

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 150
SEPTEMBER 23, 2010**

ELIGIBLE TRAINING PROVIDER POLICY

The Board adopts the criteria used to determine which programs are eligible to provide training funded by Workforce Investment Act Title I-B Individual Training Accounts. The same criteria are used to determine eligibility to train dislocated workers receiving additional unemployment insurance benefits under the state's Training Benefits program. At the September meeting, the Board will discuss updating the criteria for programs on the state's Eligible Training Provider List (ETP). It is anticipated that the Board will act on the criteria at the November meeting.

The criteria consist of standards for program results as measured by student completion rates and the employment and earnings of former students. The attached paper summarizes the Aug. 20 meeting, when a Board subcommittee discussed options for making changes to the criteria.

The committee recommends no major changes to the standards at this time. Instead, the committee recommends maintaining the standards by adjusting the earnings criteria to reflect the updated federal poverty guidelines, and by adjusting the hourly wage criteria to account for inflation.

The tab concludes with information on the effects of the current performance criteria on program eligibility, and the effects of the options considered by the committee.

Board Action Required: None. For discussion purposes only.

Performance Criteria for Determining Training Provider Eligibility

Discussion of Options Considered by Workforce Board Subcommittee

Background: At the Board retreat in July 2010, several Board members volunteered to meet with agency staff to discuss options for changing the standards used to determine Eligible Training Provider (ETP) program eligibility in the annual ETP performance analysis. This was a response to a discussion at the November 2009 Board meeting, where Board members expressed concern that the minimum standards may be too low and should be examined in-depth before next year's review. The Board has not significantly changed ETP standards since 2003, when the Board increased the employment rate standard from 45 to 50 percent, and raised the minimum hourly wage by \$0.50.

A committee of Board members, including Lori Province, Mark Mattke and Mike Hudson, and Workforce Board staff members Karen Pyle and Martin McCallum met on August 20 to discuss possible changes to the ETP performance standards. The committee looked at three options and reviewed how those options would impact program eligibility.

- **Option 1**—Raise the completion rate minimum from 20 percent to 25 percent and the target from 30 percent to 35 percent. Employment rate and Earnings standards remain unchanged.
- **Option 2**— Raise the completion rate minimum from 20 percent to 30 percent and the target from 30 percent to 40 percent. Employment rate and Earnings standards remain unchanged.
- **Option 3**—Keep the completion rate unchanged and raise the median earnings minimum from 100 percent of the poverty guideline for a family of two to 125 percent of the poverty guideline for a family of two (target is for a family of three). Hourly wage would be increased to reflect inflation.

Staff provided tables showing the impacts of each of the Options on four groups of training programs—those offered by Community and Technical Colleges, Public/Private Four-Year Institutions, Private Career Schools and Registered Apprenticeships. A summary of the impacts was also provided. (See Appendix A, attached.)

The three options had virtually no impact on the programs at the Four-Year Institutions, which easily met the minimum standards. Also, with the exception of Option 3 having a moderate impact on cosmetology programs, the options did not impact Private Career School programs.

However, Options 1 and 2 had significant impacts on the number of programs found “not eligible” among the Community and Technical College and Apprenticeship programs. Especially hard hit were the Construction Trades, Administrative Support, Managerial and Managerial Support, Welding, Information Technology and Early Childhood Education program categories.

Option 3 did not impact the Community and Technical College and Apprenticeship programs.

Recommendation of the committee: The committee is concerned the recession is hitting all three measures hard and recommends postponing changes to the ETP standards until the economic situation improves. Completion rates for apprenticeship programs are especially hard hit as people cannot complete apprenticeships if they are not employed at a job site. As community colleges face record enrollment—with financial aid down, tuition going up and incomes dropping--completion rates will likely drop in this sector as well.

Although there was support for raising the earnings standard to 125 percent of the federal poverty guidelines to better align with other assistance programs and the goal of helping people become self sufficient, there was concern that this is not the appropriate time to do so because the recession may be pushing wages downward. The committee is interested in reviewing information from the Employment Security Department's Labor Market and Economic Analysis unit on recent wage trends across different sectors in the state, to test their assumptions about dropping wages. The committee would like Workforce Board staff to look at alternative completion measures that factor in how long it takes to complete a program, especially in relation to apprenticeships, which can take several years.

In conclusion, the committee recommends adjusting the median earnings measure to reflect updated federal poverty guidelines, and adjusting the hourly wage measure to account for inflation.

Impact of Current Performance Standards

State Required Performance Levels as Approved by the Board in 2009

A program must meet or exceed each of the following minimum performance floors:

- A completion rate of 20 percent.
- An employment rate of 50 percent.
- An earnings level of \$ 3,643 in a calendar quarter or \$ 9.67 per hour.

If a program does not meet the minimum floor for completion rate or employment rate, that program will be ineligible. If a program fails to meet the eligibility floor for quarterly earnings only, the program may still qualify by meeting the floor for hourly wages. If the program also does not meet the floor for hourly wages, that program will be ineligible.

In addition to meeting the minimum floors for completion rate, employment rate and earnings, the program must achieve at least an average of 100 percent of the following performance targets:

- A completion rate of 30 percent.
- An employment rate of 65 percent.
- An earnings level of \$ 4,578 in a calendar quarter or \$ 10.71 per hour.

The average is calculated by dividing actual performance on each measure for which there is sufficient data by the target for that measure, adding the results together, and dividing by the number of measures for which there is sufficient data.

Effect of Current Performance Criteria on Provider and Program Eligibility

Results of Eligible Training Provider List Performance Analysis 2010*								
	Community and Technical College Programs		Private Career School Programs¹		Public and Private Four- Year University and College Programs		Registered Apprenticeship Programs	
Results Category	N	Percent	N	Percent	N	Percent	N	Percent
Programs analyzed	3,568	100	761	100	715	100	460	100
Met performance standards-eligible	3,021	85	250	33	365	51	91	20
Did not meet performance standards-not eligible	97	3	36	5	7	1	74	16
Not enough exiters for analysis-interim eligible ²	220	6	447	58	296	41	146	32
No data/incomplete data-not eligible	220	6	28	4	47	7	149	32

Community and Technical Colleges

At the time of this analysis, some 65 percent of the programs on the ETP List were community and technical college (CTC) programs. Most of the programs (87 percent) had sufficient data to conduct the performance analysis. Of the CTC programs on the ETP List, 85 percent met or exceeded the minimum performance standards. Among the CTC programs that were found ineligible due to performance, 74 percent did not meet the completion rate standard, 10 percent had employment rates below 50 percent, and 15 percent did not meet the minimum on the average ratio of all three measures. The program categories with the highest ineligibility rates were Administrative Support (both completion rate and employment rate), Information Technology (completion rate), Automotive (completion rate), Early Childhood Education (completion rate and average ratio) and Drafting (completion rate).

A small percentage of CTC programs did not have enough data for analysis. Most of these were new programs that had not yet exited any students as of the end of the data reporting period.

¹ Includes schools licensed by the Workforce Board or Department of Licensing, two-year degree granting schools, and FAA-approved flight training and training programs approved by local Workforce Development Councils for inclusion on the ETP List.

² These programs were either new programs, recently added to the ETP List, or small programs with very few or no exiters.

* All results are preliminary as appeals are still being considered at this time.

Private Career Schools

Fourteen percent of the programs on the ETP List were offered by private career schools, including cosmetology schools, flight training schools, vocational schools licensed by the Workforce Board, and two-year degree granting schools.

Thirty-three percent of the private career school programs on the ETP List at the time of analysis met the performance standards and are fully eligible. Of all private career school programs that did not meet performance standards, 78 percent failed to meet the minimum for employment rate and 11 percent failed on completion rate or median earnings. Cosmetology programs were by far the most affected sector, making up 25 percent of private career programs that failed to meet the minimum standards. The remainder includes primarily alternative healthcare, massage and information technology programs.

Public and Private Four-Year Universities and Colleges

Four-year institutions, which made up 13 percent of the programs on the ETP List at the time of this analysis, were minimally affected by the performance standards. Only seven programs did not meet the standards and four of those are likely due to data reporting errors.

Registered Apprenticeship Programs

All of the state's Registered Apprenticeship programs were recently added to the ETP List and they now account for 8 percent of the programs. This is the first year they have all been analyzed. The results are preliminary as the Workforce Board and the Department of Labor and Industries work to uncover and solve data problems, especially in the case where no data was reported. Preliminary results show that this training sector was hit the hardest in terms of losing eligibility, with 16 percent not meeting the standards. Of these, 53 percent did not meet the employment rate minimum and 45 percent did not meet the completion rate minimum. The remaining 2 percent missed on the average ratio.

Appendix A
Summary of the Impacts of Selected Changes to ETP Standards

Impacts of Selected Changes to ETP Standards								
	2009 standards		Scenario 1		Scenario 2		Scenario 3	
	Completion Rate: Floor=20% Target=30%; Emp Rate: Floor=50% Target=65%; Earnings: Floor=\$3,643 Target=\$4,578		Same as 2009, except change Completion Rate: Floor=25%, Target=35%		Same as 2009, except change Completion Rate: Floor=30%, Target=40%		Same as 2009, except change: Earnings: Floor=\$4,553 Target=\$5,722	
Training Provider Type	Met Standards	Did Not Meet Standards	Met Standards	Did Not Meet Standards	Met Standards	Did Not Meet Standards	Met Standards	Did Not Meet Standards
Four-Year Colleges and Universities	365	7	365	7	356	9	365	7
Private Career Schools	250	31	245	36	241	40	245	36
Community and Technical Colleges	1672	90	1617	145	1530	232	1669	93
Registered Apprenticeships	81	74	68	87	55	100	80	75

Scenario 1: Raise the completion rate standard from 20 percent to 25 percent.

Public and Private 4-Year Colleges and Universities

These programs are minimally affected by the current standards and there is nearly zero impact of each of these scenarios on this sector of education and training.

Private Career School programs:

The scenarios also have very minimal impact on this sector.

Community and Technical College programs:

Most (two-thirds) of the programs on the ETP List are community and technical college programs. The greatest impacts of Scenario 1 are on the Administrative Support, Managerial and Managerial Support, and Welding categories. Information Technology is also affected by changes in completion rate in that many developer/programming and web-related training programs have low completion rates.

Registered Apprenticeships:

Construction Trades are impacted greatly by the current standards and Scenario 1 has a small additional impact. In some trades, nearly all the apprenticeships in the state miss the completion rate minimum: All but one of the Carpenter apprenticeships, all Painters, all Roofers and two of the three Drywall apprenticeships in the state would not be eligible under the 25 percent completion rate scenario.

Scenario 2: Raise the completion rate standard from 20 percent to 30 percent.

Community and Technical College programs:

The largest impact of Scenario 2 is on the Administrative Support programs. They have an additional 18 programs losing eligibility compared to Scenario 1. In addition, Managerial and Managerial Support is also impacted again with eight more programs missing the minimum. The new groups with increased impacts here are Information Technology and Early Childhood Education Information Technology sees an additional 12 programs becoming ineligible (27 not eligible of 181). Early Childhood Education went from five programs not eligible to 11 of 41 programs. That is over 25 percent of the ECE programs offered by the community colleges. Note: some of these programs meet the minimum of 30 percent (such as at Centralia College), but they do not meet the average ratio standard.

In Radiation & Imaging, the one program in the data that does not meet the 30 percent minimum is at Columbia Basin College, where the Computed Tomography (CT) Technology and Magnetic Resonance Imaging (MRI) Technology certificate programs would be impacted and lose eligibility. This raises the issue of availability of this specialized training. There are two additional Computed Tomography programs at other community colleges: Yakima Valley and Clark. There is a Magnetic Resonance Imaging (MRI) Technology at Bellevue College. They are all new programs and there is no data yet.

Registered Apprenticeships:

Increasing the completion rate another 5 percent to 30 percent adds Masonry to the list of trades where all but one program misses the completion rate mark.

Scenario 3: Raise the median quarterly earnings minimum to 125 percent of the poverty threshold for a family of two and adjusts the minimum hourly wage for inflation.

Raising the minimum earnings level does not impact the community and technical college or apprenticeship programs much at all.

Among private career school programs, Scenario 3 has a very minimal effect on cosmetology training, bumping an additional four programs into the 'not eligible' category.