Retraining the Unemployed at Community Colleges

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Conclusions

- Community Colleges generate “normal” returns.
  - Not necessary to acquire a credential.
  - Limited evidence: older displaced workers can benefit.
- Lots of heterogeneity by courses, skills, and gender.
  - Unskilled likely cannot benefit.
- Participation patterns are consistent with these “impacts.”
- Impact of on earnings losses are small.
- Consider “serious” wage insurance for older workers
Retraining the Workforce

- Will retraining help reduce high unemployment?
- Can training offset displaced workers' earnings losses?
- Does it work?
- Who benefits?
- How much “investment” is required?
Who Are the Unemployed?

Unemployment Rates in April 2008 & August 2009
(For Civilian Labor Force 25 and Over)

Percentage of the Labor Force

- HS Dropout
- HS Graduate
- Some College
- BA or Higher
Who Gets Training?

- Private sector training goes disproportionately to the highly skilled.
- Community college “retraining” goes disproportionately to those with at least some prior college education.
- Women get more CC retraining than men.
  - Take different kinds of courses.
- Participation declines with age.
### B. Participation Rates and Community College Credits Completed by Displaced Workers

(credits accumulated in Washington State community colleges by workers displaced between fall 1989 and 1995)

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</thead>
<tbody>
<tr>
<td>Men under 35</td>
<td>.168</td>
<td>29.5</td>
<td>33.9</td>
<td></td>
<td>.27</td>
<td>.16</td>
<td>.16</td>
<td>.15</td>
<td>.19</td>
<td>.13</td>
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<tr>
<td>Men 35 and over</td>
<td>.109</td>
<td>27.4</td>
<td>34.0</td>
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<td>.33</td>
<td>.16</td>
<td>.16</td>
<td>.12</td>
<td>.11</td>
<td>.12</td>
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<tr>
<td>Women under 35</td>
<td>.235</td>
<td>27.9</td>
<td>32.9</td>
<td></td>
<td>.22</td>
<td>.17</td>
<td>.15</td>
<td>.14</td>
<td>.12</td>
<td>.12</td>
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<tr>
<td>Women 35 and over</td>
<td>.172</td>
<td>23.5</td>
<td>30.8</td>
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<td>.29</td>
<td>.16</td>
<td>.14</td>
<td>.11</td>
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### Long-term Impact on Quarterly Earnings Per C.C. Credit

<table>
<thead>
<tr>
<th>Gender/ Age Group</th>
<th>All Courses</th>
<th>Group 1 Courses</th>
<th>Group 2 Courses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males &lt; 35</td>
<td>$9.10</td>
<td>$12.10</td>
<td>$5.80</td>
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<tr>
<td>Males &gt; 35</td>
<td>$8.90</td>
<td>$12.40</td>
<td>$4.20</td>
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<tr>
<td>Females &gt; 35</td>
<td>$12.10</td>
<td>$23.70</td>
<td>$5.50</td>
</tr>
<tr>
<td>Females &lt; 35</td>
<td>$9.60</td>
<td>$18.50</td>
<td>$4.30</td>
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</table>
## Estimated Percentage Impact of 1 Year of Courses on Earnings

<table>
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<tr>
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<th>Group 1 Courses</th>
<th>Group 2 Courses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males &lt; 35</td>
<td>7.7%</td>
<td>10.2%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Males &gt; 35</td>
<td>5.5%</td>
<td>7.8%</td>
<td>2.6%</td>
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<tr>
<td>Females &gt; 35</td>
<td>12.9%</td>
<td>25.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Females &lt; 35</td>
<td>8.7%</td>
<td>16.9%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>
Have Not Included Networking Effects of Community College

- "Just Showing Up" Effects.
- Washington State Estimates Per Quarter:
  - Males < 35: $109
  - Males > 35: $148
  - Females < 35: -$76
  - Females > 35: $72
- Imprecise estimates
- Might add 2.5% points to SRI for men.
How Much Investment is Needed?

- Unskilled?
  - Not clear what to do with this group.
  - 40 years of evaluation ...
  - Supported Work/Public Employment?

- Some college education or more:
  - 3 years full-time will offset losses.
  - Cost = direct + indirect ~$100,000.
More Research is Needed

- Little is known about retraining decisions and benefits of retraining for adults.
- Substantial heterogeneity in effects.
  - By prior skills.
  - By types of courses.
  - By labor market
- Networking effects of community college
- Administrative data exists.
My Pitch to Encourage More Use of Administrative Data

- (I) Quarterly wage records.
- (II) Community college transcript records.
- (III) Unemployment insurance claims records.