Return-on-Investment (ROI) Assessment Challenges for Employer-Driven Workforce Development Programs

Secretary Kelly M. Schulz - Maryland Department of Labor, Licensing and Regulation

and

Dr. Memo Diriker - Director of BEACON at Salisbury University

What is EARN-MD

EARN Maryland is a state-funded, competitive workforce development grant program that is industry-led, regional in focus, and a proven strategy for helping businesses cultivate the skilled workforce they need to compete. It is flexible and innovative, designed to ensure that Maryland employers have the talent they need to compete and grow in an ever-changing 21st century economy.

The Goals and Objectives of EARN-MD

- Address the demands of businesses by focusing intensively on the workforce needs of a specific industry sector over a sustained period.

- Address the needs of workers by creating formal career paths to good jobs, reducing barriers to employment, and sustaining or growing middle class jobs.

- Encourage mobility for Maryland's most hard-to-serve jobseekers through job readiness training which may include GED® preparation, occupational skills development, literacy advancement, and transportation and child care components.

Why is EARN-MD Different

EARN Maryland invests in strategic industry partnerships from key economic sectors in every region. These partnerships will use the power of coordination across education, workforce and economic development initiatives to address the multiple needs of companies, starting with the training of skilled workers. Once formed, the partnerships will develop plans to train and educate workers - and place them in meaningful employment.

The Strategic Industry Partnerships

Strategic Industry Partnerships *must* include:

- At least five employer and industry partners
  - Over 700 employers and industry partners participate, representing an increase of over 250% since program inception
- Two "Diverse Entities"
  - Higher Education, Non-Profit or Community Based Organization, Local Workforce Development Boards, Local Government
- Collaboration is <u>key</u> – each partner plays a unique role in program's success

Measuring Process, Outputs, and Outcomes

It is a statutory requirement that all EARN-MD activities be evaluated. For this purpose, the Maryland Department of Labor, Licensing, and Regulation has partnered with the Business, Economic, and Community Outreach Network (BEACON) of the Franklin P. Perdue School of Business at Salisbury University. BEACON has developed a unique way of measuring process, outputs, and outcomes for public investments called the ***Three E Approach***.

About BEACON

BEACON, The Business Economic and Community Outreach Network of the Franklin P. Perdue School of Business at Salisbury University, offers business, economic, workforce, and community development research and consulting services. BEACON clients include private, public, and non-profit sector organizations. BEACON has a dual mission of:

- Providing Perdue School students with a wide variety of experiential learning opportunities;

- Providing decision makers with the research, know-how, and consulting services they need.

The Three E Approach

BEACON has developed a proprietary program evaluation approach that measures process, output, and outcomes through data collection and analysis that answers three questions:

1. Is the program Effective?
2. Is it Efficient?
3. What is the Evidence?

The Three E Approach uses customized statistical modeling, scenario analysis, and data visualization including interactive dashboards.

Determining the ROI for EARN-MD

The BEACON team calculates the Return on Investment (ROI) of the EARN Maryland Program investments by analyzing large amounts of data collected during the team's program evaluation activities. The calculations standardize costs and benefits across a wide variety of geographies and industry sectors.

Overall ROI Calculations

- Data Collection
- Data Analysis
- ROI Modeling
- Calculations
- Dashboards

Calculating the ROI for Each Partnership

- Geographic Differences
- Sectoral Differences
- Different Curriculum Approaches
- Different Participant Categories
- Different Metrics

Methodological Challenges

- Data Collection Challenges
- Massaging the Data
- Modeling Challenges
- Apples and Oranges
- Timing Issues

What the ROI Findings Tell the Department

- Is the EARN program helping Maryland businesses and residents to increase economic stability?

- How are the individual partnerships performing?

- What is the economic impact on Maryland?

- Is this a sound investment of State dollars?

How the Department Uses the ROI Findings

- Program evaluation
  - Overall program and individual partnerships
  - Utilized to make funding decisions to ensure sound investment of State resources
- Technical assistance for partnerships with a lower ROI
  - Program staff help to understand why ROI is lower
  - Pair high performing partnership with lower ROI partnership for peer-to-peer TA
  - Helps to better understand best practices
- Shared with stakeholders to illustrate program success and justify continued funding

The Future of EARN-MD

- Fiscal Year 2018 budget is double that of previous years
  - Approximately $8 million
  - Added investment in Cyber and Green jobs training

- Continued responsible growth
  - New partnerships will be added through competitive RFP process
  - Continued funding for successful partnerships as sustainability plans are developed and implemented

Thank You!

Secretary Kelly M. Schulz:

kelly.schulz@maryland.gov

Dr. Memo Diriker:

mfdiriker@salisbury.edu