

Trickle Up:

A Case Study on
Community Benefits of
Workforce Development



Northern
Virginia
Family
Service

A Publication of
Northern Virginia Family Service

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Executive Summary

"Trickle Up: A Case Study on Community Benefits of Workforce Development" shows how one high-performing workforce development initiative, Northern Virginia Family Service's Training Futures program, has led to a steady flow of benefits back to the community that embraced this program. Over three-fourths of Training Futures graduates successfully reach the mainstream of America's economic life. The impact of their success trickles up to benefit taxpayers, the regional economy, and local employers.

A high-performing workforce development program like NVFS Training Futures succeeds in propelling low-income families into the economic mainstream.

The majority of Training Futures' adult trainees are stuck in dead-end retail and service jobs that pay an average wage of \$7.96 an hour with no benefits. Since two-thirds of these trainees are parents supporting children, most are struggling to raise families on an annual income of \$16,000.

Training Futures graduates reported that their earnings increased by an average of 75% — compared to jobs immediately prior to enrolling at Training Futures. Instead of annual incomes of \$16,000 before Training Futures, they now earn an average of \$28,000. The average salaries of those who graduated at least two years ago have doubled to \$32,000. Nearly 400 employed Training Futures graduates from the past 6 years will earn \$4.6 million more for their

families in 2003 than they would have earned if they had remained in the same low-wage jobs prior to Training Futures.

Training Futures benefits taxpayers by rapidly converting public assistance recipients into community contributors.

Taxpayers will save \$138,000 in public assistance payments in the year 2003 alone, as the 2002 graduating classes moved off public assistance and onto private payrolls.

During Training Futures' 7-year history, 189 Northern Virginia residents who reported receiving public assistance payments when they entered Training Futures have graduated. As a result, government agencies have reduced public assistance payments by \$663,000, while these former public assistance recipients have achieved their dream of getting and keeping good jobs at good wages.

Moreover, Training Futures' nearly 400 successful graduates will contribute an estimated \$1.6 million back to public agencies in 2003 from increased payroll, income, real estate and sales tax revenues that trickle back into public coffers.

The success of Training Futures graduates also benefits the regional economy.

Only 8% of trainees owned their own homes before starting Training Futures. Now, 33% of graduates own homes. Approximately 126 families have leveraged higher incomes after graduating from Training Futures to

purchase homes. These graduates now account for over \$20 million in home mortgages.

“Living poor in America
slowly beats your
dreams down.
I came to Training
Futures to lift my
dreams back up.”

Local merchants will realize an estimated \$1.6 million in additional sales of products in 2003 purchased by Training Futures graduates with their \$4.6 million in increased consumer spending power. Employers also benefit. Companies that sponsor two-week internships for Training Futures participants receive free administrative assistance worth

\$65,000 per year, and reap even greater benefits when they hire well-trained Training Futures graduates for full-time jobs.

The bottom line: Taxpayers actually earn a “profit” on public money invested in successful workforce development programs like Training Futures. Public funding of \$459,000* for Training Futures in 2003 will generate a return of all of this original funding back to public agencies within two years, plus an \$86,000 surplus. Within two years, public investment in Training Futures generates an 18% return, a rate of return higher than most individual investors earn on their stockmarket mutual funds.

“Living poor in America slowly beats your dreams down. I came to Training Futures to lift my dreams back up,” said one recent Training Futures enrollee when she started the program. When communities lend a helping hand to lift up those who have stumbled or are stuck, we are all lifted up by this collective act of grace.

Introduction

About Northern Virginia Family Service (NVFS)

Our mission is “to empower individuals and families to improve their quality of life, and to promote community cooperation and support in responding to family needs”. NVFS is a private, non-profit human service organization dedicated to helping individuals and families find new paths to self-reliance and brighter futures. Northern Virginia Family Service offers a constellation of inter-related programs that provide life-changing opportunities for those most in need. For more information about Northern Virginia Family Service, call (703) 385-3267 or visit our website at www.nvfs.org.

About NVFS Training Futures

Training Futures is a training program of Northern Virginia Family Service that brings together low-income Northern Virginia adults who yearn for a better life for their families through better jobs, and area businesses that need technology-savvy administrative staff. Through its 22-week training design, Training Futures prepares graduates for a variety of entry-level office jobs, including administrative assistant, customer service, receptionist, accounting clerk, and data entry, giving graduates maximum flexibility and marketability.

Training Futures differs from many workforce development programs in several ways. Through numerous curriculum components, the program provides opportunities for

trainees transform their self-image from one of limitation to one of unlimited possibilities. Through NVFS' comprehensive services, trainees have access to numerous NVFS support services to address non-skill barriers to success, such as counseling, case management, professional clothing, and transportation. Training Futures' partnership with Northern Virginia Community College enables its graduates to achieve 7 college credits to give them a head start on a college degree. These unique program features combine to produce outcomes that place Training Futures among the top-performing community-based workforce development programs in the country. Around 140 trainees enroll in our two sites in Northern Virginia each year. Around 85-90% of trainees will graduate from the program. Of these graduates, 85-90% will secure new, full-time career-track administrative jobs with benefits, immediately raising their families' annual income by over \$5,000. For more information about NVFS Training Futures, call (703) 913-5478.

About this Publication

This publication was developed following a Spring 2003 survey of Training Futures graduates completed by Virginia Commonwealth University graduate student Kerry Becker. The results of this survey generated much of the data on long-term outcomes of Training Futures graduates, such as increased earnings, career advancement, and home ownership. Other data sources include analysis of

data in Training Futures' 600 historical case files, and ongoing employment and wage outcomes continuously tracked by Training Futures staff. Training Futures offers a companion source notes document that provides

a detailed description of the sources and calculations for all data claims within this publication. To obtain a copy of the Source Notes on data findings in this report, contact NVFS Training Futures at (703) 913-5478.

Propelling Families into the Economic Mainstream

If a rising economic tide lifts all boats, then participants at Training Futures arrive in boats stuck on a sandbar or trapped in shallow eddies. Bypassed by the might of America's economic power, most trainees are barely afloat, struggling to keep their heads above water as they enter Training Futures.

Who are these trainees – our neighbors here in Northern Virginia?

Working Poor

The majority of trainees are stuck in dead-end retail, service and manual labor jobs paying an average wage of \$7.96 an hour with no benefits. Since two-thirds of these trainees are supporting children, they are trying to raise families with an annual income of \$16,000. Many of these family breadwinners wake up every day knowing they may be just one missed paycheck from receiving an eviction notice. Without upgrading their skills for new jobs, these working poor among us can remain stuck for years living on the edge of homelessness.

Recent Immigrants

Roughly half of Training Futures participants, overlapping with other trainee groups, are legal immigrants who came to America in search of the American dream, just as nearly all Americans' ancestors did. Many left solid careers in their home countries as medical practitioners, lawyers, public servants or journalists. They found, to their dis-

may, that their credentials were not accepted in the U.S and they often lack computer skills. Left with no alternative, they join the ranks of the working poor and often become stuck for years. At Training Futures, they hope to revive the American dream that guided them here.

Dislocated Workers and Unemployed

Another 20-30% are unemployed adults. Many of them were laid off from businesses shedding workers — airlines, hotels, retailers, and telecommunications companies. They arrive at Training Futures with their confidence shaken, but with hopes of converting their misfortune into new opportunity. They embark on forging a more secure career by mastering a complete package of office administration skills.

Young Career-Starters

A few are young people in their late teens and early 20s who know they can do better than remaining in minimum-wage jobs. Some are single parents. But with only a high school education, they lack the skills, experience, and credentials to launch themselves onto a career track. They see Training Futures as their launching pad for an office management or IT career, especially now that Training Futures graduates receive college credit from Northern Virginia Community College.

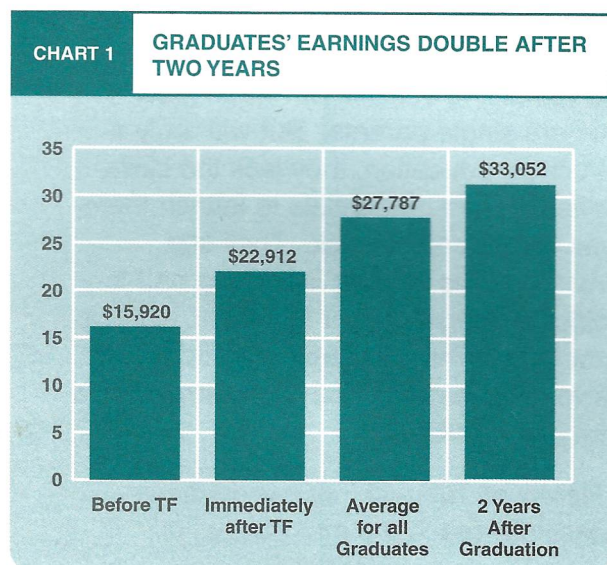
Nearly all Training Futures graduates successfully reach the mainstream of

America's economic prosperity. On average, 85-90% of graduates quickly secure an entry-level job in office administration. **They immediately raise their earnings by 35% or more.** In 2002-2003, 109 Training Futures graduates increased their annual earnings by \$6,000 (37%) with their first new office job.

What then? Do graduates remain employed? Training Futures' survey demonstrates that most of them rapidly accelerate their career progress following their first jobs.

- 88% now work in office administration jobs
- 75% increase their salary
- 53% receive promotions

Training Futures graduates report that their current earnings increased by 75%. Instead of the \$16,000 they earned before Training Futures, they now earn an average of \$28,000. **For those who graduated at least two years ago, their average salary has now doubled to \$33,000.** Training Futures graduates quickly advance from working poor to middle class, and move forward to realize their dreams.



What is the economic impact for Northern Virginia? Through 2002, Training Futures lifted nearly 400 families out of poverty or near-poverty. The cumulative effect of employed graduates' increased earnings is eye-popping. Comparing average pre-training wages and current earnings for full-time, employed graduates, **the projected increased earnings for these graduates this year is \$4.6 million.** In other words, through skills training, new jobs, and rapid career advancement, these **400 formerly poor families will earn \$4.6 million more this year than they would have made if they remained stuck in the same low-wage jobs they had before Training Futures.** Most of these additional earnings flow into the region's economy when these graduates purchase homes, computers, cars and other goods from Northern Virginia businesses.

Improving the Lives of Children through Workforce Development

Through 2002, an estimated 624 children of low-income families benefited when their parents graduated Training Futures and launched new office careers. Training Futures clearly reduces the number of children who lack health insurance. Prior to enrolling in Training Futures, only 24% of trainees with children had access to employer-sponsored health insurance for their dependents. **After these trainees won new jobs, the children covered by employer-sponsored health insurance tripled to 73%.** An estimated 305 children in Northern Virginia now have access to employer-sponsored health insurance who lacked this coverage before. Over half (58%) of Training Futures graduates with children say that they are more likely to have regular check-ups for their children. Another 20% of graduates can now access employer-sponsored child-care benefits from their employer. 56% say that they are more involved with their chil-

dren's schoolwork than before. One Training Futures graduate proudly described how her new career has benefited her child: "Every morning I am happy to wake up and go to

work...I enjoy spending for myself, my son and husband. I even save each month. Now I provide the best health care and dental care to my family through my employer."

An Inspiring Story from One Training Futures Graduate

Keeping a Promise to Myself

I was raised in a home of emotional and psychological abuse. You see, my parents are alcoholics, but I survived. At the age of 16, I got pregnant and married my next abuser. I gained the courage to leave after the birth of my 3rd child. I became a hairdresser and survived as long as I could. I realized that to get a decent job I would have to learn office skills. I made a promise to myself that I would go back to school one day. I am here today at this graduation of Training Futures keeping that promise to myself. I faced many personal adversities while at Training Futures. But I survived each and every one with the support and tremendous caring from each staff member as well as all my fellow trainees. I was in a city of Angels...They have instilled and reconfirmed my hunger to achieve and be a success."

Before this graduate enrolled in Training Futures, she made \$7 an hour to support her children. In her current job, she now earns 2 1/2 times that amount for her family, \$35,500. When she first applied at Training Futures, she wrote this definition of success: "Simple, when my children look at me with pride. When they learn by my example of hard work, patience, and my will-to-achieve a better life and follow my example and achieve a successful life also". By completing Training Futures and transforming her life, she has not only kept a promise to herself, but she also extended this commitment to her three children.

Transitioning from Public Assistance to Community Contributors

When new trainees arrive at Training Futures, 31% rely on some form of public assistance to help support their families. Public assistance takes many forms, including TANF (Temporary Assistance to Needy Families), food stamps, housing subsidies, social security disability benefits, child care subsidies, and Medicaid.

Most of these trainees are single mothers, including some whom are divorced or widowed. These women struggle to support their children independently in low-skill, low-wage jobs. Many of them report a history of abuse that has deeply shaken their lives. In order to become self-sufficient, these trainees need to believe in themselves again and upgrade their skills for higher-paying jobs.

Others are dislocated or unemployed adults who also qualify for public assistance such as food stamps and housing assistance to sustain their families while they get back on their feet. They enroll at Training Futures to acquire skills needed to transition into new, more stable careers in office administration.

Public Assistance Savings Resulting from Training Futures

Success at Training Futures dramatically lowers public assistance payments when these trainees graduate and secure long-term employment. In 2002, 48 graduates who received public support represented a

total public outlay of taxpayer-funded assistance of \$177,000 for the year. Based on Training Futures graduates' typical success rate, **taxpayers can expect to save \$138,000 in public assistance payments in 2003 after the 2002 graduating classes succeeded in transitioning from public assistance to private payrolls.** Since over 3/4 of Training Futures graduates flourish in their new careers, never to return to public assistance, an investment in Training Futures represents even greater long-term savings in public assistance payments. As the chart below shows, these savings are most pronounced in Fairfax County, Virginia, where 2/3 of Training Futures' participants reside.

CHART 2 FAIRFAX COUNTY PUBLIC ASSISTANCE SAVINGS		
2003	22 Fairfax County graduates receive public assistance	\$145,656 annualized cost
2004	17 of these graduates get and keep new jobs	\$113,611 in public assistance cost savings

Over Training Futures' 7-year history, this program has graduated a total of 189 Northern Virginia residents who reported receiving public assistance payments upon entering Training Futures. As the following chart shows, **public agencies have reduced public assistance payments by a cumulative total of \$663,000** after these former public assistance recipients succeed-

ed in achieving their dream of getting and keeping good jobs at good wages.

CHART 3

ACCUMULATING SAVINGS IN PUBLIC ASSISTANCE PAYMENTS

Year	Number of Graduates	Savings in Public Assistance Payments
1998	17	\$80,000
1999	30	\$78,000
2000	24	\$88,000
2001	14	\$54,000
2002	26	\$77,000
2003	48	\$138,000 *
2004	30	\$148,000 *
TOTAL	189	\$663,000

** In 2002, Training Futures graduated its first class from a newly-opened training site, doubling subsequent years' savings in public assistance payments.*

New Community Contributions from Training Futures Graduates

The benefit to taxpayers does not end with the reduction in public assistance payments. When these graduates begin working and increasing their incomes, they rapidly transition to **community contributors** in the form of additional payroll, income, real estate and sales taxes. With 7 years of graduates who continue to succeed in raising their incomes, the cumulative community contributions of these 400 graduates adds up to significant sums.

Payroll Taxes: The average employed graduate generates \$1,898/year in additional payroll tax payments compared to payroll taxes on pre-Training Futures wages. In aggregate, employed Training Futures graduates over the past seven years are responsible for \$736,000 in additional payroll tax payments in 2003.

Income Taxes: When Training Futures

graduates increase wages, they also contribute more in Federal and state income taxes. These same graduates contribute an estimated \$598,000 in additional Federal and state income taxes in 2003.

Real Estate Taxes: When Training Futures graduates purchase homes, as over 100 have done since graduating, (see the section of this report entitled "Boomerang Effect: Workforce Development Contributions to Economic Development"), these new homeowners contribute an additional \$292,000 per year in property taxes.

Sales Taxes: Successful graduates also contribute when they pay taxes on additional spending for their families. Assuming that 1/3 of their additional income is spent on products that trigger local sales taxes (groceries, clothes, consumer goods, utilities, telephone, etc.), these graduates also contribute an additional \$72,000 regionally in Virginia sales taxes.

Combining the aggregate amounts for all of these forms of community contributions, **Training Futures' nearly 400 successful graduates will contribute over \$1.6 million back to the community in 2003 in the form of increased taxes on additional earnings and consumption that trickles back into public coffers.**

Return on Investment for Taxpayers

How do all of these returns compare to the initial public sector investment? Training Futures receives multiple forms of public sector investment, including local county contracts, regional funding from the state of Virginia, and individual training account (ITA) payments under the Federal Workforce Investment Act. Together, these public funding sources comprise approximately 75% of Training Futures revenues. The chart below itemizes the two-year return on the total public sector investment in Training Futures for 2003.

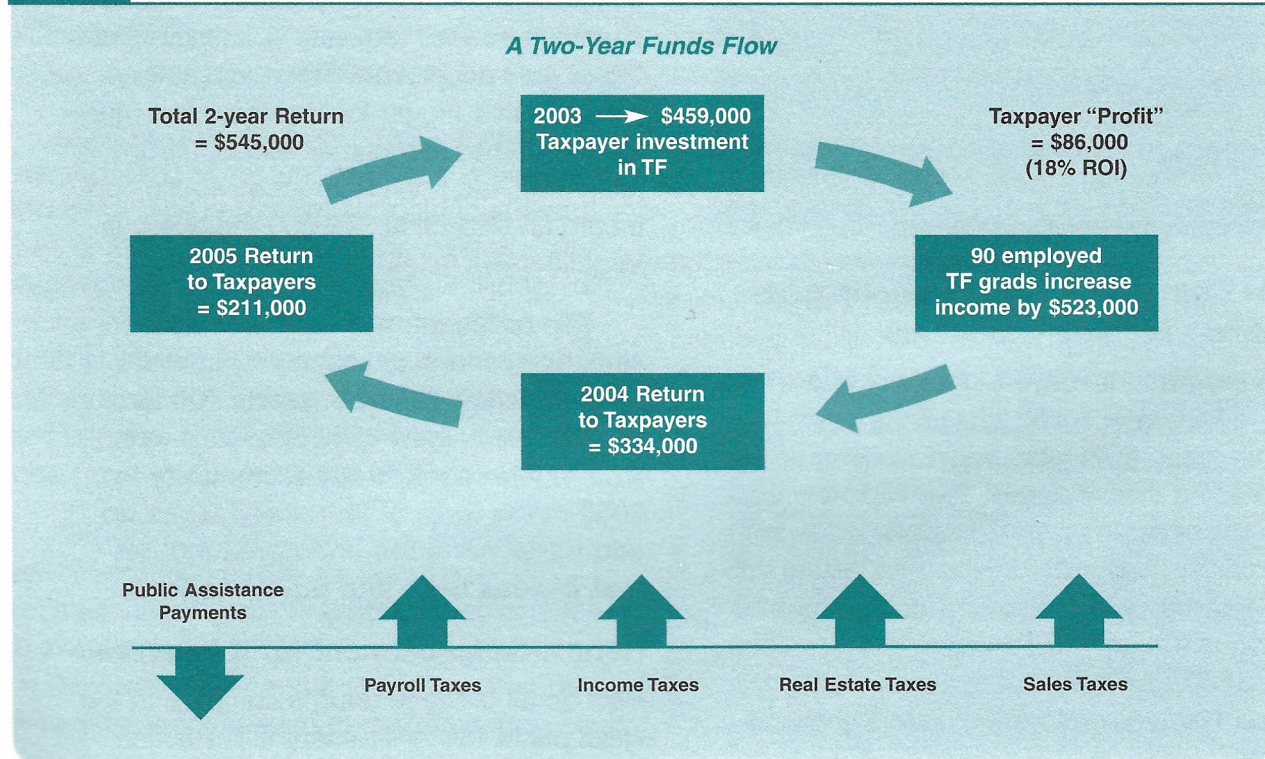
The chart below shows that the first-year public sector return from Training Futures produces a first-year return equivalent to 75% of the original investment amount. In the second year, the return on the original investment swings from a net cost to a surplus of \$86,000. In other words, because an investment in workforce development pays back continuing dividends to taxpayers over numerous years, taxpayers achieve a net return in public dollars. For Training Futures,

taxpayers' ROI after two years is equivalent to a 9% annual return on taxpayers' original investment.

Within two years public agencies not only generate an 18% "profit" for public finances from Training Futures, but also achieve an extraordinary social benefit by increasing private sector earnings by over \$1 M for more than 100 low-income families.

CHART 4

HOW TAXPAYERS "PROFIT" ON INVESTMENT IN TRAINING FUTURES



Lessons for Living

One recent graduate from September 2002, a former recipient of food stamps and homeless intervention housing subsidies, summarized her success story in responding to the Training Futures graduate survey. "Training Futures taught me "lessons" for living, not just practical office skills. It emphasized life skills like time management, interpersonal communication, and overcoming obstacles to achieve goals. TF for me was strict yet supportive. Before TF I was on food stamps, housing aid and in a bad relationship. Now I have a new car, a new job I love, and positive people in my life. Thank you all."

Before, she received \$700 per month in public assistance to support her two teenagers, and earned what she could working in a retail job at \$7.00/hour. She wrote the above story 7 months after graduating, and reported that she now makes \$12.05 per hour, a 72% increase in her wages. This rapid increase in her earnings resulted in public assistance savings of \$8,400/year from this one family.

One Story of Transitioning from Welfare-to-Work

"I started Training Futures as a single, unemployed parent, receiving public assistance, and living in low-income housing. One month into the program, I went to my social worker [to tell her that] I was attending this program. She tried to make me attend the state's program and she even canceled my benefits. I was then totally lost: no money, no medical benefits, no child care and no food stamps for myself or my 2 year old daughter. But...I still wanted to stick with Training Futures...I wanted to give up many days, but I told myself, "hang in there." The day when it was time for everyone to get their internship assignment, I was handed my card and on it I read "The United States House of Representatives, Committee on Ways and Means". I went on the internship thinking I CAN DO IT. My second week into my internship I was offered the job as staff assistant for the committee. And now I am currently a staff assistant...working 40 hours per week with full benefits for myself and my 2 year old daughter, making a salary in the high 20's...Thanks to Training Futures, I have been off welfare for one year this February."

[Speech from a 1998 Training Futures graduate]

Boomerang Effect: Workforce Contributions to Economic Development

When public agencies, volunteers, individual donors, and corporations invest time and resources in a workforce development program like the Northern Virginia community has invested in Training Futures, this investment benefits the overall regional economy. Nowhere is this boomerang effect more dramatic than in the housing sector.

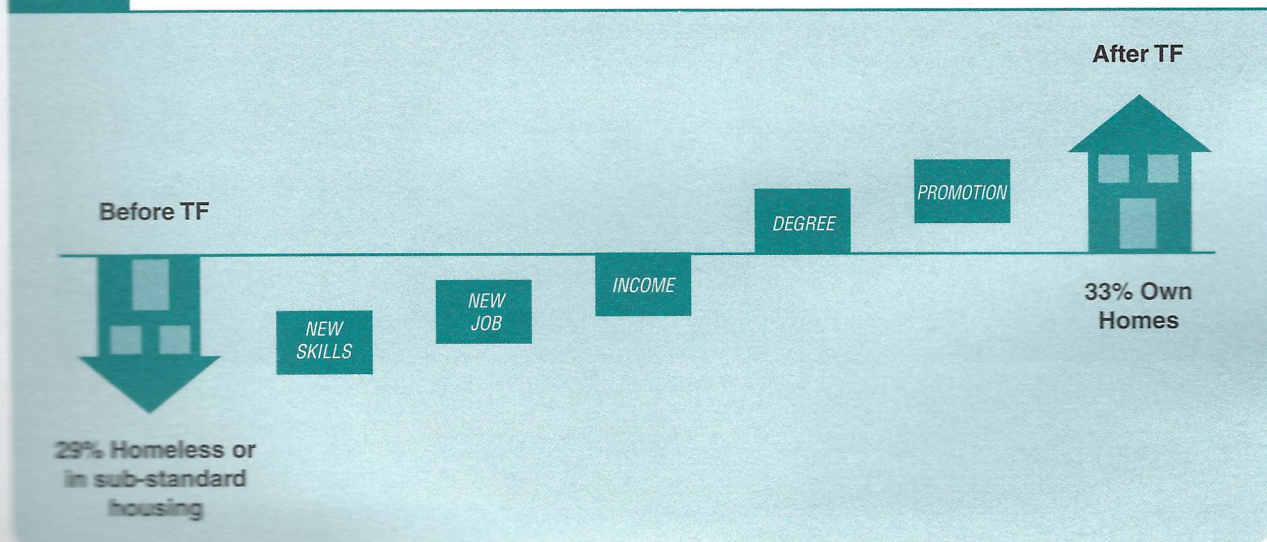
Living on the Edge of Homelessness

Around 16% of trainees who arrive at Training Futures report they live in a homeless shelter or reside in transitional housing. Another 13% live in subsidized housing. Many other trainees live precariously on the edge of homelessness. With little or no sav-

ings to cushion a blow, they are just one or two missed paychecks away from eviction. By aggregating trainees who were homeless, or living in transitional or subsidized housing, Training Futures enrolled an estimated 48 trainees in 2002-2003 whose families are part of the severe shortage of low-income housing in the Northern Virginia region.

Training Futures' survey, however, showed a substantial turnaround in the housing situation of graduating trainees. Even though many of the survey respondents were recent graduates who were still transitioning out of their previous housing situation, 62% of those who were previously homeless or living in transitional housing had moved into more stable living situations.

CHART 5 THE PATH FROM HOMELESSNESS TO HOME OWNERSHIP



By aggregating all of those living in shelters, transitional or subsidized housing, **Training Futures helps an estimated 27 families each year move up into mainstream housing** after trainees graduate and win new jobs. These results demonstrate the impact of this single workforce development program on the low-income housing crunch in Northern Virginia.

How Dreams Coming True Lifts the Regional Economy

The most dramatic improvements in housing for Training Futures graduates were the gains in homeownership. Before Training Futures, only 8% of trainees owned their own homes. At the time of the survey, 33% of graduates owned their own homes. **As a result of higher incomes achieved following Training Futures, 25% of graduates will realize their dreams by purchasing their own homes.**

By realizing their dreams, these trainees contributed in significant ways to the housing sector of the region's economy. Assuming that this survey sample is representative of all graduates, **126 families have leveraged their higher incomes after graduating from Training Futures to purchase their own homes.** Even if they purchased lower-priced homes averaging \$200,000, these 126 families account for \$21 Million in new home mortgages. When these new home buyers take out mortgages and purchase new homes, many area businesses prosper, including banks, builders, home inspectors, home building suppliers, and many more. Real estate taxes paid by these new homeowners now contribute an estimated \$292,000 per year in revenues to finance public education, public safety, road building and other regional public infrastructure.

“ As a result of higher incomes achieved... 25% of graduates will realize their dreams by purchasing their own homes. ”

In addition to the housing sector, many other sectors of our economy stand to gain when low-income neighbors succeed in improving skills and family income through workforce development programs like Training Futures. Consider these estimates based on Training Futures' survey results:

- 11% of graduates purchased vehicles after Training Futures, resulting in \$500,000 in vehicle purchases over the past 6 years.
Beneficiaries: car dealers, banks, auto repair shops, gas station owners.
- 33% of graduates purchased a computer and signed up for home internet service after Training Futures, resulting in \$150,000 in new computer sales over the past 6 years and bridging the digital divide for 263 children.
Beneficiaries: computer hardware retailers, software suppliers, internet service providers.

Overall, local merchants benefit when low-income neighbors succeed. Of the \$4.6 million in increased income, **local merchants this year will ring up an estimated \$1.6 million in additional sales of products purchased by Training Futures graduates with additional consumer spending power.**

Summary Conclusions

The dreams and hopes of those working poor living among us in suburban America are all of our dreams, too. "Training Futures allowed me to change careers. Otherwise, I was headed nowhere as a waitress with no health or any other benefits. Had I not gone to TF, I would end up an old woman in a dead end job with no benefits. Now, I feel like I have a life. I'm growing and climbing instead of struggling and suffering. A complete turnaround."

When neighbors like this Training Futures graduate achieve their dreams, their success

flows back to the community in real and tangible ways as reported in this publication. Training Futures' results published in this Northern Virginia Family Service publication are a witness to dreams fulfilled and made visible. But it is those very dreams and hopes — The American dream of educational opportunity, economic opportunity, and home ownership — that are the engines of our region's economic vitality. NVFS Training Futures is proud to have helped so many dreams come true.

Acknowledgements

The publication is dedicated to two special groups of people. First, to Training Futures volunteers and staff who's collective commitment to our trainees' success have helped over 500 graduates and their families transform their lives. Also, to Training Futures graduates who have inspired us by overcoming numerous obstacles to achieve their dreams. The results portrayed in this publication are a legacy of this mutual commitment to one other.

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- Production Solutions
- SAIC
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- United Way, Arlington
- Virginia Arts Commission
- Washington Area Women's Foundation
- 911 National Airport Worker Resource Center

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