

ACTIVE LABOR MARKET POLICIES: THEORY AND EVIDENCE FOR WHAT WORKS

Introduction

The labor market has experienced a strong recovery in recent years, with rapid job growth, a falling unemployment rate, and rising wages. U.S. businesses have added 15.6 million jobs since early 2010, while the unemployment rate has been cut from a peak of 10 percent to 4.6 percent today. Broader measures of labor market slack have also largely fallen below pre-recession averages, while wage growth has accelerated in recent years.

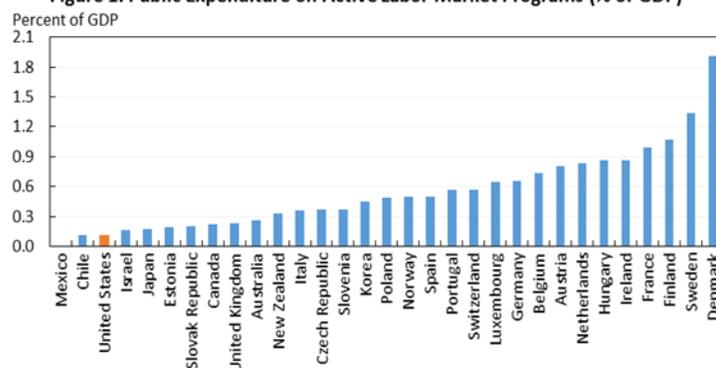
But despite this substantial progress, the U.S. labor market has faced a number of challenging trends over the last several decades: rising inequality, declining demand for low-skilled workers, and high costs associated with labor market transitions. These trends have likely contributed to declining labor force participation among prime-age workers over the past five decades (CEA 2016).

Economic theory, along with a growing body of empirical evidence, finds that labor market policy plays an important role in supporting workers with finding good jobs or acquiring new skills to boost their earnings power, with substantial benefits for individual workers and the broader economy. On this basis, the United States, along with other governments around the world, makes public investments in active labor market policies: policies that promote participation in the labor force and help workers match to employment opportunities. These programs include employment services, job search assistance, job training programs, and employment subsidies. But the empirical evidence also finds that not all approaches to supporting employment and earnings are equally successful, with some programs having substantial benefits relative to their costs while others do not.

Despite the large potential of these programs to aid U.S. workers, the current level of investment in active labor market policies by the United States is low by both international and historical standards. While the member countries of the Organisation for Economic Co-

operation and Development (OECD) spent, on average, 0.5 percent of GDP on active labor market policies in 2014, spending by the United States was just 0.1 percent of GDP. Of this group of advanced economies, only Chile and Mexico spend less than the United States on these policies as a share of GDP.

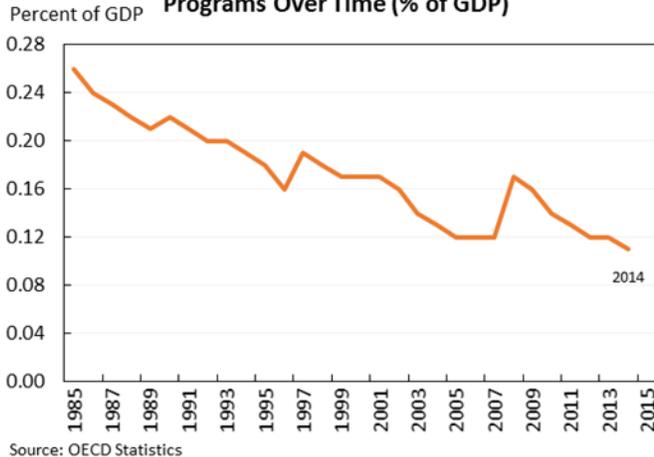
Figure 1. Public Expenditure on Active Labor Market Programs (% of GDP)



Note: Data for Ireland, Poland, and Spain from 2013; Data for UK for 2011.
Source: OECD Statistics

The level of public investments in active labor market policies in the United States has also fallen over time. Relative to the overall economy, the United States now spends less than half of what it did on such programs 30 years ago. Limited, and shrinking, investments in active labor market policies raise important questions about how best to connect workers with strong employment opportunities, ensure they have the skills to succeed in these roles, and support the overall efficiency of the U.S. labor market.

Figure 2. U.S. Public Expenditure on Active Labor Market Programs Over Time (% of GDP)



This issue brief examines the economic rationale for such policies and the evidence on their effectiveness. It begins by documenting several features of the U.S. labor market that suggest the scope and need for supporting workers in finding work and building skills. It then reviews the economic theory behind the need for public investments in this area and synthesizes key empirical findings. It goes on to discuss the evidence for what works and what does not in the current active labor market policy landscape in the United States. Finally the report concludes by describing the actions taken by the Administration to ensure that workers get the support they need to find good jobs and build the skills that lead to success in the modern labor market, as well as what needs to be done going forward to further strengthen the connection between workers and employment opportunities.

Labor Market Context

Despite recent improvements in the labor market following the Great Recession, workers face a number of longer-term challenges:

Because of churn within the U.S. labor market, many workers experience an involuntary job loss at some point during their career, and some who lose jobs may face a substantial erosion in their earnings power.

The U.S. labor market is dynamic, with millions of workers leaving and taking new jobs each month.

¹ The effects in Davis and Von Wachter (2011) are broadly consistent with a literature going back to at least Jacobson, LaLonde, and Sullivan (1993), who report qualitatively similar results. Krolikowski (2014) shows that

Overall, Americans benefit from this dynamism, which reflects the ability of workers to seek positions that are better matches and of firms to adjust to changing market conditions, leading to more efficient outcomes in both the labor market and the economy as a whole. This dynamism is not costless, however, as some of this separation is involuntary. Workers who are laid off or discharged, at a minimum, face the costs associated with searching for and taking new employment. Policies such as employment services and job search assistance could help workers match to better jobs, or match to jobs faster, reducing some of the friction costs generated by this dynamism.

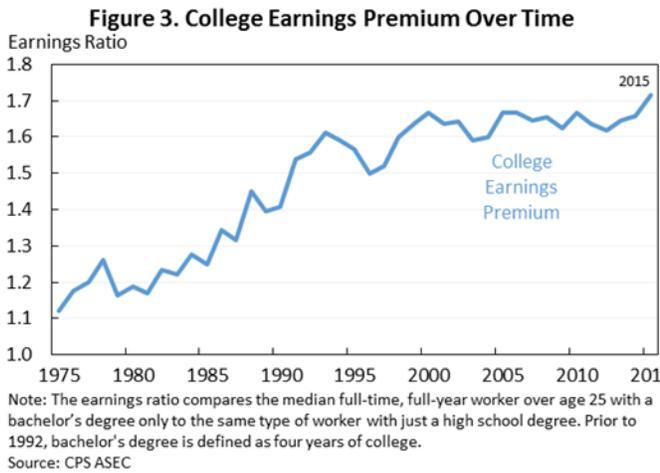
Workers who are displaced from their jobs—who lose their jobs due to, for example, a company closing or moving—often experience earnings losses that are large and persistent. Davis and Von Wachter (2011), for example, find that in recent decades, displaced workers in the United States have experienced substantial earnings declines, of 25 percent or more, upon losing their jobs.¹ Perhaps more significantly, their earnings recover only slowly and incompletely: even ten years later, the earnings of these workers remain depressed by 10 percent or more relative to their wage at their old job. For many displaced workers, there appears to be a deterioration in their ability to match to a new job that values their skills at the same level as their former job. Policies such as job training can potentially help these workers update their skill sets, and prevent the longer-run earnings declines associated with displacement.

The relative demand for lower-skill workers has been falling over time, placing downward pressure on the wages of these workers and leading some lower-skill workers to leave the labor force altogether.

In recent decades, workers with lower levels of skill and education have faced significant challenges. The wage premium earned by college-educated workers is historically high (Goldin and Katz 2008), and wages have stagnated for workers with no more than a high school diploma. Economists typically attribute much of this long-run trend to changes in the relative demand for skills due to factors such as skill-biased technological

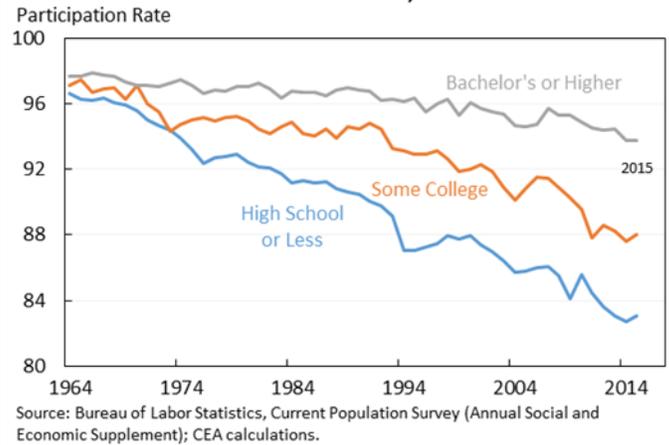
the magnitude of earnings losses due to displacement is sensitive to the construction of the comparison group, and finds somewhat smaller, but still negative, effects of displacement under alternative specifications.

change, or changes in technology that complement the skills of highly-educated workers, and thus increase their productivity, while substituting for the skills of less-skilled workers (Autor, Katz, and Kearney 2008). While rising levels of educational attainment can, over time, ameliorate these trends, for individuals already in the labor force this points to the importance of job training programs for adapting to technological changes, building in-demand skills, and raising earnings.



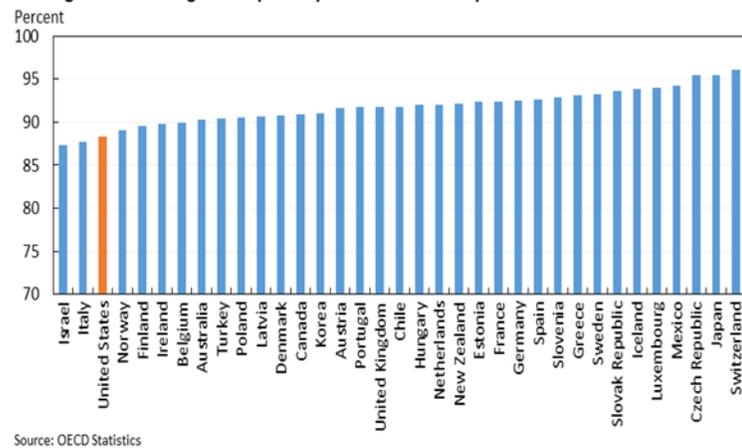
One consequence of this falling demand for less-skilled workers is the growth over the past 50 years in the fraction of the working-age population that does not participate in the labor force. This rise has been far sharper for less-educated workers: since 1964, the fraction of prime-age males with a high school diploma or less who were not in the labor force has risen from 3 to 17 percent; for prime-age males with a college degree, the corresponding increase was only from 2 to 6 percent. Previous analysis by CEA (2016) attributes a significant portion of this trend to declining demand for low-skilled workers.

Figure 4. Prime Age Male Labor Force Participation by Educational Attainment, 1964-2015



Importantly, while other countries have experienced many of the same factors affecting demand for workers in the labor market, such as skill-biased technological change, they have not seen the same changes in labor force participation, suggesting that labor market institutions may play an important role in determining the impact of broader economic trends.

Figure 5. Prime Age Male (25 - 54) Labor Force Participation Rates Across the OECD



Economic Theory and Public Investments in Active Labor Market Policies

Workers face strong incentives to acquire the types of skills and training that will be rewarded with high wages and then to search for and accept the best job available. However, economic theory identifies a number of barriers or market failures that individuals may face in this pursuit, suggesting a role for public investments:

Information problems and search frictions can impair job search and training decisions.

When individuals lose a job or require new skills to remain competitive in the labor market, they need information about job opportunities, as well as the skills that are in demand in the occupations that are hiring, and how they can best acquire these skills. Unfortunately, this type of basic labor market information may be underprovided by private sources because it has an important feature of a public good—that all workers can benefit from it once it has been produced. As a result, there can be a productive role for government services to provide labor market information to workers.

Additionally, the information needs associated with job search in particular—such as finding and comparing openings—can generate frictions that make it difficult for workers to find and fill good jobs quickly and easily, and conversely make it difficult for firms to fill vacancies efficiently (Mortensen and Pissarides 1994). Public investments in job search assistance and employment services can serve to reduce these frictions by reducing the costs to workers of learning about employment opportunities and providing labor market intermediation services.

Finally, a growing set of findings from behavioral economics emphasize the way that these information problems and search frictions associated with job search and training decisions may be compounded by individual decision-making tendencies (Babcock et al. 2012). Spinnewijn (2015), for example, provides evidence that job seekers may over estimate how quickly they will find work; and DellaVigna and Pasheran (2005) present evidence that some job seekers are impatient. In both cases, the effect is that some workers may search less intensively than would be optimal in order to find the best job match. Policies that promote and support job search activities could therefore benefit such workers and the broader economy.

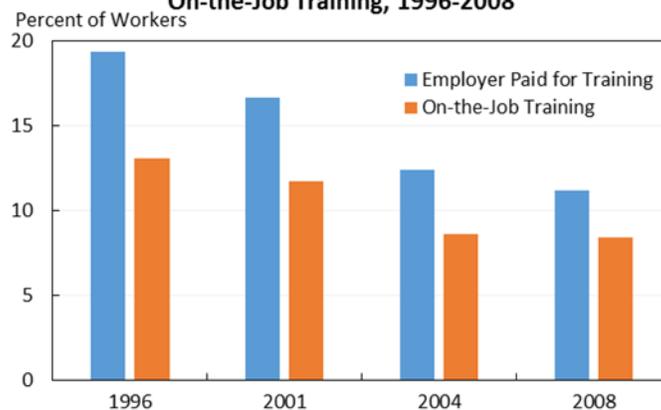
Credit constraints and limited incentives for investment in job training by private employers may constrain human capital investments.

² That is, firms may invest in what economists sometimes refer to as “firm-specific” training, training that only makes workers more productive at a particular firm, but

Workers may also face difficulties financing the training they need to build skills and increase their earnings potential. In particular, workers may face credit constraints that make it infeasible for them to pay the upfront tuition for training or bear the cost of lost earnings while in the program.

While firms can play a role in alleviating this problem by providing or funding training for workers, in many situations public investments may be necessary. In particular, firms may be unwilling to provide training that workers could readily use to obtain higher-wage jobs at other firms (Becker 1964).² Although available evidence does point to a substantial level of firm investment in training in the United States (Mikelson and Nightingale 2004; Lerman, McKernan, and Riegg 2004), there is some evidence that over the past two decades the fraction of workers who report receiving training from their employer has declined. Public investments in training programs can therefore fill in these gaps to ensure that workers have access to optimal levels of training.

Figure 6. Percent of Workers Receiving Employer-Sponsored or On-the-Job Training, 1996-2008



Note: Fraction of workers ages 18-65 receiving training of any duration in the last year. Source: Survey of Income and Program Participation; CEA calculations.

Employment leads to benefits for workers that go beyond wages, and both employment and education generate benefits for communities.

Traditionally, economic theory considers work to be something individuals are willing to do only in return for sufficient compensation. But empirical findings suggest that working is associated with some direct and indirect benefits for workers beyond just a wage. Employment is

not “general” training. Under some circumstances, firms may provide general training, see: Acemoglu and Pischke (1998), Acemoglu and Pischke (1999), and Autor (2001).

associated with higher overall well-being and reported happiness relative to unemployment (Winkelmann and Winkelmann 1995; Knabe and Ratzel 2011; Lucas et al. 2004). Furthermore, unemployment at one point in time can make it harder for individuals to return to work at a later point, as gaps in employment make workers less attractive to employers (Kroft, Lange, and Notowidigdo 2013). Moreover, to the extent that some of the benefits of working are less obvious to individuals, or are realized only after long delays, workers may fail to fully recognize, or too-steeply discount, these benefits (Laibson 1997).

In addition, there are benefits to the broader community when more individuals are employed and more workers receive training. Better educated workers can generate benefits for other workers in the form of higher wages (Moretti 2004). In contrast, a lack of employment can have negative social impacts on communities including rising crime rates (Raphael and Winter-Ebmer 2001; Lin 2008). In addition, parental job loss is associated with negative consequences for children, including lower school performance (Rege, Telle, and Votruba 2011; Oreopoulos, Page, and Stevens 2008). Because these benefits and costs do not flow exclusively to the workers making employment and training decisions, policies to promote employment and training help to ensure the optimal level of investment.

Evidence on What Active Labor Market Policies Work Well

While economic theory demonstrates a role for active labor market policies, the efficacy of these policies is fundamentally an empirical question. In general, evaluations of active labor market policies seek to determine whether these programs lead to higher rates of employment or higher earnings, as well as whether they are cost-effective; that is, whether benefits to participants, and society more broadly, outweigh their costs.³

³ In the most credible studies, assignment to participation is random; many studies evaluating active labor market policies use random assignment (e.g. Bloom et al. 1997), but not all. An important branch of this literature has focused on comparing estimates based on random assignment with other sources of identification (e.g., Dehejia and Wahba 1999); notably, at least one recent meta-analysis (Card, Kluve, and Weber 2016) concludes

Below, this brief reviews some of the key findings from this literature for major classes of active labor market policies in the United States. At the broadest level, there are three key sets of active labor market policies in the United States: employment services and job search assistance; job training programs; and employment subsidies.

Employment services and job search assistance

Employment services and job search assistance seek to help workers find work quickly and to improve the quality of matches between workers and vacancies. Typical services include the provision of labor market information, job search assistance—for example, providing guidance or resources for finding jobs, or help drafting a resume—and employment or labor exchange services, which collect and refer workers directly to openings. Many of these services are available both in person, through local offices known as American Job Centers or One-Stop Centers, and online. Basic employment and job search services are generally made available to any interested individual.

These simple and relatively inexpensive services have been found to be quite effective at helping individuals looking for work find employment more quickly. Evaluations typically find that employment services speed employment by one to two weeks (Jacobson and Petta 2000). Research tends to find similar effects for job search assistance—job search workshops, for example, have been shown to reduce unemployment by about 0.6 weeks (Klepinger, Johnson, and Joesch 2002). While job search assistance leads to faster employment, there is little evidence that it affects wages.

Job search programs may also yield other benefits. When job search is required of recipients of unemployment insurance (UI), research shows that reemployment assistance typically saves the government several hundred dollars per participant in UI benefits by reducing time to reemployment (Poe-Yamagata et al. 2011).⁴

that recent estimates of program impacts are relatively similar across random and non-random assignment studies.

⁴ There is also evidence that assignment to such services can motivate some individuals on UI to return to work more quickly even in advance of their receiving those services, both saving on UI spending and potentially promoting the efficient self-selection into such programs

One caveat with respect to employment services is that under some economic conditions these services may partially displace the employment of other (non-enrolled) workers. Evidence from a French employment program suggests that these effects might lead the overall social benefits to be somewhat smaller, and that this is more likely to be the case in weaker labor markets (Crepon et al. 2013).

Job training programs

In contrast with employment services and job search assistance, which seek to help workers with a given set of skills match to appropriate employment opportunities, job training programs seek to improve individuals' labor market outcomes by helping them develop skills. Job training programs take many different forms but are commonly technical or vocational in focus, can include classroom training as well as on-the-job training, and are provided to workers who have already entered the workforce or left school. In the modern U.S. context, Federal job training program participants often receive vouchers they can use to obtain training from providers, such as community colleges; in other instances, job training programs take the form of grants or contracts with service providers that support specific training programs.

The services offered by job training programs, and their relative effectiveness, tend to differ depending on the needs of the populations they serve; major U.S. training programs principally target three groups: economically disadvantaged adults; dislocated workers; and teenagers and young adults who have left school but lack both skills and employment.⁵

of those workers most in need of assistance. Black et al. (2003) find that claimants assigned to reemployment services because they were identified as likely to exhaust UI benefits were more likely to return to work after receiving a notice that participation in such services would be required, but before actually participating in those programs.

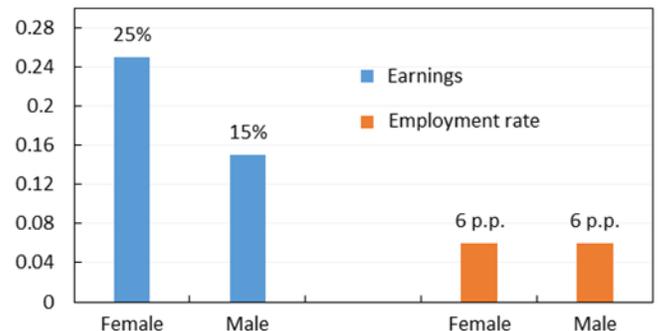
⁵ Other, generally smaller programs, not covered here, target other groups such as veterans, seniors, and migrant and seasonal farmworkers; for more, see: <https://www.dol.gov/general/topic/training/adulttrainin g>

Training for economically disadvantaged adults

Job training programs focusing on economically disadvantaged adults, typically those with low earnings or levels of education, consistently yield significant positive effects on employment outcomes. Recent evidence comes from evaluations of WIA training programs for disadvantaged adults: Heinrich et al. (2013) find these training programs increased quarterly earnings between \$500 and \$800 (in the range of 10 to 25 percent increases) for workers by three years after receiving training, in addition to positive employment effects.⁶ Andersson et al. (2013) find somewhat smaller but still significant earnings impacts, in the range of \$300 to \$450 per quarter.⁷

Figure 7. Estimated Earnings and Employment Effects of WIA Training for Disadvantaged Adults in Heinrich et al. (2013)

Increase in quarters 11–16 following program entry



Note: The increase in earnings and employment is determined by comparing those that received WIA training relative to a comparison group.
Source: Heinrich et al. (2013).

Earnings estimates in this range suggest that current training programs for economically disadvantaged adults are also likely to be cost-effective. Andersson et al. (2013) calculate that training for disadvantaged workers is cost-effective under the assumption that those effects

⁶ Note that there is a random assignment study of WIA is currently underway. Interim results are reported in McConnell et al. (2016), but long-run results are not yet available.

⁷ One contrast between recent findings and an older literature on job training is noteworthy: An earlier generation of studies, as reflected in, e.g., Greenberg, Michalopoulos, and Robins (2003), found that job training was effective for disadvantaged woman but not for men. Recent studies such as Heinrich et al. (2013) and Andersson et al. (2013) typically find somewhat larger effects for women, but still positive and significant effects for men.

persist for at least five years; Heinrich et al. (2013) observe positive effects that persist at least four years, at which point their data end.⁸ In comparing across many studies, Card, Kluve, and Weber (2016) find that the positive impacts of job training programs tend to grow over time, which is consistent with persistent positive effects from training.

This issue of how the time profile of earnings impacts returns from training can also influence conclusions about what types of programs make for relatively favorable investments. Hotz, Imbens, and Klerman (2006) find that while active labor market programs that promote a quick return to work can look relatively more favorable over shorter time horizons, programs that invest in human capital development look relatively better over longer horizons, in part due to this issue.

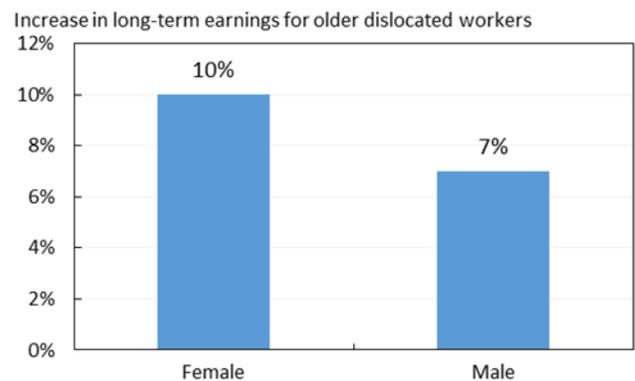
Sectoral training, one specific type of training program that focuses on training workers for jobs in particular industries and which typically develops and implements training programs in partnership with employers, is an especially promising avenue for disadvantaged workers. Maguire et al. (2010) find average effects on earnings of nearly 30 percent two years after training in such a program. Hendra et al. (2016) also report positive results from a more recent sectoral training program. These findings are also consistent with other evidence that training programs may be more effective when they specifically guide workers toward obtaining skills that are in demand by employers. Perez-Johnson, Moore, and Santilano (2011), for example, find evidence that workers benefit more from training when the choice of training programs is guided by workforce counselors, as compared with being largely self-directed.

Training for dislocated workers

Job training for dislocated workers can be effective at promoting employment and raising earnings, but the effectiveness of training for these workers is sensitive to the form and intensity of the training program. In one successful example of training leading to positive results for mid-career workers, Jacobson, LaLonde, and Sullivan (2005) find that when dislocated workers obtain training

in the form of community college coursework, the equivalent of one academic year of courses translates into increases in long-term earnings of between seven and ten percent. They also find that these effects are more pronounced when coursework is concentrated on quantitative courses.

Figure 8. Estimated Effects of a Year of Community College for Dislocated Workers in Jacobson, LaLonde, and Sullivan (2005)



Note: Older dislocated workers refers to those age 35 or older. Estimates are based off of quarterly earnings data from 1987-2000.
Source: Jacobson, LaLonde, and Sullivan (2005).

Evaluations of training outcomes for dislocated workers under the Workforce Investment Act (WIA), the principal source of Federal investment in job training, generate more mixed results, which may reflect the more heterogeneous set of training programs available to these workers under this program. Andersson et al. (2013), looking at WIA programs in two states, find small positive employment effects in both states several years after training, and a small, positive earnings effect in one state. However, Heinrich et al. (2013) evaluate a pooled sample of dislocated workers from twelve states and find no overall significant effects of WIA programs on either employment or earnings. This heterogeneity of results suggests that the efficacy of programs may vary based on program structure or quality. For that reason, President Obama has taken steps to evaluate job training programs, lift the quality of offerings available, and focus training specifically on in-demand skills and available employment opportunities (see later discussion).

In addition, training provided to employed workers who are at risk of dislocation (as opposed to training provided after workers have already lost their jobs) has yielded

⁸ Andersson et al. (2013) only observe three years of earnings data. The time profile of earnings matters for cost-benefit calculations because training programs often initially depress earnings (as individuals often leave work

to undertake training), and so subsequent earnings gains need to be sufficiently substantial and persistent to offset not just the direct costs of training but also foregone earnings.

promising results. Hollenbeck and Klerk (2007) find moderately positive earnings effects for workers targeted by a Massachusetts subsidy for incumbent worker training, especially for workers in export-competing industries.

The benefits and costs of training programs might also vary over the business cycle, as employment opportunities and the needs of workers vary with overall economic conditions. Some research suggests, for example, that both the effects of dislocation (Davis and Von Wachter 2011) and the pace of skill-biased technological change (Hershbein and Kahn 2016) may be more pronounced during recessions. Lechner and Wunsch (2009), examining returns to training over time in Germany, find that training programs are more effective in recessions, and Heinrich and Mueser (2014) draw similar conclusions in their evaluation of WIA and TAA programs.⁹ This body of research suggests a case for counter-cyclical investments in training.

Training for disconnected youth

In addition to dislocated and disadvantaged adults, the other major group of workers most often targeted by job training policies are disconnected, or out-of-school, youth. Generally, the evidence finds that the types of programs provided for under WIA, such as classroom training and on-the-job training, that can be effective for adults are typically not effective for out-of-school youth (Barnow and Smith 2015).

The exception to this finding among U.S. programs is Job Corps, which is an intensive, residential training program for teenagers and young adults.¹⁰ Based on a national, randomized evaluation, Schochet, Burghardt, and McConnell (2008) find small, positive impacts on employment, and modest, positive earnings effects after four years; the effects are strongest and most persistent for the oldest participants. While among youth training programs Job Corps is relatively effective, it is also relatively expensive on a per-participant basis.

For youth especially, the mixed evidence on job training programs should be considered in the context of complementary education policies that address similar

issues. Research on career and technical education and supplemental programs that serve youth while still in school is generally more positive, suggesting that investments may be better targeted at at-risk youth while still in school than after they become disconnected. For example, Career Academies, which provide high school students with occupational training and work experience, confer significant, long-term earnings benefits (Kemple 2008).

Apprenticeship programs

Apprenticeships are a special class of on-the-job-training, usually targeted at early career workers, which take place over the course of an extended period of time during which workers gain skills while earning money practicing a trade. The available evidence from the United States suggests that apprenticeships are a promising way to help workers to build earnings capacity. Hollenbeck and Huang (2006) provide evidence of positive and large earnings effects of an apprenticeship program in Washington state, and estimate that the benefits of the program exceed its costs. Reed et al. (2012) present evidence that individuals who complete registered apprenticeships tend to earn substantially more over the course of their careers than otherwise similar individuals who do not.

Reemployment programs for workers with a criminal record

Additional training programs serve individuals who are reentering the workforce following a criminal conviction and having paid off their debt to society. Forms of these programs can successfully promote employment for this population. Cook et al. (2015), for example, find evidence that subsidized employment post-release, in conjunction with social services prior to release, can increase employment and earnings at least initially. A number of programs have successfully increased employment in the short-run, however, only to find that these effects fade over time (Redcross et al. 2012). Redcross et al. (2010), for example, find that a transitional jobs program increased employment in the short run, but had no effects on employment after one year; Jacobs (2012) reports a similar finding.

⁹ Card, Kluve, and Weber (2016), in their meta-analysis, find that, in general, active labor market programs appear to be more effective during recessions.

¹⁰ Another promising youth program is YouthBuild, which provides construction and other skills training to at-risk youth; it is currently under evaluation (Miller et al. 2016).

Employment Subsidies

A separate class of active labor market policies seek not to assist with job search or skill development, but instead to support the employment of workers from targeted groups directly, by subsidizing their employment. The TANF Emergency Fund, for example, created through the American Recovery and Reinvestment Act (ARRA) of 2009, provided states with the flexibility to create or expand employment subsidy programs for TANF recipients. Similarly, the Work Opportunity Tax Credit (WOTC) is available to employers who hire workers who are recipients of means-tested social programs or belong to other designated groups, such as ex-felons. Hamersma (2008) finds that the WOTC effectively promotes employment in the short-term, although its intermediate-term effects on job tenure and other labor market outcomes are minimal.¹¹ Katz (1996) also reports evidence that wage subsidies modestly raise the demand for disadvantaged workers and have positive employment effects for economically disadvantaged young adults.

While effective at encouraging employment, an important consideration for employment subsidies is that they be designed and administered in ways that mitigate two potential drawbacks: The first is that some portion of their value may be captured by firms who would have hired such workers in any event (Hamersma and Heinrich 2008). A second is that targeted employer-based subsidies may lead to stigmatization of the targeted group among potential employers (Dickert-Conlin and Holtz-Eakin 1999).

Policy Solutions

The Administration is committed to improving the conditions for workers and job seekers in the United States. In the 2014 State of the Union Address, the President tasked Vice President Biden to review Federal employment and training programs. This led to the creation of the “Presidential Memorandum on Job-Driven Training for Workers,” an action plan for how to improve current training programs, and the corresponding “Ready to Work” report. Since the release of the report, the Administration has worked to retool the nation’s training programs around a set of proven

principles, including designing programs with employer training needs in mind, using data to drive programmatic decision making, and investing in proven learn and earn models.

The Workforce Innovation and Opportunity Act (WIOA) of 2014 was another important step; WIOA-authorized programs receive \$10 billion in funding and serve 20 million Americans per year. WIOA represents the first major reform of federal job training programs in nearly 20 years. WIOA re-authorized the nation’s core workforce development programs and sought to improve coordination, collaboration, and service delivery at all levels of the workforce system. Drawing on the evidence on what works in job training programs, WIOA emphasizes engaging employers across the workforce to align training with needed skills and match employers with qualified workers, and promotes the use of career pathways and sector partnerships to increase employment in in-demand industries and occupations. The Act also adds flexibility at the local level to provide incumbent worker training and transitional jobs and promotes work-based training.

WIOA also ensures that workers have the information they need to make informed training choices, requiring providers to report employment and earnings outcome data for everyone served. Providing more information about programs’ track records of success allows individuals who receive federally-funded job training vouchers to make smarter, well informed choices about which programs to attend. In addition, WIOA also requires that the Department of Labor (DOL) issue a standardized, user-friendly format—or scorecard—that all eligible training providers will use to display and disseminate their performance outcomes.

In addition to WIOA, the Middle Class Tax Relief and Job Creation Act of 2012 strengthened the workforce system by connecting Reemployment Eligibility Assessments (REA) with Reemployment Services for recipients of Emergency Unemployment Compensation, and in recent years, DOL have given grants to states to conduct Reemployment Services and Eligibility Assessments (RESEA). Under the RESEA initiative, states select individuals who are most likely to exhaust their UI benefits to receive an assessment of their ongoing

¹¹ Note that by the standard definition, the Earned Income Tax Credit does not constitute an employment subsidy,

because it is a transfer to workers rather than a subsidy to employers.

eligibility as well as reemployment services, such as job search assistance and resume writing help, through the American Job Centers (“One Stops”). Online career search websites such as CareerOneStop and “Find Your Path” are also available tools for anyone in the employment search process.

Disadvantaged and Dislocated Adults

In addition to services provided under WIOA, Federal aid and assistance programs such as the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) also provide employment assistance and job training programs to some eligible adults. Under the SNAP Employment and Training Program (SNAP E&T), SNAP beneficiaries are also eligible for employment and training programs. Similar benefits exist in many states for TANF recipients as TANF requires adult participants to maintain employment to be eligible for aid.

Led by the Department of Commerce’s Economic Development Administration, the Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative is an interagency effort to assist communities negatively impacted by changes in the coal industry and power sector with coordinated Federal economic and workforce development resources that provide reemployment services and job training to connect workers to high-quality in-demand jobs.

In March 2015, President Obama launched TechHire, a bold multi-sector effort and call to action for cities, states, and rural areas to work with employers to design and implement new approaches like coding bootcamps to train workers for well-paying tech jobs often in just a few months. Since then, 50 communities with nearly 1,000 employer partners have begun working together to find new ways to recruit and place applicants based on their skills and to create more fast-track tech training opportunities.

Finally, in June 2015, the President secured a six-year extension and expansion of Trade Adjusted Assistance (TAA). The new legislation has allowed more workers displaced by the forces of globalization and Free Trade Agreements (FTAs) to receive income support, reemployment services, and job training, almost doubling the number of workers receiving benefits and approving almost 20,000 of those denied under the

previous law. In the Fiscal Year 2015, DOL reported that 74 percent of TAA participants found new jobs and over 92 percent retained their jobs.

Disconnected Youth

Job Corps continues under WIOA, providing job training and residential education for at-risk youths ages 16-24. The majority of other Federal youth-focused initiatives are grants provided either to states, localities, non-profits, or community organizations. Other WIOA-authorized programs include “Formula Funded Grants” and “National Grants.” The former provides academic and occupational learning through workforce providers, as well as youth activities in partnership with American Job Centers. The later includes several competitive discretionary grant programs that provide training services to specific populations of at-risk youths (e.g. former convicts, foster children). Many youth programs exist under this broader category, including YouthBuild, which provides community-based job training and educational services to at-risk youths ages 16–24.

Employment Subsidies

The Work Opportunity Tax Credit (WOTC), extended most recently through the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act), provides a Federal tax credit to employers who hire individuals from target groups with historically higher barriers to employers. Depending on the employee hired, WOTC provides a tax credit ranging from \$1,200 to \$9,600. WOTC also include provisions for a variety of other groups. For example, for veterans, the WOTC includes the Returning Heroes and Wounded Warriors Work Opportunity Tax Credits.

In addition to WOTC sponsored tax credits, other, smaller federal tax credits exist as well. The Empowerment Zone Tax Incentives provide a federal income tax credit of up to \$3,000 for employers hiring a resident living in an Empowerment Zone, communities designated for economic investment and job creation. Similarly, the Indian Employment Tax Credit gives up to \$4,000 to employers hiring employees who live on or near an Indian reservation. The TANF Emergency Fund (TANF EF) was created through the American Recovery and Reinvestment Act (ARRA) of 2009. Under TANF EF, states were given the flexibility to create or expand employment subsidy programs for TANF recipients.

Apprenticeships

The current Administration has been instrumental in the push for increased utilization of apprenticeships, and there are 125,000 more active Registered Apprentices today than when the President announced a goal to double the number of Registered Apprentices at his 2014 State of the Union address. In September 2015, DOL awarded \$175 million in American Apprenticeship Grants to 46 public-private partnerships between employers, organized labor, non-profits, local governments, and educational institutions to expand high-quality apprenticeships. The Registered Apprenticeship College Consortium (RAAC) was also established to help facilitate the creation of more registered apprenticeship programs.

This administration signed into law the first-ever annual funding for apprenticeship grants through the Fiscal Year 2016 spending bill. This funding led to investments in grants to help states integrate apprenticeships into their education and workforce systems and contracts with industry consortia and other partners to expand apprenticeships to new sectors and historically under-represented populations. ApprenticeshipUSA LEADERS (Leaders of Excellence in Apprenticeship Development, Education and Research) has also been created by 170 employers, colleges and labor organizations to start or expand their own work-based learning programs.

Previously Incarcerated Individuals

Under WIOA, the Reentry Employment Opportunities Program (REO) builds on the previous Reintegration of Ex-Offender (REXO) program. Many programs were created under the grants provided by DOL under REO, including the Reentry Project for Young Adults, Training to Work (Adult Reintegration of Ex-Offenders through pre- and post-relief services), Linking to Employment (providing American Job Centers in correctional facilities) and Pathways to Justice (providing mentorship and career training in justice and emergency services fields to at-risk youth).

Transitioning Veterans

Around 250,000 American citizens leave the military every year, most headed for civilian employment. The Federal government provides a number of specific programs aimed at improving veterans' employment

opportunities and ensuring their military skills can be translated to the civilian workforce. Many of these fall under the under the Administration Veterans' Employment and Training Services (VETS) program. Recent notable employment assistance and job training programs include the VETS Locator, the National Veterans' Training Institute (NVTI), Vocational Rehabilitation and Employment (VR&E), and the Gold Card (offering veterans special assistance in the One-Stop Career Centers). In connection with these services, veteran specific job search websites exist including The Veterans Employment Center (VEC) and "My Next Move," in addition to the other career search websites provided by DOL. Specific programs exist for veterans in particular hardship, including the Homeless Veterans' Reintegration Program and the Transition Assistance Program (TAP).

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