



PREPARED FOR
Virginia Career Works Northern Region



NORTHERN REGION

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

FISCAL YEAR 2023

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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 Virginia Career Works Northern Region (VCWNR) for Fiscal Year (FY) 2023 in the region of Northern Virginia.¹ The main findings of the report are summarized below.²

As of the end of FY2023, the region has recovered from the significant job losses resulting from the COVID-19 pandemic. In 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. As of the second quarter of 2023, the region has fully recovered from those job losses, and employment is 0.6% above the previous peak.

As of the second quarter of 2023, the average annual wage in Northern Virginia was \$96,565. This was significantly higher than the state average of \$73,308 and the national average of \$71,690.

Comparing the four-quarter average ending with the second quarter of 2023 against the prior year, the Northern Virginia region gained 32,223 total wage and salaried jobs. Gains of more than 29,671 in the private sector were partially offset by losses of 376 federal government jobs. State government gained 19

jobs, while employment in local government rose by 2,908.

In FY2023, 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 FY2023 (June 2023), the unemployment rate stood at 2.4% in Northern Virginia, lower than 2.8% statewide and 3.8% nationally. The regional unemployment rate has continued to show a tight labor market, hovering at 2.5% as of November 2023.

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

In FY2023, 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)
- Northern Virginia IT Employment (NVITE)
- Senior Community Service Employment Program (SCSEP)
- ELEVATE

¹ Fiscal Year 2023 starts July 1, 2022 and ends June 30, 2023. 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 26 years, Chmura has served hundreds of clients nationwide with thoroughness, accuracy, and objectivity.

- One-Stop services, providing self-service resources for jobseekers³

In FY2023, Virginia Career Works Northern Region successfully helped 375 individuals obtain employment through its non-self-service programs. The increased annual household income associated with those programs is estimated at \$17.1 million in FY2023.

The increased income resulting from VCWNR non-self-service programs is estimated to have supported 447 total jobs in Northern Virginia in FY2023, associated with \$22.3 million in total regional labor income. This increased income generated an estimated \$15.8 million in additional regional economic output, and \$3.1 million in state, local, and federal tax revenue.

If job placements through One-Stop services were included, VCWNR was instrumental in helping 471 individuals obtain employment in FY2023. The

increased annual household income associated with those job placements is estimated at \$21.8 million in FY2023.

Increased income resulting from VCWNR programs supported an estimated 563 total jobs in Northern Virginia in FY2023, associated with \$28.4 million in total regional labor income. The increased income was also responsible for \$20.2 million in additional regional economic output, and \$3.9 million in state, local, and federal tax revenue.

The ROI analysis shows that the benefit of VCWNR programs and services exceeds the cost.

In FY2023, the cost associated with all VCWNR programs and services was \$8.2 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 2.7 in FY2023, indicating that the benefit of VCWNR programs was nearly three 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 FY2023 would rise to 3.5. This indicates that the benefit is nearly four times the public cost required.

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.

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

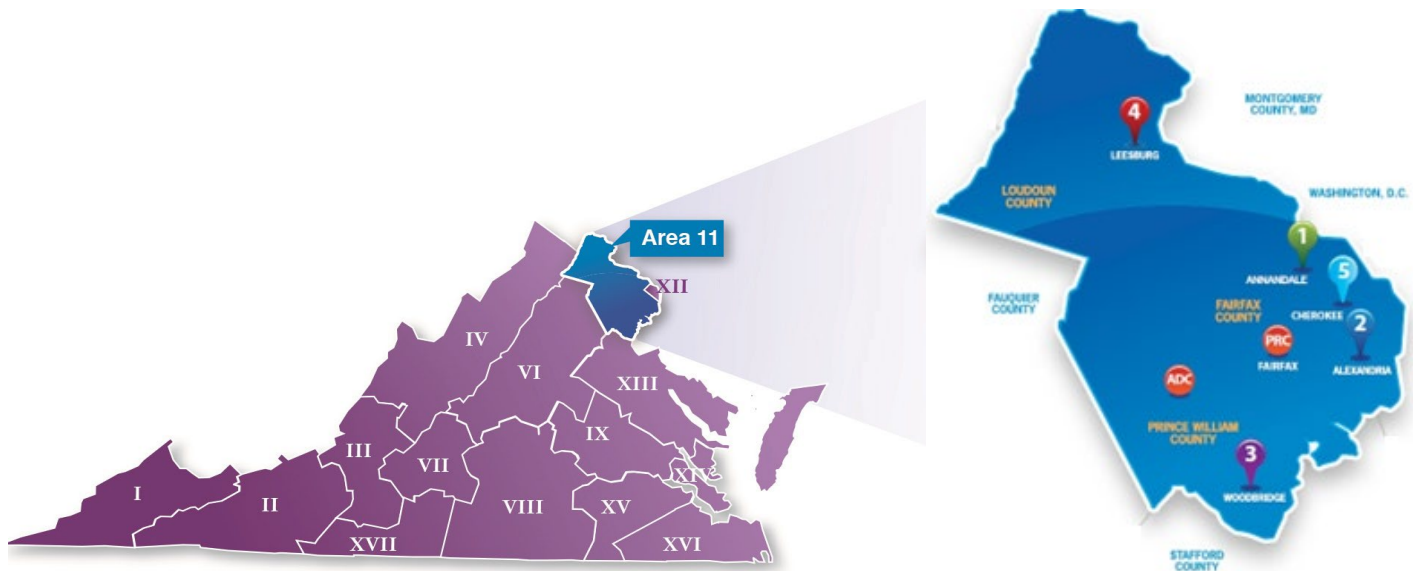
fiscal impacts of Virginia Career Works Northern Region focusing on the varied workforce training and career services programs it provides. In addition, SkillSource seeks to understand the return on investment (ROI) of VCWNR programs and services. Chmura Economics & Analytics (Chmura) was contracted to perform such an analysis for Fiscal Year 2023.

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 enlarged map (Area 11) represent VCWNR Center locations.

⁴ This information is from the SkillSource website at <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 FY2023.

2. The economic impact of VCWNR programs and services in Northern Virginia for FY2023.
3. Return on investment analysis of VCWNR programs and services for FY2023.

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 multipliers from its JobsEQ® impact 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 because of the

increased economic activity. 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 FY2023. 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

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 FY2023, 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 NoVA IT Employment Partnership (NVITE) – provides unemployed, underemployed, and low-income jobseekers with intensive case management, employment coaching, and on-the-job skills training to launch them into entry-level, living-wage careers such as computer user support specialists.
- 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 specifically assists jobseekers who have barriers such as low income, a history of legal problems, and/or disabilities. These grants support

individuals as they enter the workforce and maintain their 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 ELEVATE – provides training programs, support services, and career assistance to help residents get and keep in-demand jobs.

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 FY2023. Participation and successful job placements have rebounded from the COVID-19 pandemic and reflect softening economic conditions. In FY2023, a total of 1,136 individuals were enrolled in various non-self-service programs. More than half (699) were enrolled in WIOA Adult, WIOA Dislocated Worker, and WIOA Youth programs. In addition, eight individuals were enrolled in other WIOA grant programs such as NVITE, and 429 jobseekers were enrolled in non-WIOA-funded programs, such as SCSEP, ELEVATE, and TANF. Finally, individuals utilized VCWNR’s One-Stop Employment Centers both in-person and virtually to conduct job searches. They registered 51,598 total visits in FY2023.

In total, these programs and services were instrumental in transitioning 471 individuals to employment or improving their skills. VCWNR helped place them into meaningful jobs, with an average annual wage of \$46,282. Out of this number, 246 were placed into employment through the WIOA Adult, Dislocated Worker, and Youth programs. An additional 129 jobseekers found jobs through other WIOA and non-WIOA-funded programs, such as SCSEP and ELEVATE. Finally, 96 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 FY2023

VCWNR PROGRAMS & SERVICES	ENROLLMENT	JOB PLACEMENTS	AVERAGE INCREMENTAL ANNUAL SALARY
WIOA Enhanced Career Services	699	246	\$48,272
WIOA – Adult	431	170	\$45,737
WIOA – Dislocated Worker	80	36	\$63,437
WIOA – Youth	188	40	\$31,554
Other WIOA Grant Programs	8	5	\$47,174
NVITE	8	5	\$47,174
Other Programs	429	124	\$42,028
SCSEP	118	17	\$32,427
TANF	127	43	\$43,365
ELEVATE	184	64	\$43,680
Total Non-Self-Service Programs	1,136	375	\$45,563
One-Stop Services*	51,598	96	\$49,088
Total VCWNR Programs & Services		471	\$46,282

Source: SkillSource

* Some programs may not be displayed here if data are not available.

4.2. Regional Economic Profile

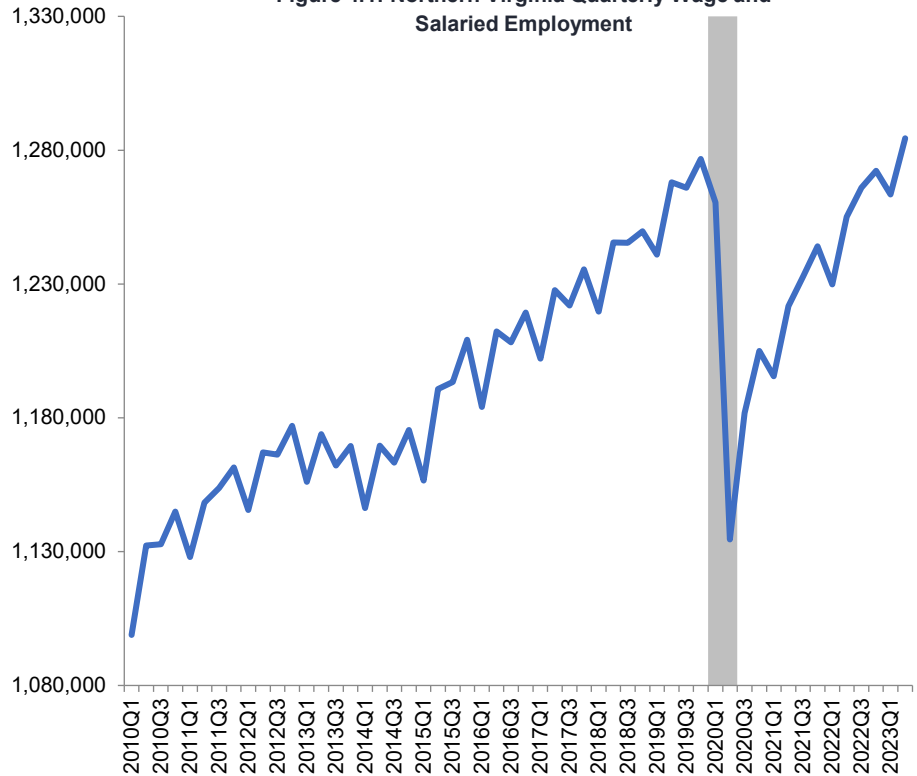
4.2.1. Trend in Employment and Wages

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 2023 (last quarter of FY2023), Northern Virginia had total wage and salaried employment of 1.28 million—2.3% above the second quarter of 2022.⁹ 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 only fully recovered the lost jobs as of the second quarter of 2023, with employment levels slightly above pre-pandemic levels.

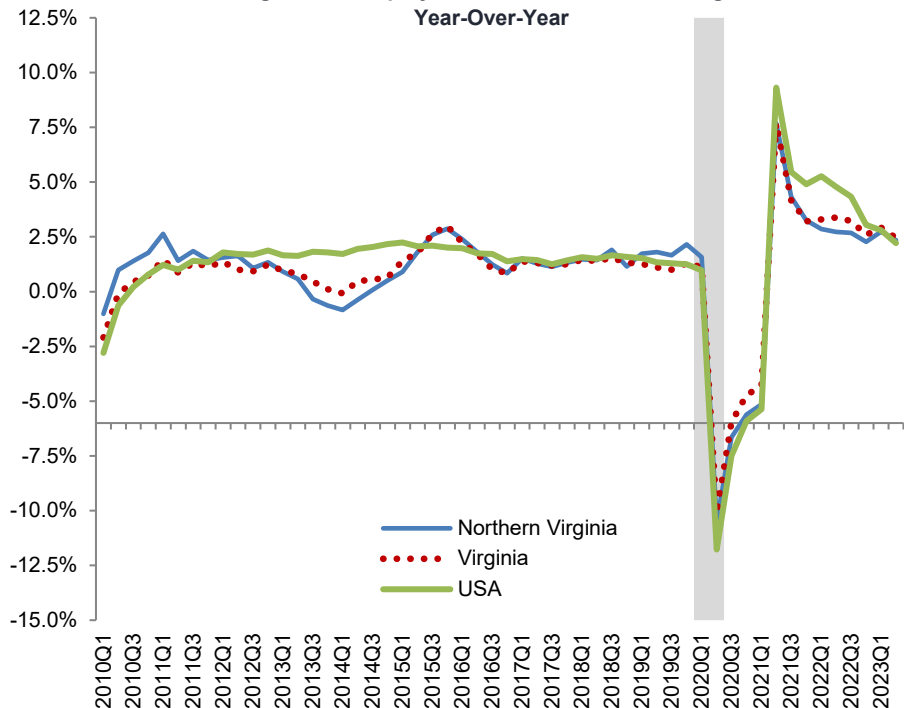
Figure 4.1 depicts quarterly trends in total employment in Northern Virginia since 2010. Despite the seasonal regional employment decline in the first quarter of each year, the overall employment trend shows an expansion with two interruptions. Regional employment growth stalled during 2013 and 2014 largely due to federal budget sequestration and subsequent federal spending cuts. 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 2023, the region has fully recovered from early 2020 job losses, and employment is 0.6% above the previous peak.

Figure 4.1: Northern Virginia Quarterly Wage and Salaried Employment



Source: JobsEQ® by Chmura

Figure 4.2: Employment Growth, Percent Change, Year-Over-Year

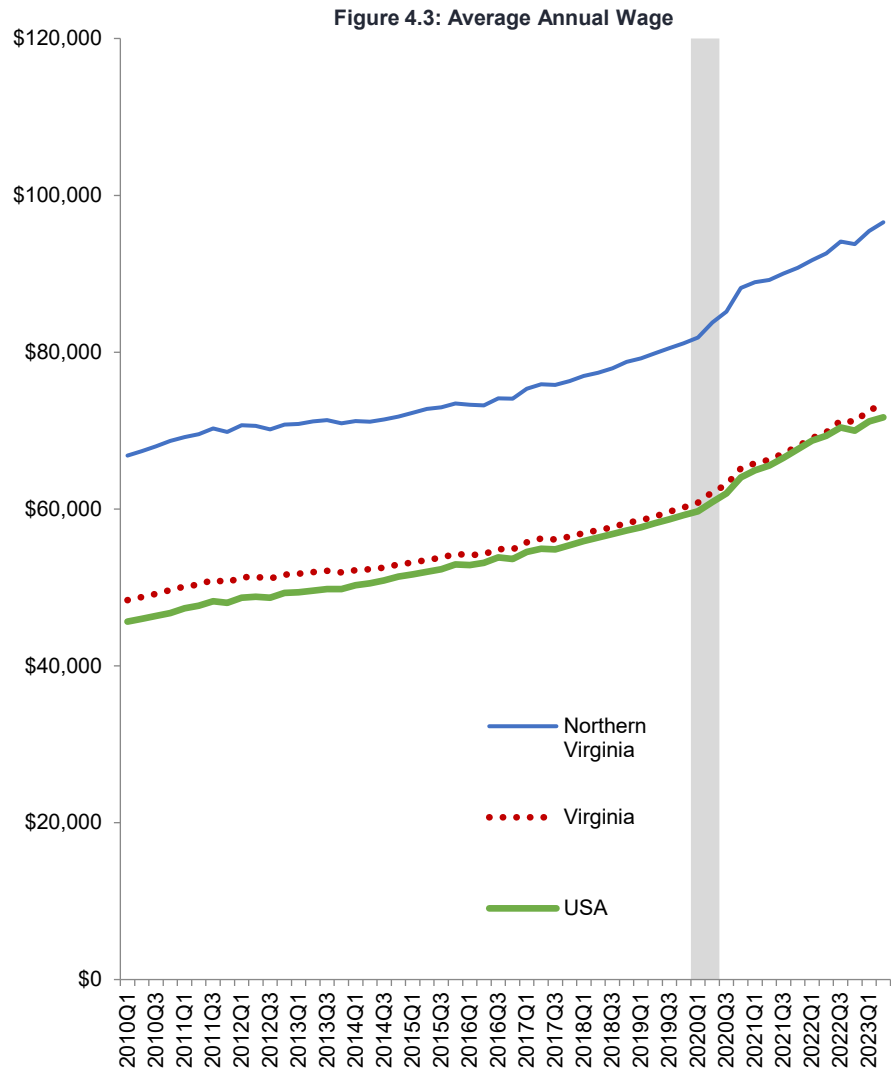


Source: JobsEQ® by Chmura

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 has expanded at an average rate of 1.0% year-over-year; this is compared with 1.0% for Virginia and 1.3% for the nation. As Figure 4.2 shows, Northern Virginia rebounded faster than both the state and nation from the 2007 to 2009 recession, as job growth from 2010 to 2012 generally outpaced those two regions. Regional job growth lagged state and national averages from 2013 to 2015 during the period of federal budget cuts. Northern Virginia was disproportionately affected, as the region has a high concentration of federal employees and federal contractors. The negative effect in the region 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, followed by a healthy recovery throughout FY2021. Over FY2022, employment growth in all three regions began to slow as employment numbers moved closer to pre-pandemic levels. In FY2023, employment growth slowed in Northern Virginia, in the state, and on the national level.

As of the second quarter of 2023, the average annual wage per worker in Northern Virginia was \$96,565, significantly higher than the state average of \$73,308 and the national average of \$71,690 (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 on average 2.8% year-over-year, compared with state and national averages of 3.1% and 3.4%, respectively.



Source: JobsEQ® by Chmura

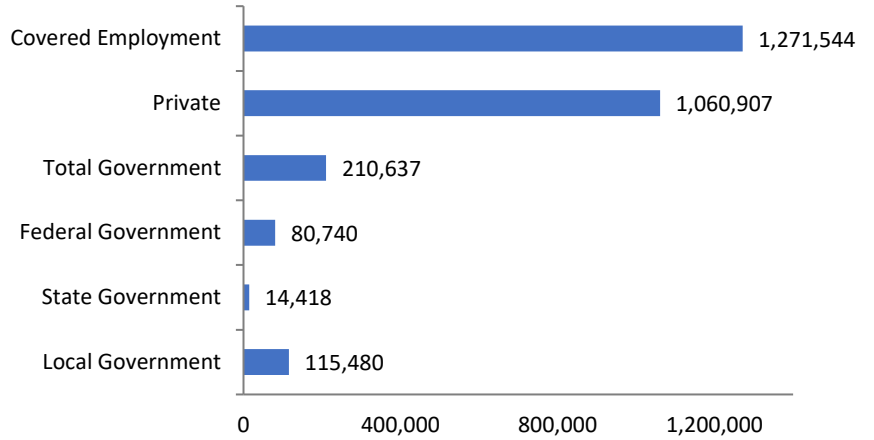
4.2.2. Employment and Wage by Ownership

Figure 4.4 provides a breakdown of total wage and salaried employment in Northern Virginia in FY2023 by ownership category. The data show that in the four quarters of FY2023, 1.06 million jobs (or 83.4% of the region’s total employment of 1.27 million) were in the private sector. With 210,637 jobs (or 16.6%) in the government sector, the percentage of overall government employment in Northern Virginia is smaller than the state average of 17.6%. However, there is a higher percentage (6.3%) of federal government employment in the region than in Virginia (4.7%).

Among different ownership categories, average annual wage was the highest for workers in the federal government, averaging \$125,942 in FY2023. This is significantly higher than the average of \$96,565 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 \$68,852 and \$72,290, respectively—much lower than wages in the federal government and private sector.

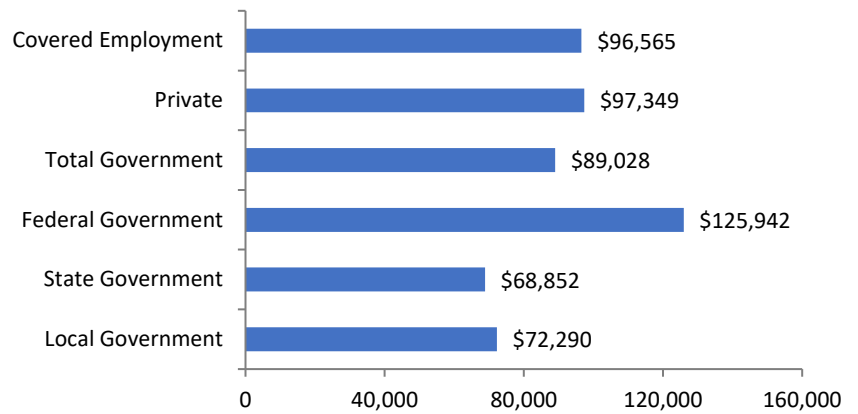
Figure 4.6 depicts the changes in employment by ownership category from FY2022 to FY2023 in Northern Virginia. Continued recovery from the COVID-19 pandemic was in full effect for employment in the private sector, which added 29,671 jobs over this period. Local and state governments gained 2,908 jobs and 19 jobs respectively, while federal government employment decreased by 376 jobs.

Figure 4.4: Employment by Ownership Category, FY2023



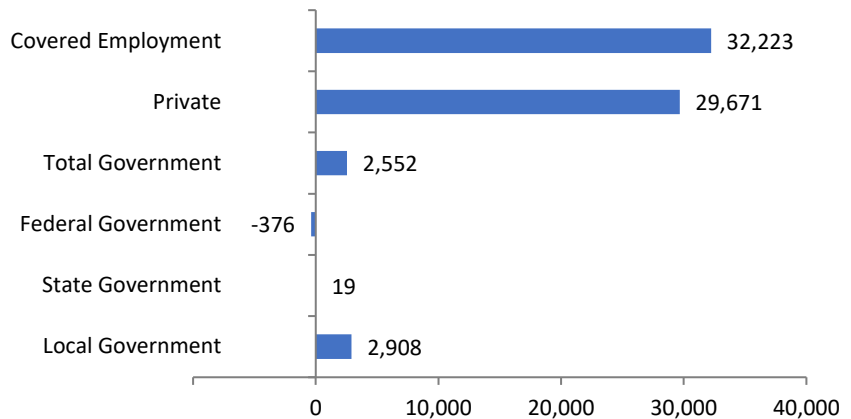
Source: JobsEQ® by Chmura

Figure 4.5: Average Annual Wage by Ownership Category, FY2023



Source: JobsEQ® by Chmura

Figure 4.6: Annual Change in Employment by Ownership Category, FY2022 to FY2023



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 FY2023, the largest industry by employment was professional, scientific, and technical services (268,816 jobs), followed by health care and social assistance (133,201 jobs), and retail trade (110,428 jobs). Other large industry sectors included educational services (103,056 jobs), accommodation and food services (101,615 jobs), and public administration (95,719 jobs). The high-paying professional, scientific, and technical services industry plays an important role in the regional economy as more than one in five (22.4%) regional workers were employed in this industry, compared with 12.6% for the state average.

Figure 4.8 presents the average annual wages by major industry in Northern Virginia for FY2023. Management of companies and enterprises was the highest-paying industry, with an average annual wage of \$204,351. This industry represents various corporate headquarters in Northern Virginia and employs many corporate executives and highly skilled professionals. Finance and insurance ranked second with an average annual wage of \$160,891. Other high-paying industries were information (\$158,381 average annual wage), professional, scientific, and technical services (\$145,359), and wholesale trade (\$140,349).

On the other end of the spectrum, industries in both accommodation and food services and agriculture, forestry, fishing and hunting paid the lowest annual wages, averaging \$31,900 and \$44,466, respectively, in FY2023. 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, FY2023

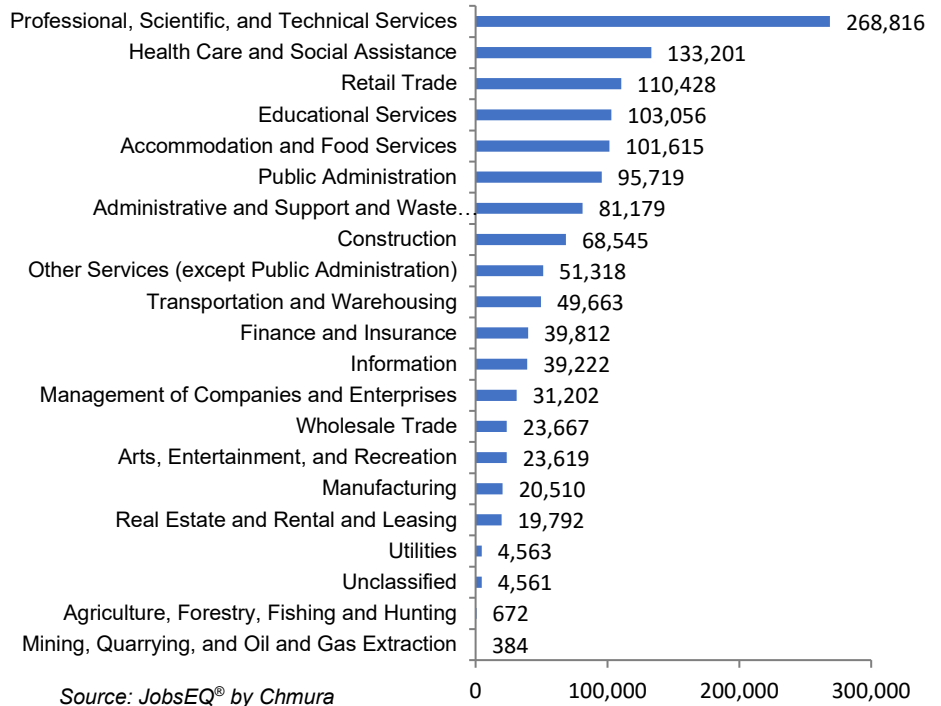


Figure 4.8: Average Annual Wages by Major Industry, FY2023



Figure 4.9 summarizes the employment changes by industry in Northern Virginia between FY2022 and FY2023. The largest employment gains over the period occurred in accommodation and food services (up 10,446 as the industry continued to recover jobs following severe losses incurred during the pandemic), and health care and social assistance (up 6,701 jobs). On the other hand, the largest employment losses over the period occurred in retail trade (down 1,002 jobs), and finance and insurance (down 336 jobs). From the perspective of many participants of VCWNR programs and services, opportunities may lie in industries forecast to grow in the long run such as health care and social assistance, educational services, and transportation and warehousing.

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 2023 (the most recent month for which such data were available).

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 FY2023 (June 2023), unemployment rates stood at 2.4% in Northern Virginia, 2.8% statewide, and 3.8% nationally. The unemployment rate spiked in April 2020 to 10.1% in the region due to the pandemic, compared with 11.1% in the state, but has been on a steady decline ever since. The regional unemployment rate has fallen to 2.5% in November 2023, indicating a tight labor market. The resilient economy and

Figure 4.9: Employment Change by Major Industry, FY2022 to FY2023

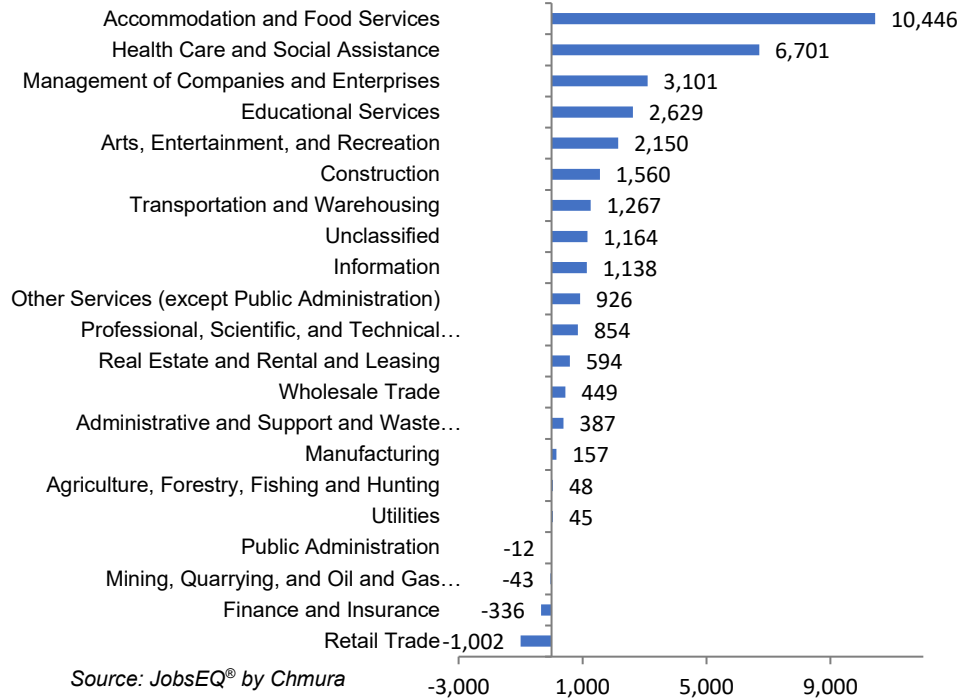
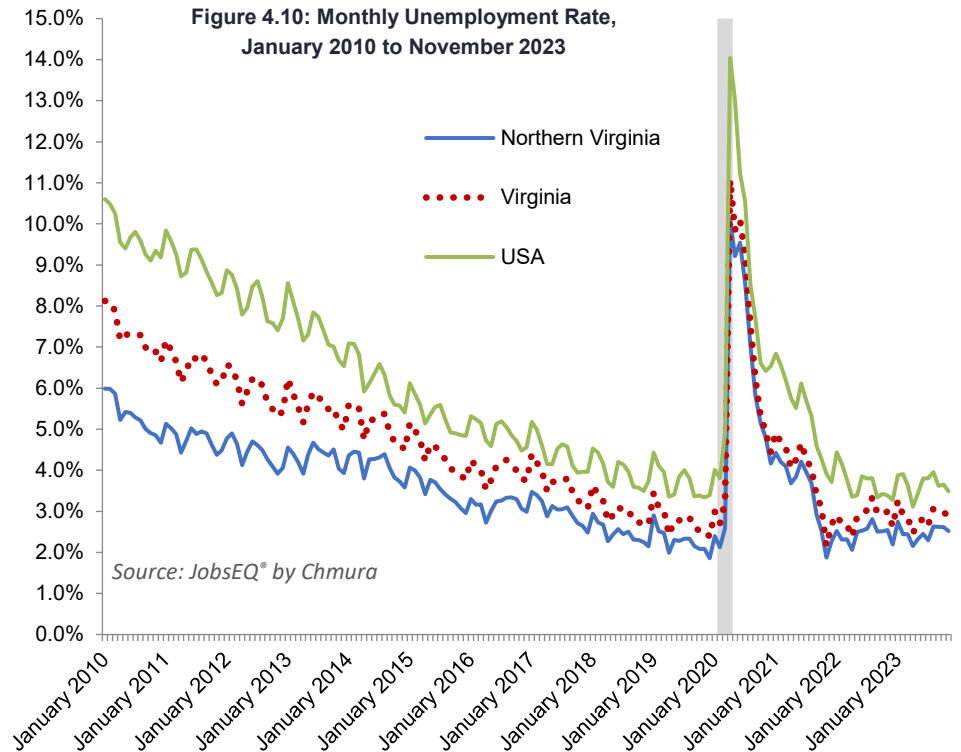


Figure 4.10: Monthly Unemployment Rate, January 2010 to November 2023



its recovery are favorable 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 of enrolling 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 471 individuals found employment after enrolling in VCWNR programs or utilizing One-Stop services in FY2023. Their average incremental annual salary was \$46,282 per year. As a result, the total annual incremental household income generated through VCWNR programs' job placements is estimated to be \$21.8 million. Of this figure, \$17.1 million is the

Table 5.1: Additional Household Income Attributable to FY2023 VCWNR Programs

VCWNR PROGRAMS & SERVICES	JOB PLACEMENTS	INCREMENTAL AVERAGE ANNUAL SALARY	INCREMENTAL TOTAL HOUSEHOLD INCOME (MILLION)
WIOA – Adult	170	\$45,737	\$7.8
WIOA – Dislocated Worker	36	\$63,437	\$2.3
WIOA – Youth	40	\$31,554	\$1.3
NVITE	5	\$47,174	\$0.2
SCSEP	17	\$32,427	\$0.6
TANF	43	\$43,365	\$1.9
Return to Earn	64	\$43,680	\$2.8
Total Non-Self-Service Programs	375	\$45,563	\$17.1
One-Stop Services	96	\$49,088	\$4.7
Total VCWNR Programs & Services	471	\$46,282	\$21.8

Source: SkillSource

incremental income for those who found jobs or received training through VCWNR non-self-service programs, and \$4.7

million is for those using One-Stop services.

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

Excluding job placements through One-Stop services, a total of 375 individuals found jobs with the help of VCWNR non-self-service programs in FY2023. They earned \$17.1 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 was estimated based on a “representative year” assuming all those individuals work a full year, even though employment start dates were likely spread out over FY2023.¹⁰

Table 5.2 sums up the economic impact of VCWNR non-self-service programs in Northern Virginia in FY2023. In terms of regional employment, direct impact is represented by 375 individuals who

transitioned into employment through VCWNR programs. The household expenditures made by these newly employed individuals also supported an additional 72 jobs in the area through indirect and induced impact, for a total

employment impact of 447 jobs in Northern Virginia.

For regional labor income, the direct impact is represented by \$17.1 million in annual wages and salaries paid to individuals

Table 5.2: Economic Impact of VCWNR Non-Self-Service Programs, FY2023

	EMPLOYMENT	LABOR INCOME (MILLION)	OUTPUT
Direct Impact	375	\$17.1	\$0.0
Indirect & Induced Impact	72	\$5.2	\$15.8
Total Impact	447	\$22.3	\$15.8
	STATE & LOCAL	FEDERAL	TOTAL
Fiscal Impact (Million)	\$1.2	\$1.8	\$3.1

Note: Numbers may not sum due to rounding.

Source: JobsEQ by Chmura, 2023Q2

¹⁰ This same assumption has been used in previous studies.

benefiting from VCWNR non-self-service programs. The household expenditures made by these individuals also generated \$5.2 million in additional regional labor income through indirect and induced

impact, for a total regional labor income of \$22.3 million in FY2023.

Finally, household spending by newly employed individuals also generated \$15.8 million in annual total economic output in

the region.¹¹ In addition, this household spending generated an estimated \$1.2 million in state and local tax revenue, and \$1.8 million in federal tax revenue—for a total fiscal impact of \$3.1 million in FY2023.

5.2. Economic Impact of all VCWNR Programs and Services

Including job placements from One-Stop services, a total of 471 individuals found jobs with the help of VCWNR programs and services in FY2023. They earned an estimated \$21.8 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 FY2023. In terms of regional employment, direct impact is represented by 471 individuals who transitioned into employment through VCWNR programs and services. Household expenditures made by these individuals also supported an additional 92 jobs in the area through indirect and induced impact, for a total regional employment impact of 563 jobs.

Table 5.3: Economic Impact of all VCWNR Programs and Services, FY2023

	EMPLOYMENT	LABOR INCOME (MILLION)	OUTPUT
Direct Impact	471	\$21.8	\$0.0
Indirect & Induced Impact	92	\$6.6	\$20.2
Total Impact	563	\$28.4	\$20.2
	STATE & LOCAL	FEDERAL	TOTAL
Fiscal Impact (Million)	\$1.5	\$2.4	\$3.9

Note: Numbers may not sum due to rounding.

Source: JobsEQ by Chmura, 2023Q2

For regional labor income, the direct impact is represented by \$21.8 million in annual wages and salaries paid to individuals benefiting from all VCWNR programs and services. Household expenditures made by these individuals also generated \$6.6 million in regional labor income through indirect and induced

impact, for a total regional labor income of \$28.4 million in FY2023.

Household spending was responsible for generating \$1.5 million in additional state and local tax revenue, and \$2.4 million in additional federal tax revenue. The total fiscal impact was \$3.9 million in FY2023.

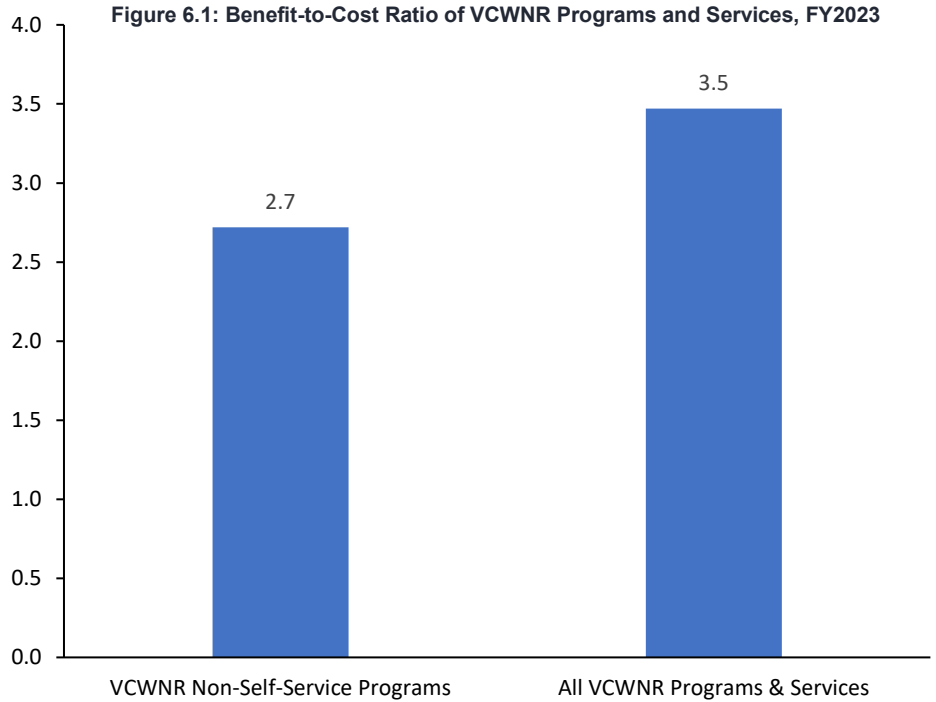
¹¹ Economic output is typically represented by total sales (revenue of all businesses) in a region.

6. Return on Investment

In FY2023, the public cost associated with delivering VCWNR programs and services was \$8.2 million.¹² Comparing this cost to the benefit derived from these programs, measured in total labor income, the estimated benefit-to-cost ratio was 2.7 in FY2023 for VCWNR non-self-service programs. This indicates that the benefit derived from the programs was nearly three 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 rises to 3.5 for FY2023, indicating that the benefit was nearly four 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.



Source: JobsEQ by Chmura, 2023Q2

¹² Audit Report, Financial and Federal Award Compliance Examination, for Year Ending June 30, 2023, SkillSource Group.

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

7. Conclusion

In FY2023, Virginia Career Works Northern Region made significant contributions to the economy of Northern Virginia. As employment surpasses the previous peak prior to the COVID-19 pandemic, the system was instrumental in helping 471 individuals obtain jobs in FY2023. The associated incremental household income for those individuals was approximately \$21.8 million. The total impact of those programs and services is estimated at 563 jobs in Northern Virginia, associated with \$28.4 million in total

regional labor income, \$20.2 million in additional regional economic output, and \$3.9 million in state, local, and federal tax revenue.

Excluding job placements through One-Stop services, Virginia Career Works Northern Region helped 375 individuals obtain employment through its non-self-service programs in FY2023. The increased household income for those individuals was approximately \$17.1 million. The total impact of those programs

is estimated at 447 jobs in Northern Virginia, associated with \$22.3 million in total regional labor income, \$15.8 million in additional regional economic output, and \$3.1 million in state, local, and federal tax revenue.

In FY2023, the public cost associated with all VCWNR programs and services was \$8.2 million. The benefit-to-cost ratio for VCWNR non-self-service programs was 2.7, while the benefit-to-cost ratio rose to 3.5 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

Robert Bartolotta

Manhattan Strategy Group

Joseph Carter

R&K Cyber Solutions LLC

Stephen Deal

Salesforce

Debra Eshelman

Independent Consultant

Wayne Hallheimer

WCH Realty Advisors LLC

George Harben

Prince William County Department of

Development Services

Rebecca Hughes

SAP Global Marketing

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IUPAT District Council 51

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Bank of Clarke County

Todd Rowley

Old Dominion National Bank

Patrick Small

City of Manassas Economic Development

Marc Tate

Amazon Web Services

James Thomas

J.E. Thomas and Associates

William Trumbull

ICF International

Hector Velez

Vector Talen

Appendix 3: Virginia Career Works Northern Region Board of Directors

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Fairfax County Public Schools

Robert J. Bartolotta

New Editions Consulting

Michael Becketts

Fairfax County Department of Family Services

Glenda Blake

Northern Virginia Family Services

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Christopher Rieley

Bank of Clarke County

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Roopal Saran

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Asian American Chamber of Commerce

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Micron Technology, Inc.

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IUPAT District Council 51

Susan Mitchell

Guardians of Honor, LLC

William Mountjoy

AFL-CIO

William Trumbull

ICF International

Hector Velez

Vector Talent

Michele Weatherly

Prince William County Department of Economic
Development