

NASWA Presentation

Enabling One-Stop Career Centers to Provide the Help Unemployed Workers Need to Find Jobs and Build Skills

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The Hamilton Project One-Stop Study

- Is directed at policy makers, not researchers
- Identifies problems that prevent ES and WIA programs from fulfilling their full potential
- Suggests steps policy makers can take that would make the ES and WIA programs more effective.

What's New about the New Approach

- ES and WIA supporters should work together to revive programs starved for funds.
- New funding should be obtainable once it is widely recognized that:
 - One-Stop services return \$2 to taxpayers for every \$1 of new expenditures.
 - Millions of workers could substantially benefit from increased funding.

The New Approach

- Revamping counterproductive ES and WIA accountability systems
- Doubling funding for core services
- Tripling funding for intensive services

Topics covered in this talk

- The strengths of One-Stops
- Establishing an accountability system capable of demonstrating One-Stop strengths
- Problems created by the current accountability system
- Overcoming the problems with the current system.
- Benefits and Costs of Core and Intensive Services
- Why accurate feedback is the key to securing permanent increases in funding

Key definitions

- Core services – provided by the ES using Wagner-Peyser funds
 - Direct job placement through public labor exchanges (PLXs)
 - Other forms of Job Search Assistance (JSA)
- Intensive services – provided by WIA staff using Workforce Investment Act funds
 - Staff intensive job search assistance
 - Assessment and counseling
 - Training

One-Stop Strengths

- Assembling at very low cost the information workers lack about available jobs and training opportunities.
- Providing the information needed to identify the best job openings and use the most effective means to land those jobs.
- Providing information about which training programs are most likely to increase earnings.

One-Stop Strengths (cont'd)

- Acting as *honest brokers* imparting this information so that it has strong positive affects.
- Leveling the playing field for workers who do not have access to high quality information.
- Paying for short-term training and through UI providing income support to remain in training and search long enough to find a good job.
- Using the “Work First” approach which starts with low cost services and uses higher cost services as needed.

The “Honest Broker” Role

- Gives unbiased and accurate information to:
 - Job seekers about which jobs are best for them
 - Trainees about which training programs are right for them.
- Other training providers:
 - Lack the resources to provide accurate information.
 - Have incentives to enroll trainees, unlikely to benefit from the training.
- Counseling for training is important because most job seekers know little about:
 - The requirements to do well in training
 - The probability of obtaining higher paying jobs after obtaining training

High Quality Accountability Systems

- Need to describe job search outcomes:
 - How quickly jobs are found
 - Job quality: earnings and employment stability
- Need to compare actual outcomes to what they otherwise would be (the value-added)

High Quality Accountability Systems

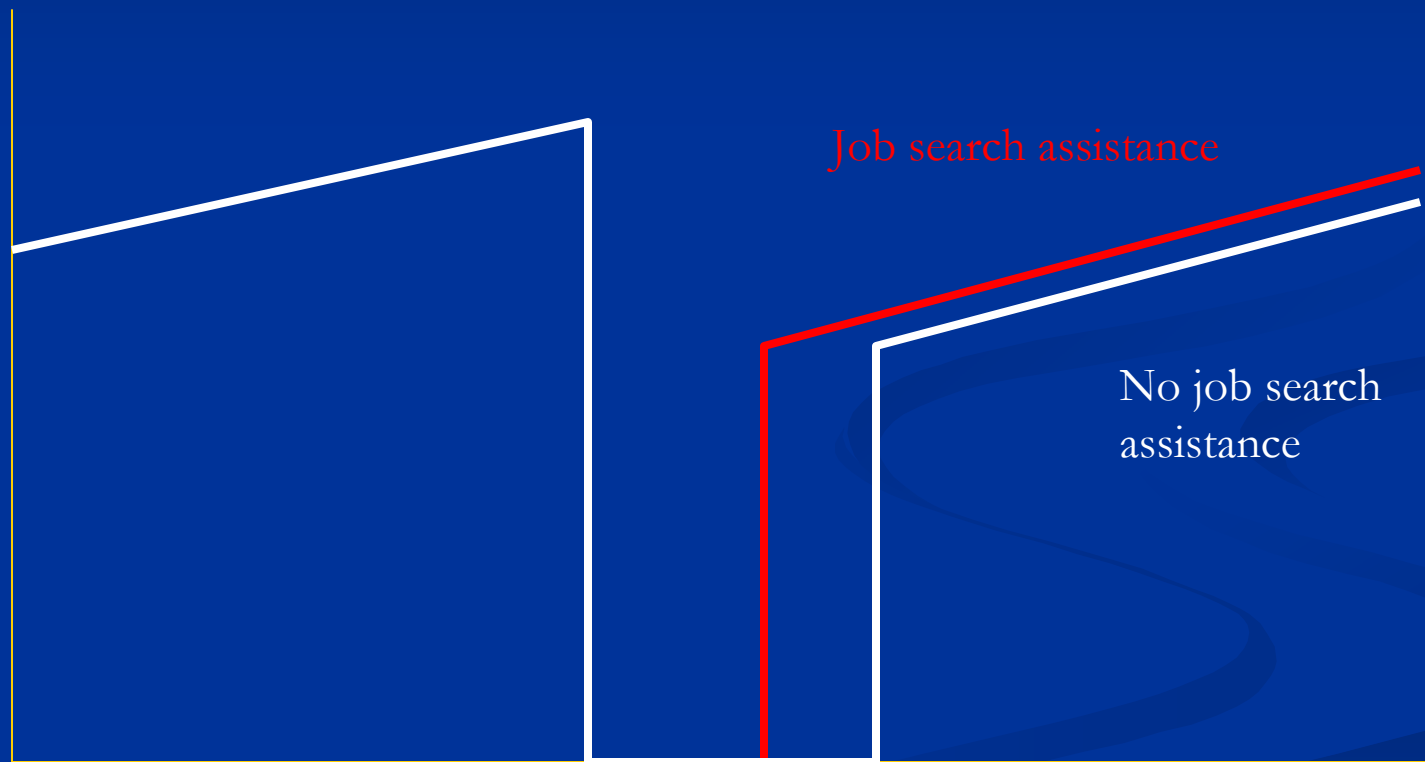
- Need to examine the value-added because One-Stop clients tend to:
 - Have greater information deficits than non-users
 - More difficulty finding work than job seekers who appear similar on the surface

High Quality Accountability Systems

- Need to compare benefits to costs
- Need to examine:
 - Benefits to taxpayers (social returns)
 - Benefits to job seekers (private returns)

Capturing the value-added of JSA

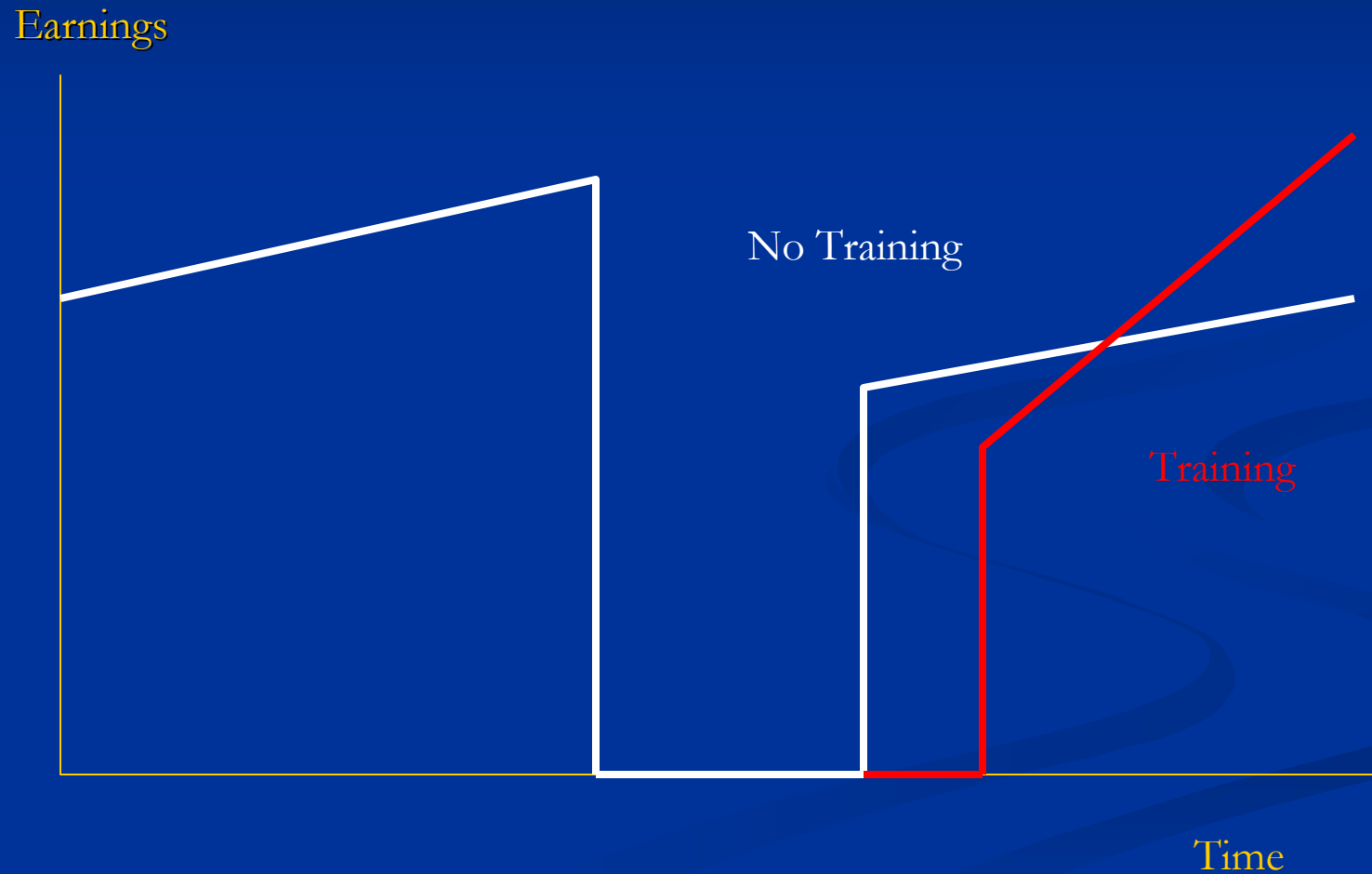
Earnings



No job search
assistance

Time

Capturing the value-added of training



Techniques to measure the value-added

- Random assignment (experimental) designs
 - Randomly selecting claimants for call-ins
 - Using a lottery to offer training vouchers to qualified candidates
- Natural experiments (quasi-experimental designs)
 - Identifying job seekers applying to PLX job listings after the jobs are filled
- Statistical matching (non-experimental)
 - Nearest neighbor matching
 - Controlling for prior earnings and timing of service receipt.

Major problems associated with the current measures

- Entered employment
 - Allows staff to exit clients after they would have found jobs anyway.
 - Wastes staff resources on determining if clients have found jobs.
 - Does not measure the speed of reemployment.
 - Does not provide feedback about what services are most valuable.

Major problems associated with the current measures (cont'd)

■ Earnings

- Does not take into account what earnings otherwise would be.
- Post earnings creates incentives to serve high paid clients
- Pre-post earnings creates incentives to serve low paid clients.
- Does not provide feedback on the value of training

Additional key problems with current measures

- They do not take cost into account.
- They put more emphasis on serving intensive clients, when core services often are equally effective but much less costly.

Benefits of Improving Accountability System

- Equivalent of a 40 percent budget increase due to:
 - Reducing wastage of staff time.
 - Providing more cost effective services

The New Approach to Accountability

- Scrap the existing measures.
- Adopt valued-added measures.
- Treat core and intensive services equally.
- Factor in cost to estimates the return on investment.
- Estimate the net benefits to workers and society.
- Hold One-Stops to realistic and flexible standards.
- Adequately fund development of improved measurement techniques.
- Test promising techniques to improve measurement.

Steps to creating a new system

- Build on existing research.
- Maintain use of wage records for follow-up.
- Obtain identifiers to permit follow-up for core clients.
- Adopt the best systems currently in use to identify clients, track services provided, and make more efficient use of PLXs

Benefit and Cost Estimates

- Based on evidence from states that used value-added measures.
- Assumes that high quality accountability systems will be in place.
- Uses ballpark estimates that under-estimate the true value of services

The 5 services examined

- Calling-in claimants for mandatory WPRS screening
- Providing high-quality job search assistance (JSA)
- Developing new job listings
- Counseling potential trainees
- Providing training vouchers

The impact of a \$1.85 billion increase in funding

	Increase in clients
■ Call-ins	1,500,000
■ JSA	1,000,000
■ Job development	700,000
■ Counseling trainees	1,000,000
■ Providing training vouchers	200,000
■ Non-duplicated total	1,850,000

The cost of increasing services

	Per client hours of staff time	Total Cost
■ Call-ins	0.5	\$33,000,000
■ JSA	8.0	\$350,000,000
■ Job development	15.0	\$472,000,000
■ Counseling trainees	12.0	\$540,000,000
	Dollars	
■ Training vouchers	\$2,000	\$400,000,000
■ Total		\$1,850,000,000

Key benefits

■ Reductions in weeks of UI claims

Per claimant

■ Call-ins	1.1
■ JSA	2.8
■ Job development	3.8
■ Counseling trainees	0.1
■ Providing training vouchers	-9.0

■ Present discounted value of the increase in earnings from training

\$17,000

Benefit relative to Costs and Per Person Benefits

	Benefits to taxpayers relative to costs	Benefits per client
■ Call-ins	16.7	\$90
■ JSA	3.5	\$840
■ Job development	2.7	\$1,350
■ Counseling trainees	0.8	\$360
■ Training vouchers	0.1	\$5,800
■ Total	2.0	\$1,210

Why training is less effective than JSA

Without high quality screening trainees often:

- Do not complete programs
- Enter programs unlikely to raise earnings

Incentives to skim-the-cream

Earnings

