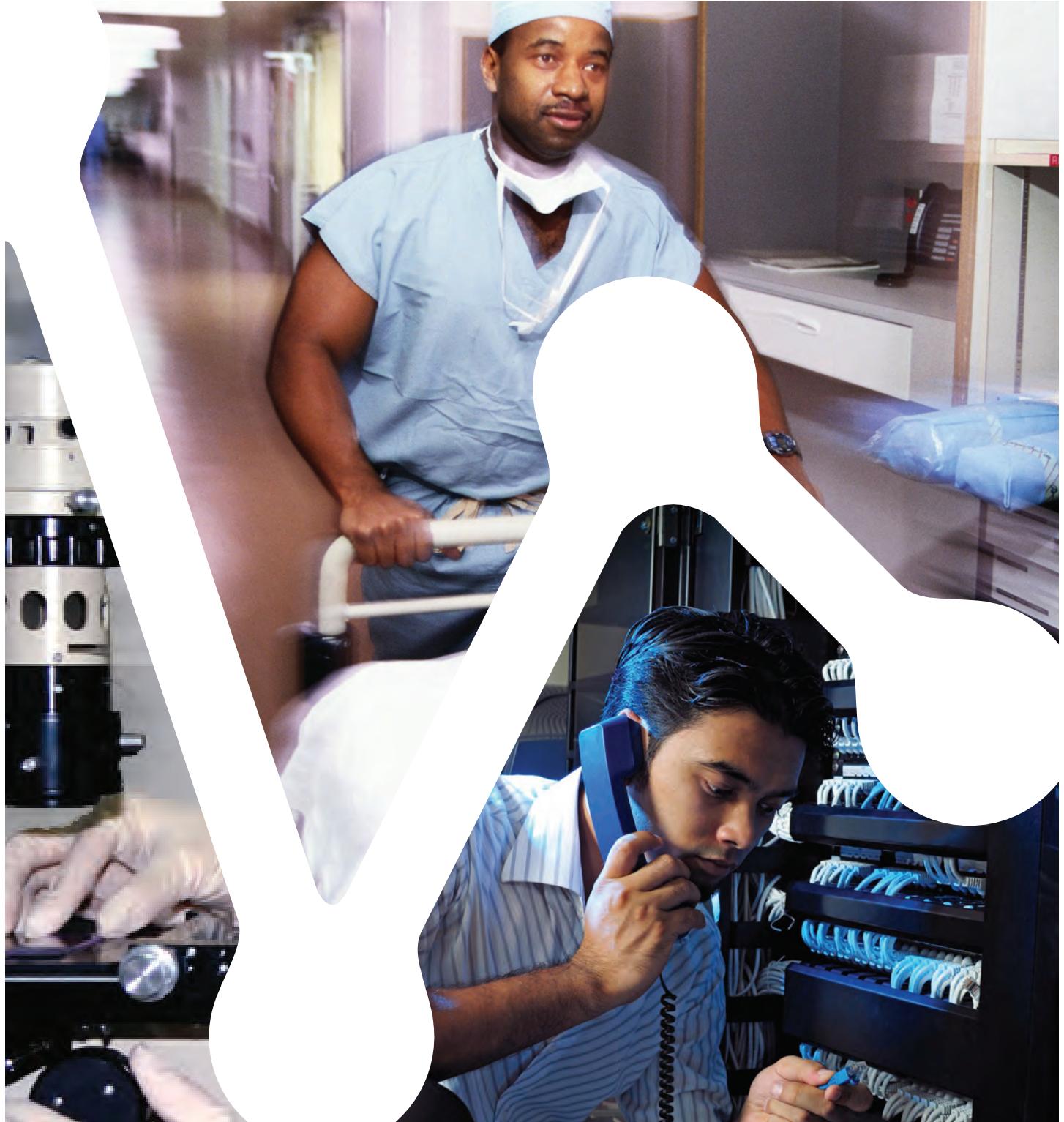


The Regional Economic Impact of the **NORTHERN VIRGINIA WORKFORCE SYSTEM - FY 2014**



September 2014

MANGUM
economics 

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) 2014. The principle findings from that assessment are as follows:

- 1. In FY 2014, the slow economic recovery the Northern Virginia Workforce System's service area had experienced since the middle of 2010 began to stall:**
 - Between the fourth quarter of 2012 and the fourth quarter of 2014 (the most recent quarter for which we have data) total employment in Northern Virginia declined by 7,484 jobs, or 0.6 percent.
- 2. Stubbornly high unemployment continues to place large demands on the job placement and career training services provided by the Northern Virginia Workforce System:**
 - Unemployment remains persistently high relative to the historic regional norm, coming in at 4.4 percent in June 2014.
 - Excluding core services, 1,655 individuals enrolled in Workforce Investment Act (WIA) programs offered by the Northern Virginia Workforce System in FY 2014. This figure remains 265 percent up from FY 2008 when the recession began (453 enrollees).
 - Excluding core services, 633 individuals were transitioned into employment through programs offered by the Northern Virginia Workforce System in FY 2014. This figure remains 306 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 2014, the Northern Virginia Workforce System transitioned 633 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 \$27.4 million.
 - Our analysis indicates that the total regional economic and fiscal impact associated with the consumption expenditures attributable to this \$27.4 million increase in income included: 774 full time equivalent regional jobs, \$35.1 million in additional regional labor income, \$20.7 million in additional regional economic output, and \$3.2 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 1,792 previously unemployed individuals into employment in FY 2014, and the increased household income associated with this employment was approximately \$62.4 million.
- Our analysis indicates that the total regional economic and fiscal impact associated with the consumption expenditures attributable to this \$62.4 million increase in income included: 2,116 full time equivalent regional jobs, \$80.0 million in additional regional labor income, \$47.3 million in additional regional economic output, and \$7.2 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 2014, the cost associated with the WIA, ENOVATE, Rapid Response-Vets, Credentials to Careers (C2C), Jobs for Veterans (J4Vets), Virginia Serious and Violent Offender Reentry Initiative (VASAVOR), Fairfax Pre-Release Employment Center (PRC), and Core Services programs administered by the Northern Virginia Workforce System was approximately \$7.2 million.
- Comparing that cost to the \$35.1 million in additional regional labor income attributable to employment placements from the WIA Intensive Services and other WIA programs shows that the benefit/cost ratio is approximately 4.9, indicating that the benefits derived from these programs were almost five 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 11.1, indicating that the benefits are more than eleven times greater than the costs required to generate them.

5. In conclusion, in FY 2014 the Northern Virginia Workforce System made a significant contribution to the economy of Northern Virginia.

Introduction

This report assesses the economic and fiscal contribution that the Northern Virginia Workforce System's fiscal year (FY) 2014 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 2014, and recent economic trends within the region. The *Economic Impact – FY 2014* 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 2014. 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 Investment 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 2013, these localities had a combined population of over 2 million, accounting for almost 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, twice the 13 percent growth rate exhibited by the state as a whole.⁴

¹ July 1, 2013 through June 30, 2014.

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; PRC) Fairfax County Pre-Release Employment Center, 10520B Judicial Drive, Fairfax; and *) SkillSource Center at Northern Virginia Community College, Manassas campus, 6901 Sudley Road, MS Building, Manassas.

³ Data Source: U.S. Census Bureau.

⁴ Data Source: U.S. Census Bureau.



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 2014

In FY 2014, 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).
- ENOVATE – provides entrepreneurship training and technical assistance to aid individuals in starting their own businesses.
- Rapid Response-Vets – provides workforce services to veterans.
- 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 Pre-Release Employment Center (PRC) – a one-stop employment center that provides pre-release employment and training services to selected Fairfax County jail inmates.
- WIA Core Services (Core) – provides self-service tools that assist a job seeker in making an effective job search.
- 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.

As shown in Table 1, in FY 2014 these programs were instrumental in transitioning 1,792 previously unemployed individuals into well-paying jobs (average annual salaries ranged from \$19,073 to \$72,987).⁵ Out of this number, 403 were placed through the Northern Virginia Workforce System's WIA Intensive Services programs (adult, dislocated worker, and youth), 230 were placed through the System's other WIA programs (ENOVATE, Rapid Response-Vets, C2C, J4Vets, VASAVOR, and PRC), and 1,159 found employment as a result of the self-service job placement tools provided through the Northern Virginia Workforce System's WIA Core Services.⁶

Table 1: Northern Virginia Workforce System Job Placements in FY 2014

Program	Job Placements	Average Annual Salary
WIA – Adult	107	\$29,224
WIA – Dislocated Worker	258	\$55,556
WIA – Youth	38	\$19,240
WIA Intensive Services Subtotal	403	
ENOVATE	6	\$71,448
Rapid Response-Vets	62	\$72,987
C2C	4	\$42,370
J4Vets	21	\$65,166
VASAVOR	36	\$19,073
PRC	101	\$19,905
Other WIA Programs Subtotal	230	
Core Services	1,159	\$30,202
TOTAL	1,792	

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 2008 through the fourth quarter of 2013 (the most recent quarter for which data are available).⁷ What these data show is that,

⁵ Data Source: the SkillSource Group, Inc.

⁶ Data Source: the SkillSource Group, Inc.

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 Investment Board (the counties of Fairfax, Loudoun, and Prince William, and the cities of Fairfax, Falls Church, Manassas, and Manassas Park).

employment in the region declined precipitously between the last quarter of 2008 and the first quarter of 2009, dropping by 34,837 jobs or 3.0 percent. After falling to a low of 1,098,306 in the first quarter of 2010, it had since generally trended upward, rising to 1,169,212 jobs in the fourth quarter of 2013.

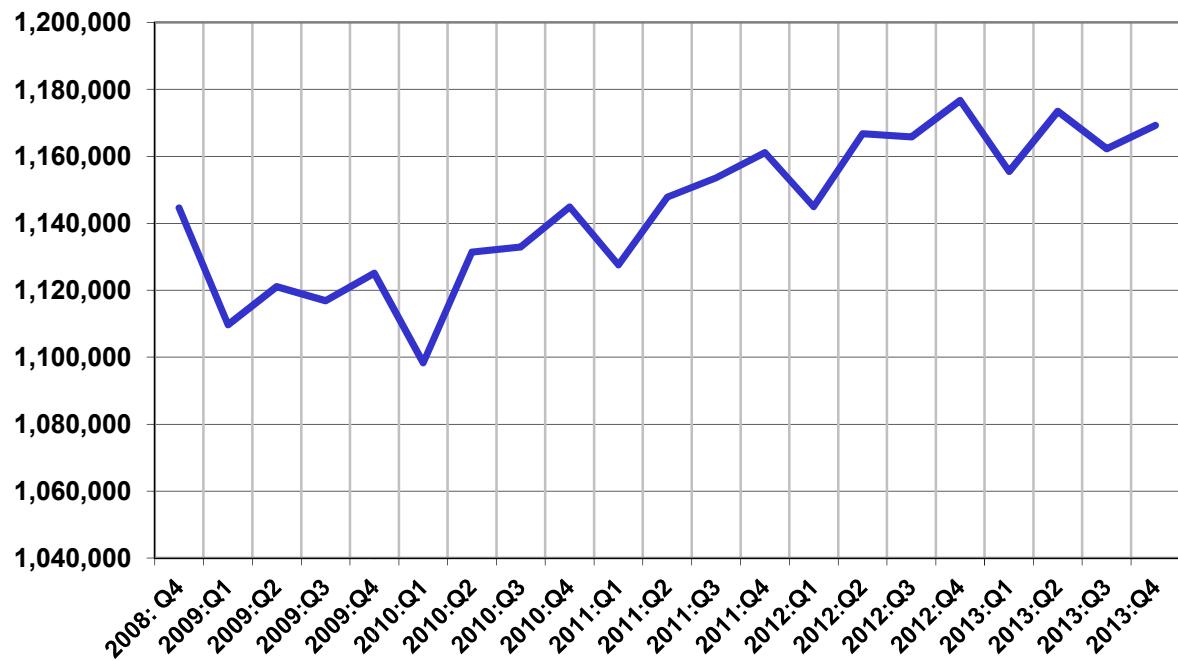


Figure 2: Northern Virginia Total Employment, 2008:Q4 through 2013:Q4⁸

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 entered the recession later and emerged from it sooner than Virginia as a whole. In addition, employment declines tended to be less steep in Northern Virginia than in the rest of the state. For example, at the lowest point of the recession in the third quarter of 2009, where employment fell by 2.5 percent from the prior year in Northern Virginia, the comparable figure for the state as a whole was a decline of 3.9 percent. However, in recent quarters those trends have reversed. Starting in the first quarter of 2011, year-over-year employment growth in Northern Virginia fell below the statewide average, and since the third quarter of 2013 has actually moved into negative territory.

⁸ Data Source: Virginia Employment Commission

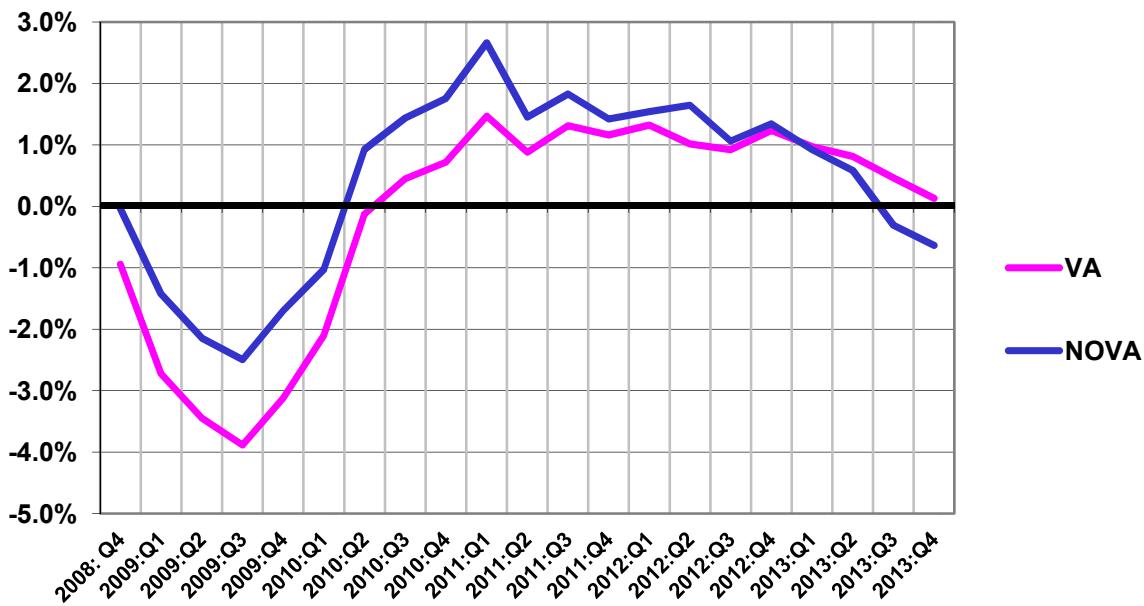
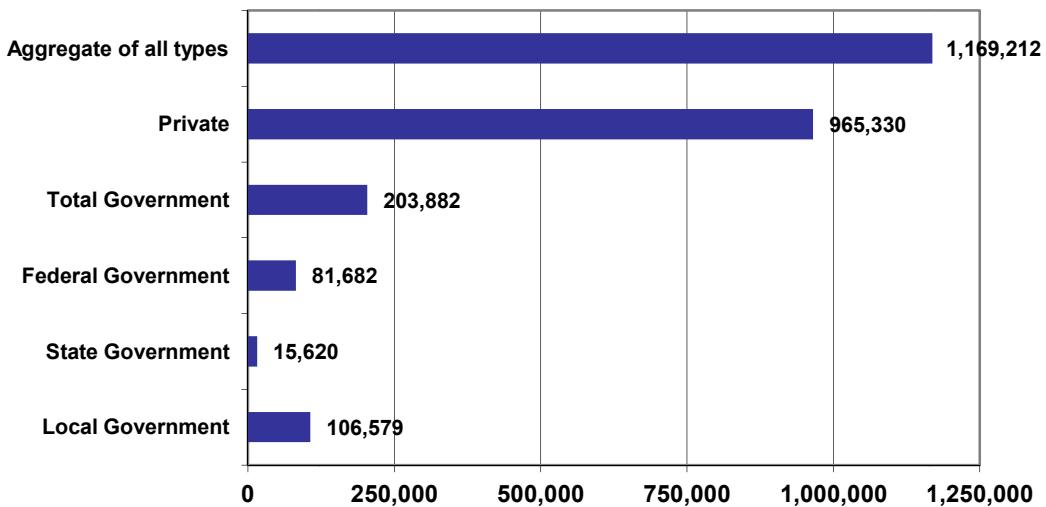


Figure 3: Year-Over-Year Change in Total Employment, 2008:Q4 through 2013:Q4⁹

Figures 4 through 6 provide a break-down of total employment in Northern Virginia in the fourth quarter of 2013 by ownership category. As the data depicted in Figure 4 show, 965,330 (or 83 percent) of the region's total employment of 1,169,212 jobs were in the private sector that quarter, while 203,882 (or 17 percent) were in the government sector. As depicted in Figure 5, average wages across all sectors were \$1,411 per week in the fourth quarter of 2013, \$1,420 per week in the private sector, and \$1,372 per week in the government sector. Finally, Figure 6 depicts the change in employment in each of these sectors between the fourth quarter of 2012 and the fourth quarter of 2013. As these data indicate, total employment in Northern Virginia declined by 7,484 jobs over the period, with the private sector experiencing a net loss of 6,827 jobs and the government sector experiencing a net loss of 657 jobs.

⁹ Data Source: Virginia Employment Commission



**Figure 4: Northern Virginia Employment by Ownership Category,
2013:Q4¹⁰**



**Figure 5: Northern Virginia Average Weekly Wages by Ownership Category,
2013:Q4¹¹**

¹⁰ Data Source: Virginia Employment Commission

¹¹ Data Source: Virginia Employment Commission

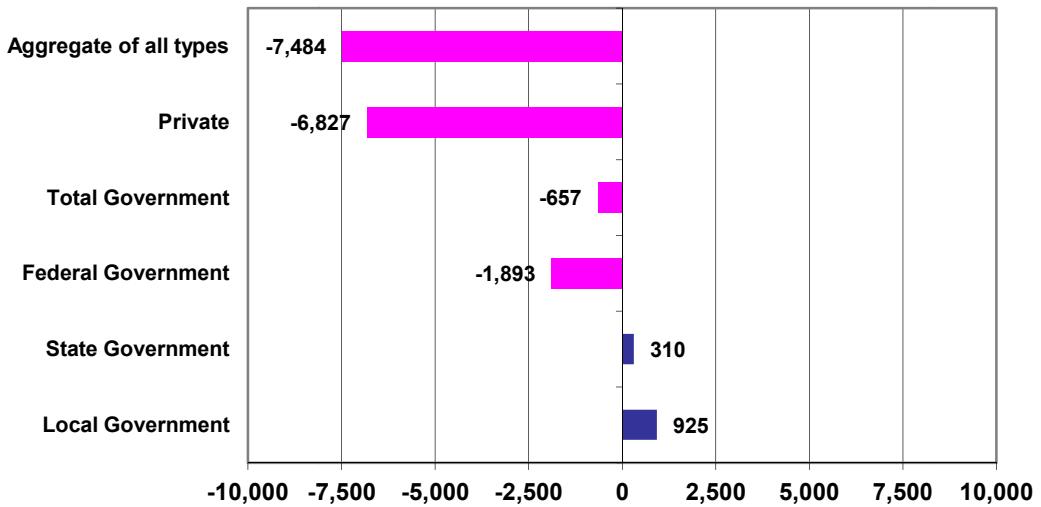


Figure 6: Northern Virginia Change in Employment by Ownership Category, 2012:Q4 to 2013:Q4¹²

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 2013. As these data clearly indicate, *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 119,229 jobs (12 percent of total private sector employment), *Accommodation and Food Services* third with 95,581 jobs (10 percent), *Health Care and Social Services* fourth with 92,797 jobs (10 percent), and *Administrative, Support, and Waste Management Services* fifth with 73,762 jobs (8 percent).

¹² Data Source: Virginia Employment Commission

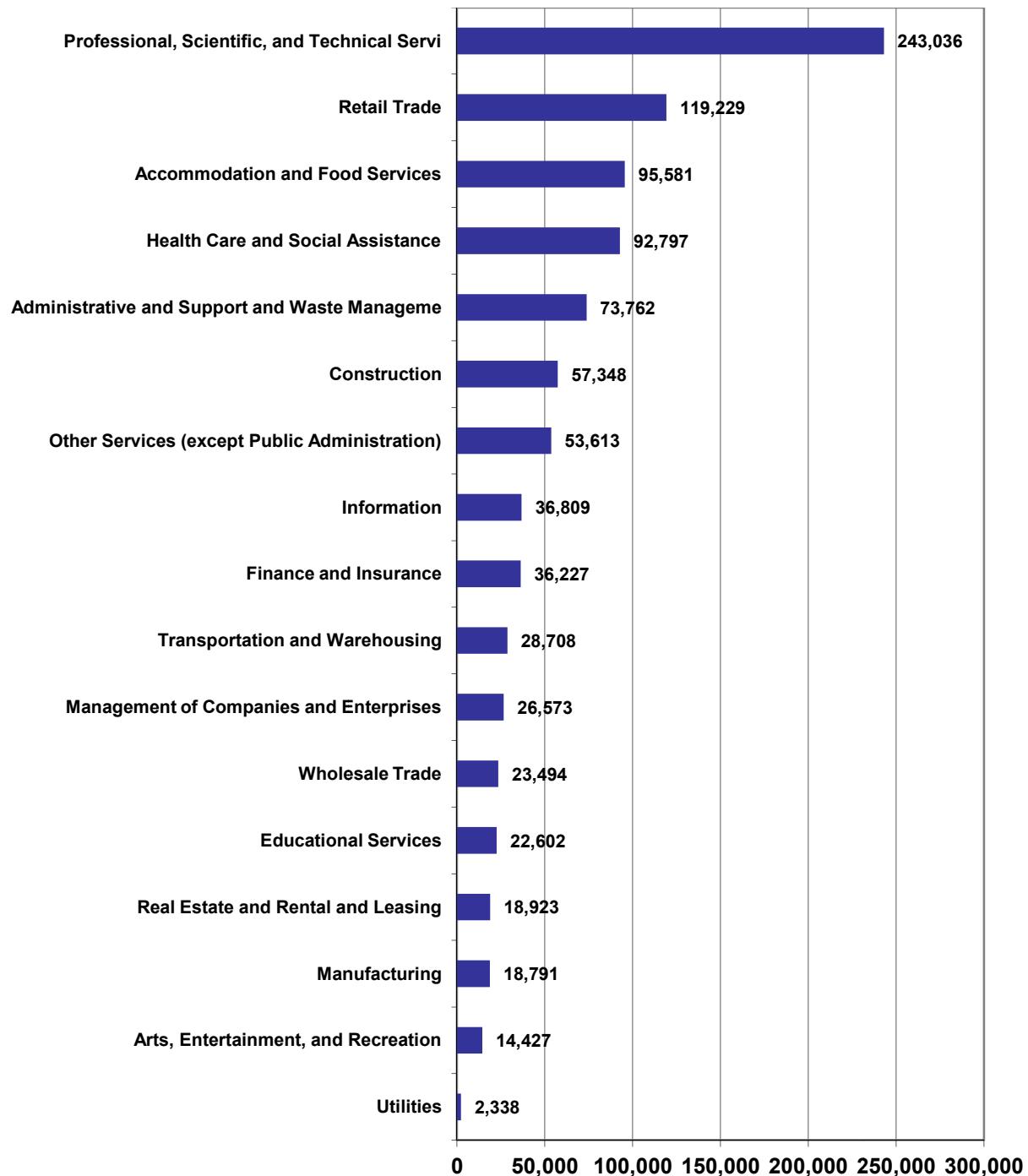


Figure 7: Northern Virginia Private Employment by Major Industry Category, 2013:Q4¹³

¹³ Data Source: Virginia Employment Commission

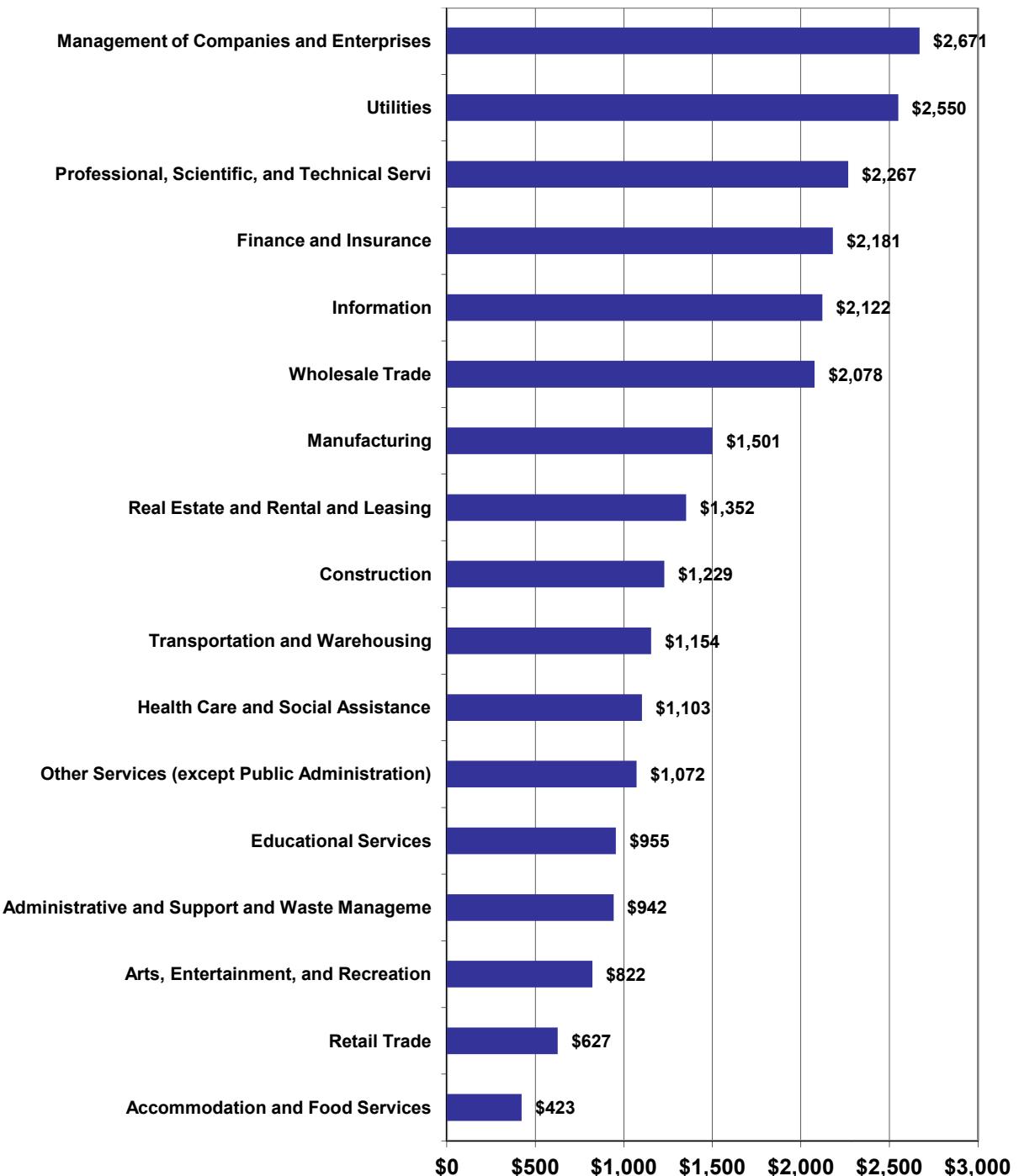


Figure 8: Northern Virginia Private Average Weekly Wages by Major Industry Category, 2013:Q4¹⁴

¹⁴ Data Source: Virginia Employment Commission

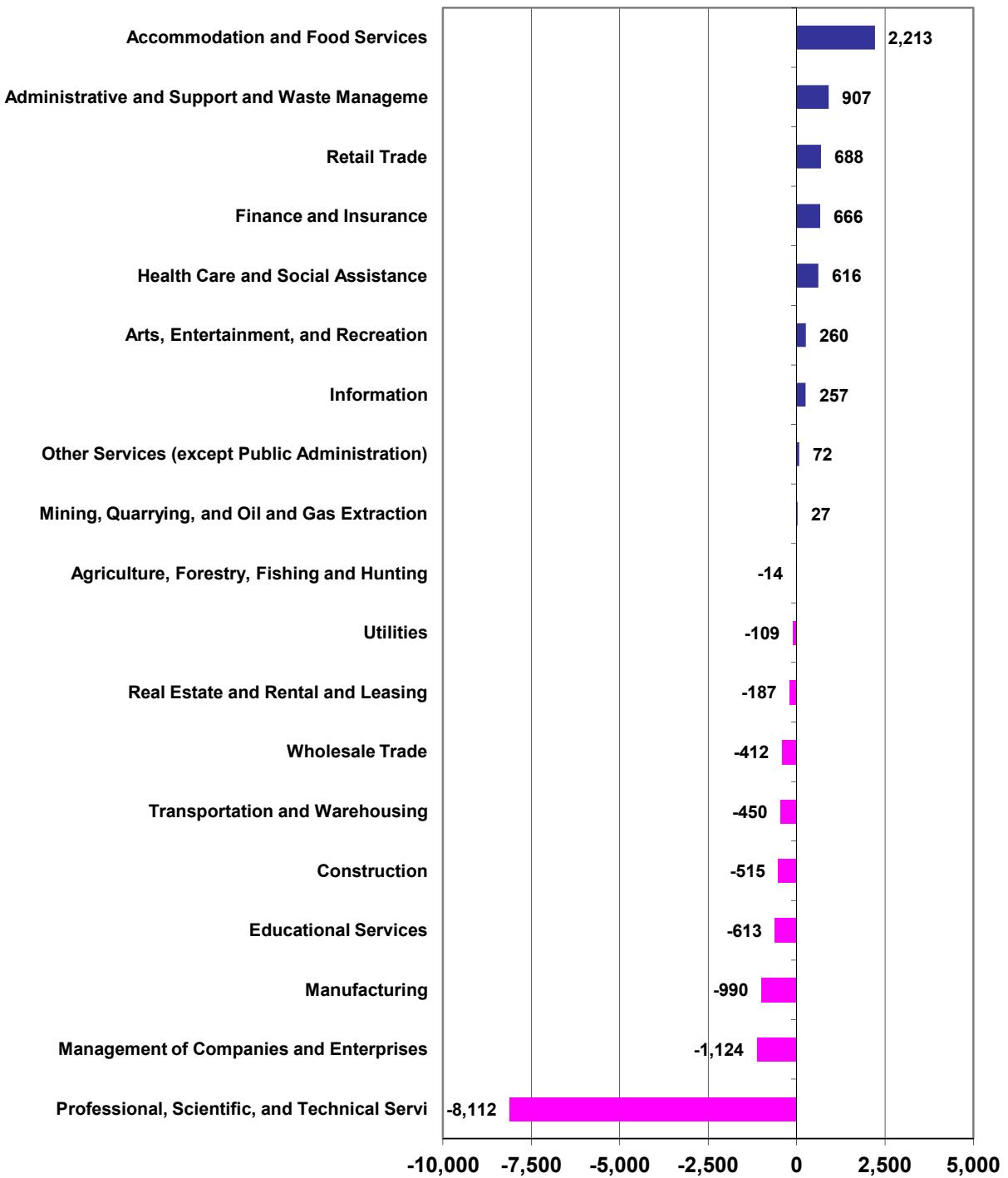


Figure 9: Northern Virginia Private Change in Private Employment Average by Major Industry Category, 2012:Q4 to 2013:Q4¹⁵

¹⁵ Data Source: Virginia Employment Commission

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 2013, with average weekly wages of \$2,671. *Utilities* ranked second with average weekly wages of \$2,550, *Professional, Scientific, and Technical Services* third with average weekly wages of \$2,267, *Finance and Insurance* fourth with average weekly wages of \$2,181, and *Information* fifth with average weekly wages of \$2,122. To put these numbers in perspective, the average weekly wage across all industries in Northern Virginia in the fourth quarter of 2013 was \$1,420.

Figure 9 depicts the change in private employment in Northern Virginia between the fourth quarter of 2012 and the fourth quarter of 2013. As these data indicate, the largest employment gains over the period occurred in *Accommodation and Food Services* (up 2,215 jobs), *Administrative, Support, and Waste Management Services* (up 907 jobs), and *Retail Trade* (up 688 jobs). At the other end of the spectrum, the largest employment losses over the period occurred in *Professional, Scientific, and Technical Services* (down 8,112 jobs), *Management of Companies and Enterprises* (down 1,124 jobs), and *Manufacturing* (down 990 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 2009 through June of 2014 (the most recent month for which data are available). As with the total employment data shown in Figure 2, these data indicate that the employment situation in Northern Virginia deteriorated significantly between the last part of 2008 and the first part of 2009, with unemployment rates escalating sharply over that period. Unemployment peaked in January of 2010 at 5.9 percent in Northern Virginia, 7.9 percent statewide, and 10.6 percent nationally. It has since grudgingly declined and in June of 2014 stood at 4.4 percent in Northern Virginia, 5.4 percent statewide, and 6.3 percent nationally.

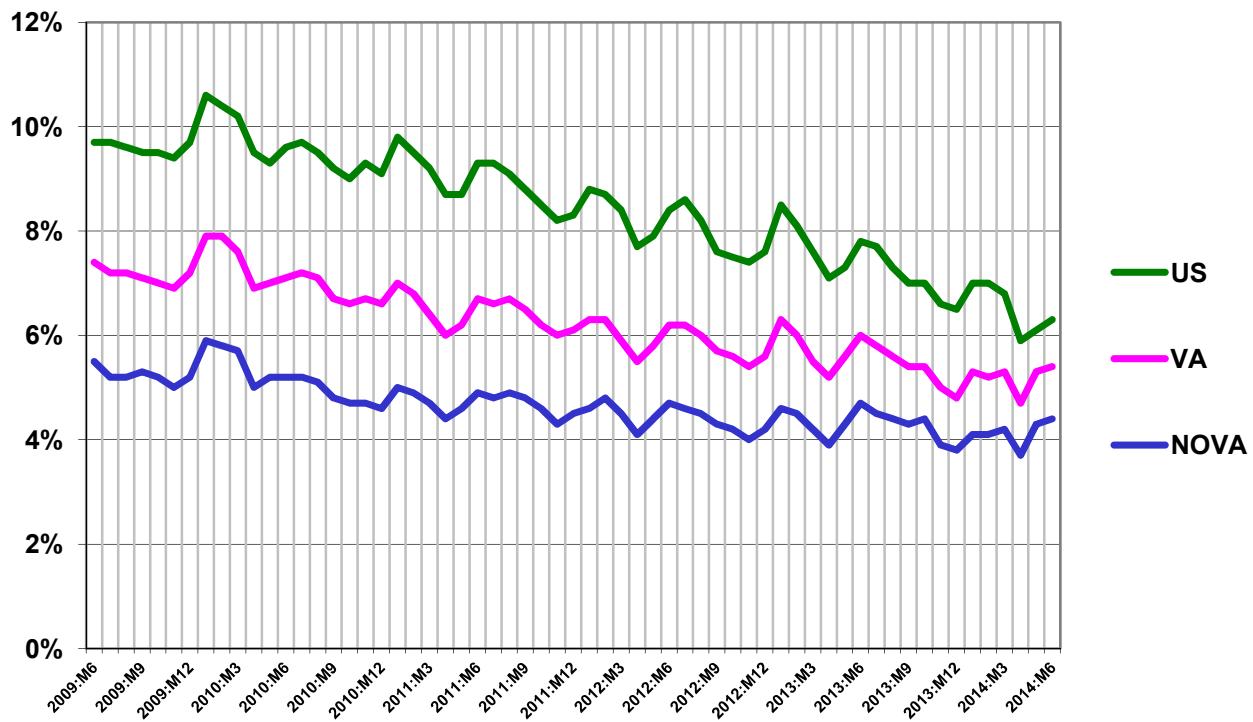


Figure 10: Unemployment Rate, June 2009 to June 2014¹⁶

Economic Impact – FY 2014

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 2014 had on the economy of Northern Virginia. The primary nature of that impact had to do with the new income earned by the 1,792 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 \$62.4 million.

¹⁶ Data Source: Virginia Employment Commission

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 2014, 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 2014 Job Placements

Program	Job Placements	Average Annual Salary	Total Household Income
WIA – Adult	107	\$29,224	\$3,126,968
WIA – Dislocated Worker	258	\$55,556	\$14,333,448
WIA – Youth	38	\$19,240	\$731,120
ENOVATE	6	\$71,448	\$428,688
Rapid Response-Vets	62	\$72,987	\$4,525,194
C2C	4	\$42,370	\$169,480
J4Vets	21	\$65,166	\$1,368,486
VASAVOR	36	\$19,073	\$686,628
PRC	101	\$19,905	\$2,010,405
Subtotal	633	\$43,255	\$27,380,417
Core Services	1,159	\$30,202	\$35,004,118
TOTAL	1,792	\$34,813	\$62,384,535

To quantify the regional economic 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.

In the analysis that follows, we also provide estimates for three categories of economic impact. The first is employment, or the number of full time equivalent jobs that are created in the economy in addition to the jobs that are filled by individuals transitioned into employment through services provided by the Northern Virginia Workforce System. The second is labor income, or the salaries and wages that are created in the economy in

¹⁸ IMPLAN v.3 is produced by Minnesota IMPLAN Group, Inc. The datasets used in the analysis presented in this report are for 2010, the most recent year for which data were available at the time this report was published.

addition to the salaries and wages paid to individuals transitioned into employment through services provided by the Northern Virginia Workforce System. The third is economic output, or the total amount of regional economic activity that is generated as a result of the increased household income earned by individuals transitioned into employment through services provided by the Northern Virginia Workforce System.

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 633 individuals exited from these programs and were placed into jobs in FY 2014.
- 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 2014.

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 633 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 141 full time equivalent jobs through second round effects, for a total regional employment impact of 774 full time equivalent jobs.
- Regional Labor Income: In addition to the \$27.4 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 \$7.7 million in additional regional labor income through second round effects, for a total regional labor income impact of \$35.1 million.
- Regional Economic Output: Second round effects from the \$27.4 million in labor income paid to individuals transitioned into employment through the Northern Virginia Workforce System's programs were also responsible for generating \$20.7 million in additional economic output in the region.

- Fiscal Impact: Second round effects from the \$27.4 million in labor income paid to individuals transitioned into employment through the Northern Virginia Workforce System's programs were responsible for generating \$1.4 million in additional state and local tax revenue, and \$1.9 million in additional federal tax revenue, for a total fiscal impact of \$3.2 million.

Table 3: Estimated Economic Impact of WIA Intensive Services and Other WIA Programs

	Employment	Labor Income	Output
<i>First Round Direct Economic Activity</i>	633	\$27,380,417	\$0
<i>Second Round Indirect and Induced Economic Activity</i>	141	\$7,729,109	\$20,687,540
<i>Total, Direct, Indirect, and Induced Economic Activity</i>	774	\$35,109,526	\$20,687,540
	State and Local	Federal	Total
<i>Fiscal Impact</i>	\$1,354,592	\$1,864,463	\$3,219,055

WIA Intensive Services and Other WIA Programs, plus Core Services

In this section, FY 2014 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 1,792 individuals exited from these programs and found employment in FY 2014.
- 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 2014.

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 1,792 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 324 full time equivalent jobs through second round effects, for a total regional employment impact of 2,116 full time equivalent jobs.
- Regional Labor Income: In addition to the \$62.4 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 \$17.6 million in additional regional labor income through second round effects, for a total regional labor income impact of \$80.0 million.
- Regional Economic Output: Second round effects from the \$62.4 million in labor income paid to individuals transitioned into employment through the Northern Virginia Workforce System's programs were also responsible for generating \$47.3 million in additional economic output in the region.
- Fiscal Impact: Second round effects from the \$62.4 million in labor income paid to individuals transitioned into employment through the Northern Virginia Workforce System's programs were responsible for generating \$3.0 million in additional state and local tax revenue, and \$4.2 million in additional federal tax revenue, for a total fiscal impact of \$7.2 million.

Table 4: Estimated Economic Impact of WIA Intensive Services and Other WIA Programs, plus Core Services

	Employment	Labor Income	Output
<i>First Round Direct Economic Activity</i>	1,792	\$62,384,535	\$0
<i>Second Round Indirect and Induced Economic Activity</i>	324	\$17,605,812	\$47,260,479
<i>Total, Direct, Indirect, and Induced Economic Activity</i>	2,116	\$79,990,347	\$47,260,479
	State and Local	Federal	Total
<i>Fiscal Impact</i>	\$3,010,605	\$4,233,287	\$7,243,892

Benefit/Cost Ratio

In FY 2014, 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 \$7.2 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 4.9, indicating that the benefits derived from the programs are almost five 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 11.1, indicating that the benefits are more than eleven 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. In FY 2014, the slow economic recovery that these communities had been experiencing since the middle of 2010 began to stall. The most obvious manifestation of that deceleration is that between the fourth quarter of 2012 and the fourth quarter of 2014 (the most recent quarter for which we have data) total regional

¹⁹ Data Source: The SkillSource Group, Inc.

employment declined by 7,484 jobs, or 0.6 percent. In addition, unemployment remains stubbornly high relative to the historic regional norm, coming in at 4.4 percent in June of 2014.

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, 1,655 individuals enrolled in WIA and related programs offered by the Northern Virginia Workforce System in FY 2014. This figure remains 265 percent up from FY 2008 when the recession began (453 enrollees). Similarly, excluding core services, 633 individuals were transitioned into employment through programs offered by the Northern Virginia Workforce System in FY 2014. This figure remains 306 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 2014 has to do with the 1,792 previously unemployed individuals that the System was able to transition into well-paying jobs. Out of that total, 633 of the placements came through WIA Intensive Services and other WIA programs (programs that directly provide career training and job placement services), and 1,159 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 \$19,073 to \$72,987. In combination, these 1,792 placements generated approximately \$62.4 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 633 placements associated with WIA Intensive Services and other WIA programs, that total first and second round impact from those placements is estimated to be 774 full time equivalent jobs, \$35.1 million in additional regional labor income, \$20.7 million in additional regional economic output, and \$3.2 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 1,792 placements is estimated to be 2,116 full time equivalent jobs, \$80.0 million in additional regional labor income, \$47.3 million in additional regional economic output, and \$7.2 million in state, local, and federal tax revenue.

Comparing these estimated benefits to the \$7.2 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 WIA Intensive Services and other WIA programs that benefit/cost ratio is approximately 4.9, indicating that the benefits derived from the programs in terms of additional household income are almost five 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 11.1, indicating that the

benefits in terms of additional household income are more than eleven times the costs required to generate them.

In conclusion, in FY 2014 the Northern Virginia Workforce System made a significant contribution to the economy of Northern Virginia.