#### POSITIONING VIRGINIA FOR A HEALTHY ECONOMIC RECOVERY



Virginia Economic Development Partnership VEDP.org

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VAPDC – March 5, 2021

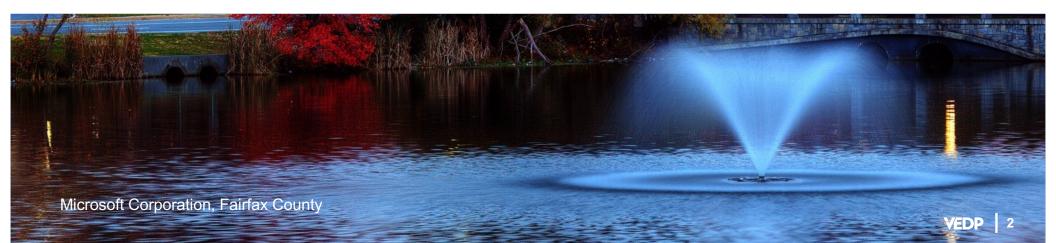


# BEFORE THE PANDEMIC...













# 2.4%

Lowest unemployment rate in more than a decade







#### Strong Liftoff for Historic **Tech Talent Investment Program**







#### Launch of World-Class Virginia Talent Accelerator Program



#### And we'd been experiencing significant wins across Virginia

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BAUSCH+LOMB See better. Live better.







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6 SimpliSafe<sup>®</sup>











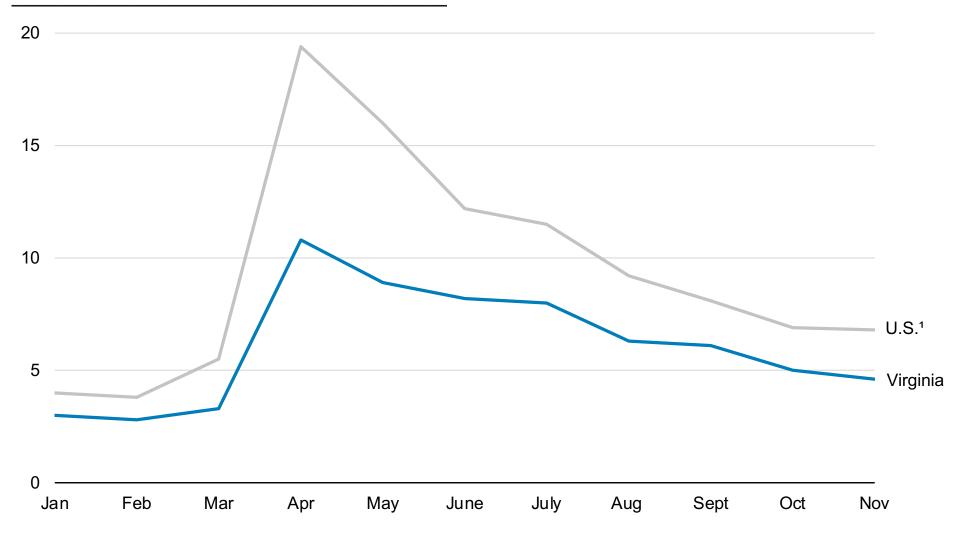
### THEN THE PANDEMIC...

#### FRONTLINE HEROES AND STATE LEADERS KEPT VIRGINIA GOING THROUGH UNPRECEDENTED CHALLENGES

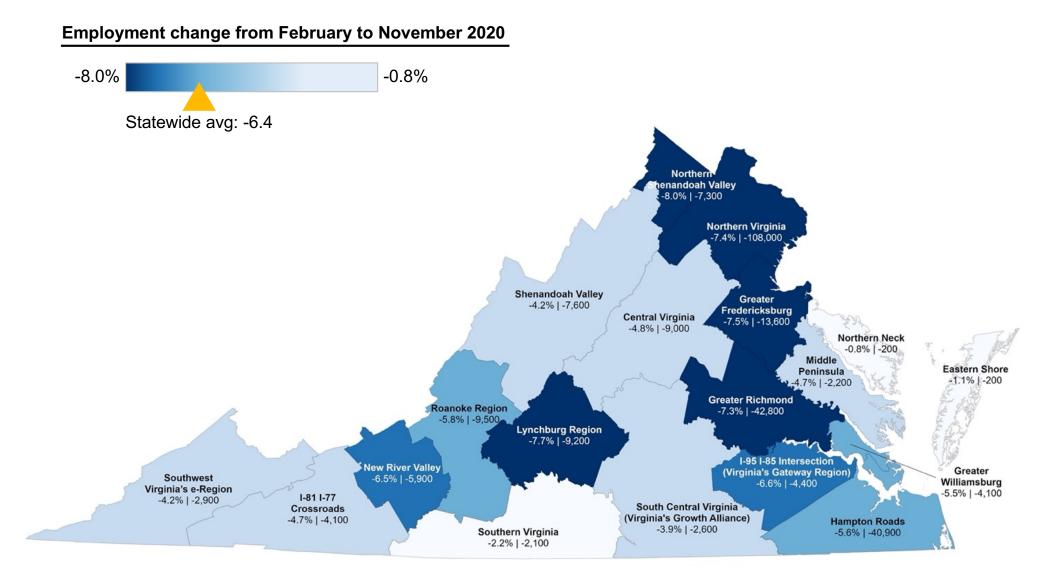


### UNEMPLOYMENT IN VIRGINIA HAS REMAINED BELOW THAT OF THE U.S. OVERALL THROUGHOUT THE PANDEMIC ERA

Monthly unemployment rate for the U.S. and Virginia



#### PANDEMIC-ERA EMPLOYMENT LOSSES HAVE VARIED SIGNIFICANTLY ACROSS REGIONS OF THE COMMONWEALTH



#### DESPITE IMPROVEMENTS SINCE APRIL, VA EMPLOYMENT REMAINS BELOW FEBRUARY 2020 LEVELS IN ALMOST ALL MAJOR SECTORS

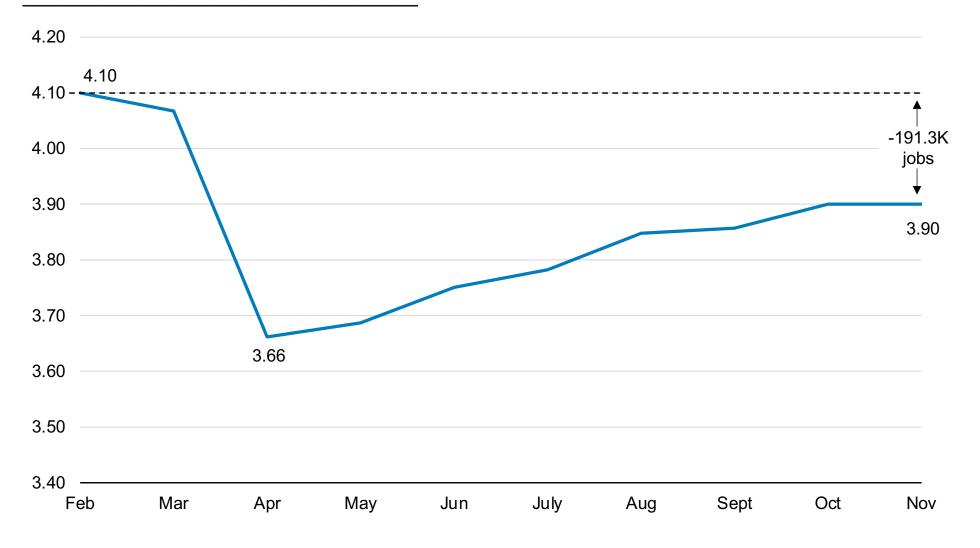
Virginia employment change since February 2020 by supersector Change in # jobs since Feb. % non-farm payroll employment change from Feb.-Nov. '20, seasonally adjusted Thousands of jobs Solution Soluti Solution Solution Solution Solution Solution Solution S Recovered Lost -50% -40% -30% -20% -10% 10% 0% 438.1 246.8 111111 **Total employment** Leisure and hospitality 185.0 109.7 Non-essential retail<sup>1</sup> 47.3 32.8 Mining & logging 0.7 0.1 Education and health services 34.2 anna 68.4 3.2 Manufacturing 16.0 Information 3.6 -Government 56.9 24.2 Other services SHHHH 25.0 16.5 **Financial Activities** 4.0 8 10.6 Wholesale trade 3.6 0.6 Professional and business services 300 49.1 28.7 Transportation, warehousing and utilities 7.4 8.3 Essential retail<sup>1</sup> 2.7 10.9 Construction 6.3 18.1

<sup>1</sup>Essential / non-essential retail employment change based on national trends due to lack of state-level data <sup>1</sup>Source: Current Employment Statistics; VEDP analysis

#### TOTAL EMPLOYMENT IN VIRGINIA REMAINS ROUGHLY 200,000 JOBS BELOW PRE-COVID-19 LEVELS

Virginia non-farm payroll employment

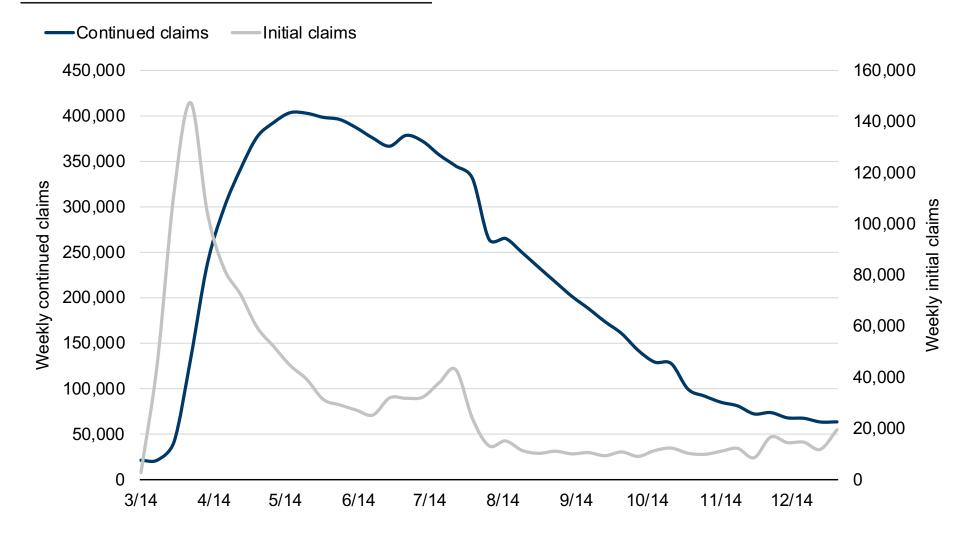
Millions of jobs, Feb.-Nov. '20, seasonally adjusted



#### WEEKLY INITIAL UI CLAIMS HAVE STABILIZED AT ABOUT 10K PER WEEK, WHILE CONTINUED CLAIMS HAVE FALLEN STEADILY

#### **Unemployment Insurance (UI) claims**

Weekly claims, Mar.-Dec. '20, not seasonally adjusted

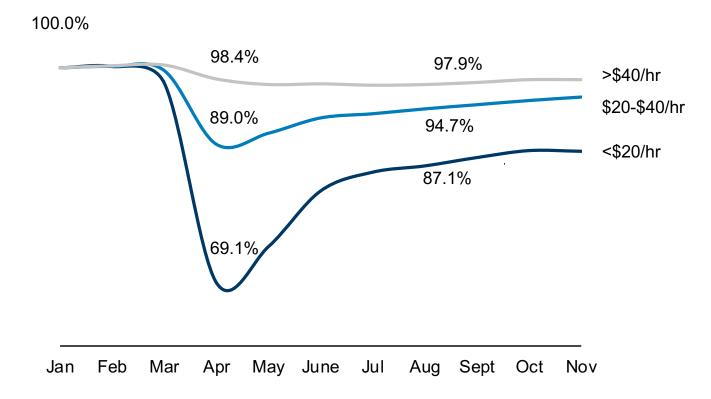


### COVID-19 EMPLOYMENT STRESS IN VIRGINIA GOES WELL BEYOND THE UNEMPLOYED POPULATION

Impacted populations	Jan-Nov change	Jan-Nov % change
Lost primary job – actively looking	89,840	76%
Lost secondary job	99,095	30%
Involuntary reduction of hours	120,712	179%
Not actively looking, but want a job	12,200	11%
Total impacted population	321,847	108%

#### COVID-19 ECONOMIC SHOCK HAS DISPROPORTIONATELY IMPACTED LESS EDUCATED, MINORITIES, WOMEN, & LOWER WAGE EARNERS

Change in U.S. employment by average industry earnings Non-farm payroll jobs, Jan.-Nov. '20, indexed to Jan. '20 employment levels



Virginia workers earning less than \$20/hour<sup>1</sup>

### 22%

Have a Bachelor's degree or higher (vs. 77% of workers earning >\$40/hr)

### 45%

Are non-white / Hispanic (vs. 30% of workers earning >\$40/hr)

### 55%

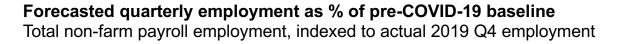
Are women (vs. 35% of workers earning >\$40/hr)

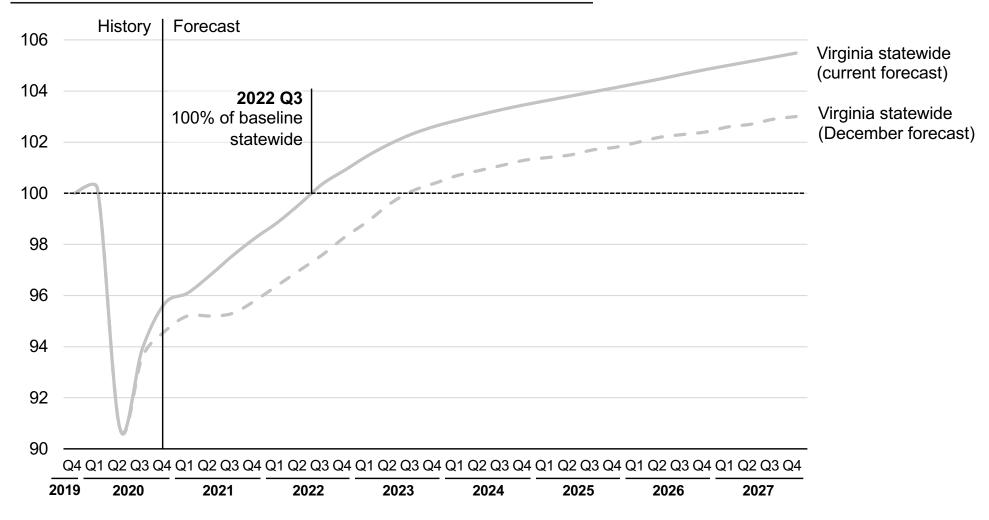
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### ECONOMIC RECOVERY

#### EMPLOYMENT IS NOW PROJECTED TO REACH PRE-C19 LEVELS BY MID-2022, A MARKED IMPROVEMENT FROM THE LAST MOODY'S FORECAST<sup>1</sup>





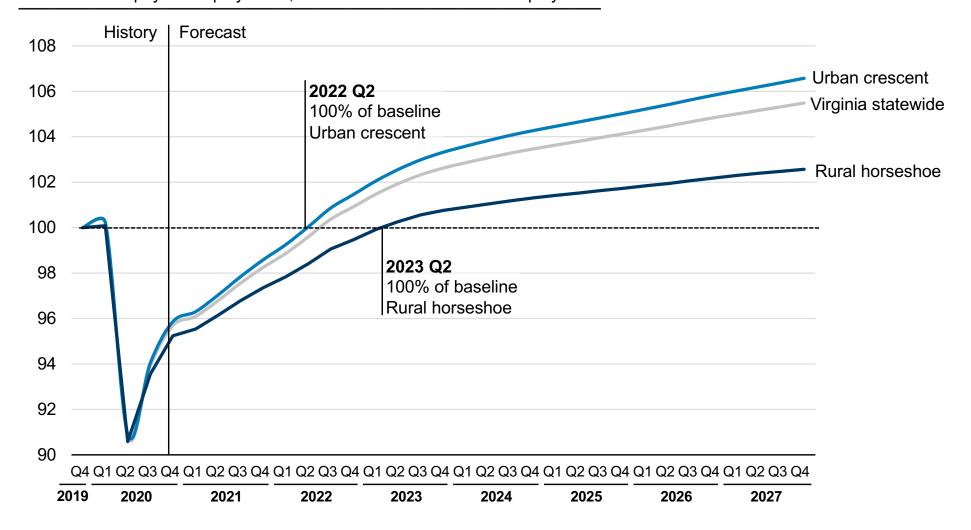
<sup>1</sup> Improvement in forecast between December and January forecasts is largely driven by updated assumptions on the level of expected fiscal support following GA elections and announcements by incoming Biden administration Source: Moody's Analytics (January baseline forecast); Census Bureau; VEDP analysis

VEDP

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### OUTSIDE URBAN CRESCENT, RECOVERY CURRENTLY EXPECTED TO LAG ONE YEAR, BUT GAP LIKELY MUCH LARGER IF GROWTH SLOWS

#### **Forecasted quarterly employment as % of pre-COVID-19 baseline** Total non-farm payroll employment<sup>1</sup>, indexed to actual 2019 Q4 employment



<sup>1</sup>Locality forecast data have been corrected to match statewide employment forecasts; data differs slightly due to methodological differences in Moody's state and sub-state models Source: Moody's Analytics (January baseline forecast); Census Bureau; VEDP analysis

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#### SOME SECTORS (E.G., HOSPITALITY AND RETAIL) LIKELY TO EXPERIENCE LONGER-LASTING NEGATIVE EFFECTS OF PANDEMIC



#### IN SECTORS LIFTED BY COVID, VIRGINIA WILL BE WELL-POSITIONED FOR ECONOMIC LEADERSHIP IN POST-PANDEMIC AMERICA



Cloud Computing • Data Centers • Autonomous Systems • E-Commerce • Food-and-Beverage Processing • Commercial Trucks • Delivery Vehicles • Logistics • Broadband Investments

#### AS PUBLIC HEALTH CONCERNS SUBSIDE, WE SEE FOUR BIG STRATEGIC OPPORTUNITIES FOR ECONOMIC RECOVERY



Capture manufacturing reshoring and new supply chain opportunities



Accelerate Digital Virginia (cloud computing, software, data centers)



Seize telework transition opportunities, with special focus on rural & small metro regions



Retool and reskill Virginia's (unemployed) workforce for post-COVID career opportunities

#### SECRETARIES BALL AND RING, WORKING WITH VEDP AND PARTNERS, CREATED VA'S FIRST COMPREHENSIVE INTERNATIONAL TRADE PLAN

#### Why:

- Strengthen Virginia businesses, improve competitiveness in international marketplace
- Attract and expand trade-intensive businesses
- Improve collaboration amongst trade-related agencies in the Commonwealth
- Grow jobs and investment in Virginia, fueled by increased exports and more companies exporting

#### Goals:

- Increase Virginia exports by 50% by 2035 additional \$18 billion in export sales, 150,000 jobs
- Push Virginia from 41<sup>st</sup> in exports per capita to top 20 by 2035
- Double number of companies served by VEDP International Trade



#### THE INTERNATIONAL TRADE PLAN INCLUDES 26 INITIATIVES FOCUSED ON EXPORTS, SUPPLY CHAINS, AND ENABLERS



#### **Exports**

- Capabilities building
- Connections making
- Risk sharing
- Resource finding (for VEDP Intl Trade)



#### **Supply Chains**

- Capabilities building
- Connections making



#### Enablers

- Business expansion and recruitment activity
- Infrastructure and related policies
- Tourism
- State capabilities and collaboration
- Supportive policies



## Near-ubiquitous broadband

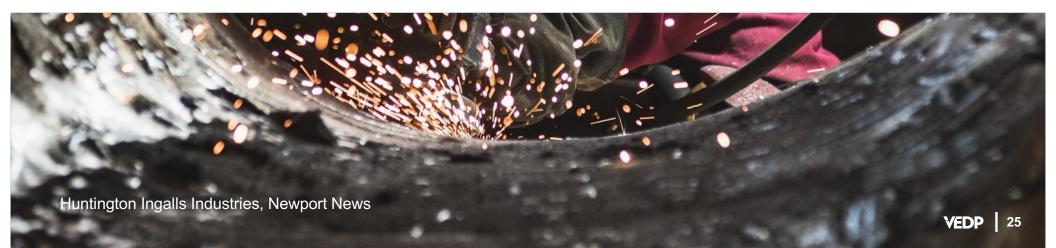






Reskill talent: FastForward and VA Ready

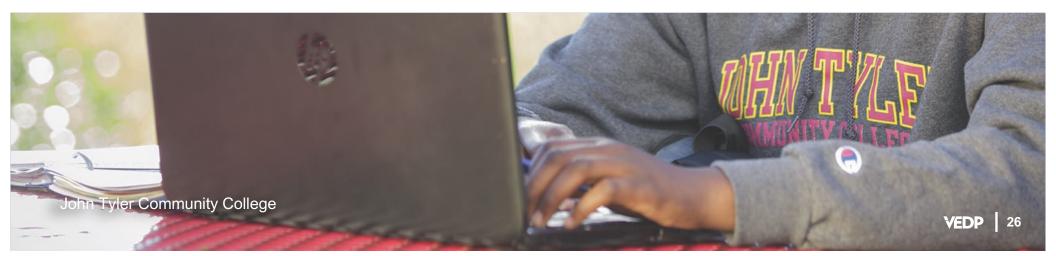






## Reskill talent: **G3**







### Reskill talent: Virginia Talent Accelerator Program





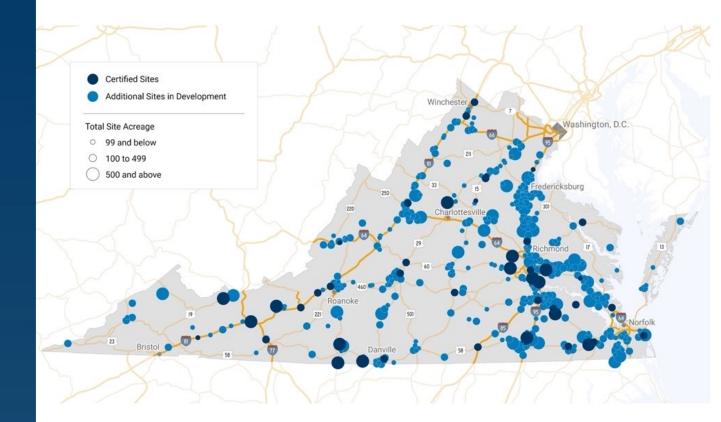


Reskill talent: Virginia Jobs Investment Program (VJIP)





#### Expand Virginia Business Ready Sites Program



#### SB1314: NEW VIRGINIA OFFICE OF EDUCATION ECONOMICS (VOEE) WILL HELP GENERATE INFORMED ACTION FROM DATA INSIGHTS

### 212,000

Number of Virginia high school and college students each year who graduate or complete a credential (and need to make informed decisions about their careers)

### 500+

Number of Virginia stakeholders (policymakers, employers, and higher ed institutions) that could benefit from VOEE insights

### **\$2.4B**

Dollars the Commonwealth invests annually in postsecondary education, vocational training, and workforce development that data could help inform

### 45

Pieces of legislation passed in Colorado that have been directly informed by data insights from Colorado's state-wide labor market data entity



#### THE VIRGINIA OFFICE OF EDUCATION ECONOMICS (VOEE) WILL INFORM CRUCIAL QUESTIONS FOR MANY STAKEHOLDERS



#### Policymakers

- What is the current market balance for each occupation and educational/training program?
- What program shortages or gaps can be addressed through effective policy?
- How can we reduce underemployment in Virginia?



#### Employers

- Will I have the talent supply I need now and in the future?
- Where can I go in Virginia to find graduates of programs that are important to my business?
- What credentials demonstrate the skills needed for my entry level and senior level hires?



#### Higher education institutions (community colleges and 4-year institutions)

- How do employment outcomes differ across regions by socioeconomic status and/or race?
- How well do our programs align with regional and state employer demand?
- Which programs should our institution enhance?

#### Students, prospective students, families, and K-12 educators and guidance counselors

- What are careers that align well with my interests and skills?
- What are the educational pathways to gain entry to those careers?
- What are employment outcomes for programs that align with my career interests?



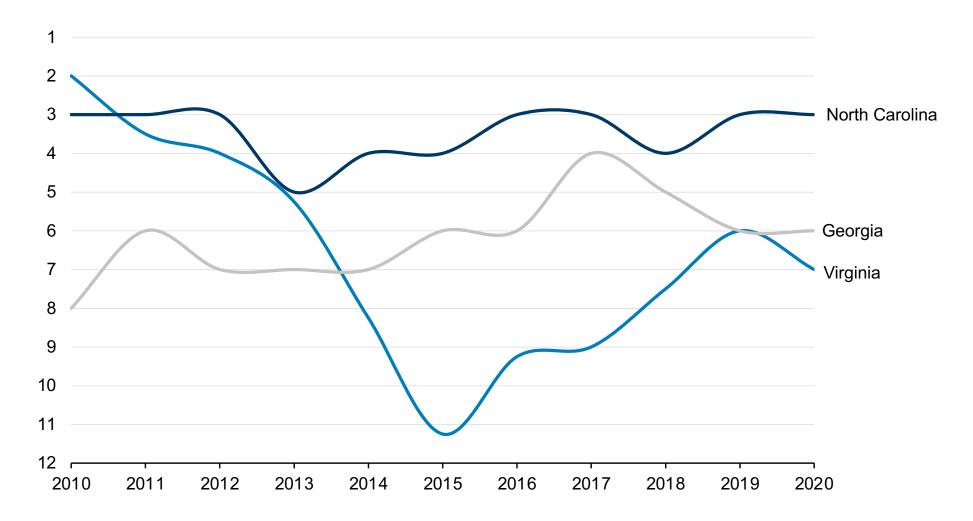
#### Current job seekers and job coaches

- What are the available jobs that I can get with my current education and experience, including number of openings and earnings?
- What companies are hiring for occupations for which I'm qualified?
- What are additional jobs for which I could be competitive were I to pursue additional education, and what kind of education?



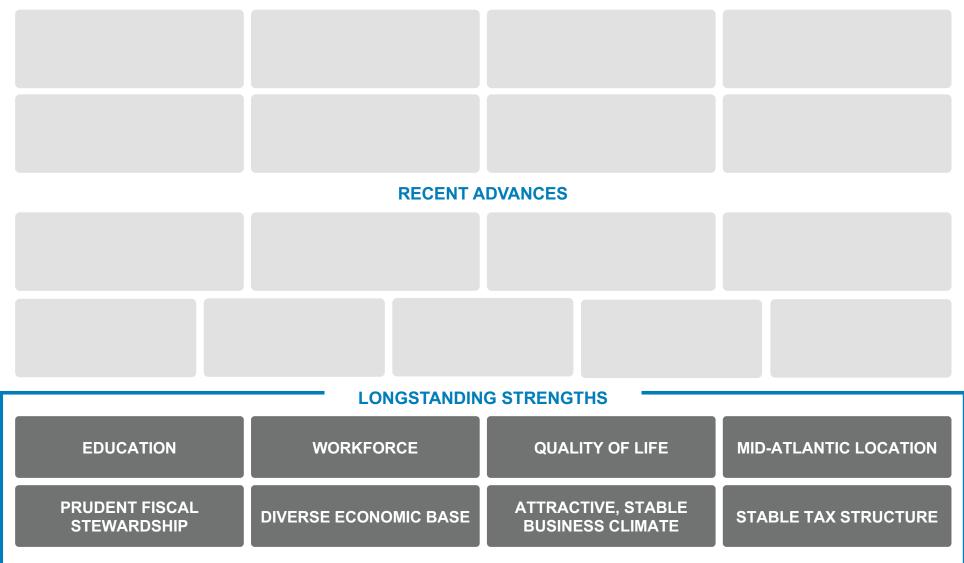
#### VIRGINIA HAS BEEN CLOSING THE GAP WITH TOP COMPETITORS BUT COULD STAGNATE WITHOUT BOLD ACTION

Average state rank in selected national business climate rankings



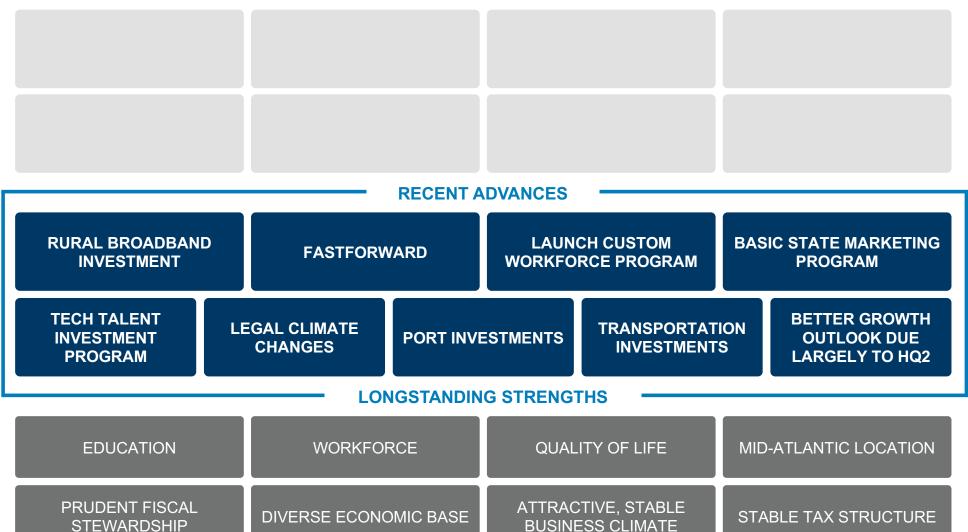
#### **BIG DRIVERS OF ECONOMIC GROWTH, ECONOMIC OPPORTUNITY, AND BUSINESS CLIMATE RANKINGS: PAST, PRESENT, FUTURE**

#### TOP OPPORTUNITIES TO IMPROVE



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