

RETRAINING UNEMPLOYED WORKERS IN OHIO: LESSONS FROM THE JTPA

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.

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- 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.

Policy Matters Ohio is a nonprofit, nonpartisan research institute dedicated to researching an economy that will work better for all in Ohio. Learn more about Policy Matters Ohio at www.policymattersohio.org.