



# **2020 Economic Impact Study**

Prepared for

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By

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# Executive Summary

The economic impact analysis measures the overall impact of VIDA on the local economy. VIDA impacts the economy through: 1) its operating expenses to administer its program and services and 2) wage increases that VIDA graduates earn after they complete their training and start working.

In fiscal year '18-'19, VIDA spent \$2.2 million for its operating budget to administer its programs and services. VIDA graduates spent \$16 million in wage increases. This spending by VIDA and its graduates creates and supports additional jobs, income, taxes, and output in the local economy, through the multiplier effect.

Altogether, spending made by VIDA for operating expenses (administrative expenses, training and program services) and VIDA graduates' wage increases supports 600 jobs, generates \$21.1 million in labor income, adds \$8.8 million in value added, creates \$802,525 in state and local tax, for a total economic output of \$32.5 million in the local economy (See Table 1). **Based on the economic output, for every \$1.00 invested in VIDA, there is a return of \$14.74 to the communities served.**

**Table 1: Economic Impact – VIDA Total**

	Employment	Labor Income	Value Added	Output
Direct Effect	488	16,825,537	1,001,157	18,272,847
Indirect Effect	5	222,126	360,998	844,239
Induced Effect	107	4,110,933	7,395,984	13,402,582
Total Effect	600	\$21,158,596	\$8,758,139	\$32,519,669
State and Local Tax				\$802,525

# Introduction

The Rio Grande Valley has experienced tremendous growth within the past decade. The young and rapidly growing population fuels an ever-increasing demand for housing, health care, education, consumer good, transportation and government services. Despite this growth, the Rio Grande Valley counties of Cameron, Hidalgo, Willacy, and Starr, find themselves with some of the highest poverty rates in the state and nation. This can largely be attributed to the low educational attainment rates and/or “occupation specific” skill levels of its residents. The main economic challenge faced by the available workforce pool in this area is education improvement – a question of training for higher skill/higher wage jobs.

The Valley Initiative for Development and Advancement (VIDA) is a community-based, 501 (c)(3) nonprofit organization dedicated to helping the unemployed, underemployed and low-income (individuals on public assistance) workers and their families escape the cycle of poverty and achieve self-sufficiency in the Rio Grande Valley through education and training for demand occupations.

VIDA was created in 1995 as a result of a local effort led by of Valley Interfaith, a grassroots faith-based, community organization in partnership with key business leaders from the region. Originally designed to be a two-year, workforce

demonstration project, VIDA is in its 25th year of operation and has utilized a job training model that has attracted national recognition<sup>1</sup>.

VIDA receives funding from local (cities and counties), state, federal funding, individual and business donors, and private foundations. Through its educational partners VIDA helps residents to graduate from one and two-year certificate and associate degree programs or to complete the last two years of a bachelor's degree, and secure employment in demand occupations (See Exhibit A). Participants receive tuition assistance and support services, including career counseling.

To date VIDA has helped close to 5,809 Valley adult residents in their quest for education and training in targeted demand occupations. Graduates in fiscal year '18-'19 earned an average reported wage of over \$20.10 per hour.

In VIDA's program model, career counselors and case managers work closely with each individual student to address barriers that historically plague this demographic pocket and ultimately quash their efforts of continuing education. Financial matters, family issues and time management are but a few of the elements that are worked through in weekly counseling sessions with students. In addition, VIDA counselors infuse group sessions with soft skills training such as general employability, resume preparation and interviewing, financial management, study skills, and introduce guest speakers to open dialogue for home buying, savings and

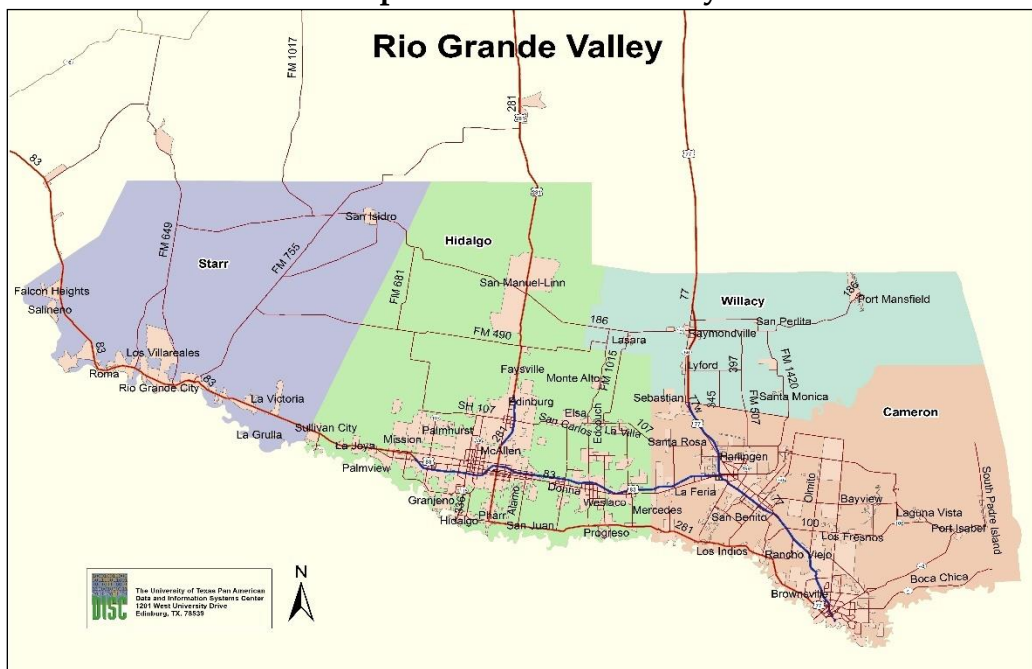
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<sup>1</sup> Pace Evaluation: VIDA

investments and retirement planning. Through training, counseling and case management, VIDA participants are equipped to enter workforce with the skills and commitment necessary for success.

This economic impact analysis measures the economic benefits of VIDA's spending to implement its programs, and the economic benefits of its graduates on the local economy in the Rio Grande Valley (See Map 1).

### Map 1. Rio Grande Valley



# Impact Results

This economic impact study measures the overall impact VIDA has on the local economy. VIDA impacts the economy in primarily two ways: 1) through spending money (operating expenses) to implement the VIDA program and 2) through wage increases that VIDA graduates earn after they complete their training and start working. For analysis, the results of the study are organized into: a) VIDA operating expenses b) VIDA graduate wage increases. These impacts were added to get the total economic impact that VIDA has on the local economy.

## **A. VIDA Operating Expenses**

VIDA revenue for fiscal year '18-'19 is \$2.2 million (See Table 2). Of this amount, VIDA budgeted \$2.2 million in operating expenses for program and administrative services. The majority of VIDA's operating expenses are for program services, which total \$1.8 million. This money is paid to local educational training institutions to provide training and intensive case management services for VIDA participants. Other operating expenses include personnel, professional, supplies, computer hardware and software, rent, advertising, training, insurance, telephone and Internet, postage, and other miscellaneous expenses that are made to businesses and employees.

**Table 2: VIDA Budget '18-'19**

Revenue	\$2,215,487
Expenses	
Program Services	\$1,873,900
Administrative Services	332,322
Total Operating Expenses	\$2,206,222

The \$2.2 million in spending made to educational institutions for training VIDA participants, wages paid to VIDA employees, and various expenses made by VIDA to businesses to operate its program, such as rent, utilities, professional services, etc., supports the creation of 47 jobs, generates \$1.2 million in labor income, adds \$1.7 million in value added, creates \$27,537 in sales taxes and \$28,600 in property taxes, for an economic output of \$3.7 million (See Table 3).

**Table 3: Economic Impact – VIDA Operating Expenses**

	Employment	Labor Income	Value Added	Output
Direct Effect	37	\$801,994	\$1,001,157	\$2,249,304
Indirect Effect	5	\$222,126	\$360,998	\$844,239
Induced Effect	5	\$188,729	\$347,888	\$617,157
Total Effect	47*	\$1,212,849	\$1,710,043	\$3,710,701
Sales Tax				\$27,537
Property Tax				\$28,600

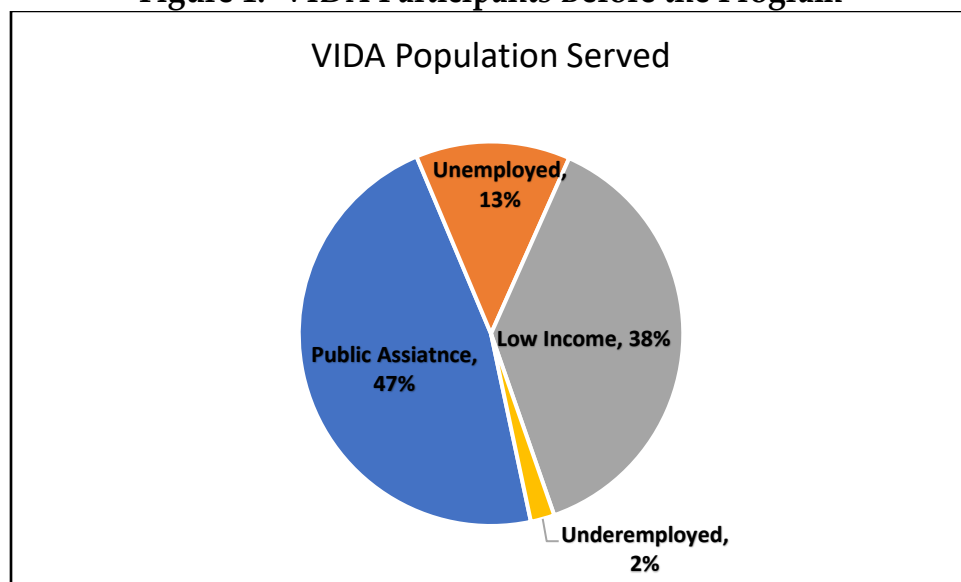
\*The 47 jobs represent total jobs at businesses in the local economy that are created through economic activity from VIDA's operating expenses, businesses buying from businesses, and household spending by workers employed at the businesses in the supply chain.

## B. VIDA Graduate Wage Increases

The bigger economic impact of VIDA's program is through wage increases that VIDA graduates earn after they complete their training and start working. Graduates whose ability to successfully move from the ranks of the low-income to middle income, has a significant impact on the economy. Their increased earnings from employment after training translate to increased spending in the economy for goods and services. Their increased earnings also enhance their contributions to the tax system and reduce their dependence on public welfare.

According to VIDA, 501 participants--65 students were unemployed; 235 were on public assistance, with an average salary of \$8,050, and an average household size of 2 or more per family; and 10 were underemployed, with an average salary of less than \$14,706 were enrolled in VIDA programs in '18-'19. See Figure 1.

**Figure 1: VIDA Participants Before the Program**



With a 90% graduation rate, a total of 451<sup>2</sup> graduates were placed at an average annual starting salary of \$41,808.<sup>3</sup> This generates a \$18.8 million increase in wages. In order to estimate the economic impacts of increase in wages and payroll, the direct salary and wage expenditures were discounted by 15 percent to account for average tax burden, with the remainder representing disposable income of \$16 million. Based on the analysis, the wage increase of \$16 million creates 553 jobs and \$718,789 in state and local tax, for a total economic output of \$28.8 million (See Table 4).

**Table 4: Economic Impact – VIDA Graduate Wage Increases**

	Direct	Secondary	Total
Output	\$16,023,543	\$12,785,425	\$28,808,969
Employment	451	102	553
State and Local Tax			\$718,789

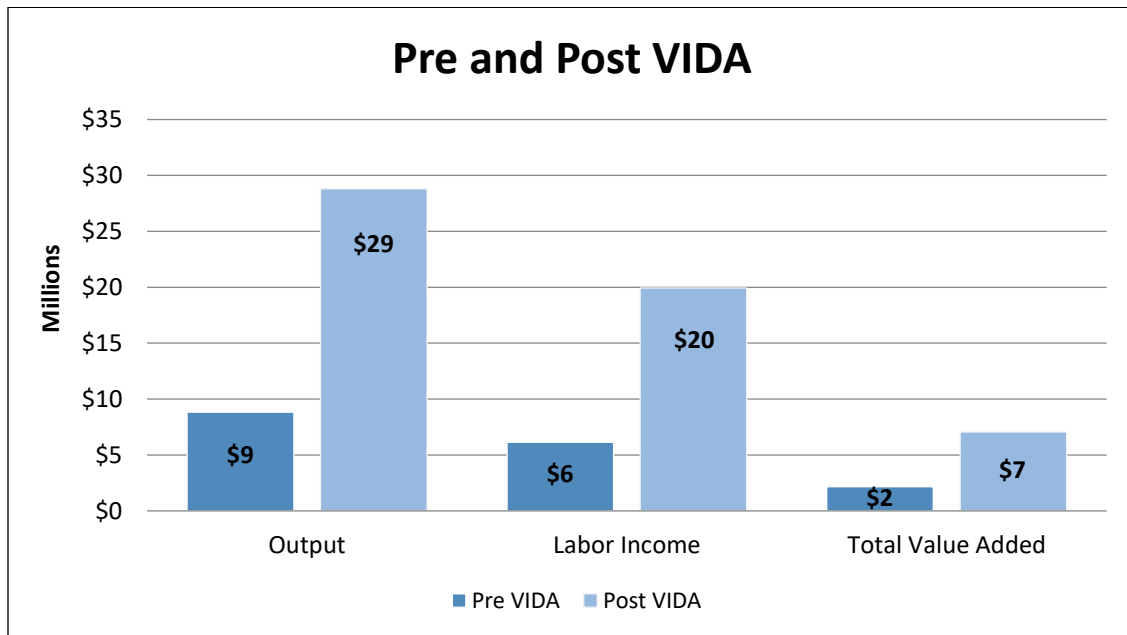
Source: VIDA Annual Report 2018-2019, UTRGV DISC.

<sup>2</sup> Fall to fall student tracking system indicates a 90% graduation rate for 2018-19.

<sup>3</sup> Certificate, Bachelors, and Associate degrees and marketable skills.

After completing training, VIDA participants see an increase of 222 percent in total output. They also experience an increase in labor income by 233 percent and see an increase in total value added to the local economy by 250 percent. See Figure 2.

**Figure 2: Change from Pre and Post VIDA**



### C. VIDA Total Impact

Altogether, combined investment made by VIDA for operating expenses (administrative expenses, training and program services) and VIDA graduates' wage increases supports a total of 600 jobs, generates \$21.1 million in labor income, adds \$8.8 million in value added, creates \$802,525 in state and local tax, for a total economic output of \$32.5 million (See Table 5). **Based on the economic output, for every \$1.00 invested in VIDA, there is a return of \$14.74 to the communities served.**

**Table 5: VIDA Total Economic Impact**

	Employment	Labor Income	Value Added	Output
Direct Effect	488	16,825,537	1,001,157	18,272,847
Indirect Effect	5	222,126	360,998	844,239
Induced Effect	107	4,110,933	7,395,984	13,402,582
Total Effect	600	\$21,158,596	\$8,758,139	\$32,519,669
State and Local Tax				\$802,525

# Methodology

This study estimates the economic impact created by VIDA. With local unemployment rate very high, an economic impact analysis of VIDA aims to help local leaders, the business community, and the investors gain perspective on how the funding invested in VIDA benefits the region. Using public information and audited financial data VIDA provided, this study estimates the aggregate value added to the local economy, plus direct and indirect jobs created by the program.

The economic impact study of VIDA was conducted using IMPLAN economic impact modeling software. The software captures the regional dollar flows from purchasers to producers using inter-industry transaction information for more than 500 industries. Production functions describing how much is spent in each industry (and the proportions) are created using inter-industry transaction data. A predictive model and the associated multipliers are then constructed to show how output changes with a change in final demand.

IMPLAN is used by more than 1,000 public and private institutions to enable users to make in-depth examinations of state, multi-county, county, sub-county, and metropolitan regional economies. It is a nationally-recognized, economic impact modeling software.

Final demand drives input-output models. Industries respond to meet demand directly or indirectly (by supplying goods and services to industries responding directly). Each industry that produces goods and services generates increasing demand for other goods and services for multiple rounds. These iterations generate multipliers, which are related to three kinds of effects:

1. **Direct effects** are changes in the local economy caused by an economic change in the area.
2. **Indirect effects** are changes in inter-industry transactions as supplying industries respond to increased demands from the directly affected industries.
3. **Induced effects** reflect changes in inter-industry spending resulting from household spending. This spending comes from household income generated from the direct and indirect effects.

## Definitions

- Output (gross sales)
- Employment (jobs)
- Value Added (gross regional product)

## Exhibit A

VIDA Programs of Study 2020-2021	STC	TSTC	TSC	UTRGV	LRCVDC
<b>Allied Health</b>					
<b>One Year Certificate Programs</b>					
LVN/Vocational Nurse	X	X	X		
Medical Coding Specialist	X				
Diagnostic Medical Sonography	X				
Medical Coding and Billing			X		
<b>Two Year Associate Programs:</b>					
A.D.N.	X	X	X		
LVN-A.D.N. Progressive or Transition	X		X		
Paramedic to RN	X				
Dental Hygiene		X			
Diagnostic Medical Sonography			X		
Emergency Medical Technology	X				
Emergency Medical Science			X		
Health Information Technology	X	X			
Medical Assistant Technology	X				
Medical Laboratory Technology			X		
Medical Office Management			X		
Physical Therapy Assistant	X				
Radiologic Technology	X		X		
Respiratory Therapy or Respiratory Care	X		X		
Occupational Therapy Assistant	X				
Surgical Technology		X			
<b>Last 2 years of Bachelor Degree</b>					
BSN				X	
<b>Manufacturing</b>					
<b>Two Year Associate Programs:</b>					
Precision Manufacturing Technology or Precision Machining Technology	X	X			
Mechatronics Technology		X			
<b>Technology</b>					
<b>One Year Certificate Programs</b>					
Computer Aided Drafting Technology			X		
Multimedia Specialist	X				
<b>Two Year Associate Programs:</b>					
Architectural Design and Engineering Graphics Technology		X			
Biomedical Equipment Technology		X			
Architecture			X		
Architectural and Civil Engineering Technology	X				
Architectural and Visual Technology	X				
Computer-Aided Drafting Technology			X		
Computer Information Systems	X		X		
Chemical Technology		X			
Computer Specialist	X				
Computer and Advanced Tech - Specialization: Computer Support and Telecommunication Specialist	X				
Computer Networking and Security Technology		X			
Computer Web Development			X		
Computer Science - Graphics, Gaming & Simulation Programming		X			
Digital Media Design		X			
Information Technology - Specialization: Digital Forensics Specialist	X				
Forensic Investigation			X		
Information Technology - Specialization: Network Specialist	X				
Aircraft Airframe Technology		X			

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Cyber Security	X				
<b>Business</b>					
<b>One Year Certificate Programs</b>					
Office Specialist	X				
Management and Office Management	X		X		
Legal Office Specialist	X				
Legal Assisting			X		
<b>Two Year Associate Programs:</b>					
Accounting Technology			X		
Administrative Office Assistant	X				
Business Administration - Specialization: Accounting	X				
Business Administration - Specialization: Import/Export/Logistics	X				
Legal Office Assistant	X				
Business Administration - Specialization: Management	X				
Business Management and Technology			X		
Business Management Technology		X			
Business Administration - Specialization: Marketing	X				
Public Administration	X				
Paralegal or Paralegal Studies	X		X		
<b>Education/Social Services</b>					
<b>One Year Certificate Programs</b>					
Basic Peace Officer	X	X			
Police Officer					X
<b>Two Year Associate Programs:</b>					
Child Care and Development	X		X		
Social Work	X		X		
Education and Training		X			
Education:					
Elementary: EC-6 Generalist	X				
EC - 6th Grade Teaching			X		
4th - 8th Grade Teaching			X		
Middle School: 4-8 Generalist	X				
Grades 8-12 Teaching	X		X		
American Sign Language:	X				
Criminal Justice	X		X		
Law Enforcement	X				
<b>Last 2 years of Bachelor Degree</b>					
Social Work (BSW)				X	
Elementary Education: EC-6				X	
Elementary Education - Bilingual Education: EC-6				X	
Elementary Education - Early Childhood Specialization: EC-6				X	
Early Care and Early Childhood Specialization for Elementary Education: EC - 6				X	
Uteach - Math (Grades 4-8, 7-12)				X	
Uteach - Chemistry (Grades 7-12)				X	
Uteach - Life Science (Grades 4-8, 7-12)				X	
Uteach - Math (Grades 4-8, 7-12)				X	
Uteach - Physical Science (Grades 6-12)				X	
Uteach - Physics (Grades 7-12)				X	
<b>STEM PROGRAMS</b>					
<b>One Year Certificate Programs</b>					
Fire Science: Basic Firefighter	X				
<b>Two Year Associate Programs:</b>					
Biology	X				
Chemistry	X				
Fire Science Technology	X				

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Engineering	X	X			
Science			X		
Mathematics	X				
Physics	X				
Computer Science	X	X	X		
Technology			X		
<b>Last 2 years of Bachelor Degree</b>					
<b>STC: ONLY the last 2 years of the degree</b>					
Bachelor of Applied Science in Organizational Leadership	X				
Bachelor of Applied Technology in Computer Information Technologies	X				
Bachelor of Applied Technology in Technology Management	X				
Bachelor of Applied Technology in Medical and Health Services Management	X				
<b>UTRGV: ONLY the last 2 years of the degree</b>					
Biology				X	
Biochemistry				X	
Biomedical Sciences				X	
BS in Clinical Laboratory Sciences				X	
Chemistry				X	
Civil Engineering				X	
BS Computational Science				X	
Computer Engineering				X	
Computer Science				X	
Electrical Engineering				X	
Engineering Physics				X	
Engineering Technology				X	
Earth, Environmental and Marine Sciences				X	
Information Systems				X	
Manufacturing Engineering				X	
Mechanical Engineering				X	
Physics				X	
Mathematics and Statistical Science				X	
<b>Specialized Trades</b>					
<b>One Year Certificate Programs</b>					
Heating Ventilation & Air Conditioning Technician		X			
Heating, Ventilation, Air Conditioning & Refrigeration Technology	X		X		
Automotive Technology	X	X			
Ford Maintenance and Light Repair	X				
Automotive Maintenance and Light Repair		X			
Auto Collision Generalist		X			
Auto Body Repair Technology: Body Repair Specialist			X		
Auto Body Repair Technology: Refinishing Specialist			X		
Auto Mechanics Technology: Line Specialist			X		
Auto Mechanics Technology: Parts Specialist			X		
Auto Mechanics Technology: Repair Specialist			X		
Construction Supervision Assistant	X				
Building Construction Technology		X			
Construction Technology			X		
Diesel Technology	X				
Diesel Equipment Technology		X			
Plumbing : Solar Thermal Technology			X		
Electrician Assistant	X				
Wind Energy Technology		X			
Residential Electrician			X		
Combination Welding	X	X			
Structural and Pipe Welding		X			
Structural Welding	X	X			

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<b>Two Year Associate Programs:</b>					
HVAC Technology		X			
Heating, Ventilation and Air Conditioning			X		
Heating, Ventilation, Air Conditioning & Refrigeration Technology	X				
Automotive Technology	X	X	X		
Automotive Technology: GM-ASEP	X				
Auto Collision and Management Technology		X			
Construction Supervision	X				
Commercial and Residential Electrician			X		
Building Construction Technology		X			
Welding Technology	X	X			
Diesel Technology	X				
Wind Energy Technology		X			
Electrician Technology	X				
<b>Pre-PSOT Training Programs (PSOT):</b>					
College Prep Academy (CPAcad)	X				
<b>Marketable Skills :</b>					
Commercial Drivers Licensing: Truck Driving - 4 weeks (CDL)	X	X			
Patient Care Assistant (PCA)	X				
Industrial Scaffolding (80 hr - 2 week program)			X		

**LEGEND:**

One year Certificate

Two year Associates

Bachelor Degree



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