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Managing Customers' Training Choices: Findings From The Individual Training Account Experiment

Final Report

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EXECUTIVE SUMMARY

A key goal of the Workforce Investment Act of 1998 (WIA) is to empower customers of the workforce investment system and give them meaningful choices about the types of services they receive. The requirement that local workforce investment areas use vouchers or individual training accounts (ITAs) to fund training is one of the most important ways in which WIA addresses this goal. Instead of having local staff decide who receives what kind of training from which providers, under WIA, customers can use ITAs to fund training programs of their choice from a wide selection of state-approved providers.

The U.S. Department of Labor (DOL) designed and funded the ITA experiment to provide federal, state, and local policymakers with information on the effectiveness of, and trade-offs inherent in, different approaches to managing customer choice of training programs. The study was conducted by Mathematica Policy Research, Inc. (MPR) and its subcontractors, Social Policy Research Associates and Decision Information Resources.

Workforce investment agencies have a great deal of flexibility in choosing how to implement ITAs. However, they had little evidence on which to base this choice. By examining three different approaches to administering ITAs, the ITA experiment was designed to provide evidence to help the workforce investment agencies decide how best to use ITAs to manage customer choice.

This report presents the final findings from the ITA experiment. It discusses the experiences of implementing the three ITA approaches. It then presents estimates of the relative impacts of the three approaches on customers' experiences obtaining ITAs, training, and employment-related outcomes. Finally, the report synthesizes the impacts of the approaches by comparing the relative benefits and costs of each approach.

THE THREE TESTED ITA APPROACHES

The tested approaches varied along three dimensions (Table 1): (1) whether the ITA amount was the same for all customers or was determined by the counselor on a customer-by-customer basis; (2) the intensity of counseling and whether it was mandatory; and (3) whether counselors could deny a customer an ITA.

Table 1. The Three Approaches Tested in the ITA Experiment

	Approach 1: Structured Customer Choice	Approach 2: Guided Customer Choice	Approach 3: Maximum Customer Choice
Award amount	Customized	Fixed	Fixed
Counseling	Mandatory, most intensive	Mandatory, moderate intensity	Voluntary
Could counselors reject customers' program choices?	Yes	No	No

The approaches were:

- ***Approach 1 (Structured Customer Choice).*** The most directive of the three approaches, Approach 1 required customers to receive intensive counseling. Counselors were expected to steer customers to training programs with a high return, and they could reject customers' choices that did not fit this criterion. Counselors decided on the amount of the ITA, which could be higher than under the other approaches, up to a maximum of $8,000 in most sites.

- ***Approach 2 (Guided Customer Choice).*** This approach was similar to the approach that most workforce investment agencies adopted in the transition to WIA. Counseling was mandatory, but it was less intensive than under Approach 1. Counselors could not reject customers' choices if they were on the state's list of approved providers. Customers received a fixed ITA award of $3,000 to $5,000.

- ***Approach 3 (Maximum Customer Choice).*** The least structured of the approaches, Approach 3 did not require customers to participate in counseling after being found eligible for WIA-funded training but customers could receive counseling if they requested it. Customers received a fixed ITA award, equal to the award under Approach 2. As under Approach 2, counselors could not reject customers' choices if they were on the state's list of approved providers.

THE EVALUATION DESIGN

The ITA experiment used an experimental design to explore how these three approaches affected customer outcomes. All three approaches were implemented side-by-side in eight study sites located in or around Phoenix, Arizona; Maricopa County, Arizona; Bridgeport, Connecticut; Jacksonville, Florida; Atlanta, Georgia; Northeast Georgia; North Cook County, Illinois; and Charlotte, North Carolina. Nearly 8,000 customers determined eligible for training at the participating sites between December 2001 and February 2004

were randomly assigned to one of the three approaches. Counselors worked with customers assigned to all three approaches.

As ITAs were offered to customers under all the tested approaches and there was no "control group" that was denied access to ITA-funded training, the ITA experiment assesses the relative impacts of the approaches and not the effectiveness of ITA-funded training relative to no ITA-funded training.

The evaluation addressed three broad research questions:

1. ***Can the ITA approaches be implemented?*** Are the three approaches feasible? What challenges emerge in implementing each approach?

2. ***What are the relative impacts of each ITA approach?*** How do the approaches affect counseling, ITA receipt, training, employment, and receipt of unemployment insurance (UI) and other benefits? How do the impacts vary by customer? Do the impacts vary by site?

3. ***How do the benefits and costs vary by approach?*** How do the relative benefits of each approach in terms of customers' outcomes compare to the costs of counseling and training under each approach?

The evaluation's three components—an implementation analysis, an impact analysis, and a benefit-cost analysis—each addresses one of these broad research questions.

The Implementation Analysis. This analysis examined how the ITA approaches were implemented. It drew on data collected during three rounds of in-depth visits to each site. The visits occurred about three months after the start of random assignment (in 2002), in spring 2003, and in spring 2004. During each visit, we interviewed administrators from local workforce investment boards, ITA managers, and counselors. During the second round of visits, we also interviewed several ITA customers about their counseling and training experiences. During the third round of visits, we also collected data on the time spent by counselors on activities related to ITAs.

The Impact Analysis. The impact analysis was designed to estimate the impacts of the ITA approaches on a wide range of outcomes. As customers were randomly assigned to one of the three approaches, the impact of each approach was estimated by comparing the (regression-adjusted) mean outcomes for customers assigned to that approach to the (regression-adjusted) mean outcomes for customers assigned to another approach. As Approach 2 is similar to the approach most sites are currently using, we focused mainly on comparing outcomes of Approach 1 customers with outcomes of Approach 2 customers and comparing outcomes of Approach 3 customers with outcomes of Approach 2 customers.

The impact analysis uses three sources of data:

- ***The Study Tracking System (STS)***. The STS, a management information system, collected data on participation in counseling, ITA receipt, and training expenditures for all 7,920 study participants.

- ***A 15-Month Follow-Up Survey***. A randomly selected sample of 4,800 ITA study participants were targeted to be interviewed approximately 15 months after random assignment, over a period from November 2003 to July 2005. The follow-up survey contained questions about the receipt of counseling, satisfaction with counseling, participation in training, employment and earnings, and receipt of UI and public assistance. A total of 3,933 follow-up interviews were completed, yielding a survey response rate of 82 percent.

- ***Administrative Data***. Administrative records from state UI agencies were collected on all 7,920 customers. These include data on UI-covered employment and earnings and UI receipt. The data cover at least five quarters before random assignment and five quarters after random assignment for all sample members.

The Benefit-Cost Analysis. The benefit-cost analysis examined the benefits and costs of each approach to determine which approach was the most cost-effective. The key benefits are associated with changes in earnings, fringe benefits, taxes, UI receipt, and public assistance receipt. The four key costs are: the ITA awards, costs of training not funded by ITAs, the cost of counselors' time, and WIA administrative costs.

CAN THE ITA APPROACHES BE IMPLEMENTED?

Our examination of the implementation of the ITA approaches across the eight study sites led to the following conclusions.

Approach 1 was generally not implemented as planned. Counselors in all eight sites were reluctant to be directive in their counseling. In general, counselors tended to defer to customer preferences, failed to steer Approach 1 customers to high-return training, and rarely denied training to customers. Moreover, as discussed below, counselors did not constrain expenditures under Approach 1. Counselors felt that being directive was not in the best interests of the customers and that they had insufficient information on which to base a judgment of customers' choices.

Approach 2 was implemented as planned. Approach 2 was implemented as planned in all sites. Of the three approaches, Approach 2 was closest to the one used before—and after—the experiment in all sites and was the one counselors preferred.

Approach 3 was implemented as planned. With minor exceptions, counselors in all sites adhered to the requirements of Approach 3.

WHAT ARE THE RELATIVE IMPACTS OF EACH ITA APPROACH?

Although there were differences across approaches in the amount of counseling received by customers and in the ITA take-up rate, there were generally few differences in outcomes related to training or employment. These results were generally similar within each site and major subgroup examined. More specific results pertaining to the impact analysis follow.

Customers' Experiences Obtaining ITA-Funded Training

Approach 3 customers were more likely than other customers to attend an ITA orientation. After customers were found eligible for ITA-funded training and randomly assigned to an approach, they received a letter notifying them of their assigned approach, and asking them to attend an ITA orientation. Seventy-four percent of Approach 3 customers attended an ITA orientation, compared with 69 percent of Approach 1 customers and 67 percent of Approach 2 customers (Table 2).

Approach 3 customers rarely requested counseling. Only 4 percent of Approach 3 customers—who were not required to participate in counseling after the ITA orientation—requested any further counseling after attending the orientation. In comparison, 66 percent of Approach 1 customers and 59 percent of Approach 2 customers participated in counseling after being found eligible for training (Table 2).

The ITA take-up rate was highest under Approach 3. Sixty-six percent of Approach 3 customers received an ITA; in comparison, only 58 to 59 percent of Approach 1 and 2 customers received one (Table 2). Much of this difference in the ITA take-up rates can be attributed to Approach 1 and 2 customers not attending an ITA orientation. Hence, it is the customers' anticipation of further counseling that discouraged Approach 1 and 2 customers from completing the requirements necessary to obtain an ITA rather than the counseling itself.

When choosing a training program, Approach 3 customers considered fewer programs. While Approach 1 and 2 customers considered about the same number of programs on average, Approach 3 customers were more likely to consider only one program and less likely to consider multiple programs.

Customers across all three approaches were generally satisfied with the process of receiving an ITA. The only difference across approaches was that, compared with other customers, Approach 1 customers were more satisfied with counseling and Approach 3 customers were less satisfied with their perceived training options.

The average ITA award was much higher under Approach 1. Compared to an average ITA of $2,900 awarded to Approach 2 and 3 customers, the average ITA awarded to Approach 1 customers was over $4,600.

Table 2. Summary of Impacts from the ITA Experiment

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Customers' Experiences Obtaining an ITA						
Attended or was excused from an ITA orientation	69%	67%	74%	2	7***	-6***
Received counseling after the orientation	66%	59%	4%	7***	-55***	62***
ITA take-up rate	59%	58%	66%	1	7***	-6***
Training Outcomes						
In training anytime during follow-up period	64%	64%	66%	1	3	-2
In training at time of survey	17%	14%	14%	3**	1	3*
Weeks in training	19	16	18	3***	2**	1
Employment Outcomes						
Employed anytime during follow-up period	80%	79%	81%	1	2	0
Total weeks worked during follow-up period	30.8	29.9	29.6	0.9	-0.2	1.2
Total earnings in follow-up period	$17,032	$16,464	$15,724	$568	-$740	$1,308*
Receipt of Unemployment Insurance and Public Assistance						
Received UI benefits	66%	66%	67%	1	2	-1
Amount of UI benefits received	$3,412	$3,266	$3,483	$146	$217**	-$71
Received food stamp benefits	20%	19%	20%	1	1	0

Source: 15-month follow-up survey and Study Tracking System, extract as of July 2004

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level

Approach 1 ITA recipients chose more expensive training programs. On average, Approach 1 ITA recipients chose training programs that cost over $4,900. In contrast, the training programs chosen by Approach 2 and 3 ITA recipients cost about $3,600.

Training Outcomes

The approaches did not affect the rate of participation in training. Approximately two-thirds of customers in each approach participated in training at some point during the 15-month follow-up period (Table 2).

The approaches did affect the funding of training. While most customers in all three approaches used an ITA to pay for their training, Approach 3 customers were even more likely than others to do so. The larger ITAs awarded to Approach 1 customers covered more of their training costs and so they had less need than other customers to supplement ITAs with personal savings to cover the cost of training.

The reduced counseling requirements led to Approach 3 customers entering training sooner. Although overall training rates did not differ across the three approaches, Approach 3 customers were enrolled in training two weeks earlier on average than Approach 1 and 2 customers.

Approach 1 customers, who had the largest ITA awards, spent longer in training than Approach 2 customers. On average, Approach 1 customers spent 19 weeks in training over the 15-month follow-up period compared to 16 weeks spent in training by Approach 2 customers (Table 2). Partly as a result, Approach 1 customers were more likely to be still in training at the end of the follow-up period.

The ITA approach had little effect on the occupation chosen for training. Although counselors were asked to direct Approach 1 customers to high-return occupations, customers across all three approaches selected similar occupations to train for. Despite counselors' fears, Approach 3 customers were not more likely to choose low-wage occupations.

Approach 3 customers were more likely to choose a program at a community college. Although overall private schools were the most popular type of provider for training, Approach 3 customers were more likely than other customers to attend training at a community college.

Employment-Related Outcomes

The approaches had little effect on employment rates or earnings over the 15-month follow-up period. According to the survey data, approximately 80 percent of customers in all three approaches were employed at some point during the 15-month follow-up period. They worked an average of 30 weeks and earned approximately $16,000 in the 15 months after random assignment (Table 2).

Although most employment and earnings impacts were similar whether estimated using the administrative or survey data, some differences did occur. While Approach 1 customers earned *more* than Approach 2 customers over the 15-month follow-up period according to the survey data, they earned *less* than Approach 2 customers according to the administrative data, but neither difference was statistically significant. Approach 3 customers earned less than Approach 2 customers over the follow-up period according to both the survey and administrative data, but the difference estimated using administrative data was larger and unlike the survey estimate was statistically significant. One reason for the difference in estimates was that Approach 1 and 3 customers may have been more likely to have earnings not reported to the UI agency. Given the limitations in the coverage of the administrative data, we view the survey-based estimates of earnings impacts as more accurate.

The timing of employment differed by approach. Approach 3 customers were less likely than other customers to be employed shortly after random assignment, but employment rates were very similar across the three approaches by the end of the 15-month follow-up period. The differences early in the follow-up period are likely because Approach 3 customers were more likely to be enrolled in training at that time.

Customers in all three approaches were employed in similar occupations. Few differences occurred across approaches in the occupations in which customers were employed in the follow-up period.

Job characteristics were similar across approaches. In general, hours worked, hourly wages, whether the job was unionized, and receipt of fringe benefits did not vary by approach, with one exception. Approach 1 customers were less likely than other customers to receive fringe benefits such as paid time off or retirement benefits.

Receipt of Unemployment Insurance and Public Assistance

Few differences were observed across approaches in UI receipt. During the 15-month follow-up period, about two-thirds of customers in all three approaches received UI benefits. The only significant difference across approaches in UI-related outcomes was that Approach 3 customers received $217 more in benefits over the 15-month follow-up period than Approach 2 customers.

Receipt of public assistance did not differ across approaches. Approximately 20 percent of customers in all three approaches received food stamp benefits at some point during the 15-month follow-up period.

WHAT ARE THE RELATIVE BENEFITS AND COSTS OF EACH APPROACH?

The key criterion for determining whether an approach is worth implementing is not *whether* it is effective in improving training or employment outcomes, but whether it is effective *enough* to justify its costs. Because most local workforce agencies were using an approach similar to Approach 2 prior to the experiment, we use Approach 2 as our reference. We examine the benefits and costs of switching from Approach 2 to Approach 1 and the benefits and costs of switching from Approach 2 to Approach 3. We focus mainly on examining the benefits and costs from the perspective of society as a whole—the perspective most relevant to policymakers—but also examine benefits and costs from the perspectives of customers and the government.

The benefit-cost analysis uses an accounting framework that itemizes the relative benefits and costs of each approach. Both the benefits and costs are derived from estimates of the impacts of the approach on: earnings, UI receipt, public assistance receipt, ITA awards, participation in non-ITA-funded training, and counseling receipt.

Evidence suggests that society would neither benefit nor lose from a switch from Approach 2 to Approach 1. The net benefit to society from a switch from Approach 2 to Approach 1 is negative but qualitatively small in magnitude and statistically indistinguishable

from zero (Table 3). (When we use administrative earnings data, the net benefits to society are more negative and statistically significant.) For customers, the net benefit of switching from Approach 2 to Approach 1 is positive, but it is also not statistically significant. The positive benefit occurs mainly because of the increase in earnings expected from the switch. The government would incur a cost from a switch from Approach 2 to Approach 1 of $1,423 per customer found eligible for training, which is statistically significant. This cost arises because Approach 1 customers are awarded larger ITAs on average.

Evidence suggests that society would also neither benefit nor lose from a switch from Approach 2 to Approach 3. The net benefit to society from switching from Approach 2 to Approach 3 is also negative and larger in magnitude than the net benefit from switching from Approach 1 to Approach 2 (Table 3). However, it is not statistically significant when estimated using survey data. (It is statistically significant when estimated using the administrative data.) Switching from Approach 2 to Approach 3 results in net costs to the customers, although the estimate is small and not statistically significant. The net cost to the customers is driven largely by Approach 3 customers' lower earnings in the months shortly after random assignment, rather than by persistently lower earnings throughout the 15-month period. Switching from Approach 2 to Approach 3 also results in a net cost to the government of $816 per customer eligible for training. Costs are higher under Approach 3 because the government provides ITAs to a higher proportion of Approach 3 customers and pays out more UI benefits and other public assistance to Approach 3 customers.

Table 3. Benchmark Estimates of Net Benefits to Customers, Government, and Society

	Approach 1 vs. Approach 2			Approach 3 vs. Approach 2		
	Customers	Government	Society	Customers	Government	Society
Benefits						
Earnings (survey-based)	$568	$0	$568	-$740	$0	-$740
Fringe benefits	170	0	170	-222	0	-222
Taxes	-97	97	0	126	-126	0
UI and public assistance	279	-315	-37	449	504	-56
Total	920	-218	701	-387	-630**	-1,018
Costs						
ITA costs	0	1,136	1,136***	0	227***	227***
Non-ITA-funded costs	-97	-67	-164	-34	-24	-58
Counselors' time	0	20	20***	0	-37***	-37***
WIA administration	0	116	116***	0	19	19***
Total	-97	1,205***	1,108***	-34	185*	151
Net Benefits	$1,017	-$1,423***	-$407	-$353	-$816***	-$1,169

Source: 15-month follow-up survey and Study Tracking System, extract as of July 2004

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level

LESSONS LEARNED

The ITA experiment suggests the following lessons for workforce investment agencies to consider in choosing an ITA approach.

- ***It is Challenging to Implement ITA Approaches that Require Counselors to be Directive and to Ration Training Funds.*** Counselors were reluctant to play a directive role when required to do so under Approach 1. They nearly always deferred to customers' preferences and rarely, if ever, denied customers their chosen training programs. Additionally, they did not ration funds effectively among Approach 1 customers.

- ***When Counseling on Training Program Choice is Voluntary, Few Request it.*** Very few Approach 3 customers requested counseling after the ITA orientation. However, we do not know whether customers would request counseling if all counseling—including counseling that occurs prior to the determination of eligibility for ITA-funded training—were voluntary. Customers in the study sites already had participated in an average of about five hours of counseling before being determined eligible for ITA-funded training.

- ***Mandatory Counseling Discourages Participation in ITA-Funded Training.*** Sixty-six percent of Approach 3 customers—who were not required to participate in any additional counseling after being found eligible for WIA-funded training—received an ITA compared with only 59 percent of Approach 2 customers—who were required to participate in counseling.

- ***The ITA Approach Has Little Effect on the Overall Training Rate But Affects How Training is Financed.*** Overall, the ITA approach had little effect on the probability of customers participating in training over the 15-month follow-up period. However, Approach 3 customers were more likely than Approach 1 and 2 customers to use ITAs to fund their training. Approach 1 customers were less likely than Approach 2 and 3 customers to use personal savings or student loans to supplement the ITA in paying for training—the higher ITA award they typically received usually covered all their training expenses.

- ***Mandatory Counseling Delays the Start of Training.*** Mandatory counseling under Approaches 1 and 2 delayed when customers could begin training by about two weeks.

- ***The ITA Approach Can Affect the Duration of Training.*** Additional funding under Approach 1 lengthened the time customers participated in training over the 15-month follow-up period by about three weeks.

- ***Counseling May Broaden the Set of Training Options Customers Consider.*** Compared to Approach 1 and 2 customers, Approach 3 customers, who were much less likely to receive counseling, typically considered fewer training programs.

Approach 3 customers were also significantly more likely than Approach 1 and 2 customers to attend training programs at community colleges. Our interpretation of this difference across approaches is that while customers already knew about training provided by community colleges, counselors pushed them to seriously consider additional, less well-known, providers.

- ***The ITA Approach Has Few Effects on Customers' Employment-Related Outcomes.*** The ITA approaches had no significant effects on most employment outcomes including employment rates, weeks worked, earnings, or occupation.

- ***Available Evidence Does Not Suggest That One Approach is Preferable to Another.*** When all stakeholders are considered, we do not find evidence that any one ITA approach has larger benefits relative to its costs than any other. We find that the net benefits to society are highest for Approach 2 and lowest for Approach 3, but these differences are not statistically significant. The approach does, however, have implications for workforce investment agencies. Hence, the agencies may benefit from the flexibility granted by WIA to set their own ITA approaches.

Implications for a Switch from ITAs to Career Advancement Accounts

The President's 2007 budget included a proposal for establishing Career Advancement Accounts (CAAs). These accounts would have a fixed cap of $3,000 for one year (with a possible extension for a second year), could be used to pay for training or education, and would be provided with minimal counseling. CAAs would be available for adults and out-of-school youth and states would have the flexibility to determine other eligibility criteria.

Although ITAs are not directly comparable to CAAs—for example, the CAAs would be provided to a slightly different target population—the ITA experiment does provide some insights into the potential effects of a switch to CAAs. As the ITA approach currently used by most workforce investment agencies most closely resembles ITA Approach 2, and CAAs would be provided with little counseling, a switch from using ITAs to using CAAs would be most similar to a switch from ITA Approach 2 to Approach 3.

The ITA experiment's findings suggest some implications of a switch from ITAs to CAAs. To the extent that CAAs are not accompanied by counseling requirements, our findings suggest that a switch to CAAs would increase the demand for WIA-funded training. The take-up rate for CAAs is likely to be higher than the current take-up rate for ITAs. However, the ITA findings also suggest that the switch may not affect the overall rate at which customers participate in training or education. Customers would substitute CAAs for other funding sources to pay for their training or education. We expect that the switch to CAAs would also increase demand for training at community colleges rather than private schools. The study findings also suggest we would not expect to see large impacts (either positive or negative) on employment outcomes, at least in the short run.

Remaining Questions

This report presents evidence of the effectiveness of the ITA approaches based on observing customers' outcomes for 15 months after they were found eligible for WIA-funded training. However, the effects of the three approaches may not have completely played out by the end of this period. As 17 percent of Approach 1 customers and 14 percent of Approach 2 and 3 customers are still in training at the end of the 15-month period, training and employment outcomes could differ between approaches in the months after our observation period ends. Definitive evidence on how the ITA approaches affect training and employment outcomes would require observing how customers fare over a longer period of time.

CHAPTER I

INTRODUCTION

A central goal of the Workforce Investment Act of 1998 (WIA) is to empower U.S. Department of Labor (DOL) customers to improve their employment opportunities by giving them meaningful choices about the types of services they receive. The requirement that workforce investment agencies use vouchers or individual training accounts (ITAs) to fund training is one of the most important ways that WIA addresses the act's goal. With some restrictions, customers can use ITAs to select training programs from a wide array of state-approved providers. Previously, under the Job Training Partnership Act (JTPA), customers' training options were limited to programs that local areas chose to fund.

WIA provided states and local offices with a great deal of flexibility in deciding how to implement ITAs. A major challenge faced by workforce investment boards in implementing the training accounts is how to allocate limited training resources while preserving customer choice. At one extreme, local counseling staff may play a pivotal role in directing customers to training programs and be prescriptive in the programs they fund through ITAs. At the other extreme, local staff may play a minor role, providing each customer with an ITA of the same fixed amount, allowing customers to choose their training independently, and providing counseling on the use of the ITA only on request.

DOL designed the ITA experiment to provide federal, state, and local policymakers and administrators with information on the trade-offs inherent in different approaches to managing customer choice.[1] The experiment tested three approaches that vary in the amount of structure placed on the customer's choice. Approach 1 was the most structured. Under this approach, counselors customized the ITA amount for each customer, counseling was mandatory, counselors steered customers toward high-return training, and the counselor could reject customers' choices of training program. At the other end of the spectrum, Approach 3 placed the least structure on customers' choices. All Approach 3 customers could receive an ITA up to a cap of the same amount. Approach 3 customers did not need

[1] This study is funded by DOL and is being conducted by Mathematica Policy Research, Inc. (MPR), and its subcontractors, Social Policy Research Associates and Decision Information Resources.

to attend any counseling and counselors could not reject the customers' choices. Approach 2 placed less structure on customers' choice than Approach 1, but more than Approach 3. Approach 2 customers were required to participate in counseling, although the counseling was less intensive than under Approach 1. All Approach 2 customers could receive an ITA up to a cap of the same amount, and counselors could not reject their choices.

The ITA experiment uses a classic experimental design to explore how these different approaches affect customers, program staff, and training providers as well as how different approaches generate different training choices, employment and earnings outcomes, and customer satisfaction. It also explores the "bang for the buck," or the relative benefits and costs of each approach.

All three ITA approaches were implemented in eight sites between December 2001 and August 2002. All customers deemed eligible for training were randomly assigned to one of the three approaches. We collected information on each customer by using a form completed before random assignment, data recorded by counselors and entered into the Study Tracking System (STS), data drawn from state unemployment insurance benefits and earnings records, and a follow-up survey conducted 15 months after random assignment. Three rounds of site visits provided the opportunity to collect information on the implementation of the three approaches and their effects on One-Stop Center staff and providers.

This final report describes the findings from the experiment, focusing on the outcomes measured over the first 15 months following random assignment. First, the report discusses the implementation and operations of the three ITA approaches. Second, it examines the counseling and training experiences of customers within each of the three ITA approaches and presents estimates of the relative impacts of the three approaches on some intermediate outcomes, including customer participation in counseling services, receipt of training, choice of occupation, choice of training program, and completion of training. Third, it presents estimates of impacts on additional outcomes, including customers' employment and earnings, characteristics of jobs held, household income, and receipt of income assistance. Finally, the report examines the relative benefits and costs of the three approaches.

This chapter begins by providing the policy context for the ITA experiment. Section A describes how the use of training vouchers evolved before enactment of WIA. Section B outlines how the passage of WIA in 1998 changed the provision of training to adult and dislocated workers, emphasizing the flexibility that WIA provided to local workforce agencies in specifying and administering ITAs. Section C highlights subsequent proposals and demonstrations intended to broaden the use of vouchers to provide local employment and training support. The chapter concludes with a road map of the rest of the report.

A. EXPERIENCE WITH TRAINING VOUCHERS BEFORE WIA

To some extent, the establishment of ITAs under WIA reflects practices ongoing for years at the local level. For example, in a 13-site study of WIA implementation, D'Amico et al. (2001) found that almost all of the sites had already moved away from exclusive use of

contracted training and toward individual referral methods before passage of WIA. Furthermore, half of the sites had experience with using vouchers for training.

Moreover, a few local training agencies experimented with training vouchers many years before enactment of WIA. For example, the Atlanta Regional Commission—one of our study sites—first used vouchers in 1991 to provide training services to about 13,000 dislocated Eastern Airlines workers when the company went bankrupt. Given the existing training infrastructure and size of the dislocation, the commission could not handle the number of prospective trainees by using the contracted class-size training approach that predominated under JTPA. Instead, it established a voucher system and allowed dislocated workers to choose whatever training they wanted. The commission found that many of the dislocated workers who were issued a voucher made poor training choices, selecting training for occupations that paid low wages or offered little opportunity for career development. In response, the commission began to build its provider list and monitor provider performance long before these responsibilities were officially established nationwide under WIA (D'Amico and Salzman 2004).

Local agencies that experimented with voucher programs under JTPA designed programs that allowed for customer choice but still required counseling, and constrained choices so that customers would make informed, appropriate choices. Barnow and Trutko (1999) found in their study that eight of nine sites that used vouchers under JTPA relied on the constrained-choice voucher model. The local agency screened providers, limited occupational choices, provided assessment and counseling on appropriate training choices, and retained authority to reject a participant's training choice. Local administrators interviewed as part of the Barnow and Trutko study believed that a pure voucher model, without assessment or restrictions on training choices, would lead some participants to make poor training choices and thus waste resources. Many elements of the constrained-choice voucher model are common under the emerging local ITA models. Local administrators in the sites studied by Barnow and Trutko felt that the use of vouchers in their sites had little effect on customer outcomes or costs but improved the level of customer satisfaction.

The one exception to the constrained-choice model in the Barnow and Trutko study was the model used by the Thumb Area Employment and Training Consortium in eastern Michigan. Under the model, which was closer to a pure training voucher model, customers in the Michigan site could open a "tool chest," essentially a checking account, against which they could spend down resources to purchase education, training, and a wide range of support services. Customers could spend the resources at almost any public or private school in the local area as well as at a range of retail stores (to purchase items such as work clothes). The size of each customer's account was based on the customer's eligibility for programs run by the consortium.

In the mid-1990s, in anticipation of the possible enactment of training vouchers as part of new workforce development legislation, DOL sponsored the Career Management Account (CMA) Demonstration to test the feasibility of providing training for dislocated workers through vouchers. The CMA Demonstration was conducted from 1995 to 1997 in 13 sites (Public Policy Associates 1999). Sites continued to operate their nonvoucher

programs but designed and operated voucher programs for a subsample of their dislocated workers. Customers could choose their training program, but the local agencies required them to participate in assessment and counseling to support their decisions. Local agencies felt that, if customers could choose whether to use these services, they would not invest adequate resources in planning their training strategy. Overall, the models developed by local agencies resembled the constrained-choice models identified in the Barnow and Trutko (1999) research on voucher programs under JTPA. The research on the CMA Demonstration concluded that voucher systems in general are likely to work just as well as a contracted-training system and lead to somewhat more satisfied customers and staff.

B. THE WORKFORCE INVESTMENT ACT

An important goal of WIA was to reform the workforce investment system by placing customer needs before program and administrative needs. Three overarching principles of WIA are of particular relevance to the ITA experiment. First, WIA emphasized the empowerment of customers by giving them training choices through ITAs as well as information in consumer reports. Second, WIA increased the accountability of states, localities, and training providers. As ITAs give customers a choice of providers, the expectation is that market forces will compel providers to be accountable for customers' outcomes. Third, states and localities enjoy increased flexibility in setting policies, including ITA policies.

WIA Title I programs provide a wide range of services designed to help dislocated workers and adults (people age 18 or older who are not dislocated workers) increase their employment opportunities. WIA divides services into three categories:

1. ***Core services*** are basic services intended to help people obtain and keep employment and include job search and placement assistance. Anyone can receive self-service and informational services that are part of core services without registering for WIA. Staff-assisted services require registration, however.

2. ***Intensive services*** generally include counseling, assessment, development of an individual employment plan, and short-term prevocational services. Intensive services are available only to registered WIA customers.

3. ***Training services*** include primarily occupational and work-readiness training. Under the tiered service structure established by WIA, training services are available only to registered customers who have completed minimum core and intensive service requirements established by the local workforce agency. DOL issued guidance clarifying that, despite the requirements, WIA did not require a work-first philosophy. Training is provided mainly through ITAs.

The use of ITAs was intended to transform the delivery of training services by empowering WIA customers to choose their training providers rather than relying on counselors in local workforce agencies to decide who receives what type of training from which providers.

At the same time, the ITA system recognized the need to maintain an appropriate role for local workforce agencies in the administration of ITAs. Therefore, WIA granted states and local areas a great deal of flexibility in setting the value and other parameters of ITAs and in deciding how much guidance and direction counselors provide to customers as they formulate their training decisions. In particular, WIA regulations allow states and local areas to restrict the type or duration of training selections they will fund. For example, training may be funded only for positions that relate to job opportunities in the local area or to the broader geographic area if the training customer is willing to relocate. States and local areas can also impose limits on the duration or cost of training, which may be based on individual circumstances or established across the board.

In addition, customers must select state-approved training programs that are included on the state's Eligible Training Provider (ETP) list. To be included on the list, the state and local workforce areas must certify that the training program meets acceptable levels of performance.

States and local areas are also responsible for ensuring that high-quality information supports the training choices made by customers. To help customers make effective training decisions, Consumer Report Systems (CRS) offer information on provider performance and other provider characteristics (for example, program cost and duration).

Although ITAs are the primary means of funding training activities under WIA, there are exceptions to the use of ITAs for funding training. For example, ITAs do not fund on-the-job training, customized training provided by an employer, or training provided by an organization designed to help special populations facing multiple barriers to employment.

The recent report on the Individual Training Account/Eligible Training Provider (ITA/ETP) Demonstration (D'Amico and Salzman 2004) provided an early assessment of the progress in implementing ITAs. The evaluation, undertaken by Mathematica Policy Research, Inc., and Social Policy Research Associates, was based on the experience of 13 states or local workforce areas that received grants to support early ITA system building. The evaluation involved a process study based on two rounds of site visits to each of the 13 grantees and their local-area partners. The visits occurred between fall 2000 and early 2002.

The evaluation of the ITA/ETP demonstration documented the rapid development of ITA systems in the grantee sites during 2000 to 2002. By 2002, the grantees had fully embraced ITAs as the preferred method of delivering training to adults and dislocated workers under WIA, although some grantees also saw a strong role for customized training in the face of diverse customer needs. Local areas set caps on the amounts of the ITAs they issued, ranging from $1,700 to $10,000 per customer. In setting the caps, local areas struggled with the trade-off between ensuring that a diverse array of high-quality training choices was available to customers while spreading the available training dollars over as many customers as possible. Sites specifically set up structures intended to support informed customer training choices by requiring customers to undertake an assessment of their own skills and abilities as well as of available labor market opportunities. However, the intensity of the assessment and counseling received by customers varied greatly from area to area.

C. Developments in Vouchers Since the Workforce Investment Act

In addition to progress in implementing ITAs under WIA, some important developments since the establishment of WIA have moved the workforce investement system toward even greater use of individually managed accounts, or vouchers, to support service and training provision. One new voucher concept introduced by the administration is the use of personal reemployment accounts (PRAs), which have been proposed as a way to help Unemployment Insurance (UI) recipients build job skills and become reemployed. PRAs, as proposed, are lump-sum accounts of up to $3,000 that are fully managed by the unemployed worker and valid for one year. They are targeted to UI recipients who are likely to exhaust their benefits. Recipients can choose how and when to spend funds from their account to purchase reemployment services and may elect to receive the funds as a bonus for reentering the workforce and keeping a job. Specifically, PRA recipients can receive 60 percent of any remaining balance in their PRA when they start a full-time job as long as they do so by the end of the 13th week of UI benefit receipt. They receive the remaining 40 percent (or the account balance) after six months on the job. In addition, the account holder can use the PRA to purchase services *and* receive a bonus for timely reemployment--the bonus amount is based on remaining funds. Through PRAs, the Employment and Training Administration (ETA) hopes to combine the flexibility and customer-choice focus of a self-managed account with the unique incentive for rapid reemployment and job retention that is introduced by the two-tiered reemployment bonus option (ETA 2003).

In 2004, ETA launched the Personal Reemployment Accounts Pilot Demonstration project as a first step in examining the PRA concept. Seven states volunteered to participate in the demonstration: Florida, Idaho, Minnesota, Mississippi, Montana, Texas, and West Virginia. Coffey Communications, LLC and MPR are currently evaluating the demonstration in these seven states, with interim findings based on the planning and implementation of the demonstration reported in Kirby (2006).

A further development in the use of individually managed workforce investment accounts is the proposal for establishing career advancement accounts (CAAs), as included in the president's 2007 budget for ETA. The proposal would consolidate several job-training funding streams into a single state grant for use primarily to provide workers with CAAs. Like PRAs, CAAs would be self-managed, capped accounts of $3,000 that are renewable for a total of up to $6,000 over two years. Unlike PRAs, however, CAAs could be used only for education and training and would not include the option of a reemployment bonus.

This discussion demonstrates that consideration of vouchers in the workforce investment system has continued to evolve since the enactment of WIA in 1998 and the implementation of the ITA experiment in 2001–2002. Regardless, ITAs have become the primary vehicle for providing training assistance to WIA customers, making our findings on the relative effects of different ITA approaches highly relevant. Furthermore, the findings from the ITA experiment should provide some important insights into what effects we might expect from subsequent voucher proposals, including PRAs and CAAs. For example, Decker and Perez-Johnson (2004) based their insights into the implications of PRAs in part

on observations of the implementation of the ITA experiment as well as on some of the initial findings from the experiment.

D. ORGANIZATION OF THIS REPORT

This report provides a comprehensive assessment of the ITA experiment and its impacts on customers over the 15-month period following their random assignment to one of the three ITA approaches. More specifically, the report covers the following: the three ITA approaches and the evaluation design (Chapter II); findings from the implementation analysis of the administration of the three ITA approaches (Chapter III); estimates of the impacts of the three approaches on service receipt (Chapter IV), training (Chapter V), employment outcomes (Chapter VI), and UI and public assistance receipt and household income (Chapter VII). The various impacts are then synthesized in an analysis of the benefits and costs of Approaches 1 and 3 relative to Approach 2 (Chapter VIII). The report ends with and a summary of the lessons learned (Chapter IX).

A series of appendices follow the main text. These appendices describe details of the data collection process (Appendix A), how we dealt with missing data (Appendix B), how we estimated the relative impacts of the three approaches (Appendix C), and the sensitivity of key impacts to alternative analysis methods (Appendix D). Finally, Appendices E through H provide supplemental tables for Chapters IV through VII.

CHAPTER II

ITA APPROACH AND EVALUATION DESIGN

WIA allows local workforce investment boards flexibility on how to administer training funds through ITAs. To guide policymakers on the effects of diverse approaches, the ITA experiment tested three distinct approaches to administering ITAs. These approaches varied along three dimensions: (1) whether the award amount was fixed and the same for each customer or customized to the needs of the customer, (2) the amount and type of counseling required, and (3) the ability of the counselor to reject training programs chosen by the customer. Of course, the experiment used to test the approaches did not take place in a laboratory, but in the real-world settings of One-Stop Centers in eight different sites. These settings could affect the ability of the sites to implement the approaches, as well as the impact of each approach.

This chapter describes the design of the three ITA approaches and the evaluation. We begin the chapter by describing each of the three approaches, highlighting the key differences between them (Section A). To provide the context for the experiment, we briefly describe the eight local sites in which the experiment was implemented (Section B). We then describe the evaluation design, including the research questions addressed by the study, the creation of the evaluation sample, and the implementation, impact, and benefit-cost analyses conducted (Section C).

A. THE THREE TESTED ITA APPROACHES

The ITA experiment was designed to test the effectiveness of three distinct approaches to managing customer choice in the administration of ITAs. Table II.1 below provides a broad summary of the key dimensions of variation among the three approaches. All three approaches allowed customer choice but differed in the role the counselor plays. Each of these approaches is described in detail below.

Three broad objectives were used in selecting the three approaches. First, we wanted the approaches to generally represent the spectrum of voucher models that were emerging in the early days of WIA. Based on our examination of these emerging models, we developed a spectrum of ITA approaches that represent different balances between customer choice and

Table II.1. The Three Approaches Tested in the ITA Experiment

	Approach 1: Structured Customer Choice	Approach 2: Guided Customer Choice	Approach 3: Maximum Customer Choice
Award amount	Customized	Fixed	Fixed
Counseling	Mandatory, most intensive	Mandatory, moderate intensity	Voluntary
Can counselors reject customers' program choices?	Yes	No	No

counselor guidance in the formulation of training decisions.[1] In the middle of the spectrum, we specified the model that sites were most likely to adopt without the experiment (Approach 2). Then, at one end of the spectrum, we specified an approach that placed greater emphasis on counselor guidance and somewhat less on customer choice (Approach 1). At the other end of the spectrum, we specified an ITA approach that reversed this emphasis and specified much less of a role for counselor guidance (Approach 3). The limit on the amount of the voucher also varied along this spectrum. Under Approach 1, the counselor could decide the amount of the ITA, while under the other approaches, the amount available to the customer was fixed.

The second objective in selecting the three approaches to test was to promote innovation in the use of vouchers. In the early days of WIA, most local agencies designed ITA models that looked similar to the constrained choice model identified by Barnow and Trutko (1999), and there was little deviation from this model. Due to the limited evidence on the effects of alternative approaches and their own limited experience with vouchers, states and local areas appeared reluctant to develop voucher models that provided substantial customer choice or, alternatively, restricted customer choice in notable ways. Therefore, to make the experiment as informative as possible, we selected approaches that, while feasible, pushed sites a bit beyond their standard offering in the spectrum described above. We selected models that offered either greater customer choice or more intensive counseling than local workforce agencies were inclined to provide on their own. However, the models were still consistent with WIA and likely to be of interest to other sites implementing WIA.

[1] These models were identified from (1) a review of findings from the evaluation of the CMA demonstration (Public Policy Associates 1999); (2) site visits to two WIA early implementation states (Pennsylvania and Texas); and (3) site visits to One-Stop Centers in Phoenix, Arizona; Baltimore, Maryland; Lowell, Massachusetts; Marlette, Michigan; and Killeen, Texas.

Third, we selected the approaches so that they were different enough from one another that we would expect differences in customers' training choices and employment outcomes.

Counselors were trained in implementing all three ITA approaches and used structured procedures to deliver ITA-related services to customers assigned to the different approaches. Research staff closely monitored the implementation of the approaches and provided technical assistance to the sites throughout the implementation of the experiment. The remainder of this section describes each approach in detail.

1. Approach 1: Structured Customer Choice

Approach 1 was the most structured of the three ITA approaches to be tested. In this approach, counselors were to direct customers to "high-return" training programs—those expected to generate gains in the customer's lifetime earnings that are high relative to the cost of the training. Table II.2 summarizes the elements of this approach and the other two approaches.

ITA Award Structure. Under Approach 1, the amount of the ITA award was set at a different amount for each customer based on the program the customer chose and the counselor approved. The value of this customized ITA equaled the total cost of the program minus any other financial support that the customer was expected to receive (for example, from Pell grants).

Originally, we had proposed that there be no ceiling or "cap" on awards under Approach 1 so that counselors had complete flexibility to set awards to cover training expenditures they viewed as appropriate. However, administrators at the sites were uncomfortable with this approach. Instead, we set a cap for Approach 1 customers in each site that was high enough—and much higher than the cap under Approaches 2 and 3—to allow Approach 1 customers to be able to select relatively high-cost programs that were available locally and might yield high returns. Moreover, counselors were allowed to petition local managers to exceed this cap for individual Approach 1 customers. Counselors were instructed not to disclose this Approach 1 cap to customers but, rather, to tell them that their ITA awards would be customized based on their training needs.

Although the cap on Approach 1 was much higher than the cap on Approaches 2 and 3, the sites were asked to spend about the same amount in total on each approach. Because counselors could reject customer's choices under Approach 1, the expense of some higher awards could be offset by some smaller awards or by the counselor rejecting training choices altogether. In all approaches, ITAs covered only direct training costs, including tuition, fees, and other required expenses, such as books or tools. These customers could still receive assistance with other training-related needs (such as child care or transportation), but not through ITA funds.

Table II.2. Description of the Individual Training Account Approaches

Approach 1: Structured Customer Choice	Approach 2: Guided Customer Choice	Approach 3: Maximum Customer Choice
Approach Philosophy		
Maximize return on local WIA training investments	Balance customer choice and counselor guidance	Maximize customer choice and flexibility over training decisions
ITA Structure		
ITA amounts were "customized" to the individual subject to an upper limit, or "cap."	Customers received a fixed ITA amount that was much lower than the Approach 1 cap.	Same as Approach 2
Only counselors were aware of the cap on ITA expenditures.	Both customers and counselors were aware of the fixed ITA amount before choosing a training provider.	Same as Approach 2
ITAs covered direct training costs and other training-related expenses.	Same as Approach 1	Same as Approach 1
Required Counseling Activities		
After ITA orientation, customers were required to participate in weekly counseling sessions covering: - High-return training - High-wage occupations in demand - Training options in customer's selected occupation - Returns-to-training for prospective programs - Feasibility of customer's training selection	After ITA orientation, customers were required to participate in weekly counseling sessions covering: - Training options in customer's selected occupation - Feasibility of customer's training selection	After ITA orientation, customers were not required to participate in any additional activities, but counseling was available if requested.
Counselor's Role in Program Approval		
Directed customers to training selections on the ETP list that maximize return on investment	Guided customers to appropriate training strategies	Available as a resource to customers as they formulated a program selection
Approved only recommended programs after customers completed the required counseling activities	Approved customer's choice if: - Customer had completed the required counseling activities - Selection was on the ETP list - Selection appeared feasible with ITA and other available resources	Approved customer's choice if: - Selection was on the ETP list

Required Counseling Activities. To help Approach 1 customers identify appropriate training, counselors were to guide them through a structured sequence of eight training-related counseling activities. These activities were designed to help the customers and counselors identify high-return training strategies and help the counselor determine the appropriate ITA amount. These counseling activities were *mandatory* for Approach 1 customers.

These activities were facilitated by a set of forms to be completed by ITA customers and other tools to help counselors carry out the activities required under each approach. The intent of these tools was to help standardize the content and structure of the ITA counseling activities across our study sites. The tools were developed by the research team based on discussions with local staff regarding the content of training related counseling and forms the sites were using prior to the study.[2]

Orientation. After customers were randomly assigned and notified of their assigned approach, all customers had to attend a mandatory orientation. A separate orientation was held for each approach and could be conducted individually or in a group. The Approach 1 orientation was intended to provide customers with a comprehensive review of the services that would help them choose the appropriate training program. Counselors were given a script for administering the orientation.

Selecting a High-Return Occupation. The second activity for Approach 1 customers was for them to identify one or two occupations that they were interested in, that were expected to produce high returns relative to the investment in training, and that were appropriate given their skills and experience. To identify potentially high-return occupations, MPR provided counselors with two tools they could give to the customer:

1. ***Guide to High-Return Training.*** This handbook introduces customers to the concept of high-return training, discusses the factors that may affect customers' chances of realizing expected gains from training, and explains how this concept can guide customers' exploration of training options. This guide was given to Approach 1 customers during the orientation. Counselors were asked to review the main points made in this guide at the end of the orientation or during the first counseling session.

2. ***List of High-Wage, High-Demand Occupations.*** This is a list of occupations that offer high wages and are considered in high demand in the local area. The grantee and MPR together developed this list. Approach 1 customers were allowed to choose occupations not on the list if the counselor believed the customer's choice represented an occupation with strong prospects for employment in the local area and the potential for relatively high wages.

MPR developed an Occupational Research Worksheet to help Approach 1 customers explore occupational options. Use of the worksheet was not mandatory, however. The worksheet guided customers in researching the education, skills, and experience needed to enter each occupation; the demand for the occupation in the local economy; the training providers that could provide training for the occupations; starting salaries and benefits; typical work schedules; and the potential for growth in each occupation.

[2] The forms and tools are available in Appendix A of Perez-Johnson et al. (2004).

Program Research. After the customer selected at least one high-wage occupation and two training programs on the ETP list to research, the customer was asked to research the training programs. Four tools were developed to help the customer conduct the research and analyze the benefits and costs of each program:

1. ***Program Research Form.*** This worksheet was designed to help customers research important features of prospective training programs. The customers were encouraged to collect this information during a visit to the program.

2. ***Training Costs Form.*** This worksheet was designed to help customers assess how a program's training costs compare to the resources they are likely to have to pay for training. Approach 1 customers had to complete this form for each prospective program.

3. ***Training Costs and Benefits Worksheet.*** This worksheet was designed to help counselors estimate the returns to training for each program that the customer researched. This form was designed for the counselor to complete. It guided the counselor through (1) estimating the costs of the training to the grantee, (2) the total earnings gains customers could expect to receive from training, and (3) the net present value of the returns to training.

4. ***Program Endorsement Worksheet.*** This worksheet was designed to help counselors consider financial and nonfinancial factors to determine whether to endorse specific training options. These factors include the net financial return from training, program appropriateness, probability of completing training, probability of finding employment, and other factors, such as the length of the course. Counselors were to endorse those programs they believed could yield a high return on investment for the Approach 1 participant.

Program Feasibility. After the customer selected a program and the counselor endorsed the selection, the counselor had to determine whether the customer had enough resources to be able to complete the program. Together, the counselor and customer completed two worksheets:

1. ***Income and Expenses Worksheet.*** This worksheet was designed to examine whether customers would be able to support themselves and any dependents while attending training.

2. ***Training Budget Worksheet.*** This worksheet was designed to help customers determine how their household's cash flow was likely to be affected by out-of-pocket costs for training.

After completing these exercises, counselors could disapprove previously endorsed programs that customers were unlikely to be able to complete because of financial constraints.

Approval of Program Choices. Unique to Approach 1, counselors could reject training selections not consistent with the philosophy of the approach. The approval of Approach 1 program selections was based on three conditions: (1) the selected program had to be considered high return and had to be endorsed by the counselor, (2) the customer had to be able to complete the training, and (3) the selected program had to be on the ETP list (as in all approaches). Counselors under this approach could reject a customer's training selection if it did not meet any one of these three conditions. Moreover, counselors determined the awards made to these customers. Thus, counselors had a high degree of control in directing customers to programs that promised the highest returns on investment.

2. Approach 2: Guided Customer Choice

Approach 2 was designed to broadly represent the approach that most local areas were implementing on their own under WIA. Relative to Approach 1, Approach 2 reduces the counseling requirements and the ability of the counselor to veto the customer's choice. Counselors were directed to help Approach 2 customers make an informed decision about training but, unlike under Approach 1, they were not required to be directive. Customers were limited by a fixed cap on the amount of ITA funds available to them.

ITA Award Structure. An important distinction between Approaches 1 and 2 was that Approach 2 customers receive a "fixed" ITA award, which limited the resources they could spend on training. This fixed ITA amount was established for each participating local area, and no exceptions from the fixed award were allowed. Approach 2 customers learned the amount of their fixed ITA award at the orientation at the start of their counseling. As with Approach 1 customers, fixed ITA awards could be used to pay for direct training costs only. If the customer chose a training program that cost less than the fixed ITA award, the workforce investment board retained the difference and used it for other customers.

Required Counseling. Counselors were directed to help Approach 2 customers identify training options that were appropriate (given their skills, interests, and background) and feasible (given the resources available to them). Customers were required to complete six activities, compared with the eight under Approach 1. The first counseling activity was the Approach 2 orientation. Like Approach 1 customers, Approach 2 customers had to participate in some counseling activities after the orientation. These included:

- Researching proposed programs using the Program Research Form
- Estimating the full costs of the training using the Training Costs Form
- Inventorying likely income sources and expenses for the household while the customer attended training (Income and Expenses Worksheet and Training Budget Worksheet).

Unlike in Approach 1, however, Approach 2 customers did not have to review the guide to high-return training; consider the list of high-wage, high-demand occupations; or estimate the return on their proposed training investment (although the customers were to be told

that these services were available upon request). In addition, rather than the counselor using the Program Endorsement Worksheet in Approach 1, Approach 2 customers used a Training Options Comparison Worksheet. While the Program Endorsement Worksheet required the counselor to explicitly compare the cost and return to each training program, the Training Options Comparison Worksheet only provided open-ended questions designed to help counselors begin a conversation with the customers about their choice of program.

Approval of Program Choices. Counselors were instructed to approve Approach 2 program selections based on only two criteria: (1) the program had to be on the ETP list, and (2) the customer had to have satisfied the Approach 2 counseling requirements. While counselors could encourage customers to consider modest-cost programs that met their specific needs, Approach 2 customers had ultimate control over their program selections. If counselors disagreed with a customer's selection, they could voice their opinions but were instructed to approve the program being requested if it met the above-specified criteria.

3. Approach 3: Maximum Customer Choice

Approach 3 was designed to be the most flexible approach, intended to approximate a true voucher model.

ITA Award Structure. Approach 3 customers received the same fixed ITA award as Approach 2 customers and could use their ITA awards on any training program on the ETP list. Approach 3 customers were told the amount of the cap on the award at the orientation. As in the other approaches, ITA awards could only be used to pay for direct training expenses, and the local workforce investment board kept the difference between the cost of the training program and the ITA award.

Required Counseling Activities. Customers assigned to this approach had to attend a mandatory Approach 3 orientation at which they learned the full range of counseling services available to help them decide on training (that is, all services required of Approach 1 and Approach 2 customers) and their ITA award structure. Participation in any counseling services beyond this orientation was voluntary, however.

Approval of Program Choices. The only conditions for approval of Approach 3 customers' training selections were that (1) the customer had attended the mandatory orientation, and (2) the selection was on the ETP list. Hence, Approach 3 customers could submit and secure approval of their training selections with only minimal interaction with counselors.

B. ITA Study Sites

Six grantees were selected through a grant competition to participate in the ITA experiment. In fall 2000, DOL issued a request for proposals to participate in the experiment and chose the six grantees that were viewed as best able to implement the experiment and to issue about 550 ITAs during an 18-month period. Two grantees—one in Arizona and one in Georgia—each applied as a consortium of two local workforce

investment areas. As the local workforce investment areas in each consortium were quite different in some important respects, this report treats each of the four local workforce investment areas covered by the two consortia as separate study sites. Thus, eight sites were in the experiment.

These eight sites are:

1. ***Phoenix, Arizona.*** The grantee was the Employment and Training Division of the Human Services Department in the City of Phoenix. (It applied in a consortium with Maricopa County, Arizona). The local workforce area covers an area of about 1.3 million people. The local workforce investment area has three full-service One-Stop Centers, which serve both adults and dislocated workers, and three affiliate centers that serve only adults.

2. ***Maricopa County, Arizona.*** This grantee was the Workforce Development Division of the Human Services Department of Maricopa County. Maricopa County completely surrounds Phoenix, and the Maricopa County local workforce investment area includes all areas in the county except Phoenix. The area covers about 1.7 million people. Maricopa County has two full-service One-Stop Centers and two satellite offices in Avondale and Flagstaff.

3. ***Bridgeport, Connecticut.*** This grantee was the Southwestern Connecticut's Workforce Development Board, or The Workplace Inc. It serves an area with about 800,000 people in 20 cities and towns, mostly in Fairfield County. It has one full-service One-Stop Center in Bridgeport and two satellite centers in Stamford and Ansonia.

4. ***Jacksonville, Florida.*** This grantee, WorkSource/First Coast Workforce Development, Inc., was the Workforce Development Board for Region VIII. This local workforce development board covers an area of 1.2 million people in six counties: Duval, Clay, Baker, St. Johns, Putnam, and Nassau. Services are provided in seven full-service One-Stop Centers and two satellite offices. Three of the full-service One-Stop Centers are in Duval County; the other four are in Clay, Baker, St. Johns, and Putnam counties. The two satellite offices are in Duval and Nassau counties.

5. ***Atlanta, Georgia.*** This grantee was the Atlanta Regional Commission/Atlanta Regional Workforce Board. It applied to participate in the ITA experiment in a consortium with Northeast Georgia. It serves an area of about 1.3 million people in seven counties in suburban Atlanta: Cherokee, Clayton, Douglas, Gwinnett, Henry, Fayette, and Rockdale. Services are provided in three full-service One-Stop Centers and four satellite offices in Clayton, Cherokee, Cobb, Gwinnett, and Douglas counties.

6. ***Northeast Georgia.*** This grantee was the Northeast Georgia Regional Development Center/Northeast Georgia Workforce Board. It was the smallest

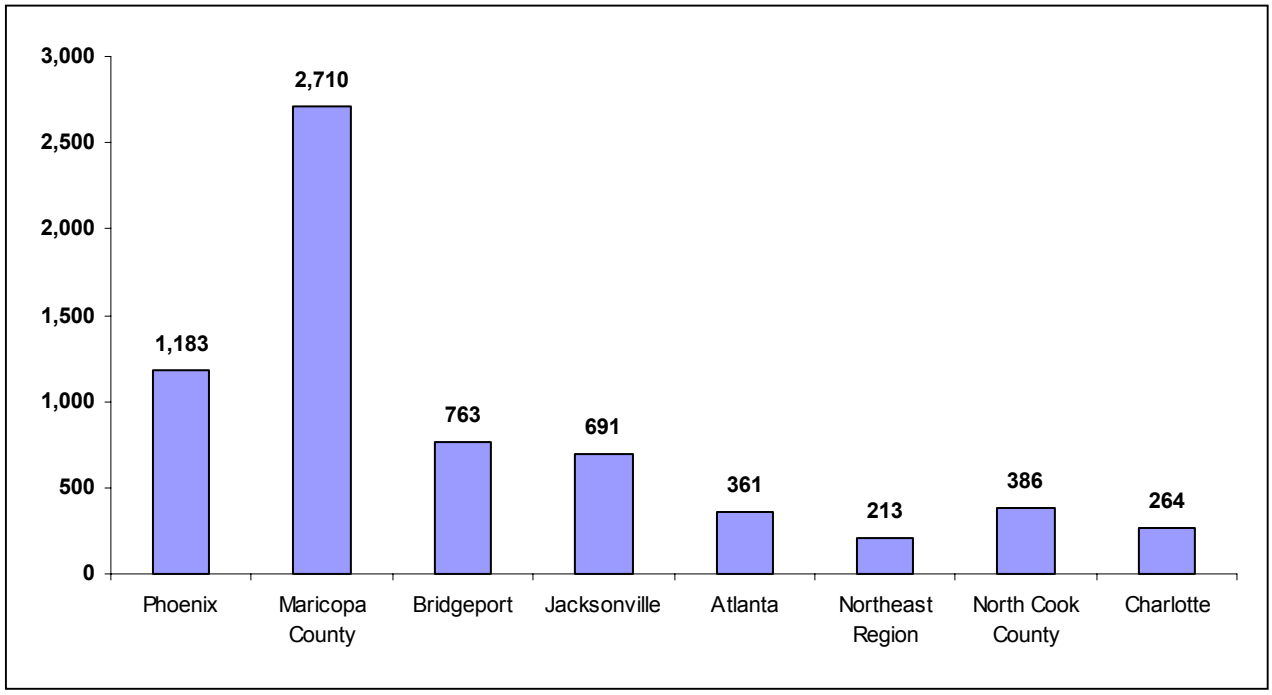
site—the area covers about 400,000 people in 12 counties in mostly rural northeast Georgia. Services are provided at one full-service One-Stop Center, but customers can access WIA services at other affiliated sites around the area.

7. ***North Cook County, Illinois.*** This grantee was Workforce Development, Inc. It serves an area with about 1.0 million people in the northern part of the county that surrounds Chicago. It provides services in two full-service One-Stop Centers (one in Arlington Heights and one in Evanston) and its central office in Park Ridge. Its central office mainly serves dislocated workers.

8. ***Charlotte, North Carolina.*** This grantee was the Charlotte-Mecklenberg Workforce Development Board. It serves an area with about 700,000 people in Charlotte-Mecklenburg County. It operates four full-service One-Stop Centers: South Boulevard Job Link (operated by Goodwill Industries), Uptown Job Link Center, Charlotte East Job Link Center, and Charlotte South Job Link Center.

The sites varied considerably in size (Figure II.1). The two sites in Arizona were by far the largest in the total number of adults and dislocated workers (including those who did not receive ITAs) who exited WIA in Program Year (PY) 2001. Phoenix served more than 1,000 customers annually; Maricopa County served nearly 3,000 customers annually. In contrast, Northeast Georgia and Charlotte both served fewer than 300 customers annually.

Figure II.1. Number of Adults and Dislocated Workers Who Exited WIA in PY 2001



Source: Workforce Investment Act Standardized Record Data.

Several other pre-experiment policy and program differences across sites were identified and described in detail in our interim report (Perez-Johnson et al. 2004). Table II.3 summarizes the key differences.

As the grantees were selected purposively, they are not a representative sample of local workforce investment boards. Indeed, many of the sites are recognized leaders in the workforce investment field. For example, both Phoenix and Atlanta had participated in the Career Management Account demonstration. Most of the local areas had also operated individual purchase or voucher-based models for training services for five or more years before implementation of the ITA experiment. Jacksonville, for example, had implemented a program of "scholarship accounts" for its training customers in 1995. Atlanta first used vouchers for training in 1991. North Cook County had abandoned the traditional JTPA approach of contracted training 10 years before the passage of WIA, relying instead on voucher-based training purchases for all of its customers since 1988.

Table II.3. Key Differences Across Study Sites

Site	Emphasis on Training	Extent of Occupational Counseling Before Random Assignment	ITA Policies Used Before the Experiment	Local Availability of Training Programs	Funding Stream Covering ITA Study Customers
Phoenix	Low	Frequently provided	Approximately Approach 2	Wide range	Majority dislocated workers
Maricopa County	Low	Frequently provided	Approximately Approach 2	Wide range	Majority dislocated workers
Bridgeport	Medium	Sometimes provided	Between Approaches 2 and 3	Wide range	Majority adults
Jacksonville	High	Rarely provided	Between Approaches 1 and 2	Wide range	Majority dislocated workers
Atlanta	High	Rarely provided	Approximately Approach 2	Wide range	Majority dislocated workers
Northeast Georgia	High	Rarely provided	Approximately Approach 2	Limited	Majority adults
North Cook County	High	Rarely provided	Between Approaches 2 and 3	Wide range	Large majority dislocated workers
Charlotte	Medium	Sometimes provided	Approximately Approach 2	Wide range	Majority dislocated workers

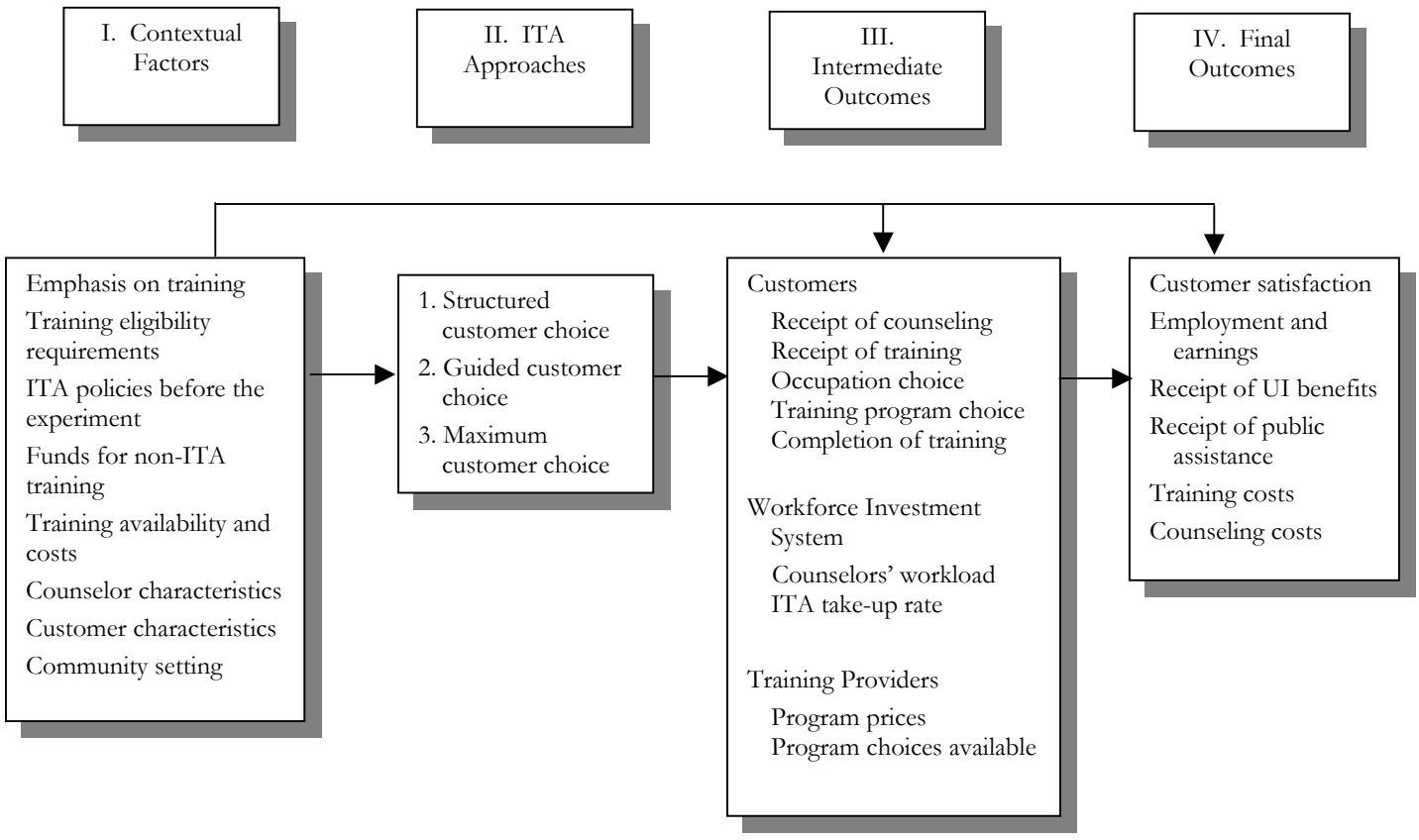
C. EVALUATION DESIGN

The three ITA approaches included in the ITA experiment were evaluated by examining the implementation and operations of the approaches in the field and by assessing the activities and outcomes for the local customers who entered the experiment and were assigned to one of the three approaches.

1. Conceptual Framework and Research Questions

The ITA experiment was designed to evaluate the effects of the ITA approaches on a wide range of outcomes. Figure II.2 summarizes the conceptual framework that guided the design of the evaluation. Column II in the figure represents the three approaches that were tested in the ITA experiment.

Figure II.2. Conceptual Framework: ITA Evaluation



Contextual factors that may affect the implementation of the ITA approaches, the impact of the approaches, and the final outcomes directly are shown in column I of Figure II.1. These factors include the emphasis the local area places on training versus placing the customer in employment quickly; the requirements for being determined eligible for training; the availability of training programs and their costs; the availability of other funds for training; the characteristics of the customers (including whether they are dislocated workers and their demographic characteristics); the counselors' characteristics (such as their backgrounds and experience); and the socioeconomic characteristics of the community. These factors in the eight ITA sites are described more fully in Perez-Johnson et al. (2004).

The different ITA approaches are likely to affect three stakeholders: customers, the local workforce investment system, and training providers. Column III of the conceptual framework summarizes the intermediate outcomes for each of these stakeholders. The intermediate outcomes on customers include receipt of counseling, receipt of training, occupation choice, training program choice, and completion of training.

The ITA approaches may also affect the workforce investment system (column III in Figure II.2). The evaluation explores the challenges in implementing each approach, including the impact of each approach on the counselors and their workload. By affecting the likelihood of customers receiving training and the type of training program chosen, the approaches could affect the cost of training. In addition, training providers may also change the programs offered and the program prices in response to different ITA approaches (column III).

The final outcomes of interest are presented in column IV of the conceptual framework in Figure II.2. These outcomes include customers' satisfaction with their training choice and the process of receiving an ITA. They also include employment and earnings after entry into the experiment, the types of jobs obtained, and the receipt of unemployment insurance (UI) and public assistance. Also of interest is the cost of counseling and training provided by the workforce investment system.

Within this framework, the evaluation's objectives can be summarized in three broad research questions:

1. ***Can the ITA approaches be implemented?*** Are the three approaches in column II feasible? What challenges emerge in implementing each approach? Does the success of the approach's implementation depend on contextual factors such as the availability of training programs and counselor and customer characteristics?

2. ***What are the impacts of each ITA approach?*** How do the approaches affect the intermediate outcomes (column III) and the final outcomes (column IV)? How do the impacts differ for different types of customers? Do the impacts depend on contextual factors (column I)?

3. ***How do the benefits and costs vary by approach?*** How do the benefits of each approach in terms of customers' outcomes compare to the costs of counseling and training under each approach?

The evaluation had three components: (1) an implementation analysis; (2) an impact analysis, and (3) a benefit-cost analysis. Each of these components addresses one of the broad research questions above.

2. Sample Development and Random Assignment

To answer the broad research questions presented above, the three ITA approaches were tested side-by-side in each of the eight study sites using a rigorous experimental design. All new customers determined eligible for training at the participating sites during the study's implementation period were randomly assigned to one of the three experimental approaches. To eliminate any variation in outcomes due to specific counselors, counselors worked with customers assigned to all three approaches.

The use of random assignment ensures that customers assigned to the three approaches will have the same background characteristics, on average. As a result, any observed differences in participant outcomes can be directly attributed to differences in the ITA approaches with a known degree of statistical precision. Table II.4 shows the characteristics of the customers in each of the three approaches. As expected, there are few significant differences between approaches in these characteristics. The few differences that we do see are due to chance; even in a randomized experiment there will generally be a few differences between the groups.

All customers who were determined eligible for WIA-funded training during the study intake period were informed about the experiment and asked to participate in the study. Consenting to random assignment was a condition for receipt of any WIA-funded training services and support. Therefore, the few customers who refused to participate in the experiment were automatically disqualified from receiving training services.

MPR staff conducted random assignment, generally within 48 hours of being notified by a site that a new customer was ready for random assignment. To ensure the integrity of random assignment, we followed three general rules: (1) *all* customers found eligible for training during the intake period for the evaluation were randomly assigned, (2) customers could be sent for random assignment only once, and (3) each customer participated in the approach to which they were assigned.

Enrollment of ITA study participants in the eight sites began on a rolling basis between December 2001 (in Chicago) and August 2002 (in Bridgeport). Enrollment continued for about 18 months, ending in all sites by March 2004. In total, about 8,000 customers were enrolled in the experiment. These customers were not, however, evenly distributed across the sites (Table II.5). Atlanta and North Cook County were the largest sites, serving 18 and 23 percent of all customers respectively, while Northeast Georgia served only about 2 percent of all the customers. About one-third of these customers were assigned to each of the three approaches.

Table II.4. Baseline Characteristics of ITA Study Participants

Characteristics	Approach 1	Approach 2	Approach 3
Dislocated worker	67%**	71%	69%
Earnings in year before RA	$21,192	$20,608	$20,289
Receiving public assistance at baseline	17%	16%	16%
Employment			
Working at time of RA	11	9	9
Worked within month prior to RA	20	20	19
Worked within one year prior to RA	65	66	69
Worked over one year prior to RA	15	14	11*
Duration of last job (months)	54	52	50
Age (years)	41	41	41
Female	55	55	56
Married	42	41	40
Has children	53	54	54
Race/Ethnicity			
White non-Hispanic	43	45	44
Black non-Hispanic	37	39	38
Hispanic	9	8	10*
Primary language is English	91	92	92
Highest Level of Education			
Less than high school degree	5	6	5
High school diploma or GED	59	58	63**
Associate's degree	7**	10	8
Bachelor's degree	22*	19	19
Graduate degree	7	7	5*
Has a vocational or business degree or certificate	23	26	24
Sample Size	2,644	2,649	2,627

Source: Study Tracking System, extract as of July 2004

RA = random assignment

* / ** / *** Mean significantly different from Approach 2 mean at the 0.10 / 0.05 / 0.01 level.

The implementation analysis had three main objectives: (1) addressing whether each approach was feasible; (2) providing qualitative information on the effects of the approaches on customers, workforce investment staff, and training providers; and (3) assessing qualitative cross-site differences in the implementation of the ITA approaches.

3. The Implementation Analysis

The implementation analysis drew on data collected during three rounds of in-depth visits to each local grantee. The visits occurred about three months after the start of random assignment (in 2002), in spring 2003, and in spring 2004. During each round of visits, we interviewed administrators from local workforce investment boards, ITA managers, and local counselors. During the second round of visits, we also interviewed several ITA

Table II.5. Distribution of Study Sample Across Sites

Site	Number of Customers	Percent of Total Sample
Phoenix	646	8.2
Maricopa County	673	8.5
Bridgeport	1,033	13.0
Jacksonville	779	9.8
Atlanta	1,408	17.8
Northeast Region	171	2.2
North Cook County	1,807	22.8
Charlotte	1,401	17.7
Total	**7,920**	**100.0**

customers about their counseling and training experiences. During the third round of visits, we interviewed local training providers and collected data on the time spent by counselors on activities related to ITAs.

Chapter III of this report presents the findings from this analysis.

4. The Impact Analysis

The impact analysis was designed to estimate the impacts of the ITA approaches on a wide range of outcomes. The use of random assignment implies a fairly straightforward approach to determining the relative impacts of the different ITA approaches—the impacts can be estimated by comparing the mean outcomes for people assigned to each approach. We calculate the relative effects of the three approaches by comparing the average outcomes of customers in the approaches.

We concentrate on the comparisons of outcomes for customers assigned to Approaches 1 and 3 to outcomes for customers assigned to Approach 2. We selected Approach 2 as our "reference" approach since it most closely approximates the procedures that our study sites would have followed in the absence of the ITA experiment. For reference, we also show comparisons of Approaches 1 and 3.

It draws on three sources of data:

- ***The Study Tracking System (STS)***. The STS, a customized management information system, was designed to support the operations of the ITA experiment and collect data related to participant activities in the experiment. Using paper forms corresponding to data fields in the STS, local staff were asked to track participant intake information, participation in services, training status, training expenditures, and basic training outcomes. Data were collected on all 7,920 customers in the experiment.

- ***A 15-Month Follow-Up Survey***. A randomly selected sample of 4,800 ITA study participants were targeted to be interviewed approximately 15 months after random assignment, over a period from November 2003 to July 2005. The follow-up survey contained questions related to the customer's ITA counseling experience, satisfaction with counseling, participation in training and program selections, employment and earnings, and receipt of public assistance. A total of 3,933 follow-up interviews were completed, yielding a survey response rate of 82 percent.

- ***Administrative Data***. To supplement information gathered through the STS and follow-up survey, we collected state administrative records on receipt of UI benefits and UI-covered employment and wages for all 7,920 study participants. These extracted UI benefits data and earnings data cover the period from January 2000 through at least June 2005—some states gave data through the fall of 2005—ensuring information for at least five quarters before random assignment and five quarters after random assignment for all sample members.

Because customers were randomly assigned to one of the three approaches, we could obtain unbiased estimates of the relative effects of the approaches by simply comparing the average outcomes for customers in two approaches. In practice, we estimated regression-adjusted impact estimates to adjust for any differences that occur by chance in the background characteristics of customers assigned to the three approaches. Appendix C provides more details on the impact estimation and Appendix D discusses the sensitivity of findings to the estimation method.

To obtain estimates of the impacts of an approach, we compare the average outcome of all customers assigned to one of the approaches to the average outcome of all customers assigned to the other approach. We also sometimes compare the outcomes of subgroups of customers, where those subgroups are defined by an outcome. For example, we may be interested in comparing the length of time customers in the approaches spent in training, among customers who entered a training program. Because the customers who entered a training program are a non-random sample of all customers—and in particular, entering training may be affected by which approach a customer was in—we cannot interpret any difference across approaches in the outcomes of this group as the "impact" of an approach. We call these differences "conditional differences"—since they are conditional on an outcome measure—and do not interpret the results as implying a causal relationship.

Our impact estimates reflect the relative impacts of the three approaches among the customers in the eight sites of the experiment. For some outcomes, such as those from the STS or the UI benefits and wage data, we have measures for all customers assigned to one of the three approaches in the eight sites. However, for outcomes based on data from the 15-month follow-up survey, we use weights so that results can be generalized to the full population of ITA customers in the eight study sites. The weights are designed to allow the customers who responded to the survey to represent the population of customers in the ITA experiment, accounting for differences in the baseline characteristics of the respondents and non-respondents. Appendix A provides more details on the weighting procedure.

Our discussion focuses on overall differences in outcomes across approaches for all study sites combined. We obtained these overall differences by pooling all study participants assigned to a given approach across our study sites and giving each equal weight. Our rationale for pooling across sites is based on three factors: (1) all sites were asked to implement the same three approaches; (2) the implementation of the three ITA approaches was similar across our study sites; and (3) while the contextual factors do vary across the sites, we saw them as having had a limited influence on the outcomes of ITA study participants by approach (see Chapter III).

To assess the variability of impacts across sites and customer characteristics, we also present estimates of impacts separately for each of the eight study sites and for selected subgroups of customers. The subgroup analyses were based on the following customer characteristics:

- Dislocated or adult worker status
- Education level
- Vocational certification at the time of random assignment
- Whether 40 or over at the time of random assignment
- Gender
- Race and ethnicity
- Customers who were enrolled in a training program at random assignment

This report presents the impacts of the approaches on customers' experiences obtaining an ITA (Chapter IV), training choices (Chapter V), employment and earnings (Chapter VI), and other income-related outcomes (Chapter VII).

5. The Benefit-Cost Analysis

The key criteria for determining whether an approach is worth implementing is not whether it is effective in improving outcomes, but whether it is effective *enough* to justify its costs. The benefit-cost analysis synthesizes the impacts of each approach. We estimate the benefits and costs of switching from Approach 2 to Approach 1 and the benefits and costs of switching from Approach 2 to Approach 3. The findings from this analysis are reported in Chapter VIII.

CHAPTER III

HOW WERE THE ITA APPROACHES IMPLEMENTED?

Each site in the ITA experiment was asked to implement each of the three ITA approaches described in Chapter II. The ITA award structure, counseling requirements, and requirements for program approval were clearly defined, and each counselor was trained in all three approaches. This chapter draws on evidence collected through in-person interviews, focus groups, reviews of case files, and observations of counseling sessions to describe how the approaches were actually implemented in the real-world conditions of the One-Stop Centers and how they deviated from the planned approaches. It also provides qualitative evidence on the responses to the approaches from customers, counselors, and training providers.

Key Findings: Implementation of Approaches

- Approach 1 was generally *not* implemented as planned. Counselors were rarely willing to be directive to customers, did not push customers toward low-cost, high-return training, and rarely, if ever, vetoed customers' training choices that did not meet the Approach 1 requirements.

- Approach 2 was implemented as planned. Of the three approaches, Approach 2 was closest to the one counselors felt most comfortable implementing. All the demonstration sites adopted a variant of this approach after the experiment.

- Approach 3 was implemented as planned. Generally, counselors did not provide customers with counseling under Approach 3 unless customers requested it, which they rarely did.

This chapter begins with a description of the training and technical assistance provided to counselors and administrators who participated in the experiment (Section A). The chapter then discusses the three distinctive components of each approach—the ITA award structure, required counseling, and the counselor's role in approving the award (Sections B, C, and D). It concludes with a discussion of the sites' preferred approaches and the approaches they chose to implement after the experiment (Section E).

A. TRAINING AND TECHNICAL ASSISTANCE ON IMPLEMENTATION

Considerable attention was paid to training counselors in the implementation of the three approaches and the experiment procedures, as well as in providing ongoing technical assistance. No counselors or other site staff complained about inadequate training or assistance.

Before the experiment, all counselors who were to work with customers in the experiment attended a two-day training session. One or two managers or supervisors also attended the session so they could monitor the work of the counselors and be able to train, at a later date, any new counselors who would work with experiment participants. MPR staff conducted the training at each of the grantee sites. Each training participant received a detailed, grantee-specific training manual (Perez-Johnson and Bellotti 2001).

The training covered the specific requirements for each approach. It also described in detail how to complete the forms and worksheets. Counselors were walked through how to counsel specific hypothetical customers under each approach. In addition, training covered the experiment's requirements, including the Baseline Information Form and Participation Agreement, random assignment, and completion of data collection forms. An additional day of training was devoted to the operation of the Study Tracking System (STS).

After this initial training, designated site liaisons at MPR were available to answer questions and provide additional assistance. Regularly scheduled (biweekly, later monthly) conference calls occurred with site staff to address their questions and monitor implementation. Site staff frequently contacted MPR with questions at other times, both by telephone and by e-mail.

About three months after intake into the experiment began, we conducted site visits to each site. The goals of these visits were primarily to monitor the implementation of the approaches and the experiment and to provide further technical assistance to the sites. During these visits, we observed orientations, conducted case file reviews, and had semistructured discussions with counselors and local managers. Based on these visits, we determined that most procedural aspects of the ITA experiment were proceeding as planned. We provided further training and technical assistance on aspects of the approaches that were not always being implemented correctly or about which local staff felt uncertain. Examples of the most frequently addressed issues were:

- Asking staff not to disclose the Approach 1 cap during orientation
- Making sure staff provided detailed information on the full range of counseling services available to Approach 3 customers during orientation
- Minimizing the provision of unsolicited counseling to Approach 3 customers
- Addressing questions about completion of the Training Costs and Benefits Worksheet

Our impression was that counselors understood the requirements of Approach 1.

B. ITA AWARD STRUCTURE

One of the main ways in which the three approaches differed was the method used to control how much each customer could spend on training. Under Approach 1, counselors were responsible for controlling spending, and customers received a customized ITA to fully cover training costs. The amount was capped but at an amount that was not expected to be binding. Customers under Approaches 2 and 3 received a fixed ITA award of the same amount, which was much lower than the Approach 1 cap.

1. Effect on Customer Choice

Evidence collected from talking with the counselors and customers suggests that, while the higher possible award amount under Approach 1 influenced customers' choices to some degree, its effect on training choices was attenuated by two factors. First, in all sites, the cap under Approaches 2 and 3 was high enough that many programs were still affordable. To some extent, this was because community colleges were important providers of training, and as they are partially subsidized by public funds, most of the programs they offer were affordable to customers under all three approaches.

Second, as discussed below, evidence suggests that providers may have responded to the different approaches by lowering prices for customers under Approaches 2 and 3 and perhaps raising prices for Approach 1 customers. To the extent this occurred, this would reduce any effects of the difference in the ITA amount across approaches.

The difference in award structure could have affected customers' choices in three ways. First, the higher Approach 1 cap made some higher-cost programs more accessible. Therefore, although training programs did exist for most occupations that cost less than the cap under Approaches 2 and 3, the higher Approach 1 cap may have allowed customers to choose from a wider range of training programs. As discussed in Chapter V, although we do not see any differences across approaches in the proportion of customers who attended a training program at a private provider, there is evidence that customers in Approach 1 enrolled in longer, presumably more expensive, programs.

Second, staff reported that some Approach 1 customers knew the cap on their potential award, or at least knew that it was higher than the cap under Approaches 2 and 3, and used this knowledge to ask counselors for additional courses and certifications. Counselors reported that ITA customers learned the cap on each approach through observing the ITA awards given to other customers. Counselors may also have told customers the amount of the Approach 1 cap. Early in the experiment, site visitors observed counselors disclosing the Approach 1 cap during orientations. Providers often were willing to add additional courses or certifications, especially in open-entry, open-exit programs, where the additional cost of providing additional courses or certifications is low.

Third, while Approach 1 customers received only one award customized to the training program they attended, customers under Approaches 2 and 3 could come back for more training if they did not spend their entire ITA award on the first training program. Staff in some sites noted that some customers under Approaches 2 and 3 did come back for a second ITA or additional training-related supplies. Providing weak support for this, the number of training programs attended by customers who enrolled in any training is higher for Approach 2 and 3 customers than for Approach 1 customers, although none of the differences are statistically significant (Chapter V). In Bridgeport, where the costs of available training programs were generally well below the $3,000 cap under Approaches 2 and 3 customers in those two approaches did enroll in more training programs than did customers in Approach 1 (Chapter V).[1] Thus, there is evidence that Bridgeport ITA customers could often purchase more than one training program with their fixed ITA awards.

2. Provider Response to the ITA Award Structure

Before the experiment, many One-Stop Center staff alleged that providers changed the prices of their training programs in response to changes in the caps on the ITAs. Evidence collected from counselors, customers, and providers suggests that some providers—primarily proprietary schools—reacted to the experiment by discounting prices of training programs for customers under Approaches 2 and 3. Some schools—especially those teaching information technology programs—had reduced overall demand for their services and, therefore, had strong motivation to increase the number of ITA holders who attended their programs.

Counselors and ITA managers in several sites also alleged that providers raised their prices for Approach 1 customers. These allegations were more common in the four sites—Phoenix, Maricopa County, North Cook County, and Charlotte—that had a substantial number of proprietary training providers. However, we found little evidence that this practice was widespread. To some extent, this may be because community colleges and universities do not have the same flexibility to change their prices as do proprietary schools

[1] The Bridgeport site was unique in that it negotiated with training providers on the prices and content of programs made available to its customers, instead of relying solely on the programs available in the market. This helped ensure that a wide range of relatively inexpensive training options were available to customers.

and, because they do not rely on WIA customers to the same degree, they have less of an incentive to do so.

C. COUNSELING

The three ITA approaches varied in the counseling required, with customers under Approach 1 having the most counseling requirements and nearly all counseling being voluntary under Approach 3. Some structured counseling was also required under Approach 2, but it was not as directive or intensive as under Approach 1.

Next, we describe how counseling was implemented under Approaches 1 and 2. We organize the discussion around four main counseling topics: (1) choice of occupation for which to train, (2) program research, (3) comparisons of training options, and (4) feasibility of completing training. We end the section with a description of the extent that counseling took place under Approach 3.

1. Choice of Occupation

The first decision the customer had to make was which occupation to train for. Under Approach 1, counselors were instructed to steer customers to well-paying occupations in high demand locally. Approach 2 had no specific requirements for occupation choice, but counselors were encouraged to review customers' occupational choices. Approach 3 had no counseling requirements.

Our assessment was that, under any approach, counselors had only a small effect on occupation decision making. Counselors reported that they rarely affected a customer's occupation choice. The counseling process did not significantly alter the occupation choice of any customer we interviewed during the site visits or observed in a counseling session. This was true in all sites and did not seem to vary by the extent of occupational counseling that occurred prior to random assignment. The lack of effect on occupational choices was corroborated by information from the 15-month follow-up survey, which revealed almost no differences across approaches in the occupations customers selected for training (Chapter V).

The extent to which counselors directed Approach 1 customers toward high-return occupations also appears to be limited. For example, counselors frequently allowed Approach 1 customers laid off from the information technology industry to train for occupations in this industry, even though it was no longer a high-demand occupation. The most direction to Approach 1 customers was given in Jacksonville—the site that had used an approach before the experiment that was closest to Approach 1. It required all Approach 1 customers to train for an occupation on the high-wage, high-demand occupation list.

Opportunities for Counseling. Counselors saw few opportunities to counsel on occupation choice, for three main reasons. First, many customers did not want to change occupations. Counselors consistently reported that few customers expressed interest in a major career change. Many customers, especially dislocated workers, wished to return to

work as soon as possible and, thus, gravitated to short-term training. Therefore, many customers wished to take one or two courses to brush up on existing skills or to learn an additional skill so that they could be more competitive in the labor market for their current occupation.

Second, a substantial proportion of customers had already chosen an occupation when they were randomly assigned. Counselors estimated that well over half the customers had strong ideas about the occupation they would train for at random assignment. We corroborated this estimate through our customer interviews during the site visits. Of the 31 customers on whom we documented information about their occupation choice, 29 stated that they had already chosen an occupation at that time. Even in those sites that provided minimal occupation counseling before random assignment—Jacksonville, Atlanta, Northeast Georgia, and North Cook County—customers had clear ideas about the occupation they wished to train for. This suggests that most customers had chosen an occupation before they initially came to the One-Stop Centers.

Third, for the most part, counselors felt that customers' occupational choices were reasonable. Counselors felt that many customers, especially dislocated workers, had done substantial research on their own and had based their occupational choices on good labor market information.

Reluctance to Be Directive. Even when customers had not made choices before random assignment or when those choices were not based on good information, counselors were reluctant to push customers toward high-return occupations. We identified four main reasons for this reluctance.

First, counseling had always been a collaborative process in which the counselors made suggestions but did not direct customers into occupations or training programs. Asking counselors to be more directive was counter to the counseling methods they had used throughout their career at the One-Stop Center. In only one site (Jacksonville) did counselors direct customers only to those occupations on the high-wage, high-demand occupation list, and this requirement was imposed by the administrators of the One-Stop Centers and was not left to counselor discretion.

Second, counselors strongly embraced the WIA principle of customer empowerment and believed that respecting customers' choices was essential to their success. They believed that, if they were more directive, customers would be much less likely to complete the training program.

Third, counselors viewed much of the labor market information as unreliable and an insufficient reason to change customers' occupation choices. For example, they viewed information on the high-wage, high-demand occupation list as frequently out of date, inaccurate, and not specific enough to a particular local area.

Fourth, when dealing with customers with extensive experience in a highly specialized field (such as information technology), some counselors felt they were not knowledgeable enough about distinctions between available options to judge the customer's occupation

choice. As discussed in Perez-Johnson et al. (2004), some counselors were relatively inexperienced and many were not trained in vocational counseling. Some counselors who had no postsecondary degrees were counseling customers with graduate degrees. Although counselors felt sufficiently well qualified to help customers reflect on important generic considerations when making occupation and training choices, they felt less comfortable prescribing a specific program to customers.

High-Wage, High-Demand Occupation List. Jacksonville was the only site that imposed the requirement that customers must choose from this list. Interestingly, Jacksonville was the only site to emphasize high-return training in its ITA policies before the experiment. Four other sites—Phoenix, Bridgeport, Charlotte, and Atlanta—stopped short of requiring the chosen occupation be on the list, but they actively used the list to get Approach 1 customers to reconsider occupations. In contrast, three other sites—Maricopa County, North Cook County, and Northeast Georgia—used the list very little.

Other Occupational Research Tools. Other tools developed to help customers under Approaches 1 and 2 with occupational research were not consistently used. Our evidence suggests that this was not due so much to limitations in the tools, but rather to the fact that counselors were unwilling or unable to be directive to customers. For example:

- ***Guide to High-Return Training.*** This guide was widely distributed, usually at the orientation. Counselors were required to discuss the guide with the customers in Approach 1 during the first counseling session. In practice, however, counselors did not review the guide with customers systematically under any approach.

- ***Occupational Research Worksheet.*** This worksheet was not a required tool and was used only in three sites—Phoenix, Maricopa County, and Jacksonville.

Provision of Guidance on Occupation Choice. While counselors reported they had little effect on most customers' occupation choices, they did help a small number of customers with their occupation decisions. These included customers who, in the counselor's judgment, were making poor occupational choices. For example, a Jacksonville counselor told a customer that long-distance truck driving would not be suitable for a single parent. They also included a small number of customers, usually adults, who had no idea what occupation to train for.

Counselors sometimes helped customers make their occupational choices more specific. For example, counselors in Phoenix and Maricopa County reported that they helped customers interested in the medical field decide between phlebotomy and surgical technician. Similarly, counselors sometimes suggested adding certifications to a customer's choice of occupation. For example, they might have suggested adding phlebotomy to a nursing assistant program.

2. Program Research

Counselors in all sites believed that researching training programs was extremely important. Hence, counselors were rigorous in enforcing the experiment's research requirements for customers under Approaches 1 and 2 across all sites. Almost all counselors and customers interviewed for this study considered the program research forms developed for the experiment useful. Several counselors reported, and customer interviews confirmed, that the consideration of other providers opened the customers' eyes to a wider range of programs and led some customers to change their minds about a training program that they would have gone to without counseling.

Under Approaches 1 and 2, all sites required customers to research at least two programs (Table III.1). Four sites required Approach 2 customers to research at least three programs; six sites required Approach 1 customers to research at least three programs. In all sites, however, the research requirement for customers of Approaches 1 and 2 was relaxed if the required number of programs on the ETP list did not exist within a reasonable commuting distance or if the alternatives were unsuitable for the customer.

Table III.1. Program Research Requirements

	Number of Programs That Customers Must Generally Consider	
	Approach 1	**Approach 2**
Phoenix	3	3
Maricopa County	3	3
Bridgeport	3	3
Jacksonville	2-3 (varies by counselor)	2-3 (varies by counselor)
Atlanta	3	2
Northeast Region	2	2
North Cook County	3	3
Charlotte	3	2

Sites differed in other requirements for how this research should be conducted. Three sites—Jacksonville, North Cook County, and Charlotte—allowed counselors substantial discretion to determine the scope of the research conducted by the customer. Customers in these sites could research programs in one or more occupations depending on the certainty of the customer's occupational preference and the number of potential training providers. The remaining sites, in contrast, typically required customers to research several programs in the same occupation, although exceptions were made to allow customers to consider programs in closely related occupations if warranted.

Sites also varied in the extent to which they required their customers to conduct program research through in-person visits to providers' training programs as opposed to through Internet research or telephone calls. Although counselors in all sites were enthusiastic about the efficacy of on-site program research and strongly encouraged such

visits, only one site (Bridgeport) required all customers under Approaches 1 and 2 to visit at least one provider in person.

Just as many customers came to the One-Stop Center having chosen an occupation, many customers also came with a strong idea about the training program in which they wanted to enroll. These ideas were developed in three ways:

1. ***Reverse Referrals.*** Under a reverse referral, people who come to a school inquiring about training are told by the school about potential funding available from the local workforce investment board. School staff in one site sometimes even accompanied their potential students to the approach-specific orientation sessions (although they were not permitted to attend the orientation itself).

2. ***Marketing.*** Some counselors believed that providers marketing directly to the unemployed had a significant effect on ITA customers' program choices. Several of the proprietary providers we interviewed confirmed that their schools advertised extensively through television or radio and considered these advertisements effective in bringing in customers.

3. ***Personal Recommendations.*** Many customers came to the One-Stop Center wanting to go to a school that a friend or relative had recommended.

Counselors considered mandatory program research especially important for customers who were reverse referred by providers. Because the referral can lead to customers getting public resources to pay for training that they would have otherwise paid for on their own, a reverse referral can produce a strong loyalty to a provider.

The extent of reverse referrals varied considerably across the sites. Counselors in three sites—Northeast Georgia, North Cook County, and Charlotte—stated that providers referred at least 20 percent of ITA holders. Counselors in the other sites, however, suggested that the practice was relatively uncommon.

3. Comparisons of Training Options

After customers had completed program research, counselors were to work with them to compare training programs.

Approach 1. Under Approach 1, counselors were to use the Training Costs and Benefits Worksheet to determine the net financial benefits from each program and direct customers to training determined, by the calculations on the form, to be high return.

The qualitative evidence suggests that counselors did not use the results of this exercise to direct customers to a training program in any site. Indeed, at the beginning of the experiment, some counselors manipulated the inputs into the calculations so that the program that the customer wanted had the highest "net benefit." For example, some placed a higher starting wage for a training program that the customers preferred, even if all the training programs were for the same occupation.

After counselors had been told not to manipulate the calculations in this way, our assessment is that many counselors used nonfinancial factors to override the net benefit results when the net benefit results did not give the results that the customer wanted. Consideration of nonfinancial factors was allowed under the Approach 1 requirements. However, counselors were expected to override the financial findings only when the nonfinancial factors were overwhelming. In some cases, counselors did perceive these factors as overwhelming but also reported that, in general, they did not hesitate to override the net-benefit results for Approach 1 customers. The nonfinancial factors used to override the net-benefit results included:

- ***Instruction Characteristics.*** These included class size and whether instruction was self-paced, computer-based, or delivered in a lecture format.

- ***Location.*** Counselors cited this as one of the most important factors in the customer's training decision.

- ***Starting Dates.*** Prompt starting time for a program was important because it could speed customers' reentry into the work force.

- ***Schedules.*** Day versus evening schedules or how much time needed to be spent each day might have been important in ensuring that the program fit with the customer's family responsibilities.

- ***Program Duration.*** Customers often were eager to return to work and, therefore, often strongly preferred shorter programs.

Two main factors may explain why counselors did not direct customers to the programs with higher net benefits as indicated by the calculations on the Training Costs and Benefits Worksheet. First, counselors did not think the net-benefit calculations indicated the best program for the customer. It was difficult to estimate the wages given up during training. The available data on expected wages after training were not sensitive to differences in programs, such as the quality of instruction or whether they provided placement assistance. Moreover, counselors viewed nonfinancial factors as important in determining whether customers would complete training. Second, directing customers to specific programs was counter to the collaborative nature of the counseling they conducted.

Counselors also felt that completing the Training Costs and Benefits Worksheet was sometimes not a useful exercise. In practice, there might not be more than one training program to compare, or the available training programs were so similar that they yielded the same net benefits.

The result of these practices was that counselors generally did not direct Approach 1 customers to high-return training nor did they modify these customers' original ideas in significant ways. Moreover, they rarely denied training to Approach 1 customers.

Approach 2. Counselors did not need to complete a Training Costs and Benefits Worksheet for Approach 2 customers or direct customers to a particular training program. Instead, they worked with customers on the Training Options Comparison Form, which asked customers open-ended questions about the programs. Counselors viewed this as a useful tool because it organized the information collected during program research.

4. Feasibility of Program Completion

Under Approaches 1 and 2, after customers selected a program, counselors were required to discuss the feasibility of completing the program with them. This included whether the ITA award and other available resources could cover the costs of training and whether the customer had enough household income to meet expected living expenses during the training period. The counseling requirements under Approaches 1 and 2 were similar. Customers were to be guided through the Training Costs Form to compare program costs and training resources, the Income and Expenses Worksheet to help them determine if they had enough income to cover their household income while in training, and the Training Budget Worksheet to show how training costs would affect their household budgets. As described in Section D, the only difference between Approaches 1 and 2 was that, under Approach 1, counselors could veto any training program not viewed as feasible.

Although, in general, the experimental tools were new to counselors, the review of customers' training decisions for financial feasibility was not. In most sites, counselors indicated that feasibility was a central component of ITA counseling before the experiment because sites were concerned about funding training that customers might not be able to complete.

WIA customers were also commonly required to explore feasibility considerations and the opportunity cost of participating in training before approval for training services. Such discussions would be more general, however, and focused on the overall feasibility of participating in training and would have taken place before random assignment and enrollment in the study. The experiment's feasibility activities were specifically focused on the customer's likelihood of completing the selected program.

Although counselors recognized that feasibility decisions were important, their opinions about the Training Budget Worksheet and Income and Expenses Worksheet for their customers under Approaches 1 and 2 were varied. Some counselors viewed these forms favorably. Many customers, they felt, would have made casual decisions about budgetary matters without being forced to reconsider these decisions. Counselors saw the forms as helping customers think realistically about budget constraints and the need to either choose a shorter training program, adjust expenses, or figure out alternative income sources during the training period. As one counselor in Atlanta remarked, "When they see the costs and their financial responsibilities laid out on paper, some will decide to pursue a shorter training program."

On the other hand, a few counselors thought that feasibility discussions were only moderately helpful because most customers had already considered feasibility in sufficient

detail before random assignment, either on their own or through planning for training during core or intensive services. Some counselors also felt that the worksheets did not accurately portray the factors in the feasibility decision because customers did not fill out the forms accurately, or they deliberately exaggerated income or understated expenses to ensure that the cash flow would be positive.

In general, customers accepted the feasibility exercises willingly. A few felt that the need to furnish personal financial information for the Income and Expenses Worksheet was intrusive, however.

Counselors rarely used the results of these exercises to veto a customer's training choice. If the Approach 1 customer's choice did not look feasible given their other financial responsibilities, counselors might suggest to customers (but not insist) that they consider shorter-term training. Alternatively, they would prod customers to think of ways of making up a budget shortfall, by either cutting household expenses or seeking other sources of income. Counselors noted that it was easy for customers to overcome shortages in the cash flow if the customers simply asserted that "my mother will help" or "I will refinance my mortgage." Counselors tended to accept these representations readily.

5. Counseling Under Approach 3

At the Approach 3 orientation, counselors were to offer to help customers select a training program but provide assistance only if the customer explicitly requested it.

With some exceptions, counselors adhered to the requirements of this approach. Observations of orientations and interviews with counselors suggest that counselors offered counseling to Approach 3 customers and made it clear that it was not mandatory. All counselors acknowledged substantial differences in the way they handled customers in Approach 3 versus those in Approaches 1 and 2.

Some counselors did, however, provide a small amount of unstructured counseling to Approach 3 customers, regardless of any request. For example, counselors in Charlotte, Phoenix, and Maricopa County—sites that stressed occupational counseling—admitted discussing the feasibility of the training with their Approach 3 customers informally during the orientation sessions, without worksheets. Some counselors also brought up this issue informally when customers came in for their training vouchers. One factor that prevented counselors providing counseling to Approach 3 customers was that counselors felt they did not have time to provide additional counseling given their high caseload.

Other factors may also have led Approach 3 customers to conduct some research into training programs. For example, in Bridgeport, Phoenix, and Maricopa County, all customers, regardless of approach, had to obtain a written training plan that would become a part of the site's contract with the school if an ITA were actually issued. This meant that they had to collect some information about the school. Moreover, some *providers* also strongly promoted in-person visits before customers made their training decision, and some even required it before the customer could be enrolled.

Counselors in all sites report that customers under Approach 3 used little counseling. Counselors reported that many Approach 3 customers requested an ITA at the orientation or soon afterward, and the STS data corroborated this (Chapter IV).

Counselors were concerned about customers making their training decisions without professional guidance. A few counselors contended that the absence of significant contact with staff contributed to a higher rate of attrition from the program among Approach 3 customers because nobody was available to help with their personal problems or difficulties in making the choice. As we discuss in Chapters IV and V, the quantitative data do not support this view.

D. FINAL PROGRAM APPROVAL

A major difference between Approach 1 and Approaches 2 and 3 was that counselors could veto customers' program selections under Approach 1 but not under Approaches 2 and 3. Approach 1 customers' final program selections had to meet three requirements. They had to be (1) considered a high-return training option, (2) a program that the customer has a reasonable chance of completing with their available resources, and (3) on the ETP list.

In practice, our evidence suggests that counselors rarely, if ever, vetoed Approach 1 customers' training choices for not meeting the first two of these requirements. This was not because the customers' choices always met the requirements. Rather, counselors were reluctant to exercise their veto power. Counselors did not hesitate to override the results of the comparison of the financial returns of different programs based on nonfinancial factors or to accept unquestioningly customers' representations of their ability to complete a training program. In no site did we hear that managers and supervisors who reviewed the final program choice would ask counselors of Approach 1 customers to reconsider their approval.

According to the counselors, this reluctance to veto choices was because they believed that the matching of training choices to customers' preferences was a critical determinant of their success in achieving program completion and good employment outcomes. Counselors worked on making decisions collaboratively, building upon a good rapport established between counselors and customers. Thus, while counselors suggested alternatives to customers or might have pointed out factors that the customers should consider when pursuing training, they were uncomfortable being directive.

As counselors rarely vetoed customers' choices, counselors reported that program approval ended up looking very similar under all three approaches. Counselors remarked that the biggest difference that they saw between their roles in working with customers under Approaches 1 and 2 was that the former entailed more paperwork.

E. SITES' PREFERRED APPROACH

Of the experiment's three approaches, most sites preferred Approach 2. As mentioned earlier, counselors were uncomfortable being directive under Approach 1. In addition, they viewed completing the Approach 1 required forms and worksheets as burdensome. On the

other hand, they were also uncomfortable with not providing any counseling under Approach 3. Approach 2 embraced the two elements that counselors believe are most important in counseling: (1) encouraging program research, and (2) assessing the feasibility of completing the training program. It was also most similar to the approach that most sites used before the experiment.

Managers and counselors were in a fair amount of agreement in their views about the ITA approaches. Perhaps this was because managers recognized the inherent difficulties in implementing an approach that frontline staff disliked.

The sites' preferences on the approach to managing ITAs are reflected in their choice of approach after the experiment (Table III.2). None of the sites chose to adopt the exact specifications of any of the experiment's approaches. Most sites reverted to the general approach they used before the experiment. However, Phoenix and Bridgeport implemented more structured counseling than they had before the experiment.

Table III.2. Approach Adopted After the Experiment in June 2004

Site	Approach Adopted After Experiment	Major Modifications to Approach Used Before Experiment
Phoenix	Between Approaches 1 and 2	Training Costs and Benefits Worksheet used for information only Modified occupational research form
Maricopa County	Between Approaches 1 and 2	Training Costs and Benefits Worksheet used for information only Modified occupational research form
Bridgeport	Between Approaches 1 and 2	Requirement to research two providers Can use Approach 1 if best for the customer
Jacksonville	Between Approaches 1 and 2	Modified Training Costs and Benefits Worksheet Extensive counseling provided
Atlanta	Approach 2	None
Northeast Region	Approach 2	Counselors can use forms at their discretion for some customers.
North Cook County	Approach 2	Mandatory program research, including use of Program Research Form
Charlotte	Approach 2	Counselors can use forms at their discretion for some customers.

The major modifications to the experimental approaches the sites made were aimed at reducing paperwork they viewed as unnecessary. The counselors viewed some of the tools used during the experiment as useful for some customers, but not for all of them. For example, North Cook County retained the Program Research Form but made its use voluntary. In several sites, use of forms was left up to counselors' discretion. For example, counselors are encouraged in Atlanta to use the Training Budget Form if feasibility questions remain after an informal discussion of the topic. Use of the Training Costs and Benefits Worksheet was continued in three sites, but the counselors were not required to direct customers to the highest-return training program.

Most sites chose to return to the caps they used before the experiment (Table III.3). Maricopa County, Bridgeport, Atlanta, Northeast Georgia, North Cook County, and Charlotte all chose to implement the caps they used before the experiment. In most of these sites, the cap chosen after the experiment was also the cap for Approaches 2 and 3 during the experiment. Jacksonville returned to using the three-tier cap approach it used before the experiment, but used caps commensurate with those used during the experiment. The cap for the lowest-wage tier was the cap for Approaches 2 and 3; the cap for the highest-wage tier was the cap for Approach 1. Only Phoenix raised its cap after the experiment. Its rationale was that it wanted to accommodate customer demand for certain high-cost programs in popular fields such as information technology, nursing and other health care, automobile repair, refrigeration, and mechanical maintenance.

Table III.3. Caps Used by Sites Before, During, and After the Experiment

Site	Pre-Experiment Caps	Caps Under Experiment	Postexperiment Caps
Phoenix	$3,000-$4,000 (depending on length)	$3,000 (A2 and A3) $8,000 (A1)	$6,000
Maricopa County	$3,500	$3,000 (A2 and A3) $8,000 (A1)	$3,500
Bridgeport	$3,000	$3,000 (A2 and A3) $7,000 (A1)	$3,000
Jacksonville	Tiered: $4,600-$8,900	$3,000 (A2 and A3) $6,000 (A1)	Tiered: $3,000-$6,000
Atlanta	$5,000 (first year)	$5,000 (A2 and A3) $8,000 (A1)	$5,000 (first year)
Northeast Region	$3,000 (first year)	$4,000 (A2 and A3) $8,000 (A1)	$3,000 (first year)
North Cook County	$3,000 (first year)	$3,000 (A2 and A3) $8,000 (A1)	$3,000 (first year)
Charlotte	$4,000	$4,000 (A2 and A3) $8,000 (A1)	$4,000

A1 = Approach 1; A2 = Approach 2; A3 = Approach 3.

CHAPTER IV

HOW DOES THE ITA APPROACH AFFECT CUSTOMERS' EXPERIENCES OBTAINING AN ITA?

The ITA approaches differ in both their requirements for obtaining an ITA and the potential ITA amount. While Approach 1 and 2 customers were required to participate in further counseling after being determined eligible for WIA-funded training, Approach 3 customers were not. And while Approach 2 and 3 customers faced the same cap on the ITA award, Approach 1 customers could potentially receive a higher ITA. These differences could affect customers' experiences and decisions in the process of obtaining an ITA.

This chapter examines how the approaches affected intermediate customer outcomes—outcomes related to customers' experiences prior to receiving an ITA. Drawing on data from both the Study Tracking System (STS) and the 15-month follow-up survey of ITA customers, it examines the difference between approaches in the receipt of ITAs, the receipt of counseling and other services, customers' satisfaction with the process of obtaining an ITA, the number of training programs, the value of the ITA awarded, and the cost of the program chosen.

The chapter begins by examining the rate at which customers who are found eligible for an ITA meet the conditions necessary to obtain that ITA—attendance at an ITA orientation, participation in counseling (under Approaches 1 and 2 but not Approach 3), and finally the ITA approval (Section A). It then examines the effects of the approaches on the number of counseling sessions attended, the number and type of assessments received and workshops attended, as well as the time taken to obtain an ITA (Section B). The number of training programs considered under each approach and the satisfaction with the process and information received are then described (Sections C and D). The chapter ends by discussing the value of the ITAs received by customers and the cost of the training programs funded by ITAs (Sections E and F). Supplemental tables are presented in Appendix E.

Key Findings: Impacts on Customers' Experiences Obtaining an ITA

- Approach 3 customers were more likely than other customers to attend an ITA orientation.
- Approach 3 customers rarely requested counseling.
- The ITA take-up rate was higher under Approach 3 than in the other two approaches.
- When choosing a program, Approach 3 customers considered fewer programs than did Approach 1 and 2 customers.
- Customers across all three approaches were generally satisfied with the process of receiving an ITA.
- The average ITA award was much higher under Approach 1 than under Approaches 1 and 2.
- Approach 1 ITA recipients chose more expensive training programs than Approach 2 and 3 ITA recipients.

A. FULFILLING THE CONDITIONS FOR PARTICIPATING IN WIA-FUNDED TRAINING

Not everyone who is found eligible for WIA-funded training receives an ITA—some customers decide not to train and others participate in training but use other funds to pay for training. The ITA approach can affect the likelihood that a customer fulfills the necessary conditions and receives an ITA in three ways: (1) the higher potential value of the ITA under Approach 1 increases the potential benefits of receiving an ITA; (2) the mandatory counseling under Approaches 1 and 2 could raise the cost to customers of receiving an ITA; and (3) under Approach 1, counselors can reject customers' program choices, although as discussed in Chapter III, interviews with staff suggest that they rarely did.

As soon as customers were found eligible for WIA-funded training, the sites sent to MPR the eligible customers' names for random assignment to one of the three approaches. The grantee then sent a letter to the customer describing the approach they were assigned to and the major features of the approach. The customers were then invited to an ITA orientation where counselors discussed the approach-specific procedures for obtaining an ITA.

Table IV.1. Percent of all Customers Participating at Each Stage of the Process of Obtaining an ITA

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Attended or was Excused from an Orientation	69%	67%	74%	2	7***	-6***
Received Counseling after the Orientation	66	59	4	7***	-55***	62***
Received an ITA	59	58	66	1	7***	-6***
Sample Size	2,644	2,649	2,627			

Source: Study Tracking System, extract as of July 2004

Notes: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline).

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

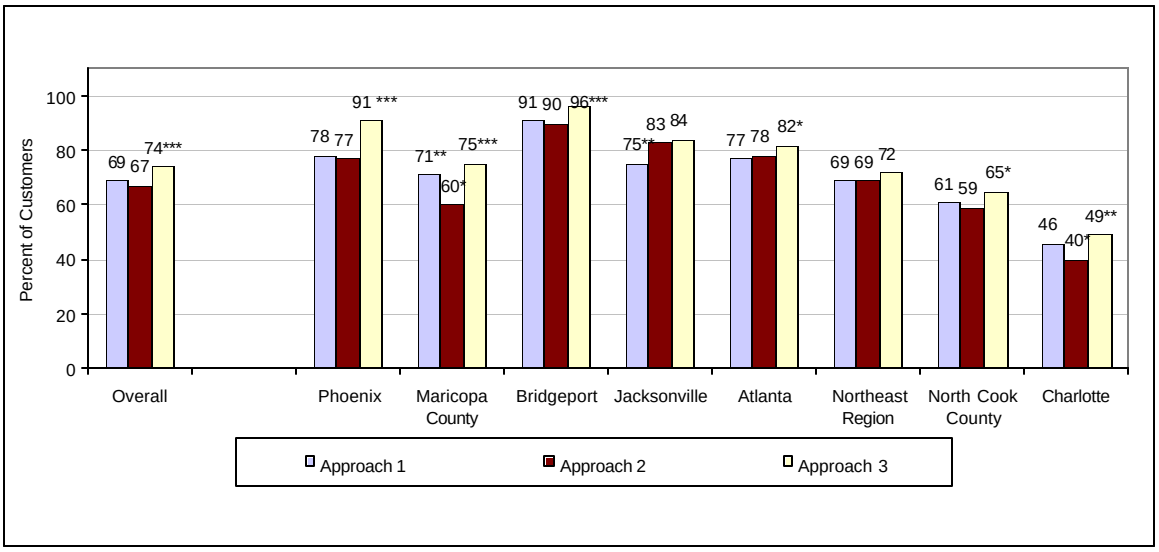
1. Attending an ITA Orientation

A significant minority of customers in each approach did not attend the ITA orientation (Table IV.1). Interviews with counselors suggested that the customers who dropped out right after random assignment commonly did so because they found a job or decided that training was not the right strategy for them at the time.

Comparing Structured Choice (Approach 1) with Guided Choice (Approach 2). About 69 percent of Approach 1 customers showed up to the ITA orientation compared with 67percent of Approach 2 customers—a difference that is not statistically significant. Hence, it is likely that any perceived benefits of a potentially higher ITA award under Approach 1 was offset by the perceived costs of additional counseling requirements.

In five of the eight sites, a similar proportion of Approach 1 and Approach 2 customers attended an ITA orientation (Figure IV.1). The exceptions were Maricopa County and Charlotte, where Approach 1 customers were more likely than Approach 2 customers to attend an orientation, and Jacksonville, where Approach 1 customers were less likely to attend an orientation. Examining the important subgroups of customers, Approach 1 and 2 customers attended an orientation at about the same rate within each subgroup, with just a few exceptions (Figure IV.2).

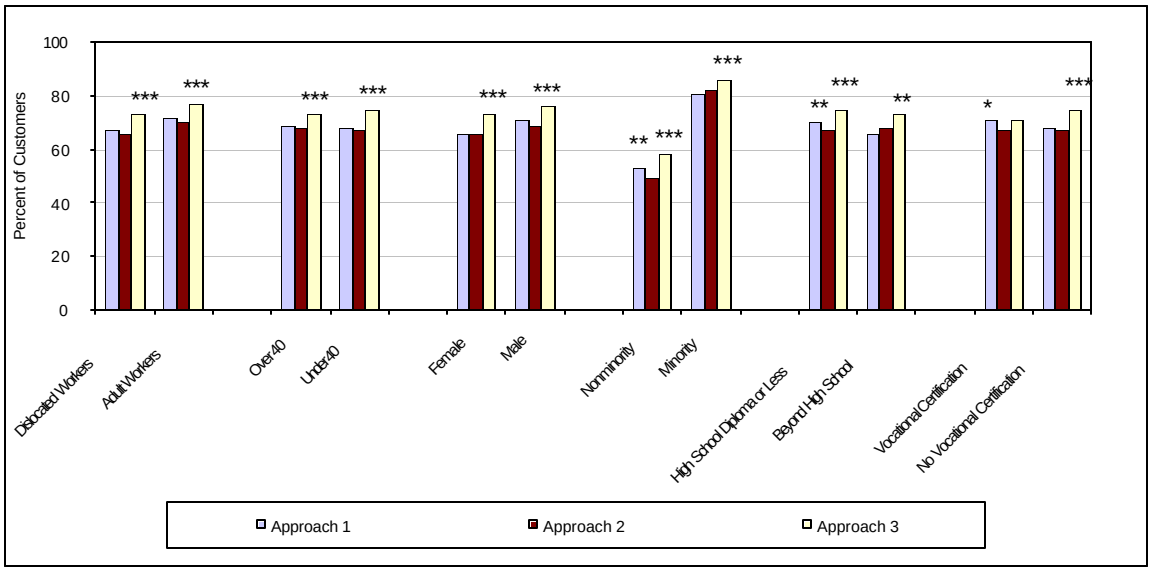
Figure IV.1. Percentage of Customers Who Attended an ITA Orientation by Site



Source: Study Tracking System, extract as of July 2004.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level.

Figure IV.2. Percentage of Customers Who Attended an ITA Orientation by Subgroup



Source: Study Tracking System, extract as of July 2004.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level.

Comparing Maximum Choice (Approach 3) with Guided Choice (Approach 2). One of the most interesting findings from this study is that just the receipt of a letter notifying the customers of their assignment to Approach 3 increased the likelihood of customers attending the orientation, relative to customers who received a letter notifying them of their assignment to Approaches 1 or 2. About 74 percent of Approach 3 customers attended the orientation compared to 67 percent of Approach 2 customers and 69 percent of Approach 1 customers. Our interpretation of this impact is that the additional counseling requirements under Approaches 1 and 2 discouraged customers from pursuing an ITA. The rate at which Approach 3 customers showed up to an orientation was higher than the rate at which Approach 2 customers showed up to an orientation in all sites and for all subgroups (Figures IV.1 and IV.2), and the difference was statistically significant in six sites and nearly all subgroups.

Overall Levels of Attendance at the ITA Orientation. Although the *impacts* of the approaches on orientation attendance were similar across sites, the overall *levels* of attendance did vary by site and subgroup. In particular, attendance at ITA orientations in Charlotte was very low relative to the other sites. Fewer than 50 percent of customers in any approach in Charlotte attended an orientation compared with an overall average of 70 percent across the other sites (Figure IV.1). We attribute the low overall rate of attendance at an ITA orientation in Charlotte to the fact that, compared to other sites, random assignment occurred relatively early in the intake process. In the other sites, much more training and employment counseling occurred prior to random assignment and hence customers in those sites who were still interested in training by the time of the orientation were probably more committed to training than customers in Charlotte. The rate of attendance at ITA orientations was similar across subgroups with the exception of nonminority customers, who were significantly less likely than other groups to attend an ITA orientation.

2. Participation in Counseling After the ITA Orientation

After attending an orientation, customers under Approaches 1 and 2 were required to participate in counseling. Approach 3 customers could participate in counseling if they chose to, but did not need to in order to obtain an ITA. It is important to remember, however, that all customers received some counseling before being found eligible for training and being randomly assigned to an approach.

Comparing Structured Choice (Approach 1) with Guided Choice (Approach 2). Approach 1 customers were significantly more likely than Approach 2 customers to continue with counseling after the orientation (Table IV.1). This was true in seven of the eight sites and all the subgroups we examined (Appendix E). Overall, 66 percent of Approach 1 customers attended at least one counseling session after the orientation compared with only 59 percent of Approach 2 customers (Table IV.1). About 3 percent of Approach 1 customers attended an orientation but then decided not to pursue the mandatory counseling and hence dropped out of the process of receiving an ITA. In contrast, 8 percent of Approach 2 customers attended an orientation and then decided not to attend counseling. Our interpretation of this impact of Approach 1 on counseling was that counselors conveyed to the customers during the orientation that they could receive a larger ITA award,

and this potentially higher award offset any of their concerns about the burden of counseling.

Comparing Maximum Choice (Approach 3) with Guided Choice (Approach 2). When counseling was voluntary, as it was under Approach 3, very few customers took advantage of it. Overall, only 4 percent of Approach 3 customers received any counseling after the ITA orientation compared to 58 percent of Approach 2 customers (Table IV.1). In Bridgeport, 14 percent of Approach 3 customers participated in counseling, but this was the only site where more than a tiny proportion of Approach 3 customers participated in counseling (Appendix E). The low rate of participation in counseling is consistent with reports from grantee staff that many Approach 3 customers arrived at the ITA orientation already knowing what training program they would like to attend and submitted their requests for ITAs at that time.

3. Receiving an ITA

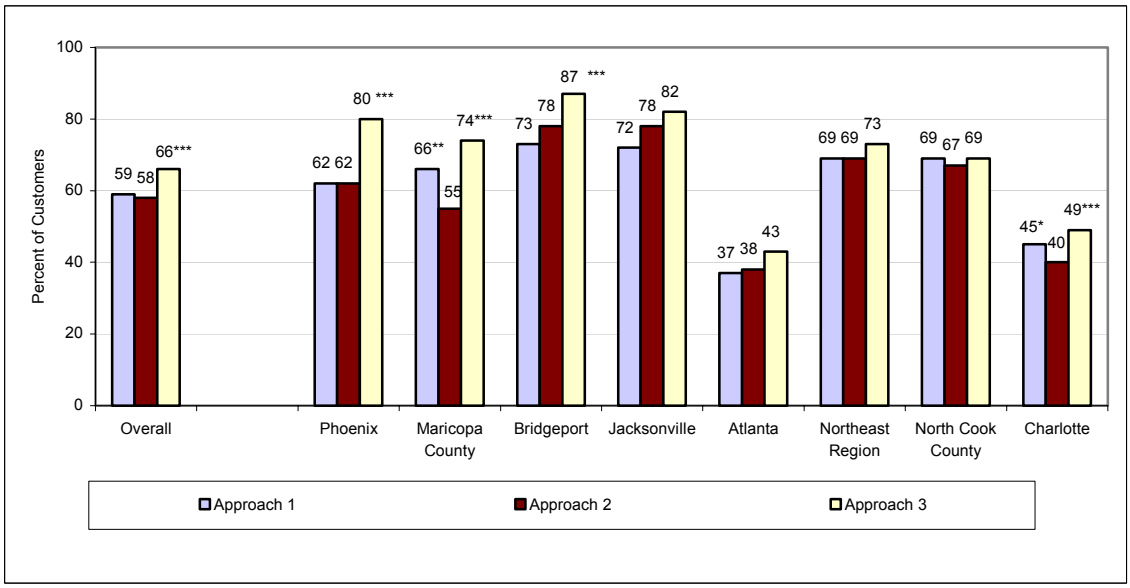
Once Approach 1 and 2 customers had completed the mandatory counseling they could receive an ITA. Approach 3 customers could receive an ITA as soon as they had attended an ITA orientation.

Comparing Structured Choice (Approach 1) with Guided Choice (Approach 2). Approach 1 and 2 customers were equally likely to complete the mandatory counseling—just fewer than 60 percent of customers in both approaches received an ITA (Table IV.1). This was true for all sites except Maricopa County and Charlotte, where ITA receipt among Approach 1 customers was significantly higher than for Approach 2 customers (Figure IV.3). No significant difference was found between ITA receipt for Approach 1 and 2 customers for any subgroup (Figure IV.4).

Although significantly more Approach 1 than Approach 2 customers began counseling, the fact that the two groups of customers had similar ITA take-up rates suggests that more Approach 1 customers than Approach 2 customers must have dropped out of the process *during* counseling. This could have occurred for three reasons. First, while counseling was mandatory under both Approaches 1 and 2, the activities customers were required to complete under Approach 1 took more time and effort than the Approach 2 activities. Second, as discussed below, it took longer on average to complete the counseling activities under Approach 1 and hence there was more time for the customer to find a job before entering training. Third, it is possible that counselors rejected customers' choices under Approach 1 and this could have discouraged Approach 1 customers from continuing. However, we think this third explanation is unlikely given the reports from the counselors that they rarely if ever rejected a customer's training or occupation choice.

Comparing Maximum Choice (Approach 3) with Guided Choice (Approach 2). Approach 3 customers were 7 percentage points more likely than Approach 2 customers to receive an ITA—65 percent of Approach 3 customers did so compared to only 58 percent of Approach 2 customers. This impact was almost entirely due to the difference in

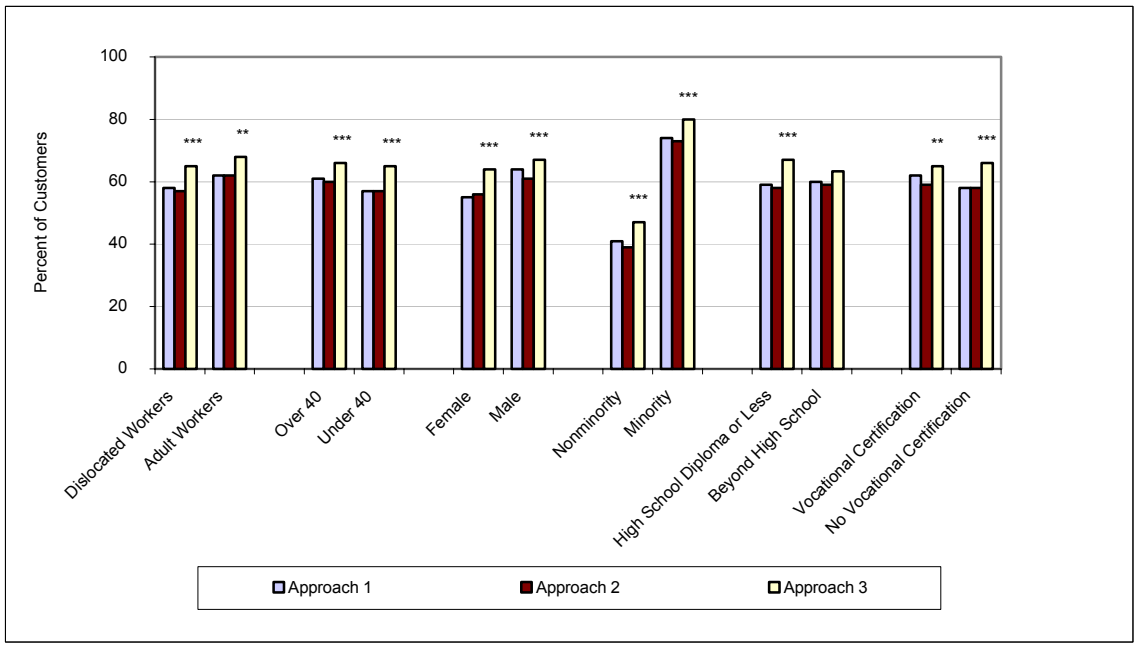
Figure IV.3. Percentage of Customers Who Received an ITA by Site



Source: Study Tracking System, extract as of July 2004.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level.

Figure IV.4. Percentage of Customers Who Received an ITA by Subgroup



Source: Study Tracking System, extract as of July 2004.

/ ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level.

the rate at which the customers under the two approaches attended an orientation. Nearly all Approach 2 customers who began counseling completed it and received an ITA. Hence, it was the expectation of counseling rather than the counseling itself that led to the differences in the percentage of customers who received ITAs.

Approach 3 customers were more likely to receive an ITA than Approach 2 customers in all sites, and the difference was statistically significant in four sites (Figure IV.3). Similarly, there was a statistically significant difference between ITA receipt in Approach 2 and Approach 3 in nearly all of the customer subgroups examined.

Overall Levels of ITA Receipt. Interesting differences across sites occurred in the overall percentage of customers who received an ITA. In Atlanta and Charlotte, fewer than half of all customers who were found eligible for training received an ITA compared with more than 60 percent in all other sites (Figure IV.3). The low rate of ITA receipt in Charlotte reflects the low rate of orientation attendance. It is probably because random assignment occurred early in the process and so customers were more likely to change their mind about training. In Atlanta, where attendance at ITA orientations was not particularly low, the relatively low rate of ITA receipt may reflect the greater availability of state-funded alternatives to ITA-funded training in Georgia. The relatively low rate of ITA receipt among nonminority customers compared to other populations reflects the low rate of orientation attendance among this subgroup.

B. PARTICIPATION IN COUNSELING AND OTHER SERVICES

As discussed above, the ITA approach had a significant effect on the rate at which customers received *any* counseling after the orientation, with Approach 1 customers most likely and Approach 3 customers least likely to participate in any counseling after the ITA orientation. This section discusses the amount of counseling received by those customers who received any counseling after being found eligible for training, the receipt of assessments and participation in workshops at the One-Stop Centers, and the length of time between when a customer was found eligible for training and when they received an ITA. As these outcomes are conditional on customer participation in counseling or receipt of an ITA, the differences cannot be interpreted as being caused by the approach. However, the findings are still informative.

1. Number of Counseling Sessions

On average, Approach 1 and 2 customers who received any counseling after random assignment participated in two sessions with a counselor after the orientation (Table IV.2). Just over one-third of Approach 1 and 2 customers participated in only one counseling session, another one-third participated in two sessions, and the remainder participated in three or more sessions. Approach 3 customers participated in an average of just over one session after orientation, with nearly three-quarters of customers participating in only one.

Table IV.2. Number of Counseling Sessions Attended by Customers Who Attended Counseling After the Orientation

	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Average	2.1	1.9	1.3	0.2	-0.6	0.8
Distribution						
1	37%	42%	74%	-5	32	-37
2	34	38	21	-4	-17	13
3	18	13	4	5	-9	14
4	7	5	0	2	-5	7
5	2	1	1	1	0	1
6 or more	2	1	0	1	-1	2
Sample Size	1,734	1,558	100			

Source: Study Tracking System, extract as of July 2004

Note: Means computed using only individuals who attended counseling after the orientation. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.
Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics. Regression adjustment could not be done because of collinearity.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Customers had, however, already received counseling on the decision to train, prior to random assignment. The counseling sessions that occurred after random assignment were additional sessions. All customers were asked on the 15-month follow-up survey how many times they had met with a counselor in total, both before and after random assignment. (Respondents were not asked to distinguish between sessions that occurred before and after random assignment because of the difficulty of remembering over a year later precisely when the sessions occurred). Approach 1 and 2 customers reported that in total they participated in an average of six sessions and Approach 3 customers reported that in total they participated in an average of five sessions, and this difference was statistically significant.

2. Assessments and Workshops

The One-Stop Centers offer customers a variety of assessments of aptitudes and interests to help them decide on training and employment. They also offer workshops on topics such as job search, career planning, and basic skills. Customers can receive assessments and attend workshops at any time, but they typically do so before they are found eligible for training. The 15-month follow-up survey asked all customers about the

receipt of assessments and attendance at workshops. The survey did not ask customers to distinguish between whether the assessments and workshops occurred before or after random assignment.

Surprisingly, given that an assessment was not a required activity under any ITA approach, Approach 1 customers were more likely than Approach 2 customers to receive an assessment. About 68 percent of Approach 1 customers received an assessment compared with 64 percent of Approach 2 customers (Table IV.3). We interpret this difference as being a result of Approach 1 customers receiving more assessments after random assignment. As the assignment to approaches is random, we would not expect the receipt of assessments before random assignment to vary by approach.

Approach 1 customers were significantly more likely than Approach 2 customers to receive an assessment in English, reading, occupational interests, and occupational aptitude. While these assessments were not required as part of the counseling required in Approach 1, the more intensive counseling or the wider selection of available training programs that could be considered may have led customers to take additional assessments. We found no difference in overall assessment receipt between Approach 2 and 3 customers. The ITA approach had no impact on participation in workshops.

3. Time Between Training Eligibility Determination and ITA Award

It took Approach 1 customers longer to obtain an ITA than Approach 2 customers, and it took Approach 2 customers longer than Approach 3 customers. As expected, there was no difference across approaches in the time between when the customer was determined eligible for training and random assignment—it was just under two weeks for all customers (Table IV.4). However, after random assignment, it took Approach 1 customers 8.5 weeks to obtain an ITA, compared with 7.2 weeks for Approach 2 customers and 6.4 weeks for Approach 3 customers. In total, customers received an ITA about eight to ten weeks after they were found eligible for training.

C. Number Of Training Programs Considered

One concern expressed by counseling staff was that without mandatory counseling Approach 3 customers would not consider a wide enough variety of training programs. Hence, as part of their counseling activities, Approach 1 and Approach 2 customers were required to conduct research on at least two programs and encouraged to research more. To explore the extent to which the approach affected whether customers considered multiple programs, the 15-month follow-up survey asked all customers how many training programs they considered when deciding on a training program.

Table IV.3. Impacts on Receipt of Assessments and Attendance at Workshops

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Received an assessment	68%	64%	66%	3*	1	2
Assessment Type						
English language	51%	47%	49%	4**	1	3
Reading	51	46	48	4**	1	3
Math	56	54	55	2	0	2
Occupational interests	54	46	48	7***	2	6***
Occupational aptitudes and interests	49	42	42	7***	0	7***
Computer skills	1	0	1	1*	1**	0
Typing and data entry	0	0	1	0	0	0
Writing and spelling	0	0	0	0	0	0
Other	1	0	1	1***	1**	0
Participated in a Workshop	42%	41%	41%	1	0	2
Workshop Type						
Resume writing	30%	27%	27%	3*	0	3*
Job search	32	31	29	1	-2	3*
Career planning	24	22	23	2	1	1
Job interviewing skills	4	3	3	0	0	0
Computer skills	1	2	1	-1	0	0
Money management	0	0	0	0	0	0
Opportunities for further education	1	1	0	0	0	0
Job networking	2	1	1	1	0	1*
Available assistance	0	0	0	0	0	0**
WIA resources	0	0	0	0	0	0
Stress management	0	0	0	0	0	0
Other	2	1	1	1*	0	0
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

Notes: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Table IV.4. Number of Weeks Between Being Determined Eligible for Training and Receipt of an ITA Among ITA Recipients

	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
WIA training eligibility to random assignment	1.8	1.8	1.9	0.0	0.1	-0.1
Random assignment to ITA approval	8.5	7.2	6.4	1.3***	-0.8***	2.1***
WIA training eligibility to ITA approval	10.2	8.9	8.2	1.3***	-0.7**	2.0***
Sample Size	1,569	1,541	1,725			

Source: Study Tracking System, extract as of July 2004

Notes: Means computed using only individuals who received an ITA. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.

The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline).

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Few differences are observed between Approach 1 and Approach 2 customers in the number of training programs considered. On average, Approach 1 and 2 customers considered two to three programs. A few customers (5 percent), who dropped out of the process early on, reported considering no programs (Table IV.5). About 30 percent of Approach 1 and 2 customers considered one program, 25 percent considered two programs, and the rest considered three or more.

While the concern that Approach 3 customers would not consider many programs was largely unfounded, Approach 3 customers did consider fewer programs on average. About 35 percent of Approach 3 customers considered only one program; in comparison only 30 percent of Approach 2 customers considered one program only. And while 32 percent of Approach 3 customers considered three or more programs, 40 percent of Approach 2 customers considered three or more programs.

Table IV.5. Number of Training Programs Considered

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Average	2.4	2.3	2.2	0.0	-0.1*	0.2**
Distribution						
0	5%	5%	6%	0	1	-1
1	29	30	35	-2	5***	-7***
2	24	25	27	-1	2	-3
3	29	25	18	4**	-7***	10***
4	7	8	6	0	-2*	1
5 or more	6	7	7	-1	0	-1
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

Note: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

D. SATISFACTION WITH PROCESS AND INFORMATION AVAILABLE

One indicator of the success of an ITA approach is the customers' views on the process of obtaining an ITA. The 15-month follow-up survey asked customers their level of satisfaction along three dimensions: (1) the training options, (2) the information provided on training programs, and (3) counseling.

In general, customers under all three approaches were satisfied with the process of obtaining an ITA. Along each of the three dimensions, about two-thirds to three-quarters of all customers were either very satisfied or satisfied with the approach (Table IV.6).

The ITA approach did, however, have some small impacts on satisfaction. While Approach 1 and 2 customers were equally satisfied with the number of training options, Approach 3 customers were 5 percentage points less likely than Approach 2 customers to be satisfied with the options. As in fact Approach 2 and 3 customers had the same choice of training programs, our interpretation of this difference was that the counselors increased Approach 2 customers' awareness of their options.

Table IV.6. Customer Satisfaction

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Satisfied with the training options	72%	71%	66%	0	-5***	6***
Satisfaction with information on training programs						
Very satisfied	33	31	30	2	-1	3*
Satisfied	49	50	50	-1	1	-2
Dissatisfied	12	14	14	-2	0	-2
Very dissatisfied	4	4	5	0	1	-1
Don't know or refused	2	2	1	0	0	1
Satisfaction with training counseling						
Very satisfied	46	42	42	4**	-1	5**
Satisfied	36	39	39	-3*	0	-3
Dissatisfied	10	11	11	-1	0	-1
Very dissatisfied	6	6	7	0	1	0
Don't know/refused	1	1	1	0	0	0
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

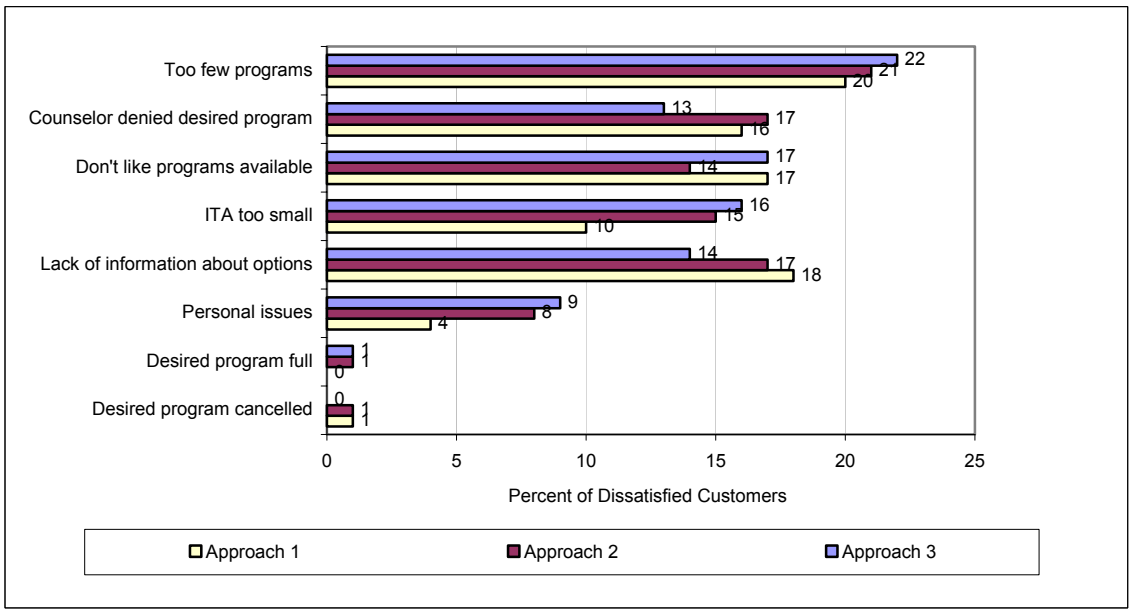
Note: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

While Approach 1 and 2 customers were equally satisfied with the training options and the information provided on training options, Approach 1 customers were more satisfied with the counseling they received on training. The more extensive counseling requirements thus do not appear to have soured some customers on the counseling process, and in fact customers appear to have appreciated the more intensive counseling. However, somewhat surprisingly, Approach 2 and 3 customers were equally satisfied with counseling on average.

The reasons given for the dissatisfaction with the training options and counseling are presented in Figures IV.5 and IV.6. The most frequently given reason for dissatisfaction with the training options was that there were just too few programs (Figure IV.5). However, between 13 and 17 percent of survey respondents who were dissatisfied with the number of

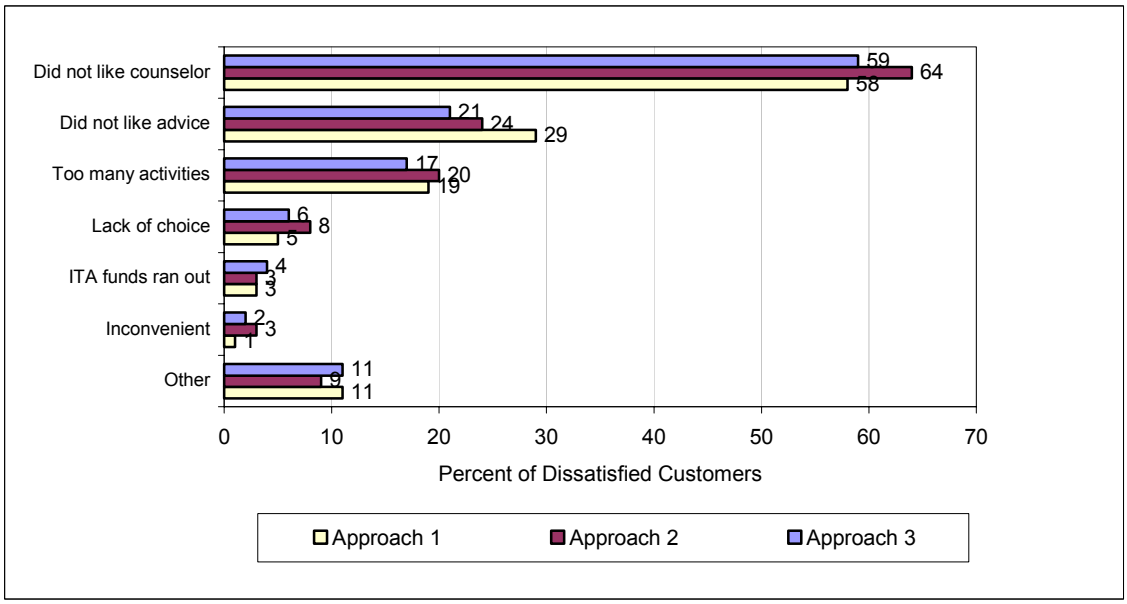
Figure IV.5. Reasons for Dissatisfaction with Training Program Options



Source: Study Tracking System, extract as of July 2004.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level.

Figure IV.6. Reasons for Dissatisfaction with Counseling



Source: Study Tracking System, extract as of July 2004.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level.

the desired program. This is puzzling—counselors were asked not to deny choices made by Approach 2 and 3 customers and even under Approach 1, when counselors could deny customers' choices, counselors reported that they rarely if ever did. Our explanation for this apparent inconsistency is that respondents referred to a denial for an ITA that exceeded the cap as "a counselor denying their training program choice." This would be consistent with the smaller proportion of Approach 1 customers giving this as a reason for dissatisfaction, although the differences across approaches are not statistically significant.

The main reason given for dissatisfaction with counseling was that the customer "did not like the counselor." Over half of customers who were dissatisfied with counseling cited this as a reason (Figure IV.6). Nearly one-fifth of customers were dissatisfied because there were "too many activities." Approach 3 customers complained about the number of activities nearly as frequently as Approach 2 customers. This was likely because they were referring to activities conducted prior to being found eligible for an ITA.

E. THE VALUE OF THE ITA AWARD

A key decision facing workforce investment agencies is how to determine the amount of the ITA award. The approach used most frequently by sites prior to the experiment, and the one used under Approaches 2 and 3, is to set a maximum cap for the award amount, with the cap set at the same level for every customer. Customers can choose a training program that costs more than the cap, but they must find other funds to pay the difference between the ITA and the cost of the training program. In this study, the sites set the cap on the ITA under Approaches 2 and 3 to between $3,000 and $5,000.

Counselors were given more freedom to set the amount of the ITA for Approach 1 customers. While there was a cap under Approach 1—between $7,000 and $8,000—the cap was not expected to be binding. Counselors were expected to award a higher ITA amount for customers choosing high-return training and make a lower award, or no award, for customers choosing lower-return training options. Counselors were expected to award on average ITAs of the same value across all three approaches.

In practice, counselors were unable to constrain spending for Approach 1 customers. The average ITA award given out in Approach 1 was over $4,600, about 62 percent more than the average ITA award given out in Approach 2 (Table IV.7). Moreover, nearly half the Approach 1 customers who were given an award were given one of $5,000 or more. Approach 1 customers were also more likely to be given an ITA large enough to pay for materials and supplies, such as books, uniforms, and tools. The value of the ITA awarded to Approach 1 customers was higher than the ITA awarded to Approach 2 and 3 customers in all sites and for all subgroups (Appendix E).

Table IV.7. The Value of the ITA Award

	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Amount of ITA Award						
Average	$4,625	$2,861	$2,888	$1,764***	$27	$1,736***
Less than $1,000	3%	3%	3%	-1	0	-1
$1,000 - $1,999	8	11	9	-3***	-2	-1
$2,000 - $2,999	15	56	55	-41***	-1	-40***
$3,000 - $3,999	13	18	21	-5***	3*	-8***
$4,000 - $4,999	15	9	9	7***	0	6***
$5,000 or more	47	3	3	44***	0	44***
ITA Covered Materials and Supplies	8	5	7	3***	2**	1
Amount of ITA Award Relative to Cap						
Average	61%	83%	83%	-21***	1	-22***
Less than 50%	34	12	10	23***	-1	24***
50% - 74%	37	11	11	27***	0	26***
75% - 99%	16	38	39	-21***	1	-23***
100%	11	40	40	-30***	0	-30***
More than 100%	1	0	0	1***	0	1***
Sample Size	1,569	1,541	1,725			

Source: Study Tracking System, extract as of July 2004

Notes: Amount of ITA vouchers presented in 2002 dollars; when compared with the ITA cap, presented in current dollars.

Means computed using only individuals who received an ITA. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.

The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline).

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Approach 2 and 3 customers who received an ITA, who were subject to the same ITA cap but differed in the counseling requirements, received an almost identical average award of about $2,900. The average award did not differ between Approaches 2 and 3 for any subgroup or any site except Jacksonville, where the average ITA award was slightly higher for Approach 3 customers (Appendix E). The majority of awards given to Approach 2 and 3 customers were between $2,000 and $3,000. About 40 percent of Approach 2 and 3

customers who received an ITA were given an ITA award equal to the cap. On average, ITAs awarded to Approach 2 and 3 customers were 83 percent of the value of the cap.

F. COST OF THE ITA-FUNDED TRAINING PROGRAMS

While in the next chapter we will discuss in depth the training programs chosen by customers, we discuss here the relative effects of the ITA approaches on the cost of the training programs funded by ITAs. While the value of the ITA may affect the training programs customers choose, the cost of the training program is not constrained by the value of the ITA. Customers can supplement the ITA with personal funds and funding from other sources.

Compared to Approach 2 customers, Approach 1 customers on average chose significantly more costly training programs and were less likely to supplement the ITA with other funding sources in order to cover the cost of the program. On average, Approach 1 customers chose a training program that cost nearly $5,000—over $1,300 more than the average cost of the training programs chosen by Approach 2 customers (Table IV.8). And on average, the ITA covered the entire cost of the training program for Approach 1 customers. In fact, in some cases, the voucher exceeded the cost of the program and covered some of the materials and supplies.

Approach 2 and 3 customers chose training programs that cost about the same amount—on average, $3,600 (Table IV.8). The ITA paid for the entire training program for only 3 to 4 percent of Approach 2 and 3 customers. However, the ITA did generally cover a large proportion of the total cost. On average, the ITA paid for about 90 percent of the program. As discussed in the next chapter, Approach 2 and 3 customers found alternative funding sources to supplement the ITA.

Table IV.8. The Cost of the Training Program Chosen

	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Cost of Training Program Chosen						
Average	$4,947	$3,608	$3,579	$1,340***	-$29	$1,368***
Less than $1,000	3%	4%	4%	-1	0	-1
$1,000 - $1,999	8	11	9	-3***	-2	-2*
$2,000 - $2,999	14	35	37	-21***	2	-23***
$3,000 - $3,999	13	20	22	-7***	3*	-9***
$4,000 - $4,999	14	17	16	-3*	-1	-2
$5,000 or more	48	14	12	34***	-2*	36***
Amount of ITA Award Relative to Cost of Training Program						
Average	100	90	91	10***	1*	8***
Less than 50%	3	9	7	-5***	-2*	-3***
50% - 74%	7	21	21	-14***	0	-14***
75% - 99%	84	67	68	17***	1	16***
100%	3	2	3	1	1	0
More than 100%	3	1	1	2***	0	2***
Sample Size	1,569	1,541	1,725			

Source: Study Tracking System, extract as of July 2004

Notes: All dollar values are in 2002 dollars.

Means computed using only individuals who received an ITA. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.

The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline).

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

CHAPTER V

DOES THE ITA APPROACH AFFECT TRAINING OUTCOMES?

ITAs are designed to provide customers choice in the training programs funded by WIA. An important question is how the approach to administering ITAs affects the choices customers make regarding training. The approach could affect, for example, whether customers participate in training at all, when they train, the occupations they select for training, and whether they successfully complete a training program.

Key Findings: Impacts on Training Outcomes

- The ITA approach had little effect on training rates. Approximately two-thirds of customers in each approach participated in training at some point during the 15-month follow-up period.
- The approaches did affect the funding of training. Approach 3 customers were more likely to use ITAs and Approach 1 customers were least likely to use personal savings.
- The reduced counseling requirements led to Approach 3 customers entering training about two weeks sooner.
- Approach 1 customers, who had the largest ITA awards, spent longer in training during the 15-month follow-up period than did Approach 2 and 3 customers. At the end of the follow-up period, 17 percent of Approach 1 customers and 14 percent of Approach 2 and 3 customers were still in training.
- The ITA approach had little effect on the occupation chosen for the training.
- Approach 3 customers were, however, more likely than other customers to participate in training at a community college.

The ITA approach could affect customers' selections in several ways, particularly through (1) the ITA award amount offered, and (2) the guidance given to customers during the counseling process. The lager ITA award amount available in Approach 1 may give customers access to a wider selection of programs. At the same time, the guidance that Approach 1 customers receive was designed to steer them towards high-return training. In contrast, Approach 3 customers were not required to attend counseling after the ITA orientation, which reduced the amount of guidance they received and may in turn have affected their training choices.

To examine these aspects of customers' participation in training, we draw primarily on information reported by customers in a survey administered approximately 15 months after customers were deemed eligible for an ITA and randomly assigned to one of the three approaches. The survey was administered to a randomly-selected subsample of all customers in the study and provides information on nearly 4,000 customers. The survey asked respondents to provide information on all training in which they had participated, not just ITA-funded training. The survey data also allow us to examine other training funding sources, program characteristics, and rates of program completion.

This chapter first discusses whether and when customers participated in training (Section A). It then examines how customers financed their training programs, either through an ITA, personal savings, other sources, or a combination of these (Section B). The chapter then describes training program completion rates (Section C) and ends with a discussion of the types of training programs customers selected, including the provider types and choices of occupations for which to train (Section D). Supplemental tables are presented in Appendix F.

A. WHETHER AND WHEN CUSTOMERS PARTICIPATED IN TRAINING

We begin our examination of training outcomes by first considering the rate at which customers participated in training and when training occurred. We look at three time periods: at the time of random assignment, during the first 15 months after random assignment, and at the time of the survey. We divide the 15 months after random assignment into five quarters, each three months long.

1. At the Time of Random Assignment

Although ITAs were primarily targeted to customers not already in training programs, approximately 13 percent of customers in all three approaches reported participation in a training program at the time of random assignment (Table V.1). The customers who were in training at random assignment were evenly distributed across the three approaches—expected as a consequence of random assignment. However, the rates varied substantially by site—the training rate at the time of random assignment was particularly high in Jacksonville (Appendix F).

Table V.1. Impacts on Participation in Training

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Percent in training at random assignment	13%	13%	14%	0	1	-1
Cumulative percentage ever in training						
Quarter 1	46	46	50	0	4**	-4**
Quarters 1-2	57	56	61	1	4**	-4**
Quarters 1-3	61	60	64	1	4*	-3
Quarters 1-4	63	61	66	1	4**	-3
Quarters 1-5	64	64	66	1	3	-2
In training in						
Quarter 1	46	46	50	0	4**	-4**
Quarter 2	48	44	48	3*	4*	0
Quarter 3	39	34	37	6***	3*	2
Quarter 4	30	24	28	6***	4**	2
Quarter 5	25	20	21	5***	1	4**
In training at time of survey	17	14	14	3**	1	3*
Total number of weeks in training in quarters 1-5[a]	19	16	18	3***	2**	1
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

Note: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

[a]Individuals who did not participate in training are assigned values of 0.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

The customers in training at the time of random assignment are likely to be of two types. The first type is "reverse referrals," that is, those referred to the One-Stop Center for funding by their training program providers. Staff in Jacksonville reported a high rate of reversal referrals from the local community college. The second type is customers who knew the training program they wanted to participate in when they first applied for an ITA and so enrolled in that program as soon as possible, sometimes even before they were awarded an ITA.

These individuals who were already participating in training at the time of random assignment cannot help us learn about the relative effects of the ITA approach on initial training choices since they made their selection before being assigned to an approach. However, the ITA approach may still have affected those customers' program completion or entry into subsequent programs. We therefore include those customers in all analyses but also present results separately for subgroups defined by whether customers were in training at the time of random assignment.

2. During the 15-Month Follow-Up Period

Comparing Structured Choice (Approach 1) with Guided Choice (Approach 2). Approach 1's larger potential award amount and more structured counseling did not affect the percentage of customers who participated in training within the 15-month follow-up period. Almost one-half of customers in Approaches 1 and 2 participated in training at some point during the first quarter after random assignment, and approximately two-thirds of customers in both approaches participated in training at some point in the first 15 months after random assignment (Table V.1).

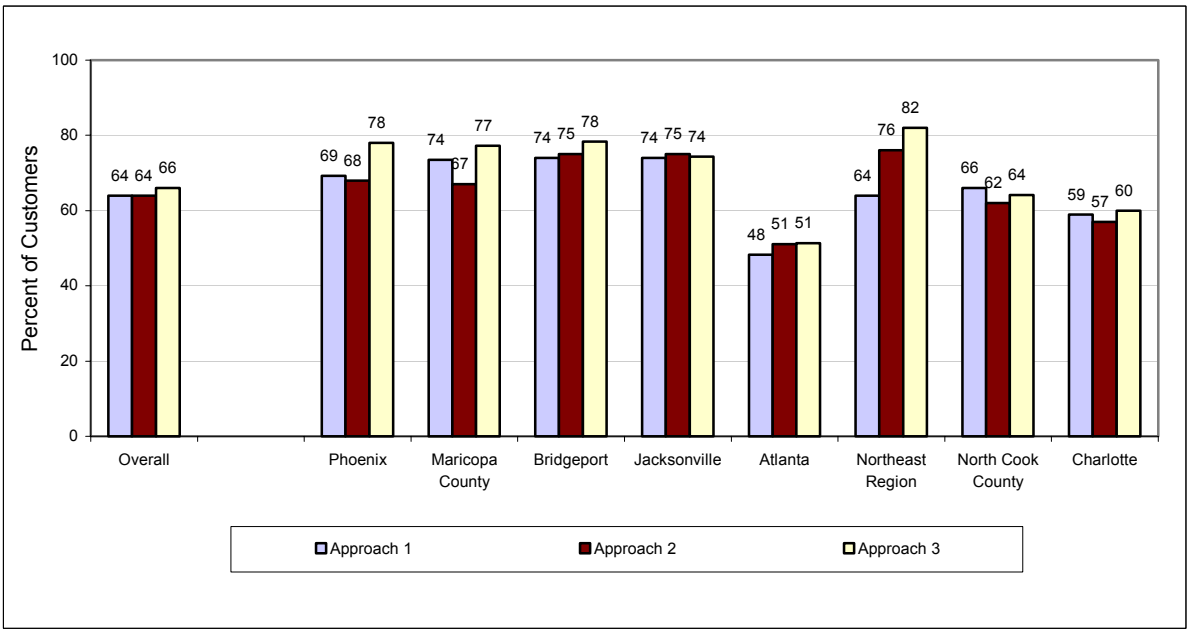
Approach 1 customers were more likely than Approach 2 customers to be in training in the last four quarters of the follow-up period. While training rates declined over time for customers in Approaches 1 and 2, they declined less for those in Approach 1. In the first quarter after random assignment, just under half of all customers in both approaches participated in training. One year later, in the fifth quarter after random assignment, 25 percent of customers in Approach 1 were still participating in training as compared with 20 percent of Approach 2 customers (Table V.1).

Approach 1 customers spent about three weeks longer in training, on average, than Approach 2 customers and this is primarily what led to Approach 1 customers being more likely to still be participating in training at the end of the follow-up period (Table V.1). Given that there is no difference between the approaches in the overall training rate, this difference in the length of time spent in training could be due either to Approach 1 customers participating in longer programs, participating in more programs, or being less likely to drop out of programs. The evidence suggests that the difference is primarily due to the first factor, with Approach 1 customers selecting more expensive—and thus possibly longer and more intensive—programs as a result of the larger potential ITA amount available (Chapter IV).

We see similar patterns of impacts on whether and when customers participated in training within the sites and within most subgroups. No site had a significant difference in overall training rates between Approaches 1 and 2 (Figure V.1). With respect to the timing of that training, in seven of the eight sites, Approach 1 customers were more likely than Approach 2 customers to still be in training in the fifth quarter after random assignment, with two statistically significant differences (Appendix F). The main exception to these patterns occurs in three subgroups where Approach 1 appears to have encouraged training relative to Approach 2. These subgroups are (1) male customers, (2) nonminority customers, and (3) customers with a vocational certificate at the time of random assignment

(Figure V.2). These types of customers may be those who are particularly interested in the higher-priced programs that Approach 1 makes available through its higher ITA cap.

Figure V.1. Participation in Training Within 15 Months of Random Assignment, Overall and By Study Site



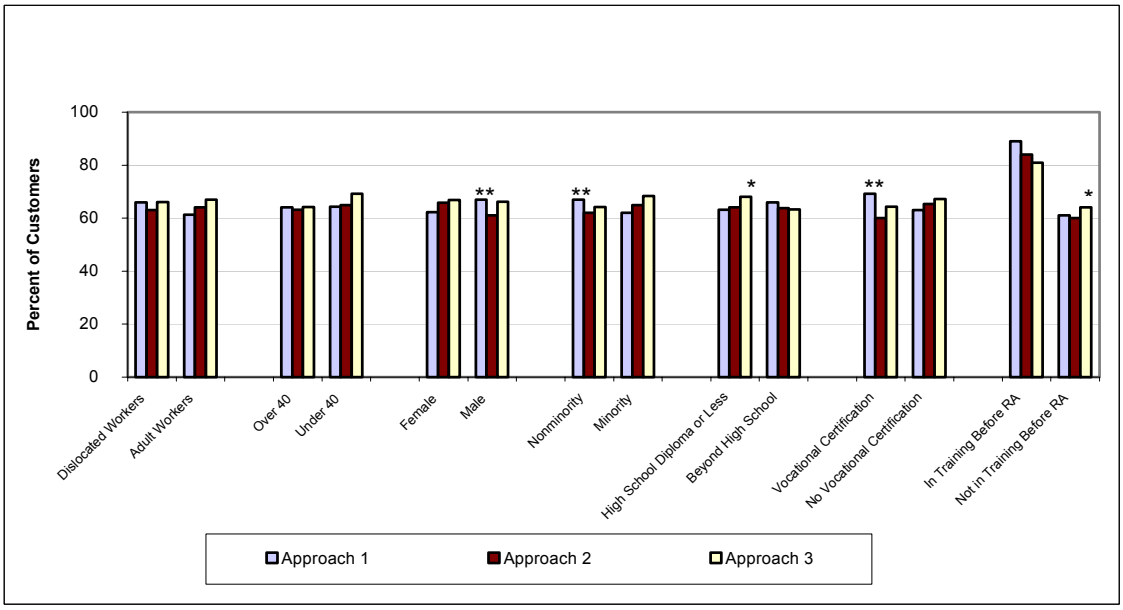
Source: 15-month follow-up survey.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level, two=tailed test.

Comparing Maximum Choice (Approach 3) with Guided Choice (Approach 2). We do not find strong evidence that removing counseling requirements to receive an ITA had an effect on overall training rates. Approximately two-thirds of customers in both Approaches 2 and 3 participated in training within the first 15 months after random assignment (Table V.1). Although the estimate of the percentage in training at any time during the 15-month follow-up period is 3 percentage points higher for Approach 3 than for Approach 2, the difference is not statistically significant.

The estimated training rate for Approach 3 customers was higher than that for Approach 2 customers in seven of the eight sites, but with small differences in many sites and no statistically significant differences (Figure V.1). Two subgroups show a significantly higher proportion of customers in Approach 3 participating in training relative to Approach 2: (1) customers with at most a high school diploma, and (2) customers not already in training at or just before random assignment (Figure V.2). This latter finding indicates that, relative to Approach 2, Approach 3 encouraged more customers not already in training to participate in training.

Figure V.2. Participation in Training Within 15 Months of Random Assignment, By Subgroup



Source: 15-month follow-up survey.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level.

Approach 3 customers entered training more quickly than Approach 2 customers. Approximately 50 percent of Approach 3 customers entered training within three months as compared with 46 percent of Approach 2 customers (Table V.1). A similar pattern holds for the length of time between random assignment and participation in a training program. Among customers who participated in training, it took Approach 3 customers 12 weeks, on average, to begin participating compared with 14 weeks for Approach 1 and 2 customers (Table V.2). As counselors reported, many customers already knew the type of training program they were interested in when they attended the orientation, and the lack of counseling requirements in Approach 3 allowed those customers to enroll in their chosen programs more quickly. This result was consistent across most sites and subgroups (Appendix F).

3. At the End of the 15-Month Follow-Up Period

Many customers were still participating in training at the time of the 15-month follow-up survey, and this percentage varied by approach. At the time of the survey, 17 percent of Approach 1 customers and 14 percent of Approach 2 and 3 customers were still participating in training (Table V.1). Among customers who participated in any training, 25 percent of Approach 1 customers were still in training at the time of the survey as compared with 21 percent of Approach 2 and 3 customers (Table V.2). These relatively high rates, and particularly the difference across approaches, indicate that a longer follow-up period would be required to estimate the final effects of the three approaches on training.

Table V.2. Timing and Length of Time in Training, Among Those Who Participated in Training

	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Timing						
Time between RA and program entry (weeks)	14	14	12	0	-2**	2**
In training at time of survey	25%	21%	21%	4**	0	5**
Total number of weeks in training in quarters 1-5	29	25	27	4***	2	3***
Sample Size	874	869	910			

Source: 15-month follow-up survey

Notes: Means computed using only individuals who participated in any training. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.
The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

RA = random assignment

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

4. Differences in Customer Characteristics By Whether They Trained

We expect that customers who decide to participate in training will differ from those who do not and that these differences may vary across approaches. Even though the approaches did not affect the percentage of customers who participated in training, they may have affected the types of customers who chose to do so.

Within Approach 1, customers who participated in training appear to have been more advantaged before random assignment—higher income, more highly educated—than were those who did not participate in training (Table V.3). For example, within Approach 1, those more likely to participate in training included dislocated workers, customers with higher earnings before random assignment, customers with higher education levels, and customers employed at the time of random assignment. Male customers and nonminority customers were also more likely to participate in training in Approach 1 as compared with female and minority customers. In contrast, we observe fewer differences between customers who did and did not participate in training within Approaches 2 and 3.

Table V.3. Comparison of Baseline Characteristics of Individuals Who Participated in Training with Those Who Did Not

	Approach 1		Approach 2		Approach 3	
Characteristics	Trained	Did Not Train	Trained	Did Not Train	Trained	Did Not Train
Dislocated Worker	70%	62%***	72%	69%	70%	69%
Earnings in Year Before RA	$23,379	$16,928***	$21,094	$19,757	$20,759	$19,249
Receiving Public Assistance at Baseline	14%	22%***	15%	20%**	15%	17%
Employment						
Working at time of RA	12	8**	10	7	10	7*
Worked within month prior to RA	21	18	21	19	21	16*
Worked within one year prior to RA	65	66	67	64	69	71
Worked over one year prior to RA	14	16	12	17**	11	13
Duration of Last Job (months)	58	47***	54	49	50	49
Age (years)	42	41	41	40*	40	41*
Female	52	61***	56	53	55	55
Married	44	39*	43	39	42	37*
Has children	50	57***	54	54	55	52
Race/Ethnicity						
White non-Hispanic	47	36***	47	42	44	42
Black non-Hispanic	33	45***	35	45***	37	42*
Hispanic	9	10	10	6***	11	9
Other	10	8	8	6*	8	6
Primary Language is English	90	93**	91	92	91	95***
Highest Level of Education						
Less than high school degree	5	5	7	5	6	5
High school diploma or GED	57	63**	57	62*	62	63
Associate's degree	8	7	10	8	8	8
Bachelor's degree	23	20	19	19	19	20
Graduate degree	7	5*	7	6	5	6
Has a Vocational or Business Degree or Certificate	25	20**	24	28	23	26
Sample Size	874	448	869	440	910	392

Source: Study Tracking System, extract as of July 2004

Note: Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

RA = random assignment

/ ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

5. Reasons for Not Participating in Training

Despite their eligibility for an ITA, approximately one-third of customers in all three approaches did not participate in any training program. Staff interviews suggested that customers who dropped out right after random assignment commonly did so because they found a job (Perez-Johnson et al. 2004). Customer responses to the 15-month survey confirm these staff impressions; the primary reason reported by customers for not participating in training was that they either succeeded in finding a job or needed to look for a job (Table V.4). Approximately 30 to 40 percent of customers who did not participate in any training said that it was because they got a job or needed to look for a job, and just under 25 percent said it was for financial reasons. Less common reasons for not participating in training were because of difficulties in finding an appropriate program or problems with the counseling process. Few customers indicated that they did not participate in training because of transportation problems, because they were not admitted to a program, because of the timing of programs, or because they decided training was not worthwhile.

Table V.4. Reasons for Not Participating in Training Among Those Who Did Not Train

	Means			Conditional Differences		
Reason[a]	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Problems with counseling	8%	6%	4%	3	-2	4**
Financial reasons	17	22	27	-5*	4	-9***
Personal reasons	9	10	8	-2	-2	0
Transportation problems	1	1	2	-1	0	-1
Did not get into a program	4	3	5	1	2	-1
Suitable program	8	10	10	-1	1	-2
Program start dates too late	1	1	2	0	1	-1
Got a job or looking for a job	42	38	28	4	-9***	13***
Decided training not worthwhile	2	1	2	1	1	0
Other	19	16	21	3	5*	-2
Sample Size	448	440	392			

Source: 15-month follow-up survey

Note: The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

[a]Percent citing each reason may sum to more than 100 percent because respondents could cite multiple reasons.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Approach 1 customers were less likely than Approach 2 customers to give financial reasons as an explanation for not participating in training. This was expected due to the higher ITA awards available under Approach 1. There were few other differences across these two approaches in the reasons customers gave for not participating in training.

Despite concern that Approach 1's intensive counseling requirement would deter customers from participating in training, we find that this was generally not the case. Approach 1 customers were only slightly more likely to give counseling problems as a reason for nonparticipation. Moreover, as discussed in Chapter IV, Approach 1 customers were more likely to be satisfied with the counseling process.

Fewer customers in Approach 3 than Approach 2 who did not participate in training said that it was because they got a job or had to look for a job. This may have been because Approach 3 customers entered training more rapidly and so had less time to look for and get a job that would have taken the place of training. The ITA award was fixed at the same amount for customers in Approaches 2 and 3; thus, as expected, we observe no difference in the proportion of Approach 2 and 3 customers who did not participate in training because of financial reasons.

One concern with Approach 3 voiced by counselors was that customers may not be able to determine accurately their likelihood of admission to particular programs and so would apply to programs inappropriate for their background and skills. We find no evidence of this in terms of the reasons for not participating in training—there was no difference in the percentage of customers in Approaches 2 and 3 who did not participate in training because of rejection by a training program.

B. FUNDING OF TRAINING

While all customers were eligible for ITA training funds, some turned to other funding sources to pay for their training either in place of or in addition to their ITA. Using responses to a survey question regarding what funding sources customers used to pay for training—including ITAs, personal savings, need-based financial aid such as Pell Grants, student loans, scholarships, Trade Adjustment Assistance (TAA), and other sources—this section examines how customers financed their training.

The self-reported rates of ITA receipt are approximately 2 to 3 percentage points lower than the estimates from the Study Tracking System presented in Chapter IV, but the impact estimates are generally highly consistent across the two measures. Some customers may have under-reported their receipt of ITAs, perhaps owing to confusion regarding their funding sources, but the apparent under-report does not affect our estimates of the relative effects of the three approaches.

Comparing Structured Choice (Approach 1) with Guided Choice (Approach 2). Approach 1's larger potential ITA amount and more structured counseling did not affect the percentage of customers who received an ITA. Approximately 58 percent of all Approach 1 and 2 customers (whether or not they participated in training) reported receiving an ITA to pay for training (Table V.5). Nearly all customers—almost 90 percent in both approaches—

who participated in training received an ITA (Figure V.3). There were essentially no differences in the percentage of Approach 1 and 2 customers who received an ITA across any of the sites (Appendix F).

Table V.5. Sources of Funding for Training

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
ITA paid for training[a]	58%	57%	63%	1	6***	-5***
Other funding sources [a]						
Personal savings	15	19	18	-5***	-1	-3**
Student loan	5	6	6	-1	-1	0
Pell Grant or other need-based financial aid	8	7	8	1	1	0
Other	5	6	6	-2*	-1	-1
Sources other than an ITA paid for all training[a]	8	9	7	-1	-2**	1
Received One-Stop Center funding for:						
Tuition, fees, or books	59	59	64	0	6***	-5***
Tools	16	15	15	2	1	1
Clothes or uniforms	8	9	8	-2*	-1	-1
Child care	4	4	4	0	0	0
Transportation	6	9	5	-2**	-3***	1
Other	2	1	2	1	0	0
Received One-Stop Center assistance for any of the above	60	60	65	0	5***	-5***
Sample Size	1,322	1,309	1,302			

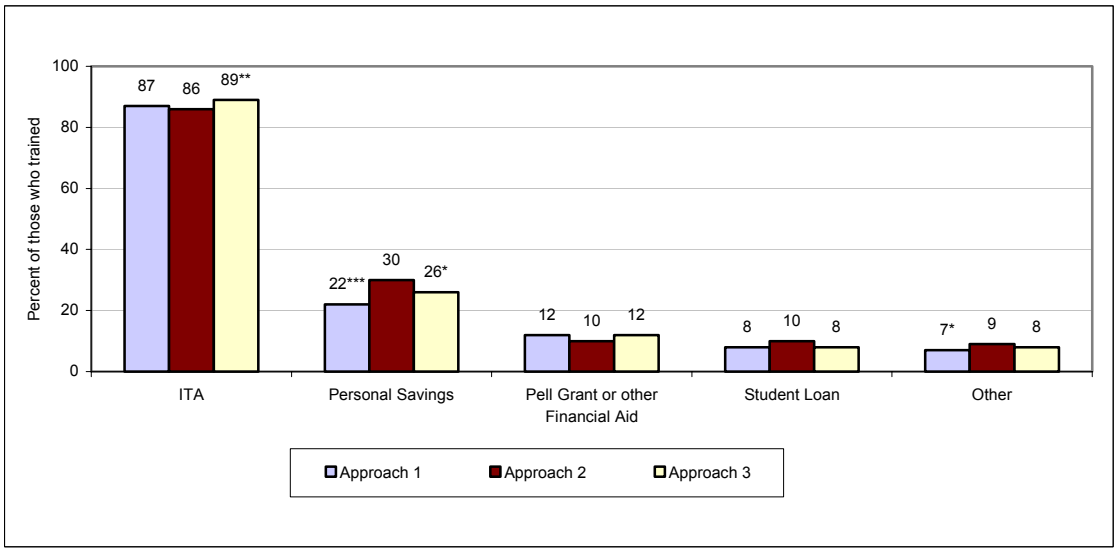
Source: 15-month follow-up survey

Note: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

[a] Individuals who did not participate in training are assigned values of 0.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Figure V.3. Training Funding Sources Among Those Who Participated In Training



Source: 15-month follow-up survey.

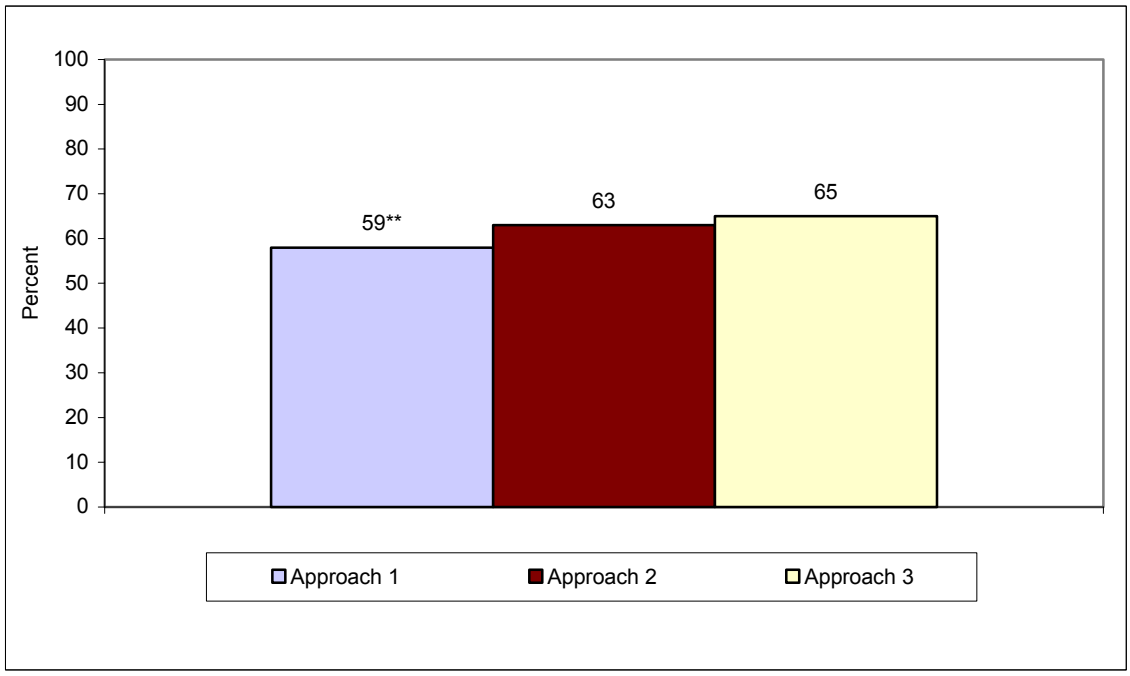
/ ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level, two=tailed test.

The larger potential ITA award available in Approach 1 did not induce more customers to receive an ITA, but it did allow them to participate in training at a similar rate as customers in Approach 2, with less need to use some of their personal savings to do so. As discussed in Chapter IV, ITAs covered more of the cost of the training programs for Approach 1 customers, which meant that they had less need to use personal savings to pay for training. Overall, 15 percent of Approach 1 customers and nearly 20 percent of Approach 2 customers used personal savings to pay for training (Table V.5). Among customers who participated in training, 22 percent of those in Approach 1 used personal savings compared with 30 percent of those in Approach 2 (Figure V.3). The use of other funding sources, such as student loans or grants, was similar across the two approaches.

These findings regarding funding sources are consistent with customers' responses to whether they would have attended a different program if more money were available. Approach 1 customers were less likely than Approach 2 or 3 customers to say that they would have attended a different program if more funds had been available, consistent with their reduced need to use personal savings to pay for training (Figure V.4).

Comparing Maximum Choice (Approach 3) with Guided Choice (Approach 2). Approach 3 customers were more likely than Approach 1 or 2 customers to receive an ITA to pay for training, as discussed in Chapter IV. The survey data confirm this, with 63 percent of Approach 3 customers reporting having received an ITA compared with 57 to 58 percent of customers in Approaches 1 and 2 (Table V.5). However, the higher receipt of ITAs did not translate into higher training rates for Approach 3 customers, as we saw that the overall training rates are similar across all three approaches.

Figure V.4. Percentage of Customers Who Would Have Attended a Different Training Program If More Money Had Been Available



Source: 15-month follow-up survey.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level, two=tailed test.

Given that the overall training rates are similar in Approaches 2 and 3 but that Approach 3 customers were more likely to receive an ITA, Approach 2 customers must have paid for their training using other sources. Unfortunately, the relatively small number of customers who participated in training without receiving an ITA makes it difficult to determine how Approach 2 customers financed their training. Some evidence suggests that they were more likely to use personal savings, but the difference is not statistically significant for the full sample (Table V.5) and is significant only at the 10 percent level for the subsample who participated in training (Figure V.2).

Receipt of Other Financial Assistance from One-Stop Centers. In addition to ITAs, customers in all three approaches could obtain assistance from the One-Stop Center for training-related expenses other than tuition and fees. Over half of all customers reported receiving funding for tuition, fees, or books and approximately 15 percent of customers reported receiving assistance for tools, 8 percent for clothing (Table V.5).

Approach 3 customers were more likely than those in the other two approaches to receive any of the above types of financial assistance and, in particular, were more likely to receive funding for tuition, fees, and books. The additional funding is often attached to an ITA; therefore, it is not surprising that Approach 3 customers, who were more likely to receive an ITA, were also more likely to receive additional assistance. There were few

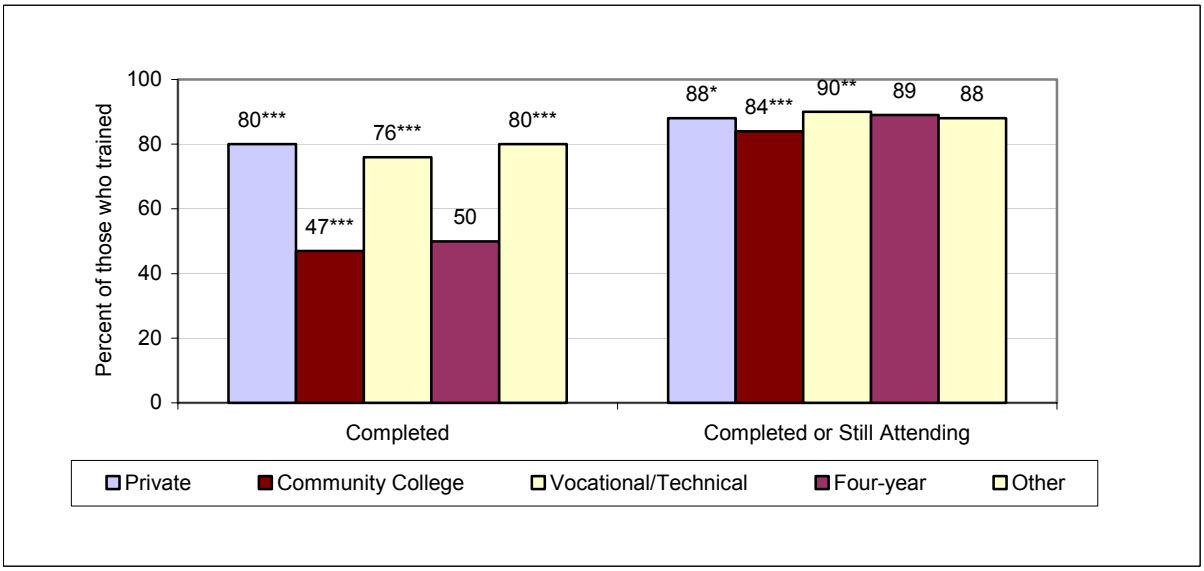
differences across approaches in the percentage of customers who received any of the specific types of assistance.

C. TRAINING PROGRAM COMPLETION

Although the approaches did not affect overall training rates, it is possible that differences in the ITA award caps or counseling requirements could affect the completion of training programs. Larger ITA amounts may mean that customers are under less financial pressure and so are able to complete programs. More counseling may result in a better match of customers to training programs, making program completion more likely.

Across customers in all three approaches, completion rates vary substantially across provider types (Figure V.5). Customers who participated in training offered by a private school, vocational/technical school, or "other" provider types were much more likely to complete a program within 15 months than were customers at community colleges and four-year colleges. The reason is probably related to the shorter programs offered by vocational/technical schools and private providers; in fact, we observe fewer differences when we consider the percentage of customers who had completed or were still attending a training program at each type of provider.

Figure V.5. Program Completion Rates By Provider Among Those Who Participated in Training



Source: 15-month follow-up survey.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level, two=tailed test.

It is important to note that the results discussed here pertain to completion within the first 15 months after random assignment. Completion rates in all three approaches are likely to increase over time, as 17 percent of Approach 1 customers and 14 percent of Approach 2 and 3 customers were still participating in training programs at the time of the survey, and other customers may continue to enter training programs. Thus, longer-term effects on program completion may differ from those presented here.

Comparing Structured Choice (Approach 1) with Guided Choice (Approach 2). Customers in Approaches 1 and 2 were equally likely to complete a training program within the first 15 months after random assignment. Just under 50 percent of all customers in Approaches 1 and 2 completed a program within the 15-month period, and approximately 40 percent of both groups earned a certificate or degree (Table V.6). Among customers in Approaches 1 and 2 who participated in training, approximately two-thirds completed a program, and 60 percent earned a certificate or degree (Appendix F).

More customers in Approach 1 than in Approach 2 were still participating in training at the time of the survey; therefore, final completion rates may change more for Approach 1 than for Approach 2. To explore how this may affect our estimates of the effects on program completion, we also examine the percentage of customers who had completed or were still participating in a training program at the time of the survey (Table V.6). If all customers participating in training at the time of the survey completed their programs and no other customers entered and completed a program, this would provide an estimate of the final effect on program completion. We observe no differences across approaches on this completion measure.

Comparing Maximum Choice (Approach 3) with Guided Choice (Approach 2). Although counselors feared that, without required counseling after orientation, Approach 3 customers may not select appropriate programs and thus may experience difficulty in completing their training, those fears were not borne out. Just under half of all customers in Approaches 2 and 3 completed a training program within 15 months of random assignment, with no difference in the percentage who had completed or were still participating in a program.

Even though completion rates did not differ significantly between customers in Approaches 2 and 3, Approach 3 customers were more likely to complete a training program within 15 months than were Approach 1 customers. This was likely due to Approach 3 customers' earlier entry into training combined with the longer duration of programs attended by Approach 1 customers. We observe no significant differences between any of the approaches in the percentage of customers who had completed or were still participating in a program (Table V.6).

Reasons for Not Completing Training. Approximately 10 percent of all customers—16 percent of those who participated in training—started a program that they did not complete. We find few differences across the three approaches in the reasons given by customers for dropping out of a program (Table V.7). The most common reasons

Table V.6. Completion of Training Programs

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Completed a training program	44%	46%	48%	-2	2	-4**
Completed a training program or in training at time of survey	58	58	60	1	2	-2
Earned a certificate or degree from a training program	39	40	43	-1	2	-4**
Earned a certificate or degree from a training program or in training at time of survey	54	53	55	1	2	-1
In training at time of survey	17	14	14	3**	1	3*
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

Note: Individuals who did not participate in training are assigned values of 0 for all training-related variables. The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

reported by customers were success in finding a job or the need to look for a job (approximately 30 percent), financial considerations (approximately 13 percent), and personal reasons (15 to 20 percent). The only difference across approaches was that Approach 1 customers were less likely than Approach 2 or 3 customers to report leaving for personal reasons and more likely than Approach 2 customers to have left because they were expelled or asked to leave.

Table V.7. Reasons for Not Completing Training Among Those Who Began But Did Not Complete a Training Program

	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Financial reasons	13%	14%	14%	-1	0	-1
Personal reasons	14	22	24	-8*	2	-11**
Transportation problems	2	3	2	-1	-1	1
Expelled or asked to leave program	9	3	6	5*	2	3
Didn't like program, staff, or students at program	9	13	14	-3	1	-4
School or program closed	5	7	4	-2	-3	0
Lack of time	4	3	5	1	2	0
Changed school, course, or program	2	2	3	0	0	0
Changed mind about training	2	1	1	1	0	1
Got a job or needed to find a job	34	26	26	8	0	8
Still need to complete program	3	3	2	0	-1	1
Other reasons	5	7	6	-2	-1	-1
Sample Size	123	140	156			

Source: 15-month follow-up survey

Notes: Means computed using only individuals who began a training program that they did not complete. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.
The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

D. CHARACTERISTICS OF TRAINING PROGRAMS

Although customers in the three approaches participated in training at similar rates, the types of programs they participated in may differ by approach. This section examines the types of programs customers participated in, including the type of provider, type of program, and occupations for which customers trained.

Table V.8 presents information on the number of programs customers participated in, the types of program providers chosen by customers, and the type of training customers chose. Training type includes general classifications, for example, general education training or training in a specific skill or occupation, as well as more specific categories such as the occupational area being trained for. Table V.9 provides detail on the types of programs attended by customers, showing the top 20 occupational categories selected across all ITA approaches. The bottom of Table V.9 shows the proportion of customers undergoing training in particular occupations about which local staff and administrators expressed concern during our exploratory and process visits.

1. Number of Programs

There was no difference across approaches in the number of training programs in which customers participated (Table V.8). As discussed in Chapter III, customers in Approaches 2 and 3 could go back to the One-Stop Center for more training if they did not use their entire ITA amount on the first training program, but we find little evidence that this led to those customers participating in more programs.

2. Program Provider Types

Comparing Structured Choice (Approach 1) with Guided Choice (Approach 2). Customers in Approaches 1 and 2 chose similar providers for their training programs. The most common providers were private schools and community colleges, with just under 50 percent of Approach 1 and 2 customers who participated in training attending a private school and approximately 25 percent attending a community college. Another 20 percent attended a vocational/technical school. Fewer than 10 percent participated in training at a four-year college (Table V.8). These findings are consistent with staff reports that ITA customers were generally interested in shorter-term training. Relative to other provider options, private schools are more likely to offer shorter or open-entry/open-exit programs that may be started and completed more quickly.

Although the types of providers chosen within each site and subgroup differ somewhat, within each site and subgroup we observe few differences across approaches in the providers selected by customers. Jacksonville has a strong community college presence; therefore, relative to customers at other sites, customers in all three approaches in Jacksonville were much less likely to participate in training at a private provider and much more likely to participate in training at a community college. In Jacksonville, though, as in most of the other sites, we observe no differences in the types of providers chosen by customers across the three approaches (Appendix F).

Table V.8. Characteristics of Training Programs Attended

	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Number of Training Programs Attended	1.21	1.24	1.26	-0.04	0.02	-0.05
Type of Provider						
Private	49%	47%	47%	2	0	2
Community college	24	26	30	-1	5**	-6***
Vocational training center	19	18	15	1	-3*	4**
4-year college or university	8	7	7	1	0	0
Other	5	7	7	-2	0	-2
Type of Training						
General education	9	11	13	-2	2	-4**
Occupation or specific skill	93	92	91	1	-1	2
Purpose of Training						
To prepare for new occupation	63	64	64	-2	-1	-1
To improve skills in current occupation	34	33	32	1	-1	2
Training for Occupation In:						
Office & administrative support	15	15	16	0	2	-2
Sales	1	1	1	0	0	0
Computer specialist	19	18	18	1	0	1
Transportation	10	9	8	1	-1	1
Healthcare	17	15	15	2	0	2
Management	4	4	3	0	-1	1
Business & financial operations	2	2	2	0	0	0
Production work	1	1	1	0	0	0
Installation & repair	3	3	4	0	1	-1
Teaching	1	1	1	0	0	0
Other	31	30	28	0	-2	2
Sample Size	874	869	910			

Source: 15-month follow-up survey

Notes: Means computed using only individuals who participated in any training. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.
The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Table V.9. Top Training Programs Attended by Those Who Participated in Training

Top 20 Occupational Choices	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Truck Driver/Commercial Driving License	9%	8%	8%	1	0	1
Microsoft Office User Specialist	4	7	5	-3***	-2	-1
Medical Assistant/Secretary	6	4	7	3**	3***	-1
Oracle Certified Database Administration	5	4	3	1	-1	2*
Basic Computer Skills	4	4	3	0	-1	0
Microsoft Certified Systems Engineer	3	4	3	-1	-1	0
Computer Programming	3	3	3	0	0	0
Certified Nursing Assistant	3	3	3	0	0	0
Web Design and Development	2	3	2	-1	0	0
Medical Coding	2	3	2	0	0	0
General Education	3	3	3	0	0	-1
Medical Billing Specialist	3	2	4	1	1*	-1
Project Management	2	3	2	0	-1	0
Business Management	3	2	2	0	0	0
A+ Certification	2	2	3	0	1	-1
Accounting/Bookkeeping	2	2	2	0	0	0
Registered Nurse	2	2	1	0	-1*	1
Microsoft Certified Systems Administrator	2	2	2	0	0	0
Nursing Associate's Degree	2	1	2	1	1	0
HVAC Technician	1	2	2	0	0	-1
Other Occupations						
Barber and Styling	1	2	1	-1	-1*	0
Aesthetics	0	0	0	0	0	0
Cosmetology/Hairdressing	1	0	0	0	0	0
Massage Therapy	1	1	1	0	0	0
Graphic Design	1	1	1	-1	-1	0
Real Estate	1	2	2	0	0	0
Sample Size	874	869	910			

Source: 15-month follow-up survey

Notes: Means computed using only individuals who participated in any training. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.
The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

/ ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Comparing Maximum Choice (Approach 3) with Guided Choice (Approach 2). Approach 3 customers were more likely than Approach 2 customers to select training at a community college. Approach 3 customers were also slightly less likely to select training at a vocational school. Approximately 30 percent of Approach 3 customers who participated in training went to a community college and 15 percent to a vocational school compared with 26 and 18 percent, respectively, of Approach 2 customers. The rates of training at other types of providers were similar across the two approaches, with approximately 47 percent training at a private provider and approximately 15 percent at either a four-year college or university or another type of provider (Table V.8). Community colleges may be relatively more visible in communities than are the other types of providers. Therefore, this finding suggests that, in their interactions with customers, counselors may have increased awareness of programs about which Approach 3 customers had little awareness. We also know from Chapter IV that Approach 3 customers were more likely to consider just one training program.

The increased selection of community colleges among Approach 3 customers is fairly consistent across sites and very consistent across subgroups. In six of the eight sites, Approach 3 customers who participated in training were more likely than Approach 2 customers to choose a community college, and there was one statistically significant difference. Customers in all subgroups were just as or more likely to participate in training at a community college when in Approach 3 versus Approach 2, and the difference was statistically significant in most subgroups. We observe few other differences across approaches in provider types within sites or subgroups (Appendix F).

3. Occupational Choices in Training

Despite the intention of having counselors direct Approach 1 customers into high-wage/high-growth occupations, we observe almost no differences in the types of training programs in which customers in the three approaches participated. We first examine the broad types of programs in which customers participated and then consider the specific occupations for which customers chose to be trained.

Most customers were in training for a specific skill or occupation and there was little difference in this rate across approaches. Across all three approaches, over 90 percent of customers who participated in training were training for a specific skill or occupation rather than participating in general education training such as GED or English as a Second Language classes. Relative to Approach 2, the minimal counseling requirements in Approach 3 did not affect the rate of training for a specific skill or occupation. Approach 1 customers who participated in training were 4 percentage points less likely to participate in a general education program than were Approach 3 customers (Table V.8). Relative to Approach 3, the structured counseling in Approach 1 may have encouraged slightly more customers to train for a specific skill rather than to participate in general education training.

Customers generally participated in occupation-specific training with the aim of moving to a new field rather than improving skills in their current occupation. In all three approaches, approximately two-thirds of customers who participated in training were

preparing for a new occupation, with no significant differences in that rate across approaches.

The most common occupation areas that customers chose for training were computer specialists, office and administrative support, or healthcare. Approximately 20 percent of customers in all three approaches were training as computer specialists, 15 percent for a job in office and administrative support, and approximately 15 to 20 percent for a job in healthcare. Transportation was the fourth most common occupation area, with approximately 10 percent training for a job in that field (Table V.8).

Despite counselors' responsibility to direct Approach 1 customers to high-return occupations, we do not see any differences in the specific occupations for which customers in the three approaches were training (Table V.8). A chi-square test confirmed this, rejecting any association between occupational choices and approach. We also see almost no differences across approaches in the specific training programs selected by customers (Table V.9). Relative to Approach 2, Approach 1 and 3 customers were more likely to train as medical assistants, and Approach 1 customers were less likely than Approach 2 customers to train as Microsoft Office User Specialists. We observe almost no other differences.

The similarity in occupational choices across approaches is consistent with counselor reports that (1) customers often had preconceived ideas about the occupation for which planned to train and (2) counselors found it challenging to steer customers in a different direction, even within Approach 1. As discussed in Chapter III, counselors rarely rejected Approach 1 customers' training choices.

The results also indicate that, despite counselors' fears regarding the types of programs Approach 3 customers might select, Approach 3 customers were not more likely to choose low-paying or high-turnover occupations, such as massage therapy or cosmetology. In fact, Approach 3 customers chose training programs and occupations remarkably similar to those selected by Approach 1 and 2 customers.

CHAPTER VI

DOES THE ITA APPROACH AFFECT EMPLOYMENT OUTCOMES?

ITAs are intended to facilitate the training of customers for productive employment. By either teaching new skills or strengthening existing skills, training may increase the likelihood that customers find jobs and increase their earnings once employed. Although training may have positive long-term effects on customers' employment outcomes, even an effective training program will adversely affect employment outcomes in the short run since customers in training have less time available for employment.

Key Findings: Impacts on Employment

- The approaches had few significant effects on employment rates, weeks worked or earnings.
- The approaches did, however, affect the timing of employment. Approach 3 customers were less likely than Approach 1 and 2 customers to be employed shortly after random assignment. But by the end of the 15-month follow-up period, employment outcomes were similar for customers in the three approaches.
- Customers in all three occupations were employed in similar occupations.
- Job characteristics were similar across approaches with one exception. Approach 1 customers' jobs were less likely to provide fringe benefits compared with Approach 2 and 3 customers' jobs.

This chapter examines the impacts of the ITA approaches on a wide range of employment outcomes and whether and how these impacts changed during the 15-month follow-up period. It begins by discussing employment rates, weeks and hours worked, and earnings (Section A). It then discusses labor market participation—whether customers who are unemployed are looking for a job (Section B) and the frequency of, and reasons for, transitions between jobs (Section C). The employment occupations chosen by customers under each approach are then described (Section D). The chapter ends with a discussion of other characteristics of the jobs obtained by customers, including union status and receipt of fringe benefits (Section E). Supplemental tables are presented in Appendix G.

A. EMPLOYMENT AND EARNINGS

The two key employment outcomes are the amount that customers work (as measured by the employment rate and weeks and hours worked) and the amount they earn. This section examines these outcomes by first using data from the 15-month follow-up survey of nearly 4,000 customers. It then examines employment rates and earnings using quarterly earnings records from the state Unemployment Insurance (UI) agencies on the nearly 8,000 customers who participated in the study.

1. Impact Estimates Using Survey Data

We first compare the employment rate, weeks and hours worked, and quarterly earnings of customers in the three approaches using survey data. Because the impacts of each approach could change over time, we present the impacts by quarter after random assignment.

Comparing Structured Choice (Approach 1) with Guided Choice (Approach 2). Employment outcomes were similar for Approach 1 and Approach 2 customers (Table VI.1). We generally observed no notable differences in employment rates, hours worked, or earnings in any of the five quarters after random assignment.

Employment and earnings of Approach 1 and 2 customers also followed similar time trends (Table VI.1). Employment rates and earnings were low for both Approach 1 and 2 customers shortly after random assignment but grew over time. In the first quarter after random assignment, just over 30 percent of Approach 1 and 2 customers were employed. Consequently, average earnings were particularly low in the first quarter after random assignment (about $1,300) as were hours worked (about 100). This was largely because approximately 50 percent of customers in both approaches were participating in training at some point during this quarter. As more time elapsed, customers in both approaches transitioned from training to employment, and their earnings grew accordingly. In the final quarter of the 15-month follow-up period, customers in both approaches were employed for an average of about 8.5 out of the 13 weeks in the quarter, earning about $4,800 to $5,000.

Table VI.1. Impacts on Employment Outcomes by Quarter (Survey Data)

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Employed						
Quarter 1	32%	31%	27%	1	-4**	5***
Quarter 2	46	45	43	1	-2	3
Quarter 3	59	58	57	2	-1	2
Quarter 4	68	65	68	2	2	0
Quarter 5	74	72	75	2	3**	-1
Quarters 1-5	80	79	81	1	2	0
Weeks employed						
Quarter 1	2.9	2.8	2.4	0.1	-0.4**	0.5**
Quarter 2	4.8	4.8	4.5	0.0	-0.4*	0.4*
Quarter 3	6.5	6.4	6.3	0.2	0.0	0.2
Quarter 4	7.8	7.4	7.6	0.4*	0.2	0.2
Quarter 5	8.7	8.4	8.8	0.3	0.4	-0.1
Quarters 1-5	30.8	29.9	29.6	0.9	-0.2	1.2
Hours worked						
Quarter 1	102	100	84	2	-16**	18**
Quarter 2	184	183	166	1	-16*	18*
Quarter 3	250	241	240	9	-1	10
Quarter 4	303	286	294	17*	8	9
Quarter 5	347	325	340	22**	15	7
Quarters 1-5	1,186	1,135	1,124	51	-11	62
Total earnings						
Quarter 1	$1,345	$1,307	$1,071	$38	-$237**	$274***
Quarter 2	2,687	2,604	2,305	82	-299*	382**
Quarter 3	3,624	3,522	3,369	103	-153	255
Quarter 4	4,381	4,240	4,160	141	-80	221
Quarter 5	4,994	4,790	4,819	204	29	175
Quarters 1-5	17,032	16,464	15,724	568	-740	1,308*
In training and employed						
Quarter 1	13	11	12	1	1	0
Quarter 2	18	16	18	2	3*	0
Quarter 3	20	16	17	3**	1	2
Quarter 4	17	13	17	3**	4***	0
Quarter 5	16	12	15	4***	3**	1
Quarters 1-5	52	50	55	2	5***	-3*
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

Note: Employed is defined as having worked at least half one week in the time period. Hours and earnings include totals for all jobs worked in the time period.

The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

The only employment outcomes that differed between Approaches 1 and 2 were the number of weeks worked in the fourth quarter and the number of hours worked in the last two quarters (Table VI.1). Relative to Approach 2, Approach 1 customers worked 22 more hours in the last quarter of the follow-up period—an increase of about 7 percent. This difference occurred because of Approach 1 customers had slightly higher employment rates, worked more weeks, and as discussed later, worked more hours per week than Approach 2 customers.

In every quarter, Approach 1 customers were more likely than Approach 2 customers to be simultaneously employed and in training, and the difference was statistically significant in the last three quarters (Table VI.1). One possible explanation is that because Approach 1 customers spent longer on average in training, they had more of a need to work. More interaction with the counselor may also have helped them find jobs while they trained.

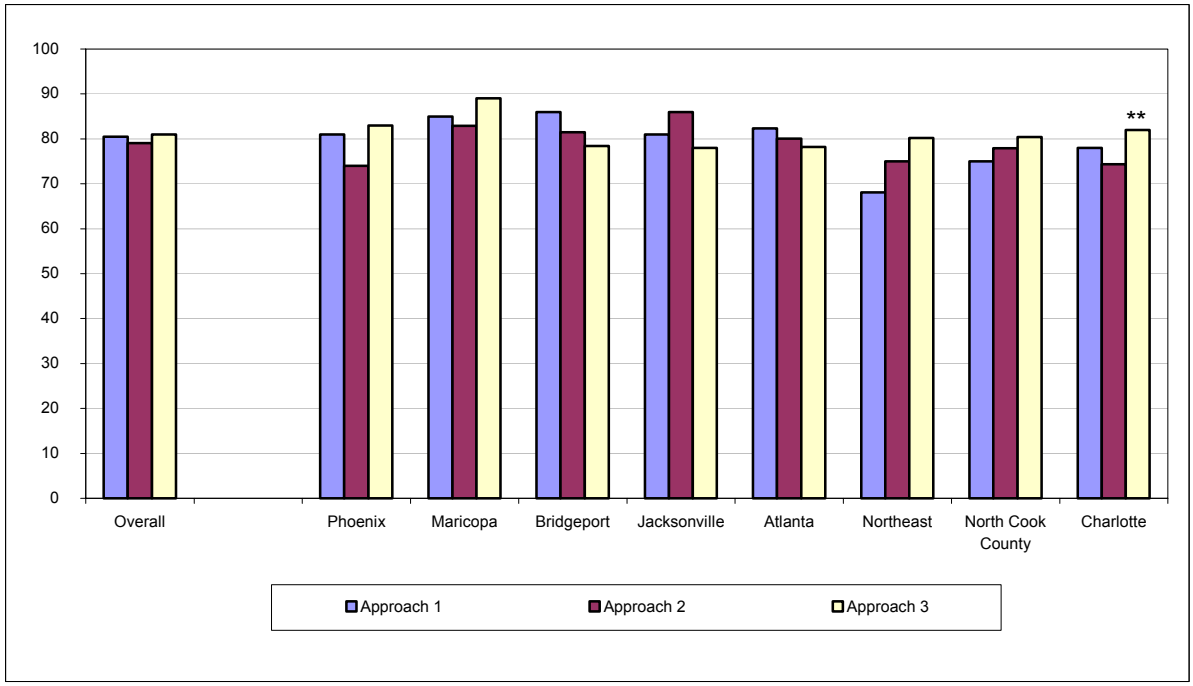
Most of the site-specific and subgroup impacts conform to the overall patterns described above. The employment rates of Approach 1 and 2 customers were not significantly different in any site (Figure VI.1). Similarly, we found very few differences between the employment rates of Approach 1 and 2 customers within subgroups (Figure VI.2). The one exception was that Approach 1 had a positive impact on the employment rate for customers who were less educated, specifically those who had no more than a high school diploma. As expected, the average level of each employment outcome differs between dislocated and adult workers; however, we observed no differences in the estimated impacts for the two subgroups.

Comparing Maximum Choice (Approach 3) with Guided Choice (Approach 2). Removing the mandatory counseling requirements in Approach 3 permitted customers to enter training sooner and hence reduced employment rates and earnings for Approach 3 customers in the early quarters of the follow-up period (Table VI.1). Compared to Approach 2 customers, Approach 3 customers had significantly lower employment rates (27 percent versus 31 percent), lower earnings ($1,071 versus $1,307), and lower total hours worked (84 percent versus 100 percent) in the first quarter after random assignment. The differences were slightly smaller in the second quarter after random assignment.

By the last quarter of the follow-up period, however, Approach 3 customers caught up to Approach 2 customers. In fact, at that time, Approach 3 customers were somewhat more likely to be employed relative to Approach 2 customers (75 percent versus 72 percent, Table VI.1). However, at the end of the follow-up period, the impacts associated with removing the counseling requirements on other employment outcomes were few—Approach 3 customers did not exhibit markedly different earnings, weeks worked, or hours worked than Approach 2 customers. Approach 2 and 3 customers earned an average of $4,800 in the fifth and final quarter of the follow-up period and they worked an average of about 8.5 weeks during that time.

Approach 3 customers were also more likely to be simultaneously employed and training than Approach 2 customers. In the fourth and fifth quarter after random assignment, 15 to 17 percent of Approach 3 customers were working while in training compared with 12 to 13 percent of Approach 2 customers.

Figure VI.1. Employment Rates by Site



Source: 15-month follow-up survey.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level, two=tailed test.

The overall findings generally are similar for each site and most subgroups (Figures VI.1 and VI.2).

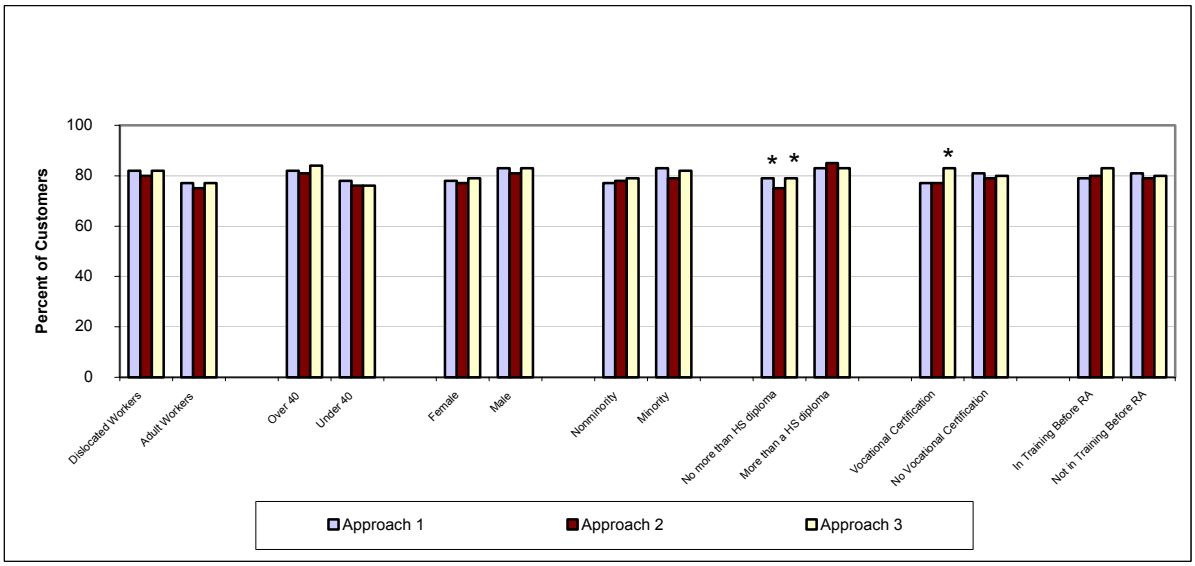
2. Impact Estimates Using Administrative Data

We explored the robustness of the findings from our survey data by estimating impacts on employment and earnings using administrative data—quarterly earnings records from the state UI agencies. The records are available for all 7,920 customers randomly assigned to one of the three approaches. The data are described in detail in Appendix A.

The advantages of these administrative data are that they are available for the entire sample and are not subject to the recall error that is always a potential problem in surveys, especially when the respondent is asked about jobs they had over a year previously. The UI earnings records data can also provide data on customers prior to random assignment.

However, we view the administrative data as less accurate than the survey data because they do not cover all jobs and hence use the survey-based earnings estimates in the benchmark benefit-cost analysis in Chapter VIII. Excluded workers include the self-

Figure VI.2. Employment Rates by Subgroup



Source: 15-month follow-up survey.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 confidence level, two=tailed test.

employed workers, railroad employees, workers in service for relatives, most agricultural labor, some domestic service workers, part-time employees of nonprofit organizations, some workers who are casually employed "not in the course of the employer's business" (U.S. Department of Labor 2004). They also exclude workers whose employers (illegally) do not report their earnings to the UI agency. In addition, the data exclude earnings from customers' out-of-state jobs.

Differences in Estimates Using Administrative and Survey Data. Across all three approaches, the employment rates based on the administrative data are higher than the rates based on survey data in the first two quarters after random assignment. For example, in the first quarter after random assignment, the employment rate based on the administrative data is about 45 percent compared to about 30 percent based on the survey data (Tables VI.2 and VI.1). One explanation is that survey respondents are more likely to under-report employment earlier in the follow-up period because of recall difficulties. Another explanation is that we considered the "first quarter after random assignment" to be the quarter in which a customer was randomly assigned if they were randomly assigned during the first half of the quarter. Hence, for some customers, this quarter includes some time before random assignment, a time when customers were more likely to be employed.

By the third quarter after random assignment, both the employment rate and earnings measured by the administrative data are lower than the employment rate and earnings measured in the survey data—across all three approaches. Although the administrative-data-based earnings are lower than the survey-based earnings for customers under all three

Table VI.2. Impacts on Employment and Earnings by Quarter (Administrative Data)

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Employed						
Quarter 1	46%	45%	43%	1	-2	3**
Quarter 2	51	52	51	-1	-2	0
Quarter 3	58	58	58	0	0	0
Quarter 4	61	63	61	-1	-2	0
Quarter 5	63	64	63	-1	-1	0
Quarters 1-5	80	81	80	-1	-1	0
Total earnings before RA						
Quarter -5	$7,192	$7,180	$7,065	$12	-$115	$127
Quarter -4	6,792	6,844	6,669	-52	-174	122
Quarter -3	6,440	6,334	6,562	107	228	-121
Quarter -2	5,301	5,247	5,655	54	408*	-354
Quarter -1	3,435	3,214	3,387	221	174	48
After RA						
Quarter 1	1,946	1,988	1,762	-42	-226	185
Quarter 2	2,399	2,571	2,223	-172	-348***	176
Quarter 3	2,985	3,167	2,906	-181	-261**	79
Quarter 4	3,484	3,647	3,463	-163	-184	21
Quarter 5	3,872	4,058	3,870	-187	-188	2
Quarters 1-5	14,687	15,431	14,225	-744	-1,207**	462
Sample Size	2,644	2,649	2,627			

Source: State Unemployment Insurance wage records.

Note: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline).

RA = Random Assignment

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

approaches, the difference between the earnings reported on the two data sources is largest for Approach 1 customers. For example, over all five quarters, the earnings for Approach 1 customers reported in the survey are $2,345 (16 percent) higher than the earnings for Approach 1 customers reported in the administrative data; in contrast, the survey-based earnings for Approach 2 customers are only $1,033 (7 percent) higher than the administrative-data-based earnings for Approach 2 customers (Tables VI.1 and VI.2). This larger difference in earnings between the two data sources for Approach 1 customers may indicate that Approach 1 customers were more likely than Approach 2 customers to have earnings that were not reported to the UI agency during the 15-month follow-up period. One possibility is that Approach 1 and 3 customers, who were more likely to be

simultaneously working and in training, obtained the types of casual jobs for which earnings are often not reported to the UI agency. As discussed below, this would be consistent with the finding that Approach 1 customers were just as likely as Approach 2 and 3 customers to be employed but less likely to receive fringe benefits.

Despite differences in the levels of employment and earnings reported in the administrative and survey data, we find that the estimated impacts of the approaches are generally similar across the two data sources. However, the findings differ in two ways that have implications for the benefit-cost analysis presented in Chapter VIII.

First, the estimate of the difference between Approach 1 and Approach 2 earnings over all five quarters of the follow-up period is +$568 based on survey data and -$744 based on administrative data (Tables VI.1 and VI.2). Hence, while neither impact is statistically significant, the estimates differ by more than $1,300. The reason for this relatively large difference in the two estimates is the larger difference between the survey-based and administrative-data-based earnings *levels* for Approach 1 customers discussed above.

Second, the estimate of the difference between Approach 3 and Approach 2 earnings over all five quarters is -$740 based on survey data and -$1,207 based on administrative data (Tables VI.1 and VI.2). While the difference in the size of these two impacts is not very large, the impact based on administrative data is large enough to be statistically significant, whereas the impact based on survey data is not.

Trends in Customers Earnings From Before Random Assignment. One advantage of the administrative data is that they allow us to examine the pattern of earnings in the five quarters *before* random assignment. We observe two interesting trends. The first is that customers' earnings fall from approximately $7,100 five quarters before random assignment to approximately $3,300 in the quarter just before random assignment (Table VI.2). This is an example of the so-called "Ashenfelter dip" in which earnings fall just before participation in training, reflecting the loss of employment that often precipitates a decision to train (Ashenfelter 1978).

Second, comparing customers' earnings in the five quarters before random assignment to their earnings in the five quarters after random assignment, we find that by the end of the follow-up period customers' earnings had not yet caught up to what they had been five quarters before random assignment. Five quarters before random assignment, customers earned an average of $7,100 per quarter, whereas one year after random assignment, they earned an average of only $3,900 to $4,000 per quarter (Table VI.2). Although the training received by customers may ultimately increase their longer-term employment and earnings, customers had not yet caught up to their former earnings levels by the time of the follow-up survey.

B. LABOR FORCE PARTICIPATION

Customers might not be employed for two general reasons: (1) they might be unemployed but looking for work, or (2) they may be out of the labor force altogether and not looking for work because, for example, they are in school, sick, caring for a child, or

taking some time off from work. Distinguishing between these two reasons will help us determine whether the customers are looking for work and hence may be employed in the immediate future.

At the time of the 15-month follow-up survey, differences in labor force participation between Approach 1 customers and Approach 2 customers were small and statistically insignificant (Table VI.3). Similar percentages of Approach 1 and Approach 2 customers were employed at the time of the survey (about 70 percent); looking for work (just over 20 percent); and out of the labor force (just under 10 percent).

Table VI.3. Impacts on Labor Force Participation at the Time of the Follow-up Survey

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Employed	72%	70%	73%	2	3*	-2
Unemployed	21	23	20	-2	-3**	1
Not in Labor Force	7	7	7	1	0	0
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

Note: Labor force participation is 1 if individual was employed or looking for a job as of the survey date; labor force participation is 0 otherwise.

The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

At the time of the follow-up survey, there were some small differences in labor market participation between Approaches 3 and 2. Compared to Approach 2 customers, more Approach 3 customers were employed and fewer were unemployed. No differences occurred between the two approaches in the percent of customers who were out of the labor force. These differences can be explained by the differences in the timing of their training participation. Given that Approach 3 customers train earlier in the follow-up period than Approach 2 customers, they had more time to find employment by the time of the follow-up survey. Hence, Approach 3 customers were more likely to be employed and less likely to be unemployed.

C. TRANSITIONS BETWEEN JOBS: FREQUENCY AND REASONS FOR SEPARATION

One measure of the quality of the match of job to customer is the extent to which customers move from job to job. From the survey, we know the number of jobs held by

each customer in the 15-month follow-up period. We also know whether any job separation was voluntary (i.e., the customer quit the job) or involuntary (i.e., the customer was laid off or fired). Over the 15-month follow-up period, customers across all three approaches held, on average, the same number of jobs—just over one (Table VI.4). This number includes the 20 percent of customers who did not work at all during the follow-up period and hence had no jobs. No differences occurred across approaches in voluntary job separations and only small, insignificant differences occurred between approaches in involuntary separations.

Table VI.4. Impacts on Number of Jobs and Type of Separations During the 15-Month Follow-up Period

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Number of jobs	1.1	1.1	1.1	0.0	0.0	0.0
Voluntary separations	0.2	0.2	0.2	0.0	0.0	0.0
Involuntary separations	0.2	0.2	0.2	0.0	0.0	0.0
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

Note: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

D. OCCUPATION CHOICES

The ITA approach could affect employment outcomes by affecting how customers make decisions about the occupation for which they will train. Hence, it is interesting to examine whether the training programs selected by customers are related to the occupations in which they end up working. Table VI.5 reports the distribution of customers' employment occupations alongside the distribution of occupations for which customers trained (from Table V.8). The distributions are presented only for customers who both participated in training and were employed in the follow-up period.

Customers in all three approaches were employed in similar occupations (Table VI.5). Twenty-five percent of employed customers worked in office or administrative support; other common occupations were sales positions, computer specialists, transportation-related employment, and health care professions.

Table VI.5. Most Frequent Training Program and Employment Occupations

	Training Program			Employment		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice
Office & administrative support	14%	15%	16%	23%	25%	25%
Sales	1	1	1	13	13	11
Computer specialist	20	19	19	11	9	9
Transportation	10	9	8	12	10	11
Healthcare	16	15	15	9	8	9
Management	4	4	3	5	6	6
Business & financial operations	2	2	2	5	5	6
Production work	1	1	1	5	5	5
Installation & repair	3	3	4	5	5	4
Teacher	1	1	1	3	5	3
Other	30	30	28	35	33	35
Sample size	874	869	910			

Source: 15-month follow-up survey

Notes: Percent of respondents in each two-digit Standard Occupational Classification. Numbers sum to more than 100 because many customers have multiple jobs or training programs. The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

The distribution of occupations in which customers were employed is very different from the distribution of occupations for which the customers trained. A particularly striking example of this is the sales occupation: while only 1 to 2 percent of customers trained for a sales occupation, over 10 percent of employed customers worked in a sales occupation (Table VI.5). We examined this relationship more closely by comparing for each customer the occupation for which they trained and the occupation for which they were employed. The percentage of customers who trained in the same field as their employment was surprisingly low (Table VI.6). Slightly more Approach 1 customers were employed in an occupation related to their training (22 percent) compared with Approach 2 customers (18 percent); although statistically significant, this difference is qualitatively small. The difference between Approaches 3 and 2 is even smaller and not statistically significant.

Table VI.6. Percent of Customers Who Trained and Became Employed in the Same Occupation

	Percent			Impacts/Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Full sample						
Employed and trained in same occupation	22%	18%	21%	3**	2	1
Both employed in employment and training during follow-up period, but not training at time of survey						
Employed and trained in same occupation	43	36	36	8***	0	8***

Source: 15-month follow-up survey

Notes: Percent of all respondents who were employed in a given two-digit SOC occupation and were trained in the same two-digit SOC occupation. Because customers who both employed and trained during the follow-up period is a non-random sample of the full group, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.

The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics. Sample sizes vary by row.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

The finding that only one out of every five customers found a job related to their training is partly explained by the fact that some customers who received training had not found employment by the time of the follow-up survey, and others were still in training. When we consider just customers who had finished their training and were employed, the percentage of customers whose training and employment were in the same occupation is 43 percent for Approach 1, significantly higher than the 36 percent for Approaches 2 and 3. Still, these are very low percentages.

This is an interesting finding because it suggests that it may take customers longer than 15 months to find jobs that are a good match for their newly acquired skills. In the short run, out of necessity, customers may settle for jobs that are not good matches while they continue to search for employment that will make better use of their skills. It is possible that customers' occupations would more closely mirror the jobs for which they trained after the follow-up period.

An alternative explanation for this finding is that customers are either not finding employment related to their training or that the benefits of training may have less to do with learning specific skills for a narrowly-defined occupation and more to do with learning

general skills that can be transferred to many varied occupations. Many of the seemingly narrow skills may have other broader applications as well; for example, many types of computer training are likely to be relevant in a wide variety of jobs.

E. CHARACTERISTICS OF JOBS AMONG THOSE WHO ARE EMPLOYED

The ITA approaches may affect other characteristics of the jobs customers find. These characteristics include number of hours worked, hourly wages, whether the job is unionized, and receipt of fringe benefits. Because such comparisons can only be made among customers who are employed, they are non-experimental in the sense that employed customers may have different characteristics across the three approaches. For example, employed Approach 1 customers may have different characteristics from employed customers in the other approaches. With this caveat in mind, it is nonetheless instructive to examine the characteristics of jobs held by customers under each approach.

Customers in all three approaches obtained better jobs as time went by. In the first quarter after random assignment, employed customers worked an average of about 316 hours or 24 hours per week and earned less than $14 per hour (Table VI.7). In the last quarter of the follow-up period, employed customers worked an average of 454 hours or 35 hours per week and earned about $14.50 per hour. Employed customers were also more likely to be in jobs with fringe benefits in later quarters in the follow-up period (Table VI.8).

Among those who were employed, there were no observable differences in the fraction of workers who were employed at a unionized job in any of the five quarters of the follow-up period (Table VI.8). Unionization rates are very low in all quarters for both approaches—about five percent of those who were ever employed in the 15 months after random assignment worked in at least one unionized job.

Interestingly, Approach 1 customers were less likely to hold a job with fringe benefits such as health benefits, paid time off, or retirement benefits. Approach 1 customers with jobs were consistently less likely to receive employer-provided fringe benefits compared to Approach 2 customers with jobs. The difference was not always statistically significant, but it frequently was, and the magnitude of the difference was similar from quarter to quarter. For example, by the fifth quarter after random assignment, 61 percent of employed Approach 1 customers had employer-provided health benefits, compared with 64 percent of employed Approach 2 customers (Table VI.8).

The fact that employed Approach 1 customers were less likely to receive fringe benefits compared to Approach 2 customers may be informative about the nature of jobs held by Approach 1 customers. As discussed above, while earnings as reported in the UI wage records were lower than earnings reported on the survey for all three approaches, the difference was especially large for Approach 1 customers. This suggests that Approach 1 customers may be more frequently employed in the types of short-term casual jobs for

Table VI.7 Hours, Wages, and Earnings Among Those Employed During the 15-Month Follow-Up Period

	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Hours worked						
Quarter 1	316	324	309	-7	-15	8
Quarter 2	395	400	382	-6	-18	12
Quarter 3	419	417	420	2	3	-1
Quarter 4	445	436	433	10	-3	13
Quarter 5	464	449	448	15*	0	15*
Quarters 1-5	1,466	1,431	1,385	35	-46	81**
Hourly wages						
Quarter 1	$14.25	$13.73	$13.22	$0.52	-$0.50	$1.03
Quarter 2	14.49	14.33	13.67	0.16	-0.65	0.82
Quarter 3	14.21	14.10	13.56	0.11	-0.54	0.66
Quarter 4	15.22	14.20	13.74	1.02	-0.47	1.49
Quarter 5	15.43	14.35	13.91	1.08	-0.44	1.53
Quarters 1-5	15.20	14.12	13.60	1.07	-0.53	1.60
Total earnings						
Quarter 1	$4,338	$4,264	$3,940	$74	$-324	$398
Quarter 2	5,752	5,600	5,234	152	-366	518**
Quarter 3	5,981	5,975	5,796	6	-179	186
Quarter 4	6,335	6,314	6,029	20	-285	305
Quarter 5	6,591	6,461	6,293	130	-167	298
Quarters 1-5	20,947	20,489	19,247	458	-1,242	1,699**

Source: 15-month follow-up survey

Note: Hours, earnings, and wages include totals for all jobs worked in the time period.

Means computed using only individuals who were employed for at least one week in the time period. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.

The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics. Sample sizes vary by row.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

which employers often do not report earnings to the UI agency and often do not offer fringe benefits. A possible explanation for this finding is that, because Approach 1 customers are more frequently engaged in both training and employment simultaneously, these types of jobs afford them flexibility to juggle these two activities.

Table VI.8. Union Status and Fringe Benefit Receipt Among Those Employed During the 15-Month Follow-Up Period

	Means			Conditional Differences		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Job Unionized Quarters 1-5	4%	5%	4%	0	0	0
Job Has Health Insurance						
Quarter 1	56	59	55	-4	-4	1
Quarter 2	58	60	60	-2	0	-2
Quarter 3	59	63	63	-4*	-1	-3
Quarter 4	61	65	64	-4*	-1	-3
Quarter 5	61	66	64	-4**	-1	-3
Quarters 1-5	61	64	64	-3	0	-3
Job Has Paid Leave						
Quarter 1	53	59	54	-6*	-5	-1
Quarter 2	57	60	59	-3	-1	-2
Quarter 3	58	63	62	-5**	-1	-4
Quarter 4	60	64	64	-4*	-1	-4
Quarter 5	61	65	64	-4*	-2	-3
Quarters 1-5	61	63	63	-2	0	-2
Job Has Retirement Benefits						
Quarter 1	45	55	50	-10***	-5	-5
Quarter 2	48	53	53	-5	0	-5
Quarter 3	50	55	54	-5**	0	-5*
Quarter 4	51	54	55	-3	0	-4
Quarter 5	52	56	55	-4*	-1	-3
Quarters 1-5	52	55	55	-3	0	-2

Source: 15-month follow-up survey

Note: Means computed using only individuals who were employed for at least one week in the time period. Because these are non-random samples of the full groups, differences in means across approaches cannot be interpreted as the impact of one approach as compared with another.

The approach means and conditional differences are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics. Sample sizes vary by row.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Comparing Maximum Choice (Approach 3) with Guided Choice (Approach 2). Removing counseling requirements appears to have had little effect on customers' job characteristics. The hourly wage rate, hours worked, and earnings for those employed were similar for Approach 2 and 3 customers. For the most part, the percentages of Approach 2 and 3 customers with each type of employer-provided fringe benefit were also similar.

CHAPTER VII

DOES THE ITA APPROACH AFFECT THE RECEIPT OF UNEMPLOYMENT INSURANCE AND PUBLIC ASSISTANCE?

By potentially affecting earnings, the ITA approaches may also affect customers' eligibility and need for Unemployment Insurance (UI) benefits and public assistance such as food stamps. This chapter examines the impacts of the ITA approaches on the receipt of UI and public assistance. It also takes a wider view and considers the impacts of the approaches on household income.

Key Findings: Impacts on Receipt of Unemployment Insurance and Public Assistance

- Both the survey data and administrative records show that there were few differences between approaches in UI receipt. Approach 3 received $217 more in UI benefits over the 15-month follow-up period than Approach 2 customers, a difference that is statistically significant.
- Receipt of public assistance was generally similar for customers in all three approaches.
- The value of food stamp benefits received by Approach 2 customers exceeded that for Approach 1 and 3 customers.
- The approaches had little effect on customers' household income.

We estimated the impacts of the approaches on UI receipt using two data sources: the 15-month follow-up survey and administrative data collected by state UI agencies. One advantage of the UI administrative data is that they are not subject to the recall error that could potentially affect survey responses. Another advantage is that the administrative records data cover all of the nearly 8,000 study participants and not just the 4,000 survey respondents. A description of the administrative data is provided in Appendix A. Impacts on public assistance receipt and household income are estimated using survey data.

The chapter begins by describing the impacts of the approaches on UI receipt (Section A). It then describes the impacts on public assistance (Section B). The chapter ends with a discussion of the impact of the approaches on household income (Section C). Supplemental tables are presented in Appendix H.

A. RECEIPT OF UNEMPLOYMENT INSURANCE

One objective of ITA-funded training is to help customers find employment and leave the UI rolls. This section examines the impact of the ITA approach on the receipt of UI—the likelihood of receipt, duration of receipt, and amount of UI benefits received. We first discuss the impacts estimated using customers' self-report of UI receipt on the survey. We then discuss the estimated impacts based on administrative records.

1. Impact Estimates Using Survey Data

The survey asked respondents if they or anyone in their household received UI or Trade Adjustment Assistance (TAA) since random assignment. If they did, the survey asked how much they received on average per week.

The survey data reveal no evidence of any difference in the receipt of UI or TAA between customers under any approach. Forty-three percent of Approach 1 customers reported on the survey that they had received UI benefits in the 15 months after random assignment as compared with 40 percent of Approach 2 customers and 43 percent of Approach 2 customers (Table VII.1). The average customer reported receiving UI for about 9 to 10 weeks and receiving just under $2,500. Few customers reported receiving TAA.

2. Impact Estimates Using Administrative Data

Using the administrative data, we examined five measures relating to UI receipt: (1) whether the customer filed a claim; (2) whether the customer received any regular UI benefits (including TAA); (3) whether the customer received extended benefits; (4) the number of weeks of UI receipt; and (5) the total amount of UI benefits received. We examined measures of these outcomes in the five quarters before random assignment as well as the five quarters after random assignment.

Table VII.1. Impacts on Unemployment Insurance Receipt (Survey Data)

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Unemployment Insurance						
Received after RA	43%	40%	43%	3	2	0
Weeks received after RA	9.3	9.0	9.7	0.3	0.7	-0.5
Total amount received after RA	$2,388	$2,270	$2,548	$118	$278	-$160
Trade Adjustment Assistance						
Received after RA	1%	2%	2%	0	0	0
Weeks received after RA	0.4	0.4	0.5	0.1	0.2	-0.1
Total amount received after RA	$107	$76	$93	$31	$17	$14
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

Notes: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics. Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

RA = Random Assignment

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

Just over two-thirds of customers in all three approaches had filed a UI claim prior to random assignment and started receiving benefits. Less than 20 percent of all customers filed a new claim of UI benefits after random assignment.

The administrative data generally corroborate the findings from the survey data. No statistically significant differences across the three approaches were found in any of the five measures, with one exception. The total UI benefits received by Approach 3 customers exceeded the benefits received by Approach 2 customers by $217, a difference that was statistically significant (Table VII.2). Using the UI benefit receipt reported in the survey data, we find a similar difference in UI benefits received by Approach 2 and 3 customers of $278, but the difference was not statistically significant. The higher UI benefits received by Approach 3 customers is consistent with their lower employment rates at the beginning of the follow-up period.

Table VII.2. Impacts on Unemployment Insurance Receipt (Administrative Data)

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Five Quarters Before RA						
Filed a claim	68%	68%	69%	-1	1	-1
Received benefits	70	70	70	0	0	0
Received extended benefits	17	18	18	-1	0	-1
Number of weeks received UI benefits	15.9	16.3	15.9	-0.4	-0.4	0.0
Amount of UI benefits received	$3,584	$3,754	$3,650	-$170*	-$104	-$66
Five Quarters After RA						
Filed a claim	18%	17%	18%	1	1	0
Received benefits	66	66	67	1	2	-1
Received extended benefits	39	39	41	0	2*	-2
Number of weeks received UI benefits	18.4	18.1	18.7	0.2	0.5	-0.3
Amount of UI benefits received	$3,412	$3,266	$3,483	146	217**	-71
Sample Size	2,644	2,649	2,627			

SOURCE: State Unemployment Insurance records

NOTES: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline).

RA = random assignment

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

On average, the reported amount of UI benefits received and the number of weeks they were received is higher in the administrative data than in the survey data. For example, in the survey data, 43 percent of Approach 1 customers reported that they received UI benefits over the 15-month follow-up period, while the administrative data report that 66 percent of Approach 1 customers received UI benefits over the same time period. This difference in the findings from the two data sources can be contributed to customers underreporting UI receipt. As we believe that the administrative UI records are more reliable than the survey data for UI receipt, we use the impacts based on the administrative data in our benchmark estimates of the benefits and costs of the approaches discussed in Chapter VIII.

B. RECEIPT OF PUBLIC ASSISTANCE

Customers whose household income falls low enough may be eligible for public assistance such as food stamps or cash assistance such as Temporary Assistance for Needy

Families (TANF), Supplemental Security Income, or General Assistance. The follow-up survey asked respondents whether they or anyone in their households received each of these types of assistance in the 15 months after random assignment. If they did, the survey asked for how many months the assistance was received and how much they received.

As the three ITA approaches did not affect overall earnings, we were not surprised to find few impacts of the ITA approach on the receipt of public assistance. Across all three approaches about 20 percent of customers received food stamp benefits at some point between random assignment and the follow-up survey, and only 11 to 13 percent reported receiving some other form of cash assistance (Table VII.3).

The one difference across approaches we did find was that Approach 1 and 3 customers received a statistically significant higher amount of food stamp benefits than Approach 2 customers. The difference between the amount of benefits received by Approach 1 and 2 customers was about $80; the difference in the amount of food stamp benefits received by Approach 2 and 3 customers was about $100. Given that the percentage of households receiving food stamp benefits was similar across the three approaches, the difference in the amount of benefits can be attributable to lower levels of benefits among Approach 2 customers who received food stamp benefits. In fact, among those customers who received food stamp benefits, the average amount received was about $300 less for Approach 2 customers (Appendix H).

C. HOUSEHOLD INCOME

Household income is of critical concern to customers. The ITA approach could affect household income via its effects on customers' earnings, earnings of other household members, or receipt of UI and other public assistance.

Not surprisingly, as the ITA approaches had few effects on earnings or receipt of UI or public assistance, they have little effect on household income. Average household income in the 12 months prior to the survey was approximately $30,000 for customers in all three approaches (Table VII.3). No statistically significant difference occurred between any of the approaches in the average household income.

About 30 percent of all customers had household income less than the federal poverty line in the 12 months prior to the survey. This high poverty rate was not surprising given that earnings were so low over the period. Approach 3 customers were slightly more likely to be in poverty than were other customers. About 32 percent of Approach 3 customers were in poverty compared to 28 to 29 percent of Approach 1 and 2 customers, but this difference is only marginally statistically significant.

Table VII.3. Impacts on Household Income and Receipt of Public Assistance

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Food Stamps						
Received after RA	20%	19%	20%	1	1	0
Months received after RA	1.8	1.6	1.8	0.2	0.2	0.0
Total amount received after RA	$374	$296	$391	$78**	$95**	-$17
Other Cash Assistance						
Received after RA	11%	11%	13%	0	2*	-2*
Months received after RA	1.2	1.1	1.4	0.1	0.3*	-0.3
Total amount received after RA	$618	$564	$701	$54	$137	-$83
Household Income						
In the past 12 months	$30,205	$30,771	$29,744	-$566	-$1,027	$461
Less than 100% of poverty	29%	28%	32%	1	3*	-2
Between 100-149% of poverty	16	14	13	2	-1	3**
Between 150-199% of poverty	14	14	15	-1	1	-2
Sample Size	1,322	1,309	1,302			

Source: 15-month follow-up survey

NOTES: All measures are for entire household. Weeks of receipt and total amount received are set to 0 for households that did not receive public assistance. Poverty threshold accounts for family size. The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

RA = Random Assignment

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

CHAPTER VIII

WHAT ARE THE RELATIVE BENEFITS AND COSTS OF EACH ITA APPROACH?

The key criterion for determining whether an approach is worth implementing is not *whether* it is effective in improving training or employment outcomes, but whether it is effective *enough* to justify its costs. In this chapter, we synthesize the impacts of each approach discussed in previous chapters by examining the relative benefits and costs of the approaches.

Because most local workforce agencies were using an approach similar to Approach 2 prior to the experiment, we use Approach 2 as our reference. Hence, we compare the benefits and costs of switching from Approach 2 to Approach 1, and then examine the benefits and costs of switching from Approach 2 to Approach 3. We focus mainly on examining the benefits and costs from the perspective of society as a whole—the perspective most relevant to policymakers—but also examine benefits and costs from the perspectives of customers and of the government.

Key Findings: Estimates of Benefits and Costs

- Our best estimates suggest that switching from Approach 2 to either Approach 1 or 3 would neither be beneficial nor costly to society as a whole.
- Approach 1 costs the government about $1,400 more per customer eligible for training than Approach 2.
- Approach 3 costs the government about $800 more per customer eligible for training than Approach 2.

The chapter begins by discussing our general framework for analyzing the benefits and costs of each approach (Section A). It then discusses the estimates of the benefits of each approach, including increased earnings and decreased receipt of Unemployment Insurance (UI) or public assistance (Section B). Costs are then discussed, including the costs of the ITA award, the costs of training that is not funded by ITAs, the costs of the counselors' time spent in activities related to ITAs, and administrative costs (Section C). The chapter concludes by comparing the relative benefits and costs of the approaches and discussing the sensitivity of the overall findings to underlying assumptions (Section D).

A. FRAMEWORK FOR THE BENEFIT-COST ANALYSIS

The benefit-cost analysis uses an accounting framework that itemizes the relative benefits and costs of each approach. All estimates of these relative benefits and costs are based on impact estimates. In most cases, the impact estimates directly measure the benefit or cost of switching from one approach to another. For example, a positive earnings impact is a benefit and a positive impact on the value of ITA awards is a cost. Sometimes, the impact needs to be converted into a dollar value. For example, the impact on the time spent by counselors is converted to a cost by multiplying it by the hourly cost of the counselors' time. We include the benefit or cost even if it is based on an impact estimate that is not statistically different from zero because the impact estimate is our best estimate of the size of the impact, even if the estimate is imprecise.

Our analysis focuses solely on benefits and costs that can be measured in monetary terms. There may be other benefits of the three ITA approaches that we do not capture, such as whether customers are personally fulfilled by training or have increased job satisfaction. We also do not include the cost of the customers' time in participating in counseling (other than any forgone earnings), although we do include the cost of the time spent by counselors.

Many of the benefits and costs continue after the end of our 15-month follow-up period. Any impact on earnings, for example, could persist beyond the 15-month follow-up period covered by the survey. UI and other public assistance receipt may differ by approach after the follow-up period as well. Ideally, we would like to account for these future benefits. However, as we have no evidence of how future benefits and costs will differ across the three approaches, any assumptions we could make to extrapolate benefits and costs for the three approaches beyond our 15-month follow-up period would be highly speculative. Hence, we focus on benefits and costs that have been realized within 15 months after customers were randomly assigned.

1. Different Perspectives

The ITA approaches affect multiple stakeholders. Any increase in earnings, for example, benefits customers. An increase in the value of ITA awards is a cost to the government. For the ITA approaches, most of the benefits accrue to customers, while the government pays most of the costs. Because the distinction between benefits and costs is

dependent on whose perspective we consider, we examine the benefits and costs from three perspectives: customers, the government, and society as a whole.

The relative benefits and costs of switching from one approach to another to society as a whole are the sum of the relative benefits and costs of the approaches, irrespective of who reaps the benefits or pays the costs. The analysis of benefit and costs to society is the most relevant to policymakers because it indicates how net resources in the economy are affected by the approach. Any benefit to either customers or the government is a benefit to society, and likewise, any cost to either customers or the government is a cost to society. In this accounting framework, some benefits and costs cancel each other out from the perspective of society. For example, since taxes are a cost to customers but an equal benefit to government, from society's perspective they are neither a benefit nor a cost.

2. Benefits

We measure five potential benefits of each ITA approach:

1. ***Earnings***. Increased earnings are a benefit to customers and to society.

2. ***Fringe Benefits***. Like earnings, additional fringe benefits (such as health insurance, retirement benefits, and paid leave) are a benefit to customers and to society.

3. ***Taxes***. The higher taxes associated with increased earnings are a cost to customers, a benefit to government, and neither a benefit nor a cost from society's perspective.

4. ***Unemployment Insurance***. UI benefits (including TAA benefits) are a benefit to customers but a cost to the government. In addition to the payments made to UI beneficiaries, the government also bears the administrative costs of operating the UI program. From the perspective of society, UI payments are merely a transfer from the government to customers, but the UI administrative costs are a cost to both government and society.

5. ***Public Assistance Receipt***. Food stamp benefits and cash assistance are both transfers from the government to customers within society. The costs of administering these programs represent a cost to the government and also to society.

The estimates of the benefits from increased earnings and from UI and public assistance receipt are derived directly from impacts estimated in previous chapters. Our benchmark estimates of the benefits of increased earnings and public assistance are derived from survey data, as we believe the survey data provide the most reliable estimates of these impacts. However, we use the administrative-based estimates of the impacts on UI receipt in the benefit-cost analysis as we consider them to be more reliable than the survey-based estimates.

The estimation of three benefits requires some additional explanation:

- ***Fringe Benefits***. Although customers reported on the survey whether they received fringe benefits at each of their jobs, we do not know the monetary value of these fringe benefits. Instead, we assume the value of fringe benefits is 30 percent of earnings (U.S. Department of Labor 2006). We do not account for the small differences in fringe benefit receipt that we found across approaches. Hence, we may overstate the benefits to Approach 1 customers, who were less likely to receive fringe benefits.

- ***Taxes***. We assume all customers paid 17 percent of their earnings in taxes. This tax rate is derived from combining the effective federal income tax rates reported by the Congressional Budget Office (2004) with state consumption and property tax rates reported by the Institute on Taxation and Economic Policy (2003).

- ***Administrative Costs of UI and Public Assistance Receipt***. We use estimates of the administrative costs of the UI and TAA, food stamps, and other cash assistance programs from the U.S. House of Representatives Committee on Ways and Means (2004). The administrative costs are about 9 percent of UI and TAA benefits, 24 percent of the value of food stamp benefits, and 10 percent of the value of cash assistance.

3. Costs

We measure four main types of costs of an ITA approach: (1) costs of the ITA awards; (2) training costs not funded by ITAs; (3) the cost of counselors' time; and (4) WIA administrative costs.

ITA Award Costs. These are costs to the government and society. The estimates of these costs were derived directly from the relative impacts of the approaches on the value of the ITA award per customer discussed in Chapter IV.

Training Costs Not Funded by an ITA. Some customers supplemented the ITA awards with other funds (such as personal funds or other government programs) to pay the entire cost of training, while other customers used other funding sources to pay for their entire training costs and did not receive an ITA at all. Still others used an ITA for one training program but paid for another training program with other funding sources. The costs of the training not funded by ITAs are costs to society and can be costs to customers or the government. If training costs are paid for using customers' personal funds, they are a cost to the customer; if they are paid for using government funds (such as Pell grants), they are a cost to the government.

We used a combination of survey and STS data to estimate the training costs not covered by an ITA award. For those training programs that were partially funded by an ITA, we estimated the cost of the training programs not covered by an ITA award from the

difference between the amount of the ITA award and the cost of the ITA-funded training programs attended by customers in our sample and recorded by the counselor in the STS. As we do not know the cost of training programs that were paid for entirely by sources other than an ITA, we assumed such programs have costs comparable to similar programs in the same area. So for each training program attended by a sample member that was not paid for at least partially by an ITA, we identified another program in the same site that was reported in the STS data, had a similar duration, and was provided by a similar training provider (such as community college or private school). We used the cost of that similar program as an estimate of the cost of the non-ITA-funded program.

To estimate how much of these costs are borne by the government and how much by customers, we used the distribution of customers who reported using government funding and/or personal funding sources to pay for training programs. Using this method, we estimate that the government bore the cost of 41 percent of non-ITA-funded training costs and the customers themselves funded the remaining 59 percent of these costs.

Costs of Counselors' Time. These are costs to society and government. They include the cost of the time counselors spent conducting the four main tasks related to ITAs:

1. ***Conducting ITA orientations***. These were the orientations that occurred after the customer was found eligible for training. Typically, they were held one-on-one with the customer.

2. ***Counseling customers before training***. These were the counseling sessions that helped customers make decisions about training programs.

3. ***Preparation and paperwork before the training decision***. Counselors spent time before or after the counseling sessions preparing, collecting information for the customer, reviewing customer files, completing paperwork, and following-up with customers by phone.

4. ***Paperwork, administration, and counseling after the training decision was made***. After the customer had made a training choice, counselors spent time arranging for final approval of the ITA, preparing paperwork, monitoring participation in the training program, and for some customers, providing job search assistance, resume preparation, or other activities to help customers prepare for the transition from training to employment.

We obtained estimates of the average time counselors spent on each of these tasks through interviews with 37 counselors involved in the ITA experiment. Each counselor was asked to provide an estimate of the average time spent on each activity under each approach. From these counselors' reports, an average time spent on each activity was calculated for each site and approach.

The cost of counselors' time was calculated by multiplying the time spent by the counselors by the cost of their time. To estimate the average amount of time counselors spent on customers under each approach, we estimated the time spent by counselors on

each customer in the experiment. We combined the estimates of the average amount of time spent by counselors on each activity with information from the Study Tracking System on (1) whether the customer attended an orientation, (2) the number of counseling sessions attended by the customer, and (3) whether the customer received an ITA.

The cost of counselors' time was calculated from their average annual salary and fringe benefit rate. These rates were obtained from each site. The counseling cost per hour did not vary by approach, since counselors provided services to customers in all three approaches. The counseling cost varied from $16 to $21 per hour.

WIA Administration Costs. WIA administrative costs are costs to the government and society. They include the costs of general administrative functions (accounting and management), monitoring WIA activities, goods and services required for performing administrative functions (such as rent, utilities, and office supplies), travel incurred during WIA administrative activities, and information systems required for administrative activities. The site administrators estimated these costs to be 10 percent—the administrative cost ceiling set by WIA—of the ITA award and counseling costs.

Unmeasured Costs. We do not measure all of the overhead costs related to the One-Stop Center's building and utilities other than those covered by the WIA administrative costs. These costs are excluded from the analysis because they are difficult to measure and do not vary much by approach. Also, we do not include any costs incurred by customers for the time and effort spent attending counseling sessions as they too are difficult to measure.

In analyzing the costs of each approach, we consider only costs incurred after random assignment. Because customers were randomly assigned to each approach, we expect that costs incurred prior to random assignment—such as counseling prior to the determination of training eligibility—will be the same on average for customers in all three approaches.

4. Estimating Net Benefits and the Statistical Precision

The beauty of a benefit-cost analysis is that it summarizes in one variable—net benefits—the many different impacts of the different approaches. Net benefits are calculated as the difference between total benefits and total costs and are calculated separately for customers, the government, and society. Society's net benefits are equal to the sum of customers' net benefits and the government's net benefits.

All benefits and costs are measured in constant 2002 dollars. Because all the measured benefits and costs in our analysis occur within a 15-month timeframe, we do not discount our estimates of benefits and costs to take into account that some may accrue later than others. Discounting would not change the conclusions from our analysis.

While our estimates of net benefits tells us which approach has the highest benefits relative to its costs, it is important to consider how much confidence we can have in the estimates of net benefits. The components of net benefits are impact *estimates,* which are subject to random estimation error. Consequently, our estimates of net benefits are also subject to random estimation error.

We account for the statistical variability of estimated net benefits by using our survey sample of 3,933 customers—for whom we have measures of all of the benefit and cost outcomes that compose net benefits—to estimate the variability in net benefits for the full population. For each of the 3,933 customers in our survey sample, we construct person-specific net benefits by summing that customer's earnings and other benefits, then subtracting his or her customer-specific costs, including any ITA award and the costs of the counselors' time used. The extent to which these person-specific net benefits vary over the survey sample can inform us of the statistical precision of our net benefits estimates, in the same way that the extent to which earnings vary over the sample can inform us of the statistical precision of any impacts on earnings.

B. ESTIMATES OF BENEFITS

The impact on earnings is the largest component of benefits (Table VIII.1). Even though the impacts are not precisely estimated, the impacts on earnings are larger than any other component of the benefits. Switching from Approach 2 to Approach 1 would increase earnings by $568. Switching from Approach 2 to Approach 3 would *decrease* earnings by $740 and hence in this case the difference in earnings is a negative "benefit." Related, the impact on fringe benefits is the second largest benefit at between $170 and $222 per customer. The benefits from changes in receipt of UI or public assistance are an important component of the benefits to customers and the government, but are a relatively small benefit from the perspective of society.

Benefits of Switching from Approach 2 to Approach 1. This switch would benefit society by $701 per customer, although this estimate is not statistically significant (Table VIII.1). This benefit mainly derives from the increase in earnings and fringe benefits. Customers also benefit from an increase in earnings and UI benefits. The government is slightly worse off from the switch because of the additional UI and public assistance benefits paid to Approach 1 customers.

Benefits of Switching from Approach 2 to Approach 3. This switch would cost society $1,018, although this estimate is also not statistically significant (Table VIII.1). This negative "benefit" arises because on average Approach 3 customers had lower earnings than Approach 2 customers—mainly because at the beginning of the follow-up period Approach 3 customers were more likely to be in training and less likely to be employed. These negative earnings are offset somewhat by higher UI benefits and public assistance receipt, so the negative "benefits" to customers are lower than they are to society. The government faces a negative "benefit" of -$630 per customer. This arises because of the loss of tax revenue on the reduced earnings and the higher payments of UI and public assistance benefits.

C. ESTIMATES OF COSTS

The first component of costs—**the ITA awards**—varies significantly across approaches and is by far the largest component of the costs of switching between approaches. The ITA award varies across approaches for two reasons. First, for those

Table VIII.1. Benchmark Estimates of Net Benefits to Customers, Government, and Society

	Approach 1 vs. Approach 2			Approach 3 vs. Approach 2		
	Customers	Government	Society	Customers	Government	Society
Benefits						
Earnings (survey)	$568	$0	$568	-$740	$0	-$740
Fringe benefits	170	0	170	-222	0	-222
Taxes	-97	97	0	126	-126	0
Unemployment Insurance						
Benefits	146	-146	0	217**	-217**	0
Administrative costs	0	-13	-13	0	-19**	-19**
Public Assistance Receipt						
Food stamp benefits	78**	-78**	0	95**	-95**	0
Food stamp administrative costs	0	-19**	-19**	0	-23**	-23**
Other cash assistance benefits	54	-54	0	137	-137	0
Other cash assistance administrative costs	0	-5	-5	0	-14	-14
Total	920	-218	701	-387	-630**	-1,018
Costs						
ITA awards	0	1,136	1,136***	0	227***	227***
Non-ITA-funded costs	-97	-67	-164	-34	-24	-58
Counselors' time	0	20	20***	0	-37***	-37***
WIA administration	0	116	116***	0	19	19***
Total	-97	1,205***	1,108***	-34	185*	151
Net Benefits	$1,017	-$1,423***	-$407	-$353	-$816***	-$1,169

Source: Tables VI.1, VII.3, VII.5, and VIII.6.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

customers who received an ITA, the amount of the ITA was significantly larger for Approach 1 customers (Table VIII.2). The average award amount was nearly $1,800 more for Approach 1 customers *who received an ITA* than for Approach 2 and 3 customers who received an ITA. Second, the rate at which customers received an ITA varies by approach. Approach 3 customers were 6 to 7 percentage points more likely to obtain an ITA than customers in Approach 1 or 2. Together, these two factors imply that across all three approaches, the average ITA costs per customer were highest under Approach 1 and lowest under Approach 2. Taking the average over all customers, setting the ITA award cost to zero for those who did not receive an ITA, the difference in the cost of the ITA awards between Approach 1 and 2 was $1,136 per customer and the difference in the cost of the ITA awards between Approach 2 and 3 was $227.

Table VIII.2. ITA Award Costs

	Means			Differences/Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
ITA cost per ITA trainee	$4,625	$2,861	$2,888	$1,764***	$27	$1,736***
Percent who receive an ITA	59%	58%	66%	1	7***	-6***
ITA cost per customer	$2,756	$1,621	$1,848	$1,136***	$227***	$909***

Source: Tables IV.2 and IV.8

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

The second component of costs—**training costs not covered by ITAs**—were similar in magnitude across the three approaches. In each approach, customers had a total of $1,100 to $1,300 in non-ITA-funded training costs (Table VIII.3). The difference in these costs across approaches was not statistically significant.

The third component of costs—**cost of counselors' time**—did vary by approach. However, while the difference was statistically significant, the magnitude of the difference was small. As expected, the total time spent by counselors on customers was highest on average for Approach 1 and lowest for Approach 3. On average, counselors spent about one hour (61 minutes) more on Approach 1 customers than Approach 2 customers and two hours (119 minutes) less on Approach 3 customers than Approach 2 customers (Table VIII.4). This time difference translates into only a $20 additional cost per customer of switching from Approach 2 to Approach 1 and a $37 savings of switching from Approach 2 to Approach 3.

For each activity, counselors spent the most time per Approach 1 customer and the least time per Approach 3 customer. The most time-consuming activity for both Approach 1 and 2 customers was the time counselors spent directly with customers. On average, before customers selected a training program, counselors spent 96 minutes per counseling session with Approach 1 customers and had about two sessions per customer (Table VIII.4). On top of this, they spent an additional 153 minutes in preparation and paperwork related to the counseling sessions. Less time was spent on each activity with Approach 2 customers. Most Approach 3 customers did not attend counseling, but when they did, compared to Approach 1 and 2 customers, they went to fewer sessions, spent a shorter amount of time in each session, and required counselors to conduct less preparation and paperwork.

The difference of only two hours in the amount of time counselors spent on Approach 2 and 3 customers is small. This is somewhat surprising given that so few Approach 3 customers received counseling. However, there are two related reasons for the small difference. First, even though the orientation was shortest for Approach 3 customers, they were more likely than other customers to attend an orientation. Second, although the

Table VIII.3. Non-ITA-Funded Training Costs

	Means			Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Costs	$1,127	$1,291	$1,233	-$164	-$58	-$105
Costs to customers	665	762	727	-97	-34	-62
Costs to government	462	529	506	-67	-24	-43

Source: 15-month follow-up survey and Study Tracking System, extract as of July 2004

Note: The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

average time counselors spent on activities related to the training decisions was lowest per customer, they were more likely to have to conduct these activities for Approach 3 customers because of their higher rate of ITA receipt.

The fourth component of costs—**WIA administrative costs**—are calculated at 10 percent of the addition of the costs of ITA awards and the costs of counselors' time. Hence, they were highest for customers in Approach 1 because they had the highest ITA award and counseling costs (Table VIII.1). WIA administrative costs were higher for Approach 3 customers than Approach 2 customers because ITA awards were higher under Approach 3 and offset the lower counseling costs.

Cost of Switching from Approach 2 to Approach 1. We estimate that society would bear a cost of switching from Approach 2 to Approach 1 of $1,108, which is statistically significant (Table VIII.1). It arises because Approach 1 customers' higher ITA awards were only partially offset by decreased non-ITA-funded training costs. The government would bear a cost of $1,205 per customer eligible for WIA-funded training as a result of a switch from Approach 2 to Approach 1.

Cost of Switching from Approach 2 to Approach 3. We estimate that society would bear almost no cost from switching from Approach 2 to Approach 3 (Table VIII.1). The additional ITA award costs that occurred because more ITAs were awarded to Approach 3 customers were partially offset by their lower use of counselors' time.

Table VIII.4. Components of the Costs of Counselors' Time

	Means			Differences/Impacts		
	A1: Structured Choice	A2: Guided Choice	A3: Maximum Choice	Between A1 & A2	Between A3 & A2	Between A1 & A3
Orientation						
Percent who attended orientation	69%	67%	74%	2	7***	-5***
Orientation duration for those who attended orientation (minutes)	34	31	21	3	-10***	12
Orientation duration for all customers (minutes)	23	21	16	2***	-5***	7***
Counseling						
Percent who attended counseling beyond orientation	66%	59%	4%	7***	-55***	62***
Number of counseling sessions for those who attended counseling	2	2	1	0	-1	1
Duration of a counseling session (minutes)	96	74	28	22	-46	68
Counseling duration for all customers (minutes)	63	44	1	19***	-43***	62***
Preparation and Paperwork						
Percent who attended counseling beyond orientation	66%	59%	4%	7***	-55***	62***
Time spent in for those who attended counseling beyond orientation (minutes)	153	107	48	46	-59	105
Time spent for all customers (minutes)	100	63	2	38***	-61***	98***
Counseling Activities After Training Decision						
Percent who received an ITA	59%	58%	66%	1	7***	-6***
Time spent for those who receive an ITA (minutes)	122	121	92	1	-29	31
Time spent for all customers (minutes)	72	71	60	2	-10***	12***
Total Time (minutes)	**258**	**197**	**79**	**61*** **	**-119*** **	**180*** **
Counseling cost per minute	$0.32	$0.32	$0.32	$0	$0	$0
Total Cost of Counseling Time	$83	$63	$26	20***	-37***	57***

Source: Study Tracking System and data collected from counselors and administrative staff during site visits.

Notes: As the mean of the following outcomes are calculated only for a subsample of customers the differences between approaches cannot be interpreted as impacts: orientation duration for customers who attended orientation, counseling session duration for those who attended counseling sessions, time spent in preparation and paperwork for those who attended counseling beyond orientation, and post-training decision counseling duration for those who receive an ITA. The approach means and conditional differences are regression adjusted. The approach means and impacts are regression adjusted. The regression predictors include: demographics (age, sex, race/ethnicity), marital status, has children (yes or no), education level (associate's degree, bachelor's degree or higher), vocational certification, primary language (English or not), type of worker (dislocated or adult), and baseline employment characteristics (employed at baseline, earnings in 12 months prior to baseline). Estimates were obtained using weights to adjust for differences between respondents and nonrespondents in baseline characteristics.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

D. THE NET BENEFITS OF SWITCHING APPROACH

Policymakers are interested in the bottom-line—the net benefits to switching from one approach to another. This section begins by presenting our benchmark estimates of the net benefits—those based on the best available data and, in our judgment, the most appropriate assumptions. We then discuss the robustness of our findings to alternative assumptions.

1. Benchmark Estimates

Net Benefits of Switching from Approach 2 to Approach 1. Society would neither benefit nor lose from a switch from Approach 2 to Approach 1. The net benefit to society is negative (-$407) but qualitatively small in magnitude and statistically indistinguishable from zero (Table VIII.1). For customers, the net benefit of switching from Approach 2 to Approach 1 is $1,017, but it is also not statistically significant. It is positive mainly because of the estimated increase in earnings expected from the switch. The government incurs a cost from a switch from Approach 2 to Approach 1 of $1,423, which is statistically significant. This cost arises because Approach 1 customers are awarded larger ITAs on average.

Net Benefits of Switching from Approach 2 to Approach 3. The net benefit to society from switching from Approach 2 to Approach 3 is also negative (-$1,169) and larger in magnitude than the net benefit from switching from Approach 1 to Approach 2. However, it is still not statistically significant. Switching from Approach 2 to Approach 3 results in net costs to the customers, although the estimate is not statistically significant. The net cost to the customers is driven largely by Approach 3 customers' lower earnings in the months shortly after random assignment, rather than by persistently lower earnings throughout the 15-month period. Switching from Approach 2 to Approach 3 also results in a net cost to the government of $816, arising because the government provides ITAs to a higher proportion of Approach 3 customers ITAs and pays out more UI benefits and other public assistance.

2. Sensitivity Analysis

As in most benefit-cost analyses, there are uncertainties in estimating the benefits and costs of each approach. Below we discuss the sensitivity of our estimates of net benefits to using alternative assumptions and data sources.

Our estimates are robust to changes in many of our assumptions and data sources. One potential source of error is the estimates of the time counselors spent in activities related to ITAs, which are based on staff estimates and hence are subject to recall error. However, as the costs of counselors' time are so small, even a large error in these estimates is unlikely to change the conclusions of our analysis. Similarly, using the survey-based estimates of the receipt of UI rather than those based on the administrative data would not affect our conclusions. And our main conclusions do not change even if we halve the estimate of the benefit of increased fringe benefits of the switch from Approach 2 to Approach 1 to account for Approach 1 customers' reduced likelihood of receiving fringe benefits.

The benefit-cost results are, however, sensitive to whether we estimate earnings impacts using the administrative or survey data. While we found that with the survey data there was no statistically significant net benefit of switching from Approach 2 to either Approach 1 or Approach 3, we found using the administrative data that there is a significant net *cost* of switching from Approach 2 to Approach 1 and from Approach 2 to Approach 3 (Table VIII.5).

Table VIII.5. Net Benefits to Customers, Government, and Society Estimated Using Earnings from Administrative Data

	Approach 1 vs. Approach 2			Approach 3 vs. Approach 2		
	Customers	Government	Society	Customers	Government	Society
Benefits						
Earnings (survey)	-$744	$0	-$744	-$1,207**	$0	-$1,207**
Fringe benefits	-223	0	-223	-362**	0	-362**
Taxes	126	-126	0	205**	-205**	0
Unemployment Insurance						
Benefits	146	-146	0	217**	-217**	0
Administrative costs	0	-13	-13	0	-19**	-19**
Public Assistance Receipt						
Food stamp benefits	78**	-78**	0	95**	-95**	0
Food stamp administrative costs	0	-19**	-19**	0	-23**	-23**
Other cash assistance benefits	54	-54	0	137	-137	0
Other cash assistance administrative costs	0	-5	-5	0	-14	-14
Total	-563	-441*	-1,004	-915	-710**	-1625*
Costs						
ITA awards	0	1,136	1,136***	0	227***	227***
Non-ITA-funded costs	-97	-67	-164	-34	-24	-58
Counseling	0	20	20***	0	-37***	-37***
WIA administration	0	116	116***	0	19	19***
Total	-97	1,205***	1,108***	-34	185*	151
Net Benefits	-$466	-$1,646***	-$2,112**	-$881	-$895***	-$1,776*

Source: Tables VI.2, VII.3, VII.5, and VIII.6.

* / ** / *** Estimate significantly different from zero at the 0.10 / 0.05 / 0.01 level.

The difference in the estimates from the two data sources arises from the difference in the estimates of the earnings impacts from the two data sources (Chapter VI). The switch from Approach 2 to Approach 1 results in increased earnings according to the survey data and decreased earnings according to the administrative data. While neither earnings impact is statistically significant, the large difference in the estimates results in net benefits to society being small and statistically insignificant when estimated using survey data and large and statistically significant when estimated using administrative data. The negative impact on earnings for the switch from Approach 2 to Approach 3 is somewhat larger based on the administrative data, and this drives net benefits to customers and society to be about $600 more negative than it was using the survey-based earnings impacts.

Given that the magnitude of the net benefits results differs depending on whether the survey or administrative data are used to measure customers' earnings, we are cautious about drawing strong policy conclusions about the relative benefits of Approach 1 versus Approach 2 and Approach 3 versus Approach 2. Given our belief that the survey-based estimates are more accurate, we interpret the available evidence as suggesting that there are no net benefits of switching from Approach 2 to either Approach 1 or 3 during the 15 months after random assignment.

CHAPTER IX

LESSONS LEARNED

The ITA experiment was designed to provide policymakers and workforce investment agencies information on how to manage customer choice under ITAs. WIA gave state and local workforce investment agencies the flexibility to choose how to implement ITAs. However, the workforce agencies had little evidence on which to base this choice. By exploring the relative impacts of three different approaches to administering ITAs, this report provides some evidence on the effects of different approaches. The tested approaches varied along three dimensions: (1) whether counseling was mandatory and its intensity, (2) whether counselors could deny a customer an ITA, and (3) whether the ITA amount was the same for all customers or was determined on a customer-by-customer basis by the counselor.

This chapter summarizes what we learned from the experiment. It begins by describing eight findings that workforce investment agencies should consider when deciding how to implement ITAs in their areas (Section A). It then discusses the implications of the experiment's findings for a switch from using ITAs to using the Career Advancement Accounts (CAAs) proposed by President Bush in his 2007 budget (Section B). It ends with a discussion of the further evidence needed to draw definitive conclusions of the effectiveness of the approaches (Section C).

A. LESSONS ON ITA APPROACHES

The ITA experiment suggests nine lessons for workforce investment agencies to consider in choosing an ITA approach.

1. It is Challenging to Implement ITA Approaches that Require Counselors to be Directive and to Ration Training Funds

Approach 1, as it was designed, gave counselors authority to determine whether a customer would receive an ITA and the amount of the award. Counselors were asked to direct Approach 1 customers to training programs that promised high future earnings in relation to their costs and steer customers away from low-return training. They had the authority to deny an ITA to Approach 1 customers who chose training programs with low returns. Unlike the other approaches, in which the amount of the ITA was the same for

each customer, counselors were given flexibility to determine the ITA amount for each Approach 1 customer. They could award a higher ITA for training with high expected returns and a lower ITA for low-return training, but on average they were asked not to spend more on Approach 1 customers than other customers.

Counselors were reluctant to play this role and, as a result, Approach 1 was not implemented as planned. Counselors were not as directive as planned under the Approach 1 design; instead, they usually deferred to customers' preferences. Despite having the authority to do so, they rarely, if ever, denied customers their chosen training programs. Counselors also did not ration funds among Approach 1 customers. Instead of spending the same amount on average on customers under each approach, counselors awarded Approach 1 customers ITAs that were over 60 percent higher on average than the ITAs they awarded Approach 2 customers.

Counselors gave two main reasons for their reluctance to be directive. First, they felt that being directive was not in the best interests of the customers. They believed that respecting customers' choices was essential to the customers' success in training and feared that being more directive would lead to customers not completing their training programs or forgoing training altogether. Second, counselors felt ill equipped to be directive. They viewed much of the available labor market information as unreliable and out-of-date and hence insufficient as a basis on which to determine the likely return on a training program. Moreover, some counselors felt they were not knowledgeable enough, especially in highly specialized fields such as information technology, to judge the customers' choices.

2. When Counseling on Training Program Choice is Voluntary, Few Request it

Once they were determined eligible for WIA-funded training and had attended a 20-minute orientation, Approach 3 customers were not required to participate in any additional counseling, although it was available to them if they requested it. Few Approach 3 customers did request this counseling—only 4 percent of Approach 3 customers received *any* counseling after the ITA orientation. And most of those Approach 3 customers who did request counseling participated in only one additional counseling session. Counselors reported that Approach 3 customers came to the ITA orientation having already chosen a training program and completed the paperwork to obtain an ITA immediately after the orientation. However, customers in the study sites—including Approach 3 customers—already had participated in an average of about five hours of counseling before being determined eligible for WIA-funded training. Hence, we do not know whether customers would request counseling if *all* counseling—including counseling that occurs prior to the determination of eligibility for WIA-funded training—was voluntary.

3. Mandatory Counseling Discourages Participation in ITA-Funded Training

While Approach 3 customers were not required to participate in counseling after the ITA orientation in order to receive an ITA, Approach 2 customers were required to participate in additional counseling. This mandatory counseling, amounting to about two sessions each lasting just over one hour, had a significant effect on the rate at which

customers received an ITA. Mandatory counseling lowered the ITA take-up rate by about 7 percentage points—66 percent of Approach 3 customers received an ITA compared with only 59 percent of Approach 2 customers. Most of this difference in the ITA take-up rate is attributable to differences in the rate at which customers showed up to the ITA orientation after receiving a letter notifying them of their assigned approach. Hence, it was mostly the anticipation of additional counseling rather than counseling itself that discouraged participation.

4. The ITA Approach Has Little Effect on the Overall Training Rate But Affects How Training is Financed

Not all training that the customers participated in was financed by ITAs. Customers can pay for training using personal savings, student loans, Pell grants and other government grants in addition to or instead of an ITA. For this reason, the ITA experiment examined participation in *all* training, irrespective of how it was financed.

Overall, the ITA approach had little effect on the probability of customers participating in training over the 15-month follow-up period. About two-thirds of customers in each approach attended a training program in the 15 months after being found eligible for training. So although Approach 3 customers were more likely to participate in *ITA-funded* training, Approach 1 and 2 customers were just as likely as Approach 3 customers to participate in training irrespective of how it was financed.

Approach 1 and 2 customers were more likely than Approach 3 customers to use sources other than ITAs to fund all their training. Approach 1 customers were less likely than Approach 2 and 3 customers to use personal savings or student loans to supplement the ITA in paying for training—the ITA usually covered all their training expenses.

5. Mandatory Counseling Delays the Start of Training

Mandatory counseling delayed the start of training. Approach 3 customers were able to start training about two weeks earlier than Approach 2 and 3 customers, who were required to participate in counseling. Among customers who participated in training, it took Approach 3 customers 12 weeks on average after being found eligible for WIA-funded training to begin training compared with 14 weeks for Approach 1 and 2 customers.

6. The ITA Approach Can Affect the Duration of Training

Additional funding lengthened the time customers participated in training. The higher ITA awards given to Approach 1 customers allowed them to spend longer in training than customers in other approaches. Approach 1 customers were in training an average of 3 weeks longer than Approach 2 customers. While the training rates were similar between Approach 2 and 3 customers over the entire 15-month period, in the last three quarters of the 15-month period, Approach 1 customers were more likely to still be in training than Approach 2 and 3 customers.

7. Counseling May Broaden the Set of Training Options Customers Consider

Compared to Approach 1 and 2 customers, Approach 3 customers, who were much less likely to receive counseling after the ITA orientation, typically considered fewer training programs. For example, 42 percent of Approach 1 customers considered three or more training programs in making their training choice; in contrast only 32 percent of Approach 3 customers considered three or more programs.

Approach 3 customers were also significantly more likely than Approach 1 and 2 customers to attend training programs at community colleges. Our interpretation of this difference across approaches is that while customers already knew about training provided by community colleges when before they attended counseling, counselors pushed them to seriously consider other, less well-known, private schools.

8. The ITA Approach Has Few Effects on Employment, Earnings, or Unemployment Insurance Receipt

The ITA approaches had no significant effects on most employment outcomes. Overall, customers in all three approaches had similar earnings during the 15-month follow-up period. Although Approach 3 customers had slightly lower total earnings over the 15-month follow-up period than Approach 2 customers, this difference was not statistically significant and was mainly due to differences in earnings early in the follow-up period, when Approach 3 customers were more likely to be in training. Approach 1 and 2 customers had similar earnings even though Approach 1 customers were in training longer during the follow-up period. This was because many Approach 1 customers simultaneously worked and participated in training. Although there was no difference in the proportion of customers who received unemployment insurance across the three approaches, Approach 3 customers received slightly more unemployment insurance benefits over the follow-up period.

9. Available Evidence Does Not Suggest That One Approach is Preferable to Another

When all stakeholders are considered, we do not find evidence that any one ITA approach has larger benefits relative to its costs than any other. We find that the net benefits to society—the perspective of most interest to policymakers—are highest for Approach 2 and lowest for Approach 3, but these differences are not statistically significant.

The approach does, however, have implications for the workforce investment agencies. Compared to Approach 2, Approach 1 would require about one hour more of counselors' time per customer found eligible for training. Conversely, Approach 3 would require about two hours less of counselors' time per eligible customer. Because the average ITA award is higher under Approach 1, it is the most costly approach per customer for the workforce investment agency. Approach 3 is slightly more costly than Approach 2 because more customers who were found eligible for training received an ITA.

B. IMPLICATIONS FOR SWITCHING FROM ITAS TO CAAS

The President's 2007 budget included a proposal for establishing Career Advancement Accounts (CAAs). These accounts would have a fixed cap of $3,000 for one year (with a possible extension for a second year), could be used to pay for training or education, and would be provided with minimal counseling. CAAs would be available for adults and out-of-school youth and states would have the flexibility to determine other eligibility criteria.

Although ITAs are not directly comparable to CAAs—for example, the CAAs would be provided to a slightly different target population—the ITA experiment does provide some insights into the potential effects of a switch to CAAs. As the ITA approach currently used by most workforce investment agencies most closely resembles ITA Approach 2, and CAAs would be provided with little counseling, a switch from using ITAs to using CAAs would be most similar to a switch from ITA Approach 2 to Approach 3.

To the extent that CAAs remove counseling requirements, our findings suggest that a switch to CAAs would increase the demand for WIA-funded education and training. The take-up rate for CAAs would likely be higher than the current ITA take-up rate. However, our findings also suggest that the switch may not affect the overall participation in education and training. Instead of using savings, loans, or other government funds to pay for their training, customers would use CAAs.

Our ITA findings suggest that the $3,000 proposed cap on CAAs is a high-enough award that most customers will be able to participate in an appropriate training program, although they may have to supplement the CAA with their own funds. The Approach 2 and 3 cap in five of the eight ITA experiment sites was $3,000, the cap was higher in other sites. While customers would be able to spend longer in training with a larger CAA, we have no evidence that a higher CAA would lead to customers choosing different training programs.

An interesting implication of the ITA findings is that removing the requirement for counseling on training program choice would increase the demand for training at community colleges. We found that although private schools were the most popular type of training provider, customers who were not required to participate in counseling were more likely to choose training programs at community colleges than other customers.

The ITA study also suggests we would not expect to see large impacts on employment outcomes or UI benefits, at least in the short run.

C. REMAINING QUESTIONS

This report presents evidence of the relative effectiveness of the ITA approaches based on observing customers' outcomes for 15 months after they were found eligible for WIA-funded training. However, the effects of the three approaches may not have completely played out by the end of this period. As 17 percent of Approach 1 customers and 14 percent of Approach 2 and 3 customers were still in training at the end of the 15-month period, training and employment outcomes could differ between approaches in the months after our observation period ended. Definitive evidence on how the ITA approaches affect

long-term training and employment outcomes would require observing how customers fare over a longer period of time.

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