GO VIRGINIA · STATE FISCAL RETURN MODEL (SFRM) GUIDANCE

How GO Virginia estimates the fiscal return of a proposed project, how the arithmetic works, and where the estimate fits in the application process — for applicants, regional partners, and the public.

Section 1: WHAT THE MODEL DOES

When an organization applies for GO Virginia funding, the State Fiscal Return Model turns the outcomes its project will deliver into one consistent estimate for every application. It asks a single question:

> **If the Commonwealth puts money into this project, how much will the state get back in tax revenue from those direct jobs created — and in what year does the state recoup its investment?**

It is a break-even fiscal calculator, not a grade, and it runs ten years from the start of the grant. No two GO Virginia proposals are alike, so the model converts all of them using the same methodology: how long the Commonwealth waits to recoup its investment, measured over ten years with the same set of benchmarks.

The outcomes come from the GO Virginia Core Performance Outcomes Worksheet, the form every applicant completes. GO Virginia tracks many outcomes, however, the model counts only a marked subset — the ones that most directly create or represent jobs (section 3).

Section 2: HOW IT WORKS — THREE STEPS

The model walks an applicant's committed outcomes through three steps.

STEP 1 — COUNT WHAT THE PROJECT PROMISES

The applicant fills in a table of committed outcomes, year by year over a three-year period which includes people trained, jobs placed, jobs created, funds raised by the businesses served, and acres advanced. This third year aligns with the three-year performance period, and allows for a runway time when the program getting setup in the first year and the programming may not start until the second year. These are the applicant's own numbers and should be based on their milestones — what they have told the Commonwealth they will deliver, and what they will be held to in the contract if approved. Nothing is estimated on their behalf.

STEP 2 — TURN THOSE COMMITTED OUTCOMES INTO JOBS

Different outcomes are converted into one common unit, the **jobs-equivalent**, so they can be added and compared. A job placement is one job. Training someone is a fraction of a job, because not everyone who trains is hired. Funds raised and acres advanced are converted at published benchmarks.

Where an application promises several at once, the model does **not** add them — it takes the single largest. A person who is trained and then placed is one worker, not two; adding the both of these outcomes would count them twice. DHCD staff will take the outcome that takes the highest job equivalent.

Every one of these numbers is sourced in the companion document, *Outcome to Job Conversion Methodology*.

OUTCOME	COUNTS AS	WHY THAT NUMBER
Job placements	× 1.0	A placement is a new job; no conversion is needed.
Jobs created	× 1.0	A created job is a job by definition.
People trained	× 0.52	About half of those trained are placed in work.
Funds raised	÷ $123,900	The equity or venture capital a business raises, on average, per job created or retained.

OUTCOME	COUNTS AS	WHY THAT NUMBER
Acres advanced	× 8.8 / acre	The median of three industry densities for a developed acre

STEP 3 — RUN THROUGH THE BREAK-EVEN ANALYSIS

Two Virginia taxes are calculated on each job's wage every year and summed. Income tax uses the state's actual bracket. Sales tax assumes a worker spends part of their pay on taxable goods in Virginia.

THE ARITHMETIC

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Income tax     = 5.75% × (wage − $17,000) + $720  per job, per year
Sales tax      = wage × 0.70 ÷ 3 × 4.3%  per job, per year
State revenue  = (income tax + sales tax) × number of jobs
Running total  = every year added to the years before it
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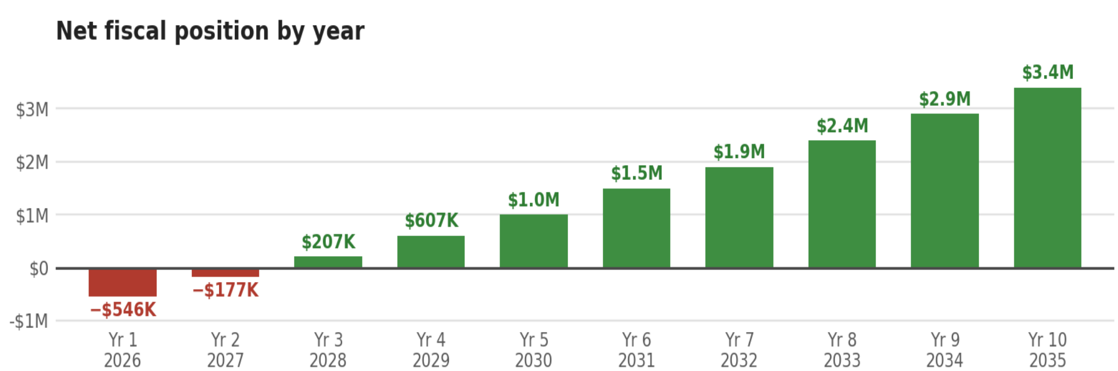
0.70 is the share of a wage treated as spendable; the ÷ 3 is the share of that spending on taxable goods in Virginia. 4.3% is the state sales-tax rate — the 1% local add-on is excluded, which is why no local revenue is counted anywhere in the model.

Section 3: THE NUMBERS IT REPORTS

The running total of tax revenue is compared against the GO Virginia grant request — not the total project budget — producing the model's three headline figures.

- **Break-even year** — the first year the state has collected more in tax than it put in. If no year in the ten-year window turns positive, the project does not break even inside the window.
- **Net position** — tax collected so far, minus the grant. Negative years show red, positive years green.
- **Net position** — the same figure as a share of the grant: what the Commonwealth got back for every dollar it put in.

FIGURE 1 · THE MODEL'S OWN BREAK-EVEN CHART



Section 4: WHERE THE MODEL FITS IN THE APPLICATION PROCESS

Applications move from the region to the state along the Program Manual's pathway; DHCD runs the model for the state's evaluation.

1. **Application is built regionally.** The applicant and its Regional Support Organization assemble the package, including the Core Performance Outcomes Worksheet and the project's expected fiscal return — the estimate this model produces, requested at Question 4 of the Per Capita implementation, the Site Development Implementation and Competitive implementation applications.
2. **Pre-application preview.** At the pre-application stage the Regional Support Organization can run a preliminary SFRM — seeing the fiscal estimate the state will use and refining the application first.

3. **Regional Council review.** The Council reviews the application(s) at a quarterly meeting and either approves the project for state submission (into CAMS), defers it, or rejects it.
4. **DHCD staff run the model for the Evaluation Workgroup.** `MODEL APPLIED HERE` After the deadline, DHCD staff confirm the application, run the SFRM on its committed outcomes, and present the findings to the Evaluation Application Workgroup — subject-matter experts and up to two State Board members — under the Economic Impact criterion.

Section 5: READING THE RESULTS HONESTLY

- **Deliberately conservative.** Direct jobs only, no multipliers — no induced or indirect jobs included as a broader economic impact. It counts two tax revenue streams: 1) individual income taxes and 2) the state share of the sales tax. Furthermore, the model only considers the GO Virginia request, not the total project budget.
- **It forecasts committed outcomes, not guaranteed ones.** The figures rest on the jobs, wages, and capital a project commits to. If those materialize more slowly or fall short, the return falls with them. The estimate is a disciplined projection, not a promise.
- **A positive return is not required to fund a project.** Fiscal return is one of four evaluation criteria, alongside economic impact, regional collaboration, project readiness, and project sustainability. Planning grants score no jobs-equivalents at all, and long-horizon talent pipelines often never break even inside the window — both may still be funded on their broader merits.
- **It does not replace judgment.** It produces one consistent, comparable number, so the debate can be about other areas of the application criteria instead of the arithmetic.