



TOTAL ACTION FOR PROGRESS

ECONOMIC IMPACT STATEMENT

In January 2019, the Roanoke Valley-Alleghany Regional Commission undertook an estimate of our regional economic impact.

Based solely on the federal and state dollars we received during our 2018 operating year, the Commission determined

**our overall economic impact
is about \$35.4 million.**

According to the commission, **“TAP’s outside funding stream represents recaptured tax dollars that would be spent elsewhere were it not for TAP’s competitive efforts to bring this money home and put it to use in the region... Because TAP spends most of its budget locally on wages, salaries, and local purchases, its overall impact is quite significant.”**

The region covered by the impact analysis included the counties of Alleghany, Bath, Botetourt, Craig, Roanoke, and Rockbridge, and the cities of Buena Vista, Covington, Lexington, Roanoke, and Salem.

To see the full report, including explanations of the Commission’s methodology and definitions of significant terms, please visit:
tapinto hope.org/news/publications



Economic Impact Total Action for Progress



Prepared by the



Final Draft- January 2019

The economic impact analysis provided in this report was generated using an economic impact model (IMPLAN) calibrated for a specific study area using standard regional data sets. The results are to be interpreted as a best estimate of economic impact based on the assumptions and/or data provided by the client.

The Roanoke Valley – Alleghany Regional Commission does not guarantee the accuracy of data or assumptions supplied by the client or of any other source, nor does it advocate or guarantee the success of any particular policy change, course of action, or any decision that may be ultimately based on the information in this report

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Introduction

In 2008, the Roanoke Valley-Alleghany Regional Commission completed an “Estimate of the Economic Impact of Total Action Against Poverty Operations.”

The study attempted to estimate the impact on the region based only on the funds received by TAP from outside sources. The 2008 study found a total estimated impact of \$21.6 million.

There is a great deal of impact generated by TAP’s programs that is not captured in such a simplistic overview based on budget numbers alone. The impacts made by community action agencies have great inherent social and economic benefits to individuals and the community, but these values are more difficult to measure and translate to dollar figures for a single point in time.

The Regional Commission was asked to update the basic overview of the impact based on TAPs budget.

Methodology

The study area for this analysis includes the TAP service area which includes the Counties of Alleghany, Bath, Botetourt, Craig, Roanoke, and Rockbridge, and the Cities of Buena Vista, Covington, Lexington, Roanoke, and Salem. It is generally the opinion of most analysts and tourism professionals that visitors disregard jurisdictional boundaries and that cultural attractions have a regional impact.

Staff of the Roanoke Valley – Alleghany Regional Commission (RVARC) obtained basic budget information such as revenues and payroll from TAP.

Staff then used specialized software called IMPLAN which was developed by IMPLAN Group LLC.

How does IMPLAN Work?

At the heart of the IMPLAN model is a national input-output dollar flow table called the Social Accounting Matrix (SAM). Unlike other static input-output models, which just measure the purchasing relationships between industry and household sectors, SAM also measures the economic relationships between government, industry, and household sectors.

The model uses actual economic and employment data to model 440 industries to determine how industry dollars are spent to produce commodities. National- and county-level production data sets are then combined to produce a series of multipliers.

Multipliers measure the amount of total economic activity that results from an industry or household spending money in the local economy. IMPLAN uses the national- and county-level data multipliers to estimate economic impacts of various activities. Once all input data have been entered into the model, IMPLAN then generates a series of summary output tables to show the direct, indirect, and induced economic impacts.

- **Direct impacts** are those that result from the direct infusion of money into the economy as a result of an economic event. These impacts consist of permanent jobs, wages, and output of economic events.
- **Indirect impacts** are the jobs, wages, and output created by businesses, which provide goods and services essential to an economic activity (construction, tourism, etc.). Indirect impacts represent a cumulative total of several cycles of spending that work their way through the local economic supply chain until all remaining money from the initial stimulus leaks from the study area economy. For example, a series of restaurants making purchases of goods from local suppliers as a result of participant spending on meals would be an example of a portion of indirect impacts as defined in this analysis
- **Induced impacts** are those impacts that result from household spending by those impacted by the direct and indirect phases of economic activities. The spending of wages earned by employees working for industries impacted by economic events represents the largest portion of induced impacts. This spending creates induced employment, especially in the service sectors.

The summary output tables also show the direct, indirect, and induced effects of labor income, value added, and output.

- **Labor income** equals employee compensation plus proprietor income. Employee compensation in the IMPLAN model is the total payroll cost of the employees paid by the employer. This includes wage and salary, all benefits, and employers paid payroll taxes (social security, unemployment, etc.) Proprietor Income consists of payments received by self-employed individuals and unincorporated business owners.

- **Value added** is defined as the difference between an industry's total output and the cost of any intermediate inputs. Value added includes employee compensation, taxes, and operating surplus. Value added is best understood as the contribution made to gross domestic product or, more simply, as new wealth in the region.
- **Output** can generally be understood as regional sales activity. Output is more precisely defined as the value of industry production.
- **Employment** is reported by the model as all jobs, including part-time and seasonal workers. Employment numbers can be changed to full-time equivalency (FTE), but the ratio varies by industry sector.

What Can IMPLAN Analyses Reveal

An IMPLAN analysis seeks to quantify the economic benefit that expenditures for a project (construction) or an activity (tourism or events) have on a local or regional economy. For example, expenditures spent on the construction of a building or the purchase of items on a trip, such as lodging and gasoline, create additional purchases in various sectors of the economy. Money spent on landscaping for a newly constructed building or the purchase of hotel furniture both create numerous opportunities for those receiving the money to make additional consumer and business purchases. This process creates jobs and expands the economy.

Economic Impact

TAP's economic impact statements have traditionally focused on its role as a generator of new income for the area.

In fiscal year 2018, eighty six percent of TAP's \$22.6 million funding stream came from Federal and State grant resources and contracts. TAP's outside funding stream represents recaptured tax dollars that would be spent elsewhere were it not for TAP's competitive efforts to bring this money home and put it to use in the region.

The extent to which new, outside income like TAP's reverberates through a local is captured by its "multiplier effect." Because TAP spends most of its budget locally on wages, salaries, and local purchases, its overall impact is quite significant.

Economic Impact Summary

Impact Type	Employment	Labor Income	Value Added	Total Output
Direct Effect	332	\$ 8,958,758	\$ 11,464,180	\$ 19,616,870
Indirect Effect	57	\$ 2,064,562	\$ 3,523,048	\$ 7,645,604
Induced Effect	61	\$ 2,533,945	\$ 4,515,924	\$ 8,179,554
Total Effect	450	\$ 13,557,264	\$ 19,503,152	\$ 35,442,028

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Total Action for Progress employs 308 full-time employees and 24 part-time employees. The outside dollars used to directly employ those workers help support an additional 118 jobs in our region. Counting indirect and induced impacts, TAP's yearly economic impact is about \$35.4 million.

The following table shows how other sectors of the economy benefit from TAP's direct spending from outside funding sources.

Top Ten Sectors for Employment

Description	Employment	Labor Income	Value Added	Total Output
TAP and associated agencies	332	\$ 8,971,116	\$ 11,480,483	\$ 19,647,749
Full-service restaurants	10	\$ 210,759	\$ 228,853	\$ 461,781
Other financial investment activities	10	\$ 106,252	\$ 131,752	\$ 1,195,740
Real estate	8	\$ 102,146	\$ 959,058	\$ 1,480,679
Employment services	5	\$ 141,580	\$ 212,310	\$ 274,789
Limited-service restaurants	4	\$ 69,359	\$ 162,109	\$ 317,708
Hospitals	4	\$ 316,623	\$ 376,486	\$ 653,142
Wholesale trade	4	\$ 249,604	\$ 473,017	\$ 757,110
Services to buildings	3	\$ 52,040	\$ 56,277	\$ 100,526
Monetary authorities and depository credit intermediation	2	\$ 155,010	\$ 448,248	\$ 630,150

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TAP is a social service agency that invests its resources in improving the lives of people and our communities. While this analysis is only focused on TAP's revenues that are spent on employee wages, the impacts extend far deeper and further than a simple expenditure multiplier would suggest.

Non-profits and policy experts can go much further to examine the long-term benefits agencies like TAP provide for their communities, particularly in terms of how the interventions they provide produce savings to the public over time. TAP invests in the community, and these investments are difficult to capture in a data driven, input-output model.