

Department of Labor

Eliminate the Office of Federal Contract Compliance Programs

RECOMMENDATION

Congress should eliminate the Office of Federal Contract Compliance Programs (OFCCP).

RATIONALE

In 1965, President Lyndon Johnson signed Executive Order No. 11246, prohibiting federal contractors from engaging in racial discrimination. The OFCCP enforces these requirements. At the time Johnson promulgated this executive order, the Civil Rights Act provided only weak enforcement powers. Since then, Congress has given the Equal Employment

Opportunity Commission (EEOC) strong enforcement powers. Federal employees frequently appeal allegedly discriminatory actions to the EEOC. The OFCCP has become redundant. Taxpayers should not fund two separate and duplicative anti-discrimination agencies, one for federal contractors and one for all employers.

Eliminate the Women's Bureau in the Department of Labor

RECOMMENDATION

Congress should eliminate the Labor Department's Women's Bureau.

RATIONALE

The Women's Bureau examines challenges facing women in the workforce. It was created in 1920 when few women worked outside the home. Today, women make up half of the workforce. The challenges facing female employees are the challenges facing workers as a whole. The Women's Bureau has become obsolete. Issues surrounding gender discrimination are handled by other offices and agencies, such as the Equal Employment Opportunity Commission.

Eliminate Funding for the International Labor Affairs Bureau

RECOMMENDATION

Congress should eliminate funding for the International Labor Affairs Bureau (ILAB).

RATIONALE

The ILAB monitors foreign compliance with labor obligations under trade treaties. It also hands out grants to unions and aid organizations to promote the welfare of foreign workers. The effectiveness of these grants is unclear and a poor use of U.S. taxpayer

dollars in times of tight budgets. Congress should eliminate ILAB funding for grant making and restore it to its core purpose of monitoring treaty compliance.

Eliminate Susan Harwood Training Grants

RECOMMENDATION

Congress should eliminate Susan Harwood Training Grants.

RATIONALE

The Department of Labor has a history of operating ineffective job-training programs. The evidence from every multi-site experimental evaluation of federal job-training programs published since 1990 strongly indicates that these programs are ineffective. Based on these scientifically rigorous evaluations using the “gold standard” of random assignment, these studies consistently find failure.

Since 1978, the Occupational Safety and Health Administration (OSHA) has provided Harwood grants to nonprofit organizations to provide safety training to workers. Despite existing for decades, OSHA does not have any credible evidence that these training grants are effective. Case in point is the FY 2015 Department of Labor performance report that relies solely on the number of people trained to assess performance of the grant program.¹ The number of people trained does nothing to determine whether trainees learned anything to make workplaces safer.

Measuring the number of people trained does not measure program “impact,” it measures an output. The number of people trained is not a measure of effectiveness. It would be like a drug company claiming a new drug is successful simply because the drug was provided to a large number of people. Whether the drug cured or treated a disease is unknown.

Instead, the effectiveness of the Harwood grants should be assessed by the program’s actual impact on participants. Program impact is assessed by comparing outcomes for program participants with estimates of what the outcomes would have been had the participants not partaken in the program. Did participation in the training increase earnings and employment? Without a valid comparison, performance monitoring based on “outputs,” such as number of people trained, cannot provide valid estimates of program effectiveness.

Eliminate the Workforce Innovation and Opportunity Act's Job-Training Grants

RECOMMENDATION

Congress should eliminate the Workforce Innovation and Opportunity Act's (WIOA's) adult, dislocated worker, and youth job-training grants.

RATIONALE

The Department of Labor has a history of operating ineffective job-training programs. The evidence from every multi-site experimental evaluation of federal job-training programs published since 1990 strongly indicates that these programs are ineffective. Based on these scientifically rigorous evaluations using the “gold standard” of random assignment, these studies consistently find failure.

On Election Day November 8, 2016, while Americans were focused on who was going to move into the White House, the U.S. Department of Labor publicly released 15-month findings of the Workforce Investment Act (WIA) Gold Standard Evaluation. However, the report had already been finalized in May 2016. The peculiar timing and months-long delay occurred despite the Labor Department's official policy of releasing reports within two months of a report's completion.²

The WIA Gold Standard Evaluation assessed the effectiveness of WIA Adult and Dislocated Worker programs. The 15-month findings continue a decades-long trend of dismal results. The findings are highly relevant to policymakers today, because the authorization of the WIOA did not substantially alter the types of employment services offered by the Adult and Dislocated Worker programs.

The most important test of the WIA's effectiveness is the comparison of full-WIA services—intensive services (skills assessments, workshops, and job-search assistance) plus job training—to core services that offered mostly information and online tools for participants to plot their careers and find employment. During the five quarters of the follow-up period, members of the full-WIA group failed to have statistically different earnings than the core group members. In the fifth quarter, the earnings of the full-WIA group, on average, were indistinguishable from the earnings of the core group. Despite being more likely to enroll in training, and receive one-on-one assistance and

other employment services, participation in full-WIA had no effect on earnings.

Full-WIA participants did not believe that the services provided to them resulted in finding jobs in any occupation. A solid majority of 57 percent of full-WIA participants believed that the services provided to them was unrelated to finding employment. Perhaps more important, participants in the WIA were largely unable to find employment in occupations related to their training. Only 32 percent of full-WIA participants found occupations in the area of their training. Thus, 68 percent were unable to find employment in their intended occupations. Full-WIA participants were no more or less likely to find employment in their planned occupation than the other groups.

Federal job-training programs targeting youth and young adults have been found to be extraordinarily ineffective. According to a 2009 report by the Government Accountability Office:

[L]ittle is known about what the workforce system is achieving. Labor has not made such research a priority and, consequently, is not well positioned to help workers or policymakers understand which employment and training approaches work best. Knowing what works and for whom is key to making the system work effectively and efficiently. Moreover, in failing to adequately evaluate its discretionary grant programs, Labor missed an opportunity to understand how the current structure of the workforce system could be modified to enhance services for growing sectors, to encourage strategic partnerships, and to encourage regional strategies.³

There is abundant evidence suggesting that federal job-training programs do not work.

ADDITIONAL READING

- David B. Muhlhausen, “Do Federal Social Programs Work?” Heritage Foundation *Backgrounders* No. 2884, March 19, 2014.
- David B. Muhlhausen, “Federal Job Training Fails Again,” Heritage Foundation *Backgrounders* No. 3198, March 10, 2017.
- Sheena McConnell et al., *Providing Public Workforce Services to Job Seekers: 15-Month Impact Findings on the WIA Adult and Dislocated Worker Programs* (Washington, DC: Mathematica Policy Research, May 2016).
- U.S. Government Accountability Office, “Workforce Investment Act: Labor Has Made Progress in Addressing Areas of Concern, But More Focus Needed on Understanding What Works and What Doesn’t,” February 26, 2009.

Let Trade Adjustment Assistance Expire

RECOMMENDATION

Congress should eliminate the entire Trade Adjustment Assistance (TAA) program by letting its authorization law expire.

RATIONALE

TAA provides overly generous government benefits to American workers who lose their jobs when foreign companies prove more competitive than their American employers. The program encourages recipients to participate in job training. As a result, they spend considerable time in job training that could have been spent looking for work or working. Most participants never recover this lost income, and their federal subsidies only partially offset these financial losses. Participating in TAA costs the average participant approximately \$25,000 in lost income over four years. Congress should not spend taxpayer dollars actively hurting unemployed workers' job prospects.

Program evaluations of TAA find no evidence that this assistance and training improves earnings based on newly acquired job skills. This finding should not be surprising, because scientifically rigorous evaluations of federal job-training programs have consistently found these programs to be highly ineffective.

A 2012 quasi-experimental impact evaluation of TAA by Mathematica Policy Research and Social Policy Research Associates builds on the consensus

of three previous quasi-experimental impact evaluations that have found TAA ineffective at improving the employment outcomes of participants.⁴

Overall, there is little empirical support for the notion that TAA improves the employment outcomes of displaced workers. In fact, TAA participants are more likely to earn *less* after participating in the program. TAA failed a straightforward test of determining whether the program produces more benefits than costs.

Furthermore, TAA benefits often go to politically connected unions and firms that did not experience layoffs caused by foreign competition. The Labor Department only requires showing a correlation between increasing foreign imports and a firm's loss of sales. These correlations are often coincidental, or unrelated to the firm's financial woes. This allowed the Obama Administration to award TAA benefits to Solyndra and Hostess despite foreign competition having little to do with the bankruptcies of these companies.

ADDITIONAL READING

- David B. Muhlhausen, James Sherk, and John Gray, "Trade Adjustment Assistance Enhancement Act: Budget Gimmicks and Expanding an Ineffective and Wasteful 'Job-Training' Program," Heritage Foundation *Issue Brief* No. 4396, April 28, 2015.

Eliminate Job Corps

RECOMMENDATION

Congress should eliminate Job Corps.

RATIONALE

The National Job Corps Study, a randomized experiment—the “gold standard” of scientific research—assessed the impact of Job Corps on participants compared to similar individuals who did not participate in the program. For a federal taxpayer investment of \$25,000 per Job Corps participant, the study found:

Compared to non-participants, Job Corps participants were less likely to earn a high school diploma (7.5 percent versus 5.3 percent);

Compared to non-participants, Job Corps participants were no more likely to attend or complete college;

Four years after participating in the evaluation, the average weekly earnings of Job Corps participants were a mere \$22 higher than the average weekly earnings of the control group; and

Employed Job Corps participants earned only \$0.22 more in hourly wages compared to employed control group members.

If Job Corps actually improved the skills of its participants, it should have substantially raised their hourly wages. A paltry \$0.22 increase in hourly wages suggests that Job Corps does little to boost the job skills of participants.

A cost-benefit analysis based on the National Job Corps Study found that the benefits of Job Corps do not outweigh the cost of the program. Job Corps does not provide the skills and training to substantially raise the wages of participants. Costing \$25,000 per participant over an average participation period of eight months, the program is a waste of taxpayers’ dollars.

ADDITIONAL READING

- David B. Muhlhausen, “Do Federal Social Programs Work?” Heritage Foundation *Backgrounder* No. 2884, March 19, 2014.
- David B. Muhlhausen, “Job Corps: An Unfailing Record of Failure,” Heritage Foundation *WebMemo* No. 2423, May 5, 2009.

ENDNOTES

1. U.S. Department of Labor, *U.S. Department of Labor FY 2015 Annual Performance Report*, <https://www.dol.gov/sites/default/files/documents/general/budget/CBJ-2017-V1-01.pdf> (accessed January 3, 2017).
2. U.S. Department of Labor, "U.S. Department of Labor Evaluation Policy," November 2013, <https://www.dol.gov/asp/evaluation/EvaluationPolicy.htm> (accessed January 3, 2017).
3. Statement by George A. Scott, "Workforce Investment Act: Labor Has Made Progress in Addressing Areas of Concern, But More Focus Needed on Understanding What Works and What Doesn't," U.S. Government Accountability Office, February 26, 2009, <http://www.gao.gov/new.items/d09396t.pdf> (accessed May 25, 2017).
4. Peter Z. Schochet et al., "Estimated Impacts for Participants in the Trade Adjustment Assistance (TAA) Program Under the 2002 Amendments," Social Policy Research Associates and Mathematica Policy Research, August 2012, http://wdr.doleta.gov/research/FullText_Documents/ETAOP%5F2013%5F10%5FParticipant%5FImpact%5FReport%2Epdf (accessed January 8, 2016).