

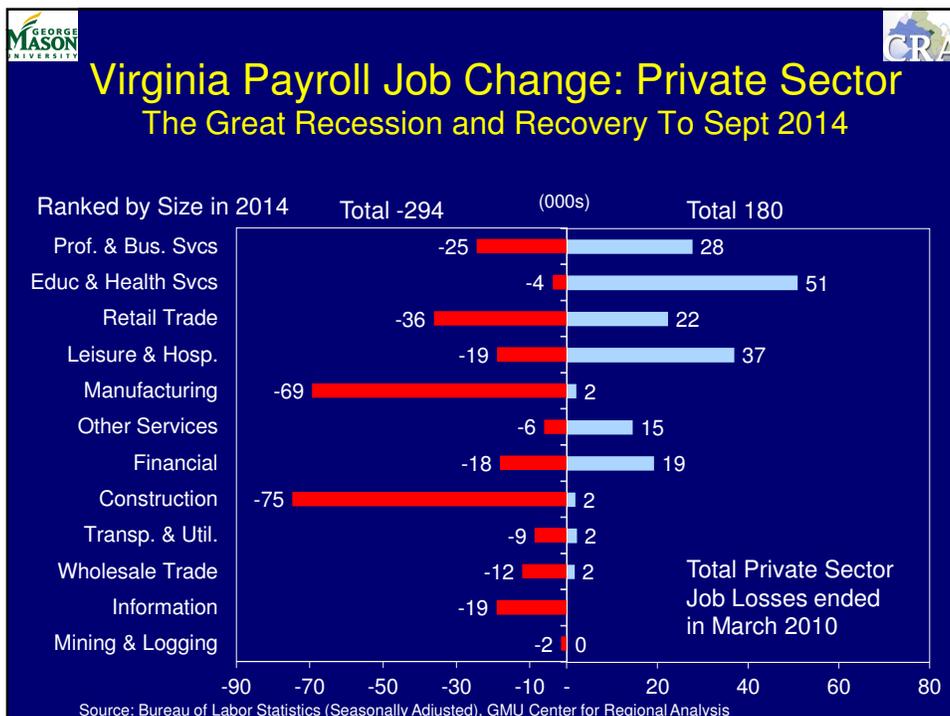
**GEORGE MASON UNIVERSITY** **CRA**

## Annual Virginia Senate Conference

# The Virginia Economy Continues to Underperform the U.S. Economy

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 Dwight Schar Faculty Chair and University Professor  
 Director, Center for Regional Analysis  
 George Mason University

November 20, 2014






### The GSP\* Effects of Job Change in the Commonwealth of Virginia, March 08-Sept 14 (in billions of 2014\$s)

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<u>Job Change</u>	<u>Average GSP Value</u>	<u>Total GSP Value</u>
-294,400	\$146,964	\$43,266,201,000
+ <u>179,500</u>	\$113,193	<u>20,318,143,000</u>
- 114,900		- \$22,948,058,000

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Source: GMU Center for Regional Analysis  
\*Gross State Product

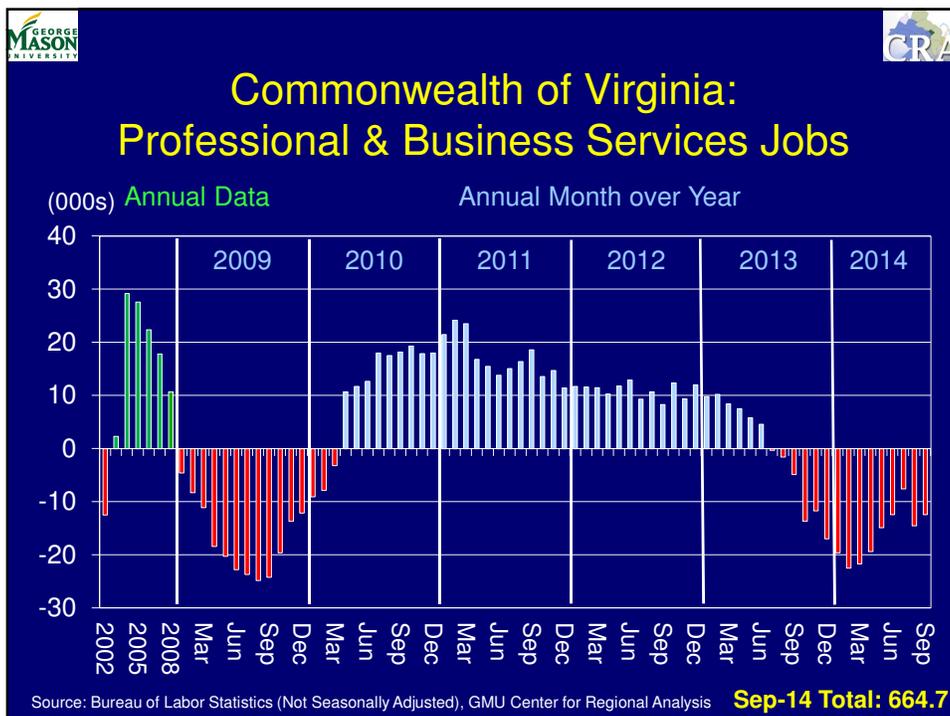
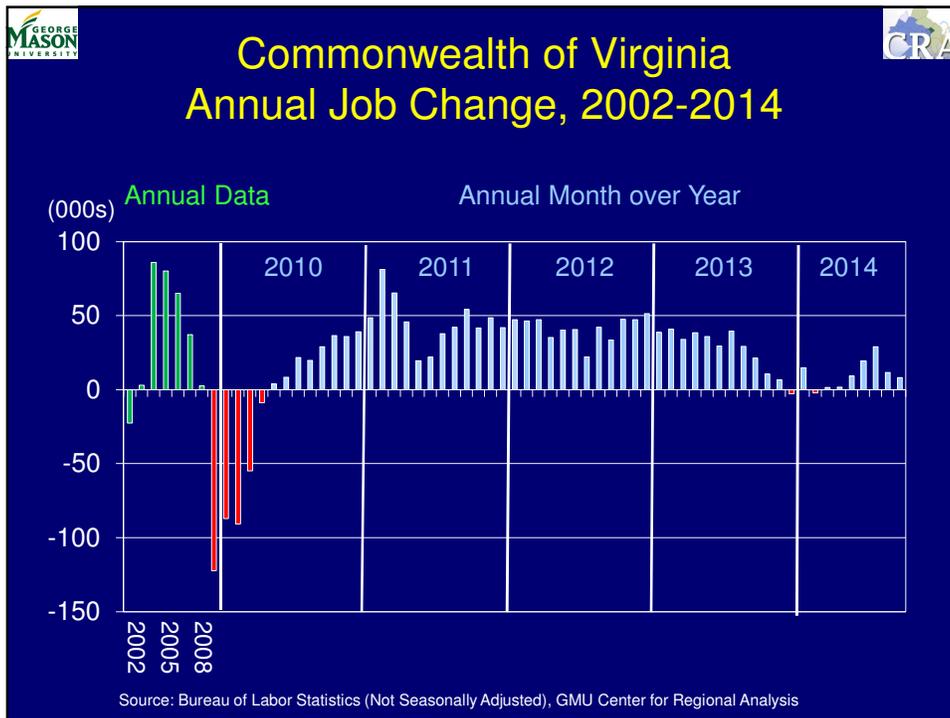


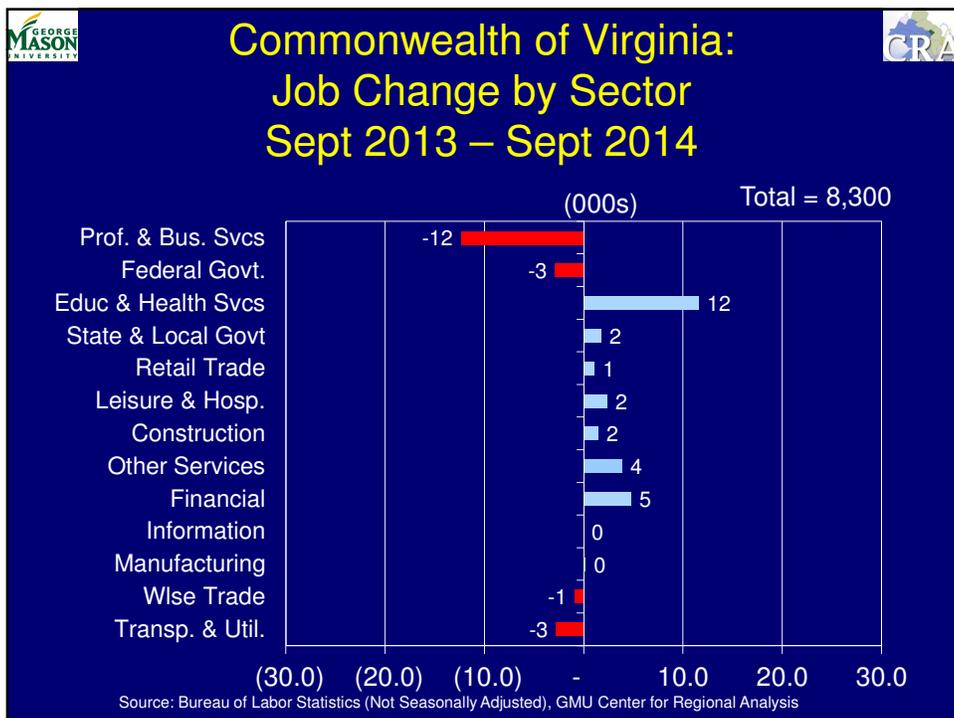

### The Economic Performance of Maryland, DC and the Commonwealth of Virginia in 2013

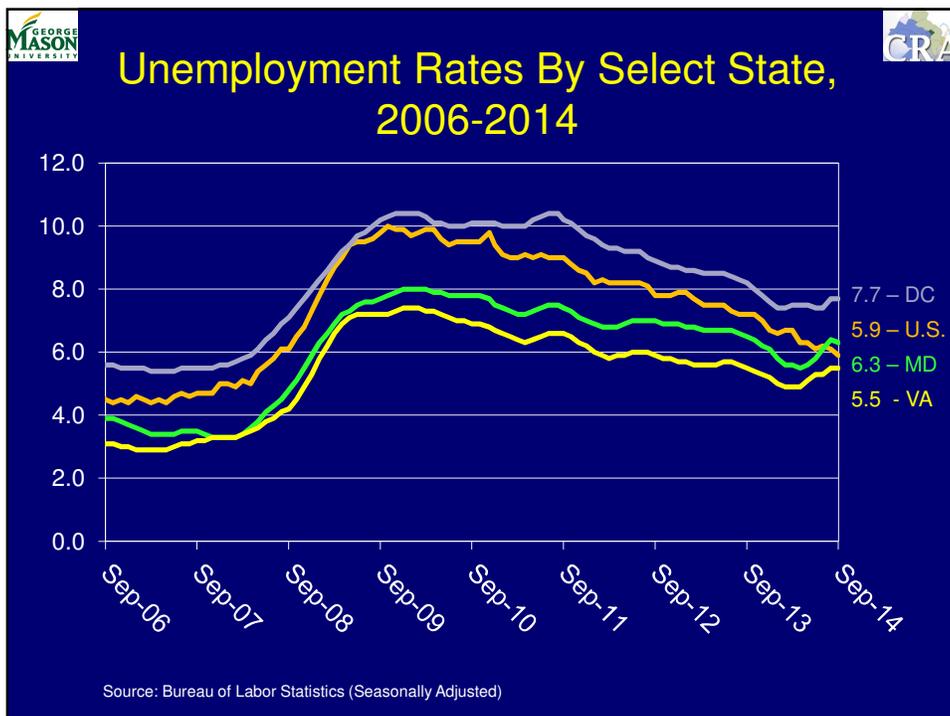
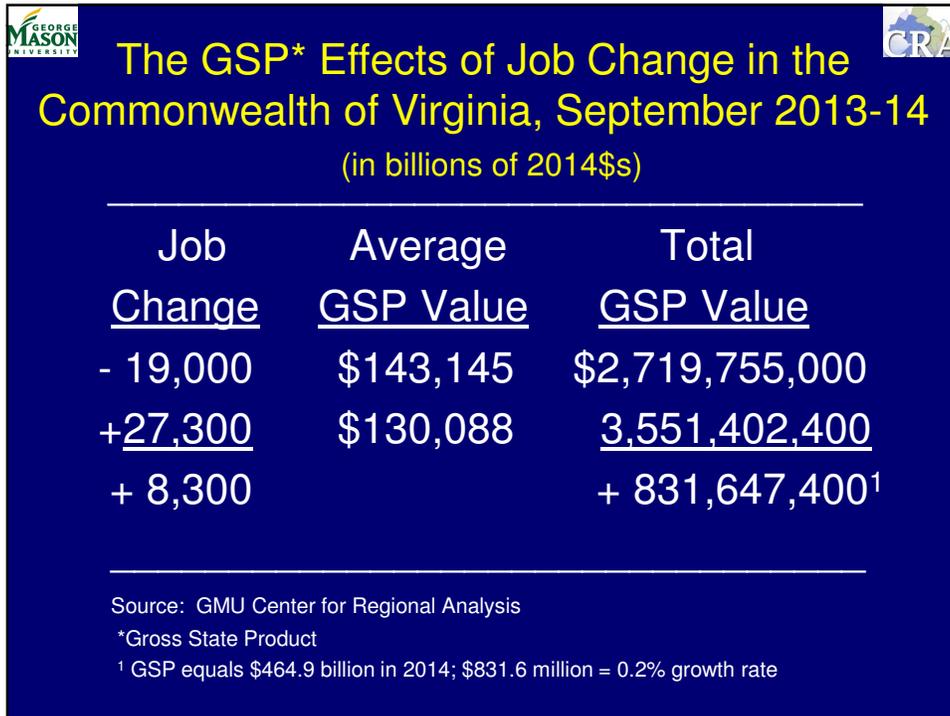
<u>State</u>	<u>GSP Growth 2012-2013</u>	<u>US Ranking</u>
US	1.84%	
Virginia	0.06%	48 <sup>th</sup>
Maryland	0.01%	49 <sup>th</sup>
DC*	- 0.49%	51 <sup>st</sup>

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Source: U.S. Bureau of Economic Analysis









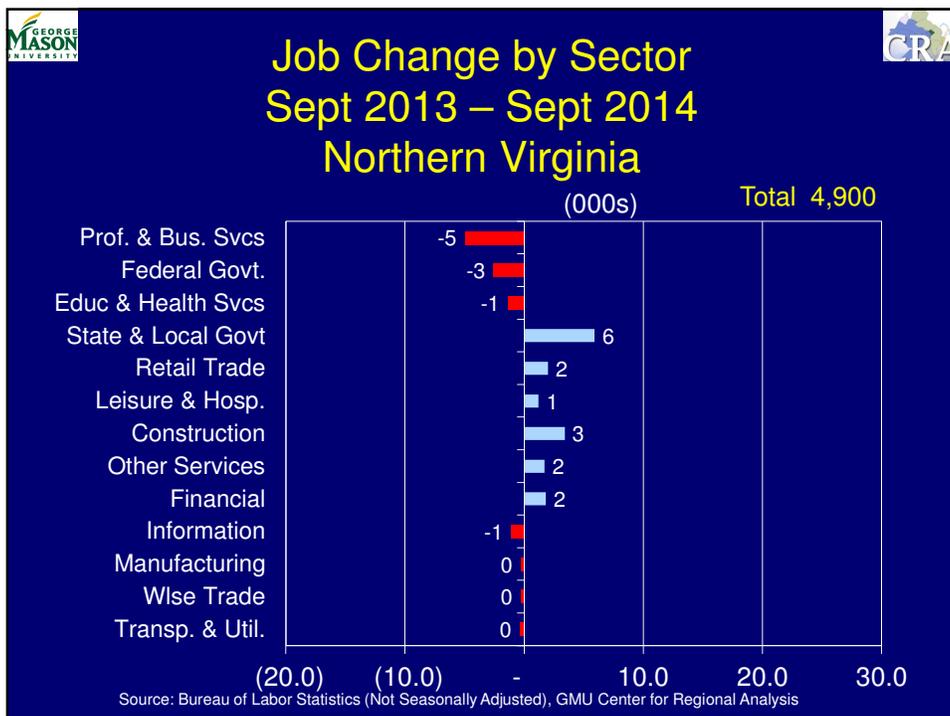
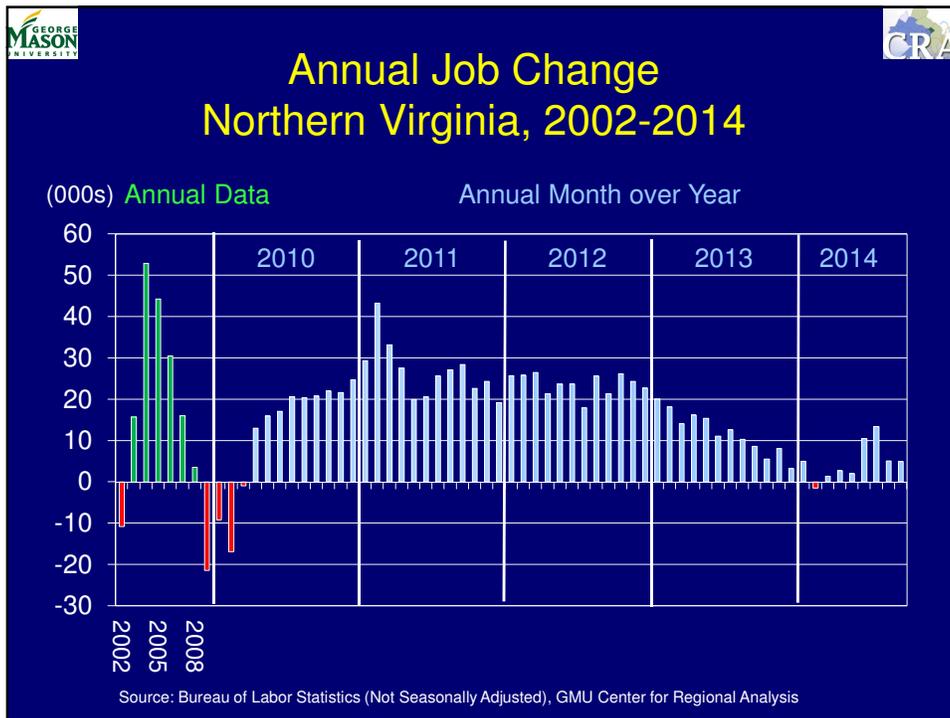

## The Current Performance and Near-Term Outlook for the Northern Virginia Economy




### The Household Income Effects of Structural Change in Northern Virginia

<u>Jurisdiction</u>	<u>Median HH Income 2013*</u>	<u>Change from 2009*</u>
Arlington County	\$102,501	- \$1,675
Fairfax County	111,079	- \$249
Fauquier County	82,823	- \$12,982
Loudoun County	116,768	- \$7,283
Prince Wm County	95,268	- \$2,234
Spotsylvania County	93,454	- \$10,869
Stafford County	71,901	- \$2,757
Alexandria City	86,775	\$2,985
Northern Virginia	\$103,381	- \$2,101

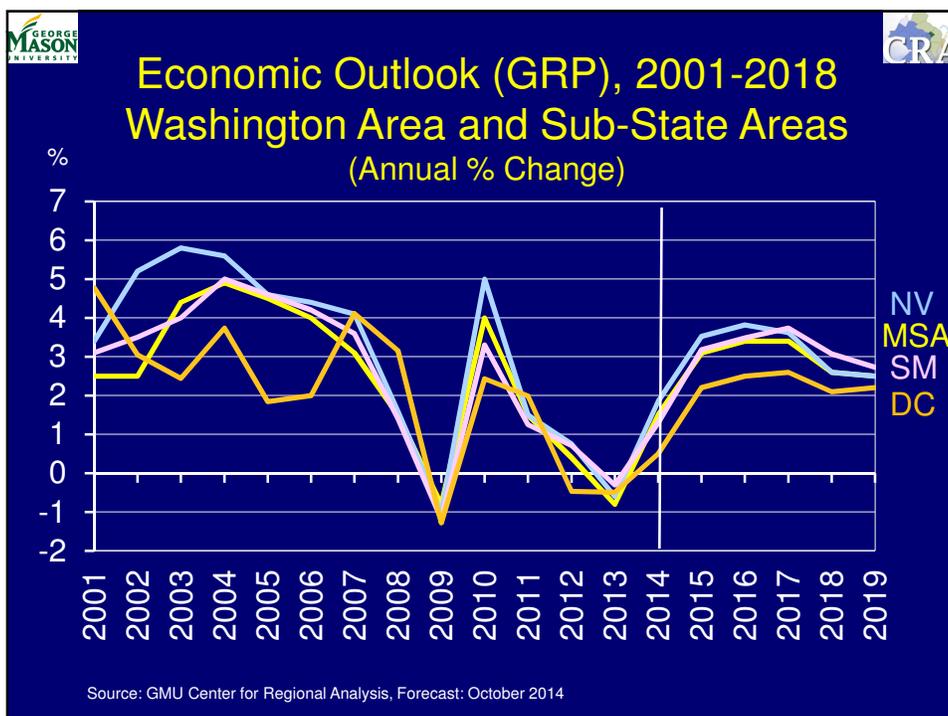
Source: U.S. Census, ACS 1-Year; GMU Center for Regional Analysis      \*in 2013 dollars



**The GRP\* Effects of Job Change in the Northern Virginia, September 2013-14**  
(in billions of 2014\$s)

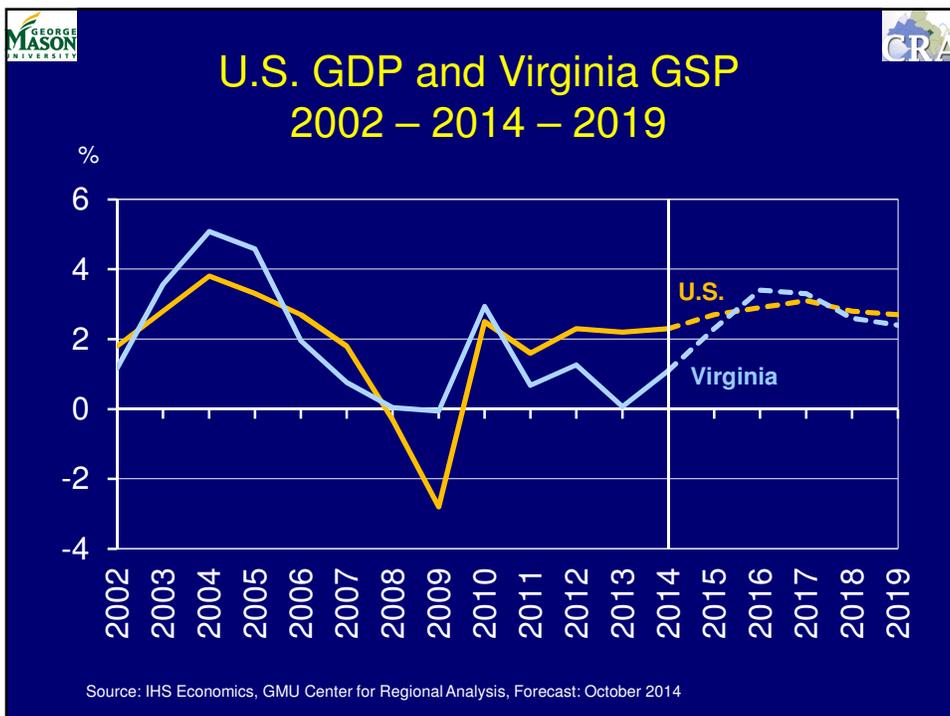
<u>Job Change</u>	<u>Average GRP Value</u>	<u>Total GRP Value</u>
- 11,100	\$179,432	\$1,991,695,200
+16,000	\$129,883	2,078,128,000
+ 4,900		+ \$86,433,800 <sup>1</sup>

Source: GMU Center for Regional Analysis  
 \*Gross Regional Product  
<sup>1</sup> Northern Virginia's GRP equals \$229.7 billion; \$86.4 million = 0.04% growth



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# Economic Outlook for the Commonwealth of Virginia: 2014-2019






### Principal Sources of Job and GSP Growth in Virginia, 2014-2019 (in thousands)

<u>Growth Sectors</u>	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Prof. & Bus. Ser.	110.6	38.6	\$131,363
Construction	64.6	22.5	\$90,950
Education/Health	42.5	14.8	\$62,882
Hospitality Services	24.3	8.5	\$37,273
State and Local	22.0	7.7	\$71,201
Transportation	16.5	5.8	\$115,244
Sub-Total	280.5	97.8	\$97,862
Overall Total	286.9	100.0	\$123,149

Sources: IHS Economics; GMU Center for Regional Analysis \*in 2014 dollars




### Job and GSP Gains and Losses for The Commonwealth's Other Sectors, 2014-2019 (in thousands)

	<u>Job Change</u>	<u>% of Total Job Change</u>	<u>Average Value Added per Job*</u>
Federal Gov't	- 25.0	- 8.7	\$166,504
Retail Trade	3.8	1.3	\$59,873
Other Services	- 2.1	- 0.7	\$56,903
Financial Services	- 3.3	- 1.2	\$454,196
Information Services	5.0	1.7	\$237,472
Manufacturing	6.0	2.1	\$187,401
Wholesale Trade	12.0	4.2	\$170,573
Military	2.3	0.8	\$148,518
Subtotals – Gains	29.1	10.2	\$169,338
Subtotals – Losses	- 30.4	- 10.6	\$190,163
Net Job Change	286.9	100.0	\$123,149

Sources: IHS Economics; GMU Center for Regional Analysis \*in 2014 dollars




### Population Trends in the Commonwealth of Virginia: 2014-2029 (in thousands)

<u>Age Cohort</u>	<u>2014</u>	<u>2029</u>	<u>Change</u>	<u>% of Change</u>
0-24 years	2,702.1	2,861.5	159.4	14.4
25-64	4,493.6	4,865.4	371.8	33.6
65 years+	1,156.1	1,731.0	574.9	52.0
<b>Totals</b>	<b>8,351.8</b>	<b>9,457.8</b>	<b>1,106.0</b>	<b>100.0</b>

Sources: IHS Economics; GMU Center for Regional Analysis




### Commonwealth of Virginia Change in All Jobs by Education, 2014 – 2019

<u>Education Requirements</u>	<u>Net New</u>	<u>Replacements</u>
High School, or Less	135,872	331,318
Postsecondary, No Degree	15,574	21,205
Associate's Degree	17,384	22,004
Bachelor's Degree	54,497	74,381
Master's Degree	4,503	5,859
Doctoral or Professional Degree	7,798	10,589
<b><u>Total, All</u></b>	<b><u>235,628</u></b>	<b><u>465,627</u></b>
 <b><u>Training Requirements</u></b>		
Apprenticeship	7,550	5,842
Internship / residency	8,663	17,452
On-the-Job Training	125,706	310,207
None	93,709	132,126

Sources: JobsEQ® as of 2014Q2 and GMU Center for Regional



## The Looming Workforce Challenge in the Commonwealth of Virginia: 2014-2029

The economy is projected to generate 531,600 net new jobs over the next 15 years however the resident population is only projected to add 371,800 new potential workers in the 25 through 64 year old age cohort with approximately 80 percent of these expected to be in the workforce. In addition to the net new jobs, an estimated 1.003 million job vacancies, resulting from retirements and normal job turnover in the State, will also need to be filled over the 15 year period.

Who is going to fill the State's workforce requirements over the coming 15 years? And, will these workers have the types and levels of skills and education needed to do the work?



## Rethinking Virginia's Economic Future

- Exports are key to growing the economy.
  - Scientific and Technical Services
  - Higher Ed and Health Services
  - Manufacturing
  - Agriculture and Natural Resources
  - Leisure and Hospitality
  - Foreign Direct Investment
- Growing high value-added employment builds the residential economy and the state tax base.



## Economic Growth Initiatives for the Commonwealth of Virginia

- Identify the State's principal non-federally dependent economic assets and focus its marketing strategies on these sources of future growth;
- Unify local, regional and state approaches to economic development to reduce conflicting messages and predatory practices;



- Strengthen the business-to-business base in the State by reducing the unproductive public costs of business operations;
- Re-brand Virginia's economic development image and business investment climate to build on its competitive assets in the national and global economies.



- Invest in the State's infrastructure to remain competitive with its peers; and,
- Increase the capacity of the State's educational and skills training institutions to respond to the workforce development requirements for on-going up-skilling of current workers and to prepare new-to-the-labor market workers for the State's new economy.



Thank You & Questions  
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Save The Date:  
GMU/Cardinal Bank  
Economic Conference  
January 15, 2015