

WebMemo



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Job Corps: A Consistent Record of Failure

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President George W. Bush's proposed Department of Labor budget for fiscal year 2008 includes over \$1.5 billion for Job Corps, a job training program for disadvantaged youth.¹ Senator Edward Kennedy (D-MA) criticized this request as too small.² The best available evidence, however, strongly suggests that Job Corps is ineffective. While some evaluations of Job Corps support the program, Congress needs to be aware of three important evaluations funded by the Labor Department, two of which support the case for eliminating Job Corps. Based on this evidence, Congress should move to eliminate this wasteful and unproductive program.

Evaluations of Job Corps. The several evaluations of Job Corps contain numerous findings that may confuse Members of Congress about the program's performance. Three major evaluations were funded by the Labor Department.

The first, the 2001 *National Job Corps Study: The Impacts of Job Corps on Participants' Employment and Related Outcomes* ("2001 outcome study"), measured the impact of Job Corps on participants' employment and earnings.³ While the 2001 outcome study found some increases in the incomes of participants, the gains were trivial. For example, compared to non-participants, the estimated average increase in the weekly incomes of all participants over four years was never more than \$25.20.⁴

The second evaluation, the 2001 *National Job Corps Study: The Benefits and Costs of Job Corps* ("2001 cost-benefit study"), found small increases in income and other benefits due to Job Corps par-

ticipation that outweighed the costs of the program to society.⁵ Hence, Job Corps was deemed a "highly successful" program.⁶

The third evaluation, the *National Job Corps Study: Findings Using Administrative Earnings Records Data* ("2003 study"), was published in 2003, but the Labor Department withheld it from the general public until 2006.⁷ The 2003 study found that Job Corps participation did not increase employment and earnings. Searching for something positive to report, the 2003 study concludes that "There is some evidence, however, of positive earnings gains for those ages 20 to 24."⁸

Why Withhold the 2003 Study? Based on survey data, the 2001 cost-benefit study assumed that the gains in income for participants will last indefinitely, a notion unsupported by the literature on job training.⁹ But included in the 2003 study is a cost-benefit analysis that directly contradicts the positive findings of the 2001 cost-benefit study.

The 2003 study used official government data, instead of self-reported data, and used the more reasonable assumption that benefits decay, rather than last indefinitely.¹⁰ Contradicting the 2001 cost-benefit study, the 2003 study's analysis of official gov-

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ernment data found that the benefits of Job Corps do not outweigh the cost of the program. Even more damaging, the 2003 study re-estimated the 2001 cost-benefit study with the original survey data using the realistic assumption that benefits decay over time. According to this analysis, the program's costs again outweighed its benefits.

Is Job Corps Worth \$1.5 Billion Per Year? Some argue that Job Corps is worth \$1.5 billion per year because there is “some evidence” of positive income gains for those aged 20 to 24.¹¹ This belief is based on the findings that these participants had consistently higher annual incomes from 1998 to 2001 than non-participants of similar age.¹² But this conclusion is questionable. In 1998, participants aged 20 to 24 experienced an average increase in annual income of \$476 that, by traditional scientific standards, is *statistically significant*, meaning that the income gains are very likely attributable to Job Corps. For the remaining years, the income gains were positive, ranging from \$429 to \$375, but *statistically insignificant*, meaning that the findings cannot

be attributed to participation in Job Corps. Thus, it cannot be concluded that Job Corps consistently raised the incomes of participants aged 20 to 24.

By the logic of the 2003 study, a stronger case can be made that Job Corps consistently reduced the incomes of female participants without children. In 1998 and 1999, childless female participants earned \$1,243 and \$1,401 less, respectively, than similar non-participants.¹³ These findings are statistically significant, suggesting that Job Corps had a harmful effect. In 2000 and 2001, the earnings of childless female participants were still beneath those of their counterparts, but the differences are statistically insignificant, indicating that the declines in income are not attributable to Job Corps—just like most of the income gains for participants aged 20 to 24 in the 2003 study.

A Predictable Failure. The 2003 study's findings are not surprising because the 2001 outcome study found Job Corps ineffective at substantially increasing participants' wages and moving them into full-time employment.¹⁴

1. Office of Management and Budget, *Budget of the United States Government: Fiscal Year 2008—Appendix* (Washington, D.C.: U.S. Government Printing Office, 2007), p. 679, at www.whitehouse.gov/omb/budget/fy2008/pdf/appendix/lab.pdf (February 23, 2007).
2. Office of Senator Edward M. Kennedy, “Statement of Senator Edward M. Kennedy on President Bush’s Budget,” press release, February 5, 2007, at kenedy.senate.gov/newsroom/press_release.cfm?id=D601D754-55CB-4196-862A-97C7F0D87498 (February 23, 2007).
3. Peter Z. Schochet, John Burghardt, and Steven Glazerman, *National Job Corps Study: The Impacts of Job Corps on Participants’ Employment and Related Outcomes* (Princeton, N.J.: Mathematica Policy Research, Inc., June 2001).
4. *Ibid.*, p. 130.
5. Sheena McConnell and Steven Glazerman, *National Job Corps Study: The Benefits and Costs of Job Corps*, (Princeton, N.J.: Mathematica Policy Research, Inc., June 2001).
6. U.S. Department of Labor, Employment, and Training Administration, “Summary of ETA Fiscal Year 2003 Request,” at www.doleta.gov/budget/03reqsum.pdf (August 27, 2002).
7. Erik Eckholm, “Job Corps Plans Makeover for a Changed Economy,” *New York Times*, February 20, 2007, at www.nytimes.com/2007/02/20/washington/20jobcorps.html (February 28, 2007) and Peter Z. Schochet, Sheena McConnell, and John Burghardt, *National Job Corps Study: Findings Using Administrative Earnings Records Data: Final Report*, (Princeton, N.J.: Mathematica Policy Research, Inc., October 2003).
8. *Ibid.*, p. 70.
9. Pedro Carneiro and James Heckman, “Human Capital Policy,” NBER Working Paper No. 39495, February 2003.
10. Peter Z. Schochet, Sheena McConnell, and John Burghardt, *National Job Corps Study: Findings Using Administrative Earnings Records Data: Final Report*.
11. *Ibid.*, p. 70.
12. *Ibid.*, Table III.5, p. 66.
13. *Ibid.*, Table III.5, p. 67.

The 2001 outcome study revealed that Job Corps had little impact on the number of hours worked per week. During the course of the study, the average time participants spent working each week never rose above 28.1 hours.¹⁵ Average participants never worked more than two hours per week more than those in the control group.¹⁶

If Job Corps actually improves the skills of its participants, then it should have substantially raised their hourly wages. The 2001 study found participants earned 24 cents more per hour than non-participants.¹⁷ Six months later, this difference had decreased to 22 cents per hour.¹⁸

Job Corps does not provide the skills and training to substantially raise the wages of participants. Costing \$21,500 per participant over an average participation period of eight months, the program is a waste of taxpayers' dollars.¹⁹

Conclusion. Given Job Corps' poor performance, the Bush Administration's \$1.5 billion spending proposal is unreasonable. Job Corps is not the "highly successful" program it is touted to be. Congress should move to eliminate this wasteful and unproductive program.

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14. Peter Z. Schochet, John Burghardt, and Steven Glazerman, *National Job Corps Study: The Impacts of Job Corps on Participants' Employment and Related Outcomes*.

15. *Ibid.*, p. 127.

16. *Ibid.*

17. *Ibid.*, p. 139.

18. *Ibid.*

19. David B. Muhlhausen, "Do Jobs Programs Work? A Review Article," *Journal of Labor Research*, Vol. 26, No. 2 (2005), pp. 299-321 and John Burghardt, Peter Z. Schochet, Sheena McConnell, Terry Johnson, R. Mark Gritz, Steven Glazerman, John Homrighausen, and Russell Jackson, *Does Job Corps Work? Summary of the National Job Corps Study* (Princeton, N.J.: Mathematica Policy Research, Inc., June 2001), p. 4.