

STATE OF
IDAHO

WORKFORCE INVESTMENT ACT

ANNUAL REPORT - PY 2007



OCTOBER 2008

WIA Title I Report for the State of Idaho

Evaluation of Activities -

FUNDING DECREASE CONTINUES; STATE WORKS INNOVATIVELY TO KEEP PACE WITH CHANGE

Idaho has continued to experience reductions in Workforce Investment Act (WIA) funds. The state's WIA allocation for its three programs – adult, dislocated worker and youth funds - were each reduced nine (9) percent from the previous program year. The total PY 2008 funds amount to less than half of the PY 2002 levels of funding.

To address these funding reductions, Idaho is continuing with the same strategy as last program year, using the WIA Governor's 15 Percent Reserve to fund basic administrative staff, offer incentives for the consortium partner, offer additional support for the one stop system and provide support for a minimal number of optional activities. These optional activities include providing a portion of the support for the Workforce Development Council and older worker program, funding additional labor market information and two small pilot programs to address high growth, high demand occupations - projects targeting manufacturing in north central Idaho and welding in the southwest. As in the past, the state may re-direct unused Governor's Reserve funds for additional support to dislocated worker services.

Despite federal reductions in WIA formula funds, Idaho's workforce and economic development system has been bolstered with receipt of two U.S. Department of Labor Regional Innovation Grants (RIGs). Each \$250,000 grant is supporting development of regional strategic plans that actively engage all key stakeholders and leverage their collective resources and assets toward innovative strategies that focus on infrastructure, investments, and talent development for targeted industries. North Idaho's RIG is expanding its regional economy beyond traditional forest products to bio-tech and advanced manufacturing, while southeast Idaho's RIG is establishing talent development strategies within the energy, health care and manufacturing industries.

Regional Innovation Grants are a part of the Secretary of Labor's WIA National Emergency Grant discretionary funds, designed to assist state workforce agencies and local workforce investment boards, as well as their key partners, in the design and development of comprehensive regional plans focused on talent development that is aligned with the demands of the 21st century economy. The partners and leadership group for these projects include representatives from elected offices, state and local workforce development agencies, educational institutions, regional economic development organizations, employers, non-profit organizations and venture capital groups.

Return on Investment

Idaho's "Return On Investment" (ROI) provides the required analysis of our workforce investment activities relative to the effect of the activities on the performance of the participants. Reviewing the level of investment (taxpayers' dollars) vs. the return on that investment (participant gains in wages, taxes, reduced public assistance) provides another look at the success of the programs beyond the required performance standards.

Each WIA program demonstrates a positive ROI impact for the community resulting from participation in the program. For individuals enrolled in the Adult program, \$4.61 is returned to the community for each dollar spent and the investment is returned by the participant in little more than six months. For dislocated workers, the investment is returned in almost eight months with those exiting the program returning \$4.70 to the community for each dollar invested.

Youth, particularly younger youth, are less likely to be directed toward immediate employment upon program completion. A primary goal for these at-risk youth is to encourage them to return to school or to assist them in continuing their education. In recognition of these goals, the analysis considers future impact resulting from continued participation in education through high school and beyond for younger youth. Impacts for older youth who are employment directed upon program completion are computed in the same manner as adults and dislocated workers. The results of our analysis demonstrate that investments in youth are repaid in approximately 13 months and youth are expected to return \$2.70 to the community for each dollar invested in their training.

IDAHO

Adult ~ Program Year 2007
Summary at a Glance

Increased Income Tax Contributions (State & Federal)	\$1,489,514
Increased FICA payments	\$1,186,543
Reduced Public Assistance Dependency	\$771,192
TOTAL ANNUAL TAXPAYER BENEFIT	\$3,447,249
Monthly Taxpayer Benefit	\$287,271
ADULT PROGRAM COST (Expenditures, PY 2007)	\$1,978,724
Number of months to pay back Taxpayer Investment	6.9

IMPACT OF WIA INVESTMENT

Adult ~ Program Year 2007
Summary at a Glance

Annual Increased Net Earnings of Participants	\$5,672,400
Annual Increase in FICA Contributions	\$1,186,543
Annual Increase in Federal Income Tax Payments	\$1,018,742
Annual Increase in State Income Tax Payments	\$470,772
Annual Decrease in Public Assistance	\$771,192
TOTAL ANNUAL IMPACT	\$9,119,649
ADULT PROGRAM COST (Expenditures, PY 2007)	\$1,978,724

Overall Impact of Investment (Impact divided by Program Cost)

Investment	Impact
\$1.00	\$4.61

IDAHO
 Dislocated Worker ~ Program Year 2007
 Summary at a Glance

Increased Income Tax Contributions (State & Federal)	\$1,504,898
Increased FICA payments	\$1,224,146
Reduced Public Assistance Dependency	\$122,400
TOTAL ANNUAL TAXPAYER BENEFIT	\$2,851,444
Monthly Taxpayer Benefit	\$237,620
D.W. PROGRAM COST (DW & Rapid Response Expenditures, PY 2007)	\$1,858,039
Number of months to pay back Taxpayer Investment	7.8

IMPACT OF WIA INVESTMENT
 Dislocated Worker ~ Program Year 2007
 Summary at a Glance

Annual Increased Net Earnings of Participants	\$5,883,980
Annual Increase in FICA Contributions	\$1,224,146
Annual Increase in Federal Income Tax Payments	\$1,037,235
Annual Increase in State Income Tax Payments	\$467,663
Annual Decrease in Public Assistance	\$122,400
TOTAL ANNUAL IMPACT	\$8,735,424
D.W. PROGRAM COST (DW & Rapid Response Expenditures, PY 2007)	\$1,858,039

Overall Impact of Investment (Impact divided by Program Cost)

Investment	Impact
\$1.00	\$4.70

IDAHO
Youth ~ Program Year 2007
Summary at a Glance

Increased Income Tax Contributions (State & Federal)	\$1,149,337
Increased FICA payments	\$876,644
Reduced Public Assistance Dependency	\$123,240
TOTAL ANNUAL TAXPAYER BENEFIT	\$2,149,221
Monthly Taxpayer Benefit	\$179,102
YOUTH PROGRAM COST (Program Expenditures, PY 2007)	\$2,330,306
Number of months to pay back Taxpayer Investment	13

IMPACT OF WIA INVESTMENT
Youth ~ Program Year 2007
Summary at a Glance

Annual Increased Net Earnings of Participants	\$4,142,039
Annual Increase in FICA Contributions	\$876,644
Annual Increase in Federal Income Tax Payments	\$768,965
Annual Increase in State Income Tax Payments	\$380,372
Annual Decrease in Public Assistance	\$123,240
TOTAL ANNUAL IMPACT	\$6,291,259
YOUTH PROGRAM COST (Program Expenditures, PY 2007)	\$2,330,306

Overall Impact of Investment (Impact divided by Program Cost)

Investment	Impact
\$1.00	\$2.70

Return on Investment

BACKGROUND

Each person who applies for WIA services completes an application that supplies information on employment status, cash welfare and/or food stamps recipient status, number in the family and number of dependents. Unemployment Insurance records are also accessed for pre-program wage information. This information constitutes the raw data used as pre-program information.

Upon completion of the training, information is recorded on each individual regarding his or her employment status and earnings. This information constitutes post-program data.

For younger youth whose goal is not immediate employment, pre-program information is based on the mean earnings of those with less than a high school education as reported in the most recent Current Population Survey (CPS.) Post-program information is the mean earnings for high school graduates from the same survey. While this does not report actual earnings, it is used as an indicator of future program impact.

The raw data collected at these points is used to project and compute employment rate, net (take home) pay of the employed, FICA and federal and state income tax contributions and public assistance costs. By comparing pre-program and post-program data, we can reasonably determine the benefit of the program compared to the cost of the program.

METHODOLOGY

Federal and state income taxes paid are calculated by using federal and state tax tables, based on average income, average family size, and the most frequently occurring filing status of participants. Increased tax contributions are derived from subtracting pre-program contributions from post-program contributions.

Annual public assistance costs are calculated by multiplying the number of cash welfare recipients by the maximum monthly welfare grant times twelve; Food Stamp costs are calculated by multiplying the number of food stamp recipients by the average monthly food stamp amount times twelve. Decreased public assistance costs were derived by determining whether an individual who was on assistance at intake was working more than 25 hours a week at \$6 per hour. If so, she or he would not have qualified for cash assistance, so the maximum monthly benefit as of July 1, 2007, for both cash assistance and food stamp assistance was counted as savings.

FICA contributions are calculated to be 15.3 percent of gross earnings.

Net (take home) earnings of the employed are calculated by computing the annual gross income and subtracting employee FICA and income taxes. Pre-program earnings are based on earnings reported in unemployment insurance records; post-program earnings are based on employment data collected at program exit.

TAXPAYER RETURN ON INVESTMENT

The Taxpayer Return on Investment represents the rate of return of taxpayer dollars, through increased tax contributions and decreased welfare costs.

To calculate the Taxpayer Return on Investment, the Total Annual Benefit is divided by twelve to produce a Monthly Taxpayer Benefit. The Program Cost is then divided by the Monthly Taxpayer Benefit to calculate the number of months it takes to pay back the taxpayer investment in WIA for the year in question.

IMPACT OF INVESTMENT

This is a measure of the program's overall benefit to the community. When calculating the Impact of Investment, net earnings of the participants are included, as well as the increased tax contributions and decreased welfare costs. Even though these earnings are not directly returned to the taxpayer, they represent a measure of increased productivity.

ASSUMPTIONS

The ideal calculation of the return on WIA investments would contain raw data on individual participants for an entire year prior and subsequent to participation in WIA. The cost of collecting such data, however, would far outweigh the benefit of doing so. As such, these calculations rely on a number of assumptions about the data and about pre- and post-program conditions of participants. These are identified below.

In general, it is assumed that the following data, collected during program intake and exit as well as from unemployment wage records, remained constant for the entire year prior and subsequent to program participation, respectively:

- Earnings
- Employed/Unemployed Status
- Public Assistance Grant Amounts
- Family Size

OTHER ASSUMPTIONS:

Using the average income, average family size, and most frequently occurring filing status to calculate tax contributions will yield a representative, yet conservative, estimate for the individuals being counted.

Individuals are receiving all public assistance benefits for which they are eligible both prior and subsequent to program participation.

OTHER TAXPAYER BENEFITS

The benefits reflected in these calculations include only a portion of those actually accruing to the taxpayer for these programs. Other welfare costs associated with Medicaid, subsidized housing, and Supplemental Security Income, for example, will generate significant savings if no longer received by program completers. Reduced Unemployment Insurance costs may generate additional savings. These measures also reflect increased tax contributions only for state and federal income taxes, without the inclusion of local and sales taxes. Information needed to calculate these related savings, however, is either not available or cost-prohibitive to produce.

Table Section

The following tables are not applicable to the state of Idaho and are excluded from this report: –

Table A - Workforce Investment Act Customer Satisfaction Results;

Table H.2 – Older Youth (19-21) Program Results;

Table I – Outcomes for Older Youth Special Populations;

Table J – Younger Youth (14-18) Results; and

Table K – Outcomes for Younger Youth Special Populations

Table B – Adult Program Results

	Negotiated Performance Level	Actual Performance Level	
Entered Employment Rate	87.00%	91.7%	277
			302
Employment Retention Rate	85.00%	89.6%	463
			517
Average Earnings	\$9,500.00	\$11,796	\$4,895,506
			415

Table C – Outcomes for Adult Special Populations

Reported Information	Public Assistance Recipients Receiving Intensive Or Training Services		Veterans		Individuals With Disabilities		Older Individuals	
Entered Employment Rate	59.1%	13	87%	20	86.2%	25	72.7%	16
		22		23		29		22
Employment Retention Rate	95.7%	22	91.7%	44	91%	61	85.2%	23
		23		48		67		27
Average Earnings Rate	\$9065	\$181,305	\$14,109	\$578,477	\$9,896	\$494,794	\$9,904	\$188,183
		20		41		50		19

Table D – Other Outcome Information for the Adult Program

Reported Information	Individuals Who Received Training Services		Individuals Who Received Only Core and Intensive Services	
	Entered Employment Rate	93.5%	215 230	86.1%
Employment Retention Rate	90.5%	370 409	86.1%	93 108
Average Earnings Rate	\$12,409	\$4,119,837 332	\$9345	\$775,669 83

Table E – Dislocated Worker Program Results

	Negotiated Performance Level	Actual Performance Level	
		Entered Employment Rate	91%
Employment Retention Rate	93%	94.6%	506 535
Average Earnings	\$13,000	\$14,164	\$6,657,245 470

Table F – Outcomes for Dislocated Worker Special Populations

Reported Information	Veterans		Individuals With Disabilities		Older Individuals		Displaced Homemakers	
	Entered Employment Rate	87.8%	43 49	87%	20 23	90.9%	50 55	90%
Employment Retention Rate	94.3%	66 70	93.5%	29 31	96.6%	57 59	95.8%	46 48
Average Earnings Rate	\$14,609	\$861,903 59	\$11,534	\$322,950 28	\$11,460	\$607,405 53	\$10,754	\$408,645 38

Table G – Other Outcome Information for the Dislocated Worker Program

Reported Information	Individuals Who Received Training Services		Individuals Who Received Only Core and Intensive Services	
	Entered Employment Rate	91.4%	287 314	91.9%
Employment Retention Rate	94.9%	388 409	93.7%	118 126
Average Earnings Rate	\$14,232	\$5,095,003 358	\$13,949	\$1,562,242 112

Table H.1 – Youth (14-21) Program Results

	Negotiated Performance Level	Actual Performance Level	
		Placement in Employment or Education	70%
Attainment of Degree or Certificate	50%	73.6%	334 454
Literacy and Numeracy Gains	30%	33.1%	43 130

Table L – Other Reported Information

	12-Month Retention Rate		12-Month Earnings (Adults & Older Youth) or 12 Mo. Earnings Replacement (Dislocated Workers)		Placements in Nontraditional Employment		Wages at Entry into Employment for Those Individuals Who Entered Unsubsidized Employment		Entry in Unsubsidized Employment Related to the Training Received of Those Who Completed Training Services	
	Adults	92.9%	457 492	\$6,794	\$3,016,705 444	22%	61 277	\$5,084	\$1,306,583 257	76.7%
Dislocated Workers	95.3%	544 571	114.8%	\$6,999,396 \$6,094,952	28.9%	119 412	\$6,434	\$2,521,551 395	71.4%	205 287

Table M – Participation Levels

	Total Participants Served	Total Exiters
Total Adult Customers	277,653	15,668
Total Adult Self-Service Only	276,089	149,809
WIA Adult	276,932	15,250
WIA Dislocated Worker	772	441
Total Youth (14-21)	999	474
Younger Youth (14-18)	733	317
Older Youth (19-21)	266	157
Out-of-School Youth	544	300
In-School Youth	455	174

Table N – Cost of Program Activities

Program Activity		Total Federal Spending
Local Adults		\$ 1,978,723
Local Dislocated Workers		\$ 1,546,382
Local Youth		\$ 2,330,306
Rapid Response (up to 25%) WIA134 (a) (2) (A)		\$ 311,656
Statewide Required Activities (Up to 15%) WIA134 (a) (2) (B)		\$ 1,134,814
Statewide Allowable Activities §134(a)(3)	Older Worker Assistance	\$ 22,992
	Workforce Development shared costs	\$ 25,000
	Labor Market Information	\$ 56,305
	State Projects – Manufacturing/Welding	\$ 34,615
	Total of All Federal Spending Listed Above	\$ 7,440,793

Table O: Local Performance

Local Area Name Region I – Idaho Balance of State	Total Participants Served	Adults	255,907
		Dislocated Workers	724
		Older Youth	241
		Younger Youth	695
ETA Assigned # 16005	Total Exiters	Adults	14,282
		Dislocated Workers	424
		Older Youth	144
		Younger Youth	304

		Negotiated Performance Level	Actual Performance Level
Customer Satisfaction	Program Participants		
	Employers		
Entered Employment Rate	Adults	87%	91%
	Dislocated Workers	91%	92%
	Older Youth		
Retention Rate	Adults	85%	90%
	Dislocated Workers	93%	94%
	Older Youth		
	Younger Youth		
Average Earnings (Adults/DWs) Six Months Earnings Increase (Older Youth)	Adults	\$9,500	\$11,737
	Dislocated Workers	\$13,300	\$14,326
	Older Youth		
Credential/ Diploma Rate	Adults		
	Dislocated Workers		
	Older Youth		
	Younger Youth		
Skill Attainment Rate	Younger Youth		
Placement in Employment/Education	Youth (14-21)	70%	80%
Attainment of Degree or Certificate	Youth (14-21)	50%	74%
Literacy or Numeracy Gains	Youth (14-21)	30%	33%
Skill Description of Other State Indicators of Performance			
Overall Status of Local Performance		Not Met	Met
			Exceeded
			YES

Table O: Local Performance

Local Area Name Region II – East Central Idaho	Total Participants Served	Adults	21,025
		Dislocated Workers	48
		Older Youth	25
		Younger Youth	38
ETA Assigned # 16010	Total Exiters	Adults	968
		Dislocated Workers	17
		Older Youth	13
		Younger Youth	13

		Negotiated Performance Level	Actual Performance Level
Customer Satisfaction	Program Participants		
	Employers		
Entered Employment Rate	Adults	87%	100%
	Dislocated Workers	91%	72%
	Older Youth		
Retention Rate	Adults	85%	90%
	Dislocated Workers	93%	100%
	Older Youth		
	Younger Youth		
Average Earnings (Adults/DWs) Six Months Earnings Increase (Older Youth)	Adults	\$9,500	\$12,773
	Dislocated Workers	\$13,300	\$10,879
	Older Youth		
Credential/ Diploma Rate	Adults		
	Dislocated Workers		
	Older Youth		
	Younger Youth		
Skill Attainment Rate	Younger Youth		
Placement in Employment/Education	Youth (14-21)	70%	85%
Attainment of Degree or Certificate	Youth (14-21)	50%	75%
Literacy or Numeracy Gains	Youth (14-21)	30%	25%
Skill Description of Other State Indicators of Performance			
Overall Status of Local Performance		Not Met	Met
			Exceeded
			YES

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