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## FAIRFAX COUNTY HEALTH & HUMAN SERVICES (HHS)

# Aligning Efforts for Success: Economic Inclusion

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## Preface

Fairfax County Health and Human Services (HHS) is an organization comprised of several different agencies, working together to support residents through housing, economic self-sufficiency, health, and connections for individuals. HHS also supports specific populations, including children and youth, older adults, and individuals with disabilities.

HHS has prioritized several cross-agency strategies as part of its collective work. These strategies involve multiple agencies working together and have a direct and broad impact on the residents of Fairfax County. Prioritized strategies currently focus on:

### HHS Prioritized Strategies

	Price Appropriate Housing	
	Community Health Services	
	Early Childhood Learning	
	Opioid Prevention, Treatment, & Enforcement	
	Diversion of Low-Risk Offenders	

A critical component in the success of HHS strategies is the implementation of the [One Fairfax](#) policy, an overarching approach to ensure an inclusive community for all individuals. As such, it is important that One Fairfax/equity is considered when implementing all HHS strategies to strengthen opportunities for everyone regardless of race, color, sex, nationality, sexual orientation, income, or where they live.

## Aligning Efforts for Success: Economic Inclusion

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Throughout 2018, HHS made significant progress on prioritized strategies and other initiatives. It is important, however, to recognize the influence of the local economy on the ultimate success of these strategies. Continued labor market trends are increasingly making it more challenging for some residents to live, work, and prosper in Fairfax County. Analyzing these labor market trends at the sub-county level and through an equity perspective highlights the growing disparities among residents and the need to address root causes of economic inequities.



**THE LOCAL ECONOMY  
CONTINUES TO INFLUENCE  
THE ULTIMATE SUCCESS OF  
HHS STRATEGIES**

Several key data points highlight the difficulties many Fairfax County residents face when trying to increase their economic status, including: changes in median household income; income inequality; persistent poverty; and earnings gaps. These data points do not show causation, but can be used by HHS to guide decisions, reshape policies and practices, and develop partnerships that explore and address root causes of economic inequality.

Increasing HHS efforts that address the root causes of limited economic mobility will ultimately help residents improve their ability to afford market rate housing, health care, early childhood services, and behavioral health care. To promote economic mobility, efforts should focus on increasing access to affordable and high quality adult basic education; adult career and technical education; and English language programs through an integrated approach based on the expertise of multiple organizations.

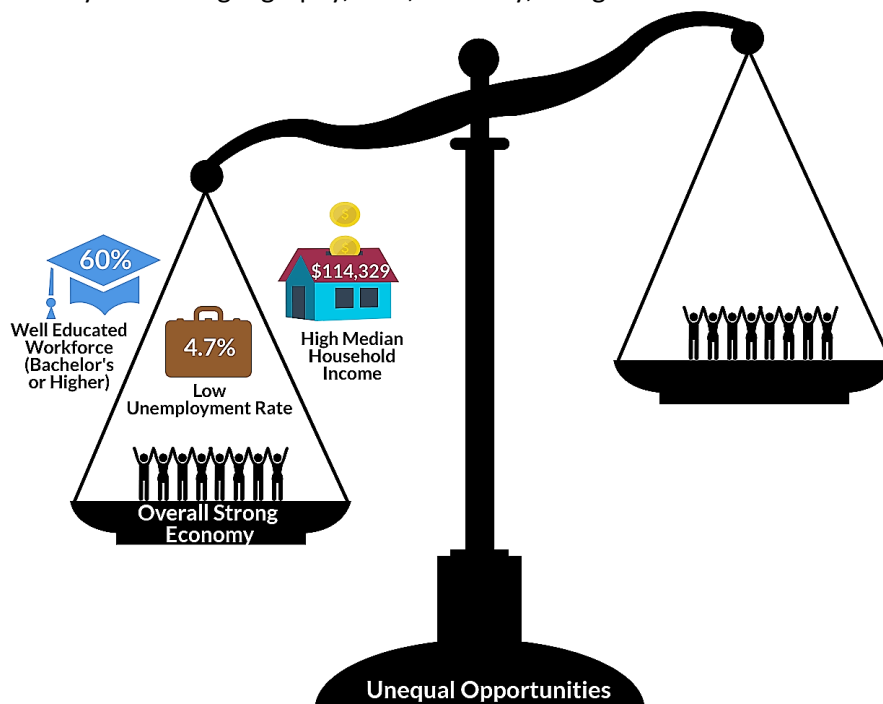
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## The Economic Ladder is Missing Rungs

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### **An Overall Strong Local Economy, but Not All Residents Are Benefitting**

Overall, the Fairfax County economy continues to be strong with relatively low unemployment rates, exceptionally high household income levels, and a well-educated workforce.<sup>1</sup> These positive indicators and others highlight an overall healthy economy, prosperity for residents, and local economic growth. However, there are now fewer opportunities for residents to advance from low- to higher-wage jobs which offer benefits, stability, and prospects for professional growth. Changes in our local economy have resulted in positive outcomes for some residents, while reinforcing limited economic opportunities for others, particularly based on geography, race, ethnicity, and gender.

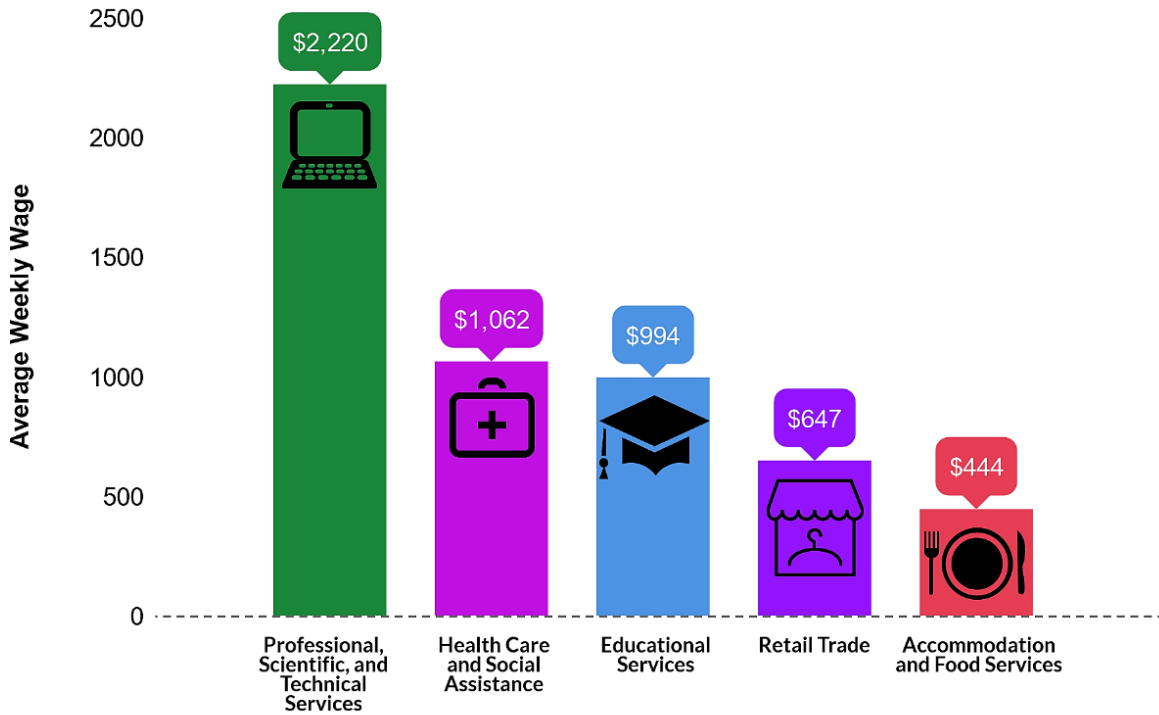


Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-yr Estimates

### **The Labor Market is Increasingly Bifurcated**

Economic indicators show that industries and occupations projected to grow the most in our region are those that offer either high or low wages. While not a new trend, this continuing bifurcation of the labor market is increasingly making it more difficult for low- to moderate-income households to make ends meet. Industries that are projected to have the largest number of jobs in our area by 2024 are those in the professional, scientific, and technical services; health care; education; retail; and accommodations and food services. However, average weekly wages in these industries vary widely. Employment pathways should focus on industries that are not only projected to grow in our region, but also offer opportunities for career advancement and higher wages.

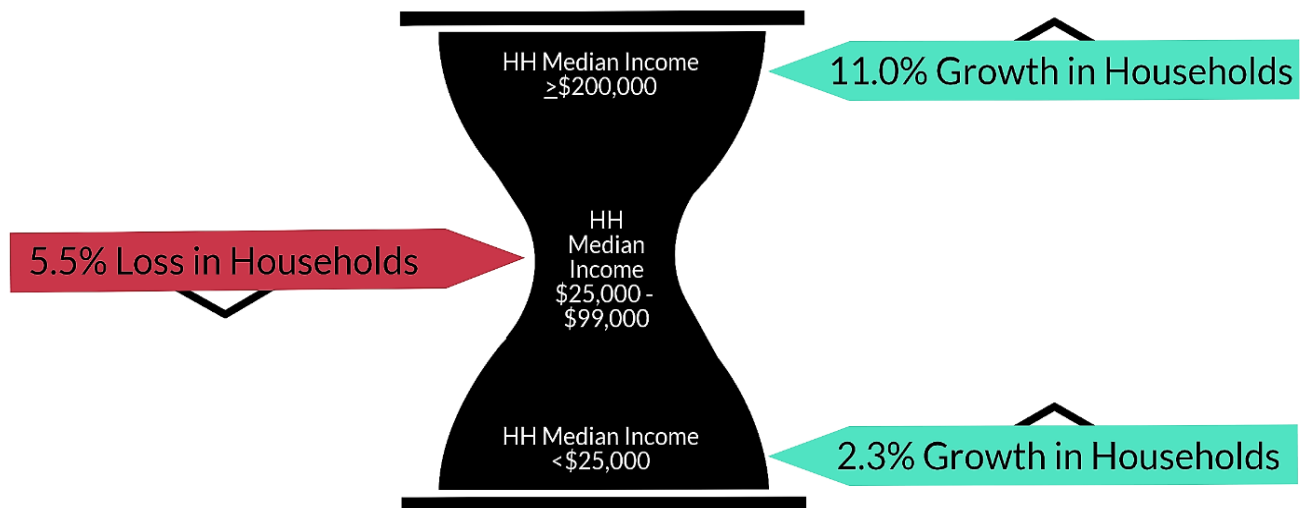
### Earnings by Industry, 2014



Source: Virginia Employment Commission, Industry and Occupational Projections

### Households are Losing Middle Ground Which Weakens Our Overall Economy

Shifts in household income over time reveal that changes in our local economy are propelling a shrinking middle class. From 2012 to 2016, there was growth in the number of high-income households as well as low-income households. During this same time period, there was also a loss in the number of households at income levels between \$25,000 to \$99,999.



Source: U.S. Census Bureau, 2008-2012 and 2012-2016 American Community Survey, 5-yr Estimates

### ***Inequality is Increasing***

Changes in inequality also demonstrate how a middle-class lifestyle in Fairfax County is more difficult to reach than in the past. From 2012 to 2016, income inequality increased overall in Fairfax County.

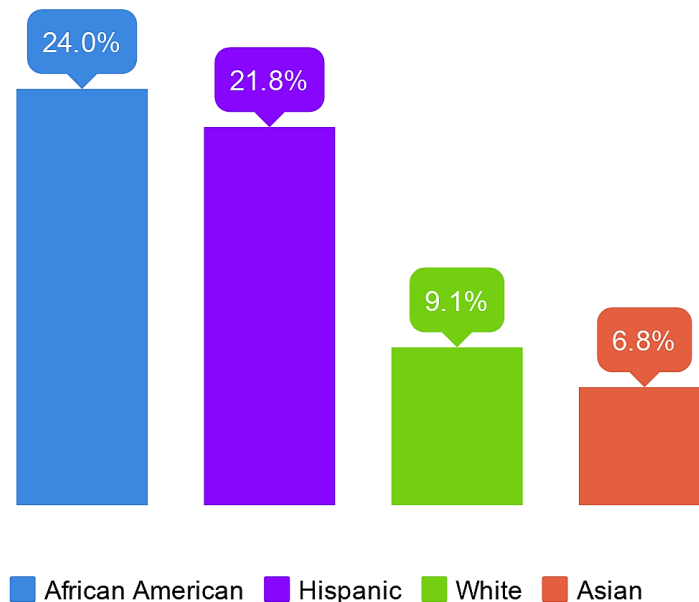
Similar to income inequality, wealth inequality can make it more difficult for individuals to achieve economic stability. Asset accumulation is critical for families and adults to manage financial emergencies, purchase a home, attend college, and retire. Research shows an alarming gap in wealth between White, African American, Asian, and Hispanic households.

Among Fairfax County residents, there are differences by race and ethnicity in a variety of indicators including household net worth, assets, and use of mainstream commercial banking. In 2013, approximately one out of every four African American households in Fairfax County reported zero or negative net worth. Similarly, approximately one out of every five Hispanic households reported zero or negative net worth.



*Source: U.S. Census Bureau, 2008-2012 and 2012-2016 American Community Survey, 5-yr Estimates*

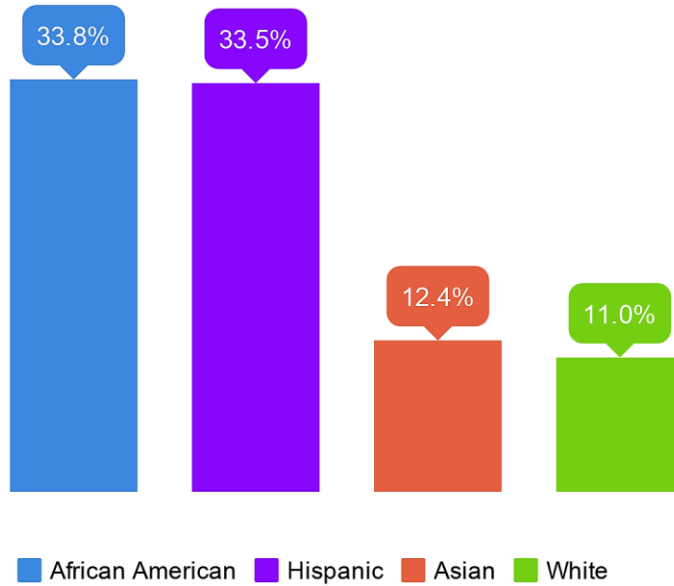
### **Fairfax County Households with Zero Net Worth, 2013**



*Source: Prosperity Now; Estimates based on data from the U.S. Census Bureau Survey of Income and Program Participation and the American Community Survey, 2013*

Asset poverty is defined as insufficient net worth to live at the poverty level for three months in the absence of income. In 2013, African American households and Hispanic households had asset poverty rates approximately three times greater than White and Asian households in Fairfax County.

### Asset Poverty Rate of Fairfax County Households, 2013

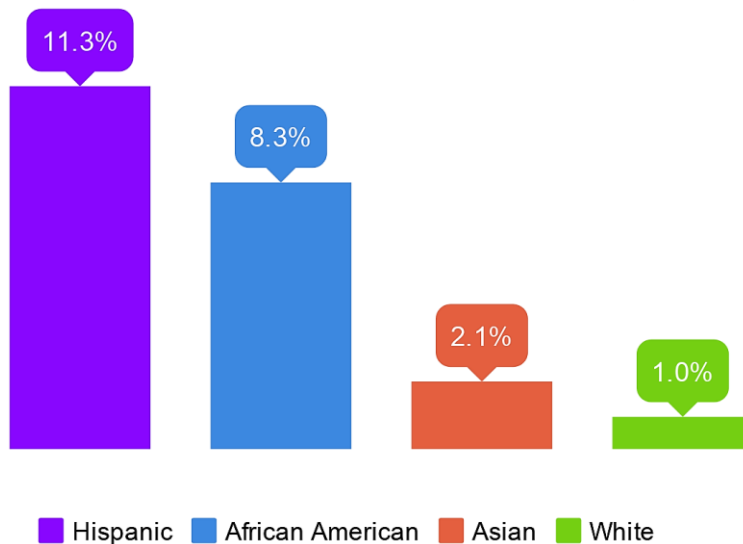


Source: Prosperity Now; Estimates based on data from the U.S. Census Bureau Survey of Income and Program Participation and the American Community Survey, 2013

Access to and use of mainstream financial services is critical for individuals to save and capitalize on investment opportunities. Individuals who are not connected to formal bank accounts often rely on predatory lending services that often charge exceptionally high interest rates.

In 2015, approximately 11% of all Fairfax County Hispanic households did not have either a checking or savings account compared to only 1% of White households who were unbanked.

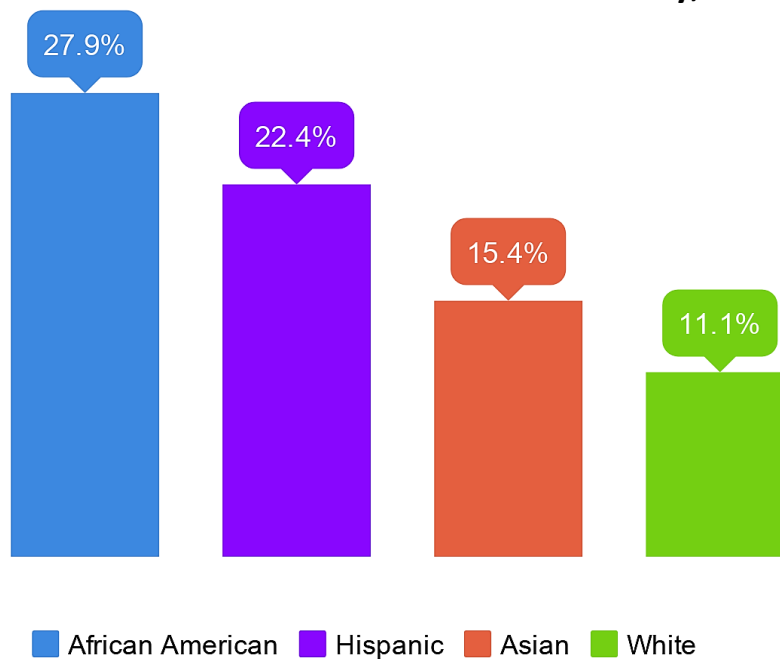
### Unbanked Households in Fairfax County, 2015



Source: Prosperity Now; Estimates based on data from U.S. Census Bureau American Community Survey and the Federal Deposit Insurance Corporation, 2015

Underbanked households are those that have a mainstream checking and/or savings account, but also use non-bank services such as money orders, remittances, payday loans, refund anticipation loans, and check-cashing services. These types of products typically charge steep fees, making it more difficult for households that utilize these services to increase their overall net worth over time. In 2015, approximately 28% of all African American households in Fairfax County were underbanked as compared to 11% of White households.

### Underbanked Households in Fairfax County, 2015



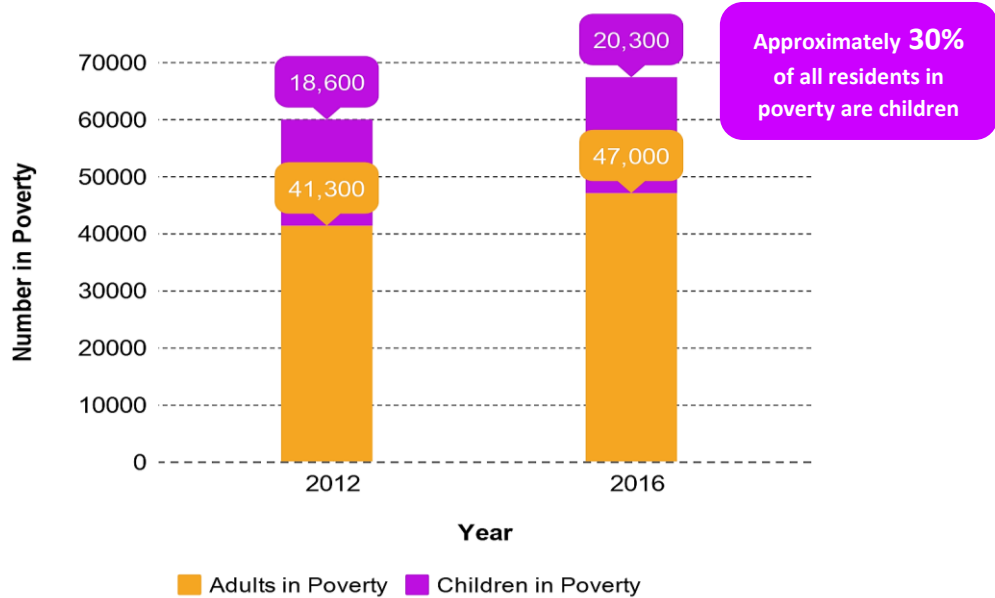
Source: Prosperity Now; Estimates based on data from U.S. Census Bureau American Community Survey and the Federal Deposit Insurance Corporation, 2015

#### ***Despite Overall Wealth in the County, Poverty is Persistent for Children and Non-White Residents***

Overall, Fairfax County has a relatively low poverty rate, however the number of residents in poverty is significant due to population density (poverty in 2016 for a four-person family was \$24,300 or less). From 2012 to 2016, there was an increase in the number of residents in poverty in the county (by approximately 7,400 residents).

Of concern is the number of children (18 years of age or younger) who are in poverty in Fairfax County. Over 20,000 kids lived below the poverty level in 2016 (approximately 7% of all children) - an increase from 2012. Not only is there a moral imperative, but also an economic obligation to specifically target childhood poverty in order to strengthen academic outcomes, decrease crime, and reduce health expenditures.<sup>ii</sup>

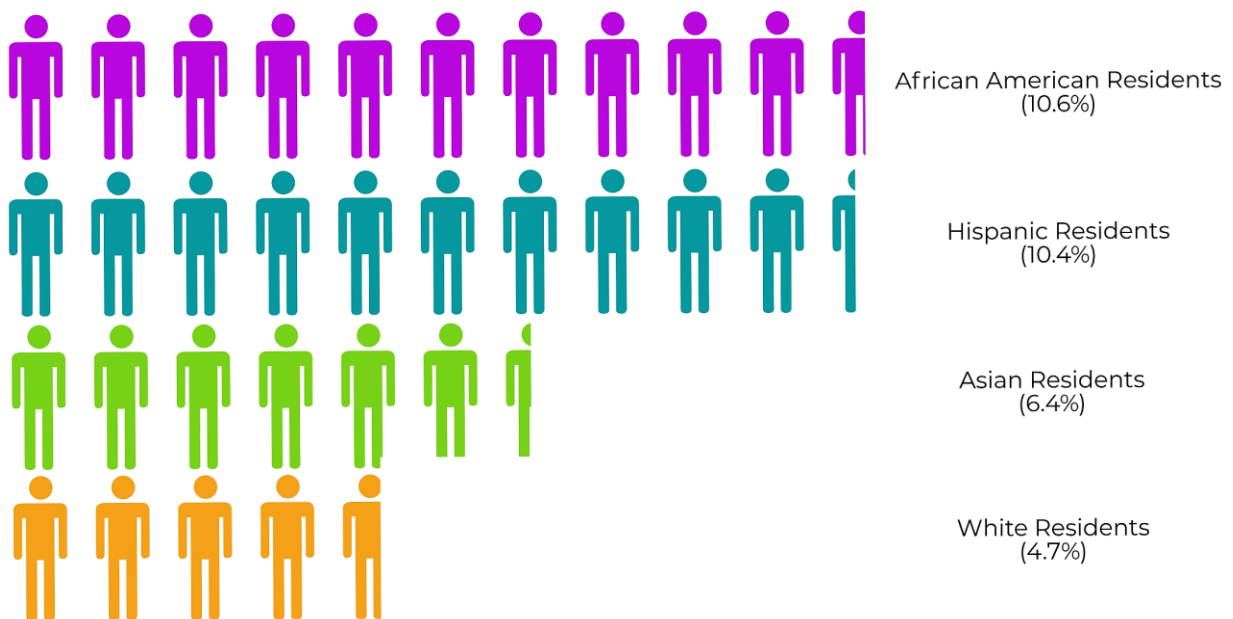
## Number of Fairfax County Residents in Poverty



Source: U.S. Census Bureau, 2008-2012 and 2012-2016 American Community Survey, 5-yr Estimates

Large and persistent disparities in poverty still exist between White, African American, Asian, and Hispanic (of any race) Fairfax County residents. In 2016, the percent of African American residents and Hispanic residents in poverty was two times greater than that of White residents. The loss of economic growth due to this poverty gap continues to highlight the importance of strategies that help to increase racial and ethnic inclusion in the labor market.

## Percent of Fairfax County Residents in Poverty by Race/Ethnicity, 2016

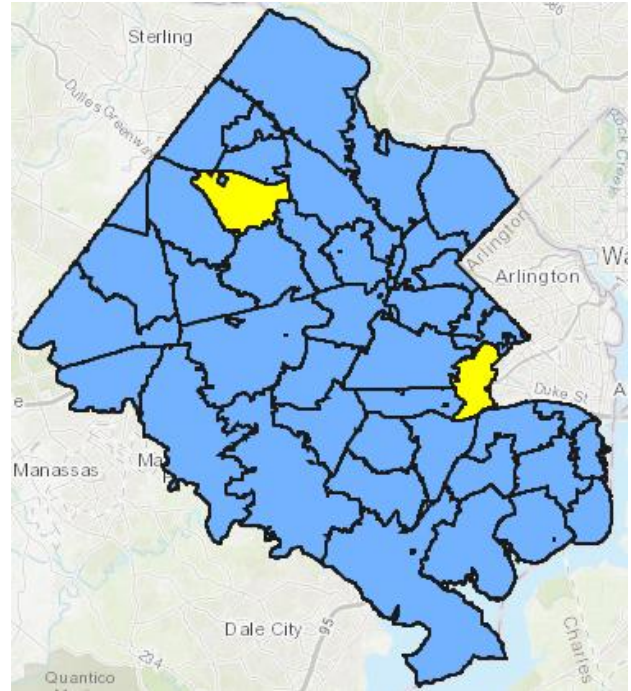


Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-yr Estimates

**Areas of the County Have Not Recovered from the Great Recession**

Geography is particularly important when evaluating income inequalities. Recent analysis highlights that wealthier states, counties, and ZIP Codes recovered faster from the Great Recession than communities with more economic challenges. In general, areas with more wealth not only rebounded from the recession faster, but also continued to add jobs after the recession. In contrast, other communities did not recover from the recession and have continued to decline in terms of economic opportunities. This “Great Reshuffling” highlights the importance of geography when evaluating economic opportunities.<sup>iii</sup>

An example of this trend can be seen in Fairfax County by examining two ZIP Codes: 20191 and 22312. The ZIP Code 20191 recovered from the Great Recession, showing positive direction in several key economic indicators. In contrast, ZIP Code 22312 has not fully recovered since the Great Recession, losing ground on high school completion rates, housing vacancy rates, available jobs, and unemployment.<sup>iv</sup> While the strength of a community is not solely defined by these factors, economic indicators such as poverty, employment rates, and the housing market can highlight where investments and opportunities could be directed to strengthen our overall economy.



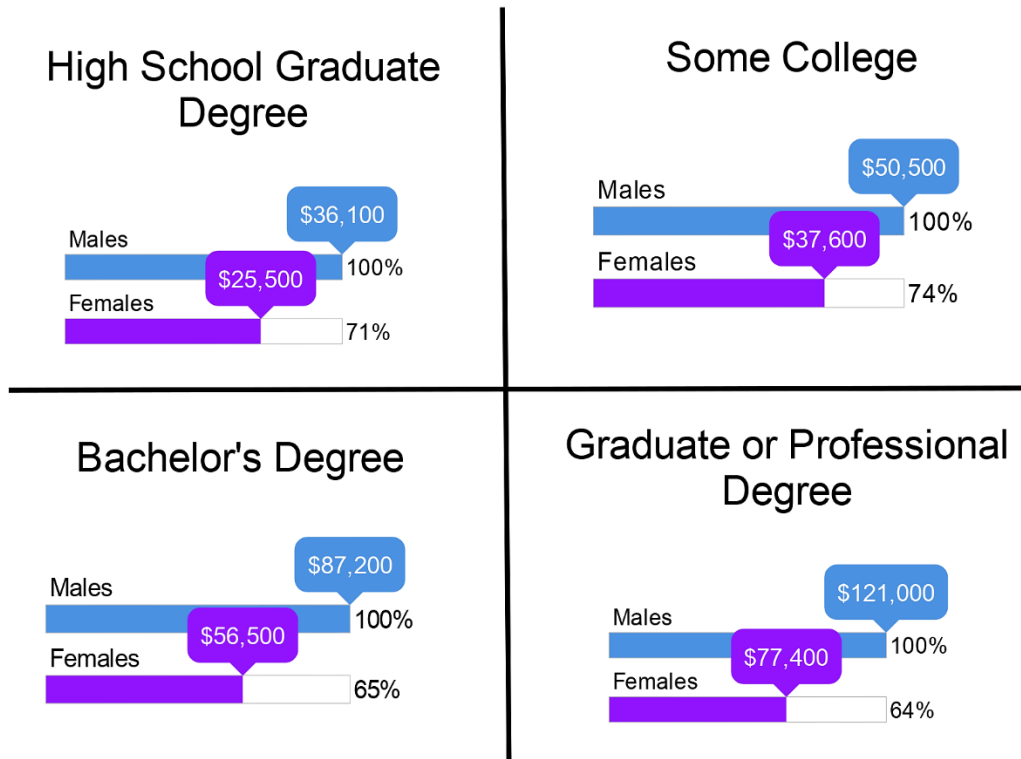
Change in Key Indicators*	ZIP Code 20191	ZIP Code 22312
Education Levels	▲	▼
Residents Not in Poverty	▲	same
Housing Filled (Not Vacant)	▲	▼
Change in Number of Jobs	▲	▼
Employed Adults	▲	▼

\*Change is from 2007-2011 to 2012-2016<sup>v</sup>  
 Source: Economic Innovation Group, 2018 Distressed Communities Index

**There are Large Differences in Earnings by Gender**

Median earnings are relatively high overall in Fairfax County, but stark differences exist between males and females. This earnings gap by gender continues to widen at higher educational levels, making it more difficult for women to earn a living wage. In addition, postsecondary education is critical for women, as there is a large difference in median earnings between females with some college and those who have a degree (approximately \$19,000 difference in median earnings).

**Earnings by Gender and Degree, 2016**



Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-yr Estimates

**Education and Training Influence Earnings and Community Factors**

Adults with education and training beyond high school generally earn higher wages and have more sustainable earnings than individuals with no postsecondary education. Training and postsecondary credentials are also important for adults during economic downturns – findings from a national study showed that four out of every five jobs lost in the Great Recession were held by workers with less than a postsecondary degree.<sup>vi</sup> Adults who lack postsecondary credentials are increasingly being left out of the labor market. Of all the jobs created in the U.S. since the recession, 99% have been filled by workers with at least some level of postsecondary education and training.<sup>vii</sup>

These national findings and others emphasize the need to increase access to high quality and affordable education, training, and English language instruction to promote equitable economic inclusion for all Fairfax County residents.

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## Opportunities to Enhance HHS Strategies

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Helping low-wage workers obtain a job is not enough – to move the needle on economic inequalities, HHS and partners must provide additional opportunities and supports for adults beyond initial employment.

Pathways that help low-wage workers “bridge” to higher-wage jobs are critical to strengthen our economy and break cycles of poverty. Pathways are not only about creating education and training opportunities, but also include accessible and affordable child care, health care, and transportation services. As many adult learners often face multiple barriers to advancing their education and employment, it is also imperative that pathways provide services that can address these challenges.

Local government, to include Health and Human Services and other government agencies, plays a critical role in bolstering economic inclusion through many different avenues. Roles include:



**Regulatory/Policy Maker**



**Convener**



**Employer**



**Service Provider**



**Advocate for State Policy**



**Developer**



**Funder**

*Source: Prosperity Now, "A Municipal Policy Blueprint for a More Inclusive Path to Prosperity"*

However, government alone will not move the needle. To truly make a difference, partnerships among government, community members, businesses, educational institutions, nonprofits, and faith-based organizations are imperative. This includes leveraging resources and expertise, building on existing initiatives, and identifying gaps in the community where partnerships are needed to promote economic inclusion for all residents.

Together, as a community, we must help ensure a strong educational pipeline, internship and apprenticeship programs, targeted workforce training, and English language opportunities for all residents. Through greater economic inclusion, all residents and our economy can be strengthened.

## References

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<sup>i</sup> In comparison to the Commonwealth of Virginia, in 2016 Fairfax County had a lower unemployment rate, higher median household income level, and greater proportion of residents with a bachelor's degree or higher. The Commonwealth of Virginia's statistics for these measures in 2016 were as follows: 5.9% unemployment rate; \$66,149 median household income level; and 37% of adults with a bachelor's degree or higher. Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-yr Estimates

<sup>ii</sup> [www.americanprogress.org/issues/poverty/reports/2007/01/24/2450/the-economic-costs-of-poverty](http://www.americanprogress.org/issues/poverty/reports/2007/01/24/2450/the-economic-costs-of-poverty)

<sup>iii</sup> [https://eig.org/dci?utm\\_campaign=Economic%20Studies&utm\\_source=hs\\_email&utm\\_medium=email&utm\\_content=67848520](https://eig.org/dci?utm_campaign=Economic%20Studies&utm_source=hs_email&utm_medium=email&utm_content=67848520)

<sup>iv</sup> [https://eig.org/dci?utm\\_campaign=Economic%20Studies&utm\\_source=hs\\_email&utm\\_medium=email&utm\\_content=67848520](https://eig.org/dci?utm_campaign=Economic%20Studies&utm_source=hs_email&utm_medium=email&utm_content=67848520)

<sup>v</sup> [https://eig.org/dci?utm\\_campaign=Economic%20Studies&utm\\_source=hs\\_email&utm\\_medium=email&utm\\_content=67848520](https://eig.org/dci?utm_campaign=Economic%20Studies&utm_source=hs_email&utm_medium=email&utm_content=67848520)

<sup>vi</sup> [http://www.councilofpresidents.org/docs/r\\_d\\_docs/SHEEO\\_12\\_12\\_Econ\\_Benefit\\_of\\_HEd\\_degrees.pdf](http://www.councilofpresidents.org/docs/r_d_docs/SHEEO_12_12_Econ_Benefit_of_HEd_degrees.pdf)

<sup>vii</sup> <https://cew.georgetown.edu/wp-content/uploads/Americas-Divided-Recovery-web.pdf>