



Preliminary Report

Unemployment Insurance Training Benefits Program

Legislative Auditor's Conclusion:

ESD's administration of the Training Benefits Program complies with statute. However, the Program caused most participants to earn less than their peers over time.

JLARC staff previously reviewed the Program in 2016.


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Today's presentation will cover:

- 1 Overview of Training Benefits (TB) Program
- 2 Program administration
- 3 Program's impact on participant earnings



Training Benefits Program provides extended unemployment payments

Up to 26 weeks of payments, after exhausting regular unemployment insurance (UI) benefits.

Participants must enroll in an approved vocational training program and maintain satisfactory progress.

Participants are not required to search for work while enrolled in training.

Averages for FY 2016-2019

1,480

applications
per year

\$10.4M

benefits paid
per year

\$0.95M

administration
costs per year

Legislative intent



Retraining unemployed individuals whose skills are no longer in demand.



Targeting the training to high-demand occupations.




Enhancing the earning power of participants.

1 Overview of Training Benefits (TB) Program

2 **Program administration**

3 Program's impact on participant earnings



The structure and implementation of the Program meet legislative intent

Applicants indicate how they meet statutory criteria and explain how they will complete their chosen training program.

Staff adjudicators independently verify the information submitted by applicants.

ESD's process ensures that participants are making satisfactory progress.

Program partners

ESD's
employment
connections
division

WorkSource
system

Community &
Technical
Colleges

Program partner roles

Help applicants complete application.

Offer applicants resources to help identify eligible careers and training.

Do not advise applicants about risks of retraining, including forgoing earnings while in training.

ESD has implemented most 2016 JLARC recommendations

JLARC Recommendation	Agency implementation response
Improve guidance to partners	ESD funds positions at colleges, provides training, and holds regular information sharing meetings.
Establish quality assurance review	ESD created a tool and process to ensure consistent decisions about applications.
Improve timeliness of decisions	ESD took steps to improve timeliness, but times continues to fluctuate above 21 day guideline.
Clarify application	ESD revised the application but did not change certain questions that participants found confusing.

1 Overview of Training Benefits (TB) Program

2 Program administration

3 Program's impact on participant earnings

ESD conducted net impact analysis to evaluate effects on participants' earnings

- ESD economists consulted with JLARC staff.
- Analysis considered all participants who enrolled between 2002 and 2016.
- Participants were grouped according to the year they enrolled (cohorts).
- Participants were matched to similar nonparticipating peers.
- ESD used econometric regression models to estimate the effect of the program.



Evaluation methods were credible

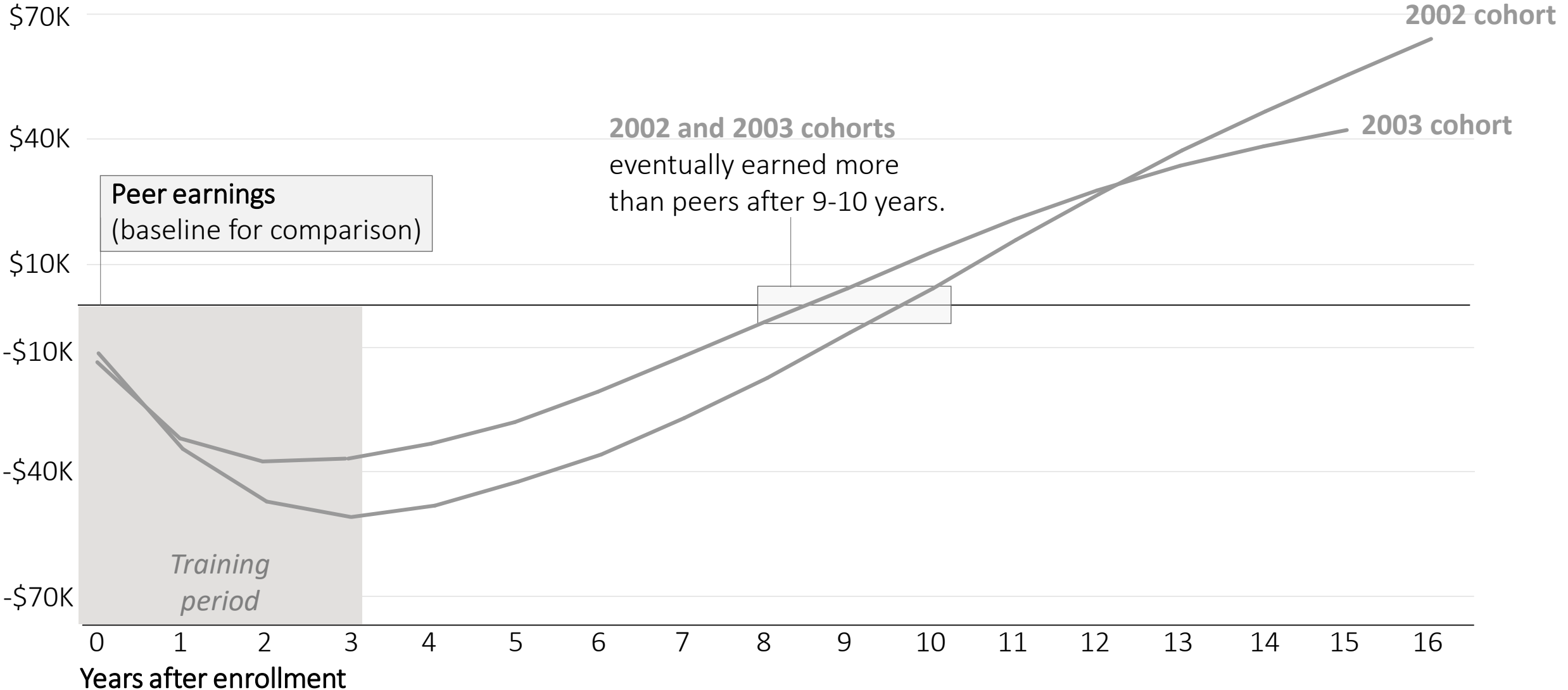
JLARC staff contracted with an economist at the Upjohn Institute.

Independently reviewed ESD's net impact analysis.

Reported that she had a high level of confidence in ESD's methods and results.

Early cohorts earned more than their peers

Cumulative difference in earnings



**In 2002 and 2003,
Program gave
aerospace
workers
preferential
access**

**Employed in aerospace
before retraining**

45%

2002 & 2003

2%

2004 & later

**Returned to previous
employer after retraining**

41%

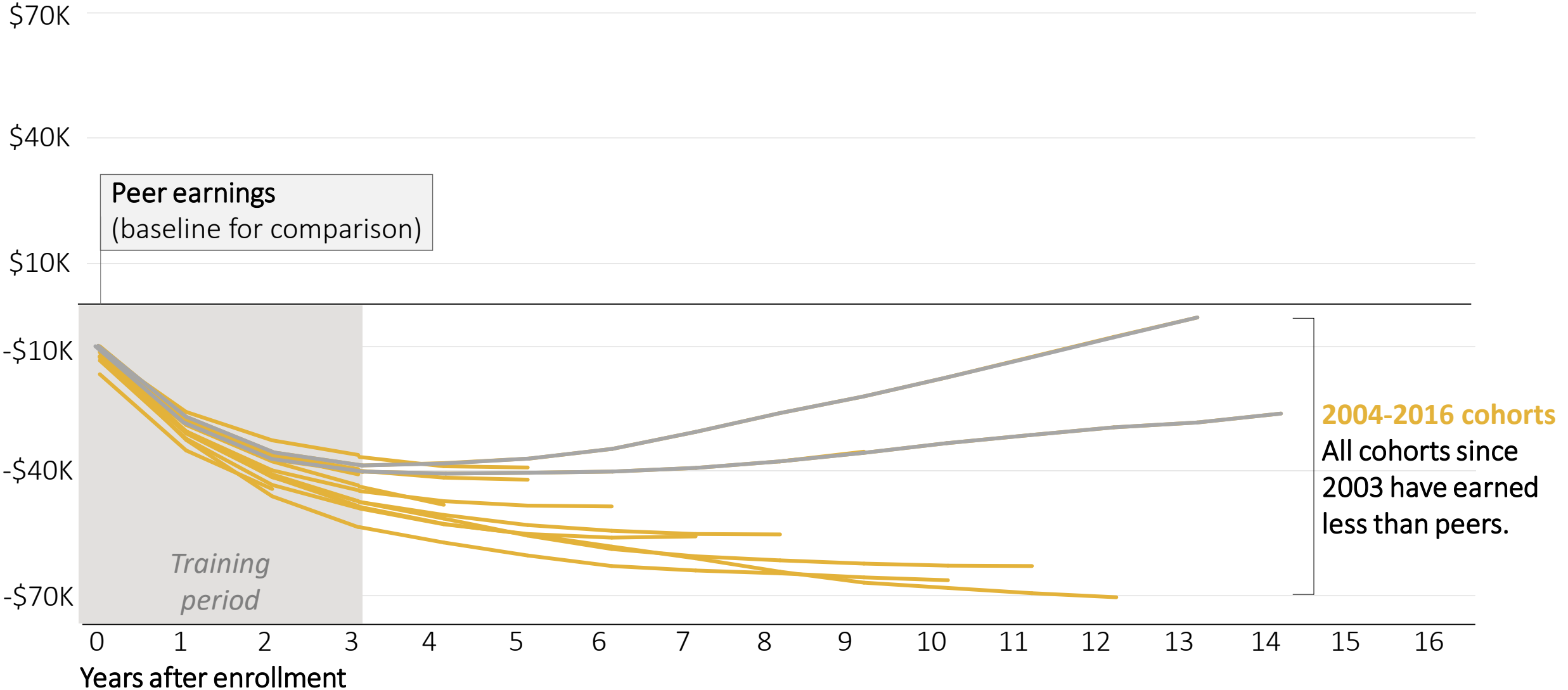
2002 & 2003

13%

2004 & later

Over time, later cohorts earned less than their peers

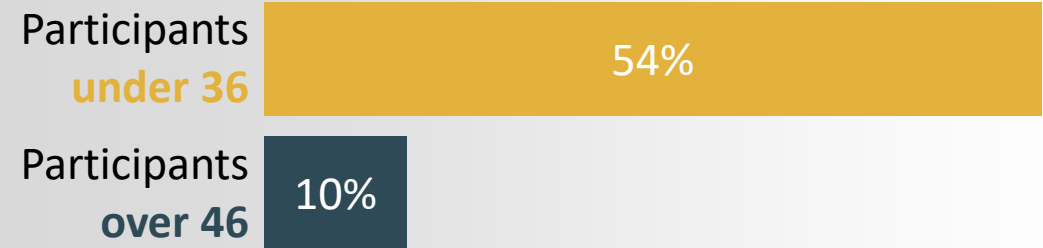
Cumulative difference in earnings



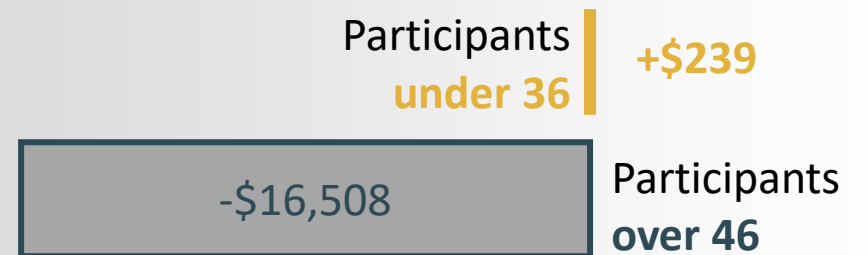
Younger and lower income participants had better earnings outcomes

ESD's analysis indicates that people who had lower incomes prior to enrolling were more likely to positively benefit from the Program.

Percent who earned more than their peers



Average earnings per year compared to their peers



Outcomes did not vary by type of training

Top 20 most popular types of training all yielded negative average earnings results.

Health care, education, and protective services industries had less negative outcomes.



Analysis found that, in general, the Program does not enhance participants' earning power

Participants earned an average of

\$3,621

less per year than their peers



Similar programs also had negative effects on participants' earnings

ESD and JLARC staff separately reviewed literature about similar retraining programs.

Other evaluations indicate participants, on average, do not make up lost earnings after retraining.

Legislative Auditor's Recommendation

Because the Training Benefits Program is not meeting the Legislature's stated objective to enhance participants' earning power, the Legislature should consider eliminating or modifying the Program.



Next Steps

Proposed Final Report | January 2022

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