VOUCHERS UNDER JTPA:
LESSONS FOR IMPLEMENTATION OF
THE WORKFORCE INVESTMENT ACT

Final Report

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EXECUTIVE SUMMARY

This report summarizes the results of a rapid response study for the U.S. Department of Labor on lessons for implementing Individual Training Accounts (ITAs) and a system for identifying eligible training providers under the Workforce Investment Act (WIA). The report focuses on the experiences under the Job Training Partnership Act (JTPA) with vouchers and potential implementation issues that could arise under WIA. Study findings are based primarily on site visits and telephone interviews with nine local workforce development programs that have used vouchers or voucher-like approaches in operating JTPA programs.   Vouchers were used for at least some economically disadvantaged clients and dislocated workers in all sites. The sites were:

- Anchorage/Mat-Su Service Delivery Area, Anchorage, Alaska;
- Solano County Private Industry Council, Suisan, California;
- South Bay Private Industry Council, Inglewood, California;
- Arapahoe/Douglas Works, Aurora, Colorado, Colorado;
- Brevard County Workforce Development Board, Cocoa, Florida;
- City of Boston Job Training Partnership Program, Boston, Massachusetts;
- Thumb Area Employment and Training Consortium, Marlette, Michigan;
- Berks County Employment and Training Office, Reading, Pennsylvania; and
- Work Source for Dallas County, Dallas, Texas.

Key findings are summarized below.

- **Eight of the 9 sites had □constrained choice□ individual referral or voucher-like approaches.** These voucher-like systems usually featured:

  - assessment/counseling to determine appropriate training for the participant;
  - job training limited to high-demand occupations;
  - screening of vendors for quality and cost of training, as well as satisfactory job placement rates;
  - joint decision-making between the participant and JTPA counselor on selection of training and vendor; and
  - issuance of time-limited training authorization.

- **One site -- The Thumb Area (of Michigan) Employment and Training Consortium -- had a □pure□ voucher, in which funds were placed in an individual account** referred to as the □Tool Chest,□ which operated like a checking account against which customers could draw down funds for training and a range of other services.

☐ **Some Workforce Development Agencies Placed Dollar Limits on Training Expenditures.** Six agencies established limits on overall training expenditures per participant (ranging from $2,000 to $10,000 per participant); the other three agencies did not have specific per-participant expenditure limits.

☐ **Time Limits Were Placed on Use of Vouchers or Training Authorizations.** Agencies limited the time under which individuals were to complete training -- generally to two years or less. In addition, agencies usually authorized training expenditures for only a single term or semester. Training authorizations or vouchers usually listed specific items (e.g., courses, registration fees, books, etc.) and provided specific dollar amounts that would be reimbursed to the training provider.

☐ **Payment to the training institution was not contingent on job placement, but in some instances was partially contingent on completion of training.**

< Some agencies paid for the entire cost of training shortly after participant enrollment (similar to other private pay students at the institution).
< Some agencies made partial payments at several points after enrollment contingent on continued attendance (e.g., at the mid-point and upon completion of training).

☐ **Agencies administering voucher or voucher-like systems typically used a screening process to select approved or qualified training vendors based on types of training provided, past performance, costs, and other criteria.**

< Most agencies used a Request for Proposal (RFP) or Request for Quotation (RFQ) process, typically soliciting information about the vendor as an organization as well as on specific training programs/courses offered.
< There was considerable variation in the degree of rigor in reviewing and approving vendor applications -- e.g., one agency conducted site visits to each vendor with an industry expert and agency official; other agencies basically accepted all vendors unless they had a very poor track record.
< Some agencies had expedited application and approval processes for new training programs that participants identified (but had not been already certified as a qualified training vendor).

☐ **Most agencies maintained a directory of approved providers, which included basic information about approved training courses offered through the vendor.**

< One site had an Internet-based listing for over 1,500 training programs.

< Performance data was not available for most vendors; in instances where it was available, agencies did not generally verify data submitted by vendors.

☐ **Workforce development agencies believed that vouchers had little or no effect on program costs or outcomes, but customer satisfaction was enhanced.** Most agency administrators felt the greatest impact of introducing their voucher or voucher-like systems was to expand the range of training programs and vendors from which participants could select. Vouchers also increased participant involvement and empowerment in making training decisions. As a result of greater choice and empowerment to choose vendors, agencies reported high levels of customer satisfaction with voucher systems.

☐ **Workforce development agencies also noted generally high levels of acceptance of and satisfaction with vouchers among training vendors in their localities.** Training vendors responded generally favorably to vouchers because they were similar to the way in which the general public purchases training from the training facility. Several SDAs noted that in comparison to contracting for class-size training, the use of vouchers and voucher-like systems resulted in greater dispersion of training dollars among various training vendors in their communities.

☐ **Under voucher systems, workforce development agencies emphasized the need for high quality participant assessment and joint decision-making between participants and agency counselors on the selection of a training program.**

☐ **Other concerns:** Some of the concerns and questions expressed by agency administrators included the following:

-- Why should a SDA be accountable for performance if they have little or no say in training selected by participants?

-- Will participants select a vendor based on the effectiveness of the institution□s marketing rather than on the basis of vendor performance and the suitability of the training to the individual□s needs?

-- If there is a surplus of individuals requesting ITAs in a locality, how will the SDA determine who will receive an ITA? What recourse will SDAs have if an ITA holder selects inappropriate training?

-- How will the size of the ITA be established? Will the size be the same for each individual? Will the establishment of an account create a sense of entitlement to use all of the funds in the account regardless of whether the

funds are needed by the individual for employment or reemployment? Will participants be able to combine programs or use leftover funds in their account for training or supplies?

-- What time limits and geographical limits will apply to ITAs? For example, could a participant use their training funds in another state and how would this be tracked? How will SDAs handle ⬚distance⬚ learning under an ITA?

-- What types of services (e.g., support services) will individuals be able to purchase with ITAs? Will SDAs be able to override what they consider to be poor choices or inappropriate types of services?

-- Will certain types of training vendors -- especially community-based organizations (CBOs) -- not be able to compete under an ITA system?

-- Will educational agencies cooperate with regard to providing performance data and will these data be sufficiently reliable to assist participants in making training and vendor selections? What happens if a SDA does not agree with the Governor⬚s approved list (e.g., a statewide vendor is included on the list that has a poor record of performance in the locality)?

-- How will localities avoid having large amounts of obligated, but unused, funds sitting around in ITA accounts?

⬚ Most administrators agreed work was needed on the design and development of **automated data systems** that provide participants with up-to-date, reliable, and readily accessible vendor-specific information on course offerings, costs, and performance.

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A.   Introduction

This report summarizes the results of a rapid response study for the U.S. Department of

Labor on lessons for implementing Individual Training Accounts (ITAs) under the Workforce

Investment Act (WIA). The report focuses on the experiences under the Job Training Partnership

Act (JTPA) with training vouchers and potential implementation issues that could arise under

WIA. Study findings are based primarily on site visits and telephone interviews with nine local

workforce development programs that have used vouchers or voucher-like approaches to

operating JTPA programs:

- Anchorage/Mat-Su Service Delivery Area, Anchorage, Alaska;
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A copy of the discussion guide used during visits and telephone interviews is provided in

Appendix A. Brief narratives of the approaches used in each of the sites contacted are contained

in Appendix B.

This report begins with a brief overview of WIA requirements for Individual Training

Accounts and eligible training providers. The next section of this report provides general

background on training vouchers, including arguments for and against their use in training

programs, and a summary of several empirical studies on training vouchers. The third section --

the main body of the report -- presents findings from interviews with workforce development

agencies on their experiences with training vouchers under JTPA. The final section of this report

presents several conclusions and implications for the use of training vouchers by workforce development agencies under WIA.

B.   Workforce Investment Act Requirements for Individual Training Accounts

The Workforce Investment Act (Public Law 105-220), signed into law August 7, 1998, substantially revamped the employment and training system in the United States.[1] The legislation consolidated many existing employment and training programs and sought to make the system more responsive to the needs of employers, job seekers, and individuals seeking to improve their careers.   Title I of the Act authorized a new workforce investment system built around seven principles: streamlining services, providing universal access to core employment services, increased accountability of states, localities and training providers, strong roles for local boards and the private sector, state and local flexibility, and improved youth programs.

An important part of WIA -- and a focus of this study -- is its emphasis on empowering individuals with customer choice through Individual Training Accounts (ITAs) and provision of high quality information about training providers and their programs.   WIA requires, with some limited exceptions, that ITAs be used to purchase training paid out of the adult and dislocated worker funding streams under the Title I of the Act. States and local boards have the option of setting limitations on the amount and duration of ITAs, of providing ITAs in a variety of ways including electronic transfer of funds or vouchers, and of determining payment policy, such as paying all fees upon enrollment or incrementally at different points in a training course.   ITAs

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[1] Background information on WIA and ITAs is based in large part from □Workforce Investment Act of 1998,□ available over the Internet at http://usworkforce.org.

can be used only to supplement other funding, and individuals must be provided assistance in accessing other financing, such as Pell grants.

Adults and dislocated workers are given access to ITAs only after meeting the eligibility requirements for intensive services under WIA and being determined to be in need of training services after an interview, evaluation, assessment, or case management. The law requires that the proposed training program be one the individual has the skills and qualifications to successfully complete, and that the program be directly linked to employment opportunities in the local area or in another area in which an individual would be willing to relocate.

Training services paid for with an ITA can cover a wide array of occupational training in different settings, including on-the-job training, programs that combine workplace training with related instruction, programs offered by the private sector, skill upgrading and retraining, entrepreneurial training, job readiness, basic education and literacy (when combined with any of these other types of training), and customized training. Stand-alone literacy and adult education related to basic workforce readiness are not considered training (and are not subject to eligible training provider requirements); rather, they are a □short-term prevocational service□ under the □intensive services□ category in WIA.

ITAs can only be used in programs offered by □eligible training providers□ that are included on local and statewide lists. Extensive, high quality information describing training programs is to be provided through the state and local lists, and information on the performance of programs and their costs are to be provided there -- or in a separate system of □consumer reports.□ Providers are determined eligible after submitting applications describing their

programs to the local board and being approved.[2]

As noted earlier, there are exceptions to use of ITAs, when contracts for training may still be used. These exceptions include: (1) on-the-job training (OJT) and customized training; (2) situations where there are too few providers; and (3) programs provided by community-based organization or other private organizations serving special participant groups that face multiple barriers to employment. Providers of contract training for the last two categories are still subject to the eligible training provider requirements, i.e., they must make an initial application, provide performance information, and be included on the state list. OJT and customized training are not subject to the requirements, but the state may require that local areas collect performance information, determine if these providers meet the standards, and disseminate information identifying providers that meet the criteria.

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[2] There are two types of providers and programs, two types of applications, and two phases of eligibility -- initial and subsequent eligibility. For the initial phase of eligibility, lasting from 12 to 18 months under WIA, application requirements for providers of programs eligible under the Higher Education Act (HEA) or registered under the National Apprenticeship Act (NAA) are determined by local workforce boards, and focus on descriptive information. Applications for programs that are *not* HEA-eligible or registered under NAA are developed by the Governor and must require performance information and set minimal levels of performance. After initial eligibility, all providers must submit performance information annually on *all* their programs, with such information verified by the state within 30 days. Programs must meet state or locally determined standards in order to remain ⊡subsequently⊡ eligible. Performance information on programs will have to provided on seven measures: completion rate, placement rate, and average wages at placement of *all* participants in an educational program and unsubsidized employment rate, 6-month employment retention rate, wages at 6 months, and rates of licensure, certification or skills attainment, as appropriate, *for WIA clients.* (The last four measures are similar to the core measures required for general WIA accountability.) Program performance data requirements must consistent with those for general performance accountability under WIA.

C. Background on Training Vouchers[3]

1. Arguments For and Against Vouchers

Vouchers for training have been proposed since they appear to offer several significant benefits over the system under JTPA of contract-based training with limited individual choice. Economists tend to favor vouchers, since, if consumers can select the training program they value the most, that will likely lead to greater ☐utility☐ for the individual consumer and thus, potentially, for society as a whole. Use of vouchers may simplify the process of accessing training services and thereby lower government costs -- though this would occur only if the vouchers were offered with minimal levels of other governmental services in arranging for training. Vouchers may also improve the quality or performance of training programs if the providers have to compete for voucher-holding participants by demonstrating superior services along some dimension. In such circumstances, the overall market might work better -- mediocre providers would be driven from the market, higher quality programs would survive, and new providers would enter with innovative programs to fill particular market gaps or niches.

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[3] See Appendix C for a longer discussion. Materials in this section are based in part on a report prepared for the Brookings Institution, the Committee on Economic Development, and The Urban Institute by Barnow (1998).

Vouchers also fit well with the principles associated with reinventing government (articulated by Osborne and Gaebler [4]) such as "empowering rather than serving," "injecting competition into service delivery," and "meeting the needs of the customer, not of the bureaucracy. Osborne and Gaebler argue that government should give decision-making power back to the citizens and stress the importance of customer choice. Indeed, they specifically call for vouchers in training programs:

> ...The single best way to make public service providers respond to the needs of their customers is to put resources in the customers' hands and let them choose. All the listening techniques listed above are important, but if the customers do not have a choice of providers--schools, training programs, motor vehicle offices--they remain dependent on the goodwill of the provider.

Customer choice, along with personal responsibility, have been adopted as the stated core values of the Employment and Training Administration (ETA), the agency in the U.S. Department of Labor responsible for implementing the Workforce Investment Act.   The agency s mission statement declares: "...We believe the people we serve are customers who must be pleased, not clients who need to be processed...We believe that ETA customers and employees possess both the right and responsibility to make decisions about their work lives. [5]

Arguments against vouchers generally focus on the possibility that participants might not make the "right" choice from a social perspective. Consumers might make choices based on different values from those of the taxpayers and their representatives in government. The taxpayer may want participants to maximize earnings gains and to keep program costs low, while

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[4] See Chapters 2, 3, and 6 in Osborne and Gaebler (1992).

[5] See the Employment and Training Administration s mission statement and values on their home page on the Internet (at www.doleta.gov).

participants may want to enhance their ▯consumption▯ of higher-cost training or may not want

to maximize their potential earnings. Consumers may also make the wrong choice because they

lack sufficient information to select the best training program. Possible information failure may

occur around (1) what occupations are in demand and the wages paid in them; (2) the quality of

programs along a number of dimensions, including employment and earnings of past

participants; or (3) consumers▯ own capabilities for various occupations and training programs.

These information failures may be at least partially addressed by upgrading the quality of labor

market information, creating a new system for generating and disseminating program-specific

information, and providing assessments of individuals▯ aptitudes and interests and guidance on

choice of appropriate program.

Finally, there are several theoretical arguments against vouchers. One is that vouchers

do not maximize consumer choice since they require that funds be spent on a given type of

activity -- training -- rather allowing individuals to decide if they want training -- or food, shelter,

or other necessities. Conversely, another argument suggests that use of vouchers for training

may actually lower taxpayers▯ ▯utility,▯ which can be shown to be increased by targeting public

funds for particular purposes (such as food stamps or public housing); analogously, establishing

restrictions on the use of funds for those purposes (such as restrictions on the type and amount of

the service) may also increase taxpayers▯ utility.

2.   Research on the Effectiveness of Vouchers for Targeted Training Programs

Evidence is scant on how effective vouchers are relative to alternative service delivery

mechanisms (please see Appendix C for a detailed overview of research findings). The only

rigorous evaluation of vouchers for training the economically disadvantaged -- the Counseling

and Education Subsidy Program (CESP) -- was implemented along with the Seattle-Denver

Income Maintenance Experiments (often referred to as SIME/DIME). The results did not appear

to be promising, but the conditions under which vouchers were offered is far different than in the

Workforce Investment Act.[6] There is some evidence on the effectiveness of vouchers for

dislocated worker populations, including (1) an evaluation of the Trade Adjustment Assistance

(TAA) program, (2) a voucher experiment called the Career Management Account (CMA)

undertaken by the U.S. Department of Labor, and (3) evaluations of several local programs that

used vouchers or voucher-like instruments. Because of its particular relevance to this study, we

briefly discuss findings of the recent assessment of the CMA demonstration.[7]

The Career Management Account (CMA) Demonstration project was sponsored by the

U.S. Department of Labor to learn about the feasibility, impact, and cost-benefit attributes of

vouchers for dislocated workers relative to the traditional approach used in Title III of JTPA.[8]

The CMA demonstration was conducted in 13 competitively selected sites from 1995 through

1997. The sites differed significantly in the treatments offered, the activities and services

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[6] As discussed in greater detail in Appendix C, the hypothesis underlying the CESP was that the subsidies for training would lead to increased participation in education and training programs which would, in turn, increase earnings. The first part of the hypothesis was confirmed, with participants in the 100 percent subsidy group taking approximately one year of additional training compared to those with no subsidy. The surprising result was that in virtually all the analyses undertaken, the training led to either no change in subsequent earnings or an actual reduction in earnings, although the negative impacts were often not statistically significant.

[7] See Appendix C for additional details about the results of efforts to test vouchers for dislocated workers.

[8] Information about the CMA evaluation presented here are based on material presented in a draft final report by Public Policy Associates (1998).

covered by the vouchers, and in other services and activities offered to participants. Major

findings of the evaluation effort included the following:

- The CMA Demonstration Project seemed to indicate that voucher systems in general are likely to work just as well as staff-directed systems, and lead to somewhat more satisfied customers and staff. CMA participants indicated slightly higher satisfaction than participants in the regular Title III program, but satisfaction levels were high (in excess of 85 percent) in both programs.

- The CMA sites had slightly better outcomes in terms of employment and wages, but the evidence is weak. The positive termination rate for CMA participants was 84 percent, 4 percent higher than for non-CMA participants. Wages at termination were lower than at dislocation for both CMA and non-CMA participants, but CMA participants came closer to their previous wage. At follow-up, wages increased for both CMA and non-CMA participants, but still did not reach their pre-dislocation level. CMA participants did slightly better (about 4 percent).

- Costs per participant at the CMA sites were substantially higher for CMA participants than for non-participants, and CMA programs spent 74 percent more per participant than regular Title III programs. Part of the increased costs were one-time startup costs, but the evaluators were not able to determine how much more would have been spent on an ongoing basis. Although expenditures per participant were higher for the CMA participants, the amount spent on training was 13 percent less. Thus, the mix of services varied between CMA and traditional Title III programs.

In addition to the lack of an experimental design (except in one site), the design of the

demonstration makes it difficult to determine how useful the vouchers were in leading to the

slightly higher positive termination and wage growth rates for the CMA group. Overall, the

preliminary findings from the CMA are mixed; there were small positive outcome differences in

favor of the CMA participants, but the cost differentials were potentially large. The lack of a

strong evaluation design leaves open the question of how much any differences are explained by

the treatment rather than by selection.

D.   Key Findings from Nine JTPA Programs Using Vouchers or Voucher Like Systems for Training

In the sections below, we discuss major findings from interviews with nine workforce development agencies using voucher or voucher-like systems to purchase classroom training (and in some cases, other training-related services). The focus here is on JTPA Title II-A (for disadvantaged adults) and Title III (for dislocated workers) programs, though in most instances workforce development agencies had extended vouchers to cover training provided under other programs administered by the agency, such as Welfare-to-Work, older workers programs, Title II-C (year-round youth programs under JTPA), and other programs. Exhibit 1 provides an overview of the key dimensions of the sites visited. Appendix B provides more extensive narratives of the sites visited, along with sample forms from some of these sites.

1.   Nearly All Sites Used Voucher-Like Approaches

With one exception, all sites used ☐constrained choice☐ individual referral or voucher-like approaches featuring:

☐   assessment/counseling to determine appropriate training for a participant, which needed to be in a high demand occupation;

☐   screening of vendors for quality and cost of training, as well as satisfactory job placement rates;

☐   joint decision-making between the participant and JTPA counselor, with the JTPA program ultimately retaining the authority to reject a participant☐s training choice; and

☐   issuance of a time-limited voucher, training authorization form, or purchase order
(usually for a single semester) identifying specific training

courses (or other
services) and costs
that will be paid by
the JTPA program.

Only one of the nine sites contacted -- the Thumb Area (MI) Employment and Training

Consortium -- had what might be considered a ☐pure☐ voucher or individual account system (the

☐Tool Chest☐) in which training funds were placed in an account for use at approved providers.

EXHIBIT 1: KEY DIMENSIONS OF TRAINING VOUCHERS AT SELECTED SITES

PROGRAM SITE	ANCHORAGE/MAT-SU (AK) SDA	SOLANO COUNTY (CA) PIC	SOUTH BAY (CA) PIC	ARAPAHOE/DOUGLAS (CO) WORKS	BREVARD COUNTY (FL) WORKFORCE DEVELOPMENT BOARD
Agency Location	Anchorage, AK	Suisan, CA	Inglewood, CA	Aurora, CO	Cocoa, FL
Type of Locality	Rural/Urban (includes Anchorage and 25,000 sq. miles around Anchorage)	Rural (with small towns; limited to Solano County)	Urban/Suburban/Rural (network of providers extends across 17 SDAs)	Rural/Suburban (on outskirts of Denver; includes counties of Arapahoe and Douglas)	Urban/Rural (with small cities/towns); limited to Brevard County
Type of Program	JTPA Title II-A, Title II-C, Title III; state-funded dislocated worker initiative	JTPA Title II-A and Title III; also planning to use training vouchers under Welfare-to-Work grant.	JTPA Title II-A and Title III	JTPA Title II-A, Title II-C, Title III; Welfare-to-Work; and older worker program.	JTPA Title II-A and Title III; also planning to use training vouchers under Welfare-to-Work grant.
When Started	~1990	1994	~1988	1990	1995
Eligibility/ Screening for Receipt of Voucher	Most Title II and III training is provided through individual referral (except those in OJT & customized training). Participants carefully screened to ensure that they face labor market barriers and need training before employment is possible.	All Title II and III training is provided through individual referral. Participants are screened to ensure that they face labor market barriers and need training before employment is possible.	All Title II and III training is provided through individual referral. Participants are screened to ensure that they face labor market barriers and need training before employment is possible.	All Title II and III training (except OJT) is provided through individual referral. Participants are screened to ensure that they face labor market barriers and need training before employment is possible.	All Title II and III training is provided through individual referral. Participants are screened to ensure that they face labor market barriers and need training before employment is possible.

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Participant Choice in Selection of Training Vendor	Participants may select from vendors on directory of post-secondary education institutions (maintained by Alaska post-secondary education commission) or vendors whose courses are exempt from certification if the vendor has a published curriculum, fee schedule, refund policy, placement assistance, etc. This includes most training vendors in huge service delivery area. Range of choice depends on where individual lives (e.g., Anchorage has fairly large number of vendors; more remote rural areas have relatively few vendors)	Customers may select from a listing of qualified training vendors in and outside of the county. Participants may select a non-qualified vendor, but must go through an additional approval process. JTPA staff review and approve training and vendor selection.	Participants may select from an extensive network of over 400 public and private institutions (and 1,500 training courses) across 17 SDAs in Southern California; they may also identify a training vendor not on the list, but need additional approvals. I-TRAIN system -- an Internet-based system, provides data on each training vendor to help guide participant selection. JTPA staff review and approve customer☐s selection of a training vendor.	Participants may select from over 75 approved training vendors in the Denver metropolitan area. Agency maintains a streamlined vendor approval process that enables it to add new vendors requested by participants. Selection of a vendor and course of study is done jointly between JTPA counselor and participant.	Customers may select from a listing of qualified training vendors in Brevard County (9 vendors are currently on the list). Vendors are qualified twice a year through a competitive procurement. Participants may select a non-qualified vendor, but must go through an additional approval process. JTPA staff review and approve training and vendor selection.
Dollar Limits on Voucher	$5,500 (same cap as state student loan program)	No specific limit or cap.	No specific limit or cap.	$2,500 cap on tuition.	No specific limit or cap.
Time Limit on Voucher/ Training Authoriz-ation	Training must be completed in two years; new training authorization form provided for each new semester (students must maintain at least C average).	Training authorization limited to specific term/semester; each individual receives a new voucher each term/semester.	Training authorization limited to specific term/semester; each individual receives new voucher each term/semester.	Two-year time limit under cap; new training authorization form provided for each new semester (and valid for up to six months).	Limited to specific term/semester; each individual receives a new voucher each term/semester.
Vendor Payment	Payment is not performance-based; payment is on the same terms (including refunds)	Payment is not performance-based; payment is typically monthly and depends on	Payment is not performance-based. Payment varies by institution (e.g., community colleges usually paid shortly	Payment is not performance-based (except on very limited basis for high risk occupations);	Payment is not performance-based; payment is on the same terms as any other student

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	as any other student attending the institution.	satisfactory progress in training.	after registration; payment to other vendors usually broken into 2 or 3 payments as participant moves through training).	payment terms and refund policies are the same as any private paying individual at the training institution.	attending the training institution.
Impacts of Voucher on Participant Outcomes	Unsure because system implemented long ago; no apparent effect on job placement, wage rates, or job retention; SDA consistently exceeds performance standards.	Unsure, but no apparent effect on job placement, wage rates, or job retention.	Unsure, but no apparent effect on job placement, wage rates, or job retention.	Unsure because system implemented long ago; but able to consistently meet JTPA performance standards.	Unsure, but no apparent effect on job placement, wage rates, or job retention.
Impacts of Voucher Customer Satisfaction	Levels of customers and vendor satisfaction characterized as high -- customers like choice.	Customers and vendors generally positive about voucher system.	Customers and vendors seem to be generally satisfied with vouchers; customers have extensive choice of vendors under the program.	Customers and vendors very positive about system; customers like choice and need only a single form to initiate training at vendor.	High levels of customer and vendor satisfaction with voucher; customers like degree of choice they now have in selecting a vendor.
Impacts of Voucher on Costs	Costs have remained stable and unaffected by individual referral system; training cap ($5,500) characterized as helping to keep costs stable.	Per-participant costs of training appear to be about the same as before voucher.	Not sure, though costs don□t seem to have been affected by the voucher.	Administrative costs lower because it is not necessary for SDA to procure training through RFP system.	Per-participant costs of training appear to be about the same as before voucher.
Relevance to WIA	Program managers believed system would meet WIA requirements.	Program managers believed system would meet WIA requirements, but were not certain.	Program managers believed system would meet WIA requirements, but were not certain.	Program managers believed system would meet WIA requirements; felt that they may need to enhance consumer report card under WIA.	Program managers believed system would meet WIA requirements, but were not certain. The agency planned to expand the number of qualified training vendors and enhance its report card on vendor performance.
Other Comments/	-SDA has somewhat less leverage under individual	-Under the voucher system, it might be necessary to	-Collaboration with other Southern California SDAs	-Program administrators advised that SDAs □keep it	-Agency staff stressed the importance of careful

PROGRAM SITE	ANCHORAGE/MAT-SU (AK) SDA	SOLANO COUNTY (CA) PIC	SOUTH BAY (CA) PIC	ARAPAHOE/DOUGLAS (CO) WORKS	BREVARD COUNTY (FL) WORKFORCE DEVELOPMENT BOARD
Notes	referral system than when it contracts for classroom size training, so it must carefully track vendor and participant performance. -DOL should leave substantial choice to SDAs on implementation of ITAs and provide TA -DOL should not hold SDAs accountable for performance measures if □pure□ voucher is adopted. -Grant expenditures are less reliable when majority of funds are obligated client by client and it may be difficult in some years to meet minimum expenditure/ obligation requirements. Creative grant management is a must.	watch that not too cozy of a relationship develops between JTPA staff (involved in referring participants) and training vendors. -Compared to Title II-A participants, Title III participants are generally considered to be somewhat more knowledgeable about the labor market and better able to plow through labor market information, but also somewhat more demanding and less willing to listen to case managers. -Agency staff felt DOL needed to clarify how much of a □true□ voucher was planned under WIA -- Could such a voucher be used in any locality or state in the country? What would the cap be? To what extent could consumer choice be guided? Who will be responsible for collecting performance data on training vendors?	on I-TRAIN grew out of a collaborative response to downsizing in the aerospace industry. -The I-TRAIN system is viewed as a critical element in providing information so that consumers can make an informed choice in their selection of a training provider under a voucher system. -The South Bay PIC is interested in marketing I-TRAIN system to other interested PICs in the country.	simple□ for both participants and vendors. It is particularly important to be able to add new vendors quickly and in response to requests by participants. -Under a voucher system, it is important to assess the training needs of each customer and to have a JTPA counselor work closely with the participant on the selection of both a course of study and a particular vendor. The program needs to maintain authority to reject poor training choices. -The program discourages individuals from taking out loans to pay for training above the $2,500 limit. The program does not want individuals to emerge from training with large loans that need to be repaid.	monitoring of participant progress and troubleshooting problems as they arise -- both by the workforce development agency and the training institution staff. -Under a voucher system, agencies need to retain authority to invest funds in training that□s consistent with local labor market conditions and appropriate for the individual. -Under a voucher system, a well-developed vendor □report card□ is needed to facilitate informed customer choice. -Under WIA, there is some concern that the state will provide localities with listings of approved vendors that might include state or nationwide training vendors which have poorly performing facilities within a specific locality.

PROGRAM SITE	CITY OF BOSTON (MA) JTPA PROGRAM	THUMB AREA (MI) EMPLOYMENT AND TRAINING CONSORTIUM	BERKS COUNTY (PA) EMPLOYMENT AND TRAINING OFFICE	WORK SOURCE FOR DALLAS COUNTY
Agency Location	Boston, MA	Marlette, MI	Reading, PA	Dallas, TX
Type of Locality	Urban (limited to City of Boston)	Rural (with small towns; includes Huron, Lapeer, Saniac, and Tuscola Counties)	Rural (with small and mid-size towns; limited to Berks County)	Urban (includes City and County of Dallas)
Type of Program	JTPA Title III (and on a limited basis during the last two years under JTPA Title II-A).	JTPA Title II-A, Title II-C, Title III, displaced homemakers, older workers, Michigan Work First, and Welfare-to-Work	JTPA Title II-A, Title III, and TANF-funded training programs	JTPA Title II-A and Title III; also planning to use training vouchers under Welfare-to-Work grant.
When Started	1992 - Title III 1997 - Title II-A	1996	1994	1992
Eligibility/ Screening for Receipt of Voucher	All Title III and some Title II-A training is provided through individual referral. Participants are screened to ensure that they face labor market barriers and need training before employment is possible.	All individuals served by the SDA are eligible to open a ☐tool chest,☐ which is essentially a checking account against which a participant can purchase education, training, and a wide range of services. An universal application is completed which determines eligibility of individual for all programs administered by SDA. All individuals are assessed for needs and must receive prior authorization from case manager to make purchases using funds from their tool chest.	All Title III and some Title II-A training is provided through individual referrals. Participants first go through an intensive employment planning process to determine if training is needed and, if so, appropriate types of training.	All Title III and some Title II-A training is provided through individual referrals. Participants are screened to ensure that they face labor market barriers and need training before employment is possible.
Participant	Customers may select from	Participants may purchase	SDA has approved over 100	Participants may select

PROGRAM SITE	CITY OF BOSTON (MA) JTPA PROGRAM	THUMB AREA (MI) EMPLOYMENT AND TRAINING CONSORTIUM	BERKS COUNTY (PA) EMPLOYMENT AND TRAINING OFFICE	WORK SOURCE FOR DALLAS COUNTY
Choice in Selection of Training Vendor	a listing of qualified training vendors in the Boston area (the Statewide Approved Training Vendor List) or may identify their own training. Customers are encouraged to investigate at least three training vendors. JTPA staff review and approve the customer's selection of a training vendor.	training (and other services to enhance employability) from nearly any vendor in the services area (except a small number of vendors who the SDA has had problems with in the past). Within constraint of having case managers co-sign each voucher, customers have wide latitude in determining how the tool chest funds are expended.	training programs at over 40 training vendors (within two hours drive time of Reading, PA). Participants select from approved vendor list; JTPA staff review and approve training and vendor selection. Participants may select non-approved vendor, but must go through additional approval process.	from a listing of qualified training vendors in Dallas County (34 vendors are currently on the list) or may identify a training vendor not on the list, but need additional approvals. Participants receive a report card detailing each training vendors performance and are encouraged to visit vendors. JTPA staff review and approve customer's selection of a training vendor.
Dollar Limits on Voucher	$2,000 - for those with 4-year college degree; $5,000 - for those with less than 4-year college degrees. Customers with literacy, remedial education, GED, or ESL needs eligible for up to an additional $2,000 for Title III training services.	Funds placed in individual tool chests range from $840 to $4,500, depending upon which programs an individual is eligible (e.g., an individual would receive $1,500 if eligible for Title II-A and an additional $2,000 if eligible for WtW).	$6,000 (other support services are not included in this cap)	$10,000
Time Limit on Voucher	Training authorization limited to specific term; individuals receive a new authorization each term.	Tool chests must be spent within one year (though the SDA may extend period).	Training must be completed within 15 months; new purchase agreement is sent to vendors for each term.	Training must be completed in two years; new vouchers issued for each new term.
Vendor Payment	Payment is not performance-based. Payment to vendors and refunds are on the same basis as other customers of the facility.	Payment is not performance-based. Customers do shopping for all services; all purchase of training and other services are off-the-shelf at the	Payment is not performance-based. Payment to vendors and refunds are on the same basis as other customers of the facility.	Payment is not performance-based. Community colleges are paid full amount of voucher 12 days after start of semester; other institutions

PROGRAM SITE	CITY OF BOSTON (MA) JTPA PROGRAM	THUMB AREA (MI) EMPLOYMENT AND TRAINING CONSORTIUM	BERKS COUNTY (PA) EMPLOYMENT AND TRAINING OFFICE	WORK SOURCE FOR DALLAS COUNTY
		cost and terms as the general public.		are paid pro-rata share after participant completes each month of training.
Impacts of Voucher on Participant Outcomes	Job placement, wage rates, or job retention about the same as before voucher.	Job placement, wage rates, or job retention appear unchanged. SDA is now meeting all performance standards, where is was missing on 1 or 2 measures before system introduced.	Unsure whether recent improvements in job placement or wage at placement is due to vouchers or other factors.	Job placement, wage rates, or job retention about the same as before voucher.
Impacts of Voucher Customer Satisfaction	High levels of customer and vendor satisfaction with voucher; customers like choice they now have in selecting a training program/vendor.	Customers love system because of choices they have in expending tool chest on what they feel they most need and in terms of selecting a vendor. The flexibility of training accounts seem to make everyone in the system think creatively about how funds can be most effectively spent. Most vendors have reacted positively to system.	Customers and vendors generally seem to like the system. The vouchers have greatly expanded the number of training vendors available to participants (from 3 or 4 to over 40 approved vendors).	High levels of customer and vendor satisfaction with voucher; customers like degree of choice they have in selecting a vendor. New training vendors have been added to JTPA system.
Impacts of Voucher on Costs	Per-participant costs of training appear to be about the same as before voucher.	Unsure of impact on cost, but has eliminated costs associated with procuring training through an RFP process.	Cost per participant has dropped considerably since training accounts were instituted. This decrease attributed (in part) to being able to serve more people and providing more training options under the voucher.	Per-participant costs of training appear to be about the same as before voucher. Audit procedures simplified.
Relevance to WIA	Program managers believed system would meet WIA	Program managers believed system would meet WIA	Program managers believed system would meet WIA	Program managers believed system would meet WIA

PROGRAM SITE	CITY OF BOSTON (MA) JTPA PROGRAM	THUMB AREA (MI) EMPLOYMENT AND TRAINING CONSORTIUM	BERKS COUNTY (PA) EMPLOYMENT AND TRAINING OFFICE	WORK SOURCE FOR DALLAS COUNTY
	requirements, but were not certain.	requirements.	requirements.	requirements, but were not certain.
Other Comments/ Notes	-Emphasis on guided choice, where SDA screens customers, provides list of qualified vendors, and reviews participant selection of training program and vendor. -Concern an unrestricted voucher would lead to poor choice of training/vendor. -Concern vendors might be selected based on marketing effectiveness, not training quality/appropriateness. - On a limit, trial basis, SDA is testing vouchers in Title II-A program (using $150,000 in funds for the current year).	-One of the keys to running the tool chest system is to get individuals enrolled in as many programs as they are eligible -- this increases resources available within accounts. -Recycling resources and people within a voucher system becomes an important consideration. Administrators need to carefully monitor unused funds in accounts and recycle them if they are not going to be used so that training funds do not go unspent. -The main advice to other localities thinking about a voucher system is not to go at it in a half-hearted manner. -WIA rules for ITAs should provide considerable flexibility to local program operators. -The site noted that expenditures on support services had increased slightly under the system compared to training expenditures.	-DOL should not even consider using a ☐pure voucher☐ -- ☐ one size fits all -- doesn☐t☐ and will not work. Many training dollars will be wasted if a set amount of money is given to each individual for training. -The SDA felt it was very important to be responsive to customers☐ needs and be able to approve new vendors quickly. -The SDA refers to the voucher as ☐informed customer training accounts.☐ -The current system was built upon SDA efforts under the PENNCARD Demonstration Project. -One drawback of the voucher is that the SDA can potentially receive some inappropriate reverse referrals from training vendors.	-Strong vendor response to the voucher; JTPA program is now getting training vendors it never thought it would. Vouchers also resulted in additional scholarships at some vendors. -Provider accountability is critical -- if job placement rate falls below 77 percent, vendor is dropped from qualified list for at least one year. -Assessment, case management, and careful tracking are regarded as essentials to successful education and employment outcomes. -Concern that few CBOs may qualify as vendors to receive vouchers.

2.   Under Voucher-Like Systems, JTPA Programs Played Substantial Role in Approving Training Choices and Vendors

Client flow through voucher-like programs used by eight of the nine agencies contacted

was controlled and monitored carefully by workforce development agencies. There was a fairly

routine client flow across the nine voucher-like systems we reviewed, and some of these

processes were also in evidence in the Thumb Area□s Tool Chest (particularly relating to

participant assessment and joint approval for expenditures from the Tool Chest). Client flow

through the individual referral or voucher-like systems was typically as follows under the JTPA

Title II-A or Title III programs:

□   The agency first determines the individual□s eligibility under JTPA (or other programs administered by the agency, such as Welfare-to-Work).

□   If eligible for JTPA, the individual is interviewed and assessed (usually including administration of aptitude and interest tests), and screened for whether training is needed for employment or re-employment.

□   A participant in need of training is provided labor market information, information about training vendors and programs, and is encouraged to undertake some form of career exploration.

□   A participant reviews these materials, may visit several qualified training vendors, and reaches some preliminary decision about whether to proceed with training and, if so, what types of training and vendors might be appropriate. The range of choice in vendors is typically constrained to a set of pre-approved training vendors, though participants may request another vendor if circumstances warrant.

□   A participant meets with a JTPA staff person to discuss his/her training selection and jointly reaches agreement on a specific training course and appropriate vendor. The JTPA staff person assists the individual in several areas, including: understanding/analyzing appropriateness of training for the individual, projecting the likelihood of job placement and wages levels once training is completed, and helping the individual to identify appropriate and cost-effective training vendors. Generally, the decision on a particular training course and vendor is a joint one, but the JTPA program retains the ultimate authority to reject what it considers to

be a poor or inappropriate training choice on the part of the participant.

-- Training is restricted to occupations in demand, but exceptions are made if the participant provides evidence that he or she will get a job in the field after completing training.

☐ Once the participant and the JTPA counselor reach a mutually-agreed upon decision about a training course and vendor, the JTPA program issues a ☐voucher☐ (in some agencies, also referred to as an ☐individual referral form,☐ ☐purchase order,☐ or ☐training authorization☐ form). This ☐voucher☐ typically identifies specific courses for a specific term or semester, and costs that will be reimbursed by the JTPA program.

☐ The JTPA program staff track participant progress in training and troubleshoot problems. If training goes beyond a term or semester, participants must demonstrate adequate performance, and a new voucher is issued for the next term or semester.

☐ Because training is generally an ☐off-the-shelf☐ purchase (as any other student at the training institution would purchase), the terms of payment and refunds are the same as those for other private paying students. Payment is not performance based, but if an individual drops out of training before completion, some or all of the tuition costs may be refundable (based on the usual refund policy of the vendor).

While there is a fairly typical flow of participants through voucher-like systems, there are some differences in procedures and in the extent of choice that individuals have in selection of vendors. Some SDAs offered participants an extensive range of vendors and training programs, especially those in larger, metropolitan areas. For example, in Inglewood, CA, JTPA participants could select from an extensive network of over 400 public institutions (and 1,500 training courses) across 17 SDAs in Southern California; in Berks County (PA), the SDA had approved over 40 training vendors (within two hours drive time of Reading, PA) offering over 100 training programs; and in Brevard County, nine training vendors were on the list of approved vendors. As discussed below in greater detail, some programs placed dollar limits and time limits on

training, while others did not. The two examples (one SDAs serving an urban area and another

serving a rural area) below illustrate in greater detail the general flow of participants through

individual referral or voucher-like systems (see Appendix B narratives for other examples):

□ ***South Bay Private Industry County/City of Inglewood I-TRAIN System.*** JTPA
participants are first assessed for their need for training and what types of training
would be appropriate. JTPA counselors assist Title II or III eligible participants to
complete a service plan which identifies training goals and specific types of
training and support services required by the individual. Training options are
limited to what have been determined by the PIC to be □demand occupations.□
With assistance from JTPA staff, the I-TRAIN system is used to identify and
select an appropriate training program. Because the I-TRAIN list is so extensive
(including over 400 vendors in Southern California), nearly all customers
(estimated at 99 percent) select from among the I-TRAIN list of approved
vendors. It is possible for a customer to select a provider from outside of the I-
TRAIN list, but this requires additional steps to secure agency approval for the
training vendor.

The I-TRAIN system enables the customer to flexibly search and locate potential
training vendors by type of training, city, or location. The system includes up-to-
date information about prerequisites, courses, hours of instruction, and
performance (e.g., job placement and wage rates). There are also links to other
related Internet sites, such as information about other social services and job
openings. To ensure up-to-date and accurate information on each training vendor,
the system permits vendors to make changes in the data about their facility,
though changes are monitored by the PIC to ensure that valid performance
information is provided by vendors.

The customer□s selection of a vendor is reviewed and approved by the JTPA
program. The program may overrule the participant□s training selection;
however, because of the extensive network of qualified vendors and joint
decision-making between customers and JTPA staff, there is rarely the need to
reject a selection made by the participant. Once agreement has been reached on
the training vendor and specific course work to be undertaken, a JTPA counselor
completes a three-part Customer Referral to Classroom Training form (see
attachment for a copy).

The customer takes the voucher to the school/vendor, which completes the form
and faxes it back to the South Bay PIC. The completed voucher enables the South
Bay PIC fiscal staff to obligate necessary funds to cover the cost of training. This

form identifies all the cost items for which the Title II or III program will reimburse the training vendor during a particular term (e.g., quarter or semester). The form provides an outline of the coursework to be taken, start and end date for training, and costs for the current term or semester (e.g., cost of tuition/fees, books, supplies, and other items). The voucher is valid only during the specific semester (or quarter) at the training vendor for the specific items identified on the voucher. For training sequences that last more than one term, prior to the start of each new term, the customer meets with his/her JTPA case manager to complete a new voucher for the upcoming term.

☐ ***Berks County Employment and Training Office Informed Customer Training Accounts.*** The system is designed to be a flexible training account that JTPA participants can use at a wide variety of training vendors within a two-hour drive time of Reading, PA. All incoming participants of the JTPA Title II-A and Title III programs (as well as TANF participants) must first go through an intensive employment planning process. This initial step is designed so that the individual, with the help of a JTPA counselor, conducts his/her own career exploration. This includes analysis as to whether training is required for employment/re-employment, as well as possible employment opportunities open to the individual. The process is designed so the participant plays a central and active role in exploring information about potential career opportunities. Working with JTPA staff, a decision is made during this process as to whether training is appropriate for this individual. If training is appropriate, the individual investigates types of training that would be appropriate and possible training vendors. The SDA currently has a total of over 100 training programs at over 40 training vendors from which the individual may select. The extent of vendor choice varies by type of training -- for some types of training there may be a wide selection of vendors, while for others there may be only one approved vendor. Participants are encouraged to visit training institutions. A training application is then completed by the individual which identifies a particular types of training, a specific vendor, and specific courses that the individual will complete. This application is reviewed by an internal committee at the SDA, which may agree, reject, or request changes in the planned training. Once approved for training, an SDA staff member contacts the vendor and participant to notify them of approval. A purchase agreement is sent to the training vendor, which specifies the courses and amounts that will be paid.

3. **Under the ☐Pure☐ Voucher System, the Workforce Development Agency Empowers Participants to Make Expenditures on a Range of Training and Other Services, But Jointly Authorizes Expenditures**

The Thumb Area Employment and Training Consortium, serving a mostly rural area on the banks of Lake Huron in eastern Michigan, uses the only □pure□ voucher -- essentially an individual training account referred to as the □Thumb Area Tool Chest□-- among the nine sites contacted. The Tool Chest is a radical change from the past in how this SDA purchases employment, training, and support services, and it is significantly different from most other voucher systems in the country.[9] All individuals served by the SDA -- including those served under the Title II-A, Title III, displaced homemakers, older workers, Michigan Work First, and Welfare-to-Work programs -- are eligible to open a Tool Chest. The Tool Chest -- which varies in amount depending on the funding sources for which an individual is eligible -- is essentially a checking account against which the participant can spend down resources to purchase education, training, and a wide range of support services. Participants receive a set of vouchers (which are like checks), which they □spend□ under the guidance and supervision of a SDA case manager. Vouchers may be used at virtually any public or private school in the local area, as well as at a wide range of retail stores (e.g., for work clothes). An overall limit on each account is determined for each participant based on eligibility for various programs run by the SDA -- so the size of the account can vary substantially by individual. The Tool Chest must generally be spent within one year. The system is fully operational and is used for all individuals (except for some youth) served by the SDA. The specifics of how customers flow through this system are as follows:

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[9] In our search of voucher systems we were not able to identify any other system like it, and the Thumb Area director indicated that the program was not modeled after any other program and he was not aware of any other system like it in the nation.

☐   All individuals coming to the SDA for services -- including those seeking services under the Title II-A, Title III, displaced homemakers, older workers, Michigan Work First, and Welfare-to-Work programs -- complete a universal application. This application is used to determine eligibility across all the funding sources administered by the SDA. If an individual is eligible for multiple programs, he or she is co-enrolled in as many of the programs as he or she is eligible.

☐   An individual account -- called a Tool Chest -- is set up for each individual who is eligible for one or more of the programs administered by the SDA. At the start of each program year, the SDA establishes a set dollar amount per person for each program that it administers based on its annual allocation for the program. For example, under the Title II-A program, the projected Tool Chest amount for a Title II-A participant is $1,500, based on total Title II-A training grant funds to the SDA of $600,000 and an estimate that 400 individuals would be served under the Title II-A program during the grant year. Similar calculations are made for each program. The amount set aside in the Tool Chest for each individual depends on the number of programs for which he or she is eligible. For example, if the per person allocation is $1,500 under JTPA Title II-A and $2,000 under WtW, then an individual eligible for both of these programs would start out with a Tool Chest worth $3,500. The range of amounts set aside for individuals in their Tool Chests range from about $840 to $4,500.

☐   In their early stages of involvement with the SDA, all participants go through an assessment process -- to determine interests, aptitudes, employment goals, and an appropriate service plan -- and are assigned a case manager. While the system is designed to empower participants in the decision process about the types of services purchased and where they are purchased, participants must obtain written approval of their case manager before each expenditure is made out of their account. This is a very important element of the system, because it provides the SDA the opportunity to reject poor or inappropriate decisions and also to provide guidance helpful to each participant☐s decisions. For example, case managers can provide input on the track records of particular providers identified by participants (e.g., likelihood of placement, wage rates, etc.). As long as the service is allowable under one of the programs for which the individual is eligible, does not exceed the amount in the account, and has the approval of the case manager, then the individual can purchase the service. This includes purchase of a wide range of support services to enhance the employability of an individual, as long as the case manager signs off on the purchase -- for example, if the individual is missing a front tooth and this is a serious barrier to obtaining a job, he or she could use a portion of the Tool Chest to pay for a new tooth and dental expenses. Within the constraint of obtaining prior authorization from the case manager for each purchase, the participant has wide latitude in determining how his/her account will

be expended.   With each purchase, the amount in the individual□s Tool Chest decreases. All expenditures must be made within a year -- though in some cases the period is extended.

□   Under the Tool Chest system, the SDA has been able to eliminate its RFP process. Not having to procure services through an RFP process has simplified program administration and also substantially expanded customer choice. Customers now do the shopping for services, with purchases made the same as any other individual would spend their own money (except that the participant needs to obtain a signature on the voucher from the case manager). Basically, the system is open to virtually all vendors, with the exception of a few who have performed poorly for the program in the past. Case managers play an important role in guiding participants toward better performing training vendors. The SDA maintains a list of education and training vendors, which includes some information about their performance.

□   All purchase of training are made at □off the shelf□ prices normally paid by the public, with the same terms for refund and payment as would be the case for the public. If, for example, an individual was to go to a local store to purchase work clothes, he or she would show the voucher to the sales person and ask them to set aside the items. The participant would then go back to the case manager to obtain a signature for the voucher and the case manager would arrange with the store the payment for the goods. Participants are called upon to make their own decisions about how they can best spend their funds.

□   Participants may use the funds incrementally in their account -- for example, they might use several hundred dollars early on for work clothes and equipment, find a job, work for several months, and then find that they need to use the funds still available within their Tool Chest to purchase training to upgrade their computer skills. When the account is used up, participants cannot purchase additional services (unless the SDA provides a waiver that provides additional funds for their account).

4.   **Agencies Believe That Vouchers Have Had Little or No Effect on Outcomes or Costs, but Have Improved Levels of Customer Satisfaction**

Most agencies contacted for this study indicated that vouchers had no apparent effect on

job placement, job retention, or wage rates of participants. Some were unsure about the effect of

their voucher or voucher-like system either because they had introduced the system a number of years back (making comparisons difficult) or because of a range of other events and intervening variables (e.g., changes in the local economy, changes in participant assessment, changes in contracting or providers) that made it difficult to isolate the effect of the vouchering system. None of the sites we interviewed believed that overall performance was hurt by the introduction of vouchers or individual referrals. Typical of the comments received were the following:

- ☐ ***Brevard County (FL) Workforce Development Board.*** Workforce development staff was unsure about impacts of the voucher on outcomes or costs -- though they did not observe major changes in outcomes or costs resulting from the voucher. Dropout before completion of training is unchanged from before introduction of the voucher.

- ☐ ***Arapahoe/Douglas Works.*** Program administrators indicated that under the system they have been able to maintain high job placement and retention rates. The system was implemented nearly a decade ago, so it is not possible to compare outcomes under the system with a prior period. However, the SDA has been able to meet and exceed its performance standards under the system.

Agencies indicated that costs were either unchanged or that they were able to reduce some administrative costs as a result of introduction of voucher or voucher-like systems. Several administrators felt that having a cap on training and re-authorizing training each school term helped to hold per-participant costs down. Several site administrators noted that vouchers and individual referral systems resulted in some administrative cost savings because it was no longer necessary to procure training slots and services from vendors through a competitive RFP system.

Most agency administrators felt the greatest impact of introducing their voucher or voucher-like system was to expand the range of training programs and vendors from which participants could select. Vouchers also seemed to increase participant involvement in making their own training decision and provide a sense of empowerment to participants. As a result of

greater choice and empowerment to choose vendors, agencies reported high levels of customer

satisfaction with their system. Several examples from our visits illustrate the impacts of

vouchers on participant choice and satisfaction levels:

   □   ***City of Boston.*** In their customer satisfaction surveys, customers have indicated
       generally strong approval and high levels of satisfaction for the individual referral
       system, particularly for the wide range of choice they have in selecting a vendor.
       One measure of the popularity of the system is that individuals have come from
       outside of the city (i.e., areas served by other SDAs) to request training vouchers.

   □   ***Thumb Area Employment and Training Consortium.*** One of the strengths of
       the Tool Chest is the sense of empowerment and greater responsibility it generates
       on the part of participants. Because participants have a strong say in the selection
       of training and vendors, participants seem more committed and less likely to drop
       out of training programs. According to administrators, □customers just love it.□
       In addition, the training accounts -- and their flexibility -- tend to make everyone
       in the system think creatively about how the funds in the accounts can be most
       effectively spent. The Tool Chest has also expanded the range and number of
       vendors that can provide services.

   □   ***Berks County Employment and Training Office.*** The most significant effect of
       the training accounts was that it greatly expanded the number of training vendors
       used by the SDA (from 3 or 4 subcontracted vendors to over 40 approved
       vendors), and hence, greatly expanded choices available to the participant.

   □   ***Work Source for Dallas County.*** Participants have generally high levels of
       satisfaction with the individual referral system introduced by the agency.
       Workforce development staff credit vouchers with bringing new providers -- ones
       that had not served JTPA participants in the past -- into the system. The provider
       community was characterized as □very responsive□ to the introduction of
       vouchers. Institutions that were not interested in providing class-size training
       programs were brought into the JTPA system.

Workforce development agencies also noted generally high levels of acceptance and

satisfaction with vouchers among training vendors in their localities. Training vendors

responded generally favorably to vouchers because they are similar to the way in which the

general public purchases training from the training facility. Several SDAs noted that in

comparison to contracting for class-size training, the use of vouchers and voucher-like systems

resulted in greater dispersion of training dollars among various training vendors in their

communities.   Training vendors who have provided classroom-size training under contract could

potentially lose substantial numbers of training referrals and funds. Under a voucher-type

system, with each participant making his or her own selection of a vendor, there is less certainty

from the vendor□s perspective of receiving a specific number of training referrals. Several

agency administrators noted that community-based organizations had been or potentially could

be adversely affected by the introduction of a voucher system either because of the loss of

contracts to provide classroom-size training or because they may not be as effective at marketing

their training services as other vendors (such as community colleges or proprietary schools).

5.   Other Findings from Site Visits About Voucher and Voucher-Like Systems

Exhibit 1 (shown earlier) provides some additional comparisons of the characteristics of

voucher systems on a number of dimensions, including the following:

□   **Voucher or Voucher-like Systems Were Instituted Over Past 10 Years.** All of
the voucher and voucher-like systems assessed were initiated over the past 10
years. Eight of the nine systems were established since 1992.

□   **Agencies Often Extended Use of Vouchers or Voucher-Like Systems Beyond
JTPA.** All of the agencies contacted used voucher or voucher-like systems for
JTPA Title II-A and Title III. Often workforce development agencies began with
a voucher-type system for Title III dislocated workers, branched out to Title II-A
participants, and then to other programs administered by the agency -- such as
JTPA Title II-C (disadvantaged youth), Welfare-to-Work, TANF-funded
employment and training programs, older workers, and displaced homemakers.
Agencies did not use vouchers to purchase OJTs, customized training, or class-
size training (if any of these were provided). All agencies used an assessment
process to determine if training was appropriate (i.e., the individual needed

training for employment or re-employment) and limited training to occupations in high demand within the locality.

☐ **Some Agencies Placed Dollar and Time Limits on Training Expenditures.** Three agencies did not place dollar limits on expenditures. Among agencies using voucher-like approaches, the dollar limits ranged from $2,000 to $10,000. Most limits were straightforward caps on all participants served by the agency (e.g., Arapahoe/Douglas Works had a $2,500 cap on tuition; Anchorage/Mat-Su SDA had a $5,500 cap, which was the same as the state☐s loan program). Two agencies had more complicated caps on training:

< The *City of Boston☐s* JTPA Title III program had a $2,000 cap on training expenses for individuals who already had a 4-year college degree; and a $5,000 cap for individuals with less than 4-year college degrees. In addition, those individuals who needed help with literacy, remedial education, GED, or ESL were eligible for up to an additional $2,000 of Title III-sponsored training services.

< The *Thumb Area Employment and Training Consortium* placed funds in individual Tool Chests ranging from $840 to $4,500 per individual, depending upon which training programs an individual was eligible (e.g., an individual would receive $1,500 if eligible for Title II-A and an additional $2,000 if eligible for WtW).

☐ **Time Limits Were Placed on Use of Vouchers or Training Authorizations.** Agencies limited the time under which individuals needed to complete training -- generally to two years or less. In addition, agencies usually authorized training expenditures for only a single term or semester, with the requirement that individuals needed to meet with a JTPA staff person prior to the next semester to

discuss progress and receive a training authorization (or voucher) for the upcoming semester. Agency administrators indicated that it was not uncommon for individuals to change their minds mid-stream about training, so it was better to authorize training incrementally. Training authorizations or vouchers usually listed specific items (e.g., courses, registration fee, books, etc.) and provided specific dollar amounts that would be reimbursed by agencies.

☐ **Workforce Development Agencies Typically Used a Screening Process to Establish an Approved List of Training Vendors.** Agencies administering voucher or voucher-like systems typically used a screening process to select approved or qualified training vendors based on types of training provided, past performance, costs, and other criteria. Typically, workforce development agencies used a Request for Proposals (RFP) or Request for Quotations (RFQ) that was open to public and private training institutions in a particular geographic locality. The requests were often limited to training provided by institutions in high-demand occupations. Vendors were asked to submit details about each type of training they could provide (e.g., courses included, duration of training, where and when course will be provided), as well as information about past performance (e.g., job placement rate and wage levels) and costs of training (by course). During the review process, some agencies verified the qualifications of vendors (i.e., past performance with regard to job placement, job retention, and wage rates) and others did not. For example, one agency conducted one-day site visits to each vendor, which included a workforce development agency staff member and an industry expert. Some agencies also screened training vendors based on cost of tuition. Workforce development agencies reviewed the vendor application and other information collected about the vendor, and then either approved or disapproved the vendor. If approved, the vendor was added to the qualified list of vendors. Some agencies were rigorous in their selection process -- narrowing considerably the number of vendors available to participants -- while others took most vendors that applied unless they failed to offer training in high-demand occupations or had a poor track record of performance. As a result of the screening process, as well as the number of training vendors available in the locality (i.e., urban areas tended to have many more vendors than rural areas), there was wide variation across sites in the number of vendors from which participants might select. In addition, most agencies had some type of special approval process that could be used in cases where participants requested a vendors that was not on the approved list.

☐ **Agencies Have Developed Directories of Approved Vendors.** Most agencies maintained some type of directory or listing of approved providers, which included basic characteristics of the vendor. Usually the directory was in a notebook so it could be shared with participants as they were trying to make a

decision about a particular vendor. Most agencies thought that the development of automated directories which included information on vendor performance would be important under WIA. Some agencies were in the early stages of developing automated provider directories. One site -- the South Bay PIC -- had developed and implemented an Internet-based listing of providers and courses (available at www.itrain.net):

< The *South Bay PICs* I-TRAIN system includes automated records on over 400 public and private training institutions and over 1,500 training courses across 17 SDAs in Southern California (from Santa Barbara to San Diego). This Internet-based system enables participants to flexibly search and locate potential training vendors by type of training, city, or location. The system includes up-to-date information about prerequisites, courses, hours of instruction, and performance (e.g., job placement and wage rates). There are also links to other related Internet sites, such as information about other social services and job openings. To ensure up-to-date and accurate information on each training vendor, the system permits vendors to make changes in the data about their facility and performance, though changes are monitored by the PIC to ensure that valid performance information is provided by vendors.

 Agencies Carefully Monitor Participant and Vendor Performance. Under voucher and voucher-like systems, agency administrators stressed the importance of careful monitoring of participant progress and troubleshooting of problems as they arise -- both by the workforce development agency and the training vendor. Most agencies had JTPA counselors in regular contact (at least monthly) with participants to check progress and reviewed participant progress in training before authorizing training for the next term. Agencies also collected and analyzed data on vendor performance and felt that ITAs would place increased importance on developing and maintaining report cards on training vendors so that participants could make informed decisions on training courses and specific vendors. Several workforce development administrators noted that they had encountered some resistance from vendors when they requested ongoing tracking of job placements, wage rates, and job retention for individuals receiving vouchers. In response to the request, some vendors felt that their primary mission was to provide a high quality education, rather than to ensure job placement, and that tracking job placement information would be excessively burdensome. Other vendors, however, responded favorably to tracking participant outcomes and viewed job placement as an integral part of providing job training.

E.   Study Implications and Conclusions

Administrators and staff at the sites we contacted generally believe that their voucher or voucher-like systems meet WIA requirements for ITAs, but they could not be certain of this because final regulations had not be issued by DOL (at the time of the interviews). Some administrators felt they might have to make some minor changes in their systems to accommodate WIA -- particularly related to providing participants with additional information on vendor performance (i.e., report cards). All administrators were in agreement that DOL should not be overly prescriptive in WIA regulations, and that DOL should leave substantial flexibility and the details of how to operate ITA systems to the states and localities. A primary concern at this point was how strictly DOL would interpret ITAs and whether the ☐constrained choice☐ individual referral approaches currently in use in eight of the nine sites will fit within the regulations. All of the agencies urged that DOL continue to include participant assessment and joint decision-making between participants and JTPA staff on selection of a training program and vendor, with the workforce development agency retaining final decision-making authority to reject a participant☐s training choice. In general, the regulations permit the approaches used by the sites we visited.

Agency administrators -- with the exception of the representative from the Thumb Area Employment and Training Consortium which had instituted an ITA -- advocated against DOL mandating a ☐pure☐ voucher or ITA, under which a set amount of training funds were set aside in an account for an individual and then expended by that individual. The general sentiment was that such an approach -- without assessment, ongoing case management, and an ability on the

part of SDAs to reject inappropriate training choices on the part of participants -- would result in

at least some (and perhaps considerable) numbers of participants making poor training choices

and wasting resources. Some of the concerns and questions expressed by agency administrators

about ☐pure☐ vouchers or ITAs included the following:

☐ Why should a SDA be accountable for performance if they have little or no say in training selected by participants?

☐ Will participants select a vendor based on the effectiveness of the institution☐s marketing rather than on the basis of vendor performance and the suitability of the training to the individual☐s needs?

☐ If there is a surplus of individuals requesting ITAs in a locality, how will the SDA determine who will receive an ITA? What recourse will SDAs have if an ITA holder selects inappropriate training?

☐ How will the size of the ITA be established? Will the size be the same for each individual? Will the establishment of an account create a sense of entitlement to use all of the funds in the account regardless of whether the funds are needed by the individual for employment or reemployment? Will participants be able to combine programs or use leftover funds in their account for training or supplies?

☐ What time limits and geographical limits will apply to ITAs? For example, could a participant use their training funds in another state and how would this be tracked? How will SDAs handle ☐distance☐ learning under an ITA?

☐ What types of services (e.g., support services) will individuals be able to purchase with ITAs? Will SDAs be able to override what they consider to be poor choices or inappropriate types of services?

☐ Will certain types of training vendors -- especially community-based organizations (CBOs) -- not be able to compete under an ITA system?

☐ Will educational agencies cooperate with regard to providing performance data and will these data be sufficiently reliable to assist participants in making training and vendor selections? What happens if a SDA does not agree with the Governor☐s approved list (e.g., a statewide vendor is included on the list that has a poor record of performance in the locality)?

How will localities avoid having large amounts of obligated, but unused, funds sitting around in ITA accounts?

Agency administrators felt that as long as they were not mandated to establish a □pure□ voucher system and the regulations issued by DOL were not overly prescriptive, that they could make adjustments in their current individual referral system in a timely manner to meet WIA requirements. One major area in which most administrators agreed work was needed was in the design and development of automated data systems that provide participants with up-to-date, reliable, and readily accessible vendor-specific information on course offerings, costs, and performance. Developing such systems will require close linkages with government educational authorities at the state and local levels, as well as close and ongoing collaboration with vendors. Once developed, such systems would require a steady flow of performance data on vendor performance to ensure that participant and agency decisions on selection of training programs and providers are well-informed.

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APPENDIX A:

**DISCUSSION GUIDE USED IN
SITE VISITS AND TELEPHONE INTERVIEWS**

TRAINING VOUCHER DISCUSSION GUIDE

Types of Programs Using Voucher and Start-up

☐   When did the program start using vouchers?

☐   For which programs are vouchers used (e.g., Title II-A, III, WtW)?

Eligibility, Screening, and Number and Types of Individuals Receiving Vouchers

☐   What types of individuals are eligible to receive vouchers? Are vouchers open to all participants of the program? Is a screening criteria used to determine which eligible individuals actually receive vouchers? If yes, what is the screening criteria? Does the program targeted particular types of individuals to receive vouchers? What types of participants are most and least appropriate for vouchers? Are there some types of individuals who never receive vouchers?

☐   How are individuals selected to receive vouchers? What steps does an individual go through to obtain a voucher? Specifically, what kinds of client assessment does the program conduct before issuing a voucher?

☐   What number and percentage of individuals served by your program actually received vouchers during the past program year?

How the Voucher Works

☐   For what kinds of services can vouchers be used? Are vouchers limited to training or can they be used for other types of services (e.g., support services such as child care, transportation, etc.)?

☐   Where can the voucher be used? How much choice does the participant have in terms of ...selecting an institution? ...selecting a particular type of occupation or training? What does the agency do if an individual seems to be selecting training that is inappropriate (i.e., can and do they over rule the individual)?

☐   Can participants split vouchers among more than one training institution?

☐   For what time period are vouchers valid? Are they renewable?

☐   How is the dollar amount for the voucher determined? Is there a maximum dollar limit set on vouchers? If so, what is it and why was this dollar limit selected? What is the average amount actually expended on each voucher? What is the range of amounts spent?

Training Vendor and Performance Measurement

☐   How does payment to vendors actually work (e.g., if performance-based, what percentage of payment is held back until placement or retention)? Are the vouchers performance-based? If so, what does payment depend on (e.g., completion of training, job placement, job retention?

☐   How did vendors react to training vouchers? What effect did training vouchers have on the number of providers serving JTPA participants (i.e., did it increase/decrease the number of training vendors available to participants)? Were there certain types of vendors that were helped or hurt by the introduction of vouchers?

☐   Does the program maintain any types of automated data on the characteristics and performance of training vendors? If yes, is this system available to participants to assist in selection of a training vendor?

☐   What types of performance data is maintained on each training vendor (e.g., wages, percentage placed, follow-up at 13 weeks)? What data sources are used to collect performance data on placement and wages (e.g., UI wage records or survey)? If a survey is used, what proportion are surveyed and is there some minimum response rate? How is performance data verified?

☐   Is performance data obtained on all students at the training vendor or just JTPA participants? Is performance data reported separately for JTPA participants and other students or combined?

☐   Does the vendor input the data or does it give the data to the SDA?

Effects of Vouchers on Participants/Program

☐   How has the use of vouchers affected program costs? Placement rate? Wages at placement? Customer satisfaction? If appropriate, how do results compare to the regular Title II-A or Title III program?

☐   What are the major benefits of using training vouchers? What are the major drawbacks?

☐ When using training vouchers, has drop out (before training completion) been much of a problem? If so, why and what can be done? Is attrition more or less of a problem compared to before vouchers were initiated?

Application to WIA/Replication in Other Localities

☐ Do you feel that the voucher system you currently have in operation would qualify under WIA? If not, what changes do you feel are needed to meet WIA requirements?

☐ What type of advice would you have for other workforce development agencies contemplating use of a training voucher?

☐ Did your program encounter any particular problems when you first planned or implemented a voucher system? If so, what were the problems and what did you do to overcome the problems?

☐ What kind of guidance/regulations are you looking for from DOL with regard to using training vouchers? What kind of technical assistance are you looking to receive from DOL relating to using training vouchers?

Background on the Agency

☐ Name
☐ Type of Agency
☐ Types of Programs Operated
☐ Total Number of JTPA Participants Served in Most Recent Year
☐ Geographic Area Served

APPENDIX B:

PROJECT NARRATIVES

THE ANCHORAGE/MAT-SU (AK) SERVICE DELIVERY AREA
INDIVIDUAL REFERRAL SYSTEM

Current Status of the System:

The Anchorage/Mat-Su Service Delivery Area, which administers state and federal workforce development programs over a 25,000 mile area around Anchorage, AK, has used a voucher-like system (referred to as □individual referral□) since about 1990 to provide training under Title II-A, II-C, and III, as well as under a state-funded dislocated worker initiative (note: the agency does not administer Welfare-to-Work locally). All Title II and III participants are eligible to receive vouchers, though they are first carefully assessed to determine whether there is a need for training and, if so, to determine an appropriate type of training. An estimated 75 percent of JTPA participants involved in occupational training receive vouchers (about 700 participants annually). Participants involved in OJT and classroom-size training do not receive vouchers. Vouchers are also used for support services (such as for clothing, tools, and emergency dental services). Participants select from a directory of post-secondary schools in the Anchorage area. Vouchers may be used to purchase up to $5,500 in training over a two-year period.

How the System Works:

The SDA holds weekly recruitment meetings, which provide an overview of the program offerings. During this session, a 4-page application form is completed that enables the SDA to determine an individual□s eligibility for JTPA. After the application is processed, the applicant meets individually with a JTPA counselor (usually within one week of recruitment). At this meeting additional information is collected and the probable need for occupational skills training is identified. Clients who do not need training are directed into the work search/employment assistance services; those who do require training then proceed with testing and assessment and ongoing meetings with their assigned JTPA counselor to develop a specific plan of services. All participants are encouraged to explore career and training information available at a resource room at the SDA.

The JTPA counselor and participant discuss various career paths and reach a joint decision on whether the individual needs training. Training must be in a high-demand occupation. The SDA maintains a directory of post-secondary educational institutions, from which the participant (with guidance from the JTPA counselor) selects a training vendor. This listing of vendors includes those certified by the post-secondary education commission in Alaska and vendors whose courses are exempt from certification if the vendor has a published curriculum, fee schedule, refund policy, placement assistance, etc. This directory includes most training vendors located within the SDA. The range of choice in terms of vendors varies by

occupational area and the participant□s location. The SDA is very large in terms of square miles and, with the exception of Anchorage, mostly rural, so the number of training vendors is not what it might be in a large city.

Under this individual referral system, participant expenditures on training are limited to $5,500 (not including books and equipment). Training must be completed within a two-year period. Program policy requires that a client□s occupational skills training plan must be able to be completed and the client employable within two years of his/her JTPA enrollment. This policy is intended to keep the program focus on vocational training and discourage applicants who are looking for financial support for a four-year college degree program. The typical length of participation in JTPA programs is less than 12 months. The $5,500 cap is the same cap as that used in a state-sponsored student loan program. The SDA can waive this cap on training costs, but does so rarely.

The SDA requires individuals to apply for a Pell grant, and substantial numbers of Title II-A participants receive Pell grants. The SDA prefers to pay for tuition through JTPA and for other expenses (such as living expenses) to be covered under the Pell grant. The training authorization for an individual is made only a semester at a time and clearly identifies the items for which the SDA will pay. Participants must maintain at least a C average. After each semester (until training is completed), the participant returns to discuss progress with his/her JTPA counselor and receive a new training authorization. The average expenditure per student (on tuition) is between $2,000 and $3,000. Payment to the training vendors, which is not performance-based, is on the same terms (including refunds) as is the case with any other student attending the institution.

The SDA tracks performance of training institutions in-house by examining SPIR outcome data for each vendor. While performance data are not made available directly to participants, JTPA counselors keep performance of training vendors in mind when assisting participants in making training decisions.

General Impacts of the Voucher (on Outcomes, Costs, and Customer Satisfaction)

The system has been used over the past 8-9 years, so it is not really possible to compare outcomes and costs with a previous system. However, under the system, average cost per participant has remained stable and apparently unaffected by the individual referral system. One of the mechanisms credited with keeping costs stable is the $5,500 cap on total training cost per individual. Placement rates and other performance indicators do not appear to be affected one way or another by the system. Program performance has consistently exceeded standards, recently to such an extent that the SDA received state and federal recognition for outstanding performance.

Levels of customer and vendor satisfaction with the system are very high -- □customers

really like the choice -- they are not being sorted into classes and tracks☐ by the program. Dropping out of training programs has not been a problem. The individual referral system has afforded the widest possible customer choice in training vendors and kept bureaucracy to a minimum within the program.

The main drawback of the system is that the SDA has somewhat less leverage with regard to vendors than when it contracts for classroom size training. As a result, the SDA must carefully track and continue to provide assistance for participants while they are in training and following the conclusion of training to ensure that they find and retain jobs.

Other Comments on Voucher or Voucher-Like Systems:

☐ SDAs should not be fearful about their performance if a voucher-like system is implemented, so long as the SDA carefully plans the system. Under voucher or voucher-like systems it is important to continue to work closely with the participants and to make sure that one message is continually reinforced: employment, employment, and employment. JTPA counselors need to assess and closely monitor participants to identify individual who are not really interested in work. Vouchering can achieve high performance, but it requires line staff to be very proactive in managing their caseloads and following up with clients.

☐ In developing regulations for ITAs, DOL should leave substantial choice on how to implement voucher-like systems to local agencies. The Department should not focus on one approach and mandate it for everyone. From the standpoint of SDAs, it is probably most helpful to have fewer regulations and provide more technical assistance. However, if technical assistance is provided, make sure that it is not vague and goes into the mechanics of how best to operate ITAs.

☐ DOL should not hold SDAs accountable for performance under a pure voucher system in which participants are given a set amount of money in an account and can spend it any way they please on training. Such a system would essentially turn SDA staff into accountants/auditors.

☐ Grant expenditures are less reliable when a majority of funds are obligated client by client and it may be difficult in some years to meet minimum expenditure/obligation requirements. Creative grants management is a must.

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**THE SOUTH BAY PRIVATE INDUSTRY COUNCIL/
CITY OF INGLEWOOD (CA)
TRAINING VOUCHER SYSTEM AND I-TRAIN SYSTEM**

Current Status of the System:

The South Bay Private Industry Council, located in the City of Inglewood, administers state and federal workforce development programs (including JTPA Title II and Title III programs) in Los Angeles (including the Cities of El Segundo, Gardena, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Manhatten Beach, and Redondo Beach). The PIC uses a voucher-like system to purchase all training (other than customized training) for disadvantaged (under Title II) and dislocated workers (under Title III) served within the SDA. The PIC has used a voucher-like system to purchase training for the last decade.

JTPA participants select from among over 400 public and private for-profit schools and colleges in Southern California. Under a partnership of 17 SDAs in Southern California (stretching from Santa Barbara to San Diego), the South Bay PIC has taken the lead role in the development, implementation, and ongoing administration of an Internet-based □consumer report card□ on training providers throughout the Southern California region. The South Bay PIC received a grant from the State of California to develop this innovative training vendor information system. This automated system, known as the Inglewood Training Resources and Information Network (I-TRAIN), is a centralized procurement and data base system providing information on over 400 public and private for-profit schools and colleges, offering over 1,500 training courses. The system, available to the public via the Internet (at www.itrain.net), provides information about training courses and institutions (e.g., prerequisites, hours of training, costs, quarterly placement statistics, and more) to enhance decisions of customers on selection of training providers.

How the System Works:

JTPA participants are first assessed for their need for training and what types of training would be appropriate. JTPA counselors assist Title II or III eligible participants to complete a service plan which identifies training goals and specific types of training and support services required by the individual. Training options are limited to what have been determined by the PIC to be □demand occupations.□ With assistance from JTPA staff, the I-TRAIN system is used to identify and select an appropriate training program. Because the I-TRAIN list is so extensive (including over 400 vendors in Southern California), nearly all customers (estimated at 99 percent) select from among the I-TRAIN list of approved vendors. It is possible for a customer to select a provider from outside of the I-TRAIN list, but this requires additional steps to secure agency approval for the training vendor.

The I-TRAIN system enables the participant to flexibly search and locate potential training vendors by type of training, city, or location. The system includes up-to-date information about prerequisites, courses, hours of instruction, and performance (e.g., job placement and wage rates). There are also links to other related Internet sites, such as information about other social services and job openings. To ensure up-to-date and accurate information on each training vendor, the system permits vendors to make changes in the data about their facility, though changes are monitored by the PIC to ensure that valid performance information is provided by vendors.

The participant□s selection of a vendor is reviewed and approved by the JTPA program. The program may overrule the participant□s training selection; however, because of the extensive network of qualified vendors and joint decision-making between customers and JTPA staff, there is rarely the need to reject a selection made by the participant. Once agreement has been reached on the training vendor and specific course work to be undertaken, a JTPA counselor completes a three-part Customer Referral to Classroom Training form (see attachment for a copy).

The customer takes the voucher to the school/vendor, which completes the form and faxes it back to the South Bay PIC. The completed voucher enables the South Bay PIC fiscal staff to obligate necessary funds to cover the cost of training. This form identifies all of the cost items for which the Title II or III program will reimburse the training vendor during a particular term (i.e., quarter or semester). The form provides an outline of the coursework to be taken, start and end date for training, and costs for the current term or semester (i.e., cost of tuition/fees, books, supplies, and other items). This voucher is valid only during the specific semester (or quarter) at the training vendor for the specific items identified on the voucher. For training sequences that last more than one term, prior to the start of each new term, the participant meets with his/her JTPA case manager to complete a new voucher for the upcoming term.

Throughout the year, the South Bay PIC accepts application by training vendors located in Southern California to become an approved training vendor and be part of the I-TRAIN directory. The application to become an approved vendor is extensive (about 40 pages), including many open-ended questions about the training institution and data on the specific occupational training that will be provided for JTPA participants (e.g., hours of training and costs). The workforce board examines the qualifications of each vendor, including cost and performance. For example, price per participant and/or price per training hour should not exceed the market determined average by more than 15 percent; and training related placement rates must meet or exceed 70 percent. The institution must provide training in a demand occupation and have a commercially available, off-the-shelf training product provided for the public. After the application is reviewed, South Bay PIC staff (with the help of an industry expert) conduct a site visit to the applying institution. Following the site visit, a final determination is made by the South Bay PIC to include or not include the training vendor on the approved provider list. The application process generates extensive information about the training institution -- including performance data -- some of which is incorporated into the I-TRAIN automated data system.

Under the voucher system, there is no specific cap on a voucher or overall cost of training for a specific individual. However, costs of training are carefully examined as part of the qualification of each training vendor for the I-TRAIN system. Cost of training can range from several hundred dollars to $32,000. Training must be completed within 18 months. The average cost of training per individual is in the range of $5,500 - $6,500 for Title III participants and $3,800 - $4,500 for Title II participants. Participants receive a new voucher for each semester/term, so they are likely to receive several voucher in the course of completing training.

Payment to vendors varies according to the type of institution. Payment to community colleges is generally made up front (around the time of registration), in accordance with the community college□s general policy for all students. Payment to other training institutions is generally broken into two or three payments -- for example, one payment when the participant is half way through training and one at the conclusion of training. The training institution submits a voucher (see attachment) to receive payment from the PIC.

General Impacts of the Voucher (on Outcomes, Costs, and Customer Satisfaction)

Workforce development staff were unsure about impacts of the voucher on outcomes or costs -- though they have not observe major changes in outcomes or costs resulting from the voucher. Vendor and customer satisfaction levels with regard to vouchers have generally been high. It was anticipated that the current system would meet WIA requirements, but agency staff could not be certain.

Other Views on Voucher or Voucher-Like Systems:

□ The PIC was able to develop the I-TRAIN system in part because it already had a manual system which collected information about training vendors. Collaboration with other Southern California SDAs on I-TRAIN grew out of a collaborative response to downsizing in the aerospace industry. The I-TRAIN system is viewed as a critical element in providing information so that consumers can make an informed choice in their selection of a training provider under a voucher system.

□ The development of the I-TRAIN system is an ongoing process -- one in which the screens are frequently changing. In addition, the system has been developed so that individual training vendors can regularly update information about their training program and outcomes.

□ The program has developed both an Internet version (available to the public) and Intranet version (available to JTPA staff only) of the I-TRAIN system. The system for staff has more detailed information about vendor performance.

Despite extensive information about each vendor through I-TRAIN, agency staff indicated that objective assessment and continuing case management were important components of a voucher system. The selection of a training program and vendor is still a collaborative one involving the customer and a case manager.

 The South Bay PIC was interested in marketing the I-TRAIN system to other PICs in the country.

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**THE SOLANO COUNTY (CA) PRIVATE INDUSTRY COUNCIL
INDIVIDUAL REFERRAL SKILLS TRAINING SYSTEM**

Current Status of the System:

The county of Solano, located about one hour from San Francisco, is primarily rural (with several small cities and towns). The Solano County PIC replaced an in-house training system -- under which the PIC operated its own training institute which provided a limited range of training programs -- with an individual referral system in 1994. All training under the Title II-A, Title III, and Welfare-to-Work programs is purchased under the individual referral system. JTPA participants select from a directory of eligible service providers within and outside the county. The workforce development agency establishes a master contract agreement with each training institution which establishes types of training that can be provided by the institution under individual referrals, as well as a pre-established cost schedule for tuition and other related costs.

How the System Works:

JTPA participants are first assessed to determine whether there is a need for training and, if so, to determine an appropriate type of training. Using test results (e.g., from aptitude and interest inventory tests conducted during objective assessment) agency staff assist eligible individuals to complete a service plan tailored to the individual needs of the participant. This plan identifies training goals and specific types of training and support services required by the individual. Training identified in the plan must be in what have been determined by the PIC to be □high demand□ occupations (i.e., occupations which are in demand in the local economy). Participants are expected to review labor market information (available through the PIC) and visit training institutions before making the selection of a particular vendor and type of training. JTPA staff assist participants with interpretation of labor market information and information about various training institutions. JTPA staff bring a secondary level of knowledge about schools and provide input into the participant□s decision on a particular school. Generally, case managers go along with the participant□s decision, though the agency retains final decision-making authority to reject a training choice.

The Solano PIC has negotiated master contracts with training providers located in the county and in nearby counties. Training vendors submit background information about types of occupational training programs they plan to provide to JTPA participants, including information about the curriculum, class size, course prerequisites, estimated average wage at placement, and costs. This information is analyzed by the PIC. Training institutions are selected by the PIC to provide specific types of training and this is limited to training in high demand occupation. The PIC considers the quality of the training program, appropriateness of costs, and strength of past performance in selecting individual referral training providers. A master contract is then

negotiated with each selected training institution which stipulates the types of training to be provided, conditions for referral of students, costs of training, and payment provisions. A summary training program description is developed on each eligible training program provided by a vendor (see attachment for an example of the types of information provided on this summary). These program descriptions have been compiled into a directory, which is available for use by JTPA staff and customers in selection of particular training vendors. The Solano PIC plans to make these descriptions available over the Internet for customers and to expand data available on the performance of each vendor.

Once agreement has been reached on the training vendor and specific coursework to be undertaken, a JTPA staff member completes an Individual Referral Participant Agreement form (Attachment A includes a copy of this form). The form stipulates the name of the training program, total hours and weeks of training, start and end date for training, costs for the current term or semester (i.e., cost of tuition/fees, books, supplies, and other items), and total reimbursable amount to the vendor by JTPA.

Under this system, there is no specific cap on a voucher or overall cost of training for a specific individual. The agency had some concerns about establishing a specific cap because of fears that some individuals would think that they were entitled to the full amount under such a cap. Costs of training are carefully examined as part of the qualification of each training vendor. The average cost of training per participant is about $4,500. Payment to vendors is typically on a monthly basis and depends on attendance and satisfactory progress on the part of participants. The PIC has developed an annual report available to JTPA staff that summarizes services available through the training institution and provides up-to-date information on job placement history of this institution (see attachment for an example of this report).

General Impacts of the Voucher (on Outcomes, Costs, and Customer Satisfaction)

Workforce development staff was unsure about impacts of the voucher on outcomes or costs -- though they did not observe major changes in outcomes or costs resulting from the voucher system. The individual referral system has provided a much wider choice of vendors than the former system -- which was limited to training provided through the PIC□s in-house training institute. Vendors have generally been pleased with the individual referral system because (compared to the previous system where JTPA provided in-house training), the new system has opened up the JTPA system to vendors. The PIC has struggled to bring in some of the public institutions (such as community colleges) because of requirements to maintain attendance on JTPA participants and other administrative requirements. Gradually public institutions have been coming around to the requirements of the program. The only real complaint from vendors is that they would like to receive more referrals of participants than they currently are receiving. Customers have generally been positive about the individual referral system and the range of choices that the system provides in selecting a vendor.

Other Comments on Voucher or Voucher-Like Systems:

☐ Agency administrators viewed the system as a modified voucher --- we don't just give someone $6,000 and say you're on your own...our system involves a joint effort by participants and case managers.

☐ Under the voucher system, it might be necessary to watch that not too cozy of a relationship develops between JTPA counselors (involved in referring participants) and training vendors.

☐ Agency staff felt that both Title II-A and III participants needed counseling services and provided the same level of guidance for both Title II-A and III participants. Compared to Title II-A participants, Title III participants were generally considered to be more knowledgeable about the labor market and better able to plow through labor market information. However, they were found to be somewhat more demanding and sometimes less willing to listen to agency staff.

☐ Agency staff felt that DOL needed to clarify how much of a true voucher was planned -- for example, could such a voucher be used in any locality or state in the country? What would the cap be? To what extent could consumer choice be guided? Who will be responsible for collecting performance data on training vendors (i.e., states or localities)? Agency staff indicated that the selection of a training provider should continue to be the result of a mutual decision-making process involving both the participant and the case manager.

☐ Under a voucher system, training vendors are provided with no commitment of a specific number of referrals. This could be a problem for certain providers (such as CBOs) that have grown accustomed to a receiving a certain number of referrals each term. This could put some traditional training vendors at risk.

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THE ARAPAHO-DOUGLAS (CO) WORKS
TRAINING AUTHORIZATION SYSTEM

Current Status of the System:

Arapaho-Douglas Works, which administers JTPA, Welfare-to-Work, and other workforce development programs in Arapaho and Douglas (CO) Counties, has used a voucher-like system -- referred to as individual referral training authorizations -- to purchase training from approved vendors in the Denver metropolitan area. The system generates a training authorization form or voucher, which is much like a purchase order, that participants use to purchase training, child care, and other support services. All training (except OJT) under the Title II-A, Title III, Title II-C, Welfare-to-Work, and older workers programs is purchased through this system. Each individual is assessed to determine if training is needed and, if so, to determine an appropriate type of training. With assistance from a JTPA counselor, participants select from over 75 approved training vendors in the Denver area and may use vouchers to purchase up to $2,500 of training over a two-year period.

How the System Works:

Under the Title III program, all dislocated workers complete a training application packet, in which they are required to explore possible career paths, labor market information, and types of training that might be needed. Under Title II-A, participants work with a JTPA counselor on the development of a training plan, which maps out career goals and identifies types of appropriate training. Under both Title II and III programs, if training is appropriate, the JTPA counselor discusses possible training options, and the counselor and participant reach a joint decision on a specific type of vocational training and a particular vendor. Training must be in what is considered (based on labor market information) a demand occupation and must be provided by an approved vendor. The agency maintains a list of approved training vendors (and has done so for about the past five years). If a participant is interested in using a training vendor that is not currently on the list, he or she may request that the vendor be added. The process of adding new vendor is straightforward and streamlined, so new vendors can be added quickly to accommodate requests by participants. Vendors can also request to be added to the approved vendor list at any time. New vendors provide the SDA with background information on their training facility, training courses available, costs, and past performance. In bringing new vendors onto the list, the SDA reviews course offerings, the job placement rate, the training-related placement rate, the retention rate, and the cost. Generally, the SDA requires a placement and retention rate of at least 80 percent over the prior two years.

Participants have considerable freedom in selecting a particular vendor from the approved list-- though the final decision on a vendor is a joint one between the JTPA counselor and the

individual. JTPA counselors provide information to help with the final selection of a vendor, including information on the vendor performance. Among the factors that typically affect which vendor is selected are location, vendor past performance, and cost. Once the participant and JTPA counselor have mutually agreed upon a training vendor, a training authorization form is completed. This form -- much like a purchase order -- is presented by the participant at registration to the financial aid office. The training vendor simply returns this authorization form to the SDA once the individual is enrolled in the requested classes to initiate payment for the student.

There is a $2,500 limit on tuition assistance under the program. Participants may enter training above this limit, but must pay costs above this amount. The JTPA program checks with each training facility to see if the individual is eligible to receive a Pell grant. The training authorization, which is valid for up to six months, is for specific courses, at a specific training institution, for a specific term. If training lasts beyond a particular term, the participant must go back to the JTPA counselor to receive a training authorization (and discuss progress) for the next term. Participants must complete training within two years. There is no prohibition against attending more than one training institution (i.e., splitting vouchers among institutions), but this has not happened.

Payment terms to the vendor and refund policies are on the same terms as any private paying individual at the training institution. Payment is not performance-based under the system (though on a very limited basis, the SDA has paid vendors based on performance for training in high risk occupations). JTPA counselors initiate a refund according to the standard policies of the training institution if an individual drops out of training. From the standpoint of both the SDA and the vendors, the system is very straightforward and efficient to administer.

The SDA regularly monitors the performance of vendors by sorting JTPA outcome data (from the SPIR system) for each vendor. Placement, retention, and wage data are calculated for each training vendor and these data are made available to JTPA counselors to assist participants in their selection of a training vendor. The SDA is planning to develop an automated system in the near future that will enable JTPA counselors and participants to review performance of vendors via the Internet.

General Impacts of the Voucher (on Outcomes, Costs, and Customer Satisfaction)

Program administrators indicate that under the system they have been able to maintain high job placement and retention rates. The system was implemented nearly a decade ago so it is not possible to compare outcomes under the system with a prior period. However, the SDA has been able to meet and exceed its performance standards under the system. The SDA has been able to simplify administration and cut administrative cost under the system because it does not have to procure training slots and services through a RFP system. Customers and vendors are both very positive about the system. From the customers□ standpoint, there is substantial choice

in selection of training programs and vendors, and they only need to take a single form to registration to initiate training.

Other Comments on Voucher or Voucher-Like Systems:

☐ Program administrators felt their current training authorization system would qualify under WIA without changes. The one area in which some work might be needed is the consumer report card -- but the agency has been conducting some recent planning in this area.

☐ Program administrators advised that SDAs ☐keep it simple☐ for both participants and vendors. It is particularly important to be able to add new vendors quickly and in response to requests by participants. Workforce development agencies need to train vendors on how the new system operates -- for example, so that vendors recognize and accept training authorization forms or vouchers when they are submitted by participants during registration.

☐ Under a voucher system, it is important to assess the training needs of each customer and to have a JTPA counselor work closely with the participant on the selection of both a course of study and a particular vendor. The program needs to maintain authority to reject poor training choices.

☐ The program discourages individuals from taking out loans to pay for training above the $2,500 limit. The program does not want individuals to emerge from training with large loans that need to be repaid.

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THE BREVARD COUNTY (FL) WORKFORCE
DEVELOPMENT BOARD TRAINING VOUCHER SYSTEM

Current Status of the System:

Brevard County (FL) Workforce Development Board has used a voucher system since 1995 to provide training for disadvantaged (under Title II) and dislocated workers (under Title III) at area training vendors. The voucher system will also be used to purchase vendor training for Welfare-to-Work (WtW) participants in the coming months. All Title II-A and III participants are eligible to receive vouchers, though they are first carefully assessed to determine whether training is necessary and, if so, what type of training is needed. If JTPA training is appropriate, participants select from among nine approved training vendors (offering over 60 occupational training programs). The workforce development agency qualifies training vendors through a competitive procurement process twice a year.

How the System Works:

Prior to receiving a voucher to pay for tuition, books, and other training related costs (including registration fee and supplies), each JTPA-eligible participant is assessed to determine whether training is needed for employment or re-employment. As part of their early involvement in the program, participants are involved in career exploration and are tested for their aptitude and interests. If training is appropriate, it must be in what have been determined by the workforce development board to be □high demand□ occupations (i.e., occupations which are in demand in the local economy). Based on labor market information collected by the state and locally, the workforce development board determines high demand occupations (usually about 30 to 50 occupations each year).

Once approved for training, a Title II or III participant is provided with a listing of □qualified□ training vendors in Brevard County. Twice a year, the Brevard County Workforce Development Board issues a request for all training vendors in the county to submit their qualifications to become a qualified vendor. The workforce board examines the qualifications of each vendor, including types of training provided, past performance, and cost of training and makes a final determination of vendors to be included on the list. As of December 1998, a total of nine training vendors were on the approved list, offering over 60 approved training programs in high demand occupations (see attachment for listing). A notebook is available for case managers and customers of the career centers, which details characteristics of each approved training facility. This notebook includes a one-page summary of key attributes of each approved occupational training program, including admission criteria, projected wage levels and job placement information, financial aid, basic program information (e.g., weeks of class, hours per week, when classes start and end), and fee schedule (see attachment for an example of a

summary on one provider). The notebook also includes more detailed information about the program, such as brochures on the training institution, narrative about the training program, and JTPA job placement data. This notebook is viewed as the first step toward creating a consumer report card on each training facility. The agency plans to refine the information available within this notebook to meet new requirements under WIA and eventually provide performance information in an automated form available to customers over the Internet.

JTPA participants may select from among any of the vendors on the list which provide the specific type of occupational training which have been identified in their individual service plans. The extent of choice varies by type of training -- though for most of the 60 occupations on the current list of nine approved vendors, there is just one provider. Participants may select training vendors that do not appear on the qualified list, but must go through additional steps in the approval process (e.g., to determine appropriate cost of training). In anticipation of WIA, the workforce development board expects to expand the number of qualified vendors and choices available to participants.

The participant's selection of a vendor is reviewed and approved by a career center counselor. The workforce development agency retains authority to overrule the training selection made by the participant and views this ability to overrule inappropriate training as a critical element of a voucher system (what is the point of having a workforce development board if it cannot direct investments in training...customers can choose and make bad decisions, but we shouldn't have to pay for them...). However, because of the existing list of qualified vendors, an in-depth assessment process, and ongoing case management, there is rarely a need for agency staff to reject the selection made by the participant.

Once mutual agreement has been reached on the training vendor and specific course work to be undertaken, a career center counselor completes a Training Voucher (see attachment for a copy of the form). This form identifies all of the cost items for which the Title II or III program will reimburse the training vendor during a particular term (i.e., quarter or semester).   The form provides an outline of the coursework to be taken (along with credit hours), start and end date for training, costs for the current term or semester (i.e., cost of tuition/fees, books, supplies, and other items), and whether a Pell Grant has been applied for. This voucher for training is valid only during the specific semester (or quarter) at the specified training vendor for the specific items identified on the voucher. Prior to the start of each new semester (or quarter), the participant meets with his/her JTPA case manager at a career center to complete a new voucher for the upcoming term.

Under the voucher system, there is no specific cap on a voucher or overall cost of training for a specific individual. However, costs of training are carefully examined as part of the qualification of each training vendor. None of the approved training programs exceeded $7,000 at the nine currently qualified vendors. The average cost of training per individual is $2,800, with costs ranging from several hundred dollars to about $7,000.   Participants receive a new

voucher for each semester term, so they are likely to receive several vouchers in the course of completing training. While the workforce development agency is considering expanding the scope of services that the voucher can be used for, the only other non-training related support service that the voucher is currently used for is to initiate child care at an approved child care center in the county.

While participant and vendor performance is carefully monitored by the workforce development agency, payment to training vendors is not performance-based (i.e., tied to job placement). The workforce development agency considers the voucher as purchase of □off the shelf□ training -- hence, payment is on the same terms with the institution as would be the case as with any other student enrolled in the institution. Training institutions return a copy of the voucher to the workforce development agency, which is used to initiate payment to the vendor. The workforce development agency keeps careful track of performance of each training vendor and can at anytime remove the vendor from the approved list of training providers.

JTPA counselors check the progress of participants in training at least monthly and provide other types of assistance, as needed (e.g., job placement and referral, resume preparation, job club, counseling, and referral to other types of assistance). The workforce development agency staff feel that ongoing monitoring and support are essential for maintaining a high level of performance under a voucher system.

General Impacts of the Voucher (on Outcomes, Costs, and Customer Satisfaction)

Workforce development staff was unsure about impacts of the voucher on outcomes or costs -- though they did not observe major changes in outcomes or costs resulting from the voucher. Dropout before completion of training is unchanged from before introduction of the voucher. Customer satisfaction levels have generally increased in recent years for the agency, but agency managers were unsure whether the voucher had any real effect on improved levels of satisfaction. The agency has not received customer complaints and customers seem to appreciate the choice they have in selection of training providers. The voucher system did not significantly change the number or types of JTPA training vendors available to participants -- though the workforce development agency plans to expand the number of qualified vendors in the future (particularly under WIA).   Overall, agency managers could not identify any specific drawbacks to vouchering training -- customer choice and flexibility were seen as major benefits of a voucher system.

Other Comments on Voucher or Voucher-Like Systems:

□   Agency staff stressed the importance of careful monitoring of participant progress and troubleshooting problems as they arise -- both by the workforce development agency and the training institution staff. JTPA counselors should initiate contact with participants

involved in training at least monthly.

☐ While it is important that individual customers have choice under a voucher system, it is also essential that local workforce development boards retain authority to invest funds in training that□s consistent with local labor market conditions and appropriate for the individual. If, for example, the individual insists on entering a training program which has a 23 percent job placement rate, it is vital for the workforce development board to retain the ability to override the customer□s choice (□Workforce development boards need to guide participants because they are still responsible for job placement...DOL needs to clarify the role of workforce development boards under a voucher system and we hope it is not a strict voucher...you can have customer choice, but workforce boards can choose not to fund inappropriate choices...□).

☐ Under a voucher system, a well-developed vendor □report card□ is needed to facilitate informed customer choice.   It is important to monitor vendor performance, hold vendors accountable, and provide participants with information about vendor performance. The agency would like to include some type of □price/earnings□ ratio in its report card on vendors, that would compare cost of training to average annual wages paid to those completing training.

☐ Under WIA, there is some concern that the state will provide localities with listings of approved vendors that might include state or nationwide training vendors which have poorly performing facilities within a specific locality. More clarification is needed on how vendors will be approved to provide training under a voucher system.

☐ Because of the increasing use of distance learning (coursework completed without actually physically attending a classroom), it will be important for workforce development agencies to take into consideration this type of learning in designing voucher systems. This will particularly affect types of institutions approved to provide training.

☐ The agency initially experimented with a voucher that covered the full cost and period of training, but found that it was better to voucher by the term or semester. The agency would make payment to the institution for the full cost of training, but found that participants often changed their training plans midstream -- which would necessitate a refund by the training institution. This became administratively burdensome, so the agency changed to a voucher that was limited to expenses for only the current term or semester. Under such a system, the agency noted that it is important to keep track of obligations for the entire course of training for each individual to make certain that training dollars do not run out in a given year and strand an individual in the middle of his/her training.

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**VOUCHER-LIKE SYSTEM USED IN CITY OF
BOSTON□S JTPA TITLE II-A AND III PROGRAMS**

Current Status of the System:

The Title III program in the City of Boston has used a voucher-like system (referred to as □individual referral□) since 1992 to provide training for dislocated workers at area training vendors. The system is a □guided choice□ model, in which the Title III program staff carefully screens individuals for the whether training is necessary for reemployment, provides a list of approved training providers from which Title III customers can choose, and reviews (with the authority to approve or reject) the customer□s selection of a training provider. During the past two years, the Title II-A program has introduced this voucher-like system on a trial basis for its caseload. During the current program year, the Title II-A program has allocated about $150,000 of funds to serve customers through vouchers; the remainder of training under the Title II-A program is provided under contract through mostly classroom size training. While JTPA program managers felt their voucher-like system would likely meet WIA requirements for ITAs (with perhaps minor adjustments), they were not certain. Below, a more detailed description of the Title III voucher-like system is provided.

How the System Works:

The City of Boston has established (through a competitive procurement) three career centers, which provide a wide array of employment, training, and support services. Dislocated workers can go to any of the three centers to obtain basic readjustment services under the Title III program. When an individual first enters one of the career centers, staff determine his or her eligibility to receive Title III services. Prior to receiving a voucher to pay for tuition, books, and other training related costs, each Title III customer is carefully assessed to determine whether training is necessary for reemployment. During the assessment process, career center staff assist eligible Title III customers to complete a Documentation of Need for Training Form. This form documents: (1) barriers to reemployment, (2) new employment goal, (3) transferable skills, and (4) the gap between the customers□s current skills and the skills required by the job. Before receiving authorization to enter training, Title III customers must demonstrate they face barriers to reemployment and require education or training needs before reemployment is possible. About half of the Title III eligible customers are screened out through this initial assessment process as not appropriate for training.

Once approved for training, a Title III customer is responsible for identifying, investigating, and selecting a training provider. Each customer is provided with a listing of qualified training vendors in the Boston area (referred to the □the Statewide Approved Training

Vendor List□ or simply the □RFQ list□). Customers may select training vendors not on the RFQ list, but need to provide additional documentation of why the vendor was selected. Customers are encouraged to investigate programs provided by three different training vendors, which usually includes a visit to each school (including a tour of the facilities), an appointment with the admissions office to gather program information, and, where possible, individual assessment by the training vendor of skills needed for program entry. The extent of vendor choice varies by type of training -- training for some occupations may be limited to one or two vendors in the Boston area, while in other occupations there may be five or more training vendors available. With the assistance of career center staff, each customer completes a Vendor Selection Sheet. This form is submitted to the Title III program manager for final approval. Because of the careful screening earlier in the process and the ongoing counseling provided by career center staff, only about 5 to 10 percent of the training vendor selections are rejected by the Title III program manager.

Under the Title III program, customers with a four-year college degree are eligible for a voucher up to $2,000 for Title III training services, with specific exceptions for individuals whose college degree is unrecognized (e.g., some foreign degrees) and those who have multiple barriers to employment (e.g., some mature workers). Customers with less than a four-year college degree are eligible for up to $5,000 for Title III training services. Customers with literacy, remedial education, GED, or ESL needs are eligible for up to an additional $2,000 for Title III training services.

The training □vouchers□ (referred to as □individual referral□ by program managers) can only be used at the training facility selected by the customer and agreed to by the Title III program. The voucher identifies each item to be paid by the Title III program to the training vendor (e.g., tuition, registration fee, books, uniforms, equipment, etc.). Vouchers may specify receipt of training from more than one training institution, but this is rarely the case. The voucher is only valid for the specific term or semester (and specific courses) for which it is issued. Payment to the vendor is not performance-based. Early withdrawal of the customer from training may result in reduced payment by the Title III program to the vendor. The Title III program monitors the progress of customers in training and provides other basic readjustment assistance (e.g., job placement and referral, resume preparation, job club, counseling, and referral to other types of assistance).

General Impacts of the Voucher (on Outcomes, Costs, and Customer Satisfaction)

Title III managers indicate costs and outcomes (e.g., job placement, wage rates, and job retention) are about the same as before the voucher-like system was initiated. In their customer satisfaction surveys, customers have indicated generally strong approval and high levels of satisfaction for the voucher-like system (particularly for the choice they are given in selecting a vendor). One measure of the popularity of the system, is that it was necessary to limit the program to residents of Boston and individuals affected by layoffs in Boston because of strong

demand for training vouchers in outlying areas of Boston.

Other Comments on Voucher or Voucher-Like Systems:

☐   According to the program managers, the use of vouchers is likely to increase the need for greater information about vendor performance. One program manager indicated that with an unrestricted voucher a Title III program would need to keep a careful eye on the quality of training and outcomes (i.e., you would really need to talk regularly with customers and vendors). The institution of a performance-based system to encourage high levels of performance on the part of vendors may also encourage creaming on the part of vendors.

☐   The Title III program manager viewed unrestricted vouchers -- without screening and assessment, case management, and careful review of the appropriateness of the training and vendor selection -- as a little ☐scary.☐ An unrestricted voucher would be like handing out checks to customers. There would not be enough of a supportive structure. Some customers would make bad choices -- and when you are laid off you only get one shot at training, so there is not a lot of room to make mistakes in selecting a vendor.

☐   Customers might be influenced by training vendors that are the best at marketing rather than those institutions that provide the best training. The vendor that takes out the largest advertisement in the local paper might be the most successful in attracting Title III customers.

☐   It is possible under a voucher system that the costs of training could actually increase because training vendors do not offer volume discounts as they did when the JTPA program contracted with vendors for class-size training.

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THUMB AREA (MI) EMPLOYMENT AND
TRAINING CONSORTIUM TOOL CHEST

Current Status of the System:

The Thumb Area Employment and Training Consortium, serving a mostly rural area on the banks of Lake Huron in eastern Michigan, introduced the Thumb Area Tool Chest in 1996. The tool chest represents a radical change from the past in how employment, training, and support services are purchased by the SDA and is significantly different from most other voucher system in the country. All individuals served by the SDA -- including those served under the Title II-A, Title III, displaced homemakers, older workers, Michigan Work First, and Welfare-to-Work programs -- are eligible to open a tool chest. The tool chest -- which varies in amount depending on the funding sources for which an individual is eligible -- is essentially a checking account against which the participant can spend down resources to purchase education, training, and a wide range of support services. Participants receive a set of vouchers (which are like checks), which they spend under the guidance and supervision of a SDA case manager. Vouchers may be used at virtually any public or private school in the local area, as well as at a wide range of retail stores (e.g., for work clothes). An overall limit on each account is determined for each participant based on eligibility for various programs run by the SDA -- so it can vary substantially by individual. The tool chest must generally be spent within one year. The system is fully operational and is used for all individuals (except for some youth) served by the SDA.

How the System Works:

All individuals coming to the SDA for services -- including those seeking services under the Title II-A, Title III, displaced homemakers, older workers, Michigan Work First, and Welfare-to-Work programs -- complete an universal application. This universal application is used to determine eligibility of individuals across all of the funding sources administered by the SDA. If an individual is eligible for multiple programs, he or she is co-enrolled in as many of the programs as he or she is eligible. An individual account -- called a tool chest -- is set up for each individual who is eligible for one or more of the programs administered by the SDA. At the start of each program year, the SDA establishes a set dollar amount per person for each program that it administers based on its annual allocation for the program. For example, under the Title II-A program, the projected tool chest amount for a Title II-A participant is $1,500, based on total Title II-A training grant funds to the SDA of $600,000 and an estimate that 400 individuals would be served under the Title II-A program during the grant year. Similar calculations are made for each program. The amount set aside in the tool chest for each individual depends on the number of programs for which he or she is eligible, so, for example, if the per person allocation is $1,500 under JTPA Title II-A and $2,000 under WtW, then an individual eligible for both of these programs would start out with a tool chest of $3,500. The attachment provides

actual award projections under each of the funding sources covered by the tool chest, as well as some additional background information on the tool chest and available service providers. The range of amounts set aside for individuals in their tool chests range from about $840 to $4,500. The overriding philosophy of the SDA (and its board) is to provide primarily short-term training through JTPA -- if individuals are looking for longer term training they should secure Pell Grants and perhaps student loans.

In their early stages of involvement with the SDA, all participants go through an assessment process -- to determine interests, aptitudes, employment goals, and an appropriate service plan -- and are assigned a case manager. While the system is designed to empower participants in the decision process about the types of services purchased and where they are purchased, participants must obtain the signature (and approval) of their case manager before each expenditure is made out of their account. This is a very important element of the system, because it provides the SDA the opportunity to reject poor or inappropriate decisions and also to provide guidance helpful to each participant□s decision. For example, case managers can provide input on the track records of particular providers identified by participants (e.g., likelihood of placement, wage rates, etc.). As long as the service is allowable under one of the programs for which the individual is eligible, does not exceed the amount in the account, and has the approval of the case manager, then the individual can purchase the service. This includes purchase of a wide range of support services to enhance the employability of an individual, as long as the case manager signs off on the purchase -- for example, if the individual is missing a front tooth and this is a serious barrier to obtaining a job, he could use a portion of his tool chest to pay for a new tooth and dental expenses. Within the constraint of obtaining prior authorization from the case manager for each purchase, the participant has wide latitude in determining how his/her account will be expended.   With each purchase, the amount in the individual□s tool chest decreases. All expenditures must be made within a year -- though in some cases the period is extended.

Under the tool chest system, the SDA has been able to eliminate its RFP process. Not having to procure services through an RFP process has simplified program administration and also substantially expanded customer choice. Customers now do the shopping for services, with purchases made the same as any other individual would spend their own money (except that the participant needs to obtain a co-signature on the voucher by the case manager). Basically, the system is open to virtually all vendors with the exception of a few who have □burned□ the program in the past. Case managers play an important role in guiding participants toward better performing training vendors. The SDA maintains a list of education and training vendors, which includes some information about their performance.

All purchase of training are made at □off the shelf□ prices normally paid by the public, with the same terms for refund and payment as would be the case for the public. If, for example, an individual was to go to a local store to purchase work clothes, he or she would show the voucher to the sales person and ask them to set aside the items. The participant would then go

back to the case manager to obtain a signature for the voucher and the case manager would arrange with the store the payment for the goods. Participants are called upon to make their own decisions about how they can best spend their funds. When the account is used up, participants cannot purchase additional services (unless the SDA provides a waiver that provides additional funds for their account). Participants may use the funds incrementally in their account -- for example, they might use several hundred dollars early on for work clothes and equipment, find a job, work for several months, and then find that they need to use the funds still available within their tool chest to purchase training to upgrade their computer skills.

One of the issues that confronts the SDA is the recycling of unused funds in training accounts. This can be a problem, but the SDA has been fairly successful at recycling unused funds from accounts. First, there is a one-year time limit on the use of funds in each account. Second, case managers keep track of the way in which participants are using funds and identify individuals who drop from the their program or are not going to use the full amount of their accounts. The recycling of funds is something that the SDA had to learn as it went along.

General Impacts of the Voucher (on Outcomes, Costs, and Customer Satisfaction)

Outcomes do not seem to have changed much in response to the system. A program administrator pointed out during the past year that for the first time in a number of years the SDA had exceeded all of its JTPA performance standards (where before they might miss on one or two measures). Administrators noted that they really tried to de-emphasize the importance of outcomes within the system. They noted that one of the strengths of the tool chest is the empowerment and responsibility it generates on the part of participants. Because participants have a strong say in the selection of training and vendors, participants seem more committed and less likely to drop out of training programs. According to administrators, customers just love it. In addition, the training accounts -- and their flexibility -- tend to make everyone in the system think creatively about how the funds in the accounts can be most effectively spent.

The tool chest has expanded the range and number of vendors that can provide services. Expenditures are more dispersed than before -- so some vendors have lost some volume. There is no longer a need to procure services through an RFP process. Most vendors seem to like the system.

Other Comments on Voucher or Voucher-Like Systems:

 One of the advantages of pooling resources across programs is that you do not have to promote various programs to different groups. One of the keys to running the tool chest system is to get individuals enrolled in as many programs as they are eligible -- this increases resources available within accounts.

- Recycling resources and people within a voucher system becomes an important consideration. Administrators need to carefully monitor unused funds in accounts and recycle them if they are not going to be used so that training funds do not go unspent.

- The main advice to other localities thinking about a voucher system is not to go at it in a half-hearted manner.

- It is hoped that the WIA rules with regard to ITAs are not □too wordy□ and provide considerable flexibility to local program operators.

- It is important to note that the area served by the program is largely rural and fairly tight-knit. This means that there are a much smaller number of providers than would otherwise be the case in urban areas. The program is well-recognized by vendors throughout the service area. A program administrator felt the tool chest would be applicable to urban areas, but indicated that it would probably be necessary to make some adjustments -- for example, there would be many more public and private training institutions to deal with in an urban setting. In addition, this SDA emphasizes relatively short-term training and did not set aside amounts much in excess of about $4,500 in tool chests.

- The site noted that expenditures on support services had increased slightly under the system, in relation to training expenditures. While it is important to keep an eye on expenditures on support services, so far this has not been a problem for the SDA.

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BERKS COUNTY (PA) EMPLOYMENT AND TRAINING OFFICE
INFORMED CUSTOMER TRAINING ACCOUNTS

Current Status of the System:

The Berks County Employment and Training Office, located in Reading, PA, uses a voucher-like system -- referred to as □informed customer training accounts□ -- to provide training for JTPA Title II-A and Title III participants, as well as under its TANF-funded training program. The system was first adopted by the SDA under the PENNCARD Demonstration Project for Dislocated Workers in 1994. The SDA has made some changes in the original system developed under this demonstration project and expanded availability of the customer training accounts to all customers requiring classroom training. Over the past three years, all Title II-A and III participants (and recently TANF participants) have been eligible to receive the customer training accounts. Participants must first go through an intensive employment planning process, in which it is determined whether training is necessary to meet the employment goal and, if so, particular types of training that would be appropriate for the individual. Training options are limited to training for work in □demand occupations.□ With the help of case managers, participants approved for training may select from among more than 100 training programs offered by 40-50 approved vendors. There is a cap of $6,000 on training-related expenditures (above which the participant must pay), and the training must be completed within a 15-month period.

How the System Works:

The system is designed to be a flexible training account that JTPA participants can use at a wide variety of training vendors within a two-hour drive time of Reading, PA. All incoming participants of the JTPA Title II-A and Title III programs (as well as TANF participants) must first go through an intensive employment planning process. This initial step is designed so that the individual, with the help of a JTPA case manager, conducts his/her own career exploration. This includes analysis as to whether training is required for employment/re-employment, as well as possible employment opportunities open to the individual. The process is designed so the individual participant plays a central and active role in exploring information about potential career opportunities. Working with JTPA staff, a decision is made during this process as to whether training is appropriate for this individual. If training is appropriate, the individual investigates types of training that would be appropriate and possible training vendors. The SDA currently has a total of over 100 training programs at over 40 training vendors from which the individual may select. The extent of vendor choice varies by type of training -- for some types of training there may be a wide selection of vendors, while for others there may be only one approved vendor. Participants are encouraged to visit training institutions. A training application is then completed by the individual which identifies a particular types of training, a

specific vendor, and specific courses that the individual will complete. This application is reviewed by an internal committee at the SDA, which may agree, reject, or request changes in the planned training. Once approved for training, an SDA staff member contacts the vendor and participant to notify them of approval. A purchase agreement is sent to the training vendor, which specifies the specific courses and amounts that will be paid.

The SDA has a solicitation process that is used to approve training courses and vendors. Vendors must be within a two-hour drive of Reading to apply for approval. The solicitation to training vendors includes a listing of demand occupations for which they may offer training. This list of demand occupations is based on state and local labor market information data. Vendors may also submit requests to provide other types of training not on the list of demand occupations, but must submit evidence documenting job openings and wage levels within these occupations for review and approval by the SDA. It is also possible, for individual JTPA participants to request that a type of occupational training (e.g., message therapy) not currently on the list be added, though they must provide documentation of a local labor market demand for this type of worker. As part of the vendor solicitation process, the vendor submits detailed information about each type of training it will provide, specific coursework, costs, and information about past performance. In January 1999, there were a total of over 40 vendors on the approved list. The SDA maintains a list of approved vendors, sorted by type of training, that case managers share with participants. This listing, which the SDA hopes to automate in the future, includes the following types of information on each training course: vendor location, cost of training, duration of training, start dates, financial aid, prerequisites, coursework, and self-reported performance data (on training-related placements and wages). As part of the vendor approval process, the SDA looks at past performance (placement rate must generally be above 70 percent), as well as the ratio of annual average placement wage to cost of training (note: the general rule of thumb is that annual wages at placement should be at least twice the cost of training). Vendors provide self-reported performance data for training-related placements, wage at placement, and training completers.

Under the customer training accounts system, JTPA Title II-A and III participants may expend up to $6,000 on training over a 15-month period. Other support services are not included in the training account and do not count against the $6,000 limit. Because all approved training program must also be offered ☐off-the-shelf☐ to the public, payment by the SDA to vendors is on the same basis as any other customer of the institution. Payment is not performance-based, though the SDA carefully tracks performance and training vendors do not remain on the list of approved vendors if they do not maintain high training-related placements, wages, and retentions.

General Impacts of the Voucher (on Outcomes, Costs, and Customer Satisfaction)

The most significant effect of the training accounts was that it greatly expanded the number of training vendors used by the SDA (from 3 or 4 subcontracted vendors to over 40 approved vendors), and hence, greatly expanded choices available to the participant. There was

uncertainty as to whether the training accounts had any impact on placement rate or wages (which have improved under the system), because there were other changes going on at the SDA at the same time. The cost per participant has decreased considerably at the SDA since the training accounts were introduced. This decrease in cost per participant was attributed (at least in part) to being able to serve more people and providing more training options under the training account system. Expenditures on training and other services per enrollee (including those who did not receive training) were as follows: Title II-A, about $3,000; Title III, about $2,000; and WtW participants, about $3,700.

Other Comments on Voucher or Voucher-Like Systems:

☐ The SDA felt that their current system would qualify under WIA rules.

☐ The SDA felt it was very important to think carefully about the customers☐ needs. It is essential to be responsive to the customer and be able to get them into training quickly, without bureaucratic delays on the part of the agency or the training vendor. It is also very important to have a fast process by which vendors can be approved to provide training so that individuals do not have to wait a long time to get into training.

☐ DOL should not even consider using a ☐pure voucher☐ -- ☐ one size fits all -- doesn☐t☐ and will not work. Many training dollars will be wasted if a set amount of money is given to each individual for training.

☐ It is important to be specific about types of placement information requested from training vendors. For example, at first the SDA asked for placement information, but later changed to training-related placements.

☐ Under the PENNCARD demonstration, a card was printed that indicated an individual had been approved for training. However, this card never got off the ground because vendors never asked to the see the cards -- so the idea of the card was abandoned.

☐ In some instances, the SDA may condition approval of training on whether the individual has prior relevant work experience, e.g., when trainees without prior relevant work experience were not placed.

☐ One drawback of the training account system is that there has been some ☐reverse referral☐ of participants from training vendors to the JTPA program. This can be a potential problem for the SDA if the training vendor has created false expectations on the part of the individual that JTPA will pay for the training.

☐ The SDA has been working with a nearby SDA on the development of an automated

vendor report card. The system is still in its planning stages.

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**THE DALLAS COUNTY (TX) LOCAL WORKFORCE
DEVELOPMENT BOARD TRAINING VOUCHER SYSTEM**

Current Status of the System:

The Dallas County Local Workforce Development Board, which administers state and federal workforce programs for the City and County of Dallas, has used a voucher-like system (referred to as □individual referral training□) since 1992 to provide training for disadvantaged (under Title II) and dislocated workers (under Title III) at area training vendors. All Title II and III participants are eligible to receive vouchers, though they are first carefully assessed to determine whether there is a need for training and, if so, to determine an appropriate type of training. An estimated 55-60 percent of Title III eligibles and 10-20 percent of Title II-A eligibles receive training vouchers. JTPA participants select from a range of over 30 qualified training vendors in Dallas County and may use vouchers to purchase up to $10,000 in training over a two-year period.

How the System Works:

When an individual first enters a one-stop career center in Dallas, workforce development agency staff determine his or her JTPA eligibility and appropriateness to receive training under the Title II or III programs. Prior to receiving a voucher to pay for tuition, books, and other training related costs (including registration fee, supplies, tools, uniforms, certification tests), each participant is carefully assessed to determine whether training is needed for employment or re-employment. Using test results (e.g., from aptitude and interest inventory tests conducted during objective assessment) career center staff assist Title II or III eligible participants to complete an Individual Service Strategy (ISS). The ISS identifies training goals and specific types of training and other services required by the individual.

Training identified in the ISS must be in what is considered to be a □demand occupation□ (i.e., occupations which are in demand in the local economy and offer a living wage). Data maintained by the State Occupational Information Coordinating Board (SOICB) and other sources are used to determine demand occupations each year (see attachment, which provides a listing of targeted demand occupation for 1998-99). In addition, participants and training providers may request that an occupation not on this list be considered as a targeted demand occupation by providing documentation of demand in the Dallas area for training/skilled applications in that occupation. This request must include at least two independent sources of data, as well as names and phone numbers of employer contact persons who can verify current job openings and hiring criteria.

Once approved for training, a Title II or III participant is provided with a listing of

qualified training vendors in Dallas County. Qualified training vendors, which must be a Texas Workforce Commission approved proprietary school or an accredited college, apply to the Dallas County Local Workforce Development Board through a formal Request for Application (RFA) process to be on the approved list of vendors. In November 1998, a total of 34 training vendors were on the list, though the number of vendors changes from year to year. The listing of qualified training providers includes details about the types of training offered, hours of training and costs, as well as information on past performance of the training vendor (e.g., number enrolled, number graduated, number placed in jobs, job placement rate, and average wage at placement). Participants may select among any of the vendors on the list providing the specific type of training (e.g., licenced practical nurse) which has been identified on the ISS. The extent of choice varies by type of training -- training for some occupations may be limited to one or two vendors in the Dallas area, while in other occupations there may be five or more training vendors available. Participants may select training vendors that do not appear on the qualified list, but must go through additional steps in the approval process (e.g., to determine appropriate cost of training).

The participant□s selection of a vendor is reviewed by a career center counselor. While the workforce development agency retains authority to overrule the training selection made by the participant, as long as occupational training selected is from the list of approved vendors and for the type of training identified in the ISS, there is rarely a need for agency staff to reject the selection made by the participant. Once agreement has been reached on the training vendor and specific course work to be undertaken, a career center staff person completes a Classroom Training Authorization Form (see attachment for a copy of the form). This form identifies all of the cost items which the Title II or III program will reimburse the training vendor for during a particular term (i.e., quarter or semester). The form identifies each specific course a participant will complete during a particular term, along with specific costs associated with each course taken (i.e., cost of tuition/fees, books, supplies, and other items). This voucher for training is valid only during the specific semester (or quarter) at the specified training vendor for the specific items identified on the voucher.

Under the voucher system, JTPA Title II and III participants may expend up to $10,000 on training over a two-year period. Participants receive a new voucher for each term, so they are likely to receive several vouchers in the course of completing training (but together the vouchers may not exceed $10,000). Other support services provided through the JTPA program are paid separately by the program and not included under the $10,000 limit. The most frequent types of support services provided include bus tokens, coupons for gas, payment for child care (made directly by the workforce development agency to the child care provider), and purchases of eye glasses.

While participant and vendor performance is carefully monitored by the workforce development agency, payment to training vendors is not performance-based (i.e., tied to job placement). The workforce development agency makes full payment of the training voucher to community colleges 12 days after the start of classes for a term (as long as the individual has not

withdrawn from the courses). Payment to proprietary schools is made on a monthly basis, a pro-rata share of the cost of training. Proprietary schools must attach to their monthly requests for payment, documentation that includes monthly time/attendance reports, signed by each participant for whom payment is requested.

The workforce development agency keeps careful track of performance of each training vendor and has included a clause in their contract which make continuation and renewal of the contract based on successful performance of training and placement of participants into unsubsidized, training-related employment at wage levels stipulated in the contract. The goal set forth in the contract with each vendor is for a placement rate of no less the 85 percent of enrolled participants entering into unsubsidized employment in the occupation trained for, or a training-related occupation, within 90 days of completion of training. If the placement rate falls below 85 percent for a vendor the agency reviews vendor performance and may take corrective action and/or sanctions up to and including termination of the contract with the vendor. Generally, if the job placement rate falls below 77 percent, the vendor contract is terminated and the training institution may not re-apply to serve JTPA participants for one year. Other measures that are closely monitored by the workforce development agency including wage at placement -- which should be no less than $7.00 per hour for Title II participants and $9.00 per hour for Title III participants -- and employment rate at 13 week follow-up and average weekly earnings at 13-week follow-up. According to program officials, about five training vendors are discontinued each year because of failure to perform adequately.

General Impacts of the Voucher (on Outcomes, Costs, and Customer Satisfaction)

Workforce development staff indicate that costs and outcomes (e.g., job placement, wage rates, and job retention) are about the same as before the voucher system was initiated. In their customer satisfaction surveys, participants have indicated generally high levels of satisfaction with the voucher system (particularly for the range of choice they are provided in selecting a vendor). Expenditures on training for individuals receiving vouchers range from $50 to $10,000 per participant, with the average expenditure being about $4,000 per participant. The program staff indicated that under a voucher system it is important for both the agency and training vendor to monitor participant progress in training.

Workforce development staff credited vouchers with bringing new providers -- ones that had not served JTPA participants in the past -- into the system. The provider community was characterized as □very responsive□ to the introduction of vouchers. Institutions that were not interested in providing class-size training programs were brought into the JTPA system.

Another benefit of a voucher system is that it simplifies auditing procedures for the program. While still carefully monitoring vendor performance, the program does not have to conduct a full compliance audit (i.e., complete a Form A-133). Despite savings in this area, the agency needed to invest (about $30,000) in new accounting software to track voucher

expenditures by individual.

Other Comments on Voucher or Voucher-Like Systems:

☐ Vouchers were viewed as most appropriate for individuals with a sense of what they want to do and for individuals who are self-directed. The socioeconomic status and whether someone was a Title II or Title III participant did not seem to matter in terms of whether individuals were successful under a voucher system. A key for any workforce development agency mounting a voucher system is to give careful attention to its customer services. In particular, it is essential to have a case management system that continues to track and work with participants (regardless of whether they are Title II or III participants) throughout their involvement in training. Careful monitoring of participant progress and troubleshooting problems as they arise -- both by the workforce development agency and the training institution staff -- will help improve training completion rates and job placement rates.

☐ Under a voucher system, it is important to monitor vendor performance, hold vendors accountable, and provide participants with information about vendor performance. The Dallas workforce development agency provided each participant with a ☐report card☐ on past performance of each qualified training vendor. This report card included information about the number enrolled, number graduated, number placed in jobs, placement rate and average wage at placement for each type of occupation for which the vendor provided training. The distribution of up-to-date and reliable information about vendor performance helped participants to make informed decisions about which vendor to attend.

☐ A voucher system can be expected to have a significant effect on the types of vendors serving JTPA programs. In Dallas, the introduction of vouchers significantly expanded the number of training vendors available to JTPA participants. However, it also changed the blend of providers serving the JTPA system. CBOs, which are not accredited as educational institutions by the state, are not eligible to be on the list of qualified institutions to receive vouchers. CBOs did continue to provide training for JTPA participants in Dallas County, but did so under classroom-size contracts rather than through individual referrals. Hence, it is possible that voucher systems may have an adverse effect on CBOs over time. In addition, because participants exercise considerable freedom of choice it is possible that a voucher system would (over time) favor institutions that are most effective at marketing.

☐ A number of educational institutions qualified as training vendors under the voucher system came up with additional scholarship funds (totaling $257,000 to date) that could be used by JTPA participants at their institutions.

☐ The director of the workforce development agency felt that the voucher system currently operated by the agency would be applicable to WIA with few, if any, revisions. The program official indicated that WIA provisions that point to the state as taking a lead role in developing and implementing training vouchers could be problematic. This is because local workforce development agencies are typically better in touch with the local training needs of firms and workers, as well as monitoring performance of training vendors.

☐ It took the workforce development agency several years (and trial and error) to work out the details of operating the voucher system. Some early assumptions about vouchers and types of clients who would most benefit from vouchers changed over time.

☐ Some educational institutions (e.g., community colleges) initially balked at meeting job placement and average wage requirements that were stipulated under voucher agreements. These institutions felt that their role was to provide high quality education and resisted the role of being responsible (under vouchers) for specific employment outcomes. Over time, the resistance to being responsible for and tracking employment outcomes gradually dissipated.

☐ Under a voucher system, when comparing tuition fees between public education institutions (such as community colleges) and proprietary schools it is important to consider the state subsidy public institutions receive. These subsidies can make public institutions look like less expensive alternatives.

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APPENDIX C:

RESEARCH ON THE EFFECTIVENESS OF VOUCHERS FOR TARGETED TRAINING PROGRAMS

APPENDIX C:

**RESEARCH ON THE EFFECTIVENESS OF VOUCHERS
FOR TARGETED TRAINING PROGRAMS**

In spite of the theoretical appeal of vouchers for targeted training programs, there is

surprisingly little evidence on how effective vouchers are relative to alternative service delivery

mechanisms.   We use the term voucher loosely here and include examples where participants are

primarily responsible for selecting their training program. This appendix summarizes the

evidence on the effectiveness of vouchers for training programs for the economically

disadvantaged and dislocated workers.

A.   Evidence on Vouchers for Training Programs for the Economically Disadvantaged[10]

In our review of the literature on training vouchers, we were able to identify only one

rigorous evaluation of vouchers for training for the economically disadvantaged--the Counseling

and Education Subsidy Program (CESP) that was implemented along with the Seattle-Denver

Income Maintenance Experiments (often referred to as SIME/DIME). SIME/DIME was the

largest and last of a series of experiments that were conducted in the 1960s and 1970s to learn

about the feasibility and behavioral implications of a "negative income tax" program where

members of the treatment group were provided a guaranteed income and any income earned by

the participants was taxed at a specified rate. The SIME-DIME program was carried out between

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[10] Some of the material presented in this and the following section was originally presented in
Barnow and King (1996).

1970 and 1978 in selected sections of Seattle and Denver. The program was targeted on low-income two-parent families and single-parent families with children.

For the counseling and education subsidy component of the experiment, treatment and control group members were randomly assigned to one of three counseling and training options:

- [ ] counseling only;

- [ ] counseling plus a 50 percent subsidy for any education or training in which the person enrolled; or

- [ ] counseling plus a 100 percent subsidy for any education or training in which the person enrolled.[11]

Participants were enrolled in the experiment for up to six years. Education was interpreted very broadly so that most occupational training and general education courses were approved; most of the training was occupational classroom training, and the community college was the most common provider. Participation in subsidized training was moderate. For the group with a 100 percent subsidy, about 36 percent of the married men and women participated, and 47 percent of the single female heads of household took some education or training. Participation rates were lower for those granted a 50 percent subsidy--21 percent for the married men and women, and 35 percent for the single female heads.

The hypothesis underlying the CESP was that the subsidies for training would lead to increased participation in education and training programs which would, in turn, increase earnings. The first part of the hypothesis was confirmed, with participants in the 100 percent subsidy group taking approximately one year of additional training compared to those with no

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[11] Information on the counseling and education subsidy programs is from Dickinson and West (1983).

subsidy. The surprising result was that in virtually all the analyses undertaken, the training led to

either no change in subsequent earnings or an actual reduction in earnings, although the negative

impacts were often not statistically significant. Dickinson and West conclude:

> ...Up to this point we have found that, as expected, the SIME/DIME counseling and training programs increased the amount of job counseling and the amount of additional schooling received. However, we have determined they also, quite unexpectedly, reduced the earnings of those eligible to participate, with the exception of the counseling-only program for single women. Further, we have found that these negative impacts are widespread and that the programs, on the whole, were not beneficial even for select subgroups of the population (again, with the exception of counseling only for single women). Since these results are based on a comparison of randomly assigned experiments and controls and thus are not a result of the self-selection and noncomparability problems that plague most other evaluations of employment and training programs, considerable reliance can be placed on these basic findings.[12]

Dickinson and West undertook a number of analyses to determine if their findings somehow

resulted from some type of statistical problem or nonrandom selection. In the end, they

concluded that the problem was in the treatment itself:

> ...The SIME/DIME programs were designed to maximize freedom of choice for participants. They offered nondirective counseling and a wide range of educational opportunities. Evaluation indicates that such programs in general are inappropriate for low-income individuals, causing at least some of them to form unrealistic expectations about their labor market prospects and to pursue overly ambitious goals.[13]

There is not a great deal of additional evidence on the use of training vouchers for the

economically disadvantaged. Some observers, such as Carnevale and Jacobson (1997), point to

Pell Grants, also known as Basic Educational Opportunity Grants (BEOGs), as effective voucher

programs for individuals with low incomes, but one must be careful in interpreting the data. Pell

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[12] Dickinson and West (1983), p. 233.

[13] Dickinson and West (1983), p. 253.

Grants provide financial aid in the form of grants (that do not have to be repaid) to low-income

students for postsecondary education or training below the baccalaureate level. The size of the

grant depends on income and assets of the student and his or her family, whether the student

attends full time or part time, and the tuition charged by the school. The size of the grant also

depends on the amount appropriated. For the 1997-1998 school year, the maximum grant was

$2,700.

Carnevale and Jacobson (1997) claim in the title of their paper that the Pell Grant

program is "the voucher that works." What they mean by the program working is never explicitly

stated in the paper, but it is clear that they do not mean to compare Pell Grants to a JTPA-type

program where the activity assignment is the responsibility of a government agency. Instead,

their statement that Pell grants "work" is based on evidence that Pell Grants encourage

postsecondary education and that postsecondary education, at community colleges as well as

four-year colleges, increases earnings.[14] Carnevale and Jacobson do not advocate a pure voucher

system where potential students are simply provided with voucher certificates good at the school

of their choice. Instead, they call for individual assessments to determine student capabilities and

interests combined with counseling to help students interpret the data on themselves and the

training institutions open to them.[15] Thus, although Carnevale and Jacobson approve of the

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[14] See, for example, Kane and Rouse (1993).

[15] Regarding counseling, Carnevale and Jacobson state: "Counseling adds value to information; it provides an intermediary service to collect and interpret information on alternative learning and employment choices and likely outcomes. Clients, especially disadvantaged clients with family responsibilities and multiple needs, require advice in making informed choices and customizing educational and career programs to their circumstances."

choice offered by vouchers, they stress the importance of trying to assure that potential enrollees make their choices wisely.

B.   Evidence on Vouchers for Training Programs for the Dislocated Workers

There is more evidence available on the effectiveness of vouchers for dislocated worker populations. In this section evidence is reviewed from an evaluation of the Trade Adjustment Assistance (TAA) program, a voucher experiment called the Career Management Account (CMA) that the U.S. Department of Labor conducted in 13 sites, and several local programs that used vouchers or voucher-like instruments.

Trade Adjustment Assistance. Mathematica Policy Research (MPR) completed an impact evaluation of TAA training in 1992. The evaluation included four groups of TAA recipients: participants who began receiving Trade Readjustment Allowance (TRA) benefits prior to the 1988 changes, participants who received TAA training prior to the 1988 changes, participants who began receiving TRA payments after the 1988 changes, and participants who enrolled in TAA training after the 1988 changes. The original design called for 15 states to be included in the study, but six states refused to participate and only one was replaced, yielding a final sample of 10 states. For comparison groups, the MPR researchers selected samples of Unemployment Insurance (UI) recipients matched to the TAA samples on several criteria. The UI samples were drawn from the same states and roughly the same time periods as the TAA and TRA samples. The UI samples were drawn from manufacturing because the TAA population is drawn largely from manufacturing (85 percent in the TAA sample selected). Finally, because workers had to exhaust their UI payments to collect TRA, the analysis was restricted to UI exhaustees. The final

analysis sample included 4,776 individuals, of whom 1,174 were UI exhaustees and the

remainder were TRA recipients and TAA trainees. Data were gathered primarily through

telephone interviews and covered approximately four years of experience.

The MPR study found that a substantial minority of TAA participants received training--

37 percent in the pre-1988 sample (when training was neither an entitlement nor a requirement)

and 47 percent in the post-1988 period.[16] About 70 percent of the TAA trainees completed their

training, with a slightly higher proportion of the pre-1988 group (72 percent) completing training

than in the post-1988 group (67 percent). As in most studies of dislocated workers, the MPR

study found that participants in TAA generally suffered substantial reductions in wage rates and

earnings following their job loss.

The MPR researchers used ordinary least squares regression analysis of the TAA samples

and the UI exhaustee comparison group to estimate the impact of TAA training on the

employment and earnings of participants. The researchers found that when differences in

characteristics between trainees and others are controlled for, "our findings imply that, if training

has a substantial positive effect on employment or earnings among all trainees, it is realized not

earlier than three years after the initial UI claim."[17] The study also found that individuals who

received training had slightly lower wage rates than those who did not take training, but the

differences were generally not statistically significant.

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[16] Although training was generally required in the post-1988 period, participants could obtain
waivers if appropriate training was not available.

[17] Corson, Decker, Gleason, and Nicholson (April 1993), p. 155.

Although the TAA evaluation is another example of a voucher-like program that failed to produce significant positive impacts on the employment and earnings of trainees, the evidence here must be interpreted with caution for several reasons.[18] First, the evaluation used a nonexperimental design, and the design may not have adequately controlled for differences between the treatment and control groups. Second, the evaluation may not have followed up the participants long enough to measure any gains. Finally, the failure of the program to produce significant impacts may not have been due to the voucher aspect of the program but to other features of the intervention. For example, in the post-1988 period, training was a requirement, so the results may not apply to a non-mandatory program. In addition, several other evaluations of training programs for dislocated workers failed to find significant positive impacts.[19]

The Career Management Account Demonstration.[20] The Career Management Account (CMA) Demonstration project was sponsored by the U.S. Department of Labor to learn about the feasibility, impact, and cost-benefit attributes of vouchers for dislocated workers relative to the traditional approach used in Title III of JTPA. The CMA demonstration was conducted in 13 competitively selected sites from 1995 through 1997. The sites differed significantly in the treatments offered, the activities and services covered by the vouchers, and in other services and activities offered to participants. Major findings of the evaluation effort included the following:

    □   The CMA Demonstration Project did not prove that a voucher system is

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[18] See Office of the Chief Economist (1995), p. 55.

[19] Office of the Chief Economist, p. 55.

[20] Information about the CMA evaluation presented here are based on material presented in a draft final report by Public Policy Associates (1998).

inherently superior to a staff-directed system. Instead, the demonstration seemed to indicate that voucher systems in general are likely to work just as well and, along the way, lead to somewhat more satisfied customers and staff. CMA participants indicated slightly higher satisfaction than participants in the regular Title III program, but satisfaction levels were high (in excess of 85 percent) in both programs.

☐　The evidence suggests that CMAs yield slightly better outcomes in terms of employment and wages, but the evidence is weak. The positive termination rate for CMA participants was 84 percent, 4 percent higher than for non-CMA participants. Wages at termination were lower than at dislocation for both CMA and non-CMA participants, but CMA participants came closer to their previous wage. At follow-up, wages increased for both CMA and non-CMA participants, but still did not reach their pre-dislocation level. CMA participants did slightly better (about 4 percent).

☐　Costs per participant at the CMA sites were substantially higher for CMA participants than for non-participants. However, the evaluator notes that cost data should be viewed with caution, since CMA included one-time, startup costs that would not be present for traditional Title III.

In addition to the lack of an experimental design (except in one site), the design of the demonstration makes it difficult to determine how useful the vouchers were in leading to the slightly higher positive termination and wage growth rates for the CMA group. The biggest drawback was that CMA programs spent 74 percent more per participant than regular Title III programs. Part of the increased costs were one-time startup costs, but the evaluators were not able to determine how much more would have been spent on an ongoing basis. Although expenditures per participant were higher for the CMA participants, the amount spent on training was 13 percent less. Thus, the mix of services varied between CMA and traditional Title III programs.

Overall, the preliminary findings from the CMA are too mixed to provide policy recommendations, but at this time one would be hard pressed to recommend instituting vouchers

for Title III based solely on the CMA results. There were small positive outcome differences in

favor of the CMA participants, but the cost differentials were potentially large and the lack of a strong evaluation design leave open the question of how much any differences are explained by the treatment rather than by selection.

Other Dislocated Worker Evaluation Findings. Several local voucher-type programs for dislocated workers have also been evaluated. Bednarzik and Jacobson (1996) provide evidence on a voucher program funded by Allegheny County, Pennsylvania. This program was open to virtually all dislocated workers in the county (which is most of the Pittsburgh metropolitan area). Notable features of the program included a requirement that participants take counseling before using their vouchers and that the vouchers were only valid at the Community College of Allegheny County (CCAC). The training received through the voucher program was estimated to increase earnings by about 6.3 percent, but the estimate is based on a comparison with non-participants rather than participants in an alternative program, and the evaluation uses nonexperimental methods so it is possible that the estimates are biased.

Benus et al. (1996) are evaluating New Jersey's Workforce Development partnership Program (WDPP), which includes a voucher component called individual training grants (ITGs). Their interim evaluation indicates that individuals receiving ITGs initially earn less than they would have earned without the training, but that after 18 months, the ITG participants earn more. Benus et al. note that they use nonexperimental techniques to draw their inferences and that long-term data are needed to determine if the benefits of the program outweigh the costs, but they believe that the voucher approach is promising. As in the case of Allegheny County, the New Jersey ITG program involves substantial required counseling before participants are permitted to exercise their vouchers.