

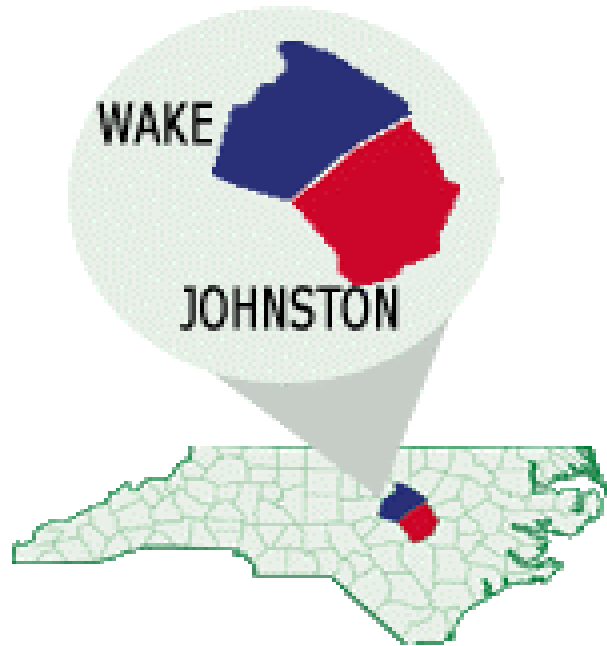


# **Return on Investment Report**

## **Workforce Investment Act**

### **Dislocated Worker Program & Adult Program**

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# Capital Area Workforce Development Board

Capital Area Workforce Development Board is a partnership of leaders in private business and public organizations committed to improving economic development in their area. The Board serves the interest of individuals and businesses in Wake and Johnston Counties by focusing on the needs of employers and the local workforce through several programs. The Board administers funds and oversees programs to improve the skills, training, and education of the local workforce, and to align the proficiency of employees with the needs of employers and the economy.

## Mission Statement

The mission of the Capital Area Workforce Development Board is to create a highly skilled workforce system. This system will provide employers with productive, skilled workers and offer citizens training and employment opportunities that promote job satisfaction and economic stability. The accomplishment of this mission will enable all citizens to contribute to the prosperity of the community.

## Purpose

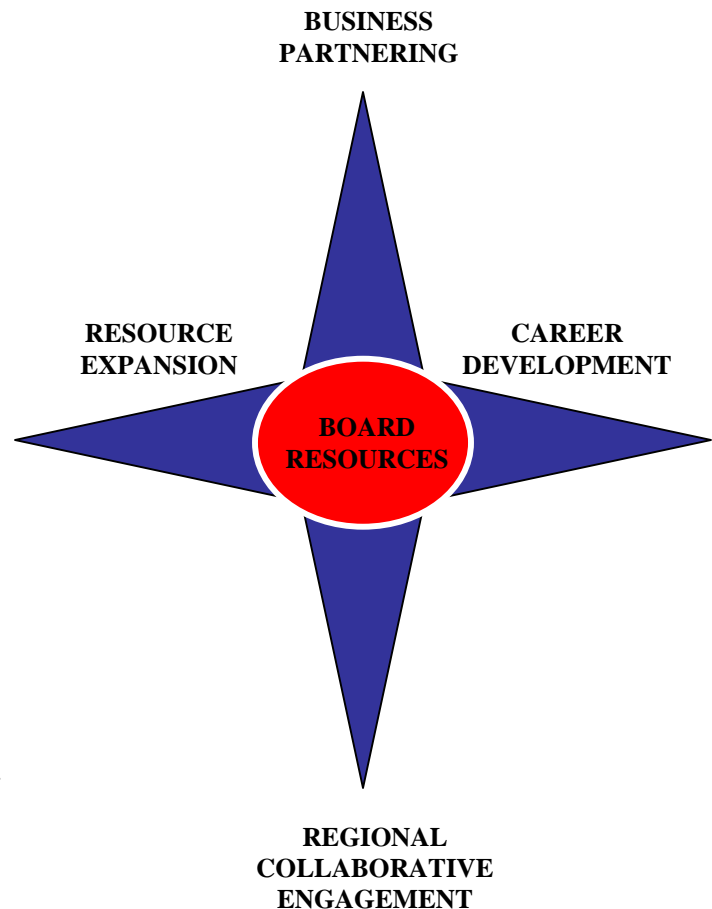
- Build a workforce system responsive to local needs.
- Connect private and public resources.
- Enable individuals to attain skills necessary for gainful employment.
- Assist employers in maintaining a skilled workforce to compete in a global economy.

## Objectives

- Increase relationships with local business and economic development organizations.
- Establish and monitor quality standards for publicly-funded workforce development programs.
- Stay apprised of the changing needs of the local labor market.

## Strategic Goals 2008-2013

- Promote business partnering to enhance regional competitiveness.
- Facilitate employment success for adults and youth.
- Lead the expansion of “Regional Collaborative Engagement” in workforce and economic development initiatives.
- Expand resources through strategic leadership and collaborative engagement.



**Executive Director**

Regina Crooms

**Capital Area Workforce Development Board Members**

**Representing Private Sector**

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Human Relations Manager  
Cisco Systems, Inc.

**Robert Barham**  
Human Resources  
Consultant

**Bruce Clarke, Vice-Chair**  
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Capital Associated Industries

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Wake County Commissioner

**Barrie Davis**  
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VP Business Development  
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**Linda Horton**  
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WakeMed Health & Hospitals

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Vice President  
Human Resources and  
Community Relations  
Carolina Sunrock LLC

**Michele Tavernise**  
Consultant

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Executive Director  
Johnston County Industries

**Marie Watson, Secretary**  
Executive Director  
Johnston-Lee-Harnett Community  
Action, Inc.

**Representing Economic Development**

**Rick Childrey**  
President  
Greater Smithfield-Selma Area  
Chamber of Commerce

**Representing Vocational Rehabilitation**

**Kenny Gibbs**  
Unit Manager  
Vocational Rehabilitation

**Representing Organized Labor**

**P. R. Latta**  
Consultant  
Communications Workers of  
America, AFL-CIO

**Representing Public Employment Service**

**Nelson Rose**  
Manager, Smithfield Local Office  
Employment Security Commission  
of North Carolina

**Representing Secondary Education**

**David Rockefeller**  
Director  
Career & Technical Education  
Wake County Public School System

**Dr. Anthony Parker**  
Superintendent  
Johnston County Schools

**Representing Post-Secondary Education**

**Gerald Mitchell**  
Executive Vice President  
Wake Technical  
Community College

**Dr. Donald Reichard**  
President  
Johnston Community College

**Representing Social Services**

**Earl Marett**  
Director  
Johnston County  
Department of Social Services

## Capital Area Workforce Development Board Service Overview

Wake and Johnston Counties joined forces in 1982 to work together administering programs and federal dollars received under the Job Training Partnership Act. In 1998, the Workforce Investment Act (WIA) replaced this law, expanding the involvement of economic development and local area businesses in the delivery of their services. The new law also mandated the creation of investment boards to be led by members of private business. As a result, Capital Area Workforce Development Board became the workforce investment board in Wake and Johnston Counties.

Members of the Board serve a two-year appointment by the Chairman of the Wake County Board of Commissioners. Program and services administered by the Board are available to adults, youth and businesses and are determined by an evaluation of local needs and available resources.

With eight JobLink Career Centers, three JobLink SAVVYouth Centers, four JobLink Youth Information Sites, five JobLink Access Points, as well as a JobLink Business Center and a JobLink Information Site, Capital Area Workforce Development Board extends its resources into communities to serve our citizens.

Additionally, local businesses are served through the Incumbent Worker Program designed to enhance the skills of workers through funding of professional development and employee training. The Rapid Response Program focuses on transition services for employees who have recently lost their jobs due to layoffs or facility closures.

## Capital Area JobLink System Locations in Wake and Johnston Counties

### **Career Centers**

JobLink Career Center  
at Cary ESC

JobLink Career Center  
at Clayton Corners

JobLink Career Center  
at Johnston Community College

JobLink Career Center  
at Raleigh ESC

JobLink Career Center  
at Smithfield ESC

JobLink Career Center  
at Swinburne

JobLink Career Center  
at WC Eastern Regional Center

JobLink Career Center  
at WC Southern Regional Center

### **Business Center**

JobLink Business Center  
at Raleigh Business &  
Technology Center

### **Youth Information Sites**

JobLink Youth Information Site  
at Garner Road YMCA

JobLink Youth Information Site  
at Not Just Another Community Center

JobLink Youth Information Site  
at Princeton High School/Public Library

JobLink Youth Information Site  
at The DuBois Center

### **Access Points**

JobLink Access Point  
at Christian Community in Action

JobLink Access Point  
at Pleasant Grove Missionary Baptist Church

JobLink Access Point  
at Restoration CDC, Inc./New Bethel Church

JobLink Access Point  
at Saint Matthew A.M.E. Church

JobLink Access Point  
at Workforce Empowerment Alliance  
Community Team (WEACT)

### **JobLink Information Site**

JobLink Information Site  
at WC Northern Regional Center

### **JobLink SAVVYouth Centers**

JobLink SAVVYouth Center  
at Clayton Corners

JobLink SAVVYouth Center  
at Johnston Community College

JobLink SAVVYouth Center  
at Raleigh ESC

## Capital Area Workforce Development Board Adult and Dislocated Worker Services

# Core Intensive Training

Capital Area Workforce Investment Act (WIA) services are offered at three levels: Core, Intensive, and Training. When an individual visits a JobLink Career Center, he/she can take advantage of **Core Services**. Core Services focus on providing information for job seekers and involves job search assistance and guidance, as well as labor market information. Although guidance is provided, job seekers participating in Core Services are expected to be self-directed using the resources available in the JobLink Career Center.

Job seekers lacking in the skills necessary to obtain employment may be eligible for additional services beyond Core Services upon request. If the individual meets the requirements for additional services, he/she would apply for **Intensive Services** where all additional services are documented according to the federal Workforce Investment Act (WIA) guidelines. To qualify for Intensive Services, the individual must meet the federal eligibility requirements for the Adult or the Dislocated Worker Program. Both programs have eligibility criteria for age, citizenship and selective service compliance.

- In order to qualify for the **Adult Program**, an applicant must provide proof that they are a recipient of public assistance or provide proof of their current income. Types of eligible public assistance include Temporary Assistance to Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps, etc. In order to be eligible based on current income, an individual must be able to prove that their household income is below the Lower Living Standard Income Level established by the U.S. Department of Labor.
- Qualifications for the **Dislocated Worker Program** require that an applicant has been laid off due to the closing of a business, a layoff that affects a significant number of a business' employees, or due to a lack of work at their job while also lacking the skills to obtain work in a similar field. The income of an applicant is not considered criteria to participate in this program.

Once eligibility is determined, a case manager is assigned to each WIA customer. Case managers provide counseling, referrals, and job search assistance.

Job seekers, who are unsuccessful in securing employment with the assistance of Intensive Services, may be eligible for **Training Services**. Training Services are provided to help job seekers expand their current skill set and make them more marketable within the current job market. Participation in Training Services is based upon the availability of federal funding.

Individuals do not progress directly from Core Services to Training Services. Individuals receive guidance and assistance through Intensive Services first. Case managers document Intensive Services received in order to determine if Training Services are a viable option of each job seeker. WIA Training Services can last for a few weeks up to 2 years depending on the program selected. Short-term training is encouraged so that job seekers will re-enter the job market in a timely manner. Participants in Training Services select their program and training provider from those registered on the NCStars system and approved by Capital Area Workforce Development Board. JobLink Career Center staff is available to provide information regarding other funding sources and additional resources.

Maintaining contact with participants who have exited WIA programs is important for Capital Area. Continual monitoring of the progress of individuals after exit is sometimes difficult with the limited resources of Capital Area this year; therefore, Capital Area has contracted with **Connectinc** to provide follow-up services for "hard to find" customers. A Follow-up Services Team completes all other follow-up services and record keeping. These services help to enhance WIA performance outcomes that are vital to continuing and improving the services of Capital Area Workforce Development Board.

## Return on Investment

For the 2006-2007 fiscal year, Adult and Dislocated Worker Programs had a combined return on investment of \$10.59 for every dollar spent on providing services, based on change in the average income following WIA participation.

This figure was calculated by finding income data for 134 individuals, out of the total 407 participants, who exited from either program for FY 2006-2007. The average gain was divided by the average cost of programs per participant to find the return for every dollar invested. Participants' data used in this report was collected based on a random sample. All figures were rounded to the nearest dollar and cannot be precisely calculated based on the dollar amounts provided.

**Table 1.1**

<b>Return on Investment Summary</b>	
Average Annual Increase in Wages	\$24,679
Average Government Assistance Savings	\$712
Average Returned to Tax Base	\$3,723
Average Gain	\$29,114
Average Cost of Programs Per Participant	\$2,750
Net Gain	\$26,364
<b>Invested</b>	<b>Returned</b>
<b>\$1.00</b>	<b>\$10.59</b>

**FY 2006-2007 program results include:**

**Average Annual Increase in Wages – WorkFirst Assistance:** Participants entering the Dislocated Worker Program or the Adult Program made an average of \$8,191 annually per person. After exiting either program, participants made an average of \$32,870 annually resulting in a wage increase of \$24,679 per person. Change in income was calculated based on wage data reported to the North Carolina Employment Security Commission. The annual income of each individual at the time of entering the program was subtracted from the reported income two quarters after exiting either program, resulting in the change in income. Reported incomes were not consistent units; however, all data was calculated to reflect annual income. For example, quarterly reported income was calculated over four quarters to determine annual income, while monthly reported income was calculated over twelve months to determine annual income. Individuals classified as participants of the Dislocated Worker Program were recorded as a pre-program income of \$0, based on their unemployment status upon entering the program. Participants in the Adult Program were also recorded as having \$0 in income if they were classified as having been

“laid off” by their most recent employer or had not been employed for over six months.

**Average WorkFirst Savings –** WorkFirst is North Carolina’s program responsible for distributing federal Temporary Assistance to Needy Families (TANF) funding. Based on the available data of WorkFirst assistance in Wake and Johnston Counties, WorkFirst assistance is reduced on average by \$390 per WIA program participant. This figure was found by analyzing WorkFirst data for specifically the Capital Area Region, including historical data on the increase of the poverty rate, the total number of caseloads served by WorkFirst in 2006 and strategies used to determine WorkFirst payment per case.

Each sample member was assumed to be a member of an average household of 2.6 members. Due to limited data showing the wages upon entry and exit of the Adult Program only, the wages of these individuals were solely used to find the average WorkFirst assistance return. The estimated amount for which each program participant in the sample qualified was found using a simplified version of the same

equation used by the N.C. Department of Health and Human Services. Upon entering the Adult Program, participants qualified for a cumulative total of \$782,710 calculated for continual monthly assistance over the course of one year. Based on the 2006 poverty rate and the total number of cases recorded as using WorkFirst services during the 2006-2007 fiscal year, the percentage of families receiving WorkFirst Assistance who qualified for services was approximately 7%. For the purpose of this report, it was assumed that only 7% of the Adult Program participants received WorkFirst services, which was a total of \$54,790. After exiting the Adult Program, participants qualified for a combined total of \$42,241 in WorkFirst assistance. Calculating that only 7% of the participants who qualified received assistance resulted in a cumulative total of \$2,957 in assistance. For the total sample size population, this was a return of \$390 per program participant.

**Medicaid Return:** An individual and/or family who qualifies for WorkFirst services also qualifies to receive Medicaid assistance. Using the data of the sample population, a \$322 average reduction in Medicaid assistance was found for each exiting program participant in Medicaid assistance. This figure was found using the average Medicaid cost per individual enrolled and the assumption that 7% of the qualified population actually receives services.

The average cost of adult Medicaid recipients (adult and children) in 2006 was \$4,362 for recipients in Johnston County and \$4,454 per recipient in Wake County. A weighted average of \$4,439 was found to account for the almost seven times greater population in Wake County in 2006. A household average for Medicaid assistance was calculated using 2.6 as the average number of household members resulting in an average of \$11,542 per household. Accounting for the aforementioned statistic that only 7% of those who qualify for WorkFirst actually received assistance in 2006 and the fact that families often qualify for Medicaid based on WorkFirst recipient conditions, only 7% of those who qualified were actually accounted for in calculating the return based on Medicaid expenses. After exiting the Adult Program, 7% of the past participants qualified for a total of

\$5,655 in Medicaid assistance. The difference in qualified assistance upon entry and after exiting the program yielded a return of \$322 per WIA program participant.

**Average Returned to Tax Base –**

Upon entry into either the adult program or the dislocated worker program, participants' average state income tax payment was an estimated \$409 and their federal income tax payment was an estimated \$573, for a total of \$982. Based on wages two quarters after exiting either program, the average federal income tax payment was an estimated \$2,380 and the average state income tax payment was an estimated \$2,323, for a combined amount of \$4,705 (figures have been rounded to the nearest dollar amount and may not total exactly as reported). The total federal and state income tax based on initial wages was subtracted from the total federal and state income tax based on post exit wages to find the amount returned to the tax base. Estimation of the average tax payment was found based on initial wages, post exit wages, and the 2007 tax rates for both the federal and the North Carolina state government (See Appendix, Table A.1).

**Cost of Programs Per Participant –**

During the 2006-2007 fiscal year, the average cost of the Dislocated Worker Program and the Adult Program per participants was \$2,750. The total allocated funding of each WIA Service Provider contract was used to find the average program costs for both the Dislocated Worker Program and the Adult Program. The amount totaled \$2,420,268 and included all contract costs. This amount was divided by the 880 total customers served during the same fiscal year, resulting in the average program cost per participant.

**Specific Program Costs:**

The Dislocated Worker Program received the most funding with a total of \$1,666,887. This amount was divided by the 546 participants served during the 2006-2007 fiscal year, resulting in \$3,053 of costs per program participant (See Appendix A, Table A.2). The Adult Program was funded for \$753,381, which was divided by the 334 program participants served in the same year, resulting in \$2,256 of costs per program participant.

## Our Focus: Local Needs

Besides meeting the employment needs of local businesses, Capital Area is committed to meeting the employment needs of job seekers based on the current state of the local economy. It is this commitment that leads Capital Area to strive in assisting job seekers, not only to be gainfully employed, but also in finding employment that provides them with wages that will allow them to succeed in the local area.

The NC Justice Center biannually publishes the North Carolina Living Income Standard (LIS), which provides information on livable wages by county, workforce development region, and economic development region. This standard gives a more accurate depiction, than the federal poverty level, of how much families need to earn annually and hourly to meet their own basic needs, based on the cost of living in individual local areas. Thus, while the federal poverty level is the same (holding the number of household members constant) for every family in the nation, no matter what the cost of living is in their residing location, the LIS is different for every county in North Carolina based on the cost of housing, food, childcare, health care, transportation, other necessities, taxes, and refundable tax credits. Similarly to the federal poverty level, LIS need is based on the number of family members in a household, as well as the number of adults versus the number of children in a household.

**Table 1.1**

<b>Living Income Standard by Area*</b>				
		Annual LIS	Monthly LIS	Hourly LIS
<b>Johnston County</b>	2 person	\$34,537	\$2,878	\$16.60
	3 person	\$40,417	\$3,368	\$19.43
	4 person	\$44,965	\$3,747	\$21.62
	5 person	\$56,014	\$4,668	\$26.93
<b>Wake County</b>	2 person	\$38,699	\$3,225	\$18.61
	3 person	\$47,103	\$3,925	\$22.65
	4 person	\$51,856	\$4,321	\$24.93
	5 person	\$64,082	\$5,340	\$30.81
<b>Capital Area**</b>	2 person	\$36,618	\$3,052	\$17.60
	3 person	\$43,760	\$3,647	\$21.04
	4 person	\$48,411	\$4,034	\$23.27
	5 person	\$60,048	\$5,004	\$28.87

\*Based on data from the NC Justice Center

\*\*Based on an average of same family type for both counties

The average household size for both Wake and Johnston Counties was projected to be 2.6 in 2007 (NC Dept. of Commerce). Therefore, if the program participants selected in the random sample are representative of a member of an average household (in terms of number of members), it is probable that each individual has two to three individuals that make up their household. Upon entering the program, 92% of the members of the sample had an annual salary of less than \$36,618. Thus, if these individuals were members of a two-person household (one that included one adult and one child), these program participants were living below the LIS for Capital Area. If the program participants in the sample were members of a household of three people (one that included two adults and one child or one adult and two children), 97% were living below the LIS upon entering the program, due to an annual salary of less than \$43,760 when participants entered either the Dislocated Worker Program or the Adult Program. A weighted average, taking in account the average household size, demonstrates that 95% of program participants were living below the LIS upon entering the program, based on LIS data.

After program participants exited the program during the 2006-2007 fiscal year, there was a decrease in the amount of individuals who were members of households living below the LIS standard. If program participants were members of a two-member family, only 55% lived below LIS (See Appendix, Table A.3). If program participants were members of a three-member family, 78% of the program participants remained below the LIS based on their post-exit wages. Considering the average household size of the Capital Area region, a weighted average demonstrates that 69% of program participants were living below the LIS after exiting in the 2006-2007 fiscal year.

It should be noted that statistics involving three-member families assumes that the program participant is the sole source of income for that household. If any program participants were members of a three-member family with an additional income provider beside themselves, it is much more likely that with the addition of the income, the household was living above the LIS upon entry to either program, especially after exiting the program. This data also does not take into account any continual steady increase of wages of program participants. Over 90% of the sample population reported an increase in wages upon exiting the program, compared to their wages upon entry. If raises in wages continued beyond their exit of the program, the probability of program participants living above the LIS after exiting either program also increases.

## Data Limitations

**Wage Data:** Wage data reflects the wages of program participants upon entry and two quarters after exiting either program, but does not necessarily reflect the wage earning ability of participants after exiting the program. For example, it may have been reported that past participants made an hourly wage that would place them above the poverty level after exiting the program, but due to past participants being laid off, fired, or quitting, as well as working minimal hours, they may continue to qualify for government assistance based on their reported wages. The accuracy of wage data reported is also contingent upon employers – both their accuracy and their timeliness in reporting, as well as wage data not received or posted by the Employment Security Commission. For some individuals, wages were not reported two quarters after their exit, due to employers failing to report that specific time period or failing to report in a timely manner. For these individuals, wage difference was calculated based on the first quarter after exiting either program. Had wage data for two quarters after exiting the program been available, results may have shown a greater return on investment than presented in this report.

**Government Assistance:** The return based on government assistance can be considered a modest estimate considering the various types of government assistance available to households considered living below the poverty line. For the purpose of this report and based on the limited amount of information available, the only government assistance programs taken into account were WorkFirst and Medicaid. This report does not consider additional assistance programs addressing health care, housing, economic assistance, childcare and other programs provided through community partnerships.

Additionally, it has been well reported that the child poverty rate, which is considerably higher than the adult poverty rate (child poverty rate was 18.3% in Wake and Johnston Counties, compared to the 7.9% poverty rate for adults), can be attributed to families in poverty having more children than the average child per adult. Thus, program participants who qualify for government assistance and also have children in their household may have more than the average 2.6 member household. Based on their reported wages, this would qualify program participants for more government assistance both upon entry and after exiting the program. However, the average increase in wages was almost \$25,000, which in most cases would result in households qualifying for no government assistance after participants exited the Adult program, yielding an even greater return based on government assistance returned to the community.

Furthermore, government assistance was only calculated based on wages of participants in the Adult Program. If wage data upon entry was more consistently reported for those who participated in the Dislocated Worker Program, this could have been factored into the total savings. With this information, it is likely that the return on investment would be higher due to a larger amount of government assistance provided to the total amount of participants upon entry into both programs.

**Tax Data:** Although estimates for state taxes can be assumed to be fairly accurate based on a reasonably simple tax code, which allows for a straightforward estimate, the estimate of federal taxes for participants is more questionable. Estimates of federal taxes paid were based on whether the participants' wages fell above or below the median household income. This assumed that the participant was the only source of income in their household. Had they not been the only source of income, they would be more likely to fall in the category of people who represent the upper 50% of wage earners. Also, those who qualified as living above the median household income most likely paid a tax rate lower than the average 13.98% after exiting the program. This average federal tax rate may be skewed due to very high wage earners in the upper 50% of income earners. Participants using Capital Area's employment services are more likely to pay federal taxes based on a much lower rate even though they fall into the upper 50% of wage earners category. Thus, if their tax rate was lower in 2006 for federal taxes, the result would be a lesser actual return than displayed in this report.

## Appendix

**Table A.1**

<b>Federal and N.C. State Tax Rates</b>		
<b>Federal Tax Rate*</b>	Bottom 50%	3.01%
	Top 50%	13.98%
<b>N.C Tax Rate**</b>	< \$12,749	6%
	\$12,750-\$59,999	7%
	\$60,000-\$119,999	7.75%
	> \$120,000	8%

\* (Prante, Gerald); Individuals in the bottom 50% were considered having an annual salary less than \$48,451, the median household income in 2007; top 50% was any annual salary above this figure (U.S. Census)

\*\*Based on data from the Tax Foundation

**Table A.2**

<b>Specific Program Costs*</b>		
	<b>Dislocated Worker Program</b>	<b>Adult Program</b>
<b>Total Cost</b>	\$1,666,887	\$753,381
<b>Cost Per Participant</b>	\$3,053	\$2,256

\*All figures have been rounded to the nearest dollar

**Table A.3**

<b>Program Participants &amp; Living Income Standard*</b>			
<b>Program Status</b>	<b>Household Type (Possibilities)</b>	<b>Below LIS</b>	<b>Above LIS</b>
Upon Entry	2-member	92%	8%
	3-member	97%	3%
	Weighted Average	95%	5%
Post Exit	2-member	55%	45%
	3-member	78%	22%
	Weighted Average	69%	31%

\*Calculated based on data from Webster, et al.

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Prepared by:

Kelly M. Pasour

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