SOCIAL POLICY RESEARCH
ASSOCIATES

Evaluation of the Career Advancement Account (CAA) Demonstration

Final Report
Completed January 2012

Prepared by:

Jeffrey Salzman
Andrew Wiegand
Jillianne Leufgen
Tyler Moazed

Prepared for:

U.S. Department of Labor,
Employment and Training Administration
200 Constitution Ave., N.W.
Washington, D.C. 20210

Project No 1355

1330 Broadway, Suite 1426
Oakland, CA 94612
Tel: (510) 763-1499
Fax: (510) 763-1599
www.spra.com

CONTENTS

EXECUTIVE SUMMARY

The Career Advancement Account (CAA) Demonstration is an effort to test a voucher-based, consumer-driven, self-guided approach to providing access to training for the U.S. workforce that contrasts with the more regulated approach used under the Workforce Investment Act (WIA) and in other government-funded training programs. The Employment and Training Administration (ETA) of the U.S. Department of Labor contracted with Social Policy Research Associates (SPR) to evaluate the CAA Demonstration. This report was completed in December 2010 and offers a complete picture of the evaluation's findings from the implementation of the eight grants in late 2006 and early 2007 through December 31, 2009. It describes how the states implemented CAAs, details the services they provided, outlines the overall account and expenditure activity, analyzes outcomes for those participants who exited early enough that the states could provide Common Measures information about them, and summarizes what can be learned from the demonstration.

Overview of the CAA Demonstration

In the fall of 2006, ETA launched the CAA Demonstration to test a streamlined training voucher, building off the emphasis of the WIA on streamlining training services, empowering customers, and relying on market-driven approaches to ensure accountability and performance (i.e., demand for a service and competition among service providers will stimulate the number of available choices and enhance the quality of choices, respectively). ETA's planning guidance to prospective grantees (issued in an internal document) identified the following principles: integrate funding streams to reduce duplication and increase flexibility, reduce administrative costs, streamline training service delivery, increase participant ownership of the training investment, and strengthen career assessment/counseling to assist in training choices. Taking the voucher approach exemplified by Individual Training Accounts (ITA) one step further, workers are given an account of up to $3,000 per year for up to two years, which they can use to pay for the tuition, books, and fees associated with the education or training services of their choice, so long as the training program leads to a portable, industry-recognized credential. At the time of the demonstration, ETA estimated that on average $3,000 was sufficient to finance tuition for approximately one year of study at a community college. Within these broad parameters, states have discretion to tailor the application of CAAs to their own needs.

Eight states either volunteered to participate in the CAA Demonstration or were selected for participation based on labor market needs. Initially, the three states that volunteered—Indiana, Pennsylvania, and Wyoming—planned to operate broadly-targeted programs, and the five selected states—Georgia, Michigan, Minnesota, Missouri, and Ohio—were to target workers affected by recent dislocations in the automotive industry. However, because many dislocated automotive workers were eligible for benefits under the Trade Adjustment Assistance (TAA) program and the grant explicitly excluded such workers in order to avoid duplication in service provision to them, the five "automotive states" discovered that they had to focus on a much broader array of target groups.

ETA initially planned to provide $1,500,000 per year in grants to each state for two years of grant operations. Under this plan, total initial federal funding could have reached $3 million for each state, or $24 million for the demonstration as a whole. As each grantee was required to provide a dollar of leveraged funds for each federal grant dollar expended, the demonstration had a theoretical capacity of $48 million. However, as of December 31, 2009, the last quarter for which information was available, actual federal outlays had amounted to $14,631,733 and a total of $29,680,925 had been expended.

Several broad contextual factors affected the design and implementation of the demonstration across all grantees:

- The Congressional rescission of dislocated worker funds for Program Year 2007 and increasing number of layoffs meant that WIA training funds were generally scarce.
- All state and local areas faced growing unemployment rates as the recession continued.
- All states and local areas aligned CAA activity with economic development strategies.

Overview of the Evaluation

The evaluation has four major research objectives: (1) summarize the organization, implementation, and operation of CAAs in the participating states; (2) detail the services provided; (3) examine the outcomes obtained by recipients; and (4) identify practices that may have implications for improving workforce services.

To address these research objectives, SPR conducted two rounds of site visits (with each visit three days in length) to each state grantee and a sample of Local Workforce Investment Areas (LWIAs) implementing the demonstration. These site visits occurred in spring and summer 2008 and summer and fall 2009. Exhibit ES-1 details the states and local areas visited during both rounds.

Exhibit ES-1:
CAA Demonstration Sites Visited

State	Round 1: Local Area 1 (American Job Center*)	Round 1: Local Area 2 (American Job Center)	Round 2: Local Area 1 (American Job Center)	Round 2: Local Area 2 (American Job Center)
Georgia	Atlanta Regional Commission LWIA (Clayton County-Morrow)	Northwest Georgia LWIA (Cartersville)	Atlanta Regional Commission LWIA (Clayton County-Morrow)	Northwest Georgia LWIA (Cartersville)
Indiana	Eastern Indiana LWIA (Muncie)	Northeast Indiana LWIA (Fort Wayne)	Southwest Indiana LWIA (Evansville)	Southeast Indiana LWIA (Columbus)
Michigan	Macomb/St. Clair Counties LWIA (Clinton Township)		No local visits. Telephone interview with state grant manager	
Minnesota	Hennepin-Carver Counties LWIA (Brooklyn Park)	City of Minneapolis LWIA (South Minneapolis Career Center)	Hennepin-Carver Counties LWIA (Brooklyn Park)	City of Minneapolis LWIA (South Minneapolis Career Center)
Missouri (Employment Service (ES) staff)	Kansas City ES (Kansas City and Vicinity Career Center)	St. Charles County ES (St. Peter's Career Center)	Jefferson City ES (Jefferson City Career Center)	
Ohio	Clermont County LWIA (suburban Cincinnati)	Northwest Ohio LWIA (Toledo)	Clinton, Highland, Fayette, Greene and Montgomery Counties sub-LWIA (Wilmington)**	Cincinnati and Hamilton County LWIA (Cincinnati)
Pennsylvania	Northwest Pennsylvania (no center visited)	Three Rivers WIB, Pittsburgh and balance of Allegheny County LWIAs (Pittsburgh)	Northwest Pennsylvania (no center visited)	Three Rivers WIB, Pittsburgh and balance of Allegheny County LWIAs (Pittsburgh)
Wyoming (single-LWIA state)	Cheyenne Workforce Center	Riverton Workforce Center	Evanston Workforce Center	Jackson Workforce Center

* In June 2012, ETA released the Training and Employment Guidance Letter 36-11 (http://wdr.doleta.gov/directives/attach/TEGL/TEGL_36_11.pdf), which describes the implementation of identifying or branding all One-Stop Career Centers as American Job Centers.

** Ohio has 20 county- and city-based LWIAs, including one that is composed of clusters of 47 counties, with subsidiary areas, each of which effectively functions as a separate LWIA.

To supplement the qualitative site-visit data, all states voluntarily supplied the evaluation team with client-level records, which exceeded in detail the grant's recordkeeping requirements. Of the 9,217 participants offered CAAs as of December 31, 2009, records were submitted for 8,425 participants, including outcomes for 3,974 participants. Thus, the report is able to provide limited descriptive and analytical statistics on the course of the demonstration, services delivered, and outcomes.

Organization and Implementation of the CAA Demonstration

The CAA Demonstration started with a fairly clear picture that grantees would help test a more streamlined training voucher or account of their own design but within the parameters provided by ETA. However, when states made their plans for implementing the demonstration, they made some significant departures from ETA's original intentions in terms of program structure and goals. Then, during implementation, various factors caused states to make significant changes to their implementation plans. In addition, significant variation emerged in administration, finance, data collection, and data reporting.

Structure

ETA was interested in using the CAA Demonstration as a way of comparing different structures for training delivery. However, in developing their implementation plans, none of the participating states or LWIAs sought to test an alternative delivery system, such as working with their local community colleges; instead, they relied on the existing LWIA American Job Center system. Only Missouri declined to use its LWIAs and instead, the state relied on its state ES staff.

Despite the grant solicitation's emphasis on involving partners, such as community colleges and other training providers and employers, there was relatively little involvement from theses groups. However, community colleges did provide a large proportion of the training, and employers participated to some extent in serving already-employed workers.

States plans varied in the extent of implementation. Three states (Missouri, Ohio, and Wyoming) planned to implement their CAA grants statewide. The other states implemented CAAs in a limited number of LWIAs, ranging from nine in Michigan to two in Georgia and Minnesota.

Goals

Even though ETA had particular reasons for initiating the CAA Demonstration, the states had their own goals in mind when they agreed to participate. Although states' goals did not necessarily conflict with those of ETA, they did result in an unexpected degree of heterogeneity in the implementation of the project, and how this reflected positively or resulted in challenges with implementing the CAA demonstration projects is a part of the focus of the evaluation. In some cases, states saw CAAs as a way to train workers who were not eligible for or served effectively by WIA or other existing programs. Incumbent workers, who can only be served through WIA state reserve funds or formula funds with a waiver, were a common target group.

Additionally, some states sought to use CAAs as a means to improve connections with employers. Another group of states saw CAAs as a path to serving workers who needed only a very specific skill or very short-term training to obtain re-employment. Some of these workers might not be eligible for training under the regular tiered WIA service designs. Yet another group of states, especially those that lost large amounts of dislocated worker funds under the PY 2007 Congressional rescission, viewed CAAs as a new opportunity to obtain more training money for their states. Finally, five states initially agreed to participate to serve a very specific group—dislocated automotive workers—but ended up greatly expanding their target groups because nearly all autoworkers were eligible for the TAA program, which provides greater benefits to workers. Thus, while the CAA Demonstration benefited from having CAA concepts tested in multiple environments, this variety ultimately limited the explanatory power of any conclusions

Departures from Initial Implementation Designs

Grantees made several changes to their original implementation plans over the course of the demonstration. One set of changes occurred in response to the major grant modifications that ETA offered to all states:

- To allow states to overcome implementation delays, grants were modified in two important ways:
  - Spending limits were raised from \$3,000 to \$6,000, which could be spent in a single year.
  - The grant periods were extended by 12 months.
- The leveraging requirement was eliminated in August 2009. (However, most states had met or exceeded the 100 percent leveraging requirement.)

The states also initiated major changes on their own. The most far-reaching change in planning occurred in the automotive states, which had to shift to a more general emphasis on dislocated workers because the grant excluded workers eligible for benefits under TAA. Finally, one state, responding to employer needs, departed significantly from the ETA design by initially offering non-certificate, work readiness skills to incumbent workers. This practice was inconsistent with the grant, and the state quickly shifted its plan to align more with ETA's vision for the demonstration by conducting outreach and offering vouchers to the incumbent workers, instead of employers, for job-based (rather than employer-based) skills training opportunities, which may lead to advancement or entry into new employment.

Management of the CAA Demonstration

Five of the eight states essentially left demonstration management to their LWIAs, retaining only general financial management and oversight over the project. However, data and reporting remained state functions. Five of the participating states used existing databases to track CAA awards and their recipients' progress. Two states developed entirely new databases for the demonstration. One additional state used a combination of existing databases and new ones developed explicitly for the demonstration. On the fiscal side, nearly all the states used existing financial management systems to pay vendors and track account activity.

The 100 percent leveraged-fund requirement in the grant added additional cash and in-kind staff resources to fund additional accounts and to pay for staff assistance to recipients. The states used a variety of sources for both types of leveraged funds. Exhibit ES-2 displays the total federal and leveraged funds expended as of December 31, 2009, and Exhibit ES-3 displays the type and sources of the funds.

Exhibit ES-2:
Federal and Leveraged Funds as of December 31, 2009

	CAA Federal Funds Expended	Leveraged Funds Expended	Total Funds Expended	Leveraged Funds as % of Federal Funds
Georgia*	$1,284,316	$699,835	$1,984,151	54%
Indiana	$834,957	$1,852,801	$2,687,738	222%
Michigan	$1,500,000	$1,500,000	$3,000,000	100%
Minnesota	$2,240,553	$1,673,135	$3,913,688	75%
Missouri	$2,911,718	$3,302,898	$6,214,616	113%
Ohio	$2,793,039	$3,357,000	$6,150,039	120%
Pennsylvania	$1,139,433	$1,199,199	$2,338,632	105%
Wyoming	$1,927,717	$1,464,344	$3,392,061	76%
Total	**$14,631,733**	**$15,049,192**	**$29,680,925**	**103%**

***** Georgia and Michigan last reported expenditures on June 30, 2009, their last quarter of active operations.

ES-3:
Types and Primary Sources of Leveraged Funds

	Type of Leveraged Funding	Primary Sources
Georgia	Dollars	HOPE grant, Pell grants
	In-Kind	Wagner-Peyser, WIA Dislocated Worker
Indiana	Dollars	Rapid Response
		75% local match (initially)
Michigan	Dollars	WIA Statewide activities
Minnesota	Dollars	State-funded dislocated worker program
	In-Kind	Wagner-Peyser, WIA Adult and Dislocated Worker programs

	Type of Leveraged Funding	Primary Sources
Missouri	In-Kind	Wagner-Peyser, Rapid Response, Business Services staff
Ohio	Dollars	Rapid Response
Pennsylvania	Dollars	Unused WIA funds, TANF funding, Pell grants, Vocational Rehabilitation, contributions from CAA recipients
Wyoming	Dollars	State General Fund, Wagner-Peyser

Services Provided to CAA Recipients

The design for CAAs envisioned a program with fewer services and less case management, allowing quicker enrollment and extensive customer choice. States and local areas varied considerably in how they developed target groups, eligibility requirements, and specific service designs.

Targets Groups and Occupations

Targeting specific recipients allowed state grantees to achieve certain objectives (such as influencing economic growth) while not overtly impeding customer choice. With different objectives in mind, states accordingly developed different target groups. Then, during the course of implementation, most states discovered a need to make changes to the set of groups they had initially targeted. The challenges related to these changes are discussed in greater detail in Chapter II of this report. (The shift away from an automotive emphasis in five states was noted above, but other states had to make some shifts for different reasons.) Exhibit ES-4 summarizes how the target groups evolved over the course of the demonstration.

As part of the grant requirements, all grantees initially identified high-growth, high-demand occupations or industries to target. This grant requirement was easy to meet, as the states all had developed policies for the workforce investment system in general that were intended to ensure that public training programs would support economic development needs and, in turn, yield good performance on the Common Measures. However, selecting certain industries in which to focus training limited the choice that the CAA was supposed to provide. Thus, the grantees had to resolve the problem of what to do if an individual sought training that did not comport with the policy objective. The states diverged in the ways they resolved this issue, dividing themselves into two general categories. Pennsylvania and Michigan required CAA training to be in a high-growth or high-demand occupation, as determined by the state. A third state, Indiana, also required training to be in these kinds of occupations, but left it to the LWIAs to determine which industries to target. The other five states also had selected occupations and industries in which to invest workforce-training funds. However, these states ultimately did not require that

CAA training be in these specific industries or occupations. These states resolved the tension between providing unfettered customer choice and using program constraints to promote economic development or other policy objectives by encouraging and promoting specific industries and occupations but stopping short of establishing explicit limitations.

Exhibit ES-4:
State Target Groups

State	Initial Target Group	Target Group at Mid-Point	Target Group at Conclusion of CAA
Georgia	Dislocated auto workers	Dislocated workers (any industry) Incumbent workers (any industry) Low-income adults	Dislocated workers (any industry) Low-income adults
Indiana	Low- to mid-wage incumbent workers	No change	No change
Michigan	Dislocated autoworkers Incumbent autoworkers	Dislocated workers (any industry) Incumbent workers (any industry)	No change
Minnesota	Dislocated autoworkers Dislocated manufacturing workers	Dislocated workers (any industry)	No change
Missouri	Dislocated autoworkers Incumbent autoworkers	Dislocated workers (any industry) Incumbent workers (any industry)	No change
Ohio	Dislocated autoworkers Incumbent autoworkers	Dislocated workers (any industry) Incumbent workers (any industry)	No change
Pennsylvania	Low-income adults	No change	No change
Wyoming	Dislocated workers Incumbent workers (primary focus) Low-income adults	No change	Unemployed workers

Pre-Training Services

States worked hard to balance the key concepts of customer choice and minimal case management with the perceived need to assist customers in making good training decisions. With many options open to them, most states resolved this conundrum by leaving it up to local sites to decide the level of pre-training services provided to CAA customers. The majority of sites in these states, in turn, elected not to establish formal procedures and to allow pre-training services to be customized to individual participant needs. At most sites in these states, pre-training interactions were mostly limited to case managers meeting with potential CAA customers, determining eligibility, and having the individual fill out an application and choose a desired training program.

The decision to train, which occurs through core and intensive service tiers under WIA, was generally not an issue for the CAA Demonstration, as CAA recipients had already made that decision. The only exceptions were for recipients in the two states that tightly integrated their CAA programs with existing American Job Center services and where most CAA recipients went through the typical WIA tiered services.

Training Decisions

Once a decision to train is made and the individual meets the target-group criteria, a potential CAA recipient must make a series of training decisions, which typically involve selecting an occupation and training vendor, and resolving how the training will be funded. How these decisions are made are a key component of how LWIA service models balance customer choice with local or state policy goals and account for differing customer needs. The evaluation found three types of decision-support models:

- **Minimal service model**. The minimal service model occurred at sites where case managers embraced the limited-service, customer-choice model. Here case managers acknowledged the policy goals issued by the state (e.g., focus on high-growth occupations), but typically acceded to a customer's training decision, even if it was contrary to the counselor's conception of a well-informed decision or the state's policy. The two states that best represent the minimal service model were Missouri and Indiana. Michigan also tried to use a minimal service model but the policy did not gain universal acceptance among front-line staff.
- **WIA-like model**. In these cases, case managers provided some type of counseling service to every customer, regardless of the customers' own levels of preparation and informed decision-making. At sites using this model, there was a high level of variability, both across and within states, concerning the services provided and how intensive they were, even when services were provided to a majority of customers. Both Pennsylvania and Wyoming had WIA-like case manager interaction models.
- **The variable model**. Under this model—the most common—the level of services provided depended on the level of customer preparedness. Customers who knew exactly what type of training they wanted, from which vendor to receive it, and how the training decision would positively impact their employability would move through the CAA program with essentially no pre-training services. Those who needed assistance in deciding on any aspect of training would be provided assessments and other services to ensure, as best as possible, that they made informed decisions. The variable model prevailed in Ohio, Minnesota, and Georgia.

The site visit data on services suggest that a CAA training model carries an important trade-off between easy access to training and the risk of poor training decisions and lack of focus on economic development objectives. Individuals who can take advantage of the high level of customer choice can move through the system and enter the training program they want more quickly and more easily than if done through an ITA. Conversely, the hands-off approach can negatively affect individuals who need help and case management, potentially resulting in uninformed training decisions that are less likely to bring positive outcomes for those individuals and which do not promote regional economic development. What the CAA evaluation demonstrated was that this trade-off is mediated by the interaction between the case manager and the participant, and whether it results in positive or negative outcomes is due less to federal, state, or local policy decisions than it is to the nature of the interaction. The evidence from the evaluation suggests, in other words, that extensive variation in service delivery across sites appears to have more to do with how the case managers at each local area dealt with participants than with the level of restrictions on the program or the degree of emphasis states' placed on customer choice. All individual case managers, as workforce professionals, possess a great deal of latitude during their daily operations. The CAA program further expanded this sphere of freedom by eliminating performance requirements and providing minimal federal and state oversight.

As can be seen from Exhibit ES-5, there were several optimal types of interactions that provided appropriate levels of staff support and still conserved staff resources. These are shaded in the exhibit.

Exhibit ES-5:
Case Manager and Participant Interactions

	Participant Needs Help	Participant Does Not Need Help
Flexible Case Manager (variable levels of service)	Participant gets help making training decision (can result in positive or negative outcomes)	Participant does not get help and makes own training decision (can result in positive or negative outcomes)
Non-Flexible Case Manager (WIA level of services for all individuals)	Participant gets help making training decision (can result in positive or negative outcomes)	Participant gets help making training decision but resources are used inefficiently (can result in positive or negative outcomes)
Minimal Case Manager (no counseling)	Participant does not get help making training decision (can result in positive or negative outcomes, but increases the likelihood of bad training decisions and weak outcomes)	Participant does not get help and makes own training decision (can result in positive or negative outcomes)

In an effort to maximize customer choice, ETA prohibited grantees from requiring that CAA customers select their vendors from the state's Eligible Training Providers List (ETPL). While ETA may have envisioned the lack of an ETPL requirement dramatically increasing the level of customer choice and providing important training opportunities unavailable to ITA customers, it appears most customers still ended up selecting vendors who were on the ETPL. The reasons for this occurrence are discussed in Chapter III of this report.

Approval Procedures and Case Management

Greater emphasis on customer choice often led to relatively quick training decisions compared to the ITA decision process. This was complemented by management-approval processes that were quicker than those in WIA. Thus, overall access to training was prompt. Once CAA recipients started training, case management was extremely limited, and this carried over to post-training placement and follow-up. Lack of placement help, however, was mitigated by vendor placement help, which occurs regardless of the level of involvement by workforce staff. In general, CAA recipients received less case management than ITA recipients.

What Training and Non-Training Services Were Delivered

The officially reported and client-level data indicate that the training services possessed the following characteristics:

- The most common type of training, sought by 62 percent of CAA recipients, was that which led to the awarding of an industry-recognized credential or certificate.
- Training was of short duration, with the overall average about 13 weeks. This is a good deal shorter than the average time in training for participants enrolled in WIA adult and dislocated worker programs in each CAA state.
- The extent of co-enrollment in WIA (for counseling or supportive services) is not known as half the states did not track this service. Among the four states that did report co-enrollment, three co-enrolled more than half the CAA recipients.
- Few CAA recipients—fewer than five percent in all but one state—received supportive services.
- The average cost for CAA tuition was $2,034.

CAA Activity and Outcomes

The states reported that they established 9,217 CAAs, with implementation delays substantially reducing the number of accounts until the states began hitting their stride in the July–September quarter of 2008. The states disbursed funds in 6,795 of those accounts, obligating an average of $2,986 per account, a figure that did not change substantially after the cap and duration limits were liberalized. At least 80 percent of the funds were disbursed to cover tuition.

CAA recipients who exited the program had the following characteristics:

- **Sex**. Nearly 70 percent were women.
- **Age**. The average age of participants ranged from 35 to 46 years.
- **Race/Ethnicity**. The majority of recipients in all states were Caucasian, with most of the rest African-American. Few Hispanics or Asians were served.
- **Disabled and veterans**. Only one percent of participants were disabled, and five percent were veterans.

- **Education level.** CAA recipients were overwhelmingly high school graduates (including those who passed the General Educational Development test). Two states reported high levels of post-secondary educational attendance. Overall, educational attainment was significantly higher than in the WIA programs.
- **Employment status at entry**. Five of the eight states—Indiana, Michigan, Ohio, Pennsylvania, and Wyoming—served a much higher percentage of employed individuals in the CAA Demonstration than they did under their WIA Adult programs.
- **Pre-program earnings**. The average quarterly pre-program earnings for CAA participants ranged from about $12,000 at the high end to $2,000 in Pennsylvania, the state with the lowest-earning participants (where low-income adults were targeted).
- **Public assistance**. The percentage of participants on public assistance at enrollment was less than 7 percent in all states except Pennsylvania, where nearly 40 percent of participants were receiving some type of public assistance.

In many states, participants served through the CAA Demonstration were different from those typically served in WIA programs. Compared to their WIA program counterparts, participants were more experienced (e.g., they entered with some post-secondary experience or were employed at entry) but lower skilled (e.g., they had lower pre-program wages or were on public assistance).

Because of the timing of the evaluation, substantial analyses concerning Common Measures outcomes could not be included in this report. However, most states reported that a majority of exited participants were placed or retained in employment. Of the participants obtaining post-program employment, the average quarterly wages in half of the states exceeded $8,500. When multivariate analyses were conducted to explore the relationship between services received by CAA participants and their attainment of outcomes, the receipt of intensive services (effectively a WIA-like model) was found to be significantly related to both employment attainment and lower post-program earnings. In other words, participants who received intensive services were more likely to be placed in or retain employment, but they also tended to earn less than participants who did not receive intensive services. This suggests that intensive services are most useful in helping participants find employment.

Conclusions Drawn from the Evaluation

In this section, we summarize implementation challenges, the positive and negative effects that were observed, how the CAA key principles played out, the states' post-grant plans for CAA practices and procedures, and innovative practices that appeared during the course of grant activity.

Implementation Challenges

Significant implementation challenges—some associated with CAA concepts and some related to the difficulty of administering any demonstration—ultimately limited the demonstration's ability to provide a clear test of the CAA policy framework. The evaluation identified the following challenges:

- LWIA participation was difficult to obtain, and skepticism about CAAs among state and local officials limited participation and caused delays.
- No grantee tested an alternative delivery system, except in Missouri, where the ES administered the CAAs because the state's LWIAs were unwilling to participate.
- Design variation limited the demonstration's ability to test key policy objectives.
- Changes in the fundamental structure of the demonstration during the course of implementation (i.e., population and industry targets, caps on funds, duration of training, and eliminating leveraged funds) created delays and uncertainty.
- LWIAs lacked the staff resources needed to administer the demonstration properly. This problem was exacerbated by the PY 2007 Congressional rescission, which cost states 30 percent of their dislocated worker funding.
- Leveraged funds were difficult to obtain and track.
- Information systems for participant reporting proved difficult to implement.
- Financial management systems were adapted from WIA, which facilitated implementation, but these systems did not report complete data in a few states.

Effects of the CAA Demonstration

The demonstration had many positive effects:

- The demonstration provided grantees and LWIAs with a welcome source of additional funds.
- By targeting different groups, the demonstration expanded training access to workers who were not served by WIA, such as those individuals who are ineligible for training based on the tiered WIA service design and incumbent workers.
- The constraints on staff assistance imposed by the customer-choice model helped many staff recognize that some customers do not require assistance.
- Recipients were able to get into training programs more promptly and easily than their ITA counterparts.
- The goal of improving accessibility caused several LWIAs to focus on changing their service process.
- Increased choice led to greater customer responsibility and satisfaction for some customers.
- The short-term training that was provided filled several types of workers' needs.

- The CAA program, as designed, would give customers the authority to make their own training decisions without extensive WIA restrictions, thus potentially allowing CAA recipients to enjoy a wider choice of training programs and providers than ITA recipients.
- Vendor response to the CAAs affected whether the training market expanded or not.

At the same time, the demonstration had a number of less than positive effects:

- Administrative cost limitations (five percent) hampered implementation of the CAA system.
- Limited staff assistance meant that some customers did not make informed training decisions.
- Customers requiring supportive services were either not served or had to co-enroll in WIA.
- Setting a $3,000 cap limited training opportunities.
- Without the ETPL, customers had less protection from unscrupulous training vendors.

Assessment of the Key Principles of the CAA Demonstration

Exhibit ES-6 summarizes the evaluation's assessment of the key CAA principles, based on the extent to which the grantees fulfilled their objectives.

Exhibit ES-6:
Summary Assessment of Key CAA Principles

Did CAA serve new groups of workers?	Yes	Grantees consistently reached out to new groups of workers, including incumbents, adults just above self-sufficiency levels, or high- and low-skilled people.
Did participants move promptly and easily into training?	Yes	Grantees did not require pre-training services, except for those that passed through American Job Centers' tiered services. Decision-making and approval procedures were expedited.
Did customers experience greater freedom in making training decisions?	Yes and No	Eliminating the requirement to use the ETPL expanded the choice of training vendors and programs, but the $3,000 cap, which is much lower than is typical for ITAs, foreclosed many of the potential options. Some limitations, such as the two-year duration or a requirement to train in certain high-priority or high-growth occupations, were the same in both the CAA and ITA programs. The expansion of the cap limit from $3,000 per year to $6,000 over two years had a positive effect on local sites, which was originally considered a large differential between the ITA and CAA limits. This is discussed further in Chapter III.
Were customers able to make informed training decisions with reduced counseling?	Uncertain	The evidence is clear that most CAA recipients in all states received less counseling and case management in making their training decisions than ITA participants. However, no information was available on the relative proportion of well-informed versus ill-informed training decisions
Did CAA grantees and LWIAs reduce their	Uncertain	All grantees adhered to the five percent administrative cost limitation. However, it is not feasible—and would require a

costs?	targeted audit—to compare costs between an ongoing ITA program and the temporary CAA Demonstration when the two have very different rules on what constitutes an administrative cost.

Sustainability of the CAA Model

For various reasons, none of the states indicated that they had any plans to adopt a CAA-like training program or any of its key features after the grant ends. However, one state (Georgia) left the door open slightly, stating that it did not know whether the demonstration was effective because the evaluation did not include an impact estimate that could tell grantees whether CAAs had better outcomes on the Common Measures than ITAs.

Innovative Practices

The CAA Demonstration did yield some ideas that are worthy of emulation. Given that a demonstration is not long-term, it should be noted that practices were not necessarily operationalized nor were procedures specifically established by the demonstration sites so specific models for these practices may not be available. Two elements of the CAAs that might be replicated include the following:

- Tailor the level of staff support to the customer's actual needs to expedite the process for well-informed customers while preserving staff resources for those requiring help.
- Provide short-term training focused on regional economic needs for two classes of dislocated workers: those served by Rapid Response (to facilitate early re-employment) and those potentially eligible for TAA who have not been certified.

I. INTRODUCTION

The Career Advancement Account (CAA) Demonstration is an effort to test a voucher-based, consumer-driven, self-guided approach to providing access to training for the U.S. workforce. This approach differs from the more structured methods currently used and described in the regulations for the Workforce Investment Act (WIA) and other government-funded training programs, such as the Trade Adjustment Assistance (TAA) program. Career Advancement Accounts provide $3,000 annually for up to two years to individuals seeking job training as a means to secure employment.[1,2] Eight states tested this voucher-based program, starting in late 2006 and early 2007.

The Employment and Training Administration (ETA) of the U.S. Department of Labor (DOL) contracted with Social Policy Research Associates (SPR) to evaluate the CAA Demonstration. This report was completed in December 2010[3] and offers a complete picture of the CAA Demonstration from the implementation of the eight grants in late 2006/early 2007 through late 2009/early 2010. It describes how the states organized and implemented CAAs, details the services they provided, outlines the overall level of account and expenditure activity, analyzes outcomes for those participants who exited early enough that the states could provide Common Measures[4] information about them, and summarizes the lessons learned.

---

1 In 2006-2007, ETA estimated that on average $3,000 was sufficient to finance tuition for approximately one year of study at a community college.

2 Over the course of the demonstration, these parameters changed, and the changes are outlined in the next section of this chapter. The implications of these changes are further discussed in the balance of the report.

3 The public release of this report was delayed due to editorial and clearance processes required by ETA before dissemination. The interim report can be found on ETA's Research Publication Database at: http://wdr.doleta.gov/research/keyword.cfm?fuseaction=dsp_resultDetails&pub_id=2474&mp=y.

4 ETA uses three Common Measures for most of its adult programs: 1) entered employment in the quarter after exit, 2) employment retention in both the second and third quarters after exit, and 3) average earnings of those who remain employed in the first, second and third quarters after exit.

Background on the CAA Demonstration

Federally-funded, general-purpose training programs have gone through several incarnations since enactment of the Manpower Development and Training Act in 1962. That initial legislation was succeeded by the Comprehensive Employment and Training Act and then the Job Training Partnership Act. In these earlier programs, training was frequently procured on a contract basis, into which customers were slotted. Front-line and administrative staff played a significant role in organizing and implementing the training, and the programs themselves were regulated by a substantial number of rules and restrictions. However, by the 1990s, contract training had significantly given way to more individualized training selection. This change was amplified and extended in the 1998 enactment of WIA, which aimed to increase the role of the marketplace in employment and training programs. In accordance with WIA, training policy moved from funding select training providers directly to issuing voucher-like individual training accounts (ITAs) that customers could use to procure training services from eligible training providers. This policy required Local Workforce Investment Areas (LWIAs) to administer the program and use ITAs to provide training to adult and dislocated workers. This shift in policy stemmed from several beliefs: that customers should have a wider range of choices among training providers; that increased competition among training providers for customers' patronage would create more quality training options; and that ITAs would decrease government administrative costs. Despite its reliance on market principles, however, the ITA training system retained a substantial number of regulations like requiring pre-training services and limiting training vendors to those approved and placed on an Eligible Training Provider List (ETPL).

Building off WIA's emphasis on streamlining training services, empowering customers, and relying on market-driven approaches to ensure accountability and performance, President Bush proposed in 2006 to enhance the marketplace assumptions of the ITA under WIA by using CAAs to provide most of the new federal education and training funds for U.S. workers. Under this proposal, CAAs, particularly training for workers in need of assistance for skills upgrading, were to be drawn from the existing funding for the public workforce system. This training could be administered, not only through American Job Centers[5], formerly known as One-Stop Career Centers, but through community colleges and other entities.

While this broad reform proposal did not make it through Congress, the Bush Administration was interested in testing certain features of the proposed training accounts. Consequently, ETA

---

[5] Training and Employment Guidance Letter 36-11 describes the implementation of identifying or branding all One-Stop Career Centers as American Job Centers. See http://wdr.doleta.gov/directives/attach/TEGL/TEGL_36_11.pdf. Accessed August 13, 2013.

launched the CAA Demonstration project in 2006 to test the CAA training-voucher concept. Taking the voucher approach exemplified by ITAs one step further, workers were given an account of up to $3,000 per year for up to two years, which they could use to procure education or training services of their choice (restricted to paying for tuition, books, or fees), so long as the training program led to a portable, industry-recognized credential. Allowable types of training included the following:

- Occupational skills training
- Skill upgrading or retraining
- Entrepreneurial training
- Educational activities leading to a high school diploma or its equivalent
- Customized training.

Reflecting the key principles of President Bush's American Competitiveness Initiative—reducing administrative costs and promoting unfettered individual access to federal training funds—CAAs would differ in a variety of ways from various federal programs providing adults with funds for education and training. For example, in contrast to Pell Grants, CAAs could be used by students who lacked a high school degree or already had a bachelor's degree, were pursuing training less than half time, and were enrolled in short-term training courses that lasted 10 weeks or less. Unlike those enrolled in WIA programs, CAA recipients would not have to fulfill any intensive, pre-training prerequisite activities, such as job searches for available employment, basic skill or interest assessments, or career counseling. Nor would CAAs require states and local areas to restrict recipient access to those training providers on the WIA ETPL. The focus would be strictly on training, as CAA funds could not finance the provision of support services, such as transportation or childcare support, or counseling and guidance activities provided by a workforce professional. (However, a customer could receive such services or assistance when they were funded from a different funding stream, such as WIA or Temporary Assistance for Needy Families (TANF), through co-enrollment or leveraged funds.) Finally, project administration and management for the CAAs were restricted to 5 percent of a state's funding allotment, as, for example, compared to 10 percent in WIA, 13.5 percent in the Senior Community Service Employment Program, or 15 percent in the TAA program.[6]

Within these few parameters, the states participating in the demonstration would have discretion to tailor the application of CAAs to their own needs. For example, they would need to establish systems for administering the funds, tracking participants, and establishing targeting guidelines and eligibility criteria for participants or recipients of the CAAs. While

---

6 Each program defines its administrative costs very differently.

use of the ETPL could not be made mandatory, states could develop alternative criteria for training quality. States could also limit occupational choice to programs that promised jobs in specific high-wage or high-growth industries. Finally, the Federal Government did not specify the delivery system, so states and local areas could use their existing American Job Centers, community colleges, or other systems established in partnership with the private sector to assist CAA holders in making informed training decisions and to manage the program.

Initially, three states—Indiana, Pennsylvania, and Wyoming—were selected to participate in the CAA Demonstration and planned to operate broadly targeted programs. Five additional states—Georgia, Michigan, Minnesota, Missouri, and Ohio—were selected to participate based on labor market needs; they were expected to target workers affected by recent dislocations in the automotive industry. However, even during the planning stages for the demonstration, the distinction between these two types of states became much less clear; as the projects began to be implemented, the distinction blurred further. Specifically, the "automotive states" found that the workers affected by layoffs in the automotive industry were certified as trade-affected and thus were eligible for benefits under the TAA[7] program. Since federal policy guidance stipulated that TAA-eligible individuals were not also eligible for CAAs, the initial automotive states had to select a broader array of target groups.

While the demonstration was initially intended to run concurrently in all states, circumstances dictated different start and end dates. The automotive states started several months later than the non-automotive states because of delays in signing the grant documents, due mostly to the TAA eligibility issue. End dates differ as well, because two automotive states, Georgia and Michigan, did not seek extensions beyond June 2009, while the other states requested extensions into 2010. Exhibit I-1 displays grant start and end dates for each state.[8]

Exhibit I-1:
CAA Grant Periods

	Type of State	Start Date	End Date
Georgia	Auto	12/04/06	06/30/09
Indiana	Non-auto	07/01/06	06/30/11
Michigan	Auto	12/04/06	06/30/09
Minnesota	Auto	12/04/06	06/30/10
Missouri	Auto	12/04/06	06/30/09
Ohio	Auto	12/04/06	06/30/10
Pennsylvania	Non-auto	07/01/06	06/30/10
Wyoming	Non-auto	07/01/06	06/30/10

[7] For information on the TAA program benefits and eligibility requirements, please see ETA's Web site at: http://www.doleta.gov/tradeact/.

[8] The SPR evaluation contract could not be extended beyond December 2010. This and delays in implementing some CAA grants resulted in SPR evaluating the CAA Demonstration grants through December 31, 2009.

ETA initially planned to provide $1,500,000 per year in grants to each state for the two years of grant operations. Under this plan, total initial federal funding could have reached $3 million per participating state, or $24 million for the demonstration as a whole. However, the financial terms shifted considerably throughout the project, generally reducing the amounts available to most states. At the outset, the demonstration immediately ran into several delays that inhibited grant spending. Most grantees got relatively late starts; this was particularly true for the automotive states, which had to modify their grants to serve non-automotive participants. Another cause for delay was that some states found it difficult to recruit participants in order to implement the project. Then, as the demonstration proceeded, ETA took several steps to reduce its overall grant spending and expedite the use of already-committed funds. First, the agency decided not to award second-year funding to most of the states, because they were not spending grant funds at a high rate. Second, it also allowed all states to obligate the total possible CAA account of $6,000 per recipient in one year, instead of limiting funding for each individual to $3,000 per year for two years. This was due in part also to the costs of tuition at a community college exceeding the expected cost of $3,000 per year. In some states, however, increases in state CAA grants balanced out these funding reductions. In particular, in 2008, ETA allotted more CAA funds to Minnesota, Missouri, and Ohio, which needed additional resources due to limited or exhausted WIA dislocated worker resources. Exhibit I-2 summarizes the total federal funding expended for the demonstration.

Exhibit I-2:
Total Federal Funds Expended

	Total Grant Award	Total Federal Funding Expended at Grant Closeout
Georgia	$1,288,000.00	$1,284,893.00
Indiana	$1,600,000.00	$1,497,622.23
Michigan	$1,500,000.00	$1,499,999.99
Minnesota	$2,300,000.00	$2,296,932.22
Missouri	$1,288,000.00	$1,284,893.00
Ohio	$3,000,000.00	$3,000,000.00
Pennsylvania	$1,600,000.00	$1,478,844.87
Wyoming	$2,250,000.00	$2,250,000.00
Total	**$14,826,000.00**	**$,14,593,185.31**

The federal CAA grants were subject to a 100 percent leveraging requirement, in which an equal amount of cash or certain in-kind contributions had to come from other sources (mostly WIA or Wagner-Peyser) over the two-year grant period. Thus, if the full $24 million in federal funds had been obligated and spent, the demonstration would have had $48 million because of the leveraging requirement. However, responding to grantee concerns that the leverage requirement was difficult to obtain in light of the economic downturn and would be an obstacle to fulfilling grant terms, DOL in the summer of 2009 modified the grant agreements for all six of the states that were still operating their CAA programs.[9] Thus, between the reduced federal grants and the elimination of the leveraging requirement, the demonstration has expended a total of $29,680,925, as of December 31, 2009, as Exhibit I-3: shows.[10]

Exhibit I-3:
Total Funds Expended for the CAA Demonstration as of December 31, 2009

	CAA Funds Expended	Leveraged Funds Expended	Total Funds Expended	Leveraging as % of CAA Federal Funds
Georgia[11]	$1,284,316	$699,835	$1,984,151	54%
Indiana	$834,957	$1,852,801	$2,687,738	222%
Michigan	$1,500,000	$1,500,000	$3,000,000	100%
Minnesota	$2,240,553	$1,673,135	$3,913,688	75%
Missouri	$2,911,718	$3,302,898	$6,214,616	113%
Ohio	$2,793,039	$3,357,000	$6,150,039	120%
Pennsylvania	$1,139,433	$1,199,199	$2,338,632	105%
Wyoming	$1,927,717	$1,464,344	$3,392,061	76%
Total	**$14,631,733**	**$15,049,192**	**$29,680,925**	**103%**

9 Georgia and Michigan had already ended their grants at the time the leveraging requirement was eliminated.

10 The use of leveraged funds varied greatly by source and use. All states reported some of this money as staff time to support CAA decision-making and administration, while some states also used the funds for additional awards. The wide disparities in the proportions of leveraged funds are largely the product of two factors: 1) differing methods of accounting for staff time and American Job Center costs and 2) the implementation delay in several states meant that a greater proportion of their grant activity came after the leveraging requirement was eliminated. Indiana's very high leverage level is primarily attributable to its enrollment of incumbent workers whose time in training was paid by their employers and that cost was added to the total of leveraged funds. Additionally, one community college contributed resources by staging a computer training course for those incumbent workers. Leveraged funds are discussed in Chapter II.

11 Georgia and Michigan last reported expenditures on June 30, 2009, their last quarter of active operations.

How the states applied funding to create the programs specific to their needs within the broad federal policy direction and timetable is the essential story of this report and will be discussed further in subsequent chapters.

Design of the Study

This report has four major research objectives: (1) summarize the organization, implementation, and operation of CAAs in the participating states; (2) detail the services provided; (3) examine the outcomes obtained by recipients; and (4) identify practices that may have implications for improving workforce services.

Research Questions

These broad objectives give rise to the four sets of research questions that underlie the data collection.

- How were the CAA demonstration projects organized by the participating states?
  - What was the balance of state versus local authority?
  - What was the geographic distribution across states?
  - How did internal and external delays affect implementation?
  - How did CAAs operate in the context of the rest of the workforce investment system?
    - ~ What partnerships did state grantees develop with employers, training providers, and other entities?
    - ~ How did leveraged funds affect the grants?
    - ~ What was the extent of integration with other programs?
- Who was served by CAAs and what services were provided?
  - What were the target groups and eligibility requirements?
  - What were the recruitment and referral strategies?
  - How did a CAA promote customer choice?
  - What were the explicit restrictions on training decisions?
  - How did CAA recipients make training decisions, and to what extent were staff and/or self-service tools involved in these decisions?
  - How did the CAA Demonstration address any needs for supportive services for trainees?

- What were the outcomes for CAA participants?
  - What were training completion rates and the outcomes on Common Measures?
  - How did outcomes compare to those of other training programs?
- What lessons were learned from the demonstration and how are they applicable to ITA and other training programs?
  - How does the CAA compare to ITA training under WIA?
  - Did CAAs improve training accessibility by broadening the vendor pool, serving additional types of customers, or affording quicker access to training?
  - What was the role of frontline staff in helping recipients make informed decisions?

The first set of research questions concerns how CAAs were implemented within the participating states. Because ETA allowed for state-level variation in CAA policy direction and operations, understanding how each state structured state versus local authority over program policy and implementation is critical. Of equal interest is whether states implemented the CAA demonstration statewide or focused on a limited number of local workforce areas. One part of understanding the implementation strategy is an examination of how CAAs fit into the larger array of workforce programs operating in the participating states. Similarly, states' recruitment and referral activities (e.g., through existing program structures or new ones), linkages with parties outside the public workforce system (including employers and training vendors), and integration of CAA services into existing program services that CAA recipients received must each be examined. This is critical to understanding how some states provided additional case management and support services in the context of CAA administrative cost restrictions and the explicit prohibition on using grant funds for supportive services. Finally, it is important to review how states leveraged grant funds, including additional monies for the matching requirement, additional tuition support from other programs, employers or recipients, and any in-kind supportive services and case management from other programs. (Note that findings on leverage are substantially influenced by a federal decision to eliminate the leverage requirement in the summer of 2009, at a point when six of the eight grants were still operational.)

The second set of research questions concerns the services that were provided. In this regard, how funds were targeted, whether to job seekers, incumbent workers, industry-specific workers, or skilled versus unskilled workers, and each state's rationale for targeting led to certain service-design decisions. In addressing questions in this area, the evaluation emphasized the need to determine the extent to which the state demonstration projects realized the key principles of the CAA Demonstration, i.e., ensuring customer choice and promoting greater access to training. Thus, evaluators examined (1) the explicit restrictions states imposed on CAA recipients' job training decisions, and (2) the level and intensity of assistance that project staff provided to support informed choice of career paths and appropriate training in a reduced-intensity case management environment.

To address the third set of questions, the report examines CAA recipient outcomes in terms of training occupations selected, training completion rates, and the Common Measures (entered employment, employment retention, and earnings gain), as indicated by both qualitative and quantitative data. Because the evaluation is not an impact study, only limited inferences can be drawn from these data. Further, the analysis was constrained by limitations on available data, an issue discussed in the next section. Nevertheless, Chapter IV examines these outcomes in some detail.

Finally, to shed light on the crucial fourth set of questions, the evaluation examines how the CAA Demonstration compares to similar public workforce training programs, such as WIA's ITA, in terms of access to training; target populations; user-friendliness for workers, training providers, and employers; the role of frontline staff in managing the provision of services under CAA; and the recipients' access to supportive services. Addressing these items should highlight the advantages and challenges that may have ongoing implications for existing or future ways of administering public training programs.

Methodology

The evaluation incorporated two rounds of site visits to participating states and selected LWIAs that implemented the demonstration; it also included an analysis of client-level records. The first round of visits was conducted between April and December 2008. At the state level, SPR site visitors, following a systematic research protocol, conducted in-depth, semi-structured interviews with system administrators, planners, and management information system (MIS) staff. This visit was followed by visits to two LWIAs in each state. At the local level, site visitors interviewed American Job Center directors in charge of project implementation and management of front-line staff. In addition, to gain a better understanding of both the training-decision process and the services received, SPR site visitors reviewed case files and conducted focus groups or one-on-one interviews with CAA recipients and training providers at each of the local areas.

A second round of visits to participating states occurred during the summer and fall of 2009. State-level data collection during this round emphasized service delivery and was done by telephone in most of the states. To increase the breadth of the data collection, the local visits in the second round were generally to new sites, except in those states where CAA implementation was limited to the first-round sites or when the state advised the evaluation team that substantial changes had occurred at the Round 1 site. Second-round respondents included largely the same types of individuals interviewed in the first round. Exhibit I-4 details the states and local areas visited during both rounds.

Exhibit I-4:
CAA Demonstration Sites Visited

	Round 1		Round 2	
State	**Local Area 1 (American Job Center)**	**Local Area 2 (American Job Center)**	**Local Area 1 (American Job Center)**	**Local Area 2 (American Job Center)**
Georgia	Atlanta Regional Commission LWIA (Clayton County-Morrow)	Northwest Georgia LWIA (Cartersville)	Atlanta Regional Commission LWIA (Clayton County-Morrow)	Northwest Georgia LWIA (Cartersville)
Indiana	Eastern Indiana LWIA (Muncie)	Northeast Indiana LWIA (Fort Wayne)	Southwest Indiana LWIA (Evansville)	Southeast Indiana LWIA (Columbus)
Michigan	Macomb/St. Clair Counties LWIA (Clinton Township)		No local visits. Telephone interview with state grant manager	
Minnesota	Hennepin-Carver Counties LWIA (Brooklyn Park)	City of Minneapolis LWIA (South Minneapolis Career Center)	Hennepin-Carver Counties LWIA (Brooklyn Park)	City of Minneapolis LWIA (South Minneapolis Career Center)
Missouri	Kansas City ES (Kansas City and Vicinity Career Center)	St. Charles County ES (St. Peter's Career Center)	Jefferson City ES (Jefferson City Career Center)	
Ohio	Clermont County LWIA (suburban Cincinnati)	Northwest Ohio LWIA (Toledo)	Clinton, Highland, Fayette, Greene and Montgomery Counties sub-LWIA (Wilmington) [12]	Cincinnati and Hamilton County LWIA (Cincinnati)
Pennsylvania	Northwest Pennsylvania (no center visited)	Three Rivers WIB, Pittsburgh and balance of Allegheny County LWIAs (Pittsburgh)	Northwest Pennsylvania (no center visited)	Three Rivers WIB, Pittsburgh and balance of Allegheny County LWIAs (Pittsburgh)

[12] Ohio has 20 county and city-based LWIAs, including one that is composed of clusters of 47 counties, with subsidiary areas, each of which effectively functions as a separate LWIA.

State	Round 1		Round 2	
	Local Area 1 (American Job Center)	Local Area 2 (American Job Center)	Local Area 1 (American Job Center)	Local Area 2 (American Job Center)
Wyoming (single-LWIA state)	Cheyenne Workforce Center	Riverton Workforce Center	Evanston Workforce Center	Jackson Workforce Center

All states voluntarily supplied the evaluation team with client-level records, which exceeded in detail the grant's recordkeeping requirements. Of the 9,217 participants offered CAAs that were reported to ETA as of December 31, 2009, records were submitted for 8,206 of these participants. Typically the states provided information on participant characteristics, limited pre-program work history, services received, and outcomes, although the scope of such data items varied considerably among the states. All eight states provided some information on participant characteristics and services received for most or nearly all of their participants, but the amount of data available on outcomes, especially the Common Measures of employment, retention, and earnings, were more limited.[13] After reviewing the state files for usable records, SPR quantitative staff imported these records into a unified database for analysis. Data for this report are based on 8,115 records on participant characteristics, a highly variable number of records on services received, and 3,974 records on outcomes.

Exhibit I-5 summarizes the number of records available for analysis.

Exhibit I-5:
Client-Level Records Available for Analysis

	CAAs Established	No. Client-Level Records Provided	No. of Client-Level Records Used for Characteristics	No. of Client-Level Records Used for Employment Outcomes
Georgia	595	578	578	190
Indiana	1,189	1,180	1,180	493
Michigan	824	811	811	18
Minnesota	827	749	726	158
Missouri	796	824	824	178
Ohio	1,467	1,152	1,152	794
Pennsylvania	369	262	262	188
Wyoming	3,150	2,869	2,582	1,955
Total	**9,217**	**8,425**	**8,115**	**3,974**

[13] The data available are discussed in Chapter IV.

To understand how outcomes of CAA participants compare to those of participants in other ETA programs, data on CAA participants' outcomes on the Common Measures are compared to those of WIA participants and ITA recipients. However, due to the limited availability of data and the time lag necessary to measure these outcomes, only one Common Measure outcome, Entered Employment, could be compared. Finally, client-level data were used to conduct multivariate analyses that examine the relationship between individual variables (i.e., a specific participant characteristic or the receipt of a certain service) and the attainment of employment outcomes.

Contextual Factors in the States Implementing CAAs

The conceptual framework for this evaluation considered a number of contextual factors that might influence the successful implementation of the demonstration project. Many organizational, system-level, and economic factors varied among the states and framed each state's implementation of CAAs. According to state and local respondents, however, three contextual factors in particular had the strongest influence on both the states' decisions to participate in the demonstration project and their implementation of CAAs: available funding for training, labor market conditions, and existing economic development strategies. Each of these factors is discussed briefly below.

Funding for Workforce Training. The states came to the project with a range of funding situations. In several of the states, however, a shortage of funding played a strong role in motivating participation in the demonstration and influencing how CAA funds were used. Some participating states and local areas noted that they were attracted to participate in the CAA Demonstration primarily because it represented an opportunity to supplement limited funding for employment and training services. Ohio, for example, had suffered continually declining manufacturing employment, but in PY 2007 the state faced a severe shortage of WIA dislocated-worker formula funds because it lost $20 million due to a Congressional rescission. Similarly, Missouri experienced a large increase in mass layoffs combined with reduced formula resources, and although it received several National Emergency Grants (NEGs) to address those layoffs, the state sought CAA training funds as an additional supplement. While extra funds may not have been the sole or main motivating factor in every state's decision to participate in CAA funding, many state and local respondents mentioned it as a significant consideration.

State and Local Labor Market Conditions. Most of the states had experienced significant declines in manufacturing over a long period, and this was reflected in the applications and operation of the grants. This broad secular decline forced the states to focus their workforce policies and resources on retraining dislocated manufacturing workers for growth occupations in the technology, health care, retail and service, and education industries. At the start of the demonstration in 2006, however, the states diverged significantly because they faced differing general economic conditions. Two states (Minnesota and Wyoming) enjoyed an unemployment rate substantially below the national average, two states (Michigan and Ohio) were above the national rate, and the other four were relatively close to the national rate. As the demonstration project progressed, each state—mirroring the economic challenges that the country is currently experiencing—experienced substantial increases in unemployment over the course of the demonstration. Exhibit I-6 displays the unemployment rates in the participating states over the course of the demonstration.

Exhibit I-6:
Unemployment Rates in CAA States

	2006-Entire Year	2009-Entire Year	Percentage Point Increase, 2006 to 2009
Georgia	4.8%	9.6%	4.8%
Indiana	5.7%	10.1%	4.4%
Michigan	7.0%	13.6%	6.6%
Minnesota	3.8%	8.0%	4.2%
Missouri	4.7%	9.3%	4.6%
Ohio	5.8%	10.2%	4.4%
Pennsylvania	4.8%	8.1%	3.3%
Wyoming	3.0%	6.4%	3.4%
National	**4.6%**	**9.3%**	**4.7%**

Alignment with Economic Development Strategies. The extent to which CAAs could be aligned with existing economic development strategies or broader workforce initiatives was a significant factor in the planning for CAA implementation. The ETA plans for the CAA Demonstration called for such an alignment. Such strategies and initiatives, usually designed to focus all or most training resources on occupations and industries that are growing and important for state and regional development, have become quite common throughout the country, and several of the CAA grantees had already developed such initiatives by the time of their participation in the CAA Demonstration.

Below is a brief description of how these three contextual factors operated in each participating state and how they influenced each state's decision to participate in the demonstration project and its ability to implement the CAAs.

- **Georgia**. The decline of the state's manufacturing base—especially automobile manufacturing in the Atlanta metropolitan area—and a sharp decline in construction employment once the housing boom slowed in 2006 contributed to Georgia's participation in CAA. A second factor was the state's formula funding for dislocated workers services was dwindling. A third motivation for participating in the CAA grant was to supplement workforce training programs already in place for dislocated workers in the state. (Accordingly, Georgia chose two local areas that demonstrated promising performance in developing a voucher program under the

ITA demonstration and that had some of the highest demands for workforce funds in the state.)

- **Indiana**. The workforce needs in Indiana centered on responding to declining manufacturing employment opportunities and retraining dislocated workers for high-growth industries. Opportunities in high-growth industries, however, were not distributed evenly across the state. In Northeast Indiana, there was a large contingent of information technology and "advanced manufacturing" firms with critical shortages of skilled workers. In Eastern Indiana, in contrast, manufacturing jobs had generally been replaced by low-skill, low-wage employment. Thus, Indiana viewed participation in CAAs as an opportunity to augment existing economic development efforts, such as its Strategic Skills Initiative, which provides a framework for local areas to upgrade skills in health care and other well-paid, growing occupations for job seekers and employed workers seeking new or improved career opportunities.
- **Michigan**. The state had been deeply affected by the decline of the U.S. automotive industry, which pushed the unemployment rate in Michigan far above the national average—and that of the other CAA states—throughout the grant period. Its unemployment rate was 14.4 percent at the time of the second round telephone interview in August 2009. A major state policy initiative to address the devastating job loss, the No Worker Left Behind Act, was implemented in 2007. Under this initiative, dislocated workers are eligible to receive training funds up to $5,000 for up to two years to complete a certificate or degree program at any Michigan post-secondary institution. The state intended for CAAs to augment this state-level program, but found that the higher-level benefits of the No Worker Left Behind program discouraged dislocated workers from initially accepting CAAs. However, once funding for the CAA program was raised to equal that for the No Worker Left Behind initiative–a total of $5,000 over the course of two years–the state saw a rise in the number of CAAs issued.
- **Minnesota**. In this state, the alignment of training with economic development goals was greatly supported by the recent merger of the economic development and workforce development agencies. Although the state unemployment rate had remained substantially below the national average, the labor market had been adversely affected by the decline of the automotive industry, a major employer in the Twin Cities area. The state still needed CAA funds, even though its dislocated worker program receives state funds for dislocated worker services from its Unemployment Insurance (UI) payroll tax. The state intended to use CAA Demonstration funds to retrain affected workers in high-growth industries, such as healthcare and computer technology.
- **Missouri**. Labor market conditions in Missouri, like those in the other states, had worsened as car manufacturers closed plants and workers were laid off. Thus, the state viewed CAAs as an opportunity to augment existing funds to provide training for those affected by these layoffs.
- **Ohio**. Manufacturing is a strong base of employment for Ohio's workers, and 30 percent of manufacturing is related to automotive production, making the decline

of the automobile industry a major factor in the state's application for the CAA grant. Despite extensive layoffs in that industry and in other manufacturing, the state lost dislocated worker funds to the Congressional rescission for PY 2007. As a result, the CAA automotive grant was attractive. The state integrated CAAs into its existing strategic plans, Turnaround Ohio and Advance Ohio, which emphasize dislocated worker transition to jobs in advanced manufacturing industries, health care/bio-sciences, and other growth areas.

- **Pennsylvania**. Pennsylvania prioritized workforce investment and the strategy of preparing the state's workers for employment in high-growth industries. In 2005, the governor's Job Ready Pennsylvania program secured $91 million in new state funds and leveraged $2 billion to support the commonwealth's workforce development and education systems. Activities financed through these funding streams aimed to increase worker access to post-secondary education and enhance the skills of high school graduates. Although Pennsylvania also faced substantial declines in manufacturing employment, the state elected to use its CAA funds to target low-income workers with some attachment to the labor force as a way of mobilizing an under-employed or untapped resource to support its economic development goals.
- **Wyoming**. This state's workforce structure and labor market conditions contrasted sharply with those in the other CAA states. Wyoming is a single workforce area state with no local areas to interpret and adapt state policy. In addition, leading up to the CAA grant, the state's unemployment rate hovered near three percent, much lower than the national average and the rates of other CAA states. Its strong energy and mining industries and job growth in hospitality, health care, and education created tight labor markets and a demand for trainees to fill jobs. To address this issue, Wyoming decided to participate in the CAA Demonstration to train incumbent workers and job seekers for supervisory and entry-level positions, respectively, in these industries.

As detailed above, these eight states had diverse visions for how CAAs might contribute to workforce training. The five automotive states initially planned to use CAAs to serve dislocated workers from the auto industry, but this target group eventually had to expand to include other dislocated workers. Most of the states, regardless of their initial plans, believed CAAs would bolster statewide and local economic development activities. And finally, some states viewed CAAs as a source of funding to train a portion of the workforce that was not eligible or not a target population for other federal or state training programs, such as workers with formal education degrees, more skills, or higher income, those interested in training part-time, and underemployed incumbent workers.

While this section has outlined the broad contextual factors that were in existence within the states when the demonstration project began and how the states formulated their initial visions of how CAAs might contribute to the states' own strategic plans, the following chapters of this report describe how these plans and visions evolved over time and how the actual implementation of CAAs affected the provision of training services to workers.

Organization of the Remainder of this Report

Chapter II details the organization of the demonstration at the state and local level. It starts by elaborating on the economic context in each state and then analyzes state and local designs, including departures from original implementation plans. The chapter moves on to describe how the state grantees and their local operators managed the demonstration, and includes discussion of participant data and reporting systems, financial systems, and leveraged funds. Finally, the chapter discusses the roles played by training providers and employers. Following this, Chapter III documents the services provided to CAA recipients. This chapter includes sections on preliminary issues, such as recruitment of target groups, marketing, and eligibility requirements, and then analyzes the four standard components of service delivery itself (pre-training services, services to facilitate the training decision, supportive services, and placement). The chapter also has a section on employer involvement in the demonstration. The chapter concludes with a comparison to the ITA system, the primary training mechanism under WIA that provides a useful reference point for the services available to job seekers. Chapter IV, which is primarily based on the grantees' quarterly activity reports and client-level records, discusses recipient characteristics, services received, and outcomes. Finally, Chapter V summarizes the lessons learned in the demonstration; these cover the challenges in implementation, the positive and negative effects of the CAA demonstration models, post-grant plans to adopt CAA strategies within the WIA and American Job Center context, and the innovative practices that have been adopted. Like Chapter III, this chapter bases much of its discussion on comparisons with the ITA system.

II. ORGANIZATION OF THE CAA DEMONSTRATION

Having laid the broad foundation for the development of the CAA Demonstration in the previous chapter, this chapter describes how the CAAs are organized within the eight participating states. In addition to the federal goals, states and local areas often had multiple reasons for wanting to participate in the demonstration and partially as a result, the organization and structure of the demonstration varied substantially across the eight states and participating local areas.

In this chapter, challenges, based on economic conditions, are highlighted. Next, the various objectives states and local areas had for participating in the demonstration are detailed. Changes that occurred in these objectives and departures from their initial implementation plans that were adopted by states as they adjusted their initial designs are also described. Following this, the chapter summarizes decisions that were made along key dimensions of managing the demonstration, including: (1) the state's role in developing policies and providing oversight; (2) the development of participant data collection systems; (3) fiscal management, which consisted of fiscal tracking and monitoring accounts and disbursements; and (4) the sources of matching funds that were used. Next, for each state, the extent of geographic distribution of the project is described. Finally, the chapter summarizes, as the demonstration was implemented, the involvement of two key actors—training providers and employers.

Economic Context for the Grantees

As noted in Chapter I, CAAs were implemented during a period of rapid economic change and decline, both within the participating states and across the nation. When ETA first announced the eight participating states, the nation was only beginning to observe the effects of this substantial decline in economic conditions, and this decline persisted throughout the life of the demonstration. Given that CAAs offer customers a chance to obtain funding for training that can improve their employment and earnings prospects, this economic decline undoubtedly had effects on the demonstration. On the one hand, the decline meant that more formerly employed individuals would be interested in training as they sought to replace employment they had lost. On the other hand, decreases in employment and the number of jobs meant that competition for employment was fiercer and, thus, that outcomes for CAA recipients could be expected to be lower than might have been the case under better economic conditions.

As an example, Georgia's unemployment rate more than doubled between the time the state received CAAs and the time of the second visit for this evaluation. Further, the rate increased more than four percent in a single year. According to state officials, the state lost nearly five percent of its overall jobs since the beginning of the recession, mostly in manufacturing and construction (because of the housing industry decline). Both participating local areas in the state felt the effects of this recession. Atlanta Regional Commission CAA staff noted in the second round visit that they no longer used the term "demand" industries because they felt this was misleading to customers about their employment prospects if they opted to receive training in such industries.

Michigan experienced the highest levels of unemployment, reaching nearly 15 percent by the time of the second round of data collection. State officials noted that in some of the larger cities unemployment was even worse, reaching 25 to 30 percent. The overall number of employed people in the state had declined each month for 25 consecutive months and, in June of 2009, the number of employed in the state reached its lowest point in more than 20 years. Given these dire economic circumstances, most local areas in the state had established lengthy waiting lists for services. Further, staff noted that many employers were substantially scaling back the number of work hours per week for those who remained employed.

Minnesota's economy remained reasonably strong relative to the rest of the nation, with unemployment levels rising only to eight percent. Further, the two local areas participating in the CAA Demonstration had lower rates than the overall state average. Thus, both Minneapolis and North Hennepin, while observing an overall decline in economic conditions, remained much stronger than many of the other sites in the demonstration. Local staff noted that this was in spite of the fact that manufacturing, which plays an important role in the economies of both areas, had declined overall. Local officials indicated that, although their areas had seen declines in manufacturing, the levels of layoffs were smaller in these areas than in other areas in the state.

State officials in Missouri noted that they had seen increased layoffs around the time that the CAA Demonstration was announced, and the pace picked up substantially, even before the financial crisis and deep recession hit in 2008. State and local staff indicated that the demand for WIA services had increased substantially as a result, with no corresponding increase in the funding for these services.

Ohio also saw its unemployment rate nearly double, and state officials noted that there had been losses in jobs in virtually every industry, except health care and education. In one local area, a single employer had issued 30 Worker Adjustment and Retraining Notifications (WARN) by the time of the second site visit, as it reduced the size of its workforce in the area from approximately 10,000 to little more than 300. In Cincinnati, local staff reported that traffic at the American Job Centers had more than doubled in the previous year.

Staff in Pennsylvania also struggled with the severe downturn, with the state's unemployment rate doubling since the beginning of the demonstration. The significant number of long-term unemployed individuals seeking services, combined with the requirement established by the state that CAA recipients must have at least three months of paid work in the prior year, created some difficulties in awarding CAAs because so many potential recipients could not meet this requirement. Local staff in Pittsburgh estimated that traffic in the American Job Centers had increased by 50 percent, and by 200 percent among those with advanced degrees, suggesting that the downturn was broad-based and affected people at all skill and education levels.

Wyoming had very low levels of unemployment when the demonstration began (about three percent), and these low levels persisted well into 2008. By the time of the second site visit, however, Wyoming's unemployment rate had more than doubled, and stood at 7.4 percent. Despite the rapid increase, however, Wyoming remained the CAA state with the lowest unemployment rate, largely because energy prices, and the energy industry, on which much of the state's economy relies, had not declined as precipitously as other industries. Nevertheless, state officials in Wyoming did indicate that the recession had led to a reduced focus on serving incumbent workers in the CAA Demonstration, and to less use of CAAs relative to WIA because of the needs of the participants for supportive services.

State and Local Objectives for the CAA Demonstration

Participating states and local areas cited a range of objectives for their participation in the CAA Demonstration. In some cases, states saw CAAs as a way to train workers who were not eligible for or served effectively by WIA or other existing programs. Incumbent workers, who can only be served through WIA state reserve funds or formula funds with a waiver, were a common target group. Additionally, some states sought to use CAAs as a means to improve connections with employers. Another group of states saw CAAs as a path to serving workers who needed only a very specific skill or very short-term training to obtain re-employment. Some of these workers might not be eligible for training under the regular tiered WIA service designs. Yet another group of states, especially those that lost large amounts of dislocated worker funds under a Congressional rescission, viewed CAAs as a new opportunity to obtain more training money for their states. Finally, five states initially agreed to participate to serve dislocated automotive workers. All these states expected major layoffs from the three large domestic manufacturers, their supply chains, and the communities in which the affected plants were located. Examples of each of these categories are discussed below.

Incumbent Worker Training. Indiana strongly emphasized incumbent worker training. State staff noted that the demand for WIA formula-funded services, and particularly for training under WIA, easily met or exceeded the WIA dollars the state received. As a result, the state rarely could focus on providing services to incumbent workers. CAAs gave them such an opportunity. Staff in Northeast Indiana believed that such training would expand the Workforce Investment Board's (WIB) overall role in their region's workforce investment system. Specifically, staff in this region sought to provide services to a group of individuals whose skills and experience are somewhat more advanced and are not usually perceived to be "typical" WIA customers (by which staff meant individuals with limited work histories or relatively low-level skills). Other states emphasizing incumbent worker training as a goal for CAAs were Wyoming, Missouri, and Georgia.

Employer Connection. Wyoming's incumbent worker training stressed a connection to employers. In this case, the state sought to help employers who were desperate to retain their qualified employees in this low unemployment state. However, as is described in the next section, the implementation of CAAs in Wyoming was somewhat problematic because the state's employer emphasis was largely incompatible with the intended customer-driven emphasis of CAAs. Despite this, connections with employers had strengthened because of the CAA Demonstration.

Short-Term Training. Several states emphasized short-term or lower-cost training, but each had differing motivations. Missouri and Georgia staff emphasized the importance of CAAs as being well suited for those with short-term, work-related goals seeking to increase their skills. Primarily, this group is composed of incumbent workers, but both states considered that dislocated workers might also benefit. In Missouri, ultimately the majority of CAA recipients were dislocated workers. Missouri state staff felt that CAAs allowed low-skill, dislocated workers, who may not be a good fit for WIA because they would be less able to achieve positive performance on the Common Measures, to encounter training for the first time. The Atlanta Regional Commission, a local area in Georgia that needed additional resources to cope with the large closings at General Motors and Ford assembly plants, subsequently turned to a short-term emphasis when it broadened its project targets to incumbent workers, all dislocated workers, and adults.

In Ohio, state staff indicated that CAAs would also primarily benefit those whose needs for training were relatively short-term or low-cost. In large part, this objective is driven by the relatively high cost of training options in Ohio, which led to high caps for ITA awards ($5,000 as compared to the $3,000 cap for CAAs) and meant that CAA recipients would not have sufficient funds for many types of training. As a result, the lower cap placed on CAAs in part drove Ohio's objective to use CAAs as a mechanism for funding short-term training for those with fewer skills deficits. A secondary objective in Ohio was that, by providing CAAs to those with fewer needs, the CAA Demonstration would allow case managers to spend more time with other customers who needed more intensive case management services.

Additional Funds and Greater Flexibility. Still other states and local areas viewed CAAs as a new stream of funding that could be used to serve workers overall. While these states developed specific target groups and established eligibility criteria for CAAs, these were somewhat secondary objectives. For example, in Pennsylvania, one staff member characterized CAAs as "another pot of money" that could benefit the state's workers. State workforce officials staff decided that a good use for the money would be to train low-income people who had some attachment to the workforce because they were generally not served by most LWIA adult programs. Similarly, Georgia and both local areas participating in the demonstration, Atlanta and Northwest Georgia, indicated the primary reason for seeking CAA funding was to be able to provide more opportunities—more funds and a greater range of choice—to their workforce.

Automotive Workers. Providing additional funds to serve dislocated automotive workers was a principal intent of the project, and grants were provided to five states for this purpose. However, as discussed in the next section, such service was not feasible.

Exhibit II-1 summarizes the varying state objectives for participating in the demonstration, broken down into the key categories described above.

Exhibit II-1:
States' Primary Objectives in Participating in the CAA Demonstration

	Incumbent Workers	Short-Term Training	Additional Funds	Automotive
Georgia	√	√	√	√
Indiana	√		√	
Michigan	√ (local option)	√		√
Minnesota	√		√	√
Missouri	√	√		√
Ohio		√	√	√
Pennsylvania			√	
Wyoming	√			

Departures from State Implementation Plans

Since the beginning of the CAA Demonstration, there have been several changes to grantees' original implementation plans. Most of these modifications were grantee-specific and ETA-approved on a case-by-case basis, often in response to unexpected issues arising in individual states during the initial implementation phase. In the states facing unexpected obstacles, these challenges often resulted in delays to the implementation of the demonstration, such that some states began to award CAAs a full year later than the early implementing states.[14] ETA also, however, made a few modifications that were available to all grantees. While applicable to all states, some of the modifications made by ETA at the federal-level were designed to mitigate challenges faced by the late implementing states.

Demonstration-wide Changes

ETA offered all states an extension of 12 months to extend the CAA grant period until June 30, 2010. However, only six states elected to extend the period of performance.[15] For the early implementation states, all of whom elected to extend, this allowed them to fund a second year of training for many existing CAA recipients and to continue recruiting and funding new customers. In states that implemented late in the demonstration, most recipients enrolled during the third quarter of 2008 or later. Thus, this extension was critical in allowing these recipients to have sufficient time to spend the training funds that were obligated on their behalf.

In addition to extending the grant period, ETA awarded a second round of funding to some of the demonstration states. The selection criteria ETA used to determine which states would receive additional funding were the state's need for additional resources, its ability to spend additional funds, and whether it had previous success in meeting grant outcomes. Thus, six of the eight demonstration states, including two of the three early implementation states (Indiana and Wyoming) and four automotive states (Georgia, Minnesota, Missouri, and Ohio), were awarded additional funds. Two of these states–Missouri and Ohio–received $1.5 million to match the first round of funds awarded. Minnesota received an additional $800,000; Wyoming received an additional $750,000. Georgia and Indiana received $212,000 and $100,000, respectively, and Michigan and Pennsylvania did not receive additional funds. States were not required to provide leveraged resources for these additional funds as they had done previously.

In response to delayed implementation in many states, in August 2008, ETA allowed states to apply for a waiver to modify the yearly spending cap. The modification allowed states to change spending limits from $3,000 per year for two years to $6,000 that could be used over the course of two years, even if all expenses occur within a single year.

---

14 Early implementing states—Indiana, Pennsylvania, and Wyoming—first established CAAs in the second quarter of 2007. Michigan and Missouri did not award any CAAs until the second quarter of 2008; Georgia began awarding CAAs in the third quarter of 2008. The other states—Minnesota and Ohio—implemented earlier in the demonstration, the third quarter of 2007, but their enrollments were low until modifications were made to their implementation plans.

15 The states that extended were Indiana, Minnesota, Missouri, Ohio Pennsylvania, and Wyoming.

And finally, in August 2009, ETA allowed the states to request modifications to eliminate the leveraging requirement for subsequent expenditures. Although most of the states took advantage of this modification, there was probably little impact on the course of the demonstration because (as noted in Chapter I) five of the eight states (Indiana, Michigan, Missouri, Ohio, and Pennsylvania) met or exceeded their leveraging requirement; and, two others (Minnesota and Wyoming) met at least three-quarters of the requirement.

Changes to Implementation in Automotive States

Five of the eight states—Georgia, Michigan, Minnesota, Missouri, and Ohio—were chosen for the CAA Demonstration because they were adversely impacted by automotive plant closures. Thus, the original implementation plans for these states focused on serving populations affected by these closures—dislocated and incumbent workers from major auto manufacturers, supplier companies, and the surrounding community. The CAA Demonstration appealed to these states specifically because of the devastating impact automotive plant closures had on their workforces. Thus, the states welcomed additional funding to serve these communities. However, these states quickly encountered some specific challenges in serving their targeted populations, and often these led to delays in implementation of the CAA Demonstration.

Changes in Targeted Groups. Soon after initial implementation, the automotive states had difficulties finding eligible people who were willing to enroll in CAA. The states found that many workers they planned to target for CAAs were, or might become, TAA eligible. Per ETA instruction, workers who receive TAA were not eligible for CAAs, and those workers who were waiting for TAA certification did not want to jeopardize their future TAA funding to enroll in the CAA Demonstration because TAA offered significantly more benefits. In addition to challenges surrounding TAA eligibility, many automotive workers, from the major manufacturers and some parts suppliers, were offered generous buyout packages from employers that included re-training funds, which also precluded them from participating in the CAA Demonstration.

Thus, the automotive-focused states found this target group too narrow, and all of them petitioned ETA for approval to expand the industries from which to draw CAA recipients. For each of the five automotive states, ETA approved waivers to modify the targeted categories of potential CAA recipients. Of those, Georgia, Michigan, Missouri, and Ohio expanded CAA target populations to include dislocated and incumbent workers from all industries, and Minnesota focused specifically on dislocated workers from the manufacturing industry.

Changes to the Timeline of Implementation. As a result of the challenges posed by only targeting automotive industry-related workers, these states struggled with implementing in a timely fashion and had either very low or no enrollments in the first year of the demonstration.

Two of the automotive states (Minnesota and Ohio) had implemented the demonstration early, but their enrollments were low until their target groups were expanded. Missouri began implementation in late 2006, but had virtually no enrollments until modifications were made to expand the groups of eligible recipients to include dislocated and incumbent workers beyond the automotive industry.

Due to delayed or stalled implementation, the automotive states had limited time left in the demonstration to spend their CAA money. Therefore, all but one state applied to increase the funding cap to use $6,000 of available funds in one year. The lone exception to this was Michigan, which requested and received a waiver to increase the funding cap to $5,000 a year for two years to align the CAA Demonstration with the state's broader No Worker Left Behind (NWLB) Initiative. The automotive states also report increasing the intensity of enrollment efforts in order to spend their allotted funds before the end of the demonstration in June 2009. For all of these states, the number of CAA recipients increased substantially during the third quarter of 2008, following the modifications to their implementation plans.

Changes to Implementation in Other States

The three non-automotive states—Indiana, Pennsylvania, and Wyoming—all implemented early in the demonstration, in late 2006, though they did not establish significant numbers of CAAS until early 2007. Each of these states requested changes to their original implementation plans, but, for the most part, these changes were minor. Pennsylvania and Wyoming modified their eligibility requirements to broaden the definition of low income in order to include people who earn more and expand the pool of eligible CAA recipients. Pennsylvania expanded eligibility from only those below the poverty level to those who earn up to 235% of the poverty level, which is what the state considers a self-sustaining wage. In Wyoming, the state eased the income ceiling from 200 to 250 percent of the federal poverty level to be able to include Licensed Practical Nurses who wanted training to become Registered Nurses. Indiana ceased requiring the local areas to provide matching funds due to the burden it posed on the regions. As mentioned previously, Indiana applied for a modification in the third quarter of 2008 to increase the existing yearly funding cap to $6,000, and Pennsylvania reported in its quarterly report for the quarter ending September 2008, that it was considering the option. Wyoming decided not to apply because the state already allocated its first year of funding and wanted to remain consistent in its program over time.

However, Wyoming, also faced some specific challenges with its implementation of the CAA Demonstration. To comply with the intent of the CAA Demonstration, the state was forced to make some changes, beginning July 2008, to the types of training accounts it established. Originally, the state focused on employer-based CAA accounts and worked collaboratively with local area community colleges to recruit employers who in turn would provide CAA recipients. When such large-scale recruiting efforts took place, Wyoming had employers sign CAA contracts instead of entering into agreements with individual recipients. As part of these agreements, the colleges designed some programs specific to employer need and often these focused on soft-skills training that did not result in the attainment of a certificate, credential, or degree. However, these policies were inconsistent with the demonstration principles originally outlined by ETA emphasizing customer choice, and as a result, Wyoming was required to shift its focus to contract only with individual recipients. The requirement that CAA recipients receive a certificate, credential, or degree because of their training was also to be addressed with future CAA recipients. Thus, Wyoming had to modify its marketing strategies, the role training providers played in the recruitment process, and the ways in which they were able to tailor training programs to meet employers' needs.

Implementation Delays across Sites

In addition to the implementation delays described above, some states experienced delays because of other issues at the federal, state, or local level. Each of these concerns affecting implementation is described in turn.

Federal Negotiations. Four states were either waiting on guidance from, or were in negotiations with, ETA on CAA program issues.

- In Michigan, the state wanted to get the CAA Demonstration aligned with the comprehensive statewide program No Worker Left Behind (NWLB), which necessitated agreeing on a definition of incumbent worker and raising the funding cap to equal the amount available under NWLB, which was $5,000. These issues posed challenges to implementation, and it took some time to get ETA officials to approve the numerous plan revisions. Additionally, state staff reported that delays were exacerbated by working with different people at the federal level during each round of revisions.[16]
- In Pennsylvania, the state also said that federal-level turnover led to delays in receiving guidance from ETA about eligibility and, thus, the state was delayed in passing on this guidance to the local areas.
- In Georgia, negotiations over the use of administrative funds for data collection caused a delay in implementation. The state MIS did not have the capacity to collect all the types of customer data that ETA requested. However, the cost to alter the MIS to conform to ETA standards would have exceeded the CAA cap on administrative funds. As such, Georgia's

[16] Because we did not interview federal DOL staff as part of this project, we did not confirm whether this was a significant issue. Hence, this viewpoint should be taken as just that – the view from one level of a multi-level initiative.

implementation was delayed until an agreement could be reached because the state did not want to enroll people in CAAs until it was certain that its data collection activities met ETA standards.

- In Indiana, state respondents said that, during the middle of the demonstration, the wait time to hear about the approval of the state's second year of funding caused interruptions in regards to maintaining consistent marketing efforts of CAAs.[17]
- In addition to the substantive negotiating and approval time, most of these states felt that turnover at the federal level added to the delays.

State-Level Issues. In addition to its negotiating challenges, Pennsylvania had some difficulty with finding training within the cap that would fit into the state's new framework for emphasizing high priority occupations that were on the ETPL. Additionally, since the ITA training cap was significantly higher than the CAA cap, the local areas had difficulty recruiting customers for the CAAs. When the state realized that the local areas were not able to enroll customers in CAAs, the state determined that it needed to target short-term training for CAA recipients and, thus, needed to add short-term training providers to the ETPL to expand the training options for participants.[18] These changes took a bit of time, further delaying implementation.

Local Resistance. Several states also noted that their implementations were somewhat harmed by resistance to the CAA Demonstration on the part of certain local representatives. These states report that the local area staff had negative perceptions of the CAA Demonstration and, as a result, they did not put the necessary effort behind program implementation and marketing.

- In Missouri, WIA staff in the local American Job Centers was originally designated to administer CAAs. However, the state observed that the local WIA staff saw the demonstration as threatening to their standing as WIA counselors, and, thus, the LWIAs did not fully support CAA implementation.[19] Therefore, when the state received approval from ETA to expand the eligible participants from only automotive workers to dislocated and incumbent workers from all industries, the state also decided to implement the demonstration statewide using Wagner-Peyser staff. Following the designation of Wagner-Peyser staff as CAA case managers, the state claimed that WIA staff was able to see the value in the

---

[17] Because we did not interview federal DOL staff, we note that this perhaps represents only one perspective and may not be shared by federal DOL staff.

[18] As will be discussed in Chapter IV, Pennsylvania was one of the two states that required CAA training to be through providers on the ETPL. Thus, it was necessary for any potential training providers to be added to this list.

[19] For their part, the local WIA staff contended that it was not so much reluctance on their part, but challenges in the design of the program, as originally conceived, that made it impossible to implement successfully.

program and have since supported it fully. Local WIA staff cited the expansion of the program to other workers as the primary reason the program was implemented successfully. Regardless of whether the reluctance of WIA staff to participate in the demonstration contributed to failure of the initial CAA design to take root, it was not the only reason for implementation delays.

- In Pennsylvania, local areas' cautious approach may have aggravated delays in implementation. Although the state told the local areas to be flexible in their CAA programming and move forward promptly, the local areas were wary of incomplete state guidance and feared that the state would later question their actions during monitoring. Therefore, the local areas waited for thorough clarification from the state on every issue before implementing the demonstration.
- According to interviews with state respondents in Minnesota, all of the LWIA directors were asked to participate in discussions concerning the CAA implementation, but the state staff claimed it faced strong opposition from the LWIA directors to the demonstration. Therefore, the state said it had to spend a good portion of time convincing local areas to participate and reduced the number of participating local areas to just two. Even though the Wagner-Peyser staff members administer the demonstration in the participating American Job Centers, the state believed that the negative attitudes toward the CAA Demonstration by the co-located WIA staff influenced the Wagner-Peyser staff and led them to resist fully promoting CAAs. State-level staff felt that this has been especially damaging to rates of co-enrollment with WIA.[20]
- In Ohio, the state asked each American Job Center to appoint a liaison to the state demonstration who would serve as a local advocate. However, the state notes that, in practice, the liaisons have not filled this role, instead deciding to focus more on administrative tasks, without engaging in active marketing.

Oversight. Yet another structural shift that affected the organization of the demonstration was a change in state level oversight and management staff. For example, in Indiana, the primary state staff person overseeing CAAs shifted jobs multiple times because of reorganizations. This often left locals without a key contact person of whom they could ask questions. Ultimately, this meant that local staff made their own decisions or were forced to make decisions with relatively little guidance from the state. This was consistent with the state's desire for local areas to tailor their decisions to their specific needs, but several local staff felt that in at least some circumstances more state involvement or assistance was needed.

[20] Because we did not interview local staff in areas that did not implement CAAs, we could not verify the accuracy of these statements or the extent to which they posed an obstacle to further WIA participation.

Management of the CAA Demonstration

Several important decisions were required to successfully oversee and manage the demonstration. Key among these was decisions about the state's role in overseeing the program, as well as the state's role in fiscal management and tracking. Additionally, while the requirements for participant data collection were less intensive than under WIA, states and locals needed to determine how to collect and manage information on CAA recipients themselves. Finally, at least initially, states were required to match the funds provided by ETA. As part of program management, they, therefore, needed to identify the source of these matching funds. Each of these aspects of managing the demonstration is described below.

State Role in CAAs

States had varying levels of involvement in the management and administration of CAAs. Five of the participating states acted primarily as the overseer of the demonstration while devolving virtually all aspects of the program to their local areas. These five states were Indiana, Michigan, Minnesota, Pennsylvania, and Georgia. The remaining three states—Missouri, Ohio, and Wyoming—played a more active role in the administration of the program. Exhibit II-2 displays the states, with focus on whether they played an active role in administering CAAs or whether they provided only oversight of the local areas in their administration of the program.

Exhibit II-2:
States' Role in Management/Administration of CAAs

	Active Management	Oversight Only
Georgia		√
Indiana		√
Michigan		√
Minnesota		√
Missouri	√	
Ohio	√	
Pennsylvania		√
Wyoming	√	

States Devolving Control to Local Areas

Indiana was typical of the more decentralized model. The state defined the target groups, including dislocated and incumbent workers, and basic eligibility (e.g., customers ineligible for

ITAs). But after that, the state operated solely to provide technical assistance to and oversight of the program, and otherwise allowed the local areas to customize their implementation plans in whatever way they deemed most suitable. Among the responsibilities yielded to the local areas are all on-the-ground activities, including:

- Developing the local plan
- Providing training to staff and determining the appropriate staffing for the demonstration
- Identifying appropriate industries to target (though the industries must be identified as in high demand by the state's Strategic Skills Initiative)
- Determining additional eligibility requirements
- Verifying funding
- Recruiting potential recipients
- Monitoring of the recipients' progress
- Local oversight.

State officials clearly see their role as having selected areas they felt could capably implement the demonstration and otherwise sub-granting the funds to participating local areas that operate and supervise the program largely as they see fit. There are, however, significant differences among the states employing a decentralized model in the state role of financial management, which are discussed later in this chapter.

States Playing Active Role in CAA Administration

The other three states—Wyoming, Missouri, and Ohio—retained more responsibility at the state level. In addition to the initial targeting, defining of objectives, and the ongoing technical assistance and oversight, these states centralized more operational and management responsibilities. However, each case was quite distinct. Wyoming delivered the program through state staff, so the fundamental distinction between state and local was immediately blurred. With its single local area, the American Job Center staff is state employees and the central office conducted the policy, budgeting, and procedure development.

Similarly, Missouri's use of state Wagner-Peyser staff effectively centralized the key policy and administrative details of program implementation. Missouri's central office staff was responsible for developing marketing materials, and ongoing program management, while local staff was responsible for working with individuals in service delivery. Finally, state staff in Ohio, in addition to the standard set of state responsibilities in most of the states that delegate implementation to their LWIAs, retained additional authority. The state had to approve CAA applications by electronic mail. State staff also developed most of the CAA policies that were implemented locally, including the cap for CAAs and the eligibility requirements. As such, there was more uniformity in how recipients were funded across LWIAs in Ohio than in those states in which the state plays a less active role.[21] Local areas, however, still had a number of duties, which included developing the local implementation plan and policies, determining the amount of CAA funds obligated, determining any local eligibility criteria, and developing the intake process.

There was significant variation across states, then, in the roles the states played in monitoring and administering CAAs. Not surprisingly, in those five states in which state staff is less active, there tended to be greater variation among LWIAs in the manner in which the demonstration was implemented. Staff in these states viewed their role as one of oversight, rather than actively managing any of the activities that occur as part of the demonstration. In contrast, staff in three states played a more active role in the demonstration, leading to more uniformity in how the demonstration was implemented.

Participant Data Systems

Though participant data collection requirements were significantly less intensive for the CAA Demonstration than they are for WIA participants, states and local areas still had to capture some information on CAA recipients. Five of the participating states used existing databases to track CAA awards and their recipients' progress. Two states developed entirely new databases for the demonstration. One additional state used a combination of existing databases and new ones developed explicitly for the demonstration. Exhibit II-3 displays whether states used existing data systems to track CAA recipient service and fiscal data or whether they developed new systems to do so.

Exhibit II-3:
Data Systems to Track Recipients and Fiscal Activity

	Recipient/Service Data System (Name/Format)	Fiscal Data System
Georgia	Existing (WIASRD reporting)	Existing
Indiana	Existing (TrackOne)	Existing
Michigan	Existing (OSMIS)	Existing
Minnesota	New (MS Access)	New (MS Access)
Missouri	Existing (Toolbox)	Two existing state systems (DESE, DWD)

[21] State management of the demonstration, as discussed above, was relatively less intense in Indiana, Michigan, Minnesota, Pennsylvania, and Georgia.

	Recipient/Service Data System (Name/Format)	Fiscal Data System
Ohio	Existing (SCOTI)	Existing
Pennsylvania	New (MS Access)	New (MS Access)
Wyoming	Existing (Wyoming at Work)	New (MS Access)

Existing Databases Retained to Maintain CAA Data

Six states used existing databases to record and track CAA recipients, including Georgia, Indiana, Michigan, Missouri, Ohio, and Wyoming. In Georgia, for example, the state and local areas used the statewide database in place for the Georgia Workforce System to track services. This system is operated by the state and includes all individuals receiving funding under WIA and, thus, contains all the elements necessary for WIASRD reporting. In Georgia, although CAAs were seen as a new funding source and a stand-alone program, they were viewed as simply one more program within this system. Hence, data elements to be collected were drawn from the existing system, and those overseeing the program relied upon this system to track CAA recipients.

Similarly, in Indiana, the state used TrackOne, the web-based MIS used by other workforce programs within the state. Staff viewed the program as a stand-alone system, and the state's MIS staff described incorporating CAA reporting into the system as a "bolt-on," meaning that the data elements were included within the system, but not linked with any other program or source of funding. Because this effort was only partially integrated, there were numerous problems with the system and its use for CAAs. For example, state staff (even the MIS staff) was uncertain if TrackOne had separate, specific reporting for CAA. LWIA staff complained that they could not check their data for errors before submitting it to the state and that they did not have access to it once uploaded. This made it very difficult to track customers within the system. As a result, in each of the local areas visited, staff had created a separate system using Excel spreadsheets to track their recipients and monitor funding. Despite this, locals did report using the state-level system, as the state required this so that it could report to ETA on CAA activity statewide.

Missouri also used its existing state workforce database to track CAA recipients. Because the MIS, called Toolbox, had been developed only shortly before the demonstration began, CAA was fully integrated into this system as opposed to being an "add on." LWIAs used Toolbox to input case management notes and track CAA recipients, similar to how they treat WIA customers. Most local staff reported that data entry and management within the new system was quite easy and allowed them to track their CAA recipients closely. Because CAAs were incorporated into the broader state database, staff could see co-enrollment and case notes from counselors in other programs, which made the referral and management of recipients to other programs, such as WIA, much simpler. It also made integrating the CAA Demonstration into the workforce system much easier.

Ohio also used its existing state database system, SCOTI, to collect CAA data. Because CAA information was integrated into the existing database, staff could record co-enrollment and referral to another program. Very few modifications were made to the existing database to incorporate CAAs, which was driven by the fact that Ohio wanted to integrate CAAs into the existing structure of workforce activities as much as possible.

Wyoming and Michigan also used their existing state MIS to manage and report on CAAs. In Michigan, state and local staff felt there would be little additional effort needed to meet the requirements for the grant. Thus, the state's OSMIS (One-Stop MIS, though typically referred to only as MIS) was used for CAA recipients because it could accommodate the reporting requirements of the demonstration. Wyoming also used an existing MIS, Wyoming at Work, which is used for case management, oversight, and reporting. WIA, Wagner-Peyser, and other workforce programs also use this system for these purposes.

New Systems Developed to Maintain CAA Data

In contrast, two states developed new systems to manage their CAA data. In Minnesota, state officials considered using their existing MIS, but they determined that the differences between CAAs and existing workforce programs (at least in terms of their data requirements) were too great to make this effort worthwhile. Thus, state officials developed and distributed to the two participating LWIAs a Microsoft Access database that allowed locals to collect, record, and manage data on CAA recipients and their accounts. To develop this system, the state simply used the data elements identified by ETA, but did not add any additional data elements. Local officials entered the information into the database and used it to help track recipients and the services they received, as well as to produce reports summarizing the information across recipients.

Similarly, although Pennsylvania used the state Comprehensive Workforce Development System (CWDS) for nearly all of its workforce programs, this system could not be modified sufficiently to accommodate the CAA data. Thus, in this state, too, officials developed a Microsoft Access database to record and manage data on CAA recipients. These data were entered at the local level and uploaded to the state for its monitoring and report generation. The state adopted the elements recommended by ETA, but also added a few components of its own and modified others to make them more comparable to CWDS data. This was done so that the Access database could be used to compare CAA recipients to participants in other workforce programs.

Despite these accommodations for local management, a number of the implementing local areas maintained their own data systems, thus requiring duplicate entry. This was viewed as a cumbersome process and one that would pose a barrier, were the program established as a long-term one. Several staff noted, however, that one of the primary reasons that there was duplicate data entry was because the program was short-term in nature. In other words, if CAAs were a permanent program, rather than as a demonstration, it was anticipated that the data systems put in place would be more streamlined and less duplicative. Thus, many of the concerns about data entry and the burden placed on staff to collect and maintain participant-level data derive from the very fact that this was a demonstration program and, thus, the data systems used were not fully integrated or heavily tested to ensure they could capture all relevant data with minimal burden. As noted above, staff in Indiana described the CAA data collection as a "bolt-on" to minimize the time needed to put it in place. However, with permanency of the CAA program, states might be inclined to integrate its data collection with those of existing programs.

The additional data collection or duplicative efforts in data entry by definition added some administrative costs to the demonstration, but few states or local areas mentioned this as a significant barrier. Given administrative costs were capped at five percent for the demonstration, state and local staff implemented systems that were designed to meet the reporting and tracking requirements with as minimal administrative costs as possible. Duplication of data entry, of course, adds burden for staff. In most cases, this duplication was for fiscal data and tracking of CAA funds, rather than participant or service data. Further, staff indicated that this duplication of effort was similar to the procedures already in place for ITAs, such that staff were accustomed to this process and saw it not as an additional effort required for CAAs, but rather as being due to the voucher-based training procedures that are common under WIA. In the next sections, fiscal tracking and management efforts are described in detail.

Funding and Fiscal Management

As noted in the section on state roles above, many of the states are not actively involved in managing CAAs. Rather they play a minimal role and provide primary oversight, while locals are responsible for much of the management of the program. Given this, it is unsurprising that many of the states have only a cursory role in monitoring CAA funding.

One important role with respect to fiscal management was to establish a system for fiscal tracking. Efforts to track fiscal activity generally mirrored those to track participant and service data. Five of the six states that used existing systems to track participant activity also used existing systems to track fiscal activity, though in nearly all cases the financial and participant data systems were separate. Wyoming was the one state that used an existing participant- and service-data collection system but established a new fiscal tracking system. Further, the two states that developed new participant data systems—Minnesota and Pennsylvania—used these systems to track financial data for CAAs as well. The next section describes the state's role in funding and fiscal management (and how this activity was recorded) in detail.

Another key decision concerned the role states would play in providing fiscal oversight of the demonstration. Five of the states provided fiscal oversight, but left the actual management of funds to their local areas. For example, in Indiana, the state oversaw the spending of CAAs through the routine monitoring of local areas that is required under WIA, but provided no daily oversight. Rather, each participating local area disseminated CAA funds and determined whether a potential recipient received an account. Eastern Indiana used a PeopleSoft-based program to track funds and individual awards, and to submit financial reports to the state. The CAA coordinator in this area was charged with approving each account and monitoring the funds on a routine basis. The funds were maintained by the local area, and when an account was awarded, the coordinator obtained the invoice from a training provider and made payments according to that provider's schedule or requirements. This system was exactly comparable to the one set up for ITAs within the region, so the area reported no problem in developing its system or monitoring. Similarly, Northeast Indiana used the same system to fund and monitor CAAs that was already in place for ITAs. As in Eastern Indiana, the local area had complete control over the funds (with minimal state oversight), and the Business Services Representative, who was in charge of CAAs in the region, reported no problems in approving accounts, obtaining invoices and making payments to providers. To report on fiscal issues to ETA, the state provided an analyst who compiled data from each participating region, summarized it, and submitted the aggregated information to ETA.

State staff also was relatively lightly involved in fiscal management in Minnesota. As noted above, this state played a minimal role in CAA management generally. Thus, through the Access database the state developed to help manage CAAs, the state monitored some basic information on what funds remained to be obligated, and how many CAAs had been awarded. Further, as in Indiana, Minnesota provided a research staff person to analyze and summarize the financial data and submit fiscal reports to the Federal Government. However, daily approval of CAAs and payments made to training providers was made by the local areas.

The state played a similar role in Michigan. Here, participating LWIAs determined who would receive a CAA, and managed the funding and payment process, but they submitted monthly fiscal reports to the state's Bureau of Finance and Administrative Services that detailed the specific expenditures and identified remaining funds available. The process worked similarly in Georgia and Pennsylvania. Funds were allotted to the participating local areas, which then oversaw and managed the awarding of accounts and payments to vendors.

States Playing Active Role in Management of Funds

The remaining states played a more active role in monitoring and managing CAA funds. For example, staff at the Missouri Department of Elementary and Secondary Education (DESE), the agency that also administers the ETPL, partnered with the Department of Workforce

Development (DWD) to manage and fund training providers. Requests for approval of accounts were submitted from local Wagner-Peyser staff to DWD. Provided the chosen training vendor was on the ETPL, the training was paid by DESE. When the training provider was not on the ETPL, the DWD financial office paid them directly. Therefore, Missouri had two data systems in place to monitor payments. Since DESE was not integrated with the state MIS, it sent the DWD data on the payments it made. At the same time, DWD kept a separate database of the training its financial department funded. Although generally respondents reported few problems with this structure, some providers noted that, because CAAs were an entirely new funding source, they needed some additional clarification on whether invoicing would need to be modified or to whom to direct their questions and invoices. These providers did not report any substantial complications arising because of CAAs, however.

In Ohio, CAAs were integrated into the general workforce system. As a result, the state's Office of Research and Assessment Accountability monitored the CAA funds in the same manner that it monitors WIA funds. The state decided not to provide individual local areas with a specific allocation of funds from the state in advance. Rather, funding was allocated for individual recipients on a first-come, first-served basis. Invoices were submitted to the state, which approved the accounts and managed payment to providers.

Wyoming developed a new financial tracking system for the CAA Demonstration. The financial tracking system was developed using WIA general funds as a match with CAA funds, and it tracked data on the number of active contracts, the amount of the contract, the number of closed contracts, the amount paid out for each CAA, the number of applications yet to be approved, and the percent of funding paid out to date. The state's Department of Workforce Services was responsible for overseeing funds, approving payments, and managing payments to providers. Most American Job Centers still tracked their own expenditures quite carefully to ensure that an appropriate number of accounts were awarded and that all funds were obligated. For example, in Riverton, case managers and the American Job Center supervisor were using a separate Excel spreadsheet to track funding within their area for CAAs. Although they did not control the awarding of individual accounts, they believed it was critical to track and monitor the total obligated and the amount remaining to be obligated in order to oversee the demonstration properly. Thus, in effect, fiscal management of the demonstration in these three states complements administrative management. Exhibit II-4 summarizes the states' roles in overseeing funding and fiscal management of the CAA Demonstration.

Exhibit II-4:
States' Role in Funding/Fiscal Management

	Active Management	Oversight Only
Georgia		√
Indiana		√
Michigan		√
Minnesota		√
Missouri	√	
Ohio	√	
Pennsylvania		√
Wyoming	√	

Leveraged Funds

One further critical component of managing the demonstration involved the requirement that states leverage federal funds, either with money drawn from other funding sources or with in-kind contributions of time or services provided by staff funded through other sources. States took quite varied approaches in how they identified and obtained these funds. Five states used actual dollars drawn from other sources to increase the overall pot of money available for CAAs in the state. Two of these states (Indiana and Ohio) used Rapid Response funds from their WIA dislocated worker funding. The third (Michigan) used WIA statewide activities funds. The fourth state (Wyoming) used money primarily from its state General Fund. The fifth state, Pennsylvania, used an array of sources for its leveraged funds. The remaining states used primarily in-kind contributions, though the degree to which these were documented in detail varies. Minnesota used Wagner-Peyser and its state-funded dislocated worker program for matching funds. Georgia and Missouri used an array of resources to match CAA funds, drawing upon smaller amounts from a number of different funding sources. Exhibit II-5 displays the breakdown of states and the funds or resources they leveraged for the CAA Demonstration.

Leveraging Actual Funds

In Indiana, the state requested and received a waiver to convert Rapid Response funds (originally set aside from the dislocated worker program) to the Governor's reserve for incumbent worker training and used this money to provide a 100 percent match at the state level. According to state staff, this was a straightforward way to meet the matching requirement. However, because the state wanted participating LWIAs to be substantially invested in the demonstration by contributing to the funding, Indiana also required that regions provide a 75 percent match (either cash or in-kind contribution) of the local CAA grant. In an effort to assist local areas with this matching effort, the state received an additional waiver from ETA to shift WIA adult and dislocated worker funding to the Governor's reserve, which enabled regions that had surplus funds in these programs to use them as part of or for their entire required local match.

Eastern Indiana used these discretionary funds as the primary source of its leveraged contribution at the local level. Other smaller sources of funding came from customer and customer in-kind contributions, including documenting gas or other travel costs CAA recipients spent to attend training and purchases recipients made to prepare for training, such as books or uniforms required for their training. Additionally, the LWIA tried to document any employer contributions and employer tuition reimbursements.

Exhibit II-5:
Type and Primary Sources of Leveraged Funds, by State

	Dollars vs. In-Kind Contributions	Primary Sources
Georgia	Dollars	HOPE grant, Pell grants
	In-Kind	Wagner-Peyser, WIA Dislocated Worker
Indiana	Dollars	Rapid Response
		75% local match (initially)
Michigan	Dollars	WIA Statewide activities
Minnesota	Dollars	State-funded dislocated worker program
	In-Kind	Wagner-Peyser, WIA Adult and Dislocated Worker programs
Missouri	In-Kind	Wagner-Peyser, Rapid Response, Business Services staff
Ohio	Dollars	Rapid Response
Pennsylvania	Dollars	Unused WIA funds, TANF funding, Pell grants, Vocational Rehabilitation, contributions from CAA recipients
Wyoming	Dollars	State General Fund, Wagner-Peyser

In Northeast Indiana, local funds were obtained through several sources. The primary source was through in-kind contributions from employers, which generally allowed their employees to attend training while on the payroll. Because 90 percent of recipients in this region were incumbent workers, this source provided the bulk of the locally matched funds. Additionally, some WIA formula funds were used to support career counseling and participant follow-up. In a few cases, Pell Grants[22] were used as leveraged funds. Additionally, the local provider (Ivy Tech Community College) leveraged some of its operating resources to support training activities in the Computer Information Systems degree program. Northeast Indiana had less trouble meeting the matching requirement than did Eastern Indiana, largely because of the in-kind employer contributions it received. Ultimately, the state dropped the local matching requirement, and the local areas that implemented the demonstration later were thus not subject to this requirement.

Like Indiana, Ohio also matched the federal award by using state Rapid Response funds. Because the state matched its $1.5 million in funds from ETA with an equal amount from state Rapid Response funds, it was determined that 50 percent of each CAA would be financed by the CAA award and the remaining 50 percent would be charged to the Rapid Response funds. Other project costs also would be allocated to both funding streams, based upon this 50/50 distribution.

Michigan identified $1.5 million in PY 2006 WIA statewide activities that had been earmarked for incumbent worker activities as its state leveraged contribution. These leveraged resources were to be utilized for administration and supportive services including skills assessments, workforce information, career guidance, and related core and intensive services for CAA recipients. These activities were much more intensive in Michigan than in most other states. By integrating CAAs into the rest of the workforce system, as described above, Michigan's LWIA staff provided similar levels of support to CAA recipients as they provided to ITA recipients.

Pennsylvania leveraged funds from an array of sources, including unused WIA funds, funds from the local Employment and Advancement Retention Network (EARN) program, welfare funding, Pell grants, funds from the Office of Vocational Rehabilitation, and contributions from CAA recipients themselves.

Wyoming drew upon Wagner-Peyser, at least initially, as an important source of leveraged funds for the CAA Demonstration. In addition, the state leveraged funds from its own General Fund, which is largely based on a severance tax placed on the mineral industry. Because the General Fund is a two-year budget that had had surpluses in the years prior to CAA implementation, the state soon switched to using solely these funds as a match for the demonstration.

Leveraging In-Kind Contributions

In Missouri, the state had originally required its eight participating LWIAs to provide leveraged funds through WIA. Thus, along with Indiana, Missouri was the only state to require initially a local match for the funds. However, this effort was not successful, as the LWIAs were unwilling to embrace the CAA program and virtually no CAAs were awarded. Thus, once the state

---

22 Federal Pell Grants are awarded to undergraduate students who have not earned a bachelor's or professional degree and do not have to be repaid.

decided to implement the program statewide, it ceased requiring matching funds from the local areas. Missouri only required in-kind contributions of time from Wagner-Peyser staff, including front line staff in the American Job Centers, as well as in-kind contributions from Rapid Response staff, Business Services representatives, and others that might assist CAA recipients. Similarly, as described above, Northeast Indiana used in-kind contributions from employers as a primary source of leveraged funds.

Leveraging from Multiple Sources

Three states relied on a broad array of funding sources for their leveraged funds. In Georgia, for example, the state tapped a number of sources for leveraged funds, including the state's HOPE grant[23], Pell Grants obtained by CAA recipients, and in-kind contributions from other state programs, such as Wagner-Peyser and the WIA dislocated worker program. Likewise, Pennsylvania drew upon several sources for its matching requirement. These included funds from WIA, TANF, and others.

Similarly, Minnesota used in-kind contributions from Wagner-Peyser as one source of matching funds, but it drew upon similar in-kind contributions from the WIA adult and dislocated worker program for some portion of the match. To determine the amount of in-kind matching funds, the state estimated the number of hours a customer spent in the local American Job Center Resource Room, and then it estimated the cost of those hours in Wagner-Peyser and WIA expenses. Additionally, some customers were co-enrolled in Wagner-Peyser and WIA, and the services provided through these programs were applied by the state to the match. A final source of matching, however, was a state-specific dislocated worker program, which is funded through a tax levied on Minnesota employees. Thus, cash was drawn from this state-funded and operated program to provide the remaining necessary matching funds.

Extent of Implementation Geographically

As with the structure and organization of the demonstration, states varied according to whether CAAs were implemented throughout the entire state or only in certain regions within it. Of the eight states, half initially intended to implement the demonstration statewide, while the remaining half focused their efforts only in selected regions. Specifically, Michigan, Ohio, Pennsylvania, and Wyoming[24] began the demonstration intending to provide CAAs in all

---

[23] Helping Outstanding Pupils Educationally (HOPE) grants are funded from the state lottery. They are available to all Georgia residents for degree or certificate programs at public community colleges and universities.

[24] Wyoming is a single-LWIA state, but operates in multiple counties and areas throughout the state. Hence, their inclusion as a statewide implementer is meant to convey that they intended all their areas to participate in the demonstration.

LWIAs. Of these, both Michigan and Pennsylvania did not end up implementing CAAs in all regions, despite their initial intent to do so. In contrast, although Missouri initially targeted its efforts to only eight LWIAs, it subsequently expanded the focus to include all LWIAs, in conjunction with many of the changes described above. The remaining states, including Indiana, Minnesota, and Georgia, planned to implement the demonstration only in selected LWIAs within their states and kept to this plan throughout the demonstration. Exhibit II-6 displays each state's planned implementation within local areas and their actual organization as the demonstration evolved.

Exhibit II-6:
Statewide versus Selected Local Area Implementation

	Initial Participating Local Areas	Actual Participating Local Areas
Georgia	Atlanta Regional Commission Northwest Region	Atlanta Regional Commission Northwest Region
Indiana	Northwest (Gary) Northeast - Fort Wayne) Eastern (Muncie) Southwest (Evansville)	Northwest (Gary) Northeast - Fort Wayne) Eastern (Muncie) Southwest (Evansville) Southeast - Columbus)
Michigan	Statewide	9 of 25 LWIAs
Minnesota	Minneapolis Hennepin/Carver Counties	Minneapolis Hennepin/Carver Counties
Missouri	8 LWIAs (Central, East Jackson County, Jefferson-Franklin, Kansas City, Northwest, St. Charles County, St. Louis County, and St. Louis City)	Statewide
Ohio	Statewide	Statewide
Pennsylvania	Statewide	6 LWIAs (Central Valley, Lancaster, Lehigh Valley, North Central, Northwest, Three Rivers)
Wyoming	Statewide	Statewide

States Implementing in Selected Local Areas

Indiana funded five separate areas to participate in the demonstration. Indiana's approach was to solicit proposals from its local areas to participate and select from among those LWIAs it thought could best implement the demonstration. Not all LWIAs submitted a proposal to participate, and according to state staff, some proposals stood out. As a result, the state asked two of the five LWIAs awarded funds to accept significantly more money and award far more CAAs than they had proposed. In one of these areas, the state doubled the amount requested, while in the other area the amount of funds was quadrupled. The state did this because it firmly believed these two areas were most likely to be able to implement the program and award CAAs in a timely manner. This belief was reaffirmed when the two LWIAs were indeed able to obligate the money within a short time.

Minnesota focused its efforts on two local areas in the Minneapolis metropolitan area, the city of Minneapolis and a suburban area serving the balance of Hennepin County and Carver County, in part because there was significant resistance to the demonstration in most other areas. Staff in many LWIAs in Minnesota, like their counterparts in Missouri, felt the CAAs were designed to reduce the need for WIA programs and services and, hence, felt little desire to participate. Indeed, the state spent some time persuading the two LWIAs to participate, eventually overcoming their similar concerns about the purpose of CAAs.

Georgia's participating local areas were selected by the state based on two criteria. The first criterion concerned the LWIAs' need, which was based on the economic conditions and layoffs within the service region. The second criterion concerned the LWIAs' ability to execute the demonstration (e.g., their willingness to take part, have the structure in place to award and oversee the funds, and prior demonstrated performance in the WIA adult, youth, and dislocated worker programs). The two participating areas—Atlanta Regional (which was home to two closing automobile assembly plants) and Northwest Georgia (textiles)—had both been significantly affected by layoffs in the recent past and both had established strong performance records with their WIA clients. Further, these areas expressed the desire to participate, suggesting they were motivated to implement the program.

Although it is unclear whether statewide or targeted implementation is better, both Indiana and Minnesota, two of the three states implementing only in selected areas, were able to launch the demonstration and begin awarding CAAs quickly. Although Georgia was delayed in its implementation, this had little to do with its local areas, but instead had to do with lengthy negotiations between the state and ETA concerning participant data collection and reporting. In contrast, among the states implementing the demonstration statewide, only Wyoming was able to begin and award a substantial number of CAAs quickly, although even in this state, only a few areas were very active in implementing the demonstration.[25] Hence, focusing the demonstration on selected areas within states seemed a much quicker path to actually awarding CAAs. This

[25] Wyoming's quick implementation and issuance of a very large number of CAAs was directly attributable to its focus on employer-based training at community colleges. This is discussed in more detail earlier in this chapter.

quicker implementation in selected areas is likely attributable to their demonstrated commitment to participating and an ability to award funds to recipients.

Involvement of Training Providers and Employers

States and participating local areas varied widely in the extent to which they involved training or educational providers and employers. In some cases, local areas developed strong relationships with particular training providers who offered training in key industries, while in other areas the focus was on ensuring that recipients could select from among the broad range of training providers in the area. Similarly, employers played a more active role in some local areas (though in none were they extensively involved throughout the demonstration) while in other local areas there was relatively little direct involvement of employers. In this section, this involvement is described.

Community Colleges and Other Training Providers

Variation in the involvement of training providers was primarily along two dimensions. The first of these involved whether an area emphasized or encouraged the use of community colleges or private training vendors. Although several areas did not distinguish between these in their materials, a number felt that one of these was a better fit for the CAA Demonstration. In at least three areas, local areas felt that private providers were a better source of training for CAAs. As an example, in Georgia, the Atlanta Regional Commission did not work with the community colleges in the area, but instead worked primarily with private training vendors. The reasoning for this was that private vendors' enrollment was more fluid and their schedules were geared toward shorter-term training, which local staff felt was critical for CAA recipients, especially because the delays described above in implementing CAAs cut short the time recipients had to use their accounts. Atlanta local staff contrasted private vendors with community colleges, which they felt had set academic-calendar schedules for enrollment and typically required more training time than CAA participants were seeking. Similarly, in Michigan, the emphasis was on shorter-term training, which led to a de-emphasis on community colleges. As in Atlanta, staff and participants viewed community college offerings as longer-term and less flexible than private vendors and, thus, private training providers were also preferred in this state.

In contrast, many other local areas relied on existing connections with and knowledge of the local community colleges and, thus, emphasized these as training providers under the CAA Demonstration. For example, CAAs in Northwest Georgia were primarily used at community colleges, although some private technical colleges also were used. This local area even placed staff at community colleges that could provide reverse referrals to WIA and the CAA Demonstration.

In Indiana, in two of the participating local areas, the local community college (Ivy Tech) was involved in the planning phases of CAAs. In one of these areas (Region 3 – Fort Wayne), Ivy Tech separately applied for an information technology grant from the state that could be used as a source of matching funds for the CAA Demonstration. In the second area, Ivy Tech worked with the local area and its employers to develop training programs geared toward specific employers' needs to promote employability among CAA trainees. Ivy Tech was involved as a partner in every one of the participating local areas, while other public and private colleges (i.e., Indiana University, Purdue University, University of Southern Indiana, Evansville, and Vincennes) were involved in a lesser way. In addition, in at least one site, private vendors were also in partnership with the local area. Specifically, Region 3 discovered that some training sought under CAAs required more advanced skills than instructors at Ivy Tech could reasonably provide. As a result, the area developed a partnership with Enhanced Network Solutions (ENS), a local software and computer-network training provider. Local area staff seized the opportunity to increase the number of customers who were guaranteed a source of funding for training, skills enhancement, and potential career advancement.

Similarly, North Hennepin, in Minnesota, relied heavily on community colleges, especially to market the CAA program and recruit potential participants. This leads to the second area in which local areas varied in their involvement of community colleges or private training vendors. Several of the areas relied on these training providers to recruit and refer potential participants to the LWIA for CAAs. In addition to North Hennepin, several areas in Missouri received multiple referrals for CAAs from their local community colleges. Both local areas in Pennsylvania relied on these referrals as well and viewed this as a very positive relationship. Wyoming involved community colleges throughout the demonstration, including both the initial employer-based program and later worker-based CAAs. During the employer-based phase, the colleges identified employers' needs and developed curricula to meet these needs. Once the focus shifted to individual accounts, the community colleges remained heavily involved, largely by referring potential CAA customers to the American Job Centers.

In contrast, a number of other local areas viewed this type of involvement from the training providers as potentially antithetical to informed customer choice. According to this view, training providers could convince uninformed customers to sign up for their program, even if it was a poor program or had poor likelihood of leading to employment. This view was especially strong in the Ohio local areas. Even North Hennepin, Minnesota, which mostly relied on community college referrals, indicated that there were instances in which clients were "lured" into poor or very costly training programs by unscrupulous providers.

Overall, the involvement of community colleges and other training providers in the design of CAAs was relatively limited, but there was greater involvement through referrals of potential customers. However, local areas varied in the degree to which they believed this was positive involvement.

Employers

Employers were even less involved in the design and implementation of CAAs. Only one of the states, Wyoming, heavily involved employers during state planning, though in two other states, Georgia and Indiana, at least some local areas did involve them. In five of the eight states, there was essentially no involvement of employers in the demonstration (other than as potential sources of employment once CAA customers had completed training). Four of the five were the original automotive states, including Michigan, Minnesota, Missouri, and Ohio, and the fifth state was Pennsylvania. Of these, both Michigan and Missouri informally surveyed some employers at the outset to identify potential training needs or in-demand occupations, but otherwise involved employers very little. In Minnesota, employers were only informed about the program but were not involved in it.

In two other states, as described below, the state left decisions about employer involvement to local areas and at least one local area actively engaged the employer community. In Georgia, for example, the state initially planned to involve Chrysler and Ford in the demonstration, but once the focus of the program shifted away from the automotive industry, these plans were dropped. Nevertheless, Northwest Georgia did actively engage employers through the use of on-the-job training (OJT), which was described as a common form of training in the area.[26] Respondents in this area indicated there were at least 40 OJT opportunities established through the CAA program. Similarly, Indiana left the decision to involve employers up to the participating local areas. Only one area, Northeast Indiana (Fort Wayne), involved employers by having them identify training needs in the area and by spreading the word about CAAs to their employees. Some staff suggested that, if they were to implement the demonstration again, they would like even more employer involvement, perhaps through formal marketing of CAAs to their employees. Employers in this region, for their part, were very positive about the CAAs, and viewed them as a cost-free way to enhance the expertise and capacity of the local workforce. In addition, employers in Indiana's other LWIAs and employers in other states that emphasized employed worker training are likely to have benefitted from this emphasis.

Finally, Wyoming initially involved employers heavily through the use of employer-based CAAs. Once this was stopped, so too was much of the employer involvement. But some local

---

[26] The Northwest Georgia OJT program offered CAA recipients an alternative to classroom training, although, in some cases, the two training methods were combined. The recipients could find employers on their own or get help in identifying these training opportunities from staff. The LWIA essentially applied its standards for OJT developed for WIA to the CAA program, so that payments were restricted to the extraordinary cost (to acquire competencies beyond those that are specific to that employer) of training to the employer.

areas continued to involve employers. For example, in Evanston, even after the switch in focus for the program, hospitals and nursing homes remained involved by providing "practicals" (i.e., internships) to CAA recipients in Certified Nursing Assistant programs.

Summary

Each of the participating states implemented the CAA Demonstration somewhat differently and many of them did so in an effort to respond to worsening economic conditions that affected the training demand and the industries in which training was needed. As was noted throughout the chapter, there was substantial variation across states and local areas in the original design for the demonstration and the roles that states and local areas played. For example, states' and local areas' objectives for participating ranged from viewing the demonstration as a way to serve incumbent workers, to being a means for making better connections with employers, or simply as a new opportunity to obtain funds that could be used to help their states' workers.

Several shifts in structure occurred almost immediately upon award of the CAA grant in some states. Chief among these was the realization among the "automotive states" that workers laid off from the automotive industry were almost universally being designated as trade-affected and, thus, as eligible for the TAA program. These states therefore had to modify their eligibility and target different workers than they had originally intended.

Decisions about key aspects of managing the program also varied substantially. Five of the participating states acted primarily as the overseer of the demonstration while devolving virtually all aspects of the program to their locals. The remaining three states play a more active role in the administration of the program.

Though the data collection requirements for CAA participants were substantially less than those for WIA participants, six of the participating states used existing databases to track CAA awards and their recipients' progress, while two states developed entirely new databases for the demonstration.

Many of the states played only a cursory role in monitoring CAA funding. Six of the states did provide fiscal oversight, but they left the actual management of funds to their local areas. The remaining states played a more active role in monitoring and managing CAA funds. States took quite varied approaches in how they identified and obtained the required matching funds. Five states used actual dollars drawn from other sources to increase the overall pot of money available for CAAs in the state. Two others used a mix of actual dollars and in-kind contributions. The final state used only in-kind contributions.

Of the eight states, half initially intended to implement the demonstration statewide, while the remaining half focused their efforts only in selected regions. Of the latter, one state was unsuccessful in its first efforts to implement and award CAAs and, in conjunction with a shift in the staff responsible for managing the CAAs, also shifted to allow CAA awards statewide.

Finally, there was variation in the extent to which training providers and employers were involved in the demonstration. While a few local areas focused attention on private training vendors because their short-term and less expensive programs were considered a better fit for CAA customers, other areas relied on community colleges, especially for making referrals of potential customers. Respondents in still other areas felt they should not interfere with customer choice, and many state and local staff felt that training providers making referrals of potential customers interfered with this choice, perhaps even leading to poor training decisions.

Employers generally had little involvement in the demonstration, with five of the eight states essentially not collaborating with them at all. In two states, at least one local area engaged employers, one through the use of OJT experiences and the other by involving employers in identifying training needs and through marketing CAAs to their incumbent workers. Another state actively engaged employers early on, though this approach was ultimately deemed inconsistent with the intent of the CAAs and was thus ended partway through the demonstration.

III. SERVICES

The original vision for CAAs was for the CAA program to be an alternative to the traditional WIA model. While WIA emphasizes pre-training services and case management (including counseling, assessment, placement, and follow-up) to promote customers' prudent training choices, the design for CAAs envisioned a program with fewer services and less case management, allowing quicker enrollment and extensive customer choice. Given the differences inherent in these policy goals, participating states and local areas were faced with a major dilemma, i.e., how to achieve informed customer choice and positive outcomes with minimal case management services. In their attempts to balance competing priorities, states made different decisions about how to deliver services and to what extent to enforce program requirements and restrictions. Some states and sites welcomed the concept of limiting services to provide expedited training to expanded client demographic groups, while other grantees felt the program would be most beneficial if aligned with strategic state and local policy objectives aimed at economic development, thus possibly warranting limits on customer choice. The resulting variations in program requirements, enforcement of those requirements, eligibility guidelines, occupational/industrial emphasis, targeted customer groups, training program restrictions, and level of case management resulted in a diverse collection of programs, both within and across states. Due in part to this diversity, site visitors observed large variations in the level and quality of services provided among the grantees over the course of the demonstration.

This chapter, focused on examining this crucial topic of services within the CAA Demonstration, begins by examining which groups were targeted across and within the eight grantees and how the choice of target groups evolved. Next, the chapter looks at how grantees targeted training occupations and industries and the effect this had on customer choice and achievement of policy goals. Because the structure and intensity of the marketing strategies implemented by grantees could have had a profound influence on local CAA enrollment numbers and the ability of sites to target specific individuals effectively, the chapter then examines how states and sites marketed the CAA program. The chapter then turns to the topic of eligibility requirements for participants, training programs, and pre-training services, which have the potential to limit customer choice but are critical for pushing customers into occupations that are more productive for the regional economy. The chapter then explores the variety of training services (or lack thereof) provided across the CAA sites, which helps in the understanding of how customers arrived at training decisions. Again, grantees and sites had to make hard decisions between allowing unhindered customer choice and helping direct customers to wise training decisions that furthered policy goals. Finally, the chapter concludes by examining how the services provided to CAA customers compared to those provided by WIA through ITAs.

Targeted Groups

Targeting specific recipients was a strategy that allowed state grantees to achieve certain objectives, e.g., influence economic growth, while not overtly impeding customer choice. The decision by states and local sites to target certain individuals for the CAA program in many cases influenced the pattern of services provided.

Originally, the CAA Demonstration had a significant automotive industry focus, with five states—Georgia, Michigan, Minnesota, Missouri, and Ohio—hoping to use the program to assist workers impacted by extensive automobile manufacturing closures. Unfortunately, these states were forced to reassess their choice of targeted recipients after a high percentage of displaced autoworkers were deemed to be TAA eligible and therefore ineligible for the CAA program.

Changes in participant targets were not exclusive to the automotive states. In some states and sites, target groups for the program went through multiple alterations, with certain modifications occurring throughout the final year of the grant. Early modifications stemmed from misunderstandings over what populations could and could not be served through the CAA program. Later in the demonstration, decisions to modify targeted groups arose out of necessity, as states and/or local sites faced low recruitment and take-up rates. State grantees were responsible for selecting their target groups and typically based the decision on alignment with economic development strategies or coordination with other state-administered workforce development projects. However, in most states, local areas were allowed to modify target groups further. Indiana allowed local sites the greatest leeway to modify the state's targeted recipient group and eligibility requirements so that they could better meet specific local economic and workforce needs. Michigan and Wyoming allowed local sites to select a target group but not to add to or modify the state's eligibility requirements. In the remaining states, except Missouri and Ohio, local sites could prioritize certain sub-groups but could not exclude individuals who met the statewide enrollment requirements.

The most commonly targeted recipients of CAA vouchers were dislocated and incumbent workers. Of the eight state grantees, six initially targeted some type of dislocated worker group (Georgia, Michigan, Minnesota, Missouri, Ohio, and Wyoming) and four of these six states additionally targeted incumbent workers (Michigan, Missouri, Ohio, and Wyoming). Three of the eight states originally included low-income adults among their targeted recipients, with only Pennsylvania focusing exclusively on those with low incomes. Indiana was the only state to focus heavily on incumbent workers.

Changes in targeted recipients were a major issue for grantees. For the five automotive states, the ineligibility of the original target group was a serious blow to ETA's hope of using the CAA to address the auto-manufacturing sector's significant decline. Since TAA- certified dislocated autoworkers were ineligible for CAA participation, this required all five grantees to expand their focus to all dislocated workers regardless of industry. Additionally, Michigan and Ohio further expanded their programs to include dislocated workers who were facing a layoff threat but were too far from layoff to receive WIA training, and Georgia expanded its participant focus to include low-income adults. In all cases, the decisions to re-focus came down to what groups needed the greatest help and would provide a positive contribution to economic growth if trained. Exhibit III-1 summarizes the evolution of target groups identified in each state.

Exhibit III-1:
State Target Groups

State	Initial Target Group	Target Group at Mid-Point	Target Group at Conclusion of CAA
Georgia	Dislocated auto workers	Dislocated workers (any industry) Incumbent workers (any industry) Low-income adults	Dislocated workers (any industry) Low-income adults
Indiana	Low- to mid-wage incumbent workers	No change	No change
Michigan	Dislocated autoworkers Incumbent autoworkers	Dislocated workers (any industry) Incumbent workers (any industry)	No change
Minnesota	Dislocated autoworkers Dislocated manufacturing workers	Dislocated workers (any industry)	No change
Missouri	Dislocated autoworkers Incumbent autoworkers	Dislocated workers (any industry) Incumbent workers (any industry)	No change
Ohio	Dislocated autoworkers Incumbent autoworkers	Dislocated workers (any industry) Incumbent workers (any industry)	No change
Pennsylvania	Low-income adults	No change	No change
Wyoming	Dislocated workers Incumbent workers (primary focus) Low-income adults	No change	Unemployed workers

While states based their target-group decisions on the goals of aiding economic development and serving under-served populations, these decisions had major repercussions for the level of services delivered. States that targeted incumbent workers naturally limited the level of services delivered, as these customer groups, by their nature, did not need or want high levels of pre-training services or intensive case management. In contrast, states that targeted low-income adults, who more often need support and pre-training services, found it necessary to provide more services to these customers to facilitate successful outcomes.

As noted above, Indiana and Ohio offered limited flexibility to local sites to modify their target demographic beyond the basic statewide guidelines, as long as the local targets remained within the broader targeted category. Five of the eight local sites visited in Indiana and Ohio took advantage of this flexibility and refined their participant targets beyond the statewide policy. In Indiana, three of the visited local sites developed specialized target groups for CAAs, each building on the state's incumbent worker focus. As mentioned, these modifications sometimes occurred multiple times throughout the CAA Demonstration. Initially local sites customized the target group to improve the alignment of CAAs with local economic needs. Later modifications developed to increase enrollment and take up (Southwest Indiana) or to further tailor the program to changing economic conditions (Clinton, Highland, Fayette, Greene, and Montgomery Counties sub-LWIA [Ohio] and Cincinnati and Hamilton Counties [Ohio]). Exhibit III-2 summarizes the evolution of target groups for sites that varied from their state's targets.

Exhibit III-2:
Target Groups for Local sites Varying from State Targets

Site	Initial Target Group	Target at Mid-Point	Target Group at Conclusion of CAA
Eastern Indiana	Incumbent workers with 6 months continuous employment making $11 - $22/hr	No Change	No Change
Northeast Indiana	Incumbent workers	No Change	Incumbent workers Unemployed adults
Southeast Indiana	Incumbent manufacturing workers	Incumbent workers (any industry) Dislocated workers (any industry)	Incumbent workers (any industry) Dislocated workers (any industry) WIA adults
Clinton, Highland, Fayette, Greene and Montgomery Counties (Ohio)	Not part of CAA	Not part of CAA	Dislocated airfield workers ineligible for NEG assistance
Cincinnati and Hamilton County (Ohio)	Dislocated autoworkers	Dislocated workers (any industry)	Dislocated workers impacted by American Airlines closure

Targeted Industries and Occupations

As part of the grant requirements, all grantees initially identified high-growth, high demand occupations or industries to target. The states had developed policies for the workforce investment system in general to ensure that public training programs would support economic development needs and, in turn, yield good performance on the Common Measures. However, the selection of such industries limited the choice that the CAA was supposed to provide. Thus, the grantees had to resolve the problem of what to do if an individual sought training that did not comport with the policy objective. The states diverged in the ways they resolved this issue, dividing themselves into two general categories.

Pennsylvania and Michigan required CAA training to be in a high-growth or high-demand occupation, as determined by the state. A third state, Indiana, also required training to be in these kinds of occupations, but left it to the LWIAs to determine which industries to target.

- Pennsylvania arguably had the strictest limits on occupational choice. For all training programs, the state required training in what the state terms High Priority Occupations (HPO). To be classified as an HPO, an occupation must not only be in demand but it must also have high skills needs and provide a family-sustaining wage. These requirements limited the number of HPOs, which in turn placed serious limits on occupation choice. Within the state constraint, the Three Rivers site took a unique approach to targeting training programs in an effort to focus the CAA program on promoting local economic growth. In the past, the local WIB felt it lacked influence in gearing ITA training towards regional economic goals.[27] In response to this background, the WIB elected to contract out the CAA program directly to successful training vendors that trained in HPOs that were critical to regional economic growth. These vendors were then responsible for marketing, recruitment, and administration of the CAA program. If individuals were interested in the training program offered by the contracted vendor, they would go directly to the training vendor who was responsible for verifying eligibility and enrolling participants. While this strategy was effective in ensuring CAA participants were enrolling in training for jobs that would help the local economy and support policy objectives, it did dramatically reduce customer choice for most CAA participants.
- Indiana's decision to target specific local industries attempted to respond to serious declines in manufacturing. Applying its Strategic Skills Initiative and other economic and workforce analyses for the CAA program, local regions identified high-wage jobs in high-growth industries with occupational shortages.

---

[27] The Three Rivers WIB establishes policy for two separate LWIAs, the city of Pittsburgh and the balance of Allegheny County. However, the city and county, as the grant recipients, ultimately control the working policies at the various American Job Centers within their jurisdictions. Thus, the local American Job Centers had final say in approving ITA training and the Three Rivers WIB believed a large number of these training decisions did not effectively coordinate with the area's economic development plans.

Although placing limitations on CAA training limited customer choice, both state and local staff in Indiana believed that targeting specific, high-growth industries was important for reducing the state's previous reliance on manufacturing. Of the four sites visited, two focused on a single industry (health care in one and information technology in the other) and one (Eastern Indiana LWIA) identified three targeted industries (agri-business, life sciences, and logistics and transportation) for the CAA program. One Indiana LWIA originally sought to retain its manufacturing base by training CAA recipients in advanced manufacturing, although the program was later eliminated due to low enrollment.

- In Michigan, the restrictions on occupation choice were maintained to coordinate CAAs around the state's major workforce development program, No Worker Left Behind. This is a statewide program that seeks to train 100,000 individuals for in-demand occupations in order to improve economic conditions statewide. State staff saw the CAA program as a good opportunity to help reach the state's training and economic development goal. Michigan staff was aware the occupational choice restrictions would hamper customer choice but felt coordination with No Worker Left Behind was more important for the state and CAA customers. Staff in Michigan believed the achievement of policy goals—specifically those relating to economic development—were a greater priority than maximizing customer choice in selecting a training occupation.

The other five states also had selected occupations and industry targets in which to invest workforce training funds. However, these states ultimately did not require that CAA training be in their specific industry or occupation. The push and pull between providing unfettered customer choice and using program constraints to promote economic development or other policy objectives resulted in these states frequently encouraging and promoting specific industries and occupations but stopping short of enacting official requirements. While staff attempted to steer individuals to the targeted industry or occupation, either directly through case management or indirectly through self-service labor market information tools, staff would not prevent a customer from selecting a training program in a non-targeted industry. In a reflection of the way they approached the targeting of industries, some of the grantees were also interested in targeting specific occupations but shied away from official restrictions for fear of impeding the customer choice component of CAAs. In spite of their decisions to ultimately prioritize customer choice, these grantees believed it was important to do what they could, through training requirements or encouragement to train in particular industries, to limit uninformed customer decisions. Even though the CAA program lacked official performance measures, local case managers still wanted to see customers succeed and they believed that this was the best way for them to do so.

Marketing

Grantees demonstrated a variety of marketing styles, techniques, and intensities across both states and sites. In most states, local sites were responsible for marketing decisions and strategies and received little or limited assistance from the states. However, two states, Missouri and Michigan, developed comprehensive, uniform, statewide marketing strategies for the CAA program. Missouri's statewide marketing strategy came out of the decision to use Wagner-Peyser staff for the CAA program, while Michigan utilized a statewide marketing program to help the CAA coordinate with the state's main workforce program, No Worker Left Behind. Four other grantees (Indiana, Ohio, Pennsylvania, and Georgia) provided materials (flyers, posters, postcards, etc.) and minor guidance on marketing strategies, but left the significant marketing decisions to local sites. The remaining two states (Minnesota and Wyoming) did not provide marketing assistance to local sites at all. Therefore, six of the grantees gave local sites extensive leeway in how to market the CAA program.

The most common marketing strategies for enrolling participants were displaying flyers or brochures at American Job Centers and sending mailers to targeted participants. Thirteen of the local sites visited mentioned some variation on these basic strategies. Grant managers frequently stated that the informational materials would almost never mention the CAA program by name; instead, they typically advertised "free training opportunities."[28]

In addition to having materials available at American Job Centers, all eight sites integrated the CAA program into their American Job Center orientations and/or broader marketing plans. Another common marketing strategy among grantees targeting dislocated workers was coordination with Rapid Response representatives. In Ohio, Georgia, and Missouri, seven of the sites visited mentioned working with the Rapid Response teams in the area to help distribute CAA information. Typically, this would involve Rapid Response staff mentioning the CAA program when discussing training options, distributing CAA marketing materials, and directing interested individuals to their local American Job Centers for additional information.[29]

Local sites that embraced the CAA concept usually developed comprehensive marketing strategies to maximize CAA participation in an area. The Muncie, Indiana, American Job Center saw the CAA program as an important opportunity to target non-traditional ITA customers or individuals who would not normally set foot in an American Job Center. Believing that this demographic required a special marketing strategy beyond flyers at American Job Centers or

---

[28] The local sites that did not identify the CAA program were Kansas City (MO), St. Charles County (MO), Clermont County (OH), Northwest Ohio, Clinton, Highland, Fayette, Greene and Montgomery Counties sub-LWIA (OH), Cincinnati and Hamilton County (OH), Northwest Pennsylvania and Three Rivers (PA), Atlanta Regional Commission (GA), Northwest Georgia, Southwest Indiana, Southeast Indiana, City of Minneapolis (MN).

[29] The local sites that coordinated with Rapid Response were Kansas City (MO); Clermont County (OH); Northwest Ohio, Clinton, Highland, Fayette, Greene, and Montgomery Counties sub-LWIA (OH); Cincinnati and Hamilton County (OH); Atlanta Regional Commission (GA); and Northwest Georgia.

other local government agencies, the staff developed a comprehensive CAA marketing plan that included a special CAA website, utilization of previous employer/business connections, presentations at CAA-eligible training programs, and dissemination of CAA information at job fairs, schools, and community organizations. The marketing strategy became so successful the staff had to slow it down, as they were getting more people interested in the program than they could serve with the available funds.

Ohio had multiple sites with specialized marketing strategies. Two notable examples were the site in Clermont County and the site serving Clinton, Highland, Fayette, Greene, and Montgomery Counties. The suburban Cincinnati site in Clermont County employed a comprehensive marketing plan, including newspaper ads, post cards to targeted individuals, coordination with Rapid Response staff, meetings with local employers, bi-monthly CAA orientations, the listing of CAA information on posters and in vendor training manuals, and meetings with eligible vendors to coordinate marketing strategies. The Wilmington site serving Clinton, Highland, Fayette, Greene, and Montgomery counties worked with state staff to develop a specialized CAA program exclusively directed at dislocated workers from firms that were not covered by a NEG when DHL closed a major parcel hub and airbase. Marketing included close coordination with Rapid Response representatives, local unions, and the onsite transition center. Additionally, the WIB Director conducted a weekly job/labor market radio show and frequently promoted the CAA program.

In contrast, there were states and sites that developed minimal CAA-specific marketing materials. Typically, staff from these sites viewed the CAA program as another funding source that could supplement limited ITA funding. These local staff saw no reason to spend time and resources around extensive marketing of the CAA program.

Marketing to employers was a major component for grantees that emphasized training incumbent workers, both for directing employees to the CAA program for training and in developing training that was responsive to the needs of specific employers to create promotional opportunities or new openings for current workers and job seekers, respectively. Every site in Indiana coordinated direct marketing and outreach to local employers. Due to the incumbent-worker focus in Indiana, some sites housed the CAA program directly in the Business Services department of the American Job Center, allowing staff to utilize pre-existing employer connections. Other sites in Indiana had CAA staff make presentations at businesses and worked with training vendors to market the training to employers. During the initial incumbent-worker phase, the CAA program in Wyoming heavily marketed the program to employers. Staff conducted multiple employer information sessions to foster interest. Once the program was re-structured to focus on individual recipients, marketing to employers was phased out of the outreach strategy. Beyond Indiana and Wyoming, only Michigan had extensive employer outreach and marketing; this included meetings with General Motors, Ford, and Chrysler about using CAA for layoff aversion. Michigan also utilized local American Job Center Business Services departments for employer marketing. The state and LWIAs also included labor unions as part of the CAA employer marketing strategy.

For the five other grantees, marketing to employers was extremely limited. A site in Missouri did some limited marketing to the local Chamber of Commerce, and both sites in Pennsylvania stated that they mentioned CAA to a few employers. Three grantees, Ohio, Georgia and Minnesota, did almost no marketing to employers.

Eligibility Requirements

Eligibility requirements followed from grantees' targeting and policy goals. For the most part, they centered on WIA customer definitions, with a few states adding wage and work history requirements to further specify their low-income adult target groups. In four states (Georgia, Michigan, Minnesota, and Missouri), participant eligibility did not go much beyond WIA dislocated worker definitions. To address local needs and combat the collapse of the auto industry, Michigan allowed local sites the option of making a particular class of workers eligible, specifically, those who voluntarily left work at a closing plant, either through retirement or through acceptance of a buyout, as long as the buyout excluded re-training benefits. Minnesota, targeting needier dislocated workers with limited options and resources, disqualified workers from the CAA program if they had accepted a buy-out. Some local areas in the state also limited incumbent worker eligibility to those workers sponsored by their employers. In Northwestern Indiana, employer sponsorship provided matching funds, while Missouri encouraged employer sponsorship as part of its business services program. While retaining employer linkages, the CAA grants were intended to build worker skills and provide a credential, even if they might simultaneously improve the employer's business.[30]

Three states used some form of income eligibility. Among these states, Pennsylvania had the most complex statewide eligibility requirements. These requirements included residence in the LWIA area, three consecutive months of employment in the past year, no current default on a school loan, non-receipt of WIA training, non-eligibility for TAA, and a household income at or below the federal poverty line or the local county's family sustaining wage level. As part of their decisions to target lower income individuals, Wyoming and Indiana also had income eligibility requirements. Wyoming required a participant to be at or below 250% of the poverty line, while Indiana required that he or she "be a low- to mid-wage worker." To meet local economic and

[30] In Indiana, the CAAs were threshold to the employer receiving formal incumbent worker training funds under a separate workforce development initiative.

workforce needs, Indiana allowed local sites to customize the "low- to mid-wage" eligibility requirements. In the Eastern Indiana LWIA, participants had to have wages between $11 and $22 per hour, while the Southwest Indiana site required individuals to have an individual income level below $30,000.

All three states used their income requirements to focus the CAA program on participants who were eligible for an ITA but traditionally had low priority in WIA. In Pennsylvania, the eligibility requirements focused on participants who were not long-term unemployed or displaced but still had relatively low incomes. Similarly, Indiana's decision to participate in the CAA Demonstration was based on the opportunity it gave the state to provide training to non-traditional American Job Center participants and incumbent workers. Because both states wanted the CAA program to work alongside ITAs, as opposed to competing with ITAs, the states used more detailed and complex participant eligibility requirements to achieve their goals. Furthermore, three of the four sites visited in Indiana had eligibility requirements that went beyond those issued by the state. Eastern Indiana, the site with the most complex eligibility requirements, required that a participant be an incumbent worker, have had continuous employment for at least six months prior to enrollment, have income between $11 and $22 per hour, and not have dropped out of a training program in the past two years.

Although the income eligibility requirements achieved policy objectives, they often resulted in administrative complexity at the local level and could preclude persons from being eligible that the locals believed would make good CAA training candidates. For example, eligibility requirements presented problems at some sites when project managers were reluctant to establish strict cutoff lines for fear of "getting it wrong." Case managers in Southeast Indiana complained that their state's "vague" income rules often made it difficult to verify the eligibility of potential participants. In the early stages of the program, local sites spent extensive time working with state staff to get specific guidance about who qualified as a "low- to mid-wage worker." Even after local sites developed a better understanding of the state's income eligibility requirement, case managers continued to struggle with participant income verification. Both the vagueness of the income eligibility requirement and the additional time and work needed to verify a customer's income hampered the CAA intake process at several sites in Indiana. Similarly, in Pennsylvania, case managers said the income verification process not only delayed enrollment, it also prohibited needy customers from participating. For example, case managers in Pennsylvania mentioned disqualifying unemployed individuals in need of training because they were just above the income eligibility line. Often these individuals had spousal income that put the family income above the state threshold but the family still needed a second income.

Pre-Training Services

While intensive pre-training services may help customers reach informed training decisions, they run contrary to the limited case management concept on which the CAA is based. Requiring such services might also conflict with the goal of expediting access to training. With these principles in mind, ETA eliminated from the CAA Demonstration any *requirement* for the pre-training core and intensive service tiers. However, ETA did not *prohibit* orientations or other activities intended to promote informed choice and many grantees took advantage of this flexibility to make these services available. Many states and local sites did so out of a concern about the effects of abandoning pre-training services entirely, and, on the ground, local staff was invested to varying degrees in the traditional WIA tiered-services policies.

States worked hard to balance the key concepts of customer choice and minimal case management with the perceived need to assist customers in making good training decisions. With many options open to them, most states resolved this conundrum by leaving it up to local sites to decide the level of pre-training services provided to CAA customers. The majority of sites in these states, in turn, elected not to establish formal procedures and to allow pre-training services to be customized to individual participant needs.

At the state level, Missouri, Michigan, Ohio, Georgia, and Minnesota did not require CAA participants to attend any orientation or receive any specific pre-training services including basic assessment testing. At most sites in these states, pre-training interactions were mostly limited to case managers meeting with potential CAA customers, determining eligibility, and having the individual fill out an application and choose a desired training program. Case managers in Missouri and Michigan reported occasionally providing additional pre-training services, including labor market information research or WorkKeys and the Test of Adult Basic Education (TABE) assessments, to certain customers who requested such assistance or did not know what training they wanted. This model of providing only limited pre-training services to some customers also prevailed at both local sites in Georgia and was observed at two local sites in Ohio (the Northwest Ohio LWIA and the Clinton, Highland, Fayette, Green, and Montgomery County's sub-LWIA).

In contrast, three states (Pennsylvania, Indiana, and Wyoming) and three LWIAs in Ohio (Clermont, Cincinnati, and Hamilton Counties) had pre-training services that closely mirrored the pre-training services found in WIA. In Indiana and Pennsylvania, for example, customers were often required to take assessment tests and discuss training options with case managers before enrolling in training.

Training Services

At its very core, the CAA program is about placing individuals in training. This section examines how training decisions were made and what services were (or were not) provided to CAA customers as they moved through the local workforce system. As described with previous sections, a major issue is the balance states and local areas struck between maximizing customer choice and achieving policy goals. Having customers make informed choices is an important goal for any training program but reaching that result without comprehensive case management and assistance poses difficulties. The first section will examine how customers made the choice of training occupation/industry and training vendor and adjusted to the various limitations imposed on CAAs. The second describes the training and training-related services received by CAA recipients.

Making Training Decisions

The original concept for the CAA program was for CAAs to be an alternative to the ITA system under WIA, a system that places a number of significant restraints on training decisions, mandates use of the ETPL, and requires case management services. The CAA program was designed as a customer-friendly alternative to the ITA system, giving customers the authority to make their own training decisions without extensive restrictions or case management.

Decision to Enter Training

Before customers decide the type of training desired or the vendor who will provide training, they must first arrive at the conclusion that enrollment in training is the best choice for improving their employment situation. Under WIA, tiered services help customers make this decision by testing their skills in the labor market. In the CAA Demonstration, in contrast, most states established policies that had the effect of directing into the CAA program those customers with a pre-existing interest in training. This customer attribute thus became a criterion for distinguishing potential CAA customers from the large group of individuals who came into an American Job Center. A theory proposed by some sites is that individuals who already have a desire and motivation to seek training will require less in the way of case management and services, allowing for quick enrollment with minimal staff time. In Georgia, Indiana, Michigan, and Pennsylvania, marketing materials targeted this type of individual with posters and flyers simply asking, "Are you interested in training?" Similarly, in Georgia and Michigan and certain sites in Ohio and Indiana, only individuals who expressed interest in training during the American Job Center orientation were assigned to CAA case managers, with all other individuals going to WIA case managers. In states and sites that allowed incumbent workers, only individuals with pre-conceived training aspirations found themselves talking with a CAA case manager. Practices were not as consistent in the remaining states (Missouri, Wyoming, and

Minnesota). While some of those who entered the CAA program knew they wanted training, others simply sought job help and ended up in the CAA.

Occupational Choice

As discussed in the Targeted Industries and Occupations section of this chapter, states and local sites demonstrated significant variety in the type and degree of restrictions around the selection of training occupations. While restrictions on occupational choice could help grantees align the CAA program with economic development and other policy goals, they were contrary to the customer choice focus of CAAs. This recurring theme of balancing competing objectives played a major role in CAA recipient decision-making. How this balancing played out in the direct interaction between recipients and counselors is discussed in this section.

The interaction between occupational choice policy and counselor involvement manifested itself in three broad forms. (Some states and sites may fit into more than one of these case manager interaction models.)

- **Minimal service model**. The minimal-service model occurred at sites where case managers embraced the limited-service, customer-choice model. Here case managers acknowledged the policy goals issued by the state (e.g., focus on high-growth occupations), but typically acceded to a customer's training decision, even if it was contrary to the counselor's conception of a well-informed decision or the state's policy.
- **WIA-like model**. In these cases, case managers provided some type of counselor services to every customer, regardless of the customers' own levels of preparation and informed decision-making. At sites using this model, there was a high level of variability, both across and within states, concerning the services provided and how intensive they were, even when services were provided to a majority of customers.
- **The variable model**. Under this model—the most common—the level of services provided depended on the level of customer preparedness. Customers who knew exactly what type of training they wanted, which vendor to receive it from, and how the training decision would positively impact their employability would move through the CAA program with essentially no pre-training services. Those who needed assistance in deciding on any aspect of training would be provided assessments and other services to ensure, as best as possible, that they made informed decisions.

The two states that best represent the minimal service model were Missouri and Indiana. Early in the demonstration, state staff in Missouri took a very pro-customer-choice stance on the CAA Demonstration. In order to maintain a limited service model, the state's grant managers implemented the CAA program through Employment Services (ES) field staff. The evidence from the local site visits indicates that local ES staff did indeed embrace the CAA program and case manager interactions involved minimal services for a vast majority of customers.

Interviews with local staff and customers showed that if an individual did not already have a training occupation selected, case managers would only direct that person to self-service resources such as state Web sites on in-demand occupations and the list of ETPL vendors. In addition, the staff did not push CAA recipients towards the state-targeted industries and high-growth occupations but instead always deferred to customer choice.

Indiana case managers provided minimal services due to the grantee's focus on incumbent workers and the narrow training options. In most local areas, potential clients were directed to the CAA program through their employers, and they saw the program as an opportunity to improve skills in their current occupation or industry. Because most individuals already knew exactly what training they needed and had the skills and background necessary to complete the training, little interaction with case managers was needed. Additionally, because each local area had targeted industries around which to focus CAA training, only individuals interested in training in that industry would be directed to the CAA program, thus limiting the amount of counseling necessary. Southeast Indiana eventually expanded its CAA program to allow any incumbent worker interested in training in any occupation, but even with this expansion, those seeking training often connected directly with a training vendor, limiting the need for case manager services. Yet, despite the limited counseling regimen, the state required nearly all American Job Center training customers to use the WorkKeys assessment to help participants with selecting suitable occupations.

Michigan also tried to use a minimal service model but the policy did not gain universal acceptance among front-line staff. The state reported that many counselors did attempt to limit case management services, typically by having customers use self-service tools when they needed guidance but that other counselors were more directive. For example, many case managers believed that CAA recipients, absent case management, would make ill-informed occupational choices. Those staff frequently administered assessments and strenuously pushed their clients to conduct thorough labor market information research.[31]

Both Pennsylvania and Wyoming had WIA-like case manager interaction models. At both sites in Pennsylvania, American Job Center staff noted that all individuals received pre-training services and counseling services very similar to those provided under WIA. This included personality assessments to help individuals target occupations or industries with which they were compatible, along with TABE and WorkKeys assessments. In Northwest Pennsylvania, an American Job Center supervisor was responsible for approving all CAA training vouchers and would only do so if she believed the training decision matched the abilities and career goals of

---

[31] The client-level data, while not dispositive, are consistent with there being this disparity among the front-line staff. Almost half the CAA recipients in the local site that was visited were enrolled in training occupations that were not on the state's high-demand list.

the individual. If an individual entered the program through the American Job Center in Pittsburgh, case manager involvement and services (including multiple assessment tests) closely mirrored what would occur under WIA. Even when individuals enrolled directly through training vendors, as a majority of CAA participants did in the Pittsburgh and Allegheny County LWIAs, they were given assessment tests and interviewed by the vendors to make sure they were appropriate for the training. Similarly, local case managers across a number of regions in Wyoming mentioned handling counseling services in the same manner and intensity as under WIA. The state tried to promote the customer-choice, limited-service concept, but readily admitted that these ideas may not have been the reality at the local level. Case managers would administer various assessment tests and admitted directing clients away from occupational training decisions that they felt were a mismatch based on the individual's experience and assessment test results. For example, in Jackson, Wyoming, case managers fully admitted to directing clients away from occupations they felt were inappropriate and handled counseling of CAA clients in a manner similar to WIA customers.

The variable model prevailed in Ohio, Minnesota, and Georgia. Ohio and Minnesota demonstrated it most clearly. The Ohio policy in regards to case manager involvement was that it should be "customer driven," in that services are provided based on individual needs. If a participant entered the program having already decided on a training program and that decision seemed reasonable to the case manager, then the individual would quickly flow through enrollment and verification, with almost no case manager involvement. But when customers needed or requested additional services, case managers would work with them to help them make the appropriate training decisions. All sites visited in Ohio noted that assessments were performed as necessary and that case managers worked closely with customers in certain situations. Local staff in Minnesota mentioned similar concepts. Minneapolis and North Hennepin staff tried to limit counseling services by directing customers to the state's career/job Web site. But as with Ohio, staff would give skills and interest assessments and provide additional counseling when necessary. The one caveat for Minnesota was the high percentage of CAA customers co-enrolled in WIA. It appears that if an individual needed more than extremely basic assistance in making a training decision, that person was co-enrolled in WIA, at which point case manager interaction increased and more closely resembled the WIA-like model. Georgia also emphasized the limited services concept, pushing case managers to direct customers to self-service information when assistance was necessary. Yet, career counselors in both local areas stated that it was hard to let participants make training choices that the counselors thought the individuals were not suited for so they administered skills and career assessments (TABE and CareerScope) and strongly encouraged recipients to look at labor market information. In a few cases, counselors stated that some participants who did not follow this advice were upset with their training choices, and the counselors had to say, "that was your decision", and encourage them to use their remaining Pell or HOPE funds to pursue other training in order to go in a different career direction.

Vendor Choice

In an effort to maximize customer choice, ETA prohibited grantees from requiring that CAA customers select their vendors from the state's ETPL. While ETA may have envisioned the lack of an ETPL requirement dramatically increasing the level of customer choice and providing important training opportunities unavailable to ITA customers, it appears most customers still ended up selecting vendors who were on the ETPL.

This outcome came about for several reasons. In Michigan, vendors had to be licensed by the state to be eligible to receive a CAA voucher and all the licensed vendors are on the state's ETPL so the lack of an ETPL requirement was irrelevant. For a number of states, the high percentage of individuals selecting an ETPL vendor was the natural result of case managers taking a hands-off approach and directing customers to self-services resources. Local staff in Georgia, Missouri, Minnesota, Michigan, and Ohio all mentioned that customers who needed guidance on selecting a training vendor were directed to the local or state ETPL. In Minnesota, the ability to select any vendor may have been beneficial for some of the CAA customers who already had a provider in mind, but only seven to eight percent of Minnesota customers, according to case managers, knew their preferred training provider ahead of time and only a minority of these customers had identified a provider not on the ETPL. Thus, the lack of an ETPL requirement probably made little difference for the great majority of customers.

Indiana and Pennsylvania maintained the ETPL requirement but complied with the grant requirement by allowing local sites to petition the state to add to the ETPL any training programs that customers wanted to use. Pennsylvania even developed an expedited procedure that LWIAs could use to add new vendors to the list, and state officials noted that this procedure reduced the time it took to add programs. However, staff in Northwest Pennsylvania said that adding vendors and programs was extremely difficult and time consuming. In the case of Indiana, the state had limited training providers to begin with, and most of them were colleges, community colleges, or universities that were already on the EPTL. Local staff did not believe the ETPL requirement hindered vendor choice except for individuals who wanted to do their training outside the state.

While only Indiana and Pennsylvania required the use of the EPTL in selecting a training vendor, other states limited vendor choice through other requirements. Georgia, for example, required that a vendor be accredited, located within 150 miles of the CAA recipient's residence, and regulated by the state's Non-public Postsecondary Education Commission. Minnesota did not require training programs to be on the ETPL but did require the vendor to be licensed by the state. The remaining grantees simply required that the training lead to a certificate or degree.

ETA did require the certificate or degree to be nationally recognized but allowed states to impose a locally recognized credential requirement, in addition. While the requirement that the training lead to a nationally-recognized certificate did restrict vendor choice, there was no evidence from any site that this restriction was a major constraint on customer choice. A few case managers mentioned that the credential requirement prevented individuals from using CAAs for soft skills training, but in those cases, the individuals were best served through WIA anyway. Therefore, the credential requirement does not appear to have drastically limited customer choice, as most individuals seeking training through the CAA program recognized the value of a nationally recognized certificate.

Funding Cap

For many customers, the most important considerations in making a training decision are the cost of the training and the length of the training. Although short-term training was not an explicit goal of the CAA program, ETA's initial decision to impose a relatively low funding cap suggests a focus on short-term training may have been an expected outcome. Initially, ETA set the funding cap at $3,000 per year, allowing a single customer up to $6,000 over a two-year period if necessary. By the time of the second round of site visits, ETA had modified the cap, allowing the $6,000 to be used anytime within a two-year period. The expansion of the cap limit from $3,000 per year to $6,000 over two years had a positive effect on local sites that originally had a large differential between ITA limits and the CAA limit.

Staff in Northwestern Pennsylvania and Michigan mentioned the original funding cap of $3,000 per year as a hindrance to placing some customers in their desired training programs. Despite the limitations the $3,000 cap had on Northwestern Pennsylvania and other sites, Pennsylvania chose not to expand the cap to $6,000, even after ETA allowed it.

Local sites in Indiana and Georgia also decided against expanding the funding cap to the full $6,000. Two sites in Indiana (Eastern Indiana and Northeast Indiana) maintained the $3,000 per-year cap due to local marketing strategies promoting CAAs as a two-year program. The Atlanta Regional Commission site capped the two-year total at $4,500, deciding not to increase it to the full $6,000 as a way of maintaining a short-term training focus.

As mentioned, even though short-term training was never officially stated by ETA as an explicit focus of the CAA Demonstration, a number of states understood the $3,000 cap and other policies to mean that the CAA should emphasize short-term training. In a practical sense, the initial $3,000 cap automatically limited the length of training available to CAA customers, particularly in states and local areas in which general training costs are more expensive.

However, if the decision to cap annual funding at $3,000 per person was a way to promote short-term training, the expansion of the cap should have resulted in longer training durations. In an attempt to test this proposition, quantitative data on each state's average training duration was gathered and divided into pre- and post-cap-expansion periods. The dividing line for the comparison was the start of the fourth quarter of 2008. This date was selected because ETA issued the grant modification allowing states to increase the yearly cap to $6,000 in August, and for states that decided to increase the cap allowance the change was mentioned in their third quarter 2008 quarterly report. An examination of the training duration periods for the states that provided comparable samples for the two periods (Georgia, Minnesota, Ohio, and Pennsylvania) reveals that training durations increased significantly after the cap increase in only one state—Pennsylvania[32]—and this was a state that maintained the original $3,000 per-year cap. Minnesota did see an increase in training duration, but it was only from 166.8 days to 169.8 days. In both Ohio and Georgia, the average training duration actually decreased after the cap was increased, and in both cases, the drop was significant.[33] While any number of other factors can impact a customer's decision to seek short-term training (e.g., case manager influence, vendor options, occupational choice) and some of these factors may have undergone changes at about the same time as the cap, it does not appear that the cap played an significant role in whether customers decided to pursue short- or long-term training.

Case Management During and After Training

Across all states and sites, in-training counseling and case management were extremely limited. No state had a check-in policy for all CAA customers. Only two sites visited—both in Indiana—required check-ins during training. Even in the case of required check-ins, most case managers mentioned trying to make contact no more than about once a month or on an "as needed" basis.

Case managers mentioned several factors to explain the limited counseling provided to CAA customers during training. Most frequently, the case managers mentioned the short training length. Staff also mentioned the lack of performance requirements in CAA as a reason for limiting in-training counseling. Perhaps the most salient factor, however, was the widespread perception that CAA participants needed less assistance and counseling. A number of case managers interviewed saw CAA customers as more capable of completing training than standard

---

32 Prior to the fourth quarter of 2008, the average duration of training in Pennsylvania was 158 days; after the start of the fourth quarter in 2008, the average duration increased to 180 days.

33 The average training duration in Georgia fell from 142.89 days to 60.3 days, and in Ohio, it went from 125.9 days to just to 47.5 days

WIA adults or dislocated workers and therefore required little if any contact during training. Some staff in Wyoming speculated that the inability to use CAA funds for support services, which often pushed those requiring support services to WIA, resulted in a pool of CAA customers who were more self-sufficient. The CAA program, without the tiered, regulated structure of WIA, allowed case managers to give the most capable participants the opportunity to select and enroll in training with minimal staff involvement. However, the pressure to minimize the assistance given to CAA participants also limited the ability of case managers to help those individuals who did need more assistance throughout the training process, as previously discussed.

Similar to the situation with in-training counseling, very few states or sites established formalized policies around post-training case management and placement services. As with other policy issues, grantees attempted to balance the limited-service focus of the CAA program with the goal of achieving policy objectives and stimulating economic growth. Some sites extended the "hands off" philosophy of the CAA program to post-training job placement, while other sites actively worked with customers to help secure employment. Georgia, Michigan, and Missouri tried to maintain the minimal case management philosophy and therefore limited post-training counseling to directing CAA customers to the American Job Center's self-service tools, including job postings and local job search programs. These states would also direct individuals in need of additional assistance to ES staff when self-service tools were not enough. Even in states that offered WIA-like post training services (Pennsylvania and Ohio) most case managers felt training vendors provided better placement services, based on their expertise in the industry. Consistent with this view, a number of customers across multiple states mentioned their training vendors as key sources of job search and placement assistance.

Procedures for Accessing and Approving Training

In almost every state, the lack of formal orientation procedures and pre-training services, combined with a quick verification and approval process (often no more than a few days), allowed individuals to enter training significantly more quickly than if they were receiving funding though a standard ITA. After an individual was tagged as a potential CAA participant, most sites would have the individual meet with a case manager familiar with the CAA program. The case manager would then work with the individual to fill out a CAA enrollment form or application and collect the necessary documentation to verify eligibility. In Missouri, Wyoming, Georgia, Michigan, and three sites in Ohio, if an individual knew what training he or she wanted to pursue, pre-approval procedures were nothing more than meeting briefly with a counselor, completing the CAA enrollment form, and providing the necessary documents to prove eligibility. Even among the states and LWIAs that required assessments, the use of TABE and WorkKeys, this minimally affected the pre-training duration.

Once an individual submitted a CAA application, almost every state had an approval process that was quicker than that in WIA. Moreover, despite the fact that the CAA grantees were state agencies, six of the eight grantees handled approval of the CAA training voucher at the local level, with only Missouri and Ohio requiring final approval from the state. In states that allowed local sites to approve CAA training, most relied on WIA or American Job Centers' managers to make the final decision, while Georgia allowed individual case managers to approve CAA training. In regards to the length of time it took to approve the voucher, grantees were fairly evenly split between those that typically got approval in a week or less (Minnesota, Wyoming, and Georgia) and those that took a few weeks to a month (Michigan and Indiana). In Ohio and Pennsylvania, approval time varied considerably depending on the site and the customer. Local staff in Pennsylvania said approval could take as little as a few days but it could also take more than a month if there were problems with the training decision or the individual lacked proper eligibility verification. Ohio had the greatest variability in approval time within a state. Local staff in Clermont County said the approval time could be as quick as 24 hours but was typically no more than a few days. In contrast, staff at the Wilmington American Job Center said that when they first implemented the CAA program, approval and the release of funds from the state would take approximately eight weeks, and even after working with the state to expedite the process, it still usually took four to five weeks.

What Training and Non-Training Services Were Delivered

This section summarizes the program services and activities provided to CAA participants. With the exception of the data in Exhibit III-3, which come from grantees' quarterly reports, the data provided in this section come from the administrative data furnished by states.

Exhibit III-3 shows the types of training for which CAA awards were made.[34] Overall, the most common type of training was that which led to the awarding of an industry-recognized credential or certificate, with this being the most popular type of training in all but one of the states.[35] This is not unexpected, given the relatively low funding cap and the intention of states to emphasize short-term training. The second most common training funded by states was "other" training; it is not known exactly what type of training this included in most states. In Wyoming, the majority of the CAAs funded "other" types of training. This likely reflects the number of CAAs established through employers to fund

[34] Because in most states the number of CAAs with disbursements was similar to the number of CAAs associated with types of training, it is assumed that the numbers reported for types of training represent CAAs with disbursements. One exception: Ohio did not report on the number of CAAs with disbursements so the same assumption cannot be made for this state.

[35] Michigan did not report on the types of training for which CAAs were used.

soft-skills training for employees.[36] In many states, Associate Degree programs in Arts (AA) and Sciences (AS) were also a common type of training; in Indiana, nearly one-third of the CAAs funded were courses for AA/AS programs. Across states, relatively few CAAs funded Bachelor's Degree programs, and only one CAA was used to finance a General Education Development (GED) program.

Exhibit III-3:
Percentage of CAAs Issued by Type of Training through December 2009

State	GED Program	AA / AS Program	BA / BS Program	Industry Recognized Certificate / Credential	Other
Georgia	0.0%	0.0%	0.0%	97.3%	2.7%
Indiana	0.1%	32.4%	7.2%	58.9%	1.5%
Michigan	--	--	--	--	--
Minnesota	0.0%	10.8%	7.8%	58.7%	22.8%
Missouri	0.0%	16.1%	14.1%	68.5%	1.2%
Ohio[37]	0.0%	9.5%	3.4%	86.7%	0.3%
Pennsylvania	0.0%	12.2%	1.0%	73.9%	12.9%
Wyoming	0.0%	4.1%	0.0%	36.7%	59.1%
Total	0.0%	12.3%	4.0%	61.5%	22.1%

Exhibit III-4 displays the training services that states offered CAA participants. In most of the states, nearly all participants who exited received training before exiting the program. However, Missouri reported that only six percent of exited participants received training.[38] Of the participants who completed training, participants in Minnesota, Missouri, and Pennsylvania

---

36 Wyoming was informed that soft skills training was not an acceptable use of training funds and subsequently ceased funding such training.

37 While other states generally reported the types of training for CAAs with disbursements, Ohio reported the types of training for all established CAAs. Since Ohio did not report the number of CAAs disbursed, it is unclear whether these percentages actually represent CAAs with disbursements.

38 Note that the low percentage of participants in training in Missouri seems to be highly implausible given the number of CAAs with disbursements in the state. The differences between states in the percentages of exited participants who received training may be a result of differing data collection and reporting techniques. It is possible that states other than Missouri did not report on individuals who initially enrolled and then withdrew without completing training. In addition, at the time of their data submission, Missouri had relatively few exited participants on which to report. Thus, caution should be used when making comparisons between states' rates of training.

spent the most time in training—about 24 to 27 weeks on average.[39] In Georgia, Ohio, and Wyoming, the average time in training was approximately 10 to 12 weeks. Participants in Michigan spent less than 7 weeks of training on average, the lowest average duration among the states.

Exhibit III-4:
Training Services by State

State	Received Training (exiters only)	N	Average Duration of Training (in weeks)[40]	N	Incumbent Worker Training[41]	N
Georgia	99.6%	507	12.4	552	--	--
Indiana	100.0%	682	--	--	--	--
Michigan	82.6%	23	6.5	136	--	--
Minnesota	75.3%	158	23.9	490	--	--
Missouri	6.2%	187	26.6	9	--	--
Ohio	95.0%	799	10.5	933	9.5%	1,152
Pennsylvania	99.5%	191	24.2	261	--	--
Wyoming[42]	100.0%	2,582	10.0	1,955	77.5%	2,582

While the amount of time spent in training varied across states, the overall average training duration of CAA participants was about 13 weeks, which is a good deal shorter than the average time in training for participants enrolled in WIA adult and dislocated worker programs in each state.[43] This finding is consistent with clear evidence from the site visits that grantees were focusing on providing shorter-term training to CAA participants.

39 The average duration of training in Missouri was calculated for only nine people.

40 The actual duration of training is known for Georgia, Michigan, Missouri, Ohio, Pennsylvania, and Wyoming. In these states, training duration was calculated only for individuals whose training has ended. For Minnesota, training duration was estimated based on how long training was expected to last, thus duration of training is calculated for all individuals, regardless of whether their training had ended.

41 Only two states distinguished between incumbent workers and other CAA recipients.

42 Wyoming did not report on exit dates for its participants. Regardless, all CAA participants received training services.

43 *Program Year (PY) 08 Workforce Investment Act Standardized Record Data (WIASRD) Data Book for Georgia, Indiana, Michigan, Minnesota, Missouri, Ohio, Pennsylvania, and Wyoming*, prepared by Social Policy Research Associates for the Office of Performance and Technology, Employment and Training Administration, US Department of Labor, February 2010.

Regarding incumbent worker training, only two of the states—Ohio and Wyoming—recorded whether participants' training programs were designed for incumbent workers. In Ohio, only 10 percent of individuals were enrolled in incumbent worker training. In contrast, Wyoming enrolled the majority of its participants (78 percent) in incumbent worker training. While Wyoming planned from the outset to target incumbent workers, this high percentage also reflects the fact that Wyoming awarded most of its CAAs early in the demonstration through employer contracts in a manner not consistent with the intent of the demonstration.

In their administrative data submissions, some states recorded co-enrollments of CAA participants in other programs, as shown in Exhibit III-5. In Michigan, 100 percent of CAA participants were also enrolled in WIA. This is likely a result of Michigan's intent to use CAA funds to augment the state's No Worker Left Behind program, which integrated various sources of funding to support training for dislocated workers.

Exhibit III-5:
Co-enrollment by State

State	Participants co-enrolled in WIA[44]	N
Georgia	--	--
Indiana	--	--
Michigan	100.0%	811
Minnesota	52.8%	726
Missouri	7.5%	824
Ohio	--	--
Pennsylvania	63.0%	262
Wyoming	--	--

Minnesota and Pennsylvania also had a considerable percentage of participants co-enrolled in WIA programs. Though not as fully integrated as Michigan's No Worker Left Behind program, CAA demonstration projects in these states were also aligned with existing state efforts to support training programs and this may have led to significant levels of co-enrollment. In contrast, Missouri, which administered the demonstration through the state ES staff, viewed the CAA Demonstration as fundamentally distinct from WIA in that it was targeted to dislocated workers who might not be a good fit for WIA programs. Thus, it is not surprising that in Missouri few CAA participants were co-enrolled in WIA.

[44] WIA co-enrollment includes local and state formula funds.

Many of the states also reported on non-training services that may have been provided to CAA participants, as shown in Exhibit III-6. Under WIA definitions, intensive services may include activities such as comprehensive assessment, development of individual employment plans, counseling, and career planning. Because WIA programs often provide intensive services to participants, it is expected that states with many participants co-enrolled in WIA and CAA would also have considerable percentages of participants receiving intensive services.[45] It is noteworthy that in Missouri and Pennsylvania more participants received intensive services than were co-enrolled in WIA, indicating that these states provided some non-co-enrolled CAA participants with intensive services. While the ETA mandate prohibited supportive services and needs-related payments from being funded with CAA dollars, states could use other sources of funding to provide these services.

Exhibit III-6:
Other Services by State

State	Intensive Services	Supportive Services[46]	Needs-related Payments	N
Georgia	2.6%	0.3%	0.2%	578
Indiana	--	--	--	--
Michigan	57.6%	22.3%	3.8%	811
Minnesota	67.1%	--	--	383
Missouri	13.7%	2.5%	0.1%	824
Ohio	0.4%	1.9%	0.0%	1,152
Pennsylvania	83.6%	4.2%	0.0%	262
Wyoming	--	--	--	--

Of the states that reported on whether they provided supportive services and needs-related payments, only Michigan supplied a sizable portion of participants with these services (22 percent received supportive services and 4 percent received needs-related payments). Again, this is a likely a result of incorporating the CAA into the No Worker Left Behind program and having all participants co-enrolled in WIA.

[45] In Minnesota, the number receiving intensive services includes only those individuals who were co-enrolled in WIA because data on other services were provided for only these participants. Therefore, the percentage reported in Exhibit IV-10 represents the percent of co-enrolled participants who received intensive services rather than percent of all CAA participants.

[46] Supportive Services do not include Needs-related payments.

Comparison to ITA

The CAA model originated as an alternative to the ITA system, with features that expedited enrollment, provided minimal case management, enhanced customer choice, and reduced costs. Although the demonstration was not a test of the "pure" CAA model, it is still appropriate to compare the demonstration to a typical ITA system.

Speed of Intake

When comparing the speed of enrollment between the two programs, local staff most often mentioned the quicker intake process associated with the CAA program as a key difference between the two programs. Case managers in Georgia, Missouri, and Ohio appreciated the fast intake procedures associated with CAA, a result of the limited paperwork and the lack of established steps (referencing WIA procedures) found in the CAA program. Staff in Wyoming also heralded the reduced paperwork during CAA intake, referencing that as a key benefit when comparing the program to ITAs.

However, the quick enrollment, limited paperwork, and minimal administrative processes, while helpful to CAA recipients, were sometimes a burden to staff. In Northwest Pennsylvania, staff noted the CAA program involved repetitive data entry and complex in-kind accounting tools, making case management and administration more complex and time consuming in comparison to WIA. [47]

Level of Case Management and Staff Time

As discussed in the preceding sections of this chapter, the extent of counseling and case management varied across all 8 grantees and 22 local sites. Nevertheless, the evidence is clear that the CAA Demonstration provided less counseling and case management than the ITA model. Even when counseling and assessment were provided to CAA participants, staff often emphasized these were provided on an as-needed basis, not to all customers as typically occurs with ITAs. When examining case management during training, a clear distinction exists between the ITA and CAA. As mentioned previously, only 2 of the 22 sites visited required regular check-ins while participants were enrolled in training. In contrast, the sites noted that ITA trainees regularly check in with case managers during training. Finally, in regards to post-training case management, again most sites at least attempted to limit staff time and involvement. If CAA recipients did need job placement assistance, staff would often just direct individuals to self-services resources, ES staff, or training vendors. In contrast, with performance standards

---

[47] Duplicate data entry and separate accounting systems and procedures are common with demonstration projects. It is likely, although not certain, that such additional work would be eliminated if a state or LWIA were to adopt a CAA-type program on an ongoing basis.

always lurking, ITA counselors or job developers typically are responsible for guiding the job search to a successful conclusion.

Extent of Customer Choice

Arguably, the central comparison between ITA and CAA is the level of customer choice. While every site mentioned efforts to promote customer choice, states and sites varied drastically in how they balanced the customer choice aspect with economic and policy objectives. This section examines the extent of customer choice for each grantee compared to a typical WIA training-decision model that requires assessment, multiple counseling sessions, labor market and vendor research, and vendor selection from the ETPL.

- In **Georgia**, state and local efforts to promote customer choice appear to have succeeded. The high level of CAA customer choice was evident in the ability of participants to enroll in any training program regardless of a case manager's approval and in a general lack of overall restrictions. At the local level, case managers assisted customers when needed but most often would simply direct CAA participants to self-directed tools if they had questions about training occupations or vendors.
- **Indiana** had fewer problems achieving high levels of customer choice compared to ITA because it focused on incumbent workers. Typically, incumbent workers had already talked with their employers about training and selected a program that aligned with their skills and occupational goals. Indiana's requirement to use the ETPL, while theoretically limiting, had little practical influence because nearly all vendors—mostly community colleges—were already on the list. No case manager or customer mentioned that this requirement limited customer choice.
- In **Michigan,** while state policy emphasized customer choice by allowing a relatively wide range of providers, occupations, and industries, the state also sought to enforce its priority occupations. A number of local case managers did not agree with the "hands off" approach and provided relatively more counseling than in most states, even for customers that may have been making a well-informed decision on their own. In effect, the extent of customer choice probably varied according to the predilections of particular case managers, a phenomenon that almost certainly occurs with staff guiding WIA training decisions.
- Originally, **Minnesota** state staff placed strong emphasis on customer choice during program development, but as the program evolved, the emphasis on customer choice diminished. Similar to Michigan, Minnesota demonstrated extensive variations in the extent of customer choice across individual case managers. Some accepted the lower level of case management. These case managers helped most CAA customers to understand their training decision, but they limited intensive case management to those who needed help in making a decision. In contrast, other case managers discussed their displeasure with the "no counseling," "hands-off mentality" of the CAA model. Thus, as in Michigan, staff predilections were likely more important in determining the extent of choice

in the selection of the training program. Another important factor in reducing actual CAA choice was a relatively high level of co-enrollment in WIA; thus, co-enrolled customers received the same level of assessment testing, career exploration, and other decision-making services as WIA-only customers did.

- **Missouri** provided the best example of the unfettered customer choice envisioned during CAA's development. This enhanced choice, compared to the typical WIA choice, was embedded in the basic structure of the demonstration's implementation. After many of the local WIA sites pushed back against the CAA program, with its focus on customer choice and limited case management, the state decided to administer the program directly through state ES staff. The ES staff allowed the grantee to implement the demonstration uniformly across the state. The ES staff had no experience in case management or WIA procedures, so administering a limited-counseling, extensive-customer-choice model did not require them to "unlearn" a higher level of customer engagement. Several respondents noted that the limited case management under the CAA Demonstration was more extensive, and enjoyable, than their usual "light touch" contacts with customers through Wagner-Peyser. Despite the state's developing a list of eight targeted industries important for economic growth in the state, local case managers never pushed or promoted these to customers, as they were instructed that maximum customer choice was the most important aspect of the program.
- In **Ohio,** state staff placed almost no restrictions on training choice beyond the credential requirement. However, local administration of the demonstration, with limited state intervention and policy direction, led to variable levels of customer choice across the state. Case managers at the Wilmington American Job Center worked with customers, when necessary, to help ensure that their training decisions would be compatible with their career plans. In contrast, the Cincinnati site cited instances in which customers were approved for training that case managers did not believe was beneficial or appropriate. In these cases, local staff regretted allowing the customer to enroll in the training but felt pressure to maintain CAA's emphasis on customer choice and minimal case management, regardless of the consequences.
- **Pennsylvania** attempted to guide customers to "good" training decisions by requiring vendor selection from the ETPL and limiting occupational choice to the local high-growth occupations list. Beyond developing training restrictions and providing limited supervision and guidance, the state role was minimal. At the two local sites visited, local factors and policy decisions further limited customer choice within the state's parameters. The Northwest Pennsylvania site explicitly mentioned not buying into the no-counseling, extensive-customer-choice philosophy. The reluctance to embrace the limited case management model resulted in staff providing counseling and services that closely mirrored those in WIA. The Pittsburgh site's unique CAA structure (contracting of the CAA program directly to training vendors) also limited customer choice to a small number of pre-determined providers. As a result, the Pittsburgh site may have

been the only site in which customer choice was more extensive in WIA as compared to CAA.

- **Wyoming**'s front-line staff provided a fair amount of counseling, despite central office instructions to offer less counseling in this single-LWIA state. Local case managers repeatedly discussed helping customers make training decisions and directing them away from occupations that offered limited employment opportunities. They also worked with customers to ensure that they had sufficient income or other resources to undertake and complete training. This more intensive case management to promote informed decision-making, however, appears to have been provided to all participants, including those who may have made good decisions on their own. Thus, Wyoming appears to have provided CAA recipients a level of case management very similar to that provided to WIA trainees.

Costs

The costs for CAA were undoubtedly lower than those for an ITA. The average cost of CAA tuition was $2,034. While the average cost of WIA tuition and other services is not broken out in any reports to ETA, it can be roughly estimated from previous work in the ITA Experimental Evaluation, conducted by SPR in conjunction with Mathematica Policy Research. This evaluation found that the average cost of ITA training for the approach that was closest to the typical WIA practice was $3,349.[48] The differential is most likely a product of the shorter duration of CAA training. For staff costs, the evidence is clear that sites provided a lower level of counseling for CAA participants than they did under WIA. The ITA experimental evidence comparing the standard WIA approach with the maximum choice approach (a reasonable proxy for the CAA) suggests that staff costs to support ITA training decision-making are probably more than double the costs for CAA[49]

Informed Decision-Making

Unfortunately, it cannot be determined whether the CAA customer choice models yielded reasonably informed choices on the part of CAA recipients. Of course, such information is also lacking for WIA trainees. The qualitative evidence, however, suggests that many staff members across most of the states believed that at least the better educated workers among CAA recipients were making reasonable training choices.

---

48 The actual figure from the evaluation was $2,861, but this has been adjusted to reflect inflation such that the comparison can be made in constant dollars.

49 Sheena McConnell, et. al., "Managing Customers' Training Choices: Findings from the Individual Training Account Experiment, Final Report. December 2006. Accessed at: http://www.mathematica-mpr.com/publications/PDFs/managecust.pdf.

Conclusions

The site visit data suggest a CAA training model carries an important trade-off between easy access to training and the risk of poor training decisions and lack of focus on economic development objectives. Individuals who can take advantage of the high level of customer choice can move through the system and enter the training program they want more quickly and more easily than if done through an ITA. Conversely, the hands-off approach can negatively affect individuals who need help and case management, potentially resulting in uninformed training decisions that do not promote regional economic development. But what the CAA evaluation demonstrated was that this trade-off was less the result of federal, state, or local policy decisions and more directly an outcome of the interaction between the case manager and the participant.

One vision of the CAA program was that it could represent an alternative workforce system to WIA, under which maximum customer choice supersedes extensive, and often costly, structured case management services. As this chapter discusses, the eight states and their local areas used various policy tools and program restrictions, or lack-thereof, to balance the maximum customer choice model of the CAA Demonstration with their policy goals. And while state directives did influence the CAA program, the final service delivery decision was always handled by the case manager. The evidence from the evaluation suggests that extensive variation in service delivery across sites appears to have more to do with how the case managers at each local area dealt with participants than with the level of restrictions on the program or the degree of emphasis states' placed on customer choice. All individual case managers, as workforce professionals, possess a great deal of latitude during their daily operations. The CAA program further expanded this sphere of freedom by eliminating performance requirements and providing minimal federal and state oversight.

The latitude manifested itself into three general types of case managers: 1) those that believe more intensive case management is beneficial to all customers regardless of individual needs, 2) those that followed the tenets of the CAA program and provided almost no case management to all customers, and 3) those that were flexible in their implementation of services and varied case management around the needs of the participant. The other essential component of a CAA interaction is the participant, who generally fell into two general categories. Some potential participants entered the program already knowing or having a strong inclination about the type of training desired. Frequently, these customers had already explored the local job market, investigated training providers, and understood the potential results of their training decision. These CAA participants required little to no case management services and would most likely have arrived at the same decision if more intensive counseling had occurred. At the other end of the customer spectrum were individuals who required more intensive case management when determining a training plan. The interaction between the two types of case managers and the two types of customers yielded a training decision that reflected a certain level of services and customer choice.

As can be seen from Exhibit III-7, there were several optimal interactions that provided appropriate levels of staff support and still conserved staff resources. These are shaded in the Exhibit. The interactions that appeared most beneficial was between individuals who did not need help and flexible case managers as well as those between individuals who did need help and case managers that provided it. Individuals who already had an idea about the type of training to pursue benefited from a flexible case manager who followed the limited case management philosophy of CAA. The limited intake and services and expedited enrollment got these individuals in and out of training and into employment more quickly than if done through an ITA. For this participant, no real benefit exists to high levels of case management, which could be better used on individuals who need help. At the same time, it is unlikely that a different or potentially better training decision would result from more intensive case management. In any event, the specific outcomes of all of these types of interactions are unknown, although it is likely that the biggest risk is posed by the interaction between a case manager providing minimal assistance and a participant that needs help.

Exhibit III-7:
Case Manager and Participant Interactions

	Participant Needs Help	Participant Does Not Need Help
Flexible Case Manager (variable levels of service)	Participant gets help making training decision (can result in positive or negative outcomes)	Participant does not get help and makes own training decision (can result in positive or negative outcomes)
Non-Flexible Case Manager (WIA level of services for all individuals)	Participant gets help making training decision (can result in positive or negative outcomes)	Participant gets help making training decision (can result in positive or negative outcomes)
Minimal Case Manager (no counseling)	Participant does not get help making training decision (can result in positive or negative outcomes, but increases the likelihood of bad training decisions and weak outcomes)	Participant does not get help and makes own training decision (can result in positive or negative outcomes)

Ultimately, while the design of the CAA program, with its emphasis on customer choice, was likely beneficial for certain participants, the choice may have also come at high cost if individuals made uninformed training decisions. But, no matter the level of intensity that states emphasized or policies that they promoted, in the end it was up to local staff and case managers to decide how to faithfully implement these policies.

IV. OUTCOMES

This chapter assesses the outcomes obtained by CAA participants. First, it describes some of the basic quantitative aspects of project activity—in particular, the number and types of awards and the expenditures through December 2009. Then it provides information on CAA participants' demographic characteristics and the outcomes they attained. These outcomes are then compared to common measures outcomes for WIA participants. Finally, a multivariate analysis is conducted to explore the relationships between participant characteristics, the receipt of specific services, and the attainment of positive outcomes.

Data Sources

The data for this chapter come from two primary sources—the states' quarterly reports and client-level administrative data collected from the states. Six of the states provided quarterly reports that contain information on CAA activities and expenditures from the beginning (this date varied with each state) of the demonstration through December 2009. The two remaining states (Georgia and Michigan) submitted quarterly reports that cover activity through June 2009 because June was the closing quarter of their grants. In addition to the quarterly reports, states submitted client-level administrative data directly to the evaluation team between November 2009 and February 2010. Typically, states provided some information on participant characteristics, services received, and outcomes. However, because states' data collection systems and practices varied, the amount and type of data submitted were not consistent across all states and varied in depth. In addition, some states were slow to implement the demonstration, so their data submissions contained fewer exit cohorts with outcomes. Described below is information learned from analyses of these data sources.

CAA Activity and Expenditures

This section provides basic information from the state quarterly reports, the most recent of which covers activity through December 31, 2009. First, information on the number of CAAs offered, established, disbursed, and closed across states is presented. Following this, data on CAA obligations and expenditures are presented, along with a discussion of funding patterns and sources of CAA money.[50]

CAA Activity

Exhibit IV-1 displays cumulative data on CAA activity from the last quarterly reports submitted by grantees. It includes activity occurring from April 2007 (the period in which the initial accounts were established) through December 2009.[51] In total during this period, the eight grantees established 9,217 accounts.[52] Of all the customers who were offered CAAs, approximately 91 percent actually established an account.[53] Two of the states with the greatest number of CAAs established—Indiana and Wyoming—were non-automotive, early implementation states. The other non-automotive, early implementation state was Pennsylvania, which established the fewest number of CAAs. Overall, through December 2009, the states made disbursements on 6,795 CAAs, which indicates that training payments had been made on approximately 98 percent of all established accounts.[54] Thus, all of the states have disbursed funds for the majority of the established CAAs. Indiana, Minnesota, Missouri, and Pennsylvania reported making disbursements on all of their established CAAs.

As of December 2009, half of the states—Georgia, Indiana, Ohio, and Pennsylvania—had closed a majority of their established CAAs.[55] In the other states—Minnesota, Missouri and Wyoming—the closure of a small percentage of established accounts either indicates that training was still ongoing for a significant number of participants or that states were not promptly closing accounts when training ended. A CAA could be closed if the obligated funds for the account were exhausted, if the account was closed due to inactivity (typically after six months), or for an unspecified reason. Overall, 83 percent of the 3,604 closed CAAs

---

50 In the discussion of CAA activity, note that the data from Wyoming may distort the overall picture. Because the state awarded most of its early CAAs through employer contracts that did not lead to any nationally recognized certification, Wyoming data should be considered as fundamentally distinct from the data of the other states.

51 Two states (Georgia and Michigan) furnished data only through June 2009 because their grants ended that quarter.

52 A CAA is established when a customer accepts the offer of a CAA and officially opens an account.

53 Comparisons of "take-up rates" among states are of limited value because there was considerable variation in the process by which different states and local areas made and documented CAA offers. Also, the 91% figure excludes Michigan and Minnesota because these states did not provide information on the number of CAAs offered.

54 Funds on a CAA are disbursed when the state/local area makes payments from a customer's account for tuition, books, fees, or other approved purposes.

55 The percentage of accounts closed is not known for Michigan, as this was not reported on the state's quarterly report.

ended because the funds were exhausted, suggesting a significant level of activity. In fact, in all but two states, nearly all CAAs were closed because funds were exhausted. Only Indiana and Minnesota reported a significant number of CAAs being closed for another reason. In Indiana, 57 percent of CAAs were closed for "other reasons," which can include training completion. In Minnesota, 37 percent were closed for "other reasons" and 25 percent due to inactivity.[56]

Exhibit IV-1:
CAA Activity through December 2009

State	CAAs Offered	New CAAs Established	CAAs with Disbursements[57]	CAAs Renewed	CAAs Closed
Georgia	595	595	446	0	485
Indiana	1,268	1,189	1,271	93	623
Michigan	--	824	--	--	--
Minnesota	--	827	936	--	264
Missouri	985	796	874	0	105
Ohio	1,471	1,467	--	--	1,427
Pennsylvania	379	369	419	7	331
Wyoming	3,586	3,150	2,849	34	369
TOTAL	**8,284**	**9,217**	**6,795**	**134**	**3,604**

Exhibit IV-2 displays the number of accounts established in each state by quarter. Due to delays in implementation in some states, the quarter of July to September 2008 was the first quarter in which all states had established CAAs, and the majority of CAAs were established by the end of December 2008. Because of the delayed implementation that occurred in some states, the period in which the most CAAs were established was the three quarters from July 2008 through March 2009.

Wyoming, an early implementation state, established about one-third of all the CAAs awarded across all participating states (3,150 of 9,217). However, the majority of these CAAs were established during the first two quarters of the demonstration, and nearly all of these accounts did

56 Minnesota reported that a high number of early CAAs were closed due to inactivity largely because an American Job Center manager marketed the program very widely to people outside the center's immediate service area, and many of these people were unwilling to provide their Social Security Numbers, even by telephone.

57 The number of CAAs with disbursements can exceed the number of CAAs offered and established because the same account holders can receive multiple disbursements.

not comport with the intent of the demonstration, as noted earlier. In subsequent quarters, the number of CAAs awarded in Wyoming decreased to rates comparable to or lower than those of other states. The other early implementing, non-automotive states—Indiana and Pennsylvania—did not show the early spurt in CAA establishment that occurred in Wyoming, but each followed rather different patterns over the course of the demonstration. Indiana was able to establish a substantial number of CAAs in the beginning of the demonstration and continued to establish more at a consistent pace through December 2009. Pennsylvania, in contrast, struggled initially, unable to establish a significant number of CAAs until the beginning of 2008, when it quickly established the majority of its CAAs.

The former automotive-industry states struggled with implementing the CAA Demonstration in a timely manner due to challenges faced in recruiting eligible participants. Thus, the majority of them did not have much success in establishing CAAs until April 2008. Minnesota and Ohio were the first automotive states to issue CAAs, beginning in the second quarter of the demonstration. While Minnesota quickly understood the need to shift the focus of the demonstration to dislocated workers more broadly and was able to establish numerous early CAAs, it took the other former automotive-industry states longer to make the necessary programmatic adjustments.[58] Ohio issued CAAs at a slow rate for the first four quarters of its implementation but then began to establish a significant number of accounts. In addition to the eligibility issues, Michigan, Missouri, and Georgia each had grant and administration challenges that further delayed initial issuance of CAAs. Missouri and Georgia took about five extra quarters to reach full implementation, while Michigan took six quarters. Nevertheless, these states were able to establish large numbers CAAs in a short amount of time, with Georgia and Missouri having established over half of their CAAs within the span of a few quarters.[59]

---

[58] Despite its quicker start, Minnesota did, as mentioned earlier, have a high percentage of early accounts closed due to inactivity.

[59] See Chapter II for a full discussion of the implementation delays.

Exhibit IV-:2
New CAAs Established by Quarter

State	Apr-Jun 2007	Jul-Sep 2007	Oct-Dec 2007	Jan-Mar 2008	Apr-Jun 2008	Jul-Sep 2008	Oct-Dec 2008	Jan-Mar 2009	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009	Total
Georgia	0	0	0	0	0	164	150	183	98	--	--	**595**
Indiana	22	100	123	34	43	68	129	237	240	98	95	**1,189**
Michigan[60]	--	--	--	--	--	--	--	--	--	--	--	**824**
Minnesota	0	9	154	60	49	319	6	2	150	45	33	**827**
Missouri	0	0	0	0	12	116	393	166	94	11	4	**796**
Ohio	0	1	5	12	181	426	175	475	152	1	39	**1,467**
Pennsylvania	1	8	13	78	114	52	40	31	24	1	7	**369**
Wyoming	1,075	719	503	117	21	110	51	170	83	192	109	**3,150**
Total	**1,098**	**837**	**798**	**301**	**425**	**1,272**	**1,060**	**1,264**	**841**	**348**	**287**	**9,217**

60 Michigan did not provide information on CAAs established by quarter.

Expenditures and Obligations

Across all states, more than $21.3 million was obligated for the 9,217 CAAs established during the demonstration, as shown in Exhibit IV-3.[61] Although a CAA recipient could receive up to $6,000 in training funds, there was considerable variation in the average amount of money each state obligated per customer.[62] The average amount obligated per CAA was $2,986, with most states averaging between $2,000 and $3,500 per obligated CAA. Even after the funding cap was expanded during the course of the demonstration, the amount of money obligated per CAA increased only slightly in most states (by about $370, on average).

In total, the eight grantees made disbursements for nearly 6,800 CAAs, for a total of more than $14.6 million through December 2009. Most of the eight states disbursed at least two-thirds of their obligated CAA funds.[63] As of December 2009, the average amount of money disbursed per CAA was $2,034, with most states' disbursements averaging between $2,000 and $3,000.

Since there was variation in the methods states used to obligate and disburse money, it is difficult to make comparisons between states regarding the average amount of money obligated and disbursed per CAA. For example, at least one state obligated the full $6,000 available per customer at the outset, but later recovered the money if the funds were not fully used, so its average obligation was far above the national average and its average disbursement well below (when Wyoming is excluded). In most other states, CAA recipients were only obligated the amount of money that was sufficient to complete the training program they chose; a few states obligated funds incrementally and either renewed the obligation later or made multiple disbursements on the same account.

---

[61] The amount obligated does not include Michigan because the state did not report on this figure.

[62] As noted in Chapter 1, until August 2008, the funding cap for each year of the two-year demonstration was $3,000. Eventually all eight states applied to expand the funding cap so that customers could use all $6,000 in one year.

[63] In Michigan and Ohio the percentage of obligated funds is not known because these states did not include the necessary information on their quarterly reports.

Exhibit IV-3:
CAA Obligations and Disbursements through December 2009

State	Total Obligated	Average Obligated per CAA	Total Disbursed	Average Disbursed per CAA[64]
Georgia	$1,254,779	$2,109	$976,474	$2,189
Indiana	$2,749,558	$2,312	$3,271,697	$2,574
Michigan[65]	--	--	--	$3,641
Minnesota	$4,962,000	$6,000	$1,734,718	$1,853
Missouri	$2,470,112	$3,103	$2,110,128	$2,414
Ohio[66]	$4,904,117	$3,343	$2,793,039	--
Pennsylvania	$1,024,930	$2,778	$915,402	$2,185
Wyoming	$3,966,379	$1,259	$2,820,257	$990
Overall	**$21,331,875**	$2,986	**$14,621,715**	$2,034

Exhibit IV-4 displays the percentage of CAA funds disbursed for each of various payment types. In three of the five states that broke down their expenses, more than 90 percent of CAA funding was spent on tuition. The exceptions were in Pennsylvania and Wyoming. In Pennsylvania, nearly 18 percent of funds were spent in the "other approved purpose" category, which included funding related to customers' education or training programs.

Exhibit IV-5 displays the total cumulative expenditures for CAAs for each state through the end of December 2009. In total, the eight states spent more than $29.6 million over the course of the demonstration. Three of the states—Minnesota, Missouri, and Ohio—were allotted additional CAA funds to compensate for limited or exhausted WIA dislocated worker resources. As a result, these states spent the most money to date, with their expenditures including more than $2 million from the CAA grant and substantial contributions from other sources, such as WIA or state funds.

---

64 Indiana, Minnesota, Missouri, and Pennsylvania may have double-counted CAAs that were issued additional funds in the "CAAs with disbursements" field; thus, the average amount disbursed per CAA participant shown for these states may be inaccurately low.

65 Michigan did not report on the total amounts obligated or disbursed, only on the average amount expended per account.

66 Ohio did not provide data on the number of CAAs with disbursements in its quarterly report.

Exhibit IV-4:
Percentage of Amounts Disbursed by Type of Payment through December 2009[67]

State	Tuition	Books	Fees	Other
Georgia	94.7%	1.2%	0.9%	3.2%
Indiana	--	--	--	--
Michigan	--	--	--	--
Minnesota	92.1%	1.6%	0.5%	5.7%
Missouri	93.2%	4.2%	2.5%	0.1%
Ohio	--	--	--	--
Pennsylvania	80.6%	0.2%	0.3%	18.9%
Wyoming	88.1%	3.8%	3.0%	5.1%

Exhibit IV-5:
Total Cumulative CAA Expenditures through December 2009[68]

		Leveraged Funds					
State	**CAA Grant**	**WIA**	**Wagner-Peyser**	**State Funds**	**Local Funds**	**Other**	**Total All Funds**
Georgia	$1,284,316	$495,639	$15,396	$2,834	$0	$185,966	**$1,984,151**
Indiana	$834,957	$1,650,077	$0	$202,704	$0	$0	**$2,687,738**
Michigan	$1,500,000	$1,500,000	$0	$0	$0	$0	**$3,000,000**
Minnesota	$2,240,553	$334,627	$334,627	$334,627	$334,627	$334,627	**$3,913,688**
Missouri	$2,911,718	$380,934	$525,309	$2,396,655	$0	$0	**$6,214,616**
Ohio	$2,793,039	$3,103,599	$42,183	$0	$0	$211,218	**$6,150,039**
Pennsylvania	$1,139,433	$326,416	$0	$109,115	$28,500	$735,168	**$2,338,632**
Wyoming	$1,927,717	$164,536	$140,441	$1,099,086	$0	$60,281	**$3,392,061**
Total	**$14,631,733**	**$7,955,828**	**$1,057,956**	**$4,145,021**	**$363,127**	**$1,527,260**	**$29,680,925**

67 Indiana, Michigan, and Ohio did not provide the breakdown of disbursements by type in their quarterly reports.

68 Expenditures for Georgia and Michigan go through June 2009, as their grants concluded at that point.

Regarding the sources of funds, the largest amount of money, approximately half, was spent directly from the CAA grant. Though the 100 percent matching requirement was dropped as a result of states' difficulties securing these funds, five states—Indiana, Michigan, Missouri, Ohio, and Pennsylvania—leveraged at least half of their overall funds from other sources, with three of these states—Indiana, Michigan, and Ohio—providing most or all of their matching funds out of WIA money. While most states leveraged some money from Wagner-Peyser and state funds, Missouri obtained more than 40 percent of its money from these sources. Only Pennsylvania leveraged any funds from the local areas. (For a more detailed description of the sources of matching funds, please refer to Chapter II.)

Participant Characteristics

States' submissions of administrative data provided information on participants' characteristics, including demographics and pre-program employment. Demographic characteristics of participants are shown in Exhibit IV-6.

Demographic characteristics. Of the seven states (Georgia, Indiana, Michigan, Minnesota, Missouri, Ohio, and Pennsylvania) that provided data on the gender of program participants, four (Georgia, Indiana, Missouri, and Pennsylvania) reported that the majority of their enrollees were female, with Pennsylvania serving nearly 70 percent women.[69] Overall, the average age of participants ranged from 35 to 46 years. All of the states reported serving primarily Caucasian participants, though Georgia, Pennsylvania, and Michigan also served a significant percentage of African American individuals (41, 26, and 22 percent, respectively). All of the reporting states served similar percentages of veterans and persons living with a disability.

Educational attainment of participants at enrollment. The majority of participants served in Minnesota and Indiana had some post-secondary educational experience (71 and 55 percent, respectively), with more than 52 percent of Minnesota enrollees entering the program with a post-secondary degree or certificate. In contrast, the percentage of individuals with post-secondary experience served by WIA in most of these states was much lower.[70] This suggests that in these states CAAs targeted higher-skill workers who may not have been eligible for WIA programs. The rest of the states reported serving mostly individuals without post-secondary

---

[69] Generally, most states served a greater percentage of men through the CAA demonstration than they served under WIA adult or dislocated worker programs in the last program year. *Program Year (PY) 08 Workforce Investment Act Standardized Record Data (WIASRD) Data Book for Georgia, Indiana, Michigan, Minnesota, Missouri, Ohio, Pennsylvania, and Wyoming*, prepared by Social Policy Research Associates for the Office of Performance and Technology, Employment and Training Administration, US Department of Labor, February 2010.

[70] Ibid.

experience; these states included Georgia, which reported the highest percentage of enrollees without a high school diploma or GED (16 percent).[71]

Employment status. In Indiana and Wyoming, most CAA participants (96 and 85 percent, respectively) were employed when they entered the program. These high percentages are consistent with these states' strategy of targeting incumbent workers. In the other six states, the majorities of participants were unemployed at enrollment, with Georgia and Minnesota serving the lowest percentages of participants (five and one percent, respectively) employed at the time of enrollment.[72] Five of the eight states—Indiana, Michigan, Ohio, Pennsylvania, and Wyoming—served a much higher percentage of employed individuals in the CAA Demonstration than they did under their WIA Adult programs.[73]

Pre-program earnings. The average quarterly pre-program earnings for CAA participants ranged from about $12,000 at the high end to $2,000 in the state with the lowest-earning participants, Pennsylvania. On average, participants in Minnesota, Wyoming, Indiana, and Missouri earned more than $7,000 in the three months preceding enrollment in CAA.[74] In Michigan, participants earned an average of approximately $4,000 a quarter. Georgia, similar to Pennsylvania, also served participants with low average earnings (approximately $2,500 per quarter). In about half the states, participants' pre-program earnings were not much different from those of WIA participants; however, in the states with lower-earning participants (Georgia and Pennsylvania), those served by CAAs had pre-program earnings that were well below the average for WIA participants.[75]

---

[71] In Missouri, the data for educational history are excluded from the table because they do not appear credible for a significant number of program participants.

[72] "Unemployed at enrollment" includes individuals who were employed at enrollment but had received a notice of termination of employment or military separation.

[73] *Program Year (PY) 08 Workforce Investment Act Standardized Record Data (WIASRD) Data Book for Georgia, Indiana, Michigan, Minnesota, Missouri, Ohio, Pennsylvania, and Wyoming*, prepared by Social Policy Research Associates for the Office of Performance and Technology, Employment and Training Administration, US Department of Labor, February 2010.

[74] Quarterly pre-program earnings for Georgia, Indiana, Michigan, Missouri, and Pennsylvania are participants' earnings in the quarter preceding their enrollment in CAA. In Minnesota and Wyoming, pre-program earnings were estimated based on a participant's former rate of pay and the average number of hours worked per week (in Minnesota) or assumed full-time hours (in Wyoming). Because it is not known how many hours participants actually worked in the quarter preceding their entry, these estimates may be somewhat inflated.

[75] *Program Year (PY) 08 Workforce Investment Act Standardized Record Data (WIASRD) Data Book for Georgia, Indiana, Michigan, Minnesota, Missouri, Ohio, Pennsylvania, and Wyoming*, prepared by Social Policy Research Associates for the Office of Performance and Technology, Employment and Training Administration, US Department of Labor, February 2010.

Receiving public assistance. The percentage of participants on public assistance at enrollment was less than 7 percent in all states except Pennsylvania, where nearly 40 percent of participants were receiving some type of public assistance. These figures are consistent with the fact that Pennsylvania was the only state specifically targeting low-income workers for the CAA Demonstration.

Training Outcomes

This section uses the administrative data captured by the states to provide descriptions of outcomes for CAA participants. States varied widely in the extent to which they captured training completion and degree attainment.

Training Completion and Degree or Certificate Attainment

While most states reported the dates on which participants completed or withdrew from training, only three—Ohio, Pennsylvania, and Wyoming—included information on the successful completion of training. In each of these states, training completion rates exceeded 80 percent for all individuals who exited training, as shown in Exhibit IV-7.

Although the grants required that all awarded CAAs must lead to a degree or a recognized certification, actual credential receipt is more difficult to estimate, as only four states that reported on whether participants attained a degree, certificate, or credential at the conclusion of their training. Ohio reported the highest percentage, with over 90 percent having received a degree, certificate, or credential. [76] Georgia and Pennsylvania each indicated that almost half of their trained participants earned some kind of degree, certificate, or credential. Of the states reporting, Michigan had the lowest percentage of training exiters (14 percent) obtaining a degree, certificate, or credential.[77] Credential receipt is also displayed in Exhibit IV-7. In contrast, the data reported by the all states in their quarterly reports indicates that CAA recipients were pursuing certificate programs at rates that were consistent with the grant requirement. Overall, the grantees reported, as of December 31, 2009, that 78 percent of all awards were for degrees, GEDs, or recognized certificates. If Wyoming, which awarded a very large number of non-credential CAAs, is excluded, the states awarded 96 percent of their CAAs in credentialed programs. Credentials pursued are summarized in Exhibit IV-8.

---

[76] Missouri reported on some participants' degree/credential/certificate attainment, but the data was not captured for any of the participants who exited training.

[77] The percentage of participants who obtained a degree, credential, or certificate following their exit from training seems low given the number that was enrolled in credential programs. Because Michigan's WIASRD data do not identify those who withdrew from training, this low percentage may indicate that a significant number of Michigan's participants did not successfully complete their training programs.

Exhibit IV-6:
Participant Characteristics by State

Characteristic	GA	IN	MI	MN[78]	MO	OH	PA	WY
N	578	1180	811	726/493	824	1152	262	2,582
Male	35.3%	43.2%	72.0%	60.5%	47.8%	62.5%	30.9%	--
Average Age	38.8	37.3	41.1	45.6	40.9	44.0	34.6	--
Race/Ethnicity79								
Hispanic/Latino	3.6%	1.8%	6.5%	1.9%	2.3%	--	12.2%	--
African American	40.7%	7.2%	21.7%	10.5%	13.2%	13.4%	25.6%	--
Asian	0.9%	0.6%	2.0%	4.3%	1.6%	0.1%	1.1%	--
Caucasian	57.4%	86.1%	76.4%	83.0%	82.4%	84.7%	66.4%	--
Other	1.4%	0.3%	1.8%	2.2%	1.2%	1.8%	3.8%	--
Education History								
Some High School or Less	15.6%	1.9%	1.5%	3.0%	--	2.4%	6.5%	--
High School Graduate or	56.7%	43.6%	48.6%	25.5%	--	53.0%	69.5%	--
Some College	18.0%	27.8%	31.2%	19.1%	--	13.7%	13.4%	--
Post-Secondary	9.7%	26.7%	18.7%	52.3%	--	30.8%	10.7%	--
Employed at Enrollment	4.5%	96.4%	30.7%	1.4%	17.2%	41.8%	38.2%	84.8%
Quarterly Pre-program	$2,539	$8,401	$4,044	$11,977	$7,430	--	$2,008	$9,392
Individual with Disability	1.2%	--	1.7%	0.0%	1.0%	0.3%	3.1%	--
Veteran	6.1%	4.7%	5.4%	7.9%	6.9%	10.1%	3.1%	--
Received Public Assistance	--	5.3%	6.9%	2.9%	3.9%	3.7%	39.3%	--

[78] For participants from Minnesota, data on Race/Ethnicity, Living with a Disability, and Veteran variables were available only for those individuals who were also enrolled in WIA at some point in the past few years, though not necessarily enrolled in WIA and CAA concurrently. Therefore, n=726 for variables where all participants are included, and n=493 for variables that include only participants who were also enrolled in WIA.

[79] Race/Ethnic categories are not mutually exclusive, so percentage totals may exceed 100%.

Exhibit IV-7:
Training Outcomes by State

State	Completed Training[80]	N	Attained Degree/Certificate/ Credential[81]	N
Georgia	--	--	48.0%	552
Indiana	--	--	--	--
Michigan	--	--	14.0%	136
Minnesota	--	--	--	--
Missouri	--	--	--	--
Ohio	92.7%	933	90.8%	816
Pennsylvania	86.7%	210	45.2%	261
Wyoming	100.0%	1,995	--	--

Exhibit IV-8
Credentials Programs Pursued, as of December 31, 2009[82]

State	Number of Programs	Percent of Credential Programs (GED, Degree)
Georgia	449	97%
Indiana	1276	99%
Michigan	no data	
Minnesota	936	77%
Missouri	737	99%
Ohio	1467	100%
Pennsylvania	418	87%
Wyoming	2202	41%
Total	**7485**	**78%**
Total without Wyoming	**5283**	**94%**

80 Completed Training indicates the successful completion of training for individuals who received training.

81 Data include individuals who completed or withdrew from training.

82 Georgia's data for credentials pursued comes from its last quarterly report from June 30, 2009.

Common Measures Outcomes

In order to have common performance measures for programs with similar goals, ETA uses three Common Measures (developed by the Office of Management and Budget) to evaluate program performance for most workforce programs serving adults. These three measures are Entered Employment, Employment Retention, and Average Earnings. To provide a context for understanding the outcomes obtained by CAA customers, Exhibit IV-9 compares the Entered Employment rate of CAA recipients to that of WIA and ITA recipients in the time periods directly preceding and concurrent with the CAA Demonstration in each state.[83] For WIA, Common Measures are calculated using states' WIASRD reports, which consist of client-level records matched with UI data that documents individuals' employment and earnings.

Data on Entered Employment for WIA and ITA recipients were gathered from submissions of states' past WIASRD reports. In each state, time frames for the year preceding and concurrent to the demonstration were identified and data from the same areas—the specific local areas or statewide, depending on the geographic coverage of the demonstration—that implemented CAAs were extracted from the WIASRD. In their CAA data submissions, some states also used WIASRD data that included some UI data to report on demonstration participants. However, because of the time it takes to measure and obtain UI data[84] and difficulties coordinating access to these data in some states, few participants had any quarters of UI data available following their exit from the CAA program, and still fewer had data from more than one quarter. Thus, the Entered Employment rate could be calculated for only a handful of CAA participants for whom UI data was available.

[83] The Entered Employment rate is defined as the percentage of participants who were unemployed (or anticipating unemployment at program entry) who were employed in the first quarter following the quarter in which they exited the program.

[84] UI data are collected by each state and include a summary of employed individuals' quarterly earnings. The time lag between the end of a given quarter and the availability of that quarter's data is generally six months.

Exhibit IV-9:
Entered Employment Rate Comparison for WIA, ITA, and CAA Recipients

	Prior to CAA		Concurrent with CAA		
State	**WIA Recipients**	**ITA Recipients**	**WIA Recipients**	**ITA Recipients**	**CAA Recipients**
Georgia	85.0%	83.4%	84.8%	85.4%	50.9%
Indiana	85.3%	87.1%	64.7%	80.3%	--
Michigan	83.1%	84.3%	84.6%	87.7%	--
Minnesota	92.1%	87.5%	93.8%	90.9%	--
Missouri	85.8%	88.0%	77.0%	78.4%	43.9%
Ohio	80.4%	85.8%	76.9%	79.8%	46.8%
Pennsylvania	79.7%	82.7%	76.0%	81.5%	73.7%
Wyoming	80.9%	83.0%	86.4%	88.9%	--
			Number of Adult Exiters		
Georgia	333	241	92	82	114
Indiana	2,951	1,429	37,948	2,340	--
Michigan	4,807	1,565	3,743	1,274	--
Minnesota	777	56	498	44	--
Missouri	4,842	1,060	1,332	255	57
Ohio	7,376	1,227	4,335	1,546	--
Pennsylvania	1,692	699	3,021	823	57
Wyoming	319	159	404	199	--

Only Georgia, Missouri, and Pennsylvania provided sufficient participant data to calculate the Entered Employment rate of CAA participants.[85] In addition, Ohio calculated the Entered Employment for its participants on the quarterly report, and this rate is included in the exhibit below.[86] The Entered Employment rates of CAA recipients in Georgia, Missouri, and Ohio (51, 43, and 47 percent, respectively) are a good deal lower than those of both past and concurrent WIA and ITA recipients. In Missouri, this lower Entered Employment rate was somewhat

[85] Michigan also provided data that could be used to calculate common measures; however, its Entered Employment rate is not presented in the exhibit because it could only be calculated for one individual.

[86] Because the Entered Employment rate for Ohio was reported directly by the state rather than being calculated from individual records, the number of participants included is unknown. Minnesota also reported a quarterly Entered Employment rate on its quarterly report, but because the state did not report the cumulative rate, these data were not included.

anticipated by staff member respondents. Missouri staff members reported that CAAs would be appropriate for low-skill workers who were encountering training for the first time because the possibility of not achieving positive outcomes on the Common Measures would make them unattractive to WIA. In contrast to the rate in the other states, the Entered Employment rate of CAA participants in Pennsylvania (74 percent) is close to that of the WIA and ITA programs' participants.

Because their calculation requires access to multiple quarters of UI data after an individual exits from the program, the other common measures—Employment Retention and Average Earnings—could only be determined for a few participants.[87] In Georgia, nine out of ten participants with available data were retained in employment in the second and third quarters following program exit, and these participants had Average Earnings of $12,060. Of Pennsylvania's forty-one participants with data, 85 percent were retained in employment, and these individuals had average earnings of $11,447.

Other Outcomes Measures

Because outcomes information using the Common Measures was available for so few participants, other outcomes measures also were developed. Exhibit IV-10 displays employment placement outcomes for CAA participants who exited the program. Instead of relying solely on UI data, these measures were calculated using multiple sources of information, including UI data and other supplemental data sources that were recorded in states' data submissions.[88] In addition, these measures include post-program employment at any point, not just in the quarter following a participant's exit quarter.

In most states—Georgia, Michigan, Minnesota, Missouri, Ohio, and Pennsylvania—the demonstration served primarily unemployed participants so the employment placement rates of program exiters, which ranged from 24 to 94 percent, are of particular concern. Of these states, the ones with the highest rates of placement were Michigan, Minnesota, and Georgia, which placed 94, 86, and 76 percent of unemployed participants, respectively. The employment placement rate in Pennsylvania was 58 percent for participants who were not employed upon

[87] Employment Retention rate is the percentage of participants employed in the quarter following their exit quarter that were retained in employment in the second and third quarters following exit. Unlike the Entered Employment rate, this percentage includes all participants regardless of their employment status at enrollment.

Average earnings is the average of the total earnings obtained in the second and third quarters following the exit quarter and is calculated only for participants who were employed in the first, second, and third quarters following exit.

[88] Other supplemental data sources may include employer-verified data, such as pay stubs or participants' self-reports.

entering the program.[89] In the states with the lowest placement rates—Missouri and Ohio—only about one-quarter of unemployed participants were placed in employment.

Exhibit IV-10:
Employment Outcomes by State[90]

State	Unemployed at Enrollment—Placed in Employment	N	Employed at Enrollment—Retained/Placed in Employment	N
Georgia	75.6%	180	90.0%	10
Indiana	55.6%	9	86.6%	484
Michigan	94.4%	18	--	--
Minnesota[91]	86.0%	157	100.0%	1
Missouri	24.1%	145	24.2%	33
Ohio	27.0%	393	3.7%	401
Pennsylvania	57.5%	113	72.0%	75
Wyoming	81.2%	202	98.7%	1,753

In the two states that primarily enrolled incumbent workers—Indiana and Wyoming—most of the participants either retained their jobs or were placed in new employment (87 and 99 percent, respectively). While the majority of the participants they served were unemployed at entry, Ohio and Pennsylvania also each enrolled a significant number of employed participants. In Ohio, the employment retention/placement rate for participants employed at entry was only four percent. This low placement rate for participants employed at enrollment may be influenced by the fact that few employed participants were recipients of incumbent worker training (discussed in Chapter III), suggesting they were seeking new sources of employment and struggled to do so at the time the data were submitted. In contrast, 72 percent of Pennsylvania's employed participants were employed following program exit.

Exhibit IV-11 displays additional outcomes for CAA participants who were placed in employment. Indiana and Michigan reported that, of those participants who were placed in a job

---

89 This percentage is lower than the Entered Employment rate for Pennsylvania shown in Exhibit IV-8. This difference may be due to the fact that there were no specific funds allocated under CAA for employment verifications and follow-up. Thus, the UI rewards may be a more complete source of data for these individuals. In contrast, the difference could be due to the larger number of records for which placement is available.

90 Placed in Employment includes placement can be based on UI wage data or supplemental data sources and includes placement at any point following exit from the program.

after program exit, more than 80 percent were placed in training-related employment. In Ohio, nearly 70 percent of those securing employment were placed in training-related fields. In contrast, only 29 percent of participants were placed in training-related employment in Georgia, and Pennsylvania reported that none of those with post-program jobs were in training-related employment.[92]

Exhibit IV-11:
Employment Outcomes for Participants Placed in Employment by State

State	Placed in Training-related Employment	N	Average Quarterly Post-program Earnings	N
Georgia	28.6%	133	$5,519	59
Indiana	81.4%	424	$9,618	422
Michigan	82.4%	17	$2,289	12
Minnesota[93]	--	--	$12,552	136
Missouri	--	--	$3,962	33
Ohio	68.6%	121	$8,651	121
Pennsylvania	0	119	$3,343	119
Wyoming	--	--	$11,624	1,873

The average quarterly earnings for participants who entered or retained employment following program exit are also displayed below.[94] The highest average was reported in Minnesota and Wyoming, with placed participants' earning about $12,600 and $11,500 on average per quarter. Participants in Indiana and Ohio earned somewhat less, $9,600 and $8,700, respectively. In Georgia, employed participants earned about $5,500 on average per quarter, although these figures are possibly inflated due to assumptions necessary to calculate them. Participants placed in employment in Missouri, Pennsylvania, and Michigan had the lowest earnings, averaging less than $4,000 per quarter.

---

91 In Minnesota, employment outcomes were available only for CAA participants who were co-enrolled in WIA.

92 It seems highly implausible that Pennsylvania had no participants enrolled in training-related employment, suggesting that there may have been some issues with the collection of data for this variable.

93 In Minnesota, employment outcomes were available only for CAA participants who were co-enrolled in WIA.

94 Quarterly post-program earnings for Georgia, Indiana, Michigan, Missouri, and Pennsylvania are the participants' earnings in the quarter following their placement in employment. Because of this lag time, the number of participants with earnings data may be somewhat lower than the overall number of participants placed in employment. For Minnesota, Ohio, and Wyoming, quarterly earnings are calculated by multiplying the participants' rate of pay for full-time work (40 hours a week) times the number of weeks in a quarter. As such, data for these states may be inflated, as the calculation assumes full-time employment throughout the quarter.

Multivariate Outcomes Analysis

In addition to the descriptive analyses described above, several analyses were conducted that employed multiple variables in a single model. These analyses produce results with far greater explanatory power because they can control statistically for a range of variables and isolate the unique contribution of each individual variable. In other words, these kinds of analyses allow one to examine the relationship between a particular variable (i.e., the gender of a participant) and an outcome of interest (i.e., whether the participant obtained employment) while holding constant all other variables that might affect the outcome. Depending on the type of outcome of interest, different statistical models provide better estimates for the relationships between variables.

For the first set of models, employment placement is the outcome of interest. This variable includes post-program employment for participants who were unemployed at enrollment or achieved employment retention for participants who were employed.[95] Since the outcome of interest is binary (meaning the variable must take one of only two values), this analysis used logistic regression, a type of regression analysis that provides a more accurate estimate when examining binary dependent variables.[96]

Exhibit IV-12 displays the models used to examine employment placement.[97] In the first model, employment placement was regressed onto a set of independent measures that included dummy variables indicating the participant's gender, race/ethnicity, the educational level the participant had attained at entry into the program, and the participant's employment status at entry.[98] Additionally, indicators included the participant's age and, to control for changing

---

95 The analysis was conducted combining those who were unemployed at placement and those who were unemployed, because this provided a greater sample size. These analyses were also conducted after separating these two groups, but results were substantively the same.

96 The basic form of these models is $L = ln(o) = \ln (p/1\text{-}p)= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \cdots + \beta_p X_p + \epsilon$, where Y is the binary dependent measure, coded as 0/1 for failure/success, p is the proportion of successes, o is the odds of the event, L is the ln (odds of event), $X_1, X_2, \ldots, X_p$ are the independent variables, β_0 is the intercept and $\beta_1, \beta_2, \ldots, \beta_p$ are the slope coefficient (i.e., the expected change in Y relative to one unit change in X_p), and ϵ is the random error.

97 For these models, data were generally available for exiters during the first six quarters of CAA implementation.

98 As with many analyses employing multiple regression, there is no certainty that the results obtained are unaffected by variables that may impact the relationships, but were unmeasured or unavailable for the analysis. This problem, sometimes referred to as "omitted variable bias," therefore makes the results described in this

Exhibit IV-12:
Analysis of Outcomes – Placed/Retained in Employment

Factor	Model 1 – Contextual and Demographics	Model 2 – Contextual and Demographics (with pre-program earnings)	Model 3 – Program Services
Unemployment Rate	-0.339*** (0.031) [0.712]	0.155*** (0.047) [1.168]	-0.475*** (0.055) [0.622]
Age	-0.014** (0.005) [0.986]	-0.007 (0.0080 [0.994]	-0.015 (0.007) [0.985]
Gender (Male)	-0.655*** (0.106) [0.519]	-0.383* (0.176) [0.682]	-0.467** (0.151) [0.627]
Race/Ethnicity (White non-Hispanic)	0.031 (0.143) [1.031]	0.130 (0.196) [1.138]	-0.134 (0.176) [0.875]
Highest Grade Completed (At Least Some Post-Secondary Education)	0.333** (0.104) [1.396]	-0.153 (0.174) [0.858]	0.261 (0.151) [1.299]
Employed at Enrollment	-0.095 (0.108) [0.909]	0.451* (0.183) [1.569]	-1.643*** (0.177) [0.193]
Pre-program Earnings		0.000*** (0.000) [1.000]	--
Received Intensive Services[99]	--	--	1.032*** (0.197) [2.806]
Training duration	--	--	0.000 (0.001) [1.000]

Note: Figures are coefficients derived from logit regression on dependent variable indicated. Figures in parentheses represent the standard errors associated with these coefficients. Figures in brackets are the odds ratios associated with these coefficients (i.e., calculated by converting the coefficient using exp()).
* = p < .05, ** = p < .01, *** = p < .001

unemployment rates, participants' states' unemployment rate in the quarter following their exit from the program.[100] The first model contains a limited number of variables that allow for the inclusion of the most states.[101]

---

section subject to uncertainty because it is possible that such omitted, or unobserved, variables may be the causal antecedents of the relationships described.

[99] Note that *intensive services* is a simple binary variable indicating whether the individual ever received any intensive services.

The second model contains the same variables as the first model, but also includes a continuous variable measuring participants' pre-program earnings. (Because Ohio did not report on participants' pre-program earnings, all participants from this state are excluded from the second model.) In both of these models, men were significantly less likely than women to be placed in employment. Specifically, in the second model men were only 68 percent as likely to be employed as were women, and those employed at enrollment were 1.5 times as likely to be placed in employment as were those not employed at enrollment. In the second model, those with higher pre-program earnings were also somewhat more likely to be employed following program exit.

To examine whether specific services or activities had effects on employment outcomes, a third model for employment was estimated that included a dummy variable for whether an individual received intensive services and a continuous variable measuring the duration (or estimated duration) of the participant's training program.[102,103] In this model, the variable for pre-program wages was excluded so that the analysis could retain the greatest number of participants.[104] This model indicates that participants who received intensive services were significantly more likely (almost three times as likely) to enter into or retain employment than those who did not receive these services. This finding may lend some support to statements from staff member respondents that offering pre-training intensive services leads participants to select training programs that are more likely to result in post-training employment.

---

[100] Unemployment rates were gathered for each state using the Local Area Unemployment Statistics. These aggregate-level data contextualize the environments in which states' demonstrations are operating and, along with individual participants' characteristics, can be used to control for variables that could be considered exogenous to the grantees in the multivariate analysis.

[101] Participants from Wyoming are excluded from all models because the state did not provide any information on participant characteristics.

[102] The actual duration of training is known for participants in Georgia, Michigan, Missouri, Ohio, Pennsylvania, and Wyoming. For participants from Minnesota, training duration is estimated based on how long training was expected to last.

[103] Another model was estimated that included a variable for supportive services. However, participants from Minnesota were excluded from that model because the state did not report on participants' receipt of supportive services. Since supportive services did not contribute substantially to the model, the variable was dropped so that participants from Minnesota could be retained in the model.

[104] Participants from Indiana are excluded from the third model because the state did not report on participants' receipt of program services.

In the second set of models, shown in Exhibit IV-13, the level of quarterly post-program earnings is the outcome of interest.[105] Because this is a continuous variable, models utilizing it as the dependent variable used ordinary least squares (OLS) regression models to estimate the factors that affect earnings. As with the first set of models, pre-program earnings were excluded in the first model but included in the second. In both models, male participants were significantly more likely than female participants to have greater post-program earnings, as were those participants with some post-secondary education and those who were employed at enrollment. Specifically, in the second model, men earned $691 more per quarter than did women, while those with at least some post-secondary education earned on average $742 per quarter than those without such education. When pre-program earnings were included in the model, participants with higher pre-program earnings also tended to earn significantly higher post-program wages. In the third model, training services were again included to investigate the relationship of the receipt of services with post-program earnings.[106] As shown below, the receipt of intensive services is significantly associated with somewhat lower quarterly earnings. Specifically, those who received intensive services earned, on average, $1,835 less per quarter than those who did not receive such services. The models for the analysis of post-program earnings were also run excluding participants who earned zero dollars in the quarter following placement in employment. In these models, the association between earnings and intensive services disappeared. These findings may indicate that participants receiving intensive services were better able to find employment but struggled in retaining employment following placement.

---

[105] As with the earlier regression models, these analyses are potentially subject to the problem of omitted variables. The basic equation for these models is $Y = ß_0 + ß_1X_1 + ß_2X_2 + ß_3X_3 + ê$, where $ß_0$ represents an intercept, X_1 through X_3 represent independent variables, ê represents an error term, and B_1 through B_3 represent parameters to be estimated.

[106] As with the first set of models, pre-program wages and supportive services were excluded to retain the greatest number of participants.

Exhibit IV-13:
Analysis of Post-Program Program Earnings

Factor	Model 1 – Contextual and Demographics	Model 2 – Contextual and Demographics (with pre-program earnings)	Model 3 – Training Services
Unemployment Rate	-497.038*** (104.581)	-387.342*** (83.031)	-816.994*** (191.720)
Age	138.153*** (18.798)	17.967 (15.570)	70.130* (32.186)
Gender (Male)	3309.466*** (422.428)	691.106* (349.961)	1799.596** (657.516)
Race/Ethnicity (White non-Hispanic)	1232.436* (570.040	-336.731 (459.386)	1228.084 (753.673
Highest Grade Completed (At Least Some Post-Secondary Education)	2989.361*** (422.346)	742.361* (347.932)	5179.034*** (692.386)
Employed at Enrollment	1092.064* (422.346)	873.407* (362.222)	-2413.9889** (917.306)
Pre-Program Earnings	N/A	0.694*** (0.027)	N/A
Received Intensive Services	N/A	N/A	-1834.793** (685.680)
Training duration	N/A	N/A	0.061 (3.218)

Note: Figures represent OLS coefficients on the dependent variables indicated. Figures in parentheses represent the standard errors for the associated coefficients. N/A indicates the variable was not included in the given model.
* = p < .05, ** = p < .01

Summary

Over the course of the CAA Demonstration, the eight participating states established more than 9,000 accounts, disbursed money on the majority of the established CAAs, and disbursed a combined total of more than $14 million for these accounts. About half of the money spent by the states came directly from CAA grants and the rest was leveraged from other sources, including WIA, Wagner-Peyser, state funds, and other sources. While the automotive states faced delays in implementation once they had overcome these initial challenges, they were able to adjust and award a considerable number of CAAs in a relatively short period. Eventually, the number of CAAs awarded in those states was similar to the number established in the early-implementation states.

In many states, participants served through the CAA Demonstration were different from those typically served in WIA programs. Compared to their WIA program counterparts, participants were more experienced (e.g., entered with some post-secondary experience or were employed at entry) but lower skilled (e.g., had lower pre-program wages or were on public assistance).

Because of the timing of the evaluation, substantial analyses concerning Common Measures outcomes could not be included in this report. However, most states reported that a majority of exited participants were placed or retained in employment. Of these participants obtaining post-program employment, the average quarterly wages in half of the states exceeded $8,500. When multivariate analyses were conducted to explore the relationship between services received by CAA participants and their attainment of outcomes, the receipt of intensive services was found to be significantly related to both employment attainment and lower post-program earnings. Participants who received intensive services were more likely to be placed in or retain employment; however, they also tended to earn less than participants who did not receive intensive services, suggesting that intensive services are most useful in helping participants find employment.

V. LESSONS LEARNED

This chapter evaluates the lessons learned from the CAA Demonstration. It begins by discussing the challenges that the grantees faced in implementing their CAA models. These implementation challenges provide an essential context for the demonstration and SPR's evaluation. The chapter then moves on to examine the positive and negative effects of the demonstration on project administration, customers, and training vendors.[107] The next section assesses how effectively the demonstration reached its key policy goals, using the comparable features of WIA-ITA as benchmarks. The chapter concludes with information on post-grant plans and the implications of certain practices that emerged from the demonstration for the ongoing workforce investment system.

Implementation Challenges

All parties found the CAA Demonstration difficult to implement in several respects. These implementation challenges, detailed below, ultimately limited the demonstration's ability to provide a clear test of the CAA policy framework.

Skepticism about CAAs by state and local officials limited participation and caused delays. At the outset, there was considerable uncertainty within the workforce investment system about the underlying motives of the demonstration. Some state and local entities were deeply concerned that the demonstration originated due to the Bush administration's desire to re-make the workforce system into a more market-based system. These workforce system staff indicated that they felt the demonstration was part of an effort to eliminate their roles. Some LWIAs refused to participate at all; in those areas that agreed to participate, many front-line staff initially could not get behind a program that reduced their roles.

---

[107] There is no discussion of positive or negative effects on employers. Other than incumbent worker training and the effort at OJT in one LWIA, employers had no active role in the CAA demonstration. As this training target and training method are independent of any essential CAA feature, the effect on employers in this section is omitted. Nevertheless, both grantees that experimented with this target and method indicated that the contacts with employers helped their efforts to serve local and regional employers.

Design variation limited the demonstration's ability to test key policy objectives. ETA's design allowed grantees considerable latitude in operating their grants within certain basic parameters, thus requiring states and local operators to invest resources in establishing a specific operational design. The net result, however, was significant variation across grantees, and in some cases, across local areas in each state. In some cases, this resulted in an approach that was largely indistinguishable from the existing WIA training approach. In a few other cases, the approach shifted away from providing worker/job seekers vouchers towards employer-based training. The net result was a variety of CAA programs that bore little resemblance to one another in several key dimensions and, in some cases, departed considerably from the initial ETA policy objectives.

Changes in the fundamental structure of the demonstration created delays and uncertainty. Grant requirements changed throughout the grant period. The most significant changes included: 1) shifts in targeting of participants and eligibility requirements (the shift away from an autoworker emphasis in five states was most important); 2) alterations in the cap (from $3,000 per year for two years to allowing the full $6,000 amount in a single year); and 3) the elimination of the leveraging requirement. While these changes were necessary to adjust to the realities of automotive layoffs and delays in implementation, the changes themselves and the time lags in requesting and approving grant modifications had significant adverse effects on the demonstration. At least two states felt that the delays in negotiating the grants with ETA made implementation more difficult, and at least two LWIAs reported that they had to re-design their entire programs in order to finalize their grant agreements with ETA. Several other states believed that ETA did not provide sufficient technical and policy support or respond promptly to requests for grant modifications. A number of local staff had similar observations regarding inadequate state support for the LWIAs, although in one of those cases, the respondent suggested that the absence of state guidance and technical assistance allowed the LWIA to run the demonstration as it saw fit. Overall, it seems likely that the changes and the delays had a corrosive effect on staff, with unknown consequences for various aspects of operating the demonstration.

LWIAs lacked the staff resources needed to administer the demonstration properly. At least four states (Georgia, Indiana, Minnesota, and Ohio) reported that the state workforce agency or the LWIAs lacked sufficient staff to administer one or more aspects of the CAA framework (i.e., issue policies, maintain oversight, make necessary changes in the MIS, track finances, and approve new vendors or modify the eligible training provider system) or even to provide the limited case management services required by their CAA process. Respondents acknowledged that this shortage affected all workforce programs, but it was more acute for the CAA Demonstration because it was harder to divert staff for a temporary project. Two of these states (Georgia and Ohio) attributed at least a portion of their staffing shortages to the PY 2007 Congressional rescission, which cost states 30 percent of their dislocated worker funding.

Leveraged funds were difficult to obtain and track. Leveraged funds were supposed to supplement CAA tuition levels for individuals, provide additional funding for more CAAs, or pay for the cost of limited staff time to help recipients in making informed training decisions. However, the states with a local leveraging requirement found leveraging very difficult, either to find the money in the first place or to track the specific amounts of in-kind contributions from Wagner-Peyser and WIA that supported recipient decision-making. The same local difficulties affected Ohio (after the rescission) and Indiana, which had both a state and a local leverage requirement. In any event, leveraging difficulties became a moot issue after ETA agreed to halt the leveraging requirement in 2009. With one exception, the five states that provided the leveraged funds at the state level did not report any difficulty in finding and tracking such funds; however, Ohio, which was using Rapid Response funds, halted that contribution after the PY 07 Congressional rescission and shifted to local, in-kind leveraging. The Ohio LWIAs reported that it was difficult to track the value of staff time.

LWIA participation was difficult to obtain. In several of the grantee states, there was significant local opposition to participating at all in the CAA Demonstration. LWIAs in several states objected to the origins of the demonstration in the assumptions and goals behind the Bush Administration's reform effort. Others felt that the $3,000 cap was so low that it did not provide a good test of an alternative system, regardless of the extent of customer choice or increased access. Other state grantees could not conceive of an effective system that did not provide the key elements from WIA, specifically, extensive case management, supportive services, and an accountability system. Local front-line staff members were doubtful that a training program could work without their substantial input into customer decisions. This problem was so acute in one American Job Center that the manager had to shift staff in order to find people to assist CAA recipients with the demonstration's modest requirements. Another LWIA faced initial skepticism from its front-line staff, but eventually these case managers adapted well to issuing CAAs. However, this LWIA indicated that some disagreement remained among staff members over what was the best approach to case management.

Information systems for participant reporting proved difficult to implement. Collecting and reporting employment and training data on customers often is challenging. It rarely finds much enthusiasm among state or local officials, and tracking the CAA participants was no different. The demonstration required reporting certain data elements that differed from those required under WIA, which bothered a number of state respondents. Only Missouri state staff found the new data regime to be a good idea.

As mentioned in Chapter II, six of the eight grantees "bolted on" modules for this data to their existing American Job Center operating system, while two others developed a new, stand-alone MIS. Regardless of the approach in most of the states, local staff in five of the eight states found the solutions difficult to use. Several bolt-on states noted that their American Job Center operating system was not reporting participant activity accurately. On the other hand, Missouri's ES front-line staff found data entry very easy and thought that its American Job Center operating system did a good job. Two grantees that developed stand-alone systems to capture the data required duplicate data entry because many participants were American Job Center customers who had to be entered into the American Job Center operating system anyway. Both Northwest Pennsylvania and Three Rivers found it tedious to enter data into Pennsylvania's stand-alone system. The net effect of either type of MIS design for the evaluation was roughly the same. The systems produced relatively sparse, uneven client-level data for the evaluation.

Financial management systems adapted from WIA facilitated implementation but systems had gaps in a few states. Much as the states adapted their existing MIS to the CAA, most states also used their existing workforce vendor payment and financial management systems. This enabled the states to implement their CAA programs quickly and obtain cooperation from vendors, most of who were already in the existing ITA payment system. Two of these states, Georgia and Missouri, simplified the system to make it easier for CAA vendors. Two states, however, reported that their systems did not provide sufficient capability to accurately report balances remaining in recipient accounts, especially during the early phase of the demonstration. Thus, staff was unable to de-obligate excess funds promptly to use for other customers, and this reduced the efficiency of resource allocation.

Positive Effects of the CAA Demonstration

The demonstration provided grantees and LWIAs with a welcome source of additional funds. To no great surprise, all grantees and local sites were very happy that they had additional funds with which to provide training to their customers. Several states and local areas indicated that the CAA funds were very timely because they supplemented dwindling or exhausted WIA funds. This was especially important for PY 2007, when states lost 30 percent of their dislocated worker funding to a Congressional rescission. Wyoming found the money especially important because its demonstration award approximately equaled its combined WIA dislocated worker and adult funding in PY 2007. The state noted that it typically exhausted its WIA funds and created waiting lists but it did not have to do so with the CAA funds available. All customers interviewed in focus groups or individually were also happy, especially those who felt that they would not have been able to pursue training without CAA funds because they were not eligible under state or local requirements for WIA training.

By targeting different groups, the demonstration expanded training access to workers who were not served by WIA. The additional funding increased the total number of customers who could be served with training. But the CAA Demonstration also allowed the grantees to broaden their customer bases. All grantees stated that they were able to serve people who could benefit from training but could not be served by WIA because they did not meet eligibility or other requirements, or because LWIAs were concerned that they would do poorly on the Common Measures. The states selected a variety of target groups and established specific eligibility requirements, which were discussed in Chapter III. Chief among the groups who would not otherwise have been served were incumbent workers in Georgia, Indiana, Missouri, and Wyoming. Southeast and Southwest Indiana LWIAs drew heavily from underemployed workers, some of whom were single parents, to get them to use CAAs for longer-range career planning. The Atlanta Regional Commission served unemployed workers at both ends of the income spectrum, specifically, substantial numbers of professional people with marketable skills who needed some additional skill upgrading to make them competitive in a very tight labor market and ex-offenders, who tend to have relatively few training opportunities elsewhere. Pennsylvania targeted low-income workers whose required attachment to the workforce put them above the level typically served by WIA but below the county living-wage levels that the state had established as eligibility thresholds.

The constraints on staff assistance imposed by the customer-choice model helped many staff recognize that some customers do not require assistance. At the individual, front-line staff level, three local sites noted that reducing staff involvement in customer training decisions under the CAA Demonstration helped the staff understand that not all customers needed help. Local staff at Atlanta Regional Commission and Northwest Georgia noted that good case management—that is intervention through assessment, provision of labor market information, and counseling—was so ingrained that it was initially hard for staff to shift to a CAA level of service. However, the CAA experience eventually took hold, and these staff members agreed that many customers did not require any help at all making informed training decisions and others required only modest help, typically to be pointed in the right direction. Eliminating case management for those who did not need it led to more efficient use of resources for the LWIA as a whole.

Recipients were able to get into training programs more promptly and easily than their ITA counterparts. If respondents across all sites agreed on any one thing, it was that CAA recipients were able to get into training promptly and with fewer requirements than their ITA counterparts. All sites reported that they had expedited the training-entry procedure for CAA, which generally included reducing staff involvement and accelerating procedural steps. The most significant element was that CAA participants spent less time with staff on assessment and counseling. All states reported one or more steps to reduce the time and requirements for intake, decision-making, and approval. Even in Michigan, where CAA entry into training was part of the broader No Worker Left Behind initiative, CAA recipients moved through the program with reduced staff involvement (i.e., fewer appointments and less time in each appointment) than ITA customers. The Michigan respondents noted, however, that the smoother path was largely for the minority of customers that had good training ideas and the skills to take advantage of those ideas. Several other sites concurred with Michigan's assessment that easy and speedy entry to training was suitable for only certain customers; the customer groups most commonly cited as being in this category were higher-skilled dislocated workers and those with college degrees and certifications. Administratively, the grantees and local areas took steps to complement their reduced counseling regimen by expediting training entry. Several states, such as Wyoming, Georgia, and Minnesota, developed an expedited managerial approval process. Wyoming, Missouri, and Three Rivers, Pennsylvania reduced paperwork requirements. Wyoming reported that its intake process took only 10 minutes, and recipients were placed in training programs within a few days of their initial applications.

The goal of improving accessibility caused several LWIAs to focus on changing their service process. Hennepin County, Minnesota, for example, made a small but effective change, which was to place a marker on the outside of each file jacket to denote the customer's service progress in order to facilitate service by multiple staff. This innovation addressed the common implementation challenge faced by Hennepin and other LWIAs that did not have enough staff to provide even the lower level of staff support anticipated by CAAs. More importantly, the expedited CAA procedures were especially useful in getting recipients into training programs quickly. This solved a common, acute problem for prospective trainees who seek to enter a training program shortly before a community college begins a term. At least two sites noted that as a result of the expedited procedures they were able to place their CAA recipients into community college programs whose terms were about to start.[108]

Increased choice led to greater customer responsibility and satisfaction for some customers. One of the major assumptions of a market-based approach to training is that by facilitating access and enhancing the customer's role in making training decisions, customers will feel greater responsibility for attending and completing training. At least two state grantees and one local site reported observations that support this assertion. Customers were also very satisfied with their CAA experience. The evidence for high levels of customer satisfaction in the CAA program is nearly universal, although hardly surprising. In most cases, customers were very

---

[108] Arranging for prompt training entry near the beginning of a college semester is a well-recognized, ongoing problem for WIA-ITA staff. It is common for LWIA staff to expedite their procedures or omit certain

happy that there were public funds of any type available to pay for their training. Most customers also expressed satisfaction with specific elements of the CAA Demonstration. Several CAA recipients felt that the eligibility rules permitted them to attend training for which they could not get WIA support. For example, one Jefferson City, Missouri customer stated that he had already been turned down for training by WIA. This recipient and nearly all others expressed satisfaction with the simplified intake process for CAAs. They felt that the intake, decision-making, and approval processes were reasonable. Many of these customers had already made their training decisions so the absence of required core and intensive services and multiple case management appointments was very positive for them. Only one customer contended that the paperwork requirements were excessive, and one was disappointed that he could not use his award for more than one training program because of a state or local limitation.

Short-term training responded to several types of worker needs. Although short-term training was not an explicit focus of the CAA Demonstration, the grantees and their LWIAs typically provided short-term training under the CAA Demonstration. The average duration of all CAA training was 15 weeks, compared to 31 weeks for adults and 41 weeks for dislocated workers under WIA formula funds for PY 2007, and 32 weeks and 41 weeks, respectively, in PY 2008. Staff respondents in every state agreed that the smaller size of the CAA awards, relative to ITA caps in most LWIAs, made the CAA especially well-suited to paying for shorter term, generally less expensive training. In addition, staff in two local areas noted that short-term training, because of its lower cost, reduces the risk that a poor training decision will waste scarce public training resources. The lower cost training, of course, also allowed a larger number of customers to be served. Respondents noted benefits in terms of target groups and types of training as well. The availability of such training in the CAA Demonstration opened up the public system to new participants—the highest- and least-skilled workers—who are not typically served by WIA.[109] Several sites mentioned that short-term training was especially useful to relatively high-skilled people who may need only a brush-up or an upgrade of existing skills to make their resumes marketable. For the least-skilled people, a short program was helpful in adding a small skill that would enable them to enter or re-enter the workforce in an entry-level job and afford them eligibility or suitability for subsequent longer-term ITA training.

Others also benefited from short-term training. Dislocated workers, regardless of skill level, viewed the short commercial truck driving programs as a quick way to recover higher wages.

---

requirements to ensure that a participant does not have to wait 6 or 12 months to begin a program at the school's next program cycle. However, these special efforts often disrupt staff routines and are inefficient.

[109] ITA training in most of the participating LWIAs, in contrast, emphasized training of sufficient duration to produce sufficient employment and earnings gains on the Common Measures and a higher return on investment that the WIA requires.

Certified nursing assistants moving towards becoming licensed practical nurses were able to use CAAs to complete training plans that were only partially paid by some employers.

CAA recipients enjoyed a wider choice of training programs and providers than ITA recipients. Eliminating the ETPL increased customer choice. Four of the states (Michigan, Minnesota, Missouri, and Wyoming) immediately cast the requirement aside and allowed nearly free choice, excluding only vendors that did not meet the minimum integrity requirements (such as bonding) of the state education department's list. Two others (Georgia and Ohio) recommended that customers use the ETPL but did not require its use. Two states (Indiana and Pennsylvania) required use of the list. Indiana state staff claimed that virtually all publicly-funded training in the state was provided by the community and technical college programs that comprised the ETPL. Pennsylvania coupled its requirement with an open, expedited procedure to include vendors who were suggested by CAA customers.[110]

One local area, Northwest Georgia, sought to increase training opportunities by emphasizing OJT. As such, the cost of the training, which is always negotiated with the employer, could be fitted within the CAA's $3,000 cap. However, the recession limited employer interest and the number of such training opportunities.

Vendor response to the CAAs also affected whether the training market expanded or not.[111] Two grantees (Indiana and Wyoming) reported that the CAA improved the overall relationship with the community college system, which was the major training vendor in those areas. The community colleges were able to customize programs to meet CAA needs (for example, cost and duration). Not all vendors were as responsive to CAA needs, especially when it came to creating the types of short-term programs that were suitable for the CAA. This was the case in Northwest Georgia, where the area's technical colleges—the primary vendors—were essentially in the business of providing longer-term, degree-based training.[112]

Negative Effects of the CAA Demonstration

Administrative cost limitations hampered implementation of the CAA system. ETA expected that a reduced counseling regimen and simplified administrative procedures would

---

[110] At least one local area staff member observed that the expedited procedure was not fast enough.

[111] One Ohio customer pointed out that her training vendor dropped the catalog price specifically to accommodate her program, putting this training opportunity within reach of the CAA. However, the data collection did not determine whether this practice was the result of any CAA element. Such price drops sometimes occur under ITA as well.

[112] There was no information on how any of the expansion efforts affected vendor quality.

reduce the non-tuition costs of the training program, and, therefore, the CAA grants limited the states to five percent for administration. In contrast, other ETA programs have administration cost limits that range from 10 to 15 percent. Many of the demonstration states considered this to be a significant weakness, and at least four states explicitly noted that the five percent cost limitation for administration hampered their implementation. For example, staff in one state said that even though there were simplified procedures for case management, data collection, and payment, the costs of many of the other activities were fixed, and this pushed actual administration costs above the grant limit. One other state indicated that this weakness alone would prevent it from using a CAA system.

Limited staff assistance meant that some customers did not make informed training decisions. The initial CAA model clearly limits staff assistance relative to what occurs under WIA training. While limited staff assistance was viewed as a positive feature by some staff respondents, more staff—both front-line and administrative—viewed it as a negative. Many respondents believed that very few customers could make informed decisions without a WIA-like level of case management. One LWIA staff member in Minnesota thought that reduced case management might be suitable for perhaps 20 percent of American Job Center customers at most. He noted that the lack of counseling would contribute to lower training completion rates. Another local staff person in Indiana noted that the absence of counseling inhibited proper coordination with training vendors.

One state-level respondent in Michigan felt that limited case management was setting up unemployed CAA recipients for failure. His observations suggested that unemployed people needed some human contact and hand-holding in addition to the technical guidance on job searching and training decisions. This was especially true for the relatively lower-skilled dislocated workers who were leaving Michigan's automotive plants after 20 to 30 years at very high wages. A grant manager at an LWIA in another state reiterated this view by concluding that the CAA had proved the need for good case management.

Among the services that CAAs frequently skipped was assessment. Respondents in Georgia, Minnesota, and Ohio felt that omitting this step contributed to poor training decisions. In a Georgia LWIA, one staff member pointed out that vendors sometimes rejected CAA recipients who had not been assessed.[113]

---

[113] Some LWIAs do little assessment anyway, such as only giving the TABE. Such LWIAs essentially rely on the training vendors to screen out people who do not have sufficient skills for the program. However, vendors do not typically provide a full battery of interest inventories and other assessment tools that may be important for ensuring good longer-term outcomes.

Customers requiring supportive services were either not served or had to co-enroll in WIA. Supportive services are a common feature of WIA training, but the CAA, with its focus on using resources for tuition, explicitly excluded supportive services from grant or leveraged-fund expenditures. Several states addressed this limitation at the outset by excluding individuals requiring such services from participating. Other states accepted such participants but made sure they enrolled in WIA to get supportive services. Several respondents felt that a training program should offer direct access to such services because having participants co-enroll in another program to receive the services adds a layer of administrative complexity and staff coordination.

Setting a $3,000 cap limited training opportunities. Setting a cap on tuition and related training expenses involves a trade-off between the scope and breadth of training programs and the number of participants served. High caps allow wider training opportunities at higher-priced programs or vendors and serve fewer people, while a low cap reverses the equation. A similar trade-off occurs relative to the length of training, with a lower cap allowing more participants but limiting the training to shorter-term programs. While most of the staff respondents believed that the $3,000 cap was consistent with filling an important short-term-training niche, it was not adequate as a cap for a general training program because it limited the number and types of programs that were available. In general, for their ongoing ITA programs, most of the LWIAs visited had resolved this issue in favor of higher ITA caps.

Without the ETPL, customers had less protection from unscrupulous training vendors. Eliminating the ITA requirement that training vendors must come from the ETPL—which has a number of controls on vendor quality—exposed CAA recipients to the vicissitudes of the training marketplace. Several local respondents noted that some vendors are likely to exploit customers, especially in the absence of staff assistance to counter potentially biased information from the vendors. The practice of reverse referrals—by which vendors recruit potential participants and refer them to the training program, expecting the program to pay for the tuition—was one area of potential abuse. At least two local sites initially sought to market the CAAs to vendors, who would then provide reverse referrals back to the American Job Center for CAA awards. However, both LWIAs eventually ended this practice because the vendors were not referring suitable CAA customers. On the other hand, Wyoming felt that reverse referrals from its community colleges were examples of good coordination.

Assessing the Key Principles of the CAA Demonstration

The purpose of a demonstration is to see how certain principles and policy objectives play out in the real world. Based in part on the implementation challenges and positive and negative effects of the demonstration described above, this section offers tentative judgments on whether or not the demonstration validated the ability of the CAA model to achieve five key policy objectives.

Implicit in these objectives is a comparison with the existing ITA system, the primary method of training delivery under WIA. Specifically, the CAA model was expected, relative to ITA, to achieve the following goals:

- Expand access to training by serving new target groups
- Facilitate access to training by streamlining procedures
- Allow customers greater freedom in selecting training programs and vendors
- Help customers make informed training decisions with less counseling
- Reduce the costs associated with administration and counseling

Did CAA serve new groups of workers? Yes. ETA established a clear policy framework in this area by precluding service to TAA participants and those who received training benefits from employer buy-out packages. The grantees concurred with the principle. The evidence is overwhelming that all of the grantees entered the demonstration fully intending to serve people who were not being trained by the existing training programs. Through the groups they targeted, the eligibility requirements they established, and the marketing efforts they carried out, grantees consistently reached out to new groups of workers, including incumbents, adults just above self-sufficiency levels, or high- and low-skilled people.

Did participants move promptly and easily into training? Yes. The evidence for expedited entry to training is clear at all grantees and all local sites. Several states established policy guidance to facilitate training entry, and the local staff were comfortable in making it work. No lower tier services, assessments, vendor research, or extensive counseling appointments were required, as is the case with an ITA. To expedite training entry, several states set up procedures that reduced paperwork (for example, fewer documents or simplified applications) and expedited administrative procedures for approving CAA awards. Even in the states that integrated CAAs into their American Job Center training systems (Michigan and Ohio), CAA participants quickly moved through the training decision-making process. In these states, many customers had already gone through core or intensive services so their overall trajectories were not as fast as those who entered the demonstration through direct marketing.

Did customers experience greater freedom in making training decisions? Yes and no. Customer choice expanded in some respects and contracted in others. Eliminating the requirement to use the ETPL obviously expanded the choice of vendors and programs. Even in the two states that still required the list, expedited approval procedures were adopted. On the other hand, the $3,000 cap, which is much lower than that typical for ITA, foreclosed many training opportunities.

Some limitations, such as the two-year duration or a requirement to train in certain high priority or high growth occupations, were the same in both programs.[114]

Were customers able to make informed training decisions with reduced counseling? This is difficult to determine. The evidence is clear that most CAA recipients in all states received less counseling and case management in making their training decisions than ITA participants. In contrast to the structured WIA process, no local site established any specific procedures attuned to CAA principles and intended to promote the quality of training decisions. CAA staff referred CAA recipients to American Job Center self-service assessments and labor market information. Counselors generally offered guidance only if the customers requested it. Whether, through these self-services and limited counseling interactions, CAA recipients reached informed training decisions is uncertain. Staff opinions about the quality of customers' decisions were very mixed, and their observations were often colored by their views of a reduced counseling regimen. In addition, there is no quantitative data that can be used to shed any further light on this topic.

Did CAA grantees and LWIAs reduce their costs? This, too, is difficult to determine. All grantees adhered to the five percent administrative cost limitation, despite some grumbling from several grantees. However, it is not feasible—without a targeted audit—to compare costs between an ongoing ITA program and the temporary CAA Demonstration when the two have very different rules on what constitutes an administrative cost.

Post-Grant Plans for CAA Methods

Demonstrations often have implications for ongoing operations. Indeed, the CAA Demonstration was designed explicitly as a test of an alternative mode of training delivery that might, because of its potential benefits, find favor among those in the workforce investment system. Thus, it is important to ascertain whether any of the grantees plan to adopt all or part of a CAA system or whether the demonstration yielded any practices that may be worthy of adoption.

Sustainability of the CAA Model

None of the states indicated that they had any plans to adopt a CAA-like training program or any of its key features after the grant ends. However, one state (Georgia) left the door open slightly, stating that it did not know whether the demonstration was effective because the evaluation did

---

[114] The Interim Report pointed out that the CAA requirement for a nationally recognized credential provided less customer choice than the ITA credential requirement, which permits locally determined credentials. The report authors reconsidered this proposition and concluded that the reduction in customer choice would be real only if there were a significant number of local credentials under the ITA. Unfortunately, no data exists to test this proposition, so it is omitted from the final report.

not include an impact estimate that could tell grantees whether CAA had better outcomes on the Common Measures than ITA.

Innovative Practices

Despite grantee unwillingness to adopt a CAA system, the evidence suggests that the demonstration yielded some ideas that are worthy of emulation or replication. This section documents those ideas. It should be noted that demonstration sites did not operationalize these ideas nor establish procedures so specific models for these practices may not be available.

Tailor the level of staff support to the customer's actual needs. While anyone who manages ITA training or works on the front line knows that customers vary considerably in their need for staff assistance, the demonstration helped most of the states and local grantees recognize that many customers come into the workforce investment system having already made fully-informed training decisions and that investing staff time in assisting these customers does not contribute to better decisions. Other customers need only exposure to the American Job Center's labor market information and other universal, self-service resources to complete training decisions that are already well-informed. Reducing staff assistance for these customers can allow LWIAs to concentrate on those customers who most need help.

Provide short-term training for dislocated workers served by Rapid Response to facilitate their early re-employment. Ohio used its CAA funds to provide skills training and other services to workers displaced due to downsizings, closings, or layoffs (as a part of Rapid Response[115] efforts). In at least two major layoffs in areas that were visited, Rapid Response staff offered dislocated workers the opportunity for short-term, upgrade, or fill-in training before or immediately after layoff to promote early re-employment, an important goal for the Rapid Response system.[116] The CAA was used for workers who were not eligible for WIA training when the Rapid Response team intervened for one or more of the following reasons: 1) the workers had more than six-months notice, 2) some were not dislocated workers because the employer had deliberately created (according to LWIA Rapid Response staff) poor working conditions that pressured workers to quit before the closing notice was issued, or 3) the workers were employed by secondary firms when the primary worker group was being assisted by a NEG with firm-specific eligibility criteria.

---

115 For more information on Rapid Response Services for workers and employers, please see ETA's Web site at: http://www.doleta.gov/layoff/rapid.cfm.

116 See SPR's forthcoming "*Evaluation of Rapid Response*" for a discussion of immediate re-employment in Rapid Response.

Provide short-term training for workers potentially eligible for TAA. Missouri considered requesting authorization from ETA to use CAAs to provide short-term skills enhancements, such as training in basic computer skills, for workers who had filed a TAA petition but were not yet certified. This practice would have allowed these dislocated workers to acquire important skills that would facilitate longer-term occupational training if their TAA petitions were certified. If their petitions were not certified, the computer skills could facilitate immediate re-employment or subsequent WIA training.[117]

Provide short-term training focused on meeting regional economic needs. With CAA funds, Southwest Indiana marketed incumbent worker training to local health-care employers. The CAA funds were sufficient to finance a canvas of health-care employers to identify incumbent workers who would benefit from short-term skill upgrades that addressed the local health-care skill deficits. Incumbent workers upgraded their skills and entered new jobs. The health-care employers benefited from the increased skills, even though they had to hire entry-level workers to fill the newly vacated jobs. In addition to the benefits for upgraded and new workers, the practice helped connect employers to their local American Job Centers.

Although short-term training was not an explicit focus of the CAA Demonstration, the implementation in all states made it clear that it fit in with the model's duration and cap and the needs of CAA recipients. It was, arguably, the most common positive result of the demonstration, and three of the four practices that appear to have future relevance to the work-force system are based on its use.

---

[117] No formal authorization request was made to ETA. In any event, conceptually, this use of CAAs is essentially the same as that used by the Ohio Rapid Response team.