

Workforce Investment Act: 2008-2009 Exit Cohort



Texas Workforce Solutions provides vital workforce development tools that help workers find and keep good jobs, and help employers hire the skilled workers they need to grow their businesses.

The main vehicle for workforce development policy in the United States is the Workforce Investment Act of 1998 (WIA), which replaced the Job Training Partnership Act. The act came into being, according to its legislative intent, “to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs in the United States.” The most salient feature of the new workforce system was the “One Stop Center”: “The consolidation of services was to take place locally, through a new system of WIA One-Stop centers, guided by state and local entities to assure service coordination and customer access as required by WIA...[which] would no longer require ...applicants to go to different offices to apply for services” (Cottingham and Besharov 2011).

As implemented in Texas, WIA is a major funding source for Texas Workforce Solutions: the workforce programs and initiatives administered by eight state agencies and 28 Local Workforce Development Boards who independently provide services in each of 28 Local Workforce Development Areas (LWDA). The eight state agencies with workforce programs collaborate on addressing systemic issues through the Texas Workforce Investment Council (TWIC), appointed by the Governor. The Texas Workforce Commission (TWC) is responsible for administering the main components of WIA (Adult, Dislocated Worker and Youth grants), along with 27 other workforce programs.

WIA funds are distributed in the form of grants, and these grants are broken down into different categories by target population. WIA Adult grants aim to increase employment, job retention, earnings and career advancement of U.S. workers, while Dislocated Worker grants assist workers who have been laid off or have been notified that they will be terminated or laid off. WIA Youth grants are intended to prepare youth for the 21st century workforce. Other grants that do not fall into these categories are also funded by WIA.¹

WIA has been studied exhaustively, both by public-sector auditors such as the US Government Accountability Office and by academic researchers. The most recent and comprehensive impact study of WIA finds that the program has overall positive and statistically significant impacts on employment and earnings, with significant variation across states, and higher earnings gains accruing to female participants and participants who received vocational training as opposed to “light-touch” services (Heinrich et. al. 2008). Texas has been relatively progressive in recent years with implementation of WIA programs, directing the lion’s share of American Recovery and Reinvestment Act funds appropriated for the purpose to training programs:

Texas has mandated that 67 percent of Recovery Act funds be spent on training, including expenditures on support services and needs-related payments. Due to the emphasis in the Recovery Act legislation that the majority of the funds be spent on training, and because USDOL did not establish a specific standard, TWC determined that 67 percent would provide an aggressive focus on training while still allowing the Boards to meet other needs with Recovery Act funds (Hobbie and Barnow 2011).

¹ Other programs administered by the Office of Workforce Investment include Indian and Native American Programs, Services to Farmworkers, Disability Program Navigators, The President’s Community-Based Job Training Grants, and the Work Opportunity Tax Credit Program.

As King and Heinrich (2011) find, “Workforce investments also produce widespread benefits for employers and society as a whole, likely leading to sustained increases in productivity and economic growth. Texas continues to implement its WIA five-year strategic plan, centered on market-driven efforts that target specific industry sectors identified as areas of highest competitive advantage for the state.

Purpose of the Report

Senate Bill 281 (2003) requires the Texas Workforce Commission (TWC) to, at least annually, issue an analysis of the job placement performance of each workforce development program by occupation and by training provider (possibly including other relevant data), for the previous one-year, three-year, and five-year periods. TWC’s Labor Market and Career Information (LMCI) department fulfills this mandate. We provide these data in the spirit of continuous improvement and do not seek to single out or punish any program, provider or geography. LMCI’s mission is to improve the way Texans make career and educational decisions by providing useful and reliable information about careers, educational training options and jobs. For more information, visit www.lmci.state.tx.us.

Structure of the Report

This report addresses the set of individuals (cohort) that exited WIA programs in 2008-2009. The report examines a snapshot of the cohort’s outcomes, i.e. their employment and median earnings, in the fourth quarter of 2009 (Q42009). Three-year and five-year snapshots of this cohort’s outcomes in Q42012 and Q42014 will be added to the report as the data become available. The report’s body provides a high-level overview and analysis of the data. Detailed tables of all measures discussed can be found in appendix A.

Methodology

The Labor Market and Career Information (LMCI) division of TWC received 358,939 duplicate seed records for 2008-2009 WIA program exiters from the Policy and Service Delivery Department of TWC’s Workforce Development Division. Each of these original records represents a service delivered to a unique client, i.e. a combination of SSN and service code.

Due to the hundreds of potential services provided under WIA, our methodology for unduplicating this program’s records is slightly different from that of other programs that provide fewer types of service. Under WIA, most customers receive a constellation of services, yet unique records are necessary for statistical analysis.² As a result, we must collapse the data by service code, retaining one single service code for each customer. Due to the well-documented benefits of vocational training, we take a particular interest in measuring outcomes for individuals who received such training. To ensure that these customers are counted accurately, we began the de-duplication process by grouping the records according to SSN. We then isolated individuals who received vocational training as opposed to other services.³ Finally, we grouped the data by WIA funding source (Adult, Youth, Dislocated Worker and others) and unduplicated the remaining records. This left 35,911 usable, unique records for the WIA exit cohort.

This report documents the labor market outcomes of those 35,911 WIA participants during the fourth quarter of 2009 (Q42009). LMCI determines labor market outcomes by linking the seed record file to several government databases. The most important data linkage is to the Texas

² It is likely, for example, for local workforce professionals working with customers who require resume help to also provide labor market information to give customers a better idea of the market for their skills.

³ For a detailed discussion of WIA services, see http://www.doleta.gov/programs/general_info.cfm.

Unemployment Insurance (UI) wage record database, to determine post-program employment and earnings. We also perform linkages with the Texas Higher Education Coordinating Board (THECB) master enrollment file for the fall semester of 2009, the results of which are available in the “Higher Education Dashboard,” found in the appendix. We also link data with the United States Department of Defense (DoD) and Office of Personnel Management (OPM) Q42009 employment files to locate any participants employed by the federal government and to the Wage Record Interchange System (WRIS) to identify participants employed out of state. LMCI also linked seed records to the Texas Bureau of Vital Statistics (TBVS) database to identify and exclude deceased participants. After performing all exclusions, the final number of records remaining in the WIA seed record file was 35,804.

If the linkage to the Q42009 UI Wage Record database records resulted in a match for any program participant, that participant’s earnings and the North American Industry Classification System (NAICS) code for the employer of record were both retained for analysis. If a participant was found employed by more than one employer, the sum of the participant’s earnings and the NAICS code of the employer paying the most wages were retained for analysis.

Caveats About the Data and Analysis

To our knowledge, there is no better source of data on labor market outcomes than UI wage records, but these data have some limitations. UI wage records do not cover individuals engaged in certain types of employment ranging from domestic workers to railroads. The collection of UI wage data involves editing to clean incoming data, but inaccurate records may remain in the system unless and until a claim for UI benefits is filed. SSNs are not validated against a national database: fraudulent SSNs may be present in the data as well as multiple individuals using one SSN (leading to outlandishly high earnings in some cases). Neither occupational title nor hours worked per quarter are reported, preventing us from calculating hourly wage and determining relatedness of training to employment or part-time/full-time status. This characteristic of the data sometimes leads to very low earnings in the case of individuals who worked for only part of a quarter we sampled. Despite these limitations, data from UI wage records provide an invaluable glimpse of post-exit achievements of workforce training participants.

In the fourth quarter of 2009 (Q42009), the period examined in this report, the Texas economy continued to fare better than that of most other states. According to the National Bureau of Economic Research, the U.S. economy peaked in December 2007 and entered the “Great Recession,” which officially ended in July 2009 (although subsequent growth has been anemic, with the remaining effects of the Great Recession strongest in the labor market). The Texas economy proved robust during much of this period, continuing to grow through most of 2008 and maintaining an unemployment rate 1-2 percent lower than the national average. Employment peaked in October of 2008, after which Texas joined the nation in losing jobs. Texas unemployment in Q42009 was 8.1 percent, 2.4 percent higher than Q42008. At the same time, the U.S. national unemployment rate was 10.0 percent, rising 3.1 percent on the year. For purposes of this report, we frequently cite Q42009 median earnings for WIA participants. For reference, the Texas median worker’s 2009 quarterly earnings were \$6,663.⁴

Many factors, particularly the dynamics of the local economy and interplay with national and international trends all drive the metrics we use. The metrics tell part of the story about performance, but should not be used alone to make judgments about the quality (or lack thereof) of a single provider, Workforce Development Area or program.

⁴Texas median quarterly worker earnings were derived by dividing estimates of annual median worker earnings from the US Census Bureau’s American Community Survey (2009 one-year estimates) by four.

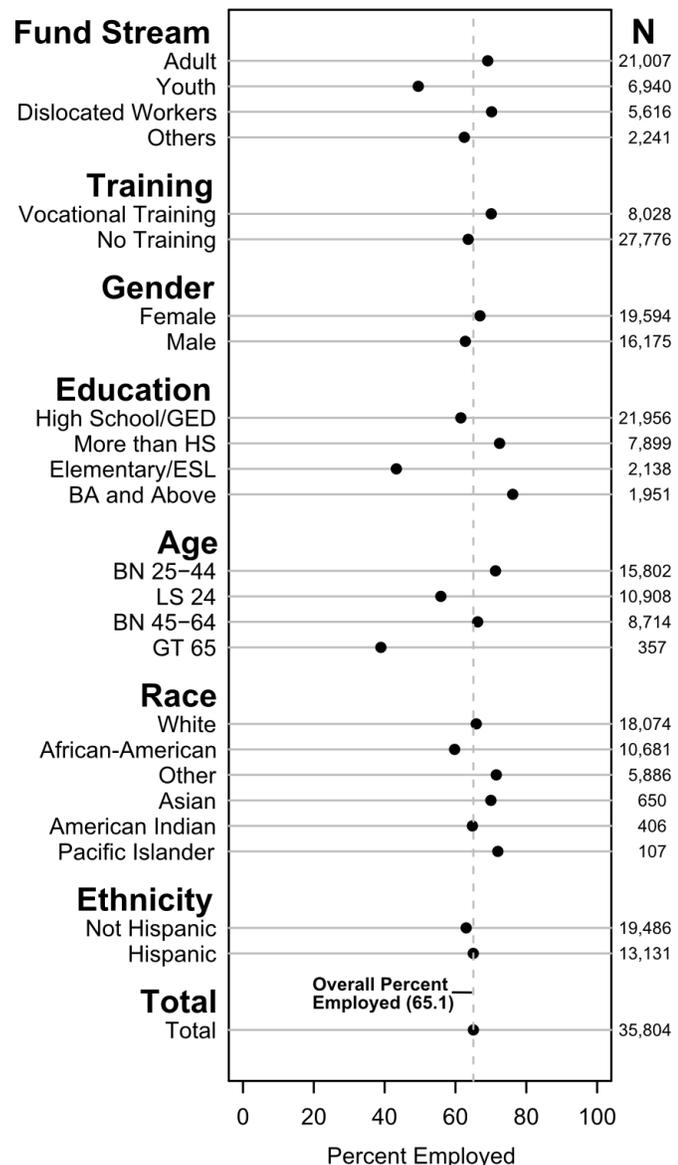
Outcomes: Employment

Figure 1 displays the percent of the exit cohort found employed in the fourth quarter of 2009 (Q42009) across programs and demographics. The percent of the entire cohort employed was 65.1. Dislocated Worker participants tend to be employed at higher rates than Adult or Youth participants, due to higher levels of job experience and other factors. This regularity held for the 2008-2009 WIA exit cohort as well, with 70.2 percent of Dislocated Workers found employed compared to 69.1 percent of Adult participants. Education and vocational training (in that order) rather than employment is the priority for Youth participants, so their lower 49.5 percent employment rate is unsurprising. 17.1 percent of Youth participants were found enrolled in post-secondary education in Q42009 compared with 7.7 percent of Adult participants and 5.7 percent of Dislocated Workers (Table 7).

Individuals who received vocational training (as opposed to job search, counseling and other services) were employed at a higher rate: 70.1 vs. 63.6 percent. The strong returns to education are once again demonstrated by the outcomes of the 2008-2009 exit cohort: individuals with some post-secondary education were employed at 73.2 percent, compared with 60.1 percent for those without post-secondary education (Table 8).⁵

Figure 1

Percent Employed in Q42009 by Program and Demographic Characteristics, 2008-2009 WIA Exiters



⁵ For purposes of this single calculation, due to data irregularities, we excluded individuals for whom an education level was not reported.

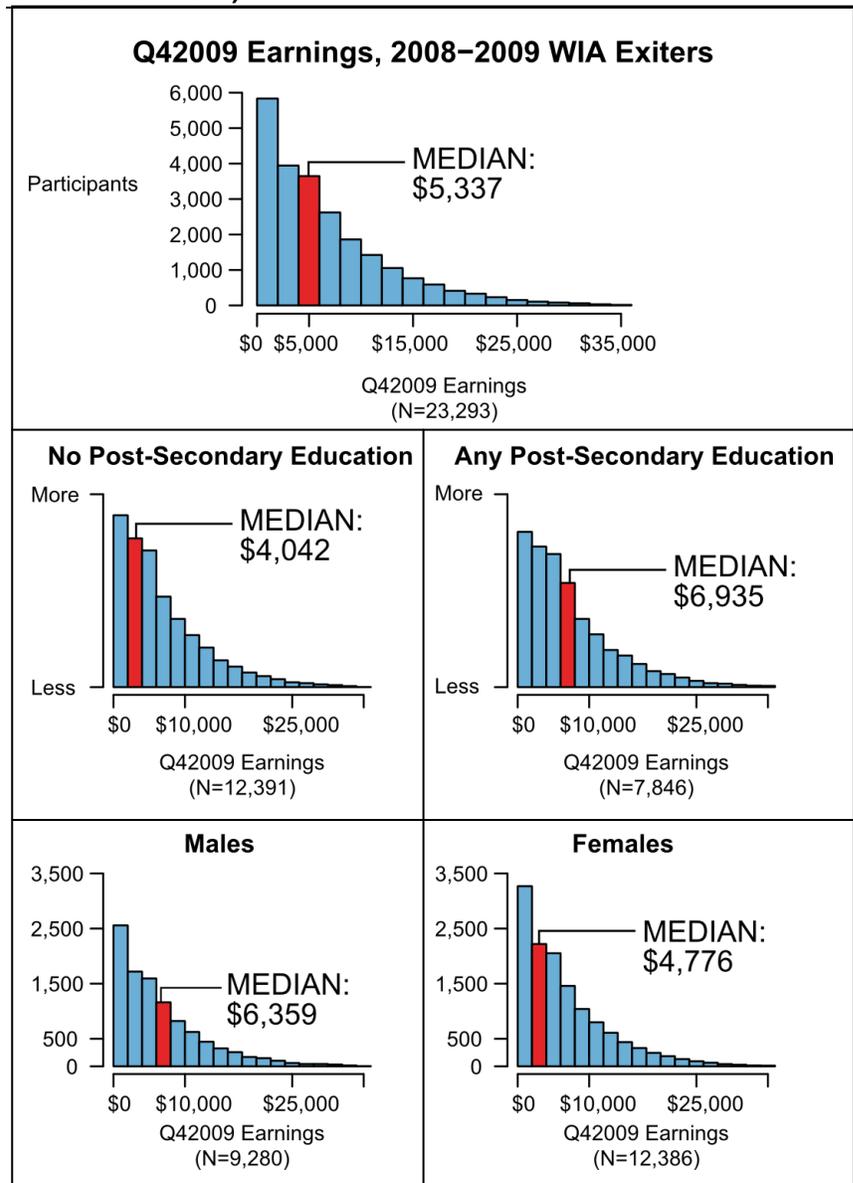
Outcomes: Median Earnings

Figure 2 shows the distribution of earnings for the entire cohort and for male and female exiters separately. The cohort's median earnings were \$5,337, the first quartile of earnings (25th percentile) was \$2,543 and the third quartile (75th percentile) was \$9,880. The Texas median worker's 2009 quarterly earnings were \$6,663.

While the number of females employed was 25 percent higher than the number of males employed, males had higher median earnings than females with a median of \$6,359 compared to \$4,776. This confirms that the oft-remarked wage gap between males and females exists, even among WIA program participants.

Post-secondary education, including college courses, vocational certificates, and associate degrees as well as bachelor degrees and above is increasingly the only feasible pathway toward good labor market outcomes. Earnings in this WIA exit cohort again confirm this important point: median quarterly earnings for individuals who entered WIA programs with some post-secondary education (anything beyond high school) were nearly \$3,000 higher than for those with a high school degree or less.

Figure 2: Median Quarterly Earnings Distributions (Earnings Greater than Zero)



Outcomes by LWDA

Employment outcomes varied considerably across LWDA. Golden Crescent LWDA had the highest employment in the target quarter with 87.4 percent of participants employed (Figure 3). Heart of Texas LWDA was the next highest with 79.7 percent employed. Gulf Coast LWDA had 9,104 participants, the most of any LWDA, and employment of 64.2 percent. Capital Area LWDA had the highest median quarterly earnings with \$12,369. Heart of Texas was next with earnings of \$9,305. Gulf Coast LWDA participants had median quarterly earnings of \$5,620. Overall, WIA participants in Capital Area (Travis County) and Heart of Texas (Waco Area) WDAs had the best labor market outcomes.

Figure 3: Employment and Median Quarterly Earnings by LWDA

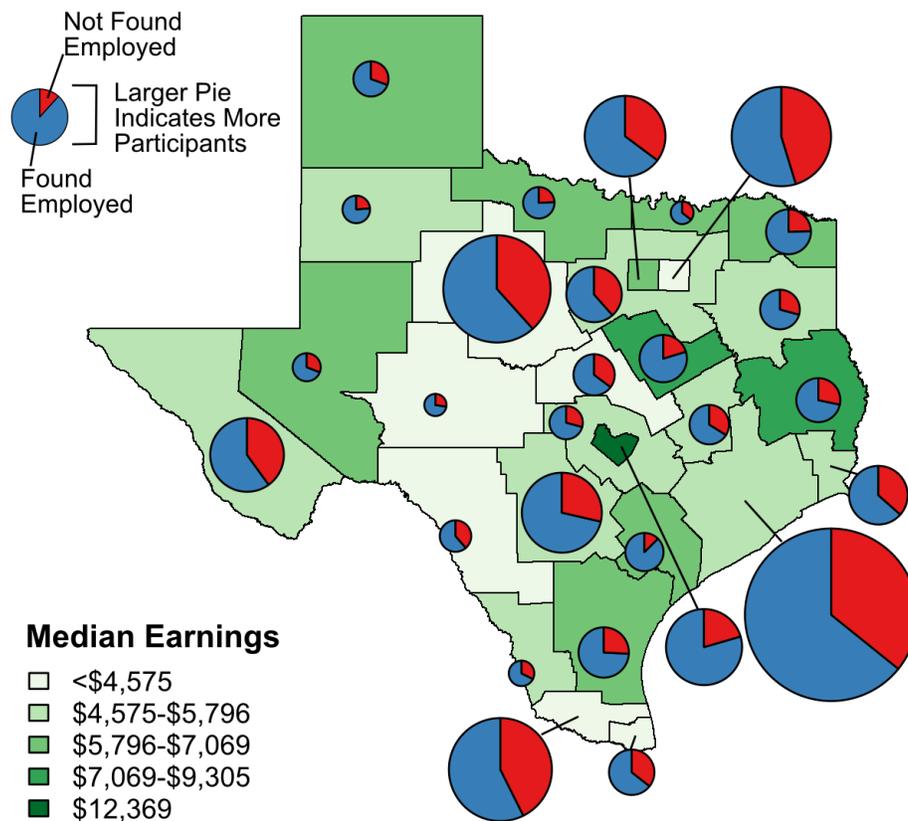


Table 1 shows the top ten industries of employment, by 4-digit NAICS code, for 2008-2009 WIA exiters. First on the list was Employment Services. General Medical and Surgical Hospitals was second and had the highest median quarterly earnings at \$14,028, followed by building Equipment Contractors, who had the second-highest median earnings with \$12,068.

Table 1. Top 10 Industries of Employment
(4-digit NAICS Codes)

Industry of Employment	Number Working	% of Employed Participants	Median Earnings
Employment Services	1,592	6.9	\$3,352
General Medical and Surgical Hospitals	1,525	6.6	\$14,028
Building Equipment Contractors	1,097	4.8	\$12,068
Limited-Service Eating Places	1,013	4.4	\$2,093
Home Health Care Services	852	3.7	\$3,059
Elementary and Secondary Schools	797	3.5	\$4,497
Nursing Care Facilities	700	3.0	\$5,105
Full-Service Restaurants	539	2.3	\$2,307
Other General Merchandise Stores	529	2.3	\$3,405
Offices of Physicians	487	2.1	\$5,551

Participants who received vocational training (VT) as opposed to other service types had superior labor market outcomes compared with those who received other services (Table 2). Of individuals who received VT, 70.1 percent were found employed in Q42009 compared with 63.6 percent of those who did not. VT participants also had median quarterly earnings \$565 higher than non-VT participants. Table 3 shows the top twenty services provided to this WIA cohort. Five of the ten services with the best employment outcomes were VT services, and their associated median quarterly earnings were considerably higher than non-VT services.

Table 2. Outcomes by Training

Training	Number	% Working	Median Earning
Vocational Training	8,028	70.1	\$5,773
No Training	27,776	63.6	\$5,208
Total	35,804	65.1	\$5,337

Table 3. Outcomes by Type of Service

Service	Number	% Working	Median Earning
Private Sector Training Programs	1,690	90.5	\$15,211
Skill Upgrading/Retraining	942	88.2	\$9,882
Job Skills/Training	1,182	85.8	\$13,818
Customized Training	622	85.1	\$12,367
Follow-up-Counseling	1,314	77.2	\$6,046
Occupational/Vocational Training	651	68.5	\$6,724
Follow-up-Outreach/Intake/Orientation	2,171	67.0	\$4,794
Follow-Up Services	2,328	65.4	\$5,161
Other	1,957	64.1	\$4,576
Case Management	1,882	62.8	\$4,258
Job Search Assistance	6,057	61.7	\$5,230
Needs Related Payments	1,796	61.6	\$3,939
Follow-up-Job Search Assistance	444	61.5	\$4,643
Job Search Basic	602	61.5	\$4,972
Transportation	4,020	59.6	\$4,118
Employability Development Plan	542	59.4	\$4,465
Subsidized Employment - Other Funds	537	57.9	\$3,730
Counseling	464	56.5	\$4,132
Comprehensive Objective Assessment	903	55.5	\$3,881
Follow-up-Progress tracking	2,176	52.9	\$2,519
Total	35,804	65.1	\$5,337

Appendix A: Detailed Tables of Labor Market Outcomes, 2008-2009 WIA Exiters

Table 4. Outcomes by Gender

Gender	Number	% Working	Median Earning
Other/Unknown	35	71.4	\$11,230
Male	16,175	62.8	\$6,359
Female	19,594	66.9	\$4,776
Total	35,804	65.1	\$5,337

Table 5: Outcomes by Ethnicity

Ethnicity	Number	% Working	Median Earning
Other/Unknown	3,187	77.6	\$11,988
Hispanic/ Latino	13,131	65.0	\$4,731
Not Hispanic/Latino	19,486	63.0	\$5,150
Total	35,804	65.1	\$5,337

Table 6: Outcomes by Race

Race	Number	% Working	Median Earning
White	18,074	65.9	\$5,439
Black	10,681	59.8	\$4,204
Other/Unknown	5,886	71.5	\$6,927
Asian	650	70.0	\$7,531
American Indian/ Alaska Native	406	64.8	\$5,050
Hawaiian/Pacific Islander	107	72.0	\$6,108
Total	35,804	65.1	\$5,337

Table 7. Outcomes by Fund Source

Grant Type	Number	% Working	Median Earnings
Dislocated Worker	5,616	70.2	\$6,894
Adult	21,007	69.1	\$5,975
Other	2,241	62.5	\$4,787
Youth	6,940	49.5	\$2,599
Total	35,804	65.1	\$5,337

Table 8. Outcomes by Education

Education Level	Number	% Working	Median Earning
Unknown	1,860	88.7	\$15,971
BA and Above	1,951	76.2	\$9,710
Elementary/ESL	2,138	43.3	\$2,861
More than HS	7,899	72.5	\$6,790
High School/GED	21,956	61.5	\$4,280
Total	35,804	65.1	\$5,337

Table 9. Outcomes by LWDA

LWDA	Number	Number Working	% Working	Median Earnings
Golden Crescent	445	389	87.4	\$6,759
Heart of Texas	684	545	79.7	\$9,305
Capital Area	1,770	1,407	79.5	\$12,369
South Plains	232	177	76.3	\$5,197
North Texas	300	227	75.7	\$6,127
North East Texas	615	464	75.5	\$6,288
Coastal Bend	774	574	74.2	\$7,069
Concho Valley	150	109	72.7	\$4,575
Deep East Texas	591	424	71.7	\$8,501
Alamo	1,955	1,396	71.4	\$5,282
Rural Capital	339	240	70.8	\$5,615
East Texas	480	340	70.8	\$5,433
Panhandle	377	262	69.5	\$6,895
Permian Basin	240	166	69.2	\$6,022
South Texas	198	134	67.7	\$4,969
Brazos Valley	476	315	66.2	\$5,392
Central Texas	520	337	64.8	\$4,506
Tarrant County	1,992	1,291	64.8	\$5,964
Texoma	158	102	64.6	\$5,935
Cameron County	630	406	64.4	\$3,958
Gulf Coast	9,104	5,846	64.2	\$5,620
South East Texas	1,052	668	63.5	\$4,897
West Central	3,518	2,169	61.7	\$4,203
North Central	939	578	61.6	\$5,796
Middle Rio Grande	303	186	61.4	\$4,301
Upper Rio Grande	1,659	995	60.0	\$5,138
Lower Rio Grande Valley	3,246	1,862	57.4	\$3,511
Dallas	3,019	1,652	54.7	\$3,887
Total	35,804	23,293	65.1	\$5,337

Table 10. Higher Education Dashboard, Workforce Investment Act 2008 - 2009 Exit Cohort

Summary of Linkage	N	% of all Cohort	Median Earnings
Working Only	19,983	55.8	\$5,440
Pursuing Higher Education Only	1,140	3.2	\$0
Working & Pursuing High Ed.	2,139	6.0	\$3,741
Subtotal for All Working	22,122	61.8	\$5,273
All Enrolled	3,279	9.2	\$1,557
Not Verified	10,396	29.0	\$0
Total	35,911	100	\$1,759

N	%	Higher Education Enrollment by Institution Type
2,398	73.1%	Community and/or Technical Colleges
860	26.2%	Public/Private Universities & Health Science Centers
3,279	100.0	Total Found Enrolled

Top LWDA by Enrollment	N	Number Enrolled	% of All Enrolled
Permian Basin	240	48	20.0
Texoma	158	29	18.4
Cameron County	630	90	14.3
Central Texas	520	74	14.2
South Plains	232	33	14.2
Upper Rio Grande	1,659	221	13.3
Concho Valley	150	18	12.0
North East Texas	615	69	11.2
Lower Rio Grande Valley	3,246	310	9.6
Dallas	3,019	282	9.3

Top 10 Public Postsecondary Institutions	N	% of All Enrolled	Top 9 Majors (4-digit Classification of Instructional Programs Code / CIP)	N	% of All Enrolled
South Texas College	216	6.6	Liberal Arts and Sciences, General Studies and Humanities	567	18
Houston CC	144	4.4	Nursing	533	17
Victoria College	92	2.8	Criminal Justice and Corrections	141	4
El Paso CCD	89	2.7	Business Administration, Management and Operations	141	4
Austin CC	81	2.5	Undeclared	130	4
DCCCD El Centro College	79	2.4	Human Development, Family Studies, and Related Services	99	3
Southwest Texas Junior College	73	2.2	Allied Health Diagnostic, Intervention, and Treatment Professions	83	3
UT El Paso	67	2.0	Multi-/Interdisciplinary Studies, Other	70	2
UT Pan-American	66	2.0	Business/Commerce, General	64	2
Cisco College	63	1.9			

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