

Retraining the Unemployed at Community Colleges

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Conclusions

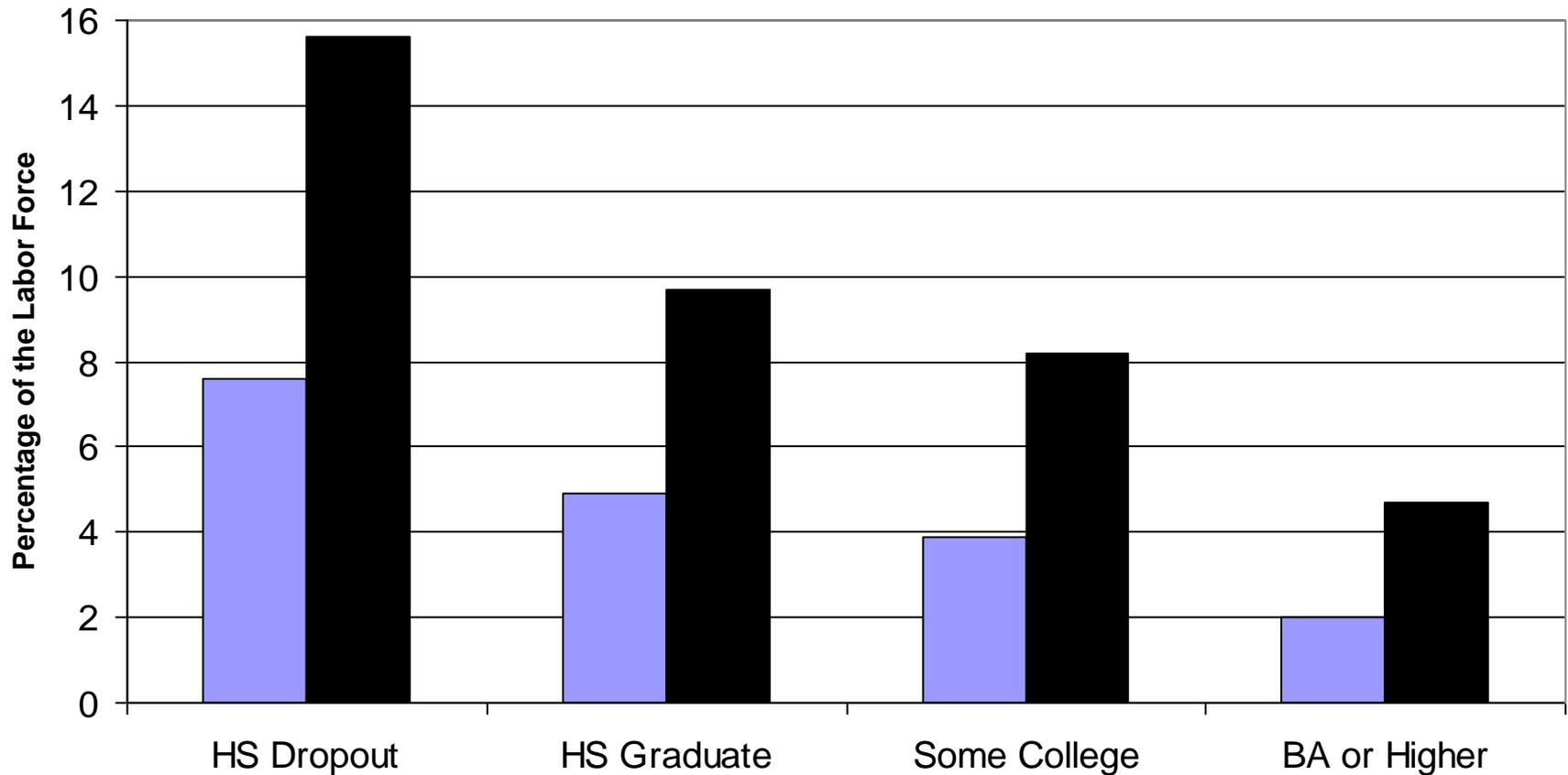
- Community Colleges generate “normal” returns.
 - Not necessary to acquire a credential.
 - Limited evidence: older displaced workers can benefit.
 - Lots of heterogeneity by courses, skills, and gender.
 - Unskilled likely cannot benefit.
 - Participation patterns are consistent with these “impacts.”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

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



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.
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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)

<i>All Credits:</i>	<i>Rate^a</i>	<i>Mean^b</i>	<i>Std. Dev.^c</i>	<i>Number of Completed Community College Credits (Fraction)</i>					
				<i>1-5</i>	<i>6-10</i>	<i>11-20</i>	<i>21-40</i>	<i>41-75</i>	<i>75+</i>
Men under 35	.168	29.5	33.3	.27	.16	.16	.15	.13	.13
Men 35 and over	.109	27.4	34.0	.33	.16	.16	.12	.11	.12
Women under 35	.235	27.3	32.3	.32	.17	.15	.14	.12	.12
Women 35 and over	.172	23.5	30.8	.39	.16	.14	.11	.10	.10

Long-term Impact on Quarterly Earnings Per C.C. Credit

Gender/ Age Group	All Courses	Group 1 Courses	Group 2 Courses
Males < 35	\$9.10	\$12.10	\$5.80
Males > 35	\$8.90	\$12.40	\$4.20
Females > 35	\$12.10	\$23.70	\$5.50
Females < 35	\$9.60	\$18.50	\$4.30

Estimated Percentage Impact of 1 Year of Courses on Earnings

Gender/ Age Group	All Courses	Group 1 Courses	Group 2 Courses
Males < 35	7.7%	10.2%	4.9%
Males > 35	5.5%	7.8%	2.6%
Females > 35	12.9%	25.3%	5.8%
Females < 35	8.7%	16.9%	3.9%

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.
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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 off set losses.
 - Cost = direct + indirect ~\$100,000.
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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.
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