



# Workforce Program Outcomes Report Card

December 2016

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## What does the report card show us about the workforce development system?

The report card shows program activities and employment outcomes for individual programs, as well as aggregate results to get a sense of how at least a large portion of the workforce development system is operating. In addition, each of the metrics in the report card can be broken out by the participants' educational attainment, gender, region, homelessness status, and race. These breakdowns tell us who the programs in the report card are reaching, and they tell us whether outcomes differ based on demographics.

This report explores highlights of the report card. The full report card is available online at [mn.gov/deed/performance](http://mn.gov/deed/performance).

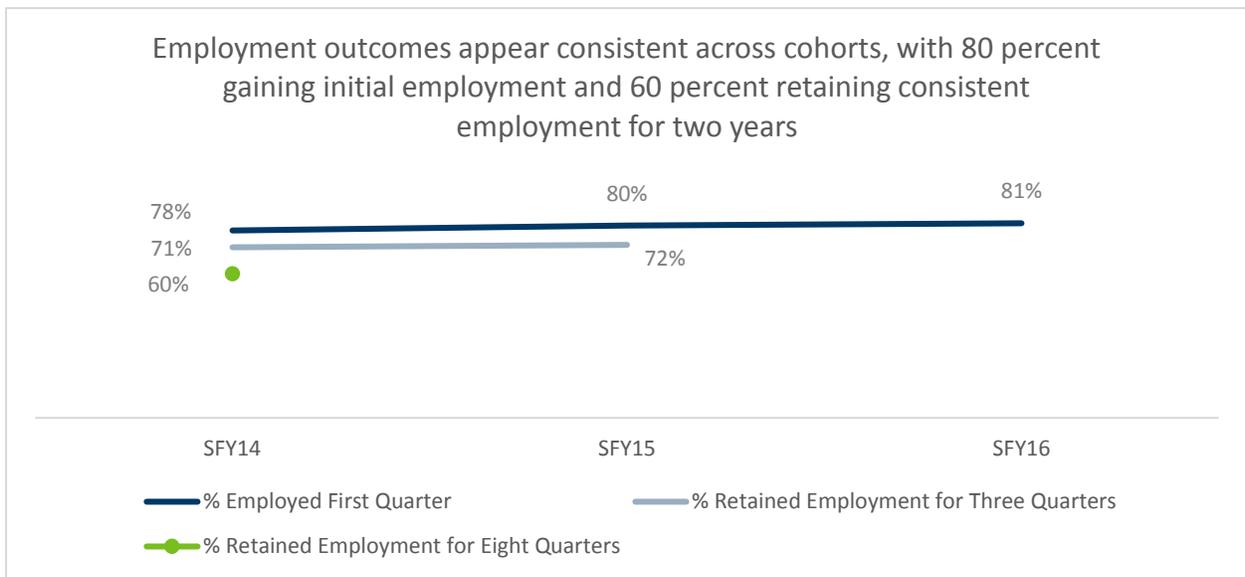
- The programs in the report card have **very different target populations and program strategies**. This translates into a **fairly large spread in terms of average cost per participant**.
- Based on report card data, we know that **wage rates tend to stay unequal** along race, gender, region, and education, before and after program participation. However, programs **appear to have an initial equalizing effect on employment rates and employment quality** measured in terms of full-time status and job stability. This effect is only initial, as retention rates for three and eight quarters after program exit revert to the same disparities.

- We also know that **participants sort (or are sorted) into occupations and industries along gender and educational attainment lines**. What the data cannot tell us is whether this is a positive, negative, or neutral outcome for participants.

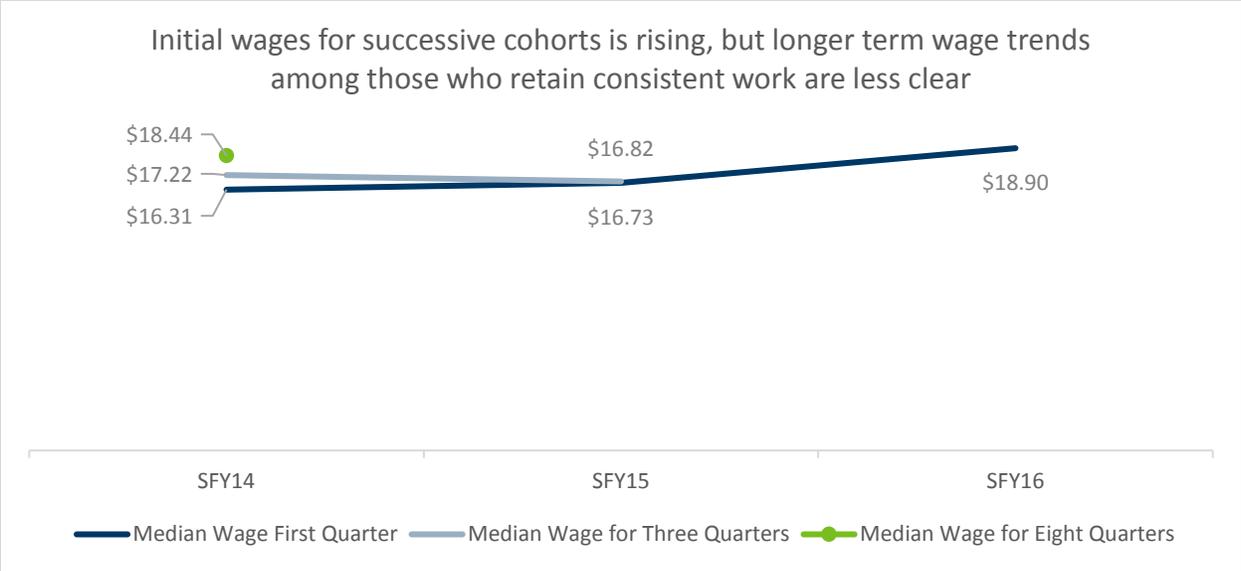
Finally, some economic news stories are too big not to make an appearance in the report card, if you know what to look for: the Iron Range mining layoffs have a unique impact on regional employment profiles.

### What longer term outcomes are reflected in the report card?

The report card tracks outcomes for two years after program exit with three snapshots: any employment in the first quarter after exit, consistent employment for the first three quarters after exit, and consistent employment for the first eight quarters after exit. Consistent employment is defined as working every calendar quarter.



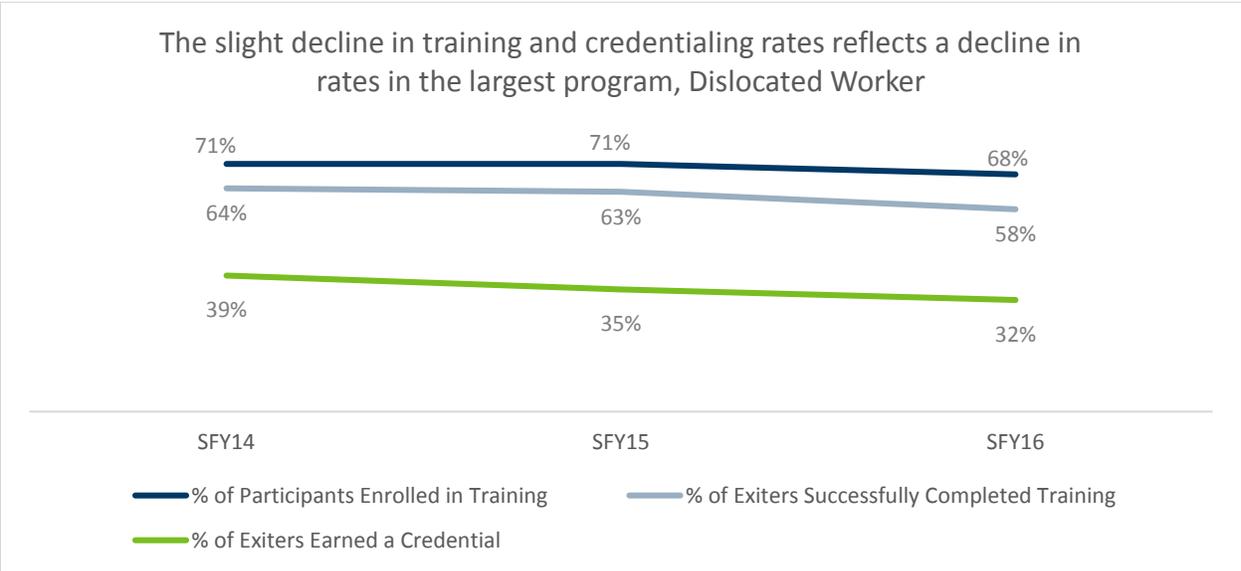
We would expect some wage increases for participants in the first two years of their new job, but the aggregate wages shown in the report card are complicated by the fact that they do not follow a single set of workers. To be included in the first quarter median wage, a worker needs only one quarter of employment, but to be included in the eight quarter median wage, a worker needs to be employed in each of the eight quarters.



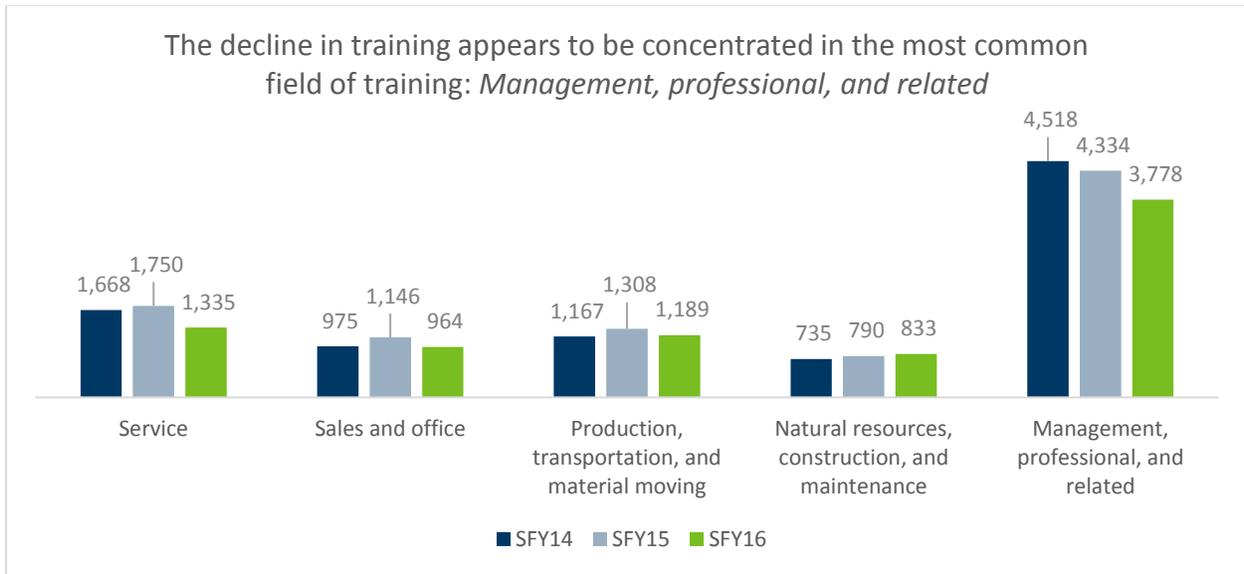
### How many participants complete training and earn a credential?

Just over two-thirds of participants engage in some sort of training while enrolled in a workforce program, and most of those successfully complete their training course. Only about a third of participants exit the program with an educational credential, however. Why is this so much lower than the training completion rate?

Much of the training offered through workforce development programs is short term and not attached to a recognized credential. Training must be shown to increase the participant’s employment likelihood, and many training programs fit that bill without offering a degree or certificate, such as seminars in a specialized software commonly used in the participant’s target occupation.



What could be the cause of this decline? A likely explanation is the improving labor market. Participants tend to have a strong preference to get back to work, if work is available, rather than going back to the classroom, which for many has been decades removed from their lives. While programs can and do pay for much of the direct cost of training, the indirect cost of forgone wages is too high for many participants to bear.

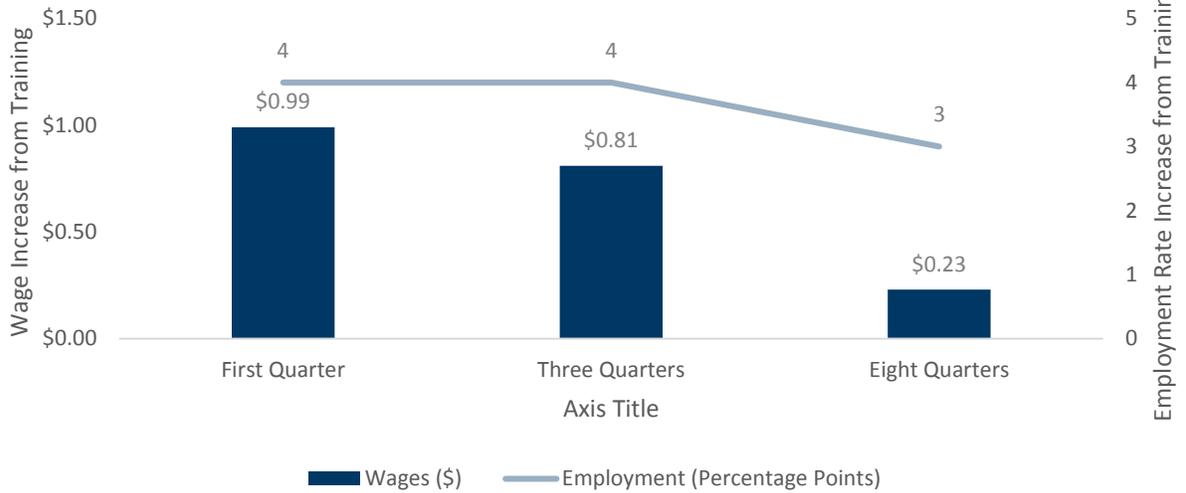


By far the most common field associated with participants’ training programs is *Management, professional, and related*. Included in this category would be training for higher-skilled healthcare jobs like registered nurse (lower-skilled healthcare jobs such as home health aides, for instance, are included in Service) or project management courses. The decline in training in this field could signal that these training programs are more common among workers “upskilling” in their current field rather than changing industries altogether—we would expect these workers to be the first to forgo training as the labor market improves.

We have full eight quarter outcomes for only the earliest cohort—those served from July 2013 to June 2014. For this cohort, completing a training program does appear to have a positive impact on employment rates and wages, even two years later. Importantly, this is correlation, not causation. It could be that the participants who were inclined to engage in training were going to go on to earn higher wages anyway (perhaps the drive to learn and challenge oneself is rewarded independently in the labor market). However, a causal claim regarding this same result can be found in the Net Impact study of January 2017 for earlier cohorts in these same programs.<sup>1</sup>

<sup>1</sup> This report is available on DEED’s website at <http://mn.gov/deed/about/what-we-do/agency-results/performance-measures/net-impact.jsp>.

Participants in the SFY14 cohort who successfully completed training earn slightly higher wages and have higher rates of employment and retention, even two years later

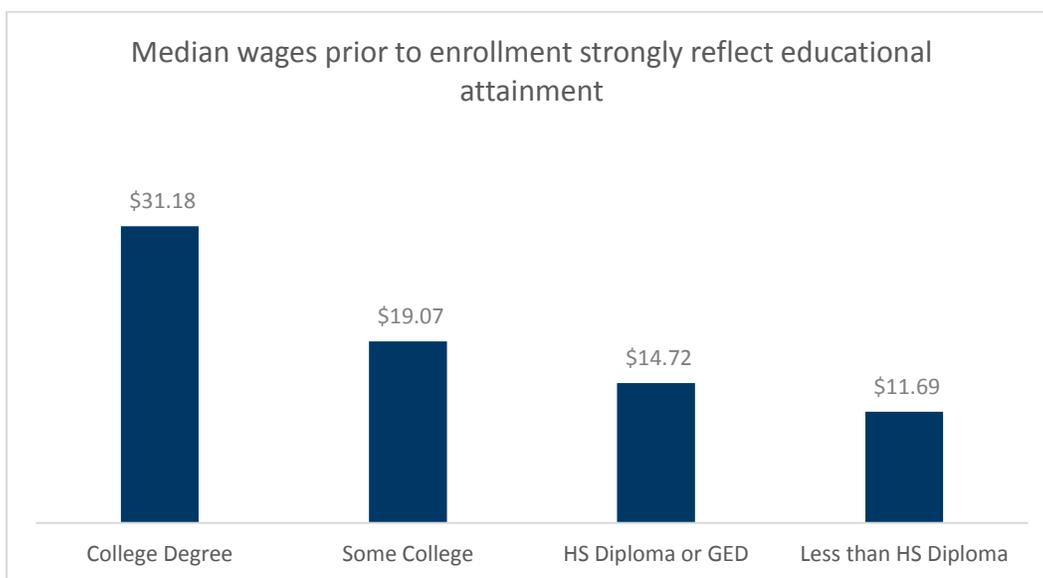
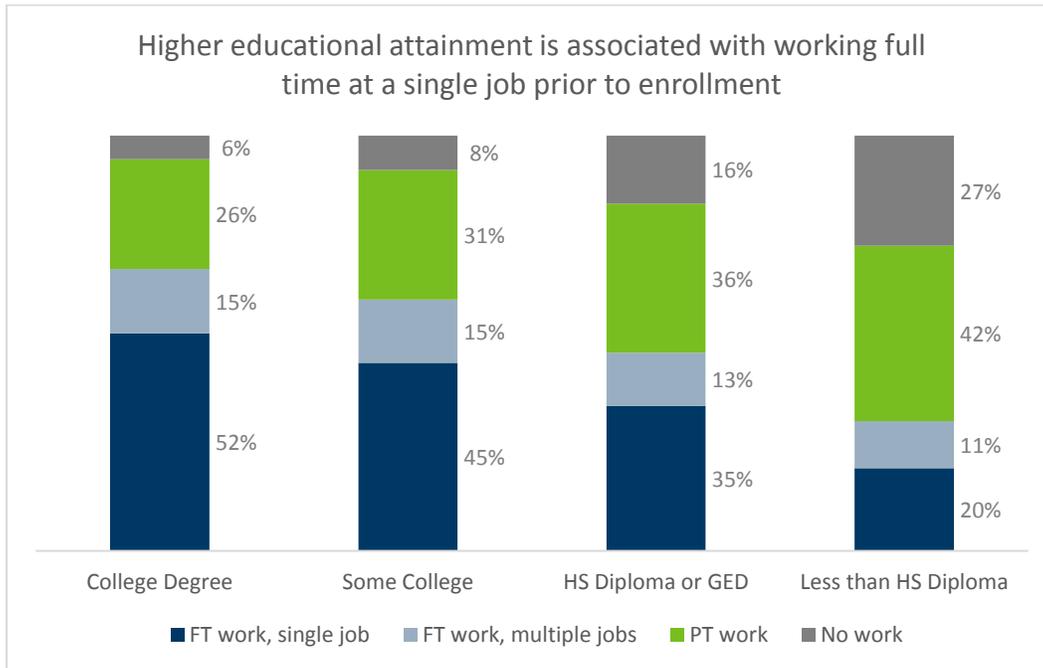


## How do trends vary across participant demographics?

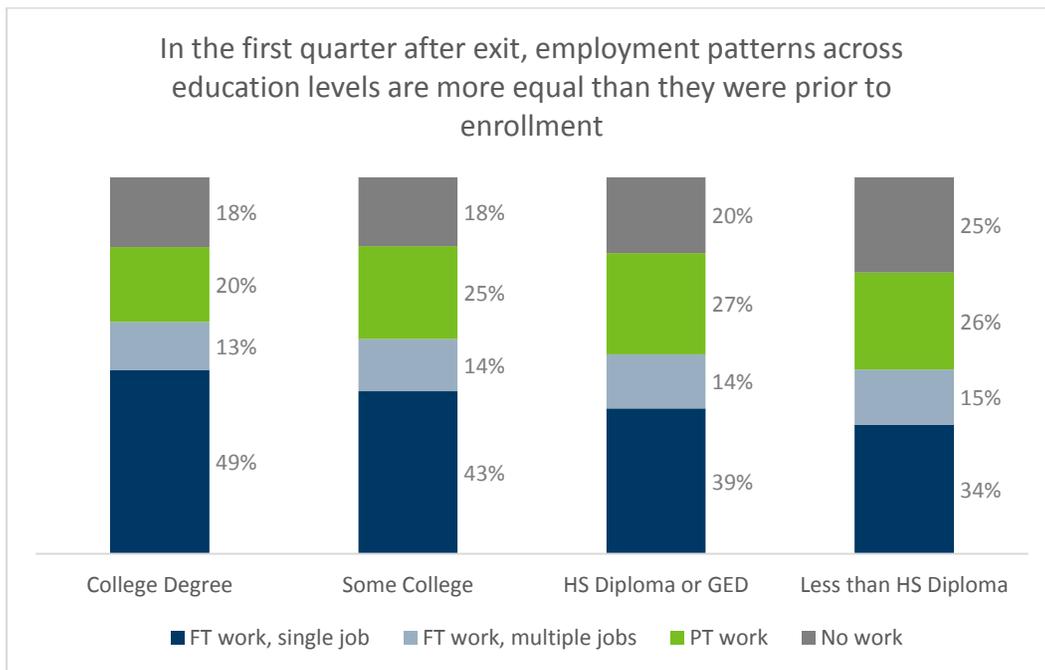
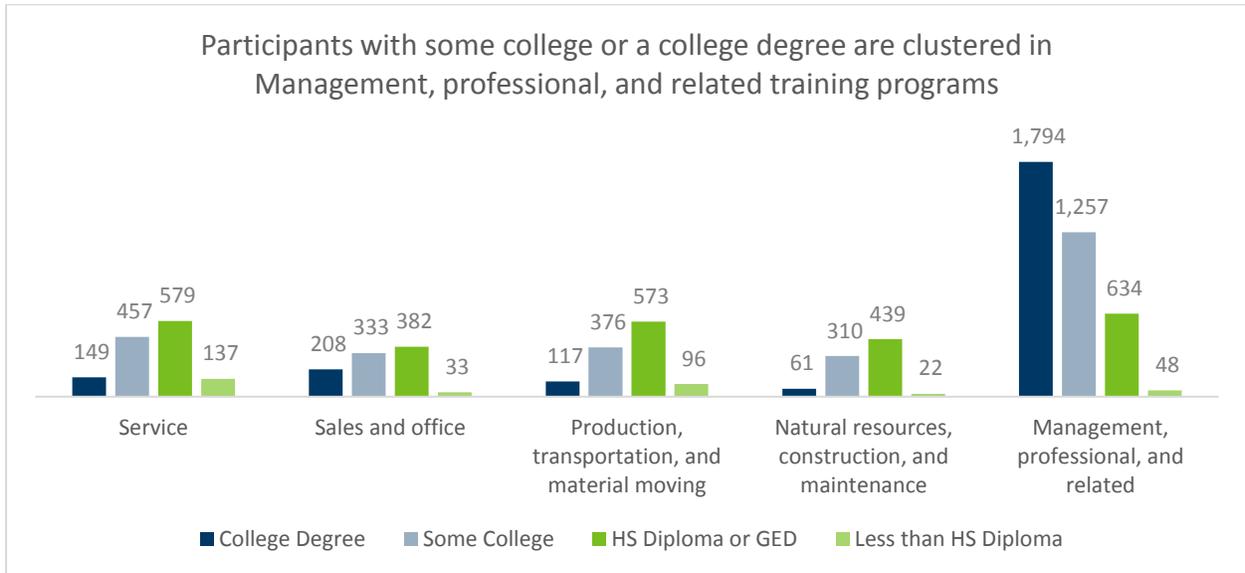
This section hones in on the cohort of participants served in SFY16 to explore current demographic trends.

### Highlights of trends by education level

By breaking out the report card metrics by educational level at the time of enrollment, we see stark differences in prior work history.



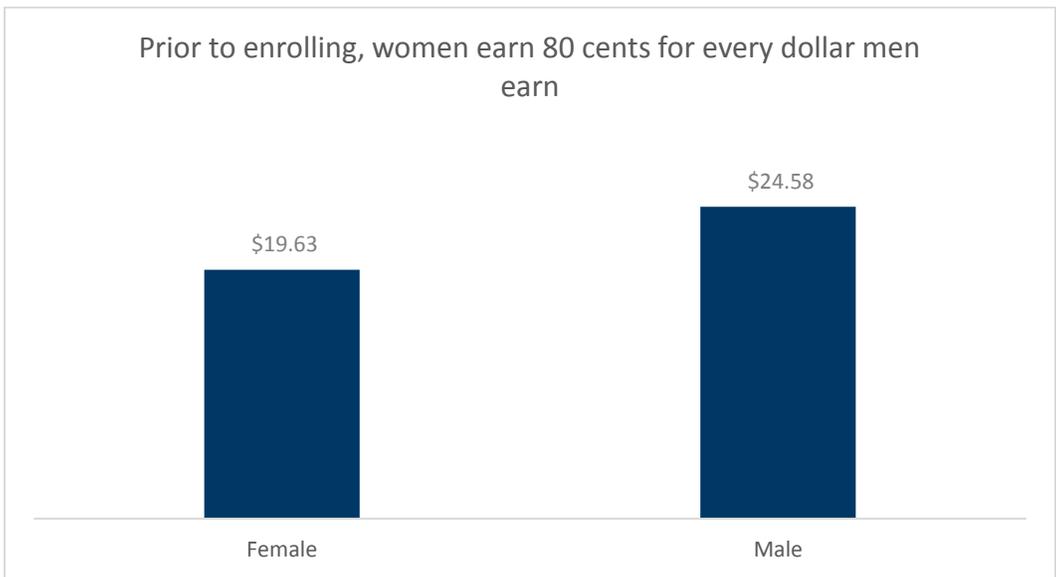
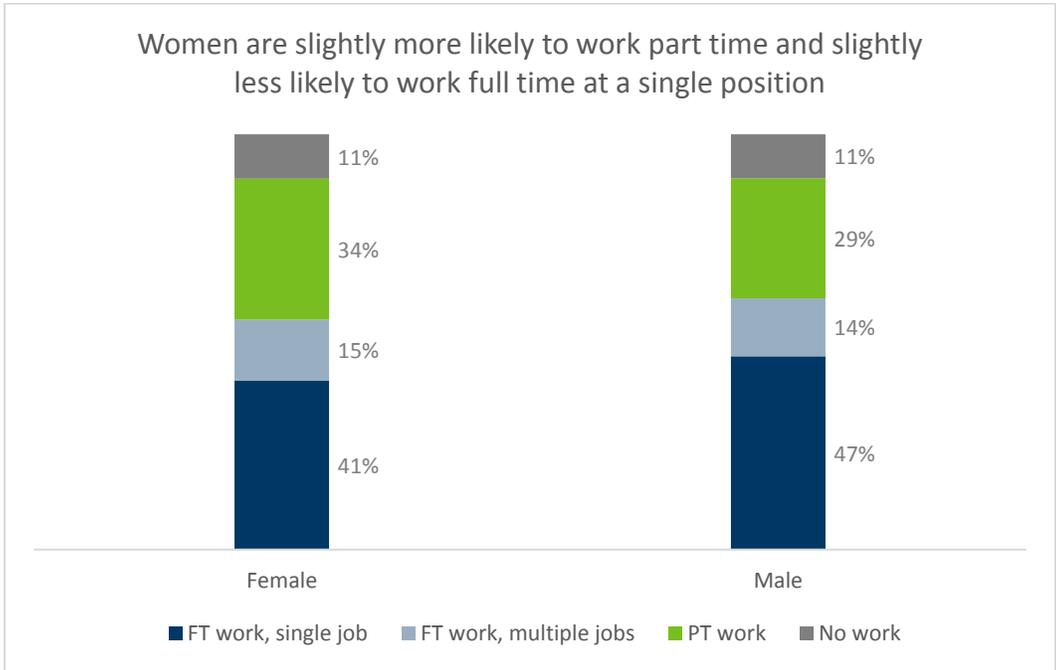
The attainment of some college, even if not a college degree, appears to open the door to Management, professional, and related training for participants in workforce development programs. Participants with lower educational attainment are relatively evenly dispersed by occupational training group.

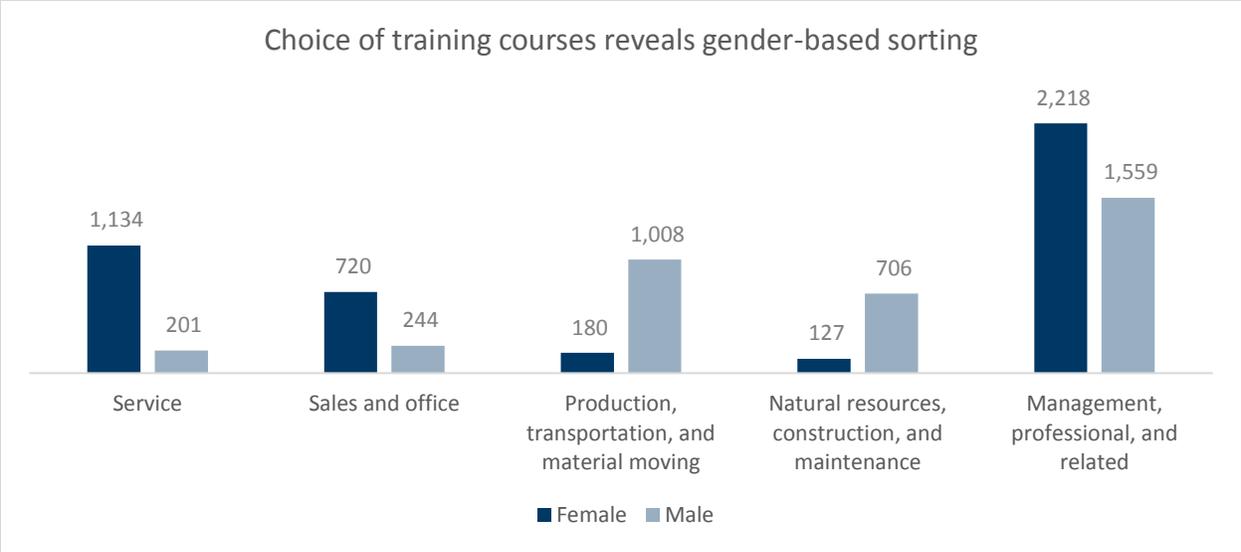


If patterns from earlier cohort appear in this more recent cohort, we can expect employment retention rates to show stark differences by education level. Among the SFY14 cohort, 20 percent of college degree holders retained full-time work with a single employer for eight quarters, compared to just 6 percent of participants with less than a high school diploma.

### Highlights of trends by gender

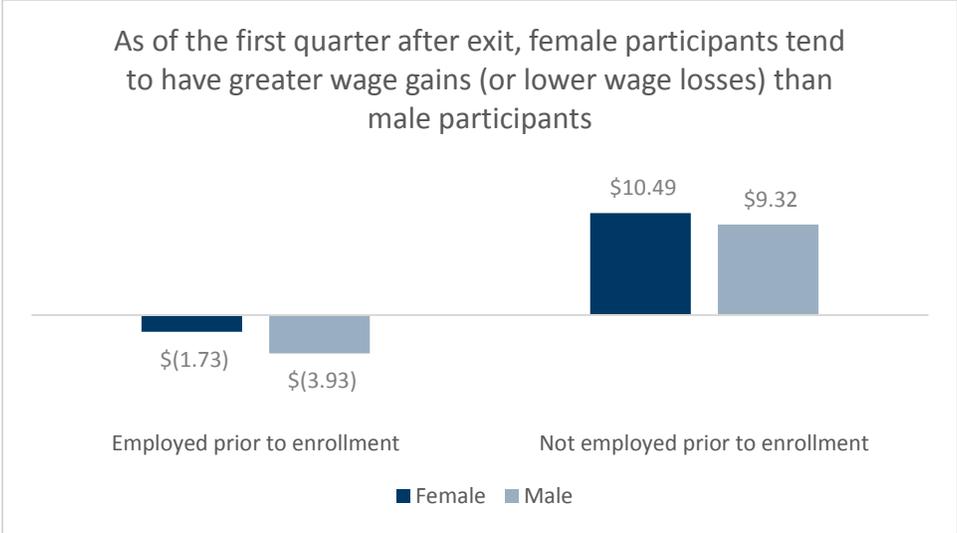
Employment rates by gender are very similar, but wages and occupations are not.





Gender-based sorting into occupations is a well-documented reality in the American economy. Although there are reasons to think this sorting signals inefficiencies in the labor market, workers may still be maximizing their own individual utility when taking into account scheduling flexibility and childcare responsibilities.<sup>2</sup>

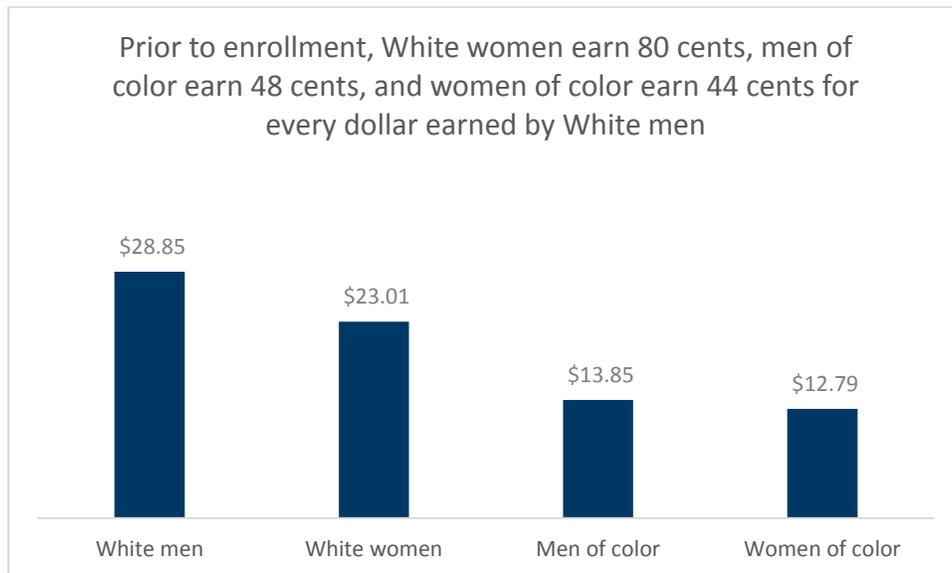
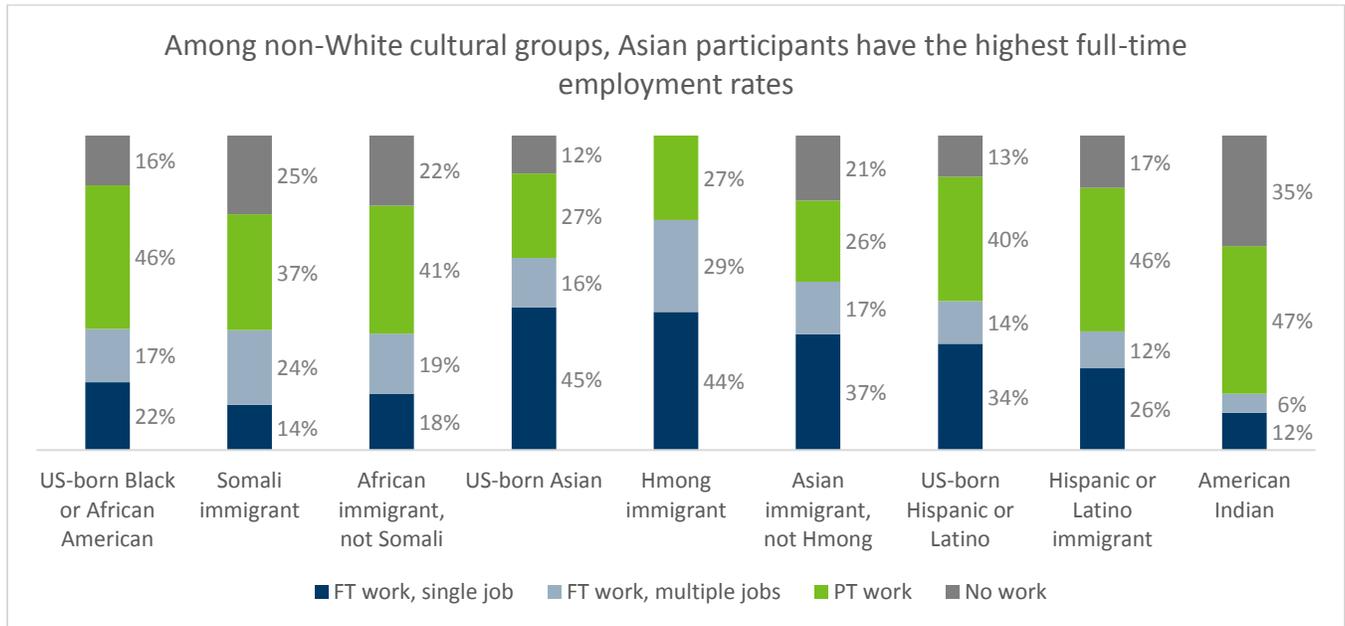
The report card shows the median wage change from the wage earned prior to enrollment to the wage earned after exit. It is important to evaluate this metric separately for participants who were employed prior to enrollment and for those who were unemployed. Gender differences here could simply reflect that wage gains are easier for populations that start out with lower wages, as women do, or it could signal that women are actually benefiting more from the programs.



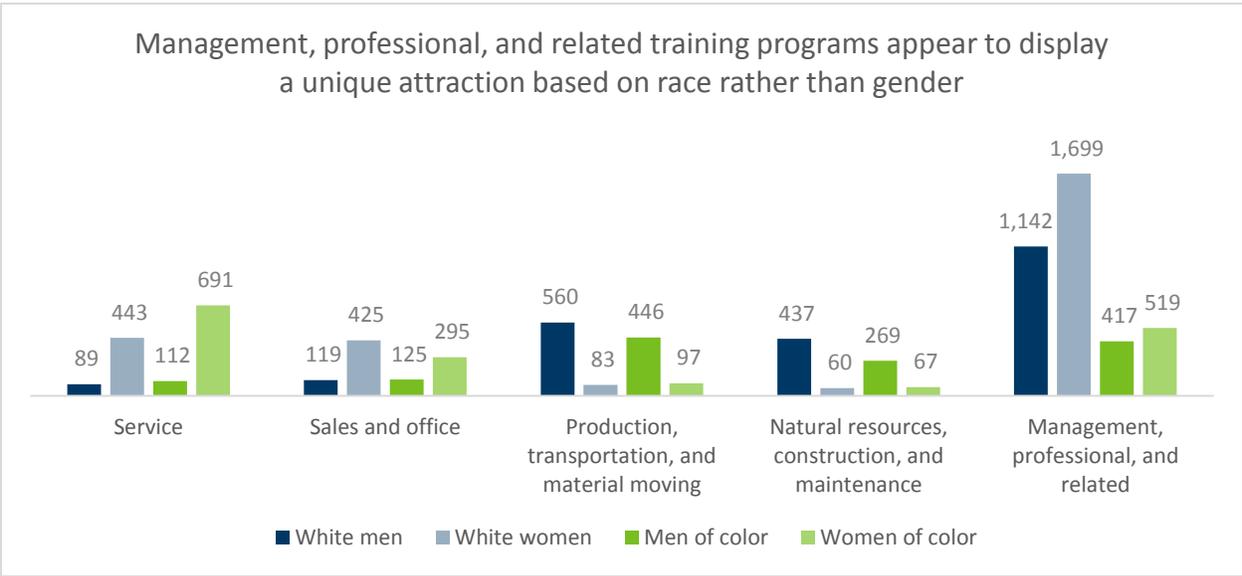
<sup>2</sup> For more on this, see a recent summary of the literature, “What is the gender pay gap and is it real?”, from the Economic Policy Institute at <http://www.epi.org/publication/what-is-the-gender-pay-gap-and-is-it-real/>.

### Highlights of trends by race and ethnicity

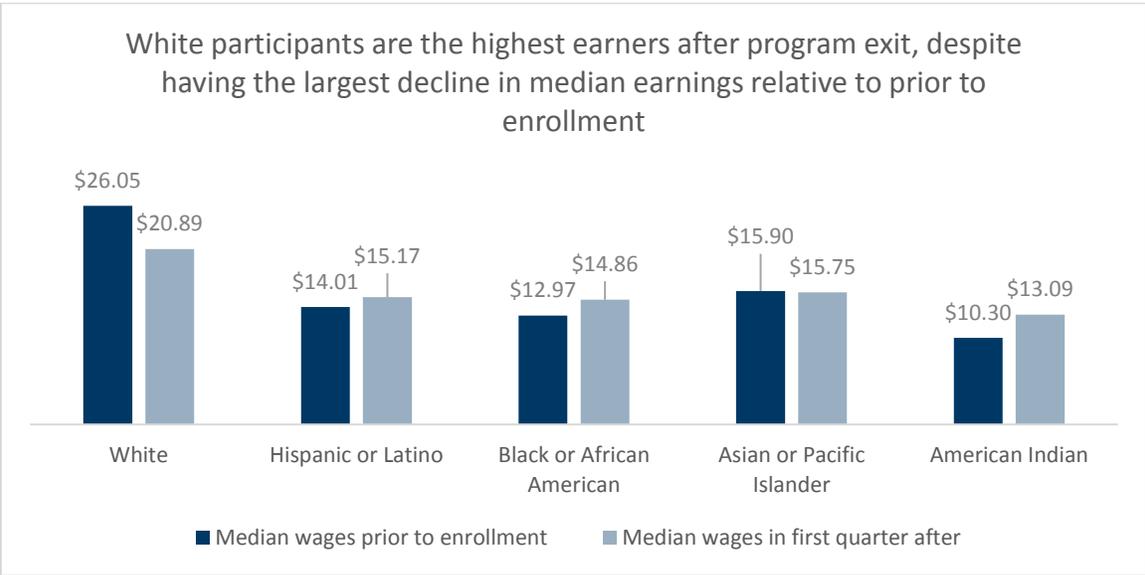
The report card has three different options for exploring race as a participant characteristic: broad racial categories, more detailed ethnic categories based on immigration status and language spoken, and gender within the White community and all communities of color together. The trends illustrated here will be familiar to those following racial disparities in Minnesota.



Once in the program, differences by race are apparent in patterns of training engagement.

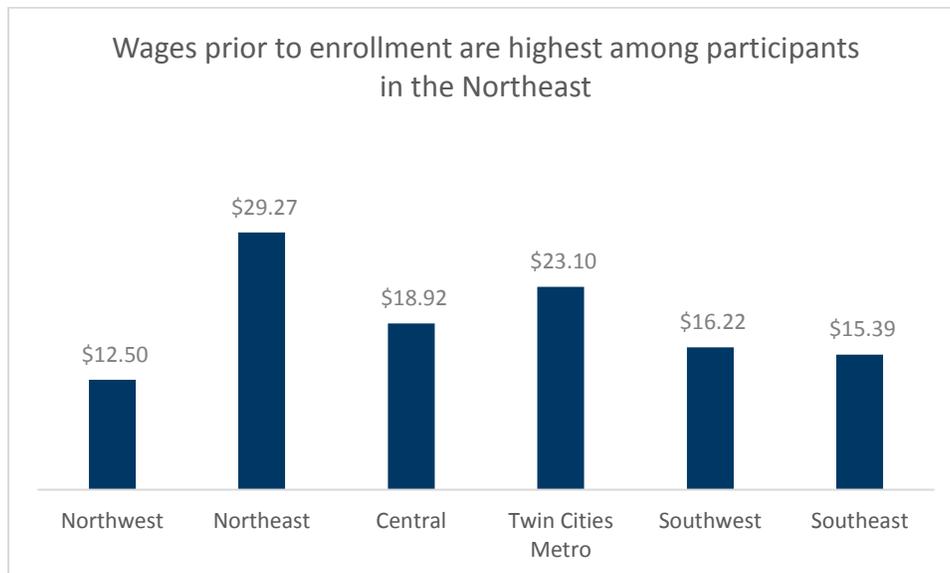
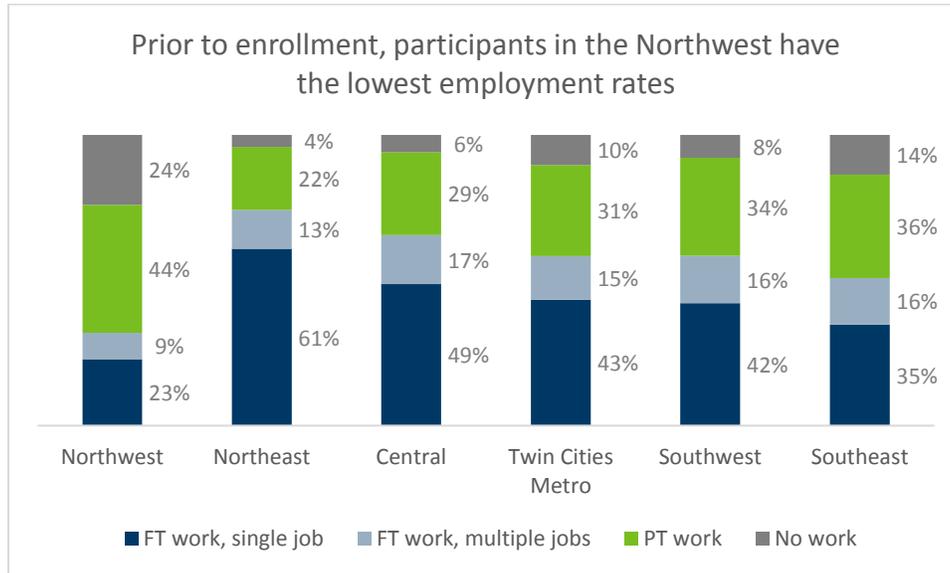


This pattern of training program choice may reflect underlying educational disparities between White participants and participants of color, as we have already seen *Management, professional, and related* training is concentrated among those with at least some college.

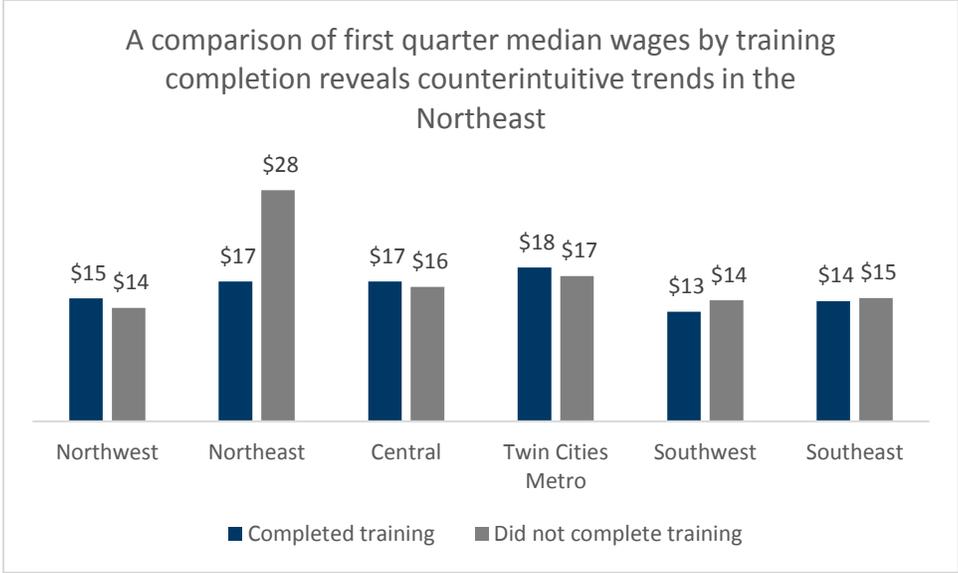


## Highlights of regional trends

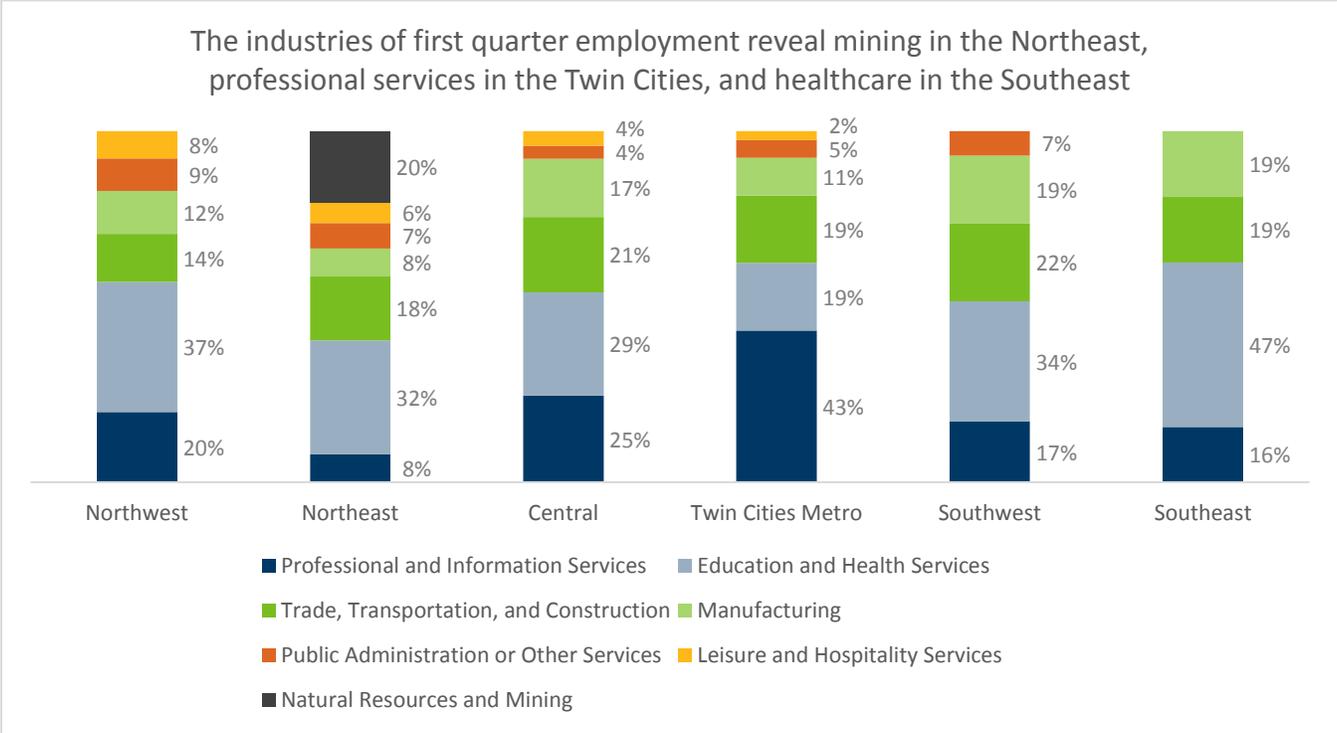
Minnesota’s regions face unique labor market challenges. In the time period covered by this report (July 2015 to June 2016), one prominent trend was layoffs in the Iron Range’s mining industry.<sup>3</sup> Workforce development program participants in the Northeast were much more likely to have had full-time, single-employer, high-wage employment prior to participation.



<sup>3</sup> For a recent news analysis of this story, see “Laid off for 18 months, Iron Range mineworkers prepare for uncertain future”, Minnesota Public Radio, 28 Nov 2016, at <http://www.mprnews.org/story/2016/11/28/laid-off-for-18-months-iron-range-mineworkers-prepare-for-uncertain-future>.



In the Northeast, workers who did not complete training through their program actually earned higher wages in the first quarter after exit than those who did—the result of laid off miners returning to the industry rather than retraining in a new field. We will need more time before we see these workers’ retention rates.



## What programs are included in the report card and how do they differ?

The programs captured in the report card have key differences in target populations and training strategies.

**Table 1. Select demographics, by program, among participants served July 2013 to present**

	Has a Disability	Homeless	Immigrant/Refugee	Has a Criminal Record	People of color	
<b>Programs</b>	Customized Manufacturing Trng Program	4%	10%		40%	
	Dislocated Worker Program	6%	0%	3%	18%	
	Low-Income Worker Training Program	9%		32%	8%	77%
	Pathways to Prosperity	10%	11%	20%	17%	69%
	WIOA Adult Program	8%	4%	11%	9%	38%
	Women in Nontraditional Jobs Program	8%			28%	59%
<b>Direct Appropriations</b>	American Indian OIC	9%	14%		76%	
	Latino Academy TTOIC		66%		100%	
	MDI	100%				
	Northwest Indian OIC	12%	15%		18%	88%
	RESOURCE Inc	57%	21%	21%	38%	60%
	Summit Academy OIC	4%			22%	92%
	Twin Cities RISE	5%	16%	7%	40%	72%
	YWCA St Paul					100%

**Table 2. Prior employment and training patterns among the SFY16 cohort, by program**

	Percent employed prior	Median wages prior, among those employed	Percent engaged in training	Percent of exiters who earned a credential	
<b>Programs</b>	Customized Manufacturing Trng Program	100%	\$18.29	100%	0%
	Dislocated Worker Program	98%	\$26.65	64%	26%
	Low-Income Worker Training Program	73%	\$11.71	83%	32%
	Pathways to Prosperity	69%	\$11.51	75%	52%
	WIOA Adult Program	76%	\$11.86	75%	61%
	Women in Nontraditional Jobs Program	71%	\$10.59	83%	58%
<b>Direct Appropriations</b>	American Indian OIC	51%	\$12.46	72%	0%
	Latino Academy TTOIC	78%	\$11.54	29%	0%
	MDI	54%	\$10.38	0%	0%
	Northwest Indian OIC	59%	\$9.89	47%	37%
	RESOURCE Inc	49%	\$11.67	90%	0%
	Summit Academy OIC	76%	\$11.29	100%	54%
	Twin Cities RISE	59%	\$10.95	100%	0%
	YWCA St Paul	76%	\$12.77	83%	70%

By statute, all state-funded workforce development programs administered by DEED’s Commissioner are included. Two programs specifically named in the statute—Minnesota’s Family Investment Program and Adult Basic Education—are *not* administered by DEED’s Commissioner. DEED is working with the agencies responsible for those programs to include them in the next report.

**How much do the programs in the report card cost?**

What are the costs associated with a typical workforce development program? Major costs include the cost of training (whether provided directly or paid as tuition to an educational organization), the cost of staff time working directly with clients, and the cost of any financial support provided to clients (such as gas vouchers or tools needed to start a new job). In addition, any organization requires basic administrative costs to function effectively, such as IT support, printing supplies, and rent. All of these costs are included in the program costs presented here.

Generally, funds appropriated by the Legislature can be spent over multiple years. We present the amounts actually spent in a given fiscal year.

**Understanding the impact of co-enrollment with other DEED programs**

Co-enrollment refers to when a person is actively involved and enrolled in two separate programs. This can be an effective way to serve someone if a second program can provide a unique service that will help make the participant successful.

Some DEED programs actively encourage co-enrollment, while the practice is rare with other programs.

**Table 3. Co-enrollment rates by program**

	Percent of participants co-enrolled in any other workforce development program reported to DEED
<b>Northwest Indian OIC</b>	48%
<b>Low-Income Worker Training Program</b>	47%
<b>Summit Academy OIC</b>	35%
<b>RESOURCE Inc</b>	34%
<b>Pathways to Prosperity</b>	26%
<b>Women in Nontraditional Jobs Program</b>	26%
<b>American Indian OIC</b>	24%
<b>WIOA Adult Program</b>	21%
<b>Twin Cities RISE</b>	17%
<b>YWCA St Paul</b>	17%
<b>Customized Manufacturing Training Program</b>	15%
<b>Latino Academy TTOIC</b>	3%
<b>Dislocated Worker Program</b>	3%
<b>MDI</b>	0%

Co-enrollment complicates cost accounting because when programs use multiple sources of funding to serve the same participant, they appear to have a lower cost per participant when looking at a single source of funding.

In a simplistic case, when a participant is co-enrolled in two different programs, both programs would bear half of the total cost of training and supporting that person into employment. If all participants in a given program are co-enrolled in a second program, that program will look half as costly as if no participants were co-enrolled.

**Understanding the impact of non-DEED funding**

Similarly, some programs and providers co-enroll participants in programs funded by federal or private sources outside DEED’s scope. DEED is not able to track this type of co-enrollment.

Wherever this is true, we are not capturing the full program cost, so programs look less costly than they really are.

**Program costs in SFY16**

The report card shows total administrative spending (broken out by DEED and local program provider spending) in addition to the total program spending, and a cost per credential in addition to the cost per participant. We present just the highlights here.

**Table 4. Total program cost and cost per participant, State Fiscal Year 2016**

	Total Program Spending in SFY16	Participants served in SFY16	Cost Per Participant in SFY16
(All Programs and Appropriations)	\$51,162,515	18490	\$2,767
Programs	Customized Manufacturing Training Program	39	\$4,050
	Dislocated Worker Program	12980	\$3,122
	Pathways to Prosperity	1624	\$2,208
	WIOA Adult Program	997	\$9,712
	Women in Nontraditional Jobs Program	121	\$2,520
Direct Appropriations	American Indian OIC	81	\$1,543
	Latino Academy TTOIC	981	\$108
	MDI	40	\$12,368
	Northwest Indian OIC	546	\$229
	RESOURCE Inc	103	\$3,280
	Summit Academy OIC	216	\$579
	Twin Cities RISE	177	\$1,124
	YWCA St Paul	76	\$4,799

\* The Low Income Worker Training Program does not have SFY16 costs available at the time of this printing.

Total program spending, and program spending per participant, vary widely across program. In total, programs spent over \$50 million with an average cost per participant of under \$3,000.

Program costs for SFY14 and SFY15 are available in the online report card.