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## **5809 Report**



# 5809 Report

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## Executive summary

Enacted in 2009, Engrossed Second Substitute Senate Bill (E2SSB) 5809 used General Fund-State dollars to leverage additional capacity for workforce training by targeting low-income adults, dislocated workers or anyone who received or exhausted unemployment-insurance benefits.

This is the third of three reports on the program, focusing on employment rates and comparisons of pre-5809 and post-5809 wage levels. This information was not available at the time of the 2010 and 2011 reports, since participants continued in training through June 2011. This report addresses these two elements, fulfilling the final requirements for the 5809 report.

## Key findings

The 5809 program coincided with the recent severe recession. At the onset of this training program, the nation was just reaching the tail end of the recession and Washington state was midway through severe job losses resulting from the national recession. Within that context, this study revealed the following.

### Employment rates

As expected, immediately preceding the onset of the 5809 training program, participants saw a drop in employment; the rate of employment fell from 61.6 percent in the first quarter of 2009 to 25.9 percent in the second quarter. Employment remained low through the training program and did not pick back up until the quarter after the 5809 program ended (2011 Q3) where employment rose to 61.7 percent.

### Wage levels

The median quarterly earnings of 5809 participants have rebounded since the onset of the 5809 program. Looking at the year prior to training, wages have increased – \$8,820 in the second quarter of 2012, compared to \$8,789 in the second quarter of 2008.

### Community and technical college training

To date, 1,914 5809 program participants completed one or more credits. Rates of completion (credits earned of credits attempted) were high overall, averaging 92 percent. Participants of the 5809 program had a higher rate of completion compared to the overall population; workforce students at the community and technical colleges reported a completion rate of 81 percent during the same timeframe.

### Programs of study

The largest numbers of 5809 participants took credits in the registered nursing (227) and medical/clinical assistant (98) programs of study. Four of the top 10 programs of study were related to healthcare.

### Employment rates by program of study

Of the top 10 programs of study, participant post-training employment was highest for those who took credits in communications (94.5 percent), information processing (81.3 percent) or licensed practical nursing (78.3 percent).

## Quarterly wage levels by program of study

Of the top 10 programs of study, wages were highest for participants who took credits in registered nursing (\$10,348), communications (\$10,202), and business administration and management (\$10,154).

## Background

Engrossed Second Substitute Senate Bill (E2SSB) 5809 passed during the 2009 legislative session. The intent of the legislation was to use General Fund-State dollars to leverage additional capacity for workforce training by targeting low-income adults, dislocated workers or anyone who received or exhausted unemployment-insurance benefits. The law provided \$7 million in state funds to distribute to local Workforce Development Councils (WDC). The WDCs then contracted with community and technical colleges and employers to provide training for high-demand occupations.

The state funds provided a match for each federal Workforce Investment Act (WIA) dollar spent to increase post-secondary education and skill development for low-income adults, dislocated workers or anyone who received or exhausted unemployment-insurance benefits. Under the bill, each WIA dollar spent to create a new class garnered 75 cents in state incentive funds for the local WDC. In addition to incentive funding for new classes, the legislation also provided a 25 percent match for each local dollar spent to help students pay for tuition or books through their Individual Training Accounts (ITA).

## Legislative mandate

Section 6 of E2SSB 5809 directed the Employment Security Department, in collaboration with the Workforce Training and Education Coordinating Board (Workforce Board), workforce development councils and the State Board for Community and Technical Colleges, to submit a report to the Governor and Legislature by December 1, 2010. This report described the implementation of the act and outcomes related to the following measures:

- Amounts of expenditures on education and training
- Number of students receiving training
- Types of training received by students
- Student demographics and institution/program characteristics and demographics
- Efforts made to ensure that the training provided would lead to employment
- Specific enhancements made in the workforce system to ensure that additional training in high-demand occupations is accessible to low-income and dislocated workers.

A second report was published in 2011, as a follow-up to the 2010 report, which extended the initial results through the end of the program.<sup>1</sup>

However, two required reporting elements – **employment rates** and comparisons of **pre-5809 and post-5809 wage levels** – were not available at the time of the 2010 and 2011 reports, since participants continued in training through June 2011.

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<sup>1</sup><https://fortress.wa.gov/esd/employmentdata/reports-publications/special-reports/e2ssb-5809-workforce-training-bill-reports>

## Implementing E2SSB 5809

E2SSB 5809 was passed by the Washington State Legislature in April 2009 and signed into law by the Governor on May 19, 2009. The bill directed the Employment Security Department to distribute state funds to the WDCs to expand training capacity in high-demand occupations for the law's targeted populations. That funding came in the form of a \$7 million General Fund-State appropriation to ESD beginning July 2009, to be distributed to the WDCs by March 1, 2011, and spent by June 30, 2011. The program was in place from May 2009 through June 2011, and required all funds to be earned and spent during that period. During that time, WDCs expended nearly \$15.5 million in federal Workforce Investment Act and American Recovery and Reinvestment Act (Recover Act) funds in order to earn the available state funds. Under this program, nearly 8,700 individuals received training and associated support for training, including WIA-funded training.

Through a combination of the state legislature rescinding funds to assist with a statewide budget shortage, and a small portion of unspent funds being returned to the State General Fund, the WDCs ultimately received more than \$6 million in matching funds under the program.

The legislative intent drove the basic constructs of the program.

- The state funds provided an incentive for local WDCs to invest their federal WIA formula or Recovery Act funds on training. Each dollar spent to contract for new classes earned a 75-cent match. A 25-cent match was provided for each dollar spent on individual training accounts (ITAs).
- Eligible beneficiaries of state-funded training and support services were low-income adults, dislocated workers, or anyone who had received or exhausted unemployment benefits.
- Eligible training was for high-demand occupations, with priority given to training programs in aerospace, forestry, healthcare and energy efficiency.

ESD began implementing E2SSB 5809 by creating separate policy and performance work groups composed of representatives from the Employment Security Department, the Workforce Training and Education Coordinating Board, the State Board for Community and Technical Colleges and the Washington Workforce Association, the organization that represents the 12 WDCs.

While federal law regulated the allowable uses of the initial WIA investment used to earn the state funds, the policy work group delineated the allowable uses of the state funds as follows:

- All training and support was to be focused on WIA-eligible, low-income adults and dislocated workers or unemployment-insurance claimants and exhautees.
- Training was required to be in high-demand occupations, with emphasis placed on aerospace, forestry, healthcare and energy efficiency. Allowable training included contracting for new classes, individual training accounts, skills training, customized training, incumbent-worker training, on-the-job training, and Integrated Basic Education and Skills Training (I-BEST), which pairs workforce training with adult basic education or English as a second language education.
- Funds could have been used to develop new training programs in emerging sectors (e.g., energy efficiency) not currently identified as high demand. The WDC was required to provide evidence of anticipated demand. Development costs could have included equipment and curriculum development necessary to support those programs, release time for faculty for curriculum and professional development, and substitute instructors to support the release time.

- Funds could have been used for WIA support services and direct services provided to students to help them succeed in their training.
- Funds could also have been used for “wrap around” services by community and technical colleges (including, but not limited to, child care, transportation, housing, food, other direct financial assistance, tutoring, counseling and educational plan development), provided directly to students to help them succeed in their training. For example, a direct service in the contracted class setting is a college-retention specialist assigned to individuals in 1-BEST.
- Up to five percent of the fund amount could have been allowed, on a case-by-case basis, to support overhead and case-management activities by the WDCs, with Employment Security approval.
- ESD also had authority to approve other uses on a case-by-case basis.

ESD convened a workgroup of interested legislators and partners to guide implementation of the legislation through periodic updates. This workgroup met twice during the life of this program.

## Employment rates

Employment was tracked from a year prior to the 5809 program (2008 Q2) through a year after the end of the program (2012 Q2) using unemployment-insurance (UI) wage records. Due to eligibility criteria (low-income adults, dislocated workers or anyone who received or exhausted unemployment-insurance benefits), a drop in employment prior to training programs is typical. As expected, immediately preceding the onset of the 5809-training program, participants saw a drop in employment. The rate of employment fell from 61.6 percent in the first quarter of 2009 to 25.9 percent in the second quarter. Employment remained low throughout the training program, but picked back up after the 5809 program ended.

Since a component of the 5809 training program was incumbent-worker training, we would expect to see employment and wages retained throughout the program for some participants.

Following the training program, employment rates nearly returned to pre-training levels. Overall, 63 percent of 4,101 participants were employed one year after training, down from 67.5 percent one year prior to training (*Figure 1*).<sup>2</sup> Employment included both part-time and full-time work.

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<sup>2</sup>Complete data for linking individuals to employment and wages were available for 4,101 5809 participants.

**Figure 1.** Employment rates of 5809 participants, before, during and after 5809 training  
 Washington state, 2008 Q2 through 2012 Q2  
 Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse

Quarter	Employment	Unemployment	Employment rate
2008 Q2	2,770	1,332	67.5%
2008 Q3	2,792	1,310	68.1%
2008 Q4	2,698	1,403	65.8%
2009 Q1	2,525	1,576	61.6%
2009 Q2*	1,140	3,259	25.9%
2009 Q3*	1,021	3,378	23.2%
2009 Q4*	935	3,464	21.3%
2010 Q1*	858	3,541	19.5%
2010 Q2*	861	3,538	19.6%
2010 Q3*	930	3,469	21.1%
2010 Q4*	953	3,446	21.7%
2011 Q1*	1,000	3,399	22.7%
2011 Q2*	1,068	3,331	24.3%
2011 Q3	2,531	1,570	61.7%
2011 Q4	2,537	1,564	61.9%
2012 Q1	2,503	1,598	61.0%
2012 Q2	2,582	1,519	63.0%

\*5809 training program dates.

*Employment levels dropped during training but then rebounded.*

## Industry sectors of employment after training

Of the 2,582 participants who were working a year after the program ended, 700 participants (27.1 percent) worked in manufacturing. An additional 656 participants (25.4 percent) worked in healthcare and social assistance, and 198 participants (7.7 percent) worked in administrative and support and waste management and remediation services (*Figure 2*). Refer to *Appendix Figure A-1* for a comparison of employment and wages by industry sector, for a year prior to the training program and a year after.

**Figure 2.** Industry sectors of employment after training for 5809 participants  
 Washington state, 2012 Q2  
 Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse

Industry sector	Number of participants employed 2012 Q2	Percentage of total
Agriculture, forestry, fishing and hunting	74	2.9%
Mining	*	*
Utilities	17	0.7%
Construction	132	5.1%
Manufacturing	700	27.1%
Wholesale trade	126	4.9%
Retail trade	143	5.5%
Transportation and warehousing	70	2.7%
Information	29	1.1%
Finance and insurance	21	0.8%
Real estate and rental and leasing	10	0.4%
Professional, scientific and technical services	119	4.6%
Management of companies and enterprises	*	*
Administrative and support and waste management and remediation services	198	7.7%
Educational services	52	2.0%
Healthcare and social assistance	656	25.4%
Arts, entertainment and recreation	48	1.9%
Accommodation and food services	60	2.3%
Other services (except public administration)	77	3.0%
Public administration	43	1.7%
Unknown	*	*
<b>Total employed</b>	<b>2,582</b>	<b>100.0%</b>

\* Industry sectors with three or fewer participants were excluded due to confidentiality.

Of the 2,582 participants who were employed post-training, the largest share (27.1 percent) worked in the manufacturing industry sector.

## Wage levels

Wages were tracked from a year prior to the 5809 program (2008 Q2) through a year after the end of the program (2012 Q2) using unemployment-insurance (UI) wage records. *Figure 3* and *Figure 4* show the median quarterly earnings of 5809 training participants over this period. Since a component of the 5809 training program was incumbent-worker training, we would expect to see employment and wages retained throughout the program for some participants.

For those who were employed, median quarterly earnings of 5809 training participants declined once training began, hitting a low point mid-way through the training program. Numerous studies have found that dislocated workers who retrain for new careers tend to see their wages fall after training compared to their wages before training, and that their wages tend to rise for a number of years after

training completion.<sup>3</sup> With this program, earnings rebounded within a year after the program ended, even exceeding levels from a year before the program began. A year after the program ended, wages hit \$8,820 compared to \$8,789 a year before the program began.

**Figure 3.** Median quarterly earnings of employed 5809 participants, before, during and after 5809 training, current dollars  
Washington state, 2008 Q2 through 2012 Q2  
Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse

Quarter	Median quarterly earnings of employed 5809 participants
2008 Q2	\$8,789
2008 Q3	\$8,775
2008 Q4	\$8,895
2009 Q1	\$7,861
2009 Q2*	\$7,860
2009 Q3*	\$7,466
2009 Q4*	\$7,893
2010 Q1*	\$6,893
2010 Q2*	\$7,571
2010 Q3*	\$7,991
2010 Q4*	\$8,208
2011 Q1*	\$7,574
2011 Q2*	\$8,561
2011 Q3	\$8,977
2011 Q4	\$8,733
2012 Q1	\$8,611
2012 Q2	\$8,820

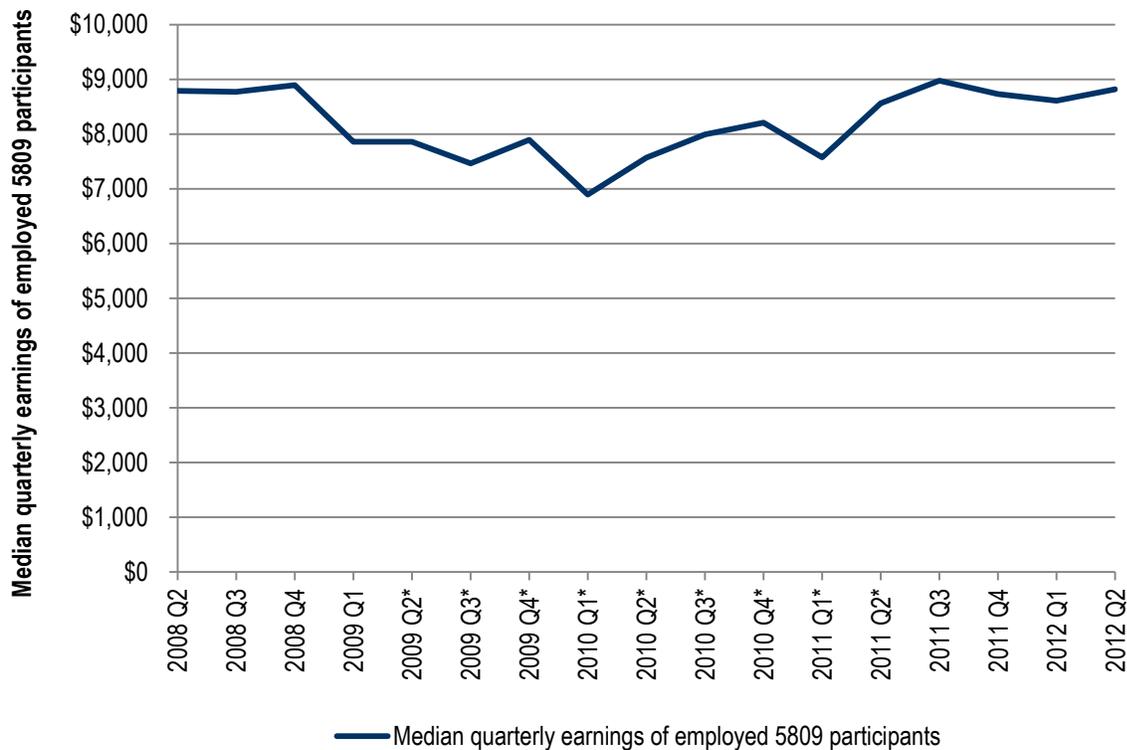
\* 5809 training program dates.

*Median earnings a year after 5809 training (2012 Q2) exceeded levels from a year before training began (2008 Q2).*

A commonly used measure of workforce development programs is employment and wages in the third quarter following training. More than 2,500 participants (61 percent) were employed during the third quarter after the end of the 5809 training program (2012 Q1). The median earnings for participants with earnings during that same quarter was \$8,611.

<sup>3</sup> Paterson, Toby, Ernst Stromsdorfer and Jeff Zahir, *Net –Impact Analysis on Before-Tax Annual Earnings for the Training Benefits Program, 2002 through 2008*, Washington State Employment Security Department, Labor Market and Economic Analysis, Olympia, Washington, February 2012; Hollenbeck, Kevin M. and Wei-Jang Huang, *Net Impact and Benefit-Cost Estimates of the Workforce Development System in Washington State*, Upjohn Institute Technical Report No. 06-020, W.E. Upjohn Institute for Employment Research, Kalamazoo, Michigan, September 2006; Jacobson, Louis, Robert LaLonde and Daniel G. Sullivan, "The Returns of Community College Schooling for Displaced Workers," U.S. Department of Labor, The University of Chicago and the Federal Reserve Bank of Chicago, January 2001.

**Figure 4.** Median quarterly earnings of employed 5809 participants, before, during and after 5809 training, current dollars Washington state, 2008 Q2 through 2012 Q2  
 Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse



\* 5809 training program dates.

Median earnings a year after 5809 training (2012 Q2) exceeded levels from a year before training began (2008 Q2).

## Community and technical college training

A key component of the 5809 program was directing investment in new community and technical college training capacity.<sup>4</sup>

Information on training through the state’s community and technical colleges was available for 1,914 of the 5809 participants approved for training from summer 2009 to summer 2011.<sup>5</sup> Rates of completion (credits earned of credits attempted) were high overall, averaging 91.6 percent. A total of 139,143 credits were attempted; 127,477 credits were earned (*Figure 5*). Compared to all workforce students at the community colleges with a completion rate of 81 percent, 5809 participants experienced a higher rate of completion.

<sup>4</sup>For more detail, refer to the 2011 report <https://fortress.wa.gov/esd/employmentdata/reports-publications/special-reports/e2ssb-5809-workforce-training-bill-reports>

<sup>5</sup>Matches with community and technical college enrollment information were available for 1,914 participants.

## Completion rates

**Figure 5.** Training program comparisons, with credit-completion rates

Washington state, summer 2009 through summer 2011

Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse; State Board for Community and Technical Colleges

Training program	Credits attempted	Credits earned	Completion rate
5809 participants	139,143	127,477	92%
All workforce students at the community and technical colleges	7,932,951	6,442,220	81%

*Rates of completion were high overall, averaging 91.6 percent.*

## Programs of study

Credit completion rates for the top 10 programs by number of participants are shown in *Figure 6*. Four of the top 10 programs were healthcare-related.

A total of 1,914 5809 participants completed one or more credits. The largest numbers of participants (227) took credits in registered nursing, with a 96.2 percent rate of credit completion. The second-largest group (98 participants) took credits in the medical/clinical assistant program of study with a 93.1 percent credit-completion rate. Communications had the fourth-highest number of participants but a relatively low rate of completion; of 198 credits attempted, only 73 were earned (36.9 percent rate of credit completion).

**Figure 6.** Top 10 programs of study<sup>6</sup> for 5809 training participants, with credit-completion rates

Washington state, academic years 2009 through 2010 and 2010 through 2011

Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse; State Board for Community and Technical Colleges

Top 10 programs of study	Number of participants	Credits attempted	Credits earned	Completion rate
Registered nursing	227	29,181	28,081	96.2%
Medical/clinical assistant	98	7,837	7,295	93.1%
Accounting technology/technician and bookkeeping	95	5,689	5,378	94.5%
Communications	91	198	73	36.9%
Business administration and management	88	5,450	4,636	85.1%
Welding technology/welder	79	5,975	5,487	91.8%
Office management and supervision	50	2,828	2,629	93.0%
Information processing	48	410	150	36.5%
Licensed practical nursing	46	4,848	4,553	93.9%
Medical insurance coding specialist/coder	45	3,045	2,871	94.3%
<b>Total</b>	<b>1,914</b>	<b>139,143</b>	<b>127,477</b>	<b>91.6%</b>

*The largest numbers of 5809 participants (227) took credits in registered nursing, with a 96.2 percent credit-completion rate.*

<sup>6</sup>Programs of study were based on the Classification of Instructional Programs (CIP) system.

## Employment rates by program of study

Figure 7 shows pre-5809 and post-5809 employment rates for participants who took credits in the top 10 programs of study. Of the top 10 programs of study, participants who took credits in communications (94.5 percent), information processing (81.3 percent) or licensed practical nursing (78.3 percent) had the highest employment rates, one year after training. Communications and welding technology were the only two programs with a higher rate of employment after training, compared to before training.

**Figure 7.** Employment rates by top 10 programs of study for 5809 training participants

Washington state, 2008 Q2 and 2012 Q2

Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse; State Board for Community and Technical Colleges

Top 10 programs of study	Number of 5809 participants	Employment rate	
		Pre-5809 training (2008 Q2)	Post-5809 training (2012 Q2)
Registered nursing	227	77.1%	70.9%
Medical/clinical assistant	98	75.5%	61.2%
Accounting technology/technician and bookkeeping	95	80.0%	72.6%
Communications	91	93.4%	94.5%
Business administration and management	88	77.3%	67.0%
Welding technology/welder	79	27.8%	55.7%
Office management and supervision	50	90.0%	78.0%
Information processing	48	85.4%	81.3%
Licensed practical nursing	46	80.4%	78.3%
Medical insurance coding specialist/coder	45	75.6%	66.7%
<b>Total</b>	<b>1,914</b>	<b>77.2%</b>	<b>68.2%</b>

Only two of the top 10 programs, communications and welding technology, had a higher rate of employment one year after training compared to a year before training.

## Quarterly wages by program of study

Of the top 10 programs of study, participants who took credits in registered nursing (\$10,348), communications (\$10,202), and business administration and management (\$10,154) were the top wage earners (Figure 8).

**Figure 8.** Wage levels by top 10 programs of study for 5809 training participants, current dollars

Washington state, 2012 Q2

Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse; State Board for Community and Technical Colleges

Top 10 programs of study	Number of 5809 participants	Employment, post-5809 training (2012 Q2)	Median quarterly wage, post-5809 training (2012 Q2)
Registered nursing	227	161	\$10,348
Medical/clinical assistant	98	60	\$6,356
Accounting technology/technician and bookkeeping	95	69	\$7,288
Communications	91	86	\$10,202
Business administration and management	88	59	\$10,154
Welding technology/welder	79	44	\$4,433
Office management and supervision	50	39	\$5,519
Information processing	48	39	\$9,943
Licensed practical nursing	46	36	\$8,810
Medical insurance coding specialist/coder	45	30	\$5,066
<b>Total</b>	<b>1,914</b>	<b>1,305</b>	<b>\$7,574</b>

*Participants who took credits in registered nursing had the highest post-training wages, within the top 10 programs of study.*

## Conclusion

E2SSB 5809 was an innovative program that guided WIA formula and Recovery Act investment in new community and technical college training capacity and provided the WDCs with one-time additional resources to leverage increased federal dollars to build workforce training capacity more broadly. The flexibility built into the program enables areas of the state that had difficulty implementing new group training, due to lack of local college or a critical mass of students interested in the same kind of training, with the chance to offer in-demand training opportunities through ITAs and on-the-job or incumbent-worker training. The legislation also fostered collaboration among partners through the shared goal of quickly training people most affected by the recession.

The 2010 and 2011 reports to the Governor and Legislature described the implementation of the act and outcomes related to mandated measures. The mandated measures discussed were: expenditures on education and training, students receiving training, types of training received by students, student demographics, institution/program characteristics and demographics, efforts made to ensure training would lead to employment, and enhancements made in the workforce system to ensure that addition training in high-demand occupations was accessible to low-income and dislocated workers.

This report covers the two final reporting elements – employment rates and comparisons of pre-5809 and post-5809 wage levels, fulfilling all mandated reporting elements.

# Appendix

**Figure A-1.** Employment and wage levels for 5809 training participants by industry sector, pre- and post-5809 training, current dollars  
Washington state, 2008 Q2 and 2012 Q2  
Source: Employment Security Department/LMEA, UI Data Warehouse

Industry sector	Pre-5809 training – 2008 Q2		Post-5809 training – 2012 Q2	
	Number of 5809 participants employed	Median quarterly wage*	Number of 5809 participants employed	Median quarterly wage*
Agriculture, forestry, fishing and hunting	67	\$8,403	74	\$8,483
Mining	*	*	*	*
Utilities	9	\$9,533	17	\$11,402
Construction	234	\$11,368	132	\$11,069
Manufacturing	731	\$10,263	700	\$11,333
Wholesale trade	131	\$9,148	126	\$9,191
Retail trade	223	\$5,563	143	\$4,792
Transportation and warehousing	44	\$8,172	70	\$7,451
Information	73	\$10,459	29	\$9,088
Finance and insurance	87	\$10,213	21	\$6,459
Real estate and rental and leasing	40	\$9,206	10	\$6,330
Professional, scientific and technical services	150	\$10,225	119	\$10,069
Management of companies and enterprises	*	*	*	*
Administrative and support and waste management and remediation services	185	\$6,311	198	\$6,606
Educational services	42	\$5,754	52	\$4,143
Healthcare and social assistance	421	\$7,566	656	\$8,793
Arts, entertainment and recreation	54	\$7,345	48	\$6,043
Accommodation and food services	125	\$4,259	60	\$3,413
Other services (except public administration)	80	\$6,481	77	\$5,247
Public administration	63	\$9,810	43	\$7,731
Unknown	6	\$10,044	*	*
<b>Total</b>	<b>2,769</b>	<b>\$8,789</b>	<b>2,582</b>	<b>\$8,820</b>

\*Industry sectors with three or fewer participants were excluded due to confidentiality.