



News Release

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Arapahoe/Douglas Works! releases first-ever economic impact report *Job placement assistance creates ripple effect on regional earnings and sales*

Greenwood Village, Colo. --- The metro-Denver region has benefited from millions of dollars in increased consumer spending and business earnings resulting from job placements made by Arapahoe/Douglas Works!, according to the workforce center's first-ever economic impact report.

"Economic Impact of Workforce Center Operations," a report prepared at the request of the Arapahoe/Douglas Works! Workforce Investment Board, was the first effort by the workforce center to assess the impacts that its federally-funded employment assistance services have on the local economy. The study also makes innovative strides to calculate the return on public investment for those services, comparing economic benefits against the cost of offering services and public assistance benefits to customers who then found gainful employment.

"Arapahoe/Douglas Works! has been a national leader in evaluating its effectiveness at helping citizens find and retain jobs," said Arapahoe County Commissioner Jim Dyer. "However, this report takes that analysis to a whole new level—one that few other workforce centers in the country have attempted— by looking at how those job placements create a ripple effect on key regional economic indicators."

The study addressed the impact Arapahoe/Douglas Works! had on the Denver-Aurora Metropolitan Area, including the counties of Denver, Arapahoe, Jefferson, Adams, Douglas, and Broomfield.

In addition to looking at the metro-area as a whole, the study evaluated the specific impact of adding jobs in the region's high-growth industry sectors, identified by the WIB to be biosciences, health care, aerospace, aviation, homeland security, information technology, finance and renewable energy.

"When a job is added in a high-growth sector, we see the benefit to the various support industries like banks, the post office, real estate and even local government," said Kevin Hougen, chair of the Workforce Investment Board and president of the Aurora Chamber of Commerce. "That is why it's so important for the workforce development system to understand and support those sectors' workforce needs, to help the region become increasingly competitive in a global economy."

Economic Modeling

Between July 1, 2008 and June 30, 2009, Arapahoe/Douglas Works! provided intensive job-search and training services to 15,431 people, and can be credited with placing 3,768 individuals in jobs.

For its study, the workforce center ran that list of jobs, categorized by industry and occupation, in an economic input-output model developed by Idaho-based Economic Modeling Specialists, Inc. The model uses known economic relationships between industries, supplied by the U.S. Bureau of Economic Analysis, to determine the effect that adding a job in one industry might have on other industries within the region. It also determines the effect of those placements in terms of multiplying regional earnings and sales.

“The multiplier concept says that by filling new positions, a business can serve more customers, which equates to increased sales and earnings,” said Arapahoe/Douglas Works! workforce economist Patrick Holwell, who conducted the study. “These earnings are distributed into the community through wages, which are used by the earners to buy goods and services. This causes jobs to be added in other support industries.”

Following are the outcomes of the study:

Job Growth: Because of the overall quality of placements, the Jobs Multiplier for the study was 1.91. This means that the original 3,769 placements credited to Arapahoe/Douglas Works! spurred the addition of 3,439 new jobs in other industries throughout the region, with a total of 7,208 persons employed.

Sales: The sales multiplier for the study was 1.79. By helping 7,208 people find employment, Arapahoe/Douglas Works! supported \$1,209,153,159 in adjusted regional sales.

Business Earnings: The sales multiplier for the study was 1.81. Those 7,208 job placements supported \$675,504,558 in adjusted regional business earnings.

Cost Per Placement: Total operating costs in PY 2008 for Arapahoe/Douglas Works! was \$8,555,997. This means a public investment of \$1,187 per person gaining employment.

Return on Investment: To determine to the overall return on investment of the publicly-funded system, it was not sufficient to merely look at the workforce center’s operating costs. The study also considered \$86 million in other public costs, such as the average unemployment, welfare and food assistance benefits paid to job-seeking customers. Even when carrying those public costs over eleven times its yearly budget, Arapahoe/Douglas Works! yielded a return on each dollar of public investment of \$7.16 in increased regional business earnings, and \$12.82 in increased regional business sales in the Denver-Aurora Metro Area.

High-Growth Sectors: Aggregate business earnings rose by over \$270 million and aggregate sales by over \$484 million for these targeted industries as a result of the employment and training outcomes of Arapahoe/Douglas Works! in program year 2008.

“Given that this study reflects only the results from one of seven federally-designated workforce regions in the Denver metro-area, I think it’s safe to say that the contribution of the public workforce system as a whole to Colorado’s economic vitality should not be understated,” said Joe Barela, Arapahoe/Douglas Works! Division Manager.

The report includes contributions from representatives of Arapahoe/Douglas Works!, the Colorado Department of Labor and Employment, University of Colorado at Boulder LEEDS School of Business, Economic Modeling Specialists, Inc., Innovation Economics, Market Views, LLC, Workforce Board of Metro Denver, and Arapahoe County government.

To view a copy of the study, please visit www.adworks.org and click on “Economic Impact of Workforce Center Operations” under “Workforce Trends” on the home page.

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