Economic Scene

New (and Sometimes Conflicting) Data on the Value to Society of the Job Corps

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Published: January 4, 2006

It is a cliché that good research raises more questions than it answers; sometimes it also creates confusion and consternation. Such has been the case with a long-running evaluation of the Job Corps program.

Recent research challenges earlier findings that the Job Corps pays for itself in terms of the benefits to society and gain in earnings for teenage participants, although for 20- to 24-year-olds the benefits still appear to exceed the costs.

The job training budget for disadvantaged youth has been substantially cut in the last decade. The Job Corps is the largest and most comprehensive of the remaining programs. Each year, it provides around 60,000 youths from age 16 to 24 with many services, including education, vocational training and counseling.

Since 1993, Mathematica Policy Research Inc. has evaluated the performance of the Job Corps for the Department of Labor. Its evaluation is based on one of the most rigorous research designs ever used for a government program. From late 1994 to December 1995, some 9,409 applicants to the Job Corps were randomly selected to be admitted to the program and another 6,000 were randomly selected for a control group that was excluded from the Job Corps.

Mathematica's initial findings, from periodically surveying the 15,409 individuals in the four years after they applied, were encouraging. Those admitted to the program had a lower crime rate, higher literacy scores and higher earnings than the control group. The benefit to society was estimated at twice the $16,500 cost to the government per participant - if the earnings gain from taking part in the program persisted.

So far, so good. But Mathematica has continued to evaluate the program, using administrative earnings data that were collected as part of the Social Security and Unemployment Insurance payroll tax systems from 1993 to 2003. The Labor Department briefly posted Mathematica's report, "National Job Corps Study: Findings Using Administrative Earnings Records Data," by Peter Z. Schochet, John Burghardt and Sheena McConnell, on its Web page last Nov. 29.

A summary of the report, which was completed in October 2003, was provided to me anonymously and its accuracy was independently confirmed. The Labor Department declined to comment publicly on the report and why it was removed from the Web.

On the one hand, the administrative records support a central conclusion of the survey data: in 1998, the last year with survey data, those randomly selected for the program earned $220 more than the control group, on average, according to the Social Security data; $5,804 versus $5,584. The earnings gain from the Job Corps was twice as large for 20- to 24-year-olds, who make up around a quarter of participants.

On the other hand, the new data raise several puzzles and paint a less optimistic picture over all.

First, the survey data imply a much larger boost to earnings from the Job Corps than the tax data. In 1998, the survey found that the admitted group earned $972 more than the control group, four times the gain gleaned from the tax records.

Second, the trends are different. The survey data show the earnings advantage of the program group growing to 10 percent in 1998, from 4 percent in 1997. The tax data have it at 4 percent in both years.

Third, the advantage in reported taxable earnings evident for the program group in 1997 and 1998 shrinks and becomes indistinguishable from zero in 1999 and later years. For applicants aged 20 to 24, however, the earnings gain from being admitted to the Job Corps remains substantial after 1998.

Fourth, annual earnings are remarkably different in the survey and the tax records. The average Job Corps applicant earned $9,800 in 1998 according to the survey, but just $5,700 according to Social Security records. What accounts for the gaping difference?

Mathematica has tried to unravel the discrepancies between the survey and tax data. The differences are partly explained by under-the-table earnings not reported in tax data, overreporting of hours worked in the survey, and - despite an 80 percent response rate to the survey - a tendency for the more successful Job Corps participants to respond to the survey. Other possible factors are mismatched tax records, incomplete reporting of taxable earnings by businesses and misleading answers to the survey.

The main cause of the discrepancies, however, remains a mystery that may never be solved. Howard Bloom, the chief social scientist at MDRC, a nonpartisan policy research organization, said he could not resolve a similar discrepancy between average self-reported earnings and tax records for disadvantaged male youth, especially those with a prior criminal record, in another training program evaluation.

If the earnings patterns from the payroll records are trusted, then the earlier conclusion that the total benefits to society of the Job Corps exceed the costs no longer holds for participants as a whole.

For the 20- to 24-year-old group, however, a plausible prediction based on the administrative records suggests that the increase in participants' earnings and other benefits to society, including a reduction in crime, more than offset the cost of the program.

One implication is that it makes sense to admit more 20- to 24-year-olds to the Job Corps. The Job Corps is a highly effective model for them. It would be useful to learn how to more effectively apply that model to teenagers. In the meantime, figuring out better ways to prevent disadvantaged teenagers from dropping out of high school should also be a priority.

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