What Works for Job Training Programs for Disadvantaged Workers

THE CASE OF NEW ORLEANS’ CAREER PATHWAYS TRAINING PROGRAM
Learning Valuable Job Skills

Can workforce development programs resolve the mismatch between the talent available and the skills in demand?

The economic growth that followed the 2008 recession has increased the demand for qualified workers in health care, advanced manufacturing, information technology, and other growing industries. While many employers are finding it difficult to fill key positions, workers without the right skills face a shrinking pool of rewarding job opportunities.

The Office of Workforce Development (OWD) in New Orleans, Louisiana, with a grant from the U.S. Department of Labor, implemented Career Pathways, an innovative program designed to increase the local talent pool and help lower-skilled, unemployed, and underemployed individuals train for work.
in growing fields. RAND Corporation researchers evaluated the program to find out whether it was succeeding in its mission: helping trainees learn industry-valued skills and find related jobs. The research team also examined the broader costs and benefits of the program in relation to the city of New Orleans.

The team found that the New Orleans Career Pathways program produced meaningful positive results in several areas. These included individuals’ wage growth, job satisfaction, and the government’s and society’s return on investment. There were also areas that had no significant change, such as arrest rates and the duration of individuals’ employment.

This brief summarizes the main study findings as well as related recommendations to help workforce development boards, employers, training organizations, and other stakeholders striving to create or improve workforce development programs in their region.
About Career Pathways

The Career Pathways program began in 2015 and offered career training opportunities for low-income, lower-skilled residents in New Orleans. Training across 25 cohorts focused on skill areas that local employers needed in advanced manufacturing (electrical, welding, and pipefitting), the health care industry (medical coding and billing specialist, patient access representative, and pharmacy technician), and information technology. There were three stages to the program:

1 Recruitment and candidate screening
   Recruitment was conducted at city job centers, through advertising in multiple outlets, and by installing fixed tablet stations with information about the program at targeted local city hotspots. Interested candidates were then screened for likelihood of success in the training through a test or relevant assignment and an interview. Half of the candidates who passed the screening were randomly chosen for training, with the other half used as a control group.

2 Training
   Training providers worked with local firms to determine in-demand skill areas and, where necessary, develop new curricula. Trainees then participated in two months of classes for four hours a day, five days a week. Trainees in most cohorts who finished the course were given the option to attend an additional two months of training. As part of the training, there were opportunities for trainees to earn industry-recognized credentials.

3 Coordination with hiring firms
   Trainees were directed to potential employers in the area where they could apply for positions.

HOW THIS STUDY WAS CONDUCTED

The study involved an implementation analysis, an impact analysis, and a cost-benefit analysis. For the implementation analysis, the RAND team held focus groups and conducted one-on-one interviews with OWD staff, training providers, employers, and trainees and reviewed program materials to inform a process evaluation on program implementation. For the impact analysis, the study team used randomized controlled trial regression analysis to compare outcomes between those who were invited to participate in a training program and those who were not. The cost analysis did a comprehensive data collection on all of the costs of the program, and contrasted these with the benefits accrued through the increased earnings, higher tax revenues, and lowered social assistance payments, and through this calculated the return on investment.

DATA SOURCES

Employment, earnings, and industry of employment records from the Louisiana Workforce Commission
Baseline survey of all participants
Telephone surveys of treatment and control participants
Focus groups with trainees
Interviews with trainees, training providers, city officials, employers, and other key stakeholders
Arrest data from the New Orleans Police Department
Key Findings | Program Implementation

At their best, workforce development programs can be a cost-effective way to improve the well-being of individual residents. However, structural and logistical hurdles can arise at any point. These are some of Career Pathways’ implementation successes and challenges.

Partnerships were key. OWD, training providers, and employers noted that partnering with one another created strong, valuable partnerships.

Applicant screening was done best by the workforce development board. Community partners were initially assigned to screen potential participants but failed to operate as intended. OWD’s own screening worked more effectively and was more valued by industry partners.

Employers valued trainees’ program experience. In interviews, employers noted that trainees were better prepared than other employees in similar jobs. Specifically, they said that trainees had stronger content knowledge and knew what to expect as soon as they started their jobs.

Trainees wanted more hands-on experience. At the end of the training period, program participants noted the importance of the courses they had taken to obtaining accreditation for entry-level positions, but they wanted more opportunities during training to apply what they had learned in real settings. Electrical and pipefitting trainees were particularly likely to report this.

Trainees and training providers were aware of the limits of the training program. Many trainees expressed a desire for the course to be extended so they could learn more and be more competitive when seeking work. Training providers noted that the courses were meant only to build foundational skills in the intended areas, and that the content of the entry-level courses might be inadequate for some of the needs of the job market.

Employers wanted “soft skills” and work conditions to be emphasized. Showing up every day on time, following instructions, and problem-solving were among the important skills employers reported trainees needed to learn. Employers also reported a desire to have trainees screened for comfort with specific job tasks and expectations.

Program benefits could have been communicated more strongly. Each trainee was allocated $6,000 for books, equipment, transportation costs, and potential on-the-job training subsidization. Many trainees noted that they were unaware of stipends, materials, and other benefits until late in their programs, if at all.

Job counseling and employer engagement needed strengthening. Only half of all training participants who completed the survey reported receiving job opportunity information. Similarly, only 40 percent reported receiving resume development and job-readiness services.
Key Findings  Program Outcomes

Workforce development programs are designed to provide workers with the skills employers need and match them to appropriate jobs. Measuring how well programs fulfill this goal is critical, but it is also important to measure how well the program retains trainees and how it affects families and communities.

Participation and completion rates were relatively high. The attendance rate for training was high: 83 percent of individuals assigned to a training group attended at least one class session and 64 percent completed the training.

Individuals who were invited to participate in the program went on to earn higher wages. Those who were invited to receive training subsequently earned about 25 percent more than those who were in the control group. The largest increases were experienced by those in the health care pathway. Trainees who were not working when recruited earned about 75 percent more than their counterparts in the control group.

However, this large impact on earnings did not accrue to the first two cohorts. Only after two cohorts did the training program produce these large earnings gains.

The program did not increase the likelihood of employment, job duration, or arrests. On average, there were no statistical differences between trainees and control group participants with respect to later employment, how long individuals stayed at a job, or an individual’s likelihood of being arrested.

Information technology trainees were more likely to find jobs in their industry. However, training did not have a substantial effect on the likelihood of trainees finding employment in the advanced manufacturing or health care industries.

Trainees experienced more overall job satisfaction. On surveys, more trainees than control group members agreed that they were satisfied with their job once they started.

Peers had a positive effect on each other. Individuals whose fellow trainees had a better history of employment or higher screening interview scores were more likely to be placed into jobs at the end of the program. These individuals were also more likely to have better earnings. This may be due to a better classroom environment, networking, or both.

The basic literacy and numeracy test was the most effective part of the screening. This test was able to predict to some extent which trainees would complete training and succeed in the job market. However, the interview portion of the screening process was not effective.

The program had a favorable return on investment. The table opposite summarizes the benefits and costs associated with the New Orleans Career Pathways program from the perspective of the participant, the government, and society. (Society reflects both overall participant and government costs and benefits.)
Numbers here summarize the benefits, cost, and rate of return for the average participant in the New Orleans Career Pathways program. The benefits of the program immediately exceed the costs for participants, given their increased earnings. For the government, it takes five years to make up the implementation costs through decreased welfare transfers and increased tax returns. For society, it takes three years for benefits to exceed costs. This makes this overall intervention favorable with respect to the return on the investment. However, it should be noted that the first two years of the program did not generate any cost benefits. The society column represents an aggregation of the other three columns. Note: Dollar figures are adjusted for inflation to 2018.

### Recommendations Areas for Improvement

The Career Pathways program in New Orleans was successful in several areas. However, as with most programs, there are areas that can be improved. Workforce development program leaders, participating employers, and other workforce development stakeholders across the country can benefit from the lessons learned in New Orleans.

**Intentionally target medium-length job training programs to unemployed and low-income individuals, but screen for literacy and numeracy.** Increased earnings were most prominent among these populations. We also found that the Test of Adult Basic Education was the most promising screening mechanism for choosing good candidates for training.

**Incorporate hands-on practice and classroom instruction when feasible.** Trainees in advanced manufacturing reported a desire for more hands-on practice in the training than was offered. Information technology trainees engaged in an online-only program, which might not have been the most effective format for a disadvantaged population that could have multiple competing demands and limited professional experience. Blended approaches to instruction might be a better option.

**Be responsive to an evolving job market.** The program was initially intended to develop workers for the energy sector, as well as advanced manufacturing. However, decreasing oil prices in 2015 and 2016 led to a reduction in the demand for energy workers.
Program leaders chose to shift focus to the information technology and health care sectors. Any job training program should be flexible enough to respond to local demand shifts in a timely manner.

**Create strong and sustainable partnerships between government and nongovernment entities.** Be aware that the ability to build such partnerships is affected by funding constraints and changes in the economic and political contexts in which the partnerships are embedded.

**Ensure that training programs are connected to local demand and that there are strong industry partnerships.** The industry demand-driven aspect of the training program was likely critical to its success, but more could have been done in the training to connect workers with local firms. Managers of such programs should consider forming stronger industry partnerships that allow for post-training introductions and support.

**Value both the nonemployment and employment benefits of a program.** Most evaluations of job training programs are limited to employment and earnings outcomes. These evaluations would have missed the gains in job satisfaction.

**Take time to get it right.** Analysis suggested that the outcomes from Career Pathways improved after the first few trainee cohorts. If the program had been evaluated simply on the initial cohorts, it would have been viewed as an ineffective intervention. The city and training providers needed to learn the best approaches for industry partnerships, recruitment, screening decisions, and instruction through a process of continuous learning and improvement over time.

**Have patience when seeking investment returns.** The positive returns to society suggest that this program demonstrates a good use of public resources and should potentially be a model for future training programs. However, patience is required. We estimated that it would take five years for the government to see benefits from reduced public assistance and increased tax revenue to exceed the costs of the program.

This brief describes work funded by the U.S. Department of Labor and done in RAND Education and Labor. The work is documented in *Effectiveness of Screened, Demand-Driven Job Training Programs for Disadvantaged Workers: An Evaluation of the New Orleans Career Pathway Training* by Matthew D. Baird, John Engberg, Gabriella C. Gonzalez, Thomas Goughnour, Italo A. Gutierrez, and Rita Karam, RR-2980-DOL (available at www.rand.org/t/RR2980). To view this brief online, visit www.rand.org/t/RR2980.

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