

The Regional Economic Impact of the NORTHERN VIRGINIA WORKFORCE SYSTEM – FY 2015



AUGUST 2015



Executive Summary

This report assesses the economic and fiscal impact attributable to the job placement and career training services provided by the Northern Virginia Workforce System in fiscal year (FY) 2015. The principle findings from that assessment are as follows:

- 1. In FY 2015, employment growth in the Northern Virginia Workforce System's service area remained essentially flat:**
 - After hitting a post-recession high of 1,176,696 jobs in the fourth quarter of 2012, employment in the broader Northern Virginia region has remained generally flat, falling slightly to 1,174,619 jobs in the fourth quarter of 2014.
- 2. Relatively high unemployment continues to place large demands on the job placement and career training services provided by the Northern Virginia Workforce System:**
 - Unemployment remains high relative to the historic regional norm, coming in at 4.0 percent in June 2015.
 - Excluding core services, 1,445 individuals enrolled in Workforce Investment Act (WIA) programs offered by the Northern Virginia Workforce System in FY 2015. This figure remains 219 percent up from FY 2008 when the recession began (453 enrollees).
 - Excluding core services, 871 individuals were transitioned into employment through programs offered by the Northern Virginia Workforce System in FY 2015. This figure remains 458 percent up from FY 2008 when the recession began (156 placements).
- 3. The job placement and career training services provided by the Northern Virginia Workforce System have a large economic and fiscal impact on Northern Virginia:**
 - In FY 2015, the Northern Virginia Workforce System transitioned 871 previously unemployed individuals into employment through its WIA Intensive Services and other Workforce Investment Act (WIA) programs. The increased household income associated with this employment was approximately \$38.9 million.
 - Our analysis indicates that the total regional economic and fiscal impact associated with the consumption expenditures attributable to this \$38.9 million increase in income included: 1,069 full time equivalent jobs, \$49.9 million in additional regional labor income, \$29.3 million in additional regional economic output, and \$4.6 million in state, local, and federal tax revenue.
 - If one broadens the scope of workforce services provided to include self-referred individuals who take advantage of the Northern Virginia Workforce System's Core Services, the System was instrumental in placing 1,751 previously unemployed individuals into employment in FY 2015, and the increased household income associated with this employment was approximately \$64.5 million.

- Our analysis indicates that the total regional economic and fiscal impact associated with the consumption expenditures attributable to this \$64.5 million increase in income included: 2,080 full time equivalent jobs, \$82.8 million in additional regional labor income, \$48.8 million in additional regional economic output, and \$7.5 million in state, local, and federal tax revenue.

4. Comparing the costs attributable to these programs to their economic benefits shows that benefits far exceed costs.

- In FY 2015, the cost associated with the WIA, Employing Northern Virginia through Entrepreneurship (ENOVATE), National Emergency Grants, Credentials to Careers (C2C), Jobs for Veterans (J4Vets), Virginia Serious and Violent Offender Reentry Initiative (VASAVOR), Fairfax Pre-Release Employment Center (PRC), Ticket to Work, Temporary Assistance for Needy Families (TANF) Employment Advancement (EA) Program, Other Carryover Programs, and Core Services programs administered by the Northern Virginia Workforce System was approximately \$6.7 million.
- Comparing that cost to the benefits derived from these programs, in terms of total household (or labor) income, shows that the benefit/cost ratio is approximately 7.5, indicating that the benefits derived from these programs were seven and a half times greater than the costs required to generate those benefits.
- If the analysis is expanded to encompass Core Services as well, the benefit/cost ratio rises to approximately 12.4, indicating that the benefits are almost than twelve and a half times greater than the costs required to generate them.

5. In conclusion, in FY 2015 the Northern Virginia Workforce System made a significant contribution to the economy of Northern Virginia.

This report was prepared by Mangum Economics through a contract with the SkillSource Group, the non-profit arm of the Northern Virginia Workforce Development Board.

Introduction

This report assesses the economic and fiscal contribution that the Northern Virginia Workforce System's fiscal year (FY) 2015 career training and job placement services made to Northern Virginia.¹ The remainder of the report is divided into three sections. The *Background* section provides details on the Northern Virginia Workforce System's service area, the services it provided in FY 2015, and recent economic trends within the region. The *Economic Impact – FY 2015* section provides an estimate of the economic and fiscal impact that the job placement and training services provided by the Northern Virginia Workforce System had on the region in FY 2015. Finally, the *Conclusion* section provides a brief summary. This report was prepared by Mangum Economics through a contract with the *SkillSource* Group, the non-profit arm of the Northern Virginia Workforce Development Board.

Background

The Northern Virginia Workforce System

The Northern Virginia Workforce System serves the counties of Fairfax, Loudoun, and Prince William, and the cities of Fairfax, Falls Church, Manassas, and Manassas Park. A map depicting these localities along with the locations of the *SkillSource* Group's various service centers is provided in Figure 1.² In 2014, these localities had a combined estimated population of almost 2.2 million, accounting for more than one out of every four people in the state of Virginia as a whole.³ Moreover, between 2000 and 2010 the population of these localities grew by almost 26 percent, nearly twice the 13 percent growth rate exhibited by the state as a whole.⁴

¹ July 1, 2014 through June 30, 2015.

² The addresses of these facilities are as follows: 1) Fairfax *SkillSource* Center Annandale, 7611 Little River Turnpike (West Wing), Suite 300W, Annandale; 2) Fairfax *SkillSource* Center Alexandria, 8350 Richmond Highway, Alexandria; 3) Fairfax *SkillSource* Center Reston, 11484 Washington Boulevard West, Reston; 4) Prince William Workforce Center, 13370 Minnieville Road, Woodbridge; 5) Workforce Resource Center, 102 Heritage Way, Northeast, Leesburg; 6) *SkillSource* Center at Northern Virginia Community College, Manassas campus, 6901 Sudley Road, MS Building, Manassas; and PRC) Fairfax County Pre-Release Employment Center, 10520B Judicial Drive, Fairfax.

³ *Data Source:* U.S. Census Bureau.

⁴ *Data Source:* U.S. Census Bureau.

Northern Virginia Workforce Area #11 and *SkillSource* Center Locations



Figure 1: SkillSource Group Service Area and Service Center Locations

The mission of the Northern Virginia Workforce System is to foster a globally competitive business environment in Northern Virginia. It does that by:

- aiding in the creation of a well-trained workforce to keep regional businesses competitive,
- providing the services and workforce information that enable businesses to connect with qualified job applicants,
- helping residents find their way to meaningful employment,
- providing unique and targeted workforce training services to targeted populations, including veterans, adults with disabilities, and emerging entrepreneurs,

- facilitating the transition of ex-offenders and others with employment challenges into the community by providing them with the skills they need to become successfully employed, and
- preparing today's young adults for tomorrow's jobs.

Services Provided in FY 2015

In FY 2015, the Northern Virginia Workforce System provided career training and job placement services through eleven separate workforce programs:

- Workforce Investment Act (WIA Adult) Program – provides employment and training services to assist eligible adults (individuals 18 years of age and older) in finding meaningful employment.
- WIA Dislocated Worker Program – provides employment and training services to dislocated workers (an individual who has been terminated or laid off, or has received notice that they will be terminated or laid off) in finding meaningful employment.
- WIA Youth Program – provides summer and year-round development programs to at risk youth (e.g., dropouts, foster children, juvenile offenders, children of incarcerated parents, and migrant children).
- Employing Northern Virginia through Entrepreneurship (ENOVATE) – provides entrepreneurship training and technical assistance to aid individuals in starting their own businesses.
- National Emergency Grants – On the Job Training (NEG-OJT) – provides supplemental dislocated worker funds to respond to the needs of dislocated workers and communities affected by major economic dislocations and other worker dislocation events which cannot be met through other WIA programs.
- Credentials to Careers (C2C) – in partnership with Northern Virginia Community College, provides job training and workforce services to jobseekers impacted by trade and economic transitions, including job dislocation.
- J4Vets – provides employment and training services, including entrepreneurship training, to veterans.
- Virginia Serious and Violent Offender Re-entry Initiative (VASAVOR) – supports the transition of long-term incarcerated adults into the community.
- Fairfax and Loudoun Pre-Release Employment Centers (PRC) – a one-stop employment center that provides pre-release employment and training services to selected Fairfax County jail inmates.
- Ticket To Work – workforce and employment services for adults receiving Social Security disability benefits who want to return to employment. *SkillSource* is an Employment Network with the Social Security Administration.

- Temporary Assistance for Needy Families (TANF) Employment Advancement (EA) Program – provides subsidized and unsubsidized employment opportunities for Prince William TANF participants and increase self-sufficiency through employment.
- WIA Core Services (Core) – provides self-service tools that assist a job seeker in making an effective job search.

As shown in Table 1, in FY 2015 these programs were instrumental in transitioning 1,751 previously unemployed individuals into well-paying jobs (average annual salaries ranged from \$19,739 to \$63,793).⁵ Out of this number, 433 were placed through the Northern Virginia Workforce System's WIA Intensive Services programs (adult, dislocated worker, and youth), 438 were placed through the System's other WIA programs (ENOVATE, National Emergency Grants, C2C, J4Vets, VASAVOR, PRC, Ticket to Work, TANF, and Other Carryover Programs), and 880 found employment as a result of the self-service job placement tools provided through the Northern Virginia Workforce System's WIA Core Services.⁶

⁵ Data Source: the SkillSource Group, Inc.

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Table 1: Northern Virginia Workforce System Job Placements in FY 2015

Program	Job Placements	Average Annual Salary
WIA – Adult	122	\$30,169
WIA – Dislocated Worker	256	\$61,913
WIA – Youth	55	\$19,739
WIA Intensive Services Subtotal	433	
ENOVATE	94	\$47,870
NEG-OJT	13	\$42,503
C2C	1	\$21,611
J4Vets	96	\$63,793
VASAVOR	48	\$21,923
PRC	102	\$21,091
Ticket to Work	16	\$29,286
TANF	16	\$25,938
Other Carryover Programs	52	\$57,061
Other WIA Programs Subtotal	438	
Core Services	880	\$21,920
TOTAL	1,751	

Regional Economic Trends

Figure 2 depicts changes in total employment in the broader Northern Virginia region for the five-year period from the fourth quarter of 2009 through the fourth quarter of 2014 (the most recent quarter for which data are available).⁷ As these data show, regional employment fell to a recession driven low of 1,098,306 in the first quarter of 2010, and then generally trended upward, hitting a high of 1,176,696 in the fourth quarter of 2012. Regional employment growth has since stalled, and came in at 1,174,619 in the fourth quarter of 2014. Over the period as a whole, Northern Virginia gained 49,512 jobs, for a net employment increase of 4.4 percent. By way of comparison, over the same period, total employment statewide increased by 3.9 percent.

⁷ In this graph and those that follow in this section, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board (the counties of Fairfax, Loudoun, and Prince William, and the cities of Fairfax, Falls Church, Manassas, and Manassas Park).

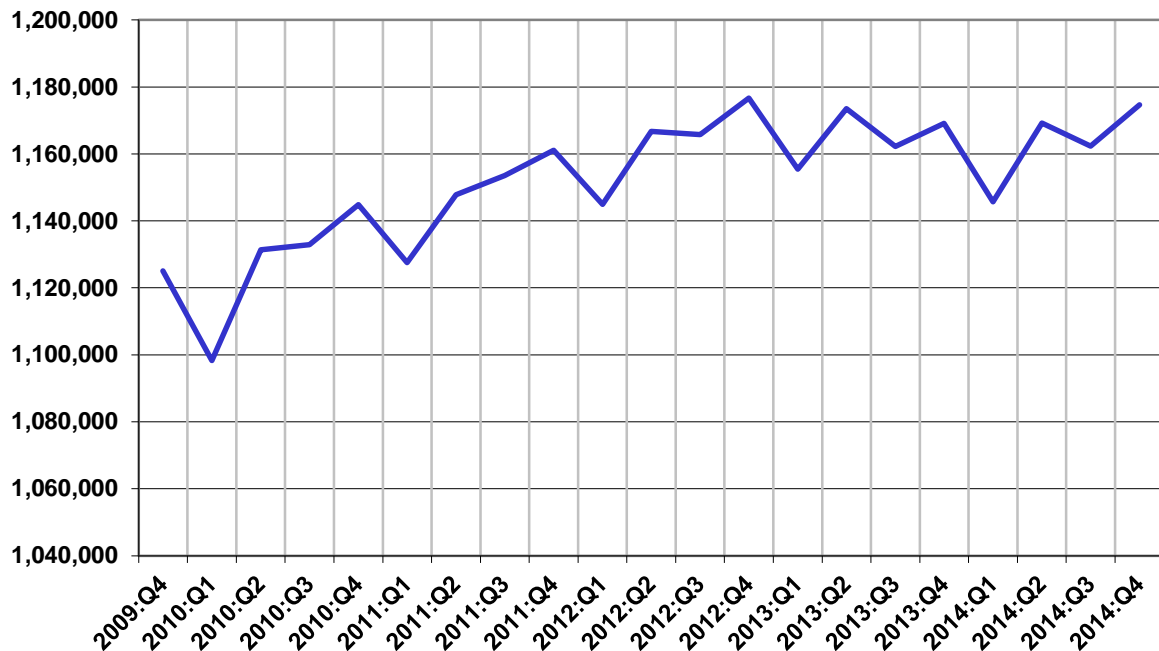


Figure 2: Northern Virginia Total Employment, 2009:Q4 through 2014:Q4⁸

Figure 3 puts these numbers in perspective by comparing year-over-year changes in employment in Northern Virginia to that of the state as a whole. Any observation above the horizontal zero line in this graph reflects an increase in employment from the prior year, while any observation below the zero line reflects a decrease in employment from the prior year. As these data indicate, Northern Virginia emerged from the recession sooner than Virginia as a whole, and initially out-performed the statewide norm, in terms of total employment growth. However, starting in 2013 those trends reversed and Northern Virginia started under-performing the state as a whole, even dropping into negative territory from the third quarter of 2013 through the second quarter of 2014. As of the fourth quarter of 2014, year-over-year employment growth stood at 0.5 percent in Northern Virginia and 0.6 percent statewide.

⁸ Data Source: Virginia Employment Commission. In this graph, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board.

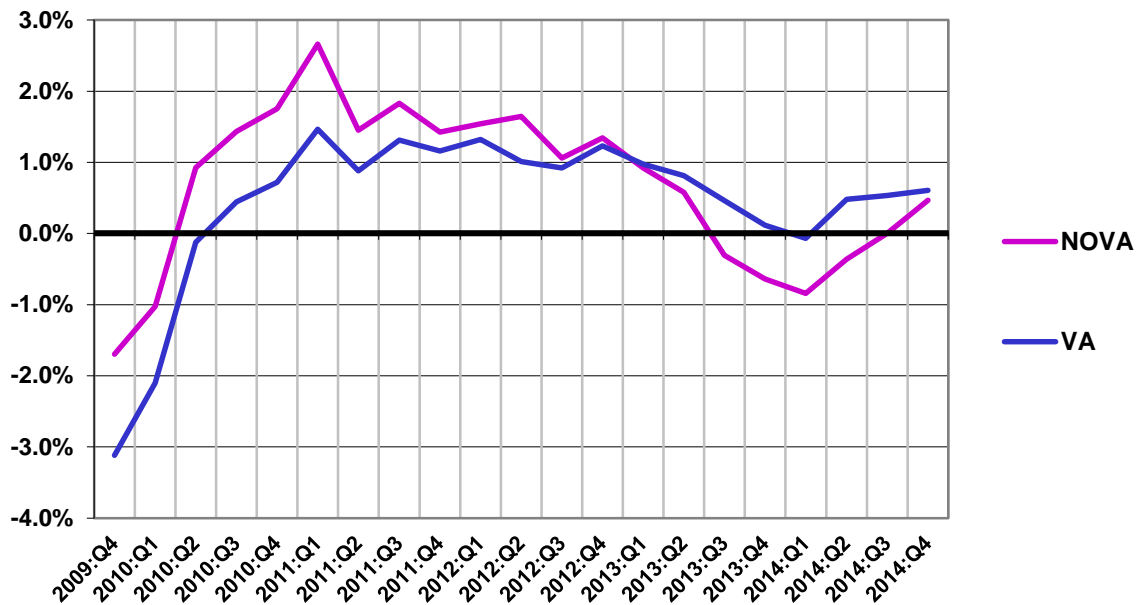


Figure 3: Year-Over-Year Change in Total Employment, 2009:Q4 through 2014:Q4⁹

Figures 4 through 6 provide a break-down of total employment in Northern Virginia in the fourth quarter of 2014 by ownership category. As the data depicted in Figure 4 show, 971,197 (or 83 percent) of the region's total employment of 1,174,619 jobs were in the private sector that quarter, while 203,422 (or 17 percent) were in the government sector. As depicted in Figure 5, average wages across all sectors were \$1,438 per week in the fourth quarter of 2014, \$1,445 per week in the private sector, and \$1,402 per week in the government sector. Finally, Figure 6 depicts the change in employment in each of these sectors between the fourth quarter of 2013 and the fourth quarter of 2014. As these data indicate, total employment in Northern Virginia increased by 5,467 jobs over the period, with the private sector experiencing a net gain of 5,305 jobs and the government sector experiencing a net gain of 161 jobs.

⁹ Data Source: Virginia Employment Commission. In this graph, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board.

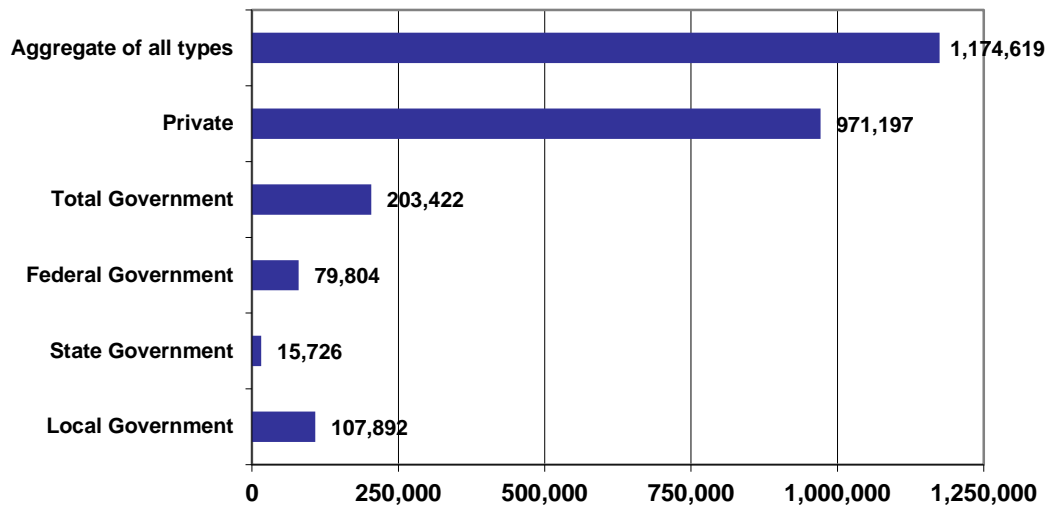


Figure 4: Northern Virginia Employment by Ownership Category, 2014:Q4¹⁰

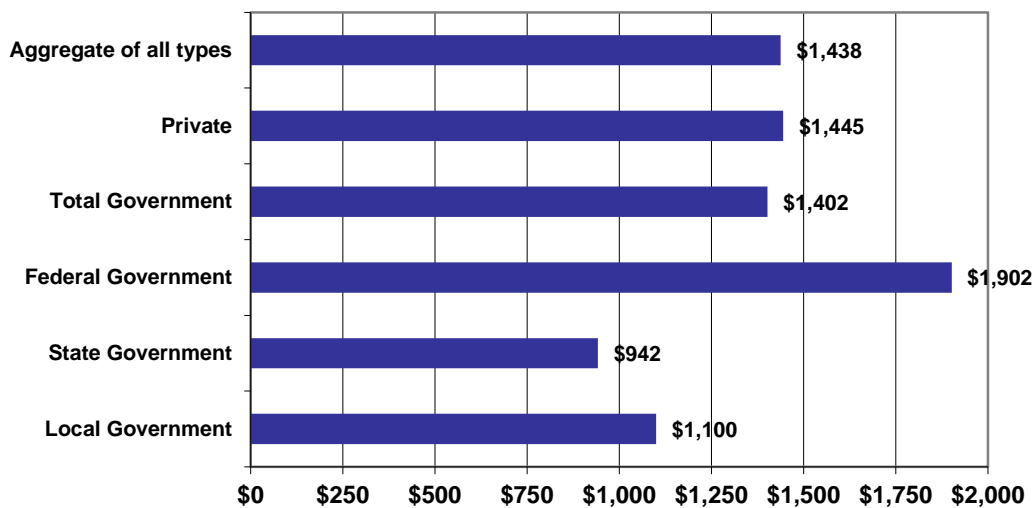


Figure 5: Northern Virginia Average Weekly Wages by Ownership Category, 2014:Q4¹¹

¹⁰ Data Source: Virginia Employment Commission. In this graph, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board.

¹¹ Data Source: Virginia Employment Commission. In this graph, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board.

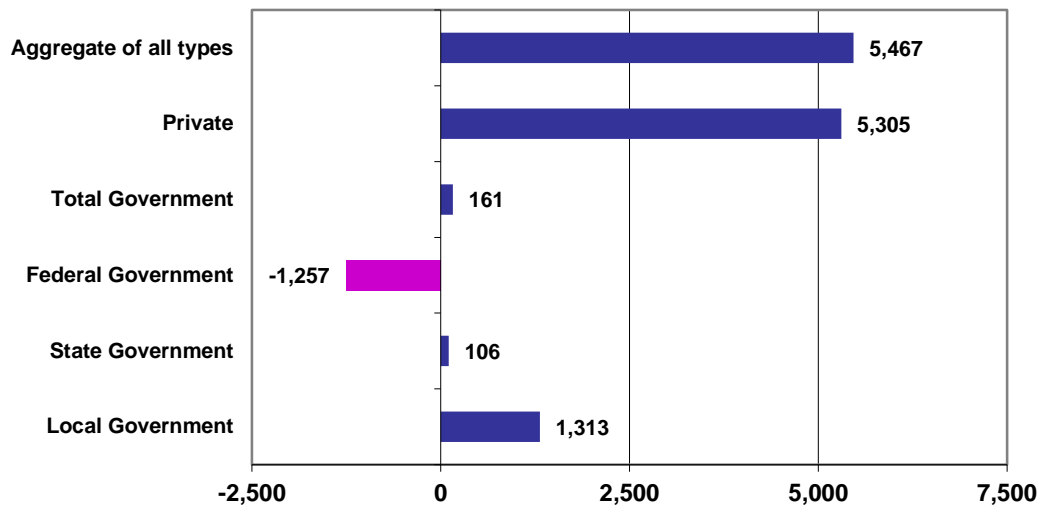


Figure 6: Northern Virginia Change in Employment by Ownership Category, 2013:Q4 to 2014:Q4¹²

Figures 7 through 9 provide a more detailed picture of private sector employment in Northern Virginia. Figure 7 depicts employment by major industry category in the fourth quarter of 2014. As these data clearly indicate, with 239,948 jobs *Professional, Scientific, and Technical Services* was by far the largest employment sector in Northern Virginia that quarter, accounting for 25 percent of total private sector employment, or one out of every four private sector jobs. *Retail Trade* ranked second with 120,420 jobs (12 percent of total private sector employment), *Accommodation and Food Services* ranked third with 96,966 jobs (10 percent), *Health Care and Social Services* ranked fourth with 95,877 jobs (10 percent), and *Administrative, Support, and Waste Management Services* ranked fifth with 76,703 jobs (8 percent).

¹² *Data Source:* Virginia Employment Commission. In this graph, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board.

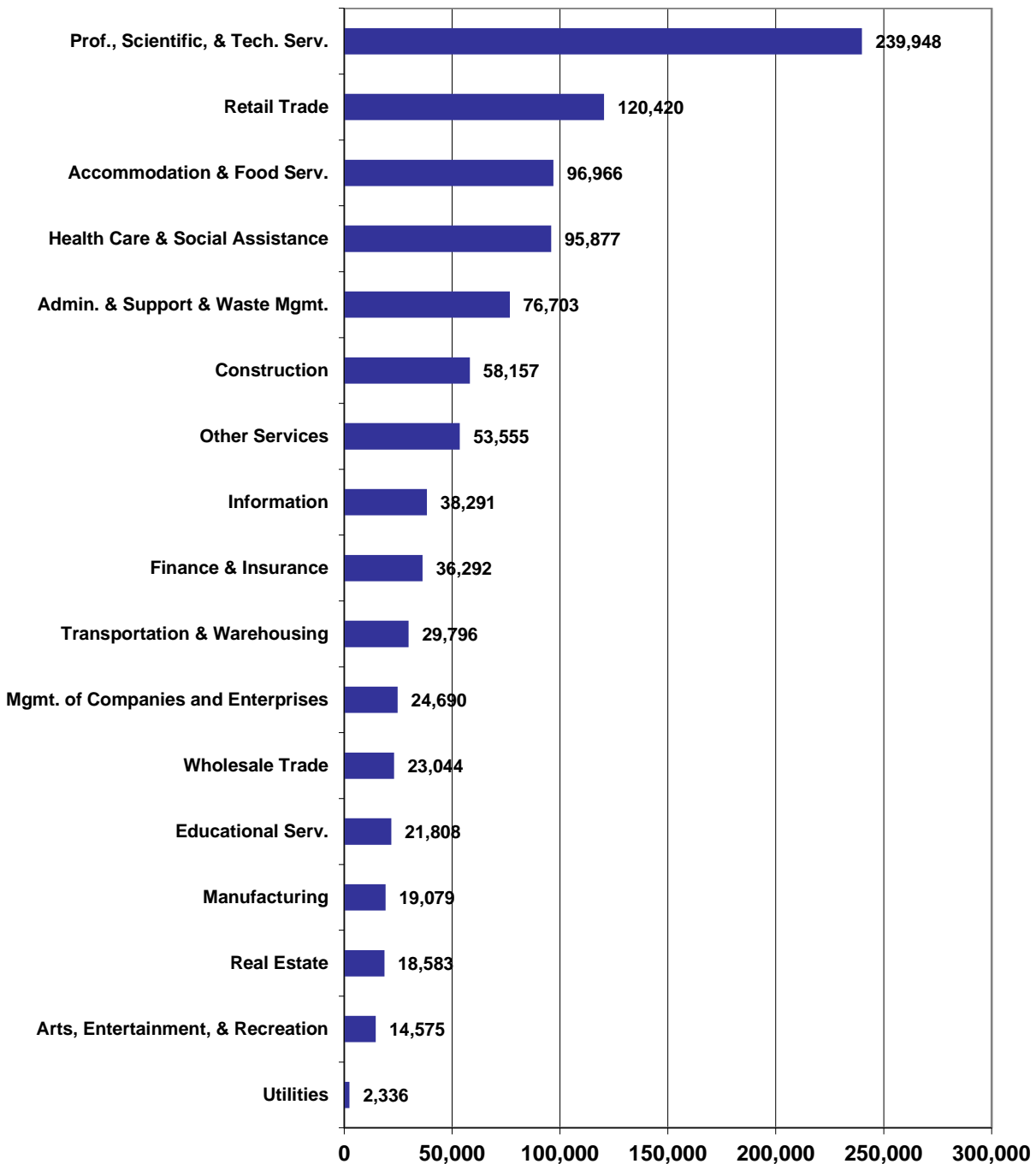


Figure 7: Northern Virginia Private Employment by Major Industry Category, 2014:Q4¹³

¹³ *Data Source:* Virginia Employment Commission. In this graph, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board.

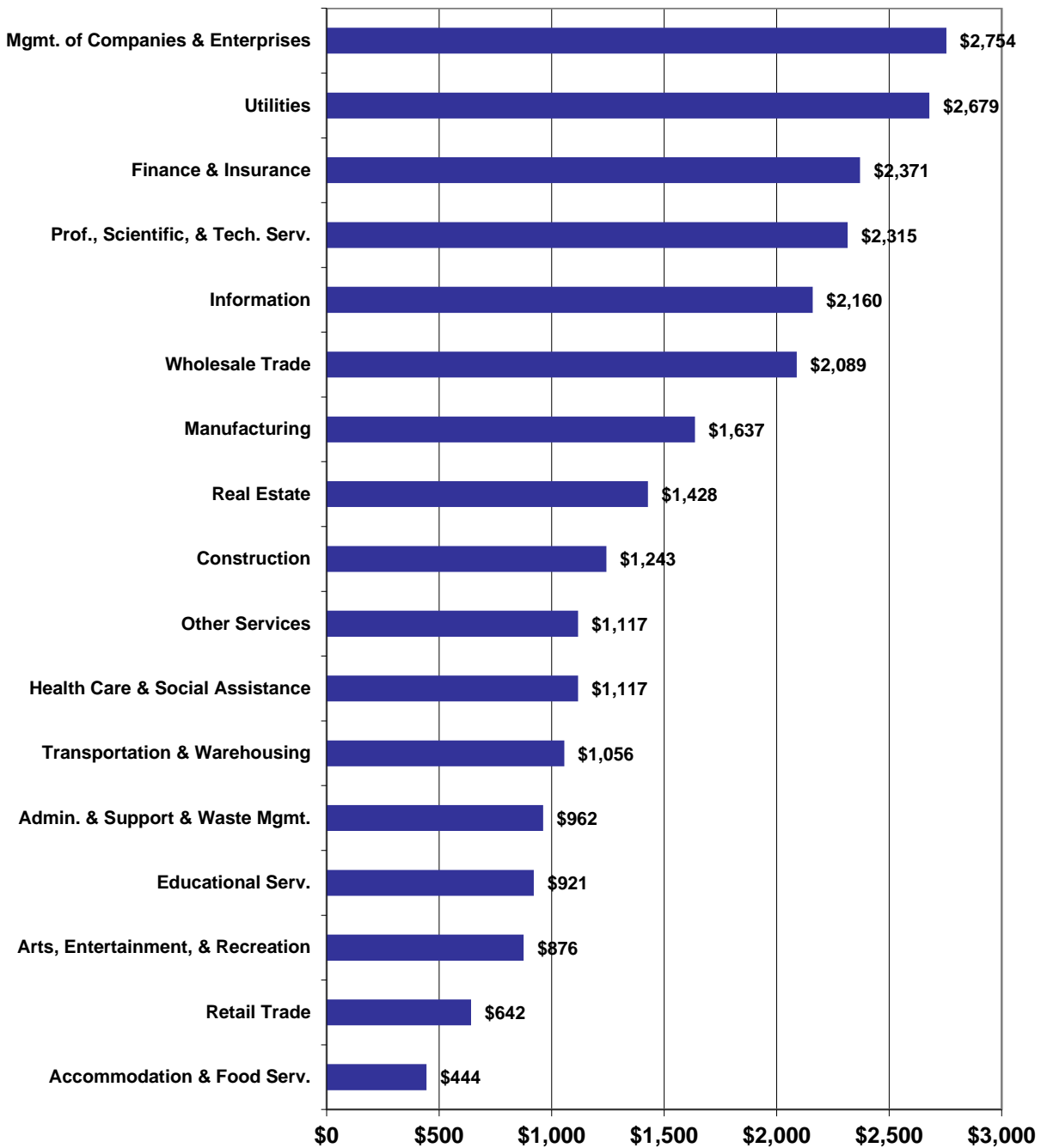


Figure 8: Northern Virginia Private Average Weekly Wages by Major Industry Category, 2014:Q4¹⁴

¹⁴ Data Source: Virginia Employment Commission. In this graph, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board.

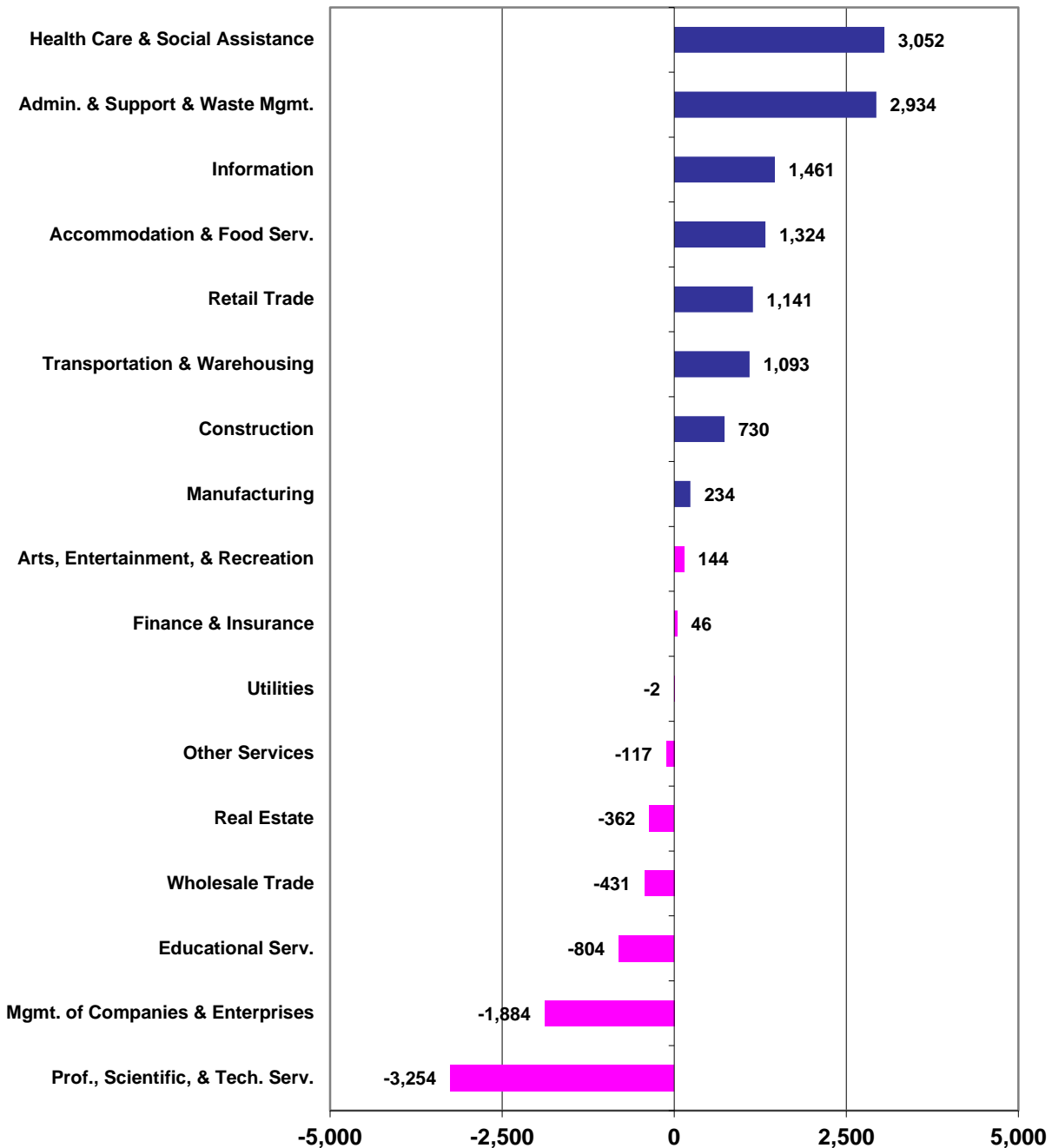


Figure 9: Northern Virginia Private Change in Private Employment Average by Major Industry Category, 2012:Q4 to 2013:Q4¹⁵

Figure 8 provides similar information for average weekly wages by major industry category. As these data show, *Management of Companies and Enterprises* was the highest paying employment sector in Northern Virginia in the fourth quarter of 2014, with average weekly

¹⁵ *Data Source:* Virginia Employment Commission. In this graph, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board.

wages of \$2,754. *Utilities* ranked second with average weekly wages of \$2,679, *Finance and Insurance* third with average weekly wages of \$2,371, *Professional, Scientific, and Technical Services* fourth with average weekly wages of \$2,315, and *Information* fifth with average weekly wages of \$2,160. To put these numbers in perspective, the average weekly wage across all industries in Northern Virginia in the fourth quarter of 2014 was \$1,445.

Figure 9 depicts the change in private employment in Northern Virginia between the fourth quarter of 2013 and the fourth quarter of 2014. As these data indicate, the largest employment gains over the period occurred in *Health Care and Social Assistance* (up 3,052 jobs), *Administrative, Support, and Waste Management Services* (up 2,934 jobs), and *Information* (up 1,461 jobs). At the other end of the spectrum, the largest employment losses over the period occurred in *Professional, Scientific, and Technical Services* (down 3,254 jobs), *Management of Companies and Enterprises* (down 1,884 jobs), and *Educational Services* (down 804 jobs).

Finally, Figure 10 compares recent unemployment trends in Northern Virginia to those at the state and national level. These data are monthly and cover the five-year period from June of 2010 through June of 2015 (the most recent month for which data are available). As these data indicate, unemployment rates in Northern Virginia were consistently below the Virginia and U.S. average rates throughout the period. However, those rates have steadily converged. As of June 2015, unemployment stood at 4.0 percent in Northern Virginia, 5.0 percent statewide, and 5.5 percent nationally.

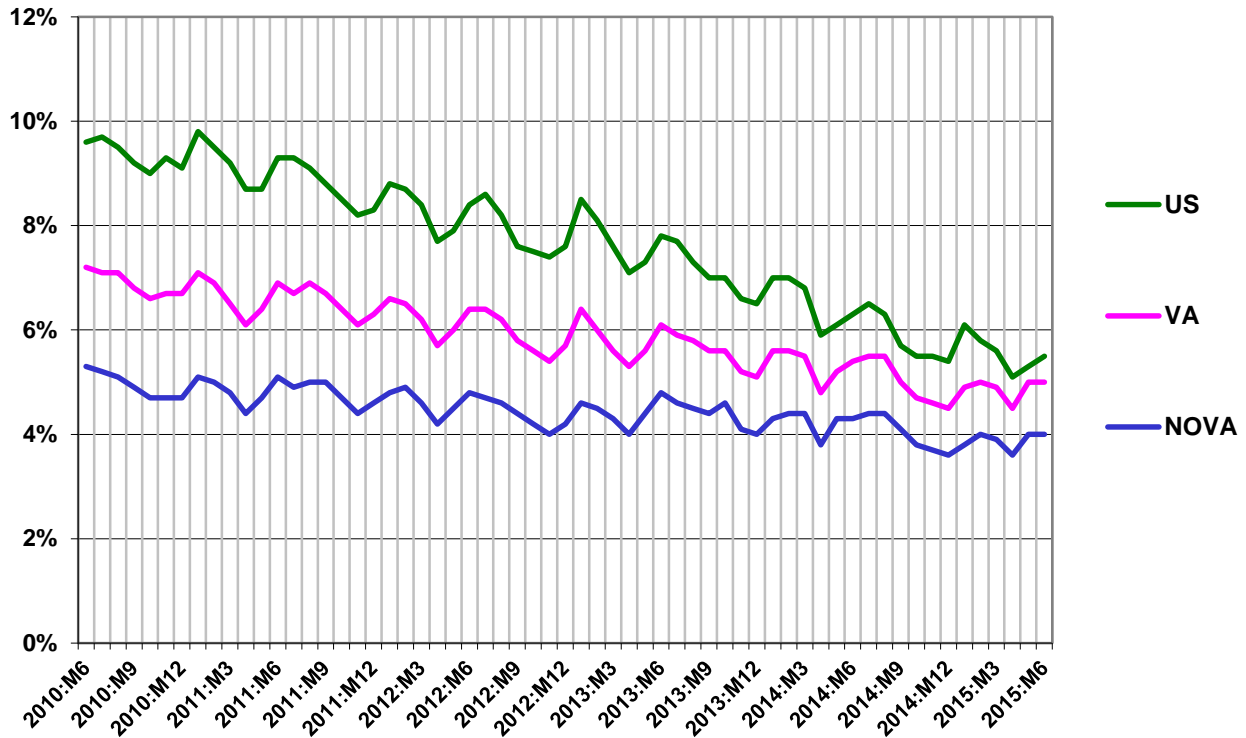


Figure 10: Unemployment Rate, June 2010 to June 2015¹⁶

Economic Impact – FY 2015

In this section, we assess the economic impact that the career training, job placement, and other workforce services provided by the Northern Virginia Workforce System in FY 2015 had on the economy of Northern Virginia. The primary nature of that impact had to do with the new income earned by the 1,751 previously unemployed individuals that the Northern Virginia Workforce System was instrumental in transitioning into meaningful employment.¹⁷ As shown in Table 2, the total additional household income generated through those placements is estimated to be \$64.5 million.

¹⁶ *Data Source:* Virginia Employment Commission. In this graph, Northern Virginia is defined to include the City of Alexandria and Arlington County, as well as the seven localities served by the Northern Virginia Workforce Development Board.

¹⁷ It is important to note that whereas the wages earned by these previously unemployed individuals constitute the primary economic impact of the career training, job placement, and other workforce services provided by the Northern Virginia Workforce System in FY 2015, they are by no means the only economic impact. Although it is beyond the scope of the analysis presented here, a more inclusive definition of economic impact would also include, among other things, the cost of any social assistance that these individuals were receiving while unemployed (e.g., unemployment assistance, food stamps) and that they no longer required after they were employed. For that reason, the more narrowly focused estimates of economic impact presented in this report should be assumed to be conservative in nature.

Table 2: Total Additional Household Income Attributable to FY 2015 Northern Virginia Workforce System Job Placements

Program	Job Placements	Average Annual Salary	Total Household Income
WIA – Adult	122	\$30,169	\$3,680,618
WIA – Dislocated Worker	256	\$61,913	\$15,849,728
WIA – Youth	55	\$19,739	\$1,085,645
ENOVATE	94	\$47,870	\$4,499,780
NEG-OJT	13	\$42,503	\$552,539
C2C	1	\$21,611	\$21,611
J4Vets	96	\$63,793	\$6,124,128
VASAVOR	48	\$21,923	\$1,052,314
PRC	102	\$21,091	\$2,151,302
Ticket to Work	16	\$29,286	\$468,582
TANF	16	\$25,938	\$415,008
Other Carryover Programs	52	\$57,061	\$2,967,172
Subtotal	871	\$44,625	38,868,427
Core Services	880	\$29,120	\$25,625,600
TOTAL	1,751	\$36,833	\$64,494,027

To quantify the regional economic and fiscal impact attributable to this increase in household income, we employ a commonly used impact simulation model called IMPLAN.¹⁸ The IMPLAN model uses regional and national data on production and trade flows to construct region-specific economic multipliers and uses these multipliers to quantify economic impact. Economic multipliers measure the second round effects, or ripple effects, that an expenditure has as it makes its way through the economy. For example, as when individuals that the Northern Virginia Workforce System transitioned into employment spend their newly acquired salaries and wages on housing, groceries, and transportation, thereby generating income for someone else, which is in turn spent, thereby becoming income for yet someone else, and so on, and so on.

Through this process, one dollar in expenditures generates multiple dollars of income. The mathematical relationship between the initial expenditure and the total income generated is the economic multiplier. The cumulative result of these second round effects is called indirect impact when it refers to business to business transactions, and induced impact when, as in the current case, it refers to household (employee) to business transactions.

¹⁸ IMPLAN v.3 is produced by Minnesota IMPLAN Group, Inc.

In the analysis that follows, we also provide estimates for four categories of impact. The first is employment, or the total number of full time equivalent jobs that are created in the regional economy through first round direct effects (*i.e.*, the jobs that are filled by individuals transitioned into employment through services provided by the Northern Virginia Workforce System) and as a result of second round indirect and induced transactions. The second is labor income, or the salaries and wages that are associated with that total employment. The third is economic output, or the total amount of regional economic activity that is generated through first round direct effects (*i.e.*, the increased household income earned by individuals transitioned into employment through services provided by the Northern Virginia Workforce System) and as a result of second round indirect and induced transactions. The fourth is fiscal impact, or the state and local tax revenues as a result of this economic activity.

WIA Intensive Services and Other WIA Programs

We first look at the economic impact associated with the Northern Virginia Workforce System's WIA Intensive Services and other WIA programs – those programs where the Northern Virginia Workforce System directly provided career training and job placement services that enabled an individual to transition from unemployment into a well-paying job. In assessing the likely economic impact attributable to these programs, we employ the following assumptions:

- A total of 871 individuals exited from these programs and were placed into jobs in FY 2015.
- The average salary and total pre-tax income associated with these programs are as detailed in Table 2.
- All consumption expenditures were made within Northern Virginia.
- Economic impact is based on a “representative year” and no attempt is made to phase placements in based on actual job start data from FY 2015.

By feeding this assumption into the IMPLAN model, we obtain the estimates of annual regional economic impact shown in Table 3:

- Regional Employment: In addition to the 871 full time equivalent jobs filled by individuals transitioned into employment through the Northern Virginia Workforce System's programs, the household expenditures made by these newly employed individuals also were responsible for supporting 198 full time equivalent jobs through second round effects, for a total regional employment impact of 1,069 full time equivalent jobs.
- Regional Labor Income: In addition to the \$38.9 million in labor income paid to individuals transitioned into employment through the Northern Virginia Workforce System's programs, the household expenditures made by these newly employed individuals also were responsible for creating \$11.0 million in additional regional labor income through second round effects, for a total regional labor income impact of \$49.9 million.

- **Regional Economic Output:** Second round effects from the \$38.9 million in labor income paid to individuals transitioned into employment through the Northern Virginia Workforce System's programs were also responsible for generating \$29.3 million in additional economic output in the region.
- **Fiscal Impact:** Second round effects from the \$38.9 million in labor income paid to individuals transitioned into employment through the Northern Virginia Workforce System's programs were responsible for generating \$1.9 million in additional state and local tax revenue, and \$2.7 million in additional federal tax revenue, for a total fiscal impact of \$4.6 million.

Table 3: Estimated Economic Impact of FY 2015 Northern Virginia Workforce System Job Placements through WIA Intensive Services and Other WIA Programs

	Employment	Labor Income	Output
<i>First Round Direct Economic Activity</i>	871	\$38,868,427	\$0
<i>Second Round Indirect and Induced Economic Activity</i>	198	\$11,029,804	\$29,349,364
<i>Total, Direct, Indirect, and Induced Economic Activity</i>	1,069	\$49,898,231	\$29,349,364
	State and Local	Federal	Total
<i>Fiscal Impact</i>	\$1,924,146	\$2,654,784	\$4,578,930

WIA Intensive Services and Other WIA Programs, plus Core Services

In this section, FY 2015 placements from Core Services are added to the placements attributable to the WIA Intensive Services and other WIA programs. Core Services have an arguably less direct impact on job placement since these services primarily involve self-service tools that assist a job seeker in making an effective job search. In assessing the likely economic impact attributable to these programs, we employ the following assumptions:

- A total of 880 individuals exited from these programs and found employment in FY 2015.
- The average salary and total pre-tax income associated with these programs are as detailed in Table 2.
- All consumption expenditures were made within Northern Virginia.
- Economic impact is based on a “representative year” and no attempt is made to phase placements in based on actual job start data from FY 2015.

By feeding this assumption into the IMPLAN model, we obtain the estimates of annual regional economic impact shown in Table 4:

- Regional Employment: In addition to the 1,751 full time equivalent jobs filled by individuals transitioned into employment through services provided by the Northern Virginia Workforce System, the household expenditures made by these newly employed individuals also were responsible for supporting 329 full time equivalent jobs through second round effects, for a total regional employment impact of 2,080 full time equivalent jobs.
- Regional Labor Income: In addition to the \$64.5 million in labor income paid to individuals transitioned into employment through services provided by the Northern Virginia Workforce System, the household expenditures made by these newly employed individuals also were responsible for creating \$18.3 million in additional regional labor income through second round effects, for a total regional labor income impact of \$82.8 million.
- Regional Economic Output: Second round effects from the \$64.5 million in labor income paid to individuals transitioned into employment through the Northern Virginia Workforce System’s programs were also responsible for generating \$48.8 million in additional economic output in the region.
- Fiscal Impact: Second round effects from the \$64.5 million in labor income paid to individuals transitioned into employment through the Northern Virginia Workforce System’s programs were responsible for generating \$3.1 million in additional state and local tax revenue, and \$4.4 million in additional federal tax revenue, for a total fiscal impact of \$7.5 million.

Table 4: Estimated Economic Impact of FY 2015 Northern Virginia Workforce System Job Placements through WIA Intensive Services and Other WIA Programs, plus Core Services

	Employment	Labor Income	Output
<i>First Round Direct Economic Activity</i>	1,751	\$64,494,027	\$0
<i>Second Round Indirect and Induced Economic Activity</i>	329	\$18,260,280	\$48,759,560
<i>Total, Direct, Indirect, and Induced Economic Activity</i>	2,080	\$82,754,307	\$48,759,560
	State and Local	Federal	Total
<i>Fiscal Impact</i>	\$3,136,470	\$4,388,939	\$7,525,409

Benefit/Cost Ratio

In FY 2015, the cost associated with the WIA Intensive Services programs, other WIA programs, and Core Services programs provided by the Northern Virginia Workforce System was approximately \$6.7 million.¹⁹ Comparing this cost to the benefits derived from these programs, in terms of total household (or labor) income, allows us to calculate a benefit/cost ratio. If the analysis is restricted to the WIA Intensive Services and other WIA programs that benefit/cost ratio is approximately 7.5, indicating that the benefits derived from the programs are seven and a half times the costs required to generate those benefits. If the analysis is expanded to encompass Core Services as well, the benefit/cost ratio rises to approximately 12.4, indicating that the benefits are almost twelve and a half times the costs required to generate them.

Conclusion

The Northern Virginia Workforce System provides workforce services to the localities of Fairfax, Loudoun, and Prince William counties, and the cities of Fairfax, Falls Church, Manassas, and Manassas Park. After hitting a post-recession high of 1,176,696 jobs in the fourth quarter of 2012, employment in the broader Northern Virginia region that encompasses these localities has remained generally flat, falling slightly to 1,174,619 jobs in the fourth quarter of 2014. In

¹⁹ Data Source: The SkillSource Group, Inc.

addition, unemployment remains high relative to the historic regional norm, coming in at 4.0 percent in June of 2015.

These trends have had a continuing impact on the demand for the Northern Virginia Workforce System's job placement and training services. Excluding core services, 1,445 individuals enrolled in WIA and related programs offered by the Northern Virginia Workforce System in FY 2015. This figure remains 219 percent up from FY 2008 when the recession began (453 enrollees). Similarly, excluding core services, 855 individuals were transitioned into employment through programs offered by the Northern Virginia Workforce System in FY 2015. This figure remains 448 percent up from FY 2008 when the recession began (156 placements).

This report has shown that the most significant economic and fiscal contribution that the Northern Virginia Workforce System made to Northern Virginia in FY 2015 has to do with the 1,751 previously unemployed individuals that the System was able to transition into well-paying jobs. Out of that total, 871 of the placements came through WIA Intensive Services and other WIA programs (programs that directly provide career training and job placement services), and 880 came through Core Services (self-service tools that assist a job seeker in making an effective job search). The average annual salaries associated with those placements ranged from \$19,739 to \$63,793. In combination, these 1,751 placements generated approximately \$64.5 million in additional household income in the region.

In turn, second round effects from the additional local consumption expenditures that were facilitated by this increased household income also had a significant economic impact on the Northern Virginia economy. Focusing first on the 871 placements associated with WIA Intensive Services and other WIA programs, that total first and second round impact from those placements is estimated to be 1,069 full time equivalent jobs, \$49.9 million in additional regional labor income, \$29.3 million in additional regional economic output, and \$4.6 million in state, local, and federal tax revenue. If we increase the scope of workforce services to include Core Services, the total first and second round economic impact associated with the resulting combined 1,751 placements is estimated to be 2,080 full time equivalent jobs, \$82.8 million in additional regional labor income, \$48.8 million in additional regional economic output, and \$7.5 million in state, local, and federal tax revenue.

Comparing these estimated benefits to the \$6.7 million in costs associated with the WIA Intensive Services, other WIA, and Core Services programs allows us to calculate a benefit/cost ratio. If the analysis is restricted to the WIA Intensive Services and other WIA programs that benefit/cost ratio is approximately 7.5, indicating that the benefits derived from the programs are seven and a half times the costs required to generate those benefits. If the analysis is expanded to encompass Core Services as well, the benefit/cost ratio rises to approximately 12.4, indicating that the benefits are almost twelve and a half times the costs required to generate them.

In conclusion, in FY 2015 the Northern Virginia Workforce System made a significant contribution to the economy of Northern Virginia.

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