

Potential Uses of the Virginia Defense Contract Spending Impact Tool

The Virginia Defense Contract Spending Impact Tool measures the workforce and economic impacts of defense contract spending in Virginia. The information is displayed at the state, county, metropolitan statistical area (MSA), and workforce development area. There are various applications for the tool.



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Economic Development

Information can support economic development outreach efforts for business attraction and business retention and expansion. Data on supply chain leakage help focus resources on at-risk industries and occupations.

- Available Workforce – If a reduction in contracts has occurred, the Alternative Scenario under the Spending Forecast can be used to identify the number of workers by 6-digit Standard Occupation Classification (SOC) that are now or will soon be available for alternative employment.
- Business Retention – The Top Contractors table identifies the firms in each locality that received the largest dollar amount of awards. These firms, which may be seeing reduced revenue from defense contracts, may decrease their workforces at various sites around the country. Business retention efforts could reduce the probability that employment is reduced at a location in the region.
- Opportunities for Local Firms – The prime-subcontractor relationship in the visualizations identifies the products/ services purchased by a prime; this information can help local firms understand what products and services they can potentially sell to the prime through subcontracts.
- Target Sector Marketing - Spending by Industry informs strategy development for target industry sectors.
- Business Retention and Expansion – the Top Contractors table helps prioritize existing business outreach efforts.

Grant Writing

Federal and state grants typically require the submitting organization to provide evidence that funding is needed for initiatives such as diversification of an economy or retraining displaced workers.

- Diversification - The model identifies the dependence of economies on defense contract spending based on the dollar amount of defense contract spending and defense contract-dependent employment, which includes the multiplier effect on the economy.
- Future Trends - The Spending Forecast table, which identifies the expected trend in spending over the next two fiscal years, can be used to demonstrate the impact of potential future cuts in spending.
- High Wages - The Spending by Industry table provides average wages associated with the industries that may be affected by cuts in spending.
- Occupations –
 - ♦ The Top Defense Contract Dependent Occupations table identifies occupations at the 6-digit Standard Occupation Classification (SOC) code level that are dependent on defense contract spending.
 - ♦ Running an Alternative Scenario under the Spending Forecast table tabulates the number of workers who are at risk of losing their jobs based on reductions in contract spending

Informing Elected Officials

Facts rather than anecdotal information enable elected officials to make informed decisions.

- Defense Contract Dependence - The model identifies the dependence of economies on defense contract spending based on the dollar amount of defense contract spending and defense contract dependent employment, which includes the multiplier effect on the economy.
- Extent of Leakage – The prime-subcontractor relationship in the visualizations identifies the location of the prime and the subcontractor; this shows whether large defense contract awards to primes in a region benefit the local economy or if contracts are performed outside of the region or state.
- Economic Impact of a Change in Spending - Running an Alternative Scenario under the Spending Forecast table tabulates
 - ◆ The number of workers, including the multiplier impact, who could lose their jobs in the state, county, metro area, or region for which the model was run.
 - ◆ The industries—down to the 4-digit North American Industry Classification System code level—where jobs could be lost as well as average wages paid by those industries.
 - ◆ The number of workers by 6-digit SOC code who could potentially lose their jobs based on reductions in spending.

Informing General Public

Maps and tables are easily exported from the site for use in presentations.

- The map provides an understanding of where defense contract spending is concentrated within the state.
- Total Spending, Defense Contract Dependence, and Defense Contract Dependent Employment illustrates the importance of defense contract spending on the local, state and regional economies.

Policy

Understanding the regions, industries, and occupations dependent on defense contracting can help policymakers prioritize diversification efforts and ultimately lead to the creation of policies that support diversification.

Workforce

The information delivered through the website can provide valuable inputs to workforce organizations to identify or create programs to help unemployed workers.

- Rapid Response – In the case of an announced cut in spending, running the Alternative Scenario under the Spending Forecast table tabulates the number of workers by 6-digit SOC code who may potentially lose their jobs based on reductions in spending.
- At-Risk Occupations – The Top Defense Contract Dependent Occupations table identifies occupations at the 6-digit SOC code level that are dependent on federal contracts.