



Washington State
Workforce Training
And Education
Coordinating Board

Workforce Training Results Report

December 2008

Workforce Investment Act Title I-B Program for Dislocated Workers

The Workforce Investment Act (WIA) Dislocated Worker program provides employment and training services to meet dislocated workers' needs; establishes early intervention for workers and firms facing substantial layoffs; and fosters labor, management, and community partnerships with government to address worker dislocation. In general, dislocated workers are people who lost jobs due to plant closures, company downsizing, or some other significant change in market conditions. In most cases, it must be unlikely they will return to their occupation, and they must be eligible for (or have exhausted) unemployment compensation.

Dislocated workers are eligible for "core services" that include skill assessment, labor market information, training program consumer reports, and job search and placement assistance. Second and third tier services are available for eligible dislocated workers unable to get jobs through core services. These may include more intensive assessments, counseling, and prevocational and vocational training.

The 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 local areas. Services are coordinated through the state's one-stop career center system called WorkSource.

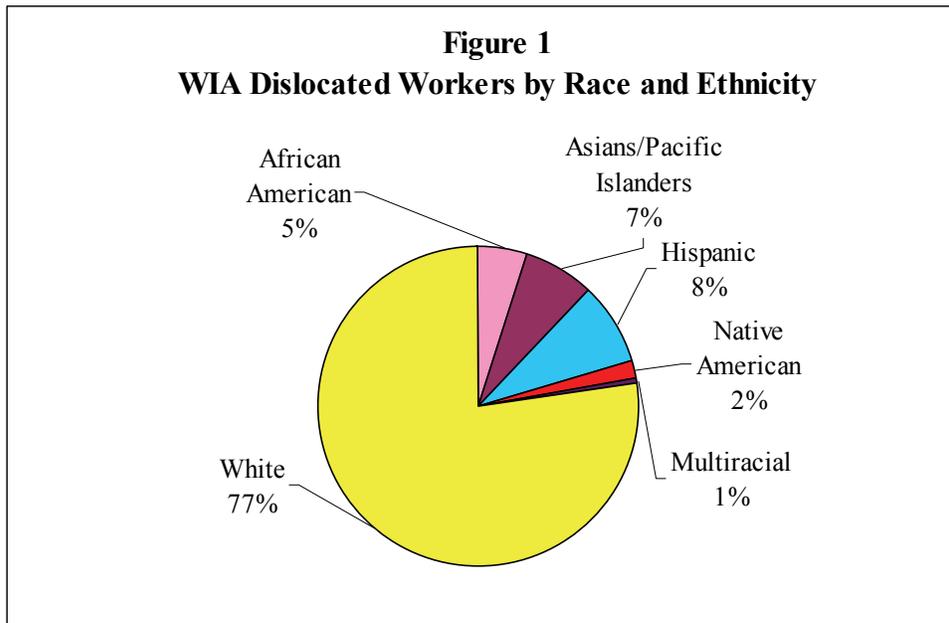
For this study, program records were obtained on 4,472 individuals who left the program during the 2005-2006 program year. Employment-related information was obtained through a match with the Employment Security Department (ESD) wage files from Washington, Idaho, and Oregon, and federal employment records. In addition, 300 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.¹

¹ The employer survey includes employers who hired a participant who completed at least one of the three WIA Title I-B programs: adult, dislocated worker, or youth.

The typical participant was enrolled in the program for 12 months. There was, however, considerable variation in the amount of time participants spent in the program. One quarter was enrolled for less than 6 months, while another quarter was enrolled for over 25 months.

Participant Characteristics

Participants roughly mirrored the state’s racial-ethnic population distribution with African Americans represented slightly higher than the 2006 population estimate, and Hispanics slightly lower. (Figure 1).² Some 23 percent were non-white.

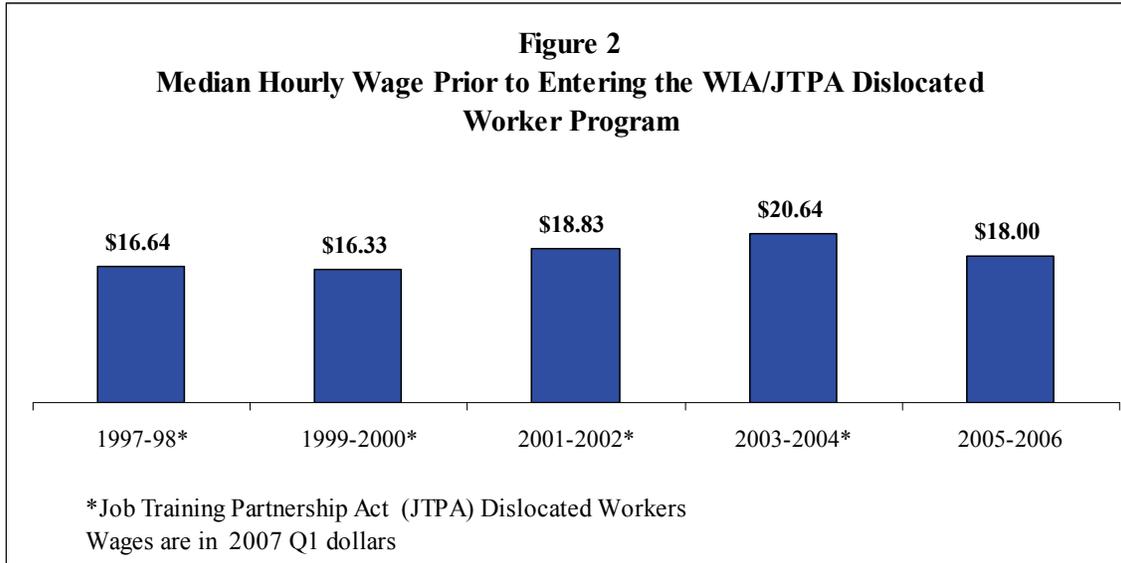


Source: SKIES administrative records 2005-2006.

Some 49 percent of the dislocated workers were women, up from 43 percent in the 2003-2004 program years. When they enrolled 44 percent of participants had not previously attended college, 30 percent had some college, 10 percent had an associate’s degree and 17 percent had a bachelor’s degree or higher. The median age at program registration was 42; one quarter of participants was over 50 years of age, and one quarter was under 34.

² 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.

Among the 2005-2006 dislocated workers, 30 percent were employed in manufacturing prior to registration, 31 percent were working in services, and 12 percent had jobs in trade industries. Some 9 percent were employed in aerospace prior to registration, and 7 percent were employed in aerospace after the program. The pre-program wages of the 2005-2006 WIA dislocated workers were substantially lower than those of the 2003-2004 dislocated workers (Figure 2).



Source: Employment records for 2003-06; 2006 Workforce Training Results for prior years

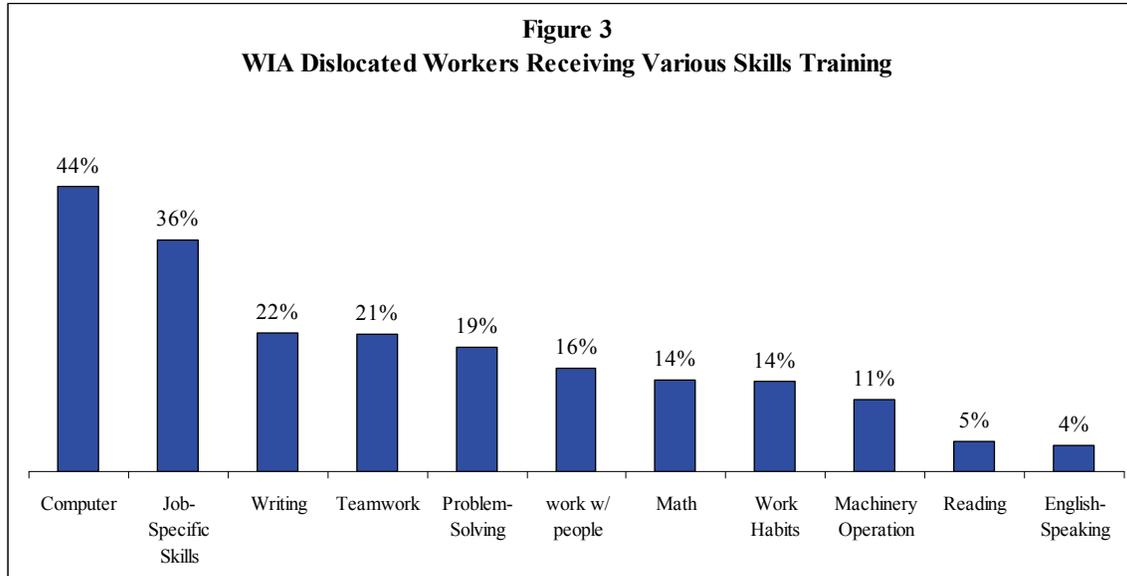
Competency Gains

Given the purpose of the program and the characteristics of participants, it is not surprising that 76 percent said they entered the program to acquire skills for a new job. According to the administrative data, 73 percent of the participants received an appropriate credential, such as a degree, certificate or license. According to the participant survey, 36 percent of all 2005-2006 dislocated workers received job-specific skills training (Figure 3). This is lower than the percentage reported by dislocated workers leaving during 2003-2004 (36 percent versus 41 percent).³ Similar to two years ago, the most common type of non-job-specific training was in computer skills.

With the exception of computer and job-specific skills, relatively low percentages of dislocated workers received training in other skill areas. Of these, large majorities

³ Among participants leaving WIA during 2005-2006, 65 percent reported that they received some form of training. Among those receiving any training, 56 percent said they received job-specific skills training (or 36 percent of all participants). Among participants leaving WIA during 2003-2004, 67 percent reported that they received some form of training. Among those receiving any training, 61 percent said they received job-specific skills training (or 41 percent of all participants).

indicated that their skills in the various areas improved (Figure 4) as a result of the training. Over half of those who received training in technical skills, math, and problem solving reported that their skills improved “a lot.” High levels of improvement were also voiced in the previous study.



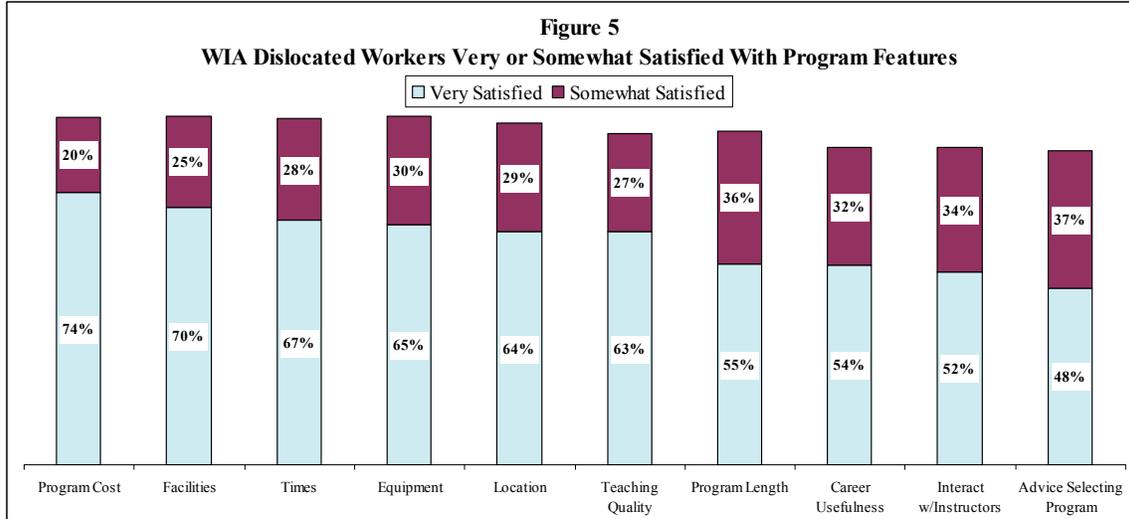
Source: Participant Satisfaction Survey 2005-2006

Among those employed after the program, 64 percent said their training was related to their job, the same percentage reported in the 2003-2004 study.

Participant Satisfaction

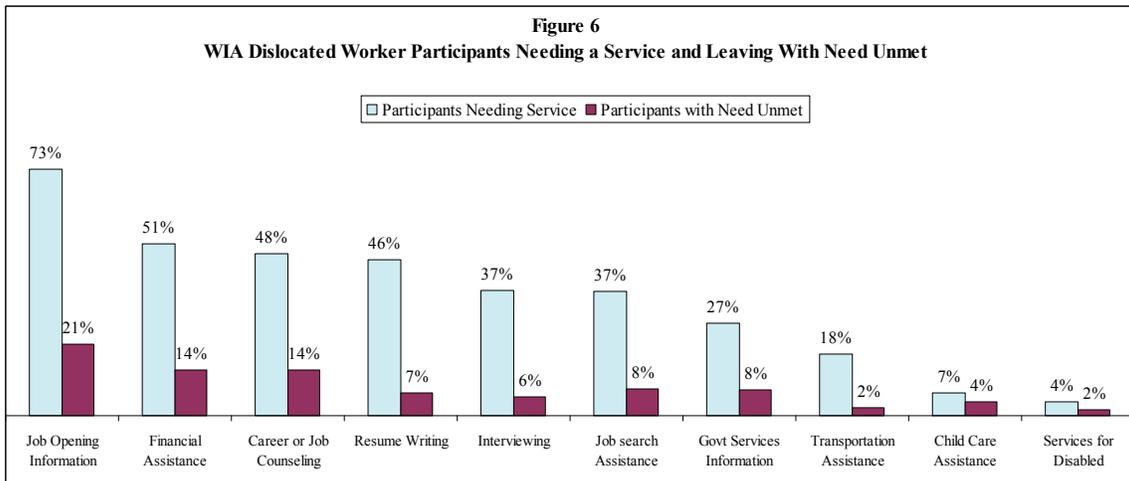
The survey results indicate participants were generally satisfied with the WIA Dislocated Worker program. Some 83 percent said they met their educational objectives for enrolling in the program, and 89 percent reported overall satisfaction with the program, an increase in the levels of satisfaction that were reported in prior studies. Dislocated workers expressed very high levels of satisfaction with various features of the program (Figure 5). Nearly three-fourths were “very satisfied” with program costs, and over two-thirds were very satisfied with facilities, and times. The lowest level of reported satisfaction was for advice on selecting a program.

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Source: Participant Satisfaction Survey 2005-2006

Similar to the last study, the support services most frequently needed by participants while enrolled in the program were information on job openings and financial assistance (Figure 6). Dislocated workers tended to receive the support services they needed. As in the past, however, a large percentage left the program with an unmet need for information on job openings.⁴

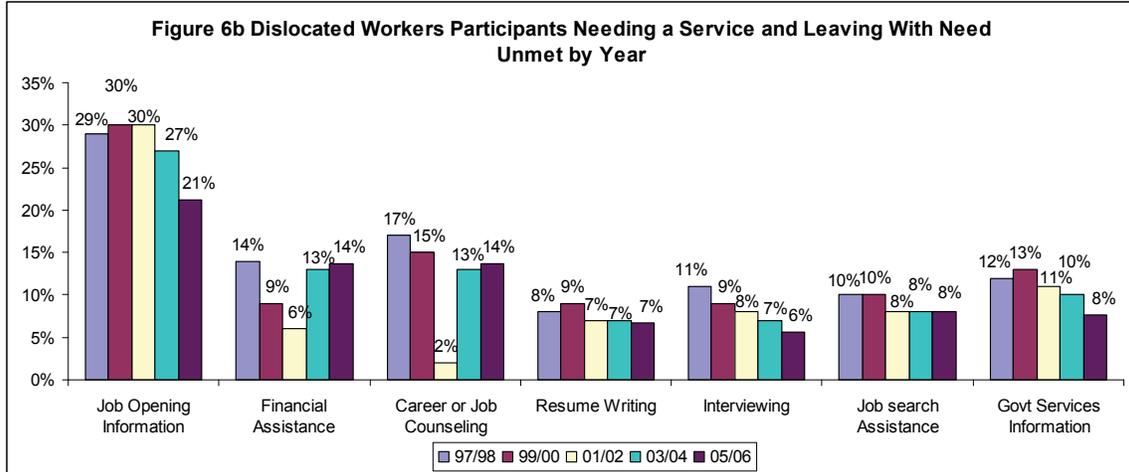


Source: Participant Satisfaction Survey 2005-2006

Despite the high percentage who reported needing more job information, over the past program years more people have reported receiving the job opening information they needed—although in other areas the results are more varied (Figure 6b).

⁴ 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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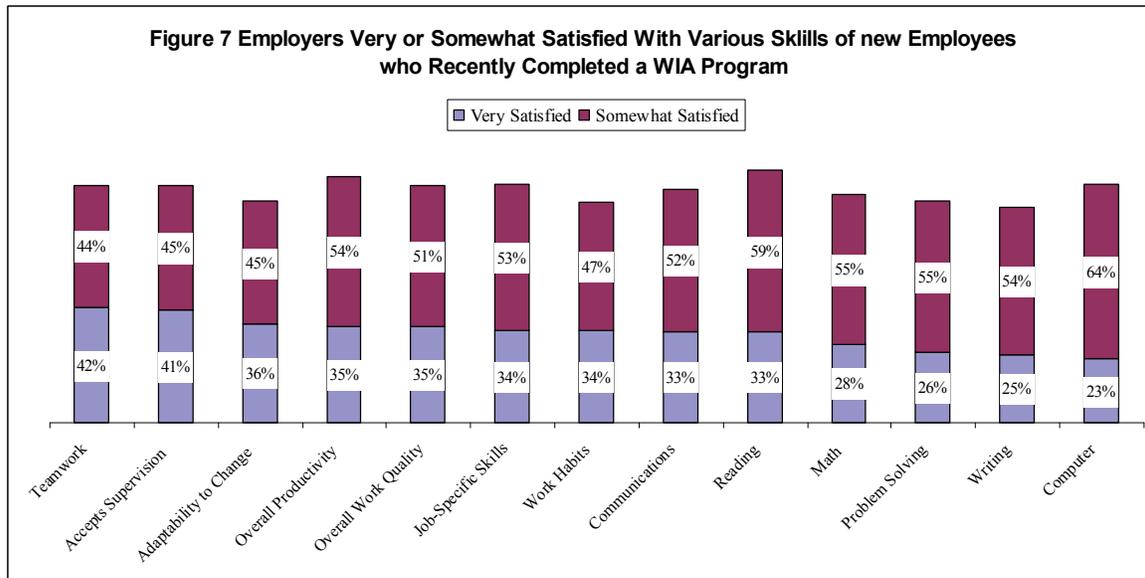


Source: Participant Satisfaction Surveys 1997-2006

Employer Satisfaction

It was not feasible to survey employers about each of the Workforce Investment Act programs included in the study (Adult, Dislocated Worker, and Youth) separately, 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 in WIA programs. 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 indicating being “very satisfied” was higher in this survey than in the previous survey for all categories except computers, which decreased significantly (from 39 percent to 23 percent).



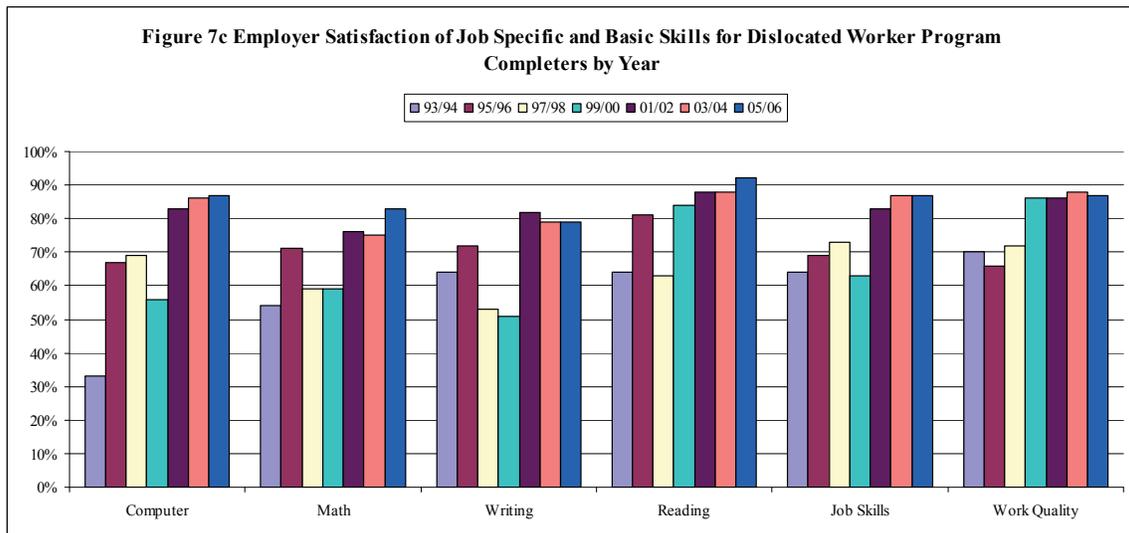
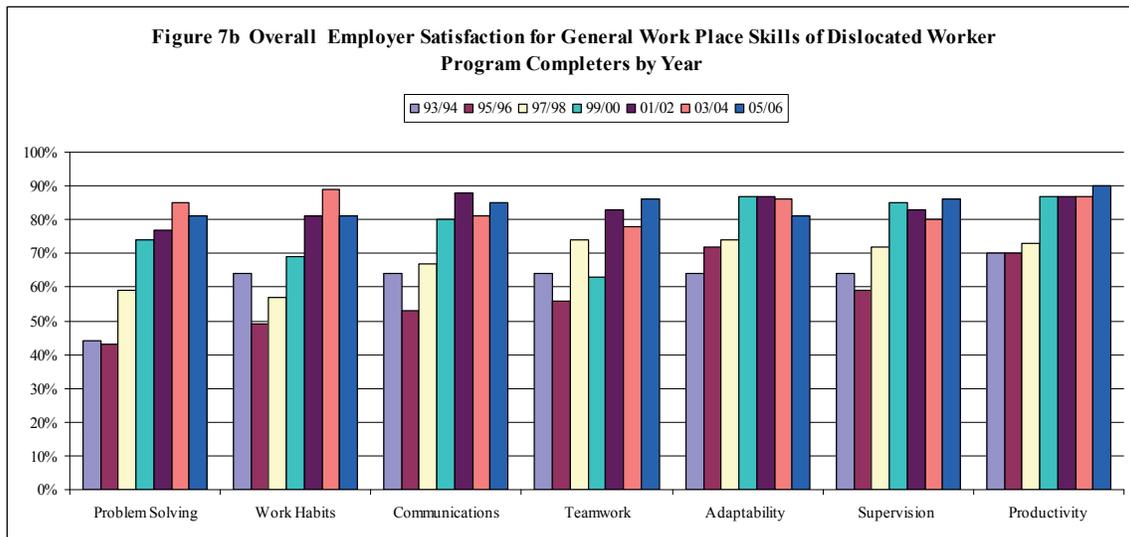
Source: Employer Satisfaction Survey 2005-2006

**Workforce Training Results
WIA Dislocated Workers**

Workforce Training and Education Coordinating Board

There were mixed results in terms of being “very satisfied” with general workplace skills, occupational skills, and basic skills. While relatively higher percentages of employers were “very satisfied” with teamwork, accepting supervision, adaptability to change, productivity, work quality and job-specific skills, lower percentages were “very satisfied” with basic skills such as reading, math, writing and computers.

Over the past 10 years, employers’ overall satisfaction with skills has varied depending on the type of skill. However, in most cases there has been an upward trend. Figures 6b and 6c show the overall satisfaction of employers with work-related skills and basic skills of new employees who recently completed a Dislocated Worker program.



Source: Employer Satisfaction Surveys 1993-2006

Employment and Earnings

According to survey responses, 78 percent of the 2005-2006 WIA Dislocated Worker program participants had a job seven to nine months after leaving their program (Figure 8).⁵ To find out more about where participants who completed the program worked and what they earned, we matched participant records with Employment Security Department wage files from Washington and neighboring states.⁶

Figure 8. Employment and Earnings of WIA Dislocated Worker Program Participants in the Third Quarter After Leaving Program					
	1997-1998*	1999-2000*	2001-2002	2003-2004	2005-2006
Percentage self-reporting employment during third quarter after leaving program	83	83	82	85	78
Percentage with employment reported by employers to ESD the third quarter after leaving program	74	75	74	76	78
Median quarterly hours worked of those working	484	495	494	486	491
Percentage employed full-time of those working (averaging 30 or more hours/week)	67	70	74	73	75
Median annualized earnings of those working	\$27,174	\$27,516	\$29,129	\$29,721	\$29,937
Size of household in which median earnings would support at poverty level	5.9	6.0	6.4	6.6	6.7
Size of household in which median earnings would support at twice poverty level	2.0	2.0	2.3	2.3	2.4
Median hourly wage of those working	\$14.53	\$14.72	\$15.33	\$15.77	\$16.12
Percentage self-reporting receipt of medical benefits from employer	68	72	75	70	78
Percentage self-reporting receipt of pension benefits from employer	42	40	43	39	43
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.					
*Figures for 1997 through 2000 are for the JTPA III Dislocated Worker Program.					

Record matches found 78 percent had reported employment during the third quarter after they left the program. They received \$16.12 as their median hourly wage⁷ and received \$29,937 in median annualized earnings.⁸ Further, the typical (median) wage

⁵ 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.

⁶ These files contain quarterly earnings and hours worked information on those individuals with employment reported for unemployment insurance (UI) 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).

⁷ All wages and earnings are stated in 2007 Q1 dollars.

⁸ 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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replacement rate from the third quarter prior to registration compared to the third quarter post-program was 95 percent (the mean replacement rate was 102 percent).⁹ Since 1997, there has been a general upward trend in both earnings and employment rates (Figures 8b and 8c).

Figure 8b: Percent of Dislocated Worker Participants with Reported Employment in Third Quarter After Exiting Program

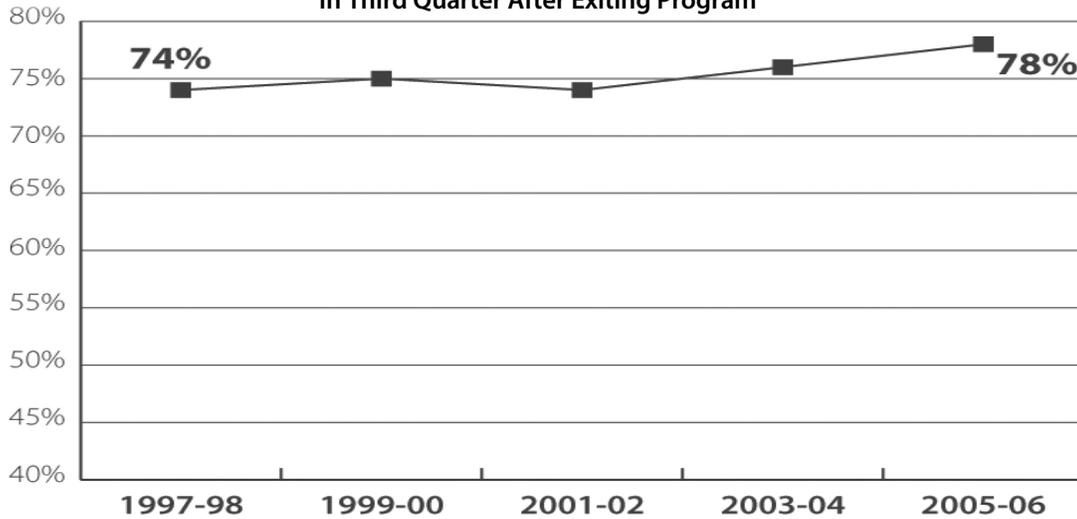
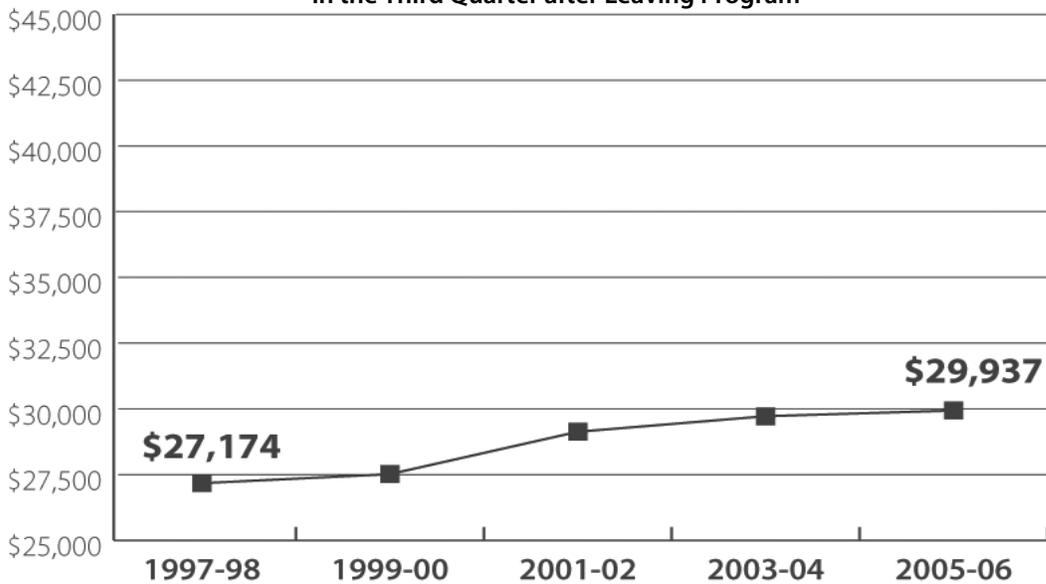


Figure 8c: Median Annualized Earnings of Dislocated Worker Participants in the Third Quarter after Leaving Program



Source: Employment Security Department data matches 1997-2006.

⁹ Wage replacement is measured here as follows. We calculate the ratio of the hourly wage during the third quarter after the program to the wage during the third quarter prior to the program for each participant who had nonzero wages in both of the periods. The reported statistics are the overall median and mean for these participants.

The median wage of WIA dislocated workers is relatively high, but there is considerable variation in wages (Figure 9).

Figure 9 Distribution of Hourly Wages 3rd Qtr After Leaving	
Quartile	Hourly Wage
Highest	Above \$22.68
Third	\$16.13-\$22.68
Second	\$12.13-\$16.12
Lowest	Below \$12.13

Source: Employment Security Department data matches 2005-2006.

Nearly one-third of the participants were dislocated from manufacturing jobs—including 9 percent from aerospace, 5 percent from the food and beverage products industry and 3 percent from wood and paper products. After leaving the program, only 18 percent found jobs in the manufacturing sector—about 7 percent found employment in the aerospace industry. Compared to pre-program employment, post-program employment was more likely to be in the services industry (Figure 10).

Figure 10.
Industry of Employment of WIA Dislocated Workers During Third Quarter Prior to Program and Third Quarter After Program 2005-2006

Industry Group	Prior Employment	Post-program Employment
Natural Resources and Mining	3.2%	2.7%
Construction	3.6%	5.1%
Manufacturing	30.3%	18.4%
Food & Beverage	4.8%	2.4%
Wood & Paper Products	3.2%	1.7%
Alumina & Aluminum Products	2.3%	0.3%
Fabricated Metal Products	0.7%	0.9%
Computer & Electronic Products	3.7%	1.9%
Aerospace	9.4%	6.5%
All Other Manufacturing	6.3%	4.8%
Wholesale Trade	4.6%	4.5%
Retail Trade	7.9%	8.5%
Transportation and Warehousing and Utilities	5.8%	4.7%
Information	4.2%	2.3%
Software Publishing	1.2%	0.7%
Telecommunications	1.8%	0.7%
All Other Information	1.2%	0.9%
Financial Activities	6.2%	5.6%
Services	30.6%	43.9%
Professional, Scientific, and Technical Services	5.1%	7.0%
Administrative and Support and Waste Management and Remediation Services	8.0%	10.0%
Education Services	2.4%	4.4%
Health Care	5.3%	12.9%
Social Assistance	2.1%	2.7%
Leisure and Hospitality	3.8%	4.2%
All Other Services	3.9%	2.7%
Public Administration	3.6%	4.3%

Source: Employment Security Department data matches 2005-2006.

Gender Differences in Employment and Pay

Employment and earnings outcomes of participants varied by gender, disability status, and race and ethnicity. During the third quarter after exit, women were slightly more likely than men to be working (79 percent versus 77 percent). However, women were less likely to be working full time (70 percent versus 79 percent). The median wage for women was 78 percent of men.

Mixed Report for Minority Employment and Pay

African American and Native American dislocated workers were less likely to be employed compared with whites, while Hispanics were more likely to be working and Asians/Pacific Islanders about as likely as whites to be working. However, Hispanics and Native Americans were less likely to be employed full time (65 percent of Hispanics and 68 percent of Native Americans), while 82 percent of Asians/Pacific Islanders were likely to be employed full time. African Americans were about as likely as whites to be employed full time at 74 percent, and 75 percent respectively. The median hourly wage for Hispanics was 75 percent of whites. African Americans earned 95 percent of whites and Native Americans earned 94 percent of whites, while the median wages of Asians/Pacific Islanders and Native Americans was higher than whites at 105 percent and 103 percent respectively.

Disparity Persists for Workers with Disabilities

Employment and earnings also varied by disability status. Administrative records suggest 5 percent of the participants included in this study had a disability. Dislocated workers with disabilities were less likely to be employed (68 percent versus 79 percent) and working full time (69 percent versus 75 percent). Their median earnings were 90 percent of those with no reported disability.

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 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, individuals who participated in a WIA Dislocated Worker 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 Dislocated Worker program has strong, positive net impacts on employment, hourly wage, hours worked, and earnings. Participation increases lifetime earnings of dislocated workers.

Figure 11 shows the short-term net impacts of the WIA Dislocated Worker program. During the third quarter after the 2003-2004 participants left their programs, training is associated with an increase of 11.6 percentage points in employment as reported to the Employment Security Department. The impact on wage rates is \$1.92¹⁰ per hour, and the impact on hours worked per quarter is 70.1 hours. There is a large impact on mean quarter earnings—\$1,088. Participation is associated with minor declines in the percentages receiving Temporary Assistance to Needy Families (TANF) and food stamps, but an increase in the percentage receiving UI benefits.

Figure 11		
Short-Term Net Impact Results for WIA Dislocated Workers Compared to Non-Participants		
	All Participants	Participants who Received Training*
Employment: percentage of additional reported employment due to program participation	11.6	11.6
Difference in Mean Hourly Wage	\$1.92	\$1.89
Difference in Mean Hours Worked Per Quarter	70.1	69.3
Difference in Mean Quarterly Earnings	\$1,088	\$1,053
TANF: percentage receiving aid	-0.2	-0.1**
Food Stamps: percentage receiving	-1.2	-1.4
Medical Benefits: percentage receiving	-0.3**	-0.6**
UI: percentage receiving	2.1	1.0**
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 in PY 2003-2004. *Includes job preparatory training, worker retraining and work-related basic skills training. ** Not statistically significant at the 0.05 level.		

The WIA Dislocated Worker program offered participants a variety of services, and not all participants received training. In the short-term, the net impacts of training are similar to that of all services. In the longer term, the net impacts of training are smaller than for all services. This seems counterintuitive. For dislocated workers, however, the need for training may be an indicator that the skills and knowledge they have are not as transferable as the skills and knowledge of those who did not receive training.

¹⁰ All dollar amounts in this report are expressed in 2005 Q1 dollars

Figure 12 Longer-Term Net Impact Results for WIA Dislocated Workers Compared to Non-Participants		
	All Participants	Participants who Received Training*
Employment: percentage of additional reported employment due to program participation	6.4	4.2
Difference in Mean Hourly Wage	\$0.95	\$0.40**
Difference in Mean Hours Worked Per Quarter	48.8	33.2
Difference in Mean Quarterly Earnings	\$752	\$344
TANF: percentage receiving aid	-0.1**	-0.0**
Food Stamps: percentage receiving	-0.6**	-0.2**
Medical Benefits: percentage receiving	-0.8**	-0.2**
UI: percentage receiving	1.3**	0.8**
Notes: Longer-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 in PY 2001-2002. * Includes job preparatory training, worker retraining and work-related basic skills training. ** Not statistically significant at the 0.05 level.		

The longer-term net impacts of participation are observed 9 to 12 quarters after participants left the program during 2001-2002 (Figure 10). There are positive net impacts on employment, hourly wage, hours worked, and earnings.

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.¹¹ Program costs include both direct program costs and support payments borne by the state and the foregone earnings borne by program 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. 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 participants leaving programs in 2001-2002, because a longer-term follow-up is required for this analysis.

For each participant in the program, the public (taxpayer) program cost is almost \$6,800 over the length of their enrollment, and the participant cost is about \$10,300 in foregone earnings (Figure 11). During the course of working life to age 65, the average participant will gain about \$35,300 in net earnings (earnings minus foregone earnings)

¹¹ Upjohn estimated the impact of the net change in earnings on Social Security, Medicare, federal income, and state sales taxes.

and over \$9,100 in employee benefits.¹² These are net gains compared to the earnings of similar individuals who did not receive services or training.

Projected participant benefits to age 65 outweigh public costs invested in the WIA Dislocated Worker program by a ratio of about 6.6 to 1, or \$44,399 to \$6,757.¹³

The total public (taxpayer) costs are less than the program costs because participation is associated with increased tax revenues and decreased state welfare expenditures. From the time of leaving the program to age 65, the public is forecasted to gain almost \$12,000 per participant in additional Social Security, Medicare, federal income, and state sales taxes and to save about \$3,600 in total UI benefits and other social welfare costs—greater than the direct cost of program services.

Figure 13				
Benefits and Costs of WIA Dislocated Worker Program				
	First 2.5 Years After Program		Forecast to Age 65	
	Participant	Public	Participant	Public
Benefit Difference				
Earnings	\$7,974		\$45,544	
Employee Benefits	\$1,595		\$9,109	
Taxes	-\$2,073	\$2,073	-\$11,841	\$11,841
Transfers*	-\$3,432	\$3,432	-\$3,593	\$3,593
Cost Difference				
Foregone Earnings	-\$10,254		-\$10,254	
Program Costs	\$0	-\$6,757	\$0	-\$6,757
TOTAL	-\$6,190	-\$1,251	\$28,966	\$8,677
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.				

Progress and Areas for Improvement

WIA dislocated workers were generally satisfied with the program and most said their educational objectives for enrolling in the program had been met. Although the percentage of WIA Dislocated Worker program participants who self reported employment after exiting the program was lower than in 2003-2004, the percent with employment reported by Employment Security was higher than in the prior study.

¹² 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 \$7,100.

¹³ This ratio does not include the impacts on taxes, UI benefits, and public assistance, which are direct transfers between participant and the public (taxpayers).

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Since studies began with the 1997 program participants, employments and earnings have improved substantially. Also, surveys indicate some improvement in support services and employer satisfaction with WIA participants' skills.

However, many participants are unsatisfied with the advice they are given when selecting a program. Also, many report that they receive insufficient information about job openings. Though the percent reporting this issue has been declining, it remains a persistent concern in our evaluations.

As with the general population, the wages of participants vary by gender, race and ethnicity and by disability status. Women earn less than men, and Hispanics and African Americans earn less than whites. People with disabilities are less likely to be employed and have lower earnings. The program should strive to eliminate differences associated with gender, race and ethnicity, and disability status in the labor market outcomes.

For Workforce Training Results on other programs, go to www.wtb.wa.gov/wtr2008.asp