

## Research Purpose

The research asked three questions: What is the return on investment (ROI) to government for providing public workforce development services to Virginia job seekers? How does ROI differ across service levels, demographic groups, and local workforce investment areas? What roles do demographic, service and economic factors play in employment and earnings outcomes for workforce program participants?

## Research Methodology

Three of Virginia's workforce programs were studied: **Workforce Investment Act (WIA), Trade Adjustment Assistance (TAA) and Wagner-Peyser Act (WP)**

Using administrative data from the programs coupled with averages for taxes paid and benefits collected, the study estimates 5-year and 10-year ROI on participants for each program.

This study uses two methods to assess ROI in order to balance the strengths and weaknesses of each method.

**Propensity Matching Method:** uses regression adjusted propensity scores to create treatment and control groups that are comparable across a number of demographic and labor market characteristics. In this approach the wage difference between the treatment and control group is considered to be the program effect.  
**Before-and-After Method:** estimates incremental program impacts based on deviations of program participants from their past earnings trajectories.. The differences between earnings before program participation and after are considered the program effect.

The study further disaggregates the ROI results from the before-and-after approach along demographic and service related categories.

The study uses ordinary least-squares (OLS) and logistic regression to estimate the effects of each demographic, service and employment related variable on after-program earnings and likelihood of employment.

## Research Insights

- WIA and WP show positive ROI across both methods of calculation while TAA results are mixed
- ROI results for WIA and TAA are vastly improved with training compared to not training.
- Earning a credential as a result of training improves ROIs for both TAA and WIA over training but not earning a credential.
- Participation by demographic groups that have traditionally been disadvantaged in the labor market yielded higher returns than non-disadvantaged groups in WIA and TAA.
- Despite higher ROIs, average earnings and employment outcomes for participants from certain racial groups, lower education levels, women and disabled people are still significantly less favorable than their counterparts because this group is more likely to be unemployed and generally earn lower wages.

## Recommendations

### **Capitalize on what is already working:**

- Strategically align workforce training opportunities with credentials and credential pathways.
- Ensure that program performance information is both available and understandable to participants by creating easily accessible and user-friendly mechanisms such as social media pages.
- Outreach to traditionally disadvantaged groups.
- Capitalizing on what's working will also entail understanding best practices and finding out why certain types of training programs are yielding poor results.

### **Integrate ROI into the broader Virginia workforce performance measurement system**

- ROI results should be coupled with other types of performance metrics especially ones that place the ROI outcomes in context.
- Policy makers should strive to create innovative performance metrics including enhanced ROI models to account for economic and demographic context of the programs being assessed.

### **Improve data collection and data quality for more robust ROI outcomes**

- Steps should be taken to minimize the number of assumptions underlying ROI (and other performance measures) by utilizing more data points (including both quantitative and qualitative).
- VLDS should supplement quantitative data on returns on investment with qualitative process data.