JOB TRAINING
WORKS, **PAYS**, AND **SAVES**

AN ECONOMIC IMPACT STUDY ON OUTCOMES OF JOB TRAINING

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JTA
Job Training Alliance

rootCAUSE

SkillWorks℠
PARTNERS FOR A PRODUCTIVE WORKFORCE

Job Training Alliance Impact Study

Prepared by Root Cause for the Job Training Alliance, released January 2016

I. Executive Summary

Project Goals and Context

The Job Training Alliance (JTA) — (www.jobtrainingalliance.org) — is a network of Greater Boston, nonprofit, community-based, workforce development organizations. JTA utilizes the combined power of its member agencies to advocate for employment opportunities for low-income residents through sustained funding for workforce development. JTA's member agencies ("members") provide job training and employment assistance to over 3,000 low-income individuals annually.

Funded by a grant from SkillWorks, JTA commissioned Root Cause, a nonprofit research and consulting firm, to conduct an *impact study* of the return on investment of job training programs provided by JTA members. This report summarizes the results of the return on investment study and provides an examination of the effectiveness of pre-employment job training programs. It shows the success rate achieved through job training and placement services, which lead to improved employment for participants and cost savings to taxpayers.

Highlights

This study documents and synthesizes a comprehensive set of outcomes related to job training and assistance over a one-year period: program outputs and demographics (section II), employment and earned income (section III), and public benefits and taxes paid (sections IV and V). At a high level, the results indicate that JTA programs:

- Contribute to generating an estimated **$10.8M** in wage dollars annually (pre-tax) paid to employed JTA graduates;
- Contribute to an estimated five-fold increase in federal and state income taxes paid, due to employment;
- Raise the average hourly wage of participants employed at intake by 65 percent;
- Contribute to an estimated 80 percent reduction in participants receiving TANF benefits;
- Achieve high rates (76 percent) of post-program employment for those completing the JTA program;
- Achieve a total of **$1.9M** in reduced public assistance plus new taxes paid.

> "I went from struggling and watching my life decay to investing in my 401k. And it all started with job training."
>
> ***—Shomari Castle (Participant, BEEMS program, AACA)***

Approach

All active JTA members were offered the option to participate in the study when it launched in late 2014; a member (or program) was included if (a) they completed the preliminary survey and (b) they submitted a comprehensive data set via the program data survey. A total of nine organizations, representing 12 programs (see Table 1), are included in the analysis discussed in this report.

The results are based on an overall population of 642 individuals participating in the 12 JTA programs. This number serves as the starting sample size for all indicators. However, the "n" of some indicators is less than 642 based on data strength (this is indicated throughout the report where applicable). To maintain consistency and clearly draw out one-year effects, this study only examines results for programs administered in the year 2013 (with the exception of BEST Corp., for which 2014 data is provided).

Methodology

Data aggregation occurred in three phases:

1) A preliminary survey ("Survey 1") was conducted among participating JTA members in January 2015 to understand what **types** of data members have been tracking for their programs, as well as the **percentage** of participants for whom they have such data.
2) A program data survey ("Survey 2") was created based on the results of Survey 1 and administered in March of 2015 to collect actual program data. JTA members were given the option to submit exported reports from their organization databases or to transfer data into a Data Export Template provided by Root Cause and the JTA Committee.
3) Root Cause then compiled all data sets, aligning the content as needed, to allow for clean data manipulation and summaries. Root Cause and JTA followed up with the organizations to clarify ambiguous data points and to identify sound proxies where data was not available.

> "TD Bank benefits tremendously from working with the Asian American Civic Association's Careers in Banking and Finance training program. They send us well prepared candidates for hire, saving us time and money in recruiting."
>
> ***—Mark M. Lussier, Store Manager, Assistant Vice President, Allston TD Bank (Employer, Careers in Banking and Finance Training Program; AACA)***

Table 1: List of Participating Organizations and Programs

Organizations	Programs
Asian American Civic Association (AACA)	Building Energy Efficient Maintenance Skills (BEEMS)
	Careers in Banking and Finance
BEST Corp.	Room Attendant Training
Career Collaborative	Career Collaborative
Community Servings	The Teaching Kitchen
International Institute of Boston (IIB)	Hospitality Training Program
	Service Industry Training Program
Jewish Vocational Service (JVS)	Caring for Our Seniors: a Nurse's Aide Training Program
	Building Your Career as a Pharmacy Technician
Morgan Memorial Goodwill Industries	HELP (Human Services Employment Ladder Program)
Operation ABLE	ABLE Skills2Work
YMCA	Training, Inc.

By focusing *only* on 2013 (2014 in the case of BEST Corp.), we are able to clearly draw out *one-year effects* from each of the organizations and programs involved.

II. Program Demographics and Results

The impact study examined a number of JTA program outputs in terms of their relation to factors such as barriers to employment, employment status upon intake, program participation, and completion of job training.

Barriers to Employment | The results show that the majority of people being served by JTA members face significant challenges directly related to securing and sustaining employment:

- **Job Search Skills and Work History:** 90 percent of the organizations reported that over 75 percent of their participants lack job search and interviewing skills, and have limited work histories, all of which are barriers to employment;
- **Soft Skills:** 90 percent of the organizations reported that over 75 percent of their participants lack customer service and other soft skills needed on the job;
- **Hard Skills:** 80 percent of the organizations reported that over 75 percent of their participants lack computer/technical/hard skills needed on the job; and
- **Language:** 40 percent of the organizations reported that over 75 percent of their participants experience limited English proficiency as a barrier to employment.

> "Prior to coming to YMCA Training, Inc., I was living in a homeless shelter. The program helped build my confidence and skills. I have proven to myself that I can get hired for the positions I desire and do not have to make decisions out of fear or financial distress. I have not been without employment since 7/1/2011, and I continue to set a great example for my child."
>
> ***—Priscilla W., Residential Advocate, Casa Myrna (Participant, YMCA Training, Inc.)***

Program Completion | 84 percent of people successfully completed their respective programs. The table below provides a full picture of these results:

Table 2: Program Enrollment and Completion Data	
Number of programs implemented by participating JTA members	**12**
Number of program participants	**642**
Number of program completers	**538**
Program completion rate	**84%**

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III. Employment Outcomes

Pre-Program Employment Status | The high need of the populations served is evident not only in the barriers to employment but in the fact that 77 percent of participants in JTA programs were unemployed at intake into the program. The table below illustrates employment status among all 642 JTA program participants:

Table 3: Pre-Program Employment Status of Enrollees		
	# of Participants	% of Participants
Employed at intake	**147**	**23%**
Unemployed at intake	**495**	**77%**
Total	**642**	**100%**

JTA employment outcomes affect two groups of people: one group of 315 participants who were unemployed before the program and secured employment post-program, and a second group of 95 people who began their JTA programs while employed but saw *improvement* in their employment situations in the form of higher wages or increased hours worked per week. The table below illustrates employment statuses among those JTA program participants who found employment post-program:

"We recommend YMCA Training, Inc. to everyone we meet. The quality of training is excellent; by the time they come in the door, they have the skills we need. If you are looking for a quality employee, reach out to YMCA Training, Inc."

—Jeff Camara, V.P. Client, Customer Service & Enrollment, Vargas and Vargas Insurance

Table 4: Pre-Program Employment Status of Program Participants Who Gained Employment Post-Program		
	# of Participants	% of Participants
Employed at intake	**109**	
Saw improved employment (in higher wages or hours)	95	87%*
Did not see improvement (no or negative change)	3	3%*
Improvement unknown (data shared in aggregate)	14	13%*
Unemployed at intake (i.e., people securing employment post-JTA who were previously unemployed)	**315**	
Total	**424**	

**Among those employed at intake*

Post-Program Employment Status | A large proportion of JTA program completers*—76 percent of 538 people—successfully found employment after finishing their programs. For those people, moreover, employment in the initial six-month period remains high. Tables 5 and 6 illustrate the results:

Table 5: Employment Status for Program Completers*		
	# of People	% of People
Employed post-program	**411**	**76%**
Unemployed post-program	**127**	**24%**
Total	**538**	**100%**

**Post-program employment outcomes were calculated as a percentage of program completers, not participants, because most programs would not have had sufficient/strong data for those who dropped out of the program before completion.*

Table 6: Employment Status at 6 Months for Those Who Gained Employment**		
	# of People	% of People
People who secured a job post-program who were still employed at 6 months post-program**	**329**	**80%**

***This figure only takes into account programs providing employment data at both applicable points in time—at post-program and six months post-program—to ensure comparability.*

Earned Income Results | Table 7 below compares pre-program and post-program hourly wages for two separate groups:

1) Those who were employed at intake and were also employed after their programs (109 people). The majority of participants saw improvements to their employment situations, as evidenced by increased earnings.

2) Those who were unemployed at intake but were employed upon completion of their programs (315 people).

	Table 7: Comparison of Pre- and Post-Program Average Hourly Wage			
	Pre-Program Average Hourly Wage	Post-Program Average Hourly Wage	$ Change	% Change
People who were employed at intake and employed post-program (109)	**$9.21**	**$14.20**	$4.99	65%
People who were unemployed at intake and employed post-program (315)	**$0**	**$13.95**	$13.95	n/a

Table 8 extrapolates the estimates of the average monthly and annual incomes of employed participants, based on the hourly wages provided by JTA members. JTA program completers are estimated to have earned a total of $10.8M annually. Key assumptions are as follows:

- **At Pre-Program:** If data were not provided for hours/week worked, participants are assumed to have been employed on a part-time basis (20 hours/week). The annual earned income estimate assumes that participants have been working for 52 weeks/year.
- **At Post-Program:** If data were not provided for hours/week worked, participants are assumed to have been employed on a full-time basis (40 hours/week). The annual earned income estimate assumes that participants have been working for 52 weeks/year.

"I needed a job to support my three children. After being laid off, I had been unemployed for two years. Because of Career Collaborative, I got a great administrative job in 2013. They continued to support me, and I got a raise. Recently, I was able to pay off my debt and keep supporting my children."

—Lauralyn (Participant, Career Collaborative)

Table 8: Estimated Annual Income Earned for All Enrollees (pre-tax)	
Pre-Program (n = the 147 participants employed at intake)	**$1,414,140**
Post-Program (n = the 424 participants employed post-program)	**$10,883,990**

IV. Public Assistance Outcomes

TANF & SNAP

Outcomes and Indicators | The effects of job training and employment assistance extend beyond immediate impacts for the worker. A quality job will, in the long term, enable a household to accrue wealth and generate increased income, resulting in decreased use of public benefits and increased savings to the government. With this in mind, the impact study also explored and estimated how JTA participants' employment outcomes translate into reduced public assistance. Tables 9–11 below illustrate estimated TANF and SNAP benefits paid to JTA participants pre- and post-program. Overall, we estimate a savings of approximately **$543,979 annually** due to the employment held by JTA participants after completing their respective programs.

Table 9: Comparison of TANF Benefits Received Pre- and Post-Program				
Indicator	**Pre-Program**	**Post-Program**	**$ Change**	**% Change**
TANF				
Monthly	$39,138	$7,650	**$31,488**	**–80%**
Annualized	$469,656	$91,800	**$377,856**	

Table 10: Comparison of SNAP Benefits Received Pre- and Post-Program				
Indicator	**Pre-Program**	**Post-Program**	**$ Change**	**% Change**
SNAP				
Monthly	$28,743	$14,900	**$13,844**	**–48%**
Annualized	$344,921	$178,798	**$166,123**	

Table 11: Comparison of Total Benefits Received Pre- and Post-Program				
Indicator	**Pre-Program**	**Post-Program**	**$ Change**	**% Change**
Overall Public Assistance (TANF and SNAP)				
Monthly	$67,881	$22,550	**$45,332**	**–67%**
Annualized	$814,577	$270,598	**$543,979**	

Methodology | For purposes of comparison across pre-program and post-program, all TANF and SNAP figures below were calculated only for those participants who gained employment post-program. All data reported is for programs administered in 2013 (with the exception of BEST Corp., for which 2014 data is provided). Key assumptions and sources are listed below:

TANF (Temporary Assistance for Needy Families)

- **Pre-Program Eligibility and Benefit Amount:** Information on participants' receipt of TANF benefits at intake into the program was self-reported by JTA members through the Program Data Survey. (*Note:* Pre-program TANF receipt was unknown for BEST Corp.) A total of 148 people were reported to have been receiving TANF at intake. A dollar amount was provided for 111 of these individuals, while no dollar amount was provided for the remaining 37 individuals. For this second group, a figure of $618 (standard benefit for a household of three people) was used as the estimated benefit amount received by the participant.
  (*Source: Falk, Gene. "Temporary Assistance for Needy Families (TANF): Eligibility and Benefit Amounts in State TANF Cash Assistance Programs" Congressional Research Service, July 22, 2014*)

- **Post-Program Eligibility:** Participants were assumed to be eligible for TANF post-program if their estimated monthly earned income was below the threshold of $1,171.05, the Gross Income Eligibility Standard for a household of three people with rent allowance (private, unsubsidized housing). Individuals **not** receiving TANF at intake were assumed to not be receiving it post-program, regardless of whether they qualified based on estimated monthly earned income. The rationale is that a person who was not receiving benefits prior to gaining employment is no more likely, once employed, to seek out or secure such benefits.
  (*Source: http://www.masslegalhelp.org/income-benefits/tafdc-advocacy-guide)*

- **Post-Program Benefit Amount:** Where participants were deemed eligible for TANF, a figure of $618 (standard benefit for a household of three people) was used as the estimated benefit amount received by the participant.

(*Source: Falk, Gene. "Temporary Assistance for Needy Families (TANF): Eligibility and Benefit Amounts in State TANF Cash Assistance Programs" Congressional Research Service, July 22, 2014*)

SNAP (Supplemental Nutrition Assistance Program)

- **Pre-Program Eligibility and Benefit Amount:** Information on participants' receipt of SNAP benefits at intake into the program was self-reported by JTA members through the Program Data Survey. For participants for whom an exact SNAP benefit amount was not provided, a historical average monthly benefit amount of $130 was used as a proxy.
(*Source: http://www.fns.usda.gov/sites/default/files/pd/18SNAPavg$PP.pdf*)

- **Post-Program Eligibility:** Participants' eligibility for SNAP was determined based on estimated monthly income (based on self-reported hourly wage and hours/week worked) and self-reported household size. Individuals **not** receiving SNAP at intake were assumed to not be receiving it post-program, regardless of whether they qualified based on estimated monthly earned income. The rationale is that a person who was not receiving benefits prior to gaining employment is no more likely, once employed, to seek out or secure such benefits.
(*Source: http://www.fns.usda.gov/snap/eligibility)*

- **Post-Program Benefit Amount:** Where participants were deemed eligible for SNAP, the historical average monthly benefit amount of $130 was used.
(*Source: http://www.fns.usda.gov/sites/default/files/pd/18SNAPavg$PP.pdf*)

V. Federal and State Taxes

Outcomes and Indicators | To provide a fuller picture of the implications of JTA post-program employment, we also developed an estimate of how much employed participants would be paying in taxes as members of the workforce, based on earned income calculated through the impact study. Table 12 below illustrates estimated federal and state taxes paid by JTA participants pre- and post-program.

Table 12: Comparison of Taxes Paid Pre- and Post-Program

Indicator	Pre-Program	Post-Program	$ Change	% Change
Estimated Federal Taxes Paid by Participants				
Annualized	$182,707	$1,161,822	**$979,115**	**+536%**
Estimated State Taxes Paid by Participants				
Annualized	$88,718	$507,345	**$418,627**	**+472%**
Total Taxes (Federal + State)				
Annualized	$271,425	$1,669,167	**$1,397,742**	**+515%**

Methodology | For the purposes of this project, we utilized estimated annual earned income from wages (which in turn is based on actual hourly wages and hours/week worked by each participant) as a standard proxy for taxable income. All calculations also assume that people are continuously employed and paying taxes for a full 12 months.

- **Federal Taxes:** Estimated federal taxes were calculated based on 2013 tax rates from the Internal Revenue Service. A participant's tax bracket was based on his/her household size: a household size of one was categorized as "single," and a household size of two or more was categorized as "head of household." *(Source: http://www.irs.gov/irb/2013-05_IRB/ar06.html)*

> "CNA Program at JVS has helped me improve my skills and assisted me in getting a job. This is the first year when I will finally pay my taxes and do a tax return!"
>
> ***—Mery Davis, CNA Training, JVS***

- **State Taxes:** Estimated state taxes were calculated based on the Massachusetts earned income tax rate of 5.15 percent. *(Source: http://www.mass.gov/dor/all-taxes/income/)*

Overall Implications

The analysis of data provided by these 12 job training programs shows that they provide an annual financial benefit to the taxpaying public of $1.9M through savings in benefits provided and income taxes paid. This financial benefit continues to accrue each year the participants are employed following the first year.

Annual Reduction in Benefits + New Taxes Paid	**$1,941,720**

VI. Conclusion

Root Cause was commissioned, as a third party, independent research firm, to conduct this study for the Job Training Alliance. Despite the vast challenges the target population faces in gaining and sustaining employment, this study demonstrates that job training by nonprofit, community-based organizations provides a consistent opportunity for the unemployed and underemployed that results in immediate and sustained benefits to participants and taxpayers.

This was a small study conducted on a limited number of job training programs in Massachusetts. There could be important learning from additional research that includes more job training programs within Massachusetts or across the nation. Expanding the study to be multi-year, to analyze longer-term trends, would also be important to show sustained benefits beyond the first year of benefits saved and taxes paid.

The results of this study can be used to make the case for federal, state, and city funding to be sustained and increased to these community-based, nonprofit, job training programs that are reducing benefits paid out annually and increasing taxes paid to the government.

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