



Employment Security Department
WASHINGTON STATE

Training Benefits Program Report

December 2009

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Executive Summary: Training Benefits Program

December 2009

In 2009, the Legislature passed [ESHB 1906](#), which directed the Employment Security Department to submit an annual report about the Training Benefits Program¹. Specifically, the department was directed to provide the following information:

- Participant demographics;
- How long people typically received training benefits;
- Type of training received;
- Participant employment and wage history; and
- Administrative costs.

Data for this report came from Employment Security records of Training Benefits participants for 2002 through June 2009. A telephone survey of 959 people who participated in the program in 2007 and 2008 also was conducted to provide information on employment after exiting the program.

Demographics

- Male, 51 percent; female, 49 percent
- Age 41 and over, 72 percent; age 51 and over, 37 percent
- Caucasian: 72 percent
- Former manufacturing employees: 43 percent
- King, Snohomish or Pierce county residents: 62 percent

Benefit duration

The average duration of training benefits was 22 weeks. The average weekly benefit amount was \$367. In addition, participants drew, on average, another 23 weeks of regular unemployment insurance benefits.

Training type

Of the 959 Training Benefits participants in 2007–2008 who were surveyed for this report, 195 had completed their training and were employed. Of those, 61 percent felt that the training was very relevant to and helped them get their current job.

Claimant employment and wage history

Average pre-tax earnings of participants increased by \$600 each quarter following approval in the Training Benefits program during the three years studied. Three years after applying for training benefits, participants were earning, on average, 95 percent of their pre-layoff earnings.

¹ Engrossed Substitute House Bill 1906

Administrative costs

The Employment Security Department historically has spent about \$1.1 million a year to implement the Training Benefits Program. There are two major functions that drive program costs:

- (1) **Caseload-associated activities** — tasks and services associated with clients seeking and gaining eligibility to the Training Benefits Program. These activities fluctuate as the demand occurs.
- (2) **General administrative/oversight** — core functions essential to operating the Training Benefit Program, which includes supervisory and administrative roles, human resources, fiscal and budget, communications and office services.

For more information, contact the Office of Policy & Legislation at 360-902-9394.

Table of Contents

Introduction	2
Scope and purpose of this document	2
History of the Training Benefits Program	3
Findings	4
1. Demographic Analysis of Training Benefits Program Participants	4
2. Duration of Training Benefits	7
3. Analysis of the Training Provided to Participants	8
4. Employment and Wage History of Participants	12
5. Administrative Costs of the Program	14

Introduction

Scope and purpose of this document

[ESHB 1906](#), adopted by the state Legislature in 2009, directed the Employment Security Department to prepare an annual report to be presented to the Legislature beginning on December 1, 2009. The report must include the following information.

1. A **demographic analysis** of participants in the Training Benefits Program, including the number of claimants per NAICS code (a federal system for categorizing industries) and the gender, race, age and geographic representation of participants.
2. The **duration of training benefits** claimed per claimant.
3. An **analysis of the training** provided to participants, including the occupational category supported by the training, the number of participants who complete training compared to those who do not, and the reasons for not completing approved training programs.
4. The **employment and wage history** of participants, including the pre-training and post-training wages and whether those participating in training return to their previous employer after training terminates.
5. An identification and analysis of **administrative costs** at both the local and state levels for administering this program.

ESHB 1906 also expanded eligibility for the Training Benefits Program to some low-income workers, some individuals who served in the United States military or Washington National Guard and recently honorably discharged military members and Washington National Guard, and those with disabilities unable to return to his or her previous occupation. These changes took effect on September 7, 2009. Due to a lack of data on these recent changes, information about participants who qualified under these new eligibilities will not be reported until next year's study.

This report provides an overview of the Training Benefits Program and its participants prior to the implementation of ESHB 1906 (2002 through June 2009). As the initial report, it both summarizes the program history and provides a baseline to measure the effects of policy changes and other factors on the program in the future.

History of the Training Benefits Program

In 2000, the Washington State Legislature passed [Substitute House Bill 3077](#), creating the Training Benefits Program. This program authorized a certain level of funds from the Unemployment Insurance Trust Fund to be spent to pay extended unemployment benefits to dislocated workers whose occupations are in decline and who need training to obtain a new job. The Training Benefits Program provides temporary income support while eligible dislocated workers are in approved training. Direct costs of training (tuition, books, transportation, etc.) must be funded through other sources.

For an applicant to qualify for this program, several criteria must be met², including:

- Be eligible for or have exhausted all previous regular unemployment benefits, including federal extended benefits;
- Must have been unemployed from a declining industry or have a skill set in decline;
- Training must target skills or industries that are in demand;
- Must have a long-term attachment to the labor force (this requirement was removed for claims effective April 5, 2009 and after);
- Is likely to enhance the individual's marketable skills and earning power;
- Must be a dislocated worker as defined in [RCW 50.04.075](#);
- Must submit a training plan within 60 days of being notified about the program, or within 90 days for claims filed effective April 5, 2009 and after;
- Must enter a training program within 90 days of being notified about the program, or within 120 days for claims filed effective April 5, 2009 and after;
 - Note: If the training course does not start within that period, the applicant is required to enter training as soon as it is available.
- Must be enrolled as a full-time student as determined by the educational institution. (For claims filed effective April 5, 2009, or later part-time training may be approved if an individual has a disability that prevents attending full-time training); and
- Cannot receive training benefits again for five years after collecting training benefits.

In addition, the Legislature made special provisions for laid-off workers from the aerospace industry³, logging and timber trades⁴, and fishing⁵. Applicants from these sectors were exempted from the requirement to have a "long-term attachment to the labor force."

² This reflects criteria before ESHB 1906 passed in 2009

³ Aerospace industry: North American Industry Classification System (NAICS) 372 and 336411

⁴ Logging and timber trades: NAICS 24 or 26

⁵ Fishing: NAICS 0912

Findings

1. Demographic Analysis of Training Benefits Program Participants

Participant characteristics (Table 1)

This section describes the characteristics of the 10,787 individuals who were approved to participate in the Training Benefits Program from January 2002, through June 2009. *Table 1* shows the gender, ethnicity and age distribution of the participants. Participation in was almost equal among men and women, in contrast to the entire population of unemployment insurance claimants, which is 58 percent male.

Also in *Table 1*, the age breakdown of Training Benefits participants is compared with the age distribution for all unemployment insurance claimants from January 2002 through June 2009. Fewer Training Benefits participants were represented in the “less than 31” age group (6 percent) compared to the age distribution of all claimants (21 percent). The mean as well as the median age of Training Benefits recipients was 47 years.

Table 1 - Demographics of Training Benefits participants (2002–June 2009)

	Number of participants	Percent of participants	Percent of all unemployment insurance claimants
Gender			
Male	5,549	51%	58%
Female	5,238	49%	42%
Race/Ethnicity *			
African-American	475	4%	5%
Asian, Pacific Islander, Alaska Native	1,036	10%	6%
Hispanic	595	6%	8%
Native American	156	1%	2%
Caucasian	7,815	72%	75%
Not identified	710	7%	4%
Age			
Less than 31	643	6%	21%
31 to 40	2,382	22%	26%
41 to 50	3,734	35%	24%
51 to 60	3,124	29%	19%
Over 60	904	8%	10%
Median age		47 years	41 years
Total	10,787	100%**	100%**

* Note: Race/ethnicity is self-described by participant.

** Note: Some of the sub-groups in this table may not add to 100% due to rounding.

Source: ESD, SKIES and UI Data Warehouse, September 1, 2009.

Geographic distribution of participants (Table 2)

Table 2 shows the distribution of Training Benefits Program participants by county. Participation by county is largely consistent with the population of the county and the state. King, Snohomish, and Pierce counties together provided 62 percent of all participants.

Table 2 - County of residence of Training Benefits participants (2002–June 2009)

County	Count	Percent
Adams	4	< 1%
Asotin	9	< 1%
Benton	117	1%
Chelan	110	1%
Clallam	39	< 1%
Clark	596	6%
Columbia	9	< 1%
Cowlitz	231	2%
Douglas	71	1%
Ferry	14	< 1%
Franklin	43	< 1%
Garfield	1	< 1%
Grant	92	1%
Grays Harbor	223	2%
Island	120	1%
Jefferson	39	< 1%
King	3,592	33%
Kitsap	369	3%
Kittitas	19	< 1%
Klickitat	34	< 1%
Lewis	176	2%
Lincoln	0	0
Mason	74	1%
Okanogan	32	< 1%
Pacific	14	< 1%
Pend Oreille	10	< 1%
Pierce	1,226	11%
San Juan	2	< 1%
Skagit	143	1%
Skamania	13	< 1%
Snohomish	1,880	17%
Spokane	203	2%
Stevens	64	1%
Thurston	217	2%
Wahkiakum	2	< 1%
Walla Walla	84	1%
Whatcom	262	2%
Whitman	6	< 1%
Yakima	480	4%
Not Identified	167	2%
Total	10,787	100%

**The sub-group percentages may not add to 100% due to rounding.
Source: ESD, SKIES, September 1, 2009.*

Industry of Participants Prior to Training (Table 3)

Table 3 shows the industry of each participant's last employer prior to entering the Training Benefits Program. Local labor-market officials determine which industries and skill sets are in decline for an area; therefore, some industries appear on this list that may not generally be considered declining industries. This list also uses the most inclusive level of categorization (2-digit NAICS), except for aerospace, which is a subcategory of durable-goods manufacturing.

Table 3 - Industry of employment before Training Benefits participation (2002–June 2009)

NAICS Title	Count	Percent of Participants
Aerospace	2,375	22.0%
Manufacturing (excluding aerospace)	2,298	21.3%
Retail Trade	781	7.2%
Administrative support services	606	5.6%
Finance and insurance	599	5.6%
Transportation and warehousing	533	4.9%
Information	482	4.5%
Health care and social assistance	423	3.9%
Professional and technical services	421	3.9%
Leisure and hospitality	333	3.1%
Wholesale trade	332	3.1%
Public administration	332	3.1%
Construction	253	2.3%
Other services except public administration	237	2.2%
Educational services	202	1.9%
Real estate and rental leasing	126	1.2%
Agriculture	46	0.4%
Waste management and remediation	35	0.3%
Support activities for agriculture and forestry	24	0.2%
Utilities	22	0.2%
Management of companies and enterprises	21	0.2%
Fishing, hunting and trapping	12	0.1%
Private households	4	0.0%
Mining	0	0.0%
Not identified	290	2.7%
Total	10,787	100.0%

* The sub-group percentages may not add to 100% due to rounding.

Source: UI Data Warehouse, September 1, 2009.

2. Duration of Training Benefits

Duration and amount of training benefits

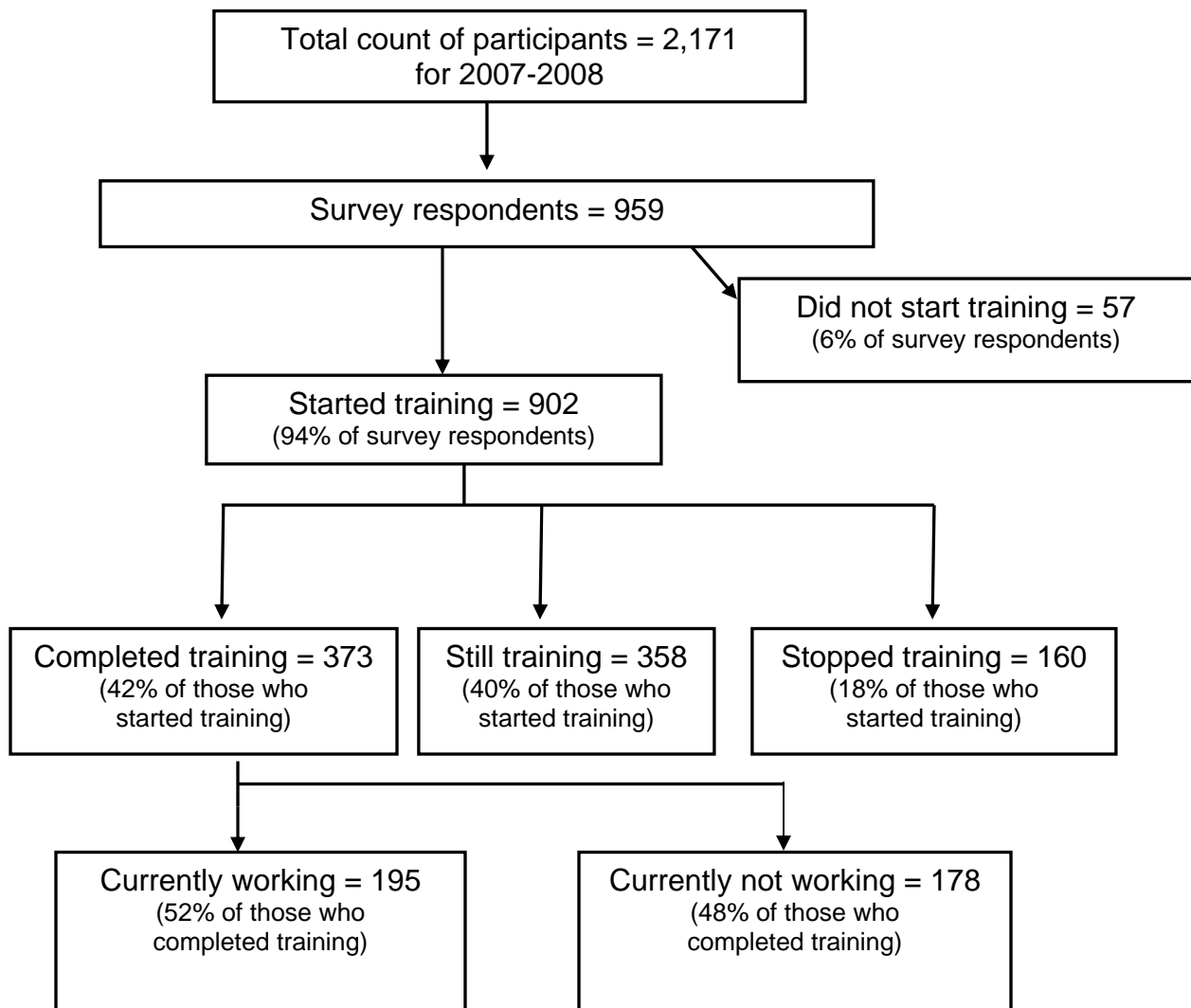
Training benefits are paid after regular unemployment-insurance benefits and emergency unemployment compensation (when offered). Average training-benefit payments and duration have remained relatively stable over the lifetime of the program, at \$367 per week for 22 weeks. In addition to the average 22 weeks of training benefits, participants drew, on average, another 23 weeks of regular unemployment insurance benefits.

3. Analysis of the Training Provided to Participants

Survey of 2007–2008 Training Benefits participants (Table 4)

The department conducted a telephone survey to gather specific reasons for participants' choice of training programs, post-training employment and other details. The survey focused on 2,171 individuals who were approved for training benefits in 2007 and 2008. We were able to reach 959 of the participants and of those 959 surveyed, 373 had completed their training; others were either still in training or had stopped receiving training. Further details on the status of the 2007-2008 participants who were surveyed can be found in *Table 4* below.

Table 4 - Survey of 2007-2008 Training Benefits participants



Not completing a training program (Table 5)

Of the 959 survey respondents, 57 (6 percent) did not start their approved program. "Needed to find a job" was the most common reason cited by those who did not start training.

Of the remaining 902 survey participants, 160 did not complete their training. "Found a job" or "needed to find a job" were the most common reasons for not completing their training. *Table 5* shows the reasons participants gave for not completing their programs. Respondents could provide multiple reasons.

**Table 5 - Reasons for not completing a training plan
(Survey of 2007 and 2008 participants – some gave multiple reasons)**

	Count	Percent of Respondents
Found a job that met current needs	64	40%
Needed to find a job rather than continue school	53	33%
Training benefits ended before completion	25	16%
Insufficient funds for tuition, fees, books, etc.	20	12%
Classes were not available	13	8%
Health reasons	12	8%
Other family responsibilities	11	7%
Remaining in training would have been of little benefit	10	6%
Returned to former job	5	3%
No child care	1	1%
Other	31	19%
Non-response	10	6%
Total respondents	160	*

* Note: The 160 participants gave multiple reasons for not completing a training plan; the number of reasons will be greater than the number of respondents.

Source: LMEA survey of Training Benefits participants, October 23, 2009.

Post-training work experience (Table 6 and Table 7)

Table 6 shows the occupations of those currently working who were approved for training benefits in 2007 or 2008 and have already completed their training. Of those 195 people who finished their training and are currently employed, 111 (57 percent) trained in a field relevant to their current employment. Only 5 percent of those who completed their training program returned to work with their prior employer.

Table 6 – Current occupations of those who completed their training program (Survey of 2007 and 2008 participants)

Occupations	Count	Percent
Administrative support	42	22%
Computer/Math/Science	26	13%
Education	14	7%
Transportation	12	6%
Personal care	10	5%
Production	10	5%
Construction	10	5%
Healthcare support	9	5%
Business/Finance	7	4%
Maintenance and repair	7	4%
Management	7	4%
Sales	7	4%
Architecture/Engineering	5	3%
Social work	5	3%
Arts/Entertainment	4	2%
Legal	4	2%
Food preparation	3	2%
Protective service	3	2%
Medical/Social sciences	2	1%
Grounds maintenance	1	1%
Not identified	7	4%
Total	195	100%

* Note: The sum of the cell percents do not add to 100% due to rounding.

Source: UI Data Warehouse and LMEA Survey of Training Benefits participants, October 23, 2009.

Table 7 shows that most (61 percent) of those who completed their training program felt that the training was very relevant to their current job and helped them get their new job.

**Table 7 - Relevance of training to current occupation
of those who completed their training program
(Survey of 2007 and 2008 participants)**

Response	Was the training related to this job?		Did the training help you get this job?	
	Count	Percent	Count	Percent
Very relevant	120	61%	123	63%
Some relevance	33	17%	30	15%
Not relevant	39	20%	39	20%
Do not know	3	2%	3	2%
Total	195	100%	195	100%

**Note: The sum of the cell percents do not add to 100% due to rounding.
Source: LMEA survey of Training Benefits participants.*

4. Employment and Wage History of Participants

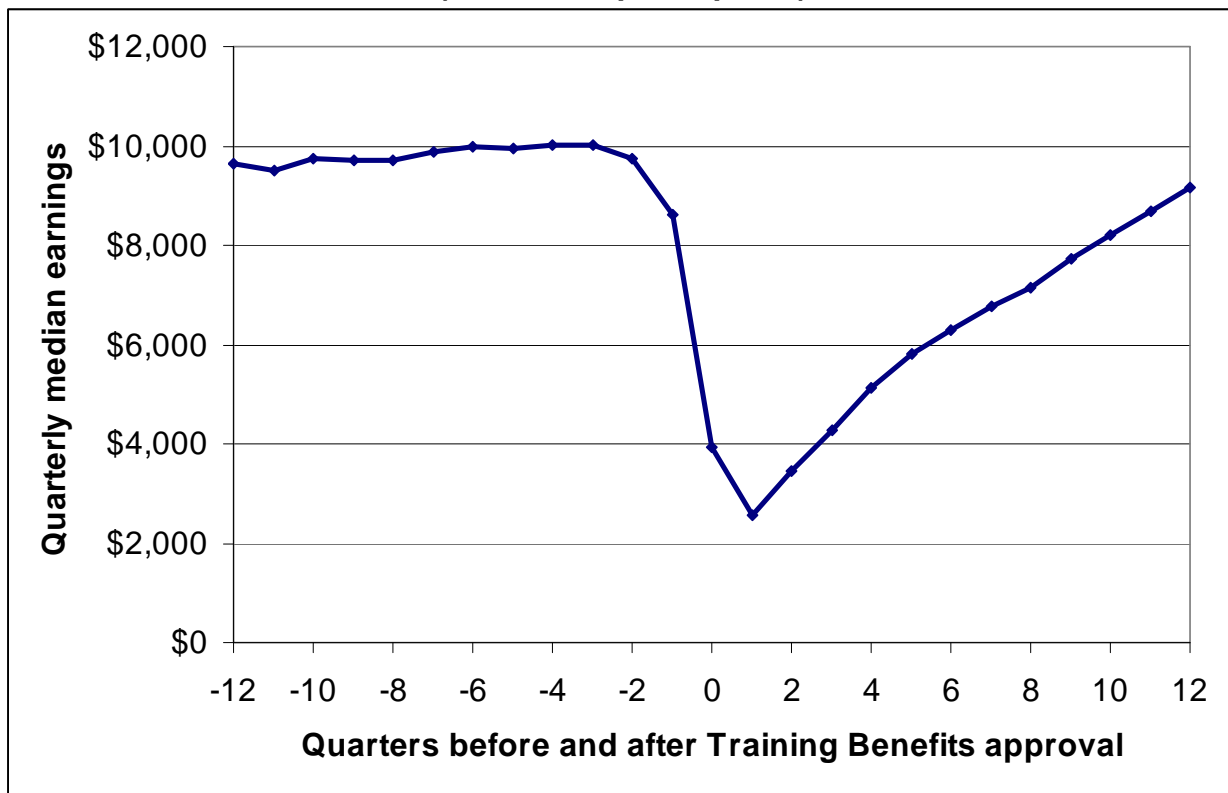
Pre-tax earnings history and recovery (Figure 1)

Figure 1 shows the average quarterly pre-tax earnings of people who were approved for training benefits in the three years **prior to applying** for unemployment insurance and the three years **after training** was completed.

The data in Figure 1 use the date that individuals were approved to receive training benefits from 2002 through 2007. This approval date is indicated by the number 0 in Figure 1 below. Wage records for these individuals are collected for the 12 quarters prior and 12 quarters after approval, and an average wage is created for each of the 24 quarters. Quarters in which there were no earnings were not counted in calculating average earnings and hours.

Note that the comparison of pre-training earnings and post-training earnings is **not designed to yield a net-impact analysis of the Training Benefits Program**. A net-impact analysis would require a control group to compare to those who were not in training. The information in this section simply shows an average earnings pattern preceding and following participation in the Training Benefits Program.

Figure 1 - Pre-tax earnings before and after participating in the Training Benefits Program (2002–2007 participants)



Source: UI Wage File, November 6, 2009.

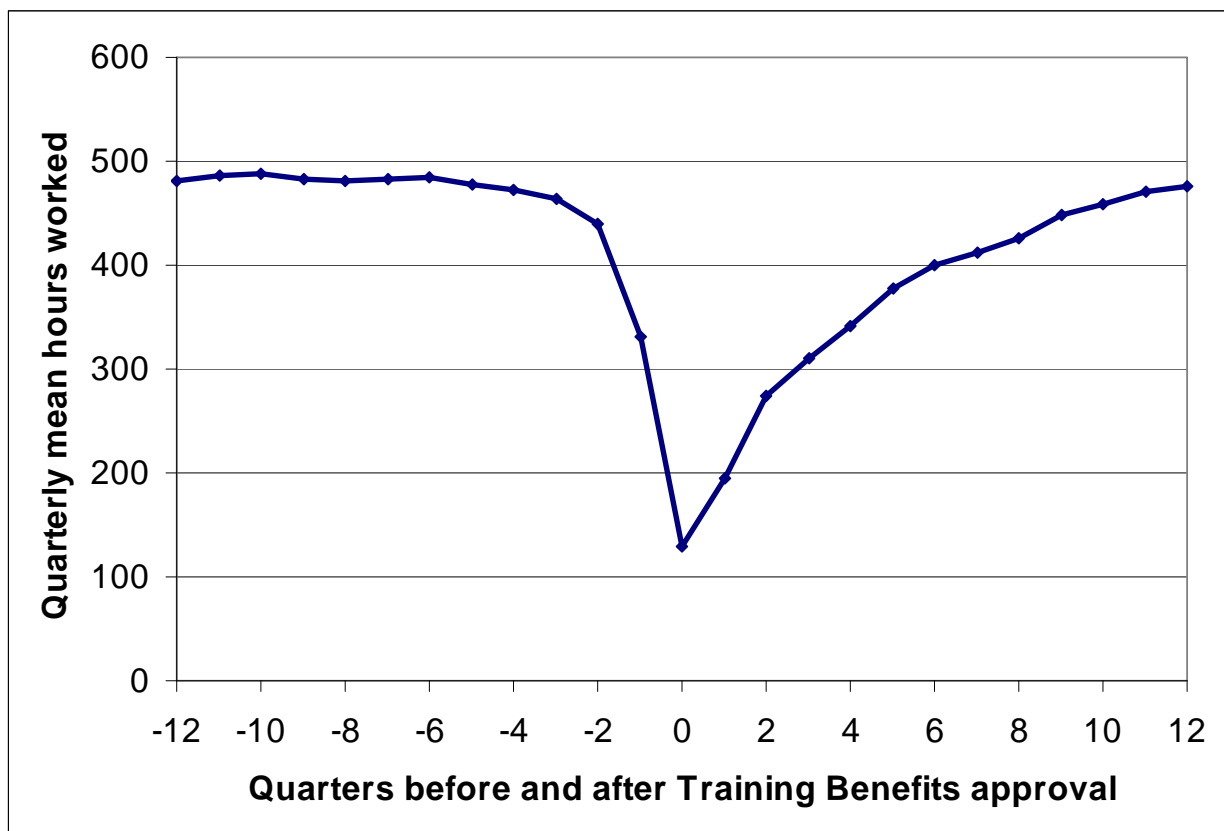
Pre-tax earnings after training rise rapidly at an average growth rate of \$600 each quarter. A comparison of the twelfth quarter prior to enrolling in a training program to the twelfth quarter after enrollment shows, on average, that participant earnings recover to 95 percent of their prior earnings .

Hours worked before and after participating in the Training Benefits Program (Figure 2)

In most cases, both the decrease in gross earnings prior to being laid off and gross earnings recovery after training can be attributed to the number of hours worked, as shown in *Figure 2*. The slight dip in hours and wages just prior to layoff is typical in this type of wage analysis.

Participants worked nearly the same average number of hours after being approved for the training benefits program as they did prior to being laid off.

Figure 2 - Hours worked per quarter before and after participating in the Training Benefits Program (2002–2007 participants)



Source: *Unemployment Insurance Wage File, November 6, 2009.*

5. Administrative Costs of the Program

The Employment Security Department historically has spent about \$1.1 million a year to implement the Training Benefits Program. There are two major functions that drive program costs:

- (1) **Caseload-associated activities** — tasks and services associated with clients seeking and gaining eligibility to the Training Benefits Program. These activities fluctuate as the demand occurs.
- (2) **General administrative/oversight** — core functions essential to operating the Training Benefit Program, which includes supervisory and administrative roles, human resources, fiscal and budget, communications and office services.

Caseload activities

Caseload activities vary depending on the number of applications the department receives. These activities account for 74 percent of costs per year and include:

- Distributing information about and explaining eligibility criteria for the Training Benefit Program and other unemployment-insurance programs, including Commissioner Approved Training (CAT), Emergency Unemployment Compensation (EUC) and Extended Benefits (EB).
- Helping applicants complete their Training Benefit applications.
- Communicating and coordinating with the Claim TeleCenters, WorkSource offices, Community Colleges, and other partners, to gather additional information and provide status of applications.
- Field case management which includes advising the claimant of the eligibility requirements, determining claimant's current occupation is in decline, and providing guidance in identifying new occupation; assisting claimant put an employment plan together and ensure plan is followed.

Key cost assumptions for caseload activities

- For every 320 applications, an Unemployment Insurance Specialist 3 or 4 is needed, at an annual cost of \$66,282.
- For every six Unemployment Insurance Specialist 3 or 4 positions, an Office Assistant is needed, at an annual cost of \$46,966.

The activities and administrative costs included in this report reflect historical staffing assumptions used to implement the Training Benefits Program. The department currently is evaluating the application and approval process for the program to identify ways to improve customer service. Any changes resulting from this effort will be captured in future reports.

Employment Security indirect and oversight activities

Indirect and oversight activities are constant costs and represent about 26 percent of the costs per year for implementing the Training Benefits Program.

These activities also include the indirect overhead costs associated with financial, accounting, budgeting, payroll, personnel, communications, training, computer systems management, research and data analysis, utilities, rent and leases, travel, printing and facilities services.

Please note, the State Board of Community and Technical Colleges reported that there are administrative costs associated with serving 'any' student enrolled at the colleges. A student receiving training benefits does not create additional costs or separate costs from any other student.

Table 8 – Training Benefits Program administrative costs

	FY08	FY09	FY10*
Number of Applications	2,747	2,431	4,269
Caseload Staffing			
Unemployment Insurance Specialist	6.3	6.8	12.8
Office Assistant	1.0	1.0	2.0
WorkSource Specialist	<u>7.7</u>	<u>7.5</u>	<u>7.5</u>
Total Caseload Staffing	15.0	15.3	22.3
Claims Per UI Specialist	438	358	334
Caseload Cost			
Salaries	628,360	643,183	906,489
Benefits	<u>219,108</u>	<u>198,206</u>	<u>317,905</u>
Total Caseload Cost	847,468	841,389	1,224,394
Non Caseload Staffing			
Supervisory Staffing	1.0	1.0	1.0
Research & Data Analysis	1.0	1.1	1.1
Annual Legislative Reporting	<u>--</u>	<u>--</u>	<u>0.7</u>
Total Non Caseload Staffing	2.0	2.1	2.8
Non Caseload Cost			
Salaries	69,534	87,273	96,000
Benefits	18,239	23,347	25,682
Communications	39,581	36,292	41,920
Utilities	6,825	4,015	9,347
Rental & Leases	94,677	98,305	139,980
Repairs & Maintenance	6,709	12,159	18,664
Printing & Reproduction	1,839	5,860	6,000
Facilities and Services	3,248	2,184	3,500
Other Goods & Client Services	37,922	17,992	46,660
Annual Reporting	-	-	<u>53,000</u>
Total Non Caseload Cost	278,574	287,427	440,753
Total Training Benefit Administrative Cost	1,126,042	1,128,816	1,665,147
*FY10 Estimates			

Source: Employment Security and training providers administrative files, November 13, 2009.