

The Castle Rule -- RETURN ON INVESTMENT

Goal 5 was achieved this past year as two of the board's working committees (the Proposal Review and Certification Committee and the Performance Measures Committee) worked to determine the return on investment for programs that were up to standards and approved for subsequent renewal. Entered employment wage data helped the board determine whether there was a Return On Investment (ROI) for the training dollars expended.

With the help of John Castle (Retired Executive from Wilmington Trust and recently retired member of the Delaware Workforce Investment Board) a formula was developed to help determine ROI for programs that have been invested in. The formula begins by obtaining the number of people trained and what percentage of that number entered employment in first quarter after exit. In the first example that would be 94% became employed. That percentage multiplied by the average earnings of the number employed in the first quarter – divided by the tuition of the program reveals that the training funds invested yielded a return (in the first quarter after employment).

$$\frac{\text{Entered Employment Rate} \times \text{Earnings}}{\text{Tuition}} = \text{ROI}$$

Examples:

$$\text{Nursing Aides/Orderlies} \quad \frac{94\% \times \$3,384}{\$2,463} = 1.291$$

$$\text{Board,Card,Games,Attendants} \quad \frac{94\% \times \$9,377}{\$1,279} = 6.891$$

$$\text{Business,General} \quad \frac{100\% \times \$4,973}{\$4,000} = 1.243$$