

Larger Training Awards and Counseling Improve Cost Effectiveness, Long-Term Outcomes of Individual Training Accounts

The unemployed in the United States can improve their ability to secure employment by participating in training funded through the Workforce Investment Act of 1998 (WIA). Under WIA, jobseekers who need training can go to a One-Stop Career Center and receive a voucher that can be used to pay for training from a wide variety of state-approved training programs and providers. This voucher is referred to as an Individual Training Account (ITA). States and local areas have broad flexibility in implementing ITAs—they can set the value of each ITA and determine the extent to which jobseekers receive guidance on how they use the vouchers.

Funded by the U.S. Department of Labor, [Employment and Training Administration](#), [Mathematica Policy Research](#) conducted the [most comprehensive study to date of the long-term impacts of different ITA models](#). Nearly 8,000 job seekers who were found eligible for training were randomly assigned to one of three ITA models. The study followed these jobseekers in eight local workforce investment areas, and tracked their outcomes six to eight years after they were offered training. The results from Mathematica’s study can provide policymakers and program administrators with rigorous evidence for deciding how much funding

should be dedicated to training and the extent to which jobseekers should be guided in their training decisions.

The study tested three ITA service delivery models:

Guided Choice: Under this model, all jobseekers were limited to the same capped ITA amount and were required to participate in counseling to help guide their training decisions. On average, the workforce agencies capped the ITA at \$3,500. The average ITA amount awarded in the study was \$2,861 under this model. Guided Choice can be viewed as the status quo—most workforce agencies currently implement an ITA model similar to this model.

Structured Choice: Compared to Guided Choice, this model offered a more generous ITA with which the counselor could determine the amount, based on the individual needs of the jobseeker. In the study, the average ITA cap was \$7,625 and the average ITA amount awarded was \$4,625 under this model. Like Guided Choice, Structured Choice also required counseling to help guide training selections.

Maximum Choice: This model provided for a fixed ITA cap of \$3,500 and the average ITA award was \$2,888. The Maximum Choice model required no counseling on training selections after eligibility for training was established.

	Model 1 Structured Choice	Model 2 Guided Choice	Model 3 Maximum Choice
ITA Award Structure	Customized	Fixed	Fixed
Required Counseling	Mandatory	Mandatory	Voluntary
Counselor Discretion to Reject Customer’s Program Choice	Yes	No	No

Moving away from the status quo to provide more flexible, higher value training awards, as provided under the Structured Choice model, is cost effective and has large, positive impacts on the long-term earnings of ITA jobseekers.

Evidence reveals that higher-value training awards, combined with counseling, generate large net benefits for jobseekers, society, and the government

Key Research Findings

Switching to larger, more flexible ITA awards with counseling could generate \$46,600 per ITA jobseeker in net social benefits. The Structured Choice model demonstrated significant positive long-term outcomes, including large, sustained increases in earnings that benefit society as a whole. Few employment policies have demonstrated net benefits of this magnitude.

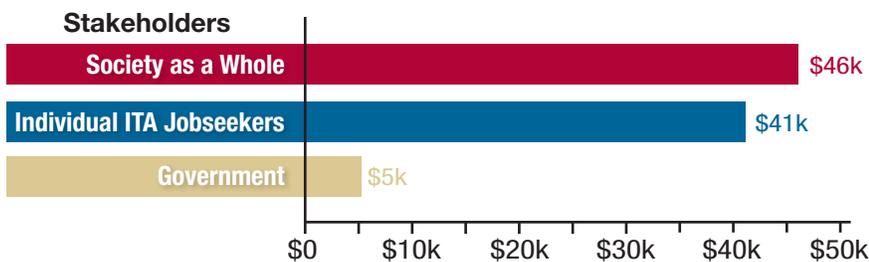
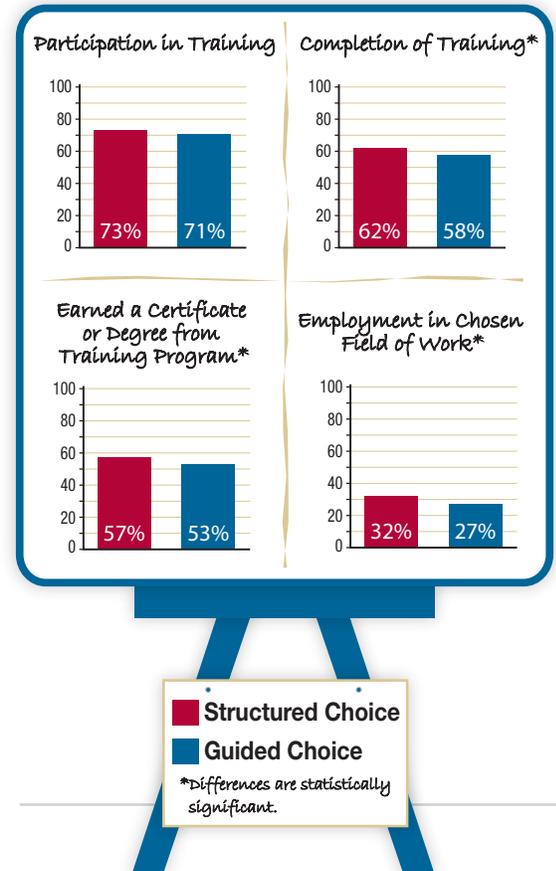
ITA jobseekers who receive larger, more flexible training awards and counseling could earn an additional \$41,000 through retirement age. Structured Choice jobseekers earned about \$500 more per quarter, compared to jobseekers assigned to the other two models.

The government could save \$5,000 per ITA jobseeker by switching to larger, more flexible ITA awards. These savings are driven by increased tax payments, which more than offset the costs from higher ITA awards and counseling under Structured Choice, compared to Guided Choice.

Larger training awards and counseling yield positive training and employment outcomes, relative to the status quo. Structured Choice jobseekers were more likely to complete their training, to earn a credential in the field of their training, and to be employed in the occupation for which they trained. Structured choice jobseekers also spent more time in high-wage jobs that paid \$20/hr or more. Structured Choice jobseekers selected training that was better matched to jobs within their chosen occupation.

Making counseling voluntary would neither save money nor benefit jobseekers. When counseling on training decisions was voluntary, many ITA jobseekers opted out. Only four percent of Maximum Choice jobseekers participated in training counseling, compared to about 60 percent for the other two groups. Maximum Choice jobseekers were more likely to participate in training, but the training selections made independently by Maximum Choice jobseekers did not increase their employment or earnings relative to Structured or Guided Choice jobseekers.

Chosen Field of Work: Structured Choice vs. Guided Choice



Net benefits accrue over period of 20 years, until retirement.

Future Considerations

This study showed that providing additional training with counseling can save the government money as well as improve the outcomes of jobseekers. Future research should examine whether it would be cost effective to further increase the amount provided for training and further tailor the types of training programs that can be purchased with an ITA.