

TRANSMITTAL #6

MEMORANDUM

November 15, 2012

TO: Workforce Development Council

FROM: Roger Madsen, Director
Idaho Department of Labor *Roger B. Madsen*

SUBJECT: Workforce Development Training Fund Assessment and Response

Background:

In September 2012 an in-depth analysis was completed on the Workforce Development Training Fund. Since the program's inception, 278 contracts have been written. This report focuses on 160 contracts for the time period from 2000-2009. A copy of the report can be obtained at the department website at www.labor.idaho.gov/publications. This transmittal highlights the positive impact these training funds have on participating workers, wages and job retention. It also recommends areas in need of administrative process improvements, which are being made by the department.

Positive Worker Outcomes Reported:

- Training fund trainees realized annualized average wage increases of 6.2 percent over the two years following training while wages for the private sector labor force only increased 2.8 percent.
- Fifty-seven percent of all workers trained through the fund received wage increases two years after training.
- Eighty-five percent of training fund trainees still held their jobs, either with the participating employer or a different employer, two years after participation in training.

Effectiveness by Industry

The analysis found the subsidized training was more effective for some industries than others. Financial services and information services, which employed about 1,900 of the workers trained under the fund, proved effective. In the case of call centers, which employed nearly half the 17,700 trained workers analyzed, the results were mixed, while construction and agriculture - which only accounted for around 200 workers combined - did not. The fund now focuses on high growth sector industries and no longer supports third-party call centers.

• Data Quality Process Improvements:

The report also highlighted some data quality reporting issues that require administrative process improvements to assure quality control over training reimbursements.

- There were 404 individual workers (2.2 percent of the 17,700 workers trained during the assessment period) for which a training reimbursement was made, but no record of those individuals working for the employer was found in the department's unemployment insurance system during contract period or two years after training.
- There were two cases in which a training reimbursement was made for individuals who had Social Security numbers for deceased individuals during or before contract period. These instances occurred in 2001 and 2002, and records could not be found to determine whether they also involved erroneous Social Security numbers. The department's new process prohibits training reimbursement until trainee Social Security numbers match the department's wage file.

The large majority of these errors are attributable to data input errors. In order to improve data quality, the department is establishing the following improved procedures:

- A desk guide will be developed so that all processes and procedures are documented.
- A WDTF trainee spreadsheet will cross match against internal unemployment insurance systems to eliminate errors in data reporting. Specifically the new automated system will:
 - Cross match Social Security numbers entered in the WDTF spreadsheet with our internal system to ensure the number is correct and matches the correct worker name.
 - Cross match the employer's Federal Employer Identification Number with our internal system to ensure accuracy and that it matches the correct employer name and that the company is still active.
 - Cross match Social Security numbers with the employer's Federal Employer Identification Number to ensure worker received wages from the WDTF employer during the contract period.
 - The spreadsheet will only allow an individual Social Security number to be listed once per employer.

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