

The Regional Economic Impact of Opportunity Inc. JOB PLACEMENT AND CAREER TRAINING SERVICES

JULY 2015 - JUNE 2016

OppInc.

Opportunity Inc.
Hampton Roads' Workforce Development Board



September 2016

MANGUM
economics

Report prepared by



Dr. Mangum earned his Ph.D. in economics at George Mason University in 1995. He has more than two decades of experience in quantitative analysis and policy development at the federal and state level.

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4201 DOMINION BOULEVARD, SUITE 114
GLEN ALLEN, VIRGINIA 23060

(804) 346-8446

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The Regional Economic Impact of Opportunity Inc.

Job Placement and Career Training Services

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Executive Summary

This report assesses the economic and fiscal impact attributable to the job placement and career training services provided by Opportunity Inc. in program year 2015-2016 (PY 2015). The principle findings from that assessment are as follows:

- 1. In PY 2015, employment growth in the Hampton Roads Workforce Development Area began to rise:**
 - Employment in the Hampton Roads Workforce Development Area fell to a recession-driven low of 472,074 in the first quarter of 2011, rebounded slowly until it was stalled as a result of the federal sequester of 2013, began to rise in the second quarter of 2015, and closed at 508,855 in the fourth quarter of 2015.
 - Over the period as a whole, total employment in the Hampton Roads Workforce Development Area increased by 25,808 jobs or 5.3 percent, as compared to a statewide increase of 6.3 percent over the same period.
 - Regional unemployment remains above the statewide norm, coming in at 4.5 percent in June of 2016 as compared to 4.0 percent statewide.

- 2. The job placement and career training services provided by Opportunity Inc. have a large economic and fiscal impact on the Hampton Roads Workforce Development Area:**
 - In PY 2015, Opportunity Inc. was instrumental in transitioning 535 individuals into employment through its Workforce Innovation and Opportunity Act (WIOA) Enhanced Career Services and other grant programs. The average annual salaries associated with those 535 placements ranged from \$25,210 to \$66,061. In combination these placements generated approximately \$16.0 million in additional household income in the region.
 - Our analysis indicates that the total regional economic and fiscal impact associated with the consumption expenditures attributable to this \$16.0 million increase in income included: 661 full time equivalent jobs, \$21.5 million in additional regional labor income, \$17.0 million in additional regional economic output, and \$2.3 million in state, local, and federal tax revenue.
 - If one broadens the scope of workforce services provided to include staff-assisted direct placement and self-referred individuals who take advantage of Opportunity Inc's Basic Career Services, Opportunity Inc was instrumental in placing 702 previously unemployed individuals into employment in PY 2015, and the increased household income associated with that employment was approximately \$20.9 million.
 - Our analysis indicates that the total regional economic and fiscal impact associated with the consumption expenditures attributable to this \$20.9 million increase in income included: 868 full time equivalent jobs, \$28.1 million in additional regional labor



income, \$22.3 million in additional regional economic output, and \$3.0 million in state, local, and federal tax revenue.

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

- In PY 2015, Opportunity Inc.'s cost of providing the WIOA Enhanced Career Services and other Grant Programs included in this economic impact assessment was approximately \$4.6 million.
- Comparing that cost to the \$21.5 million in total additional regional labor income attributable to job placements from the WIOA Enhanced Career Services and other Grant Programs shows that the benefit/cost ratio is approximately 4.7, 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 Basic Career Services as well, the benefit/cost ratio rises to approximately 6.1, indicating that the benefits are more than six times greater than the costs required to generate them.

4. In conclusion, in PY 2015 Opportunity Inc. made a significant contribution to the economy of the Hampton Roads Workforce Development Area.



Introduction

This report assesses the economic and fiscal contribution that Opportunity Inc.'s program year 2015-2016 (PY 2015)¹ career training and job placement services made to the Hampton Roads Workforce Development Area.² The remainder of the report is divided into three sections. The *Background* section provides details on Opportunity Inc.'s service area, the services it provided in PY 2015, and recent economic trends within the region. The *Economic Impact – PY 2015* section provides an estimate of the economic and fiscal impact that the job placement and training services provided by Opportunity Inc. had on the region in PY 2015. Finally, the *Conclusion* section provides a brief summary. This report was prepared by Mangum Economics through a contract with Opportunity Inc., the staff organization for the Hampton Roads Workforce Development Board.

Background

Opportunity Inc

Opportunity Inc. administers federally funded workforce development programs.³ These programs aid businesses in finding qualified workers, and assist jobseekers by providing access to workforce training and job placement services. Opportunity Inc.'s service area includes the localities of Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth, Southampton, Suffolk, and Virginia Beach. In 2015, these localities had a combined population of almost 1.2 million, accounting for more than one out of every seven people in the state of Virginia as a whole.⁴ A map depicting these localities along with the locations of Opportunity Inc.'s service facilities is provided in Figure 1.⁵

¹ July 1, 2015 through June 30, 2016.

² The Hampton Roads Workforce Development Area includes the counties of Isle of Wight and Southampton, and the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach.

³ In program year 2015, funding was through the Workforce Investment and Opportunity Act.

⁴ *Data Source:* U.S. Census Bureau.

⁵ The addresses of these three One-Stop Career Centers are as follows: 1) Opportunity Inc. One-Stop Workforce Center and Veteran Career Center, Circle East Office Building, 861 Glenrock Road, Suite 100, Norfolk; 2) Opportunity Inc. Downtown Suffolk Workforce Center, 157 North Main Street, Suffolk; 3) Opportunity Inc. One-Stop Workforce Center and Youth Career Center, Paul D. Camp Community College, 100 N. College Drive, Franklin, and 4) Opportunity Inc. Youth Career Center, 4554 Virginia Beach Boulevard, Pembroke Mall, Suite 750, Virginia Beach.

The Region is served by three strategically located One-Stop Workforce Centers and two Youth Career Centers

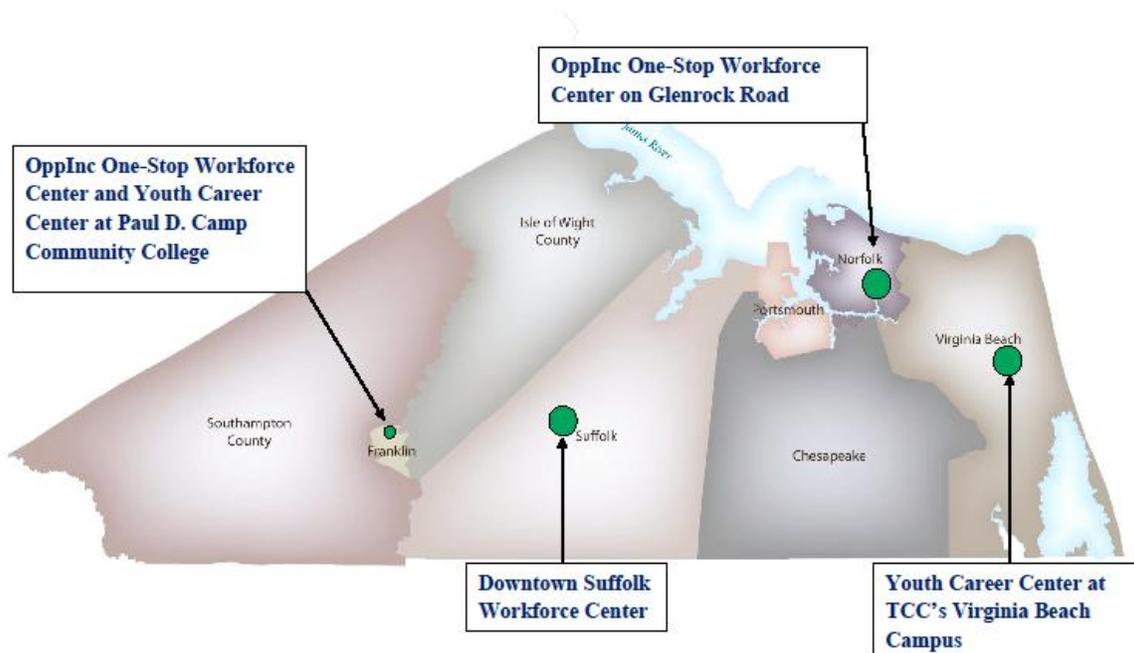


Figure 1: Opportunity Inc. Service Area and One-Stop Career Center Locations

More specifically, Opportunity Inc. accomplishes its mission through:

1. Strategic Workforce Development

- Convening private and public sector leaders to jointly consider the workforce development needs of the region.
- Working with local and regional economic development agencies to enhance the region's supply of qualified workers.
- Working with public organizations, education agencies, and private businesses to develop, implement and promote strategies to improve workplace skills.
- Assisting in the development of new training programs to benefit the region's workforce.

2. Business Services

- Serving as a point of contact for business, industry and the public sector to communicate their workforce needs.
- Providing employee job matching, on-the-job training and other services directly to business.

3. Jobseeker Services

- Conducting planning, oversight and evaluation of local workforce development programs that provide career exploration, training and job matching services for adult jobseekers.

4. Youth Services

- Providing career exploration, high school completion and post-secondary education transition services for youth.

Services Provided in PY 2015

In PY 2015, Opportunity Inc. provided career training and job placement services through nine separate workforce programs:

- Workforce Innovation and Opportunity Act (WIOA) Adult Program – provides employment and training services to assist eligible adults (individuals 18 years of age and older) in finding meaningful employment.
- 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.
- WIOA 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).
- WIOA Basic Career Services – provides staff-assisted direct placement, job-search workshops, and self-service tools that assist a job seeker in making an effective job search.
- Launch Hampton Roads – provides comprehensive entrepreneurship training and technical assistance through program partners Old Dominion University, Tidewater Community College and The College of William & Mary.
- H-1B Healthcare Grant – partnership with the Peninsula Council for Workforce Development and the regional healthcare industry to provide funding for advanced healthcare training in a variety of occupational fields.

- Job Driven National Dislocated Worker Grant – partnership with Tidewater Community College to expand the use of training to meet the needs of dislocated workers, especially the long-term unemployed and veterans.
- Youth Career Center of Hampton Roads – provides career exploration, job preparation, and financial literacy education to youth ages 14-24.
- Career Access Network (CAN) – partnership with library systems, local community organizations, public school systems, post-secondary educational institutions, and municipalities to provide a bridge that connects individuals to essential career related information and services within their communities throughout South and Western Hampton Roads.

As shown in Table 1, in PY 2015 these programs were instrumental in transitioning 702 individuals into well-paying jobs (average annual salaries ranged from \$25,106 to \$41,205).⁶ Out of this number, 508 were placed through Opportunity Inc.’s WIOA Enhanced Career Services programs (adult, dislocated worker, and youth),⁷ 27 were placed through Opportunity Inc.’s other grant programs (H-1B Healthcare Grant), and 167 found employment as a result of the direct placement and self-service job placement tools provided through the Opportunity Inc.’s WIOA Basic Career Services.

Table 1: Opportunity Inc Job Placements in PY 2015

Program	Job Placements	Average Annual Salary
WIOA – Adult	399	\$25,210
WIOA – Dislocated Worker	109	\$38,189
WIOA – Youth	Not available	Not available
WIOA Enhanced Career Services Subtotal	508	
H-1B Healthcare Grant	27	\$66,061
Other WIOA Programs Subtotal	27	
WIOA Basic Career Services	167	\$29,474
TOTAL	702	

⁶ Data Source: Opportunity Inc.

⁷ Data Source: Opportunity Inc. This number includes placements from the Launch Hampton Roads program and the Job Driven National Dislocated Worker Grant.

Regional Economic Trends

Figure 2 depicts changes in total employment in the Hampton Roads Workforce Development Area for the five-year period from the fourth quarter of 2010 through the fourth quarter of 2015 (the most recent quarter for which data are available).⁸ What these data show is that regional employment fell to a low of 472,074 in the first quarter of 2011, rebounded slowly to 494,101 in the second quarter of 2013, and then, largely as a result of the 2013 federal sequester, essentially stalled through the first quarter of 2015. In the second quarter of 2015, regional employment rose sharply and closed at 508,855 in the fourth quarter of 2015. Over the period as a whole, total employment in the Hampton Roads Workforce Development Area increased by 25,808 jobs or 5.3 percent. To put this number in context, over the same period total employment increased by 6.3 percent statewide.

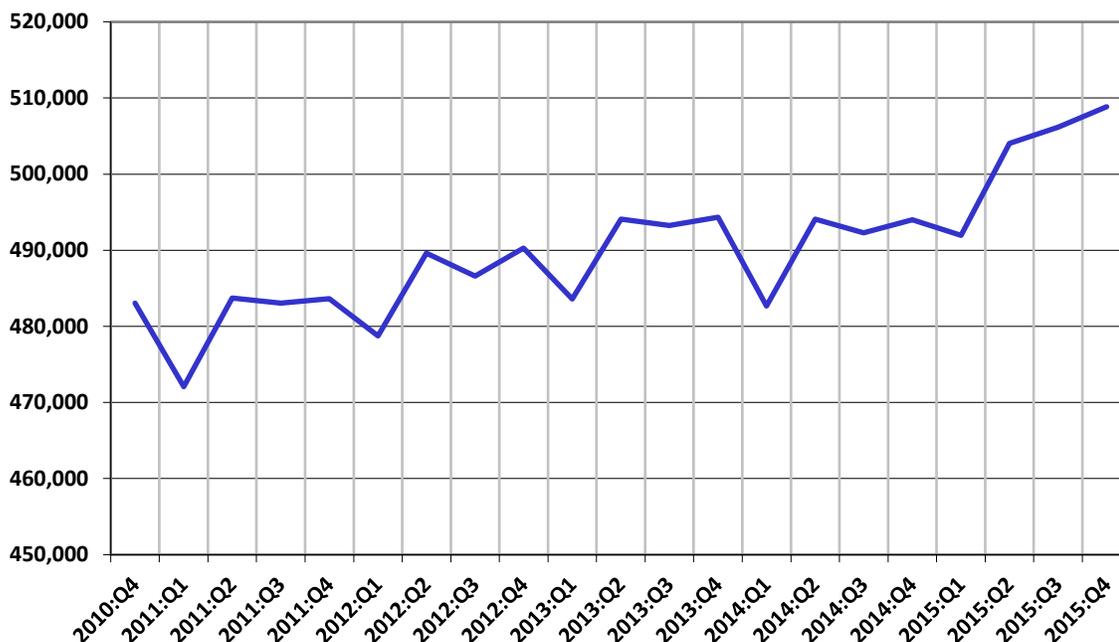


Figure 2: Hampton Roads Workforce Development Area Total Employment, 2010:Q4 through 2015:Q4⁹

Figure 3 puts these numbers in perspective by comparing year-over-year changes in employment in the Hampton Roads Workforce Development Area to that of the state as a

⁸ In this graph and those that follow in this section, the Hampton Roads Workforce Development Area is defined to include the localities of Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth, Southampton, Suffolk, and Virginia Beach.

⁹ Data Source: Virginia Employment Commission, *Quarterly Census of Employment and Wages*.

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, the Hampton Roads Workforce Development Area was harder hit by the 2007-09 recession and exited it later than Virginia as a whole. However, by the first quarter of 2012 year-over-year employment growth in the Hampton Roads Workforce Development Area had overtaken the statewide average. That positive differential generally continued until the first quarter of 2014, when the Hampton Roads Workforce Development Area again dipped into negative territory. In 2015, year-over-year employment growth increased sharply and as of the fourth quarter of 2015, stood at 3.0 percent both in the Hampton Roads Workforce Development Area and statewide.



Figure 3: Year-Over-Year Change in Total Employment, 2010:Q4 through 2015:Q4¹⁰

Figures 4 through 6 provide a break-down of total employment in the Hampton Roads Workforce Development Area in the fourth quarter of 2015 by ownership category. As the data depicted in Figure 4 show, the private sector accounted for 395,412 (or 78 percent) of the region’s 508,855 in total employment that quarter, while the government sector accounted for 113,442 (or 22 percent).¹¹ As depicted in Figure 5, average wages across all sectors were \$919 per week in the fourth quarter of 2014, \$888 per week in the private sector, and \$1,024 per week in the government sector.

¹⁰ Data Source: Virginia Employment Commission, *Quarterly Census of Employment and Wages*.

¹¹ It is important to note that these data do not include military personnel.

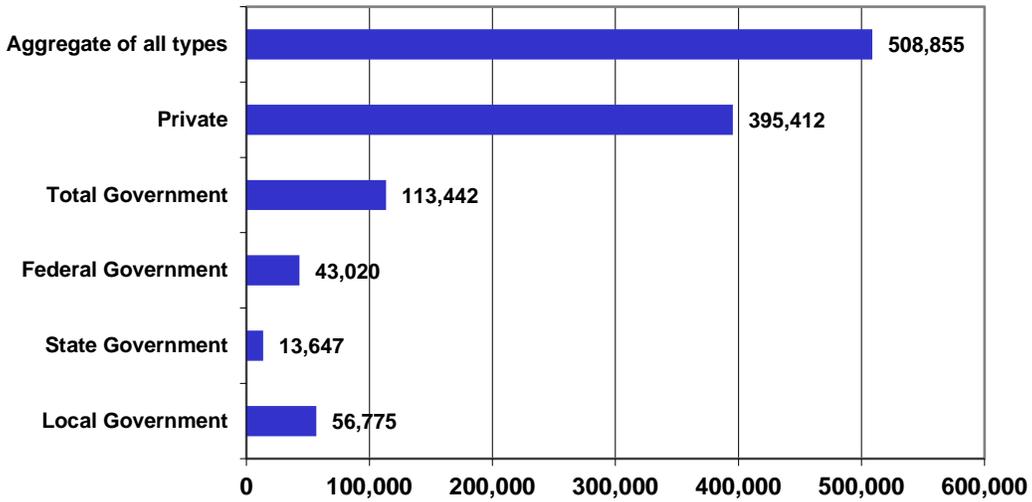


Figure 4: Hampton Roads Workforce Development Area Employment by Ownership Category, 2015:Q4¹²

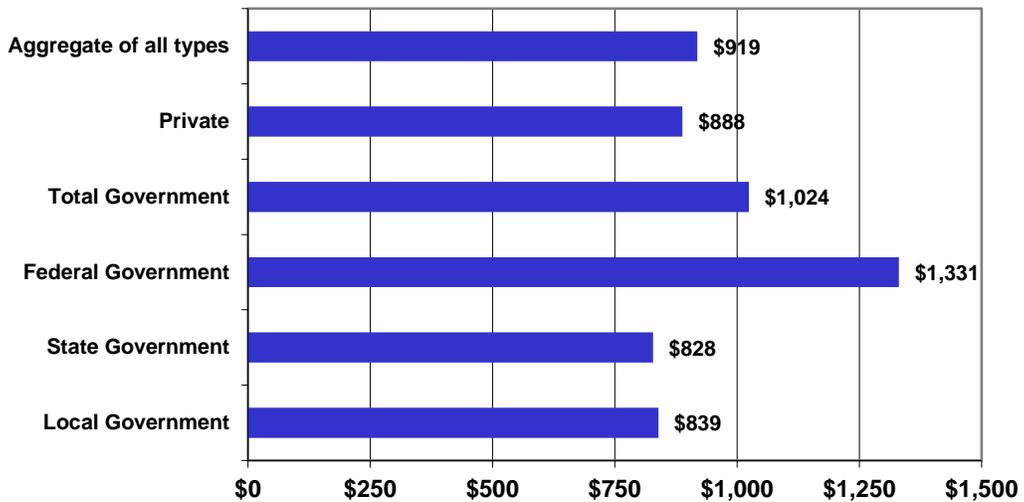


Figure 5: Hampton Roads Workforce Development Area Average Weekly Wages by Ownership Category, 2015:Q4¹³

¹² Data Source: Virginia Employment Commission, *Quarterly Census of Employment and Wages*.

¹³ Data Source: Virginia Employment Commission, *Quarterly Census of Employment and Wages*.

Finally, Figure 6 depicts the change in employment in each of these sectors between the fourth quarter of 2013 and the fourth quarter of 2014. As these data indicate, total employment in the Hampton Roads Workforce Development Area increased by 14,858 jobs over the period, with the private sector experiencing a net gain of 8,505 jobs and the government sector experiencing a net gain of 6,353 jobs.

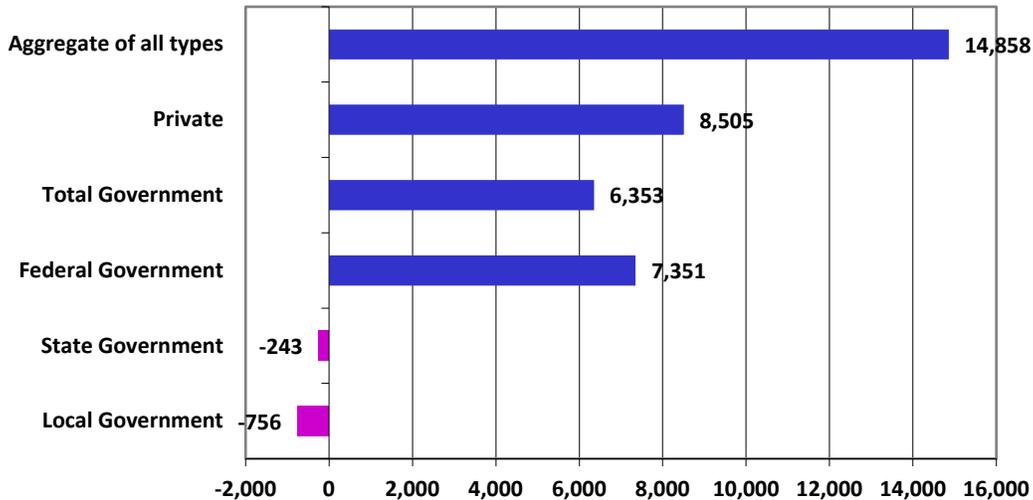


Figure 6: Hampton Roads Workforce Development Area Change in Employment by Ownership Category, 2014:Q4 to 2015:Q4¹⁴

Figures 7 through 9 provide a more detailed picture of private sector employment in the Hampton Roads Workforce Development Area. Figure 7 depicts employment by major industry category in the fourth quarter of 2015. As these data clearly indicate, *Health Care and Social Assistance* was the largest employment sector in the Hampton Roads Workforce Development Area that quarter, accounting for 64,775 jobs or 16 percent of total private sector employment. *Retail Trade* ranked second with 60,696 jobs (15 percent of total private sector employment), *Accommodation and Food Services* third with 50,223 jobs (13 percent), *Professional, Scientific, and Technical Services* fourth with 33,416 jobs (9 percent), and *Administrative and Support and Waste Management Services* fifth with 30,636 jobs (8 percent).

¹⁴ Data Source: Virginia Employment Commission, *Quarterly Census of Employment and Wages*.

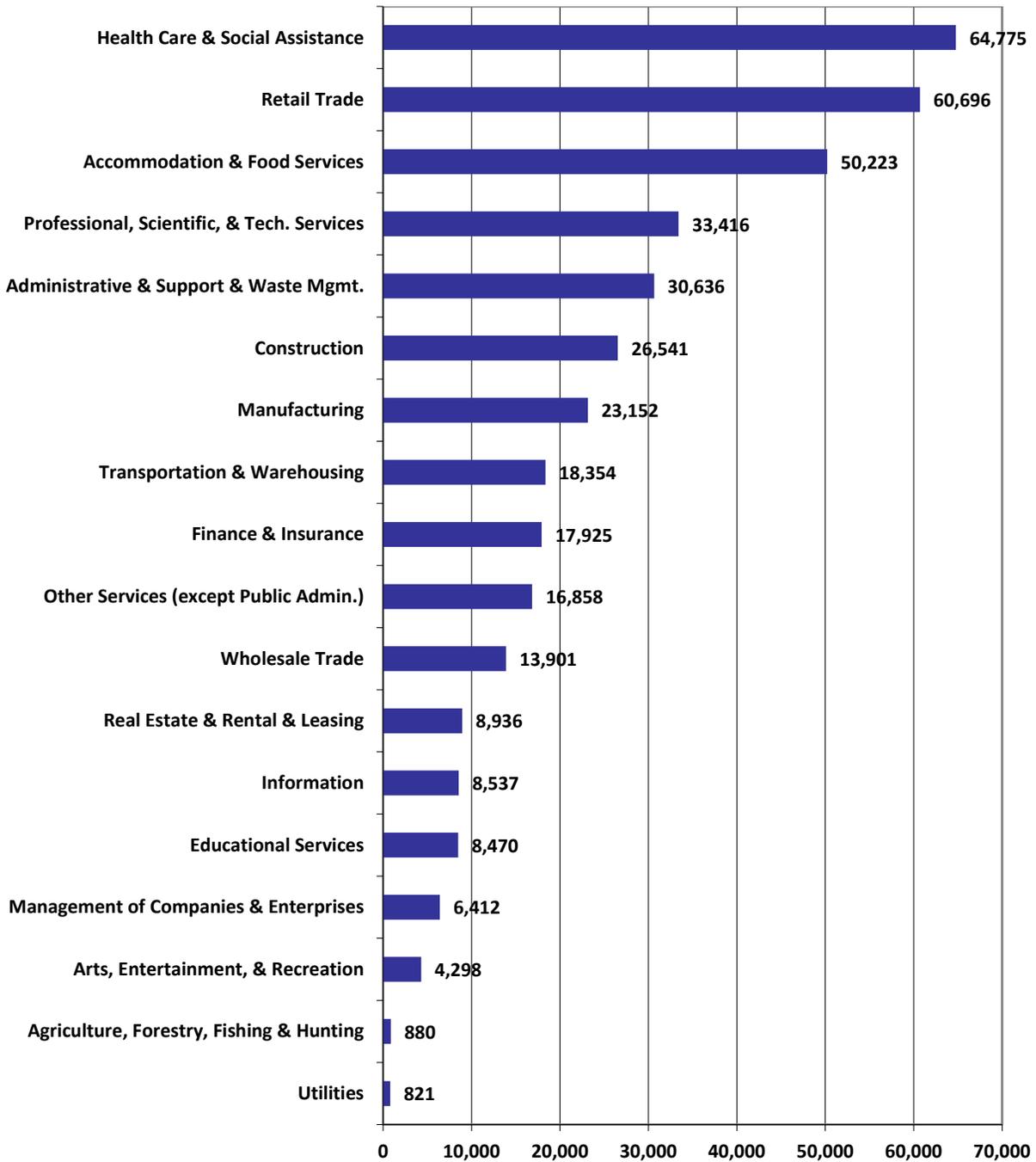


Figure 7: Hampton Roads Workforce Development Area Private Employment by Major Industry Category, 2015:Q4¹⁵

¹⁵ Data Source: Virginia Employment Commission, *Quarterly Census of Employment and Wages*.

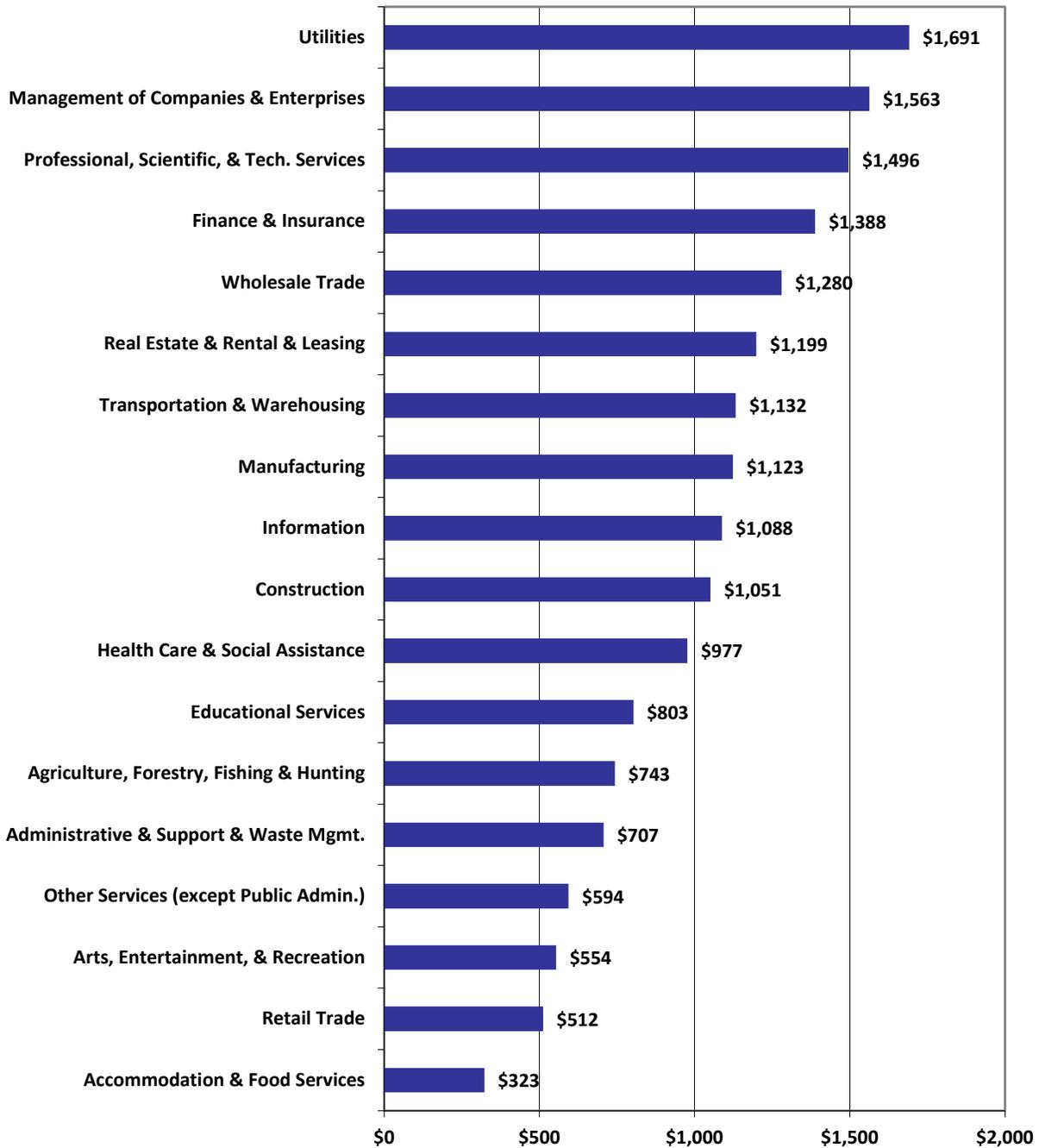


Figure 8: Hampton Roads Workforce Development Area Private Average Weekly Wages by Major Industry Category, 2015:Q4¹⁶

¹⁶ Data Source: Virginia Employment Commission, *Quarterly Census of Employment and Wages*.

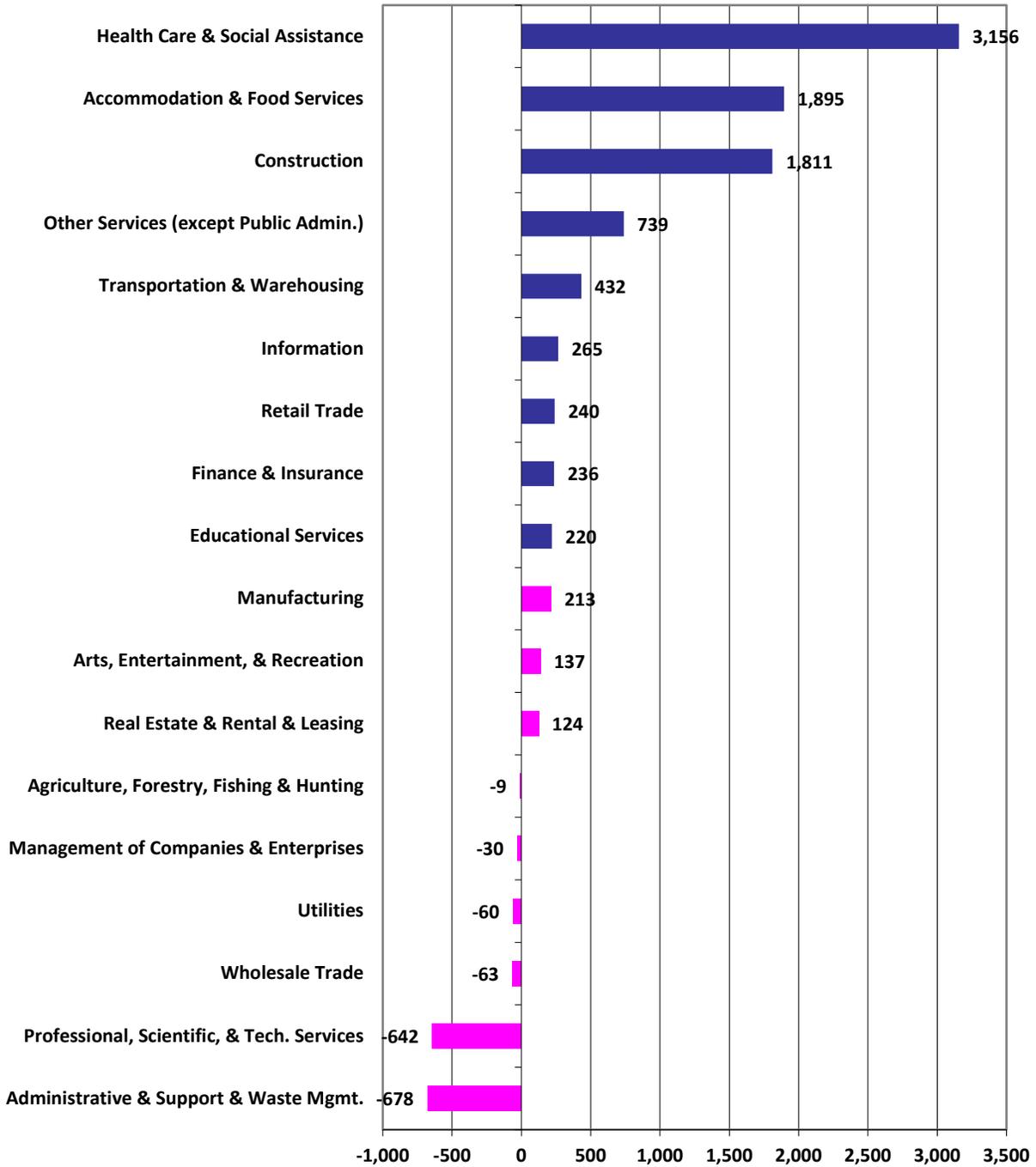


Figure 9: Hampton Roads Workforce Development Area Change in Private Employment Average by Major Industry Category, 2014:Q4 to 2015:Q4¹⁷

¹⁷ Data Source: Virginia Employment Commission, *Quarterly Census of Employment and Wages*.

Figure 8 provides similar information for average weekly wages by major industry category. As these data show, *Utilities* was the highest paying employment sector in the Hampton Roads Workforce Development Area in the fourth quarter of 2015, with average weekly wages of \$1,691. *Management of Companies and Enterprises* ranked second with average weekly wages of \$1,563, *Professional, Scientific, and Technical Services* ranked third with average weekly wages of \$1,496, *Finance and Insurance* ranked fourth with average weekly wages of \$1,388, and *Wholesale Trade* ranked fifth with average weekly wages of \$1,280. To put these numbers in perspective, recall that the average weekly wage across all private industry sectors in the Hampton Roads Workforce Development Area was \$888 in the fourth quarter of 2015.

Figure 9 depicts the change in private employment in the Hampton Roads Workforce Development Area between the fourth quarter of 2014 and the fourth quarter of 2015. As these data indicate, the largest employment gains over the period occurred in *Health Care and Social Assistance* (up 3,156 jobs), *Accommodation and Food Services* (up 1,895 jobs), and *Construction* (up 1,811 jobs). At the other end of the spectrum, the largest employment losses over the period occurred in *Administrative, Support, and Waste Management* (down 678 jobs), *Professional, Scientific, and Technical Services* (down 642 jobs), and *Wholesale Trade* (down 63 jobs).

Finally, Figure 10 compares recent unemployment trends in the Hampton Roads Workforce Development Area to those at the state and national level. These data are monthly and cover the five-year period from June of 2011 through June of 2016 (the most recent month for which data are available). As these data show, unemployment rates have slowly, but steadily, declined throughout the period in all three jurisdictions. As of June 2016, unemployment stood at 4.5 percent in the Hampton Roads Workforce Development Area, 4.0 percent statewide, and 5.1 percent nationally.

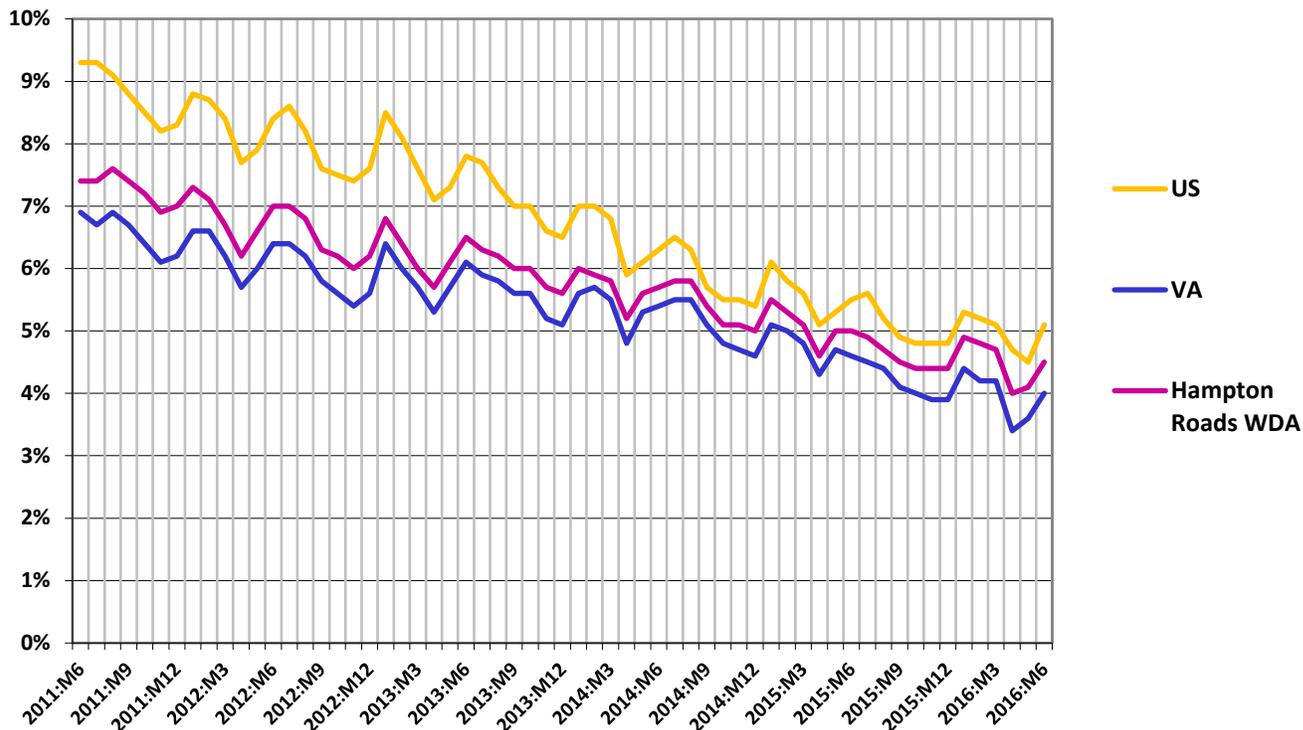


Figure 10: Unemployment Rate, June 2011 to June 2016¹⁸

Economic and Fiscal Impact – PY 2015

In this section, we assess the economic and fiscal impact that the career training, job placement, and other workforce services provided by Opportunity Inc. in PY 2015 had on the economy of the Hampton Roads Workforce Development Area. The primary nature of that impact had to do with the new income earned by the previously unemployed individuals that Opportunity Inc. was instrumental in transitioning into meaningful employment and for whom data on salary at placement were available.¹⁹ As shown in Table 2, the total additional household income generated through those placements is estimated to be \$20.9 million.

However, it is important to note that the data presented in Table 2 are based on required reporting elements and include only those clients for whom placement and salary data were

¹⁸ Data Source: Virginia Employment Commission, *Local Area Unemployment Statistics*.

¹⁹ 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 Opportunity Inc. in PY 2015, they are by no means the only economic impact. Although it is beyond the scope of the analysis presented here, a more inclusive definition of economic impact would also include, among other things, the cost of any social assistance that these individuals were receiving while unemployed (e.g., unemployment assistance, food stamps, etc.) and that they no longer required after they became employed.

available for PY 2015. Specifically, these data exclude any direct job placements from the 360 individuals served through WIOA Youth Programs and the 8,878 served through the Youth Career Center. For these reasons, the estimates of economic and fiscal impact presented in this report should be assumed to be conservative in nature.

Table 2: Total Additional Household Income Attributable to PY 2015 Job Placements

Program	Job Placements	Average Annual Salary	Total Household Income
WIOA – Adult	399	\$25,210	\$10,058,790
WIOA – Dislocated Worker	109	\$38,189	\$4,162,601
H-1B Healthcare Grant	27	\$66,061	\$1,783,647
Subtotal	535	\$29,916	\$16,005,038
WIOA Basic Career Services	167	\$29,474	\$4,922,158
TOTAL	702	\$29,811	\$20,927,196

To quantify the regional economic and fiscal impact attributable to this increase in household income, we employ a commonly used impact simulation model called IMPLAN.²⁰ 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, or ripple, effects that an expenditure has as it makes its way through the economy. For example, as when individuals that Opportunity Inc. 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 four categories of impact. The first is employment, or the total number of full time equivalent jobs that are created in the regional economy through first round direct effects (*i.e.*, the jobs that are filled by individuals transitioned into employment through services provided by Opportunity Inc) and as a result of second round transactions. The second is labor income, or the salaries and wages that are associated with that total employment. The third is economic output, or the total amount of

²⁰ IMPLAN v.3 is produced by Minnesota IMPLAN Group, Inc.



regional economic activity that is generated through second round effects. The fourth is fiscal impact, or the state and local tax revenues generated as a result of this economic activity.

WIOA Enhanced Career Services and Other Grant Programs

We first look at the economic and fiscal impact associated with Opportunity Inc’s WIOA Enhanced Career Services and Other Grant Programs – those programs where Opportunity Inc 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 535 individuals exited from these programs and were placed into jobs in PY 2015.
- The average salary and total pre-tax income associated with these programs are as detailed in Table 2.
- All consumption expenditures were made within Hampton Roads.
- Economic and fiscal impact are based on a “representative year” and no attempt is made to phase placements in based on actual job start data from PY 2015.

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

- Regional Employment: In addition to the 535 full time equivalent jobs filled by individuals transitioned into employment through the Opportunity Inc. programs included in this analysis, the household expenditures made by these individuals were also responsible for supporting 126 full time equivalent jobs through second round effects, for a total regional employment impact of 661 full time equivalent jobs.
- Regional Labor Income: In addition to the \$16.0 million in labor income paid to individuals transitioned into employment through the Opportunity Inc. programs included in this analysis, the household expenditures made by these individuals were also responsible for creating \$5.5 million in additional regional labor income through second round effects, for a total regional labor income impact of \$21.5 million.
- Regional Economic Output: Second round effects from the \$16.0 million in labor income paid to individuals transitioned into employment through the Opportunity Inc. programs included in this analysis were also responsible for generating \$17.0 million in additional economic output in the region.
- Fiscal Impact: The \$16.0 million in labor income paid to individuals transitioned into employment through the Opportunity Inc. programs included in this analysis were responsible for generating \$1.0 million in additional state and local tax revenue, and



\$1.4 million in additional federal tax revenue, for a total fiscal impact of \$2.3 million (does not sum due to rounding).

Table 3: Estimated Economic Impact of Opportunity Inc.’s WIOA Enhanced Career Services and Other Grant Programs in PY 2015

	Employment	Labor Income	Output
<i>First Round Direct Economic Activity</i>	535	\$16,005,038	\$0
<i>Second Round Indirect and Induced Economic Activity</i>	126	\$5,473,859	\$0
<i>Total, Direct, Indirect, and Induced Economic Activity</i>	661	\$21,478,897	\$16,958,016
	State and Local	Federal	Total
<i>Fiscal Impact</i>	\$956,372	\$1,360,702	\$2,317,074

WIOA Enhanced Career Services and Other Grant Programs, plus Basic Career Services

In this section, PY 2015 placements from Basic Career Services are added to the placements attributable to the WIOA Enhanced Career Services and other Grant Programs. Basic Career Services have an arguably less direct impact on job placement since these services primarily involve staff-assisted direct placement, job-search workshops, and 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 702 individuals exited from these programs and found employment in PY 2015.
- The average salary and total pre-tax income associated with these programs are as detailed in Table 2.
- All consumption expenditures were made within Hampton Roads.

- Economic and fiscal impact are based on a “representative year” and no attempt is made to phase placements in based on actual job start data from PY 2015.

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

- Regional Employment: In addition to the 702 full time equivalent jobs filled by individuals transitioned into employment through services provided by Opportunity Inc, the household expenditures made by these newly employed individuals also were responsible for supporting 166 full time equivalent jobs through second round effects, for a total regional employment impact of 868 full time equivalent jobs.
- Regional Labor Income: In addition to the \$20.9 million in labor income paid to individuals transitioned into employment through services provided by Opportunity Inc, the household expenditures made by these newly employed individuals also were responsible for creating \$7.2 million in additional regional labor income through second round effects, for a total regional labor income impact of \$28.1 million.
- Regional Economic Output: Second round effects from the \$20.9 million in labor income paid to individuals transitioned into employment through the Opportunity Inc’s programs were also responsible for generating \$22.3 million in additional economic output in the region.
- Fiscal Impact: Second round effects from the \$20.9 million in labor income paid to individuals transitioned into employment through Opportunity Inc’s programs were responsible for generating \$1.3 million in additional state and local tax revenue, and \$1.8 million in additional federal tax revenue, for a total fiscal impact of \$3.0 million (does not sum due to rounding).

Table 4: Estimated Economic Impact of Opportunity Inc.’s WIOA Enhanced Career Services and other Grant Programs, plus Basic Career Services, in PY 2015

	Employment	Labor Income	Output
<i>First Round Direct Economic Activity</i>	702	\$20,927,196	\$0
<i>Second Round Indirect and Induced Economic Activity</i>	166	\$7,199,305	\$0
<i>Total, Direct, Indirect, and Induced Economic Activity</i>	868	\$28,126,501	\$22,280,433
	State and Local	Federal	Total
<i>Fiscal Impact</i>	\$1,256,529	\$1,788,829	\$3,045,358

Benefit/Cost Ratio

In PY 2014, the cost associated with the WIOA Enhanced Career Services and Grant Programs provided by Opportunity Inc. that are included in the economic impact analysis above was approximately \$4.6 million.²¹ 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 WIOA Enhanced Career Services and other Grant Programs, that benefit/cost ratio is approximately 4.7, 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 Basic Career Services as well, the benefit/cost ratio rises to approximately 6.1, indicating that the benefits are more than six times the costs required to generate them.

²¹ Data Source: Opportunity Inc.

Conclusion

Opportunity Inc. provides workforce services to the localities of Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth, Southampton, Suffolk, and Virginia Beach. Employment in these communities fell to a recession-driven low of 472,074 in the first quarter of 2011, rebounded slowly until it was stalled as a result of the federal sequester of 2013, and closed at 508,855 in the fourth quarter of 2015. Over the period as a whole, total employment in the Hampton Roads Workforce Development Area increased by 25,808 jobs or 5.3 percent, as compared to a statewide increase of 6.3 percent over the same period. In addition, regional unemployment remains above the statewide norm, coming in at 4.5 percent in June of 2016 as compared to 4.0 percent statewide. These economic trends underscore the region's need to maintain a flexible and responsive labor market, and further emphasize the importance of the workforce services that Opportunity Inc. provides.

This report has shown that the most significant economic and fiscal contribution that Opportunity Inc. made to the Hampton Roads Workforce Development Area in PY 2015 has to do with the 702 individuals that it was instrumental in transitioning into well-paying jobs. Out of that total, 508 were placed through Opportunity Inc.'s WIOA Enhanced Career Services programs (adult, dislocated worker, and youth), 27 were placed through Opportunity Inc.'s other grant programs (H-1B Healthcare Grant), and 167 found employment as a result of the direct placement and self-service job placement tools provided through the Opportunity Inc.'s WIOA Basic Career Services.

The average annual salaries associated with these 616 placements ranged from \$25,210 to \$66,061, and in combination these placements generated approximately \$20.9 million in additional household income in the region. Focusing first on the 535 placements associated with WIOA Enhanced Career Services and other Grant Programs, the total first and second round impact from those placements is estimated to be 661 full time equivalent jobs, \$21.5 million in additional regional labor income, \$17.0 million in additional regional economic output, and \$2.3 million in state, local, and federal tax revenue. If we increase the scope of workforce services to include Basic Career Services, the total first and second round economic impact associated with the resulting combined 702 placements is estimated to be 868 full time equivalent jobs, \$28.1 million in additional regional labor income, \$22.3 million in additional regional economic output, and \$3.0 million in state, local, and federal tax revenue.

Comparing these estimated benefits to the \$4.6 million in costs associated with providing these programs allows us to calculate a benefit/cost ratio. If the analysis is restricted to the WIOA Enhanced Career Services and other Grant Programs, that benefit/cost ratio is approximately 4.7, 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 Basic Career Services as well, the benefit/cost ratio rises to approximately 6.1, indicating that the benefits are more than six times the costs required to generate them.



In conclusion, in PY 2015 Opportunity Inc. made a significant contribution to the economy of Hampton Roads.

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Hampton Roads Workforce Development Board

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