

Self Sufficiency Fund: 2008-2009 Exit Cohort Report



The Self-Sufficiency Fund helps families in poverty obtain training, get jobs and become independent of government financial assistance.

Breaking the cycle of poverty is extremely challenging, both for individuals and public policy. A primary reason individuals become mired in this cycle is a lack of education: low incomes lead to low education levels which in turn ensure low incomes, a process which often persists over generations (Marger 2010). In addition, due to negative externalities connected with the structure of the tax code (credits like the Earned Income Tax Credit) and means-tested transfer payments like SNAP/Food Stamps, the effective marginal tax rate for low income individuals can be extremely high, as much as 100 percent for some earners (Kotlikoff and Rapson 2006). Why would an individual earning \$25,000 per year switch to a job where she could earn \$30,000 per year if this increase in earnings led to a net loss in income due to the individual's inability to qualify for government benefits? This phenomenon becomes increasingly pronounced as earners approach the discontinuity for qualifying for transfer payments and/or low-income tax credits, and creates an incentive to remain unemployed or employed part-time rather than move into higher-wage jobs which could lead to self sufficiency.

One way to reduce this problem is to increase individuals' human capital through education, empowering them to find jobs that pay enough to propel them out of poverty. However, without a connection to the dynamics of the local labor market—the workforce needs of local employers and the strongest sectors in terms of job growth and wages—education alone is often insufficient to break the cycle of poverty. Employer-customized training programs are a proven solution to help accomplish the policy goal of moving poor and low-income individuals towards independence from government assistance. The State of Texas' main vehicle to provide customized training to low-income individuals is the Self-Sufficiency Fund (SSF), funded by state general revenue (Texas Labor Code §309.002), with a budget of \$3,243,413 in the most recent fiscal year (2010).

Multiple recent studies have shown that employer involvement, the hallmark of customized training, improves earnings and employment outcomes for trainees (see, e.g. Grubb 1996; Kane and Rouse 1999; Duane and Gill 1997, Mathur et. al. 2004; Holzer and Martinson 2005; Maguire et. al. 2009; Martinson 2010). In addition to employer involvement, the focus on the strongest sectors in and deep understanding of the local economy that SSF grantees can achieve have been empirically demonstrated to particularly benefit SSF's target population of younger, low-income adults (Maguire et. al. 2009; Roder and Elliot 2011).

The type of training provider also matters: sub-baccalaureate training providers like those receiving SSF grants “can be nimble allies of employers and other workforce partners in providing training that is specific to the needs of a particular employer or industry...and allow ‘ownership’ at the company level in order to foster a greater tie-in with local economic development authorities” (Romer 2009). Incumbent worker training programs like SSF are a strategy the literature highlights as particularly effective at improving outcomes for low-skill workers, who might not receive training otherwise (Martinson 2010).

The primary challenge facing these programs is to continue strengthening connections between businesses, training providers and local workforce and economic development entities (Holzer and Nightingale 2009).

INTRODUCTION

PURPOSE OF THE REPORT

Senate Bill 281 (2003) requires the Texas Workforce Commission (TWC) to, at least annually, issue an analysis of the job placement performance of each workforce development program by occupation and by training provider (possibly including other relevant data), for the previous one-year, three-year, and five-year periods. TWC's Labor Market and Career Information (LMCI) department fulfills this mandate. We provide these data in the spirit of continuous improvement and do not seek to single out or punish any program, provider or geography. LMCI's mission is to improve the way Texans make career and educational decisions by providing useful and reliable information about careers, educational training options and jobs. For more information, visit www.lmci.state.tx.us.

STRUCTURE OF THE REPORT

This report addresses the set of individuals (cohort) that exited Self Sufficiency Fund programs in 2008-2009. The report examines a snapshot of the cohort's outcomes, i.e. their employment and median earnings, in the fourth quarter of 2009 (Q42009). Three-year and five-year snapshots of this cohort's outcomes in Q42012 and Q42014 will be added to the report as the data become available. The report's body provides a high-level overview and analysis of the data. Detailed tables of all measures discussed here can be found in the appendix.

METHODOLOGY

LMCI received 28,634 SSF seed records from the Policy and Service Delivery Department of TWC's Workforce Development Division for participants exiting in 2008-2009. Each seed record represents a unique combination of a participant's Social Security Number (SSN) and a program service. Because participants often receive more than one service, the input file includes many duplicate records, which LMCI condenses into one unique record per participant. After removing duplicates, 1,602 unique records remained for analysis. LMCI also links the seed record to Texas Bureau of Vital Statistics data to identify and exclude deceased participants. After performing this exclusion, 1,564 participants remained in the analysis.

LMCI then links the seed record files to several government databases to determine outcomes. The primary database we used for this report is the TWC Unemployment Insurance (UI) database, which contains information on employment status and earnings. We also performed linkages to the Texas Higher Education Coordinating Board (THECB) master enrollment file to identify participants enrolled in post-secondary education, and the Federal Employment Data Exchange System (FEDES) to locate any participants employed in federal civil service or the military.¹ If linkages to these databases result in a match, LMCI retains the participant's earnings and the North American Industry Classification System (NAICS) code of the employer of record for analysis. If a participant has multiple employers, LMCI adds that participant's wages across NAICS codes and uses the NAICS of the employer paying the most wages for

¹ FEDES includes employment data from the Department of Defense, the Federal Office of Personnel Management and the US Postal Service, although linkages to US Postal Service data were not performed for this cohort.

analysis. If a participant has the same earnings across multiple employers, LMCI retains the NAICS of the employer with the most employees.

For the one-year analyses, LMCI defines “performance” as laid out in Senate Bill 281 using two basic metrics: employment and median quarterly earnings in a given period after exit (Q42009 in this case). We report median quarterly earnings rather than mean quarterly earnings due to the wide range of earnings reported. Median quarterly earnings are a more robust measure of central tendency and prevent extreme observations from skewing the results.

In 2010, LMCI made a slight alteration in the way we report services provided for the Skills Development Fund. On average, most participants take multiple courses in multiple programs. However, to effectively calculate participant earnings, the data must be unduplicated. In this process, valuable information regarding courses taken was lost. As a result, starting from the 2010 report on the 2008-2009 exit cohort, we report the total number of times each course was taken rather than assigning one course to each participant. This allows the reader to determine which classes were taken overall, but the sum totals will not match other the cohort total.

For the three-year and five-year (“longitudinal”) analyses, LMCI reports employment and median quarterly earnings three (or five) years after exit and employment retention over the period (i.e., the percentage of individuals employed at program exit still employed three or five years later). We then compare these outcomes across various categories such as industry of employment or occupation which vary with each program’s data collection requirements. LMCI always reports outcomes by training provider and variables capturing occupation to comply with our mandate under SB 281, but we include demographics or other observed participant characteristics when available.

CAVEATS ABOUT THE DATA AND ANALYSIS

To our knowledge, there is no better source of data on labor market outcomes than UI wage records, but these data have some limitations. UI wage records do not cover individuals engaged in certain types of employment ranging from domestic workers to railroads.² The collection of UI wage data involves editing to clean incoming data. However, inaccurate wage records may remain in the system unless and until a claim for UI benefits is filed. SSNs are not validated against a national database, so fraudulent SSNs may be present in the data as well as multiple individuals using one SSN (leading to outlandishly high earnings in some cases). Neither occupational title nor hours worked per quarter are reported, preventing us from calculating hourly wage and determining relatedness of training to employment or part-time/full-time status. This characteristic of the data sometimes leads to very low earnings in the case of individuals who worked for only part of a quarter we sampled. Despite these limitations, data from UI wage records provide an invaluable glimpse of post-exit achievements of workforce training participants.

Many factors, particularly the dynamics of the local economy and interplay with national and international trends all drive the metrics we use. The metrics tell part of the story about performance, but should not be used alone to make judgments about the quality (or lack thereof) of a single provider, Workforce Development Area or program.

RESULTS: SELF SUFFICIENCY FUND 2008-09 EXITERS

In total, 1,592 SSF participants exited the program in 2008-2009. After linking data to the Texas Bureau of Vital Statistics' database to identify and exclude deceased participants, 1,564 participants remained for analysis. Our snapshot of cohort outcomes for the fourth quarter of 2009 (Q42009) found 84.6 percent of the exit cohort employed (Figure 1). Most participants, 94.9 percent, successfully completed their SSF training. Successful program completers were employed at a much higher rate in Q4 2009 than non-completers: 68.5 percent compared to 46.2 percent. Linkages with Texas Higher Education Coordinating Board data found 6.1 percent of the 2009 SSF exit cohort enrolled in post-secondary education (this number includes both participants enrolled in higher education but not working, and participants simultaneously working and enrolled in higher education).

The median quarterly earnings for the cohort were \$4,777, approaching the Texas median worker's 2009 quarterly earnings of \$6,663 (Figure 2).³ The first quartile of earnings was \$2,863 and the third quartile was \$6,830. Successful completers had over twice the median earnings of those who did not complete the training (\$4,844

FIGURE 1
OVERALL OUTCOMES, SSF 2008-2009 EXITERS, Q42009

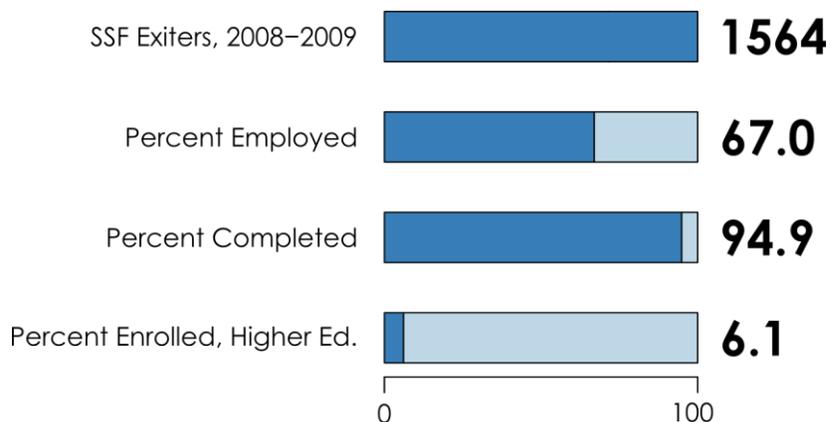
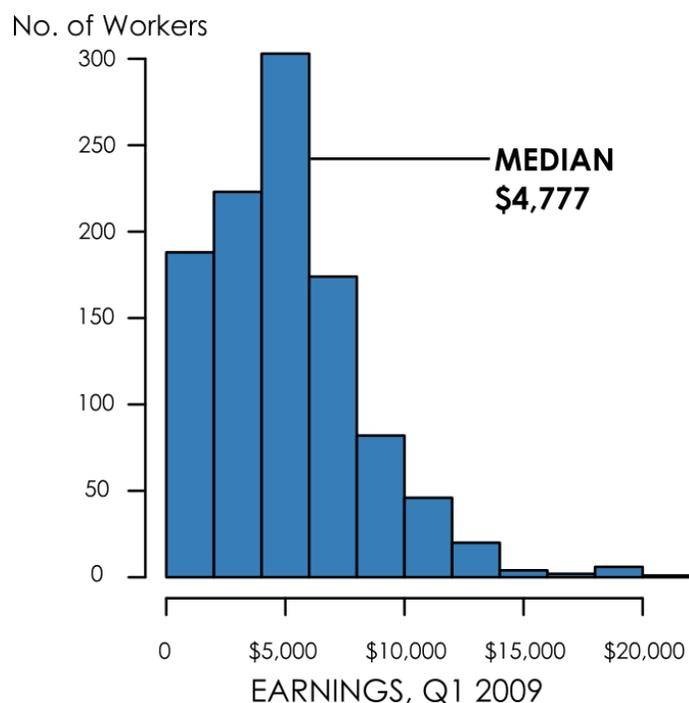


FIGURE 2
DISTRIBUTION OF EARNINGS, SSF 2008-2009 EXITERS

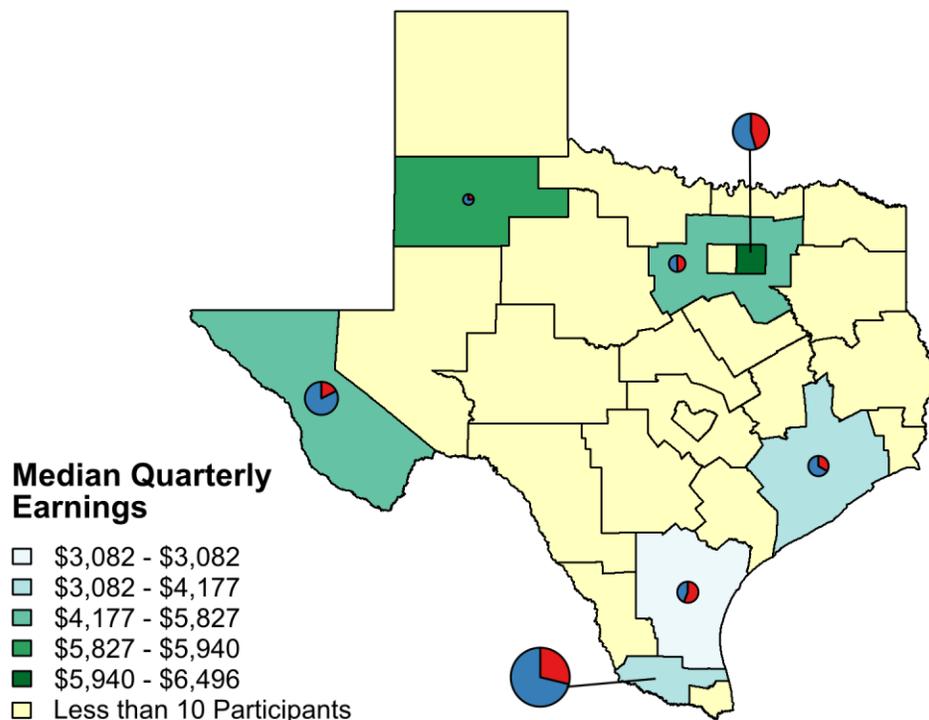


³Texas median quarterly worker earnings were derived by dividing estimates of annual median worker earnings from the US Census Bureau's American Community Survey (2009 one-year estimates) by four.

for successful completers compared to \$2,094 for those who did not complete the program successfully).

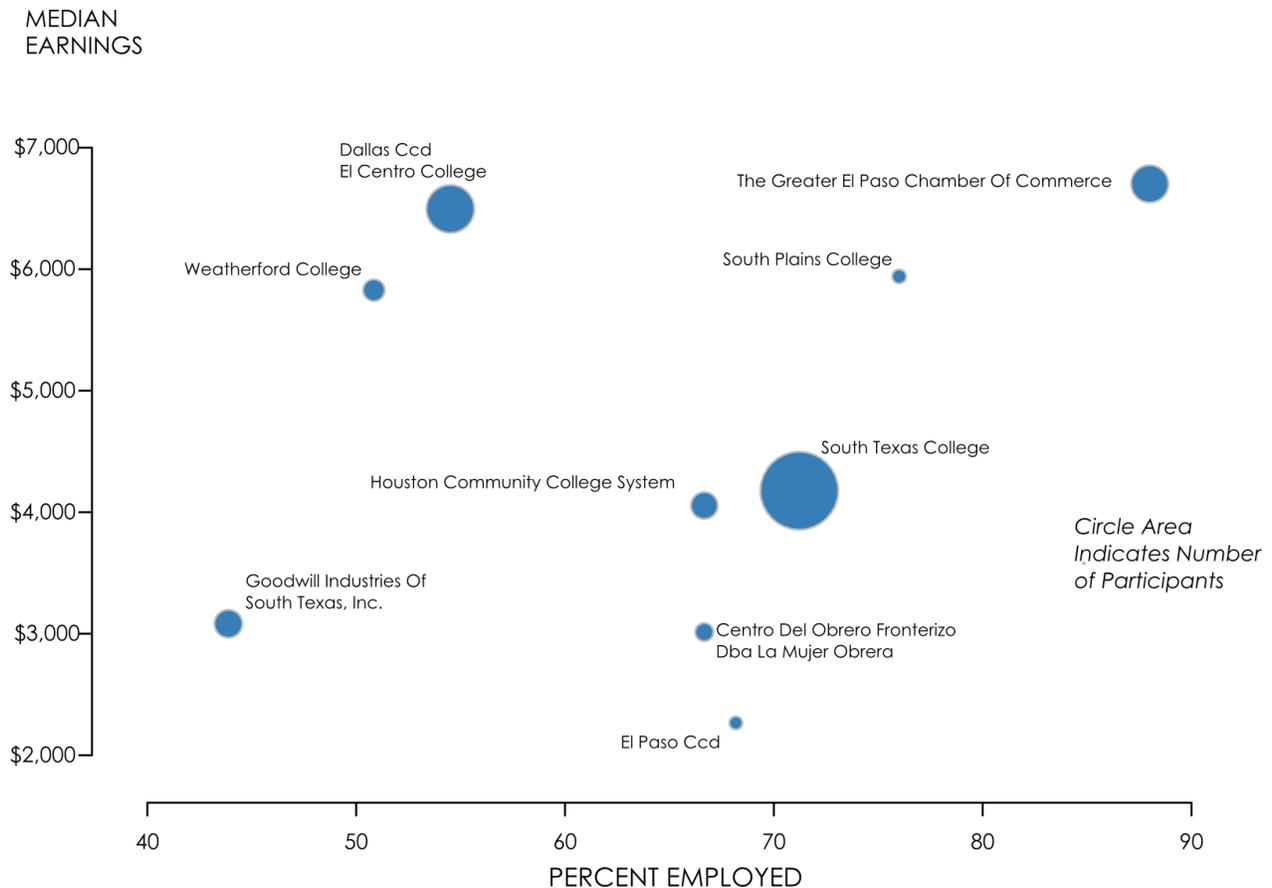
Of seven Workforce Development Areas (WDAs) where SSF participants from the 2008-2009 exit cohort were found, Lower Rio Grande Valley WDA (McAllen-Harlingen) had the most SSF participants, 761, almost half of the cohort. Upper Rio Grande WDA (El Paso) had the highest post-exit employment rate at 82.4 percent. Dallas WDA had the highest median earnings (\$6,574). Figure 3 shows employment and earnings by WDA. The blue areas of the pie charts on each WDA represent the percent of each WDA's share of the cohort found employed in Q42009. The shading shows WDA median quarterly earnings (darker is higher).

FIGURE 3
OUTCOMES BY GEOGRAPHY (LWDA)



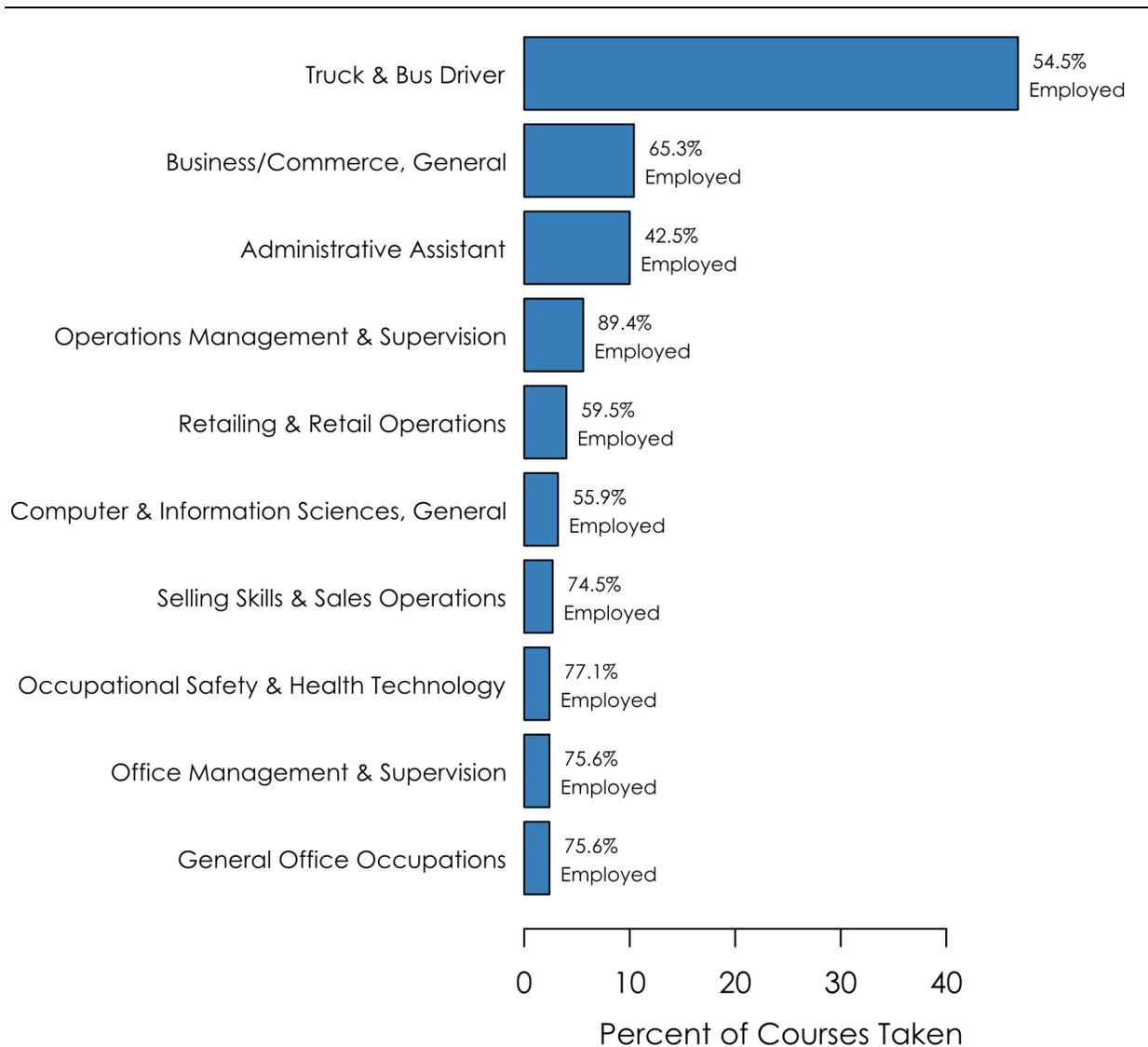
The nine training providers who trained SSF 2008-2009 exiters included community colleges such as El Centro College in Dallas. They also included community organizations like the Greater El Paso Chamber of Commerce. South Texas College in McAllen continued to be the SSF program’s workhorse, serving 761 participants or nearly half of the exit cohort and still achieving the third-best employment outcomes, over 71 percent. The Greater El Paso Chamber of Commerce had the best outcomes, far exceeding the other providers in employment and earnings (88.0 percent employed and median quarterly earnings of \$6,702). This strong performance was perhaps attributable to expert knowledge of the workforce needs of local businesses and strong relationships with these businesses. The average number of participants per provider was 156. Figure 4 compares outcomes across all training providers: the percent of participants employed during the study period is shown on the horizontal axis, median quarterly earnings on the vertical axis and number of participants by the area of the circle.

FIGURE 4
OUTCOMES BY TRAINING PROVIDER



Classification of Instructional Program Programs (CIP) codes are a system to organize and describe academic programs and fields of study. Since SSF participants take courses from community colleges, CIP codes provide an effective way to compare actual services SSF provided. SSF participants took courses in a variety of CIP codes, and most participants took multiple courses (four on average). As a result, we have presented courses by CIP in Figure 5 as a percent of all courses taken rather than as a percent of the cohort. Figure 5 also displays the percent employment of individuals who took these courses. For example, over 40 percent of all courses taken were in the Truck & Bus Driver CIP/program area, and 54.5 percent of individuals who took a course in Truck & Bus Driver were found employed in Q42009.

FIGURE 5
TOP TEN COURSES TAKEN (CIP)

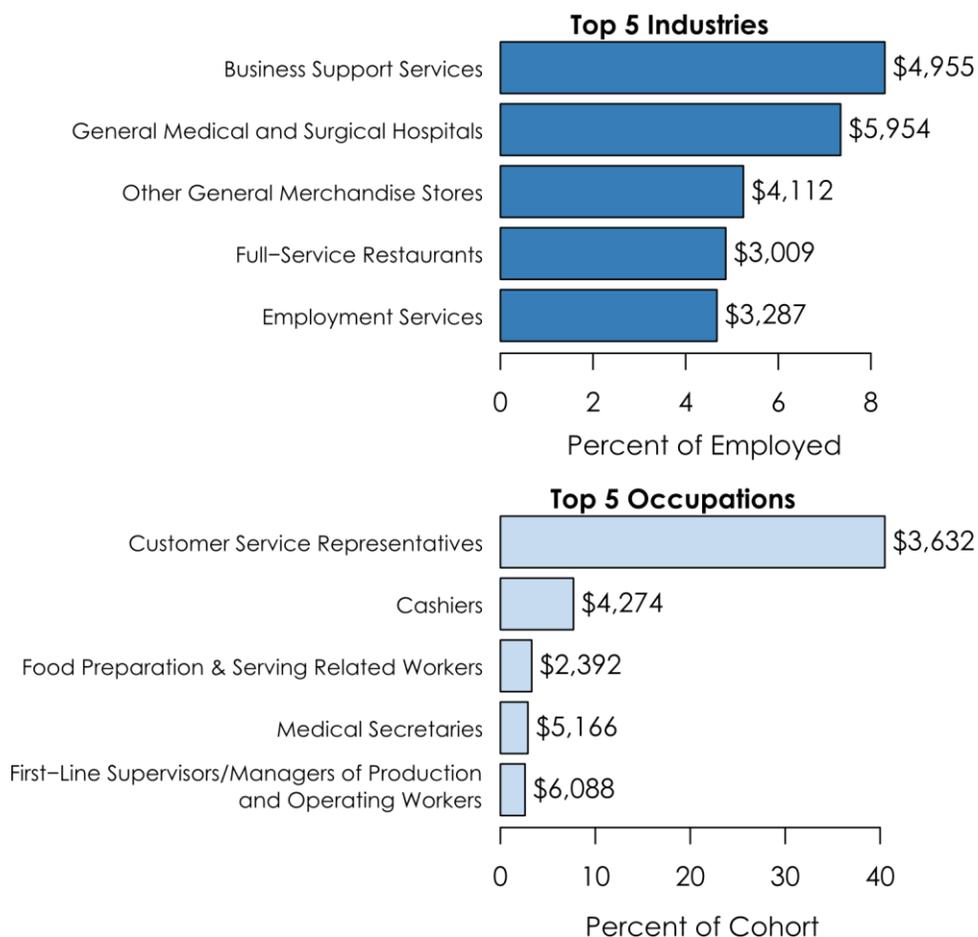


SSF participants were employed in diverse industries (North American Industrial Classification System or NAICS codes). Of the top five industries, Business Support Service (largely temporary staffing agencies), employed the most participants: 8.3 percent of the cohort. General Medical and Surgical Hospitals had the highest median quarterly earnings, \$5,954. Figure 5 shows the top five NAICS by employment, the percent of the cohort they employed and median quarterly earnings.

In terms of occupations (associated with Standard Occupational Codes) reported for SSF participants, Customer Service Representatives was by far the largest, employing close to 44 percent of the cohort and perhaps best interpreted as a demonstration of the strength of the call center industry in the Rio Grande Valley.)

See the Appendix for detailed tables on the 2008-2009 SSF exit cohort.

**FIGURE 5
TOP FIVE OCCUPATIONS (SOC), PROGRAMS (CIP) & INDUSTRIES (NAICS) WITH MEDIAN
QUARTERLY EARNINGS**



APPENDIX: DETAILED TABLES

“.” Indicates data withheld due to small cell size, to protect the personal information of participants.

Table 1

Outcomes by Completion Status, 2008-2009 SSF Exiters

Exit Status	N	% Working	Median Earning
Completed, Successfully	1,484	68.5	\$4,844
Completed, Not Successfully	26	46.2	\$2,071
Dropped Out	40	40.0	\$2,232
Other	14	.	\$1,979
Total	1,564	67.0	\$4,777

Table 2

Outcomes by Geography (LWDA), 2008-2009 SSF Exiters

LWDA	N	% Working	Median Earning
Upper Rio Grande	239	82.4	\$5,775
South Plains	25	76.0	\$5,940
Lower Rio Grande Valley	761	71.2	\$4,177
Gulf Coast	90	66.7	\$4,055
Dallas	288	54.5	\$6,496
North Central	59	50.9	\$5,827
Coastal Bend	98	43.9	\$3,082
North East Texas	.	.	.
Total	1,564	67.0	\$4,777

Table 3**Outcomes by Industry of Employment, 2008-2009 SSF Exiters**

NAICS Title	N Working	% of Cohort	Median Earning
Business Support Services	87	8.3	\$4,955
General Medical and Surgical Hospitals	77	7.3	\$5,954
Other General Merchandise Stores	55	5.2	\$4,112
Full-Service Restaurants	51	4.9	\$3,009
Employment Services	49	4.7	\$3,287
Home Health Care Services	44	4.2	\$3,676
Limited-Service Eating Places	34	3.2	\$2,311
Agriculture, Construction, and Mining Machinery Manufacturing	32	3.1	\$7,093
General Freight Trucking	31	3.0	\$6,707
Grocery Stores	29	2.8	\$3,429

Table 4**Top Ten SSF Programs of Study (CIP Codes), 2008-2009 Exiters**

CIP	% of Courses Taken	N	N Working	% Working
Operations Management & Supervision	5.6%	301	269	89.4
Occupational Safety & Health Technology	2.4%	131	101	77.1
Office Management & Supervision	2.4%	127	96	75.6
General Office Occupations	2.4%	127	96	75.6
Selling Skills & Sales Operations	2.7%	145	108	74.9
Business/Commerce, General	10.4%	559	365	65.3
Retailing & Retail Operations	4.0%	215	128	59.5
Computer & Information Sciences, General	3.2%	170	95	55.9
Truck & Bus Driver	46.8%	2,520	1,374	54.5
Administrative Assistant	10.0%	537	228	42.5
Total	100.0	5,389	3,231	60.0

Table 5
Top Ten Occupations (SOC Code), SSF 2008-2009 Exiters

SOC Title	N	% of Cohort	% Working	Median Earnings
Medical and Clinical Laboratory Technicians	24	1.5%	91.7%	\$5,602
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First-Line Supervisors/Managers of Production and Operating Workers	40	2.6%	87.5%	\$6,088
Other Medical Support	20	1.3%	85.0%	\$5,988
Medical Secretaries	45	2.9%	84.4%	\$5,166
Cashiers	120	7.7%	70.0%	\$4,274
Food Preparation and Serving Related Workers, All Other	51	3.3%	66.7%	\$2,392
Customer Service Representatives	633	40.5%	66.0%	\$3,632
No Occupation Provided	409	26.2%	55.3%	\$5,744
Welders, Cutters, Solderers, and Brazers	38	2.4%	50.0%	\$4,916

Table 6**Outcomes by Training Provider, 2008-2009 SSF Exiters**

Provider	N	% Working	Median Earnings
The Greater El Paso Chamber Of Commerce	175	88.0	\$6,702
South Plains College	25	76.0	\$5,940
South Texas College	761	71.2	\$4,177
El Paso Community College District	22	68.2	\$2,266
Centro Del Obrero Fronterizo Dba La Mujer Obrera	42	66.7	\$3,013
Houston Community College System	90	66.7	\$4,055
DCCD-El Centro College	288	54.5	\$6,496
Weatherford College	59	50.9	\$5,827
Goodwill Industries of South Texas, Inc.	98	43.9	\$3,082
Northeast Texas Community College	.	.	.
Total	1,564	67.0	\$4,777

Table 8

Higher Education Dashboard, Self Sufficiency Fund 2008 - 2009 Exiters

Summary of Linkage	N	% of Cohort	Median Earnings
Working Only	977	62.5	\$4,858
Pursuing Higher Education Only	24	1.5	\$0
Working & Pursuing Higher Ed.	71	4.5	\$3,581
All Enrolled	95	6.1	\$1,836
Not Verified*	492	31.5	\$0
Total	1,567	100.0	2,913

Higher Education Enrollment By Institution Type	N	%
Community and/or Technical Colleges	83	87.4
Public/Private Universities & Health Science Centers	12	12.6
Total Found Enrolled	95	100.0

Top LWDAs by Enrollment	N	N Enrolled	% of All Enrolled
South Plains	25	.	.
North Central	59	.	.
Dallas	288	7	2.4
North East Texas	.	.	.
Upper Rio Grande	239	6	2.5
Coastal Bend	98	9	9.2
Lower Rio Grande Valley	761	65	8.5
Gulf Coast	90	.	.

Top Public Postsecondary Institutions	N	% of All Enrolled	Program of Study	N	% of All Enrolled
South Texas College	55	57.9	Nursing	19	20.2
U. Texas-Pan American	8	8.4	Liberal Arts and Sciences	18	19.2
Del Mar College	7	7.4	Allied Health & Medical Assisting Svc.	9	9.6
El Paso CCD	6	6.3	Teacher Education	8	8.5
			Criminal Justice and Corrections	7	7.5

*"Not Verified" indicates participants not located through the administrative databases used to document outcomes.

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