

## EXECUTIVE SUMMARY

This report outlines the approach used to estimate returns on investment (ROI) for workforce services delivered in 18 of the 28 local workforce areas in Texas. It also presents ROI estimates for the Composite Workforce Development Board, one that demonstrates the “average” experience of participating boards. The Workforce Leadership of Texas, the statewide association of board chairs and directors, initiated this ROI effort—the first to attempt estimation of ROI across many of the important workforce funding streams—contracting with researchers at the University of Texas at Austin’s Ray Marshall Center to develop these estimates.

Our approach produces *reasonable first-approximations* of the returns to taxpayers on an array of workforce investments at the board level. Reasonable first-approximations of the net returns to taxpayers for major workforce investments in the Composite Workforce Development Board are presented for both 5- and 10-year periods. The 5-year net ROI for workforce investments is estimated to be *600 percent*. Another way of stating this is that every public dollar invested in these workforce services in 2000-2001 resulted in \$6.00 returned to taxpayers over five years. Over 10 years, the net ROI from workforce investments is estimated to be *800 percent*. Thus, every public dollar invested in workforce services in 2000-2001 resulted in \$8.00 returned to taxpayers over ten years.

A number of benefits and costs associated with workforce investments in the community have not been factored into our ROI estimates. Excluded benefits include returns associated with additional years of schooling for youth, the value of program output, and savings from reduced criminal involvement as well as teen pregnancy. Among the costs excluded are those associated with program transition costs and childcare costs not directly associated with the delivery of employment and training services. These exclusions lend our estimates a conservative bias.