

Private Career Schools

Program Details

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

During the time of this study, there were roughly 360 private career schools in Washington. The Workforce Training and Education Coordinating Board (Workforce Board) licensed approximately 275 certificate-granting vocational institutions. Program results included in this study were limited to those institutions licensed by the Workforce Board.¹

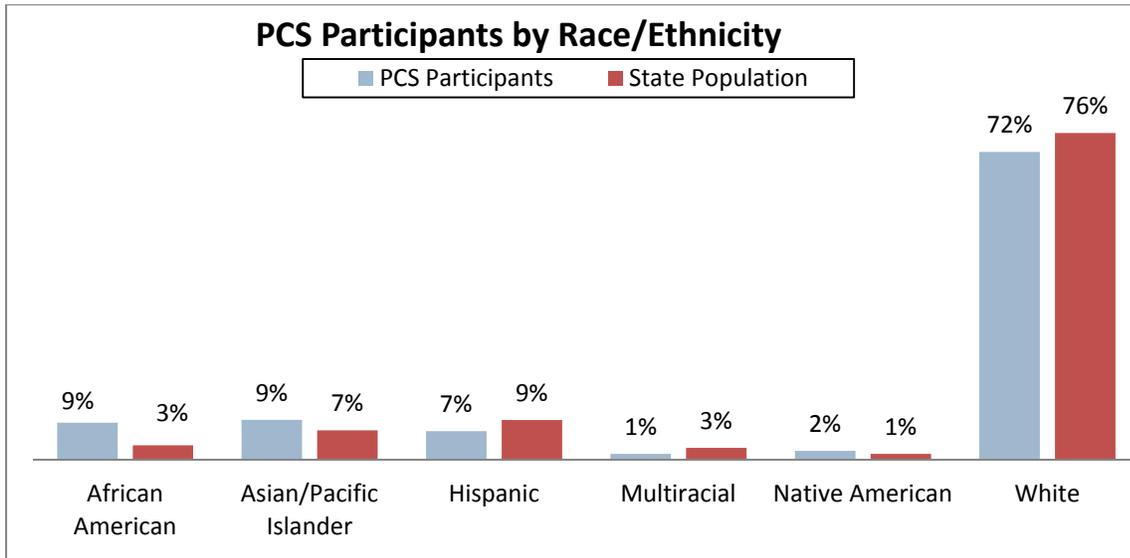
Program records were collected on 12,459 students who left programs during the 2007-2008 school year. The median length of enrollment for these students was three months. However, the duration of private career school programs vary widely, and in 2007-2008, one quarter of the students had enrollment lengths of 10 months or longer, while another quarter had enrollment lengths of less than one month.

Every two years, 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.

¹ The Higher Education Coordinating Board authorizes around 30 private schools that grant associate's degrees and, in some cases, bachelor's degrees. In 2010 there were 68 active cosmetology schools, which are regulated by the state's Department of Licensing.

Participant Profile

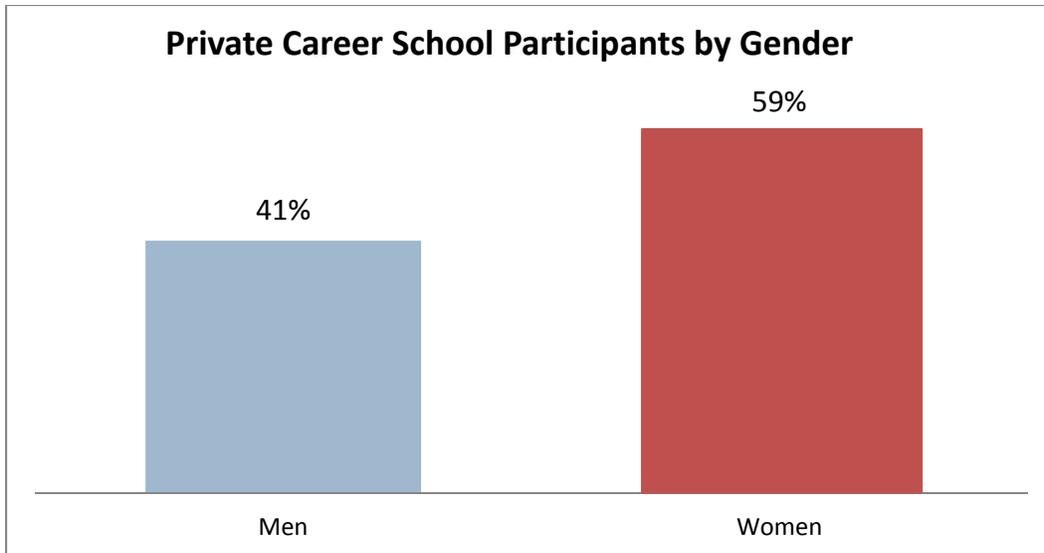
Washington residents from racial and ethnic minorities are well represented among private career school students.² African Americans accounted for nearly 9 percent of students, three times their portion of the state's population. In general, the racial and ethnic make-up of those who successfully completed their private career school program mirrors the distribution of students who left the program in 2007-2008.



Source: Private Career Schools' administrative records 2007-2008.

Among those leaving private career schools in 2007-2008, 59 percent were women. That's up from 57 percent in 2005-2006. Of the completers, 57 percent were women.

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/Pacific Islanders (also referred to as Asians/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 2008 *U.S. Census Bureau* 77 percent are whites; 3 percent are African Americans; 1 percent are Native Americans; 7 percent are Asians/Pacific Islanders; 3 percent are multiracial; and 9 percent are Hispanics.



Source: Private Career Schools' administrative records 2007-2008.

When they enrolled, 65 percent of Private Career School participants had not previously attended college; 18 percent had attended college without receiving a credential; 9 percent had a certificate or associate's degree; and 7 percent had a bachelor's or higher degree.

The typical (median) student was age 27 when enrolled; one quarter was under 22 and another quarter was over 37.

State Core Measures: 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.

Workforce Training Results seeks answers to five core questions:

- Did participants get the skills they needed?
- Did they get a job and how much were they paid?
- Were employers satisfied with the preparation workers received?³
- Has the program made a difference in the participant's success?
- Did participants and the public receive a return on their investment?

³ Workforce Training Results usually includes a survey that measures the satisfaction of workforce participants, in addition to employers. The survey was not conducted this time because of budget constraints.

Data Comes From State Wage Files, Employer Survey

The 2010 Workforce Training Results includes information obtained from Employment Security Department wage files in Washington, Idaho, and Oregon, and federal employment records for 2008-09. Data used in the Net Impact Study also reached back to 2006-07 employment records, to help assess trends over a slightly longer time frame. Employer satisfaction was assessed through the Workforce Board's Employer Survey from 227 firms that hired employees who recently exited a Private Career School program.

Turn to page 13 for the Net Impact Study. Conducted every four years, this in-depth report adds extra value to 2010 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.

Net Impact Study Adds More Insight Into Program Performance

This year's 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.

Did Participants Get the Skills They Needed?

Of the students who left private career schools in 2007-2008, 82 percent had completed their program. This percentage was up from the 79 percent of those leaving in 2005-2006 who had completed their programs.

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.⁴ The study looks at employment and earnings three calendar quarters after the participant left a private career school program. The chart below shows the 2008-09 employment and earnings of participants who left a program in the 2007-08 program year. Of those who left private career schools in 2007-08, 63 percent were employed. Their median hourly wage⁵ was \$13.98, and their median annualized earnings of \$22,653.⁶

⁴ 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 employers not included).

⁵ All wages and earnings are stated in 2009 Q1 dollars.

2007-2008 Program Year Performance for Private Career Schools

Performance Measure	Results
Employment Rate*	63%
Percentage Employed Full Time**	56%
Median Annualized Earnings	\$22,653
Median Hourly Wage***	\$13.98
Hours Worked Quarterly (Median)	423 hours

*These figures apply to those with employment reported to Employment Security Department six to nine months after leaving 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 2009 dollars.

To put earnings in context, the median number of people Private Career School participants were able to support at the poverty level after leaving the program in 2007-2008 was 4.2 people. At the 200 percent of poverty level, this supported 1.1 people.⁷

Self Sufficiency Level for Private Career Schools – Previous Years

Performance Measure	2001-2002	2003-2004	2005-2006	2007-2008
Household size-poverty level	4.1	3.7	4.2	4.2
Household size-poverty level at 200 percent	1.1	.9	1.1	1.1

The following table shows employment and earnings information over four study periods.

Program Performance for Private Career Schools – Previous Years

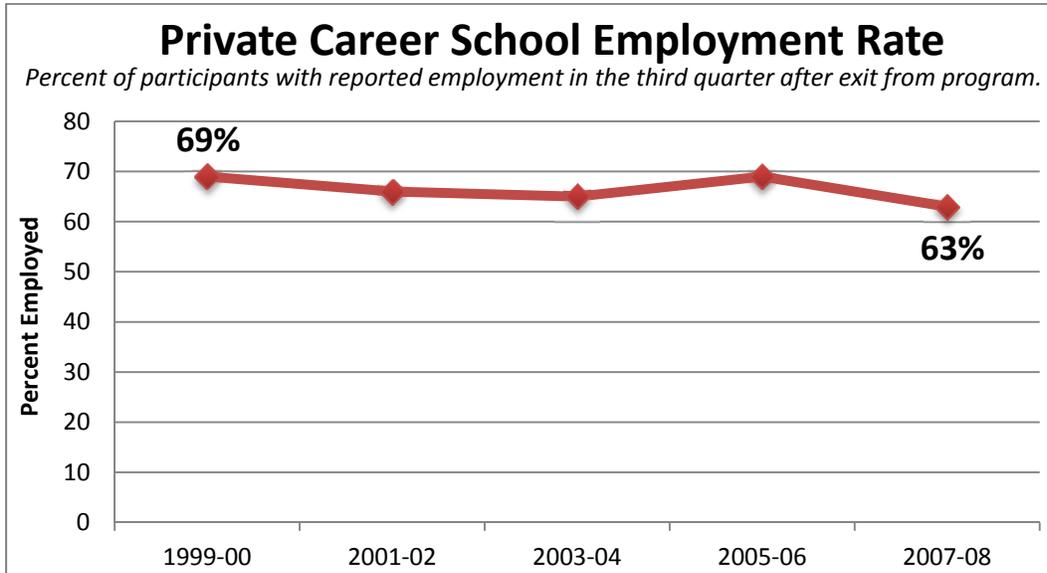
Performance Measure	2001-2002	2003-2004	2005-2006	2007-2008
Employment Rate*	66%	65%	69%	63%
Percentage Employed Full Time**	57%	56%	60%	56%
Median Annualized Earnings	\$22,416	\$20,866	\$22,668	\$22,653
Median Hourly Wage	\$13.51	\$12.89	\$13.52	\$13.98
Hours Worked Quarterly (Median)	428	428	443	423

*Full-time employment averages 30 or more hours per week. **Note: These figures apply to those with employment reported to state employment agencies 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. Earnings/wages expressed in first quarter 2009 dollars in order to control for inflation.

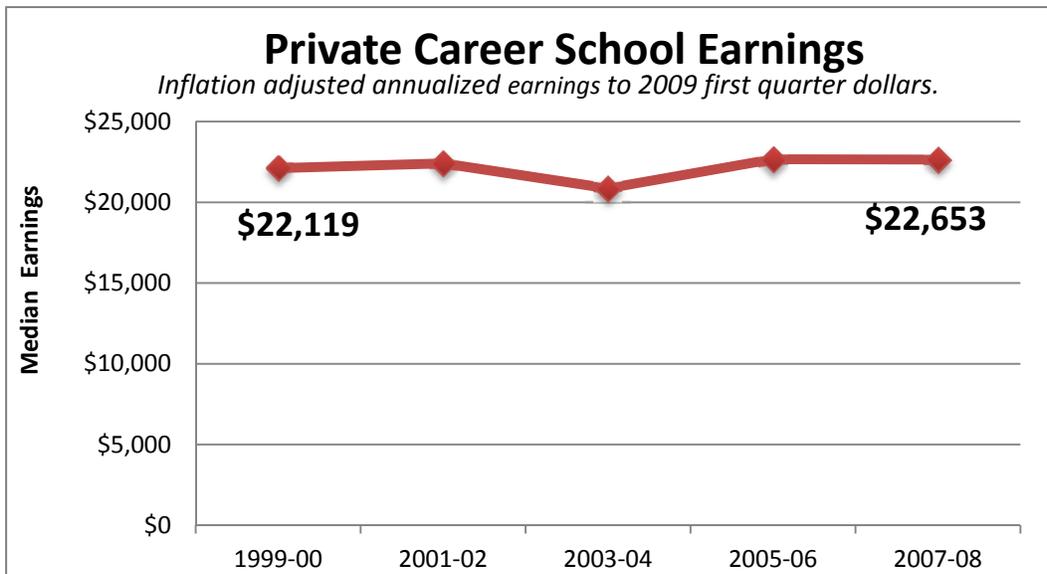
⁶ To derive annualized earnings, third quarter earnings are multiplied by four. Quarterly earnings are the result of hourly wage rates and the number of hours worked in a calendar quarter.

⁷ In 2009, the poverty level for one person was \$10,830 per year. The 200-percent-poverty level that year was \$21,660 for one person.

Since 1999, employment and earnings among Private Career School participants have stayed fairly flat. The most recent employment decline may reflect the beginning of the recession in 2008.



Source: Workforce Training Results 1999-2008.



Source: Workforce Training Results 1999-2008.

As in the previous study, employment among private career school students is concentrated in services, especially health services. Compared to 2005-2006, participants exiting programs in 2007-2008 were 3 percentage points more likely to be employed in services and a little less likely to be employed in retail trade industries.

The majority of Private Career School participants who were reported to be employed held jobs in the Services Industry, with a quarter involved in the health care field.

Private Career School Employment by Industry	
Industry Group	Employment
Services (See breakout below)	59.6%
Retail Trade	12.1%
Transportation and Warehousing and Utilities	7.4%
Construction	5.3%
Manufacturing	4.9%
Wholesale Trade	3.9%
Financial Activities	3.0%
Public Administration	1.5%
Information	1.3%
Natural Resources and Mining	1.1%
Breakout of the Services Industry	
Health Care	25.6%
Accommodation and Food Services	8.8%
Administrative and Support and Waste Management Remediation Services	7.5%
Other Services	4.6%
Professional, Scientific and Technical Services	3.5%
Arts, Entertainment, Recreation	3.2%
Social Assistance	3.2%
Education	3.2%

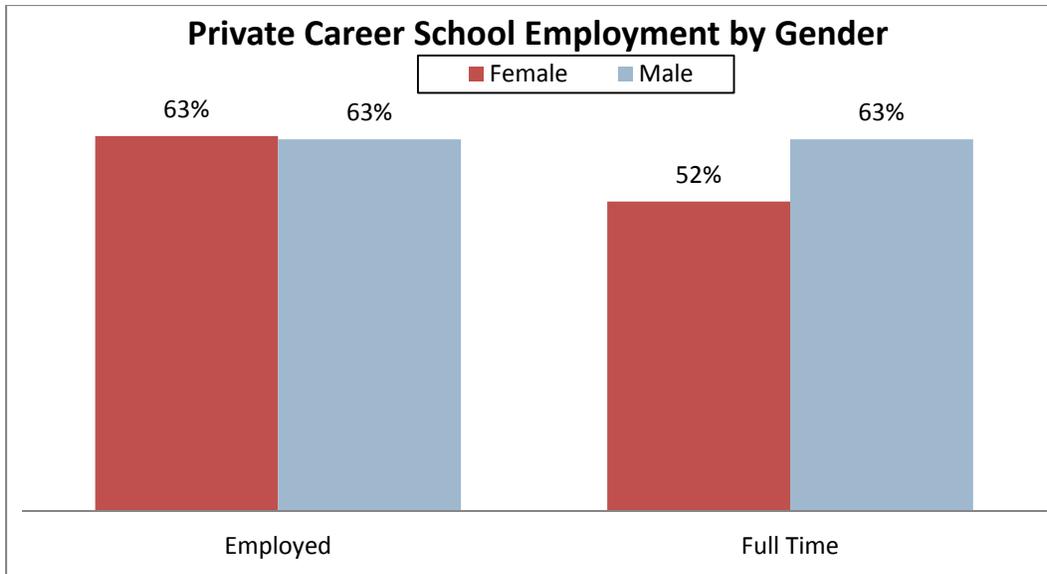
Note: Industry groups based on North American Industry Classification System codes.

Source: Employment Security Department data match in third quarter after exiting program.

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 and men were equally likely to be employed in the third quarter after leaving their programs. Women, however, were less likely to be employed full-time (52 percent compared to 63 percent) and among those employed, their median hourly wage was 82 percent of men.

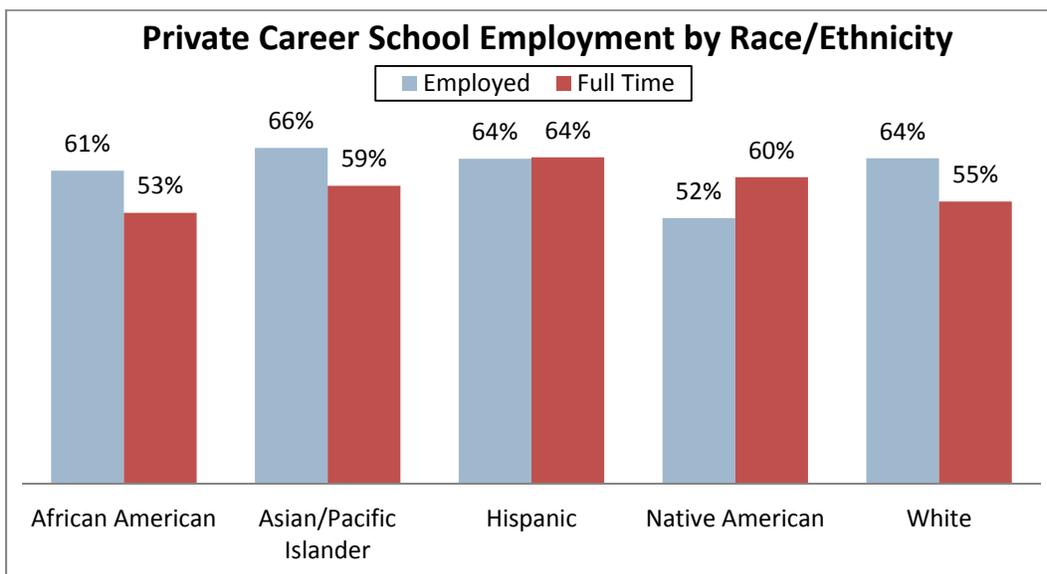


Source: Employment Security Department data matches 2007-2008.

Note: The percentage employed and percentage full-time are calculated from different bases. The percent employed is percent of all participants; the percent full-time is percent among those employed.

Race/Ethnicity Plays Role

Native American and African American students were less likely than white students to be employed in the third quarter after leaving their programs (52 and 61 percent respectively versus 64 percent). Asian/Pacific Islanders were more likely to be employed at 66 percent, Hispanics and whites were employed at about the same rate. However Hispanics, and Native Americans were more likely to be employed full time than whites (64 percent and 60 percent respectively versus 55 percent for whites). African Americans had a median wage that was 84 percent of whites, Hispanics had a median wage that was 95 percent of whites, Native Americans had median wages that were about 92 percent of whites, and Asian/Pacific Islanders had a median wage that was 94 percent of whites.

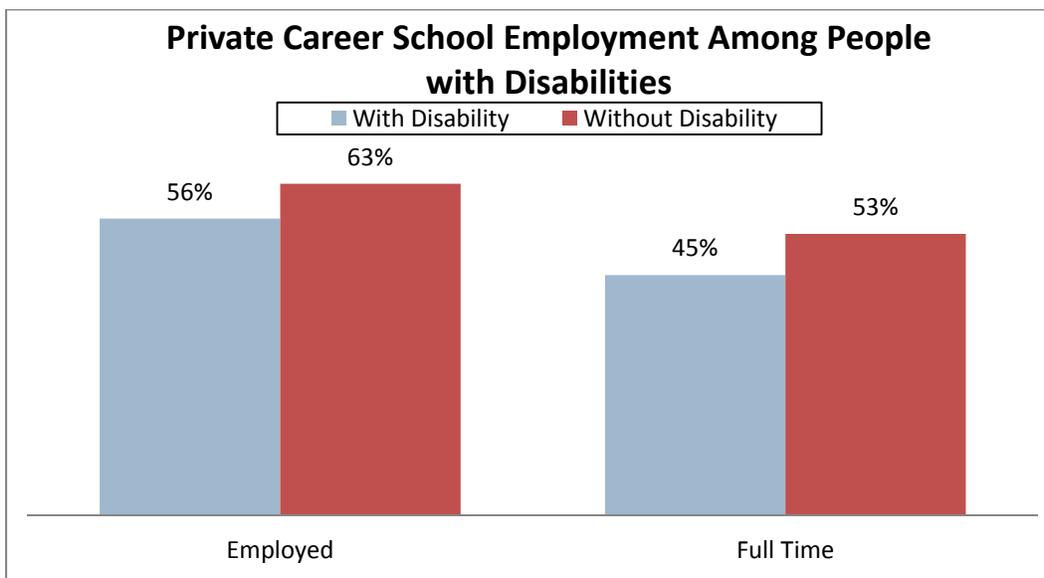


Source: Employment Security Department data matches 2007-2008.

Note: The percentage employed and percentage full-time are calculated from different bases. The percent employed is percent of all participants; the percent full-time is percent among those employed.

Disability Impacts Employment, Earnings

Employment outcomes and earnings also varied by disability status. College records indicate that less than 1 percent of the students included in this study had a disability. Compared to students without disabilities, students with disabilities were less likely to have reported employment during the third quarter after exit (56 percent versus 63 percent). They were even less likely to be working full-time (45 percent versus 53 percent). Students with a disability earned about 82 percent less in median wages as those without a disability.



Source: Employment Security Department data matches 2007-2008.

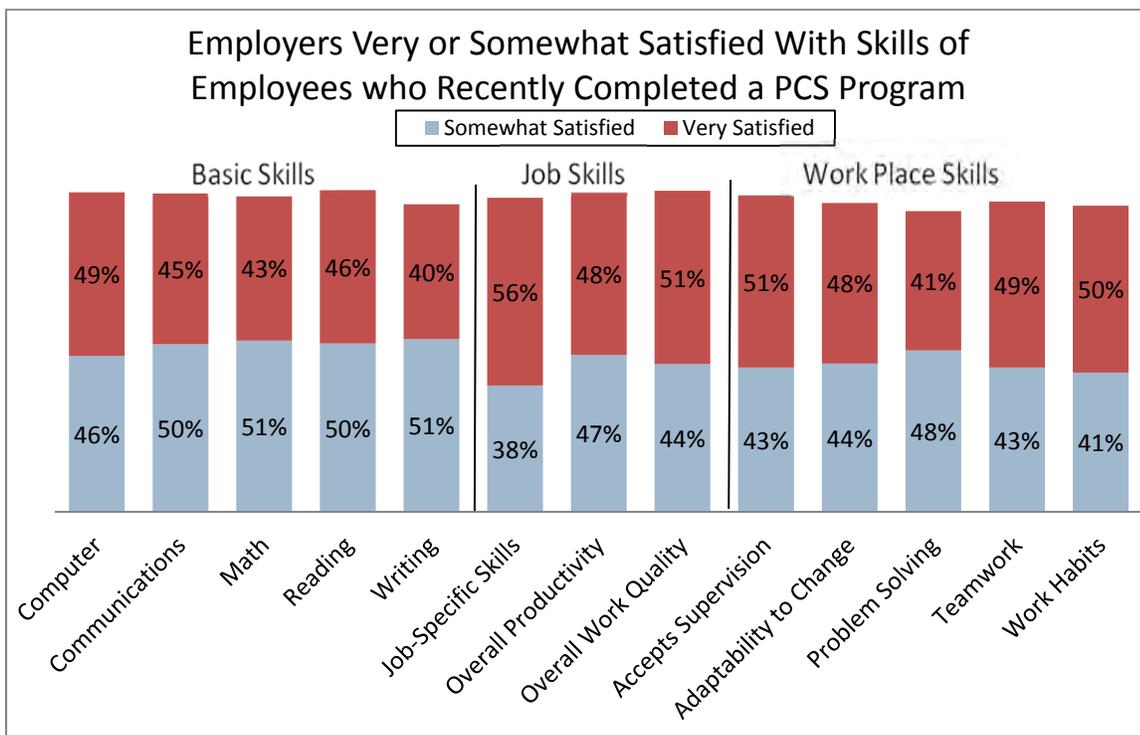
Note: The percentage employed and percentage full-time are calculated from different bases. The percent employed is percent of all participants; the percent full-time is percent among those employed.

Were Employers Satisfied with the Preparation Workers Received?

The Workforce Board’s Employer Survey, administered during 2010, asked firms to evaluate new employees who had recently completed a program at a private career school. Ninety-five percent said they were either “somewhat satisfied” or “very satisfied” with the overall work quality of these new employees, up from the 89 percent from the 2005-2006 survey.

Over the past 10 years, Washington employers’ overall satisfaction has varied, according to the skills they were asked to rate. The charts below show the overall satisfaction of employers with work-related skills of new employees who recently completed a private career school program and shows the overall satisfaction of basic skills.

Employer satisfaction was 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 ability to accept supervision, teamwork, ability to adapt to changing situations, problem solving and overall work habits.

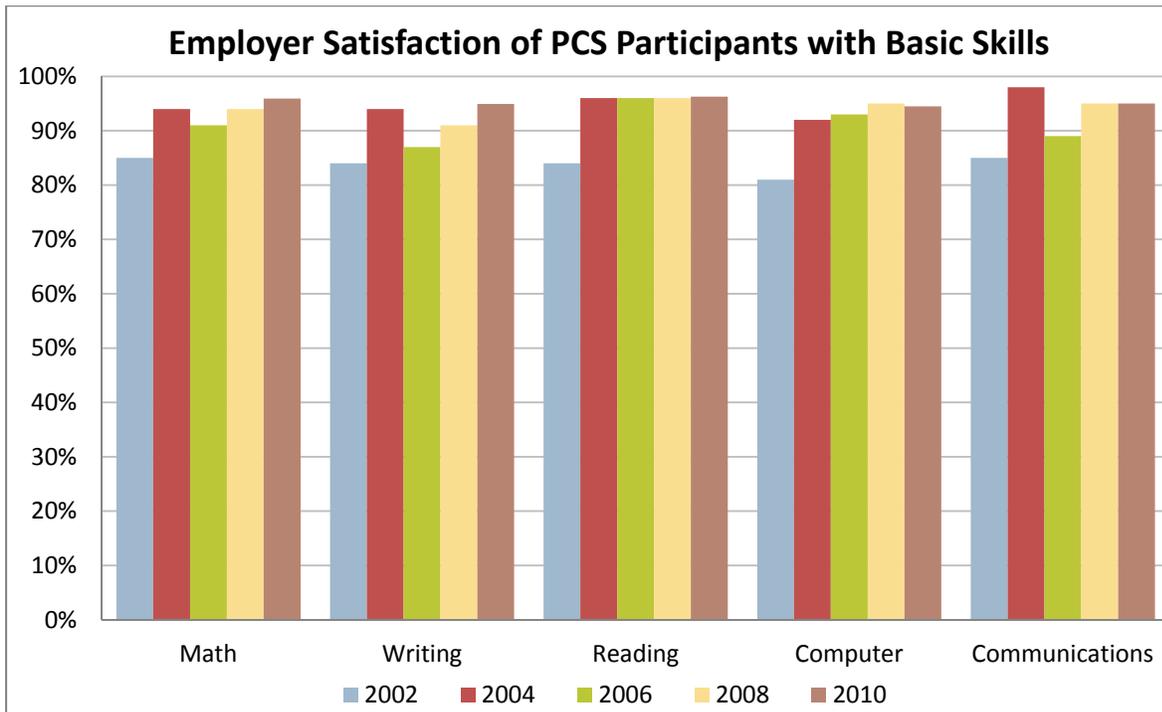


Source: Workforce Board Employer Survey conducted in 2010.

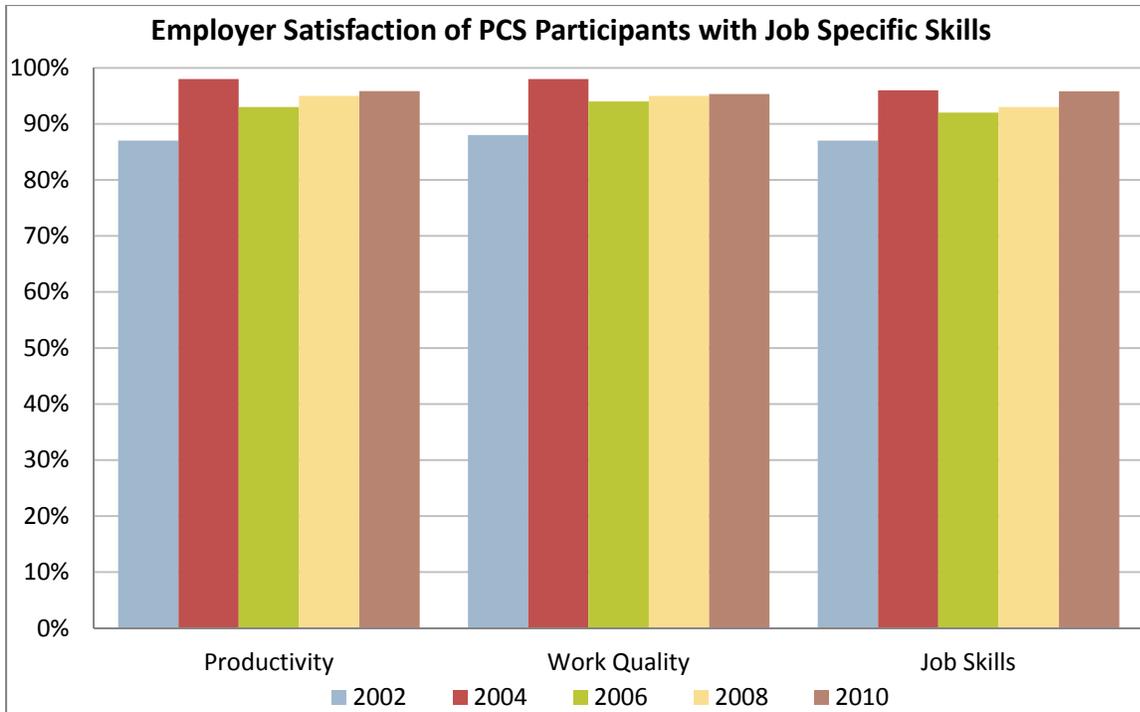
For basic skills, employers were most satisfied with computer skills, with reading coming in a close second. Job-specific skills showed the highest level of satisfaction in the job skills area. Employers were most satisfied with the ability to accept supervision in the work place skills area, followed closely by work habits.

Among those indicating they were “very satisfied,” top scoring categories included:

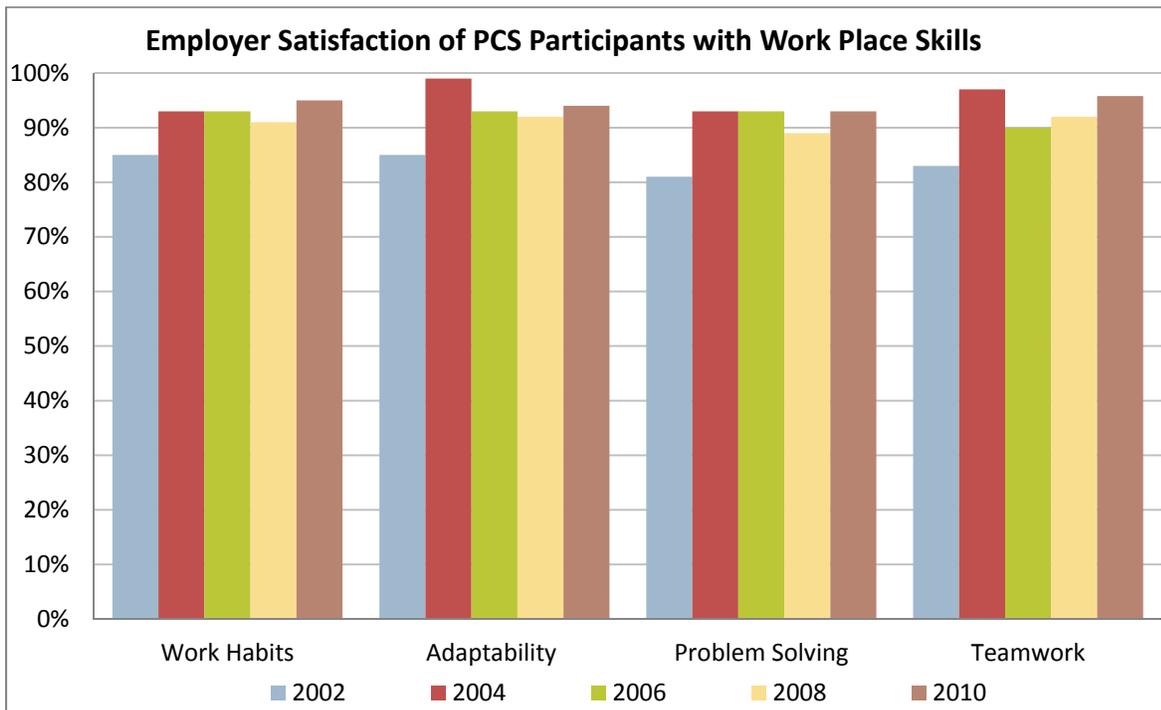
- Job-specific skills (56 percent)
- Accepts supervision (51 percent)
- Overall work quality (51 percent)



Source: Workforce Board’s Biennial Employer Survey from 2002 through 2010.



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Source: Workforce Board's Biennial Employer Survey from 2002 through 2010.

Net Impact - Did Program Make a Difference in Participant Success

Every four years the Workforce Board conducts net impact and cost-benefit analyses 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.

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.

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

The most recent analyses examined the experience of participants who left programs during the 2005-2006 and 2007-2008 program years.

Short-term net impacts: Individuals who exited in Program Year 2007-2008.

Longer-term net impacts: Individuals who exited in Program Year 2005-2006.

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	\$1.03	\$ 0.61
Net Hours Employed per Quarter Impact	20.8	27.1
Net Annualized Earnings Impact	\$2,451	\$2,064

Percentages listed are employment percentage points above those of the control group of non-participants. Dollars listed are the average annual earnings difference between Private Career School participants who got jobs and those in the control group who were employed. Earnings and wages are in 2009 Q1 dollars.

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 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.