

W.E. Upjohn Institute for Employment Research
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From the Executive Director

Last year, as part of its 50th anniversary, the Upjohn Institute established an annual award for the best Ph.D. dissertation addressing employment-related issues. This year's selection process was particularly difficult. After all the initial summaries were evaluated, the finalists chosen, and their dissertations read, two dissertations were tied for first place. I am pleased to announce that the co-winners of the 1996 Dissertation Award are **Carolyn Heinrich** and **Jeffrey Smith**, both of the University of Chicago. Honorable mentions were awarded to **John Pepper** of the University of Wisconsin and **Mark Turner** of the University of Maryland.

The two first-place dissertations, while unique in their research questions and methodology, address a common issue: understanding the system of delivering job training services and the impact of these services on their clients. Taken together, this research provides one of the most in-depth examinations of the federal Job Training Partnership Act (JTPA) to date and offers valuable insights and policy recommendations for improving the system.

Carolyn Heinrich's dissertation studies the administration and delivery of services by a local JTPA facility. This research evolved from her role as an advisor to a local JTPA service delivery area (SDA) that was implementing a demonstration project to increase the participation of the economically disadvantaged. Ms. Heinrich assisted in the design, implementation, and evaluation of the program. In the process, she observed first-hand the daily operations of an SDA, including the process by which service providers and training professionals select clients and determine their assignments to training programs. This close relationship with a local SDA allowed her to access information and gain insights into the operations of the organization that would not have been possible from a more distant vantage point or with secondary data.

Her case study addressed two basic questions. First, how are participants selected into the program and assigned to services? Second, how effective was the demonstration program in attracting and serving severely economically disadvantaged job-training eligibles? The first question confronts the long-standing debate on whether JTPA providers select or "cream" the more highly qualified clients who are eligible for the program. Ms. Heinrich's results suggest that current performance standards encourage "creaming." Creaming is particularly prevalent when budget reductions force providers to cut back on lengthy and expensive training programs and thus incline them to recruit more qualified clients who would do as well finding jobs without the more intensive assistance. With respect to the success of the demonstration project, Ms. Heinrich found that targeting program funds to a spatially concentrated area increased awareness of and participation in the program, increased involvement by community organizations, and raised earnings gains relative to other JTPA programs. She concludes from these findings that performance standards may be effective management tools, but in the case of JTPA programs, the performance standards should be based on changes in earnings before and after participation in the program and not on the current system of gross, placement-oriented outcomes.

Jeffrey Smith also focuses on the JTPA system, but the questions he considers extend to the evaluation of social programs in general. In the first two of three essays, he examines the extent to which program participation affects the performance of nonexperimental estimators of program outcomes. Researchers, starting with Ashenfelter, have observed that mean earnings of participants in employment and training programs often decline prior to receiving reemployment services. Using experimental data from the National JTPA Study, Mr. Smith shows that the earnings dip is transitory, in that the earnings of those who did not participate in the program returned to their pre-dip level shortly after being randomly assigned to the study's control group. Consequently, he concludes that estimators of program outcomes based on the difference between pre-program and post-program experiences are biased upward, which may call into question the estimates of large positive impacts obtained in early evaluations of federal employment and training programs. To understand why the characteristics of program participants differ from nonparticipants, Mr. Smith models the participation process in JTPA. He finds that the recently unemployed are more likely to be aware of the JTPA program and seek out its services than those who have been out of the labor force for a time. He concludes, therefore, that the allegation that JTPA case workers "cream" the eligible individuals may simply be the fact that more job-ready applicants are aware of the program and seek to enroll in it.

John Pepper tackles a vexing problem that has been at the center of much of the debate regarding welfare reform—does welfare dependency breed further dependency across generations? Despite the rhetoric and research, definitive answers have not been found for the fundamental reason that it is not possible to observe how children who actually grew up under welfare would have behaved if they had grown up in families not dependent upon welfare. Mr. Pepper explores different scenarios for welfare dependency, suggested by research and the policy debate, to see how they affect the likelihood and length of time that daughters of welfare mothers will themselves be dependent on welfare programs. His approach is informative in that it narrows the range of assumptions that are consistent with the transmission of welfare dependency.

Mark Turner also addresses a controversial and politically charged topic regarding the effects of raising the minimum wage on low-wage workers. His research focuses on educational outcomes, by examining the impact of employment on academic achievement among high school students and investigating the effect of the minimum wage on school enrollment. Mr. Turner's treatment of the latter relationship has direct bearing on the current policy debate. He demonstrates that recent research showing that a minimum wage hike would increase the high school dropout rate rests on a faulty measure of school enrollment. Substituting a more accurate enrollment measure, Mr. Turner finds no impact of the minimum wage on dropout rates. He goes on to show that students who work more than 30 hours per week have lower test scores, lower grade point averages, are more likely to drop out of school, and less likely to enter college.

Members of the selection committee extend their congratulations to this year's dissertation award recipients, and thank all participants for submitting their work.

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