Helping Dislocated Auto-Workers: Lessons from Community College Studies

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Stylized Facts—WA Dislocated Worker Project

• About 10 percent of dislocated workers enroll at WA-CCs.
• About half do not complete a single course.
• About one-quarter do not complete more than one high-return course.
• About one-tenth complete a substantial number of high-return courses.
• Dislocated workers often leave college when their UI benefits are exhausted.
Questions raised by the stylized facts

• Why do so many workers complete so few high-return courses?
• Why do workers who do well in high-return courses take so few of them?
Better opportunities come along.

• From independent job search.

• From leads obtained in school.

• From One-Stops and other organizations.

(Less likely in today’s environment.)
Workers do not select appropriate courses

- Workers do not have the needed preparation.
- Workers do not remember what it was like to attend school.
- Workers are not aware of the returns to different courses.

For workers who do well:
- Income support is insufficient
  (Less likely in today’s environment.)
Why course selection matters—completion depends on prior education, especially high school GPA
Why course selection matters—returns vary by field

• Very high-return: Health Related
• High-return: Professional
  – Accounting, Communications, Financial Services, Law, Management, and Marketing
• Moderate-return: Vo/Tech – Vocational/Technical
  – Building trades – Carpentry, Electrical, Masonry, etc.
  – Cosmetology/Barbering, Machinery/Automotive repair, Paralegal,
• STEM – Science, Technology, Engineering, and Math
• Social Sciences
• Low-return: Humanities
Certificate and AA field of study strongly affects earnings

Post-College Earnings Certificates & AAs

- **Humanities**
  - 25th Percentile: $26,812
  - Median: $45,968
  - 75th Percentile: $50,000

- **Social Science**
  - 25th Percentile: $30,922
  - Median: $33,476
  - 75th Percentile: $35,188

- **STEM**
  - 25th Percentile: $33,476
  - Median: $30,922
  - 75th Percentile: $28,528

- **Vo/Tech**
  - 25th Percentile: $30,922
  - Median: $33,476
  - 75th Percentile: $35,188

- **Professional**
  - 25th Percentile: $35,188
  - Median: $45,968

- **Health-Related**
  - 25th Percentile: $25,000
  - Median: $28,528
  - 75th Percentile: $30,922

- **Humanities**
  - 25th Percentile: $26,812
  - Median: $45,968
  - 75th Percentile: $50,000
Field of Study Affects Credential Attainment - Especially for “C” Students

Likelihood of completing a credential by field for students with 24+ credits
Why are inappropriate courses selected?

• Workers have poor information—unfamiliar with options.

• Colleges lack resources and incentives:
  – Paid per course, independent of course and program completion.
  – Payment unrelated to cost—high return courses often are costly.
  – Not rewarded for positive outcomes.
  – Cannot afford extensive counseling programs.
One-Stops can act as honest-brokers

• But they also lack resources.
• Lack accurate performance measures
  – Don’t measure value-added.
  – Create perverse incentives.

As a result outcomes are highly variable.
Ways to attain better outcomes

Help community colleges become more responsive to workers’ needs:

• Relate costs to benefits
• Improve incentives
• Increase resources
  – Reward persistence in high-return fields.
  – Fund assessment and counseling.
  – Fund high-cost high-return courses.
  – Create comprehensive performance measures
Increase the quality of One-Stop services

• Put more emphasis on assessment and counseling
  – Better describe expected returns to training
  – Better describe characteristics associated with success
  – Use vocational aptitude tests such as the ASVAB

• Improve performance measures and standards to hold One-Stops accountable for helping workers.

• Increase funding for JSA, supportive services, and training.
Areas for research and analysis

• Measure the value of high quality screening.
• Determine how institutional factors affect the value of screening for workers with different characteristics.
• Determine the response to changing incentives:
  – Changing performance measures and standards
  – Linking funding (cost) to benefits (outcomes).
BACK-UP SLIDES
The database

- Tracks all 225,000 students attending Florida public high schools in 1996 through high school, into college, and into the workforce 1996-07.

- Information:
  - **High school transcripts** — course name, when taken, grade.
  - **Attendance and enrollment** — days present/absent each year
  - **Demographics** — age, race, sex, and low-income (receipt of Free and Reduce Price Lunches (FRLs)).
  - **SAT/ACT test scores**.
  - **College transcripts** — course name, grade, when taken, institution.
  - **College credentials** — receipt of certificates and degrees.
    Certificates are awarded for attainment of career-oriented skills such as IT—programming, health—phlebotomist, trades—plumbing.
  - **Wage records** — quarterly earnings from each employer.
Timeline for a typical BA student

- Transition to high school—starting 9th grade in AY96 (fall 1996)
- Transition to college—fall 2000
- Transition to workforce—spring 2004
Factors strongly affect post-schooling earnings

• **Prior work experience** – raises earnings
  – Certificate students have more work experience than degree students in college the same amount of time.

• **Having a high GPA in high school** – raises earnings independent of field and # of college courses completed
  – Students with high GPAs would have higher earnings even without additional schooling

• **The number of college course completed** – raises earnings by
  – $500 per course for certificate students,
  – $0 per course for AAs, and
  – $200 per course for BA and grad students.
BA field of study modestly affects earnings

Post-College Earnings for BAs

- **STEM**: $46,052
- **Health-Related**: $45,680
- **Professional**: $39,912
- **Vo/Tech**: $39,360
- **Social Science**: $38,212
- **Humanities**: $33,552

Median
- Humanities Earnings
- Health Earnings
## HS Performance Influences Student Outcomes

<table>
<thead>
<tr>
<th>HS GPA</th>
<th>Attend College</th>
<th>Remain 1 year</th>
<th>Receive a credential</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>79%</td>
<td>70%</td>
<td>49%</td>
</tr>
<tr>
<td>B</td>
<td>63%</td>
<td>43%</td>
<td>15%</td>
</tr>
<tr>
<td>C or less</td>
<td>39%</td>
<td>19%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Higher Credentials are Associated with Higher Earnings

Difference in annual full-time earnings relative to next highest credential

<table>
<thead>
<tr>
<th>Highest Credential</th>
<th>$ Increase</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cert (vs some college)</td>
<td>$6,190</td>
<td>17%</td>
</tr>
<tr>
<td>AA</td>
<td>$1,762</td>
<td>4%</td>
</tr>
<tr>
<td>BA</td>
<td>$7,450</td>
<td>17%</td>
</tr>
<tr>
<td>Grad</td>
<td>$11,292</td>
<td>22%</td>
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