

***S*ate *T*raining and *E*mployment *P*rogram**
Financial Review
For the Period
July 1, 2006 - June 30, 2007

Prepared by:
STEP Staff

Alaska Department of Labor and Workforce Development
Division of Business Partnerships

January 2009

FINANCIAL REVIEW FOR FY07

Total Program Revenue	
Revenue Balance Beginning of year:	\$1,537,429
Revenue this year:	<u>5,780,725</u>
Total Revenue Available:	\$7,318,154

Administration Expenditure, by budget line item:	
Personal Services 71000	\$216,308
Travel 72000	5,921
Contractual 73000	114,585
Supplies 74000	3,023
Equipment 75000	826
Grants 77000	<u>80,382</u>
Total Administration Expenditures:	\$421,045

Training and Other Services, by Program Element:	
Industry Specific Training	\$1,573,672
On the Job Training	292,560
Job Linked Training	0
Support Services	1,874,574
Relocation Assistance	0
Reimbursable Support	<u>0</u>
Total Training and Other Services:	\$3,740,806

Cost per participant Served: \$3,740,806/1,591 =	\$2,351
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Cost per participant Exited: \$3,740,806/1,457 =	\$2,567
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Total UI Expended	\$286,431
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Note: UI received a direct appropriation, separate from DBP.

Total Expended	\$4,448,283
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Revenue Balance as of June 30, 2007	\$2,869,871
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Note, the difference between the number of participants Served and the number Exited, indicates that some participants have not completed training within the fiscal year and will be Exited upon completion of training and needed support services. The number of participants served and exited includes persons served by more than one provider.

Commissioner Click Bishop
STEP Annual Report

***S*te *T*raining and *E*mployment *P*rogram
Annual Program Performance Review
July 1, 2006 - June 30, 2007**

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For a copy of this or previous STEP reports, please contact the Alaska Department of Labor and Workforce Development, Research and Analysis Section at (907) 465-4500 or visit our website at <http://almis.labor.state.ak.us> and click on Training Information to locate and download a copy.

HIGHLIGHTS

- There were a total of 1,571 active STEP participants in FY07, with 1,445 participants exiting the program in that year, which was a 10 percent decline from FY06. For participants exiting in FY07, 60.3 percent were eligible for STEP because they were unemployed.
- Almost 95 percent of FY07 exiting STEP participants had Alaska wage and salary employment within the 12 months following their exit from the program. More than 89.0 percent of the exiting participants were employed in the first quarter following exit. This rate of post-training employment is higher than the employment rate for any other program currently evaluated by the Alaska Department of Labor and Workforce Development in the Annual Training Program Performance Report-2007 prepared for the Alaska Workforce Investment Board.
- FY07 exiting STEP participants earned over \$62 million in Alaska wages in the year following exit, a 17.6 percent increase over total pre-training earnings in the year prior to entry into the program.
- Post-training UI benefits payments were comparable to prior year's activity, but pre-training benefits were much less than paid in prior years due to the relative strength of the economy during that time period and the fewer STEP participants that were UI claimants at enrollment. In the 12 months prior to entering STEP, FY07 exiting participants were paid approximately \$1.2 million in unemployment insurance (UI) benefits on claims initiated during that period. In the 12 months following exit, these program participants were paid approximately \$1.6 million in UI benefits on new claims, a 31.8 percent increase in total benefits paid when comparing the pre-training versus post-training period.
- STEP expenditures totaled \$4.45 million in FY07. STEP provides services that benefit the participants in the long term. About 89.7 percent of participants that exited STEP in FY04 were still Alaska residents in calendar year 2007 and approximately 82.4 percent of the participants had Alaska wage and salary earnings in FY07.

OVERVIEW

STEP is administered by the Department of Labor and Workforce Development and funded by one-tenth of one percent of employee contributions to the Unemployment Insurance (UI) Trust Fund. The purpose of STEP is to reduce current and future claims against unemployment benefits, foster new jobs due to the availability of a skilled labor force, and increase training opportunities to the state's workers to protect against fluctuations in the economy and to prepare for technological changes in the workplace. Services to participants include: industry specific, customized employer-linked, or on-the-job training; and training related supportive services.

A full year of post-training employment and earnings information must be available in order to fully and accurately evaluate the performance of the program. Due to the lag in availability of employment and earnings data this annual report focuses on employment, earnings and unemployment insurance claim activity of participants that exited the program in state fiscal year 2007 that ended June 30, 2007. This is the most recent participant group for which a full year of post-training outcome information is available. Performance outcome data for prior year's participants are presented, along with FY07 participant counts.

MEASURING PERFORMANCE

Thirteen performance measures to evaluate STEP were approved by the Alaska Workforce Investment Board (AWIB) and became effective July 1, 2003. At this time, we are able to measure all but one measure. Measure 13 (Exhibit 1) cannot be calculated because participant credential information is not currently maintained in the STEP database.

Based upon the performance of those participants exiting STEP in FY07, the program exceeded the performance goals set by AWIB for 9 of the remaining 12 measures (See Exhibit 1).

For Measure 8, post-training unemployment insurance payments increased by 31.8 percent. This measure can be affected by the STEP program participant unemployment insurance history at application, the industries in which participants choose to work and the general health of the Alaska economy. Pre-training unemployment insurance benefit payments for FY07 exiters were much lower than the historical average.

Measure 9 looks for no more than 45 percent of STEP participants that have received unemployment insurance benefits in the 12 months prior to entry into STEP to receive unemployment insurance benefits in the 12 months following exit from STEP. For the FY07 population, about 61.3 percent did have some unemployment insurance activity during the year following exit from STEP, missing the goal.

Measure 12 asks that 75 percent of STEP participants employed during the first quarter following exit be employed in the occupation targeted in their Individual Employment Plans. Based upon a match with UI wage records to determine post-training occupational employment, the program missed this target by 6.3 percent.

Exhibit 1
STEP Performance Measures
FY07 Goal and FY07 Actual

Measures	FY07 Goal	FY07 Actual
1. At least 75% of all STEP participants will be employed in the first quarter following program exit.	75%	89.1%
2. At least 75% of the former STEP participants were employed within the first four quarters following exit.	75%	94.9%
3. Of the STEP participants who received training services and were employed in the first quarter following exit, 55% will be employed in the third through fourth quarters. Note: Goal increased from 50% for FY04 as required by AWIB.	55%	71.6%
4. The median wage of former STEP participants seven (7) to twelve (12) months following program exit will be greater than the median wage seven (7) to twelve (12) months prior to program registration.	Median Wage Greater	Pre=\$15,366/ Post=\$19,235
5. Of those STEP participants who were employed in the first quarter after exit, 55% will be employed in the fourth quarter following exit. Note: Goal increased from 50% for FY04 as required by AWIB.	55%	86.1%
6. The total earnings change between the 12 months prior to registration as compared to earnings in the 12 months following exit will be greater than the total STEP training expenditures for the fiscal year of program participation.	\$4.45 M expend.	\$9.34 M ^{1/} earnings chg.
7. At least 75% of employed STEP participants will be employed in the Alaska Workforce Investment Board defined priority industries or occupations.	75%	75% ^{2/}
8. Total UI payments paid to STEP participants in the 12 months prior to registration will decrease by 40% in the 12 months following the STEP program exit.	-40%	+31.8%
9. Of those STEP participants who were UI claimants in the 12 months prior to program registration, no more than 45% will receive UI benefits in the 12 months following program exit. Note: Goal changed from 50% for FY04 as required by AWIB.	45%	61.3%
10. Of those STEP participants receiving UI benefits at registration, 55% will not have exhausted the total amount available under their UI claim. Note: Goal increased from 50% for FY04 as required by AWIB.	55%	68.4% Did Not Exhaust
11. At least 75% of customer satisfaction survey respondents (participants) will indicate they were satisfied with the overall quality of the training program with a score of 5 or better on a scale of 1 to 10.	75%	96.9%
12. At least 75% of the STEP participants employed in the first quarter following exit who received training services will be employed in the occupation identified in their Individual Employment Plan. (Based upon a 2-digit SOC match for those with both an occupation in their IEP and a reported SOC code from UI wage records in the first quarter following exit from STEP.)	75%	68.0%
13. At least 75% of the STEP participants receiving training service(s) will attain a credential or certificate of completion.	75%	N/A ^{3/}
^{1/} Change in total STEP program earnings from 12 months prior to registration to 12 months after program exit. ^{2/} Based upon the most recent list of priority industries and occupations developed by the Alaska Workforce Investment Board. Priority industries include construction, health care, seafood processing, tourism related, information technology, transportation and education. ^{3/} Data not currently maintained by the Division of Business Partnerships. Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section		

THE SUCCESS OF STEP

FY07 exiting STEP participants had the highest median earnings and the highest percentage of participants employed during the 12 months following exit when comparing STEP with all training programs monitored by the Alaska Department of Labor and Workforce Development and presented in the publication "Training Program Performance-2007." STEP has consistently had the highest post-training program employment rate and among the highest median earnings levels of all training programs in Alaska reviewed by the department.

Exhibit 2				
Participants Exiting STEP and Other Alaska Training Programs in FY07 Employment and Median Earnings 12 Months Following Exit				
Program	Number of Participants	Number Employed	Percent Employed	Median Dollar Earnings
STEP	1,445	1,372	94.9	\$38,808
Adult*	284	235	82.7	19,293
Dislocated Worker*	211	158	74.9	21,986
Youth*	546	414	75.8	5,397
AVTEC	669	560	83.7	21,000
Fish Emergency Grant	60	32	53.3	16,835
UA Voc Ed	5,715	4,191	73.3	21,385
TAA	47	28	59.6	20,518
AKTECH	90	80	88.9	13,153
Carl Perkins Secondary	5,772	4,567	79.1	6,153
Carl Perkins Postsecondary	5,460	4,218	77.3	19,915
Adult Basic Education	1,038	696	67.1	7,935
Denali Training Fund	660	605	91.7	17,813
High Growth Initiative	260	237	91.2	31,134
SAVEC	53	48	90.6	26,590
Ilisagvik	944	814	86.2	39,477
Galena	6	5	83.3	3,655
Yuut Elitnaurviat	63	59	93.7	44,322
* Federal Workforce Investment Act Programs Note: Exiting participants are counted once each fiscal year. Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, "Training Program Performance-2007."				

RESIDENCY AND LONG-TERM FOLLOW UP

STEP participants are among the training program participants and workers most likely to remain living and working in Alaska. Of those exiting STEP in FY07 who had resident data, 97.8 percent were residents of Alaska as measured by application for an Alaska Permanent Fund Dividend in 2007 or 2008.

Looking at STEP over a three-year period, 89.7 percent of those exiting STEP in FY04 remained residents of Alaska as measured by their application for a Permanent Fund Dividend in 2008. Approximately 82.4 percent of 1,741 participants that exited STEP in FY04 were employed in Alaska in FY07, virtually the same Alaska employment rate as that achieved by Denali Training

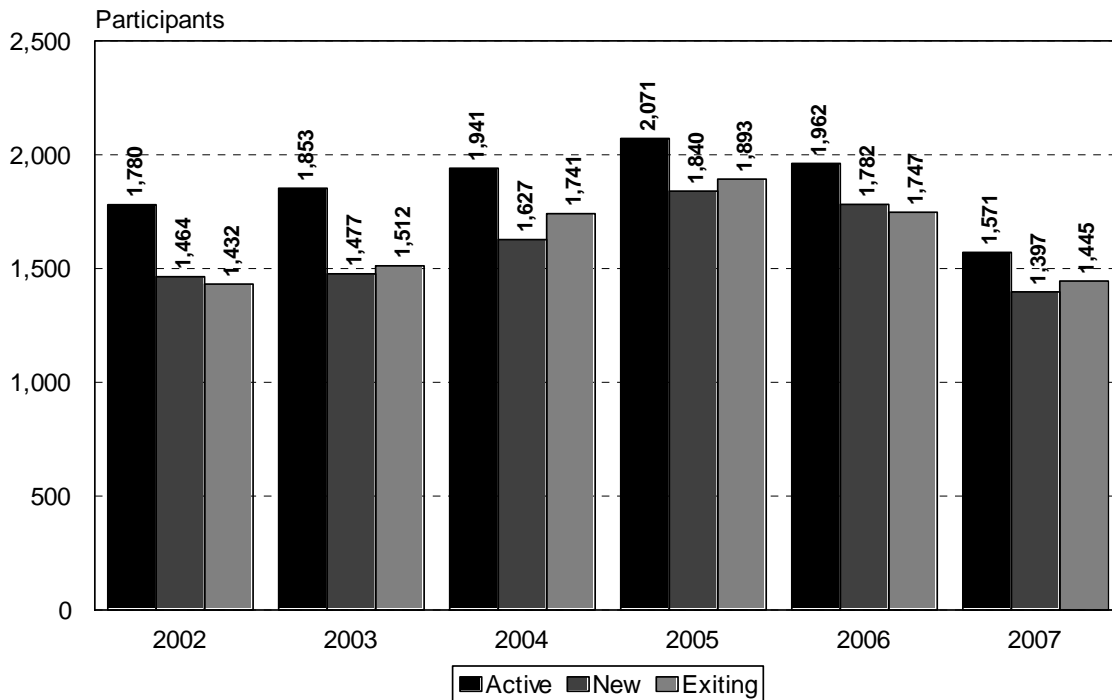
Fund participants exiting in FY04, a program specifically designed to train local residents to maintain local public infrastructure. FY04 exiting STEP participants earned about \$55 million in the year following exit and continued to see their Alaska earnings grow over time. These former STEP participants earned \$60.5 million (FY06) and \$61.2 million (FY07) in wage and salary employment.

NUMBER OF ACTIVE STEP PARTICIPANTS DECLINES IN FY07

The program participant count declined to 1,571 in FY07, the lowest level in recent years, after increasing since FY02. The number of active participants had grown from 1,780 in FY02 to 1,916 in FY06 (Exhibit 3). Active, new and exiting participants were all below FY02 levels and down significantly from FY06. In FY07, the year for which performance outcomes are measured, 1,445 individuals exited STEP, down from 1,747 exiting STEP participants in FY06 and slightly below the FY02 level.

Exhibit 3

Alaska STEP Participants FY02-FY07



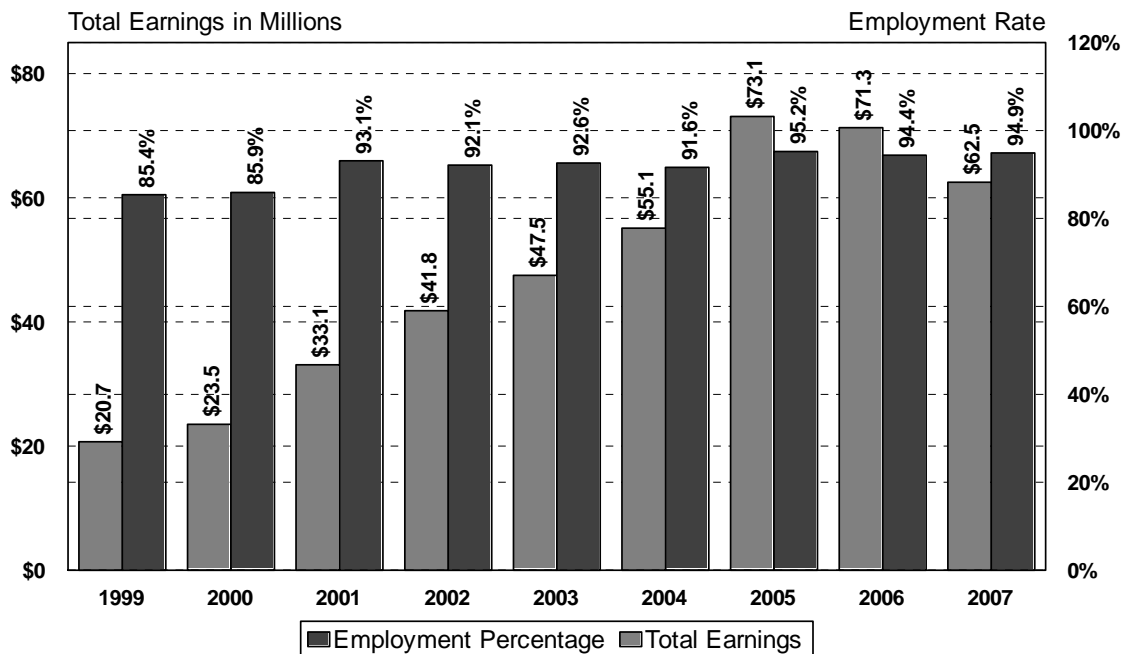
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

EMPLOYMENT AND EARNINGS

Employment and earnings outcomes are measured using Alaska wage record information provided by employers on a quarterly basis for all wage and salary workers in the state¹. Because some workers may be employed out of state, these figures should be viewed as conservative measures of the employment and earnings of program participants.

Exhibit 4

Alaska Employment Rate and Total Earnings 12 Months Following Exit from STEP FY99-FY07



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Because STEP participants generally have a good work history at the time of enrollment, the pre-training and post-training performance comparisons may not look as dramatic as those for other training programs. In FY07, post-training employment was up modestly from the 12 months prior to entering the program (1,372 vs. 1,355). The post-training employment rate in the year following exit for FY07 participants was almost 95 percent.

One measure of STEP's success is wage recovery, or the ability of STEP participants who finish the program to earn wages comparable to or higher than those earned before entering STEP. Total and median earnings increased significantly when comparing the year prior to training with the year following exit from the program. Total Alaska wage and salary earnings for FY07 participants in the year following exit from the program were approximately \$62.5 million (Exhibit

¹ Wage and salary workers include those workers covered by Alaska unemployment insurance. Excluded are self-employed, federal government workers and workers employed outside Alaska.

4), an increase of 17.6 percent over the comparable pre-training period while median total earnings increased by 18.8 percent. However, the increase was not as much as in FY06, during which post-training total earnings increased by 35.0 percent over pre-training total earnings and a 47.3 percent increase in median earnings. In addition, average earnings per worker in the year following exit were \$44,792 versus \$39,259 prior to training in FY07.

PERFORMANCE VARIES BY TYPE OF PARTICIPANT

Approximately 60.3 percent of STEP participants were eligible for the program due to unemployment at time of registration and over 25 percent of those unemployed had actually exhausted their unemployment benefits by the time they had registered. The remainder of participants was eligible for the program because of potential reductions in force, changing job skill requirements, elimination of job, dependence on seasonal work, low pay, and/or underemployment (Exhibit 5).

Participants who exhausted their benefits had the greatest percentage improvement in average and total earnings (23.1 percent and 29.2 percent, respectively), when comparing the 12 months prior to training with the 12 months following training. This is not surprising given that participants with a longer spell of pre-training unemployment would have fewer earnings prior to enrollment and would show the greatest post-training improvement.

The highest average post-training earnings were received by participants that were eligible for STEP due to a change in the job skill requirements for their current job(\$64,668). The group with the second highest average wage following training (\$62,916) was that with workers facing a Reduction in Force (RIF). The category of those who had their jobs eliminated had earnings of \$48,341, which was only slightly higher than FY06.

Exhibit 5						
Employment and Earnings of Exiting STEP Participants in FY07 Four Quarters Before and After STEP Training by Program Eligibility Criteria						
		Number Employed		Total Earnings		
	Number of Participants	Before	After	Before	After	% Change
All Exiting Participants	1,445	1,355	1,372	\$53,196,273	\$62,532,682	17.6
Unemployed	872	822	832	30,914,811	36,690,532	18.7
Exhausted UI benefits	364	324	340	10,369,270	13,395,221	29.2
Receiving UI benefits	508	498	492	20,545,541	23,295,311	13.4
Employed	57	56	54	3,503,077	3,398,715	-3.0
Change in job skills	36	35	34	2,182,106	2,198,701	0.8
Reduction in workers by employer (RIF)	17	17	16	1,130,824	1,006,651	-11.0
Elimination of job	4	4	4	190,147	193,363	1.7
Other - including seasonal, low paid, underemployed	516	477	486	18,778,384	22,443,435	19.5

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

EMPLOYMENT AND EARNINGS BY DEMOGRAPHIC CHARACTERISTIC

Just over 53 percent of FY07 exiting STEP participants were age 34 and younger. The highest percentage average and total annual earnings gains were achieved by the youngest workers (49.3 percent average earnings and 53.1 percent total earnings for participants under 25), while the highest average earnings were obtained by those workers in the 45-54 age group. These experienced workers earned an average of \$52,444 in the year following exit. The latter group also had the second highest percentage gain in average wage.

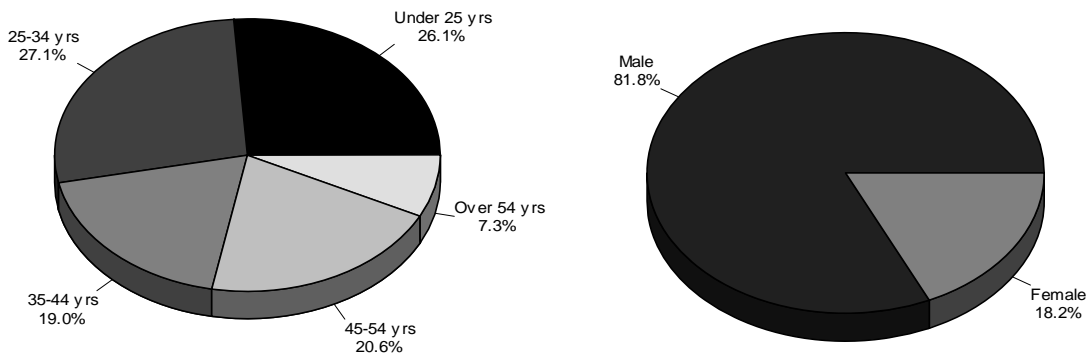
Employment rates varied little by race. The lowest employment rates following exit were for American Indian (92.5 percent) and Alaskan Native (93.2 percent) participants. Other racial groups all had post-training employment rates of at least 93.9 percent, with Hawaiians (100 percent) and Hispanics (100 percent) leading the way.

The highest post-training average annual earnings were achieved by White participants (\$50,078). Hispanics had the second highest post-training average earnings (\$41,028). Alaskan Natives had the second-lowest post-training average earnings, with \$29,998, and blacks had the lowest level at \$29,597. Other groups were between \$36,000 and \$39,600. Average annual earnings for all groups rose from FY06.

Just under 82 percent of exiting STEP participants in FY07 were male. Males and females had post-training employment rates that were close (95.3 percent versus 93.5 percent), but females showed greater gains in total (29.9 percent vs. 15.9 percent) and average (29.4 percent vs. 14.3 percent) earnings when comparing the pre-training versus post-training four quarter period. Males earned an average of 49.0 percent more than females in the post-training period—\$48,432 versus \$32,515. The difference was approximately 52 percent in FY06.

Exhibit 6

FY07 Exiting STEP Participants by Age and Gender



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Exhibit 7						
Employment and Earnings of Exiting STEP Participants in FY07 Four Quarters Before and After STEP Training						
Demographic Characteristic	Number of Participants	Number Employed		Total Earnings		
		Before	After	Before	After	% Change
Total	1,445	1,355	1,372	\$53,196,273	\$62,532,682	17.6
By Age Group						
Under 25 yrs	377	353	362	8,855,298	13,561,719	53.1
25-34 yrs	391	366	372	14,346,718	16,904,704	17.8
35-44 yrs	275	262	259	11,347,967	12,932,559	14.0
45-54 yrs	297	278	284	14,465,343	14,893,987	3.0
Over 54 yrs	105	96	95	4,180,947	4,239,713	1.4
By Race*						
White	1,082	1,030	1,033	44,109,216	51,730,278	17.3
Black	66	59	62	1,526,206	1,835,004	20.2
Hispanic	56	49	56	1,690,167	2,297,566	35.9
Asian	32	30	31	1,081,269	1,228,767	13.6
Hawaiian	14	13	14	413,899	504,030	21.8
American Indian	67	61	62	2,091,366	2,243,837	7.3
Alaska Native	307	276	286	7,070,021	8,579,468	21.3
By Gender						
Male	1,182	1,110	1,126	47,038,208	54,533,923	15.9
Female	263	245	246	6,158,065	7,998,759	29.9
By Region						
Anchorage	1,124	1,065	1,070	44,608,854	51,896,063	16.3
Balance of State	321	290	302	8,587,419	10,636,620	23.9
* Note: Participants may report more than one race.						
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section						

EMPLOYMENT AND EARNINGS BY PLACE OF RESIDENCE

STEP participants come from all areas of the state and a wide variety of backgrounds, with virtually all STEP participants being Alaska residents as measured by application for an Alaska Permanent Fund Dividend. Looking at performance by borough or census area, all but six – Bethel census area, Bristol Bay Borough, Kodiak Island Borough, Northwest Arctic Borough, Wade Hampton census area and Yakutat Borough had post-training total earnings gains. Anchorage and the Fairbanks North Star Borough had the largest number of participants and the earnings gains were around average for the state.

The areas with the highest percentage improvement in total earnings (and more than 20 participants) included Valdez-Cordova census area (61.4 percent), Southeast Fairbanks census area (33.7 percent), Fairbanks North Star Borough (24.1 percent) and Anchorage (22.4 percent). For average earnings in areas with more than 20 participants, Valdez-Cordova census area (74.8 percent), Southeast Fairbanks census area (28.9 percent), Fairbanks North Star Borough (25.1 percent) and Ketchikan Gateway Borough (21.6 percent) had the highest gains. The areas with the lowest post-training employment rates were Yukon-Koyukuk census area (86.8 percent) and Valdez-Cordova census area (88.9 percent).

Exhibit 8

Employment and Earnings of STEP Participants in FY07 Four Quarters Before and After STEP by Place of Residence

Place of Residence	Number of Participants	Employment		Total Earnings		
		Pre-training	Post-training	Pre-training	Post-training	% Change
Total	1,445	1,355	1,372	\$53,196,273	\$62,532,682	17.6
Aleutians East Borough	1	1	1	ND	ND	18.9
Anchorage	419	388	399	13,710,186	16,785,227	22.4
Bethel Census Area	1	1	1	ND	ND	-30.9
Bristol Bay Borough	1	1	1	ND	ND	-75.8
Denali Borough	10	8	10	319,980	437,601	36.6
Dillingham Census Area	5	5	5	31,666	132,731	319.2
Fairbanks North Star Borough	368	350	347	13,182,230	16,352,733	24.1
Haines Borough	3	2	2	ND	ND	77.4
Juneau Borough	90	89	89	4,069,013	4,298,177	5.6
Kenai Peninsula Borough	92	84	89	3,816,233	4,095,044	7.3
Ketchikan Gateway Borough	59	59	58	1,957,353	2,340,297	19.6
Kodiak Island Borough	42	39	40	2,352,259	1,898,986	-19.3
MatSu Borough	207	191	196	9,633,389	10,914,596	13.3
Nome Census Area	10	8	10	200,766	293,600	46.2
North Slope Borough	6	6	6	261,149	281,859	7.9
Northwest Arctic Borough	2	2	2	ND	ND	-4.7
POW-Outer Ketchikan Census Area	5	5	5	165,986	227,784	37.2
Sitka Borough	7	7	6	221,554	229,445	3.6
Skagway-Hoonah-Angoon Census Area	3	3	3	ND	ND	11.7
Southeast Fairbanks Census Area	28	27	28	806,090	1,077,421	33.7
Valdez-Cordova Census Area	27	26	24	689,424	1,112,454	61.4
Wade Hampton Census Area	3	3	3	ND	ND	-30.4
Wrangell-Petersburg Census Area	13	12	11	323,850	457,327	41.2
Yakutat Borough	1	1	1	ND	ND	-0.7
Yukon-Koyukuk Census Area	38	33	33	767,688	887,626	15.6
Unknown	4	4	2	ND	ND	8.0

N/D = Non-disclosable data. N/D data are included in the total.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.

EMPLOYMENT AND EARNINGS BY INDUSTRY OF POST-TRAINING EMPLOYMENT

Almost 56.0 percent of STEP participants employed in the year following exit from the program were employed in the construction industry. These construction workers earned more than \$40 million in the year following exit representing more than 64.0 percent of total Alaska wage and salary earnings obtained in the year following exit. Other industries employing a large number of STEP participants include trade, transportation and utilities; natural resources and mining; and professional and business services.

STEP participants showing the largest overall total percentage earnings gains when comparing the pre-training with post-training period were employed in state government; natural resources and mining; and professional and business services.

Highest average post-training earnings were obtained by participants working in the information, construction, natural resources and mining and also manufacturing industry groups.

Exhibit 9							
Employment and Earnings of Exiting STEP Participants in FY07 Four Quarters Before and After STEP Training by Major Industry of Post-Training Employment							
Industry of Employment After Exit	Exiting Participants	Number Employed		Earnings			% Change in Total Earnings
		Before	After	Before	After	Average Post-Training Earnings	
Total	1,445	1,355	1,372	\$53,196,273	\$62,532,682	\$45,578	17.6
Natural Resources and Mining	127	120	127	4,181,474	6,500,971	51,189	55.5
Construction	767	740	767	34,538,394	40,225,928	52,446	16.5
Manufacturing	72	71	72	2,821,389	3,392,679	47,121	20.2
Trade, Transportation and Utilities	118	114	118	3,478,696	3,845,810	32,592	10.6
Information	24	23	24	1,413,005	1,481,786	61,741	4.9
Financial Activities	14	13	14	279,770	351,820	25,130	25.8
Professional and Business Services	88	75	88	2,280,544	2,974,837	33,805	30.4
Educational and Health Services	39	37	39	831,973	973,621	24,965	17.0
Leisure and Hospitality	32	30	32	384,819	398,883	12,465	3.7
Other Services and Other	26	26	26	649,120	686,754	26,414	5.8
Local Government	50	48	50	1,215,234	1,068,295	21,366	-12.1
State Government	15	12	15	363,252	631,299	42,087	73.8
Unknown or Not Working	73	46	0	758,601	0	0	-100.0

Note: Natural Resources and Mining industry excludes fish harvesting workers.
N/D = Non-disclosable data. N/D data are included in the total.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

EMPLOYMENT AND EARNINGS BY TRAINING VENDOR

Training expenditure data for the largest STEP training vendors were matched with the employment and earnings of the FY07 exiting STEP participants that received their training services. The level of services provided to participants varies by vendor and some participants may use more than one vendor.

Exhibit 10							
Employment and Earnings of Exiting STEP Participants in FY07							
Four Quarters Before and After STEP Training by Top STEP Training Vendors							
Vendor	Number of Participants Served	Number Employed			Total Earnings		
		Before	After	% Change	Before	After	%Change
Alaska Operating Engineers Traing Trust	407	397	397	0.0	\$23,997,575	\$25,131,577	4.7
Alaska Laborers Training Trust	302	285	285	0.0	8,770,481	10,181,526	16.1
AK Joint Elec Apprentice Trng & Trust	101	101	100	-1.0	3,599,696	4,518,099	25.5
Fairbanks Carpenters Training Center	84	71	78	9.9	3,635,960	3,623,780	-0.3
Samson Electric Inc	75	72	72	0.0	3,916,860	4,415,280	12.7
Alaska Ship & Drydock Inc	50	50	49	-2.0	1,647,643	1,923,536	16.7
Alaska Works Partnership Inc (AWP)	49	45	45	0.0	703,109	1,177,756	67.5
Alaska Trowel Trades	30	24	27	12.5	495,775	613,901	23.8
AVTEC AK Vocational Tech Education Cntr	30	28	24	-14.3	599,851	611,333	1.9
Center For Employment Education CEE	29	29	28	-3.4	718,458	930,723	29.5
Northern Industrial Training LLC NIT	22	20	19	-5.0	470,011	609,339	29.6
Piledrivers Local 2520	20	19	20	5.3	475,812	773,786	62.6
U of A Fairbanks Tanana Valley Campus	17	16	15	-6.3	208,106	326,911	57.1
Cook Inlet Tribal Council Inc	17	15	14	-6.7	224,002	264,048	17.9
AK Roofers Apprenticeship Training Trust	15	15	15	0.0	196,785	349,019	77.4
ASRC Energy Services	15	15	15	0.0	534,775	738,938	38.2
Team Cutters Inc	15	13	13	0.0	305,742	408,953	33.8
Environmental Management Inc. (EMI)	15	9	13	44.4	124,227	241,088	94.1
Nana Training Systems	11	5	11	120.0	71,587	216,273	202.1
U of A Anchorage Campus	11	10	10	0.0	189,763	192,783	1.6
AK Teamster - Employer Training Trust	11	9	10	11.1	222,601	657,950	195.6
U of A Fairbanks Campus	10	9	9	0.0	189,100	208,310	10.2

Note: Participants may have been provided services by more than one vendor
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

The largest providers of training services were construction apprentice related training programs. Overall, these programs had very high post-training employment rates. There were 12 vendors with at least 20 participants in FY07. Alaska Operating Engineers (407) and the Alaska Laborers Training Trust (302) had the most reported participants. Vendors showing the highest increase in the percentage of participants employed after exit include Alaska Trowel Trades (12.5 percent), Fairbanks Carpenters Training Center (9.9 percent), and Piledrivers Local 2520 (5.3 percent).

Rates of increase for earnings were much more significant than the overall increase in employment. Two vendors had earnings increases after participant exit that exceeded 60 percent. Alaska Works Partnership had an earnings increase of 67.5 percent while the Piledrivers Local 2520 had an 62.6 percent. Participants from four other vendors averaged total earnings increases that were over 20.0 percent.

UNEMPLOYMENT INSURANCE AND STEP

A goal of STEP is to reduce unemployment and the number, duration and recidivism rate of unemployment insurance claims in Alaska. Post-training UI benefits payments were comparable to prior year's activity, but pre-training benefits were much less than paid in prior years due to the relative strength of the economy during that time period and the fewer STEP participants that were UI claimants at enrollment. The result was post-training UI claims, total weeks paid and benefits paid that exceeded the same measures during the pre-training period.

For new claims the increase amounted to 63 percent, while total weeks paid increased 26.4 percent. Total benefits paid also increased, rising 31.8 percent.

The AWIB also asked that no more than 45 percent of STEP participants with an active unemployment insurance claim at enrollment file an unemployment insurance claim in the 12 months following exit from STEP. The actual results widely missed the target, with over 61.3% of FY07 exiting STEP participants filing an unemployment insurance claim in the twelve months following exit from the program.

Another AWIB goal is to reduce the duration of claims as measured by the exhaustion rate of those STEP participants that are receiving unemployment insurance. The AWIB asked that no more than 55 percent of STEP participants exhaust their benefits. A claimant that exhausts their benefits has used up the maximum payments that they were allowed, and therefore has not been successful in quickly obtaining employment. The FY07 exiting cohort far exceeded this goal with 31.6 percent of those receiving unemployment insurance benefits at the time of STEP registration using up those benefits to exhaustion.

Exhibit 11			
FY07 STEP Exiting Participants			
Unemployment Insurance Claims Information Before and After STEP			
All Terminated Participants	12 Months Before	12 Months After	% Change in Total UI Benefits
Total New UI Claims	422	688	63.0
Total Benefits Paid	\$1,188,406	\$1,566,747	31.8
Total Weeks Paid	5,285	6,682	26.4
Exhausted Claims	127	59	-53.5
Total Benefits Paid	\$520,664	\$381,860	-26.7
Total Weeks Paid	2,426	1,631	-32.8
Early Intervention Claimant	109	60	-45.0
Total Benefits Paid	\$264,923	\$113,879	-57.0
Total Weeks Paid	1191	490	-58.9
Note: Benefit payments include those resulting from new claims started in the year prior to entry into STEP and in the year following exit from STEP.			
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section			

With early intervention, there was a dramatic reduction in unemployment insurance weeks and benefits paid. Unemployment insurance claimants that were provided STEP services within five weeks of an initial claim are defined as early intervention claimants. These STEP participants that received services early in their unemployment insurance cycle showed the largest percentage reduction in benefits paid when comparing the pre-training and post-training period.

In addition to the positive Unemployment Insurance Trust Fund impact of a reduction in unemployment insurance benefits, taxes are paid into the Trust Fund for workers by the employers and workers themselves. For calendar year 2007, workers' wages are taxable up to \$30,100 per year. Most STEP participants were either unemployed or likely to be unemployed at the time of enrollment. STEP program participants working after exit from the program earned about \$61.4 million in UI taxable wages subject to an average combined employer-employee UI tax rate of 2.44 percent.

CUSTOMER SATISFACTION IS HIGH

STEP clients are surveyed after exit from STEP as to their overall satisfaction with the program. The overall customer satisfaction with STEP is very high, with almost 41 percent of a large sample of FY07 exiting STEP participants giving the program a perfect "10" in a follow-up customer satisfaction survey. Almost 97 percent of respondents gave the program a score of "5" or greater on a 10-point scale for this same overall satisfaction measure. Survey respondents gave the program similar (though not as dramatically) high marks for having met their expectations and comparing favorably to what they perceived as the ideal set of services.

Exhibit 12

Reported Customer Satisfaction of Sample of STEP FY07 Exiting Participants

Scale	Overall Satisfaction		Did Program Meet Your Expectations?		How well did the services you received compare with the ideal set of services?	
	Respondents	Percent	Respondents	Percent	Respondents	Percent
Low=01	5	0.7	12	1.6	11	1.5
02	5	0.7	3	0.4	6	0.8
03	4	0.5	8	1.1	8	1.1
04	9	1.2	16	2.1	16	2.2
05	35	4.7	66	8.8	60	8.2
06	25	3.3	35	4.7	43	5.9
07	58	7.7	100	13.3	76	10.3
08	174	23.2	188	25.0	157	21.4
09	130	17.3	117	15.6	94	12.8
High=10	306	40.7	206	27.4	264	35.9
Total	751	100.00	751	100.00	735	100.00

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section