

ROI report helps Alabama training institute demonstrate its value to lawmakers, taxpayers

With Alabama lawmakers bracing for difficult budget issues in the 2009 legislative session, one state-funded organization that provides critical workforce training and economic development incentives decided to take a proactive approach to show its value with a dollar-and-cents assessment.

AIDT labeled as state's #1 incentive

For nearly 35 years, [Alabama Industrial Development Training](#) (AIDT) has provided a direct link between the state's existing/new industries and customized, hands-on training. When a business relocates to Alabama or a start-up expands, AIDT is there to recruit and train skilled workers for specific needs—at no cost to the business or trainees.

The workforce development/education institute has been so successful in helping attract businesses to the state that it's been described as Alabama's #1 economic incentive. "The state can only offer so much as far as tax cuts and reduced costs on land," explains Heather Holladay, a research analyst at AIDT. "Once we get them in here, who's going to do the training?"

Nevertheless, at a time when most states are chopping education budgets and Alabama is facing its fair share of financial troubles, AIDT knew that substantiating its value to key decision makers would be worthwhile. So it decided to calculate its return on investment to the state.

Institute takes data-driven approach to show value

According to Holladay, the institute—which answers to the governor and state chancellor's office—anticipated two key questions from policy makers in advance of the 2009 legislative session: "What good do you do for the state, and how do we know you're worth it?" AIDT decided the most effective way to answer those questions was through data, not anecdotal evidence.

Holladay had a firm grasp on how many jobs the agency had helped create, and how many trainees had gone through its programs in fiscal year 2007-08. The next step was finding a manageable way to estimate AIDT's impact to the state.

Analysis concludes AIDT contributed \$3.3 billion to state

For part of the ROI analysis, Holladay used EMSI's input-output model. She broke down the job creation by industry and plugged in the numbers to see the total statewide effect of each business arrival and expansion. The results showed that AIDT had brought in **\$3.3 billion** in earnings to Alabama during a 12-month span in 2007-08, thanks to the **76,941 jobs created**. "When I showed the report to my director (Ed Castile), he was ecstatic," Holladay says. "He couldn't believe it ... It was incredible because we tried to do an ROI for a couple years but never got anywhere. To be able to do that through the EMSI software was great."

Castile showed the impact report to the chancellor's and governor's office and a handful of legislators. Since then, the outcome has been favorable. Concludes Holladay, "The ROI along with some other information and reports allowed us to stabilize our budget and prove our worth."

The institute could be in line for even more funding via the stimulus package with sizable projects in progress. Construction is underway on a state-of-the-art robotics training center, which will collaborate with AIDT, the state's two-year college system, and robotic industry leaders to help bring in new robotics employers and support the existing industry base. AIDT has also set up a maritime welding training program to supply the approximately 1,800 new maritime jobs expected to be generated in Alabama over the next two years.

If you are interested in compiling a regional ROI analysis for your organization, please contact us for more information.

References and further reading

For more on AIDT and its most current projects, www.aidt.edu

“Calhoun Community College Chosen for Robotics Center,”
<http://www.huntsvillealabamasa.com/chamberlink/062408/calhoun.html>

About EMSI

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