

State Board for Community and Technical Colleges  
2010 Supplemental Operating Budget Request  
Worker Retraining Program

---

**Brief Description:**

As Washington’s unemployment rate continues to increase, retraining dislocated workers is crucial to the future of Washington’s economic recovery. High unemployment rates have resulted in a surge in Worker Retraining (WRT) enrollments at the community and technical colleges. At least 15,000 full-time equivalent students (FTES) will qualify for the program in FY 2010 and in FY 2011. Existing appropriations fund 6,200 FTES; this request will fund an additional 6,000 FTES, and will double the amount of financial assistance available through the program. The remaining 2,800 WRT FTES will be supported through matching funds provided to the Workforce Development Councils (WDCs) through SB 5809 and the Governor’s Workforce Investment Act (WIA) 10% discretionary funds.

**Requested Funding by Fiscal Year**

	<u>FY 2010</u>	<u>FY 2011</u>	<u>Total</u>
Increase Worker Retraining Enrollments	\$0	\$27,834,000	\$27,834,000
Increase Worker Retraining Financial Aid	<u>\$5,915,000</u>	<u>\$15,860,000</u>	<u>\$21,775,000</u>
Total	\$5,915,000	\$43,694,000	\$49,609,000

**Support for Request**

The Worker Retraining program provides retraining for jobless workers unable to find work in their current field and is designed to minimize the long-term loss in earning power that frequently results from layoffs and closures. Colleges must focus their Worker Retraining programs on high employer demand professional-technical education and training, and must align their programs with the training needs for industries in the regions they serve. Funding for the program has been appropriated at \$4,639 per FTES per year since 1997, for 6,200 FTES (\$28 million per year). \$1,300 per FTES is dedicated to student financial aid and the rest provides general enrollment and student support. The financial aid portion helps students pay for tuition, books, fees and other related expenses for individuals who lost their jobs due to economic changes. The actual amount provided to individual students varies with student need, local eligibility criteria, and numbers of students eligible for aid.

Since the program serves unemployed workers, enrollment demand correlates strongly with unemployment rates: As unemployment increases, dislocated workers turn to community and technical colleges to gain the skills they will need to return to the workforce. As the economy improves and there are fewer dislocated workers, enrollment demand drops off.

This budget request proposes to create a flexible, on-going source of funding to train dislocated workers during economic downturns and to train incumbent workers when unemployment rates are low.

There are two components to this request:

1. Expand the number of funded enrollments from 6,200 to 12,200 (\$27.8 million beginning FY 2011).
2. Increase financial assistance funding from \$1,300 per FTES to \$2,600 FTES (\$5.9 million for spring quarter 2010 and \$15.9 million in FY 2011).

State Board for Community and Technical Colleges  
2010 Supplemental Operating Budget Request  
Worker Retraining Program

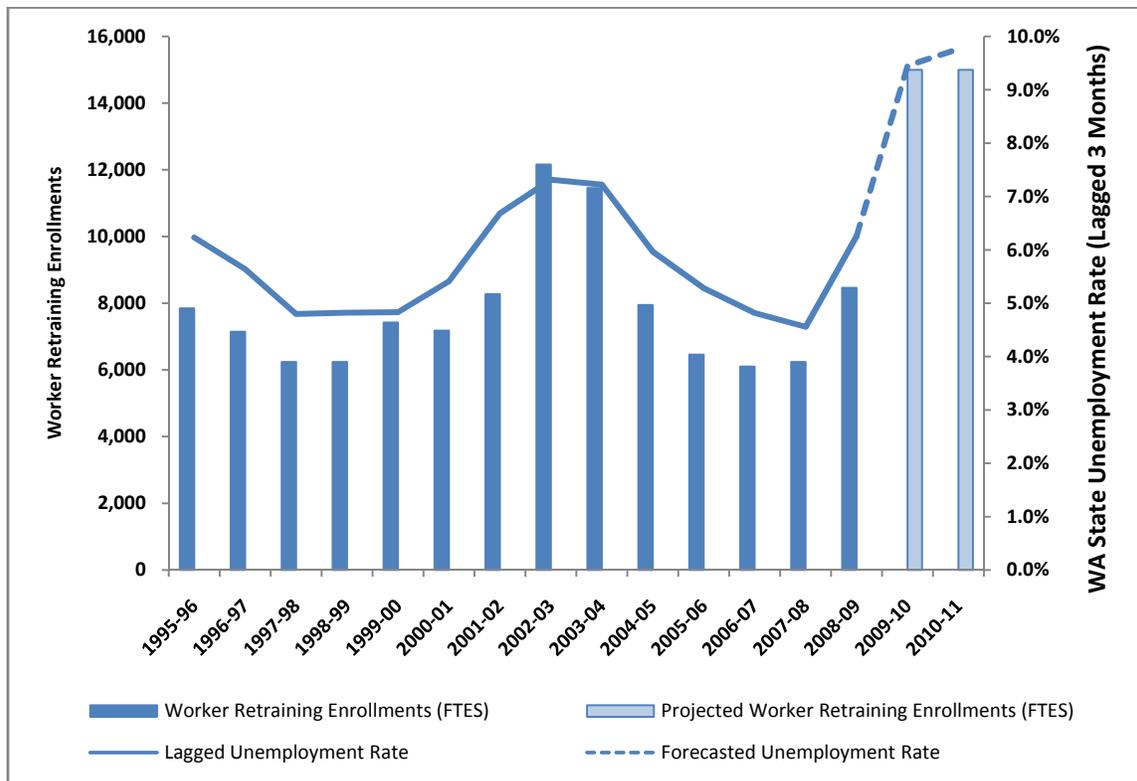
The current economic downturn has created a surge of demand for the Worker Retraining program: Last year, 8,900 FTES qualified for the Worker Retraining Program, a 35% increase over the prior year. The annual growth rate, however, masks the increasingly high growth rates throughout the year. Compared to the same academic quarter in the prior year, Worker Retraining-eligible FTES grew last year as follows:

- 16% in Summer 2008 Quarter
- 26% in Fall 2008 Quarter
- 39% in Winter 2009 Quarter
- 50% in Spring 2009 Quarter
- 82% in Summer 2009 Quarter

At the start of the 2008-09 academic year (summer 2008), the state’s unemployment rate was 5.41%. Unemployment grew steadily throughout the year, and it now stands at just over 9%. Unemployment is expected to continue to increase through spring 2010, topping out at almost 10%. Over the 2010-11 academic year unemployment will slowly decrease, but will not fall below 9%.

The high unemployment rates will mean continued strong demand from unemployed workers seeking training to position themselves to return to the workforce as the economy turns around. Eligibility for the Worker Retraining program will easily reach 15,000 this year and next year.

**Worker Retraining Program Enrollment Increases as Unemployment Rates Rise**



State Board for Community and Technical Colleges  
2010 Supplemental Operating Budget Request  
Worker Retraining Program

---

The surge in Worker Retraining program enrollment comes at a time when colleges are handling general budget reductions and unprecedented general enrollment demands. State funding for community and technical colleges was reduced this biennium by almost 11%; when tuition increases are accounted for, the net reduction in funding is about 7 percent. Despite the funding reduction, colleges are serving record numbers of students: The colleges served 147,000 FTES students last year, an increase of about 8% over the prior year. Summer and fall enrollments this year are up 9% over the same period last year and total enrollment is expected to reach 162,000 FTES this year (a 10% annual increase). The colleges are serving this record number of students at the same time they are balancing reduced budgets through staff reductions; increased workloads for remaining faculty and staff; and restrictions on travel, professional development and equipment purchases.

\$27.8 million of this budget request will provide an additional 6,000 FTES enrollments in the Worker Retraining program at the current funding rates. An additional \$21.8 million is requested to increase financial aid for 12,200 FTES from the current \$1,300 to \$2,600 per FTES starting Spring 2010. As stated previously, the financial aid portion of the funding rate has been set at the same levels since 1997, yet the costs of attending college (tuition, books, etc.) have increased dramatically over the preceding twelve years. The current financial aid portion represents just 29% of the annual costs of participating in the program, which means 71% of student's education expenses are not covered with the current financial aid award. Inadequate support of students struggling to retrain themselves for new careers in family wage occupations greatly diminishes their likelihood of success. The lack of available financial aid places undue stress on students already managing education expenses, household expenses, child care and other financial responsibilities following dislocation from their income source.

In addition to training workers after they lose their jobs, the program also seeks to preclude job loss by serving some incumbent workers most likely to lose jobs if they do not upgrade their skills. In 2007, the State Board expanded eligibility for the Worker Retraining program to allow colleges to serve incumbent workers whose education is below the tipping point level in threatened occupations and veterans of war. During periods of high unemployment that service is limited to 18 percent of their Worker Retraining enrollments. This expanded eligibility allows colleges to target funding to both dislocated and vulnerable workers to match the business cycle. Washington State currently ranks among the bottom 5 states in funding for incumbent worker training—this flexibility is one step to improve our training opportunities for incumbent workers, particularly as the economy starts to improve and unemployment declines.

**Ongoing vs. One-Time Costs:** The on-going costs are \$43,694,000 per year.

### **Outcomes**

The Worker Retraining program successfully retrains unemployed workers to reenter the workforce at wages comparable to their pre-dislocated levels. The following information on job placement, wage recovery rates, and job retention rates demonstrate the success of the program. (Source: Accountability Report for the Worker Retraining Program at Washington Community and Technical Colleges, June 2009, Washington State Board for

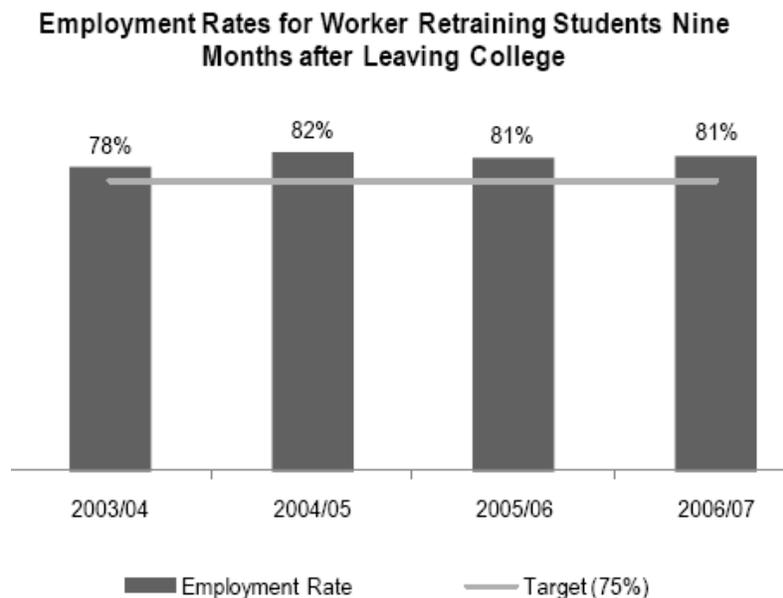
State Board for Community and Technical Colleges  
2010 Supplemental Operating Budget Request  
Worker Retraining Program

---

Community and Technical Colleges. The entire report is located at:

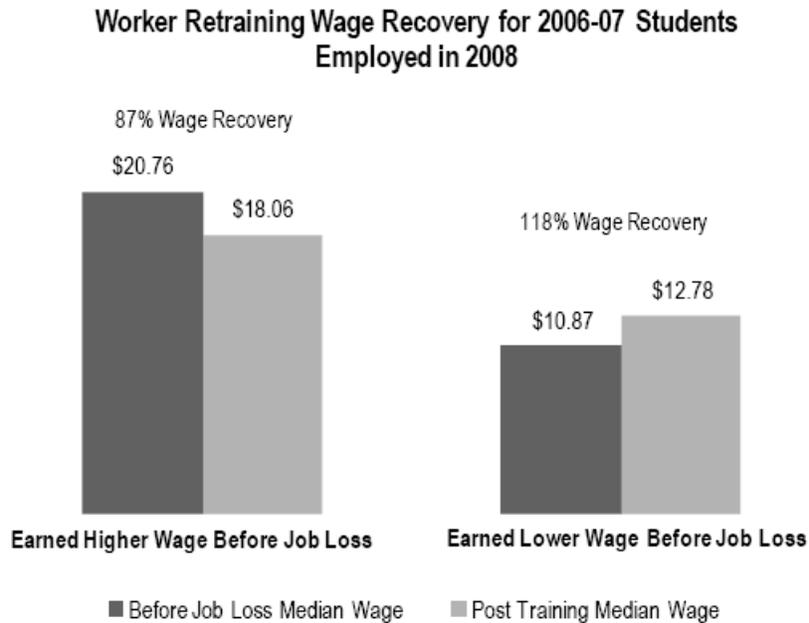
[http://www.sbctc.ctc.edu/College/workforce/resh\\_09\\_4\\_worker\\_retraining\\_report\\_web.pdf](http://www.sbctc.ctc.edu/College/workforce/resh_09_4_worker_retraining_report_web.pdf)

**Job Placement.** Worker retraining job placement rates have remained consistently above the target of 75 percent set for this program. Placement rates are calculated three quarters (approximately nine months) after training. An additional two percent of worker retraining students continue further education after leaving the college where they initially started their retraining class work.



**Wage Recovery Rates.** The Worker Retraining program sets wage recovery goals based upon the worker's wages prior to job loss. Previous wage levels are measured five quarters before entering training and post-training wages are measured three quarters after training. For workers leaving high wage jobs, the target recovery is 85 percent of that rate after training. Previous research indicates that on average higher wage workers, even with the benefit of training will return to work at wages below their job loss wage level.

In the most recent year, the wage recovery for Worker Retraining students earning a higher wage (at least \$14 per hour) prior to dislocation was 87 percent, a full two points above the target level of 85 percent. Laid-off workers from lower wage jobs should expect to, and do, garner better paying jobs after retraining. The target for Worker Retraining is to return them to employment in jobs that pay at least as much as they earned before the job loss (100 percent wage recovery). 2006-07 students who left lower wage jobs earned well in excess of the target following their training (118 percent).



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