

Return on Investment from Capital IDEA

Background:

Capital IDEA offers occupational skills training and extensive support services to low-income residents, concentrating on long-term engagement to improve education and labor-market outcomes. Capital IDEA takes a sectoral approach, focusing on occupations in high demand typically with starting wages of \$14 per hour or more in health care, information technology, accounting, wireless technologies, utilities, and education. Fully three-quarters of Capital IDEA's training is in nursing and allied health careers. The average participant spends 1.5 years in the program; total costs are estimated at \$6,078 in inflation adjusted values.



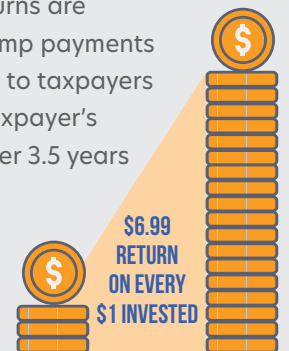
Impacts Analysis:

The Ray Marshall Center at the University of Texas revisited the analysis conducted in 2015 with calculate impacts and from 2003-2006 against a matched comparison group using newly available data. Participation in Capital IDEA was associated with a 16.3 percentage point increase in quarterly employment; a 19.5 percentage point gain in eligibility for unemployment insurance benefits; and a \$4,981 increase in average quarterly earnings in relation to the comparison group using inflation adjusted values.

Return on Investment:

Ray Marshall Center researchers also revisited a cost-benefit analysis for Capital IDEA to extend observable outlooks through the end of 2022. The stream of taxpayer returns from the investment in Capital IDEA participants over 20 years is estimated at \$63,717 in present value terms. Taxpayer returns are limited to reductions in welfare and food stamp payments and increased tax receipts. The total returns to taxpayers over 20 years are estimated at 699%. The taxpayer's investment is fully recouped after a little under 3.5 years into the post-treatment period.

Each dollar invested in Capital IDEA training is associated with returns to taxpayers of \$6.99 over a 20-year period. The annualized ROI for the 20-year period is estimated at 34% for taxpayers.



Sources:
Smith, King, and Schroeder. (2011). Local Investments in Workforce Development: 2011 Evaluation Update. Austin: Ray Marshall Center.
Smith and King. (2011). Exploratory Return on Investment Analysis of Local Workforce Investments. Austin: Ray Marshall Center.
Available: www.raymarshallcenter.org