

Denver-Area WIB Measures ROI to Taxpayers Using EMSI's Tools

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Arapahoe/Douglas Works!, a federally funded workforce center that serves Arapahoe and Douglas counties in the southeastern part of the Denver Metropolitan Area, has always sought to squeeze the most out of the funding it receives. But until recently the workforce center, like every other WIB in the nation, didn't have a verifiable way to take the next step—quantifying its return on investment to taxpayers.

BACKGROUND

Patrick Holwell has been on staff at Arapahoe/Douglas Works! since 1988, and knows firsthand how the WIB helps displaced workers, local employers, and jobseekers. But, as Holwell put it, “our WIB wanted to know how does it help the rest of the community. I’ve always felt that there had to be a way to measure that.”

Shortly after Holwell began using *EMSI's Analyst*, a web-based employment data tool, Joe Barela, Arapahoe/Douglas Works' Division Manager, asked Holwell if they could use EMSI to better understand the economic contribution of the WIB with a “cutting-edge” study that analyzed demand-side performance measures, both for overall agency performance and by program.

HOW THEY DID IT

First, it is important to note that the workforce system is generally concerned with supply-side results (i.e., how jobseekers get jobs). But Holwell argues in the report, “For any training or labor exchange entity, a business that hires the graduate or job-seeker is the final and critical customer.”

With that in mind, the Arapahoe/Douglas Works! study focused on employer-based results: **jobs added, increased industry earnings, and increased business sales**. It also went beyond basic job creation to discuss how the new jobs impact other industries in the region. “Every time we train somebody and help them find work, that’s a job that’s added in the community,” Holwell explains. “We didn’t create the job; the employer that hired the person did. But still the job was added. Well, there’s a ripple effect. How many other jobs were created because of that one placement? How much more earnings went out in the community to buy goods and services?”

To figure all of this out, Arapahoe/Douglas Works! used EMSI’s tools and other data sources¹ to assess the workforce center’s operations for Workforce Investment Act Program Year 2008 (July 1, 2008-June 30, 2009). The methodology behind the study included:

¹ In particular, Holwell said the help provided by the Colorado Department of Labor and Employment’s Labor Market Information, Unemployment Insurance, and Workforce Development Program divisions was critical, as they were able to transform the workforce center’s list of social security numbers of placements into the needed frequency list by industry.

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— Patrick Holwell, Workforce Economist,
Arapahoe/Douglas Works!

RESULTS

Job Placements: 7,208
Increased Business Earnings: \$675.5 million
Increased Sales: \$1.2 billion
ROI: \$7.16 in increased earnings and \$12.82 in added sales for every \$1 spent

1. Obtaining a list of people who found jobs after being referred by the workforce center;
2. Aggregating the job-placement figures by 6-digit industry codes;
3. Using EMSI to assess the impacts of the job creation on the regional economy.

OUTCOME

The study found that A/D Works! could be credited for 7,208 job placements² in PY08, which led to over \$675 million in increased regional business earnings and \$1.2 billion in aggregate sales. After taking into account public costs, it was determined that A/D Works! showed a **return on public investment of \$7.16 in increased earnings and \$12.82 in increased sales for each public dollar spent.**

Holwell says the study took a “cutting-edge” approach that was vetted by a number of economists and data experts before its release. The missing link, it turns out, was an input-output tool that provides quick analysis, as EMSI’s does.

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Now he and his colleagues hope to start a national dialogue on measuring the workforce development system’s efforts with demand-side metrics.

“What we’re actually talking about here is managing the nation’s labor force—competitiveness,” Holwell says. “We all realize businesses are in competition with each other, but sometimes maybe they should work together, particularly looking at something like the training pipeline for certain key occupations.”

The full economic impact study can be [viewed here](#).

If you are interested in a similar project for your WIB, contact Joshua Wright at jwright@economicmodeling.com or call 208.883.3500.

² After reviewing internal workforce data, Holwell determined that A/D Works! could be credited for helping 25.69% of the clients registered find jobs. Not all jobseekers that register in the A/D Works! system actually come to the center and are assisted by the staff. After calculating the exact number of jobseekers the center helped, he then used EMSI to determine a jobs multiplier to come up with 7,208.