



# **FAIRFAX COUNTY ECONOMIC INITIATIVES COMMITTEE**

ECONOMIC RECOVERY FRAMEWORK UPDATE

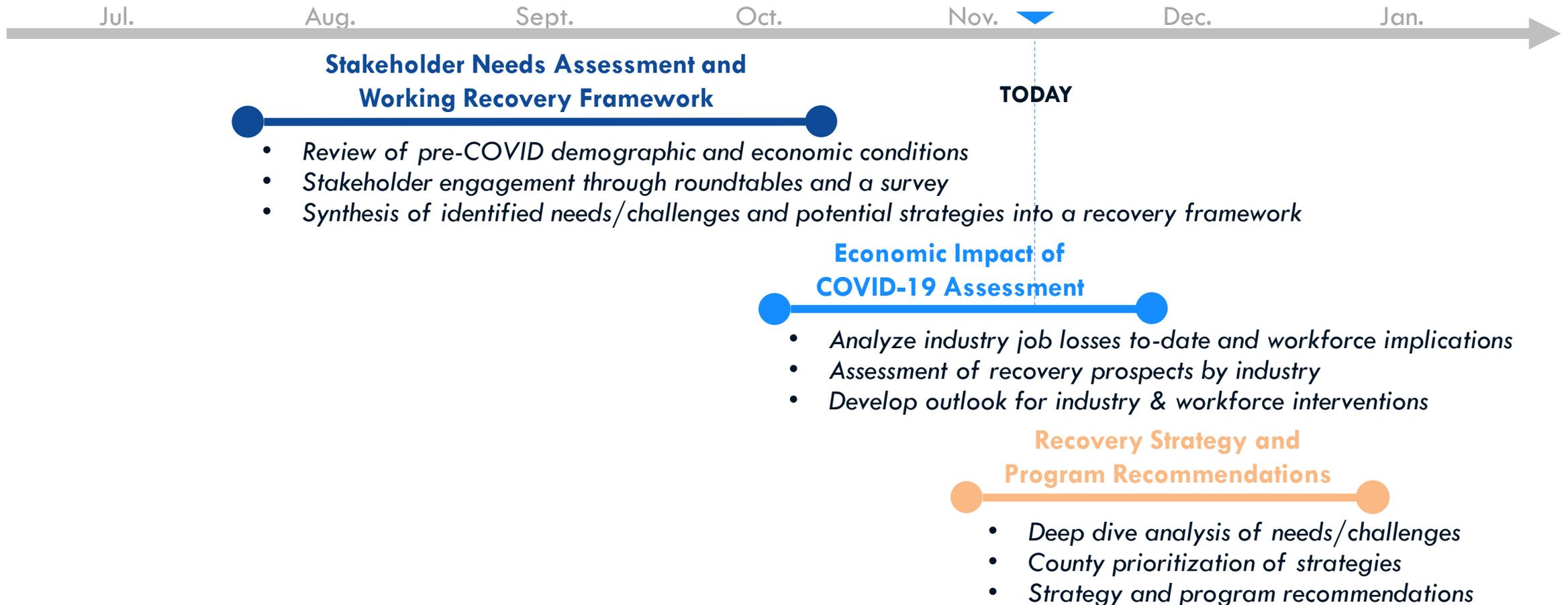
**NOVEMBER 2020**

**HR&A**  
Analyze. Advise. Act.

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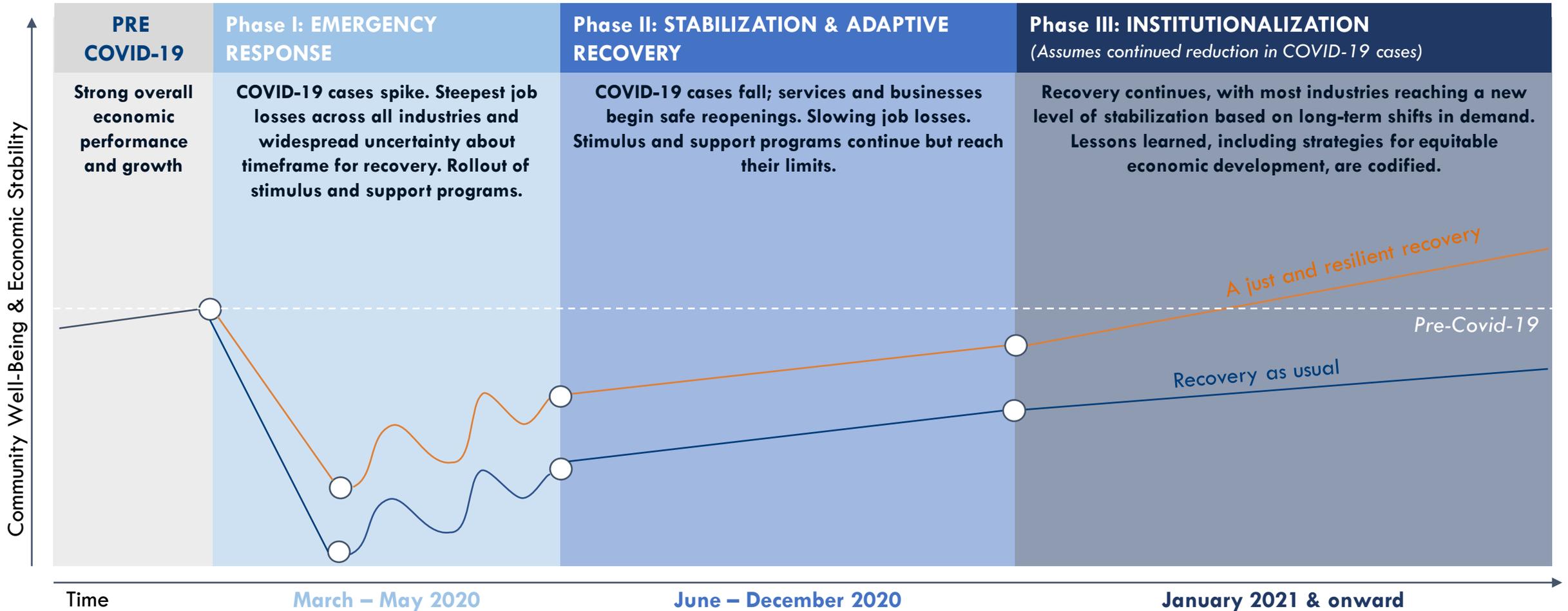
# STUDY OVERVIEW & SCOPE

HR&A was engaged to support development of an economic recovery strategy in the wake of the COVID-19 pandemic. This strategy will outline recommendations for fostering an equitable, inclusive recovery based on stakeholder input, analysis, and best practices.



# PHASES OF RECOVERY

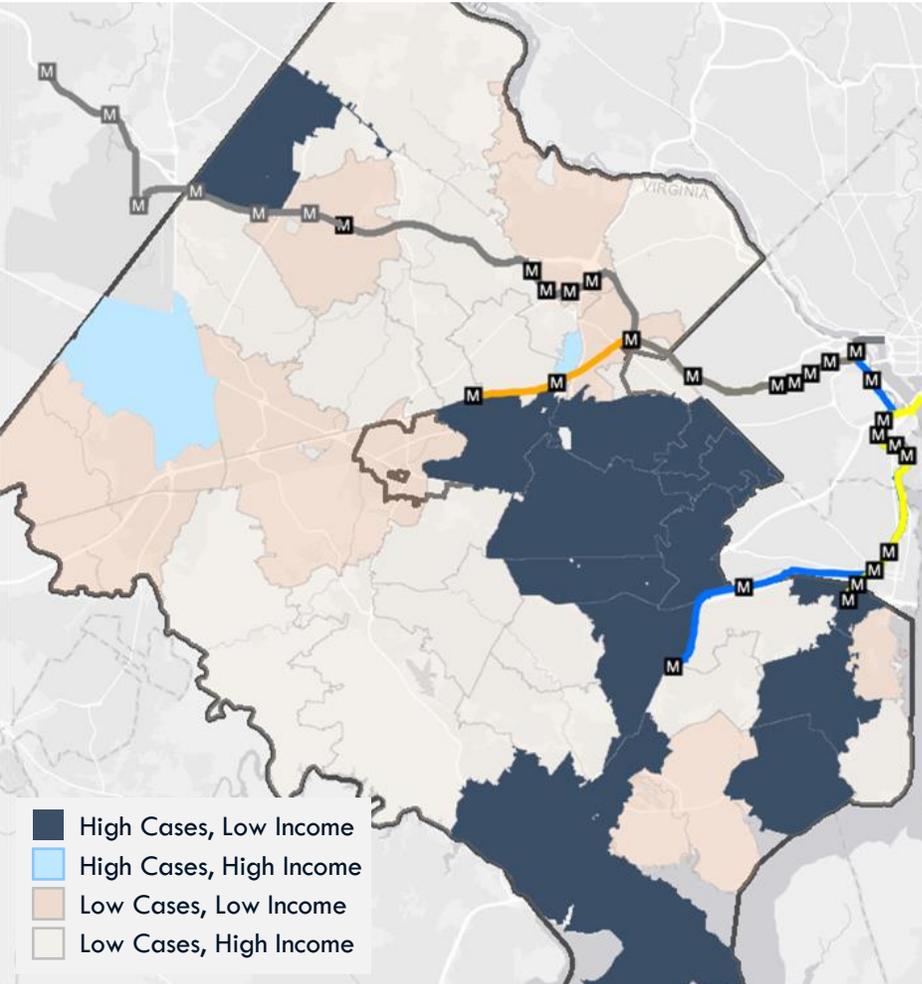
The rate of economic recovery will depend on many factors, including the initial level of job loss due to shock of business closures, when businesses are able to re-open safely, and how well-positioned the economy is to grow once businesses are able to re-open.



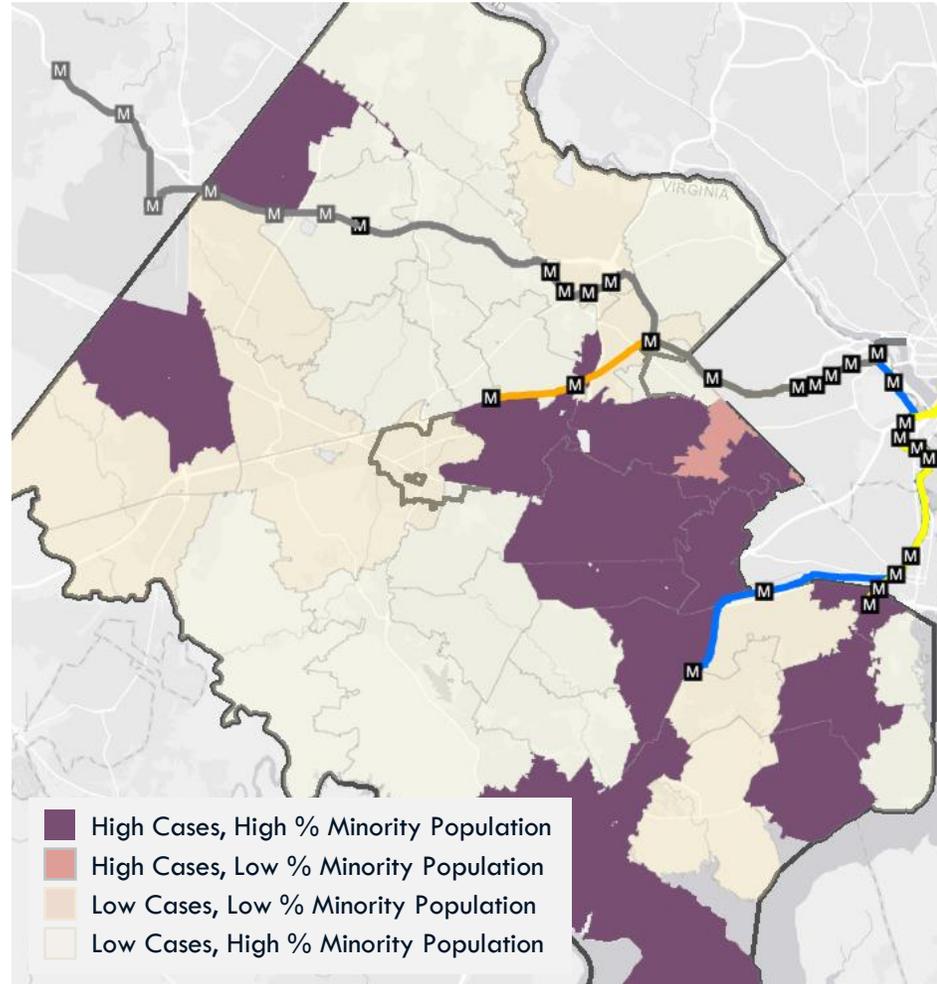
# ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC

The COVID-19 pandemic did not impact all communities in Fairfax County equally and had the greatest impact on communities of color and low-income households.

## COVID-19 CASES AND MEDIAN HOUSEHOLD INCOME



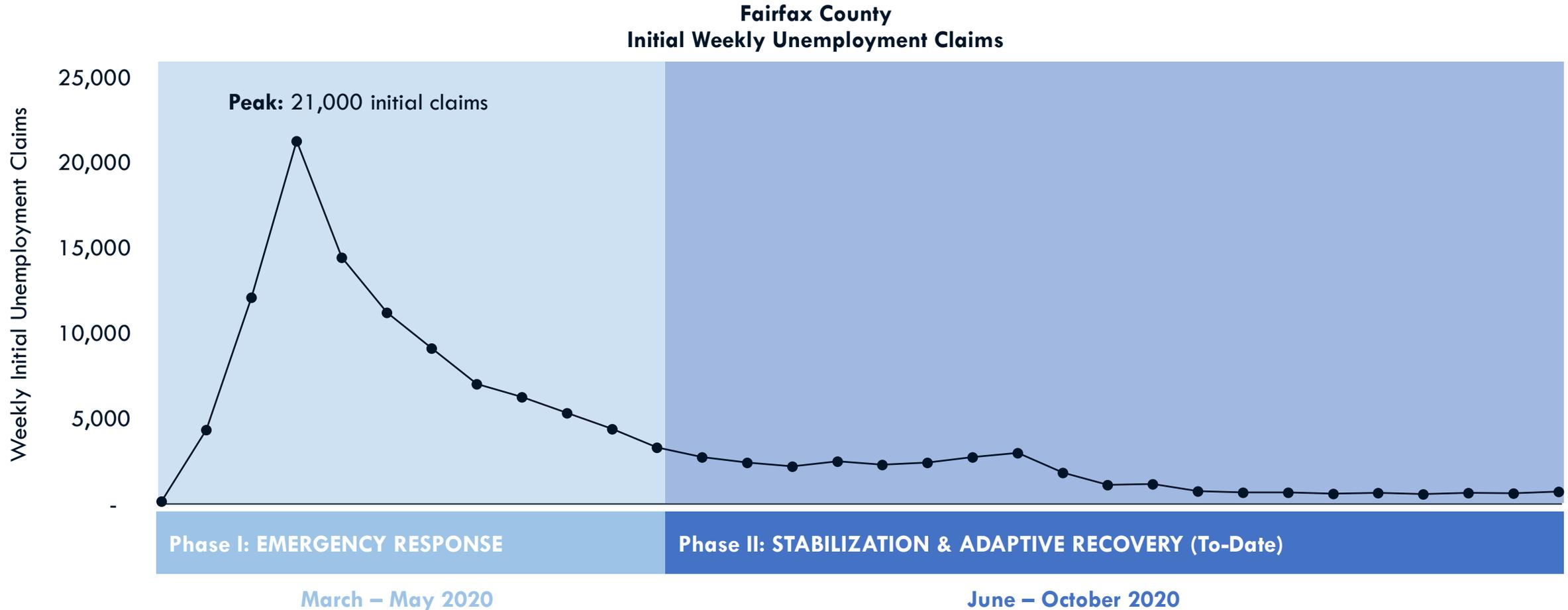
## COVID-19 CASES AND POPULATION OF COLOR



- Zip codes with the greatest number of COVID-19 cases per 100,000 residents were primarily concentrated around Falls Church, Annandale, and Bailey's Crossroads.
- Every zip code except two that experienced an above average number of cases had below average median incomes relative to the county.
- Similarly, almost every zip code with an above average number of cases, also had an above average share of residents of color compared to the county.

# ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC

Between March and October, **130,000 initial unemployment claims** were filed in Fairfax County. 100,000 claims were filed during “Phase I” of the pandemic and cases peaked during the week of March 29<sup>th</sup>. Since then, initial claims have steadily declined. Throughout October, claims averaged **650 per week** – 4.3x more than the pre-COVID average.

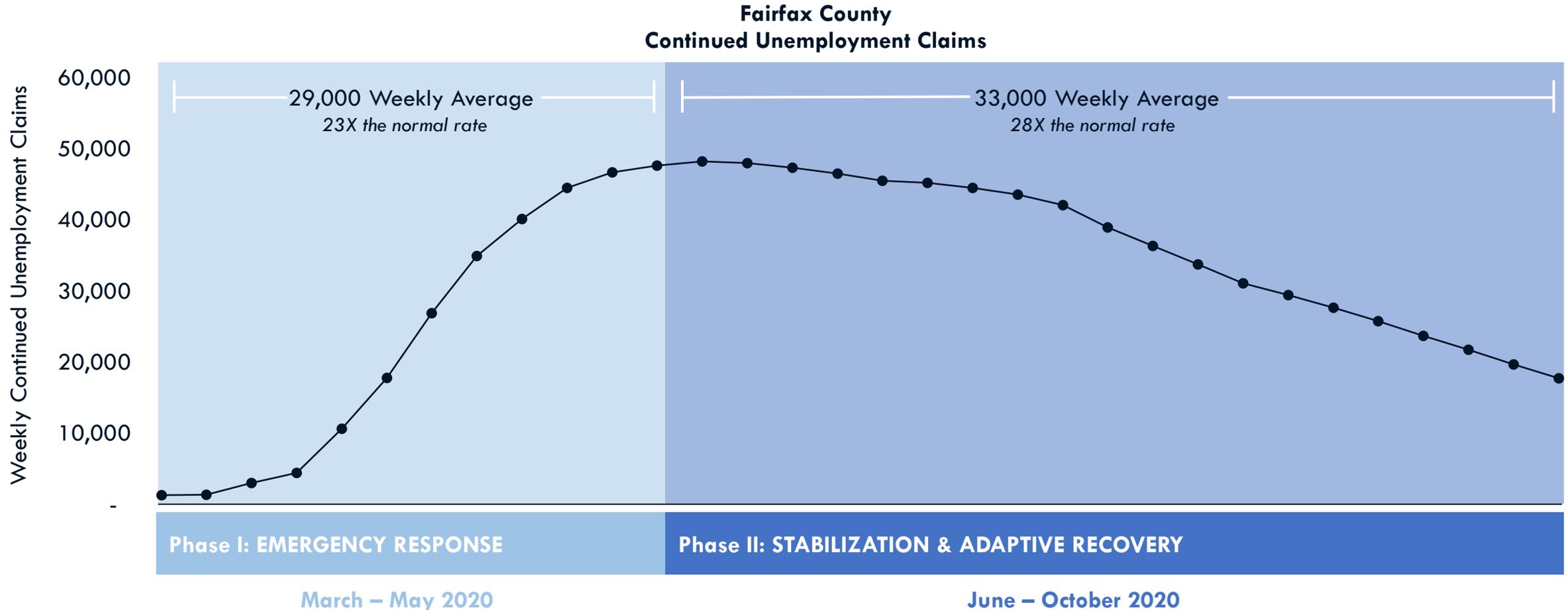


Source: Virginia Employment Commission

HR&A Advisors, Inc.

# ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC

The total number of Fairfax County individuals who remain unemployed and continue to claim benefits after the initial filing increased rapidly during Phase I reaching **50,000 at its peak**. During Phase II, continued claims from June through October have averaged around **33,000 per week, 28x the normal rate, with a continuous decline to date**.

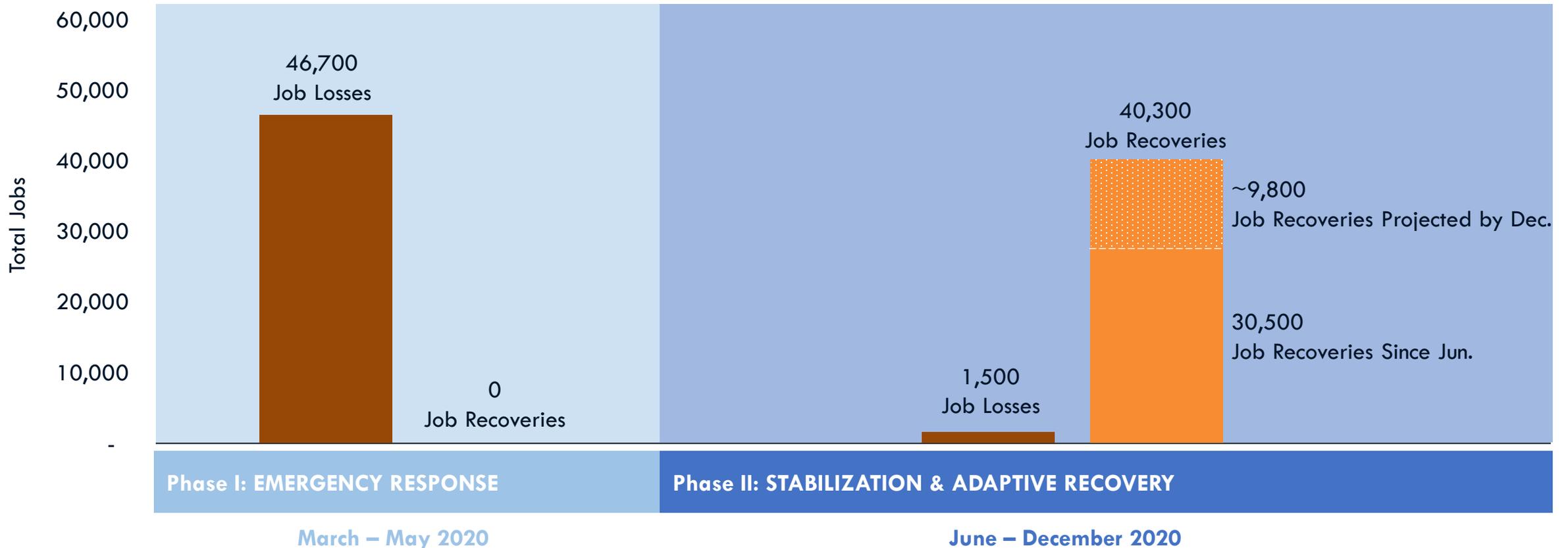


Source: Virginia Employment Commission, 4-week moving average  
HR&A Advisors, Inc.

# ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC

Fairfax County experienced a **sustained job loss of approximately 48,200 jobs**. The county has regained 30,500 jobs and, if recovery continues at this pace, will recover another 9,800 jobs by the end of 2020. At the same time, the **labor force shrunk by approximately 22,000 workers** between September 2019 and the same month in 2020, and unemployment remains far above its 2019 levels.

Fairfax County  
Projected Job Losses & Job Recoveries

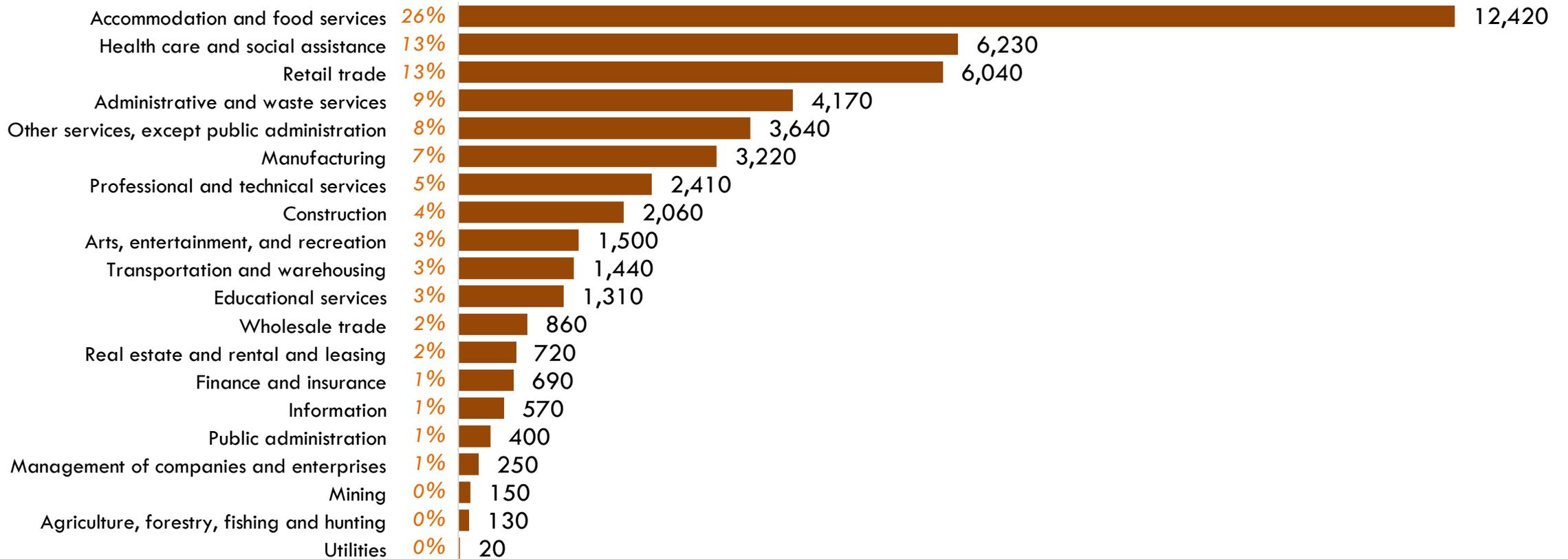


Source: Virginia Employment Commission; November and December job recoveries/losses based on HR&A projections  
HR&A Advisors, Inc.

# ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC

Although the county overall is improving, these job losses **have not been experienced evenly across all industries**. The majority of job losses were **concentrated in just a few sectors** including Accommodations and Food Services – which lost more than 12,000 jobs or 26% of its entire workforce – as well as Health Care, Retail Trade, and Administrative Services.

## PROJECTED JOB LOSSES THROUGH DECEMBER 2020



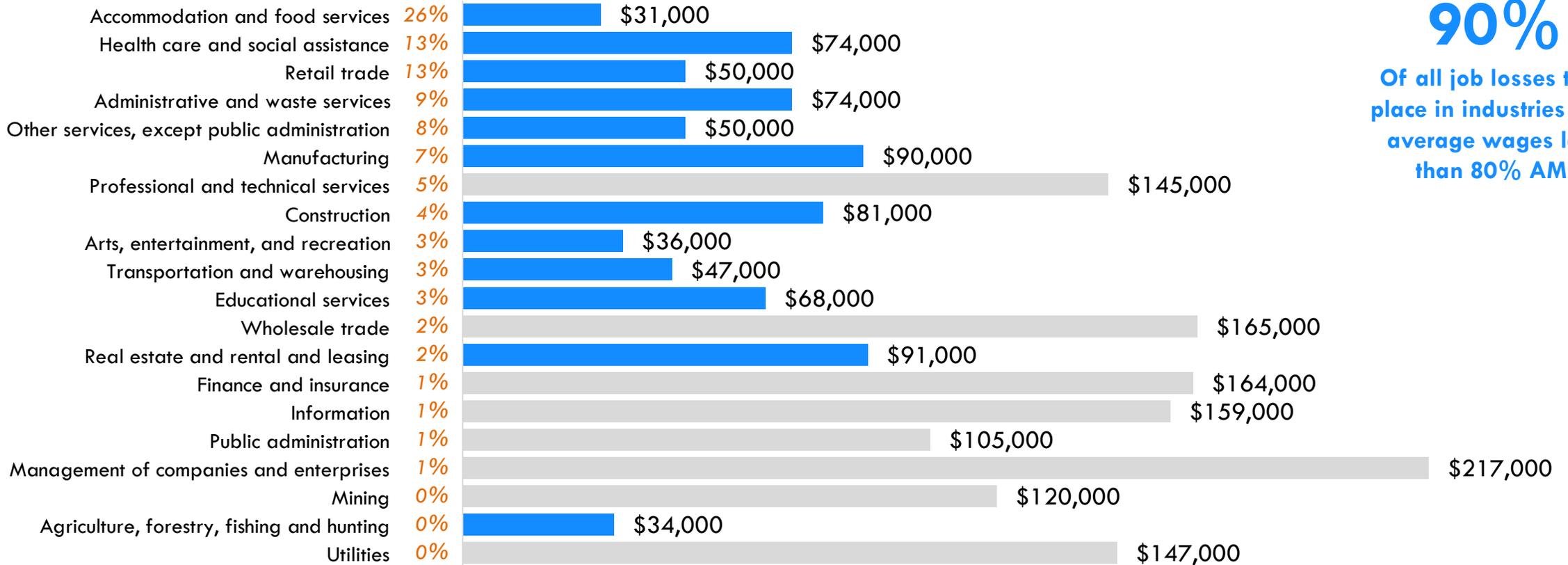
Source: Virginia Employment Commission; November and December job losses based on HR&A projections  
HR&A Advisors, Inc.

% of Total Job Losses | # Job Losses

# ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC

Job losses were disproportionately concentrated in sectors with relatively low wages, which means that workers who were already relatively more vulnerable were the most likely to lose employment. In fact, **90% of all job losses** in Fairfax County took place in industries with **average annual wages less than 80% AMI**.

## AVERAGE ANNUAL EARNINGS

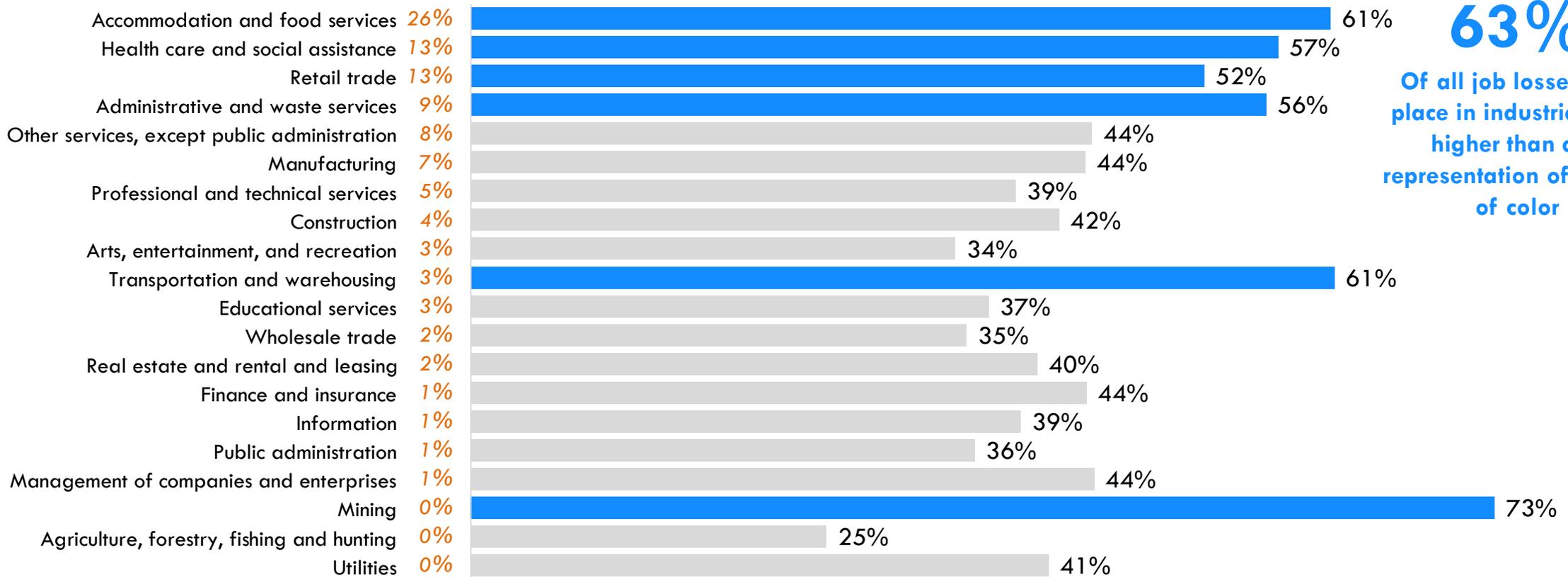


**90%**  
Of all job losses took place in industries with average wages less than 80% AMI

# ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC

Job losses were also disproportionately concentrated in sectors with relatively more diverse workforces and higher concentrations of workers of color. **63% of all job losses** in Fairfax County took place in industries with **higher-than-average shares of workers that represent people of color.**

## SHARE OF WORKERS OF COLOR



**63%**  
Of all job losses took place in industries with higher than avg representation of people of color

% of Total Job Losses | Share of Non-White Workers per Industry

Source: Virginia Employment Commission  
HR&A Advisors, Inc.

# ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC

Recovery in Fairfax County, and future projections of slowing job losses through the end of the year will be heavily influenced by whether there is a resurgence in COVID-19 cases, whether there is an additional round of stimulus funding, and whether consumer confidence starts to return to the market. **The region is still seeing the impacts of the pandemic compared to its performance in January 2020.**

- Residents in Fairfax County are still primarily working remote and spending **40%** less time at their workplaces.
- Residents in Fairfax County are spending **22%** less time visiting retail shops and restaurants, and consumer spending has decreased by **14%**.
- In the Washington D.C. Metro area, **38%** of small businesses have closed either temporarily or permanently and for those that remain open, small business revenue is down nearly **55%**.
- Total passenger activity is down **64%** at both Ronald Reagan and Dulles airports (year-to-date as of August).

# EMERGING THEMES FOR A JUST RECOVERY

To date, HR&A has conducted virtual roundtables with 35+ stakeholders/organizations who bring varied experiences of the pandemic and ideas for recovery and provided an online questionnaire to gather additional input. Preliminary takeaways from these conversations include:

- Prior to the COVID-19 pandemic, Fairfax County's economy was thriving. However, **not all residents had the opportunity to participate in this success** and reap the benefits.
- Recovery requires a **sector-specific approach** to ensure support is highly targeted to the unique needs of each industry.
- Certain **workforce supports transcend industry lines** (childcare, crucial support resources, etc.).
- Stakeholders are looking to the County to support economic recovery by **optimizing their internal processes** and **building back consumer confidence**.
- In the long-term, **an equitable recovery should build toward a "new normal"** that uses this moment as an opportunity to address existing disparities in the County.

# EMERGING NEEDS & CHALLENGES

Stakeholder discussions surfaced the following needs and challenges to a just economic recovery, requiring different types of interventions.

## IDENTIFIED NEED OR CHALLENGE

- Disproportionate impacts across industries
- Consumer & workforce confidence
- Threat to talent attraction
- **Shift in demanded skillset**
- **Newly vulnerable residents**
- **Inadequate childcare access & availability**
- **Inequitable digital access**
- **Gaps in digital literacy**
- **Sustainability of public education institutions**
- **Disparate health impacts**
- **A comprehensive view of community health**

## POTENTIAL TYPES OF INTERVENTION



### Support for Industry & Businesses

- Industries experiencing a slow recovery vs. a steady recovery
- Industries poised to support future economic resiliency

*Example: Develop strategies to support the hardest-hit industries, such as tourism, restaurants, and small retailers, including reducing costs and alleviating regulatory barriers to getting back to business.*



### Support for Workforce

*Example: Organize a partnership between regional industry leaders and academic partners to offer reskilling and credentialing programs aligned with industries with new potential for growth.*

# STRATEGY DEVELOPMENT

HR&A will develop strategies that are responsive to identified needs and challenges and supported by rigorous economic analysis. Strategies will then be prioritized based on capacity, cost, implementation complexity, and alignment with County goals.

## POTENTIAL INTERVENTIONS



## STRATEGY DEVELOPMENT

**Identify strategies that respond to stakeholder needs & challenges:**

- Pre & post-COVID-19 economic impact by industry
- Analysis of stakeholder-identified needs and challenges

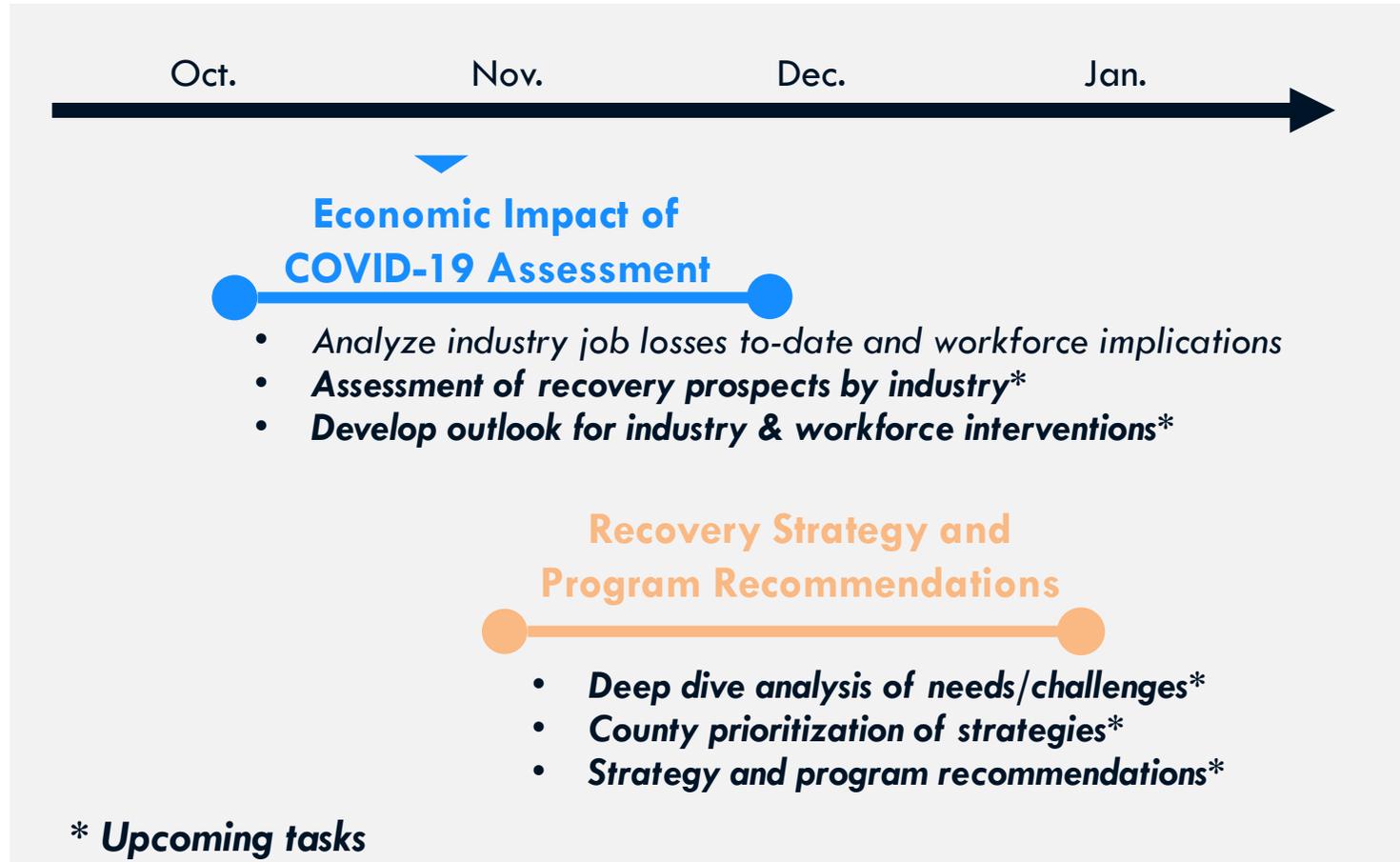
## STRATEGY PRIORITIZATION

**Prioritize recommended strategies based on:**

- County capacity
- Alignment or gaps in partner programming & capacity
- Cost
- Implementation complexity & timeframe
- Ability to track/measure success

# NEXT STEPS

Over the next few months, HR&A will continue the economic impact of COVID-19 assessment, define the needs/challenges that the county can respond to, and develop program recommendations based on County prioritization of draft strategies.



# DISCUSSION

The HR&A team is seeking the Economic Initiatives Committee's guidance as we move forward to develop and prioritize recommendations for the County.

- What additional needs and challenges are you hearing about from workers and businesses throughout the county?
- What factors are most important to consider in prioritizing recovery strategies?
- What are the nearest-term priorities to support a just economic recovery vs. longer-term priorities?



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