



Rhode Island annually funds labor training for more than 1,000 individuals. How can we ensure that these individuals get the most benefit from training?

Strategic Goal

Governor Gina Raimondo intends to align job training programs with the labor needs of Rhode Island employers to ensure that Rhode Islanders have the skills to remain competitive in the workforce.

Assessment

Effective training programs are those that efficiently and cost-effectively return people to jobs with good wages. However, program quality cannot be measured merely by comparing mean outcomes. Job training programs are available to a wide range of individuals who possess varied skills and experience; programs with good labor outcomes may merely be “cream-skimming” programs by appealing to individuals with better prospective employment opportunities.

Top providers in value-added to wages:
• Community College of RI - Flanagan
• New Horizons Computer Learning Center
• New England Tractor Trailer Training School
• Comprehensive Educational Services
• RI Hospitality and Tourism Association

Providers with highest post-training wages:
• Trico Specialty Films
• Aveda Institute of RI
• Tech Collective
• Yushin America
• RI Hospitality and Tourism Association

Table 1: Top training providers by value-added and mean post-training wages

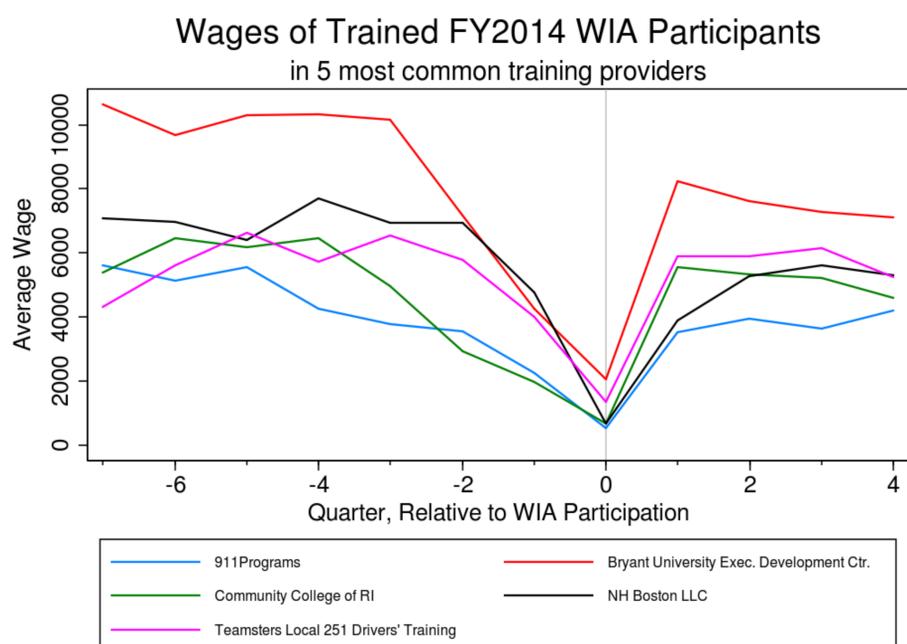


Figure 1: Wages before and after training in large providers.

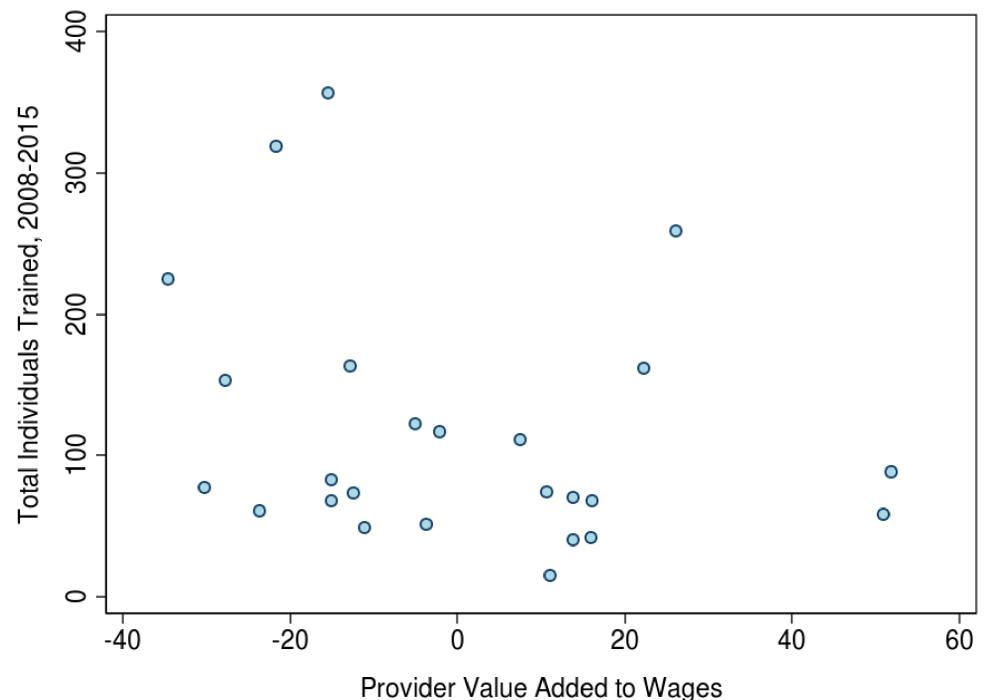


Figure 2: Program popularity vs. program value.

Empirical Design

We measure the quality of programs using a value-added model. Unlike comparisons of mean outcomes, these models measure the actual impact a program has on labor outcomes. We first estimate each trainee’s probability of employment and expected wages, given his or her background. Then, we compare this estimate to actual employment and wage outcomes to evaluate programs’ impacts. A good value-added model requires accurate and comprehensive data on outcome predictors. To predict individuals’ wages conditioned on their backgrounds, we link data on race, ethnicity, gender, marital status, education, prior employment/wages, reliance on government assistance and other predictive outcomes using the RI 360 database.

Results

As predicted, program providers that were most effective at outperforming expectations clearly differ from those whose trainees attained the highest wage levels following training. Only one program provider falls into the top five of both of these measures. Furthermore, trainees do not appear to be more likely to attend more valuable programs. In fact, less valuable programs appear to be the more highly sought after programs.

Understanding the Challenges

Correctly measuring the value of labor training programs is essential for an informed workforce and a healthy incentive structure. Many current programs provide little value to trainees, and prospective trainees cannot easily differentiate between high- and low-quality programs. Robust and accurate measurements will empower workers to enroll in programs that provide results and motivate program providers to offer high-quality programs.

Design and Test Improvements

RIPL is proposing to run a Randomized Control Trial (RCT), in which value-added estimates are randomly given to prospective trainees who could then use these value-added estimates to better assess which training program(s) to pursue.

Conclusion

Job training program quality varies wildly, while only insufficient and incomplete information about program quality exists. Providing prospective trainees with comprehensive value-added data will help ensure trainees’ greater employment success and more efficient use of training expenses.