



Washington State  
Workforce Training  
And Education  
Coordinating Board

## Workforce Training Results Report

December 2008

### Private Career Schools

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

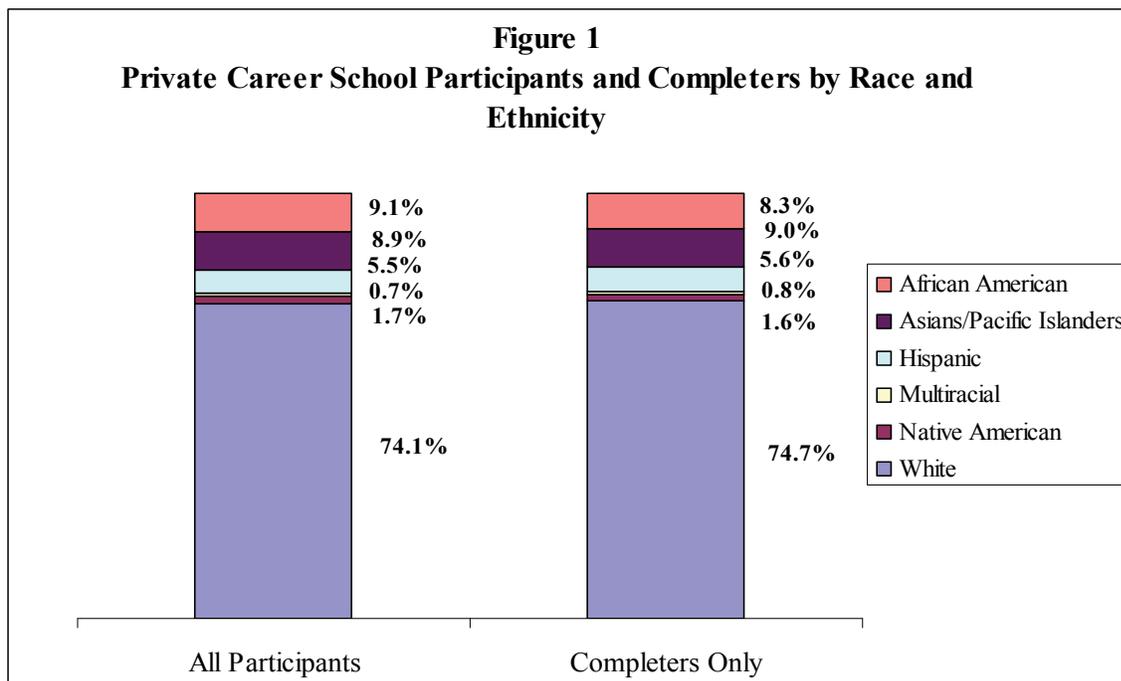
There are roughly 363 private career schools in Washington state. The Workforce Training and Education Coordinating Board (Workforce Board) licenses more than 250 certificate-granting vocational institutions. The Higher Education Coordinating Board authorizes 22 private schools that grant associate degrees (12 of which also grant baccalaureate degrees). Although the state's 87 cosmetology schools are regulated by the Department of Licensing, they are included in this study.

This study is based on information gathered from 168 certificate-granting schools licensed by the Workforce Board that reported sufficient data (32 did not report any Social Security numbers, four did not respond and 33 did not have any students or were new schools with no completers). In addition, there were 87 cosmetology schools and eight private degree granting schools that sent program data. Program records were collected on 15,581 students who left programs during the 2005-2006 school year. The median length of enrollment for these students was four months. However, private career school programs vary widely in their length, and in 2005-2006, one quarter of the students enrolled for longer than 10 months, while another quarter enrolled for less than one month.

The study includes information from students' enrollment records, Employment Security Department (ESD) wage files from Washington, Idaho, and Oregon, and federal employment records. In addition, 280 students completed a telephone survey, providing additional data on employment and their satisfaction with the training. Employer satisfaction information was obtained through a survey administered during the summer of 2007 and included the responses of 268 firms that hired new employees who recently completed a private career school program.

**Participant Characteristics**

People from racial and ethnic minorities continue to be well represented among private career school students (Figure 1).<sup>1</sup> The percentage of students from African American backgrounds was particularly noteworthy: African Americans accounted for over 9 percent of the students, but they represent only 3 percent 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 all private career school students who left the program in 2005-2006.



Source: *Private Career Schools, Administrative records 2006-2006*

<sup>1</sup> 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 2006 *Washington State Population Survey*, of those aged 16-74, 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.

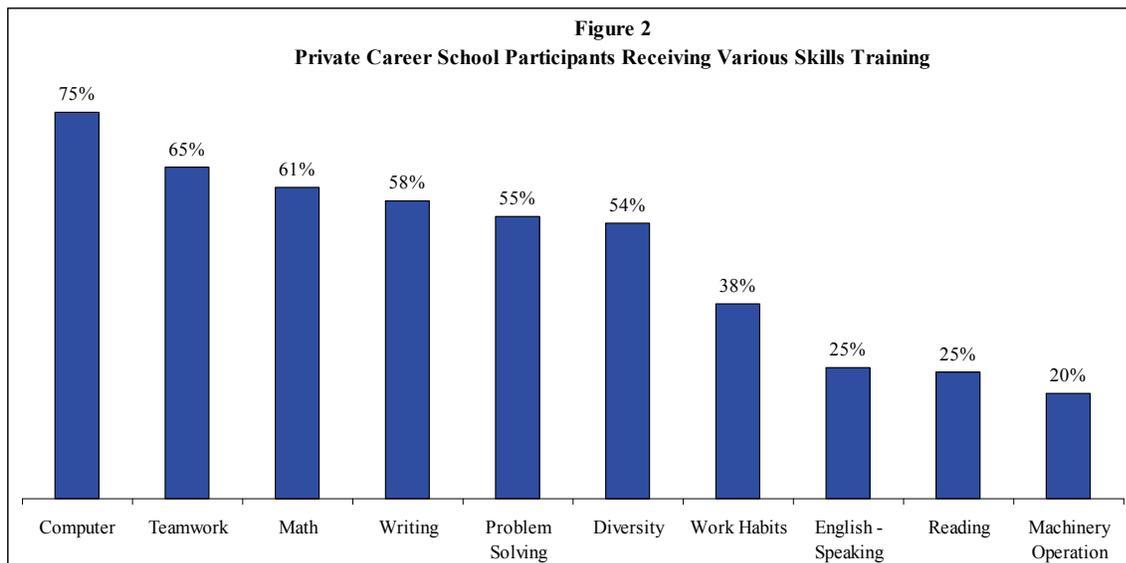
Of the 2005-2006 private career school cohort, 57 percent were women, up from 56 percent in 2003-2004. Of the completers, 57 percent were women.

The typical (median) student was age 27 when enrolled. One quarter was under the age of 22 and another quarter was over 37. When they enrolled, 68 percent had not previously attended college; 16 percent had attended college without receiving a credential; 9 percent had a certificate or associate's degree; and 7 percent had a baccalaureate or higher degree.

### Competency Gains

Of the students who left private career schools in 2005-2006, 79 percent had completed their program. This percentage was slightly higher than the 78 percent who completed programs in 2003-2004.

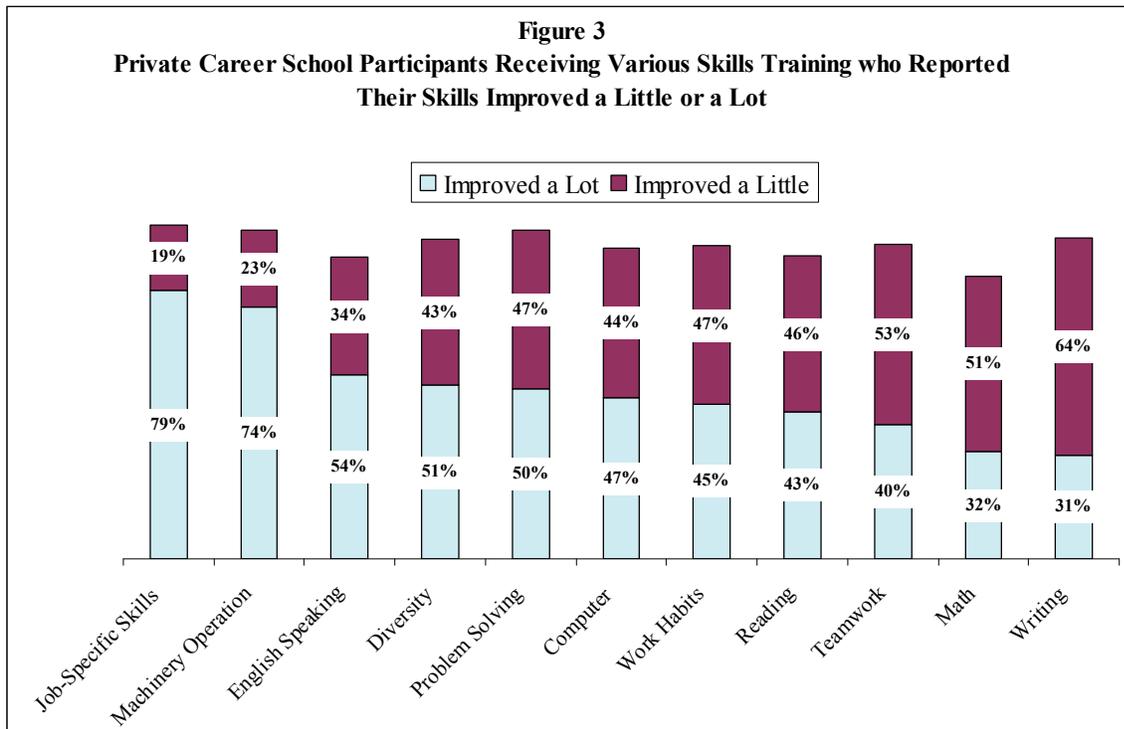
According to the survey results, 90 percent of students indicated they entered a private career school to learn skills for a new job, the same percentage that so indicated two years ago. In addition to job-specific skills, students received other types of training (Figure 2). As in previous studies, the majority of students also received training in computer and workplace skills. Fewer, however, received training in machinery operation and basic skills.



Source: Participant Satisfaction Survey 2005-2006

For both 2003-2004 and 2005-2006, students tended to report their skills improved as a result of training. Students 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 workplace skills, such as teamwork, work habits, and in basic skills

(Figure 3). A slightly higher percentage of the 2005-2006 students reported “a lot” of improvement in job-specific skills (79 percent versus 74 percent in 2003-2004).



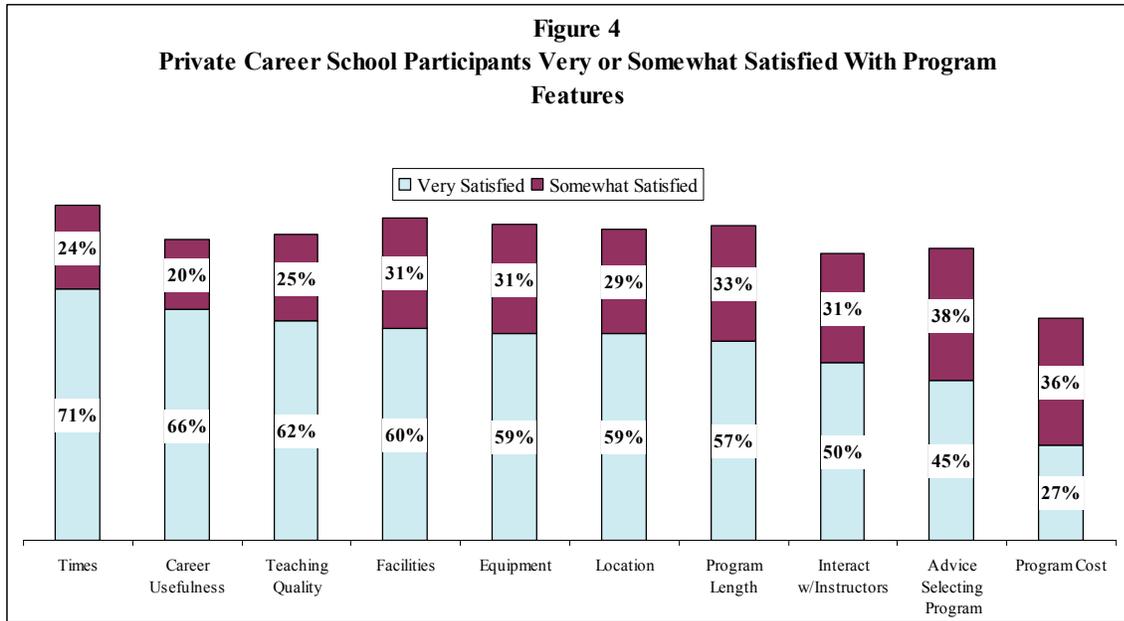
Source: Participant Satisfaction Survey 2005-2006

Among those employed after training, 68 percent stated their job was related to the training they received—up from 62 percent reported by the 2003-2004 students.

**Participant Satisfaction**

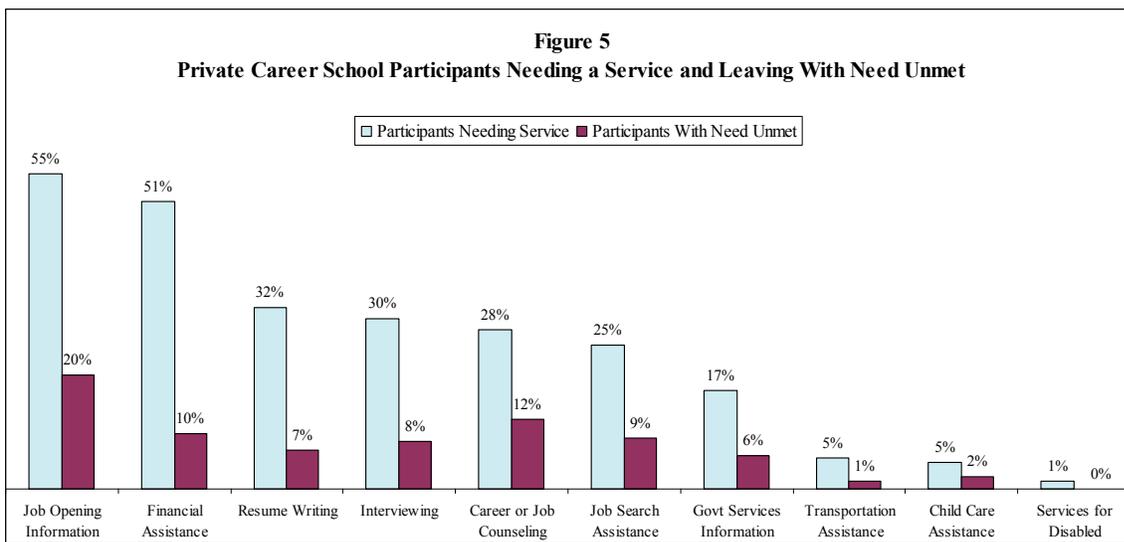
The 2005-2006 students reported higher levels of satisfaction with their programs than those in 2003-2004. Some 88 percent reported they had met their educational objectives compared to 84 percent who so reported two years previously. Some 83 percent indicated they were “very satisfied” or “somewhat satisfied” with their program as a whole. In 2003-2004, 71 percent reported this level of satisfaction. When asked about specific program features, satisfaction tended to be highest with class times and the quality of teaching. Satisfaction tended to be lower with the program cost and with advice on selecting a program (Figure 4).

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Source: Participant Satisfaction Survey 2005-2006

Similar to previous studies, students cited information about job openings and financial assistance as the support services most needed while enrolled (Figure 5). In most cases, the needed services were provided. However, one fifth of students reported their need for information about job openings was not met. This was an improvement from the one-fourth who reported insufficient information about job openings two years prior.

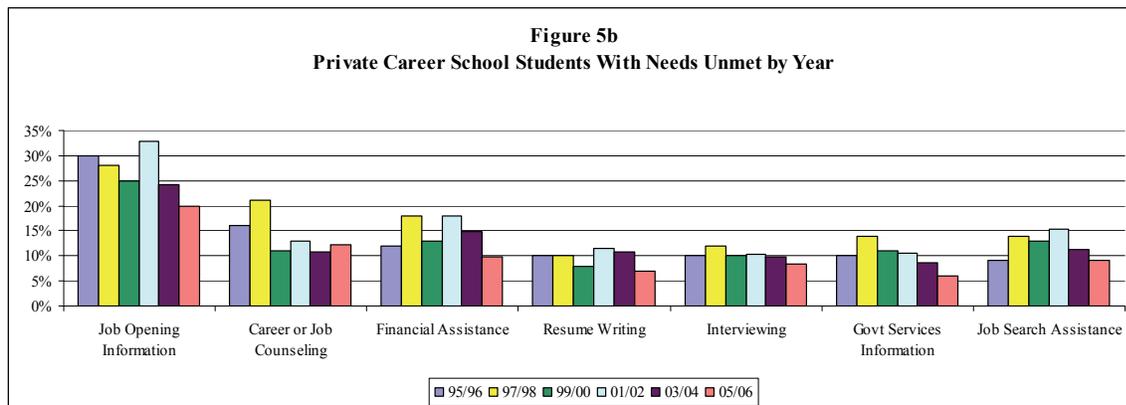


Source: Participant Satisfaction Survey 2005-2006

**Workforce Training Results**  
**Private Career Schools**

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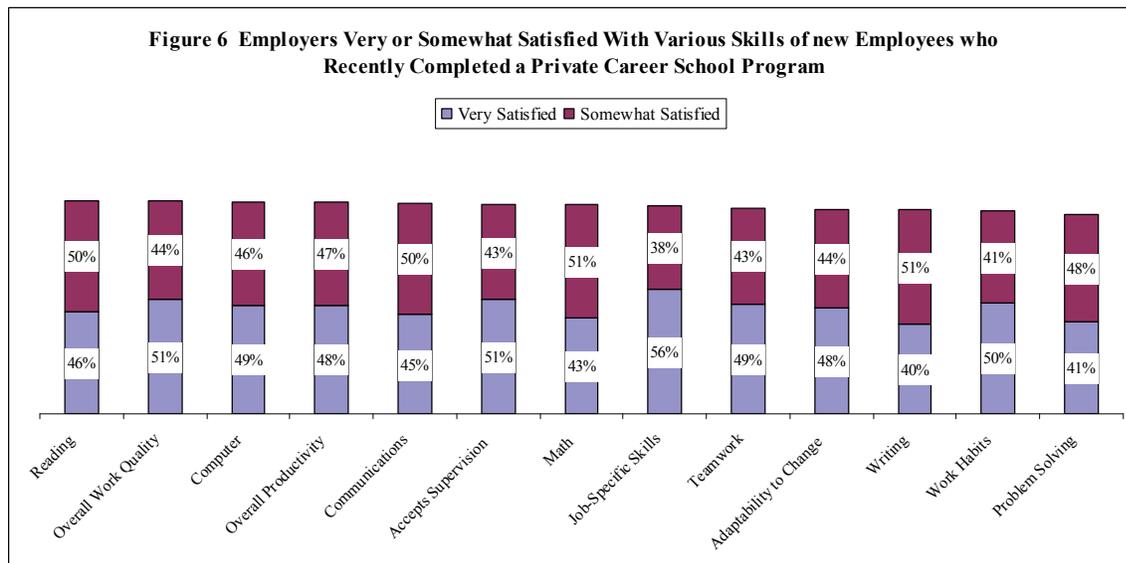
Overall, fewer students have reported unmet needs over the past few years. Career or job counseling has been the exception. (Figure 5b).



Source: Participant Satisfaction Survey 1995-2006

## Employer Satisfaction

The employer satisfaction survey asked firms to evaluate new employees who had recently completed a program at a private career school. Some 93 percent said they were either “somewhat satisfied” or “very satisfied” with the overall work quality of these new employees. That’s similar to the 94 percent who so indicated in the previous survey (Figure 6). Compared to two years prior, the percent of employers “very satisfied” with new employees has increased or remained the same in all categories.

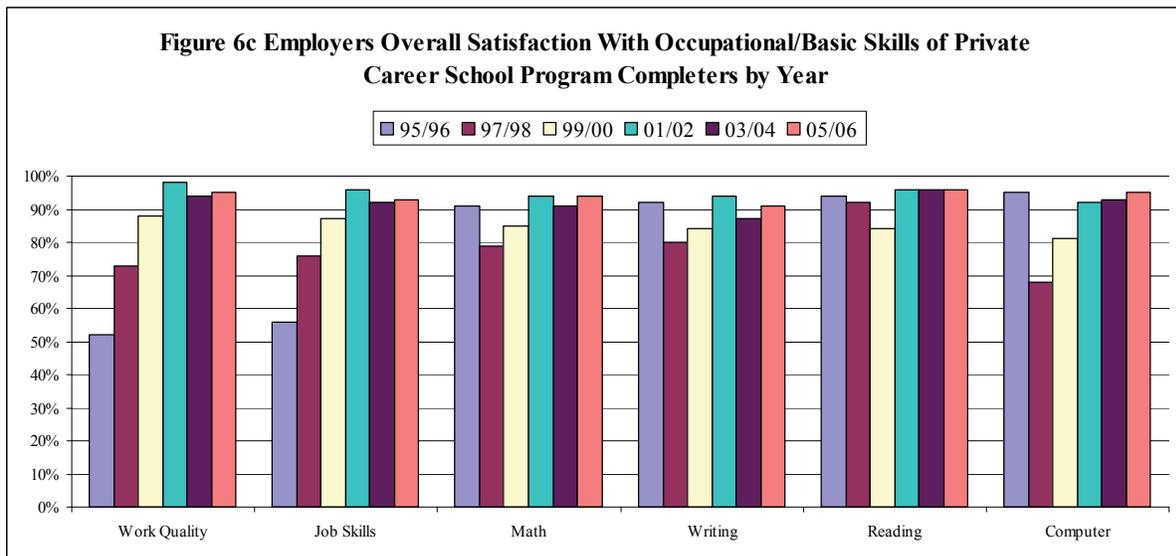
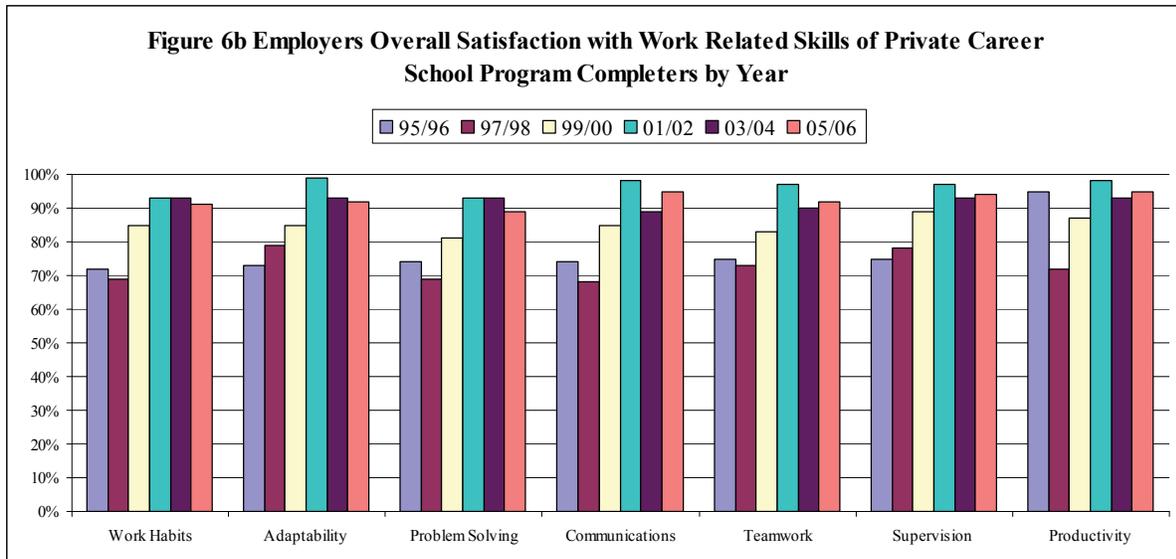


Source: Employer Satisfaction Survey 2005-2006

## Workforce Training Results Private Career Schools

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Over the past 10 years, the overall satisfaction of employers has varied depending on the various skills. Figure 6b shows the overall satisfaction of employers with work-related skills of new employees who recently completed a private career school program and Figure 6c shows the overall satisfaction with basic skills. Work related skills include: work habits, adaptability to change, problem solving, communications, teamwork, ability to accept supervision and overall productivity. Basic skills include: overall work quality, specific job skills, math, writing, reading and computer skills.



Source: Employer Satisfaction Survey 1995-2006

**Employment and Earnings**

According to survey responses, 82 percent of the 2005-2006 students were employed during the period seven to nine months after leaving their program (Figure 7).<sup>2</sup> To find out more about where students worked and how much they earned after participating in a program, student records were matched with ESD wage files from Washington and neighboring states.<sup>3</sup>

Record matches found 69 percent of the 2005-2006 private career school cohort reported employment during the third quarter after they left their program. Their median hourly wage<sup>4</sup> was \$13.00, and they had median annualized earnings of \$21,791.<sup>5</sup>

**Figure 8. Employment and Earnings of Private Career School Students in the Third Quarter After Leaving Program**

	2001-02		2003-04		2005-06	
	All	Completers	All	Completers	All	Completers
Percentage self-reporting employment during third quarter after leaving program	77	na	78	na	82	na
Percentage with employment reported by employers to ESD the third quarter after leaving program	66	68	65	67	69	70
Median quarterly hours worked of those working	428	443	428	439	443	453
Percentage employed full-time of those working (averaging 30 or more hours/week)	57	60	56	59	60	62
Median annualized earnings of those working	\$21,548	\$23,108	\$20,058	\$21,182	\$21,791	\$23,009
Size of household in which median earnings would support at poverty level	4.3	4.7	3.8	4.2	4.3	4.7
Size of household in which median earnings would support at twice poverty level	1.2	1.4	1.0	1.1	1.2	1.4
Median hourly wage of those working	\$12.98	\$13.46	\$12.39	\$12.76	\$13.00	\$13.33
Percentage self-reporting receipt of medical benefits from employer	64	na	68	na		na
Percentage self-reporting receipt of pension benefits from employer	36	na	36	na		na

Source: Participant Satisfaction Survey and Employment & Higher Education data matches 1999-2006.

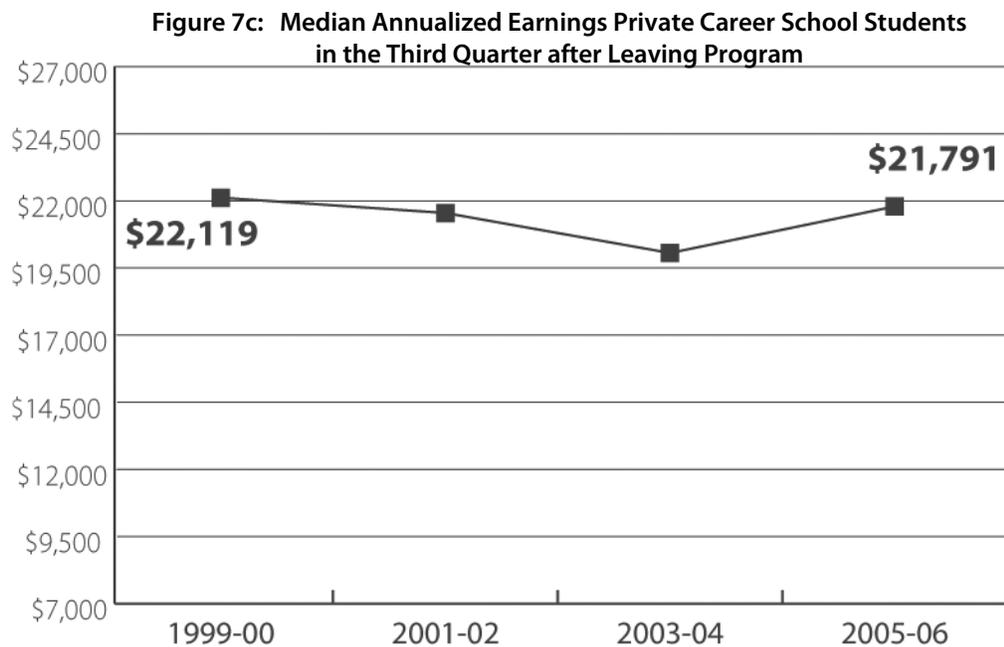
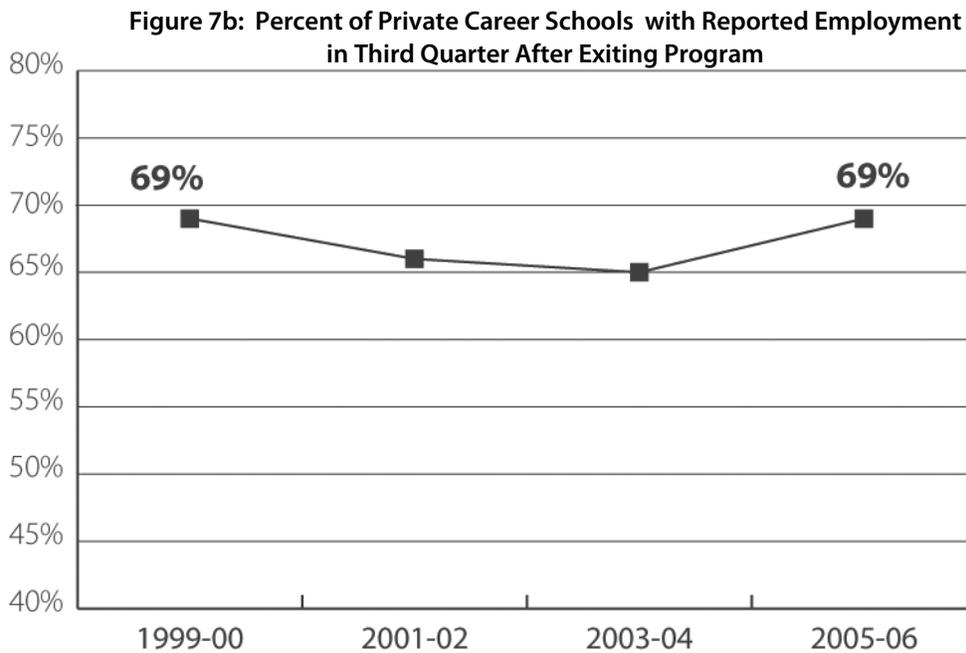
Compared to non-completers, program completers were more likely to be employed and working full-time. Non-completers had a median wage that was about 80 percent of completers.

<sup>2</sup> In the survey, students were asked whether they were employed or self-employed. Therefore, in most cases, the percentage who reported being employed will be higher than the percentage of those whose employment was found in ESD wage records.

<sup>3</sup> These files contain information on only those individuals with employment reported for unemployment insurance (UI) benefits (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).

<sup>4</sup> All wages and earnings are stated in 2007 Q1 dollars.

<sup>5</sup> 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.



As in the previous study, employment among private career school students is concentrated in services, especially health services and retail trade industries (Figure 8). Compared to two years previously, those leaving their programs in 2005-2006 were even more likely to be in services and about the same percent to be in retail trade industries.

<b>Figure 8</b>	
<b>Industry of Employment of Private Career School Students in the Third Quarter After Leaving Program 2005-2006</b>	
Industry Group	
Natural Resources and Mining	1.1%
Construction	4.7%
Manufacturing	5.5%
Aerospace	0.9%
All Other Manufacturing	4.6%
Wholesale Trade	3.7%
Retail Trade	13.7%
Transportation and Warehousing and Utilities	7.3%
Trucking	3.6%
Other Transportation and Warehousing	3.6%
Information	1.8%
Financial Activities	3.6%
Services	56.6%
Professional, Scientific and Technical Services	4.0%
Administrative and Support and Waste Management Remediation Services	8.4%
Education	2.1%
Health Care	22.3%
Social Assistance	2.5%
Arts, Entertainment, Recreation	3.0%
Accommodation and Food Services	9.8%
Other Services	4.4%
Public Administration	2.0%
Note: Industry groups are based on North American Industry Classification System codes. Major and subgroup percentages do not always sum due to rounding.	

Source: Employment Security Department data matches 2005-2006.

### **Gender Differences in Employment and Pay**

Employment and earnings varied by gender, race and ethnicity, and disability status. Female and male students were equally likely to be employed in the third quarter after leaving their programs. Females, however, were less likely to be employed full-time (56 percent compared to 66 percent) and among those employed, their median hourly wage was 83 percent of males.

### ***Differences in Employment and Pay among Minorities***

Native American students were less likely than white students to be employed in the third quarter after leaving their programs (59 percent versus 69 percent). African Americans, Asians/Pacific Islanders, and Hispanics were more likely to be employed full-time compared to whites (63 percent, 64 percent, and 65 percent, respectively versus whites at 58 percent). African Americans had a median wage that was 91 percent of whites, Hispanics and Native Americans had median wages that were about 95 percent of whites, and Asians/Pacific Islanders had a median wage that was 98 percent of whites.

### ***Disparity Persists for Students with Disabilities***

Employment outcomes and earnings also varied by disability status. College records indicate that about 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 (64 percent versus 68 percent), though this is improved over 2003-2004 (49 percent versus 65 percent). However, they were less likely to be working full-time (52 percent versus 59 percent). Students with a disability did have a similar median wage as those without.

### ***Net Impacts***

Every four years the Workforce Board conducts net impact and cost-benefit analyses of workforce development programs. The most recent net impact study was conducted in 2006 and examined the experience of participants who left programs during the 2003-2004 and 2001-2002 program years. The next net impact study is planned for 2010.

The net impact analysis, conducted by the W.E. Upjohn Institute for Employment Research (Upjohn), attempts to estimate what happens to program participants as compared to what would have happened if they had not participated in a program. The objective is to determine the short-term and longer-term impacts of program participation on employment, hourly wages, hours worked, quarterly earnings, and receipt of UI benefits and public assistance.

To estimate these impacts, the study compares individuals who attended a private career school to individuals who had similar characteristics, but who did not participate in any of the programs included in the study. The comparison group members were selected from registrants to the state's employment service. *Short-term* net impacts were derived by examining outcomes for individuals who exited the programs (or from the employment service) in fiscal year 2003-2004 and *longer-term* impacts for individuals who exited in fiscal year 2001-2002.

*Private career school programs have positive net impacts on employment, wages, hours worked, and earnings. Training increases the lifetime earnings of participants.*

Figure 9 shows the short-term net impacts of private career school training. During the third quarter after the 2003-2004 participants left their programs, training is associated with an increase of 4.8 percentage points in employment as reported to the Employment Security Department. The impact on hourly wage is \$1.86 per hour<sup>6</sup> and the impact on hours worked per quarter is 40.7 hours. There is a positive net impact on mean quarterly earnings—\$686. Training is associated with decreases in the percentages receiving UI benefits and public assistance.

<b>Figure 9: Short-Term Net Impact Results for Private Career School Students Compared to Non-Participants</b>		
	<b>All Students</b>	<b>Program Completers</b>
Employment: percentage of additional reported employment due to program participation	4.8	7.3
Difference in Mean Hourly Wage	\$1.86	\$2.26
Difference in Mean Hours Worked Per Quarter	40.7	52.5
Difference in Mean Quarterly Earnings	\$686	\$875
TANF: percentage receiving	-0.9	-1.4
Food Stamps: percentage receiving	-4.8	-6.7
Medical Benefits: percentage receiving	-3.3	-4.3
UI Benefits: percentage receiving	-0.9	-1.1
Notes: Short-term refers to impacts observed in the third quarter after leaving the program. Earnings and wages are in 2005 Q1 dollars. Results are for participants leaving school in PY 2003-2004.		

The longer term net impacts of training are observed 9 to 12 quarters after participants left the schools during the 2001-2002 school year (Figure 10). There are also positive impacts of training on employment, hourly wage, hours worked, and earnings and reduction in the percentage receiving UI benefits in the longer term. However, a slightly higher percentage of students received Temporary Assistance to Needy Families (TANF).

<b>Figure 10: Longer-Term Net Impact Results for Private Career School Students Compared to Non-Participants</b>		
	<b>All Students</b>	<b>Program Completers</b>
Employment: percentage in reported employment	4.3	6.4
Mean Hourly Wage	\$1.03	\$1.61
Mean Hours Worked Per Quarter	21.0	34.9
Mean Quarterly Earnings	\$343	\$613
TANF: percentage receiving	0.7	0.1*
Food Stamps: percentage receiving	-0.6*	-1.8
Medical Benefits: percentage receiving	0.4*	-1.2
UI Benefits: percentage receiving	-2.1	-2.0
Notes: Long-term refers to impacts observed 9 to 12 quarters after leaving the program. Earnings and wages are in 2005 Q1 dollars. Results are for participants who left school during PY 2001-2002. * Not statistically significant at the 0.05 level.		

<sup>6</sup> All dollar amounts in this report are expressed in 2005 Q1 dollars.

The data allowed for separate analysis of both students who completed their training and those who left before completing. The short-term and longer-term net impacts of training are better for completers, indicating the value of students completing their programs.

### ***Benefits and Costs***

The cost-benefit analysis estimates the value of the net impact on earnings, employee benefits (estimated at 20 percent of earnings), social welfare benefits, UI benefits, and certain taxes.<sup>7</sup> 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 2005 Q1 dollars. The benefits and costs presented here are based on impacts estimated for students leaving programs in 2001-2002, because a longer-term follow-up is required for this analysis.

For each student in private career school programs, the public (taxpayer) cost is assumed to be \$0, and the student cost is \$294 in foregone earnings while training (Figure 11). There is also a student cost for tuition, which can be substantial. An average tuition cost per student was not determined because of the extremely wide variability among schools and training programs. During the first two and one-half years after leaving a school, the average trainee will gain about \$4,700 in earnings. During the course of working life to age 65, the average trainee will gain about \$29,400 in net earnings (earnings minus foregone earnings) and over \$5,900 in employee benefits.<sup>8</sup> These are net gains compared to the earnings of similar individuals who did not receive the training.

From the time of leaving training to age 65, the public is expected to gain over \$5,126 per participant in additional Social Security, Medicare, federal income, and state sales taxes and to save about \$940 in total UI benefits and social welfare costs.

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<sup>7</sup> Upjohn estimated the impact of the net change in earnings on social security, Medicare, federal income, and state sales taxes.

<sup>8</sup> This employee benefits amount does not account for the reduction in employee benefits associated with foregone earnings. The foregone earnings for private career school students is relatively small, therefore, if the same benefit percentage (20 percent) were applied to foregone earnings, the gain in employee benefits in the longer term would be about the same \$5,900.

<b>Figure 11</b>				
<b>Benefits and Costs of Private Career School Training</b>				
	<b>First 2.5 Years After Program</b>		<b>Forecast to Age 65</b>	
	<b>Participant</b>	<b>Public</b>	<b>Participant</b>	<b>Public</b>
Benefit Difference				
Earnings	\$4,701		\$29,719	
Employee Benefits	\$940		\$5,944	
Taxes	-\$811	\$811	-\$5,126	\$5,126
Transfers*	-\$1,559	\$1,559	-\$941	\$941
Cost Difference				
Foregone Earnings	-\$294		-\$294	
Program Costs**	**	\$0	**	\$0
<b>TOTAL</b>	<b>**</b>	<b>2,370</b>	<b>**</b>	<b>\$6,067</b>

Notes: Benefits and costs are expressed in 2005 Q1 dollars.  
 \*Transfers include UI, TANF, food stamps, and medical benefits. TANF benefits reflect the value of cash grants, childcare, and other client support services.  
 \*\*Participant program cost, i.e., tuition, is not included in this table because of the substantial variability across private career schools and training programs. Therefore, participant total could not be calculated. Program costs do not include student financial aid programs.

**Progress and Areas for Improvement**

Earnings and employments have bounced back from a previous drop. The majority of private career school students reported they were satisfied with their training, they were employed, their training was related to their jobs, and their job-specific skills increased significantly. Access to needed support services while enrolled was generally high and the number of students employed after exiting the programs increased, as did their earnings.

There are, however, areas for improvement. Although improved since the last survey, one out of five of students left the schools with an unmet need for information on job openings. The wages of students also differ by gender and race and ethnicity. Like the general population, women who exit private career colleges and schools earn less than their male classmates, and students from racial and ethnic minority backgrounds earn less than whites. Although results are improving, continued efforts should be made to recruit women and minorities into higher wage programs.

For Workforce Training Results on other programs, go to [www.wtb.wa.gov/wtr2008.asp](http://www.wtb.wa.gov/wtr2008.asp)