



Workforce Training and Education Coordinating Board

2014 Workforce Training Results

Private Career Schools

Program Details

Private career schools are independent businesses that provide participants with training in a variety of occupations. No public funds are appropriated for private schools, but eligible participants may:

- Obtain federal grants and loans to pay for educational expenses if the school they choose has been authorized to participate in federal student aid programs.
- Secure funding under the state's Worker Retraining program.
- Use "Individual Training Account" vouchers, funded under the Workforce Investment Act (WIA) Title I-B.

Every year, the Workforce Board measures the performance of key workforce programs. In this report, you'll find out more about the program and who is served, the metrics used to measure performance and how the program performed.

During the time of this study, there were approximately 325 private career schools in Washington. Of these, the Workforce Training and Education Coordinating Board (Workforce Board) licensed approximately 288 certificate-granting vocational institutions. Program results in this study were limited to those institutions licensed by the Workforce Board.

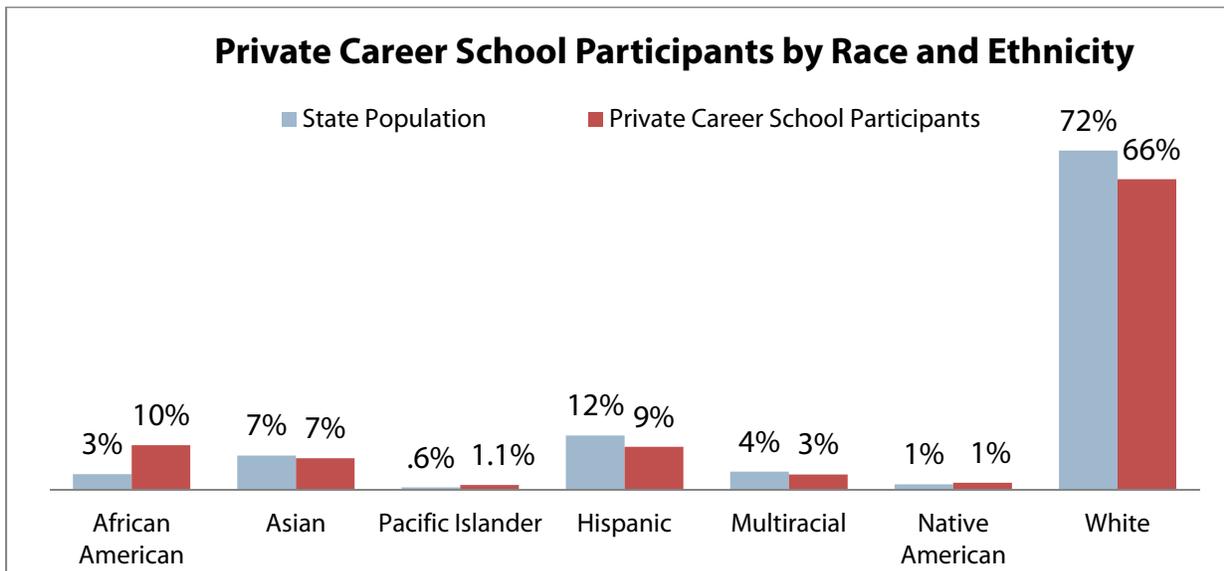
For this 2014 report, records were collected on 15,893 participants who left programs during the most recent reporting year.¹ The median length of enrollment for these participants was two months. However, the duration of private career school programs vary widely. One quarter of participants had enrollment lengths of nine months or longer, while another quarter was enrolled for one month or less.

¹ The 2014 Workforce Training Results reports are based on data observed as recently as 2012-2013 for individuals exiting programs during 2011-12.



Participant Profile

Washington residents from racial and ethnic minorities are well represented among private career school participants.² African Americans accounted for 10 percent of participants, a representation that is more than triple their portion of the state’s population. Asians participated at the same rate as their overall percentage of the state population. However, Hispanics accounted for 9 percent of participants, which is 3 percentage points below their representation in the general state population. Whites comprised 66 percent of participants, 6 percentage points below their general population representation in the state. Overall, the racial and ethnic make-up of those who successfully completed their private career school program mirrors the demographic distribution of participants.

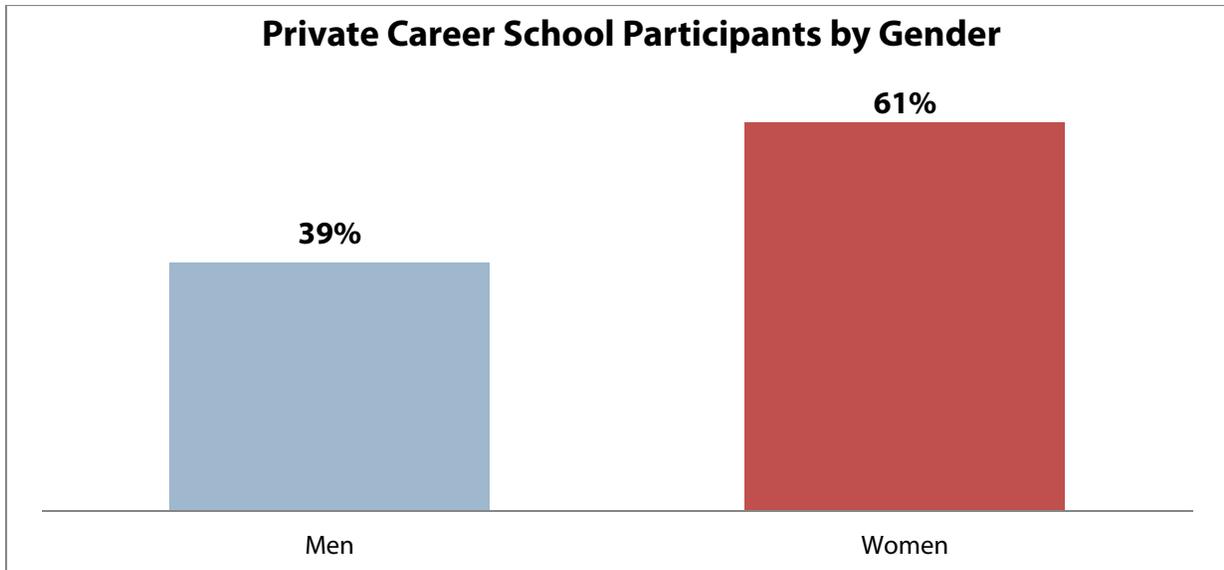


Source: *Private Career Schools’ administrative records 2011-12 and 2011 U.S. Census Data from the American Community Survey.*

Among those exiting private career schools, 61 percent were women, a higher percentage than the last report (55 percent). Of the completers, 61 percent were women. Women and men completion rates were almost identical (84 percent versus 85 percent).

² In this report, unless otherwise stated, racial and ethnic minority groups are mutually exclusive; that is, an individual belongs to one group only. The groups include the following: Hispanics of any race (also referred to as Hispanics); non-Hispanic African Americans (also referred to as African Americans); non-Hispanic Asians (also referred to as Asians); non-Hispanic Pacific Islanders (also referred to as Pacific Islanders); non-Hispanic Native Americans and Alaskan Natives (also referred to as Native Americans); non-Hispanic multiracial (also referred to as multiracial); and non-Hispanic whites (also referred to as whites). According to the 2011 U.S. Census Bureau estimates for Washington from the American Community Survey, 72 percent are white; 3 percent are African American; 1 percent are Native American; 7 percent are Asian; 1 percent are Pacific Islander; 4 percent are multiracial; and 12 percent are Hispanic.





Source: Private Career Schools' administrative records 2010-11.

Education Level

When Private Career School participants enrolled they had the following education levels:

- 65 percent had not previously attended college.
- 18 percent had attended college without receiving a credential.
- 8 percent had a certificate or associate's degree.
- 9 percent had a bachelor's degree or higher credential.

The typical student, based on the median, was age 26 when enrolled. One quarter of the participants were under age 21 at enrollment, while another quarter were over 36 years old.

Tracking Private Career School Progress

The Workforce Board routinely measures the performance of our state's largest workforce programs. As a customer-focused advocate for Washington's workers and employers, the Workforce Board strives to provide performance accountability, verifying whether worker education and training programs provide a return on investment for participants and taxpayers.

The Workforce Training Results report seeks to answer five core questions:

- Did participants get the skills they needed?
- Did participants get a job and how much were they paid?
- Were employers satisfied with the preparation workers received?
- Has the program made a difference in the participant's success?
- Did participants and the public receive a return on their investment?



Data Comes From State Wage Files & Employer Survey

The 2014 Workforce Training Results includes information obtained from Employment Security Department wage files in Washington, Idaho, and Oregon, and federal employment records for 2012-13. Information on employer satisfaction among firms that hired new employees recently exited a Private Career School program was assessed through the Workforce Board's 2012 Employer Survey.

Net Impact Study Adds More Insight into Program Performance

In addition, the report includes a comprehensive Net Impact Study. Conducted every four years, this study provides a head-to-head comparison of participants and non-participants to help answer a central question: How much of a workforce participant's success in obtaining a job, or a higher wage, is due to the workforce program? By comparing program participants with similar individuals who did not participate in a workforce training program, the Net Impact Study indicates whether employment and earnings gains are due to the workforce program, or if workers could have made this progress on their own. This research also allows for a more detailed analysis as to whether the participant and the public received a return on their investment in the program.

Turn to page 19 for the Net Impact Study. Conducted every four years, this in-depth report adds extra value to 2014 Workforce Training Results. The study provides a side-by-side comparison of participants vs. similar non-participants, answering the question of whether the program is making a difference.

Did Participants Get the Skills They Needed?

As a measure for whether participants got the skills they needed, this study tracks the credential and degrees earned by participants, along with completion rates. Of this year's participants, 85 percent had completed their program by receiving a credential. This percentage is up from 78 percent observed in the last report.

Did Participants Have a Job and How Much Were They Paid?

To find out whether participants had jobs and how much they earned, participant records were matched with Employment Security Department wage files from Washington and neighboring states.³ The study looks at employment and earnings three calendar quarters after the participant left a Private Career School program. The chart below shows the employment and earnings of participants who left a program during the most recent

³ These files contain information on only those individuals with employment reported for unemployment insurance (UI) benefits purposes (approximately 90 percent of in-state employment, with self-employment, active military duty, and those working for religious, nonprofit organizations being the major groups of employees not included).



reporting year. Some 63 percent of participants were employed, with a median hourly wage of \$13, and median annualized earnings of \$20,638.⁴ Those who completed their programs had a higher employment rate and earnings: 65 percent and \$21,286 respectively.

Employment and Earnings for Private Career School Participants, 2014

Performance Measure	Results
Employment Rate* (State Records)	63%
Employment Rate (Completers)	65%
Full Time Employment **	53%
Median Quarterly Hours	406 hours
Median Hourly Wage***	\$13.00
Median Annualized Earnings***	\$20,638
Median Annualized Earnings (completers)	\$21,286

* These figures apply to those with employment reported to ESD six to nine months after leaving the program. Rate does not include self-employment, employment outside the Northwest or military service and thus understates total employment by approximately 10 percent.

**Full-time employment averages 30 or more hours per week.

***Earnings/wages expressed in first quarter 2013 dollars in order to account for inflation.

Earnings of Private Career School Participants

To better gauge the financial effectiveness of Washington’s workforce programs, it helps to frame income levels. One common yardstick is the federal poverty level. In 2013, the federal poverty level for one person was \$11,490 per year.⁵

Private Career School participants were able to support a median 3.3 people at the poverty level—meaning they could support themselves and more than two other people. They did

⁴ Annual earnings are calculated as third quarter earnings multiplied by four. Quarterly earnings are the result of hourly wage rates and the number of hours worked in a calendar quarter. All wages and earnings are stated in first quarter 2013 dollars.

⁵ Poverty levels from 2013 were used in this edition of Workforce Training Results to measure the results of workforce programs on participants observed in 2012-13. The federal poverty level is determined by the Department of Health and Human Services. The level varies according to family size. The number is adjusted for inflation and reported annually in the form of poverty guidelines. Public assistance programs typically define eligibility income limits as some percentage of the federal poverty level.



not have enough earnings to support themselves, let alone others, at 200 percent of the poverty level (.7 people).

Number of People Supported at Poverty Level by Participant Income

Performance Measure	2010	2011	2012	2013	2014
Number of people supported at poverty level	4.2 people	3.7 people	3.4 people	3.4 people	3.3 people
Number of people supported at 200 percent poverty	1.2 people	0.9 people	0.8 people	0.8 people	0.7 people

The following table shows employment information for Private Career School participants over five study periods.

Private Career School Participants Employment and Earnings Trends

Performance Measure	2010	2011	2012	2013	2014
Employment Rate (Self-Reported)	N/A	74%	N/A	N/A	N/A
Employment Rate* (State Records)	63%	60%	58%	62%	63%
Full Time Employment**	56%	52%	52%	53%	53%
Median Quarterly Hours	423	402	399	411	406
Median Hourly Wage***	\$15.08	\$14.46	\$13.87	\$13.50	\$13.00
Median Annualized Earnings***	\$24,434	\$22,215	\$21,168	\$21,058	\$20,638

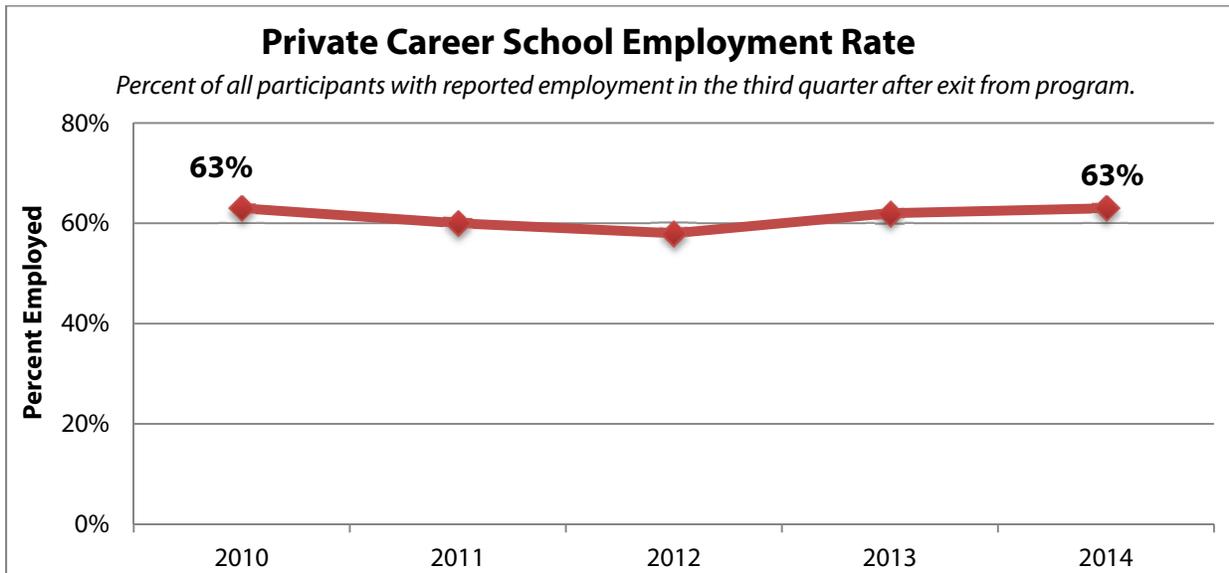
*Employment reported to the state's Employment Security Department six to nine months after leaving program. Rate is not limited to those who completed a program. Rate does not include self-employment, employment outside the Northwest or military service and thus understates total employment by approximately 10 percent.

**Full-time employment averages 30 or more hours per week.

***Earnings/wages expressed in first quarter 2013 dollars in order to account for inflation.

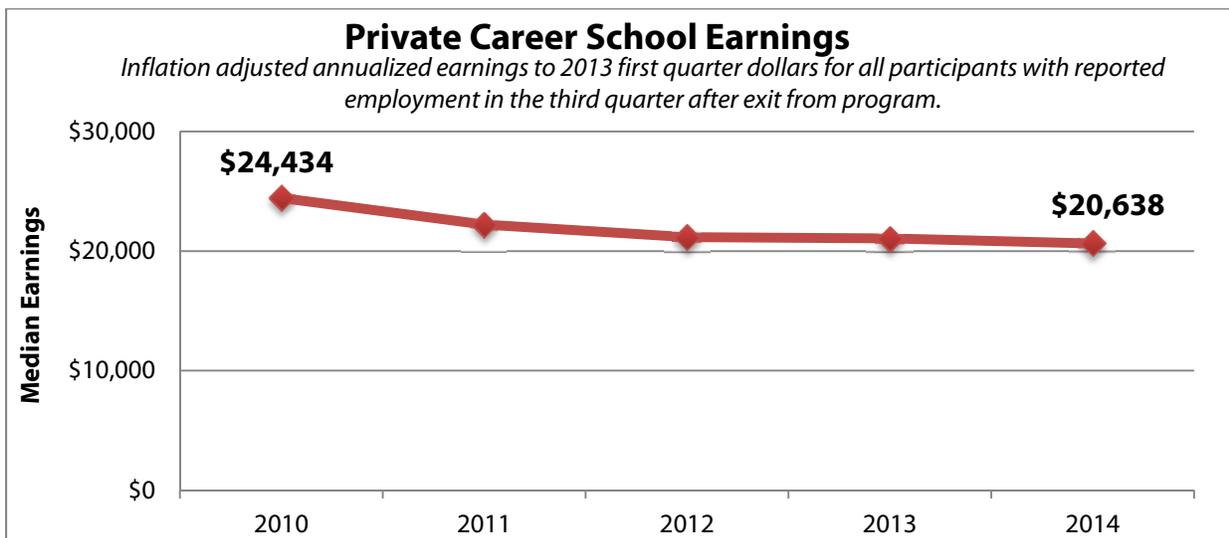


A survey conducted in 2011 of Private Career School participants revealed that 60 percent received medical benefits, and 34 percent received retirement benefits.



Source: Workforce Training Results 2010-14 reports. Rate does not include self-employment, employment outside the Northwest or military service and thus understates total employment by approximately 10 percent.

After declining in 2011 and 2012, Private Career School participant's employment has increased 5 percentage points since 2012. Full time employment has stayed stable over the last four reports. Median hourly wage and median annual earnings decreased each year between 2010 and 2014.



Source: Workforce Training Results 2010-14 reports.



Private Career School Student Employment by Industry

As in the previous study, employment of Private Career School students is concentrated in services (69 percent), especially health services (33 percent). Overall, employment in services increased 7 percentage points from the last report.

Industry Group	
69.3%	Services
10.7%	Retail Trades
5.4%	Transportation and Warehousing and Utilities
3.5%	Manufacturing
3.1%	Construction
2.5%	Wholesale Trade
2.4%	Financial Services
1.4%	Public Administration
1.1%	Natural Resources and Mining
0.6%	Information
Breakout of the Services Industry	
33.2%	Health Care
10.3%	Accommodation and Food Services
7.3%	Administrative, Support, Waste Management and Remediation Services
6.3%	Social Assistance
4.8%	All Other Services
3.1%	Education Services
2.4%	Professional, Scientific, and Technical Services
1.9%	Arts, Entertainment, and Recreation
Breakout of the Retail Trade Industry	
2.5%	Department and Warehouse Stores
1.7%	Food and Liquor Stores
1.4%	Health Care and Beauty Products
1.2%	Vehicle Sales
1.1%	Clothing and Accessories Stores
0.8%	Miscellaneous Store Retailers
0.6%	Hardware, Garden and Farm Supplies
0.6%	Gasoline Stations
0.5%	Books, Music and Hobbies Sales
0.2%	Electronics and Appliance Stores
0.1%	Home Furnishings Sales

Source: Matches with Employment Security Department data in third quarter after exiting program. Industry groups based on North American Industry Classification System codes.



Relationship of Training to Employment

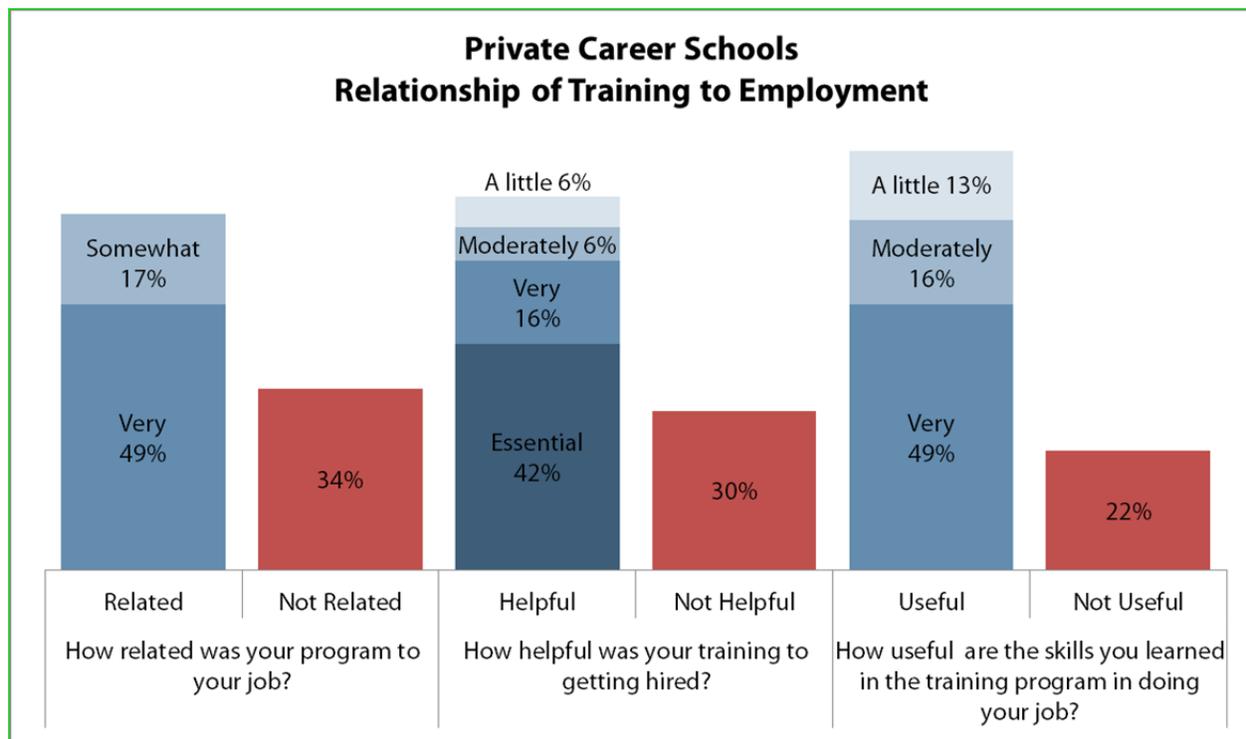
In 2011, the Workforce Board surveyed Private Career School participants who had left their program in 2009-10. The survey provided data on employment and participant satisfaction with the training. The survey was conducted by telephone and was completed by 362 participants.

To measure the extent to which a participant’s education program and training related to employment, we asked participants three questions:

1. How related was the program to their job?
2. How important was the training in getting hired?
3. Are the skills they learned useful in their job?

Asking about the relationship between training and employment in different ways can produce more complete information. For example, some participants said their training was not related to their job, but nevertheless found the skills acquired were useful on the job.

Among participants employed six to nine months after leaving a program, 66 percent indicated their training was related to their job. This is broken down further, with 49 percent saying their training was “very related” to their job. An additional 17 percent reported the training was “somewhat related” to their job. In 2008, the same rate of employed participants reported their training was related to their job (66 percent).



Source: Workforce Board’s Participant Satisfaction Survey 2011.



Most participants interviewed in 2011 also indicated the training was helpful to them in getting their job. Of those participants, 42 percent indicated their training was an “essential requirement,” another 16 percent indicated it was “very important,” and 6 percent reported it was “moderately important.” Six percent said it was “a little helpful.” The remaining 30 percent indicated their training was “not important at all” to getting their job.

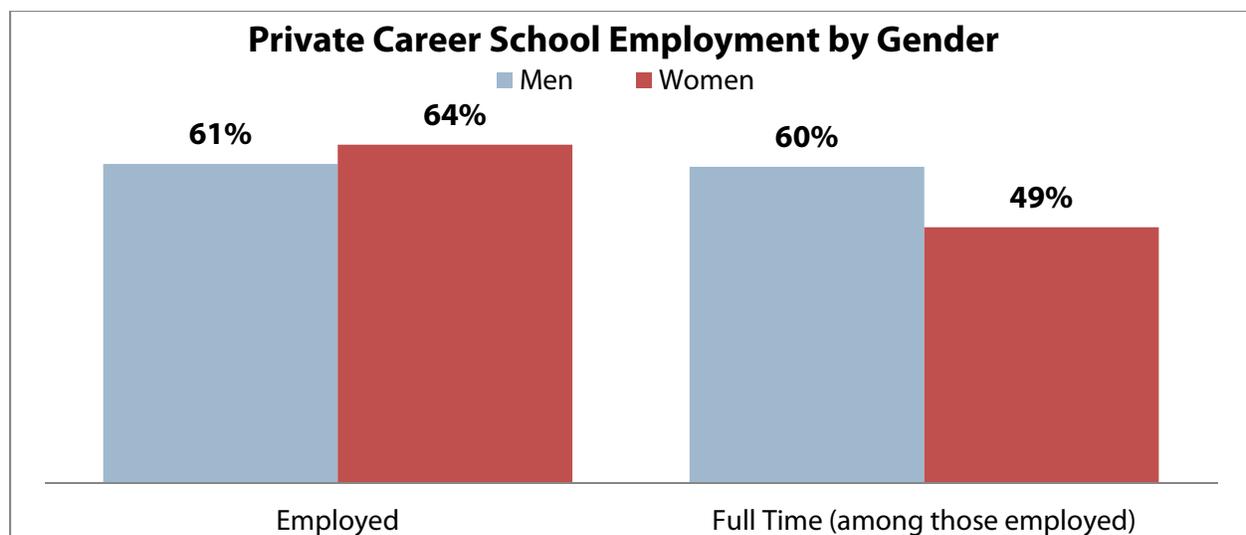
Most participants said the skills they learned in their training program were useful in doing their job. Some 49 percent of participants indicated the skills were “very useful,” 16 percent said “moderately useful,” and 13 percent “a little useful.” Some 22 percent of participants who were employed indicated the skills were “not useful at all.”

When combining two of the questions about the program’s relationship to the job and about whether the skills acquired were helpful, a certain percentage of participants answered negatively to both. Some 18 percent of participants employed the third quarter after exit said the training they received was *neither* helpful in their job nor related to the job they obtained.

Wages and Employment Results Vary by Population

Wage and employment results can vary by gender, race and ethnicity, and disability. The following chart shows the percentage of women and men private career school participants who were reported to be employed. Also broken out is what percentage of those working held a full-time job.

Women (64 percent) were more likely to be employed in the third quarter after leaving their programs than men (61 percent). Women, however, were less likely than men to be employed full-time (49 percent compared to 60 percent), and among those employed, women’s median hourly wage was 85 percent of men’s (\$12.37 compared to \$14.55). An even greater disparity was found in terms of median annual earnings, with women earning only 77 percent of men’s yearly income (\$18,889 compared to \$24,492).



Source: Employment Security Department data matches.



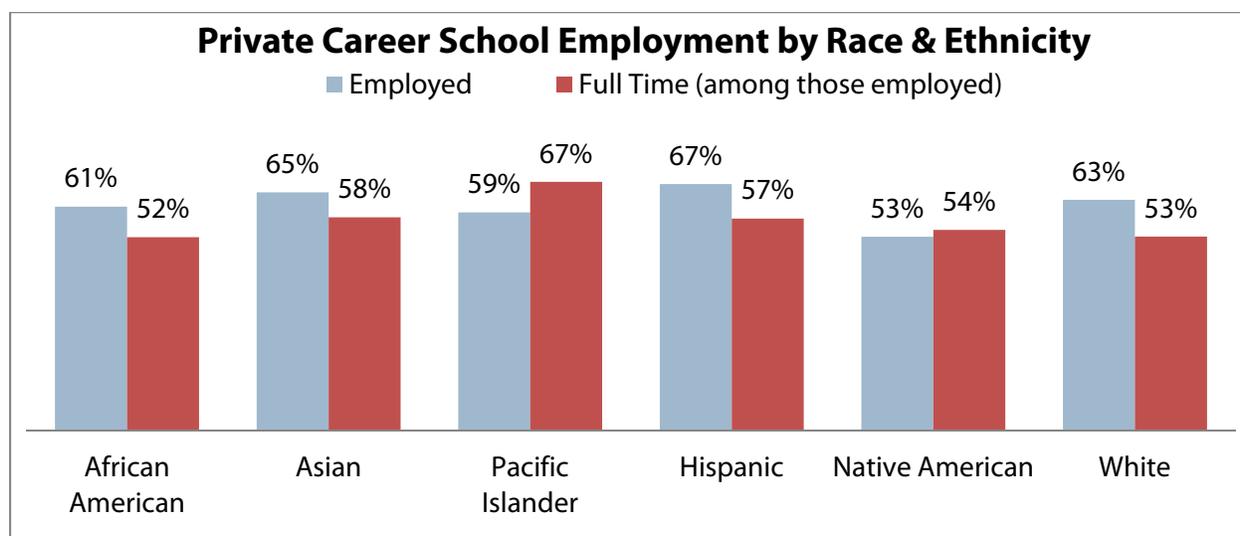
Race-Ethnicity Plays Role

Employment rates varied between racial and ethnic groups. Hispanics had the highest employment (67 percent), the Native Americans had the lowest employment three quarters after exit, at 53 percent.

Pacific Islanders had the highest rate of full time employment at 67 percent, followed by Asians (58 percent), and Hispanics (57 percent). Native Americans (54 percent), whites (53 percent), and African Americans (52 percent) all had very similar levels of full time employment.

Among those employed, median hourly wages were highest for whites at \$13.64; followed by Native Americans (\$13.18), Hispanics (\$12.85), Asians (\$12.66), Pacific Islanders (\$12.48), and African Americans (\$11.52).

In terms of median annual earnings, Pacific Islanders earned the most at \$23,803, followed by Hispanics at \$21,192. Asians earned \$21,403, whites earned \$20,990, Native Americans (\$20,684), and African Americans had the lowest median annual earnings at \$20,252.



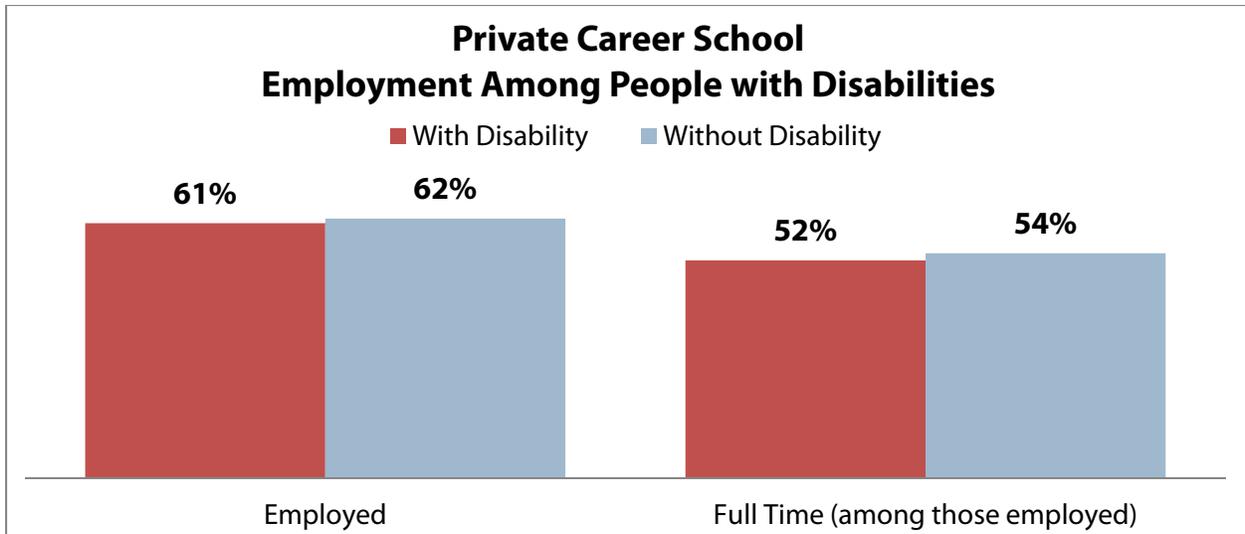
Source: Matches with Employment Security Department data.

Disability Impacts Employment, Earnings

Employment outcomes and earnings also varied by disability status. College records indicate that less than two percent of the participants included in this study had a disability.

Compared to participants without disabilities, participants with disabilities were just as likely to have reported employment during the third quarter after exit (61 percent versus 62 percent) and just as likely to be working full-time (52 percent versus 54 percent). Participants with a disability earned about 93 percent of median wages as those without a disability (\$19,651 compared to \$21,192). In terms of median hourly wages, participants with a disability earned 91 percent of non-disabled participants (\$12.21 compared to \$13.38).





Source: Matches with Employment Security Department data.

Were Employers Satisfied with the Preparation Workers Received?

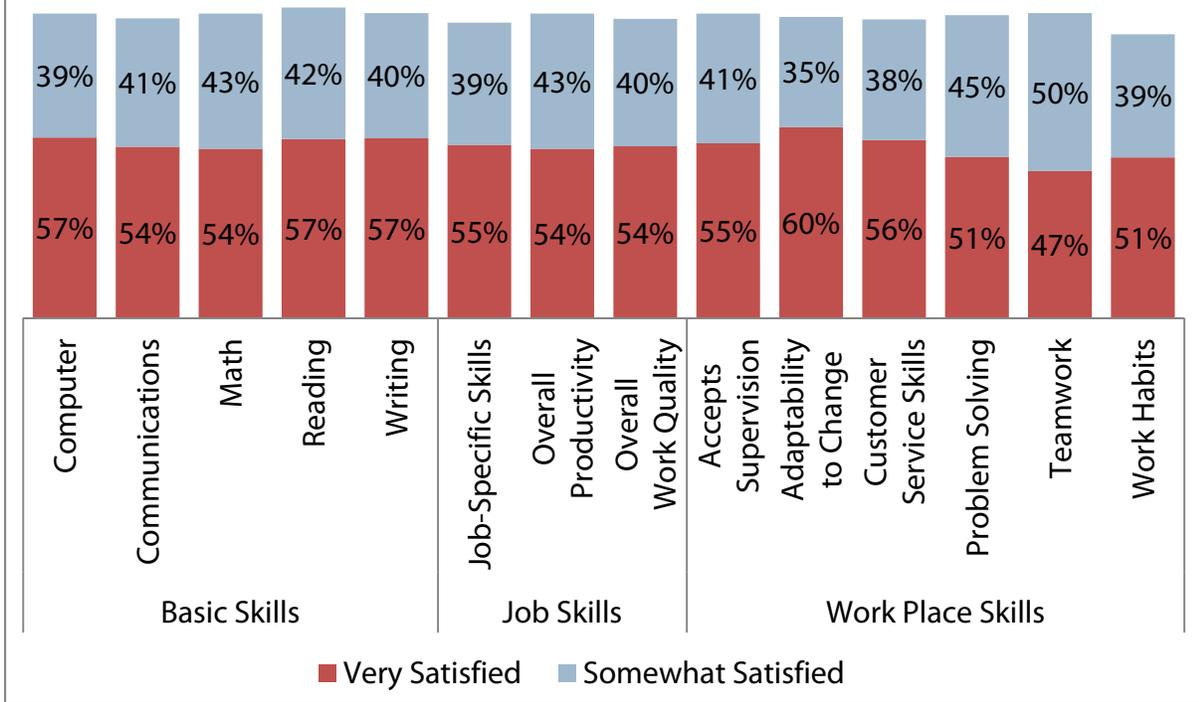
The Workforce Board’s Employer Survey, administered during 2012, asked firms to evaluate new employees who had recently completed a program at a Private Career School. Some 95 percent of employers said they were either “somewhat satisfied” or “very satisfied” with the overall work quality of these new employees.

Employer satisfaction is broken down into three categories: Basic Skills, Job Skills and Work Place Skills. Basic skills refer to reading, writing, math, communication and computer skills. Job skills refer to skills specific to the job, as well as overall work quality and productivity. Work place skills refer to the skills necessary to get along in the workplace such as the ability to accept supervision, the ability to adapt to changes in duties and responsibilities, teamwork, customer service, problem solving or critical thinking skills, and having positive work habits and attitudes.

In 2012, employers reported high levels of satisfaction with the skills of new employees who had recently completed a private career school program. The majority of employers were very satisfied with their basic skills, workplace skills, and job-specific skills.



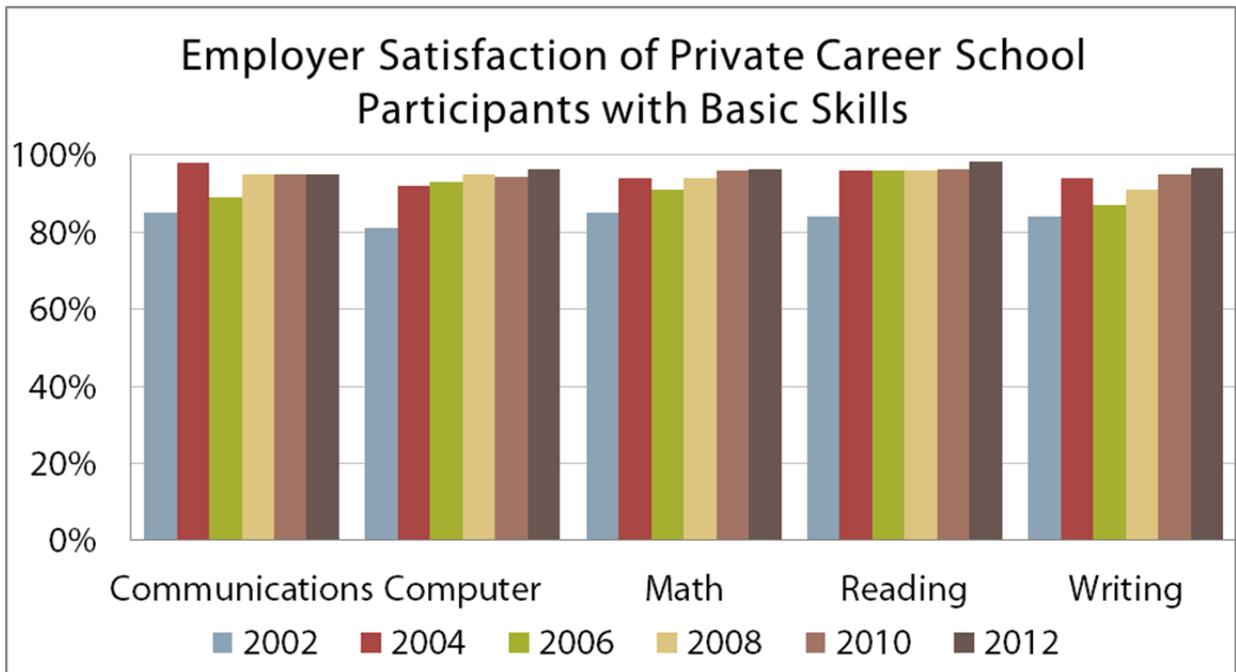
Employers Very or Somewhat Satisfied with New Employees who Completed a Private Career School



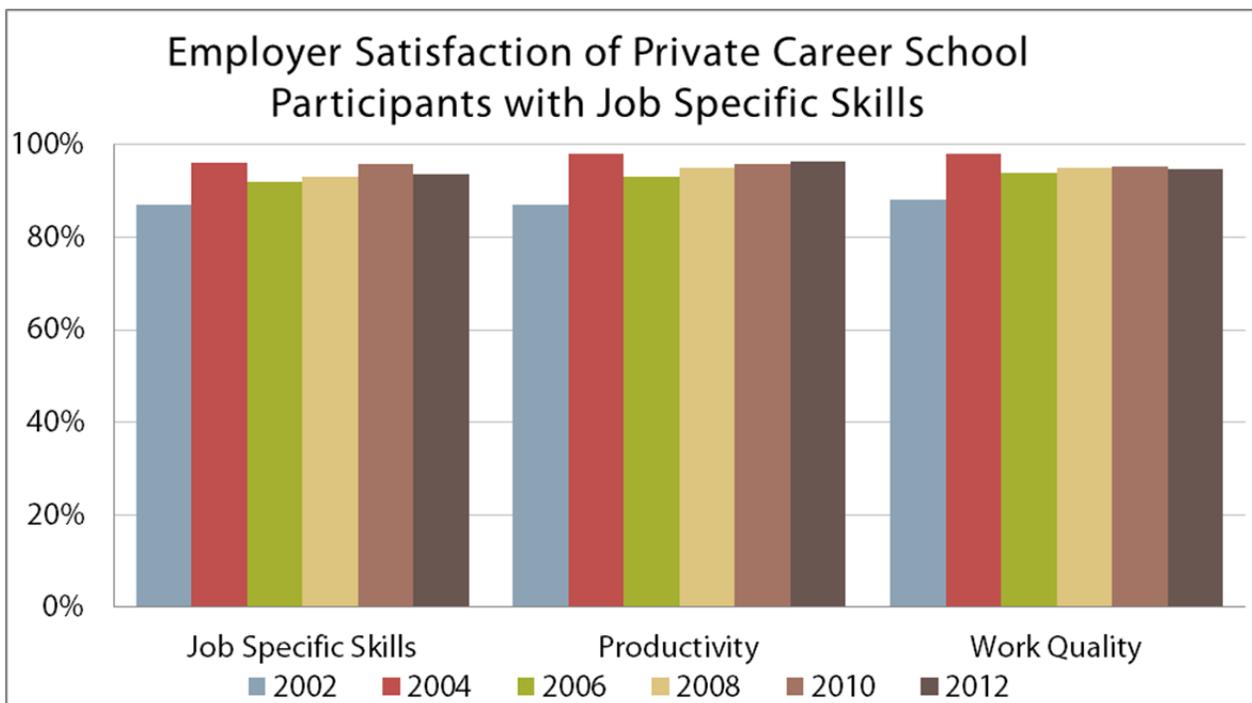
Source: Workforce Board Employer Survey conducted in 2012.

Overall, the levels of employer satisfaction reported in the Workforce Board’s 2012 Employer Survey were similar to the previous survey, conducted in 2010. The following three charts show the trends in satisfaction of employers with new employees who recently completed a program at a Private Career School. From 2002 to 2012, an upward trend is apparent.



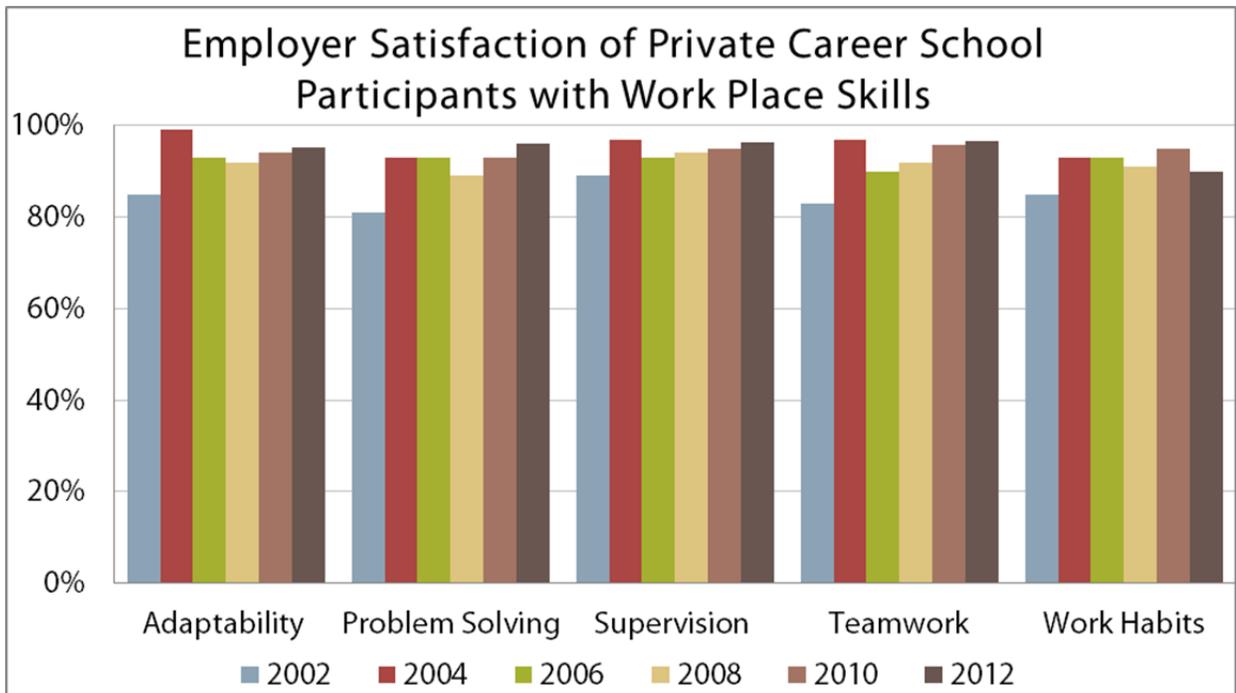


Source: Workforce Board's biennial Employer Surveys from 2002 through 2012.



Source: Workforce Board's biennial Employer Surveys from 2002 through 2012.





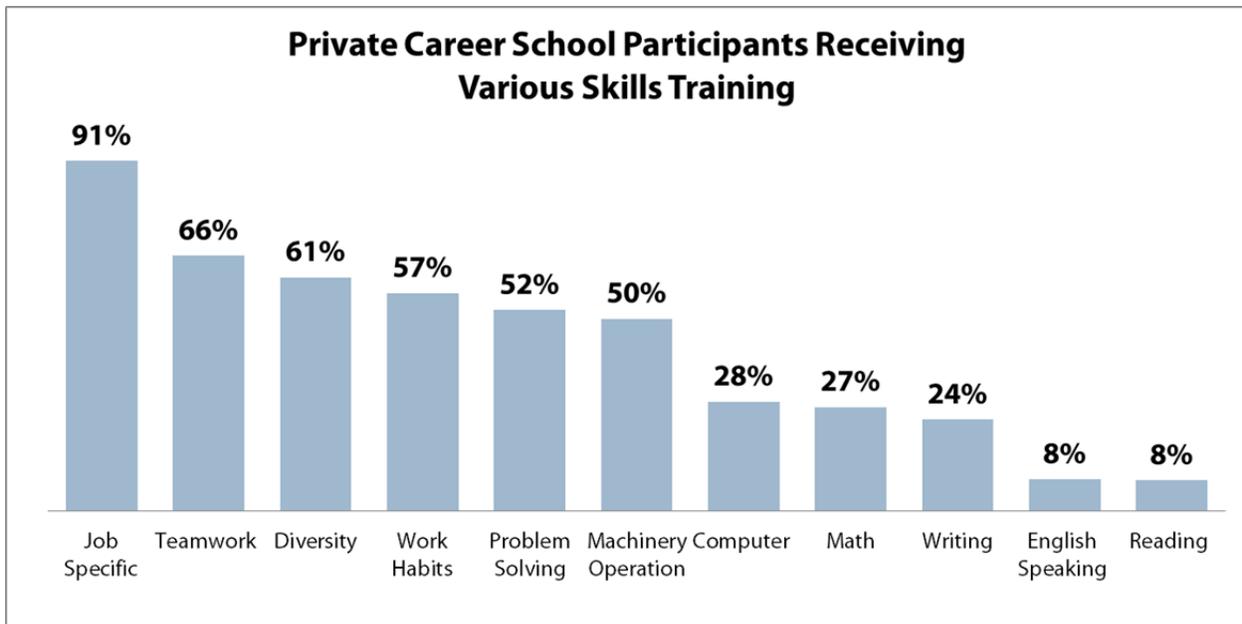
Source: Workforce Board's biennial Employer Surveys from 2002 through 2012.

Participant Survey - Did Participants Get the Skills They Needed?

According to Participant Survey results, 88 percent of participants indicated they entered a private career school to learn skills for a new job, similar to two years ago. Participants also indicated that they enrolled for their own personal enjoyment or improvement (77 percent), to get a degree or certificate (75 percent), or to improve skills for a job they already had (21 percent).

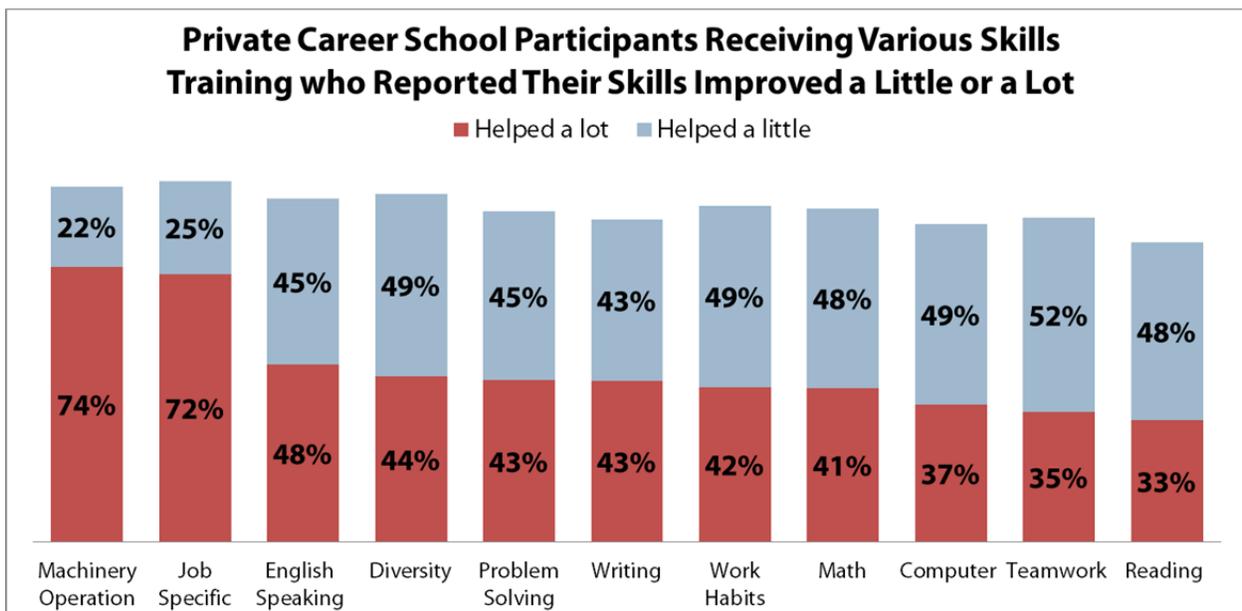
The highest percentage of participants, 91 percent, reported receiving job specific skills. In addition, participants received training in basic and workplace skills. As in previous studies, the majority of participants received training in workplace skills such as teamwork (66 percent), diversity (61 percent) and work habits (57 percent). Fewer received training in basic skills like reading, English speaking, math, and writing.





Source: Workforce Board's Participant Satisfaction Survey 2011.

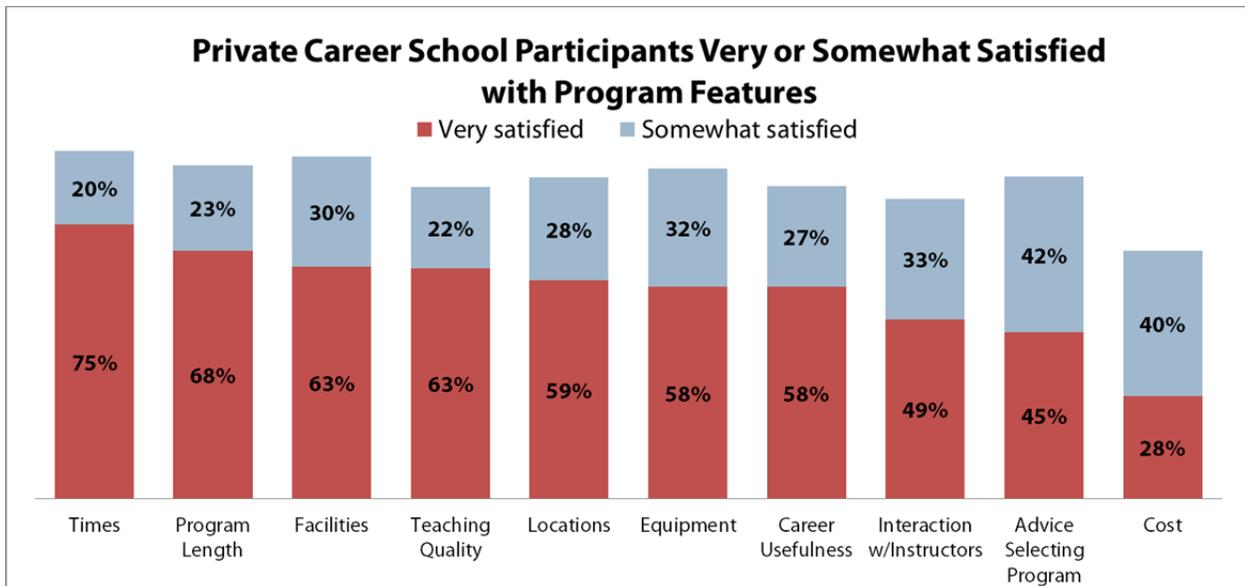
Participants tended to report their skills improved as a result of training. Participants were more likely to report "a lot" of improvement in technical skills such as job-specific skills and machinery operations, and less likely to report "a lot" of improvement in basic skills such as writing, math and computer skills. Compared to previous surveys, a slightly lower percentage of participants reported "a lot" of improvement in job-specific skills (72 percent in 2011 versus 79 percent in 2008).



Source: Workforce Board's Participant Satisfaction Survey 2011.



The participants in the current survey reported nearly identical levels of satisfaction with their programs as participants from the previous survey. Some 86 percent reported they had met their educational objectives. The percentage indicating that they were “very” or “somewhat” satisfied with their program overall was 85 percent. When asked about specific program features, satisfaction was highest with program times and length. Satisfaction was lower this year with teacher quality and interaction with instructors outside the classroom. Overall, participants were most satisfied with time, length of program, facilities and teacher quality and least satisfied with program cost.

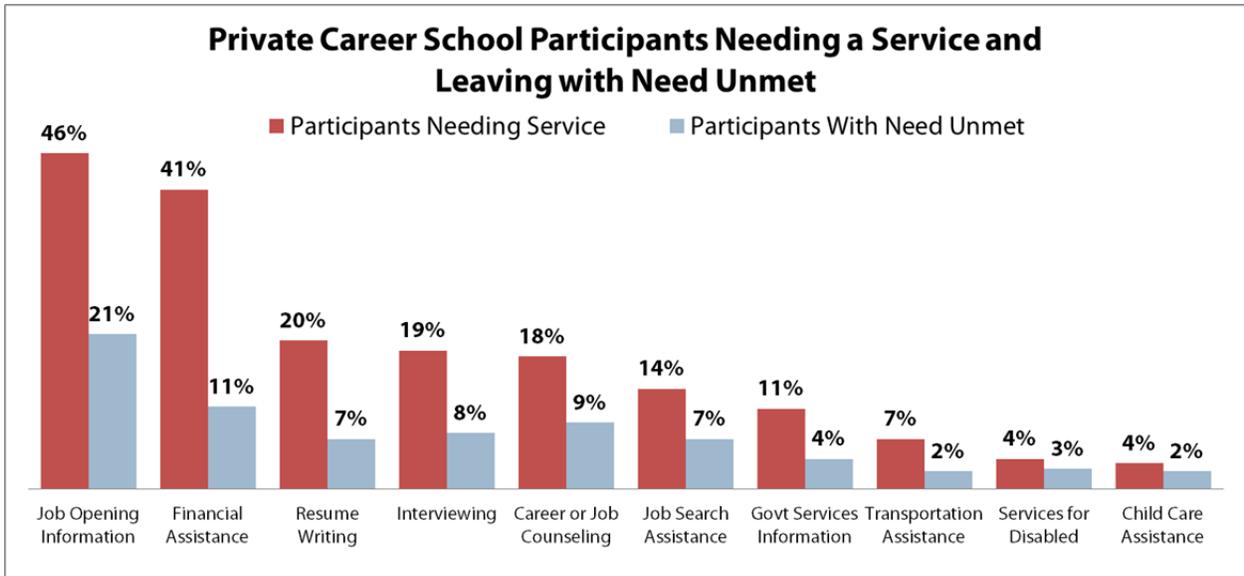


Source: Workforce Board's Participant Survey 2011.

In most cases the needed services were provided. As in previous studies, participants said they were most in need of information about job openings and financial assistance. However, participants also reported the highest percent of unmet needs⁶ in these two areas. Just over one fifth of participants reported their need for job opening information was not met. Eleven percent indicated that their need for information regarding financial assistance was not met.

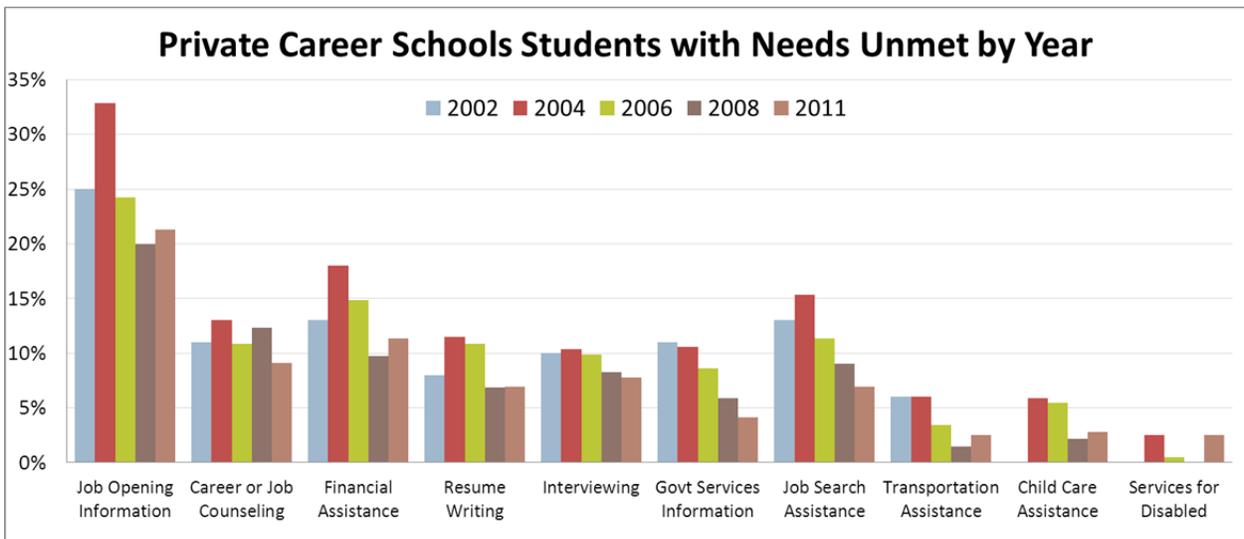
⁶ Unmet need refers to cases where the student reports that either they did not receive the required service or what was provided did not meet their needs.





Source: Workforce Board's Participant Survey 2011.

In the past decade there has been an overall decline in the percentage of participants reporting they left private career schools with unmet needs.



Source: Workforce Board's Participant Surveys 2002-11.



Net Impact - Did Program Make a Difference in Participant Success?

Every four years the Workforce Board conducts a net impact analysis of workforce development programs. This detailed study compares participants and non-participants. The net impact part of this study attempts to measure whether the program made a difference in the participant's success. Washington is the only state to periodically conduct rigorous net impact evaluations of its workforce programs.

Private Career School programs have positive net impacts on hourly wages and annualized earnings.

The net impact analysis was conducted by the W.E. Upjohn Institute for Employment Research (Upjohn), a national leader in evaluating training programs. To do the analysis, Upjohn studied program participants to see what results they achieved and compared these results with a control group. Individuals who participated in a Private Career School program were compared to individuals who had similar demographic characteristics, but who did not participate in any of the programs included in the study. The comparison group members were selected from among those who registered with WorkSource, Washington's one-stop career center system.

The most recent net impact analyses examined experiences of participants who left the Private Career Schools through 2009. The short-term impact (Program Year 2007-08) was observed in 2008-09, while the long-term impact (Program Year 2005-06) was observed from 2006-07 through 2008-09.

Impact on Employment and Earnings: Participants vs. Control Group

Private Career Schools	Short-term [^]	Long-term [^]
Net Employment Impact*	No significant positive impacts	3.40 percentage points
Net Hourly Wage Impact**	\$1.10	\$0.66
Net Hours Employed per Quarter Impact	20.8	27.1
Net Annualized Earnings Impact**	\$2,644	\$2,226

[^]Short-term is three quarters after program exit; Long-term is average across three years since program exit.

*Percentages listed are employment percentage points above those of the control group of non-participants.

**Wages and earnings, expressed in first quarter 2013 dollars, represent the average difference between Private Career School participants who got jobs and those in the control group who were employed.

As can be seen above, Private Career School participants experienced positive long-term net impacts on their employment, hours worked per quarter and on annualized earnings. In the short-term, Private Career School participants did not experience the same positive net impact on employment but did benefit from higher hourly wages; hours worked per quarter and increased annualized earnings.



Costs and Benefits

The cost-benefit analysis estimates the value of the net impact on earnings, employee benefits (estimated at 25 percent of earnings), UI benefits, and certain taxes. Program costs include both direct program costs and support payments borne by the state and the tuition and foregone earnings borne by students. Benefits and costs are calculated for both the observed period of time and based upon a statistical model that estimated the benefits and costs out to age 65. In order to compare benefits and costs in terms of net present values, post-program benefits and costs are discounted by 3 percent per year and all figures are stated in 2013 Q1 dollars to control for inflation. The benefits and costs presented here are based on impacts estimated for students leaving programs in 2005-2006 (observed from 2006-07 through 2008-09), because a longer-term follow-up is required for this analysis.

Participant and Public Benefits and Costs per Participant in Private Career Schools

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
Benefits					
Earnings	\$3,040	\$0	\$15,225	\$0	
Fringe Benefits	\$760	\$0	\$3,806	\$0	
Taxes	-\$567	\$567	-\$2,839	\$2,839	
Transfers					
UI	-\$717	\$717	-\$730	\$730	
Costs					
Foregone net earnings	-\$2,029	-\$355	-\$2,029	-\$355	
Program costs	-\$10,501	\$0	-\$10,501	\$0	
Benefits	\$2,516	\$1,284	\$15,462	\$3,569	
Costs	-\$12,530	-\$355	-\$12,530	-\$355	
Total (Net)	-\$10,014	\$929	\$2,932	\$3,214	\$6,145

Note: Benefits and costs are expressed in 2013 first quarter dollars.

For each student in a private career school program, tuition is estimated at an average of \$10,501, although there is wide variability among schools and programs, and students frequently receive financial aid. Student costs include an average of \$2,029 in foregone earnings while in training, and the public (taxpayer) costs include \$355 in lost tax revenues from the foregone earnings. During the first two and one-half years after leaving a school, the average trainee will gain about \$3,040 in earnings. During the course of working life to age 65, the average trainee will gain about \$13,196 in net earnings (earnings minus foregone earnings) and \$2,839 in employee benefits.



These are net gains compared to the earnings of similar individuals who did not receive training. Including program costs and the net impacts on taxes and unemployment insurance benefits, the total net benefit per participant is \$2,932.

From the time of leaving training to age 65 the public is expected to gain \$2,839 in net additional Social Security, Medicare, federal income, and state sales taxes and to save \$730 in UI benefits. The estimated lifetime net benefit to taxpayers is \$3,214 per participant.⁷

Summary and Areas for Improvement

Private career schools are private businesses that provide a wide variety of vocational training programs. The schools reviewed here offer certificated programs, with a median attendance of two months. Consistent with this length of training, the completion rate is high (85 percent) and the employment and earnings results are modest (63 percent reported employment and a median of \$20,638 in annual earnings).

Both employer and participant satisfaction with private career schools is high. An area of some concern to the participants, however, is the cost. Also, information about job openings could be better. The long-term net impact on employment and earnings is positive, but whether or not the net impact is sufficient to offset the cost of training depends on a particular program's tuition and fees (tuition and fees vary widely among the schools), the financial aid students receive, and the post-program employment and earnings of students. As a result, there is a premium on students being well-informed consumers when they choose a school.

⁷ Financial aid is outside the scope of this study and is not included in either the public or participant cost estimates.

