Evaluation of Local Workforce Demonstration Projects – Travis County’s REM and GEM Projects

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Table of Contents

Introduction ............................................................................................................................................................ 1
   Outcomes Evaluation Approach .................................................................................................................. 2
   Organization of this Report ....................................................................................................................... 3
The Rapid Employment Model Evaluation ................................................................................................. 4
   Labor Market Outcomes .......................................................................................................................... 5
Gainful Employment Model Evaluation .................................................................................................... 7
   Labor Market Outcomes .......................................................................................................................... 8
Summary and Next Steps ............................................................................................................................. 10
References ....................................................................................................................................................... 11

List of Tables

Table 1. Profile of Annual REM cohorts (2007-2009) ............................................................................ 4
Table 2. Occupational Training Participation, by REM 2007-2009 Cohorts .................................. 5
Table 3. Outcomes for REM 2007-2009 Participants ............................................................................ 6
Table 4. GEM Training Program Participation .......................................................................................... 8
Table 5. GEM Participant Outcomes .............................................................................................................. 9
Introduction

In recent years, Travis County has funded workforce development demonstration projects with Workforce Solutions – Capital Area Workforce Board.¹ These projects are a collaborative effort to decrease the amount of time an individual is out of work. Travis County funds workforce development and education services targeted at disadvantaged residents through local property tax revenues. As the local Workforce Investment Board, Workforce Solutions provides universal access to labor exchange services and funds training services that are primarily targeted to unemployed, low-income, and dislocated individuals. By working collaboratively on demonstration projects, the County and Workforce Solutions are able to leverage resources, such as placement services and this program evaluation, which might otherwise be unavailable.

The demonstration projects include the *Rapid Employment Model* or *REM project* which launched in 2006 and the *Gainful Employment Model* or *GEM project* which launched in 2009. The REM project combined short-term (less than 6 weeks) occupational and pre-employment/life skills training with structured job search assistance. Building on the lessons learned from REM, the GEM project offered intermediate-length (up to 9 months) occupational training, as well as pre-employment/life-skills training and structured job search assistance.

The Ray Marshall Center for the Study of Human Resources at the University of Texas’ LBJ School of Public Affairs is conducting the evaluation of these demonstration projects. Four prior reports by the authors (2007, 2008, 2010, and 2011) detail the evaluation findings, including labor market outcomes and program impacts, through the first quarter of 2010 for REM 2006-2008 participants. This report extends the outcomes analysis of REM participants through March 2011 and adds the cohort of 2009 participants. This report also introduces the GEM project, and provides outcomes and impacts for 2009-2010 GEM participants.

¹ Formerly known as *WorkSource.*
Outcomes Evaluation Approach

The research design was developed in concert with Travis County with two objectives: (1) to determine if the REM and GEM projects are effective methods for helping disadvantaged residents find and retain employment; and (2) to identify ways to improve REM and GEM services over time. Key evaluation questions include:

- How effective are REM/GEM, as measured by reduced time unemployed, reduced unemployment insurance payments, employment retention and increased earnings?
- How do key participant outcomes compare to those for similar, nonparticipating individuals?
- Which skills training programs are most effective for graduates and why?
- What changes can be made to services/treatments to improve outcomes for participants?

The outcomes evaluation of REM/GEM focuses on four measures:

1. Quarterly employment
2. Average quarterly earnings of those employed (e.g., conditional earnings)
3. Monetary eligibility for UI benefits in the event of a job loss
4. Claims filed for UI benefits

Using participant data supplied by Workforce Solutions, researchers linked to each REM and GEM participant’s Texas Unemployment Insurance (UI) wage and claim records. It should be noted that the UI wage records that form the basis of the evaluation have known coverage issues in construction and trucking, industries which rely heavily on independent contractors and the self-employed and are therefore not part of the UI system. Given that truck driving and construction were among the top three occupations in the REM project, it is likely that the labor market outcomes reported here underestimate the actual level of post-service employment and earnings from that project².

² See Stevens (2007) for a review of employment that is not covered by state unemployment insurance laws.
Beyond employment and earnings, however, the outcomes evaluation also examines two measures related to UI benefits. In the first measure, monetary qualification for UI benefits, researchers examined REM and GEM participants’ work histories in the pre- and post-service period to determine if workforce development services had increased participants’ eligibility for receiving UI benefits in the event of a layoff or other employment separation. Qualification for UI benefits is based on length of employment, earnings levels, and reason for separation, among other factors. An individual must have sufficient earnings in at least two of the four quarters prior to separation to qualify for UI benefits (i.e., monetary eligibility). This measure is significant as it looks at the stability of an individual’s employment. Prior to entering the REM project, participants often had a history of unstable employment. After their participation, many of these individuals moved into stable employment that qualifies them for benefits through the UI program, the nation’s first-tier safety net for laid-off workers that is funded by both employers and workers.³ In the second measure, UI benefit claims filed, researchers examined UI claims in both the pre- and post-service period to determine if REM and GEM participants reduced their reliance on UI benefits.

An impacts analysis is planned for REM and GEM participants; however, the lack of adequately-matched comparison groups has prevented this component of the evaluation from being implemented.

**Organization of this Report**

This report includes four sections beginning with this introduction. The second section provides updated outcomes for 2007-2008 REM participants and for the first time presents findings on the REM 2009 cohort. The third section introduces the GEM project and presents initial findings. The final section offers a summary of findings and documents next steps in the evaluation of local workforce demonstration projects.

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³ Employers pay taxes that directly support the UI program; economists point out that workers also contribute to the program indirectly in the form of somewhat lower wages.
The Rapid Employment Model Evaluation

The Rapid Employment Model (REM) project provides pre-employment and life skills training, short-term (up to 6 weeks) occupational training, and structured job search assistance to disadvantaged residents of Travis County. The current evaluation of the REM project follows three separate cohorts: 85 from the 2007 cohort, 81 from the 2008 cohort, and 96 from the 2009 cohort.

Table 1 profiles each of the annual cohorts. Participants in each of these years were drawn heavily from the county’s Project RIO (Re-Integration of ex-Offenders)\(^4\) population, representing approximately 78% of participants. Choices clients, individuals receiving Temporary Assistance for Needy Families (TANF) funding, were the next largest share of participants at 19%. The remainder were drawn from participants in the Food Stamp Employment & Training (FSET) program.\(^5\)

<table>
<thead>
<tr>
<th>Program</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>Choices (TANF)</td>
<td>24</td>
<td>21.6%</td>
<td>18</td>
<td>22.2%</td>
</tr>
<tr>
<td>FSET/SNAP</td>
<td>2</td>
<td>1.8%</td>
<td>3</td>
<td>3.7%</td>
</tr>
<tr>
<td>Project RIO</td>
<td>85</td>
<td>76.6%</td>
<td>61</td>
<td>74.4%</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>100%</td>
<td>82</td>
<td>100%</td>
</tr>
</tbody>
</table>

While the mix of occupational training shifted somewhat over the course of the project (Table 2), the majority of participants were involved in one of three programs: Construction Gateway (44%); Austin Academy, which provides office skills training, (26%); and Truck Driving, through Austin Community College, (18%).

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\(^4\) Project RIO was a state-funded program for ex-offenders which has been operating since the 1980s. The Texas Legislature terminated funding for the program in September 2011.

\(^5\) This program is now known as the Supplemental Nutrition Assistance Program (SNAP).
Table 2. Occupational Training Participation, by REM 2007-2009 Cohorts

<table>
<thead>
<tr>
<th>Program</th>
<th>2007</th>
<th></th>
<th>2008</th>
<th></th>
<th>2009</th>
<th></th>
<th>Overall</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>Austin Academy</td>
<td>16</td>
<td>14%</td>
<td>15</td>
<td>18%</td>
<td>44</td>
<td>46%</td>
<td>75</td>
<td>26%</td>
</tr>
<tr>
<td>ACC: Truck Driving</td>
<td>31</td>
<td>28%</td>
<td>22</td>
<td>27%</td>
<td></td>
<td></td>
<td>53</td>
<td>18%</td>
</tr>
<tr>
<td>Construction Gateway</td>
<td>50</td>
<td>45%</td>
<td>27</td>
<td>33%</td>
<td>50</td>
<td>52%</td>
<td>127</td>
<td>44%</td>
</tr>
<tr>
<td>Certified Nurse Aide</td>
<td>14</td>
<td>13%</td>
<td>18</td>
<td>22%</td>
<td>2</td>
<td>2%</td>
<td>34</td>
<td>12%</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>100%</td>
<td>82</td>
<td>100%</td>
<td>96</td>
<td>100%</td>
<td>289</td>
<td>100%</td>
</tr>
</tbody>
</table>

Labor Market Outcomes

The outcomes presented below are quarterly averages (means) for the identified time period, and all dollar figures are nominal. Outcomes are based on UI wage data through March 2011. It should be noted again that due to the heavy focus on truck driving and construction, industries with limited UI-coverage, the outcomes presented here likely underreport actual outcomes of REM participants.

Table 3 below presents outcomes for REM 2007-2009 participants. Across all cohorts, participant employment peaked in the second post-service quarter (6 months after leaving the program). Across all post-service quarters, almost 37% of REM participants were employed. Quarterly earnings for employed 2007-2008 participants in the 10th quarter after REM services averaged $5,349. In the 14th quarter post-service, 34% of REM 2007 participants were employed and earned an average of $3,497 that quarter.
Table 3. Outcomes for REM 2007-2009 Participants

<table>
<thead>
<tr>
<th>Outcome measure</th>
<th>Four Qtrs Before Service</th>
<th>Last Qtr of Service</th>
<th>2nd Qtr After Service</th>
<th>6th Qtr After Service</th>
<th>10th Qtr After Service&lt;sup&gt;1&lt;/sup&gt;</th>
<th>14th Qtr After Service&lt;sup&gt;2&lt;/sup&gt;</th>
<th>All Qtrs After Service Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly Employment</td>
<td>17.7%</td>
<td>28.2%</td>
<td>41.6%</td>
<td>38.5%</td>
<td>31.1%</td>
<td>34.1%</td>
<td>36.9%</td>
</tr>
<tr>
<td>Average Quarterly Earnings</td>
<td>$3,488</td>
<td>$2,095</td>
<td>$3,836</td>
<td>$4,716</td>
<td>$5,349</td>
<td>$3,497</td>
<td>$4,169</td>
</tr>
<tr>
<td>Qualified for UI Benefits</td>
<td>13.5%</td>
<td>.</td>
<td>.</td>
<td>37.6%</td>
<td>38.4%</td>
<td>21.2%</td>
<td>34.4%</td>
</tr>
<tr>
<td>Filed UI Claim</td>
<td>0.7%</td>
<td>1.2%</td>
<td>0.4%</td>
<td>3.2%</td>
<td>2.0%</td>
<td>0.0%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Includes REM participants from 2007-2008 only.
<sup>2</sup> Includes REM participants from 2007 only.

Note: A dot indicates no data to report.
Gainful Employment Model Evaluation

The Ray Marshall Center is also conducting an outcomes evaluation of Travis County’s second workforce demonstration project with Workforce Solutions – Capital Area Workforce Board, the Gainful Employment Model or GEM project. Building on the lessons learned from the REM demonstration, the partners developed the Gainful Employment Model to provide disadvantaged county residents (primarily those receiving TANF benefits) the opportunity to access intermediate-length (up to 9 months) training for occupations paying above a living wage.

In total, there were 85 participants in the GEM program, ranging in age between 19 and 66 years old. The average age of GEM participants was 36. The majority of participants were female (78%). GEM participants came from a variety of racial/ethnic backgrounds: 29% were Black or African American; 26% were Hispanic; 21% were White or Caucasian; 9% were Asian or Pacific Islander; and 11% were from another racial/ethnic group. Eighty-six percent of GEM participants had completed 12th grade or gone further in their education. Data on educational attainment were not available for 10 participants. The majority (87%) of GEM participants received public assistance.

Participants of GEM undertake pre-employment and Healthy Choices life skills training prior to starting an occupational training program. Participants could then select among four occupational training programs: pharmacy technician, automotive technician, administrative assistant, and bookkeeping, as well as English as a Second Language (ESL) classes. The majority of participants enrolled in either the administrative assistant or bookkeeping programs (Table 4). Sixty-nine percent of GEM participants completed occupational training.
### Table 4. GEM Training Program Participation

<table>
<thead>
<tr>
<th>Program</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Assistant</td>
<td>33</td>
<td>38.8%</td>
</tr>
<tr>
<td>Automotive Tech</td>
<td>4</td>
<td>4.7%</td>
</tr>
<tr>
<td>Bookkeeping</td>
<td>34</td>
<td>40.0%</td>
</tr>
<tr>
<td>ESL</td>
<td>13</td>
<td>15.3%</td>
</tr>
<tr>
<td>Pharmacy Tech</td>
<td>1</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>85</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Labor Market Outcomes**

The outcomes evaluation is following 80 GEM participants who could be linked to the administrative records used for analysis. The participants who completed the GEM program exited the labor market during the tepid recovery period that has followed the Great Recession. Table 5 below presents labor market outcomes for GEM participants at 2 quarters (6 months) after leaving the GEM program, and for all post-service quarters through March 2011. Almost 58% of GEM participants were employed two quarters after leaving the program, and those who were employed earned an average of $3,601 that quarter. Across all post-service quarters, average quarterly earnings were $3,768. Two quarters after leaving GEM, 7.5% of participants filed a claim for UI benefits, though the average across all quarters was just 4%.
<table>
<thead>
<tr>
<th>Outcome measure</th>
<th>Four Qtrs Before Service</th>
<th>Last Qtr of Service</th>
<th>2nd Qtr After Service</th>
<th>All Qtrs After Service Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly Employment</td>
<td>54.1%</td>
<td>43.8%</td>
<td>57.5%</td>
<td>51.2%</td>
</tr>
<tr>
<td>Average Quarterly Earnings</td>
<td>$3,408</td>
<td>$2,917</td>
<td>$3,601</td>
<td>$3,768</td>
</tr>
<tr>
<td>Qualified for UI Benefits</td>
<td>48.1%</td>
<td>.</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>Filed UI Claim</td>
<td>8.4%</td>
<td>3.8%</td>
<td>7.5%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Note: A dot indicates no data to report.
Summary and Next Steps

The investments that Travis County has made in workforce demonstration projects are fairly unique in the country; few local governments put local tax dollars into education and training for disadvantaged adults. The County’s partnership with Workforce Solutions – Capital Area Workforce Board leveraged additional state and federal resources to meet the needs of disadvantaged County residents. The demonstration nature of the investments allowed the project to change over time in response to the mix of clients, the needs of education and training providers, and the labor market.

The outcomes associated with the Rapid Employment Model demonstrate the short-term gains associated with less-intensive workforce development interventions. It is worth repeating that the outcomes presented here likely undercount actual employment and earnings levels given training targeted at truck driving and construction, two industries with large shares of self-employed or independent contractors who do not contribute to UI and are therefore not included in the research dataset. Despite this underrepresentation, REM’s outcomes still demonstrate that it is meeting the objectives behind the program: helping individuals through rapid skill acquisition and quick connection to employment.

The County extended the REM model in 2009 into intermediate-length training opportunities through the Gainful Employment Model demonstration. This further underscores the importance the County and Workforce Solutions place on connecting individuals to employment at or above the living wage as longer-term training is more likely to prepare individuals for those types of job opportunities. Initial outcomes of GEM participation indicate that a larger share of participants are employed two quarters after leaving the program than had been employed in the four quarters prior to their program entry.

In the next update report, Ray Marshall Center researchers will continue to follow REM and GEM participants for another four quarters post-service. In addition, researchers will continue to explore the feasibility of an impacts evaluation based on a matched comparison group.
References


