

## Economic Advisory Commission Meeting - February 4, 2020

### Meeting Summary

Chairman Foust opened the meeting. Supervisor McKay thanked EAC members for their contribution, noting the critical importance of economy. The minutes from the previous EAC meeting were approved. Supervisor Foust introduced the speakers: Terry Clower, Director, Center for Regional Analysis, George Mason University; Johnathan Aberman, Dean, School of Business and Technology, MaryMount University; Jeannette Chapman, Director, Stephen S. Fuller Institute and Victor Hoskins, CEO Economic Development Authority.

Jeannette Chapman presented an overview of economic performance in Fairfax County. Key points included:

- Fairfax County/the region experienced slow recovery from the double-impact of recession and sequestration
- Five sectors dominate; Professional and business services is largest (36% in 2018); health and education; state and local government; leisure and hospitality and retail.
- There are earnings disparities among job sectors (professional sector average wages \$118,400 versus \$25,700 leisure and hospitality)
- The majority of job growth has been driven by demographics versus economic changes
- 2019 economic drivers: Education, construction and uptick in professional and business services
- Since 2013, Fairfax County has lagged in job growth, and its performance has impacted the region
- The DC region ranks at bottom third in GRP among top 15 metro regions

Factors affecting slow recovery and growth include:

- 30% of regional economy is tied to the federal government
- Managerial business growth is slower
- Emerging clusters are in science, security, information and health technology; but for past 2 years, tech has been underperforming, but it has since stabilized.
- Older adult population has increased pressure on infrastructure; Fewer workers to support the infrastructure.

### EAC Discussion:

- Recognize that almost all new job growth is attributable to start-ups
- Focus on tech and financial services, recommend a representative from this sector be added to EAC.
- Other metros have more land to grow and more diverse business clusters to build upon; our population is aging faster than national rate; younger workforce is moving to other regions; high cost of living
- As region is adding 35-55K jobs annually by variety of tech/financial services companies, it becomes difficult to isolate the longer-term impact of a single company such as Amazon
- Good news: the DC metro region is investing in education, workforce development, transportation and metro stations

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Terry Clower and Jonathan Aberman presented jointly on **Competing as an Innovation Community**.

- Fairfax County and the region are competitive for cybersecurity, financial services; transportation

- Life sciences growth slowing and losing specialization; retail sector is slowest
- The region is top in the nation for producing higher-ed graduates in digital fields , but is not keeping a majority of those graduates.
- Much of business formation in our region has been for services/consulting, not on products; firms are not accessing significant markets and the County is more susceptible to economic downturns and federal government contractions
- Region is growing the tech industry (high-paying jobs), but not as fast as peer regions.
- Slight increase in jobs by young firms--move firms beyond the federal contractor space

### Challenges

- How to create the right type of new business
  - 90% of cyberbusinesses are service-oriented versus product-oriented cyber business in Silicon Valley
- Region is lacking in venture capital investment
- VC investors and young workers want product-oriented companies
- Competitive to some regions on affordability

### Opportunities

- Upskill existing workforce, prepare for AI
- Get Go Virginia funding and investments, increase exposure to entrepreneurship
- Address housing and childcare affordability, exclusionary zoning
- Build better university partnerships with business
- Ceate venture arms for existing companies; reverse trend of local incumbents buying out of region
- Don't legislate innovation, market will pick winners

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### Victor Hoskins addressed Challenges to Fairfax County Competitiveness and Solutions

- Keep focus on academics, as early as Pre-K
- Impending talent shortage driven by demographics: In next ten years, boomers are aging out, millennials and Gen Z will be 70% of workforce
- Our competitors are cooperating regionally
- Lack of buzz about "places" to live and play
- Housing affordability--global challenge

### Solutions:

- Focus on innovation campuses and production of talent; academics is a competitive advantage
- Consider an innovation campus in Fairfax
- Retain, retrain, grow and attract talent -EDA has initiatives in all four areas
- Improve placemaking; don't just build, but create places that millennials like; initiatives ongoing to improve action, improved communication between departments
- Take action now on housing strategy: senior, workforce and framework is in place zoned around transit
- Work with Freddie Mac

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EAC Discussion:

- Bioinformatics as promising area, however concern about INOVA accelerator closing
- How regions perceive DMV: Lack of regional cooperation; perception about DC political dysfunction affects perception of business
- With Amazon, perceptions are improving, potential to advance from a second-tier market
- Region needs more institutional venture capital as well as angel capital
- Showcase product companies like CVENT and Appian
- Wary about Right to Work changes; lead to higher construction costs and will be a boon to NC