

Calculating Return on Investment

For 2006-2007 in Texas¹

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|---|---|---|---|--|---|---|
| <u> </u> Students who got a job | x | $\$5.85 \times 40$ hours/week x 52 weeks New annual income | x | $\frac{0.15}{\text{Federal}}$ income tax | = | <u> </u> (A) Additional federal income tax generated from jobs |
| <u> </u> Students removed from public assistance | x | $\$13,000.00$ standard aide for family of four | | | = | <u> </u> (B) Public Assistance Savings |
| <u> </u> Students who received a GED | x | $\$7,400.00$ added income annually ² | x | $\frac{0.21}{\text{Federal}}$ income tax and TX state sales tax | = | <u> </u> (C) Rol on GED |

$$\frac{\text{A + B + C}}{\text{Investment}} = \text{Return on Investment}$$

2006-2007
 Texas adult education
 federal, state,
 and local budget

Notes:

1. Conservative estimate:
 - a. This is for first year returns.
 - b. (depending on ratio) you put a dollar in you get X dollars back
2. Office of Management and Budget (OMB) rated adult education as "effective."
 - a. Of the ninety six programs funded by the US Department of Education, adult education is one of only four education programs that received an effective rating.³
 - b. Not only do you get your money back, but you know it is well-spent.
3. Now how could you use this information locally?
 - a. Local fact sheets or program scorecards
 - b. Supplement with state or national data to show that the issues are reflective state/nationally

¹ Adapted from the National Council of State Directors of Adult Education www.naepdc.org

² American Council of Education, GED Testing Service <http://www.acenet.edu/AM/Template.cfm?Section=Home>

³ Office of Management and Budget <http://www.whitehouse.gov/omb/>