



Hempstead**Works**

# *Return on Investment Report*

**PROGRAM YEAR 2019**

**July 1, 2019 — June 30, 2020**

# Quantitative Results

## I. INTRODUCTION

The purposes of the Workforce Innovation and Opportunity Act are the following:

- “(1) To increase, for individuals in the United States, particularly those individuals with barriers to employment, access to and opportunities for the employment, education, training, and support services they need to succeed in the labor market.
- (2) To support the alignment of workforce investment, education, and economic development systems in support of a comprehensive, accessible, and high-quality workforce development system in the United States.
- (3) To improve the quality and labor market relevance of workforce investment, education, and economic development efforts to provide America’s workers with the skills and credentials necessary to secure and advance in employment with family-sustaining wages and to provide America’s employers with the skilled workers the employers need to succeed in a global economy.
- (4) To promote improvement in the structure of and delivery of services through the United States workforce development system to better address the employment and skill needs of workers, jobseekers, and employers.
- (5) To increase the prosperity of workers and employers in the United States, the economic growth of communities, regions, and States, and the global competitiveness of the United States.
- (6) For purposes of subtitle A and B of title I, to provide workforce investment

activities, through statewide and local workforce development systems, that increase the employment, retention, and earnings of participants, and increase attainment of recognized postsecondary credentials by participants, and as a result, improve the quality of the workforce, reduce welfare dependency, increase economic self-sufficiency, meet the skill requirements of employers, and enhance the productivity and competitiveness of the Nation.”<sup>1</sup>

This report illustrates the degree to which tax dollars invested in the WIOA program yield a return-on-investment in quantitative and qualitative terms.

## II. QUANTITATIVE RESULTS

The quantitative portion of this report projects the return of federal dollars invested over a three-year period. This projection is based upon the monetary benefit derived by the WIOA Title I programs in terms of tax revenue generated and welfare costs saved, divided by WIOA dollars expended. Based upon this method, the quantitative projected ROI over the next three years is **\$17.30** for each WIOA dollar expended.

The formula by which ROI was calculated includes the following factors:

- **Customers Served and WIOA Funds Expended within the Program Year**

<sup>1</sup> Public Law 113-128 Sec. 2(1)(2)(3)(4)(5)(6)

# Quantitative Results

- Projected Employment Rate of Exiters Over Three Years
- Average Projected Participant Wages Over Three Years
- Projected Savings in Public Assistance
- Projected Tax Benefit from Participant Wages Earned

The following assumptions were made in developing the formula factors:

- WIOA Participants employed in the first quarter after exit will remain employed at relatively the same rates over a three year period
- Customer wages were calculated as if they were to remain static and not subject to increase due to the cost of living or performance increases or decreases due to layoff or termination
- Tax Benefits were calculated based upon an average of 15.00% Federal and 5.00% State Withholding
- WIOA Dollars Invested were calculated based upon 100% expenditure of the allocation for the grant being measured in a particular program year
- Reduction in Unemployment Insurance Benefits, and many other savings were not included

## ***Return-on-Investment Formula***

### 1. Projected Tax Benefit

- Total Combined Adult and Dislocated Worker Exiters: 4,978<sup>\*2</sup>
- Projected Combined Entered Employment Adult and Dislocated Worker #: 3,200\*
- Combined Adult and Dislocated Worker Entered Employment Rate: 64.3%\*\*
- Combined Adult and Dislocated Worker Average Earnings: \$694.75\*\*\*

#### Combined Adult and Dislocated Worker Entered Employment Rate:

373 Adult Exiters who Entered Employment plus 2,827 Dislocated Worker Exiters who entered employment = 3,200 Adult and Dislocated Worker Exiters who Entered Employment  
650 Adult Exiters plus 4,328 Dislocated Workers Exiters = 4,978 Adult and Dislocated Worker Exiters\*

3,200 Adult and Dislocated Worker Exiters who Entered Employment divided by 4,978 Adult and Dislocated Worker Exiters = 64.3% Combined Entered Employment Rate\*\*

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<sup>2</sup> New York State Department of Labor Primary Indicators of Performance Report, Program Year 2019, Quarter 4, Pages 3-4

# Quantitative Results

## \*\*\*Combined of Adult and Dislocated Worker Average Earnings:

- 6550 Adult Exiters divided by 4,978 Total Exiters included in the Median Earnings Indicator = 13.0%
- 4,328 Dislocated Worker Exiters divided by 4,978 Total Exiters included in Median Earnings Indicator = 87.0%
- \$6,393 Adult Earnings<sup>3</sup> divided by 13 weeks = 491.77 per week multiplied by 13.0% (% of Adults) = \$63.93
- \$9,426 Dislocated Worker Earnings<sup>4</sup> divided by 13 = \$725.08 per week multiplied by 87.0% (% of Dislocated Workers) = \$630.82
- \$63.93 Adult Average Weekly Earnings + \$630.82 Dislocated Worker Average Weekly Earnings = \$694.75 Combined Adult and Dislocated Worker Average Earnings)
- Projected Average Wages for 12 Month Period Following termination: 3,200 (Projected Entered Employment) x \$694.74 (Average Earnings) x 52 Weeks = \$115,604,736
- Projected Average Annual Wage Gain Per Participant: \$115,604,736 divided by 4,978 (Participants Served): \$23,223.13
- Projected Average Tax Benefit Per Participant (Based upon Income Tax Rates of 15.00% Federal and 5.00% State Tax Rates): \$23,223.13 x 20.00% = \$4,644.63

## 2. Dollars Invested

Program Year 2019 Allocation for Adult and Dislocated Workers only:

Adult:	\$1,488,798
DW:	\$1,108,207
Total:	\$2,527,176

WIOA Title I-B: \$2,527,176 divided by 4,978 participants = \$507.67 Cost per participant

## ***Return on Investment (ROI) Ratio over Three Years***

### First Year:

-\$507.67 Average Cost Per Participant  
\$0.00 Average Tax Benefit Per Participant  
\$0.00 Average TANF Benefit Per Participant  
\$0.00 Average SN Benefit Per Participant

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**-\$507.67 ROI**

### Second Year:

\$0.00 Average Cost Per Participant  
\$4,644.63 Average Tax Benefit Per Participant

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**\$4,644.63 ROI**

### Third Year:

\$0.00 Average Cost Per Participant  
\$4,644.63 Average Tax Benefit Per Participant

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**\$4,644.63 ROI**

### Three Year Benefit:

- \$507.67 First Year  
\$4,644.63 Second Year  
\$4,644.63 Third Year

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**\$8,781.59 Three Year Benefit**

## **Return on Investment Ratio**

\$8,781.59 Divided by \$507.67 = **\$17.30** return on each WIOA dollar invested.

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<sup>3</sup> Ibid

<sup>4</sup> Ibid

# Qualitative Results

## III. Qualitative Results

While the quantitative results of this report indicate that this benefit is being achieved by the Workforce Development System on the basis of cost effectiveness and performance achievements, this portion further illustrates the fulfillment of its mission in human terms. Unlike such measures as Welfare savings, which were factored into the “Quantitative Results” section with specific monetary values, additional benefiting factors of the Workforce Investment System are listed here in more general terms:

- Sales tax revenues are generated from customers’ earning training based payments while enrolled in Work Experience programs
- Sales, real estate, and school tax revenues are generated from exiters who enter employment
- Dollars are returned by participants in both of the above categories into the local economy
- Increased opportunities for existing businesses to expand and for new ones to open in the local area are created due to a highly skilled, competitive workforce
- Recruitment costs for employers are lowered as a result of the job matching services

- High school dropout rates decrease, and college entrance rates increase due to Year-round Youth and Summer Youth programs
- More youth and adults return to school and achieve GEDs
- Vocational rehabilitation, substance abuse recovery and displaced homemaker programs experience high success rates as a result of sequential or concurrent programming with WIOA
- Costs for outplacement services are reduced through rapid and expeditious response activities conducted for employers that are downsizing
- Local workforce development activities are more efficient as a result of these initiatives
- The welfare to work rate increases
- The period of unemployment for dislocated workers is shortened

# Qualitative Results

While the benefit of the above general factors is manifested both in financial and humanitarian terms, they combine with the quantitative factors to yield a greater, but less tangible, value in terms of improving the quality of life for our local citizens. Examples of how the system improves the quality of life are as follows:

- Breaking the cycle of poverty and welfare dependency for economically disadvantaged individuals
  - Establishing positive role models for young people in impoverished families
  - Elevating the self-esteem of unemployed and underemployed individuals by furnishing them with occupational and life skills
  - Maintaining confidence in the strength of the local economy
  - Establishing an efficient transition system for dislocated workers to enable them to address the emotional and psychological issues related to displacement, and at the same time to gain the skills needed to compete in a labor market affected by corporate restructuring, rapidly emerging technology, and global competition
- Increased education, employment and training opportunities for underutilized segments of the workforce including: women in non-traditional employment, minorities, mature workers and individuals with disabilities
  - Private sector direction of workforce investment in the local area as a result of the efforts of the Workforce Development Board (WDB)
  - Continuous improvement and increased customer satisfaction as a result of the WDB's quality initiatives
  - Collaboration among local educational agencies, community-based organizations, businesses, commerce organizations, and local governments to create opportunities for job seekers and entrepreneurs



# Town of Hempstead Workforce Development Board

## **Executive Committee**

Sara-Marie Griffin  
Cerebral Palsy Association  
of Nassau County, Inc.  
Chairperson

Mark Goldstein  
MG Productions  
Corresponding Secretary

## **Youth Standing Committee**

Veronica Rose-Craig  
ACCES-VR  
Chairperson

## **Pathways to Employment Workgroup**

Eric C. Mallette  
Commissioner/WDB Director  
Town of Hempstead  
Department of Occupational Resources



**HEMPSTEAD EXECUTIVE PLAZA, SUITE 400**  
50 CLINTON STREET, HEMPSTEAD, NY 11550-4201  
**PHONE:** (516) 485-5000 • **FAX:** (516) 485-5009  
[www.hempsteadworks.com](http://www.hempsteadworks.com)

*The Workforce Innovation and Opportunity Act Title I financially assisted program is an equal opportunity employer / program. Auxiliary aids and services are available upon request to individuals with disabilities.*