

Research Report No. 09-4 (revised)

**Washington State Board for Community and
Technical Colleges**

ACCOUNTABILITY REPORT FOR THE WORKER RETRAINING PROGRAM AT WASHINGTON'S COMMUNITY AND TECHNICAL COLLEGES

October 2009

Through the Worker Retraining Program, Washington's community and technical colleges have trained more than 100,000 workers who lost their jobs as a result of downturns in the economy and industry restructuring. Workers retrained in the program find good jobs following training, garner near or above their pre-dislocation wages in those jobs, and remain employed.

This report describes Washington's Worker Retraining Program outcomes for workers who re-entered the workforce in 2007-08 following training in 2006-07. In addition, the report provides demographic and training information about current Worker Retraining students who lost their jobs in the current recession and will re-enter the workforce following training over the next two years.

Key Findings:

Workers who leave college following training and re-enter the workforce find good jobs following training, remain in those jobs and earn near or over their pre-dislocation wages.

- 5,187 dislocated workers left community and technical colleges in 2006-07 following training. Eighty-one (81) percent returned to work in 2007-08. The overwhelming majority returned to stable jobs; 97 percent were still employed one year later. Most returned to work in the regions in which they were employed prior to dislocation.
- On a net basis, more Worker Retraining students who returned to work in 2007-08 following training shifted out of Finance and Insurance and Accommodation and Food Services than any other industries, moving into Health Care and Administration and Support.



For Information About the Report Contact:
Deborah Stephens, Research Manager, Research and Analysis
Phone: 360-704-1014, Email: dstephens@sbctc.edu

For Information About the Program Contact:
Carol Melby, Program Administrator, Workforce Education
Phone: 360-704-4340, Email: cmelby@sbctc.edu

- Workers earning higher wages prior to dislocation recovered 87 percent of their wages when returning to work after training, earning median wages of \$20.76 prior to dislocation and \$18.06 following training. Lower-wage earners earned median wages of \$10.87 prior to dislocation and \$12.78 after training, achieving 118 percent wage recovery.
- Outcomes for placement rates, wage recovery rates and retention rates all exceeded target rates established by the State Board and the Workforce Training and Education Coordinating Board. These positive outcomes are the result of investments by colleges in the Worker Retraining Program. Colleges invested \$32.7 million in fiscal year 2008.

Worker Retraining Outcome Targets and Measures

Measure	Target	Actual (WR Students Returning to Work in 2007-08)
Job Placement Rate	75%	81%
Wage Recovery Rate	Higher Wage: 85% Lower Wage: 100%	Higher Wage: 87% Lower Wage: 118%
Retention Rate	75%	97%

In the current economy, record numbers of dislocated workers are coming to colleges for training and are studying in high-demand fields.

- Worker retaining enrollments that had been declining since 2004-05 started to increase by spring 2008, an early sign of the economic problems to come. Training programs popular with worker retraining students in 2009 include business management and accounting, health care and nursing, and information technology.
- In May 2009, Washington State’s unemployment rate reached 9.4 percent. Colleges expect unprecedented and historic worker retraining enrollments—as many as 15,000 FTEs by 2009-10.

Worker Retraining students are more likely to be older, female and students of color than the general student population.

- The median age of Worker Retraining students is 40, while the median age of all students is 26 and the median age of workforce students is 29.
- A much higher percentage of Worker Retraining students are African American than of all workforce students, while a lower percentage are Hispanic or Asian/Pacific Islander.

- Dislocated women are more likely to enroll in the Worker Retraining Program than men—58% were women in fall 2008 compared to 33% female UI claimants in 2008.

Background

In May 2009, Washington State's unemployment reached 9.4 percent, equal to the national average and nearly five percentage points higher than one year prior. As the recession deepens, the rate of increase in Washington's unemployment rate in 2009 is unprecedented and the need to provide training for these dislocated workers is becoming increasingly crucial to the future of Washington's economic recovery.

Enacted in 1993 by Washington's Legislature in response to substantial layoffs and economic restructuring, *the Workforce Employment and Training Act* was designed to provide funding to dislocated and unemployed workers for training programs and related support services.

As a result of that legislation, colleges created Worker Retraining programs that have served nearly 106,000 unemployed and dislocated workers in Washington to date. This law has significantly expanded the training available to the thousands of jobless workers who need to change careers in order to re-enter the workforce.

Washington's community and technical colleges, as well as licensed private schools, receive Worker Retraining funding to expand the colleges' capacity to deliver programs that prepare people for work. Based on input from local employers, government, and community, these funds are used primarily to pay faculty salaries to assure slots for Worker Retraining students and are used to update equipment, revise curriculum, and develop work experience opportunities. Colleges also hire staff to advise Worker Retraining students and coordinate Worker Retraining programs.

Most recently, the State General Fund provides the revenue for the Worker Retraining program. Colleges must focus their worker retraining programs on high employer demand professional-technical education and training, and must demonstrate how their programs align with the training needs for industries and clusters identified in the regions they serve.

Worker Retraining Program Outcomes (Students Re-Entering the Workforce in 2007-08 Following Training in 2006-07)

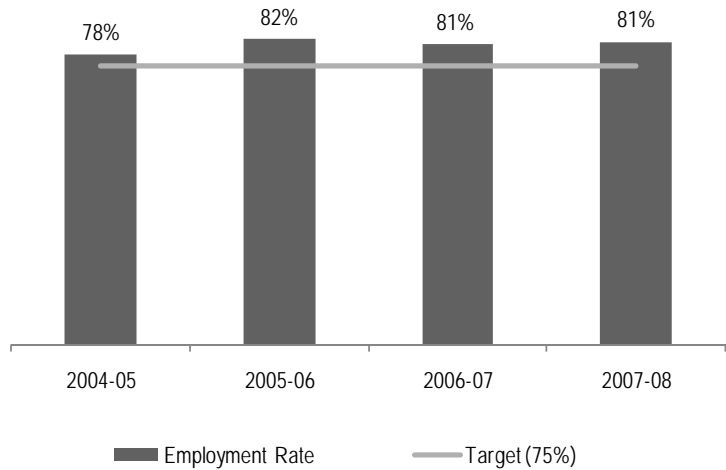
The Worker Retraining Program's success has been measured over time by job placement rates, wage recovery rates, and job retention rates of those who were trained in the program and returned to the workforce.

Outcome measures for Worker Retraining students are based on data captured by linking college files to Unemployment Insurance (UI) system data for those working in the state and nearby states, plus an estimate for self employment and for those who work out of the northwest region. Statistics are calculated for those Worker Retraining students that are considered part of the "exiting cohort", that is, they have not been enrolled or taken courses for at least one year.

The Worker Retraining Program outcomes provided in the sections that follow describe the 5,187 students who re-entered the workforce in 2007-08 following training the previous year.

Job Placement. Worker retraining job placement rates have remained consistently above the target of 75 percent set for this program. Placement rates are calculated three quarters (approximately nine months) after training.

Employment Rates for Worker Retraining Students Nine Months after Leaving College

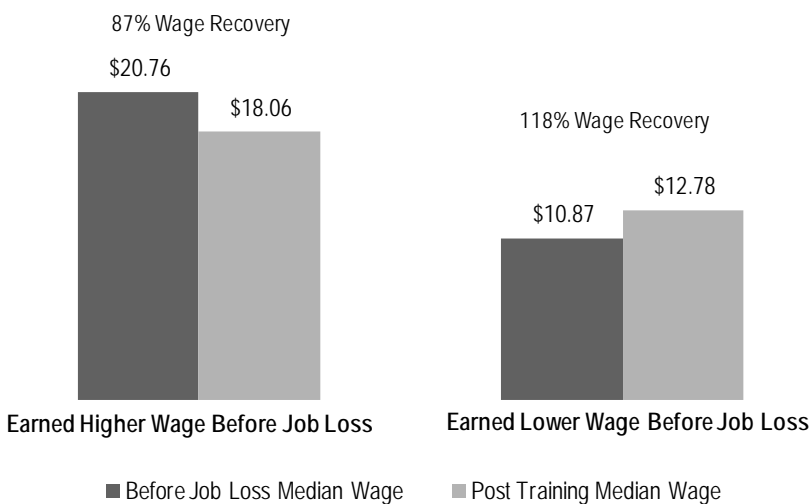


An additional two percent of worker retraining students continue further education after leaving the college where they initially started their retraining class work.

Wage Recovery Rates. The Worker Retraining program sets wage recovery goals based upon the worker's wages prior to job loss. Previous wage levels are measured five quarters before entering training and post-training wages are measured three quarters after training. For workers leaving high wage jobs, the target recovery is 85 percent of that rate after training. Previous research indicates that on average higher wage workers, even with the benefit of training will return to work at wages below their job loss wage level. A comprehensive study of the worker retraining program conducted by Workforce Training and Education Coordinating Board in 1996 found that participating in training provided a net benefit to those workers despite the wage loss after training.

In the most recent year, the wage recovery for Worker Retraining students earning a higher wage (at least \$14 per hour) prior to dislocation was 87 percent, a full two points above the target level

Worker Retraining Wage Recovery for Students Returning to Work in 2007-08



of 85 percent. Laid-off workers from lower wage jobs should expect to, and do, garner better paying jobs after retraining. The target for Worker Retraining is to return them to employment in jobs that pay at least as much as they earned before the job loss (100 percent wage recovery). Students who left lower

wage jobs and returned to work in 2007-09 earned well in excess of the target following their training (118 percent).

Retention Rates. Worker Retraining students who re-enter the workforce have very high retention rates a year after they re-enter the workforce. For students who re-entered the workforce in 2006-07, an impressive **97 percent** were still working one year later—in 2007-08. This rate far exceeds the 75 percent goal the Workforce Training and Education Coordinating Board (WTECB) set as a retention rate goal.

Pre-post Industry Change. On a net basis, workers returning to the workforce in 2007-08 after training moved out of the finance and insurance and accommodations and food service sectors (the former a sector that is downsizing and the latter a lower wage sector) into the health care, management and construction sectors of Washington’s economy.

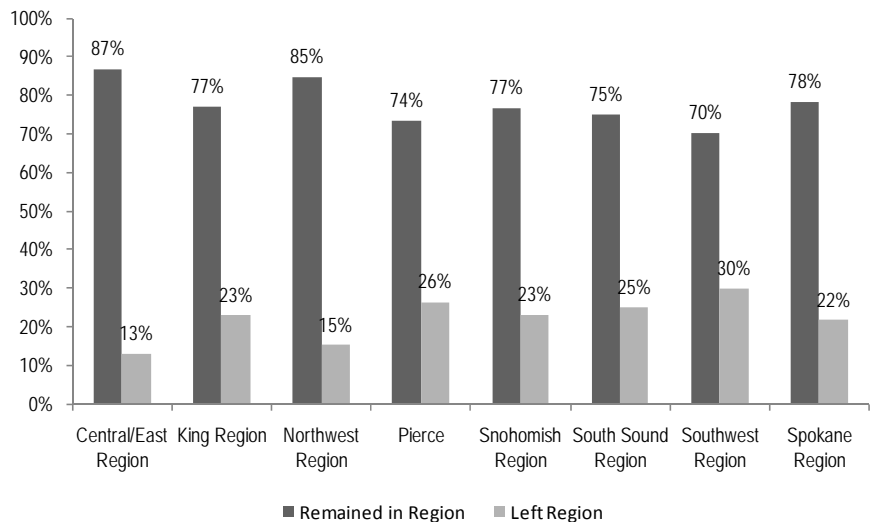
**Net Change in Employment by Industry, Before and After Training
(Students Who Re-entered the Workforce in 2007-08)**

Health Care and Social Assistance	5%
Administration and Support	4%
Construction	3%
Wood Product Manufacturing	1%
Professional, Scientific, and Technical Services	1%
Aircraft and Aircraft Parts, Boat, Truck and related Manufacturing	1%
Wholesale Trade	0%
Information	-1%
Retail Trade	-1%
Accommodation and Food Services	-2%
Finance and Insurance	-6%

Pre-Post Region of Employment.

Most Worker Retraining students remain in their pre-training region when they return to work following their training. Students returning to the workforce in 2007-08 (trained in 2006-07) were slightly less likely to remain in their pre-training region from the King, Pierce or Southwest Regions, as students who were dislocated from these larger metropolitan areas have additional choices for returning to work within driving distance. If the King, Pierce and Snohomish regions

Worker Retraining Students' 2007-08 Post-Training Region of Employment Compared to Pre-Training Regions



are combined, however, the percent of students who remain in the combined region jumps to 88 percent.

Students in the Central and East region, where all counties are rural, were most likely to work in their pre-dislocation region. The counties included in each of the regions are shown in the state map below.



Current Worker Retraining Students are Preparing for the New Economy (2008-09 Students)

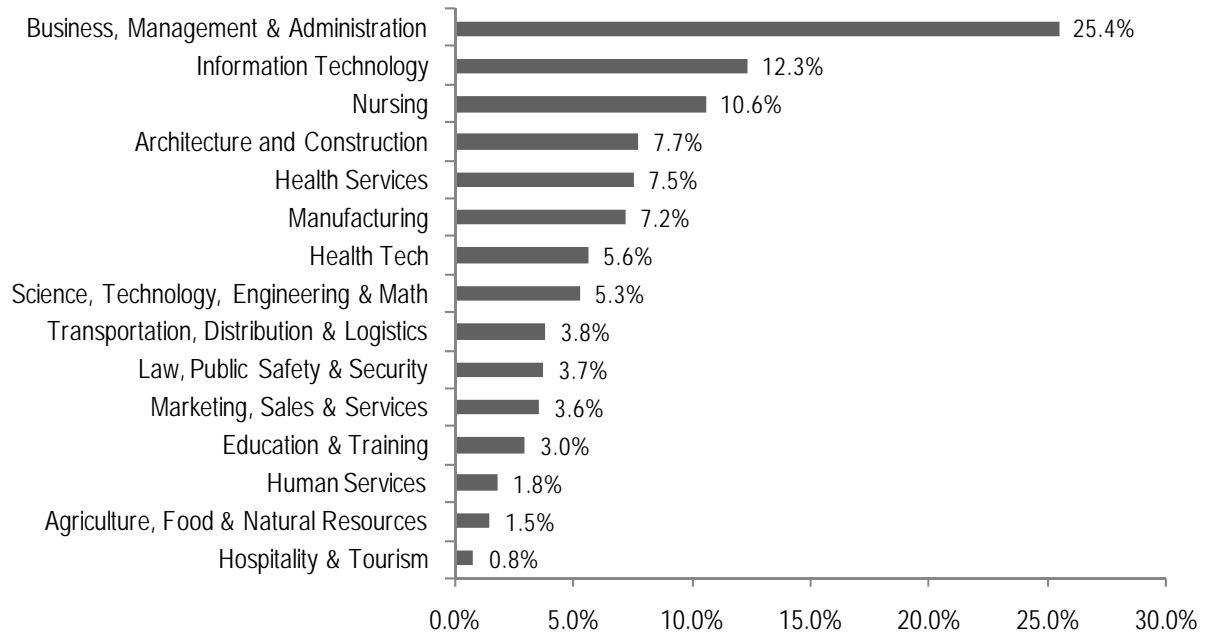
The opportunity to retrain dislocated workers allows them to prepare for jobs in the new economy. That is, students can train in fields where high employer demand is expected or in jobs that are considered part of the growing knowledge economy.

Current Students' Career Fields of Study. Over half of Worker Retraining students in winter quarter, 2008-09, are studying in high employer demand fields. More than a quarter are studying Business, Management and Administration, primarily in Accounting. Nearly another quarter are studying health-related fields, primarily Nursing. Another 12 percent are studying Information Technology. The winter quarter students' industries of study are broken out by career field in the table below. The career fields are based on 16 career clusters developed by **The States' Career Clusters Initiative (SCCI)** to provide these clusters as a tool for describing the transition from education to career, and can be accessed online at <http://www.careerclusters.org/resources/misc/16clusters.pdf>.

In the following table all 16 clusters are represented; however, the health-related field is further broken into Nursing, Health Tech (including higher wage fields of medical technicians) and

Health Services (including massage therapy, speech therapy, etc), to reflect the importance of

Current Students' Worker Retraining Career Fields of Study Winter 2008-09

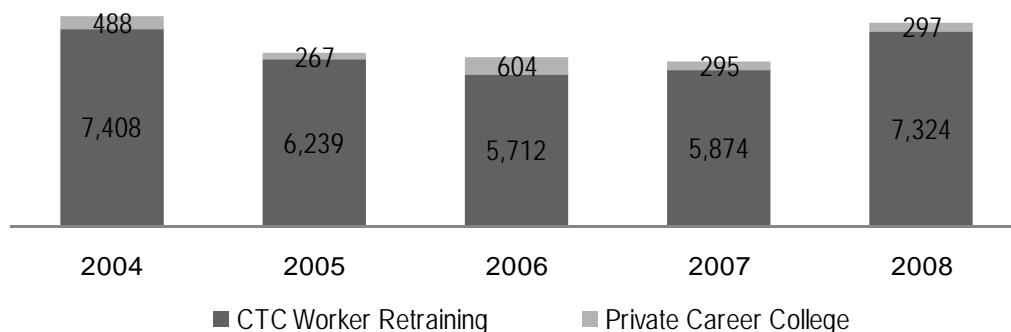


health fields in Washington state.

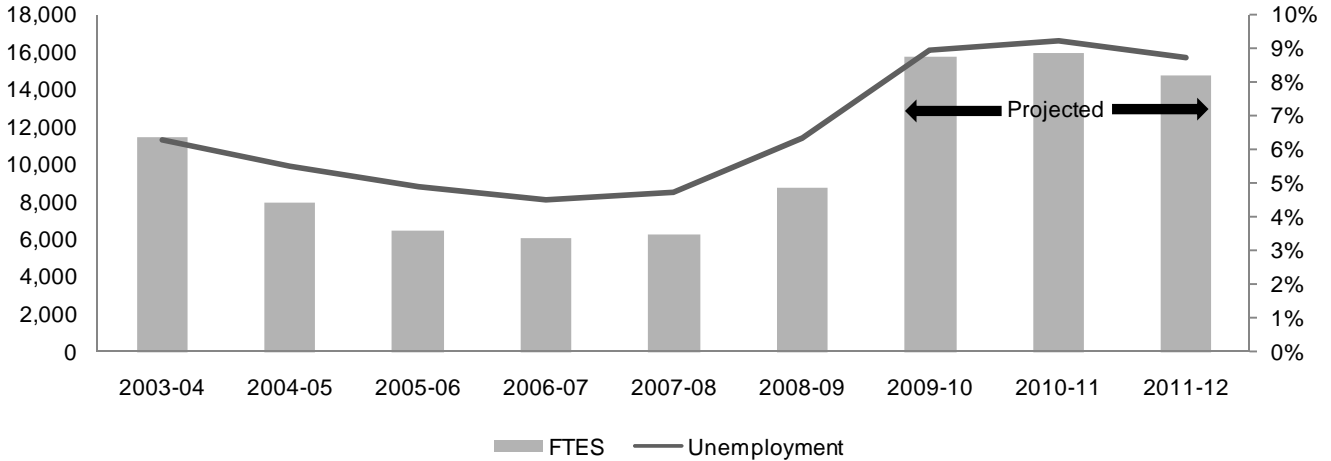
Growing Worker Retraining Enrollments in an Economic Downturn (Fall 2008 Students)

Worker Retraining enrollments increase and decrease based on the extent of job layoffs due to the changing economy. The unemployment rate is a useful measure for tracking the need for retraining, as Worker Retraining fall FTES track very closely with the September unemployment rate. As the economy began to worsen in 2008, fall 2008 Worker Retraining FTES were up 28 percent as the September unemployment rate rose by more than a full percentage point from the previous year. As the unemployment rate exceeded nine percent in early 2009, winter Worker Retraining rates grew another 22 percent. Based on projections of the unemployment rate, fall Worker Retraining FTEs are expected to reach as many as 15,000 students by 2009-10. See data by college at the end of this report.

Worker Retraining Fall Headcounts



Projected CTC Worker Retraining FTEs and the Projected September Unemployment Rate



The Demographics of Current Worker Retraining Students (2008 Students)

In fall 2008, over one-quarter (28 percent) of Worker Retraining students were students of color. The majority (64 percent) attend college full time—that is taking 12 credits a quarter. Worker Retraining students are typically older than other workforce students and a higher percentage are female.

**Overview of Worker Retraining Students Compared to All Students
Fall 2008**

	Worker Retraining Students	All State Supported Students
% Female	58%	58%
% Students of Color	28%	24%
% Full-Time	64%	45%

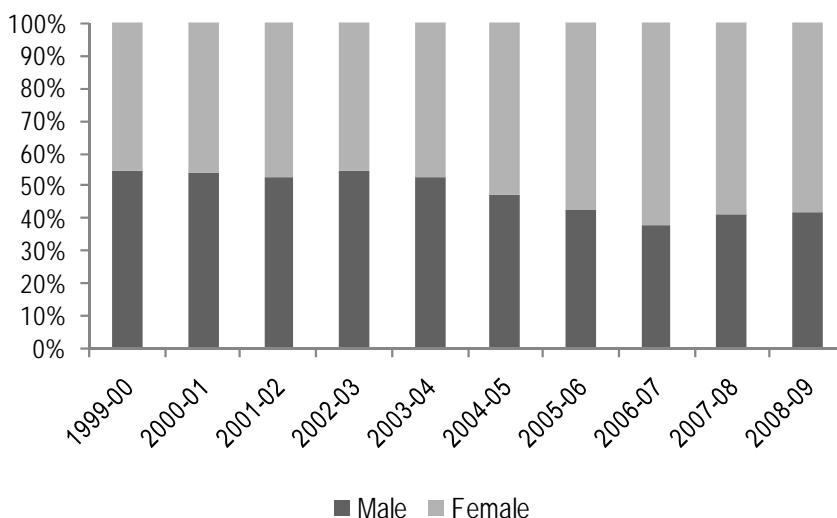
Age. Worker Retraining students are typically older than both workforce students and the general student population. In Fall 2008, the median age of Worker Retraining students was 40, while the median age of all students was 26 and the median age of all workforce students was 29. Sixty-four (64) percent of all Worker Retraining students were 35 years and older, compared to 28 percent of all students and 34 percent of workforce students.

College Student Age Comparisons, Fall 2008

	Worker Retraining Students	Workforce Students	All State-Funded Students
18-24	8%	36%	47%
25-34	28%	29%	25%
35-44	27%	18%	14%
45 and above	37%	16%	14%
Median Age	40.2	28.6	26.0

Gender. In fall 2008, females accounted for 58 percent of Worker Retraining students, comparable to the general student population but much higher than the proportion of total UI claimants in 2008 (33 percent of claimants were female). Females outnumbered males among Worker Retraining students beginning in 2004-05 and as an increasing proportion of Worker Retraining students were dislocated homemakers, the proportion of females continued to increase. As the economy began to worsen and the unemployment rate rose, the proportion of males began to increase, although females still outnumber males.

Fall Worker Retraining Students Gender



Race/Ethnicity of Worker Retraining and Workforce Students, Fall 2008

	Worker Retraining Students	All Workforce Students
African American	10.0%	6.1%
Asian/Pacific Islander	7.2%	9.6%
Hispanic	8.7%	10.3%

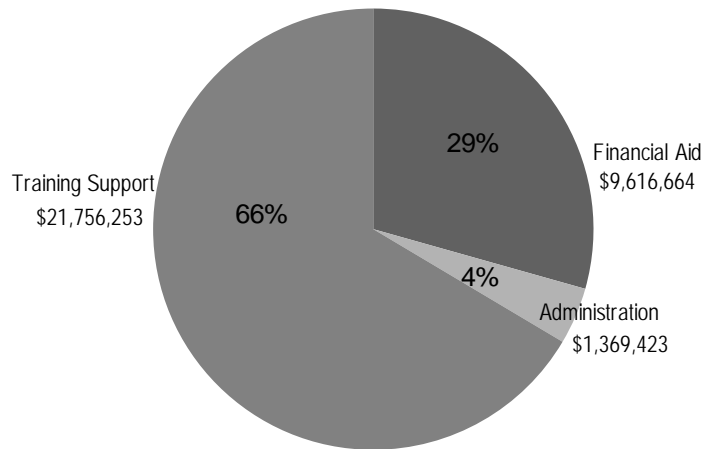
Race. Worker Retraining students are equally as diverse as all workforce students; however, the distribution among people of color differs slightly. In fall 2008, a higher percentage of Worker Retraining students were African American and a lower percentage were Hispanic or Asian/Pacific Islander.

Native American	2.8%	2.6%
Other Race	1.6%	1.7%
White	71.5%	71.9%

Expenditures on the Worker Retraining Program

In fiscal year 2008, Washington’s community and technical colleges spent approximately \$32.7 million on the Worker Retraining Program. Eighty-four (84) percent of that funding was proviso money appropriated by the Legislature and Governor and the remaining 16 percent was additional funds allocated by the State Board. Sixty-six (66) percent of the funds provide training support for Worker Retraining students and an additional 29 percent of the funds provide financial aid. The remaining 4 percent are used for administration of the funds, both at the SBCTC and college level. The great majority (81 percent) of Worker Retraining financial aid funds are used for tuition and books for students. An additional 14 percent are used for Training Completion Aid, and the remaining 6 percent are used for childcare and transportation.

FY 2008 Worker Retraining Expenditures



**Community and Technical College Worker Retraining Expenditures
FY 2008**

	Proviso	Additional Allocation	Total FY 2008
Training Support	\$20,265,717	\$1,490,536	\$21,756,253
Financial Aid	\$6,009,086	\$3,607,578	\$9,616,664
Administration	\$1,310,974	\$58,449	\$1,369,423

Total Expenditures	\$27,585,777	\$5,156,563	\$32,742,340
---------------------------	---------------------	--------------------	---------------------

Worker Retraining Fall Quarter Enrollments by Headcount and FTES

College	-----Fall 2007-----		-----Fall 2008-----		% Change in FTES
	HC	FTES	HC	FTES	
Bates	179	266	218	336	26%
Bellevue	275	225	333	267	19%
Bellingham	81	69	152	136	98%
Big Bend	36	29	53	47	61%
Cascadia	59	20	71	29	45%
Centralia	113	95	135	117	23%
Clark	331	264	425	325	23%
Clover Park	180	221	240	288	30%
Columbia Basin	243	176	278	217	24%
Edmonds	189	152	231	181	19%
Everett	189	138	158	120	-14%
Grays Harbor	171	149	143	115	-23%
Green River	303	256	413	357	39%
Highline	282	227	317	259	14%
Lake Washington	113	105	184	167	59%
Lower Columbia	78	61	144	120	98%
Olympic	275	203	295	224	10%
Peninsula	170	145	205	172	19%
Pierce Fort Steilacoom	139	116	192	183	58%
Pierce Puyallup	39	24	69	51	109%
Renton	91	105	163	171	62%
Seattle Central	174	146	267	209	43%
Seattle North	237	167	292	211	26%
Seattle South	206	181	271	244	35%
Seattle Voc Institute	100	127	154	202	59%
Shoreline	151	124	231	189	53%
Skagit Valley	107	86	153	128	48%
South Puget Sound	86	72	114	101	41%
Spokane	484	310	470	345	11%
Spokane Falls	87	77	59	48	-38%
Tacoma	173	137	201	162	18%
Walla Walla	244	209	260	217	4%
Wenatchee Valley	137	113	228	186	65%
Whatcom	50	39	81	53	38%
Yakima Valley	102	85	124	108	28%
College Total	5,874	4,918	7,324	6,284	28%