



Expanding the Evidence Base on Workforce Training for Economic Mobility

Lawrence Katz

Harvard University & J-PAL North America

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Motivation

01

Substantial growth in economic divide of U.S. college and non-college workers and stagnating median real earnings of non-college workers over the past four decades

02

Perception that pathways to high-wage employers vanishing for non-college workers

03

High returns on margin to access to 4-year selective public colleges and to community college vocational programs in high-earning fields such as nursing

Starting in 1980s—Remarkable Rise of Wage Inequality by Education

Post-college educated:

- 80-100% real rise

Four-year college:

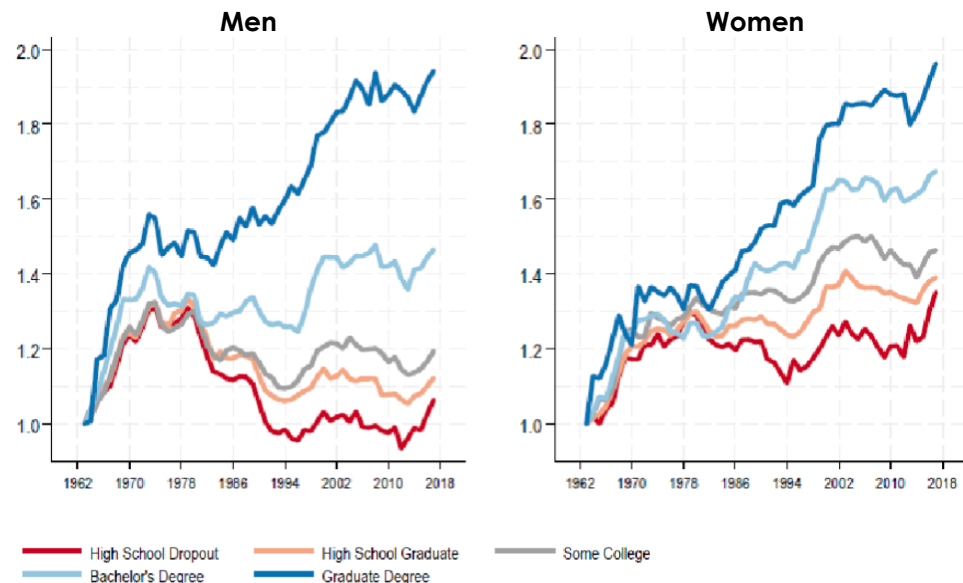
- 40-60% rise

High school or less:

- Real wage have *fallen* among men
- Have *barely budged* among women

Source: [David Autor, 2019](#)

Cumulative Change in Real Weekly Earnings, 1963-2017 Working Age Adults, Ages 18-64



Motivation

01

What about individuals who fail to thrive in traditional post-secondary programs without further supports?

02

How can we assist individuals with non-traditional backgrounds who face barriers to employment in high-wage jobs and sectors, but have the “basic skills” and motivation to thrive in such jobs with access to appropriate training?

Sectoral employment training programs are emerging as a promising approach to workforce development for workers facing barriers to advancement.

Examples:

- 2014 WIOA
- 2021 ARP “Good Jobs Challenge” from U.S. Dept of Commerce & Sec. Raimondo
- Recent \$100 million investment in skills training programs from Google

What can be done to support workers?

The promise of **sectoral employment training programs**



Sectoral employment training programs have been tested through randomized evaluations and found to be effective.



[Recent publication from J-PAL North America](#) summarizes the results from 4 studies of 9 distinct programs and their impacts on employment & earnings.



EVIDENCE REVIEW

SECTORAL EMPLOYMENT PROGRAMS AS A PATH TO QUALITY JOBS: LESSONS FROM RANDOMIZED EVALUATIONS

This publication summarizes an academic review paper on sectoral employment training programs, "Why Do Sectoral Employment Programs Work? Lessons from WorkAdvance," by Lawrence F. Katz, Jonathan Roth, Richard Hendra, and Kelsey Schaberg, *Journal of Labor Economics*, forthcoming.

OVERVIEW AND POLICY ISSUES

Wage inequality in the United States has skyrocketed in recent decades, with the highest earners increasingly pulling away from middle and low-wage workers. From 1979 to 2018, the top 0.1 percent has seen its earnings grow fifteen times faster than the bottom ninety percent, which has only seen consistent wage growth in ten of the past forty years.¹ It is increasingly difficult for non-college educated workers to gain employment in high-paying occupations with opportunities for career advancement, which has helped to drive the expansion in US educational wage differences and overall wage inequality (see figures 1 and 2) (Katz et al. forthcoming).

FIGURE 1. PRODUCTIVITY GROWTH AND HOURLY COMPENSATION GROWTH, 1948-2018



¹ Credit: Elin "State of Working America Wages 2019" Economic Policy Institute, February 20, 2020. <https://www.epi.com/publications/state-of-working-america-2019/>

Notes: Data is for compensation (wages and benefits) of production/non-supply workers in the private sector and for real productivity of the total economy. Total productivity is the growth of output of goods and services less depreciation and taxes levied.
Source: EPI analysis of unpublished Data: Earnings, Productivity, data from the Bureau of Labor Statistics (BLS) Labor Productivity and Costs program and EPI analysis of wage data from BLS Current Employment Statistics, BLS Employment Cost Trends, BLS nonunion wage data, and Bureau of Economic Analysis National Income and Product Accounts.



povertyactionlab.org

Effective sectoral employment training programs include:



Upfront screening for applicants on basic skills and motivation



Wraparound support services for participants



Occupational skills training for high-wage sectors, leading to an industry-recognized certificate



Target industries with higher paying jobs and opportunities for advancement



Career readiness training (also sometimes referred to as soft skills)



Financial support

Findings from RCTs of sectoral employment programs

Across 4 RCTs (covering 9 programs):



Sectoral employment programs generate substantial earnings increases in the year following training completion, which persist in long-term follow-ups



Sectoral employment programs substantially increase:

- Training and career services received
- Educational credentials and certificates attained



Earnings gained are driven by increasing the share of participants working in higher-wage jobs rather than increased employment rates or increased hours worked

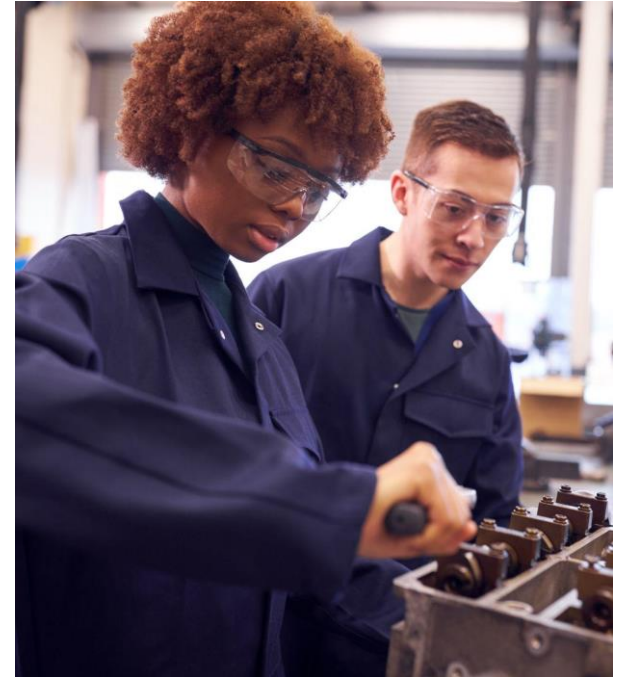


Photo: Shutterstock.com

One example: Year Up

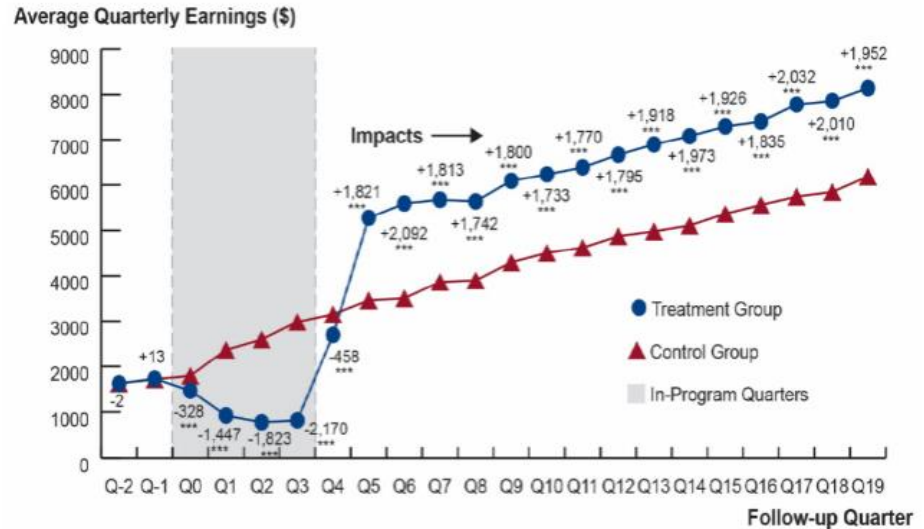
1 year program including

- 6 months classroom life skills/ occupational skills training
- 6-month Internship with employer (large high-wage corporations) in IT, business/finance

Average quarterly earnings

- ↑ 53% increase in quarters 6 & 7 (+\$1895 per quarter)
- ↑ 40% increase in Year 3 (+\$7011)
At 18 months, the share of participants earning \$15/hour or more tripled (15 to 45%)

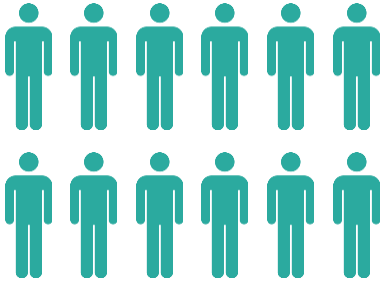
Main Finding: Large Earnings Impacts Persisted to the End of the 5-Year Period



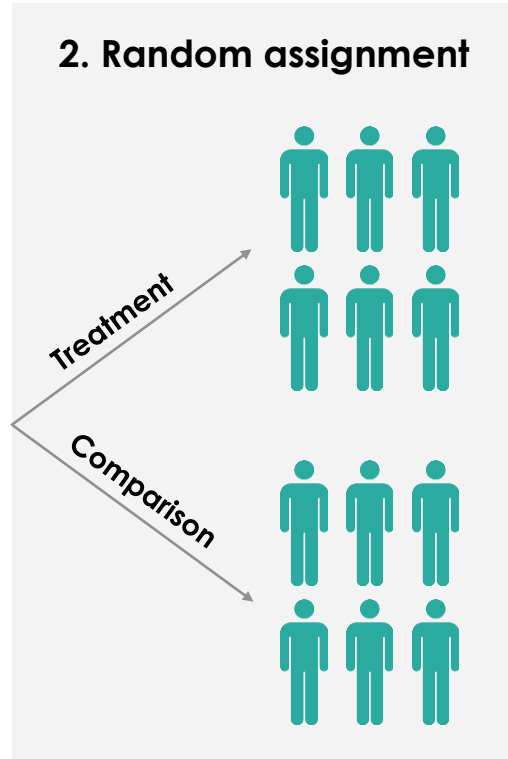
Source: Fein and Hamadyk (2021), Abt Associates PACE Study

Why are randomized evaluations valuable?

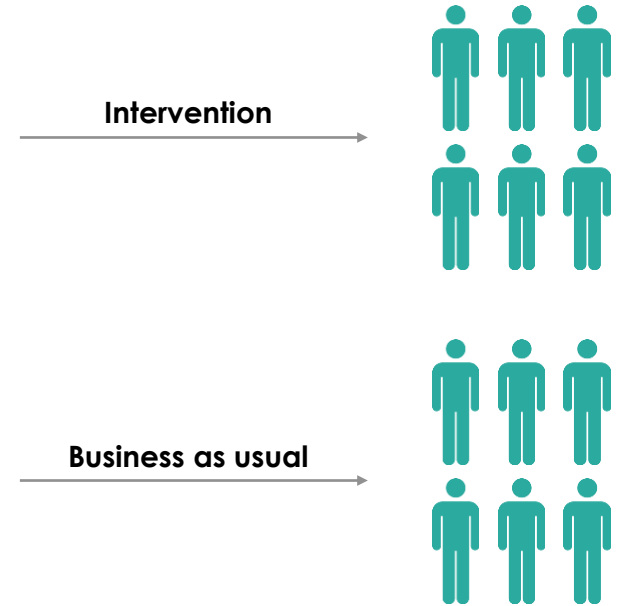
1. Identify eligible participants



2. Random assignment



3. Measure & compare outcomes



The Pursuit fellowship



Pursuit's mission is to create **economic prosperity** and transformation for adults with the most need and potential.

Program components:

- 4 years of comprehensive support
 - 1 year of training
 - 3 years of careers support and mentorship
- Connections to companies, job search support
- Innovative income sharing agreement to pay for the fellowship

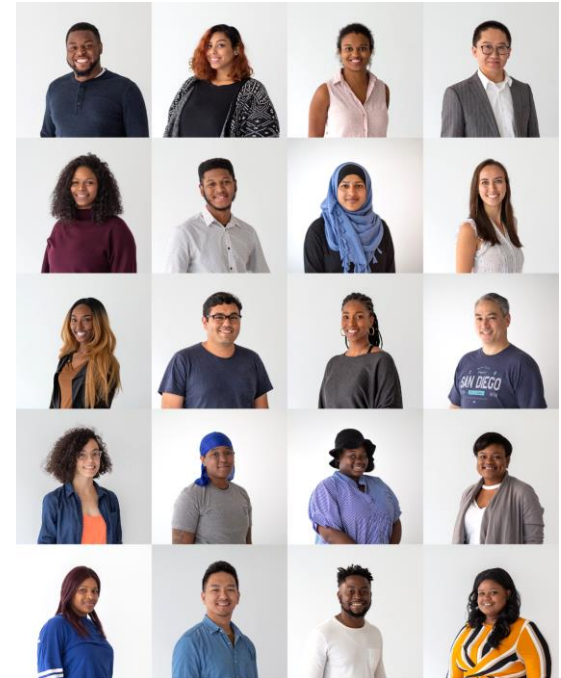


Photo: Pursuit

Pursuit's reach



Pursuit trains software engineering talent from underrepresented communities.

100%

From Low-income Populations

60%

Do not have a Bachelor's Degree

70%

Black or Latinx

50%

Women & Non-binary

36%

Immigrants

+50%

Public Assistance Recipients



Photo: Pursuit

Measurable impact of the fellowship



Pursuit has promising non-experimental results showing that the average annual income of \$18,000 before joining the program climbs to \$85,000 after graduating.

Is this due to the program itself or due to a selection effect?



A randomized evaluation of the Pursuit Fellowship

- Pursuit and J-PAL North America plan to conduct a randomized controlled trial to isolate the effects of the Pursuit Fellowship on fellows' career paths, earnings, and other life outcomes.
- Outcomes include:
 - Employment
 - Employment in the target sector
 - Earnings (and whether earnings gains are driven by employment in the target sector)



What the Pursuit RCT contributes to the evidence base



The Pursuit Fellowship randomized evaluation aims to answer questions such as:

- Big picture: What types of programs are most effective, why, and for which populations?
- Can programs generate similarly large impacts on earnings with less stringent screening, and continue to be effective if scaled up?
- Do programs that target higher-paying industry positions achieve even greater outcomes? If so, can a longer and more intensive programming model necessary to meet such ambitions be financially sustainable?



The Pursuit RCT stands out because of its ambitious training goals and rigorous program model, innovative financing structure, and commitment to diversity and inclusion.



Thank you

