



## Workforce Training Results Report

December 2008

### Workforce Investment Act (WIA) Title I-B Adult Program

The WIA Adult program prepares individuals 18 years and older for participation in the labor force by providing core services and access to job training and other services. Core services, which are available to all adults, include skill assessment, labor market information, consumer reports on training programs, and job search and placement assistance. Initial and training services are available for eligible adults unable to obtain jobs through core services alone. Priority is given to welfare and low-income clients. Services may include more intensive assessments, individual counseling, employment planning, and prevocational and vocational training.

Employment Security Department (ESD) administers the program at the state level. Twelve local workforce development councils, in consultation with chief local elected officials, oversee WIA activities in their local area. Services are coordinated through the state's one-stop career center system called WorkSource.

This Workforce Board study includes information obtained on 4,038 adults who left the program during the 2005-2006 program year. Employment-related information also was obtained from ESD wage files in Washington, Idaho, and Oregon, and federal employment records. In addition, 336 participants responded to a telephone survey, providing additional information on employment, training, and satisfaction with the program. Employer satisfaction was assessed through survey responses from 165 firms that hired employees who recently completed a WIA program.<sup>1</sup>

The median length of participant enrollment in the WIA Adult program was eight months for those leaving during 2005-2006, virtually the same length as for those leaving in 2003-2004.

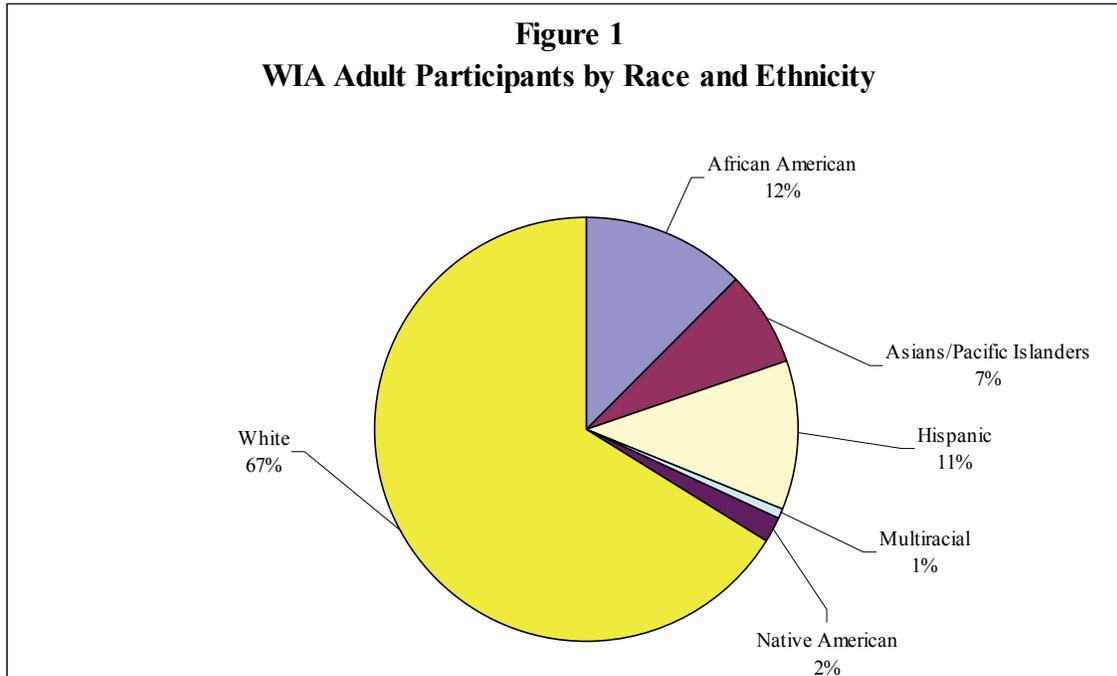
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<sup>1</sup> The employer survey includes employers who hired a participant who completed at least one of the three WIA programs: adult, dislocated worker, or youth.

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### Participant Characteristics

Participants in the WIA Adult program were more likely to be a member of a racial or ethnic minority group, female, and have less education than the general state population. Among those leaving the program during 2005-2006, 34 percent were of a racial/ethnic minority (Figure 1).<sup>2</sup> Sixty percent were women.



Source: SKIES administrative records 2005-2006.

When enrolled, 15 percent had neither a high school diploma nor a GED, and only 39 percent had previously attended college.<sup>3</sup> Fourteen percent had limited English proficiency and 32 percent received public assistance<sup>4</sup> while enrolled in the program. The typical (median) age when leaving the program was 38 while 25 percent were over 48 years of age.

<sup>2</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 *U.S. Census Estimates*, 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.

<sup>3</sup> According to the 2006 *Washington State Population Survey*, of those aged 16-74, 11 percent have less than the equivalent of a high school diploma, and 62 percent had attended college.

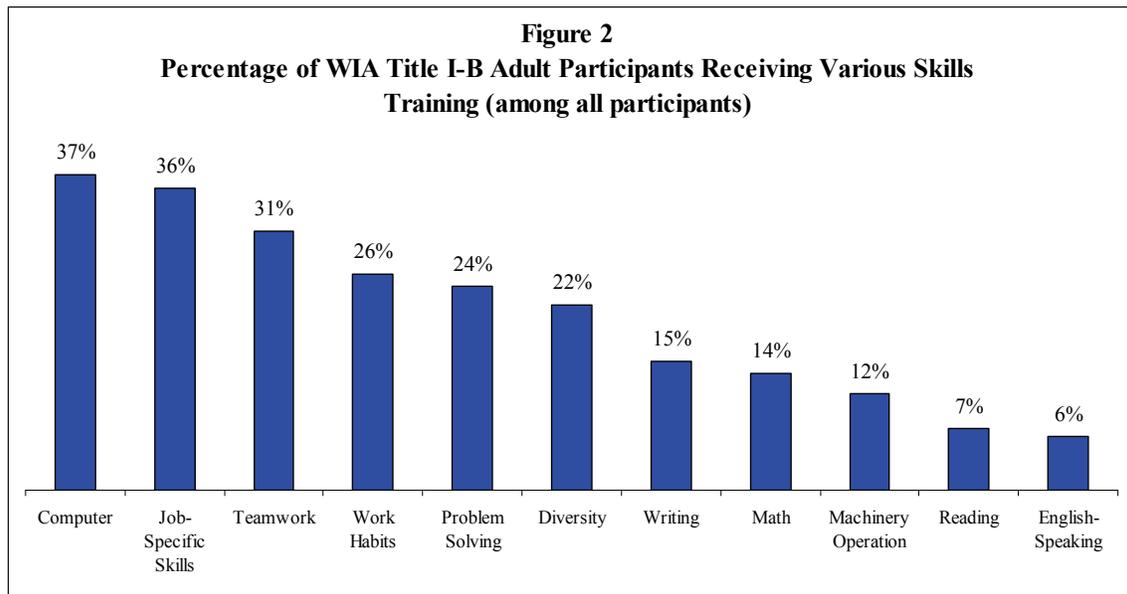
<sup>4</sup> Public assistance recipients includes 29 percent who received cash assistance from state or local General Assistance, Refugee Cash Assistance, or Supplemental Security Income; 11 percent who received Temporary Aid for Needy Families (TANF) assistance; and 8 percent who received both types of assistance.

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### Competency Gains

Most participants enroll in the WIA Adult program for employment-related reasons. Based on survey results, 75 percent of adults entered the program to learn skills for a new job, 75 percent enrolled to get job search assistance, and 56 percent enrolled for on-the-job training.<sup>5</sup> About 42 percent of the participants said they enrolled to improve basic skills (reading, math, and/or English speaking).

Fifty-eight percent of WIA adults reported receiving some type of training as part of their program. As in the previous study, the most common type of training was in computer and job-specific skills (Figure 2).

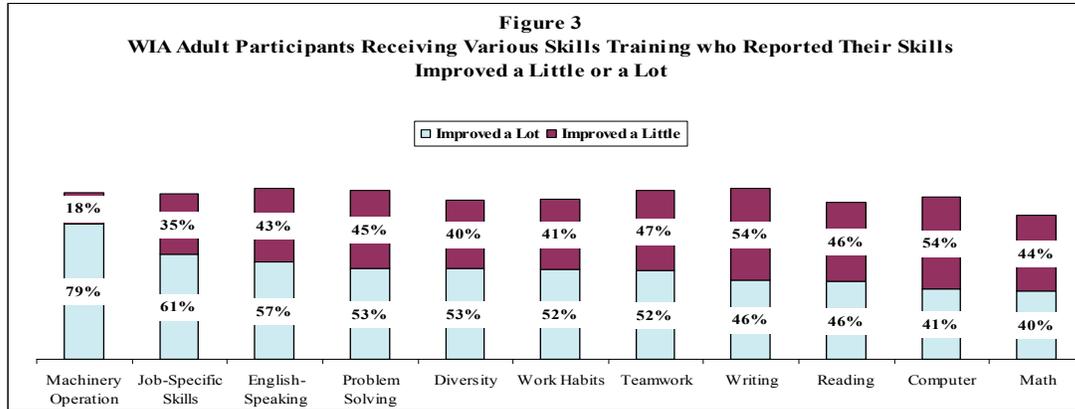


Source: Participant Satisfaction Survey 2005-2006

The large majority of WIA adults who received training felt it improved their skills (Figure 3). Similar to two years ago, the percentage reporting their skills improved “a lot” was highest for occupational training, particularly machinery operation and job-specific skills. The majority of participants indicated “a lot” of improvement in English speaking, problem solving, diversity and work habits, whereas those reporting “a lot” of improvement for reading, writing, computer and math skills, declined from the previous study.

<sup>5</sup> Participants can indicate more than one reason for enrolling.

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Source: Participant Satisfaction Survey 2005-2006

Among those employed seven to nine months after leaving the WIA Adult program, 59 percent said their training related to that job--the same percentage as reported two years ago.

Administrative records data provide additional information on training received by WIA participants.<sup>6</sup> Data suggest 39 percent of the WIA adults leaving the program during 2005-2006 received occupational skills training as part of their program.<sup>7</sup> Nine percent received on-the-job training.<sup>8</sup> (Participants can receive more than one type of training.)

These data also included information on degree or credential attainment. Among those leaving the program during 2005-2006, 7 percent received an associate's degree, 8 percent received occupational skills licenses, and 24 percent obtained an occupational skills certificate/credential and 18 percent some other type of credential.

### **Participant Satisfaction**

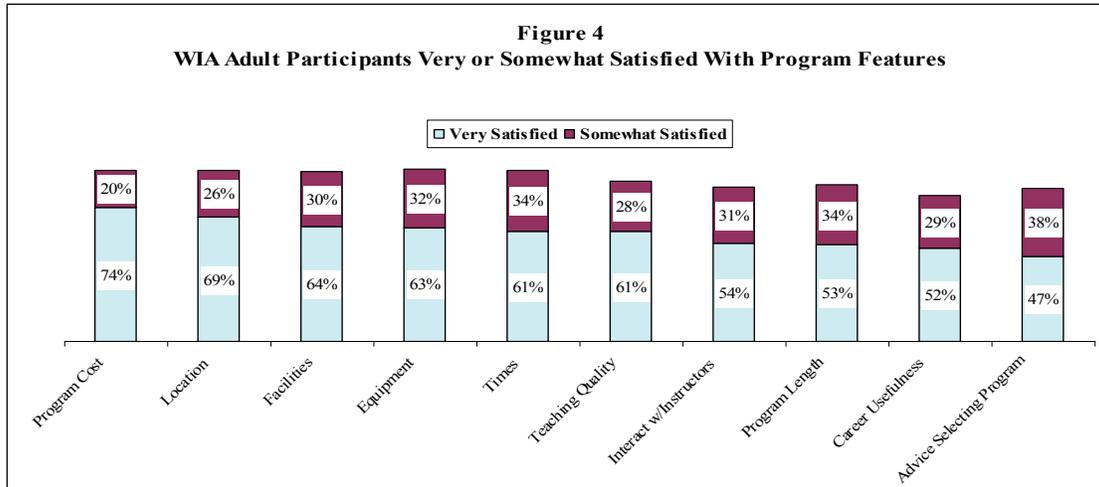
Survey results indicate participants were generally satisfied with the program. Eighty-five percent of participants reported they were satisfied with the overall quality of the program. Eighty-four percent said their educational objectives had been met. Nearly the same levels of satisfaction were reported in the last survey. Participants tended to be "very satisfied" with various features of the program including program cost, location, facilities, and equipment (Figure 4). They were less satisfied with the advice provided on selecting programs, and career usefulness.

<sup>6</sup> These data are collected through the Service, Knowledge, and Information Exchange System (SKIES) developed by ESD.

<sup>7</sup> Occupational skills training in the administrative records data could include the following types of services: occupational skills training; programs that combine workplace training with related instruction; training programs operated by the private sector; skill upgrading and retraining; entrepreneurial training; job readiness training; and customized training.

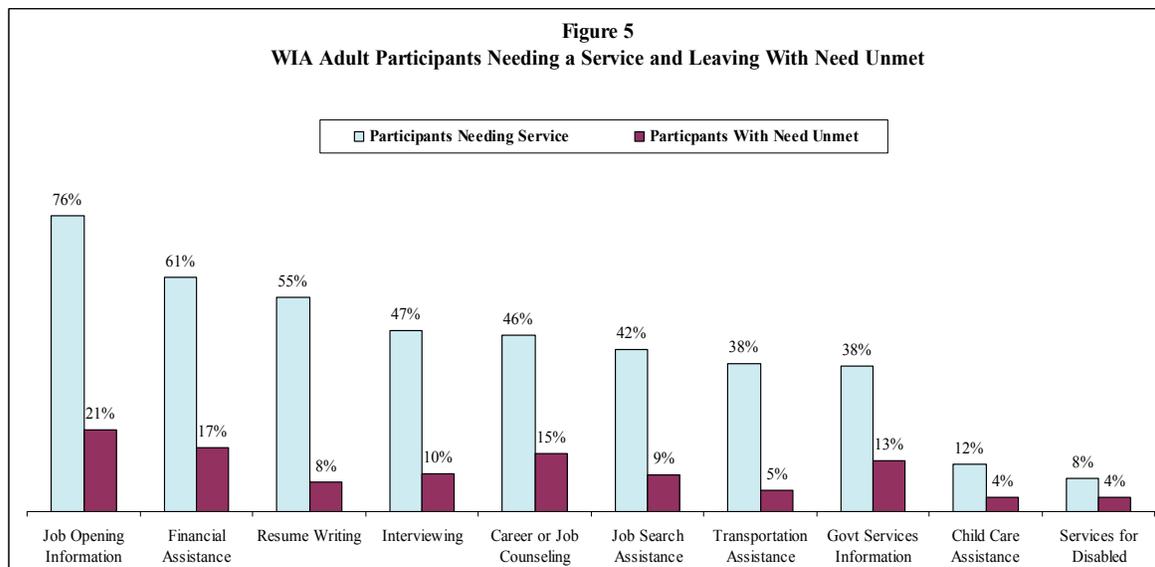
<sup>8</sup> On-the-job training refers to training provided by an employer to a paid participant engaged in productive work that (a) provides knowledge or skills essential to the performance of the job; (b) provides reimbursement to the employer or up to 50 percent of the wage of the participant; and (c) is limited to the period of time required for a participant to become proficient in the occupation.

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Source: Participant Satisfaction Survey 2005-2006

Similar to previous surveys, WIA adults most frequently reported needing information on job openings and financial assistance (Figure 5).

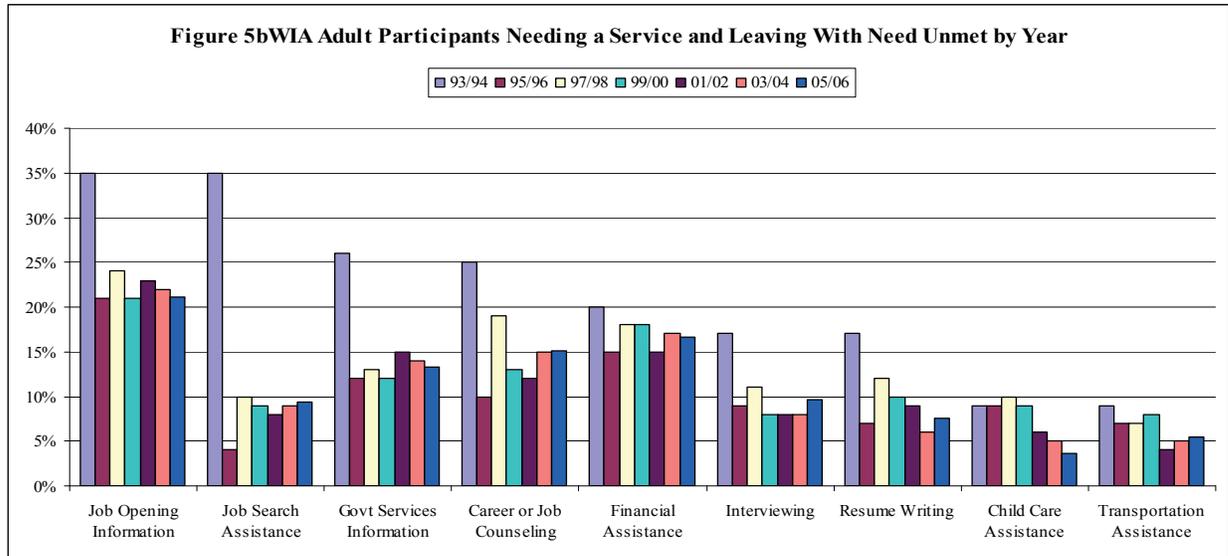


Source: Participant Satisfaction Survey 2005-2006

Most of those needing these support services received them. The largest unmet need<sup>9</sup> was for information about job openings. This is not a new problem. The percentage is near the same as in previous surveys (figure 5b). Similarly, the program has not reduced the percentage of participants who said their needs were not met for career or job counseling, financial assistance or information about other government services.

<sup>9</sup> Unmet need refers to cases where the student reports that either they did not receive the required service or what was provided did not meet their needs.

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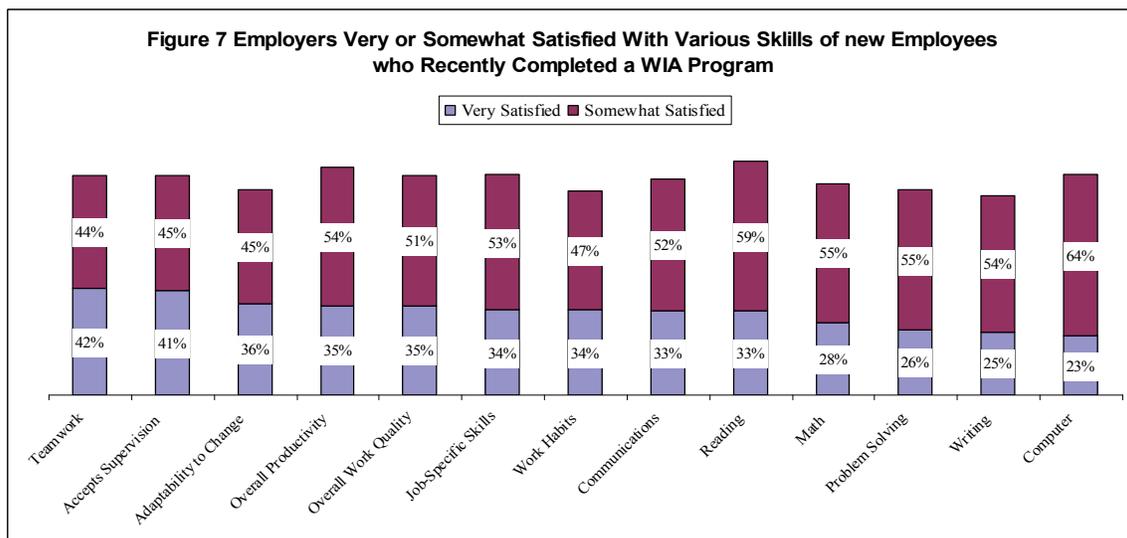


Source: Participant Satisfaction Survey 1993-2006

### Employer Satisfaction

This study did not separately survey employers about each of the WIA programs (Adult, Dislocated Worker, and Youth programs) because there were too few individuals coming out of each program for a sufficient percentage of employers in the state to have had experience employing recent participants. Employers were instead asked about workers who had been trained by WIA. This section presents findings on employer satisfaction with new employees who completed any type of WIA program.

Overall, the results indicate the majority of employers were satisfied with the quality and productivity of these workers (Figure 7). The percentage of employers indicating being “very satisfied” was higher in this survey than two years ago for all categories except computers which decreased significantly (from 39 percent to 23 percent).



Source: Employer Satisfaction Survey 2005-2006

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### Employment and Earnings

Eighty-four percent of the 2005-2006 WIA Adult participants reported being employed during the period seven to nine months after the program (Figure 7).<sup>10</sup> To find out more about the participants' post-program employment and earnings, we matched participant records with ESD wage files from Washington and neighboring states.<sup>11</sup>

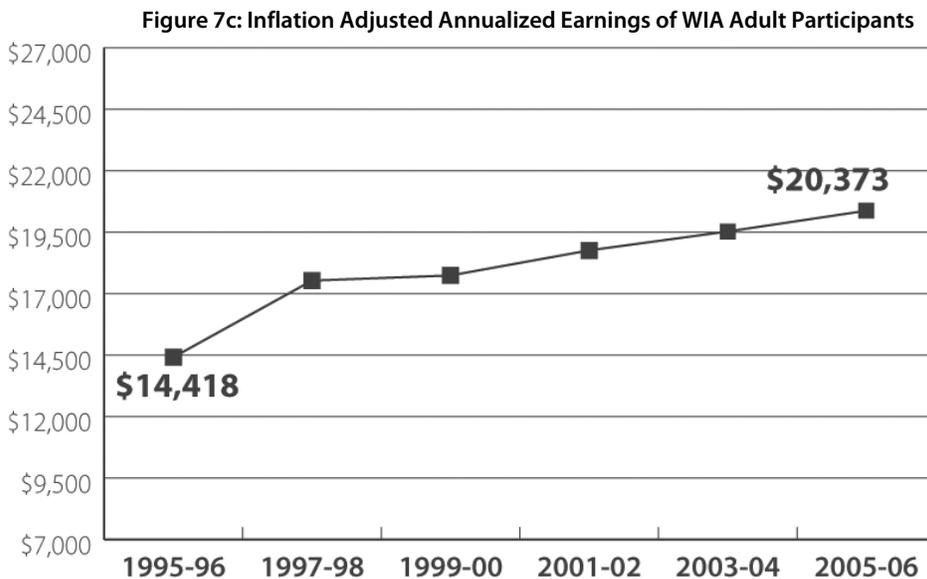
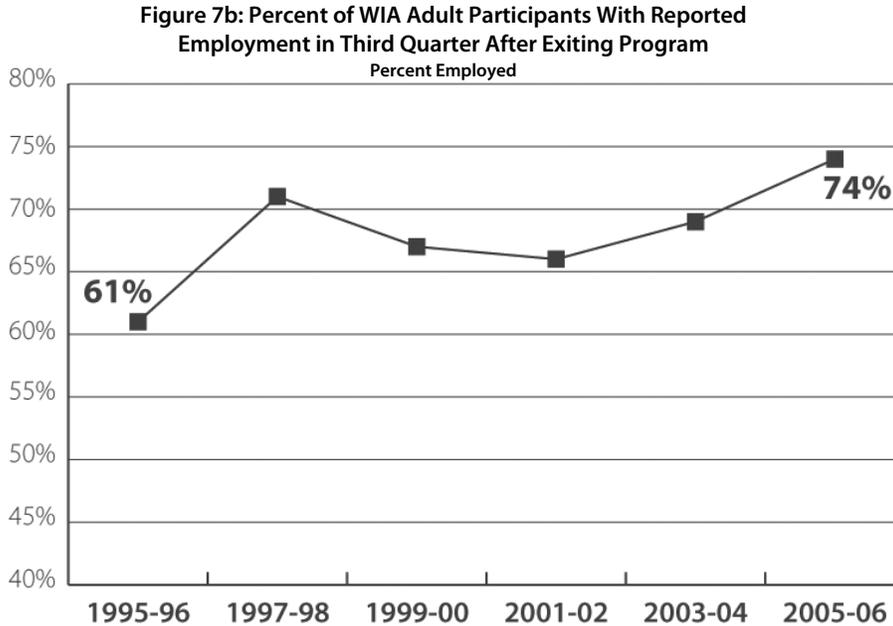
<b>Figure 7 Employment and Earnings of WIA Adult Participants in the Third Quarter After Leaving Program</b>						
	<b>1995-1996*</b>	<b>1997-1998*</b>	<b>1999-2000*</b>	<b>2001-2002</b>	<b>2003-2004</b>	<b>2005-2006</b>
Percentage self-reporting employment during third quarter after leaving program	81	79	83	81	82	84
Percentage with employment reported by employers to ESD the third quarter after leaving program	61	71	67	66	69	74
Median quarterly hours worked of those working	397	429	424	430	440	452
Percentage employed full-time of those working (averaging 30 or more hours/week)	51	54	53	57	58	62
Median annualized earnings of those working	\$14,418	\$17,532	\$17,741	\$18,761	\$19,529	\$20,373
Size of household in which median earnings would support at poverty level	2.2	3.1	3.2	3.5	3.7	3.9
Size of household in which median earnings would support at twice poverty level *	0.7	0.9	0.9	0.9	1.0	1.0
Median hourly wage of those working	\$9.44	\$10.57	\$11.11	\$11.46	\$11.63	\$11.94
Percentage self-reporting receipt of medical benefits from employer	51	53	65	59	61	62
Percentage self-reporting receipt of pension benefits from employer	23	29	31	34	35	35
Notes: Earnings and wages are expressed in first quarter 2007 dollars. Poverty levels are based on federal poverty guidelines identified by the Department of Health and Human Services for 2007.						

<sup>10</sup> In the survey, participants 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>11</sup> These files contain quarterly earnings and hours-worked information on those individuals with employment reported for unemployment insurance benefits purposes (approximately 90 percent of in-state employment, with self-employment, active duty military, and those working for religious nonprofit organizations being the major groups of employers not included).

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Record matches found 74 percent had reported employment during the third quarter after they left the program. Their median hourly wage<sup>12</sup> was \$11.94, and their median annualized earnings were \$20,373.<sup>13</sup> Since 1995 there has been improvement in both employment rates and earnings (figures 7b and 7c).



Source: Employment Security Department data matches 1995-2006.

<sup>12</sup> All wages and earnings are stated in 2007 Q1 dollars.

<sup>13</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.

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Post-program employment among WIA adults is concentrated in services and manufacturing industries. The share of employment in retail trade and up in manufacturing and services, particularly in health care service industries, is down from the previous study two years ago. (Figure 8).

<b>Figure 8</b>	
<b>Industry of Employment of WIA Title I-B Adults in the Third Quarter After Leaving Program</b>	
Industry Group	% Employment
Natural Resources and Mining	1.1%
Construction	6.2%
Manufacturing	13.5%
Transportation and Warehousing and Utilities	4.6%
Wholesale Trade	2.4%
Retail Trade	10.1%
Information	0.9%
Financial Activities	4.0%
Services	54.2%
Professional, Scientific, and Technical	2.5%
Administrative and Support and Waste Management and Remediation Services	11.2%
Education	3.0%
Health Care	19.2%
Social Assistance	5.5%
Arts, Entertainment, and Recreation	1.7%
Accommodation and Food Services	6.6%
All Other Services	4.4%
Public Administration	3.0%
Total	100.0%

Source: Employment Security Department data matches 2005-2006.

Employment outcomes and earnings varied somewhat by gender, race and ethnicity, and disability status. During the third quarter after leaving the program, female and male participant employment were nearly the same, though males were slightly more likely to be working full time. Among those employed, the hourly wage rate for women was 99 percent of men--up from 92 percent in 2003-2004. However, the median annual earnings of females was 86 percent of men, which can be explained by the lower percent of women working full time.

Participants from racial and ethnic minority backgrounds were as likely to be employed and working full time as white participants, except for Native Americans who were employed at 87 percent of whites and 65 percent full-time. Asians/Pacific Islanders were working full-time at 116 percent of Whites. The median hourly wage for African Americans was 88 percent that of whites and the median hourly wage for Hispanics was 89 percent that of whites. Native Americans wages were 85 percent of whites, while Asian/Pacific Islanders wages were 99 percent.

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Administrative records suggest 11 percent of the WIA adults included in this study had a disability. These participants were less likely to have employment reported to ESD (66 versus 75 percent) and of those only 53 percent were employed full-time.

Although the median wage of participants who had a disability was 101 percent of those without a disability, their median annual earnings were only 86 percent of those without.

### ***Net Impacts***

Every four years, the Workforce Training and Education Coordinating 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 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 unemployment insurance (UI) benefits and public assistance.

To estimate these impacts, individuals who participated in a WIA Adult program were compared 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.

*The WIA Title Adult program has positive net impacts on employment, wages, hours worked, and earnings. Participation increases lifetime earnings.*

Figure 9 shows the short-term net impacts of the WIA Adult program. During the third quarter after the 2003-2004 participants left the program, participation was associated with an increase of 9.1 percentage points in employment as reported to ESD, a net impact on wage rates of \$2.09<sup>14</sup> a net impact on hours worked of 59.8 hours, and a net impact on quarterly earnings of \$797. Participation, however, is associated with increases in the percentages receiving UI benefits and public assistance.

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<sup>14</sup> All dollar amounts in this report are expressed in 2005 Q1 dollars

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<b>Figure 9</b>		
<b>Short-Term Net Impacts Results for WIA Adults Compared to Non-Participants</b>		
	<b>All Participants</b>	<b>Participants Who Received Training</b>
Employment: percentage of additional reported employment due to program participation	9.1	8.6
Difference in Mean Hourly Wage	\$2.09	\$1.92
Difference in Mean Hours Worked Per Quarter	59.8	57.2
Difference in Mean Quarterly Earnings	\$797	\$871
TANF:** percentage receiving aid	0.5	0.0*
Food Stamps: percentage receiving	5.1	4.1
Medical Benefits: percentage receiving	6.2	6.1
UI: percentage receiving	1.7	0.3*
Notes: Short-term refers to impacts observed in the third quarter after leaving the program. Earnings and wages are in 2005 Q1 dollars. Participants left the program during program year 2003-2004. *Not statistically significant at the 0.05 level.      ** Temporary Assistance for Needy Families		

WIA Adult programs offered participants a variety of services, and not all participants received training. The participants who received training<sup>15</sup> also experienced positive employment, wage, hours worked, and earnings outcomes. The size of the net impacts for those who received training compared to all participants were similar in the short-term but larger in the longer-term, an indicator of the value of training for those participants.

<b>Figure 10</b>		
<b>Longer-Term Net Impacts Results for WIA Adults Compared to Non-Participants</b>		
	<b>All Participants</b>	<b>Participants Who Received Training</b>
Employment: percentage in reported employment	6.6	8.1
Mean Hourly Wage	\$0.65	\$1.06
Mean Hours Worked Per Quarter	35.7	46.9
Mean Quarterly Earnings	\$443	\$623
TANF: percentage receiving aid	0.7*	0.5*
Food Stamps: percentage receiving	2.8	2.6*
Medical Benefits: percentage receiving	2.0	1.5*
UI: percentage receiving	4.0	5.3
Notes: Longer-term refers to impacts observed 9 to 12 quarters after leaving the program. Earnings and wages are in 2005 Q1 dollars. Participants left the program during program year 2001-2002. * Not statistically significant at the 0.05 level.		

The longer-term net impacts are observed 9 to 12 quarters after participants left the program during the 2001-2002 program year (Figure 10). The program also has positive longer-term impacts on employment, hourly wages, hours worked, and earnings; the magnitudes of the net impacts, however, are smaller than in the short-term. In the longer-term, participation was associated with increases in the percentages receiving food stamps and UI benefits.

<sup>15</sup> This includes job preparatory training, worker retraining, and work-related basic skills training.

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### *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>16</sup> Program costs include both direct costs and support payments borne by the state and the foregone earnings borne by participants. 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. 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 participants leaving programs in 2001-2002, because a longer-term follow-up is required for this analysis.

For each participant in WIA Adult programs, the public (taxpayer) cost is \$5,481 over the length of their enrollment, and the participant cost is \$1,060 in foregone earnings while enrolled (Figure 11). During the first two and one-half years after leaving the program, the average participant will gain \$5,794 in earnings. During the course of working life to age 65, they will gain about \$28,900 in net earnings (earnings minus foregone earnings) and about \$6,000<sup>17</sup> in employee benefits. These are net gains compared to the earnings of similar individuals who did not receive the training.

*Projected participant benefits to age 65 outweigh public costs for WIA Adult services and training by a ratio of 6.4 to 1, or \$34,874 to \$5,481.*<sup>18</sup>

From the time of leaving the program to age 65, the public is forecast to gain almost \$5,200 per participant in additional social security, Medicare, federal income, and state sales taxes; the public, however, is expected to pay out \$240 per participant in total UI benefits and social welfare benefits. Together, the program cost and small increase in transfer payments is about \$555 greater than the increase in tax revenues.

<b>Figure 11: Benefits and Costs of WIA Adult Program</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>
<b>Benefit Difference</b>				
Earnings	\$5,794		\$29,945	
Employee Benefits	\$1,159		\$5,989	
Taxes	-\$999	\$999	-\$5,166	\$5,166
<b>Transfers* Difference</b>	-\$1,971	\$1,971	\$240	-\$240
<b>Cost Difference</b>				
Foregone Earnings	-\$1,060		-\$1,060	
Program Costs	\$0	-\$5,481	\$0	-\$5,481
<b>TOTAL</b>	<b>\$2,922</b>	<b>-\$2,511</b>	<b>\$29,949</b>	<b>-\$555</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.				

<sup>16</sup> Upjohn estimated the impact of the net change in earnings on social security, Medicare, federal income, and state sales taxes.

<sup>17</sup> This employee benefits amount does not account for the reduction in employee benefits associated with foregone earnings. If the same benefit percentage (20 percent) were applied to foregone earnings, the gain in employee benefits in the longer term would be about \$5,800.

<sup>18</sup> This ratio does not include the impacts on taxes, UI benefits, and public assistance, which are direct transfers between participant and the public (taxpayers).

## Workforce Training and Education Coordinating Board

### *Progress and Areas for Improvement*

WIA Adult program participants were generally satisfied with the program. Labor market outcomes for adults leaving WIA during 2005-2006 compared favorably to those leaving in 2003-2004. Post-program employment rates and earnings were higher, continuing a general trend of improvement since the first study 10 years ago.

There are areas for improvement. While most participants were satisfied with the services they received, many were dissatisfied with job openings information. This unmet need is consistently expressed by participants leaving programs in past years.

Also, only slightly more than one-third of WIA adults received job-specific skills training. This seems low given the participants' lack of previous education or training after high school.

Given participants' low education levels prior to entering the program, more should receive basic skills instruction in reading, writing, and math. Among the adults leaving WIA during 2005-2006, fewer than one in five said they received training in writing or math skills, and only 11 percent were trained in reading skills. Furthermore, only about half of these participants reported their reading and writing skills in these areas improved substantially; 61 percent reported their math skills improved "a lot."

For more Workforce Training Results, see: [www.wtb.wa.gov/wtr2008.asp](http://www.wtb.wa.gov/wtr2008.asp)