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Northern Virginia Economy Not Working for Everyone

New analysis shows widening gaps, increasing poverty and rising needs despite perception of economic health

RICHMOND, VA – Despite its reputation as one of the most robust and prosperous regions in the nation, with relatively low unemployment and high incomes, new analysis of the Northern Virginia economy shows growing income inequality, ongoing joblessness and significant increases in poverty, all of which pose significant challenges as the region works to recover from the recession.

Although households across all income groups in the region took a hit in the recession, lower-income ones were hit the hardest, and the region still faces a large jobs gap with employment levels well-below where they were before the recession.

“The bottom 20 percent of households lost over three times as much in real earnings as did households at the top,” says Michael Cassidy, President of The Commonwealth Institute for Fiscal Analysis, a Virginia-based independent fiscal and economic policy research organization. “As a result, income inequality in Northern Virginia has grown substantially since the start of the recession. In 2007, the top 10 percent of Northern Virginia households brought in 7.61 times the income of the bottom 10 percent. In 2010, they brought in 8.5 times as much.”

In addition, the report, *Under Pressure: The State of Working Northern Virginia*, documents how Northern Virginia still faces a substantial jobs shortfall and significant employment challenges from an uneven recovery that has not reached all industries. Northern Virginia’s “jobs gap”—the number of jobs needed to return to true pre-recession employment levels, after considering the growing population of the region—remains high at almost 100,000.

“Many of the industries that lost the most jobs during the recession continued to lose jobs beyond the official end of the recession almost three years ago,” explained Sara Okos, Policy Director of the Institute and co-author of the report. “Creating enough jobs to fill a jobs gap of 100,000 is going to take job creation that just hasn’t been there yet.”

Poverty also climbed in the region. According to the analysis, every Northern Virginia locality experienced an uptick in poverty since the onset of the recession, with increases ranging from 12 percent (Loudoun) to 50 percent (Fauquier). This rise in poverty has led to significant growth in the need for services to help struggling Northern Virginia families, outpacing statewide increases. Since January 2007, Northern Virginia has seen a 131 percent increase in the number of people receiving SNAP benefits, while statewide participation only increased by 77 percent. In addition, the number of people receiving TANF benefits is up by more than 16 percent since 2007 in Northern Virginia but only 7 percent statewide.

“What this analysis shows more than anything,” says Cassidy, “is that even at the northern end of Virginia’s ‘golden crescent,’ the recovery still feels like the recession for large numbers of Virginians.”

Other key findings and the complete report *Under Pressure: The State of Working Northern Virginia* can be found online at: www.thecommonwealthinstitute.org.

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About The Commonwealth Institute

The Commonwealth Institute for Fiscal Analysis provides credible, independent and accessible information and analyses of fiscal and economic issues with particular attention to the impacts on low- and moderate-income persons. Our products inform fiscal and budget policy debates and contribute to sound decisions that improve the well-being of individuals, communities and Virginia as a whole. Visit www.thecommonwealthinstitute.org for more information.

Media Contact

Patrick Getlein
Communications Director
patrick@thecommonwealthinstitute.org
804-396-2051 x103
www.thecommonwealthinstitute.org