CPR
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Colorado Central Planning Region
ECONOMIC IMPACT REPORT

July 1, 2016 - June 30, 2017

Report published February 2018

Background

The Colorado Central Planning Region is made up of Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Gilpin, Jefferson and Larimer counties. There are seven federally funded Workforce Development Centers that serve this region. They are:

- Adams County Workforce & Business Center
- Arapahoe/Douglas Works!
- Workforce Boulder County
- Broomfield Workforce Center
- Denver Workforce Services
- Jefferson County Business & Workforce Center
- Larimer County Workforce Center

Publicly funded Workforce Development Centers invest in human capital for economic vitality. They are an integral part of a region's infrastructure, particularly in the current tight labor market, because of their work in preparing job seekers for business-relevant employment outcomes. Customers served in PY16, which began July 1, 2016 and ended June 30, 2017, generally had more barriers to success in the labor market than customers in prior years.

Along with P-12, postsecondary educators, economic developers, chambers of commerce and other community organizations, workforce development helps key industries in the region stay competitive by ensuring an ongoing adequate supply of skilled labor.

The Workforce Development Centers in the Colorado Central Planning Region perform a variety of functions. For job seekers, services include:

- Registration in Connecting Colorado, Colorado’s statewide workforce system database
- Job referrals
- Workshops on job search, resumes and interviewing
- Career and academic assessment
- Academic remediation
- Education reengagement services/GED preparation
- Occupational training, both in traditional classroom settings and work-based
- Services for special populations

For employers, services include:

- Labor market information
- Labor market analysis
- Competitive wage analysis
- Candidate screening
- Candidate assessment
- Customized hiring events
- Posting of open positions on Connecting Colorado for recruitment

Over the past decade, local industry leaders have increasingly turned to Workforce Development Centers and other public partners to help them address critical needs. Workforce Development Centers collaborate with one another within the region to provide the best and most timely services to businesses.

Local Workforce Development Centers in the Central Planning Region have become a go-to resource for labor force expertise and analysis. Customers for such analysis include local and regional economic developers, chambers of commerce, industry and business associations, postsecondary and K-12 educators and other partners.

A number of business-led sector partnerships have been created to address critical outreach, staffing and training needs for various key industry groups along Colorado's Northern Front Range. Current sector partnerships include:

- Colorado Advanced Manufacturing Association (CAMA) Metro Manufacturing Partnership
- Denver Metro Construction Sector Partnership
- Denver Metro Technology Partnership (DMTP)
- Greater Denver Tree Care (Arborist)
- Greater Metro Denver Healthcare Partnership (GMDHP)
- Metro Denver Retail Sector Partnership
- Northern Colorado (NOCO) Health Sector Partnership
- Northern Colorado (NOCO) Manufacturing Partnership

The following pages will provide an economic and workforce development profile of Colorado's Central Planning Region, and use outcomes data to illustrate the positive impact these federal job training programs have on a region, its people and its businesses.

Economic Impact of Workforce Development in Central Planning Region (CCPR)

The method used to assess the positive impact of federally funded Workforce Development Centers is to calculate the value they add to the regional economy by comparing wage outcomes of those who used workforce centers in their job search versus wage outcomes of all hires in the region during the same period. This difference in annual wage is the value added by workforce center services, and the aggregate impact is calculated by multiplying this individual value-add by the total number of persons who were placed and were still working six months later.

This method was developed in 2011 by a group of local workforce development professionals with the help of the Colorado Department of Labor and Employment's Unemployment Insurance, Programs and Labor Market Information Divisions. The Colorado method has been peer-reviewed and shared nationally, and is in use by a growing number of Workforce Development Boards and Centers.

Workforce Development Centers in the CCPR served 124,790 people in PY16

Of these, 58,074 were successfully served and placed in jobs.

Their average annual wage was $47,904.

In the meantime, the average annual wage of all new hires in the region was $37,266.

This is an individual value-add of **$10,638** per year.

Because 58,074 people were placed, the aggregate value-add economic impact of Workforce Development Center operations was **$617.8 million in additional demand for local goods and services!**

To achieve this result, Workforce Development Centers in the Central Planning Region invested $40,451,722 in public monies.

This is a cost/benefit ratio of 15.27. In other words, for each public dollar spent, the return was $15.27 in additional worker earnings.

With an average tax burden of 11.2% for all families, this means the workforce development system in the **CCPR paid back taxpayers in just over 7 months!**

How the Additional Worker Earnings are Spent

As shown above, Workforce Development Centers in Colorado's Central Planning Region provided services that had an aggregate value in the region's economy of $617,786,519. These are new worker earnings attributable to the value of their services. But that is not the whole story.

Workers spend their earnings. To understand the value of these new worker earnings in the region's economy in business terms, we use the U.S. Bureau of Labor Statistics Consumer Expenditure Survey (CEX). Each year, businesses count on this survey to project demand for goods and services. In 2016, which is the latest year available for the CEX, we can find how people spent their after-tax income in this period.

How Value-Add Worker Earnings are Spent		
Value of Workforce Center Services in Additional Worker Earnings	$617,786,519	
Item	Percent	Additional Spending
Food & Beverages	13.4%	$82,783,394
Shelter	19.4%	$119,850,585
Housing Operations (Utilities, Furnishings, Appliances, Supplies)	13.6%	$84,018,967
Transportation	15.8%	$97,610,270
Healthcare	8.0%	$49,422,922
Entertainment	5.1%	$31,507,112
Personal Insurance & Pensions	11.9%	$73,516,596
Other Expenditures	12.8%	$79,076,674

Source: US Bureau Labor Statistics, 2016 Consumer Expenditure Survey

This table shows the additional demand for goods and services in the region that are attributable to the value added by Workforce Center services as measured by additional worker earnings.

Summary

- The value added to the region's economy by its federally funded Workforce Development Centers is measured using the Colorado method, which was developed in 2011 and has been nationally peer-reviewed.
- The Colorado method measures the difference between the average annual wages earned by people using workforce centers versus the average annual wage of all new hires in the region.
- This difference is the value added for each individual served by the Workforce Development Centers.
- The total value added by workforce centers is then measured by the number of people placed in work, and still working six months later times the individual value-add.
- This total value is the economic impact of federally funded workforce development in the region.
- In the Colorado Central Planning Region during Program Year 2016, which began July 1, 2016 and ended June 30, 2017:
    - The region's federally funded Workforce Development Centers served 124,790 job seekers.
    - Of these, 58,074 were placed in jobs and were still working six months later.
    - The average annual wage of these 58,074 is estimated at $47,904.
    - The average annual wage for all new hires in the region during the same time period was $37,266.
    - This means that the value added by workforce center services is an additional $10,638 annually for each person placed.
    - The total value added by the Region's Workforce Development Centers ($10,638 X 58,074) was $617.8 million in new worker earnings.
- To achieve this result, Workforce Development Centers in the region invested $40,451,722 in public monies.
- So, for each $1 public dollar spent, the return was $15.27 in new worker earnings.
- Since the average federal income tax burden for all families in the 2016 CEX was 11.2%, this means that Workforce Development Centers in the Colorado Central Planning Region paid back federal taxpayers in just under 7 months.

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Conclusion

Economic Impact of Workforce Development Centers

Workforce Development Centers create a significant positive impact. Because of their focus on business-relevant employment outcomes, their operations and processes create additional worker earnings that reflect the value of the services they offer, in the last program year adding $617.8 million in new worker earnings to the regional economy while paying back U.S. taxpayers in just over 7 months.

In addition to this economic value, leaders in the workforce development system have, over the last decade, become valued partners in helping leaders in key industries address ongoing workforce development needs. Their ability to profile key industries, and provide in-depth labor force analysis has helped policy makers, business leaders, economic developers, educators and other stakeholders with the information needed to create strategies to ensure continued economic vitality.

With historically low unemployment, a fully functioning and well-funded public workforce development system continues to be a vital ingredient in the regional economy's continued expansion and prosperity. Workforce development is specifically designed to address the needs of job seekers in both the general and in special populations. In an environment where employers are finding it increasingly difficult to find skilled workers, a mechanism is needed to prepare underutilized populations with business-relevant skills. The Workforce Development System in the Colorado Central Planning Region fulfills this need.

Leaders in the region's key industry groups have clearly recognized the need to work cooperatively to address critical labor force needs, but are focused on their core business. This means that the convening role taken by the Workforce Development System has provided the regional economy a cooperative platform which addresses these vital competitive needs. The sector partnerships that exist in varying stages of development provide a proven way for business leaders to keep their companies and industries competitive.

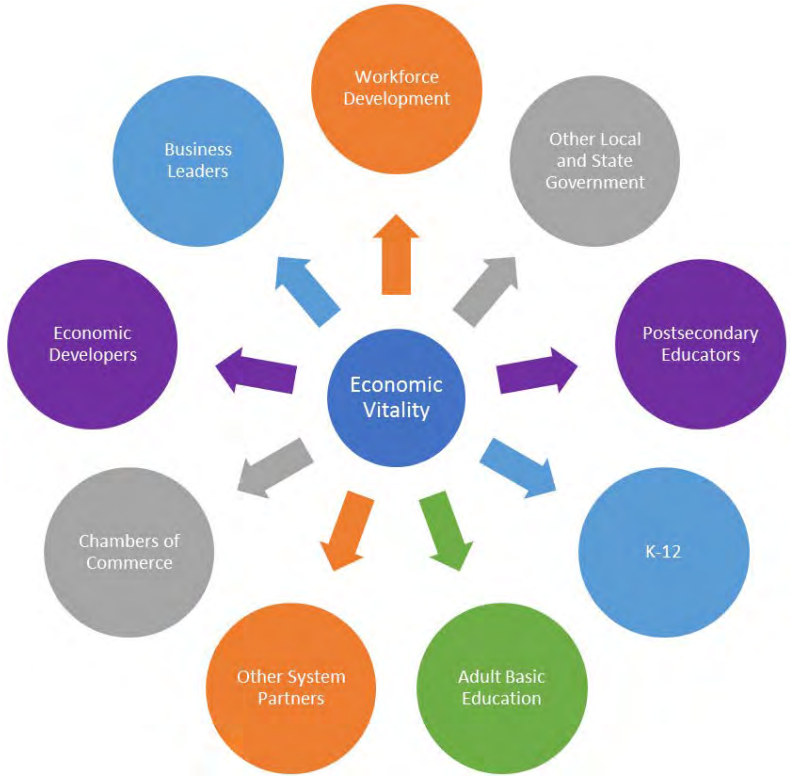
Mature sector partnerships, such as the Greater Metro Denver Healthcare Partnership (GMDHP), for example, have been recognized and replicated nationally. The Colorado Urban Workforce Alliance (CUWA), which represents and is funded by a number of local Workforce Development areas, has been very successful in its convening role in the GMDHP. Other sector partnerships are evolving as the workforce development system conveners respond to the businesses leading them.

Workforce Development is Integral to Economic Vitality

One of the things that makes Colorado, and the Central Planning Region, unique, is our ability to work together to address issues and get things done. Many of the issues outlined above have been partisan issues. Now, because of the increasing acuteness of the labor shortage, leaders along the Front Range must come together and strategize real solutions.

When we look at the economic development history of the region, we see that visionaries have created the groundwork for today's regional economic prosperity. It is also increasingly apparent that current leaders must come together to grapple with issues affecting economic vitality and set new visions for the future that provide solutions for these issues.

At this point, the region's rapid economic growth has outstripped much of the infrastructure. In order to continue the economic growth and prosperity to which we have become accustomed in the region, we must work out strategies that take transportation, affordable housing, affordable and accessible postsecondary training opportunities, childcare and other quality of life issues into account.



Now, because of the increasing acuteness of the labor shortage, leaders along the Front Range must come together and strategize real solutions that take transportation, affordable housing, access and affordability of business-relevant training, and other quality of life issues into account.

Methodology for Economic Impact Calculations Used in this Report

Economic impact of workforce center operations is determined using a model that compares wage outcomes from workforce centers with the average wage of all new hires in the region, with the positive difference attributed as value added by workforce center services.

Internal data on workforce center outcomes, known as Common Measures, include average earnings, number served, and number placed in employment and still working six months later. This data is extracted from Connecting Colorado, which is the statewide database serving workforce development system in Colorado.

Data on average wage for all new hires in the region comes from the US Census Longitudinal Employer-Household Dynamics Quarterly Workforce Indicators (LEHD QWI) database using the same geography and same timeframe as the workforce center wage outcome data.

Employment outcome and wage data for this report uses the one-year time period beginning with the second quarter of 2015 and ending with the first quarter of 2016.

Both average wage data reported by Workforce Development Centers and the new hire data obtained from LEHD QWI originate with wage data reported by social security number to the Colorado Department of Labor and Employment's Unemployment Insurance Division by the local businesses who hired them. This wage data flows into Connecting Colorado as 'average earnings' and to the U.S. Census Bureau LEHD QWI group as part of statutory and intergovernmental agreements between Colorado and the federal government.

The Common Measures average earnings are annualized under the assumption that average earnings equal .376712329 of a full year's earnings. This assumption is based on the statutory definition of 'average earnings' and the experience of stakeholders in local workforce centers as well as the Colorado Department of Labor and Employment Programs Division.

The value of workforce center services to individuals served by them is determined by subtracting the average annual wage for all new hires in the geographic area from the annualized average earnings of those placed by the region's Workforce Development Centers in unsubsidized employment and still working six months later.

The aggregate value-add for Workforce Development Center services, or economic impact, is calculated by multiplying this individual value-add times the total number placed and still working six months later.

The cost/benefit ratio is computed by dividing the total public monies invested by the region's Workforce Development Centers into the aggregate value-add new worker earnings.

The number of months to pay back taxpayers is calculated using the latest U.S. Bureau of Labor Statistics Consumer Expenditure Survey (CEX) federal income tax burden, expressed as a percent of total earnings, for all families.

The total economic impact of the seven Workforce Development Centers that serve the Colorado Central Planning Region was determined with the above methodology using data aggregated from the sources mentioned above.

This methodology was developed in 2011 by a group of local workforce development professionals with the help of the Colorado Department of Labor and Employment UI, Programs and LMI Divisions. It has been peer-reviewed and disseminated nationally through the National Association of Workforce Boards, the National Association of Workforce Development Professionals, and the Council for Community & Economic Research (C2ER).

Reports done by each of the seven Workforce Development Areas may differ slightly in methodology due to local differences in service delivery.

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