



State of Washington  
Joint Legislative Audit and Review  
Committee

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# Workforce Employment and Training Sunset Review

## Report 97-6

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December 1, 1997

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for persons with disabilities.*

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# WORKFORCE EMPLOYMENT AND TRAINING SUNSET REVIEW

## Summary

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**T**he Workforce Employment and Training Program (WETP) program is scheduled to terminate in June 1998 under the Sunset Act. However, the dedicated funding source for the program, a diversion of Unemployment Insurance (UI) taxes paid by employers, is scheduled to terminate on January 1, 1998. Funding thereafter will come from the state general fund.

The WETP was created by the legislature in 1993 to provide for the expeditious training and job placement of workers who were dislocated (unemployed and unlikely to return to their same job) due to economic downturns in certain industries or structural changes in the economy. The WETP is one of 41 workforce development programs in the state, which account for approximately \$872 million in state and federal spending each year.

We found that the program has complied with legislative intent in that it has facilitated the expeditious training and job placement of dislocated workers. The program has been modestly effective in that the workers who have been trained under the program are slightly more likely to be employed, and earn somewhat more money than similar unemployed workers who did not participate in the program.

The results of the program are largely dependent on the type of courses taken by program participants. Stronger employment and earnings results are associated with more technically-oriented courses. However, participants who concentrated on less technically-oriented courses were only slightly more likely to be employed, and earned *less* money than similar nonparticipants. It also appears

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## Overview

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### WETP created in 1993 . . .

### . . . to provide training and job placement services to dislocated workers

that the overall results of the program have improved, possibly because the proportion of participants who concentrated on more technically- oriented courses improved over time.

With improvements in the economy, it would seem that the need for the program has diminished over time. However, it is unclear whether the supply of training for dislocated workers exceeds the demand.

## BACKGROUND

The WETP provides funds to the State Board for Community and Technical Colleges (SBCTC) for an additional 7,200 “slots” (FTE students) in the community college system. It also provides financial assistance to dislocated workers while in training, and for enhancements of programs within the Employment Security Department (ESD) to improve services to employers and unemployed workers.

The program is funded by diverting a portion of money from the UI taxes paid by Washington employers—totaling .12 percent of taxable wages—into the Employment and Training Trust Fund. About \$111 million was generated by this source for the program in the 1993-95 and 1995-97 Biennia. Of the \$111 million, approximately \$94 million was allocated to the SBCTC, and \$17 million to the ESD.

The WETP is scheduled for termination in June 1998 under the Sunset Act. However, under Chapter 226, Laws of 1993, funding for the program through the UI tax diversion expires as of January 1, 1998.

## ACTIONS BY 1997 LEGISLATURE

The 1997 Legislature did not reauthorize the diversion of UI tax revenue for this program. Therefore, this funding source will expire on January 1, 1998. Much of the revenue lost from this source was replaced with state general funds in the 1997-99 Appropriations Act.

The legislature appropriated a total of \$60.1 million for the 1997-99 Biennium for services provided by the program. Of this amount,

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Program provides additional capacity in community college system

\$26.4 million will come from the remaining funds in the Employment and Training Trust Account, and \$33.7 million will come from the state general fund. This appropriation is about \$7.8 million less than the 1995-97 funding level for the program.

Of the legislature's \$60.1 million appropriation for the 1997-99 Biennium, \$57.7 million was provided to the SBCTC to provide up to 7,200 training slots in the community and technical college system, plus financial aid and other assistance to training recipients. The \$57.7 million is a reduction of \$915,000 from the 1995-97 funding level. The ESD was appropriated \$2.4 million in state general funds for 1997-99, which replaces a portion of the \$9.3 million appropriated to the department in 1995-97 from the Employment and Training Trust Fund.<sup>1</sup>

In summary, the 1997-99 Legislature ended the UI tax diversion, continued to fund community college training for dislocated workers by replacing UI tax revenues with additional state general funds, and substantially reduced the level of funds to the ESD.

## MAJOR FINDINGS OF THIS SUNSET REVIEW

Outlined below are the major findings of this sunset review.

- The program has complied with legislative intent in that it has facilitated the expeditious training and job placement of dislocated workers.
- With improvements in the economy since 1993, it seems likely that the demand for the program has diminished. However, it is unclear that the supply of retraining exceeds the demand. Exact counts of dislocated workers since a 1995 estimate are not available.
- The program has been modestly effective in that program participants are slightly more likely to be employed, and earn somewhat more money than similar unemployed workers who

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<sup>1</sup> The \$2.4 million appropriated to ESD does not include \$600,000 allocated to cover ESD's costs for collecting the remaining UI tax revenues. It also does not include \$1.1 million of federal funding which was designated for continuation of colocated job service centers by legislative proviso.

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Legislature appropriated funds for 1997-99 Biennium

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WETP is modestly effective

did not take community college courses, and similar unemployed workers who did take community college courses, but were not program participants.

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## Impact of training varies with courses taken

- The impact of the training on the earnings of workers is largely dependent on the type of training taken. Participants who concentrated on more technically-oriented courses achieved strong earnings gains relative to similar nonparticipants. Participants who concentrated on less technically-oriented courses made less money than similar nonparticipants.
- The post-training income and earnings recovery has improved for more recent program participants in comparison to earlier participants. This may be related to an increase in the proportion of more technically-oriented courses taken by recent program participants.
- Program funds resulted in service enhancements at the ESD, but there is little analytical evidence concerning whether those enhancements have improved the efficiency or effectiveness of the department's service.
- Improvements could be made in targeting training toward higher paying jobs, the provision of information relating to the continuing need for the program, coordination of research evaluating the effectiveness of workforce training programs, and in performance measurement at the ESD.

## RECOMMENDATIONS

The audit team found it difficult to make a recommendation concerning whether to continue this program per the Sunset Act. The program has complied with legislative intent in that it has facilitated the expeditious training and job placement for dislocated workers. However, the extent of the continuing need for the program is unclear, and the effect of the program on the employment and wages of the participants is quite modest. Continuation of the program is recommended because the results are positive, albeit modestly so, and appear to be improving. The report recommendations are aimed at further improving the results of the program.

We recommend continuing the program and that training be better targeted toward higher paying jobs. Further, we recommend the provision of improved information concerning the continuing need for the program, improvements in the coordination of research evaluating worker training programs, and improved performance measurement at ESD.

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Continuation  
of program  
is recom-  
mended

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## AGENCY RESPONSES

The State Board for Community and Technical Colleges, Workforce Training and Education Coordinating Board, Employment Security Department, and Office of Financial Management have provided written responses to the recommendations of the preliminary report. Those responses and auditor's comments are provided in Appendix 1. In general, the agencies concurred with the recommendations of the report.

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Agencies  
concur with  
recommen-  
dations

## ACKNOWLEDGMENTS

We express our appreciation for the assistance provided to the audit team by staff from the Workforce Training and Education Coordinating Board, the State Board for Community and Technical Colleges, and the Employment Security Department. We also appreciate the assistance provided by researchers from Westat, Inc. and Battelle Memorial Institute. This sunset review was conducted by Carol Webster and Larry Brubaker, the project team leader. Ron Perry was the project supervisor.

Cheryle A. Broom  
Legislative Auditor

On December 1, 1997, this report was approved by the Joint Legislative Audit and Review Committee and its distribution authorized.

Representative Cathy McMorris  
Chair



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# RECOMMENDATIONS

## Summary

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### *Recommendation 1*

The legislature should continue to fund training for dislocated workers and should consider legislation that provides direction that training and financial aid resources continue to be targeted toward dislocated workers.

Legislation Required:	None in 1997-99 Biennium
Fiscal Impact:	None
Completion Date:	January 1998

### *Recommendation 2*

The State Board for Community and Technical Colleges, through the Request For Proposal process, should continue to increase the proportion of programs offered with Workforce Employment and Training Program funds that are associated with higher paying jobs.

Legislation Required:	None
Fiscal Impact:	More effective use of existing resources
Completion Date:	Ongoing

### *Recommendation 3*

The community and technical colleges should provide labor market information to Workforce Employment and Training Program participants. This information should include the employment prospects and potential wages associated with different courses of study.

Legislation Required:	None
Fiscal Impact:	None
Completion Date:	January 1998; then ongoing

### *Recommendation 4*

The State Board for Community and Technical Colleges and the Employment Security Department should collaborate to provide better information to the legislature, such as ongoing counts of dislocated workers, relating to the continuing need for the program.

Legislation Required: None  
Fiscal Impact: None  
Completion Date: January 1999; then ongoing

***Recommendation 5***

The Workforce Training and Education Coordinating Board should improve the coordination of research being conducted concerning the effectiveness of the various state workforce training programs.

Legislation Required: None  
Fiscal Impact: None  
Completion Date: January 1998; then ongoing

***Recommendation 6***

The Employment Security Department should improve its performance measures in order to provide more meaningful performance information to the legislature.

Legislation Required: None  
Fiscal Impact: None  
Completion Date: January 1998

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# BACKGROUND

## Chapter One

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**T**he legislature created the Workforce Employment and Training Program (WETP) in 1993, during a downturn in the aerospace and timber industries, downsizing in other industries, and economic restructuring. The purpose of the program is to provide for the expeditious training and placement of workers who were dislocated (unemployed and not likely to return to their same job).

The program provides funds to the State Board for Community and Technical Colleges (SBCTC) for an additional 7,200 “slots” (full-time students) per year in the community college system, and financial assistance to dislocated workers while in training. The program also provides for enhancement of programs within the Employment Security Department (ESD) to improve services to employers and unemployed workers. The program has served about 26,000 unemployed and dislocated workers between 1993 and 1997.

The program is funded by diverting a portion of money from the Unemployment Insurance (UI) taxes paid by Washington employers—totaling .12 percent of taxable wages—into the Employment and Training Trust Fund. About \$111 million was generated from this source for the program in the 1993-95 and 1995-97 Biennia. Of the \$111 million, approximately \$94 million was allocated to the SBCTC, and \$17 million to the ESD.

The 1997 Legislature allowed the diversion of UI taxes to terminate as of January 1998, but provided \$60.1 million for the program from a combination of remaining UI tax revenue and state general funds.

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### Introduction

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WETP  
funded  
until 1998  
from  
unemploy-  
ment  
insurance  
taxes

## WORKER RETRAINING AND FINANCIAL AID

The \$94 million of WETP funds allocated to the SBCTC has been spent primarily to create additional capacity at the community and technical colleges that are prioritized for the training of unemployed workers. Currently, there are about 7,200 additional community and technical college slots resulting from WETP funds. The colleges provide training in basic skills and literacy, occupational skills, vocational education, and related or supplemental instruction for apprentices. Of the total \$94 million allocated to the SBCTC over four years, \$67 million has been spent to provide additional community and technical college slots. The balance was allocated for financial aid.

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Financial aid given to dislocated workers enrolling at community colleges

In addition to the funds allocated by the SBCTC to the various community and technical colleges, \$2 million has been allocated for training at private career schools. In order to receive funding from WETP, a private career school must indicate a WETP-eligible student has elected to enroll, and that training of the same type would not be available at a nearby community or technical college.

In order to qualify for retraining under the WETP, a student must be eligible for unemployment or have exhausted his/her eligibility for unemployment compensation within the last 24 months. Students who qualify for the program may receive financial assistance that can help with tuition, or help offset the costs of childcare, transportation, or other student living expenses. Student financial aid has accounted for \$25 million of the \$94 million allocated to the SBCTC.

## ALLOCATION OF FUNDS AMONG COLLEGES

There have been three components to the allocation of WETP funds among the various community and technical colleges. Each year of the program, the proportion of WETP funds allocated through each of these components has changed. These components are:

- *Formula* - A portion of WETP funds were allocated to each college in proportion to the number of unemployed workers

within the respective college's service area. The percentage of WETP training funds allocated through this formula ranged from 41 percent in 1993 to 21 percent in 1997.

- *Boeing Setaside* - A portion of WETP funds were allocated to Puget Sound area colleges to provide training for dislocated Boeing workers. The proportion of WETP training funds allocated to the Boeing Setaside ranged from 26 percent in 1993 to 16 percent in 1997. Beginning in FY98, the Boeing Setaside will be eliminated.
- *Request For Proposal (RFP) Process* - A portion of WETP funds were allocated to colleges through a competitive process. The proportion of WETP training funds allocated through the RFP process ranged from 33 percent in 1993 to 63 percent in 1997.

As indicated by the figures above, an increasing proportion of WETP funds was allocated through the RFP process. As the program funding increased over the four years of the program, the additional slots were allocated through the RFP process. The number of slots allocated through the formula and the Boeing Setaside remained the same each year.

Exhibit 1 shows the number of student FTEs allocated to each of the colleges from FY93 to FY97.

## RFP ALLOCATION PROCESS

As indicated in Exhibit 1 on the following page, the amount of WETP funds allocated through the RFP process increased from 33 percent in 1993 to 63 percent in 1997. Individual colleges competed for program funds by submitting proposals to the SBCTC.

At the local level, business and labor representatives on local advisory committees helped colleges to assess job demand and develop training programs that were responsive to the training needs of the local community. Using this input, the colleges prepared a proposal for WETP funds to create a new program.

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Funds allocated among community colleges using various methods

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Increasing proportion of funds allocated through RFP process

**Exhibit 1**

**Allocation of WETP Student FTEs  
Among Community and Technical Colleges**

District/College	FY 1993		FY 1994		FY 1995		FY 1996	
	FTEs	% of total	FTEs	% of total	FTEs	% of total	FTEs	% of total
Peninsula	45	1%	89	2%	130	2%	160	2%
Grays Harbor	225	7%	253	5%	260	4%	281	4%
Olympic	81	2%	106	2%	176	3%	216	3%
Skagit Valley	87	3%	170	3%	193	3%	221	3%
Everett	130	4%	175	4%	205	3%	205	3%
Seattle District	372	11%	676	14%	734	12%	769	11%
Shoreline	68	2%	122	2%	114	2%	152	2%
Bellevue	76	2%	136	3%	186	3%	209	3%
Highline	101	3%	151	3%	256	4%	344	5%
Green River	303	9%	398	8%	516	9%	508	8%
Pierce	97	3%	142	3%	204	3%	244	4%
Centralia	60	2%	68	1%	88	1%	123	2%
Lower Columbia	54	2%	77	2%	66	1%	66	1%
Clark	72	2%	129	3%	153	3%	126	2%
Wenatchee Valley	46	1%	46	1%	61	1%	124	2%
Yakima Valley	197	6%	212	4%	181	3%	216	3%
Spokane District	245	7%	321	6%	249	4%	245	4%
Big Bend	29	1%	34	1%	34	1%	44	1%
Columbia Basin	56	2%	124	2%	314	5%	350	5%
Walla Walla	63	2%	108	2%	162	3%	290	4%
Whatcom	38	1%	48	1%	63	1%	63	1%
Tacoma	144	4%	186	4%	166	3%	250	4%
Edmonds	218	6%	354	7%	348	6%	390	6%
South Puget Sound	116	3%	133	3%	152	3%	192	3%
Bellingham	47	1%	47	1%	47	1%	47	1%
Lake Washington	94	3%	112	2%	136	2%	143	2%
Renton	163	5%	246	5%	298	5%	318	5%
Bates	89	3%	160	3%	173	3%	228	3%
Clover Park	113	3%	148	3%	224	4%	224	3%
<b>Total Student FTEs</b>	<b>3,429</b>	<b>100%</b>	<b>4,971</b>	<b>100%</b>	<b>5,889</b>	<b>100%</b>	<b>6,748</b>	<b>100%</b>

Source: SBCTC information.

**Colleges  
compete  
for program  
funds**

At the state level, a state advisory committee comprised of representatives from business, labor, government, and education evaluated the proposals and made recommendations to the SBCTC concerning which proposals should be funded. Among the criteria used to evaluate proposals were:

- Training in demand occupations (e.g., were there jobs in that field available in the local community?)
- Training for living-wage occupations
- Priority access for dislocated workers
- Active participation with business, labor, and government

According to SBCTC staff, approximately half of the proposals made by colleges were funded.

## **COURSES TAKEN BY WETP STUDENTS**

Students were eligible for participation in the WETP if they were either currently receiving unemployment compensation, or had exhausted unemployment insurance benefits within the preceding 24 months. Approximately two-thirds of WETP participants were dislocated workers,<sup>1</sup> and the remaining third were unemployed but not dislocated.

Exhibit 2 (on page 6) illustrates the programs of study chosen by WETP participants.

## **WETP SERVICES PROVIDED BY THE EMPLOYMENT SECURITY DEPARTMENT**

ESD spent a total of \$17.1 million of WETP funds during the two biennia of the program. The majority of these funds have been spent in four primary areas:

### **Collocation of Job Service Centers: \$1.7 Million**

To bring job placement services directly to community college students, ESD opened Job Service Centers on 33 community and technical college campuses.

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Employment  
Security  
Department  
enhanced  
services  
using WETP  
funds

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<sup>1</sup> For this purpose, SBCTC defined “dislocated” as unemployed workers in declining industries or occupations, laid-off Boeing workers, or unemployed workers in timber-impacted counties.

**Exhibit 2**  
**Program of Study for WETP Students**  
**Fall 1993 to Winter 1997**

**Courses  
taken by  
WETP  
students**

Job Prep. Programs	Number of Students	Percent of Students
Information Tech	2,286	8.8%
Administrative Support	2,052	7.9%
Managerial and Managerial Support	1,535	5.9%
Industrial Tech (except electronics tech)	1,192	4.6%
Protective Services	964	3.7%
Precision, Production, Crafts	907	3.5%
Auto Diesel	869	3.4%
Accounting	821	3.2%
Construction Trades	735	2.8%
Education/ Social Services	700	2.7%
Operators	664	2.6%
Electrical Equipment Repair	610	2.4%
Marketing and Sales	593	2.3%
Agriculture, Forestry, Fisheries	512	2.0%
Electronics Tech	477	1.8%
Other Tech	444	1.7%
Associate Degree Nurse	390	1.5%
Welding	344	1.3%
Drafting	328	1.3%
Computer maintenance Tech	317	1.2%
Machinist	316	1.2%
Legal Assistant	299	1.2%
Culinary Arts	252	1.0%
Early Childhood Education	227	0.9%
Other Health Tech	186	0.7%
Telecommunications, Media	181	0.7%
Medical Assisting	178	0.7%
Cosmetology	167	0.6%
Practical Nurse	151	0.6%
Other Health Services	143	0.6%
Engineering Tech	136	0.5%
Airframe/Power Plant	130	0.5%
Nursing Assistant	119	0.5%
Medical X-ray	93	0.4%
Physical Therapy	77	0.3%
Pharmacy Assisting	75	0.3%
Occupational Therapy	67	0.3%
Dental Assisting	54	0.2%
Med Lab Tech/Histologic	43	0.2%
Paramedic EMT, Operating Tech	42	0.2%
Building and Ground Maintenance	41	0.2%
Dental Hygienist	29	0.1%
Library Assistant	28	0.1%
Other Personal Services	25	0.1%
Veterinarian Assistant	10	0.0%
Other Professional	2	0.0%
<b>Total In Prep Programs</b>	<b>19,811</b>	<b>76%</b>
In New Chance or Basic Skills only or no code for student's major	6,106	24%
<b>Total WETP Students</b>	<b>25,917</b>	<b>100%</b>

Source: SBCTC information.



These offices provide some of the same job placement services as regular Job Service Centers such as the computerized JOBNet (which posts jobs by employers and matches skills listed by job seekers), determination of UI eligibility, and job search workshops.

### **Employer outreach: \$5.4 million**

Since many employers do not list job openings with ESD, an outreach program to employers was initiated to encourage them to list job openings (especially those with higher wages). Also, funds were used to train ESD employees to be more sensitive to business.

### **Labor market information enhancements: \$3.6 million**

WETP funds were spent to expand and enhance the labor market information that is collected on behalf of the US Bureau of Labor Statistics. The purpose of this activity has been to provide information that is more useful to local customers, including job seekers. This new information is provided to schools, chambers of commerce, employers, and job seekers, and is made available on the Internet.

### **Automation and technology enhancements: \$4.5 million**

WETP funds paid for a portion of several technological enhancements that are intended to improve ESD's services. Among these are:

- A business process review by Price Waterhouse that has led to a plan to reorganize the processing of UI claims.
- Creation of the Washington Benefit Hotline that enables UI claimants to register continuing claims by telephone and link them to job listings via the electronic JOBNet.
- A feasibility study for wide-area and local-area networks.
- An enhancement of the Dictionary of Occupations Titles (DOT codes) with "skills" so that employers and prospective employees can be matched by "skills" rather than job titles.

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Employment  
Security  
Department  
services  
funded by  
WETP

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# EVALUATION OF WETP TRAINING AGAINST SUNSET ACT CRITERIA

## Chapter Two

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**W**e found that WETP has complied with legislative intent in that it has facilitated the expeditious training and job placement of dislocated workers. The provision of training has corresponded fairly well with where the need for training has been, but the extent to which there is a continuing demand for retraining of dislocated workers is not clear.

The overall effectiveness of the program is quite modest. However, it also appears that the effectiveness of the program is improving. Westat, Inc. conducted a net impact study of the effects of the program on some of the earliest program participants. Westat found very modest impacts on employment and wage levels of WETP participants in comparison to similar non-participants.

Westat also found that the program results were largely dependent on the type of courses taken by participants. WETP participants who took more technically-oriented courses achieved somewhat greater employment and earnings gains compared to similar non-participants. Those taking less technically-oriented courses were only very slightly more likely to be employed, and earned *less* money than similar non-participants. Since about half of the WETP participants studied by Westat took less technically-oriented courses, the overall program results are quite modest.

Westat's findings were based on an analysis of some of the earliest program participants. More recent participants have taken a higher proportion of more technically-oriented courses. Given Westat's findings regarding the different outcomes associated with more and less technically-oriented courses, it would be expected

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## Summary

that an increase in the proportion of more technically-oriented courses taken by participants would improve the overall outcome of the program. This may be the case. The income and earnings recovery rate<sup>1</sup> of more recent program participants has improved in comparison to early program participants.

The remainder of this chapter provides more detail of our evaluation of WETP training against the criteria of the Sunset Act.

## DOES THE PROGRAM COMPLY WITH LEGISLATIVE INTENT?

According to Chapter 226, Laws of 1993, the purpose of the program is to provide for the expeditious training and job placement of dislocated workers. We found that the program has complied with legislative intent in that the funds have been spent for the purposes specified by the legislature.

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WETP  
complied  
with  
legislative  
intent

Because it allows program recipients faster access to financial aid needed to enter and remain in training, the program facilitates the *expeditious* training of dislocated workers. According to SBCTC staff, financial aid provided to students by the program is often used to allow students to enroll in classes immediately, while eligibility for other sources of financial aid is still being determined. An evaluation of the WETP by Westat, Inc., found that program participants were able to take more classes than other unemployed persons who were not program participants.

Between 1993 and 1997, the total enrollment of WETP participants was 25,917.<sup>2</sup> Eighty-five percent of 1994-95 graduates were employed seven to nine months after training, and 80 percent who left the program prior to graduation were employed.

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<sup>1</sup> Earnings recovery rate is the ratio of post-training earnings to pre job-loss earnings.

<sup>2</sup> The total enrollment figure of 25,917 is greater than the total participants in the program because it is a duplicated count. The total enrollment is the sum of the quarterly enrollments. If an individual student was enrolled for more than one quarter, that student would be counted more than one time.

## DOES THE PROGRAM PROVIDE A NEEDED SERVICE?

For this analysis, we have divided this question into three separate questions:

1. Is there a continuing need for the program?
2. Was the training provided where it was needed?
3. Was the type of training provided appropriate to the needs of the participants?

## IS THERE A CONTINUING NEED FOR THE PROGRAM?

When the legislature initiated the program in 1993, it perceived that there was a need for additional training and job placement services for dislocated workers. At that time, the statewide unemployment rate was 7.6 percent. There was a downturn in the aerospace and timber industries, and downsizing and restructuring were occurring in other industries. Since 1993, the economy has improved and the unemployment rate has fallen to 4.3 percent. Thus, it seems likely that the demand for training of dislocated workers has diminished since 1993. It is less clear that the supply of training exceeds current demand.

SBCTC plans for the retraining of dislocated workers using economic and labor market trend data from the Employment Security Department. Those data estimate the number of layoffs, new jobs, and areas of job growth over a five-year period. Further, as part of the RFP process (described in Chapter 1), colleges, local businesses, and unions confer on the specific types of training needed in their region.

While the unemployment rate has fallen substantially since 1993, there is no reliable information available concerning whether the number of dislocated workers has fallen since 1993. An ESD study estimated that there were approximately 78,000 dislocated workers in the state in 1995. However, there is no information, using the same methodology, which estimates the number of dislocated workers prior to or since 1995.

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Because of improvements in economy . . .

. . . the extent of continuing need for WETP is unclear

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## Demand for retraining may still exceed supply

It is possible that even if the number of dislocated workers has fallen since 1993, the supply of training under the program is still not sufficient to meet demand. The Workforce Training and Education Coordinating Board (WTECB) estimates that about one-third of dislocated workers would take advantage of retraining if it were readily available to them.<sup>3</sup> If one-third of the 78,000 dislocated workers in 1995 would have taken advantage of retraining (if available), there would be a demand for retraining by about 26,000 dislocated workers, or more than double the amount of training that was available.

Even with improvements in the economy there continues to be industries and businesses that lay off large numbers of workers in Washington State. According to information from ESD, so far in 1997, 47 employers in Washington have provided layoff warning notices to about 6,000 employees. While the 1997 data does not cover a full year, it appears that the number of layoff warning notices in 1997 will be lower than in recent years, which was as high as approximately 12,000 in 1995.

## WAS THE TRAINING PROVIDED WHERE IT WAS NEEDED?

Exhibit 3 compares the location of unemployed workers and WETP students by geographic region between 1993 and 1997. For 1995, it also illustrates the location of dislocated workers by geographic region.<sup>4</sup>

The exhibit illustrates that the location of the training provided corresponds closely with the location of unemployed and dislocated workers. The largest discrepancy between the location of unemployed and dislocated workers and the provision of training is the Central Washington area, which appears to have been comparatively underserved.

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<sup>3</sup> WTECB staff indicated their estimate that one-third of dislocated workers would take advantage of retraining is based on their review of academic literature concerning dislocated workers.

<sup>4</sup> This geographic comparison of unemployment with WETP training slots is provided by region rather than by county, because some counties have more than one community or technical college, and some community and technical colleges serve more than one county. Appendix 3 provides information on unemployment by county from 1993 through 1996.

SBCTC staff indicate that a reason for this discrepancy may be that the unemployment and dislocated worker numbers may overstate the number of dislocated workers in Central Washington. Many of the unemployed in Central Washington are seasonal agricultural workers who may not actually be dislocated. The protocol used by ESD to estimate the number of dislocated workers may not have eliminated temporarily unemployed agriculture workers from the count of dislocated workers.

The provision of training in geographic areas with high levels of unemployment raises the question of whether there are jobs available for training recipients. Even in areas with high or growing levels of unemployment, there is usually growth in the total number of jobs, or jobs within certain industries. According to SBCTC, colleges attempt to provide training for the growth that is occurring in their area. In SBCTC’s survey of WETP participants, 7 percent of participants reported having to relocate in order to find employment after retraining.

## **WAS THE TYPE OF TRAINING APPROPRIATE TO PARTICIPANT NEEDS?**

Chapter 1 describes the Request for Proposal (RFP) process that was used for allocating a large portion of WETP funds among the community and technical colleges. This process included the colleges working with business and labor in order to develop training programs appropriate to the local job demand. One of the criteria used at the state level to evaluate proposals by the colleges was whether the training was in occupations in which there were available jobs in the local economy.

SBCTC surveys indicate that 61 percent of those employed following WETP training reported that they had entered employment that was related to their training. Eighty-five percent of WETP participants were “very” or “somewhat” satisfied with the quality of the training they received.

Exhibit 4 (on page 15) illustrates the industries in which WETP participants were working in prior to and after their training. While this information does not match individual worker training programs with the type of employment received, it is the best information available.

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Location of training provided corresponds to location of unemployed workers

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Most participants gain employment related to their training

### Exhibit 3

## Geographic Comparison of Unemployment with Enrollment

Region	Counties Within Region	1993 Unemployment and Students				1994 Unemployment and Students				
		1993 Unemployed	% of Total Unemployed	1993-94 Students	% of Total Students	1994 Unemployed	% of Total Unemployed	1994-95 Students	% of Total Students	
North Olympic Peninsula	Clallam, Jefferson	3,140	1.5%	97	1.4%	3,110	1.8%	192	1.7%	
Southwest Washington	Clark, Cowlitz, Grays Harbor, Lewis, Pacific, Skamania, Wahkiakum	27,420	13.3%	1,030	14.4%	21,810	12.5%	1,135	10.0%	
West and South Puget Sound	Kitsap, Mason, Thurston	7,710	3.7%	405	5.7%	6,730	3.9%	614	5.4%	
Central Puget Sound	King, Pierce, Snohomish	99,200	48.1%	4,304	60.1%	86,600	49.6%	6,770	59.4%	
North Puget Sound	Island, San Juan, Skagit, Whatcom	12,580	6.1%	356	5.0%	11,200	6.4%	569	5.0%	
Central Washington	Chelan, Douglas, Kittitas, Klickitat, Okanogan, Yakima	26,670	12.9%	314	4.4%	21,230	12.2%	472	4.1%	
Eastern Washington	Adams, Asotin, Benton, Columbia, Ferry, Franklin, Garfield, Grant, Lincoln, Pend Orielle, Spokane, Stevens, Walla Walla, Whitman	29,320	14.2%	655	9.1%	23,800	13.6%	1,645	14.4%	
		1995 Unemployment, Dislocated Workers and Students				1996 Unemployment and Students				
Region	Counties Within Region	1995 Unemployed	% of Total Unemployed	1995 Dislocated Workers	% of Total Dislocated	1995-96 Students	% of Total Students	1996 Unemployed	% of Total Unemployed	1996-97 Students
North Olympic Peninsula	Clallam, Jefferson	2,770	1.6%	1,822	2.3%	403	3.2%	3,080	1.7%	598
Southwest Washington	Clark, Cowlitz, Grays Harbor, Lewis, Pacific, Skamania, Wahkiakum	16,120	9.3%	4,833	6.2%	1,590	12.6%	18,520	10.2%	1,604
West and South Puget Sound	Kitsap, Mason, Thurston	7,460	4.3%	5,462	7.0%	803	6.4%	7,930	4.4%	841
Central Puget Sound	King, Pierce, Snohomish	84,100	48.4%	41,015	52.8%	6,833	54.2%	82,000	45.3%	6,068
North Puget Sound	Island, San Juan, Skagit, Whatcom	11,560	6.7%	4,874	6.3%	600	4.8%	12,140	6.7%	570
Central Washington	Chelan, Douglas, Kittitas, Klickitat, Okanogan, Yakima	23,750	13.7%	9,335	12.0%	511	4.1%	25,940	14.3%	648
Eastern Washington	Adams, Asotin, Benton, Columbia, Ferry, Franklin, Garfield, Grant, Lincoln, Pend Orielle, Spokane, Stevens, Walla Walla, Whitman	27,990	16.1%	10,340	13.3%	1,865	14.8%	31,480	17.4%	1,742

Source: SBCTC information.

### Exhibit 4

#### Industry Mix for WETP Participants Before and After Training

Industry Area	Before Training	After Training	Change
Manufacturing	2,774	1,887	-32%
Business, Health, and Social Services	735	1,313	79%
Retail Trade	699	727	4%
Construction	623	633	2%
Temporary, Personal Services, Repair	565	1,019	80%
Government	354	279	-21%
Transportation and Public Utilities	338	394	17%
Finance, Insurance, and Real Estate	336	232	-31%
Wholesale Trade	318	324	2%
Agriculture Production, Crops	140	140	0%
Mining	20	10	-50%

Source: SBCTC information.

## IS THE PROGRAM EFFECTIVE?

### Employment and wages of participants compared to non-participants

The Westat, Inc. study of WETP<sup>5</sup> provides the best available information about the effectiveness of the program because it compares the employment rate and income of WETP participants with comparable unemployed workers who did not participate in the program. The Westat study found that participation in the program has a slightly positive impact on both the employment rate and income of program participants. Westat found that in aggregate, WETP increased the employment rate of participants by .4 percent, and increased the income of participants by 3 percent in comparison with comparable unemployed workers who did not participate in the program.

Additionally, the Westat study compared the impact of more technically-oriented “Group 1” courses with less technically-oriented “Group 2” courses. Participants who concentrated in Group 1

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Westat, Inc.  
conducted a  
net impact  
study of  
WETP

<sup>5</sup> See Appendix 4 for a discussion of the methodology used by Westat.



Overall program results are modest . . .

courses were 1.8 percent more likely to be employed, and earned 10 percent more than comparable unemployed workers who did not participate in the program. Participants who concentrated on Group 2 courses were .1 percent more likely to be employed, but earned 5 percent less than comparable unemployed workers who did not participate in the program. This indicates that Group 2 participants earn less than similar non-participants because their hourly wages after training were less, not because they were less likely to be employed.

Exhibit 5 illustrates the results of WETP on the employment rate and wages of WETP participants overall, and for Group 1 and Group 2 concentrators.

**Exhibit 5**

**Impact of WETP on Employment and Earnings  
Three Years after Training**

	<b>Impact on Employment Rate</b>	<b>Impact on Earnings</b>
<b>WETP Participants Overall</b>	0.4%	3%
<b>Group 1 Concentrators</b>	1.8%	10%
<b>Group 2 Concentrators</b>	0.1%	-5%

Source: Westat.

. . . but participants who took more technical courses did better overall

As illustrated by Exhibit 5, the overall results of the program are very modest. On average, WETP participants are only slightly more likely to be employed, and earn only a small amount more than similar non-participants. However, the Westat findings also indicate that those taking the more technically-oriented Group 1 courses achieve very modest, but better employment results, and fairly substantial earnings gains in comparison to non-participants. Those taking less technically-oriented Group 2 courses are about as likely to be employed, but earn *less* money than similar non-participants.

The Westat study assessed the impact of the program based on the courses taken by some of the earliest program participants. To the extent that the proportion of WETP students taking Group 1 programs increased in comparison to WETP students studied by Westat, the overall impact would be more favorable than the results shown in Exhibit 5. Exhibit 6 shows that the proportion of WETP students taking Group 1 programs increased over time.

**Exhibit 6**

**Proportion of Students Leaving WETP  
Who Majored in Group 1 or Group 2 Programs**

	1993-94	1994-95	1995-96
<b>Percentage Majoring in Group 1 Programs</b>	53%	56%	57%
<b>Percentage Majoring in Group 2 Programs</b>	47%	44%	43%

Source: SBCTC.

With the increasing proportion of Group 1 courses taken by more recent program participants, it would be expected that the overall program results would improve.

Exhibit 7 provides some evidence that the overall outcome of the program may be more positive for more recent program participants. Those leaving the program in 1995-96 showed improvements in income and earnings in comparison to earlier program participants. While these improvements may be attributable to the higher proportion of Group 1 courses taken by more recent participants, they may also be due to other factors such as improvements in the economy.

**Exhibit 7**

**Employment and Wages of Program Participants  
Seven to Nine Months After Training**

	1993-94	1994-95	1995-96
<b>Number of Students Leaving Program</b>	2,763	5,788	7,263
<b>Number Employed</b>	2,293	4,630	5,883
<b>Percentage Employed</b>	83%	80%	81%
<b>Median Wage per Hour</b>	\$10.41	\$10.23	\$11.01
<b>Median Wage Compared to Pre-Job Loss Wage (Wage Recovery Rate)</b>	88%	87%	96%

Source: SBCTC.

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Recent participants took more technical courses

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Program results may be improving

<sup>6</sup> The Westat study identifies and quantifies the impact of community college training on the earnings of unemployed workers who took the training. However, the study does not attempt to quantify other benefits of retraining, such as the impact of training on future use of social welfare benefits by training participants.

### Return on investment generated by the program

The Westat study provides estimates of the impact of community college training on the earnings of unemployed workers who took the training. Thus, the study provides a quantification of some of the benefits of the WETP.<sup>6</sup> However, the study does not compare these benefits to program costs in order to determine the extent to which program benefits offset program costs.

In this analysis, we conduct such a comparison. Using the Westat estimates of long-term earnings gains (or losses) accruing to training participants, we compare this information to program costs in order to estimate the rate of return on the state’s investment in the WETP. Our methodology uses an estimate of the additional (or lower) tax and fee revenue accruing to the state over a 25-year period as a result of the higher (or lower) income of training participants. It then compares the additional tax revenue to the program costs in order to calculate an annualized return on the state’s investment.

Exhibit 8 illustrates that, overall, the program achieved a negative return on the state’s investment. That is, the additional tax revenue generated by program participants was not sufficient to offset the cost of the program.

**Program had a negative return on investment**

#### Exhibit 8

#### Impact of Retraining on Earnings and Returns on Retraining Investment

	Permanent Earnings Increase (Decrease) in Comparison to Similar Unemployed Workers Who Did Not Receive Training	State Government’s Annual Rate of Return on Training Investment <sup>1</sup>
WETP Participants as a Whole	3%	-6%
WETP Participants Who Concentrated on Group 1 Courses*	10%	0%
WETP Participants Who Concentrated on Group 2 Courses*	-5%	Less than Negative 100 percent. <i>(Participant earnings are lower, future tax revenues are also lower and the return on investment is less than negative 100 percent.)</i>

Source: Westat and JLARC analysis.

<sup>7</sup> The program will generate a positive return on investment if the increased tax revenue resulting from the projected higher earnings of program participants over their working lives more than offsets the program costs. It will generate a 0 percent return on investment if the increased tax revenue is sufficient to offset the program costs. It will generate a negative return on investment if there is additional tax revenue resulting from higher worker earnings, but those revenues do not offset the program costs. If participant earnings are lower than comparable non-participants, future tax revenues are reduced, and the return on investment cannot be calculated, but is less than negative 100 percent.

*\*Approximately half of the WETP participants studied by Westat took primarily Group 1 courses and half took primarily Group 2 courses. Those concentrating on Group 1 courses took 75 percent of their courses from Group 1. Those concentrating on Group 2 took 79 percent of their courses from Group 2.*

We caution against drawing the conclusion that a program should not be funded if it did not achieve a positive return on investment. A program may not generate sufficient earnings gains to program participants to result in sufficient additional tax revenue to offset the program cost, but it may offer substantial benefits to the participants nevertheless. There was no statement of legislative intent that the program should earn a positive return on investment.

### Comparison of WETP with other workforce training programs

The legislature is also interested in comparing the relative effectiveness of the various workforce training programs. Toward this end, the WTECB retained Battelle Institute to conduct an evaluation of five workforce training programs<sup>8</sup> (not including the WETP). The following five programs were evaluated by Battelle.

**Battelle  
evaluated  
other  
workforce  
training  
programs**

#### Exhibit 9

#### Workforce Training Programs Evaluated by Battelle Institute

Program	Clients Served	Services Provided
Post-secondary Workforce Training at Community and Technical Colleges	Students at community colleges preparing for a specific job	Vocational training
Adult Basic Skills Education at Community and Technical Colleges	Adults who enroll in basic skills classes for reasons related to work and do not transition to post-secondary workforce training	Basic skills education
Job Training Partnership Act Title IIA for Adults	Adults who have barriers to success in school or employment	Training and employment-related services
Job Training Partnership Act Title IIC for Youth.	Youth who have barriers to success in school or employment	A variety of training and employment-related services
Job Training Partnership Act Title III for Dislocated Workers	Dislocated workers	A variety of training- and employment-related services for dislocated workers

<sup>8</sup> The Battelle study is also evaluating secondary vocational education in the K-12 system. However, long-term net impact results are not available for this program so it is not included in our comparisons.

Exhibit 10 (on page 22) compares the findings of the Westat study of the WETP with the findings of the Battelle study of the other five worker training programs. It also includes JLARC calculations of the return on the state's investment generated by these six programs. Again, we note that it should not necessarily be expected that a program earn a positive return on investment.

### Limitations of comparisons between programs

We note that there are important caveats to the comparisons between programs in Exhibit 10.

- Different programs serve different clients, some of which may be more difficult to serve than others. It would be expected that program outcomes would differ for this reason, rather than because the program is not providing an effective service. Absent performance objectives for each of the programs, it is difficult to judge whether one program should perform better than another.
- There are differences in the methodologies and data used by Battelle and Westat that may explain some of the differences in results.<sup>9</sup>
- Not all program costs are included. For example, the Battelle evaluation of Job Training Partnership Act (JTPA) Title IIA and Title III did not include the cost of community college training received by JTPA participants.
- JTPA is a federally-funded program. Therefore, the portrayal of the "state's return on investment" for JTPA is inaccurate, because it is actually an investment of federal funds. However, we made the comparison this way in order to be consistent in the methodology used for comparison.

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## Differences in programs and methodologies limit comparisons

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<sup>9</sup> The Westat study used a larger comparison group in its study of the WETP than Battelle used in its study of the five other programs; therefore, Westat's findings may be more precise. Additionally, Battelle and Westat were provided different data by the SBCTC when evaluating the impact of community college courses. Battelle was provided data for community college students who took more than ten credit hours, while Westat was provided data for all students who were WETP participants, regardless of the number of credit hours taken. Also, see the discussion of the Westat methodology provided in Appendix 4.

## Discussion of comparisons among programs

Subject to the caveats noted above, the Westat and Battelle studies provide the best available information with which to evaluate the relative effectiveness of the different workforce training programs studied. These results indicate that the WETP performed relatively modestly in comparison with some other worker training programs. The overall impact of the WETP on participant's employment and earnings is lower than most of the other programs. However, the outcomes for WETP participants who concentrated on Group 1 courses compare relatively well to the outcomes of the other programs.

The relatively modest results of the WETP in comparison to other worker training programs may suggest that dislocated workers do not benefit to the same extent from worker training programs. Dislocated workers tend to be older than participants in other training programs (see Exhibit 10, 1<sup>st</sup> column), and have substantial job experience. This population may be relatively able to obtain employment at relatively high wage levels after a job loss, even without retraining.

Because the Westat study evaluated the impact of training on the earliest WETP participants, and, according to SBCTC staff, later participants took a higher proportion of Group 1 classes, more recent results of the WETP may be more favorable. As noted above, there is evidence that the performance of the WETP has improved.

## Coordination of evaluation research

The Westat and Batelle evaluations were conducted under contract to the WTECB. Some of the caveats to the comparisons among programs were due to different research methodologies and data elements used by the two firms in their analyses. While some caveats to comparisons among programs are inevitable, we found that more effort could have been done to mitigate these caveats through better coordination of research by the WTECB.

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Results of  
WETP  
modest in  
comparison  
to other  
workforce  
training  
programs

## Exhibit 10

## Comparison of Workforce Training Programs

	Average Age of Participants	Impact on Participants' Aggregate Employment Percentage	Annual Earnings Gains After 3 Years as Compared to Comparison Group	Percentage Earnings Gains Over Comparison Group	Program Cost per Client	State's Annual Return on Investment Not Including Social Welfare Expenditures	State's Annual Return on Investment Including Social Welfare Expenditures
Post-secondary Workforce Training at Community and Technical Colleges	30	8%	\$4,028	22%	\$6,543	6%	9%
Adult Basic Skills Education	30	-4%	\$0	0%	\$1,261	-88%	Lower than negative 100%
JTPA Title IIA	34	6%	\$439	3%	\$2,264	-28%	Lower than negative 100%
JTPA Title IIC	18	4%	\$816	7%	\$2,389	1%	Lower than negative 100%
JTPA Title III	39	4%	\$1,134	5%	\$3,064	1%	6%
Workforce Employment Training Program (In Aggregate)	39	0.4%	\$581	3%	\$5,188	-6%	Unknown
Workforce Employment Training Program: Group 1 Concentrators	Unknown	1.8%	\$1,841	10%	Unknown	0%	Unknown
Workforce Employment Training Program: Group 2 Concentrators	Unknown	0.1%	\$(897)	-5%	Unknown	Lower than negative 100%	Unknown

Source: Battelle, Westat, and JLARC analysis.

### Comparison with WETP training provided at private career schools

There were 568 WETP participants who received training at private career schools. At this time, there is little information with which to compare the effectiveness of WETP training provided in state community and technical colleges to the training provided in private career schools. SBCTC is currently collecting data and the results should be available when SBCTC's next annual evaluation of the program is available in December 1997.

A representative from the Washington Federation for Private Career Schools and Colleges indicated that one advantage of private career schools is that they offer more flexibility to students concerning when they can enter a program. They also offer shorter programs than public community and technical colleges. This additional flexibility may facilitate the expeditious provision of training and job placement because students can get into classes quicker and complete their training sooner than is possible within public institutions.

## IS THE PROGRAM ECONOMIC AND EFFICIENT?

The majority of WETP expenditures are used to create additional capacity in the community and technical college system. The cost per student FTE of this additional capacity (excluding the financial aid provided to program participants) is the same as the cost of existing capacity at the community and technical colleges. An assessment of the efficiency of the community college system as a whole was beyond the scope of this sunset review.

We note that when WETP participants are trained in private career schools, the cost per *student FTE* to the state for the training is equal to the cost of the training at state community and technical colleges. However, to the extent that private career school programs involve less program hours, the cost *per student* may be less.

## DOES THE PROGRAM DUPLICATE THE ACTIVITIES OF OTHER STATE AGENCIES OR OF THE PRIVATE SECTOR?

### Duplication of services

There are other programs, both public and private, which provide services similar to those provided by WETP. The total annual budget for workforce training in Washington State programs is \$871.8 million, which includes state and federal funds. Of this

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WETP training costs the same as other community college training



amount, \$663.9 million are state funds. Some of these funds are also targeted toward training and job placement services for unemployed or dislocated workers. However, in many instances, if other programs have a training component, the community and technical colleges provide the training.

There is also training provided at private career schools, but only where the same training is not provided at public schools. To some extent, the question of whether the program is duplicative of activities of other agencies or the private sector is irrelevant, because the legislature created the program to provide *additional capacity* in the community and technical colleges.

### Duplication of administration

The legislature has expressed an interest in consolidating the state’s workforce training system. A review of the extent to which there is duplication in the administration of workforce training programs was beyond the scope of this study. We note that the United States General Accounting Office (GAO) found that there is considerable duplication in the administration of workforce training programs at the federal level.<sup>10</sup>

Consolidation and streamlining of the state’s workforce training system may require changes in federal laws which target federal funds toward specific programs and target groups. This was a conclusion reached by the WTECB’s 1995 study titled *Combining Washington’s Workforce Training Funds*. The legislature directed the WTECB to further study this issue, and the results should be available by the end of 1997.

## WOULD TERMINATION OR MODIFICATION OF THE PROGRAM ADVERSELY AFFECT PUBLIC HEALTH, SAFETY, OR WELFARE?

Dislocated workers could still attend community colleges in the absence of the program, but there would be less capacity to serve

Duplication of workforce training programs is being studied by the WTECB

<sup>10</sup> The United States General Accounting Office (GAO) found that there is considerable duplication of the administration of worker training programs at the federal level. This duplication is described in *Multiple Employment Training Programs: Major Overhaul Needed to Reduce Costs, Streamline the Bureaucracy and Improve Results*, January 1995.

such workers. Also, capacity would not be targeted toward dislocated workers and there would be less financial aid available to help them remain in school.

The Westat study showed that WETP participants were somewhat more likely to be employed, and earned more money than similar unemployed workers who *did not* receive community college training. WETP participants were able to take more training, took a higher proportion of Group 1 courses, and achieved higher earnings than similar unemployed workers who *did* take community college training and were not program participants.

## CONCLUSIONS AND RECOMMENDATIONS

We found the program to be effective in providing for the expeditious training and job placement of dislocated workers. However, the extent of the continuing need for the program is unclear, and the outcome of the program on the employment and earnings of the participants is very modest. Recent evidence suggests, however, that the outcome of the program is improving.

Because the program has complied with legislative intent and has demonstrated some positive outcomes, albeit modest or slight, we recommend that the program continue, but with modifications intended to continue to improve program outcomes.

The 1997 Legislature continued the program in the appropriations bill for the 1997-99 Biennium. Without further legislative action, there will be no ongoing mandate that the additional capacity created by C 226, Laws of 1993, will continue to be targeted toward the training of dislocated workers.

### Recommendation 1

The legislature should continue to fund training for dislocated workers and should consider legislation providing direction that training and financial aid resources continue to be targeted toward dislocated workers.

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Program results are modest but may be improving

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Recommen-  
dations  
intended to  
improve  
program  
outcomes

**Recommendation 2**

The State Board for Community and Technical Colleges, through the Request For Proposal process, should continue to increase the proportion of programs offered with Workforce Employment and Training Program funds that are associated with higher paying

**Recommendation 3**

The community and technical colleges should provide labor market information to Workforce Employment and Training Program participants. This information should include the employment prospects and potential wages associated with different courses of study.

**Recommendation 4**

The State Board for Community and Technical Colleges and the Employment Security Department should collaborate to provide better information to the legislature, such as ongoing counts of dislocated workers, relating to the extent of the continuing need for the program.

**Recommendation 5**

The Workforce Training and Education Coordinating Board should improve the coordination of research being conducted concerning the effectiveness of the various state workforce training programs.

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# EVALUATION OF WETP SERVICES PROVIDED BY ESD

## Chapter Three

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**C**hapter 1 of this report provides a description of the services provided by ESD with WETP funds. These are: collocation of Job Service Centers on community college campuses; outreach to employers to encourage them to list job openings with ESD; enhancements in labor market information; and automation and technology enhancements. WETP participants are not the sole recipients of these services; rather, they serve a broader audience of ESD clients.

The 1997 Legislature acted to allow the original funding for these services to terminate by not renewing the diversion of UI taxes which was the funding source for these services. However, the legislature replaced a portion of the UI taxes by appropriating \$2.4 million of additional state general funds to ESD, and specified that these funds be used for employer outreach. The legislature also required that ESD use federal funding to continue to collocate Job Service Centers on community college campuses.

In this chapter, we discuss our evaluation of the various services that were provided by ESD with WETP funds. In general, we found that the expenditures made by ESD improved some WETP-related services. However, limited information is available concerning whether these service enhancements resulted in improvements to the efficiency or effectiveness of the department. In the remainder of this chapter, we provide more detail concerning our evaluation of ESD services funded with WETP funds.

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## Summary

## COLLOCATION OF JOB SERVICE CENTERS ON COMMUNITY COLLEGE CAMPUSES

ESD has located a total of 33 Job Service Centers on community college campuses. In FY96, the centers served 6,418 students. There were 2,207 job openings listed and 1,369 job placements made. Surveys of community college students have indicated that students appreciate the convenience of having ESD's services provided on campus.

However, this descriptive information and limited feedback does not provide conclusive evidence that these job placements would not have occurred in the absence of the collocated centers. ESD performance measures and other information provided to JLARC also do not provide evidence that the collocation of Job Service Centers has resulted in more or better-paying placements than otherwise would have occurred.

## EMPLOYER OUTREACH PROJECT

This project involves contacting employers who do not list openings with ESD to persuade more businesses to use the Job Service Centers' applicant screening and referral services, and employers who do use these services to list higher wage jobs with ESD.

ESD has provided information indicating that placements made to employers contacted through the Employer Outreach Program are at higher wages than the agency average. While these additional placements and higher wages may be attributable to the program, there is no analytical evidence which demonstrates this to be the case.

In June 1997, an evaluation of the Employer Outreach Program was completed by the Social and Economic Research Center of Washington State University. The methodology of this evaluation was a survey of the satisfaction of employers who had been contacted through the Employer Outreach Program in comparison with other employers who had not been contacted by the program. The evaluation provides limited information concerning the

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Employers  
contacted  
were more  
satisfied  
with  
program

effectiveness of the program with the authors of the report stating, “to truly reveal the impacts with employers from these results . . . is beyond the scope of this report and the project budget available to do this work.”<sup>1</sup>

The comparisons that are made in the report suggest that employers who were contacted through the program are more satisfied with, and make greater use of, ESD services than other employers who were not contacted. For example, 56 percent of employers contacted by the program are satisfied with the ESD service most important to that employer, while 30.1 percent of those employers not contacted by the program were satisfied. Additionally, 77 percent of employers contacted by the program used an ESD Job Service Center to help locate job applicants compared with 41 percent of employers who were not contacted by the program.

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Greater use made of the program

## LABOR MARKET INFORMATION

WETP funds have been used to enhance the collection, dissemination, and presentation of labor market information. Labor market information that used to be available only by county is now available by zip code. Other improvements have been made to the presentation of information to make it more useful to employers and job searchers.

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Better labor market information available

There is no information available to evaluate whether these enhancements have resulted in more job placements, or better decisions on the part of prospective students concerning what type of training to acquire in order to achieve desired employment and earnings.

## AUTOMATION AND TECHNOLOGY ENHANCEMENTS

WETP funds have been used for several automation and technology projects including a Business Process Reengineering Project. This project resulted in a plan to reorganize unemployment claims processing from 30 local Job Service Centers to seven regional call

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<sup>1</sup> 1997 *Outreach Employers' Perceptions of Service Quality; Employer Outreach Evaluation*, June 1997, Social & Economic Research Center, Washington State University, p.22.

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**Project  
funds spent  
on  
automation  
projects**

centers. ESD indicates that this reorganization should result in substantial savings.

Additionally, WETP funds were used to create the Washington Benefit Hotline, which enables unemployed workers to file claims for benefits by telephone.

WETP funds have been used for Project Link, which automatically registers UI claimants for work, includes systematic matching of job openings with claimants as they file their weekly claim, and provides claimants greater access to information concerning job openings.

While these funds were used in accordance with legislative intent, ESD does not have conclusive evidence that these projects have increased the efficiency or effectiveness of the department.

## **ESD PERFORMANCE MEASURES**

WETP funds allocated to ESD have not been spent on programs specific to dislocated workers, rather on projects that are intended to improve the efficiency and effectiveness of ESD services to all of its clients. Because there is little direct evidence available to evaluate the effectiveness of ESD expenditures of WETP funds, we also reviewed ESD's performance objectives and measures that were included in their 1997-99 Biennial Budget request.

Ideally, performance objectives and measures should provide information about the overall effectiveness and efficiency of the agency, and whether an agency is improving its effectiveness and efficiency. While ESD's performance objectives and measures provide some information about agency efficiency and effectiveness, they do not provide direct information to the legislature on WETP-related program results or the cost to achieve these results.

## **CONCLUSIONS AND RECOMMENDATIONS CONCERNING WETP SERVICES PROVIDED BY ESD**

Currently, there is little conclusive evidence concerning the effectiveness of ESD expenditures of WETP funds. While these

expenditures have resulted in service expansion to employers and unemployed workers, ESD reports provide primarily descriptive and customer feedback data concerning the outcome of these improved services. Some information is available concerning the effectiveness of the Employer Outreach Program. This information suggests that the program has been effective in increasing the number of employers using ESD services and their satisfaction with ESD.

The service improvements and other projects funded by WETP funds may well have improved the efficiency or effectiveness of ESD. However, if so, this cannot be fully demonstrated at this time.

**Recommendation 6**

The Employment Security Department should improve its performance measures in order to provide more meaningful performance information to the legislature.

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ESD  
enhanced  
services . . .

. . . but little  
evidence  
exists that  
enhancements  
improved  
outcomes



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# SCOPE AND OBJECTIVES

## Appendix 1

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### *SCOPE*

This is a sunset review of the Workforce Employment and Training Program which is scheduled to sunset in June 1998, but funding will terminate in January 1998, unless the legislature provides a new appropriation.

### *OBJECTIVES*

- Assess whether the program is complying with legislative intent.
- Assess whether the program is effective.
- Assess whether the program is operating in an efficient and economical manner which results in optimum performance.
- Assess whether the program is providing a needed service.
- Assess the extent to which the program duplicates the activities of other state agencies or the private sector, and identify other workforce training programs that are available to dislocated workers.
- Assess the extent to which the termination or modification of the program would adversely affect public health, safety, or welfare.

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# AGENCY RESPONSE AND AUDITORS' COMMENTS

## Appendix 2

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- A. Workforce Training and Education Coordinating Board
- B. Employment Security Department  
**Note:** Employment Security Department's response also included additional information and comments about its programs. This information was not included in the proposed final report, but will be provided upon request.
- C. Washington State Board for Community & Technical Colleges
- D. Office of Financial Management
- E. Auditors' Comments to Office of Financial Management Response

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# **UNEMPLOYMENT BY COUNTY**

## **Appendix 3**

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**See following Pages**

Washington State  
 Employment Security Department  
 Labor Market and Economic Analysis Branch  
 April 2, 1997

Benchmark March 1996

**1996 ANNUAL AVERAGE**  
**WASHINGTON STATE RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT<sup>1</sup>**

	<b>Civilian Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate</b>
Washington State Total	2,887,000	2,699,300	187,700	6.5
Bellingham MSA	79,000	73,100	5,900	7.5
Bremerton PMSA	93,500	87,200	6,300	6.7
Olympia PMSA	97,100	90,700	6,400	6.6
Seattle-Bellevue-Everett PMSA	1,277,900	1,214,400	63,500	5.0
King County	952,600	906,300	46,300	4.9
Snohomish County	298,600	282,700	15,900	5.3
Island County	26,650	25,360	1,290	4.8
Spokane MSA	201,600	189,900	11,700	5.8
Tacoma PMSA	319,000	299,200	19,800	6.2
Tri-Cities MSA	92,700	84,000	8,700	9.4
Benton County	70,600	64,600	6,000	8.5
Franklin County	22,100	19,400	2,700	12.2
Yakima MSA	116,100	100,500	15,600	13.4
Adams	8,460	7,430	1,030	12.2
Asotin	11,560	11,030	530	4.6
Chelan-Douglas LMA	52,990	47,710	5,280	10.0
Chelan County	34,630	30,920	3,710	10.7
Douglas County	18,350	16,780	1,570	8.6
Clallam	24,500	22,130	2,370	9.7
Clark	159,300	152,100	7,200	4.5
Columbia	1,460	1,240	220	15.1
Cowlitz	41,040	37,480	3,560	8.7
Ferry	2,850	2,460	390	13.7
Garfield	1,070	1,020	50	4.7
Grant	34,400	30,750	3,650	10.6
Grays Harbor	28,330	25,060	3,270	11.5
Jefferson	9,960	9,140	820	8.2
Kittitas	15,020	13,710	1,310	8.7
Klickitat	8,780	7,690	1,090	12.4
Lewis	30,400	27,360	3,040	10.0
Lincoln	4,810	4,530	280	5.8
Mason	19,420	17,790	1,630	8.4
Okanogan	23,290	20,630	2,660	11.4
Pacific	8,610	7,730	880	10.2
Pend Oreille	4,130	3,450	680	16.5
San Juan	5,600	5,200	400	7.1
Skagit	46,910	42,360	4,550	9.7
Skamania	3,950	3,500	450	11.4
Stevens	16,840	15,000	1,840	10.9
Wahkiakum	1,690	1,570	120	7.1
Walla Walla	26,080	24,100	1,980	7.6
Whitman	18,750	18,320	430	2.3

<sup>1</sup>Prepared in cooperation with the Bureau of Labor Statistics

NOTE: Detail may not add due to rounding.

Washington State  
 Employment Security Department  
 Labor Market and Economic Analysis Branch  
 April 1, 1997

Benchmark March 1996

**1995 ANNUAL AVERAGE  
 WASHINGTON STATE RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT<sup>1</sup>**

	<b>Civilian Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate</b>
Washington State Total	2,816,800	2,637,300	179,500	6.4
Bellingham MSA	78,400	72,700	5,700	7.3
Bremerton PMSA	89,600	83,600	6,000	6.7
Olympia PMSA	93,700	87,900	5,800	6.2
Seattle-Bellevue-Everett PMSA	1,239,800	1,174,000	65,800	5.3
King County	924,200	876,200	48,000	5.2
Snohomish County	290,000	273,300	16,700	5.8
Island County	25,660	24,510	1,150	4.5
Spokane MSA	197,600	186,900	10,700	5.4
Tacoma PMSA	313,600	294,200	19,400	6.2
Tri-Cities MSA	94,300	86,700	7,600	8.1
Benton County	72,100	66,700	5,400	7.5
Franklin County	22,200	20,000	2,200	9.9
Yakima MSA	113,700	99,400	14,300	12.6
Adams	8,620	7,660	960	11.1
Asotin	11,240	10,760	480	4.3
Chelan-Douglas LMA	51,690	46,960	4,730	9.2
Chelan County	33,810	30,440	3,370	10.0
Douglas County	17,880	16,520	1,360	7.6
Clallam	24,130	22,070	2,060	8.5
Clark	151,500	145,300	6,200	4.1
Columbia	1,480	1,290	190	12.8
Cowlitz	40,260	37,220	3,040	7.6
Ferry	2,890	2,510	380	13.1
Garfield	1,030	980	50	4.9
Grant	33,560	30,290	3,270	9.7
Grays Harbor	27,720	24,720	3,000	10.8
Jefferson	9,790	9,080	710	7.3
Kittitas	15,160	13,850	1,310	8.6
Klickitat	8,700	7,680	1,020	11.7
Lewis	29,580	27,030	2,550	8.6
Lincoln	4,680	4,400	280	6.0
Mason	18,320	16,860	1,460	8.0
Okanogan	22,850	20,460	2,390	10.5
Pacific	8,230	7,430	800	9.7
Pend Oreille	3,970	3,440	530	13.4
San Juan	5,590	5,220	370	6.6
Skagit	48,790	44,450	4,340	8.9
Skamania	4,080	3,660	420	10.3
Stevens	16,570	14,990	1,580	9.5
Wahkiakum	1,670	1,560	110	6.6
Walla Walla	25,900	24,320	1,580	6.1
Whitman	18,190	17,800	390	2.1

<sup>1</sup>Prepared in cooperation with the Bureau of Labor Statistics  
 NOTE: Detail may not add due to rounding.

Washington State  
 Employment Security Department  
 Labor Market and Economic Analysis Branch  
 April 1, 1997

Benchmark March 1996

**1994 ANNUAL AVERAGE**  
**WASHINGTON STATE RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT<sup>1</sup>**

	<b>Civilian Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate</b>
Washington State Total	2,717,200	2,542,800	174,400	6.4
Bellingham MSA	74,100	68,700	5,400	7.3
Bremerton PMSA	88,600	83,300	5,300	6.0
Olympia PMSA	89,300	83,800	5,500	6.2
Seattle-Bellevue-Everett PMSA	1,200,100	1,131,800	68,300	5.7
King County	896,400	847,200	49,200	5.5
Snohomish County	279,300	261,400	17,900	6.4
Island County	24,490	23,270	1,220	5.0
Spokane MSA	189,700	180,300	9,400	5.0
Tacoma PMSA	301,300	281,800	19,500	6.5
Tri-Cities MSA	93,300	87,700	5,600	6.0
Benton County	71,200	67,500	3,700	5.2
Franklin County	22,100	20,200	1,900	8.6
Yakima MSA	110,900	98,000	12,900	11.6
Adams	8,110	7,180	930	11.5
Asotin	10,730	10,350	380	3.5
Chelan-Douglas LMA	51,640	47,580	4,060	7.9
Chelan County	33,540	30,740	2,800	8.3
Douglas County	18,090	16,840	1,250	6.9
Clallam	23,010	20,680	2,330	10.1
Clark	141,000	135,000	6,000	4.3
Columbia	1,520	1,350	170	11.2
Cowlitz	38,610	35,430	3,180	8.2
Ferry	2,860	2,500	360	12.6
Garfield	1,030	980	50	4.9
Grant	32,520	29,450	3,070	9.4
Grays Harbor	27,050	23,730	3,320	12.3
Jefferson	9,220	8,430	790	8.6
Kittitas	14,140	12,950	1,190	8.4
Klickitat	8,240	7,290	950	11.5
Lewis	28,210	25,810	2,400	8.5
Lincoln	4,420	4,170	250	5.7
Mason	17,030	15,600	1,430	8.4
Okanogan	22,250	20,110	2,140	9.6
Pacific	7,890	7,040	850	10.8
Pend Oreille	3,720	3,280	440	11.8
San Juan	5,360	5,020	340	6.3
Skagit	46,880	42,620	4,260	9.1
Skamania	3,910	3,500	410	10.5
Stevens	16,140	14,730	1,410	8.7
Wahkiakum	1,640	1,490	150	9.1
Walla Walla	25,070	23,680	1,390	5.5
Whitman	17,900	17,550	350	2.0

<sup>1</sup>Prepared in cooperation with the Bureau of Labor Statistics

NOTE: Detail may not add due to rounding.

Washington State  
 Employment Security Department  
 Labor Market and Economic Analysis Branch  
 April 1, 1997

Benchmark March 1995

**1993 ANNUAL AVERAGE**  
**WASHINGTON STATE RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT<sup>1</sup>**

	<b>Civilian Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate</b>
Washington State Total	2,701,500	2,495,500	206,000	7.6
Bellingham MSA	75,300	69,400	5,900	7.8
Bremerton PMSA	89,600	83,500	6,100	6.8
Olympia PMSA	88,800	82,600	6,200	7.0
Seattle-Bellevue-Everett PMSA	1,198,500	1,120,400	78,100	6.5
King County	899,100	841,600	57,500	6.4
Snohomish County	275,100	255,800	19,300	7.0
Island County	24,230	22,920	1,310	5.4
Spokane MSA	186,000	174,800	11,200	6.0
Tacoma PMSA	297,400	275,000	22,400	7.5
Tri-Cities MSA	90,800	83,400	7,400	8.1
Benton County	68,800	64,000	4,800	7.0
Franklin County	22,000	19,400	2,600	11.8
Yakima MSA	112,700	96,400	16,300	14.5
Adams	8,480	7,170	1,310	15.4
Asotin	10,330	9,780	550	5.3
Chelan-Douglas LMA	50,850	45,840	5,010	9.9
Chelan County	33,230	29,680	3,550	10.7
Douglas County	17,620	16,160	1,460	8.3
Clallam	23,720	21,360	2,360	9.9
Clark	136,600	128,700	7,900	5.8
Columbia	1,530	1,300	230	15.0
Cowlitz	38,780	34,540	4,240	10.9
Ferry	2,840	2,400	440	15.5
Garfield	1,100	1,030	70	6.4
Grant	31,500	27,940	3,560	11.3
Grays Harbor	28,230	23,940	4,290	15.2
Jefferson	9,370	8,590	780	8.3
Kittitas	13,840	12,370	1,470	10.6
Klickitat	8,280	7,040	1,240	15.0
Lewis	27,940	24,860	3,080	11.0
Lincoln	4,500	4,220	280	6.2
Mason	16,850	15,240	1,610	9.6
Okanogan	22,090	19,440	2,650	12.0
Pacific	8,040	7,070	970	12.1
Pend Oreille	3,840	3,300	540	14.1
San Juan	5,440	5,020	420	7.7
Skagit	44,060	39,110	4,950	11.2
Skamania	4,130	3,520	610	14.8
Stevens	15,560	13,960	1,600	10.3
Wahkiakum	1,660	1,530	130	7.8
Walla Walla	25,030	23,310	1,720	6.9
Whitman	17,900	17,480	420	2.3

<sup>1</sup>Prepared in cooperation with the Bureau of Labor Statistics

NOTE: Detail may not add due to rounding.

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# IWESTAT NET IMPACT STUDY OF WORKFORCE EMPLOYMENT AND TRAINING PROGRAM (WETP) STUDY METHODOLOGY

## Appendix 4

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- The Legislature created WETP in the 1993 session. The funding created new community and technical college slots that were prioritized for dislocated workers.
- New capacity was added to the community and technical college system beginning 1993 fall quarter.
- During the 1995 session, the legislature appropriated \$750,000 to the Workforce Training and Education Coordinating Board for a net impact study of the WETP; approximately one and one-half years after the program began.
- The ideal methodology for identifying the impact of community college training on dislocated workers would be an experimental design with random assignment of dislocated workers into treatment (training) and control (no training) groups. Such a methodology was not available to Westat.
- Instead, Westat was limited to using administrative data from the Employment Security Department and the State Board for Community and Technical Colleges to compare the earnings of workers who became unemployed and took community college courses with similar workers who became unemployed but did not take courses. Westat statistically controlled for differences in the personal characteristics of the workers.
- Because the study used administrative data (rather than an experimental design), it required a large sample size. Three years of data was required to develop medium- and long-term estimates of the impact of community college training, so a large portion of the sample had to be drawn from workers who became unemployed during 1990, 1991, and 1992. The entire sample included workers who became unemployed between 1990 and 1994.
- The sample included 37,932 workers who became unemployed and enrolled in community college courses. Of these workers, 3,226 were participants in the training funded by the WETP. These were some of the earliest program participants.



In addition, the sample included 91,495 workers who became unemployed but did not enroll in community colleges.

- The study identified the impact of a community college credit on the long-term earnings of unemployed workers relative to similar unemployed workers who did not attend community colleges. The study also provided information on the impact of different types of credits (e.g., more technical “Group 1” credits and less technical “Group 2” credits).
- The study identified the differences in the number and mix of credits taken by WETP participants compared to other unemployed workers taking community college credits who were not program participants. WETP participants took more credits, and a higher proportion of Group 1 credits than similar non-participants.
- While the large majority of the sample studied by Westat were not WETP participants, the population studied (unemployed workers) was the same, and the treatment provided (community college training) was the same between the population studied by Westat and WETP participants. Therefore, it would be expected that the impact of community college training on the sample studied by Westat would be similar to the impact of community college training on WETP participants.
- JLARC asked three Ph.D. labor economists (Greg Weeks, Ernie Stromsdorfer, Duane Leigh) to review the methodology of the Westat study. Each of the three indicated that the methodology used by Westat was sound.