STATE OF

IDAHO

WORKFORCE INVESTMENT ACT

ANNUAL REPORT FOR PY 2005

OCTOBER 2006

WIA Title I Report for the State of Idaho

Evaluation of Activities -

STATE REORGANIZES TO MAINTAIN SERVICE LEVELS

As Idaho began preparation for the 2005-2007 Strategic Workforce Investment Plan, it became increasingly clear that Workforce Investment Act funding would no longer sustain the work force investment infrastructure overseen by six local workforce investment boards. As Idaho experienced dramatic gains in the economy, jobs and population, Idaho's share of a smaller pool of WIA funds was dramatically reduced. From PY 2002 to PY2005, funds were cut by more than 38 percent and were again cut in 2006 for total reductions of 47 percent from the base year. Further reductions are anticipated as Congress wrestles with the budget and Idaho's economy continues to outperform the rest of the country.

After examining options and consulting with the state and local workforce investment boards, former Governor Dirk Kempthorne decided to reduce the number of work force areas from six to two. At the same time, the U.S. Department of Labor approved the governor's request to use his statewide Workforce Development Council as the sole board overseeing the state's work force system operating as a single statewide work force investment planning area. The goals of the restructuring were to:

1) Reduce overhead from 14 percent to 3 percent of the program funds;
2) Preserve and expand funding for direct participant services;
3) Increase the numbers of individuals who would otherwise be served by 500;
4) Expand access to the full range of services by expanding from six to 24 the number of one-stop centers; and
5) Expand the range of services offered in the one-stop centers by bringing access to economic and community development services to the centers.

A review of year-end performance demonstrates that these goals were met. During PY2005, overhead was reduced to 3 percent plus a one-time expenditure of 1 percent for local board close-out activities. This compares to PY2004 where overhead was at 18 percent of expenditures with the vast majority of that attributed to expenditures for staff and expenses of local boards, which accounted for 15 percent.

As a result of continued reductions in funding, spending was down by more than $2.3 million. However, less than $100,000 of that decline was in funds used to purchase ITAs and other direct customer services. More than $2.2 million was shaved from staff expenditures with nearly $1.5 million saved by eliminating the local areas.

While absorbing a 22 percent drop in expenditures from 2004 to 2005, only 25 fewer participants were served, a loss of less than 1 percent in service levels. Had local areas continued to be funded at the same levels, we would have experienced service level drops of more than 600 individuals, far exceeding the goal of 500.

SPENDING LEVEL COMPARISONS – PY 04 VS PY 05

PY 04 Spent	Totals
Total Staff	$6,962,465
Total Participant	$3,598,403
Total Staff/Participant	$10,560,868
# Served	3250
Part $ cost per	$1,107
All $ cost per	$3,249
% Staff dollars	66%
% Participant Dollars	34%

PY 05 Spent	Totals
Total Staff	$4,728,227
Total Participant	$3,501,322
Total Staff/Participant	$8,229,549
# Served	3225
Part $ cost per	$1,086
All $ cost per	$2,552
% Staff dollars	57%
% Participant Dollars	43%

PY04 - PY05 Difference	Totals
Total Staff	($2,234,238)
Total Participant	($97,081)
Total Staff/Participant	($2,331,319)
# Served	(25)
Part $ cost per	($22)
All $ cost per	($698)
% Staff dollars	-32%
% Participant Dollars	-3%

At the May 2006 meeting of the Workforce Development Council, two additional goals were achieved. The council approved the plan to expand to 24 one-stop offices and modified the One-Stop Policy Framework to require access to community and economic development services at each one-stop office. This assures access of all Idahoans to the full range of work force, economic development and work force development services within a reasonable commuting distance.

While it was a difficult decision to eliminate the local work force areas, results demonstrate that it was the only decision that could have been made in the face of severe budget reductions. As funds continue to decline, service levels to participants will be impacted. The program has already significantly reduced administrative and service delivery staffing by cutting expenditures more than $750,000. This was a one-time shift in priority. Further reductions will be proportionate to the loss of allotments. We recommend that allotments to states be made as early as possible to allow any further reductions to be managed in a careful and judicious way.

Return on Investment

Idaho's "Return on Investment" provides the required analysis of our workforce investment activities relative to the effect of the activities on the performance of the participants. Reviewing the level of investment (taxpayers' dollars) vs. the return on that investment (participant gains in wages, taxes, reduced public assistance) provides another look at the success of the programs beyond the required performance standards.

Each program demonstrates a positive impact on the community resulting from participation in the program. For individuals enrolled in the Adult program, $3.63 is returned to the community for each dollar spent and the investment is returned by the participant within nine months. For dislocated workers, the investment is returned in seven and one-half months with those leaving the program returning $4.83 to the community for each dollar invested.

Youth, particularly younger youth, are less likely to be directed toward immediate employment upon completion. A primary goal for these at-risk youth is to encourage them to return to school or to assist them in continuing their education. In recognition of these goals, the analysis considers future impact resulting from continued participation in education through high school and beyond for younger youth. Impact for older youth who are employment directed is computed in the same manner as adults and dislocated workers. The results of our analysis demonstrate that investments in youth are repaid in approximately 18 months and youth are expected to return $1.93 to the community for each dollar invested in their training.

IDAHO
Adult ~ Program Year 2005
Summary at a Glance

Increased Income Tax Contributions (State & Federal)	$1,397,304
Increased FICA payments	$1,126,175
Reduced Public Assistance Dependency	$640,980
TOTAL ANNUAL TAXPAYER BENEFIT	$3,164,459
Monthly Taxpayer Benefit	$263,705
ADULT PROGRAM COST (Expenditures, PY 2005)	$2,356,388
Number of months to pay back Taxpayer Investment	8.9

IMPACT OF WIA INVESTMENT
Adult ~ Program Year 2005
Summary at a Glance

Annual Increased Net Earnings of Participants	$5,400,231
Annual Increase in FICA Contributions	$1,126,175
Annual Increase in Federal Income Tax Payments	$959,049
Annual Increase in State Income Tax Payments	$438,255
Annual Decrease in Public Assistance	$640,980
TOTAL ANNUAL IMPACT	$8,564,690
ADULT PROGRAM COST (Expenditures, PY 2005)	$2,356,388

Overall Impact of Investment (Impact divided by Program Cost)

Investment	Impact
$1.00	$3.63

IDAHO

Dislocated Worker ~ Program Year 2005

Summary at a Glance

Increased Income Tax Contributions (State & Federal)	$2,283,330
Increased FICA payments	$1851,761
Reduced Public Assistance Dependency	$276,012
TOTAL ANNUAL TAXPAYER BENEFIT	$4,411,103
Monthly Taxpayer Benefit	$367,592
D.W. PROGRAM COST (DW & Rapid Response Expenditures, PY 2005)	$2,754,202
Number of months to pay back Taxpayer Investment	7.5

IMPACT OF WIA INVESTMENT

Dislocated Worker ~ Program Year 2005

Summary at a Glance

Annual Increased Net Earnings of Participants	$8,893,804
Annual Increase in FICA Contributions	$1,851,761
Annual Increase in Federal Income Tax Payments	$1,572,949
Annual Increase in State Income Tax Payments	$710,381
Annual Decrease in Public Assistance	$276,012
TOTAL ANNUAL IMPACT	$13,304,906
D.W. PROGRAM COST (DW & Rapid Response Expenditures, PY 2005)	$2,754,202

Overall Impact of Investment (Impact divided by Program Cost)

Investment	Impact
$1.00	$4.83

IDAHO
Youth ~ Program Year 2005
Summary at a Glance

Increased Income Tax Contributions (State & Federal)	$931,462
Increased FICA payments	$710,895
Reduced Public Assistance Dependency	$109,044
TOTAL ANNUAL TAXPAYER BENEFIT	$1,751,401
Monthly Taxpayer Benefit	$145,950
YOUTH PROGRAM COST (Program Expenditures, PY 2005)	$2,646,278
Number of months to pay back Taxpayer Investment	18.1

IMPACT OF WIA INVESTMENT
Youth ~ Program Year 2005
Summary at a Glance

Annual Increased Net Earnings of Participants	$3,359,466
Annual Increase in FICA Contributions	$710,895
Annual Increase in Federal Income Tax Payments	$622,324
Annual Increase in State Income Tax Payments	$309,138
Annual Decrease in Public Assistance	$109,044
TOTAL ANNUAL IMPACT	$5,110,867
YOUTH PROGRAM COST (Program Expenditures, PY 2005)	$2,646,278

Overall Impact of Investment (Impact divided by Program Cost)

Investment	Impact
$1.00	$1.93

Return on Investment

BACKGROUND

Each person who applies for WIA services completes an application that supplies information on employment status, cash welfare and/or food stamps recipient status, number in the family and number of dependents. Unemployment insurance records are also accessed for pre-program wage information. This information constitutes the raw data used as pre-program information.

Upon completion of the training, information is recorded on each individual regarding his or her employment status and earnings. This information constitutes post-program data.

For younger youth whose goal is not immediate employment, pre-program information is based on the mean earnings of those with less than a high school education as reported in the most current CPS survey. Post-program information is the mean earnings for high school graduates from the same survey. While this does not report actual earnings, it is used as an indicator of future program impact.

The raw data collected at these points is used to project and compute employment rate, net (take home) pay of the employed, FICA and federal and state income tax contributions and public assistance costs. By comparing pre-program and post-program data, we can reasonably determine the benefit of the program compared to the cost of the program.

METHODOLOGY

Federal and state income taxes paid are calculated by using federal and state tax tables, based on average income, average family size, and the most frequently occurring filing status of participants. Increased tax contributions are derived from subtracting pre-program contributions from post-program contributions.

Annual public assistance costs are calculated by multiplying the number of cash welfare recipients by the maximum monthly welfare grant times twelve; Food Stamp costs are calculated by multiplying the number of food stamp recipients by the average monthly food stamp amount times twelve. Decreased public assistance costs were derived by determining whether an individual who was on assistance at intake was working more than 25 hours a week at $6 per hour. If so, s/he would not have qualified for cash assistance, so the maximum monthly benefit as of July 1, 2005, for both cash assistance and food stamp assistance was counted as savings.

FICA contributions are calculated to be 15.3 percent of gross earnings.

Net (take home) earnings of the employed are calculated by computing the annual gross income and subtracting employee FICA and income taxes. Pre-program earnings are based on earnings reported in unemployment insurance records; post-program earnings are based on employment data collected at program exit.

Taxpayer Return on Investment

The Taxpayer Return on Investment represents the rate of return of taxpayer dollars, through increased tax contributions and decreased welfare costs.

To calculate the Taxpayer Return on Investment, the Total Annual Benefit is divided by twelve to produce a Monthly Taxpayer Benefit. The Program Cost is then divided by the Monthly Taxpayer Benefit to calculate the number of months it takes to pay back the taxpayer investment in WIA for the year in question.

IMPACT OF INVESTMENT

This is a measure of the program's overall benefit to the community.

When calculating the Impact of Investment, net earnings of the participants are included, as well as the increased tax contributions and decreased welfare costs. Even though these earnings are not directly returned to the taxpayer, they represent a measure of increased productivity.

ASSUMPTIONS

The ideal calculation of the return on WIA investments would contain raw data on individual participants for an entire year prior and subsequent to participation in WIA. The cost of collecting such data, however, would far outweigh the benefit of doing so. As such, these calculations rely on a number of assumptions about the data and about pre- and post-program conditions of participants. These are identified below:

In general, it is assumed that the following data, collected during program intake and exit as well as from unemployment wage records, remained constant for the entire year prior and subsequent to program participation, respectively:

Earnings

Employed/Unemployed Status

Public Assistance Grant Amounts

Family Size

Other Assumptions:

Using the average income, average family size, and most frequently occurring filing status to calculate tax contributions will yield a representative, yet conservative, estimate for the individuals being counted.

Individuals are receiving all public assistance benefits for which they are eligible both prior and subsequent to program participation.

OTHER TAXPAYER BENEFITS

The benefits reflected in these calculations include only a portion of those actually accruing to the taxpayer for these programs. Other welfare costs associated with Medicaid, subsidized housing, and Supplemental Security Income, for example, will generate significant savings if no longer received by program completers. Reduced Unemployment Insurance costs may generate additional savings. These measures also reflect increased tax contributions only for state and federal income taxes, without the inclusion of local and sales taxes. Information needed to calculate these related savings, however, is either not available or cost-prohibitive to produce.

Table Section

Table A - Workforce Investment Act Customer Satisfaction Results

Customer Satisfaction	Negotiated Performance Level	Actual Performance Level – American Customer Satisfaction Index	Number of Surveys Completed	Number of Customers Eligible for the Survey
Participants	85%	83	993	1,516
Employers	85%	82	13	14

Table B – Adult Program Results

	Negotiated Performance Level	Actual Performance Level	
Entered Employment Rate	87.00%	85.7%	222 / 259
Employment Retention Rate	84.00%	85.1%	358 / 422
Average Earnings	$3,900.00	$5,771.7	$2,193,262 / 380
Employment And Credential Rate	70.00%	71.6%	252 / 352

Table C – Outcomes for Adult Special Populations

Reported Information	Public Assistance Recipients Receiving Intensive Or Training Services		Veterans		Individuals With Disabilities		Older Individuals	
Entered Employment Rate	85.7%	6 / 7	72.7%	16 / 22	82.6%	19 / 23	75%	15 / 20
Employment Retention Rate	78.9%	15 / 19	77.8%	28 / 36	78.9%	30 / 38	81.3%	26 / 32
Average Earnings Rate	$4,944.6	$79,114 / 16	$7,115.6	$199,238 / 28	$5,207.3	$151,012 / 29	$4,455.0	$115,831 / 26
Employment And Credential Rate	69.2%	9 / 13	72.2%	13 / 18	66.7%	22 / 33	75%	12 / 16

Table D – Other Outcome Information for the Adult Program

Reported Information	Individuals Who Received Training Services		Individuals Who Received Only Core and Intensive Services	
Entered Employment Rate	87.4%	188 / 215	77.3%	34 / 44
Employment Retention Rate	86.5%	301 / 348	77.0%	57 / 74
Average Earnings Rate	$6,326.1	$1,986,399 / 314	$3,134.3	$206,863 / 66

Table E – Dislocated Worker Program Results

	Negotiated Performance Level	Actual Performance Level	
Entered Employment Rate	90%	91.1%	533 / 585
Employment Retention Rate	91%	93.1%	637 / 684
Average Earnings	-$1,500	$291.2	$184,041 / 632
Employment And Credential Rate	72%	72.7%	437 / 601

Table F – Outcomes for Dislocated Worker Special Populations

Reported Information	Veterans		Individuals With Disabilities		Older Individuals		Displaced Homemakers	
Entered Employment Rate	89.5%	68 / 76	89.5%	34 / 38	87.3%	55 / 63	85.7%	36 / 42
Employment Retention Rate	90%	72 / 80	93.3%	28 / 30	90.1%	64 / 71	84.6%	33 / 39
Average Earnings Rate	- $1,593.8	-$93,311 / 72	-$206.7	-$6,202 / 30	-,$283.6	-$141,202 / 64	$6,903.3	$255,423 / 37
Employment And Credential Rate	74%	54 / 73	63.6%	28 / 44	66.7%	40 / 60	72.7%	40 / 55

Table G – Other Outcome Information for the Dislocated Worker Program

Reported Information	Individuals Who Received Training Services		Individuals Who Received Only Core and Intensive Services	
Entered Employment Rate	91.3%	473 / 518	89.6%	60 / 67
Employment Retention Rate	93.4%	568 / 608	90.8%	69 / 76
Average Earnings Rate	$199.7	$112,423 / 563	$1,037.9	$71,618 / 69

Table H.1 – Youth (14-21) Program Results

	Negotiated Performance Level	Actual Performance Level	
Placement in Employment or Education	50.0%	77.7%	358 / 461
Attainment of Degree or Certificate	49.0%	46.4%	248 / 535
Literacy and Numeracy Gains	30.0%	0.0%	0 / 0

Table H.2 – Older Youth (19-21) Program Results

	Negotiated Performance Level	Actual Performance Level	
Entered Employment Rate	83.0%	91.1%	82 / 90
Employment Retention Rate	89.0%	86.1%	118 / 137
Six Month Earnings Increase	$3,094.00	$4,363.6	$497,453 / 114
Credential Rate	58.0%	58.7%	81 / 138

Table I – Outcomes for Older Youth Special Populations

Reported Information	Public Assistance Recipients		Veterans		Individuals With Disabilities		Out-of-School Youth	
Entered Employment Rate	100.0%	10/10	100%	2/2	100.0%	13/13	89.6%	69/77
Employment Retention Rate	92.3%	12/13	100%	3/3	86.4%	19/22	89.1%	98/110
Six Months Earnings Increase Rate	$4,451.6	48,968/11	$3,949	$3,949/1	$4,025.5	$72,459/18	$4,357.8	$396,562/91
Credential Rate	72.7%	8/11	50%	1/2	55.0%	11/20	56.4%	66/117

Table J – Younger Youth (14-18) Results

	Negotiated Performance Level	Actual Performance Level	
Skill Attainment Rate	92.0%	89.4%	614/687
Youth Diploma or Equivalent Rate	77.0%	80.3%	183/228
Retention Rate	78.0%	90.2%	239/265

Table K – Outcomes for Younger Youth Special Populations

Reported Information	Public Assistance Recipients		Individuals With Disabilities		Out-of-School Youth	
Skill Attainment Rate	93.0%	40/43	89.5%	256/286	85.1%	131/154
Youth Diploma or Equivalent Rate	85.7%	12/14	86.1%	68/79	61.6	45/73
Retention Rate	95.8%	23/24	88.2%	90/102	91.9%	68/74

Table L – Other Reported Information

	12-Month Retention Rate		12-Month Earnings		Nontraditional Employment		Wages at Entry		Training Related Employment	
Adults	87.8%	301/343	$5,930.5	$1,838,462/310	18.0%	40/222	$4,649.3	$967,054/208	56.9%	107/188
Dislocated Workers	94.7%	523/552	106.6%	$6,369,292/$5,976,024	18.6%	99/533	$6,193.1	$3,108,944/502	68.5%	324/473
Older Youths	101.1%	93/92	$4,433.5	$412,316/93	18.3%	15/82	$3,010.9	$225,817/75		

Table M – Participation Levels

	Total Participants Served	Total Exiters
Total Adult Customers	206,546	108,042
Total Adult Self-Service Only	204,303	106,789
WIA Adult	205,278	107,206
WIA Dislocated Worker	1,186	638
Total Youth (14-21)	1,070	548
Younger Youth (14-18)	755	410
Older Youth (19-21)	315	138
Out-of-School Youth	539	253
In-School Youth	531	295

Table N – Cost of Program Activities

Program Activity		Total Federal Spending
Local Adults		$ 2,356,388
Local Dislocated Workers		$ 1,896,932
Local Youth		$ 2,646,278
Rapid Response (up to 25%) §134(a)(2)(A)		$ 857,270
Statewide Required Activities (Up to 15%) §134(a)(2)(B)		$ 1,355,457
Statewide Allowable Activities §134(a)(3)	**Program Activity Description**	
	Older Worker Assistance	$ 22,592
	Hi-Growth Initiative - Customized & Incumbent Worker Training	$ 109,347
	Labor Market Information	$ 100,000
Total of All Federal Spending Listed Above		$ 9,344,264

Table O: Local Performance

Local Area Name **Region I – Balance of State**	**Total Participants Served**	**Adults**	887
		Dislocated Workers	1,101
		Older Youth	281
		Younger Youth	693
ETA Assigned #	**Total Exiters**	**Adults**	386
		Dislocated Workers	603
		Older Youth	129
		Younger Youth	383

		Negotiated Performance Level	Actual Performance Level
Customer Satisfaction	**Program Participants**	85	82.9
	Employers	85	81.2
Entered Employment Rate	**Adults**	87%	85.8%
	Dislocated Workers	90%	91.3%
	Older Youth	83%	91%
Retention Rate	**Adults**	84%	84.3%
	Dislocated Workers	91%	93.9(
	Older Youth	89%	85.5%
	Younger Youth	78%	89.8%
Average Earnings (Adults/DWs) **Six Months Earnings Increase (Older Youth)**	**Adults**	$3,900	$5,738.8
	Dislocated Workers	-$1,500	$272.3
	Older Youth	$3,094	$4,076.1
Credential/ Diploma Rate	**Adults**	70%	72.1%
	Dislocated Workers	72%	72.9%
	Older Youth	58%	57.6%
	Younger Youth	77%	80.5%
Skill Attainment Rate	**Younger Youth**	92%	89.1%
Placement in Employment/Education	**Younger Youth**	50%	78%
Attainment of Degree or Certificate	**Younger Youth**	49%	46%
Literacy or Numeracy Gains	**Younger Youth**	30%	N/A
Skill Description of Other State Indicators of Performance			

Overall Status of Local Performance	**Not Met**	**Met**	**Exceeded**
	X		

Table O: Local Performance

Local Area Name	Total Participants Served		
Region II – East Central Idaho		Adults	88
		Dislocated Workers	85
		Older Youth	34
		Younger Youth	62
ETA Assigned #	Total Exiters	Adults	31
		Dislocated Workers	35
		Older Youth	9
		Younger Youth	27

		Negotiated Performance Level	Actual Performance Level
Customer Satisfaction	Program Participants	85	85.7
	Employers	85	89.8
Entered Employment Rate	Adults	87%	83.3%
	Dislocated Workers	90%	84.2%
	Older Youth	83%	100%
Retention Rate	Adults	84%	95%
	Dislocated Workers	91%	75%
	Older Youth	89%	100%
	Younger Youth	78%	95.2%
Average Earnings (Adults/DWs) Six Months Earnings Increase (Older Youth)	Adults	$3,900	$6,398.4
	Dislocated Workers	-$1,500	$699.4
	Older Youth	$3,094	$9,539.7
Credential/ Diploma Rate	Adults	70%	65.4%
	Dislocated Workers	72%	69.7%
	Older Youth	58%	83.3%
	Younger Youth	77%	77.8%
Skill Attainment Rate	Younger Youth	92%	97%
Placement in Employment/Education	Younger Youth	50%	80%
Attainmentment of Degree or Certificate	Younger Youth	49%	57%
Literacy or Numeracy Gains	Younger Youth	30%	N/A
Skill Description of Other State Indicators of Performance			

Overall Status of Local Performance	Not Met	Met	Exceeded
			X

Partners with IDAHO idahoworks.org

Published by

IDAHO COMMERCE & LABOR

Workforce Systems Bureau
317 West Main Street
Boise, Idaho 83735
(208) 332-3570, Ext. 3313

JAMES E. RISCH, GOVERNOR

Roger B. Madsen, Director
Idaho Commerce & Labor