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## RETRAINING UNEMPLOYED WORKERS IN OHIO: LESSONS FROM THE JTPA

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JON HONECK, PH.D.

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## **AUTHOR**

Jon Honeck is a Research Analyst at the Columbus office of Policy Matters Ohio. He tracks international trade, outsourcing, economic development, taxation, and other issues for Policy Matters Ohio. Honeck has a Doctorate in Political Science from the University of Wisconsin-Madison.

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**POLICY MATTERS OHIO**, the publisher of this study, is a nonprofit, nonpartisan statewide research institute dedicated to bridging the gap between research and policy in Ohio. Policy Matters seeks to broaden the debate about economic policy in Ohio, by providing quantitative and qualitative analysis of important issues facing working people in this state. Other areas of inquiry for Policy Matters have included state wage and employment trends, unemployment compensation, education, energy, tax and budget policy, and economic development.

EXECUTIVE SUMMARY

Until the late 1970s, the U.S. economy was marked by high levels of attachment of workers to their workplaces. When workers unexpectedly lost their jobs, government policy was oriented toward training them for new work, or even providing them with publicly subsidized employment. In the past thirty years, this trend has changed dramatically. Ohio has seen hundreds of plant closings and hundreds of thousands of displaced workers.

Most laid-off workers do not find work at comparable pay levels to the lost position. Federal and state programs are now oriented primarily toward quickly placing workers in private sector jobs with limited attention to job quality. In the most recent recession, the Bureau of Labor Statistics' worker displacement survey found that only two-thirds of laid-off workers were working and almost 60 percent these workers made less than their previous wage.

The Job Training Partnership Act (JTPA), passed under President Ronald Reagan, did not offer public service employment, but it did use short-term training to try to enhance some participants' skills. This paper analyzes the experiences of unemployed workers in Ohio's JTPA program who received occupational training and exited from the program in its final three program years. Our analysis of the final years of the program found:

- ◆ Training was short-term, averaging 415 hours, equal to about 10 weeks of full-time instruction.
- ◆ Excluding those who exited the program voluntarily without a job or had a specific barrier to employment, 83 percent entered employment. This rate was better than the one-year reemployment rate of 65 percent among unemployment insurance recipients nationally.
- ◆ Among the eighteen leading training occupations, less than half of the participants who found a job did so in a training-related field. This was likely due to both poor relationships between programs and employers, and poor use of labor market information. Three of the common training courses were in occupations that were projected to decline in employment base.
- ◆ Eight of the eighteen most frequent Ohio JTPA training paths were not in skill-intensive fields, and trained people for occupations that need only short or moderate-term on-the-job training.
- ◆ Training completion improved the odds of finding a job after exiting the program. Workers who completed their training entered employment at a rate 24 percentage points higher than those who did not. Trainees in less skill-intensive fields were more likely to complete their courses.
- ◆ Most trainees did not receive additional financial assistance or support services during training. Nearly 20 percent of individuals received a transportation subsidy, the most common form of assistance.
- ◆ Men were most likely to train as truck drivers, a course that almost one fourth of the male trainees went through. Truck driving trainees were the most likely to find any kind of job (90 percent did), and most likely to obtain a training-related placement. High

training-related placement rates in trucking stemmed from high demand. While a successful outcome for the program, turnover rates in tractor-trailer driving are extremely high, so it is unlikely that most who entered the occupation made a career in it.

- ◆ Women were most likely (17 percent) to train as “computer operators”, which typically meant gaining basic knowledge of common office computer programs but not acquiring programming or analyst skills. This field had the worst training-related outcomes with only slightly more than one in six trainees finding a job in this field, although 83 percent of these trainees found some employment.

- ◆ One-fourth of the trainees in the computer support specialist and analyst occupational cluster, the third-most popular field among all participants, did not have a job at program exit. Since the information technology sector was strong in the late 1990s, this implies that training was insufficient or misdirected toward skills that were not appealing to employers.

- ◆ The median wage of individuals who found new jobs was \$10.00 per hour, a level below the state’s median wage. Some individuals were reemployed at very low wages. In each calendar year, at least 5 percent of trainees were placed in jobs that were below the poverty level for a three-person family with one adult and two children.

- ◆ The median involved worker endured a wage decline of about 9 percent, or about \$1.00 an hour. These losses were greater for white men and older workers. Workers under age 29 showed a slight improvement (6 percent) in the wage in their new position, in large part because their displacement wages were lower.

The JTPA experience in Ohio points to clear recommendations for policy. While trainees had better placement levels than the general population of unemployment insurance recipients, the short training time, limited connection to employers, and low attention to skill acquisition made the program less successful than it could have been. When working with dislocated workers, high skill training should be encouraged. Programs that help unemployed workers should:

- ◆ Target high-wage occupations with benefits and career paths.

- ◆ Use labor market information and partnerships with employers to focus training on skills that employers demand.

- ◆ Encourage skill intensive training that is more likely to enable workers to reach their previous wage levels.

- ◆ Provide additional financial assistance and supportive services, such as transportation and child care, to make it easier for people to complete training.

As a society, we’ve made choices that make layoffs and job loss more likely. For workers affected, the consequences can be devastating. High-quality training is one of the public structures that we can put in place to reduce the negative consequences when workers lose jobs.

## Introduction

“For almost ninety years, from the 1890s until the late 1970s, the thrust of American labor practices had been toward lasting attachments of employers to workers and vice versa. There were lapses and backsliding in those decades. Descriptions of labor practices during the 1921-22 recession, for example, are remarkably similar to labor practices today. But the direction was toward job security, not away from it. Efficiency seemed to require it... We had decided as a people – managers, politicians and workers – that job security had value, and in pursuit of that value, we lifted ourselves out of insecurity. And then, starting about 1977.... there was a U-turn.” Louis Uchitelle, *The Disposable American: Layoffs and Their Consequences*<sup>1</sup>

Until the late 1970s, the U.S. and Ohio economy were marked by high levels of attachment of workers to their workplaces. When workers unexpectedly lost their jobs, government policy was oriented toward training them for new work, or even providing them with publicly subsidized employment.

As a state and as a country, we have made a number of policy choices that now make layoffs more common and job loss more likely. Trade agreements have expanded international trade, increasing competition from lower wage countries. Federal policy has deregulated many industries, which increases the tendency to eliminate parts of the workforce. State and local economic development policies have encouraged companies to move within this country. We’ve increased barriers to unionization, blunting one of the tools that workers once had to fight for job preservation.

In part because of these changes, hundreds of plants have closed and hundreds of thousands of workers have lost their jobs in Ohio. For those who do lose jobs, it is often extremely difficult to find comparable work with comparable wages. Just as the economy has changed, federal and state programs that attempt to help workers find new employment have changed as well, although perhaps not in the way that we’d expect. In the 1960s and 1970s, although layoffs were far less common, federal policy through the 1962 Manpower Development and Training Act and the 1973 Comprehensive Employment and Training Act (CETA) provided public service employment to those who weren’t able to find work after training. At its height in 1978, CETA helped non-profit and government entities to create 750,000 jobs nationwide, lowering the unemployment rate by nearly one percent.<sup>2</sup>

In 1982, the Reagan administration encouraged Congress to pass the Job Training Partnership Act (JTPA), which replaced CETA. The JTPA did not offer public service employment, but it was still a training-oriented program. The program ended in the summer of 2000 and was replaced by the federally-funded Workforce Investment Act (WIA).

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<sup>1</sup> Louis Uchitelle, *The Disposable American: Layoffs and Their Consequences* (New York: Knopf, 2006), pp. 4-5.

<sup>2</sup> *Id.*, pp. 65 and 240-241.

Congress replaced the JTPA for a number of reasons.<sup>3</sup> The foremost reason was to change to a “one-stop” system that would offer those seeking help a single point of entry for federally-funded employment programs. Critics also faulted the JTPA program, particularly the adult funding stream, for overemphasizing training to the detriment of job search assistance and other, more cost-effective services. Local service delivery areas often relied too heavily on training contracts with a limited number of service providers, a practice that restricted individual choice and responsiveness to local economic needs.

WIA was supposed to correct for the JTPA’s shortcomings, but it may have created others. The WIA program requires customers to progress through a series of services in which training is the final step, reserved for people who have been unable to find a job through other means. WIA may have gone too far in this direction, becoming a “work first” program that unduly restricts access to training.<sup>4</sup> There is considerable evidence that local one-stops have been reluctant to enroll higher-wage dislocated workers or older workers in intensive or training services because these workers make it difficult for local workforce areas to meet their earnings gain performance measures.<sup>5</sup> Finally, problems with data reporting systems in many states, including Ohio, make data from the early years of the program unreliable.<sup>6</sup>

Despite these programmatic differences with WIA, the JTPA’s lessons are still relevant today. Unemployed workers turn to public programs because they cannot find a job or need help acquiring new skills to start a new career. Like their predecessors under the JTPA, local workforce areas make decisions about allocating limited resources to help individuals access a specific set of services that best meets their needs in a changing labor market. The JTPA, while weaker than the programs that preceded it, still considered training to be the focus of service delivery. The goal was to help ensure that those who lost their jobs, despite playing by the rules, would have a greater likelihood of finding work that allowed them to support themselves and their families. Understanding the strengths and weaknesses of that program is important to understanding how we can provide structures that allow today’s workers to find family-supporting work.

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<sup>3</sup> Ronald D’Amico and Jeff Salzman, “Implementation Issues in Delivering Training Services to Adults under WIA,” in *Job Training Policy in the United States*, Christopher J. O’Leary, Robert A. Straits, and Stephen A. Wandner, eds. (Kalamazoo, MI: W.E. Upjohn Institute, 2004), pp. 102-103.

<sup>4</sup> D’Amico and Salzman, pp. 109-110, describe the reduction in training and basic skill instruction that took place in the first few years of WIA.

<sup>5</sup> WIA performance standards are not adjusted for hard-to-serve populations. The U.S. General Accountability Office identified these problems and their impact on dislocated workers in a series of reports on WIA and the Trade Adjustment Assistance Act: *Trade Adjustment Assistance: Reforms Have Accelerated Training, but Implementation Problems Remain* GAO-04-1012 (Washington, D.C., Sep. 2004); *Older Workers: Employment Assistance Focuses on Subsidized Jobs and Job Search, but Revised Performance Measures Could Improve Access to Other Services*, GAO-03-350 (Washington, D.C., Jan. 2003); and, *Workforce Investment Act: Improvements Needed in Performance Measures to Provide a More Accurate Picture of WIA’s Effectiveness*, GAO 02-275, (Washington, D.C., Feb. 2002).

<sup>6</sup> At present, incomplete information prevents an analysis of Ohio WIA participants’ training occupations at the level of detail used for this study. For a review of WIA data reporting nationally, see U.S. General Accountability Office, *Workforce Investment Act: States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help*, GAO-04-657 (Washington, D.C. June 2004).

Assessing the final years of JTPA

This paper analyzes the experiences of unemployed workers in Ohio's JTPA program who received occupational training and exited from the program in its final three program years.<sup>7</sup> Those receiving occupational training comprised approximately two-thirds of JTPA dislocated worker participants. The study analyzes the effects of key demographic variables and occupational training paths on reemployment and wage replacement rates.

The JTPA and other training programs are difficult to assess for a variety of reasons. When large groups of Ohio workers lose manufacturing jobs, as has happened repeatedly in the last few decades, it's very unlikely that those displaced will find comparable employment, regardless of training received.<sup>8</sup> It's difficult to control for worker characteristics and local economies – if training occurs in a community that gets a new large employer, it may look more successful than a better training program that takes place in a community that continues to lose jobs for reasons unrelated to worker skills. Further, the training provided under JTPA was highly variable in intensity, quality and style and most analyses can't capture these differences. Finally, JTPA trained different kinds of workers including low-income adults, at-risk youth and older workers – we omitted all but displaced workers for this analysis.

For displaced workers, training rarely results in the outcome that we all would desire – permanent career-track employment at a job of equal or higher quality to the position lost. *The Disposable American* chronicles the heartbreaking situation for 800 United Airline mechanics who went through a WIA re-employment program after being laid off from positions that paid up \$31 an hour with benefits before their Indianapolis facility shut down. More than a year after their layoff only 185 of the 800 had found work, and 18 percent of those were earning less than \$13.25, many substantially less, and only 15 workers, fewer than two percent, had found a job that paid as much as they'd earned prior to layoff. This latter group was comprised mostly of younger workers who earned less at layoff and were able to relocate from Indianapolis.<sup>9</sup>

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<sup>7</sup> The JTPA, like major previous federal employment and training programs, was a federal-state partnership. The federal government provided funding and set general program rules, such as participant eligibility and performance requirements, but gave the states and local private industry councils a substantial degree of discretion in program implementation.

<sup>8</sup> Generally it has been difficult for public sector training programs to design occupational training programs for dislocated workers that enable participants to meet or exceed previous wages. Older dislocated workers have seniority advantages and firm-specific or occupation-specific skills that do not transfer easily to new employment. Union workers find it even more difficult to match previous wage levels, particularly if they are displaced from manufacturing and take a new job in the service sector. Programs like the JTPA that emphasize short-to-medium term training of several months duration, rather than long-term education that may lead to a higher degree, are unlikely to replace years of workers' knowledge and skills that have become obsolete. Louis S. Jacobson, Robert Lalonde, Daniel Sullivan. "Is retraining displaced workers good investment?," in *Economic Perspectives*, Federal Reserve Bank of Chicago (2<sup>nd</sup> Qtr, 2005). The authors state that "In practice under both WIA and JTPA, most of the training that displaced workers receive is relatively low intensity and low cost." (p. 57).

<sup>9</sup> Uchitelle, *op. cit.*, pp 66-68.

Nonetheless, some training programs have been very effective, showing positive earnings and employment outcomes even for very hard-to-serve populations. These typically are built around partnerships between companies in a specific industry sector, high quality training providers, and community organizations. They offer not just entry level jobs, but a career pathway for workers to move up within their companies or industries by periodically obtaining additional training and education.<sup>10</sup>

The WIRE-Net initiative on Cleveland's west side is an outstanding example of such a partnership. Through WIRE-Net, a consortium of metalworking firms hires local residents that have been trained for metalworking occupations.<sup>11</sup> Recently, the KnowledgeWorks Foundation of Cincinnati funded implementation planning grants for 12 career pathways pilot sites around the state. Three of these industry-community college partnerships received a combined \$900,000 in planning grants.<sup>12</sup> Two partnerships are in the health care field, and one in manufacturing. The Governor's Workforce Policy Board has also funded three career pathways sites.

Training is most successful when workers are permitted to enroll in high-quality long-term training. For example, an excellent series of studies compared dislocated workers enrolled in community colleges in Washington state to similar dislocated workers.<sup>13</sup> Their central findings were:

- one year of community college credits increased women's earnings by 13 percent and men's earnings by 9 percent;
- gains were higher when workers took courses with a quantitative subject matter;
- gains were similar for older and younger workers;

Unfortunately, short-term public sector training is unlikely to be as intensive or high quality as what the Washington state students received.<sup>14</sup> However, most researchers agree that certain ingredients lead to better outcomes. Studies by the Workforce Alliance, the Corporation for Enterprise Development, and other experts offer important lessons for program design. These include:

- Target occupations that provide good wages and benefits, and that provide a defined career pathway for upward mobility within an occupation or industry.

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<sup>10</sup> Julian L. Assid, *Building a Career Pathways System: Promising Practices in Community College-Centered Workforce Development* (Workforce Strategy Center: San Francisco, 2003). Available at [www.workforcestrategy.org](http://www.workforcestrategy.org).

<sup>11</sup> For an evaluation of the early stages of WIRE-net training program see Mark Elliott, *et al.*, *Gearing Up: An Interim Report on the Sectoral Employment Initiative*. Public/Private Ventures. Available at [www.ppv.org](http://www.ppv.org).

<sup>12</sup> "KnowledgeWorks Foundation grants \$900,000 to three career pathways sites," KnowledgeWorks Press Release dated March 23, 2005. Available at [www.kwfdn.org](http://www.kwfdn.org).

<sup>13</sup> Jacobson, *op. cit.*, pp. 59-60.

<sup>14</sup> *Id.*, p. 59.

- Create strong partnerships with local employers who will define the essential skills participants need on the job and provide some assurance that jobs are available in the occupations for which individuals have trained.
- View job-seekers as individuals and avoid a one-size fits all service delivery approach. Occupational skills training is not appropriate for everyone, and when it is needed, it works best in combination with other services.<sup>15</sup>
- Provide financial support during training to enable workers to participate in training while still taking care of themselves and their families.
- Provide high quality training in hard and soft skills.
- Offer job development, placement, retention, and advancement, and workforce supports like help with child care.<sup>16</sup>

Although the academic literature remains ambivalent because of the lack of large-scale studies with control groups and valid experimental designs,<sup>17</sup> training is known to be more effective when it includes certain features. In short, training that carefully considers labor market information, is intensive and long term, and remains involved through the job search and reemployment process seems to work best.

Large-scale experimental designs that examine training programs at multiple sites may miss successful outcomes at specific sites because results are aggregated.<sup>18</sup> For example, the national JTPA study, which involved 16,000 low-income adult and youth participants in the early 1990s, used an experimental design to randomly assign participants to random treatments.<sup>19</sup> A majority of the sites showed positive earnings gains for adult trainees versus those who received no treatment, but this was not reflected in the aggregate findings.<sup>20</sup> Still, the long-term outcomes from the JTPA study showed that adult women showed the greatest earnings gains, particularly those who received on-the-job training or mixed services, rather than classroom training.<sup>21</sup>

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<sup>15</sup> Whitney Smith, et al., *Skills Training Works: Examining the Evidence*. Sep. 2002. (Washington, D.C.: The Workforce Alliance, 2002). Available at [www.workforcealliance.org](http://www.workforcealliance.org). See also Assid, *op. cit.*.

<sup>16</sup> William Schweke, "Promising Practices to Assist Dislocated Workers," Working Paper for The North Carolina Rural Economic Development Center. September 2004, p. 41.

<sup>17</sup> Randall W. Eberts, "After the doors close: Assisting laid-off workers to find jobs," in *Economic Perspectives*, Federal Reserve Bank of Chicago (2<sup>nd</sup> Qtr, 2005), p. 79.

<sup>18</sup> The discussion of the National JTPA Study relies on Whitney Smith, *et al.*, p. 16.

<sup>19</sup> These results are reported in Larry L. Orr, *et al.*, *Does Skills Training for the Disadvantaged Work?: Evidence from the National JTPA Study* (Washington, DC: Urban Institute, 1996).

<sup>20</sup> Whitney Smith, *op. cit.*, p. 16.

<sup>21</sup> Christopher T. King, "The Effectiveness of Publicly Financed Training in the United States: Implications for WIA and Related Programs," in *Job Training Policy in the United States*, Christopher J. O'Leary, Robert A. Straits, and Stephen A. Wandner, eds. (Kalamazoo, MI: W.E. Upjohn Institute, 2004). See the discussion of long-term JTPA impacts, pp. 71-72.

### Insights from Ohio's JTPA

A study of the JTPA provides a valuable tool for understanding and improving dislocated worker training programs. Unlike the current WIA program, the JTPA focused on short to medium-term training as its primary method of promoting successful re-entry into the job market.

We found that the average Ohio JTPA participant spent 415 hours in occupational training, or slightly over 10 weeks if the training took place full-time.<sup>22</sup> Although this is hardly comparable to the year of community college training provided in the Washington state study, it is a modest investment in human capital that offers insights for today's programming.

Each state compiled JTPA program information in the Standardized Program Information Report (SPIR) which was submitted to the U.S. Department of Labor. The Department of Labor contracted with Social Policy Research Associates (SPRA) of Oakland, California, to prepare the micro-level data for public use. SPRA took steps to preserve confidentiality of participants and to clean the data in various ways. Policy Matters Ohio took the additional step of sorting the data to remove duplication.<sup>23</sup> Public use data files derived from the SPIR are made available to researchers through the Upjohn Institute in Kalamazoo, Michigan.

The SPIR is a rich data set of anonymous individual-level data that includes demographic information, dates of program participation, types of services received, and reemployment information. The reemployment information used for this study was collected before an individual's exit from the program.<sup>24</sup> The dataset used for this study was comprised of workers who received occupational training and exited from the

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<sup>22</sup> Social Policy Research Associates, which prepared the database of JTPA participants, reported average occupational training hours per participant in Ohio at 517 hours, 416 hours, and 377 hours for program years 1997, 1998, and 1999 respectively, Social Policy Research Associates, "SPIR Data Book: Ohio" for program years PY 99, PY 98, and PY 97. Title III. Table V-7, "Services Rendered, By Age and Highest Grade Completed." Provided in SPIR documentation. Any calculations based on records of training hours must be treated with caution, however, because of duplication in the database.

<sup>23</sup> For this reason, PMO counts do not match the tabulations compiled by SPRA. The SPIR data for Ohio, like many other states, is filled with thousands of semi-duplicates. Service delivery areas and states created semi-duplicates because the same person could be served by different funding streams. The funding streams sometimes paid for the same services, but not always. Our goal in the data cleaning process was to have a single record that matched a single individual.

<sup>24</sup> This information is not the same as the 13-week follow-up information that was used for program reporting purposes. The SPIR records two kinds of outcome-related employment data. The employment data used in this report is derived from information recorded for participants who entered employment upon termination from the program. Local service delivery areas also surveyed participants thirteen weeks after program termination to learn about their employment status. Typically, some participants could not be reached through this process, and so JTPA program rules instructed local service delivery providers to assign weights to various subpopulations when using follow-up surveys. Given that most participants found a job upon program exit, and that making use of the follow-up information would have required creating thousands of merged records, this study does not make use of the follow-up outcome data.

program in its final 13 quarters.<sup>25</sup> Individuals receiving occupational training comprised approximately two-thirds of JTPA dislocated worker participants.<sup>26</sup> Other participants, who are not included in this study, received basic skills training, on-the-job training, or basic services such as job search and referral assistance.

This study compares outcomes among demographic and social groups by using variables such as gender, race, age and education level. Information is also available about a person's occupation of training, training completion rates, occupation of employment, and hourly wages (at the time of layoff and at a new job).

Using these variables, the study analyzes the following outcomes:

- (1) Employment placement rates (Did participant find a job?);
- (2) Training completion rates (Did individuals complete their training?);
- (3) Training-related employment placement rates (Did participants find jobs in fields for which they were trained?); and,
- (4) Replacement wage levels (Did reemployment bring individuals back to their dislocation wage levels?).

One of the best features of the SPIR database is that it records workers' training and employment occupations. A large portion of this study is devoted to analyzing occupations of training and reemployment. Ohio JTPA records used five-digit occupational employment system (OES) codes to classify records.<sup>27</sup> In order to preserve confidentiality and to create results that can be generalized, the study aggregates OES codes at the three-digit level. Aggregating at the three-digit level maintains the coherence of the OES occupational descriptions and the underlying skill sets from which they are derived. For example, the five-digit code for the heavy-duty or tractor-trailer truck driving occupation is 97102. Other five-digit occupations in this cluster are bus drivers, taxi drivers, and other motor vehicle operators. All of these occupations would be grouped under the "971" OES code in the results reported for this study. For the purpose of determining whether a person entered a "training-related field," a person who was trained in any field beginning with "971" and entered a field beginning in "971" would be considered a match.

For a number of reasons, the study is not a comprehensive examination of the factors that influenced program outcomes. We analyze data at a statewide level, so the study is subject to the limitations of using this level of analysis. Ohio is comprised of many local labor markets, both urban and rural. These markets have their own characteristics of employment turnover, industry and occupational mix, and other factors that influence

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<sup>25</sup> The time period under study runs from April 1997, the final quarter of program year 1996 to June 2000, which marked the end of the final quarter of program year 1999.

<sup>26</sup> In addition to targeting unemployed (also called "dislocated") workers, the JTPA program had funding streams for low-income adults, at-risk youth, and older workers. The experiences of individuals who were served by these other funding streams are not included in this study.

<sup>27</sup> The U.S. Department of Labor has since replaced this classification system with the Standard Occupational Code (SOC) system.

who became unemployed and entered the program, and how they fared upon program exit.

Like any training database, the SPIR does not provide all of the information we need to know to get a complete picture of a person's experience in the program. Other than the dislocation wage, the SPIR does not record information about an individual's previous employment such as duties, occupation, or industry. There is no information about service providers or particular service techniques. The database records whether a participant completed occupational training (most did) but we do not know which specific skills were covered. The SPIR's outcome data is limited as well. For example, it does not record information about an individual's job search, such as whether the individual even attempted to look for a job in a training-related field.

The study also does not address the intangible, qualitative factors that are critical in obtaining successful placement outcomes. These factors include the relationships between service providers and local employers, which are important for obtaining accurate and timely labor market information. Also, internal program management practices and staff training and qualifications were likely influences on program outcomes.

#### Overview of JTPA participants' characteristics

The social and demographic composition of Ohio's JTPA training participants was not a representative cross-section of the state. As shown in Table 1 below, in 2000, female workers comprised approximately 47 percent of the labor force, but they were over half of JTPA occupational training participants.<sup>28</sup> In educational attainment, both the highest and lowest levels of attainment were underrepresented. Those with four-year college degrees or higher comprised about one-fifth of Ohio's population, but they were just under 11 percent of JTPA participants. Those who did not finish high school comprised nearly 16 percent of Ohio's residents, but just over 4 percent of JTPA participants were in this category.<sup>29</sup> One-third of all JTPA enrollees taking occupational training courses were "skills deficient" according to national JTPA standards, which meant that they had a reading or mathematics test score below the ninth grade level.

Most people listed their race as either Black or White. For confidentiality reasons, people who listed their race as Hispanic, Asian, Native American, or other are excluded from tables in this study that show demographic information.

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<sup>28</sup> Author's calculations based on U.S. Census Bureau Profile of Selected Economic Characteristics: 2000 (Ohio). Summary File 3.

<sup>29</sup> Hanauer, Amy. *The State of Working Ohio 2001*. Policy Matters Ohio (Sep. 2002), p. 6, using US Census data. Available at [www.policymattersohio.org/pdf/SOWO2001.pdf](http://www.policymattersohio.org/pdf/SOWO2001.pdf).

GENDER	Number	PERCENT
Male	5,972	46.7
Female	6,817	53.3
RACE		
White	10,733	83.9
Black	1,759	13.8
Others	297	2.3
AGE		
29 and under	1,816	14.2
30 to 44	6,004	46.9
45 to 54	3,822	29.9
55 and over	1,147	9.0
EDUCATION LEVEL		
Less than high school	558	4.4
High school graduate	7,440	58.2
Some post-secondary	3,415	26.7
College graduate (4 year)	1,376	10.8
Source: Policy Matters Ohio analysis of SPIR 1997-1999		

Only a small fraction of Ohio's total number of dislocated workers received training through the JTPA. As shown in Table 2 below, the number of UI claimants receiving first payments for unemployment insurance (UI) benefits was well over 200,000 in the three years from 1997 to 1999.<sup>30</sup> Despite low unemployment rates, tens of thousands of Ohio UI recipients exhausted their twenty-six weeks of benefits each year without finding employment.

YEAR	First Payments	Exhaustees
1997	253,881	56,221
1998	263,215	46,265
1999	228,265	46,542
Source: ODJFS UI Reports, RS 199 series.		

<sup>30</sup> Ohio Department of Job and Family Services, "Summary of Activities Under Regular Ohio Unemployment Compensation Law," Labor Market Information Bureau, RS 199 reports (Dec. 1999 and Dec. 1998).

It's likely that the easiest-to-employ found work before enrolling in training, or even drawing UI benefits. Nationally, only 17 percent of workers who were reemployed within five weeks of layoff in 1997 and 1998 received UI benefits.<sup>31</sup> Over the long-term, about 81 percent of workers displaced in 1997 and 1998 found a new job.<sup>32</sup>

UI recipients' road to reemployment was more difficult than those who did not draw benefits. According to a national study commissioned by the US Department of Labor, 35 percent of UI recipients who started receiving benefits in 1998 remained unemployed one year later.<sup>33</sup> Among those who found a job, UI recipients who had not exhausted their benefits averaged a 7 percent loss in wages, compared to an average 16 percent loss for exhaustees.

Federal law requires all states to establish a profiling system for UI recipients. Ohio uses a formula to select people who are likely to exhaust their benefits, and sends them a notice referring them to public reemployment services. It is likely that many of the JTPA participants received referral notices and entered the JTPA system as a result of this profiling process. Nearly 7 percent (or 871) of the 12,789 individuals receiving occupational training had exhausted their UI claims already at the time of registration. Another 70 percent were UI claimants.<sup>34</sup>

#### Occupational training choices, skill levels, and training completion

Tables 3a and 3b below summarize the top ten most popular training occupations for men and women. Seventeen occupational clusters are represented. There is a significant divergence between genders. Only three occupations are in the top choices for both genders: computer support specialists & analysts (OES 251), computer operators (OES 560), and word processors & office clerks (OES 553). Computer operator was the leading choice for women. Computer operators have basic knowledge of common office computer programs but they are not software programmers or systems analysts. Nearly 17 percent of female participants chose this field, and 7 percent of men. Roughly 7 percent of both genders pursued training in an occupation in the computer support specialists & analysts cluster.

The word processor and file clerk occupational cluster was the second leading choice for women. Almost one-tenth of female participants chose this field, compared to roughly one in fifty men.

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<sup>31</sup> Ryan T. Helwig, "Worker Displacement in a Strong Labor Market," *Monthly Labor Review* (June 2001), Table 8, p. 20.

<sup>32</sup> *Id.*, Table 17, p. 27. Figure is for reemployment at least two years from displacement for workers in the East North Central region.

<sup>33</sup> Karen Needels, Walter Corson, and Walter Nicholson, "Left Out of the Boom Economy: UI Recipients in the Late 1990s: Executive Summary," (Princeton, NJ: Mathematica Policy Research, Inc., Oct. 2001). Submitted to the US Department of Labor. Contract No. M-7042-8-00-97-30. MPR Reference No. 8573.

<sup>34</sup> The remaining 23% did not have a UI status, meaning that they were still employed but received layoff notices, were self-employed, or did not qualify for UI benefits.

Truck driving (concentrated in the heavy truck or tractor-trailer field) was the number one choice for male participants. Almost one-fourth of the men chose this training path, but it was not among the top ten training choices for women. Other choices for men included occupations that involved operating or repairing machinery, whereas women favored health-related occupations and secretarial work. The occupational cluster for men labeled “engineers” (OES 221) was comprised primarily of computer engineers and “other” engineers, although over 100 individuals were trained either as electronic and mechanical engineers.

OES Code	Description	N	Percent
560	Computer operators	1,149	16.9
553	Word processors and office clerks	659	9.7
551	Secretaries, except medical and legal	554	8.1
325	Nurses & dieticians	454	6.7
251	Computer support specialists & analysts	447	6.6
660	Health service aides	410	6.0
599	All other clerical & administrative support	254	3.7
211	Accountants, auditors, & financial specialists	210	3.1
329	Medical technicians	170	2.5
130	Business, administrative, & science mgrs.	147	2.2
	Subtotal Top 10	4,454	65.3
	Other	1,872	27.5
	Unknown	491	7.2
	Total for Female Participants	6,817	100.0

OES Code	Description	N	Percent*
971	Truck & other vehicle drivers	1,446	24.2
251	Computer support specialists & analysts	428	7.2
560	Computer operators	420	7.0
221	Engineers	342	5.7
225	Electrical/mechanical techs and drafters	268	4.5
859	Misc equipment makers/mechanics	200	3.3
891	Machinists, precision metal workers	200	3.3
851	Machinery maintenance mechanics	159	2.7
553	Word processors and office clerks	146	2.4
199	Other managers & administrators	142	2.4
	Subtotal Top 10	3,751	62.8
	Other	1,728	28.9
	Unknown	493	8.3
	Total for Male Participants	5,972	100.0

Source: Policy Matters Ohio analysis of SPIR 1997-1999  
 \* Total does not match the sum of its subcomponents due to rounding.

Eight of most frequent Ohio JTPA training paths were not very skill intensive. This follows the general tendency of JTPA program noted in the introduction. The two leading training occupations (truck driving and computer operator) were examples of this tendency. In the U.S. Department of Labor's categorization of occupations, both these fields require only moderate-term on-the-job training. Other training occupations that required only short or moderate-term on-the-job training were word processors and office clerks, other clerical and administrative support, machinery maintenance mechanics, health service aides, and social workers (if they were at the assistant level). Most of the individuals who were trained in the "secretary" occupation (OES 551) were trained as general secretaries, an occupation that also requires moderate-term on-the-job training. The next largest group was trained as medical secretaries, however, an occupation regarded as requiring some postsecondary vocational training.

In essence, the JTPA program provided classroom training for skills that could be taught on-the-job in a short period of time. The low level of skill required for the leading training fields helps to explain the difficulty that workers displaced from higher-wage jobs had in finding a new job with a comparable wage level.

The Department of Labor classifies metal-working machinist and miscellaneous equipment mechanic (most JTPA trainees were HVAC-related) as occupations that require long-term on-the-job training. These two fields require a higher degree of technical knowledge but not a post-secondary degree.

Occupational training paths that are generally regarded as requiring either a bachelor's degree or an associate's degree were: computer support specialists, nurses, engineers, electronic or mechanical technicians and drafters, accountants and auditors, medical technicians, and some managerial occupations. Licensed social workers or counselors also require a post-secondary degree.

The Department of Labor classifications are general guides to what is expected in a profession. JTPA training may not have met these expectations in all cases. For example, the intensity of training offered in the computer support specialist path did not appear to be equivalent to a post-secondary degree. Trainees in this field received an average of 376 hours of instruction, or about 9.4 weeks of full-time training. As discussed below in the section entitled "Finding a job in a training-related field," many JTPA participants did not find jobs in the fields for which they were trained. Computer support specialists were not exceptions to the trend. Nearly two-thirds of them did not enter their chosen profession.

The skill-intensiveness of the training path had a clear impact on the ability of workers to complete training. Not surprisingly, people were more likely to finish training programs in fields that traditionally required only on-the-job training. Completion rates for these less skill-intensive fields ranged from 95 percent to 85 percent. Truck driving had the highest rate. Completion rates for fields that required post-secondary education ranged from 83 percent to 74 percent. The accountant and auditor path had the lowest

completion rate. In sum, JTPA trainees faced clear trade-offs in their training paths. Training paths that offered better wages and prospects for career advancement were the most difficult to complete.

Training completion and employment

As shown in Table 4 below, almost three-fourths of program participants had a job when they exited the program. This is better than the 65 percent reemployment rate among UI recipients in the late 1990s. Of those that did not obtain employment, one-third exited voluntarily, could not be located, or had reasons for not looking, including rehiring by a previous employer, transfer to other training programs, or health problems. This leaves 2,221 people, or 17.4 percent of all participants, who exited involuntarily and did not have a job upon program exit (see Appendix 1). The number of participants who remained unemployed for a significant period of time after program exit was undoubtedly even lower as some trainees found jobs after they exited.

Table 4. Employment outcomes for Ohio JTPA occupational training participants, 1997-2000.		
Entered employment	Percent	Number
Yes	73.4	9,384
No	26.6	5,405
Total	100.0	12,789
Source: Policy Matters Ohio analysis of SPIR 1997-1999		

Training completion played in an important role in determining whether a person entered employment. Slightly over 14 percent of all participants of all races did not finish training. Over 84 percent of participants of all races who completed their training entered employment. In contrast, only 60 percent of those who did not complete training entered employment.

Local service delivery areas had the option to provide various support services to participants in training, such as payments for financial needs, counseling, and transportation subsidies. The literature on training suggests that a robust support system is an essential part of a good training program, but most trainees did not receive any such support. The most common subsidy was for transportation. Approximately 20 percent of white participants (of both genders) received a transportation subsidy. In contrast, only 8.4 percent of black men, and 11.2 percent of black women received this type of payment. Some of the resources that were used for transportation may have been shifted to financial needs-related payments in local service delivery areas with a large minority population. About 9 percent of all black participants received need-related payments, but less than 3 percent of white participants received such payments. Less than 5 percent of recipients received payments for counseling (personal, financial, or legal matters), family care, or health issues.

Table 5 below shows training completion rates for participants who stayed in the program or did not have a specific personal reason to exit (e.g, callbacks to previous employers).

In other words, the table only includes those participants who would have been expected to look for a job. The table also excludes people who listed their race as Hispanic, Asian, Native American, or other races.

Gender and racial disparities existed with respect to training completion. White men had the highest training completion rate, while black females had the lowest, 4.4 percentage points less. There were also striking gender and racial disparities in the rate at which workers entered employment *when they completed training*. Mostly notably, black women who completed training found a job at a rate that was over 10 percentage points less than white men, and 7.7 percentage points less than white women or black men. This disparity could not be explained by the occupational training fields chosen, which were similar for white and black women.

		White Males	White Females	Black Males	Black Females	Total (N)
Completed Training	Entered Employment	74.4	71.8	71.8	64.1	8,189
	Did Not Enter Employment	12.3	13.8	12.1	18.3	1,525
Completed Training Subtotal**		86.8	85.6	83.9	82.4	9,714
Did Not Complete Training	Entered Employment	8.6	8.3	10.2	9.8	978
	Did Not Enter Employment	4.7	6.2	5.8	7.8	643
Did Not Complete Training Subt.**		13.2	14.4	16.1	17.6	1,621
Total (N)		4,630	5,107	684	914	11,335

Source: Policy Matters Ohio analysis of SPIR 1997-1999  
 \*Excludes other races, callbacks, transfers, exits for personal reasons, and records missing data.  
 \*\* Subtotals may not match the sum of their components due to rounding.

### Occupational training fields and their effects on employment

In general, training paths with higher completion rates also had lower rates of unemployment at exit. This was not necessarily due to finding a job in a placement-related field, however. It may be a reflection of longer job searches in certain fields or the financial resources available to job seekers that allowed them to conduct a longer job search without alternative sources of income.

Table 6 below shows all placements of persons trained in leading fields *without regard to whether they obtained employment in that field*. Of the 9,172 participants who chose training in the eighteen most popular occupational clusters, nearly 19 percent did not have a job at program exit. Truck driving, the most frequent choice for male participants, had the lowest rate of unemployment at just under 10 percent. No other field had a rate below 15 percent. The rate for computer operators, the most popular training field for women, was 18.4 percent, close to the overall average. The worst

placement rate occurred in the human service and social worker occupational cluster. Over 39 percent of these trainees were not employed at exit.

There was a wide divergence in unemployment rates for more skill-intensive fields. Those in the electronic and mechanical technician & drafter field, the fifth-most popular training field for men, had an unemployment rate of 15 percent, the second lowest rate among all fields. Engineers also had a below average unemployment rate. On the other hand, over one-fourth of the trainees in the computer support specialist and analyst occupational cluster, the third-most popular field, did not have a job at program exit. Nurses, accountants, and managerial fields also had higher than average rates. Given the demand for these fields in the 1990s, particularly in information technology, this appears to indicate that the training was either insufficient, or misdirected toward skills that were not appealing to employers.

Rank	OES Code	Occupational Description	Total Trainees	Not employed at exit	
				Number	Percent
1	971	Truck & other vehicle operators	1,482	147	9.9
2	560	Computer operators	1,428	263	18.4
3	251	Comp. support specialists, analysts	788	217	27.5
4	553	Word processors & office clerks	737	122	16.6
5	551	Secretaries	500	88	17.6
6	325	Nurses	475	106	22.3
7	660	Health service aides	411	79	19.2
8	221	Engineers	391	68	17.4
9	225	Electronic/mechanical technicians & drafters	323	51	15.8
10	211	Accountants & auditors	256	66	25.8
11	199	Other managers & administrators	262	67	25.6
12	599	All other clerical & admin support	260	49	18.8
13	891	Machinists, precision metal wrkrs	226	49	21.7
14	130	Business, admin, & science mngrs	193	46	23.8
15	859	Misc. equipment makers/mechanics	178	45	25.3
16	329	Medical technicians	162	31	19.1
17	851	Machinery maintenance mechanics	150	35	23.3
18	273	Human service & social workers	137	54	39.4
Total			8,359	1,583	18.9

Source: Policy Matters Ohio analysis of SPIR 1997-1999  
 \*Note: Excludes callbacks, transfers, program exits for personal reasons, and records with missing data.

Finding a job in a training-related field

The inability of many participants to find a job in a training-related field provides evidence of a significant mismatch between training occupations and labor market needs. Figure 1 below displays the results of an analysis of the 18 most popular training fields obtained by matching three-digit OES training codes with employment codes.<sup>35</sup> Although the SPIR does not record any details about an individual's job search, the table indicates vast differences in success rates in finding training-related placements. The horizontal axis displays the training field and the percentage of trainees who obtained a job in that field. Training fields are arranged from left to right in ascending order of number of placements. Vertical columns show the total number of employment placements, with the top (green or lighter shaded) part of the bar indicating trainees whose employment occupation did not match their training fields. The field description under each column indicates the percentage of training-related placements.

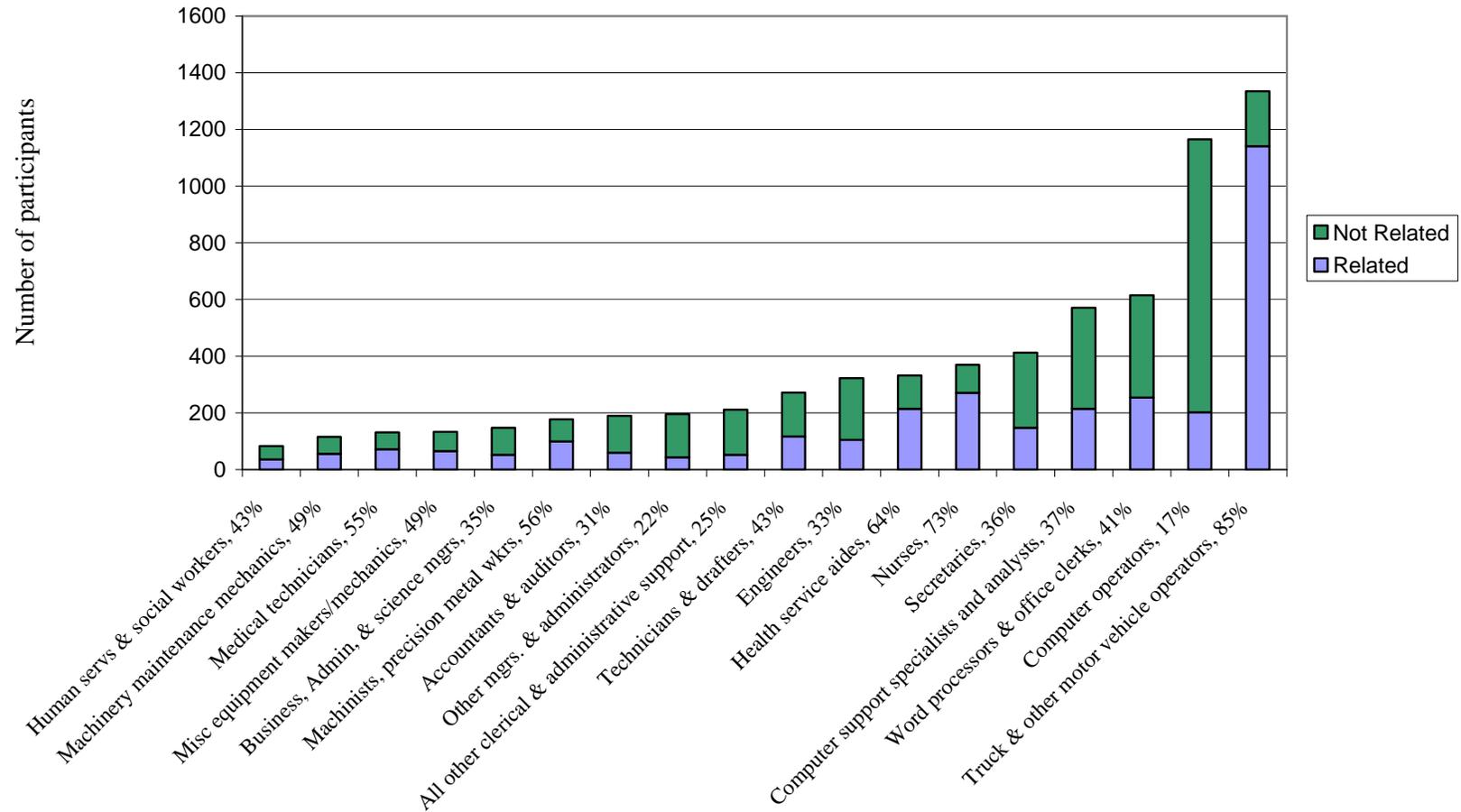
Overall, slightly over 47 percent of the 6,777 participants who were trained in one of the eighteen fields shown in Figure 2 found training-related employment. The rate of training-related placement exceeded 50 percent in just five training fields. Individuals who received training in truck driving were the most likely to find a training-related placement, just as they were most likely to find a job. Three of the other four fields with training-related placement rates above 50 percent were in the health sector. Two other fields, machinery maintenance mechanics, and miscellaneous equipment makers and mechanics, achieved training-related placement rates of 49 percent. Unfortunately, the latter two training fields had less than 200 total placements.

The second-most popular training field, computer operator, achieved the worst training-related outcomes. Slightly over one in six trainees found a job in this field. Other popular training fields such as secretaries, computer support specialists, and word processors & office clerks achieved training-related placement rates between 36 and 41 percent.

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<sup>35</sup> Because the analysis requires cases with information about both the training occupation and employment occupation, it excludes cases in which either piece of data is missing. The percentage of cases for which an employment occupation is known but training data is missing is under ten percent of the total employment in the occupation for all fields, with two exceptions—human services and social workers (10.8%), and machinery maintenance mechanics (12.9%). Using cases with missing training data, confidence intervals for a proportion were calculated for each field with a finite population correction. The 95% confidence interval for human services workers was between 39.9% and 46.9%, and for machinery and maintenance mechanics between 45.4% and 52%.

**Figure 1. Training-related employment placements for 18 most frequent training fields among Ohio JTPA participants, 1997-2000**



Source: Policy Matters Ohio analysis of SPIR 1997-1999

Labor Market Projections

Part of the reason that some participants may have had difficulty finding employment in a training-related field was that the number of individuals trained in some fields was far too high given labor market projections for that occupation. Table 7 below presents the results of labor market projections released by the Ohio Bureau of Employment Services (now ODJFS) in the mid-1990s. “Annual openings” includes both turnover and new positions. This information would have been available to JTPA service providers in the time period under study.

OES Code	Description	JTPA Trainees 1997-2000	Annual Projections for 1994-2005	
			Total Employment Change (%)	Annual Openings
971	Truck & other vehicle operators	1,576	1.2	4,771
560	Computer operators	1,569	-2.3	716
251	Computer support specialists and analysts	875	4.9	3,035
553	Word processors & office clerks	805	0.0	6,073
551	Secretaries	562	0.9	3,840
325	Nurses	525	2.1	6,022
660	Health service aides	454	3.9	6,497
221	Engineers	429	2.3	2,670
225	Electronic/mechanical technicians & drafters	351	0.5	1,009
211	Accountants, auditors, & financial specialists	286	1.1	1,876
199	Other managers & administrators	285	0.8	1,702
599	All other clerical & admin support	283	-0.5	265
891	Machinists, precision metal workers	241	-0.5	1,834
130	Business, admin, & science managers	218	1.9	4,064
859	Misc equipment makers/mechanics	203	1.1	1,264
329	Medical technicians	187	2.3	2,010
851	Machinery maintenance mechanics	166	1.0	3,156
273	Human service & social workers	157	2.5	3,344

Source: Policy Matters Ohio analysis of SPIR 1997-1999; Ohio Department of Job and Family Services, “Occupational Employment Projections Report, 1994-2005,” Bureau of Labor Market Information.

Three of the fields -- computer operators, other clerical support, and machinists – had a total employment base that was projected to decline annually. It can make sense to train

people for such fields if the number of annual openings due to turnover or retirement is still at a reasonable level. This was not the case for the computer operator field, however. The JTPA program was training between 400 and 500 individuals each year for a field that was only projected to have 716 annual openings statewide. In order for all of the computer operator trainees to have training-related placements, employers would have had to fill most of their annual openings through the program. The “other clerical and administrative support” occupation was in a similar situation. The limitations of the SPIR database prevent us from reaching any conclusions about why so many individuals chose these training paths. We have at least four hypotheses: (1) service providers were unaware of relevant labor market information; (2) service providers chose not to share relevant labor market information with participants; (3) limited choice of training service providers restricted individuals’ options; or, (4) limited financial and other support during training forced participants into sub-optimal choices.

Other observations can be made about Table 7. Given that most truck driving trainees found training-related jobs, JTPA exiters may have filled approximately 10 percent of these openings statewide. The high rate of training-related placement in this field was in part made possible by high demand in this occupation. While this is a successful outcome for the program, the long-term results of choosing this training path are unclear. Turnover rates in tractor-trailer driving are extremely high, so it is unlikely that most of the people who entered the occupation made a career in it. From the perspective of the literature on career pathways, placing so many individuals in truck driving may not have been the best use of public training resources.

It is also readily apparent from Table 7 that having a large number of projected annual job openings did not necessarily lead to a high training-related placement rates for JTPA trainees. Many of the occupations that had training-related placement rates under 50 percent had thousands of projected annual openings. This lends additional support to the hypotheses that the skills and credentials gained from training were not well matched to labor market needs, and that service providers did not have good relationships with employers.

#### Employment occupations – wages and benefits

Table 8 below shows the 21 most frequent employment occupations, and wages received by those who entered these fields. The fields highlighted in gray are “overflow” occupations that were not on the list of most frequent training occupations. In other words, a number of participants who could not find training-related jobs entered these fields. Fewer than 30 individuals were trained in each of the salesperson, cashier, or phone solicitor field (OES 490), the shipping and receiving clerks field (OES 580), or the food service worker field (OES 650). The food service worker field had the lowest hourly median wage of any occupation listed in Table 8 at \$6.67. Slightly over 100 individuals were trained in OES 939, mostly as welders. Wage levels in this table are presented in current dollars (not adjusted for inflation.)<sup>36</sup>

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<sup>36</sup> The late 1990s were a time of widespread wage gains for Ohio workers, even those at the bottom of the wage distribution. Ordinary least squares regression using program year as an independent variable

Table 8. Hourly wage levels of most frequent occupations of employment of Ohio JTPA occupational training participants, 1997-2000 (current dollars)

OES Code	Description	N	Median (\$)	Mean (\$)
971	Truck & other vehicle drivers	1360	11.00	11.34
553	Word processors and office clerks	771	9.00	9.24
551	Secretaries	357	8.99	9.29
325	Nurses & dieticians	354	12.74	13.15
251	Computer support specialists & analysts	349	13.50	14.47
560	Computer operators	336	9.25	10.03
660	Health service aides	306	7.69	8.40
490	Salespersons, cashiers, phone solicitors	286	7.38	8.34
939	Electronic assemblers, welders, & hand workers	255	9.25	9.88
225	Technicians and drafters	199	12.13	13.50
130	Business, administrative, & science managers	194	15.00	18.46
891	Machinists, precision metal workers	190	10.50	11.32
580	Shipping & receiving clerks	176	9.00	9.87
221	Engineers	170	16.34	17.74
851	Machinery maintenance mechanics	164	11.48	11.88
599	All other clerical & administrative support	164	9.00	9.62
329	Health service technicians	153	10.00	10.79
211	Accountants, auditors, & financial specialists	148	12.00	13.65
199	Other mgrs. & administrators	146	13.80	15.95
650	Food service workers	125	6.67	7.62

Source: Policy Matters Ohio analysis of SPIR 1997-1999.

As may be expected, the fields that are generally regarded as requiring a postsecondary degree had the highest wages. Engineers had the highest median hourly wage at \$16.34. The table illustrates another reason why truck driving was a popular training field. Its median hourly wage of eleven dollars was two dollars per hour higher than the next most frequent field of employment.

How did the JTPA fare in placing trainees in jobs that provided fringe benefits? Over four-fifths (82.5 percent) of reemployed JTPA occupational training participants who were reemployed found a job with health insurance **and** coverage under social security or an equivalent pension plan. Unfortunately, the SPIR does not record whether an employer provided a pension plan in addition to social security. Coverage rates for

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showed that an increase in program year could be expected to add about 28 cents to a workers' reemployment wages when race, gender, education level, and age were held constant. Regression results also showed that program year had no influence on the percentage change in workers' wages from layoff to reemployment. In other words, individuals who exited in the later years of the program were no more likely to replace all of their wages than individuals who exited in earlier years.

women (both black and white) were 79 percent. White males had a coverage rate of nearly 86 percent, and black males, nearly 90 percent.

Much of the difference between the genders can be explained by occupational fields of employment. Occupations preferred by men, such as truck driving, machinist, and engineer had over coverage rates over 90 percent. Several of the occupations in which women predominated -- word processors and office clerks, and secretaries – had benefit coverage rates of 79 percent and 75.6 percent, respectively. As may be expected, food service workers had the lowest rate of coverage, at just over 50 percent. Over three-fourths of the workers in this field were women. Their wage level and benefit coverage suffered tremendously because they found jobs in this occupation.

### Reemployment wage distribution

Table 9 below compares the distribution of dislocation wages with the distribution of reemployment wages. In terms of monetary value, reemployment wages were lower at every decile, and the difference grew larger at higher wage levels. In terms of percentage differences, however, the greatest gap (15%) occurred at the 50<sup>th</sup> percentile. Although Table 9 does not take into account the experiences of individuals, it is clear that most individuals would have problems attaining a replacement wage level of 100%, particularly if they had higher dislocation wages.

Table 9. Percentile distribution of hourly wage levels of Ohio JTPA occupational training participants, 1997-2000 (current dollars)

Percentile	Dislocation Wage (\$)	Reemployment Wage (\$)	Change (\$)	Change (%)
10	7.25	7.00	-.25	-3.4
20	8.50	8.00	-.50	-5.9
30	9.70	8.50	-1.20	-12.1
40	10.60	9.40	-1.20	-11.3
50	11.77	10.00	-1.77	-15.0
60	13.00	11.15	-1.85	-14.2
70	14.42	12.50	-1.92	-13.3
80	16.00	14.01	-1.99	-12.4
90	19.00	16.82	-2.18	-11.5
N	8,984	9,309	n/a	n/a
Missing	400	75	n/a	n/a

Policy Matters Ohio analysis of SPIR 1997-1999

The median wage in Ohio in 1999 was \$12.09 per hour.<sup>37</sup> Reemployment wages were so low that it is likely that some participants may have been placed in jobs that were below the official U.S. Census poverty threshold. Poverty thresholds vary by family size. The poverty threshold for a family with one adult and two children was \$6.21 per hour in 1997, rising to \$6.67 per hour in 2000.<sup>38</sup> The percentage of JTPA training participants who found employment at wages below these levels stood at 8.1 percent in calendar year 1997 and fell to 5.6 percent by 2000. In other words, at least one in twenty trainees obtained employment below this three-person poverty threshold in each year. This statistic excludes people who may have been in poverty because they did not find a job.

### Replacement Wage Levels

One way to understand the reemployment experiences of JTPA training participants is to look at the median wages of key groups of trainees. Table 11 below calculates median dislocation wages and median reemployment wages for certain demographic and social groups. It gives an overall picture of what happened within a certain group, but without taking into account the actual changes experienced by any particular individual. The mix of these demographic and social cohorts remained very stable from year to year.

GENDER & RACE	Median Dislocation Wage (\$)	Median Reemployment Wage (\$)	Number (missing)	
			Dislocation Wage	Reemployment Wage
Black Females	10.47	9.50	659 (17)	675 (1)
Black Males	11.97	10.46	542 (19)	559 (2)
White Females	10.50	9.26	3,866 (222)	4,055 (33)
White Males	13.50	11.50	3,717 (126)	3,807 (36)
AGE				
29 and under	9.25	10.00	1,220 (94)	1,309 (5)
30 to 44	11.63	10.05	4,256 (199)	4,425 (30)
45 to 54	13.00	10.00	2,741 (83)	2,797 (27)
55 and over	13.13	10.00	767 (24)	778 (13)
EDUCATION LEVEL				
Less than high school	11.15	10.00	389 (12)	396 (5)
High school graduate	11.25	9.75	5,178 (239)	5,380 (37)
Some post-secondary	11.92	10.65	2,393 (127)	2,503 (17)
College graduate (4 year)	16.60	14.39	1,024 (22)	1,030 (16)

Source: Policy Matters Ohio analysis of SPIR 1997-1999

<sup>37</sup> In 1999 dollars. Amy Hanauer, *Ohio Supplement to the State of Working America*, Policy Matters Ohio (2000), p. 8.

<sup>38</sup> Source: U.S. Bureau of the Census, Current Population Survey, Poverty Thresholds by Size of Family and Number of Related Children Under 18 Years. Various Years. Available at [www.census.gov/hhes/poverty/threshld/thresh97.html](http://www.census.gov/hhes/poverty/threshld/thresh97.html). (Note: Census poverty thresholds are not the same as the income eligibility thresholds developed by the U.S. Department of Health and Human Services.)

Another way to look at replacement wage outcomes is to calculate the change in wages for each participant who entered employment. The median change in wages was a loss of \$1.00 per hour. This represented a median loss of 9.1% on a percentage basis. Some striking differences emerge when looking at the outcomes for specific demographic groups. Most notably, white women’s median loss in hourly wages was 10 percentage points lower than white males’, largely because men earned substantially more than women prior to dislocation. The narrower percentage difference between black men and women was largely due to less gender disparity in dislocation wages.

	Change (\$)	Change (%)	N	Missing
Women	-0.76	-7.7	4585	280
Men	-1.43	-11.1	4326	193
Black (all)	-0.50	-4.8	1198	39
Black Women	-0.45	-4.0	658	18
Black Men	-0.50	-5.3	540	21
White (all)	-1.10	-9.9	7515	416
White Women	-0.80	-2.3	3834	254
White Men	-1.60	-12.2	3681	162

Source: Policy Matters Ohio analysis of SPIR 1997-1999

### Age Group

As shown in Table 12, participants who were age 29 or under actually showed a slight improvement over their dislocation wages. Younger workers were the only social or demographic group identified in this study that showed an improvement over their dislocation wages. This is probably partly because younger workers had not attained the wage levels that seniority and experience had conferred on older workers, and perhaps also partly because younger workers may be easier to train in new skills. Participants aged 30 to 44 experienced a median wage decline of 85 cents, which represented a median decline of 15.2% from their dislocation wage. Unsurprisingly, the worst outcomes were experienced by participants who were in the age 45-54 category and the age 55 and over category. Both of these groups experienced a decline in their median wage of nearly \$2 per hour, which represented a loss of over one-seventh of their dislocation wage levels. This is likely due to the higher wage that these workers had attained prior to dislocation.

Table 12. Median hourly reemployment wages compared to dislocation wages for Ohio JTPA occupational training participants 1997-2000, by Age Group (current dollars)				
Category	Change (\$)	Change (%)	N	Missing
29 and Under	0.5	6.1	1216	98
30 to 44	-0.85	-7.5	4226	229
45 to 54	-1.9	-15.2	2714	110
55 and over	-1.99	-16.2	755	36

Source: Policy Matters Ohio analysis of SPIR 1997-1999

Education level

As shown in Table 13 below, all education levels experienced a decline in median wages. Those with a four-year college degree, and those with a high school degree or less, experienced declines in median wages between nine and almost 11 percent. Those with some college coursework experienced a decline of five percent. This latter group had higher lower dislocation wages than those with a four-year degree. There may not be a simple explanation for this, but it seems plausible that college educated workers who may have begun to specialize would have greater downward mobility than other workers after losing a job in which they'd gained expertise.

Table 13. Median hourly reemployment wages compared to dislocation wages for Ohio JTPA occupational training participants 1997-2000, by Education Level (current dollars)				
Category	Change (\$)	Change (%)	N	Missing
Less than HS	-1.00	-9.8	384	17
HS graduate	-1.14	-10.8	5142	275
More than HS	-0.62	-5.5	2377	143
4-year college	-1.40	-9.0	1008	38

Source: Policy Matters Ohio analysis of SPIR 1997-1999

Conclusion

The final years of the JTPA occupational training program present a mixed picture that creates both positive and negative lessons for other dislocated worker training programs. The problems were readily apparent. Much of the training was short-term and not very skill-intensive. Some of the leading training fields, such as the word processor and office clerk occupational cluster, were poor choices given available labor market information. Other training paths, such as computer operator and computer support specialist, were in demand occupations but most of the trainees did not find jobs in the field. The most likely reasons for this situation were a lack of partnerships with employers and a mismatch of skills with employers' expectations.

Even with these limitations, the program had some success, particularly when we consider that workers who went through the JTPA program were more difficult to employ than the general population of displaced workers. Some of them already had exhausted their unemployment insurance benefits before they entered the program. One-third had reading or mathematics skills that tested below the ninth grade level. Despite these barriers, most people who went through the program found a job. Consistent with other studies of dislocated worker training programs, there was variation in wage outcomes among demographic groups. Workers under age thirty attained a median group replacement wage level that was higher than their layoff wage. White women, as a group, came very close to replacing their layoff wages.

Truck driving stands out as the most successful training path. This field was the most frequent training choice for men. It had an extremely high training completion rate and most of the trainees found training-related jobs with benefits. Part of its success was because it was a high demand occupation, unlike word processors or computer operators. Employers' expectations of new hires, such as a commercial driver's license, may be easier to anticipate than in other fields. The question that this study cannot answer is what happened in the long run to the people who entered this field, which is known for its high turnover rates and general lack of career ladders. For some, truck driving may have been a short stint between good jobs. Others may have left the occupation with few transferable skills and found themselves in the same situation that led to their enrollment in JTPA. For this latter group, a different training path may have been more appropriate.

The study's findings point to some of the difficulties that would be encountered if public training systems were to emphasize longer, more skill intensive training. Our analysis showed that completing training made it more likely that an individual would find a job, but skill intensive training paths had lower completion rates. It's reasonable to think that longer duration and more difficult subject matter combined to make it harder for people to finish. Individuals were put in a dilemma in having to choose between a training path that offered higher wages but less chance of completing their training goals. The JTPA was not set up to facilitate long-term training. Most of trainees in the study did not receive any support services. These services would have to become more widely available to boost the success rates of long-term training. Financial assistance becomes critical if the length of training exceeds the duration of unemployment benefits

The literature on training is adamant that training services must be integrated with employers' needs. This was not the case for some of the major JTPA occupational training paths. Given that the typical training period for the program was between two and three months, though, participants did not have enormous costs in terms of foregone wages. If the goal of public policy is to facilitate training of longer duration, programs will have to demonstrate that jobs will be available at the end of the line. Better use of labor market information is the first step toward this goal.

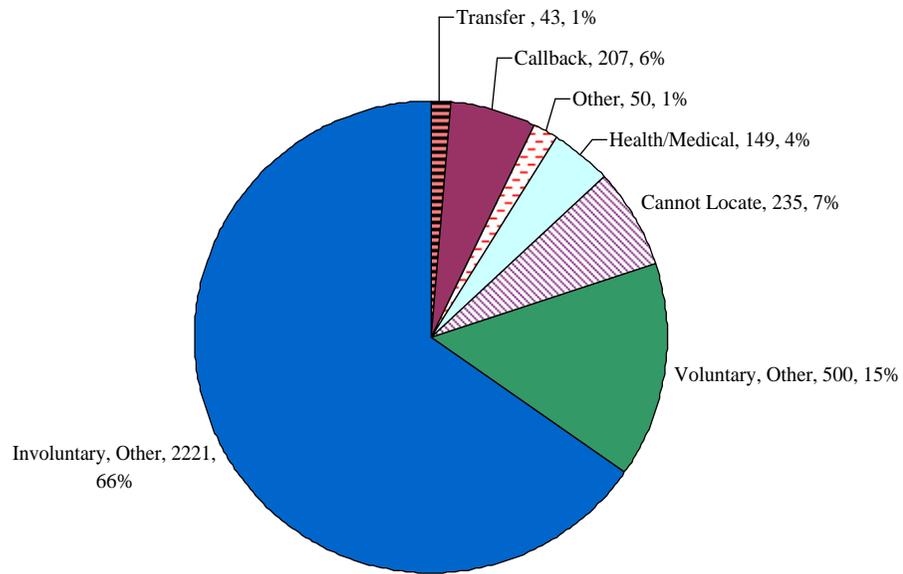
Clearly, not all of the JTPA participants had the necessary education level for intensive skills training even if they wanted to pursue it. Remedial education would have to

become more widely available to those who need it. It may be unrealistic for some individuals to combine basic skills training with long-term occupational training all at one time. They may have to work consistently to support themselves and their families. For these individuals, it makes sense to build a career pathways system that allows them to take classes part-time, on weekends, or even at their work sites. We must also find the political will to increase financial support to dislocated workers, and adult learners in general, to increase their educational and training options.

We live in a turbulent economic era. Ohio's manufacturing sector has shrunk dramatically, and will continue to shrink because of capacity reductions by domestic automakers. The service sector is just beginning to experience the effects of outsourcing to foreign countries. Building a world-class workforce development system that facilitates the transfer of dislocated workers to new occupations and new industries must be one of our top priorities. The JTPA got part of the equation right by not restricting access to training. When JTPA training imparted sufficient skills and was linked to labor market needs, the program had good results. Unfortunately, Ohio's workforce development system currently operates in a much more difficult economic environment than the JTPA faced in the late 1990s. The state has fewer payroll jobs in 2006 than it had when the recession started in 2001. In this environment, it is critical that our workforce development system focus on the long-term well-being of dislocated workers. For those who need retraining, public policy must be prepared to support training that leads to a meaningful opportunity for upward mobility.

APPENDIX 1: REASONS FOR PROGRAM EXITS WITHOUT EMPLOYMENT

**Figure 1. Ohio JTPA occupational training program terminations not resulting in employment, 1997-2000**



Source: Policy Matters Ohio analysis of SPIR 1997-1999

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3631 PERKINS AVENUE, SUITE 4C - EAST • CLEVELAND, OHIO, 44114 • 216/361-9801

COLUMBUS: 1372 GRANDVIEW AVE, SUITE 242 • COLUMBUS, OHIO 43212 • 614/486-4601

[HTTP://WWW.POLICYMATTERSOHIO.ORG/](http://www.policymattersohio.org/)



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