Accountability Report for the Worker Retraining Program at Washington's Community and Technical Colleges

April 2013

Washington's Worker Retraining Program is a critical component in Washington's economy. It provides training for dislocated workers, so they can return to work as quickly as possible at similar wages. Through the program, Washington's community and technical colleges (CTCs) have already trained more than 135,000 workers who lost their jobs as a result of current and previous 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 once they find jobs.

The Great Recession pushed Worker Retraining enrollments to historic record highs. In fall 2010, Worker Retraining reached its high-water mark with 12,400 students. By fall 2012 as the economy continued to improve, there were 8,988 students served, a 14.8 percent decrease from the previous fall. This represents two years of declining numbers of students served. Nearly three-quarters of Worker Retraining students attended full-time. Generally, students plan for longer training in an economic slowdown. In years when the economy is strong, workers expect to gain skills through training and return to work quickly.

Worker Retraining state-supported enrollments for CTCs and private career schools produced 7,904 full-time equivalent (FTES) in fall 2012, a decline of 16 percent when compared to the previous fall quarter. This represents a two-year decline since the Legislature appropriated special funding for some 3,800 one-time FTES for the program in July 2011. The one-time Legislative funding clearly positively impacted how many students were served.

This report describes the Worker Retraining Program outcomes for workers re-entering the workforce in 2011-12 following training in 2010-11. The report also provides demographic and training information about current Worker Retraining students who lost their jobs and will re-enter the workforce following training over the next two years.

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WASHINGTON COMMUNITY AND TECHNICAL COLLEGES

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Key Findings

As the economy started to recover, Worker Retraining Program outcomes (employment rates, job retention, and wage recovery) improved for those going to work in 2011-12; however, returning to work after training continues to be a challenge.

- 8,533 dislocated workers left community and technical colleges in 2010-11 after training. Seventy-three (73) percent returned to work in 2011-12, up 6 percent from the previous year, reflecting the recovery. The majority of workers who re-entered the workforce returned to stable jobs; 86 percent of the workers who re-entered the workforce in 2011-12 after training were still employed nearly two years (seven quarters) later. Most returned to work in the regions where they were employed prior to dislocation.

- On a net basis, more Worker Retraining students who returned to work in 2011-12 following training shifted out of construction, public administration, and finance/insurance as these fields have declined significantly in the recession. Students moved into the higher wage health care, administrative, and transportation/warehousing industries.

- Workers earning higher wages prior to dislocation recovered 88 percent of their wages when returning to work after training, earning median wages of $20.57 prior to dislocation and $18.09 after training. Lower-wage earners earned median wages of $11.03 prior to dislocation and $12.88 after training, achieving a 117 percent wage recovery.

- Outcomes for placement rates, wage recovery rates and retention rates exceeded rates established by the State Board and the Workforce Training and Education Coordinating Board, with the exception of job placement. These positive outcomes are the result of investments by colleges in the Worker Retraining Program. Colleges invested $39.8 million in fiscal year 2012.

Worker Retraining Outcome Targets and Measures

Measure	Target	Actual (WR Students Returning to Work in 2011-12)	Target Met
Job Placement Rate	75%	73%	
Wage Recovery Rate	Higher Wage: 85% Lower Wage: 100%	Higher Wage: 88% Lower Wage: 117%	✔
Retention Rate	75%	86%	✔

Dislocated workers coming to colleges for training are studying in high-demand fields.

- Nearly 70 percent of Worker Retraining students in fall 2012 were enrolled in health care, business management/accounting, information technology, and manufacturing programs.

The recession is driving changes in enrollment patterns and demographic characteristics of Worker Retraining students.

- There was a slight decline (2 percent) from the previous year in full-time Worker Retraining students, as the economy improves.

- With the significant layoffs in the construction industry, the proportion of males enrolled for training in the Worker Retraining Program has remained higher than pre-recession levels.

Background

In January 2010, Washington State's unemployment rate reached an unprecedented 10.2 percent, nearly two percentage points higher than the previous year. The need to provide training for these dislocated workers became increasingly crucial to the future of Washington's economic recovery as the recession deepened. In fact, Washington's Worker Retraining program reached historic record enrollments in community and technical colleges in that same year as a result of the economic downturn.

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 the Worker Retraining Program. It has served nearly 134,095 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 their capacity to deliver programs that prepare people for work. Local employers, government, and community members provide input on how to use these funds, as stated in the 2012-13 Worker Retraining Local Plan Guidelines located online at http://www.sbctc.ctc.edu/college/workforce/2012-13WRTGuidelines.pdf:

"Through regional collaboration and identification of key industries and clusters, colleges ensure a mix of program offerings that strategically align with industry training needs and contribute to regional competitive advantage. The Worker Retraining (WRT) program provides funding for dislocated and unemployed workers to enter approved training programs and receive related support services including financial aid, career advising, educational planning, referral to training resources, job referral, and job development".

The State General Fund provides the revenue for the Worker Retraining Program. Colleges must focus these programs on professional-technical education and training, demonstrating how their programs align with the training needs for industries and clusters identified in the regions they serve.

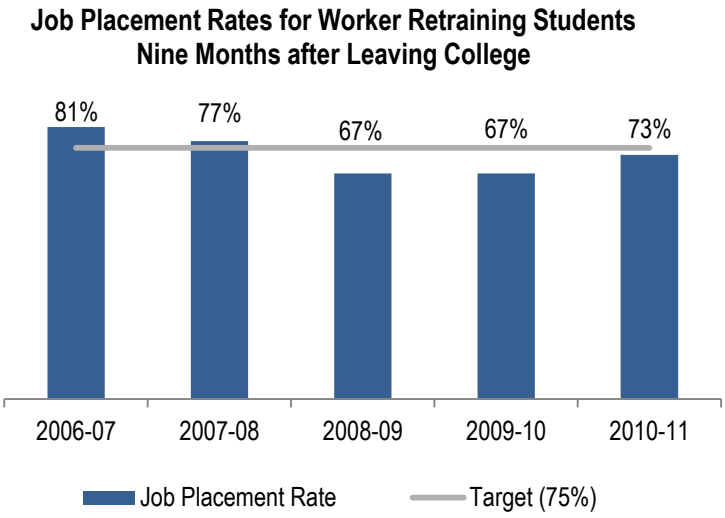
Worker Retraining Program Outcomes (Students Re-Entering the Workforce in 2011-12 Following Training in 2010-11)

The Worker Retraining Program's success has been measured over time by the program participants' job placement rates, wage recovery rates, and job retention rates.

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 Washington and nearby states. Additionally, there are estimates for those who are self-employed and for those who work out of the northwest region. Statistics are calculated for those Worker Retraining students who are considered part of the "exiting cohort," those who have not been enrolled or taken courses for at least one year.

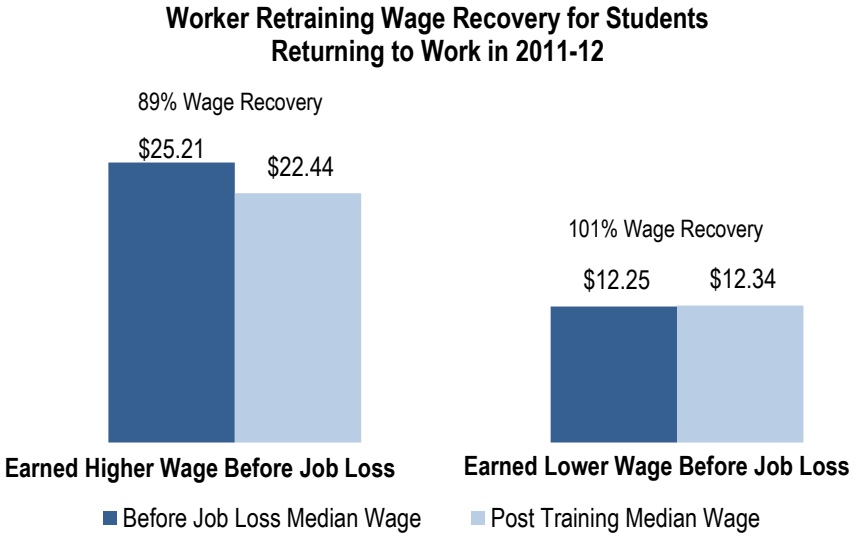
The Worker Retraining Program outcomes provided in the sections that follow describe the 8,533 students who re-entered the workforce in 2011-12 following training the previous year.

Job Placement. Prior to the recession, Worker Retraining job placement rates were consistently above the target of 75 percent set for this program. In 2010-11, placement rates were up as the economy was improving. The rate **(73 percent)** is still slightly below the target level; however, it increased over the stagnant prior two-year period. Placement rates are calculated three quarters (approximately nine months) after training.



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 higher wage workers, on average, even with the benefit of training will return to work at wages below their pre-job loss wage level. The *Workforce Training Results* study conducted by Workforce Training and Education Coordinating Board in 2012 found that participating in training provided a net benefit to those workers despite the wage loss after training. The study is online at http://wtb.wa.gov/WorkforceTrainingResults.asp.

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 89 percent, a full four points above the target level of 85 percent. The target for Worker Retraining students laid-off from lower wage jobs 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 2011-12 were slightly over their target following their training (101 percent).



Retention Rates. Worker Retraining students who re-enter the workforce have very high retention rates. For students who re-entered the workforce in 2008-09, 86 percent were still working seven quarters later—in 2010-11. While the rate is down from the previous year, it exceeds the 75 percent retention rate target set by the Workforce Training and Education Coordinating Board (WTECB).

Pre-post Industry Change. Workers returning to the workforce after training in 2011-12 moved out of construction, public administration, and finance/insurance as the recession devastated these industries. Students moved into health care industries that are predominantly higher wage. Students also moved into the transportation, administrative, and metal manufacturing sectors of Washington's economy.

Net Change in Employment by Industry, Before and After Training
(Students Who Re-Entered the Workforce in 2011-12)

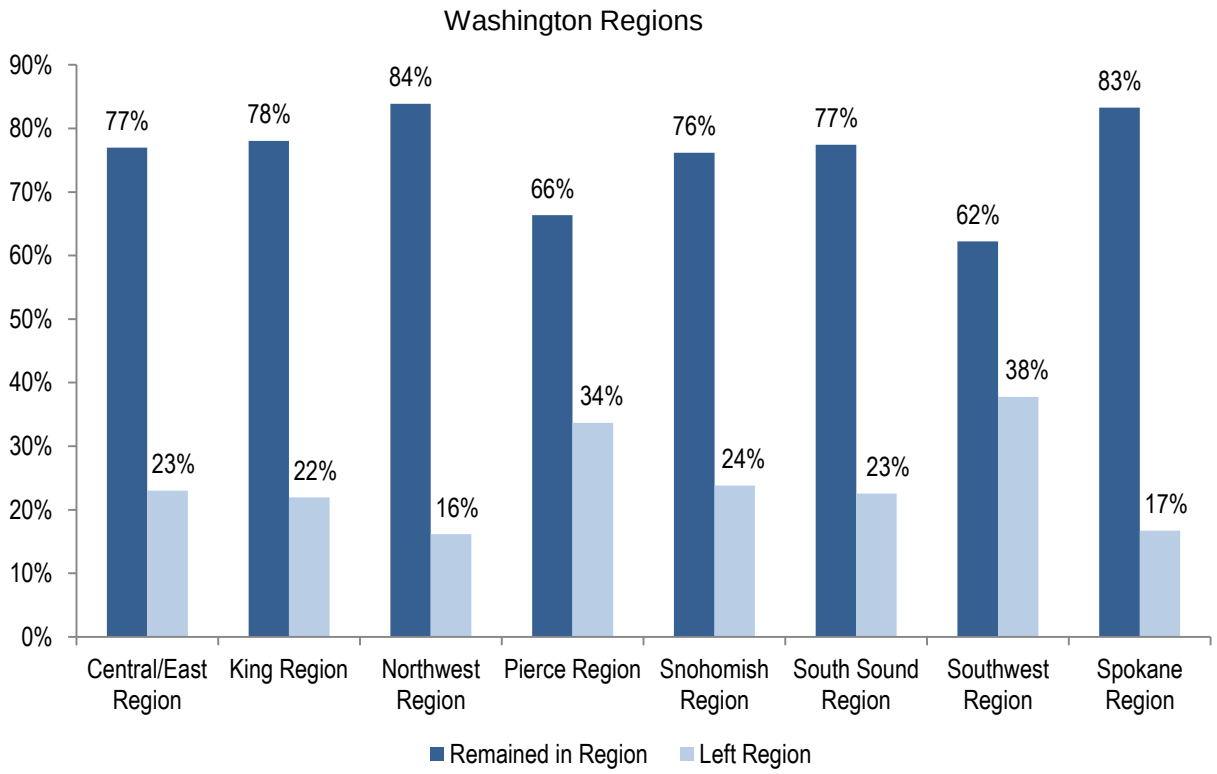
Industry	%
Health Care and Social Assistance	4%
Transportation and Warehousing	3%
Administrative and Support and Waste Management and Remediation Services	3%
Primary Metal Manufacturing	2%
Public Administration	-2%
Finance and Insurance	-2%
Construction	-5%

Pre-Post Region of Employment. Most Worker Retraining students remain in their pre-training region when they returned to work following their training. Students returning to the workforce in 2011-12 (trained in 2010-11) in the Northwest and Spokane regions were most likely to stay to work in their pre-dislocation region.

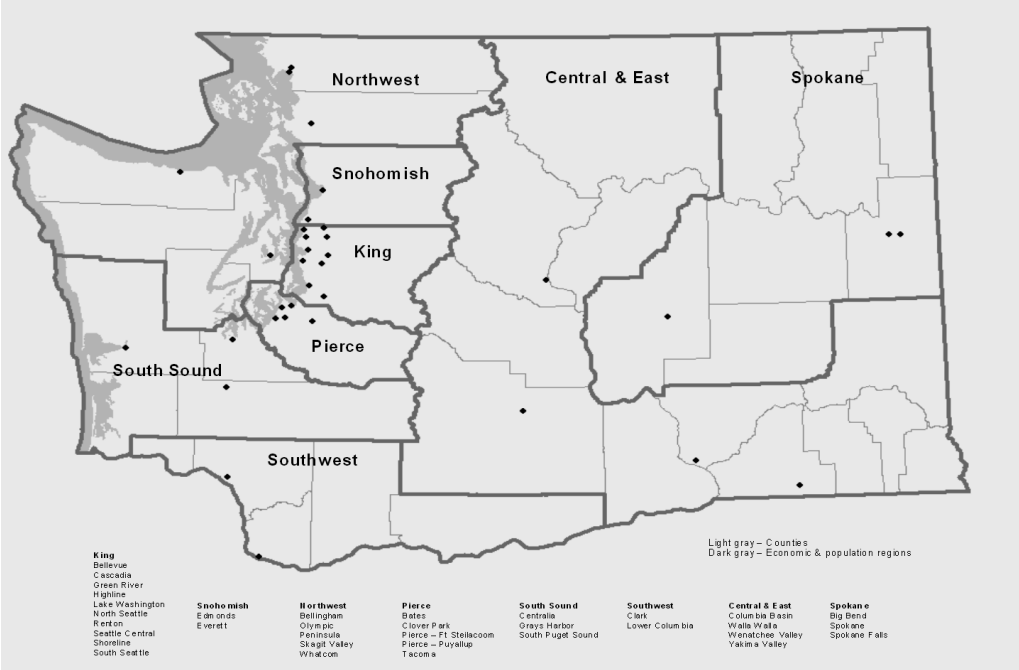
The graph shows that students from the Southwest and Pierce Regions were much less likely to remain in their pre-training region than students from other regions. Stronger job markets in Portland and Seattle played a large part in where these workers found re-employment. The Central/East region had the greatest percent increase (13 percent) over the percent of students leaving since last reported in 2010. This region has had the largest net declines in non-farm employment based on Bureau of Labor Statistics data for November 2012.
The counties included in each of the regions are shown on the state map below.

Worker Retraining Students Returning to Work in 2011-12

Post-Training Region of Employment Compared to Pre-Training Regions



Washington State County Map by Region



Fields of Study – Current Worker Retraining Students (Fall 2012 Students)

Dislocated workers receiving opportunity to retrain are able to prepare for jobs in the new economy. Students can train in fields where high employer demand is expected or in jobs that are considered part of the growing knowledge economy.

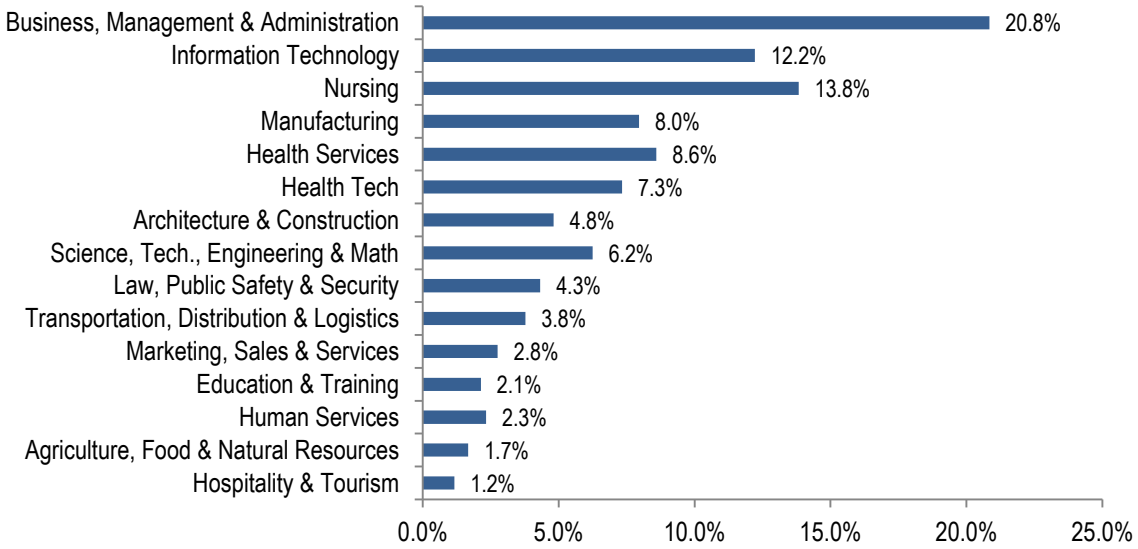
Student Career Fields of Study. Seventy-seven percent of Worker Retraining students in fall 2012 were studying in high employer demand fields. Of those studying in these demand fields:

- 30 percent were in health-related fields, primarily nursing
- 21 percent were in business, management and administration, including accounting
- 16 percent were in information technology
- 10 percent were in manufacturing

Student industries of study are broken out by career field in the table below. The career fields are based on 16 career clusters developed for the National Career Clusters™ Framework to provide a tool for describing the transition from education to career. It can be accessed online at http://www.careertech.org/career-clusters/glance/careerclusters.html

In the following table, all 16 clusters are represented within the fields of study listed below; 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 health fields in Washington state.

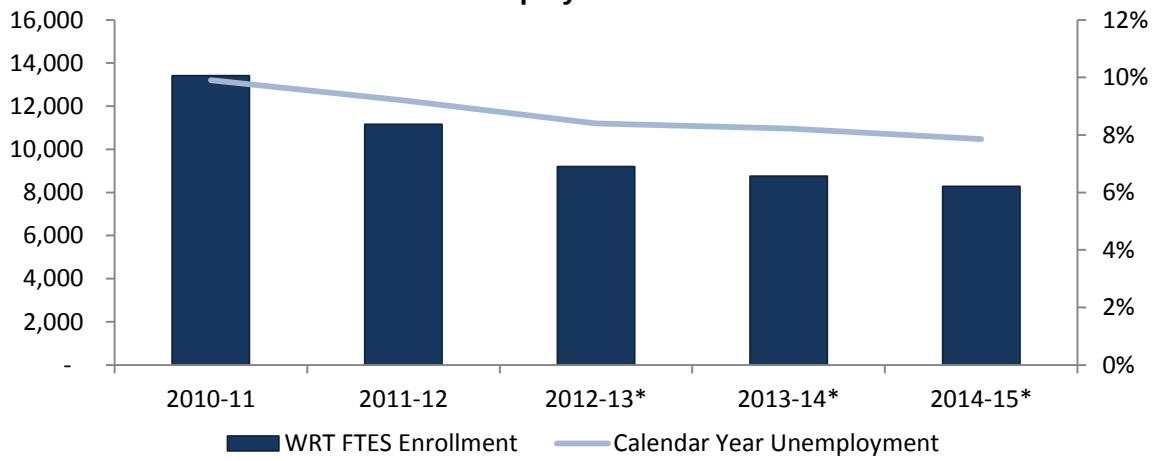
Worker Retraining Career Fields of Study - Current Students



Enrollments – Current Worker Retraining Student (Fall 2012 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 unemployment rate. In fall 2012 as the economy continued its recovery, the unemployment rate was at 8 percent. Worker Retraining FTES decreased by 16 percent from the previous year. Annual Worker Retraining FTES continued their downward trend since a high of 11,739 in 2010-11. Worker Retraining enrollments are expected to continue to decrease as the economy improves as shown in the graph below.

Annual Worker Retraining FTES and the Calendar Year Unemployment Rate



*Note: * years are projected*

Demographics and Enrollment Patterns of Current Worker Retraining Students (Fall 2012 Students)

The recession continued to drive changes in the demographic and enrollment patterns of Worker Retraining students. Worker Retraining students were less likely to be full-time students and more likely to be students of color than the previous fall. In fall 2012, over one-quarter (28 percent) of Worker Retraining students were students of color. Nearly three-quarters (72 percent) attend college full time − that is, taking at least 12 credits per quarter.

The percentage of students attending full-time is higher in an economic downturn than when the economy is thriving. The improvement in the economy impacted the number of full-time students as more were able to find employment. Full-time students were down by two percent in fall 2012 over the previous fall.

When compared to all workforce students in the fall, Worker Retraining students were typically older. Also, there were a higher proportion of males participating in training than prior to the recession.

Overview of Worker Retraining Students Compared to All Students

	State Supported Worker Retraining Students		All State Supported Students
	2011	2012	2012
Total Students	10,474	8,914	132,560
% Female	52%	52%	57%
% Students of Color	27%	28%	39%
% Full-Time Students	74%	72%	51%
Median Age	39.4	39.4	25.8

Age. Worker Retraining students were typically older than both workforce students and the general student population. In fall 2012, the median age of Worker Retraining students was 39, while the median age of all students was 26 and the median age of all workforce students was 29. Nearly half of all Worker Retraining students were 40 and older, compared to 18 percent of all state-support students and 22 percent of workforce students.

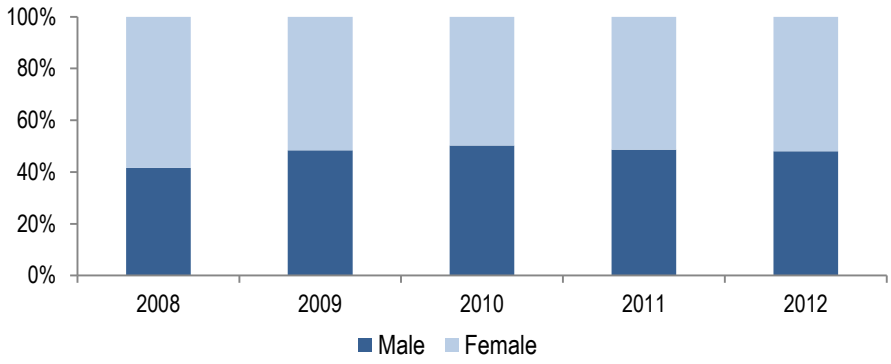
College Student Age Comparisons

Age Group	Worker Retraining Students	Workforce Students	All State-Supported Students
Under 20	0%	11%	19%
20-29	20%	43%	43%
30-39	31%	23%	20%
40 and above	48%	22%	18%
Median Age	39.4	28.6	25.8

Gender. The percentage of female Worker Retraining students was two percent higher than male students in fall 2012. Females have outnumbered males among Worker Retraining students beginning in 2004-05, as an increasing proportion of Worker Retraining students were dislocated homemakers. In 2009, as the economy continued to worsen and the unemployment rate rose, the proportion of males enrolled began to level out with the number of females, with females only slightly outnumbering males since 2009.

In fall 2012, females accounted for 52 percent of Worker Retraining students, up two percentage points from the previous fall. The percentage of females is also somewhat lower than in the general student population of 56.8 percent.

Gender of Fall Worker Retraining Students



Race. Worker Retraining students are slightly less diverse than the overall student population as are workforce students in general. In addition, the distribution among people of color differs slightly. In fall 2012, a higher percentage of Worker Retraining students were African American and a lower percentage were Hispanic or Asian/Pacific Islander.

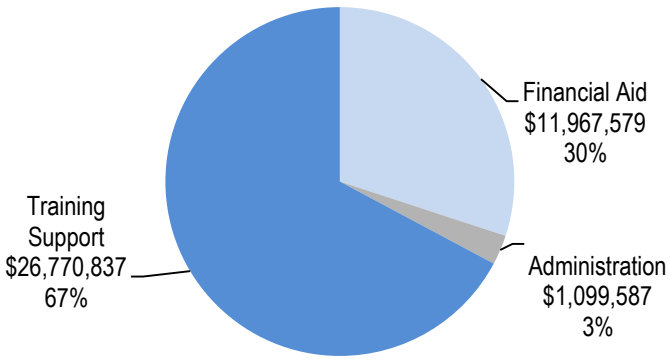
Race/Ethnicity of Worker Retraining and Workforce Students

	Worker Retraining Students	All Workforce Students
African American	9.3%	7.5%
Asian/Pacific Islander	6.7%	10.0%
Hispanic	9.2%	10.7%
Native American	3.0%	2.9%
Other Race	1.7%	1.7%
White	70.0%	67.2%

Program Expenditures

In fiscal year 2012, Washington's community and technical colleges spent approximately $40 million on the Worker Retraining Program. Eighty-three (83) percent of that funding was proviso money appropriated by the Legislature and Governor. The remaining 17 percent was additional funds allocated by the State Board.

FY 2012 Worker Retraining Expenditures



Sixty-seven (67) percent of the funds provided training support for slots in Worker Retraining enrollment (paying for faculty and related costs of instruction). An additional 30 percent of the funds provided direct financial aid for students. Three percent was used for administration, both at the State Board office and at colleges.

The great majority (91 percent) of the $10.3 million in Worker Retraining financial aid funds was used for tuition and books for students. The remaining nine percent was used for Training Completion Aid, which includes childcare and transportation.

FY 2012 Community and Technical College Worker Retraining Expenditures

	Proviso	Additional Allocation	Total FY 2012
Total Training Support	$21,218,089	$5,552,748	$26,770,837
Total Financial Aid	$11,307,974	$659,605	$11,967,579
Total Administration	$670,848	$428,739	$1,099,587
Total Expenditures	**$33,196,911**	**$6,641,092**	**$39,838,003**

Worker Retraining Fall Quarter Enrollments by Headcount and FTES
Fall to Fall Comparison

	Fall 2011		Fall 2012		Change %	
College	HC	FTES	HC	FTES	HC	FTE
Bates	355	439	383	465	7.9%	5.8%
Bellevue	446	389	391	343	-12.3%	-11.8%
Bellingham	267	266	247	249	-7.5%	-6.6%
Big Bend	65	56	71	68	9.2%	21.4%
Cascadia	64	47	38	32	-40.6%	-31.7%
Centralia	288	265	258	231	-10.4%	-13.0%
Clark	399	302	363	278	-9.0%	-8.0%
Clover Park	374	417	143	167	-61.8%	-60.0%
Columbia Basin	437	295	442	318	1.1%	7.5%
Edmonds	438	366	374	316	-14.6%	-13.8%
Everett	244	202	199	165	-18.4%	-18.6%
Grays Harbor	250	240	249	233	-0.4%	-3.2%
Green River	608	535	464	414	-23.7%	-22.7%
Highline	421	356	298	248	-29.2%	-30.3%
Lake Washington	370	342	287	249	-22.4%	-27.2%
Lower Columbia	174	157	136	111	-21.8%	-29.2%
Olympic	383	306	360	274	-6.0%	-10.4%
Peninsula	244	214	197	169	-19.3%	-21.1%
Pierce Fort Steilacoom	255	205	196	150	-23.1%	-26.9%
Pierce Puyallup	172	145	153	129	-11.0%	-10.9%
Renton	268	305	206	245	-23.1%	-19.6%
Seattle Central	404	356	326	284	-19.3%	-20.0%
Seattle North	365	289	361	278	-1.1%	-3.7%
Seattle South	422	387	327	296	-22.5%	-23.4%
Seattle Vocational Institute	83	94	96	105	15.7%	11.6%
Shoreline	357	315	310	285	-13.2%	-9.5%
Skagit Valley	276	235	235	195	-14.9%	-16.8%
South Puget Sound	176	164	117	106	-33.5%	-35.6%
Spokane	623	514	602	476	-3.4%	-7.4%
Spokane Falls	178	164	191	168	7.3%	2.1%
Tacoma	303	250	266	225	-12.2%	-10.2%
Walla Walla	312	307	300	287	-3.8%	-6.3%
Wenatchee Valley	202	180	163	149	-19.3%	-17.3%
Whatcom	113	85	82	63	-27.4%	-25.9%
Yakima Valley	219	190	157	134	-28.3%	-29.3%
COLLEGE TOTAL	**10,555**	**9,381**	**8,988**	**7,904**	**-14.8%**	**-15.7%**
Unduplicated System Total	10,474		8,914		-14.9%	