

# Department of Economic Initiatives CY 2023 Equity Impact Plan



**Leadership Sponsor:** Rebecca Moudry, Director

**Equity Lead(s):** Theresa Benincasa, Manager, Economic Mobility

## **Departmental Equity Guiding Statement:**

The Department of Economic Initiatives (DEI) is committed to promoting opportunities for economic mobility for all residents through policy, programs and initiatives that foster entrepreneurship, small business development and equitable growth.

## **Context:**

### **Fairfax County is prosperous, but disparities exist by race and geography.**

Fairfax County is considered prosperous across multiple economic indicators, but disparities by race and geography exist. While the County typically ranks among the highest in the nation for median income, the data also show significant disparities by race. According to the 2021 Fairfax County Economic Recovery Framework, the median household income of white households (~\$140,000) was 1.6 x that of Black households (~\$86,000) and 1.7x that of Hispanic and Latinx households (~\$81,000).

Multiple county studies have shown that disparities in income, home ownership and educational attainment can vary widely between households in adjacent ZIP codes, and lower levels of economic prosperity are concentrated in areas with higher densities of people of color.

The Chairman's Task Force on Equity and Opportunity examined the drivers for disparities in Fairfax County by race, education, income and geography, and recommended that County agencies with community partners address the racial wealth gap by building ecosystems that facilitate locally owned investment and economic opportunities for people of color.

### **Historically, some communities or residents may have not been included in economic development efforts within their community. Place-led economic development is a comprehensive location-based approach to economic development which aims to improve equitable growth outcomes within the diverse communities in Fairfax.**

The Chairman's Task Force on Equity and Opportunity found that key challenges to equitable communities include, "People of color and lived expertise do not have power to influence decision making " and "Lack of investment or re-investment in historically marginalized communities; investments do not directly benefit communities of color that live there."<sup>1</sup> Together these two challenges indicate a need for an inclusive place-led economic development approach that identifies, celebrates and fosters empowered residents and community assets.

According to the Project for Public Spaces, one definition of placemaking, a core component of a place-led economic development approach, is the empowerment and engagement of the individuals in a community to participate in, understand and contribute to the evolution of the spaces that define that community. While placemaking is not a new profession, field of study or set of programs, it is a growing process of empowerment and decision-making that unites professional knowledge and

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<https://www.fairfaxcounty.gov/chairman/sites/chairman/files/assets/documents/chairmans%20task%20force%20recommendations%20for%20feb%202023%20-%20final.pdf>

skills while supporting communities in connecting to places and taking ownership over the emerging results.

***DEI efforts including place-led economic development and the food business accelerator program help to open opportunities for communities of color.***

**Economic impacts from the pandemic persist particularly for small, local and minority-owned businesses, with worker hiring and retention as a top concern.**

Small businesses in Fairfax County and across the nation continue to experience negative economic impacts and challenges due to the COVID-19 public health emergency. According to Opportunity Insights, a joint research effort by Harvard University, Brown University, and the Bill and Melinda Gates Foundation, as of January 2022 small businesses in Fairfax County have suffered a 43.8% decrease in revenue compared to January 2020. The 2022 Federal Reserve Banks' Small Business Credit Survey indicates a persistent impact from the pandemic on employer firms, with 77% reporting negative effects. This same report identified that minority-owned businesses and those businesses with fewer than 50 employees were the most likely to report being in fair or poor financial condition in Spring 2022.

In Fairfax County, private sector employment declined by approximately 15,000 jobs (or 3 percent) between 2019 and 2021 according to the U.S. Bureau of Labor Statistics. The U.S. Census Bureau's Small Business Pulse Survey and a December 2022 small business survey conducted by the Department of Economic Initiatives reiterate that finding and retaining workers as the top concern of small businesses in the County. These recent surveys indicate that obtaining financial assistance planning or additional capital, increasing digital marketing or branding, and developing online sales and websites as additional priority technical assistance needs for small businesses to cope with economic shifts caused by the pandemic.

**Workers too have endured pandemic impacts, with job losses disproportionately impacting low-income and minority workers.**

As the economy recovers, the workforce may face changes in sought-after skills and job opportunities requiring new or different qualifications. For some workers, skills are not immediately transferrable and will require adjustments. The Economic Recovery Framework recommends investing in programs designed to reskill and upskill workers to meet evolving workforce demands and provide pathways to economic mobility for local residents.

***DEI programs such as the THRIVE small business technical assistance program and the Work-based Learning Initiative aim to assist small businesses, local employers and workers to mitigate the impact of the pandemic.***

**Entrepreneurship can be a catalyst for economic mobility; however, barriers exist for people of color.**

Black Americans hold only one-tenth the wealth of white Americans and often hold higher levels of debt. This inhibits access to capital, leaving 70.6% of Black entrepreneurs to rely on personal and family savings for financing. The Federal Reserve's Small Business Credit Survey consistently finds that firms owned by persons of color tend to have weaker banking relationships, experience worse outcomes on credit applications, and are less likely to receive all of the financing for which they applied.

Minority business founders have traditionally been underrepresented in accessing venture capital (VC) funding, an important infusion to scale. Per a report issued by the Security and Exchange Commission, the vast majority of VC-backed businesses between 2013-2017 were white (77%). Only 1 percent were black founders, 2 percent Latino, 2 percent middle eastern, and 18 percent Asian. The Kauffman Foundation has reported that new black-owned businesses start with almost three times less in terms of overall capital compared with new white-owned businesses. Also, investors largely allocate capital to existing portfolio companies or known relationships. This trend

prohibits entrepreneurs of color or other underrepresented entrepreneurs to have the same access to capital as their white counterparts.

***DEI programs such as the Fairfax Founder’s Fund, BizEx, the Small Business Resource Navigator, the Vendor Pitch Portal and Fairfax THRIVE aim to provide technical assistance and resources to help minority founders and small businesses flourish. In 2023, DEI programs will initiate focused efforts to improve outreach, communication with and access to minority-owned businesses, aligned with the County’s new initiatives on inclusive engagement.***

**Long-term Outcome(s):**

- Cultural and Recreational Opportunities
- Economic Opportunity
- Efficient and Effective Government
- Empowerment and Support for Residents Facing Vulnerability
- Environment
- Health
- Housing and Neighborhood Livability
- Lifelong Education and Learning
- Mobility and Transportation
- Safety and Security

**System-Level Infrastructure:**

Work with the Department of Procurement and Material Management (DPMM)’s effort to promote the Vendor Pitch Portal.

Work with the One Fairfax and Neighborhood and Community Services (NCS) team to develop multicultural outreach for Fairfax Founders Fund, THRIVE and DEI business capacity-building efforts.

Work with the Department of Family Services (DFS), DPMM, Department of Finance (DOF) and the Office of the County Attorney (OCA) on grants management for the Work-Based Learning Initiative.

Work with the Department of Planning and Zoning (DPD) and NCS on place-led economic development.

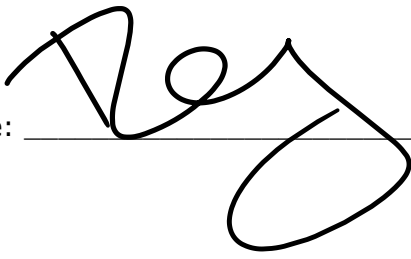
**(DEPARTMENT OF ECONOMIC INITIATIVES) CALENDAR YEAR 2023 EQUITY IMPACT PLAN**

Goals	One Fairfax Area of Focus	Actions	Stakeholders	Timeline	Resources and Supports	Responsible Parties	Performance Measures
1. Implement the THRIVE Technical Assistance program that includes serving underrepresented small businesses and entrepreneurs.	1	1a. Procure business consultants and coaches to provide technical assistance for THRIVE small businesses.	Board of Supervisors, Latino Economic Development Corporation (LEDC), business support organizations, community partners, multicultural organizations	Q-Q2	Financial Resources, staff time	Jamie Gaucher, Theresa Benincasa, Mariam Conley, Wendy Lemieux	-Number of business consultants contracted -Number of business coaches contracted -Number of business support/multicultural organizations contracted for outreach -Number/demographics of businesses applying
		1b. Launch the application portal for businesses to apply for THRIVE.	LEDC, small businesses, business support organizations, community partners, multicultural organizations	Q2-Q4			-Diversity of businesses (types) receiving assistance <b>Longer-term PMs:</b> -Number of businesses reporting satisfaction with service delivery
		1c. Initiate a capacity-building RFP to establish a network focused on outreach and marketing THRIVE to minority-owned businesses.	Business support organizations, community partners, multicultural organizations	Q1-Q4			-Number of businesses reporting positive impacts -Jobs retained/created
2. Improve access to capital and technical expertise for diverse founders, with a focus on economic growth in technology product industries in Fairfax County.	1	2a. In cooperation with fund administrators, launch the Fairfax Founders Fund application process.	Board of Supervisors, Fairfax County Economic Development Authority (FCEDA), Virginia Innovation Partnership Corporation, industry, university partners, sources of early-stage capital	Q1-Q4	Financial resources, staff time	Jamie Gaucher, Eta Nahapetian, Mariam Conley, Wendy Lemieux	-Number of program promotion activities/diverse outreach contacts -Number of businesses engaged with diverse, underrepresented founders -Number of entrepreneur referrals to prep services to nurture growth -Number of grants awarded
		2b. Implement marketing and communications plan to reach historically underserved founders.		Q1-Q2			<b>Longer-term PMs:</b> -Number of jobs created or retained -Additional capital secured

3. Develop a business development and entrepreneurial center at Original Mount Vernon High School (OMVHS) that includes serving underrepresented entrepreneurs and workforce.	1,3	3a. Pursue contract with an operator to manage a Food Business Accelerator at OMVHS.	Board of Supervisors, OMVHS Steering Committee, Community served	Q1-Q2	Staff time, financial resources	Scott Sizer	-Food business accelerator lease negotiated and approved <b>Longer-term PMs:</b> -Amount of private sector investment in OMVHS facilities -Number/demographics of entrepreneurs served -Number of jobs supported
		3b. Negotiate, and if negotiations successful, secure lease with operator.		Q2-Q4			
4. Structure a platform to help entrepreneurs, home-based and small businesses, including minority-owned businesses, connect to available resources.	1	4a. Collaborate with economic development service providers to identify entrepreneur needs, with a focus on minority business owners.	County agencies, business support organizations	Q1-Q3	Staff time	Meaghan Kiefer, Meena Bhingé, Maribel Feliciano, Wendy Lemieux	4a-c. Number of entrepreneurs and small businesses served (including minority-owned businesses) -Resource portal launched and continuously updated  4c. Number of proposals submitted -Number of submitters connected to business development support <b>Longer-term PM:</b> -Number of submitters who are contacted by County agencies for consideration  4d. Number of entrepreneurs or businesses that participate in education events organized or supported by DEI 4e. Number of small businesses or entrepreneurs directly
		4b. Secure contractor to structure a small business/entrepreneurship resource navigation system.	County agencies, entrepreneurs/business owners, business support organizations	Q1-Q4			
		4c. In coordination with DPMM, promote the Vendor Pitch Portal to increase consideration for contracts by County agencies.	County agencies, entrepreneurs, business owners	Q1-Q4			
		4d. Promote and support educational events for entrepreneurs and small business owners.	County agencies, economic development partners, entrepreneurs	Q1-Q4			
		4e. Provide customized assistance to entrepreneurs and businesses to navigate county requirements such as permitting and licensing to start or grow a business.	County agencies, entrepreneurs, economic development partners	Q1-Q4			

							assisted, with demographic information as available
5. Lead place-led economic development efforts, utilizing the unique assets within communities to nurture economic activity, engage local stakeholders/residents, and support economically competitive places.	1,11	5a. Evaluate commercial areas and create a typology of places in the county.	Board of Supervisors, County agencies, economic development partners, community-based organizations	Q1-Q4	Financial Resources, Staff time	Scott Sizer, Jarett Haring, Laura Baker	-Place-specific economic analysis -Number of communities engaged in place-led economic development -Number of partnerships engaged to develop County proposals
		5b. Develop process proposals to address opportunities and gaps within places.	Board of Supervisors, County agencies, economic development partners, community-based organizations, local stakeholders	Q1-Q4			
		5c. Engage with local stakeholders to build upon community assets and implement targeted place-led economic development approaches.	Board of Supervisors, County agencies, economic development partners, community-based organizations, local stakeholders	Q1-Q4			
6. With DFS, develop and implement a Work-based Learning (WBL) Initiative.	1,3	6a. Seek Board approval to fund WBL Initiative.	Board of Supervisors, Department of Family Services, FCEDA, local educational institutions, employers, nonprofits	Q1-Q3	Financial resources, staff time	Theresa Benincasa, Jamie Gaucher	-Funding approval secured -WBL program established -Number of employers engaged -Number of talent suppliers engaged <b>Longer-term PM:</b> -Number of WBL placements created
		6b. Secure contract with a program administrator to manage grants process.	Board of Supervisors, Department of Family Services, FCEDA, local educational institutions, employers, nonprofits	Q1-Q3			
		6c. Engage employers and talent supplier network to participate in WBL Initiative.	Board of Supervisors, Department of Family Services, FCEDA, local educational institutions, employers, nonprofits	Q1-Q3			

Director's Signature: \_\_\_\_\_

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