

Under Pressure

Northern Virginia's dominance as a national and international business center contributes to its reputation as the great economic engine of Virginia. Parts of the region have some of the highest incomes in the nation, and the educational attainment rates of the workforce make it one of the most educated regions in the world. But a closer look at the dynamics of the Northern Virginia economy shows that not all workers and industries are benefitting from this success. While conditions have deteriorated for many workers – cuts in hours, reduced employment opportunities, income losses, and rising prices – even the most well-positioned workers in the region are operating under increased pressures brought on by the Great Recession and its lingering effects.

This report focuses on key measures of the economy critical to understanding how the workforce is faring in Northern Virginia. By examining the most recent data available from the Census Bureau and the Bureau of Labor Statistics, *The State of Working Northern Virginia* highlights where Northern Virginians are working and how much they earn, and then places that in the context of what it costs to live in this rapidly expanding metropolitan area. By casting light upon the challenges and opportunities facing workers in Northern Virginia, this report aims to advance the policy debate so that Northern Virginia can move beyond the downturn and continue to grow into a robust, thriving, and sustainable economy that produces a high quality of life for all.

Key Findings

Employment

- Employment levels in Northern Virginia grew at a strong pace in 2011, with the region adding 25,000 jobs between 2010 and 2011, a job creation rate of 1.9 percent.
- Northern Virginia's "jobs gap"—the number of jobs needed to return to pre-recession employment levels, after considering the growing population of the region—remained high at almost 100,000 in 2011.
- Many of the industries that lost the most jobs during the recession continued to lose jobs beyond the official end of the recession in the summer of 2009.

Unemployment

- The unemployment rate more than doubled in Northern Virginia during the recession.
- Due to its large population, Northern Virginia is home to a very high number of unemployed workers. In 2011, Northern Virginia was home to more than one in four unemployed Virginians, which is more than any other region of the state.

Median Household Income and Earnings

- In 2010, households in Northern Virginia had a median income of approximately \$98,747, over 60 percent above the statewide median but still below the region's pre-recession level of \$102,644.
- The recession had a disproportionate effect on lower-income households in Northern Virginia. The median household income of Virginia's lowest 20 percent of households saw a decline of over 10.5 percent in real terms between 2007 and 2010. The area's highest income households saw a decline of just over 3 percent.

- Northern Virginians are highly educated, and there is a substantial return to education in the Northern Virginia labor market, but between 2007 and 2010, both Northern Virginia's most and least educated workers took a hit in terms of their median earnings. While those Northern Virginia workers with less than a high school degree experienced the greatest losses (a decline of roughly 17.54 percent between 2007 and 2010), those with a graduate or professional degree, experienced a 3.67 percent decline in real earnings over the course of the recession.
- The ratio between the median earnings of women and men age 16 and older was about 71 cents to the dollar in 2010 in Northern Virginia.

Wages and Work Hours

- Average weekly hours in Northern Virginia private-sector jobs fell to 33.1 hours by December 2009, down from 36.2 hours in December 2007. However, as average weekly hours fell, average hourly earnings in private-sector jobs grew.
- The largest increases in average weekly wages between 2007 and 2010 occurred in more "close-in" localities in Northern Virginia – those inside or bordering the Beltway.
- Of Northern Virginia's six largest private-sector industries, wages grew most in the professional and business services sector between 2007 and 2010, rising six percent in inflation-adjusted terms. Wages in the financial activities; trade, transportation, and utilities; and leisure and hospitality sectors declined slightly.

Poverty

- Every Northern Virginia locality experienced an uptick in poverty since the onset of the Great Recession, with growth ranging from 12 percent (Loudoun) to 50 percent (Fauquier).

- The share of Northern Virginians living below the federal poverty level varied greatly across localities in 2010, ranging from a low of 3.5 percent in Loudoun to a high of 9.9 percent in Alexandria.
- Like the state and the nation as a whole, poverty rates in Northern Virginia are higher among children. The rates are highest in Arlington and Alexandria, where 13.9 percent and 13.7 percent of children, respectively, lived below the poverty level. Statewide the number is slightly higher at 14.5 percent.

Cost of Living

- Supporting a family in Northern Virginia is expensive. For a family of four, a minimal standard of living, without relying on public assistance, required, on average, an income of over \$63,000 in 2010, assuming one preschool-age and one school-age child.
- The share of commuters with a travel time to work of 60 minutes or more was 14.8 percent in Northern Virginia in 2010, compared to a statewide share of just under 10 percent, and a national share of roughly 8 percent.

Rising Needs

- Despite the fact that Northern Virginia has weathered the recession relatively well compared to other Virginia localities, demand for public services has increased significantly since 2007.
- 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
- The number of people receiving TANF benefits is up by more than 16 percent since 2007 in Northern Virginia but only 7 percent statewide.