WORKING DRAFT

COVID-19 ECONOMIC RECOVERY PERSPECTIVES



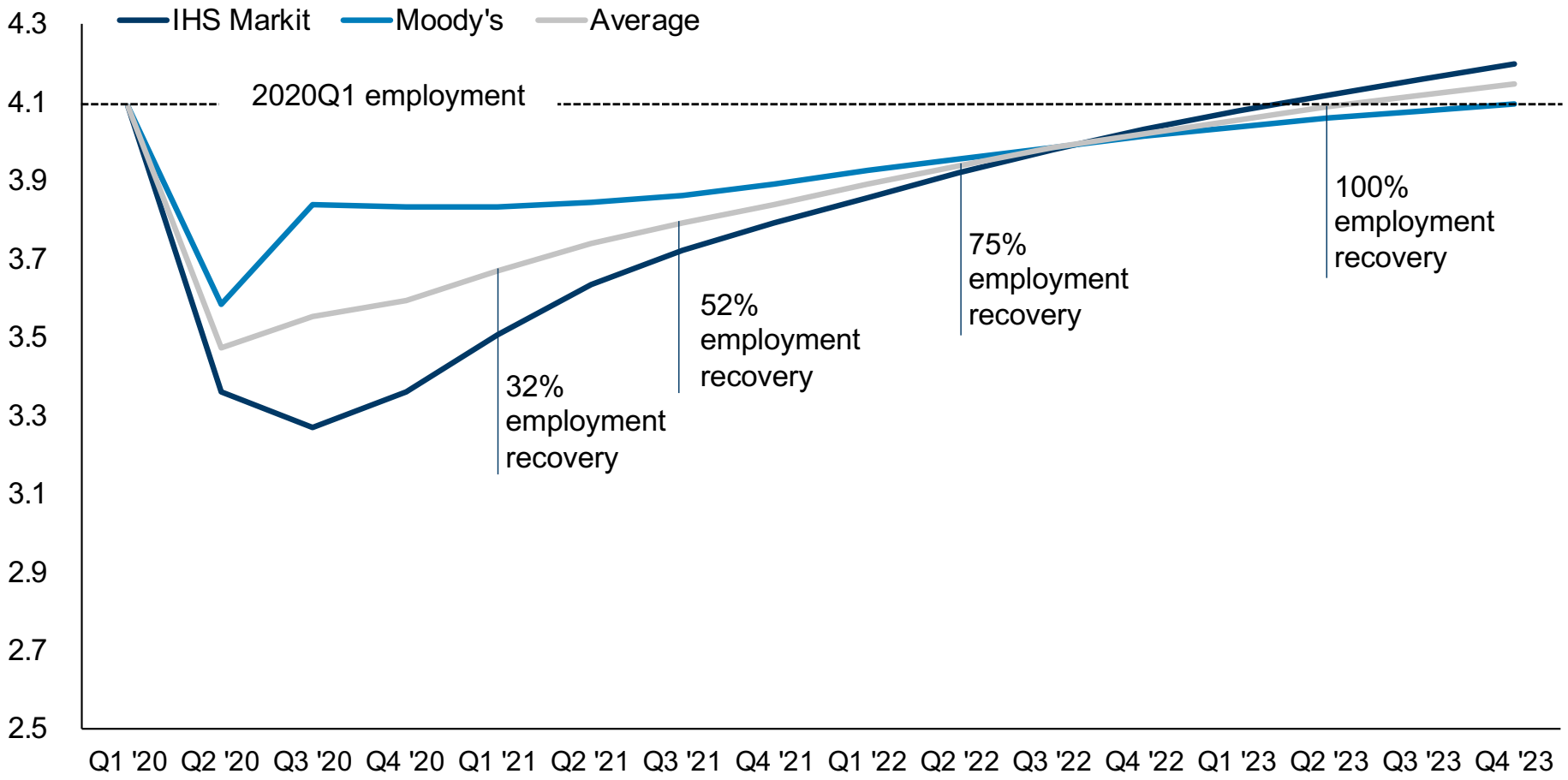
Downtown Charlottesville

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VEDP Virginia Economic Development Partnership
VEDP.org

UNPRECEDENTED ECONOMIC IMPACT OF COVID-19 COULD LEAVE MANY VIRGINIANS OUT OF WORK FOR SEVERAL YEARS

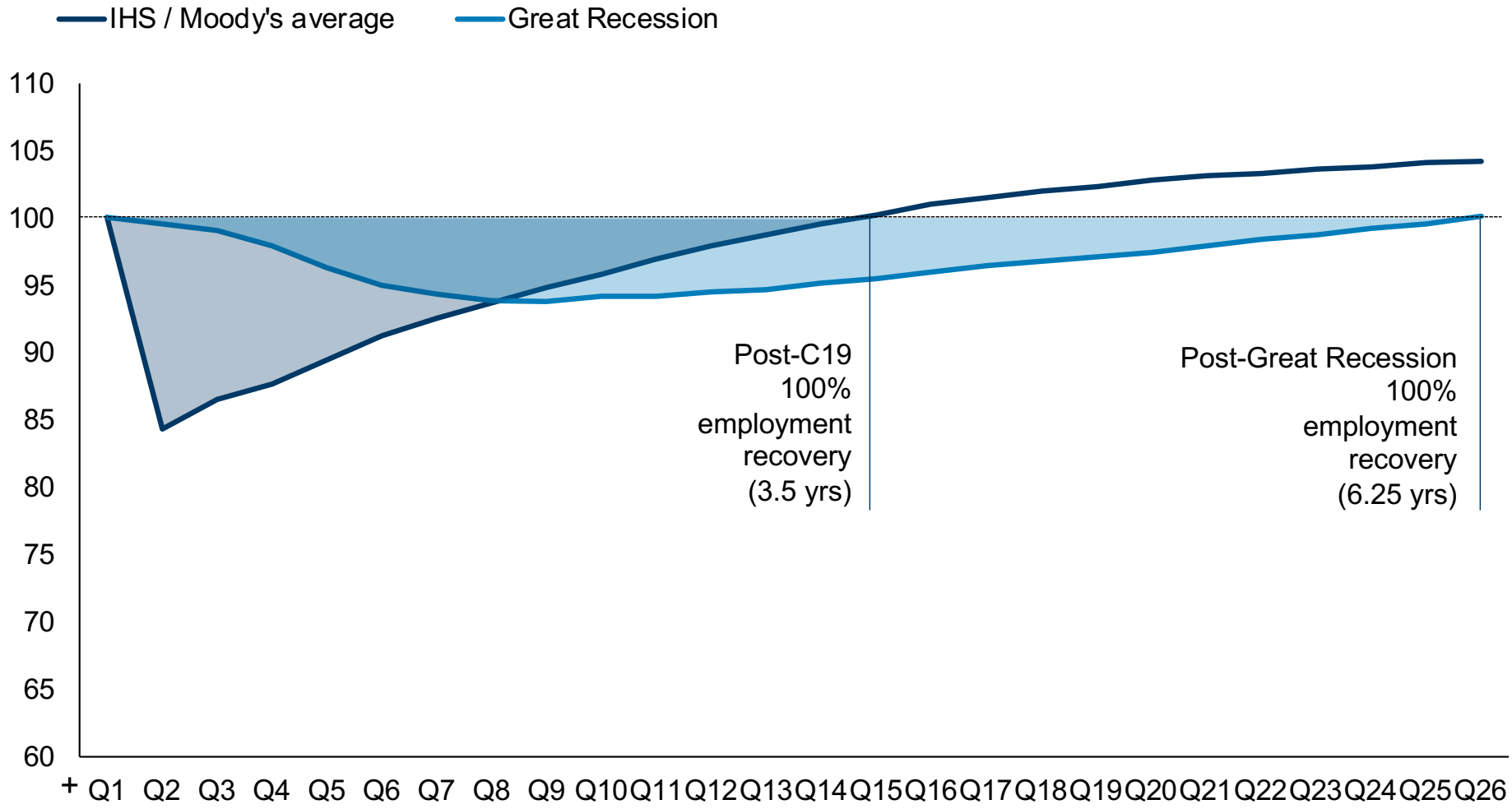
Quarterly Virginia employment estimates from select macroeconomic forecasters
Total nonfarm payroll employment, 2019 – 2023, millions of jobs



Source: Moody's Analytics (may baseline); IHS Markit (May forecast); VEDP analysis

FORECASTS SUGGEST POST-C19 RECOVERY WILL BE SIGNIFICANTLY QUICKER THAN AFTER GREAT RECESSION

Timeline of job loss recovery post-Great Recession compared to post-C19 current forecasts
Historic quarterly U.S. employment, 2009-2014, compared to Moody's/IHS Markit forecasts average, 2020-2026, indexed



Source: Bureau of Labor Statistics, Current Employment Survey (historic); Moody's Analytics (may baseline); IHS Markit (May forecast); VEDP analysis

FOLLOWING ECONOMIC RELIEF EFFORTS, WE ENVISION FOUR BIG STRATEGIC OPPORTUNITIES FOR ECONOMIC RESTORATION



1. **Capture manufacturing reshoring and new supply chain opportunities**
   - Industry analysis and surveys indicate a significant share of manufacturers will likely bring some production and sourcing back to North America in response to the COVID-19 pandemic
   - Additionally, as businesses around the world reconfigure their global supply chains and increase resiliency, many new opportunities will emerge for Virginia exporters
   - Virginia can capture these job-creation opportunities by investing in targeted business investment, international trade, and related support activities (e.g., site development)



2. **Accelerate Digital Virginia (cloud computing, software, data centers)**
   - The COVID-19 pandemic has accelerated the transition toward a digital economy for businesses and consumers around the world
   - As an established U.S. tech leader, Virginia is well positioned to capitalize on these opportunities in software development, cloud computing, data centers, cybersecurity, and other technologies
   - Virginia can capture a larger share of this post-COVID tech wave by complementing exiting efforts (e.g., TTIP) with ubiquitous broadband access and targeted incentives



3. **Seize telework transition opportunities, with special focus on rural and small metro regions**
   - With the widespread shift to telework during the pandemic, industry experts and business leaders are signaling that telework will become the (permanent) new normal for a much larger share of workers
   - Virginia can capture these talented professionals (and the tax revenue they generate) by deploying creative incentive and marketing approaches that focus on both businesses and individuals that telework



4. **Retool and reskill Virginia's (unemployed) workforce for post-pandemic career opportunities**
   - Low-wage workers, women, and people of color were disproportionately impacted by the economic shock resulting from COVID-19, and likely will make up a significant share of the long-term unemployed in the absence of targeted efforts
   - In addition to new job creation opportunities for the Commonwealth, we have an opportunity to connect displaced workers with higher-wage employment opportunities through workforce initiatives such as G3, the Virginia Talent Accelerator Program, VJIP, and other targeted investments in sub-baccalaureate fields