



PREPARED FOR
Virginia Career Works Northern Region



NORTHERN REGION

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January 24, 2023

ECONOMIC IMPACT & RETURN ON INVESTMENT OF THE VIRGINIA CAREER WORKS NORTHERN REGION

FISCAL YEAR 2022



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1. Executive Summary

This report assesses the economic impact and return on investment (ROI) attributable to the workforce programs and services provided by the Virginia Career Works Northern Region (VCWNR) for Fiscal Year (FY) 2022 in the region of Northern Virginia.¹ The main findings of the report are summarized below.²

During FY2022, the region was still recovering from the significant job losses resulting from the COVID-19 pandemic. By the fourth quarter of 2019, wage and salaried employment in Northern Virginia reached 1.28 million. As the COVID-19 pandemic caused shutdowns across the nation, employment dropped to 1.13 million by the second quarter of 2020. The region recovered 114,990 jobs (+10.1%) between June 2020 and June 2022 to reach 1.25 million employed.

As of the second quarter of 2022, the average annual wage in Northern Virginia was \$92,636. This was significantly higher than the state average of \$69,814 and the national average of \$69,381.

Comparing the four-quarter average ending with the second quarter of 2022 against the prior year, the Northern Virginia region gained 37,551 total wage and salaried jobs. Gains of more than 33,513 in the private sector were partially offset by losses of 506 jobs in federal government. State government

lost 8 jobs, while employment in local government rose by 4,552.

In FY2022, the largest industry by employment in Northern Virginia was professional, scientific, and technical services followed by health care and social assistance, and retail trade.

At the end of FY2022 (June 2022), the unemployment rate stood at 2.5% in Northern Virginia, lower than 3.0% statewide and 3.9% nationally. The regional unemployment rate has continued to decline to 2.3% as of October 2022, indicating a continuing tightening of the labor market.

The workforce programs and services provided by the Virginia Career Works Northern Region have a large economic impact in Northern Virginia.

In FY2022, Virginia Career Works Northern Region provided the following workforce programs and services:

- Workforce Innovation and Opportunity Act (WIOA) Adult Program
- WIOA Dislocated Workers Program
- WIOA Youth Program
- Incumbent Workers Training
- Fairfax Alternative Incarceration Branch Center (AIB)
- Temporary Assistance for Needy Families (TANF)
- Senior Community Service Employment Program (SCSEP)
- Return to Earn
- One-Stop services, providing self-service resources for jobseekers³

¹ Fiscal Year 2022 starts on July 1, 2021 and ends June 30, 2022. Virginia Career Works Northern Region serves the counties of Fairfax, Loudoun, and Prince William, and the cities of Fairfax, Falls Church, Manassas, and Manassas Park. This region is referred to as the VCWNR service area. However, in this report, the study region is defined as Northern Virginia, which also includes Arlington County and the City of Alexandria, in addition to seven localities served by VCWNR.

² Chmura provides economic software, consulting, and data to our clients that help them make informed decisions to benefit their communities. Our Ph.D. economists, data scientists, and strategic planners guide clients through their local labor market. Over the past 24 years, Chmura has served hundreds of clients nationwide with thoroughness, accuracy, and objectivity.

³ In this report, all workforce programs and services excluding One-Stop services are collectively termed VCWNR non-self-service programs. Economic impact and ROI are evaluated for all non-self-service VCWNR programs and all VCWNR programs and services.

In FY2022, the Virginia Career Works Northern Region successfully helped 745 individuals obtain employment through its non-self-service programs. The increased annual household income associated with those programs is estimated to have been \$31.2 million in FY2022. The number of individuals served and total household income effects are returning to typical levels seen in past pre-pandemic reports as the region recovers.

The increased income resulting from VCWNR non-self-service programs is estimated to have supported 891 total jobs in Northern Virginia in FY2022, associated with \$40.7 million in total regional labor income. In addition, the increased income is estimated to have generated \$29.5 million in additional regional economic output, and \$5.3 million in state, local, and federal tax revenue.

If job placements through One-Stop services were included, VCWNR was instrumental in helping 833 individuals obtain employment in FY2022. The increased annual household income associated with those job placements is estimated to have been \$36.1 million in FY2022.

Increased income resulting from VCWNR programs is estimated to have supported 1,003 total jobs in Northern Virginia in FY2022, associated with \$47.1 million in total regional labor income. In addition, the increased income was also responsible for \$34.1 million in additional regional economic output, and \$6.2 million in state, local, and federal tax revenue.

The return on investment analysis shows that the benefit of VCWNR programs and services exceeds the cost.

In FY2022, the cost associated with all VCWNR programs and services was \$7.2 million.

The benefit is defined as the total labor income attributable to persons served through VCWNR programs and services.

Excluding One-Stop services, the benefit-to-cost ratio of VCWNR non-self-service programs was 5.6 in FY2022, indicating that the benefit of VCWNR programs was more than five times the public cost required.

If the ROI analysis is expanded to encompass One-Stop services, the benefit-to-cost ratio of all VCWNR programs and services in FY2022 would rise to 6.5. This indicates that the benefit is more than six times the public cost required.

2. Background

Virginia Career Works Northern Region (VCWNR) serves the counties of Fairfax, Loudoun, and Prince William, and the cities of Fairfax, Falls Church, Manassas, and Manassas Park (VCWNR service area).⁴ Through the SkillSource Group, Inc., (SkillSource), Virginia Career Works Northern Region provides a comprehensive list of workforce development programs, such as the Workforce Innovation and Opportunity Act (WIOA) Adult, Youth, and Dislocated Worker programs; and other career services. In addition, there are five SkillSource-managed centers (One-Stop Employment Centers) in the region (Figure 2.1).

Each year, the SkillSource Group commissions a study of the economic and

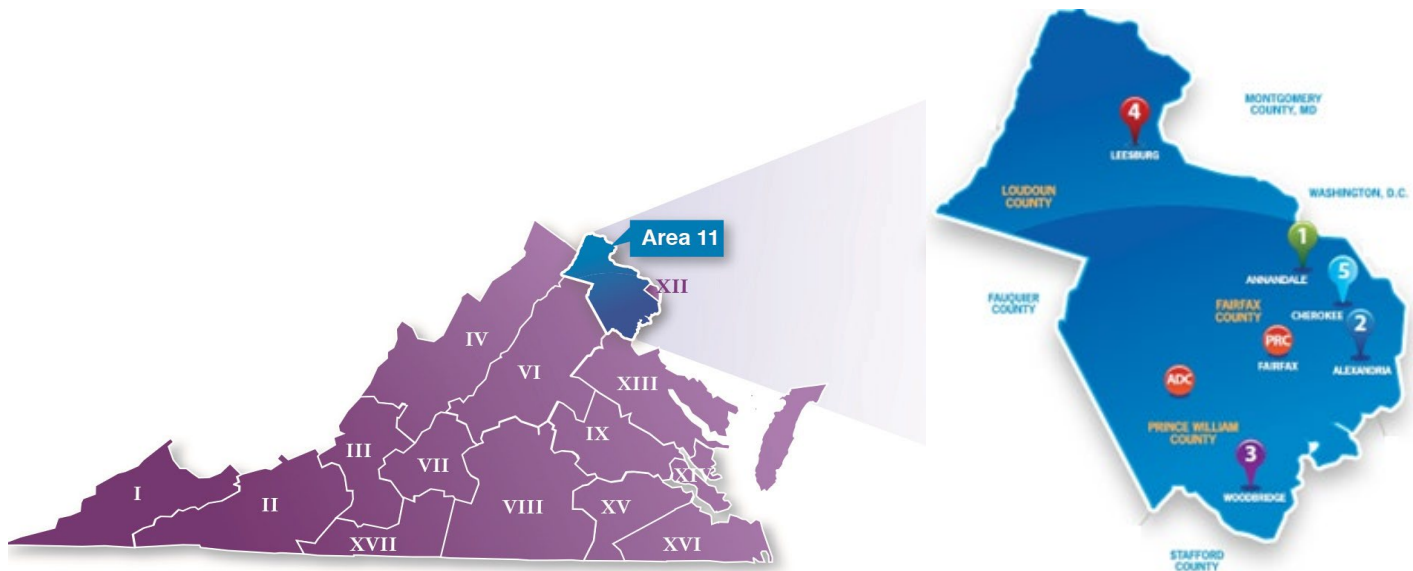
fiscal impacts of the Virginia Career Works Northern Region focusing on the varied workforce training and career services programs it provides. In addition, SkillSource seeks to understand the return on investment (ROI) of VCWNR programs and services. Chmura Economics & Analytics (Chmura) was contracted to perform such an analysis for Fiscal Year 2022.

The remainder of this report is organized as follows:

- Section 3 explains the methodology in conducting economic impact and return on investment analysis for workforce programs and services.

- Section 4 provides a profile of VCWNR programs and services and an economic profile of Northern Virginia.
- Section 5 analyzes the economic impact of VCWNR programs and services in Northern Virginia.
- Section 6 performs the ROI analysis for VCWNR programs and services.
- Section 7 provides a summary and conclusion.

Figure 2.1: Virginia Career Works Northern Region Center Locations



Source: SkillSource Group. The numbers on the map represent VCWNR Center locations.

⁴ Source: SkillSource website, <https://vcwnorthern.com/contact/>. Please note that the economic impact and economic profile are analyzed for the broader Northern Virginia region, which also includes Arlington County and the City of Alexandria.

3. Economic Impact Methodology

To maintain consistency with prior reports published by SkillSource on the economic impact and ROI of VCWNR programs and services, this study largely utilizes a similar methodology to previous studies.⁵

Based on the needs of SkillSource and a review of prior studies, this report includes three major components:

1. A profile of Virginia Career Works Northern Region programs and services, and an economic profile of Northern Virginia for FY2022.

2. The economic impact of VCWNR programs and services in Northern Virginia for FY2022.
3. Return on investment analysis of VCWNR programs and services for FY2022.

3.1. Profile of VCWNR and Economic Profile of Northern Virginia

The profile of VCWNR is a summary of existing programs and services and demonstrated roles they play in helping regional workers achieve career success. This profile presents information such as a list of VCWNR programs and services, participants and job placements by program, and post-training wages for program participants. The main data

sources for this analysis are SkillSource program reports, audited SkillSource financial records, and administrative data.

An economic profile of Northern Virginia is also included, providing a broad context to evaluate the economic impact and ROI of VCWNR programs and services. Chmura analyzed data on total employment and

employment growth, employment by major industry sector, employment by ownership category, average wages, and unemployment rate for the region. Data from Chmura’s proprietary JobsEQ® platform were utilized to complete this analysis.

3.2. Economic Impact Analysis

In this analysis, Chmura examined the economic impact of VCWNR programs and services in Northern Virginia. The main source of economic impact is the incremental income gained by individuals who either successfully transitioned into employment or gained new training with the help of VCWNR programs and services.⁶ For individuals who were unemployed prior to utilizing VCWNR programs and services, the incremental wage is equivalent to wages and salaries they would receive in their new jobs. For individuals receiving training, the incremental wage is defined as the difference between pre- and post-training wages.

When individuals spend incremental income in Northern Virginia, additional economic impact is generated in the region. While incremental spending constitutes the direct economic impact of VCWNR programs and services in Northern Virginia, the total economic impact also includes economic ripple effects from the direct impact. Ripple effects, categorized as indirect and induced impacts (see Appendix 1 for definitions), measure the secondary benefits of increased household spending at regional businesses. For example, when newly employed individuals spend their wages on housing and groceries, they help other businesses and support additional jobs. The cumulative result of these secondary effects is called indirect impact

when it represents business-to-business transactions, and induced impact when it represents household (employee)-to-business transactions.

Direct impact, measured as household spending from incremental income, was estimated based on data from SkillSource. Chmura estimated the indirect and induced economic impacts with the IMPLAN Model after the direct impacts were estimated.

In the analysis, Chmura examined economic impacts of VCWNR programs and services in four dimensions:

1. Employment, or the total number of jobs that are supported in the regional

⁵ For examples of previous studies, please see <https://vcwnorthern.com/public-documents/>.

⁶ The operation of VCWNR will also generate positive economic impact in the area. In addition, VCWNR also manages other programs such as the Center for Business Planning and Development. Those impacts are not included in this study as the focus is the success of participants of VCWNR programs.

economy through incremental household income.

2. Labor income, or the salaries and wages that are associated with total employment.

3. Economic output, or the total amount of regional economic activity that is generated through secondary indirect and induced transactions.

4. Fiscal impact, or the federal, state, and local tax revenue as a result of the

increased economic activity. To minimize variance in tax estimates from IMPLAN, Chmura directly estimated federal, state, and local taxes for the fiscal impact estimates.

3.3. Return on Investment Analysis

In addition to the economic impact analysis, Chmura also assessed the return on investment (ROI) of VCWNR programs and services. ROI is expressed as a benefit-to-cost ratio. In this study, the cost is represented by all expenses associated with workforce programs and services provided by Virginia Career Works

Northern Region in FY2022. The benefit is represented by the total annual labor income attributable to VCWNR programs and services, resulting from new job placements.⁷

To conclude the ROI analysis, a benefit-to-cost ratio was computed for two broad programs. These included all non-self-service VCWNR programs, and all VCWNR programs and services, including One-Stop services.

⁷ This definition is consistent with prior studies.

4. Profile of VCWNR and the Northern Virginia Regional Economy

4.1. Profile of VCWNR Programs and Services

The Virginia Career Works Northern Region provides a wide range of workforce training programs and services to regional jobseekers to help them locate employment in the area. In particular,

VCWNR offers several structured workforce programs in which individuals are enrolled and work with case managers (non-self-service programs). In addition, VCWNR also maintains five One-Stop

Employment Centers (SkillSource centers) where individuals can utilize facilities and resources in search of employment. There are also programs helping employed workers gain new knowledge and skills.

4.1.1. Description of VCWNR Programs & Services

In FY2022, Virginia Career Works Northern Region provided career training and job placement services through the following programs:⁸

- **Workforce Innovation and Opportunity Act (WIOA) Programs**

- o WIOA Adult Program – provides employment and training services to assist eligible adults (individuals 18 years and older) in finding meaningful employment.
- o WIOA 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.
- o WIOA Youth Program – provides summer and year-round development programs to at-risk youth ages 16 – 24 years (e.g., dropouts, foster children, juvenile offenders, children of incarcerated parents, and migrant children).

- **Other WIOA Grant Programs**

- o Additional WIOA Programs – includes some programs carried over from prior years.

- **Non - WIOA Grants Programs**

- o Fairfax Alternative Incarceration Branch (AIB) Center – previously known as Fairfax pre-release employment center (PRC), supports the transition of long-term incarcerated adults into the workforce and community.
- o Temporary Assistance for Needy Families (TANF)– SkillSource currently has three TANF grants that have a mission to prepare jobseekers with barriers such as low-income, legal history, and/or disabilities to enter and maintain employment, with the prospect of a career path and wage growth.
- o Senior Community Service Employment Program (SCSEP) –

provides temporary community service training opportunities as a bridge to find employment opportunities outside the program.

- o Return to Earn – matches payments from eligible small businesses with less than 100 employees to support new hires in their transition back into the workforce.

In the analysis that follows, Chmura refers to all programs and services (other than One-Stop services) as VCWNR non-self-service programs. Economic impact and ROI evaluations are conducted for all VCWNR programs and services, as well as for non-self-service programs.

⁸ The impact of some programs may not be evaluated if data are not available

4.1.2. Outcome of VCWNR Programs & Services

Table 4.1 summarizes participants and job placements for different VCWNR programs and services in FY2022. Participation and successful job placements continued to be hindered by the COVID-19 pandemic but largely rebounded. In FY2022, a total of 1,224 individuals were enrolled in various non-self-service programs. Just under half (547) were enrolled in WIOA Adult, WIOA Dislocated Worker, and WIOA Youth programs. In addition, 667 jobseekers were enrolled in non-WIOA funded programs, such as Return to Earn and SCSEP. Finally, individuals utilized the VCWNR's One-Stop Employment Centers in-person and virtually to conduct job searches. They registered 37,662 total visits in FY2022.

In total, these programs and services were instrumental in transitioning 833 individuals to employment or improving their skills. VCWNR helped place them into meaningful jobs, with an average annual wage of \$43,323. Out of this number, 206 were placed into employment through the WIOA Adult, Dislocated Worker, and Youth programs. An additional 539 jobseekers found jobs through non-WIOA funded programs, such as Return to Earn and TANF. Finally, 88 jobseekers found employment as a result of utilizing VCWNR One-Stop services.

Table 4.1: Virginia Career Works Northern Region Participants and Job Placements in FY2022

VCWNR PROGRAMS & SERVICES	ENROLLMENT	JOB PLACEMENTS	AVERAGE INCREMENTAL ANNUAL SALARY
WIOA Enhanced Career Services	547	206	\$50,001
WIOA – Adult	275	97	\$48,391
WIOA – Dislocated Worker	121	58	\$59,219
WIOA – Youth	151	51	\$33,155
Other Programs	677	539	\$38,740
SCSEP	120	23	\$35,630
TANF	127	86	\$38,896
Return to Earn	430	430	\$38,875
Total Non-Self-Service Programs	1,224	745	\$41,854
One-Stop Services*	37,662	88	\$55,765
Total VCWNR Programs & Services		833	\$43,323

Source: SkillSource

* Visit numbers are brought current to include all virtual services provided by center programs that would have utilized pre-COVID walk-in services if available. Some programs may not be displayed here if data are not available.

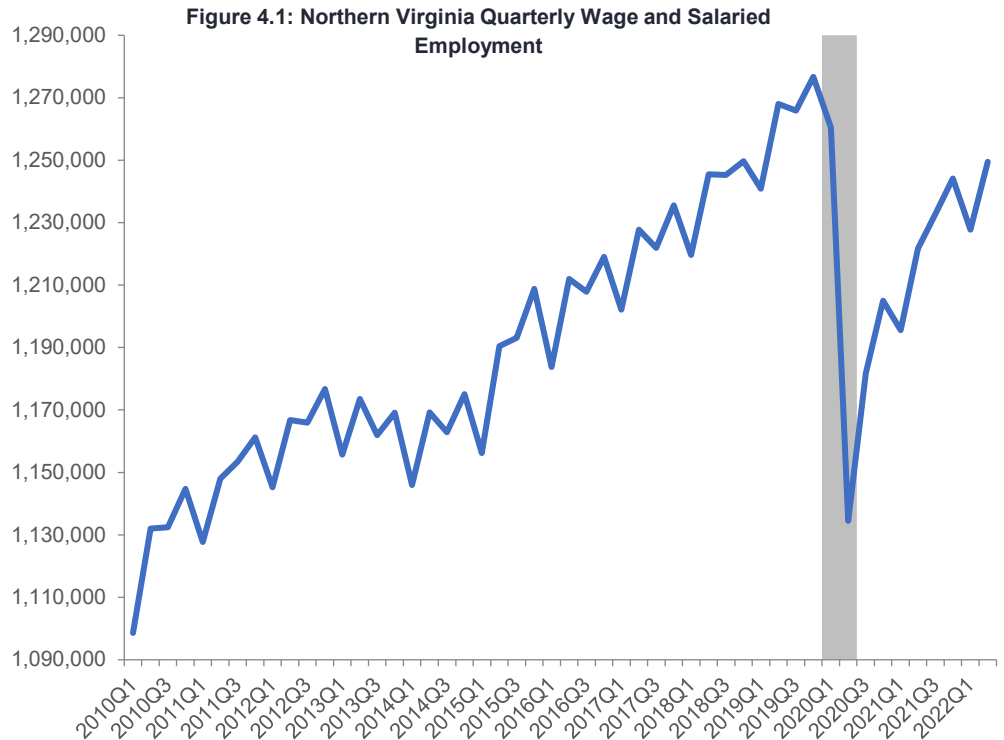
4.2. Regional Economic Profile

4.2.1. Trend in Employment and Wages

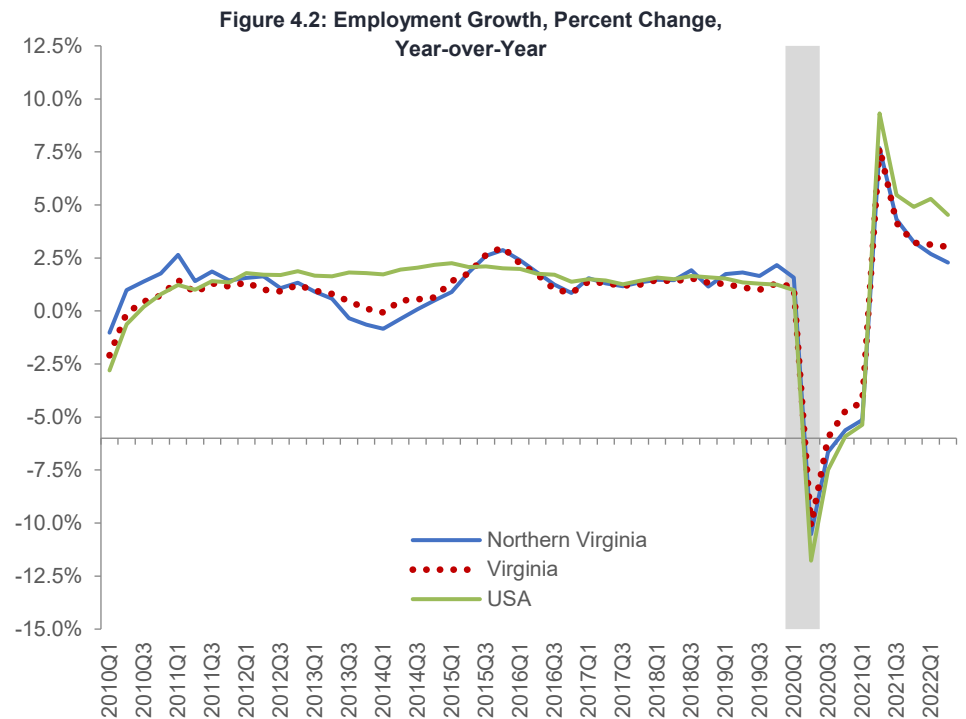
Employment level and growth is the broadest and timeliest indicator of a region’s overall economic health. A growing labor market also increases the chances that participants of VCWNR programs and services can find meaningful employment in the region.

The data show that in the second quarter of 2022 (last quarter of FY2022), Northern Virginia had total wage and salaried employment of 1.25 million, 2.3% above the 2nd quarter of 2021.⁹ Employment dropped rapidly at the end of the first quarter and over the second quarter of 2020 due to the COVID-19 pandemic and statewide stay-at-home orders. As the economy reopened, the region has recovered 81% of the lost jobs as of the second quarter of 2022, and remains slightly below pre-pandemic levels.

Figure 4.1 depicts quarterly trends in total employment in Northern Virginia since 2010. Despite the seasonal regional employment decline in the first quarter of each year, the overall employment trend shows an expansion with two interruptions. Regional employment growth stalled during 2013 and 2014 largely due to federal spending cuts as a result of federal budget sequestration. Growth resumed after 2014, with strong employment growth occurring from 2015 through 2019. Employment peaked at 1.28 million in the fourth quarter of 2019, up 16.2% (or 178,087 jobs) since 2010. Job losses due to the pandemic set employment in the region back to its lowest level since the first quarter of 2011. As of the second quarter of 2022, the region has recovered an estimated 81% of the jobs lost in early 2020.



Source: JobsEQ® by Chmura

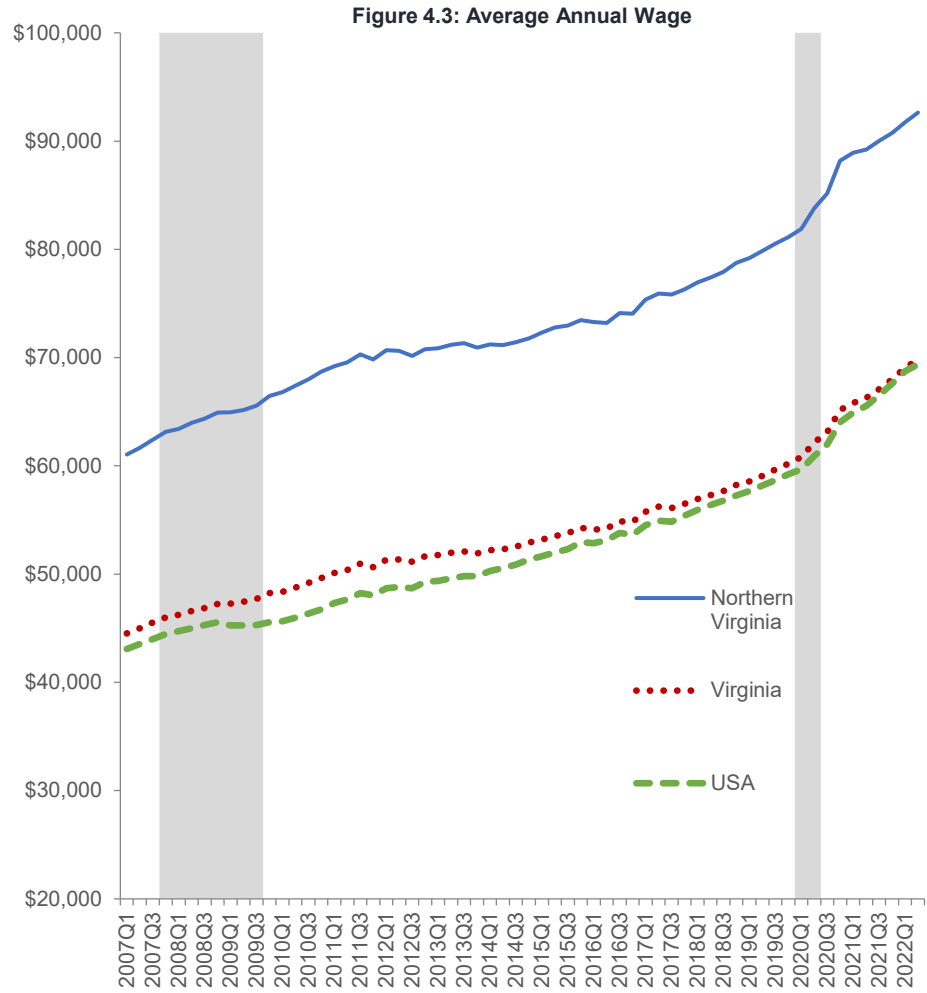


Source: JobsEQ® by Chmura

⁹ Wage and salaried employment does not include proprietors or self-employed individuals. Chmura excluded those groups to be consistent with prior studies.

In terms of employment growth, since 2010, Northern Virginia's employment expanded at an average rate of 0.9% year-over-year; this is compared with 0.8% for Virginia and 1.1% for the nation. As Figure 4.2 shows, Northern Virginia rebounded from the 2007 to 2009 recession faster than both the state and nation, as job growth from 2010 to 2012 generally outpaced those two regions. Regional job growth lagged state and national averages from 2013 to 2015. This is largely due to federal budget cuts resulting from budget sequestration, which affected Northern Virginia disproportionately as the region has a high concentration of federal employees and federal contractors. The negative effect of federal budget cuts has since worn off. Employment growth in the region was steady from 2015 to the fourth quarter of 2019. However, there was a sharp decline in the second quarter of 2020 due to the COVID-19 pandemic, with a healthy recovery over FY2021. Over FY2022, employment growth in all three regions has begun to slow as employment numbers move closer to pre-pandemic levels.

As of the second quarter of 2022, the average annual wage per worker in Northern Virginia was \$92,636, significantly higher than the state average of \$69,814 and the national average of \$69,381 (Figure 4.3). As analyzed later, the higher average wage can be primarily attributed to the industry mix of the region. Northern Virginia has a high concentration of professional services and high-tech jobs, as well as federal government employees, which tend to pay high salaries. But wage growth in Northern Virginia trailed both state and national averages. Since 2010, the average annual wage per worker in Northern Virginia grew at 2.7% per year, compared with state and national averages of 3.0% and 3.3%, respectively.



Source: JobsEQ® by Chmura

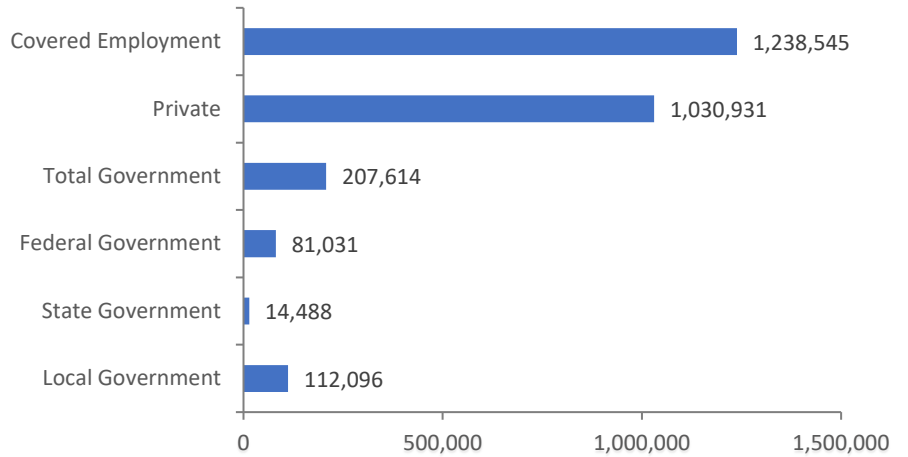
4.2.2. Employment and Wage by Ownership

Figure 4.4 provides a breakdown of total wage and salaried employment in Northern Virginia in FY2022 by ownership category. The data show that in FY2022, 1,030,391 jobs (or 83.2% of the region’s total employment of 1.24 million) were in the private sector. With 207,614 jobs (or 16.8%) in the government sector, the percentage of overall government employment in Northern Virginia is smaller than the state average of 17.8%. However, there is a higher percentage (6.5%) of federal government employment in the region than in Virginia (4.8%).

Among different ownership categories, average wage was the highest for workers in the federal government, averaging \$121,172 in FY2022. This is significantly higher than the average of \$92,636 for all wage and salaried workers in Northern Virginia (Figure 4.5). In contrast, workers employed in state and local governments had average wages of \$63,286 and \$67,836, respectively—much lower than wages in the federal government and private sector.

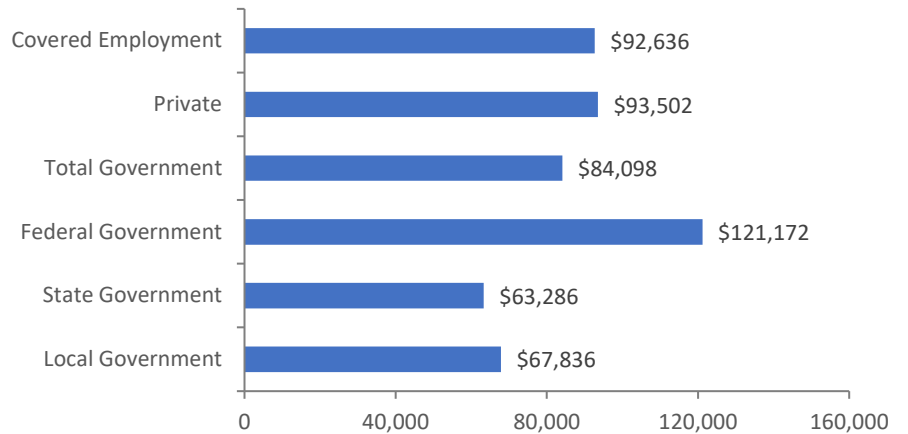
Figure 4.6 depicts the changes in employment by ownership category from FY2021 to FY2022 in Northern Virginia. Recovery from the COVID-19 pandemic was in full effect for employment in the private sector, which added 33,513 jobs over this period. Local governments gained 4,552 jobs, and federal and state government employment decreased by 506 and 8 jobs respectively.

Figure 4.4: Employment by Ownership Category, FY2022



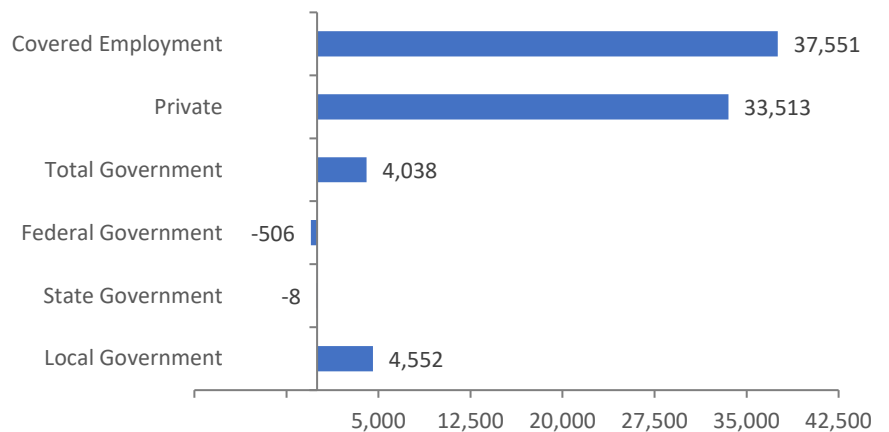
Source: JobsEQ® by Chmura

Figure 4.5: Average Annual Wage by Ownership Category, FY2021



Source: JobsEQ® by Chmura

Figure 4.6: Annual Change in Employment by Ownership Category, FY2020 to FY2021



Source: JobsEQ® by Chmura

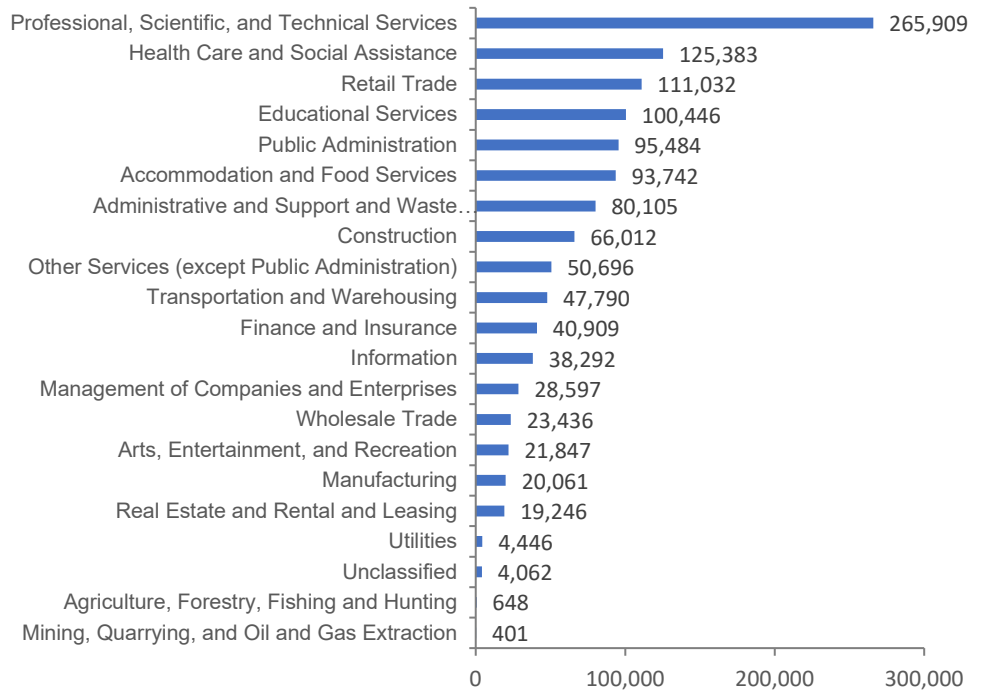
4.2.3. Employment and Wage by Industry Sector

Northern Virginia is home to many different industries. As Figure 4.7 shows, in FY2022, the largest industry by employment was professional, scientific, and technical services (265,909 jobs), followed by health care and social assistance (125,383 jobs), and retail trade (111,032 jobs). Other large industry sectors included educational services (100,446 jobs), public administration (95,484 jobs), and accommodation and food services (93,742 jobs). The high-paying professional, scientific, and technical services industry plays an important role in the regional economy as more than one in five (21.5%) regional workers were employed in this industry, compared with 11.8% for the state average.

Figure 4.8 presents the average annual wages by major industry in Northern Virginia for FY2022. Management of companies and enterprises was the highest-paying industry, with an average annual wage of \$193,248. This industry represents many corporate headquarters in Northern Virginia, employing a large number of corporate executives and highly skilled professionals. Finance and insurance ranked second with an average annual wage of \$159,807. Other high-paying industries were information (\$154,897 average annual wage), wholesale trade (\$141,032), and professional, scientific, and technical services (\$138,801).

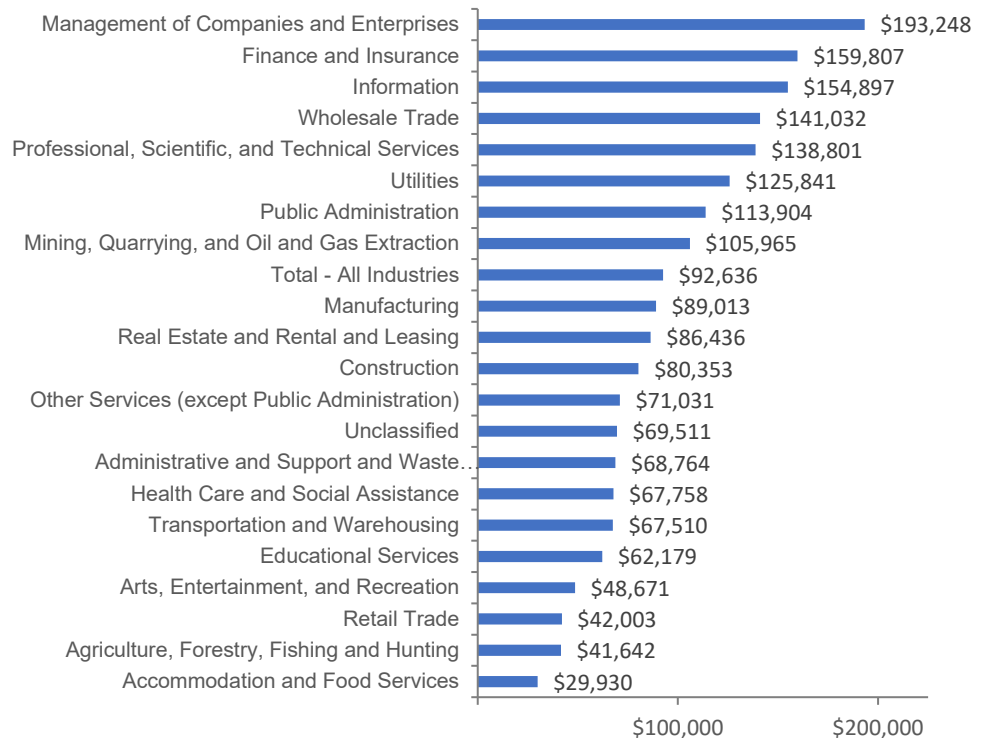
On the other end of the spectrum, the accommodation and food services and agriculture, forestry, fishing, and hunting industry paid the lowest annual wages, averaging \$29,930 and \$41,642, respectively, in FY2022. Workers in those industries may have faced challenges to maintain a certain standard of living as costs for housing and transportation in Northern Virginia are higher than in other areas of Virginia.

Figure 4.7: Employment by Major Industry, FY2022



Source: JobsEQ® by Chmura

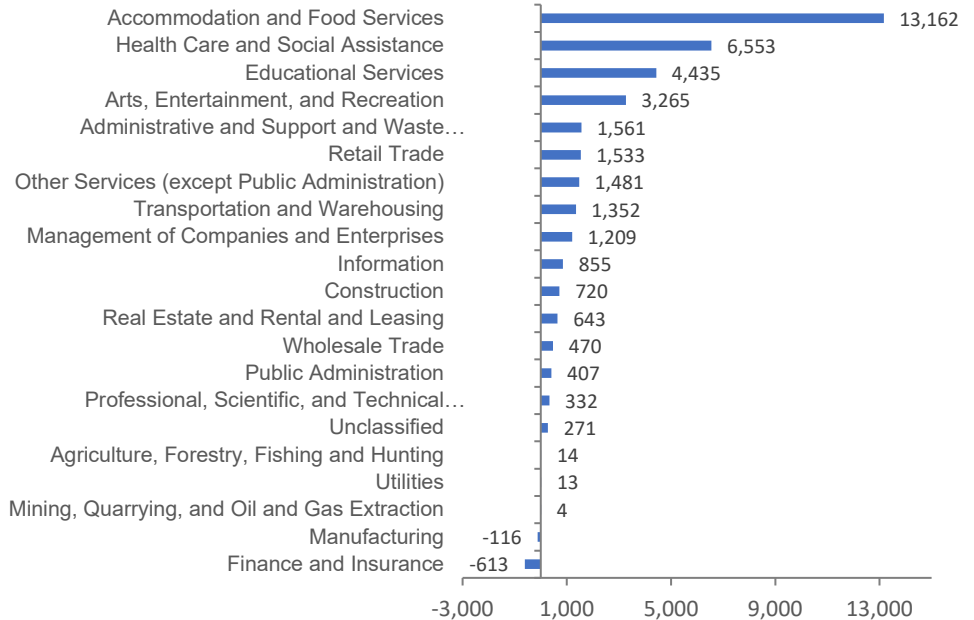
Figure 4.8: Average Annual Wages by Major Industry, FY2022



Source: JobsEQ® by Chmura

Figure 4.9 summarizes the employment changes by industry in Northern Virginia between FY2021 and FY2022. The largest employment gains over the period occurred in accommodation and food services (up 13,162 jobs following severe losses from the year prior due to the pandemic), and health care and social assistance (up 6,553 jobs). On the other hand, the largest employment losses over the period occurred in finance and insurance (down 613 jobs), and manufacturing (down 116 jobs). From the perspective of many participants of VCWNR programs and services, opportunities may lie in industries recovering lost jobs and forecast to grow in the long run such as health care and social assistance, educational services, and transportation and warehousing.

Figure 4.9: Employment Change by Major Industry, FY2021 to FY2022

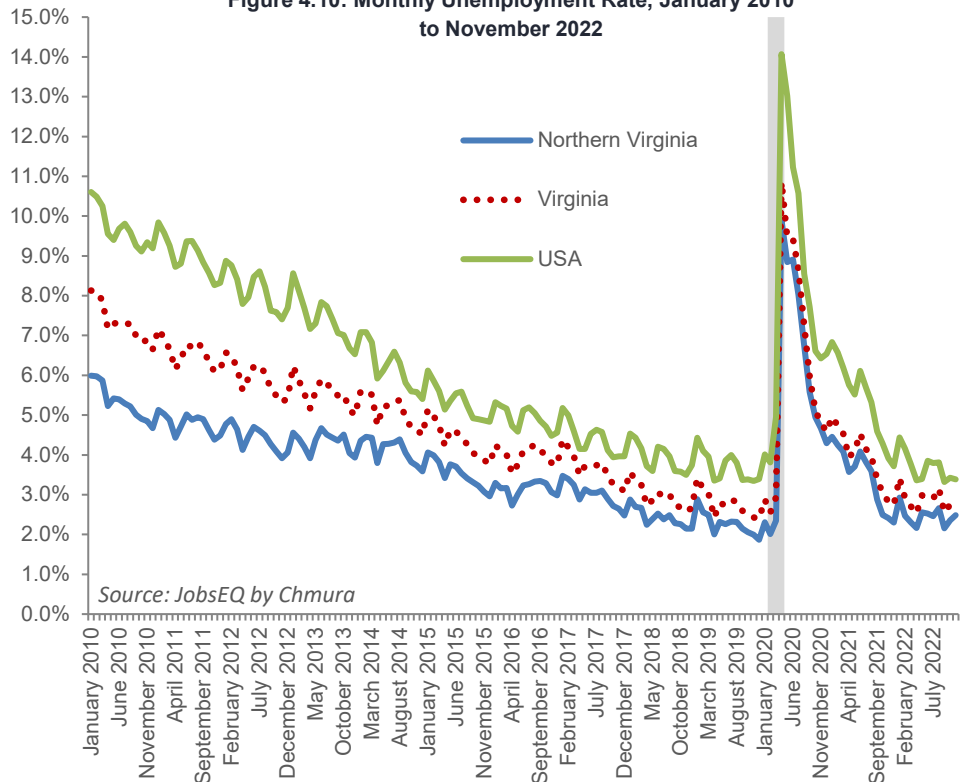


Source: JobsEQ® by Chmura

4.2.4. Unemployment Rate

Another broad indicator of the health of a regional economy is the unemployment rate. Figure 4.10 compares recent unemployment trends in Northern Virginia to those at the state and national levels. The unemployment rate data is monthly from January 2010 through November 2022 (the most recent month for which such data were available).

Figure 4.10: Monthly Unemployment Rate, January 2010 to November 2022



Source: JobsEQ by Chmura

The unemployment rates of the region, state, and nation steadily declined between 2010 and 2020 as the country recovered from the recession of 2007 to 2009. The data also show that unemployment rates in Northern Virginia have been consistently below the Virginia and U.S. levels since 2010. At the end of FY2022 (June 2022), unemployment rates stood at 2.5% in Northern Virginia, 3.0% statewide, and 3.9% nationally. The unemployment rate spiked in April 2020 to 9.9% in the region due to the pandemic, compared with 10.9% in the state, but has been on a steady decline ever since. The regional unemployment rate has fallen to 2.5% in November 2022, indicating a rather quick recovery from the

unemployment caused by the pandemic. The resilient economy and recovery bode well for participants of VCWNR programs

and services as they are more likely to find employment with adequate wages in the region.

5. Economic Impact of VCWNR

As noted earlier, the main benefit for a jobseeker to enroll in VCWNR workforce training programs and services is the potential for obtaining a job and receiving higher earnings for those formerly unemployed. When this additional income is spent within local communities, it generates additional economic impact in Northern Virginia.

As shown in Table 5.1, a total of 833 individuals found employment after enrolling in VCWNR programs or utilizing One-Stop services in FY2022. Their average incremental wage was \$43,323 per year. As a result, the total annual incremental household income generated through VCWNR programs'

job placements is estimated to be \$36.1 million. Of this figure, \$31.2 million is the incremental income for those who found jobs or received training through VCWNR non-self-service programs, and \$4.9 million is for those using One-Stop services, which remained somewhat constrained during the social distancing concerns in FY2022.

5.1. Economic Impact of VCWNR Non-Self-Service Programs

Excluding job placements through One-Stop services, a total of 745 individuals found jobs with the help of VCWNR non-self-service programs in FY2022. They earned \$31.2 million in annual incremental income from wages and salaries.

It is assumed that all consumption expenditures were made within Northern Virginia. In addition, the economic impact is estimated based on a "representative year" assuming all those individuals work a full year, even though employment start dates were likely spread out over FY2022.¹⁰

Table 5.2 sums up the economic impact of VCWNR non-self-service programs in Northern Virginia in FY2022. In terms of regional employment, direct impact is represented by 745 individuals who transitioned into employment through VCWNR programs. The household expenditures made by these newly employed individuals also supported an

Table 5.1: Additional Household Income Attributable to FY2022 VCWNR Programs

VCWNR PROGRAMS & SERVICES	JOB PLACEMENTS	INCREMENTAL AVERAGE ANNUAL SALARY	INCREMENTAL TOTAL HOUSEHOLD INCOME (MILLION)
WIOA – Adult	97	\$48,391	\$4.7
WIOA – Dislocated Worker	58	\$59,219	\$3.4
WIOA – Youth	51	\$33,155	\$1.7
SCSEP	23	\$35,630	\$0.8
TANF	86	\$38,896	\$3.3
Return to Earn	430	\$38,875	\$16.7
Total Non-Self-Service Programs	745	\$41,854	\$31.2
One-Stop Services	88	\$55,765	\$4.9
Total VCWNR Programs & Services	833	\$43,323	\$36.1

Source: SkillSource

Table 5.2: Economic Impact of VCWNR Non-Self-Service Programs, FY2022

	EMPLOYMENT	LABOR INCOME (MILLION)	OUTPUT
Direct Impact	745	\$31.2	\$0.0
Indirect & Induced Impact	146	\$9.5	\$29.5
Total Impact	891	\$40.7	\$29.5
	STATE & LOCAL	FEDERAL	TOTAL
Fiscal Impact (\$Million)	\$2.2	\$3.2	\$5.3

Note: Numbers may not sum due to rounding
Source: IMPLAN 2021

additional 146 jobs in the area through indirect and induced impact, for a total employment impact of 891 jobs in Northern Virginia.

For regional labor income, the direct impact is represented by \$31.2 million in annual wages and salaries paid to individuals benefiting from VCWNR non-self-service programs. The household expenditures

made by these individuals also generated \$9.5 million in additional regional labor income through indirect and induced impact, for a total regional labor income of \$40.7 million in FY2022.

Finally, household spending by newly employed individuals also generated \$29.5 million in annual total economic output in the region.¹¹ In addition, this household

¹⁰ This same assumption has been used in previous studies.

¹¹ Economic output is typically represented by total sales (revenue of all businesses) in a region.

spending is estimated to have generated \$2.2 million in state and local tax revenue, and \$3.2 million in federal tax revenue—for

a total fiscal impact of \$5.3 million in FY2022.

5.2. Economic Impact of all VCWNR Programs and Services

Including job placements from One-Stop services, a total of 833 individuals found jobs with the help of VCWNR programs and services in FY2022. They earned an estimated \$36.1 million in annual income in terms of wages and salaries.

Table 5.3 summarizes the economic impact of all VCWNR programs and services in Northern Virginia in FY2022. In terms of regional employment, direct impact is represented by 833 individuals who transitioned into employment through VCWNR programs and services. Household expenditures made by these individuals also supported an additional 170 jobs in the area through indirect and induced impact, for a total regional employment impact of 1,003 jobs.

For regional labor income, the direct impact is represented by \$36.1 million in

Table 5.3: Economic Impact of all VCWNR Programs and Services, FY2022

	EMPLOYMENT	LABOR INCOME (\$MILLION)	OUTPUT
Direct Impact	833	\$36.1	\$0.0
Indirect & Induced Impact	170	\$11.0	\$34.1
Total Impact	1,003	\$47.1	\$34.1
	STATE & LOCAL	FEDERAL	TOTAL
Fiscal Impact (\$Million)	\$2.5	\$3.7	\$6.2

*Note: Numbers may not sum due to rounding
 Source: IMPLAN 2021*

annual wages and salaries paid to individuals benefiting from all VCWNR programs and services. Household expenditures made by these individuals also generated \$11.0 million in regional labor income through indirect and induced impact, for a total regional labor income of \$47.1 million in FY2022.

In addition, household spending was responsible for generating \$2.5 million in additional state and local tax revenue, and \$3.7 million in additional federal tax revenue. The total fiscal impact was \$6.2 million in FY2022.

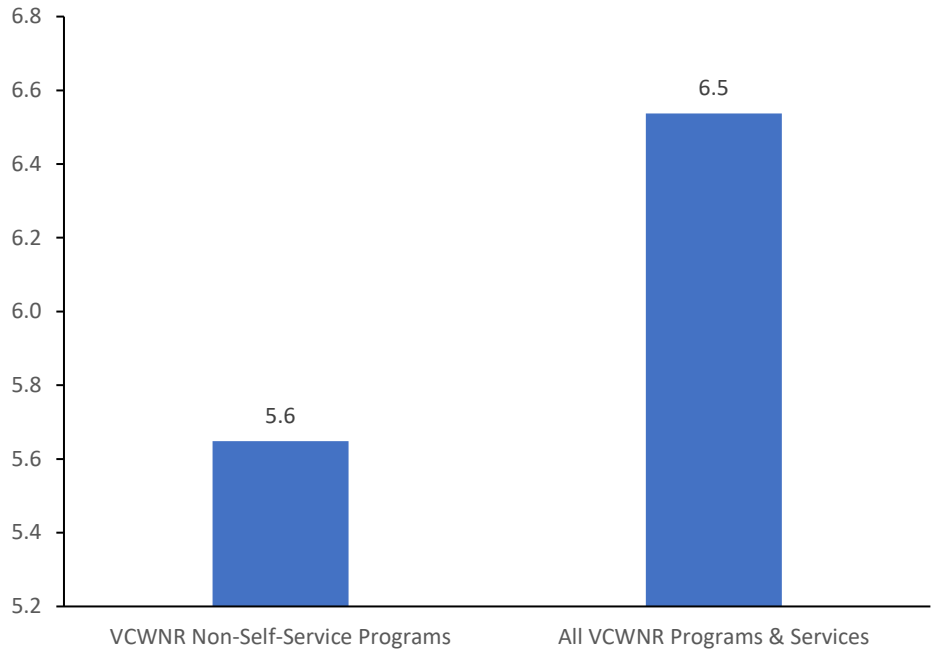
6. Return on Investment

In FY2022, the public cost associated with delivering VCWNR programs and services was \$7.2 million.¹² Comparing this cost to the benefit derived from these programs, measured in total labor income, it is estimated that the benefit-to-cost ratio was 5.6 in FY2022 for VCWNR non-self-service programs. This indicates that the benefit derived from the programs was more than five times the public cost required (Figure 6.1).

If the analysis is expanded to encompass all programs and services provided by VCWNR, including One-Stop services, the benefit-to-cost ratio rose to 6.5 in FY2022, indicating that the benefit was more than six times the public cost required.¹³

The ratios estimated above only capture the annual benefits of VCWNR programs and services. However, the benefits will recur in Northern Virginia each year, provided those individuals remain employed. As a result, the long-term return on investment of VCWNR programs and services can be significantly higher.

Figure 6.1: Benefit-to-Cost Ratio of VCWNR Programs and Services, FY2022



Source: Chmura, IMPLAN 2021

¹² Source: Audit Report, Financial and Federal Award Compliance Examination, for Year Ending June 30, 2022, SkillSource Group.

¹³ To be consistent with prior studies, this report does not differentiate costs for One-Stop services.

7. Conclusion

In FY2022, Virginia Career Works Northern Region made significant contributions to the economy of Northern Virginia. Rebounding strongly following interruption of the COVID-19 pandemic, the system was instrumental in helping 833 individuals obtain jobs in FY2022. The associated incremental household income for those individuals was approximately \$36.1 million. The total impact of those programs and services is estimated to have been 1,003 jobs in Northern Virginia, associated with \$47.1 million in total regional labor income, \$34.1 million in

additional regional economic output, and \$6.2 million in state, local, and federal tax revenue.

Excluding job placements through One-Stop services, the Virginia Career Works Northern Region helped 745 individuals obtain employment through its non-self-service programs in FY2022. The increased household income for those was approximately \$31.2 million. The total impact of those programs is estimated to have been 891 jobs in Northern Virginia, associated with \$40.7 million in total

regional labor income, \$29.5 million in additional regional economic output, and \$5.3 million in state, local, and federal tax revenue.

In FY2022, the public cost associated with all VCWNR programs and services was \$7.2 million. Comparing benefit and cost, the benefit-to-cost ratio for VCWNR non-self-service programs was 5.6, while the benefit-to-cost ratio rose to 6.5 for all VCWNR programs and services.

Appendix 1: Impact Analysis Glossary

Impact Analysis—an examination of business-business and business-consumer economic relationships capturing all monetary transactions in a given period, allowing one to calculate the effects of a change in an economic activity on the entire economy (input-output analysis).

Direct Impact—economic activity generated by a project or operation. For construction, this represents activity of the contractor; for operations, this represents activity by tenants of the property.

Overhead—construction inputs not provided by the contractor.

Indirect Impact—secondary economic activity that is generated by a project or operation. An example might be a new office building generating demand for parking garages.

Induced (Household) Impact—economic activity generated by household income resulting from direct and indirect impacts.

Ripple Effect—the sum of induced and indirect impacts. In some projects, it is

more appropriate to report ripple effects than indirect and induced impacts separately.

Total Economic Impact—the sum of the direct, indirect and induced impact.

Fiscal Impact—the tax revenue for federal, state or local governments derived from the direct economic impact.

Multiplier—the cumulative impacts of a unit change in economic activity on the entire economy.

Appendix 2: The SkillSource Group, Inc. Board of Directors

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Cris Daniluk

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Patrick Small

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Marc Tate

Amazon Web Services

James Thomas

J.E. Thomas and Associates

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ICF International

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Vector Talen

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New Editions Consulting

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Fairfax County Department of Family Services

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Joan Wise

Cornerstones