for locally-funded workforce services participants with a comparison group of individuals who received basic workforce services (e.g., job matching, resume development). For three workforce services providers—American Youth Works, Construction Gateway, and Crime Prevention Institute—it was not possible to create appropriate comparison groups for the analysis. This is likely due to the fact that the clients served by these organizations—youth and ex-offenders—have limited employment and earnings histories prior to enrolling in services, making the matching process less reliable. For the remaining workforce services providers, the analysis reveals mixed impacts, only some of which are statistically significant. Findings are detailed below.

### Quasi-Experimental Estimation

In an attempt to measure the impacts of locally-funded workforce services, researchers conducted a quasi-experimental analysis comparing labor market outcomes for workforce participants with those of a comparison group of similar non-participants. Quasi-experimental analysis has been shown to produce impact estimates comparable to those resulting from more rigorous and costly approaches involving the use of experimental designs that randomly assign individuals to treatment and control status.<sup>9</sup> In fact, for some groups, quasi-experimental estimates tend to understate employment and earnings impacts from workforce services. For these reasons, results presented in this report, while exploratory, should be considered *conservative estimates* of the true impacts.

Quasi-experimental approaches tend to work well when participants for whom comparison groups are being created have sufficient prior employment and earnings histories and when data are available on a sufficient number of variables with which to perform the

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<sup>9</sup> For example, see Greenberg et al. (2006) and Hollenbeck and Huang (2006).

requisite match. Youth and ex-offenders are problematical in this regard precisely because their prior employment and earnings histories are either lacking or difficult to determine. Quasi-experimental impacts are presented only for those groups/providers for which adequate matching could be performed.

Potential comparison group members were drawn from two sources: individuals who either registered to look for employment using the state's WorkinTexas program or who received "core" services under the Workforce Investment Act (such as job-matching or resume development). Thus, the comparison group selected as described below is not a "no-services," but rather a "low-intensity services" group. The resulting impact estimates thus reflect the *incremental value* of the community's investments in workforce services. For providers that are primarily providing job search assistance and other short-term services (e.g., Austin Area Urban League, Goodwill, Construction Gateway), impact estimates are likely to be biased downward even more so than expected, in that comparison group members may have received similar services. For providers like Capital IDEA that are providing longer-term, intensive skill investments, the estimated impacts will be conservative estimates of the incremental value of local workforce investments over and above low-intensity services already available through WorkinTexas or WIA "core" services provided through Workforce Solutions Career Centers.

Workforce services participants were matched on a one-to-one basis with potential comparison group members using a method known as *weighted multivariate matching*. This technique places greater weights on those variables showing greater initial (pre-service) differences. Matching was done by selecting for each participant the one comparison group member judged most similar. Matching was done without replacement, with no caliper applied to eliminate poor matches, since doing so would have reduced the generalizability of the results.

Researchers were able to access matching variables for most participants in locally-funded workforce services. *Exact matches* carried out included: county; year of entry into the program; and whether or not individuals had recently experienced an earnings dip of 20% or more. *Distance matches* were also carried out on up to 15 variables by treating them as numeric and including them in the overall multivariate distance measurement. These variables included: age (for those programs with a recorded birth date), gender, race/ethnicity (White, Black, Hispanic), time since first earnings, employed at entry, percent of time

employed over four (4) years prior to program entry, average quarterly earnings over four (4) years prior to program entry, percent of time in any workforce development service in the year immediately prior to program entry (matched according to service intensity: high for training programs, and low for job placement services), any UI claims filed in the year prior to program entry, any UI benefits received in the year prior to program entry, and whether the individual's earnings history qualified for UI if he/she were to lose a job. For those experiencing a recent earnings dip, the time since the earnings dip and the percent of earnings represented by the dip were also included in the matching process.

The Austin Academy, AAUL, Capital IDEA, Construction Gateway and Goodwill treatment groups did not differ from their respective comparison groups on any variables (see Appendix A for further details). The other two programs, American Youth Works and Crime Prevention Institute, did not fare as well. American Youth Works differed from its comparison group on seven variables; therefore, it is excluded from further analysis. While Crime Prevention Institute did not fail any of the matching tests, the lack of offender status data for comparison pool members makes any match unreliable. The employment barriers faced by ex-offenders are significant and are known to suppress employment and earnings over time. Therefore, RMC researchers have chosen to exclude CPI from the impacts analysis. Further research is planned to tailor the matching process more to the individual service providers and their target populations.<sup>10</sup>

Note that the impacts tables display two effects columns. The Unadjusted Net Effect simply shows the computed difference between the treatment and comparison groups on the outcome in question. The Adjusted Net Effect column presents the net effect after further statistical adjustments have been made (e.g., demographic differences). The figures in the Adjusted Net Effect column are the measures of program impacts emphasized in the discussion that follows.

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<sup>10</sup> A technical appendix, which contains greater detail on the matching process and earnings impact figures for the other providers, is available from the authors on request. Contact Dr. King to receive a copy at [ctking@uts.cc.utexas.edu](mailto:ctking@uts.cc.utexas.edu).

## Employment Impacts

Statistically significant net impacts on quarterly employment were found for four of the five service providers examined (Table 29). In the case of Construction Gateway, it is important to recognize that individuals in the construction industry are more likely to be self-employed and therefore would not be represented in the UI wage records that are the basis of this analysis. Given this, quarterly employment (and associated earnings) for Construction Gateway participants is likely under-reported, which may put them at a disadvantage relative to the comparison group.

**Table 29. Quarterly Employment Impacts**

Provider	All Qtrs After Service Ends: Comparison Group	All Qtrs After Service Ends: Treatment Group	Unadjusted Net Effect	Adjusted Net Effect
Austin Academy (2001-2006)	60.5%	62.9%	2.4%	2.3%*
AAUL (2004-2006)	65.8%	66.2%	0.4%	4.8%**
Capital IDEA (2003-2005)	68.8%	78.6%	9.9%	10.4%**
Construction Gateway (2002-2006)	54.3%	52.9%	(1.5%)	(0.2%)
Goodwill (2003-2006)	68.2%	70.4%	2.2%	3.5%**

Note: \*\*= significant at  $p < .01$ , \*=at  $p < .05$

## Earnings Impacts

Two measures of earnings are presented below. In the table, earnings impacts are presented only for those who were employed. In the subsequent figures, earnings impacts are averaged across all participants, whether or not they were employed. The latter measure is a summary measure that captures the full impacts of the programs.

Locally-funded workforce services had statistically significant impacts on average quarterly earnings for all providers examined (Table 30). However, only one provider—Capital IDEA—experienced a significant *positive* earnings impact. This impact is likely due both to the type of employment that Capital IDEA participants train for and their workforce intermediary approach to providing services. About three-quarters of Capital IDEA participants are trained in nursing and allied health careers via Austin Community College, while others train for careers in accounting, information and wireless technologies, and education. Capital IDEA participants enjoyed a measurable earnings advantage over comparison group members.



**Table 30. Average Quarterly Earnings Impacts of Those Employed**

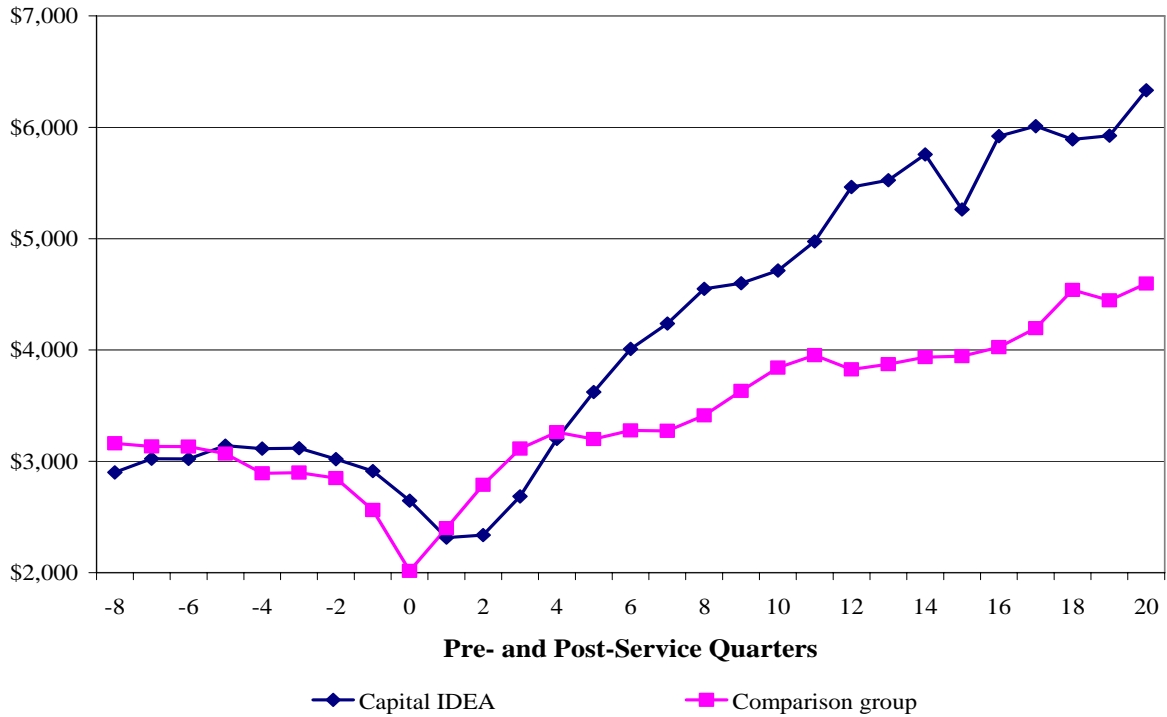
<b>Provider</b>	<b>All Qtrs After Service Ends: Comparison Group</b>	<b>All Qtrs After Service Ends: Treatment Group</b>	<b>Unadjusted Net Effect</b>	<b>Adjusted Net Effect</b>
Austin Academy (2001-2006)	\$4,541	\$4,313	\$-228	\$-432**
AAUL (2004-2006)	\$4,437	\$4,228	\$-2087	\$-319**
Capital IDEA (2003-2005)	\$5,494	\$6,576	\$1,082	\$696**
Construction Gateway (2002-2006)	\$5,476	\$4,415	\$-1,061	\$-772**
Goodwill (2003-2006)	\$4,920	\$4,775	\$-145	\$-332**

Note: \*\*= significant at p<.01, \*=at p<.05

Earnings depicted in the figures below provide a summary measure of participants’ employment and earnings experiences. Treatment group earnings shown in these figures are averaged across *all* participants in these quarters, not just those who were employed. The difference between earnings for treatment and comparison group members captures the overall earnings impact of the program.

Figure 1 shows that by the end of the measurement period, the advantage gained by Capital IDEA participants was large (about \$1,500/quarter), statistically significant and apparently still widening. By the end of the period, participants were experiencing roughly a 100% gain in quarterly earnings compared with their 2-year pre-service average. It is also noteworthy that the earnings of comparison group members who only had the benefit of low-intensity workforce services essentially flattened out at ten quarters, though there was an uptick in their earnings over the last four quarters. This result appears to demonstrate both the added value of local investments in workforce services as well as the benefit of investing in occupational skills development in high-wage, growth sectors of the labor market, such as healthcare.

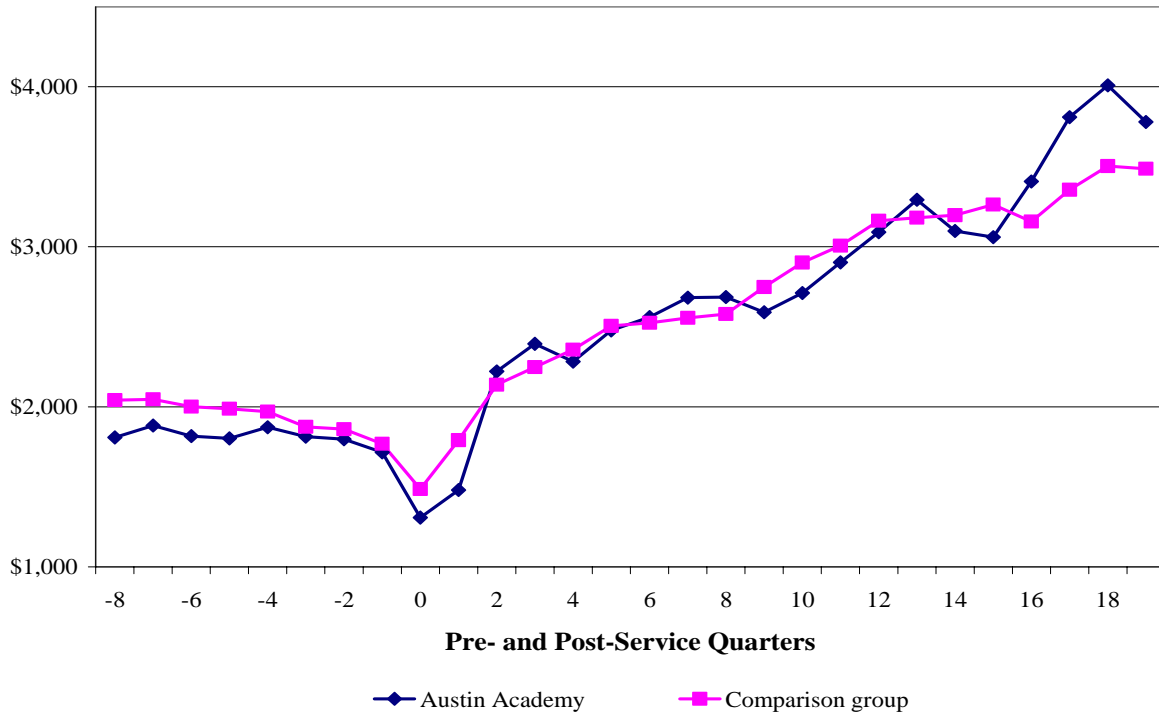
**Figure 1. Capital IDEA vs. Comparison Group Earnings Over Time<sup>11</sup>**



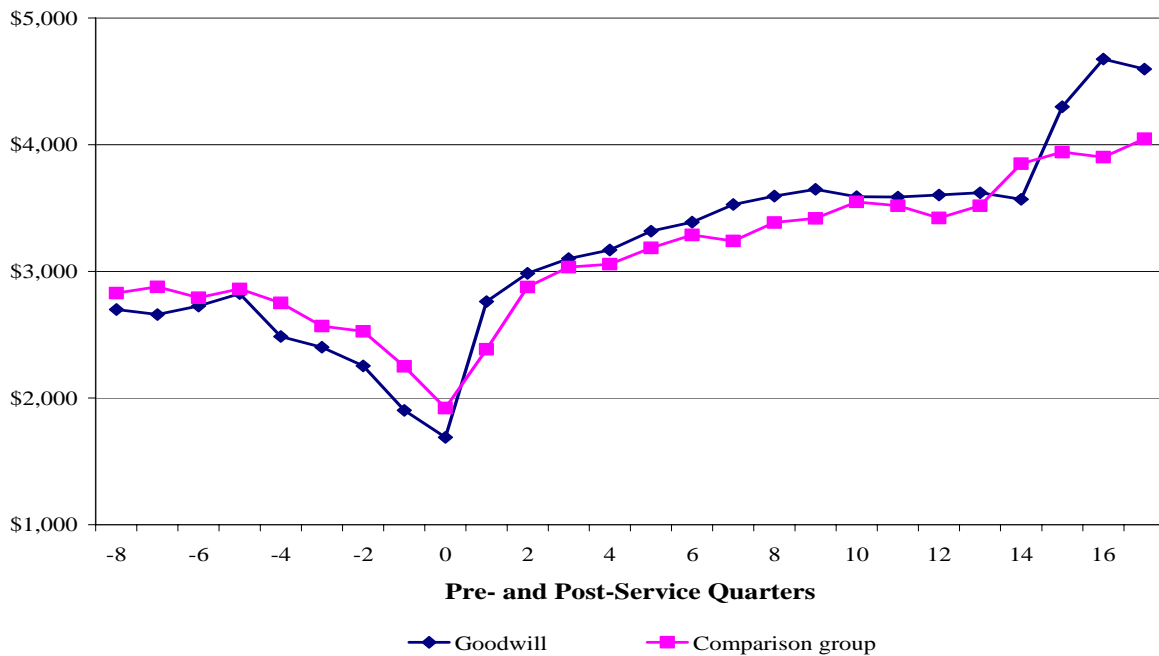
Austin Academy and Goodwill participants tracked very closely with their comparison group members on employment and earnings in the pre-service period. In the post-service period, Goodwill participants show slightly stronger employment and earnings outcomes than their comparison group while outcomes for Austin Academy participants and their comparison group fluctuated. (See Figures 2 and 3). It is interesting that an apparent positive earnings impact for participants in both Austin Academy and Goodwill programs shows up after quarter 15 post-service. Whether this advantage is sustained will be ascertained as additional data become available over time.

<sup>11</sup> Earnings in this figure are averaged across all participants, whether employed or not.

**Figure 2. Austin Academy vs. Comparison Group Earnings Over Time<sup>12</sup>**



**Figure 3. Goodwill vs. Comparison Group Earnings Over Time<sup>13</sup>**

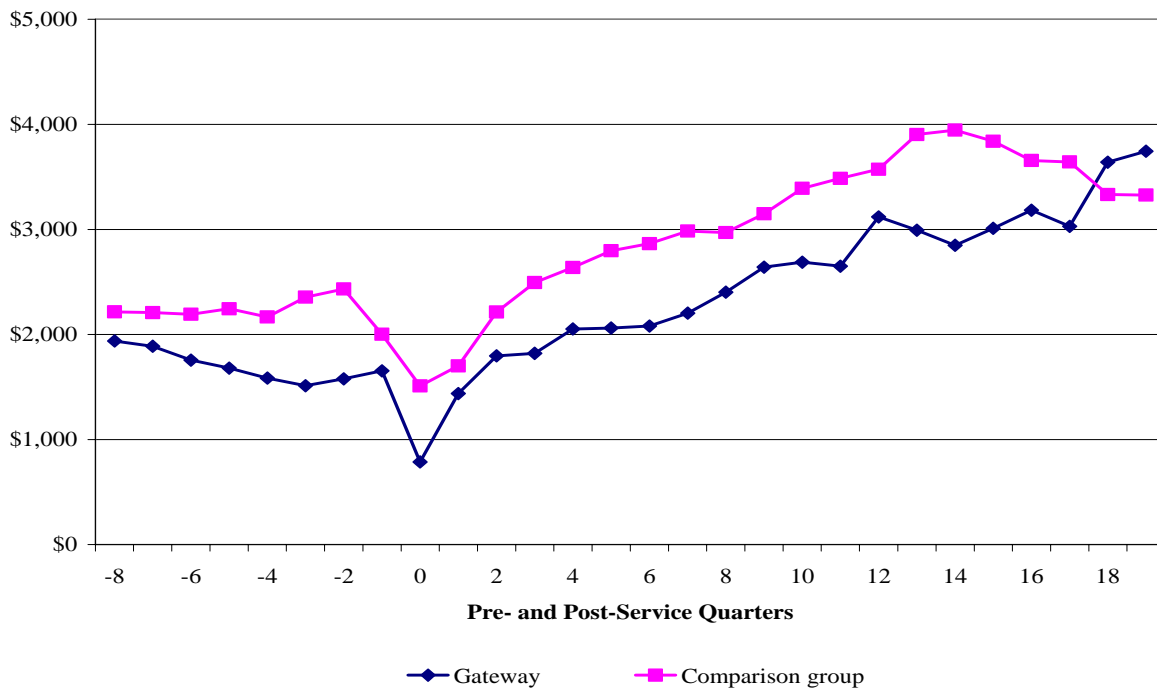


<sup>12</sup> Earnings in this figure are averaged across all participants, whether employed or not.

<sup>13</sup> Earnings in this figure are averaged across all participants, whether employed or not.

While the earnings impact for Construction Gateway participants is strongly negative, it is important to once again point out that a large share of construction work is self-employment and would not be reported to the UI system. Therefore, average quarterly earnings reported here and used in the quasi-experimental analysis are likely to substantially under-report true earnings for those participants, putting them at a serious disadvantage relative to the comparison group. From Figure 4, it appears clear that pre- and post-service earnings patterns were similar for Gateway treatment and comparison group members, though the actual earnings were fairly divergent. The consistently lower earnings of Gateway participants in the post-service period, however, suggest that, unlike the comparison group, Gateway participants may be working more in jobs that are not covered by the State’s UI program. Another factor for consideration is that the Gateway program serves a large number of ex-offenders; as offender status is not available as a matching criterion for comparison group members the quality of the match could be impacting these results. More research and better data are needed to address this issue.

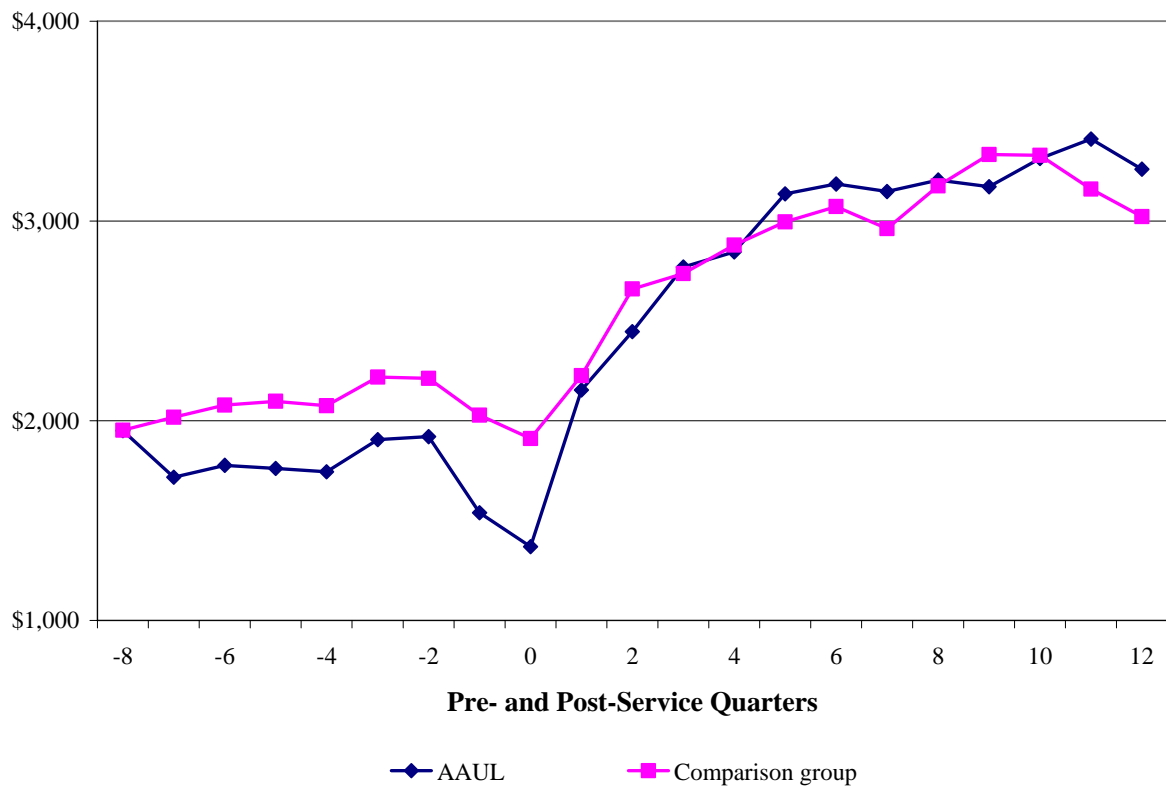
**Figure 4. Construction Gateway vs. Comparison Group Earnings Over Time<sup>14</sup>**



<sup>14</sup> Earnings in this figure are averaged across all participants, whether employed or not.

Austin Area Urban League (AAUL) participants and their comparison group show a similar pre-service pattern as the Construction Gateway analysis. While pre-service employment and earnings indicate a similar trend, there is a wide divergence between the two groups. In the post-service period, the divergence in earnings between the two groups narrows and earnings follow similar trends over time (see Figure 5).

**Figure 5. AAUL vs. Comparison Group Earnings Over Time<sup>15</sup>**



<sup>15</sup> Earnings in this figure are averaged across all participants, whether employed or not.

## **Concluding Observations and Next Steps**

The investment of local tax dollars into workforce development services is a clear indication of the value that Travis County and the City of Austin place on human capital. These investments target disadvantaged residents in the region and offer a variety of short- and long-term occupational skills training, educational opportunities, and support services. The Ray Marshall Center's evaluation of these investments seeks to determine whether participation in locally-funded workforce development services makes a significant impact on employment and earnings.

Participants in most programs do appear to have significantly increased their employment, when compared with others who only received basic job referral and/or job search services in the community. Capital IDEA participants, who are engaged in longer-term training for higher-wage employment than participants in other programs, demonstrated the largest gains in both employment and earnings. While the impacts analysis indicates that participants in most programs experienced earnings gains over time, they typically earned less than comparison group members. The positive employment impacts for participants overall, however, indicate that these programs are indeed helping individuals succeed in the labor market. As the emphasis of most providers was on boosting employment in the short-term, not increasing earnings through occupational skills development, the findings reported here are consistent with that approach.

Moving forward, RMC researchers will continue to test the matching process and refine the impacts analysis methodology. Ensuring that the matching process identifies those characteristics that define participants unique to each program will enable a higher level of confidence in the findings. In addition, the inclusion of more post-service quarters in the analysis will allow researchers to determine the near-term and longer-term impacts of program participation. One line of inquiry for the next report will be to determine how participants fare during the current economic recession.

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## Appendix A

The adequacy of each comparison group for the quasi-experimental impacts analysis was judged by performing t-tests. These tests compared treatment and comparison groups on the same 18 dimensions. If the groups were statistically different at  $p < .01$  on more than two dimensions, the comparison was considered inadequate. Table A-1 provides the results of these tests.

**Table A-1. Summary of Differences between Treatment and Selected Comparison Groups, by Provider**

	AAUL	American Youth Works	Austin Academy	Capital IDEA	Crime Prevention Institute	Construction Gateway	Goodwill
Age		**	-				-
Average earnings, 4 years prior		**					
Percent of earnings that earnings dip represents							
Employed at entry							
White							
Black		**					
Hispanic		**					
Gender, female					-		
Eligible for UI based on work history							
Percent of time employed, 4 years prior							
Time since first observed earnings, quarters		**					
Time since earnings dip, quarters							
Any UI benefits in prior year							
Any UI claims in prior year							
Any high-intensity workforce development in prior year							
Percent of time in high-intensity workforce development in prior year							
Any low-intensity workforce development in prior year		**					
Percent of time in low-intensity workforce development in prior year		**					
Pass or fail test for adequacy of comparison group	PASS	FAIL	PASS	PASS	PASS	PASS	PASS

Note: \*\*=significantly different at  $p < .01$ , - =test could not be computed