

Work-basedLearning.org

ROI Formula for a Workforce Development Program

Note: Along with calculating Return on Investment (ROI) for a particular work-based learning program, this can also be done on a system-wide basis.

The West Virginia Department of Education has taken such a “macro” level approach to calculating the overall ROI for the State’s Adult Basic Education program. Such calculations make the business case for such programs to policy-makers and other key stakeholders. Details can be seen in the Promising Practices section of this website. The formula they use is as follows.

Amount Spent on Program	
Federal	
State	
Total Spent	\$ Y
Estimated Savings / Earnings	
Public Assistance Savings	
New Income	
Increased Income	
New Taxes Generated	
Total Saved or Earned	\$ X
\$X - \$Y =	\$ Total Savings

Notes:

Public Assistance Savings = the number of individuals removed from public assistance and the resultant savings from the annual benefits that would have been paid otherwise

New Income = new job placements as a result of program

Increased Income = wage / salary increases as a result of program

New taxes = 20% of new income and increased income