

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 162
MAY 3, 2012**

**COST-BENEFIT EVALUATION
WORKFORCE TRAINING RESULTS**

In this tab are the findings from the cost-benefit evaluation part of the Workforce Board’s study, “Workforce Training Results.”

The cost-benefit evaluation looks at the benefits to participants and the public, and costs-per-program participant for 10 statewide workforce development programs. The evaluation is based on the net impacts for program participants compared to similar individuals who did not participate in one of these workforce development programs. Benefits and costs include earnings, fringe benefits, taxes, unemployment insurance benefits, foregone earnings during participation, and private and public program costs.

In general, the findings show workforce development programs have net benefits that exceed program costs. The one clear exception is Adult Basic Education for individuals who did not also participate in vocational training (such as students in Integrated Basic Education and Skills Training—I-BEST). The study did not find positive net benefits from participating in Adult Basic Education alone. This does not mean that no one benefited, but on the average, participants did not benefit economically.

Board Action Requested: None. For discussion purposes only.

Cost-Benefit Evaluation Workforce Training Results

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Cost-Benefit Study & Methods

- Based on the Net Impacts during 2006-2009 for 2005-2006 exiters
 - Includes non-completers, except in Secondary CTE
- Uses three years of follow-up to calculate and project changes in outcomes through remainder of working life
- Does not include the costs of financial aid



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Compared to methodology of previous study

- More precise cost modeling for CTC programs & estimated tuition for PCS
- Counts loss of tax revenue from foregone income
- Does not include changes in welfare received – estimates based on previous studies suggest these would modestly decrease the Participant benefit and modestly lower State total costs.



Overall Results

- Overall, results are similar to previous study, but for most programs show even stronger results.
- Whether this larger impact will be permanent for these participants, or a temporary increase that will fade with the recession cannot be determined.



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WIA Adult

Participant and Public Benefits and Costs per Participant in WIA Adult Programs

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
<u>Benefit</u>					
Earnings	\$8,002	\$0	\$36,190	\$0	
Fringe Benefits	\$2,001	\$0	\$9,048	\$0	
Taxes	-\$1,364	\$1,364	-\$6,171	\$6,171	
<u>Transfers</u>					
UI	-\$178	\$178	\$371	-\$371	
<u>Costs</u>					
Foregone net earnings	-\$2,049	-\$324	-\$2,049	-\$324	
Program costs	\$0	-\$4,819	\$0	-\$4,819	
Benefits	\$8,461	\$1,542	\$39,438	\$5,800	
Costs	-\$2,049	-\$5,143	-\$2,049	-\$5,143	
Total (Net)	\$6,412	-\$3,601	\$37,389	\$657	\$38,046

Note: '05\$.



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WIA Dislocated Worker

Participant and Public Benefits and Costs per Participant in WIA Dislocated Worker Programs

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
<u>Benefit</u>					
Earnings	\$7,859	\$0	\$44,940	\$0	
Fringe Benefits	\$1,965	\$0	\$11,235	\$0	
Taxes	-\$2,061	\$2,061	-\$11,788	\$11,788	
<u>Transfers</u>					
UI	\$642	\$642	\$1,438	\$1,438	
<u>Costs</u>					
Foregone net earnings	-\$11,652	-\$3,094	-\$11,652	-\$3,094	
Program costs	\$0	-\$5,237	\$0	-\$5,237	
Benefits	\$7,763	\$2,703	\$45,825	\$11,788	
Costs	-\$11,652	-\$8,331	-\$11,652	-\$8,331	
Total (Net)	-\$3,889	-\$5,628	\$34,173	\$3,457	\$37,630

Note: *05\$.



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WIA Youth

Participant and Public Benefits and Costs per Participant in WIA Youth Programs

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
<u>Benefit</u>					
Earnings	\$4,306	\$0	\$31,870	\$0	
Fringe Benefits	\$1,076	\$0	\$7,968	\$0	
Taxes	-\$560	\$560	-\$4,146	\$4,146	
<u>Transfers</u>					
UI	\$141	-\$141	\$1,336	-\$1,336	
<u>Costs</u>					
Foregone net earnings	-\$1,098	-\$127	-\$1,098	-\$127	
Program costs	\$0	-\$5,973	\$0	-\$5,973	
Benefits	\$4,963	\$419	\$37,028	\$2,810	
Costs	-\$1,098	-\$6,100	-\$1,098	-\$6,100	
Total (Net)	\$3,865	-\$5,681	\$35,930	-\$3,290	\$32,640

Note: '05\$.



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Community and Technical College Professional-Technical

Participant and Public Benefits and Costs per Participant in Community & Technical College Professional-Technical Programs

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
<u>Benefit</u>					
Earnings	\$13,461	\$0	\$123,041	\$0	
Fringe Benefits	\$3,365	\$0	\$30,760	\$0	
Taxes	-\$2,780	\$2,780	-\$25,408	\$25,408	
<u>Transfers</u>					
UI	-\$870	\$870	-\$786	\$786	
<u>Costs</u>					
Foregone net earnings	-\$2,834	-\$560	-\$2,834	-\$560	
Program costs	-\$4,646	-\$9,308	-\$4,646	-\$9,308	
Benefits	\$13,176	\$3,650	\$127,607	\$26,194	
Costs	-\$7,480	-\$9,868	-\$7,480	-\$9,868	
Total (Net)	\$5,696	-\$6,218	\$120,127	\$16,326	\$136,453

Note: '05\$.



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Community and Technical College Worker Retraining

Participant and Public Benefits and Costs per Participant in Community and Technical College Worker Retraining Programs

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
<u>Benefit</u>					
Earnings	\$8,554	\$0	\$67,043	\$0	
Fringe Benefits	\$2,138	\$0	\$16,761	\$0	
Taxes	-\$1,766	\$1,766	-\$13,844	\$13,844	
<u>Transfers</u>					
UI	-\$133	\$133	\$992	-\$992	
<u>Costs</u>					
Foregone net earnings	-\$10,670	-\$2,111	-\$10,670	-\$2,111	
Program costs	-\$3,179	-\$6,184	-\$3,179	-\$6,184	
Benefits	\$8,793	\$1,899	\$70,952	\$12,852	
Costs	-\$13,849	-\$8,295	-\$13,849	-\$8,295	
Total (Net)	-\$5,056	-\$6,396	\$57,103	\$4,557	\$61,660

Note: '05\$.



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Community and Technical College Adult Basic Education (ABE) Excluding ABE Students who also enrolled in Professional/Technical Education

Participant and Public Benefits and Costs per Participant in Community and Technical Colleges ABE Programs

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
<u>Benefit *</u>					
Earnings	-	-	-	-	
Fringe Benefits	-	-	-	-	
Taxes	-	-	-	-	
<u>Transfers</u>					
UI	-\$621	\$621	-\$931	\$931	
<u>Costs</u>					
Foregone net earnings	\$99	\$11	\$99	\$11	
Program costs	\$0	-\$2,400	\$0	-\$2,400	
Benefits	-	-	-	-	
Costs	\$99	-\$2,389	\$99	-\$2,389	
Total (Net)	-	-	-	-	

Note: '05\$.

* Note: The Evaluation did not find positive net benefits from participating in ABE alone.



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Net Impacts for Community and Technical College Adult Basic Education (ABE) and IBEST

Short-Term^a Net Impacts of Washington's ABE and IBEST

Program	Net Employment Impact ^b	Net Hourly Wage Impacts (>09 \$)	Net Hours Employed per Quarter	Net Quarterly Earnings Impacts (>09 \$)
Comm. College ABE	--a	\$0.26	15.4***	\$ 245***
IBEST	3.9%*	\$1.30**	35.3***	\$ 613**

^aDefined as third full quarter after quarter of exit.

***, * = Statistically significant at the 0.01, 0.10 levels

--a = No statistically significant positive impact

b = in percentage points, not percent change

>09 = inflation adjusted to 2009 dollars



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Private Career Schools

Table 7 Participant and Public Benefits and Costs per Participant in Private Career Schools Programs- Tuition = \$ 8,865

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
Benefit					
Earnings	\$2,566	\$0	\$12,853	\$0	
Fringe Benefits	\$642	\$0	\$3,213	\$0	
Taxes	-\$479	\$479	-\$2,397	\$2,397	
Transfers					
UI	-\$605	\$605	-\$616	\$616	
Costs					
Foregone net earnings	-\$1,713	-\$300	-\$1,713	-\$300	
Program costs	-\$8,865	\$0	-\$8,865	\$0	
Benefits	\$2,124	\$1,084	\$13,053	\$3,013	
Costs	-\$10,578	-\$300	-\$10,578	-\$300	
Total (Net)	-\$8,454	\$784	\$2,475	\$2,713	\$5,188

Note: '05\$.



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Apprenticeship Programs

Participant and Public Benefits and Costs per Participant in Apprenticeship Programs

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
<u>Benefit</u>					
Earnings	\$32,130	\$0	\$275,101	\$0	
Fringe Benefits	\$6,426	\$0	\$55,020	\$0	
Taxes	-\$8,428	\$8,428	-\$72,159	\$72,159	
<u>Transfers</u>					
UI	\$751	-\$751	\$1,344	-\$1,344	
<u>Costs</u>					
Foregone net earnings	\$19,773	\$5,251	\$19,773	\$5,251	
Program costs	-\$1,565	-\$3,044	-\$1,565	-\$3,044	
Benefits	\$30,879	\$7,677	\$259,306	\$70,815	
Costs	\$18,208	\$2,207	\$18,208	\$2,207	
Total (Net)	\$49,087	\$9,884	\$277,514	\$73,022	\$350,536

Note: '05\$.



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Secondary CTE

Participant and Public Benefits and Costs per Completer in Secondary CTE Programs

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
<u>Benefit</u>					
Earnings	\$4,293	\$0	\$59,630	\$0	
Fringe Benefits	\$1,073	\$0	\$14,907	\$0	
Taxes	-\$558	\$558	-\$7,758	\$7,758	
<u>Transfers</u>					
UI	-\$5	\$5	\$519	-\$519	
<u>Costs</u>					
Foregone net earnings	-\$653	-\$76	-\$653	-\$76	
Program costs	\$0	-\$769	\$0	-\$769	
Benefits	\$4,803	\$563	\$67,298	\$7,239	
Costs	-\$653	-\$845	-\$653	-\$845	
Total (Net)	\$4,150	-\$282	\$66,645	\$6,394	\$73,039

Note: '05\$.



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Vocational Rehabilitation

Participant and Public Benefits and
Costs per Participant in DVR Programs

Benefit/Cost	First 2.5 years		Lifetime (until 65)		Sum of Costs and Benefits
	Participant	Public	Participant	Public	
<u>Benefit</u>					
Earnings	\$3,821	\$0	\$16,075	\$0	
Fringe Benefits	\$955	\$0	\$4,019	\$0	
Taxes	-\$584	\$584	-\$2,458	\$2,458	
<u>Transfers</u>					
UI	-\$205	\$205	-\$237	\$237	
<u>Costs</u>					
Foregone net earnings	\$701	\$97	\$701	\$97	
Program costs	\$0	-\$6,375	\$0	-\$6,375	
Benefits	\$3,987	\$789	\$17,399	\$2,695	
Costs	\$701	-\$6,278	\$701	-\$6,278	
Total (Net)	\$4,688	-\$5,489	\$18,100	-\$3,583	\$14,517

Note: '05\$.



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