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The Workforce Investment Act and Women's Progress: Does WIA Funded Training Reinforce Sex Segregation in the Labor Market and the Gender Wage Gap?

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The Workforce Investment Act of 1998 (WIA) is the primary basis for federally funded workforce development. One of its stated purposes is to “increase the employment, retention and earnings of participants...”¹ While earnings data suggest that both men and women benefit from WIA services, average earnings among women who received WIA services are significantly lower than average earnings for men. The data suggest that women's and men's participation in training for traditionally 'female' and 'male' occupations is a major factor contributing to the earnings gap between women and men who received WIA services. The gap is not the result of less extensive WIA services for women. During the current legislative session, Congress will consider the reauthorization of WIA. It is important to discuss policy measures that would more effectively target resources to increase female WIA service recipients' earnings. Improving women's earnings would help to promote and sustain the economic self-sufficiency of women and their families during the current recession and beyond.

The Workforce Investment Act of 1998 (WIA) requires states receiving federal workforce development funds to provide local employment and training services to help individuals, particularly those who are in low paid jobs or are unemployed because of permanent economic changes, gain lasting employment with sufficient earnings to allow for 'self-sufficiency.'² It also requires states to collect data on service users, including the type of services received, the length and type of training provided, and earnings data for individuals in the quarters following their 'exit' from programs (U.S. Government Accountability Office 2008; these data are published annually, by the U.S. Department of Labor, in the WIASRD Databook and are the basis for this Briefing Paper (Social Policy Research Associates 2005, 2006, 2007, 2008a, 2008b). In addition, the law is intended to encourage regions to conduct labor market analysis and develop partnerships to identify jobs that are in demand, to analyze the relative pay of these in-demand jobs, and to train individuals for positions that maximize their earnings potential within the region.

This Briefing Paper examines data for 'exitors,' individuals who finished their participation in WIA services, and considers three levels of WIA services that are available to individuals aged 18 and older. First, 'core services,' such as basic job search assistance or career advice, are open to any individual. Second, 'intensive services,' including in-depth skills analysis, career advice, and the establishment of employment goals and short-term basic skills training, are available only to individuals who are unemployed or who are employed in jobs with earnings that do not allow for self-sufficiency. Third, 'training,' the highest level of support, which is either provided by certified training organizations or acquired on-the-job, is open only to individuals who require more substantial skills training and support than available under 'intensive services.'³

WIA services and data collection differentiate between a general category of 'Adult Exitors,' focused particularly on disadvantaged workers but in principle open to any person seeking employment or training advice; and 'Dislocated Worker Exitors,' who are individuals who permanently lost (or were in danger of permanently losing) their jobs through plant closures and other circumstances and, as a result, are unlikely to find employment in the same occupation. Dislocated worker exitors, on average, are likely to be slightly older and have higher pre-program earnings than adult exitors (Heinrich, Mueser, and Troske 2008).

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Who Receives WIA Services?

In 2007, more than one million adults received WIA-related services, including 765,500 adult exiters and 261,354 dislocated worker exiters (Table 1).⁴ Women were almost half of all adult exiters, and women were the majority of adult exiters who received intensive and training services. In terms of racial/ethnic background, more than half (53 percent) of adult exiters were white, 29 percent were African American, and 12 percent were Hispanic (of all races) — data for intensive services or training use by gender and race/ethnic background are not published (Social Policy Research Associates 2008b, 24). White adult exiters were more likely to be male (56 percent) than female (44 percent), whereas African American adult exiters were more likely to be female (53 percent) than male (47 percent), and Hispanic adult exiters were roughly half female (49 percent) and half male (51 percent; Social Policy Research Associates 2008b, 30). While the numbers of adult exiters overall increased by 227 percent between 2003 and 2007, the number of adults exiting services after ‘intensive and training services’ increased by only 27 percent, and the number of those who exited training increased by only 7 percent. This means that the growth in the numbers of adult exiters during this period was primarily due to increases in the provision of the least intensive services, and the average length of training provided fell sharply during the same period, from average participation of 41.7 weeks in 2003 to an average of 15.4 weeks in 2007 (Social Policy Research Associates 2008b, Table II-14).

Between 2005 and 2007 (the latest available data), there was a considerable increase in the number of male and female individuals classified as dislocated worker exiters. Throughout this time period, the proportion of dislocated workers receiving intensive services or training was much higher than the proportion of adult exiters receiving these services. Women were a slight majority of all dislocated worker exiters and of those dislocated worker exiters who received intensive or training services (Table 1). The majority (53.3 percent) of dislocated workers receiving WIA services were white. Among women, in 2007, 51 percent were white, 32 percent, Black/African American, 12 percent Hispanic (all racial backgrounds), and 3.5 percent Asian (Social Policy Research Associates 2008b, 114).

Table 1. Exiters (18 and older) from WIA-Related Services, 2003 to 2007*

	2003	2004	2005	2006	2007
ADULT EXITERS	233,892	241,533	252,065	640,525	765,483
Females	130,758	139,115	145,711	304,935	363,529
Percent Female	55.9	57.6	57.8	47.6	47.5
Adults Receiving Intensive & Training Services	176,192	177,280	178,965	196,290	223,336
Percent Female	57.0	57.4	59.0	56.4	54.3
Adults Receiving “Training” Services Only	102,950	109,492	105,457	109,528	109,676
Percent Female	59.0	58.2	61.7	58.8	58.0
DISLOCATED WORKER EXITERS	194,122	181,636	242,278	282,178	261,354
Females	98,373	95,647	130,648	149,829	135,276
Percent Female	50.7	52.7	54.5	53.2	51.8
Dislocated Workers Receiving Intensive & Training Services	164,038	152,902	167,715	148,329	132,571
Percent Female	49.6	52.2	54.5	55.0	53.0
Dislocated Workers Receiving “Training” Services Only	102,415	95,113	83,699	77,160	66,662
Percent Female	49.9	51.0	53.2	53.6	52.6

Note: * Program Years (PY) 2003 to 2006 include data for people who exited programs between July 1st of the year given to June 30th of the following year; PY 2007 covers data from April 1, 2007 to March 31, 2008.

Source: IWPR compilation of data from Social Policy Research Associates 2005, 2006, 2007, 2008a, 2008b.

Women Have Significantly Lower Earnings than Men Following the Use of WIA Services

Women’s average earnings after receiving any WIA services are significantly lower than men’s, both in the category of adult exiters and for the group of dislocated worker exiters, who overall are more likely to have received training or intensive services than only counseling or information services. Earnings data are not available solely for those who received training. For the adult exiter category, the wage ratio, that is the ratio of female to male earnings (taking the fourth quarter after exiting services as the reference point) was 79.5 percent; among dislocated workers the wage ratio was even lower, at 74.1 percent (Table 2).

Table 2. Earnings for Male and Female Employed Adult and Dislocated Worker Exiters in 4th quarter after exiting WIA services, PY 2007

	Women’s earnings as percent of men’s earnings	Male 4th quarter earnings	Female 4th quarter earnings
Adult Exiters	79.5	\$7,186	\$5,715
Dislocated Worker Exiters	74.1	\$8,150	\$6,038

Source: IWPR compilation of data from Social Policy Research Associates 2008b, Tables II-28 and III-32.

“...After receiving WIA services, women on average earned \$1500 to \$2000 less per quarter than men”

Published data do not provide information on earnings prior to receiving WIA services (and they include all exiters, not only those with full-time earnings). A detailed impact evaluation of WIA services, commissioned by the U.S. Department of Labor, suggests that there were no major differences in earnings gains between male and female WIA service recipients. Based on an analysis of data in 12 states, the study finds that, compared with similar individuals who had not received WIA services, both male and female participants benefited from increased earnings following WIA services by a similar quarterly dollar amount (of \$400 on average in the fourth quarter after exiting services; Heinrich, Mueser, and Troske 2008, 50).⁵ The gender wage gap itself was not the subject of the study, but the findings suggest that while WIA services do not exacerbate the gap in average earnings between men and women, they also do not contribute to narrowing the wage gap.

Women Are Likely to Receive More Training than Men but ...

Women are more likely than men to have received training, and those women who received training were more likely to have been in programs of longer duration than men. On average female adult exiters received 36.7 weeks of training compared with 21.8 weeks on average for male adult exiters (Table 3). Men were more likely to have participated in training programs for a short duration (56.2 percent received training lasting 13 weeks or less compared with 36.7 percent of female adult exiters), and women were more likely to have received training of long duration (23.6 percent of women were in programs lasting at least 52 weeks compared with only 10.2 percent of men). Among dislocated worker exiters, women were also more likely to have received training for longer than men (41.1 weeks on average for women compared, 32.1 weeks on average for men).

Table 3. Length of Training Received by Adult WIA Service Users, 2007

Weeks of Training Received	Adult Exiters		Dislocated Worker Exiters	
	Male (%)	Female (%)	Male (%)	Female (%)
13 weeks or fewer	56.2	36.7	46.2	26.4
14 to 26 weeks	18.3	18.3	16.9	17.6
27 to 39 weeks	9.7	12.0	9.5	12.7
40 to 52 weeks	5.6	9.5	6.5	10.3
More than 52 weeks	10.2	23.6	21.0	33.0
Average weeks on program	21.8	36.7	32.1	47.1

Source: IWPR compilation of data from Social Policy Research Associates 2008b, Tables II-18 and III-21.

“WIA services do not seem to exacerbate the wage gap, but they also do not help to narrow it”

...Women Receive Training for Different Occupations than Men

Apart from the length of training, there are marked gender differences in the type of training received by male and female exiters (Table 4). On the one hand, among adult exiters, women were more than twice as likely as men to have received training for managerial, professional, and technical jobs (43.5 percent compared with 21.3 percent) and more than three times as likely as men to have received training for service, sales, and clerical occupations (47.4 percent compared with 13.8 percent). Male adult exiters, on the other hand, were nearly seven times more likely than women to have received training in installation, repair, production, transportation, and material moving skills (55.6 percent of males compared with 8.3 percent of females). This gendered occupational distribution of training is similar for dislocated worker exiters.

“...women were more than three times as likely as men to have received training for traditionally female occupations in services, sales or clerical work; men were more than seven times more likely to have received training in traditionally male occupations in transportation or production and repair...”

Figure 1a: Occupational Breakdown of Training for Adult Exiters, 2007

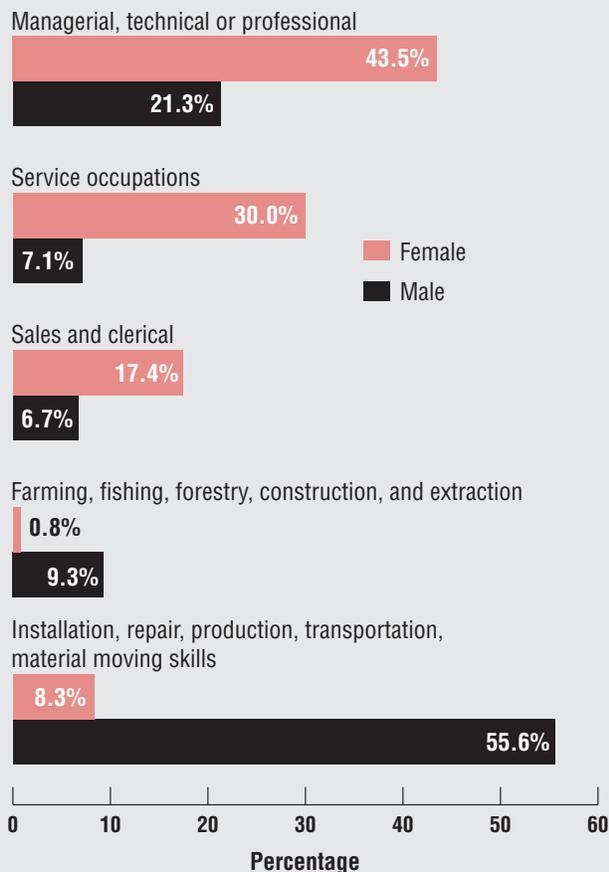
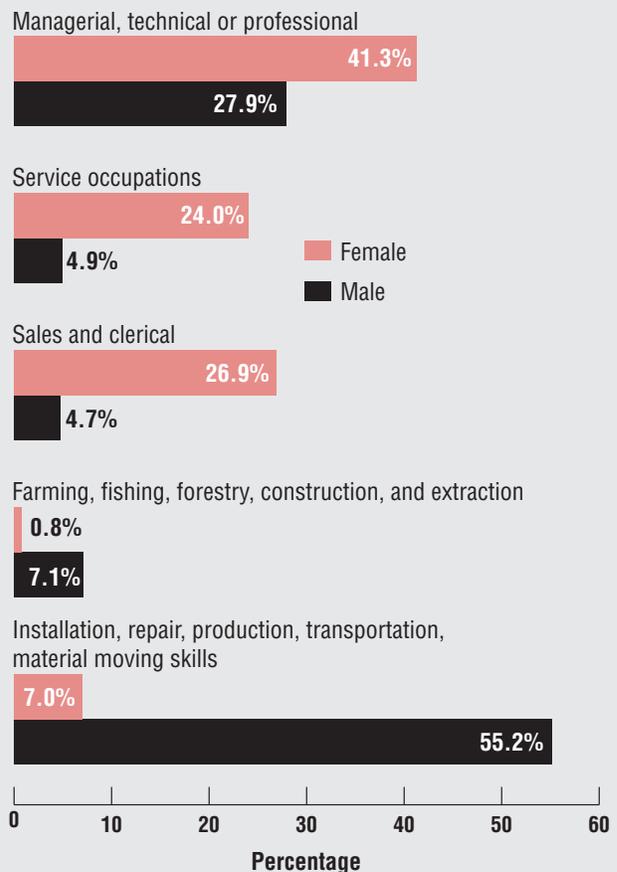


Figure 1b: Occupational Breakdown of Training for Dislocated Worker Exiters, 2007



Source: IWPR compilation data from Social Policy Research Associates 2008b, Tables II-18, III-21

WIA Funded Training Trains Women for ‘Women’s Jobs’ and Men for ‘Men’s Jobs’

The occupational distribution of training received by men and women using WIA services closely resembles gender segregation in the broader labor force. In the labor market overall, women are 75 percent of all clerical and administrative workers, while men are more than 90 percent of all precision production, craft, and repair workers; more than 90 percent of all transportation and moving workers; and more than 95 percent of all construction workers (U.S. Department of Labor 2009). On average, traditionally female-dominated occupations (occupations where women are more than 75 percent of the work force) pay considerably less than traditionally male-dominated occupations (occupations where men are more than 75 percent of the workforce; Institute for Women’s Policy Research 2009). Male-dominated occupations also generally provide higher earnings than female dominated occupations requiring similar levels of qualifications (England 2005). For example, median weekly earnings for truck drivers were \$554 in 2008, compared with \$451 for secretaries (U.S. Department of Labor 2009).

“...traditionally female occupations pay considerably less than traditionally male occupations...”

WIA Services Provide Only Minimal Training for ‘Non-Traditional’ Skills

Only a tiny minority of adult or dislocated worker exiters, fewer than 3 percent, were employed in non-traditional jobs (defined as employment where 75 percent or more of employees are of the opposite sex) following WIA funded training; among all adult WIA service users the proportion is less than 1 percent (Social Policy Research Associates 2008b, Tables II-14 and III-15). In the labor force as a whole, Current Population Survey data show that 5.6 percent of all male and female workers are employed in non-traditional occupations; thus WIA services appear to contribute to increasing sex segregation in the labor market.⁶ Under WIA, governors are, in principle, able to fund the “implementation of programs to increase the numbers of individuals training and placed in non-traditional employment” by making use of their discretionary powers to allocate up to 15 percent of total state-wide WIA funding for training programs of their choice. Yet according to the latest analysis available, only six states used these set-asides for non-traditional skills programs (U.S. GAO 2002, 55).

“... WIA service appear to contribute to increasing sex segregation in the labor market...”

The Role of Counseling Services in Influencing Occupational Outcomes

Some argue that the nature of occupational training received by men and women simply reflects male and female preferences. However, research conducted by Negrey and her colleagues (2000) on occupational training, counseling, and training decisions of low-income women found that, while indeed many women said they were not interested in non-traditional skills, women who said they would be interested in non-traditional training significantly outnumbered women who were actually referred to non-traditional job training. Moreover, many of the women surveyed said that: they were not aware of the differences in potential earnings when they began their training, information on the likely wages and benefits in an occupation was not usually part of the career advice they had received, and, had they seen more detailed information, they might have pursued training for different occupations. While the research found that many counselors were happy to refer people to programs that they thought responded to the clients’ interests, they were also unlikely to proactively suggest alternative programs that might lead to higher earnings.

“...Women were not made aware of differences in potential earnings during career counseling. With better advice, many say they might have chosen differently...”

Conclusion

Women who entered employment after they received WIA services, on average, earned close to \$1,500 less per quarter than their male counterparts, and women who received services as dislocated workers earned over \$2,000 less than their male counterparts.⁷ The available data suggest that traditional gender segregation in training, which provides men with training for male-dominated occupations and women with training for female-dominated occupations, is a significant factor in accounting for this earnings gap because it perpetuates existing gender segregation in the labor market.

The pending WIA reauthorization provides an opportunity for Congress to improve gender equity in the provision of services. First, the reauthorization should require better data collection and analysis that would allow for a more precise assessment of the reasons for the gender wage gap that persists among workers who received WIA funded services. These data should include an assessment of racial and ethnic differences by sex, which are not currently attainable through published data sources. Second, the reauthorization should require more research and monitoring to fully understand the factors behind the stark occupational segregation in training services received by WIA clients, and to determine whether more differentiated and proactive advice on typical earnings and benefits in different occupations would change outcomes. In addition to better and more targeted information, the reauthorization should provide for more dedicated training services to facilitate women's greater access to non-traditional occupations, including the creation of incentives for the sharing of best practices and the replication of programs with a high success rate of placing women into non-traditional occupations. WIA services are funded with the goal of achieving both increased earnings and enhanced self-sufficiency for service users. Without greater attention to the causes of the gender earnings gap, the goal of self-sufficiency is likely to remain elusive for many women and their families.

“... more research is needed to understand the factors behind the stark occupational segregation in WIA services for men and women...”

“...without greater attention to the causes of the gender earnings gap after WIA services, the goal of self-sufficiency is likely to remain elusive for many women and their families...”

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Notes:

- ¹ Public Law 105-220: Workforce Investment Act 1998, SEC. 106
- ² See Public Law 105-220: Workforce Investment Act of 1998, Section 134 onwards; the Act does not include a specific definition of "self-sufficiency."
- ³ For a more detailed description of each service category and target participants, see Baider 2008. WIA also provides services for youth; this fact sheet exclusively discusses adult participants.
- ⁴ A small proportion of adult exiters (2.1 percent) were co-enrolled as dislocated workers (Social Policy Associates 2008, 50).
- ⁵ The study suggests that earnings gains have different long-term dynamics for men and women with men seeing earlier gains, compared to other males, after exiting services, than women, but that these gains diminish in the longer term, while for women gains are initially smaller but more sustained. While the study examines earnings trajectories separately for men and women, its focus was to compare earnings changes between individuals who received or did not receive WIA services, not on examining differences in earnings between men and women.
- ⁶ Calculated by IWPR based on data in U.S. DOL 2009.
- ⁷ See Table 2 above; data for PY 2007, for people who had completed WIA services four quarters earlier.

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