

Department of Economic Initiatives

CY 2022 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, innovation, 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 highest in the nation for median income, the data also show significant disparities by race.

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.

The pandemic has exacerbated disparities for minority-owned businesses and workers

The 2021 Economic Recovery Framework showed that that the pandemic disproportionately impacted small and minority-owned businesses, businesses in certain sectors and workers employed by impacted businesses.

Fairfax County lost an estimated 48,000 jobs and employment losses were heavily concentrated in food, service, hospitality and retail sectors; 63% of all job losses took place in industries with a higher-than-average representation of people of color, and with lower wage earners.

The Federal Reserve's most recent Small Business Credit Survey showed that declines in revenue and employment between 2019 and 2020 were most severe for firms owned by people of color. Sixty-seven percent of Asian- and Black-owned firms reported reducing their operations, followed by 63% of Hispanic-owned firms and 54% of white-owned firms.

Ninety-two percent of Black-owned firms reported experiencing financial challenges in 2020 (up from 85% in 2019), followed by Asian-owned firms (89%, up from 70%) and Hispanic-owned firms (85%, up from 78%). White-owned firms were the least likely to report financial challenges (79%, up from 65% in 2019).

Nearly three quarters of Asian- and Black-owned firms reported difficulties paying their operating expenses compared to 63% of white-owned firms. Moreover, 53% of Black-owned firms reported difficulty accessing credit, the most of any group.

DEI COVID relief programs such as Microloan, RISE and PIVOT have targeted the most impacted businesses, and reached high levels of grant awards to minority-business ownership.

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 Biz Ex, the Fairfax Founder’s Fund and Fairfax THRIVE aim to provide technical assistance and resources to help minority founders and small businesses flourish.

Closing racial gaps in business ownership and assets fosters a robust economy

The U.S. Chamber of Commerce reports that that if the number of minority-owned firms were proportional to their labor force participation, the U.S. would add more than 1.1 million businesses, supporting an estimated 9 million additional jobs and adding nearly \$300 billion in workers’ income.

The 2015 Equitable Growth Profile study showed that Fairfax County’s gross domestic product would have been \$26.2 billion higher in 2012 if its racial gaps in income were closed.

Small businesses (with fewer than 50 employees) represent 92% of all County businesses but there is limited data on local business owner demographics, business type, operating status and location of these businesses in County.

Through surveys, data collection and analysis, DEI is working with County partners to build a deeper understanding of local business assets, including demographic information.

Long-term Outcome(s):

- | | |
|---|--|
| <input type="checkbox"/> Cultural and Recreational Opportunities | <input type="checkbox"/> Health |
| <input checked="" type="checkbox"/> Economic Opportunity | <input type="checkbox"/> Housing and Neighborhood Livability |
| <input type="checkbox"/> Efficient and Effective Government | <input type="checkbox"/> Lifelong Education and Learning |
| <input type="checkbox"/> Empowerment and Support for Residents Facing Vulnerability | <input type="checkbox"/> Mobility and Transportation |
| <input type="checkbox"/> Environment | <input type="checkbox"/> Safety and Security |

System-Level Infrastructure:

Work with the Countywide Strategic Plan team to transition the work of the Economic Recovery Forum to a system that supports continued implementation across diverse agencies.

Identify priority areas for 2022 actions for DEI team that support the Chairman's Task Force on Equity and Opportunity recommendations.

Use data and tools generated by the Data Analytics and One Fairfax data teams to analyze small business information and close knowledge and data gaps to support program development and evaluation.

Support the Department of Procurement and Material Management's effort to conduct a supplier diversity study.

Coordinate with the Department of Tax Administration to conduct a survey of county-based businesses.

Work with the One Fairfax team to develop multicultural outreach for Fairfax THRIVE and DEI business capacity-building efforts.

DEPARTMENT OF ECONOMIC INITIATIVES CALENDAR YEAR 2022 EQUITY IMPACT PLAN

Goals	One Fairfax Area of Focus	Actions	Stakeholders	Timeline	Resources and Supports	Responsible Parties	Performance Measures
1. Develop and implement Fairfax THRIVE program and initiatives that includes serving impacted and underrepresented small businesses and entrepreneurs.	1	1a. Develop a business technical assistance grant program that addresses needs of business to grow, thrive, and transform in response to ongoing pandemic crisis.	Board of Supervisors, Business support organizations, community partners, multicultural organizations	Q1-Q2	Financial resources, staff time	Rebecca Moudry, Meaghan Kiefer, Jamie Gaucher, Theresa Benincasa	<ul style="list-style-type: none"> • Program operator selected • Program approved; program launched; areas of technical assistance defined • Minority business outreach partnerships expanded • Number of businesses receiving assistance Longer-term PMs: <ul style="list-style-type: none"> • Jobs retained/ created • Minority-owned firm participation • Level of economic diversity by sector
		1b. Deepen engagement with minority and multicultural business community and activate networks of leaders/influencers/ gatekeeper organizations through THRIVE.	Business support organizations, community partners, multicultural organizations, nonprofits, faith-based organizations	Q1-Q4	Staff time, financial Resources	See above	
		1c. Identify and work with grant operators to administer THRIVE program.	THRIVE program operators (to be defined)	Q3-Q4	Financial resources, Staff Time	See above	
2. Improve access to capital and technical expertise for diverse founders, with a focus on economic growth in technology	1	2a. Research and develop model for <i>Fairfax Founders Fund</i> .	Board of Supervisors, EDA, industry, university partners, business support organizations	Q1-Q2	Financial resources, staff time,	Rebecca Moudry, Jamie Gaucher, Eta Nahapetian	<ul style="list-style-type: none"> • Program approved; program launched • Program promotion and diverse outreach • Number of businesses engaged and supported with diverse/underrepresented founders/management
		2b. Develop and implement marketing and communication plan	See above	Q2-Q4	See above	See above	

product industries in Fairfax County.		to reach diverse founders.					<ul style="list-style-type: none"> Number of company/entrepreneur referrals to prep services to nurture growth <p>Longer-term PMs:</p> <ul style="list-style-type: none"> Number of grants awarded Jobs created Additional capital secured Level of economic diversity by sector Level of founder-based diversity
		2c. Assemble advisory committee with diverse representation.	See above	Q2-Q3	See above	See above	
		2d. Launch and measure program impacts.	See above	Q3-Q4	See above	See above	
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. Issue an RFI for Food Business Accelerator at OMVHS and Select Operator.	Board of Supervisors, OMVHS Steering Committee, Community Served	Q1-Q2	Staff time, financial resources	Jamie Gaucher, Theresa Benincasa	<ul style="list-style-type: none"> Number of respondents to RFI Lease secured for OMVHS <p>Longer-term PMs:</p> <ul style="list-style-type: none"> Amount of private sector investment in OMVHS facilities Number of entrepreneurs served
		3b. Identify and evaluate respondents.	See above	Q2-Q3	See above	See above	
		3c. Establish a lease with operator.	See above	Q4	See above	See above	
4. Improve baseline knowledge of and communication with diverse small businesses and entrepreneurs.	1	4a. Explore a countywide survey of businesses with DTA.	Department of Tax Administration (DTA)	Q2-Q4	Staff time	DEI staff	<ul style="list-style-type: none"> Baseline data established Number of businesses that participate in surveys/activities Number of minority-owned businesses that participate in surveys/ activities
		4b. Expand business outreach list with new businesses and	Small businesses, Business support organizations, multicultural organizations	Q1-Q4	Staff time	DEI staff	

		business support organizations.					
		4c. Using a standardized approach, collect and analyze data from DEI surveys and programs to improve baseline knowledge of county small businesses and to enhance programs.	Small businesses, Business support organizations, County agency partners	Q1-Q4	Staff time	DEI staff	
5. Provide resources for entrepreneurs, home-based and small businesses, including minority-owned businesses to establish and grow their business and their market.	1	5a. In partnership with DPMM, develop a system for small businesses, including minority-owned businesses to submit proposals to do business with the County.	Department of Procurement and Material Management (DPMM), County agencies, business support organizations	Q1-Q3	Staff time	Meaghan Kiefer, April Kellum (secondary to DPMM team)	<ul style="list-style-type: none"> • Number of entrepreneurs and small businesses served (including minority-owned businesses) • Launch and promote 'proposal pitch' system • Number of small businesses that submit proposals • Number of specific business guides generated • Number of new process resources • Resource portal launched and continuously updated <p>Longer-term PMs:</p> <ul style="list-style-type: none"> • Number of pitches circulated to County agencies/number of contracts awarded • Number of businesses in pitch system connected to business development support
		5b. Create targeted resources for home-based businesses and specific business types (i.e., by sector or function) or business processes.	County agencies, entrepreneurs/business owners, business support organizations	Q1-Q4	Staff time	Meaghan Kiefer, April Kellum	
		5c. 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	Ongoing	Staff time	Meaghan Kiefer, April Kellum	
6. Promote a just and resilient economy through	1,3	6a. Coordinate the implementation of the Economic	Economic Recovery Forum, Countywide Strategic Plan	Q1-Q3	Staff time	Rebecca Moudry, Eta Nahapetian	<ul style="list-style-type: none"> • Report to the Board of Supervisors on collective actions and impact of

implementation of the Economic Recovery Framework and the Countywide Strategic plan.

Recovery Framework.					
6b. Transition the Economic Recovery Forum to the Countywide Strategic Plan.	Economic Recovery Forum, Countywide Strategic Plan	Q1-Q3	Staff time	Rebecca Moudry, Eta Nahapetian	
6c. Serve on The Data Analytics Advisory Group.	Data Analytics Governing Council	Q1-Q4	Staff time	Scott Sizer	

Economic Recovery Framework Forum.

- Develop countywide metrics related to small business development, equitable growth and economic development.

Director's Signature: _____

