Expanding the Evidence Base on Workforce Training for Economic Mobility

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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
| 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.
Effective sectoral employment training programs include:

- **Upfront screening for applicants on basic skills and motivation**
- **Occupational skills training for high-wage sectors, leading to an industry-recognized certificate**
- **Career readiness training (also sometimes referred to as soft skills)**
- **Wraparound support services for participants**
- **Target industries with higher paying jobs and opportunities for advancement**
- **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.
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

- Treatment
- Comparison
- Intervention
- Business as usual
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
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