



2022 - 2023
Program Year

Statewide Economic Analysis Report

Division of Economic Information & Analytics, Virginia Employment Commission

Economic Information & Analytics Division

Virginia Employment Commission

Editors:

Erica Lashley, Economist

Conrad Buckler, Senior Economist

Contributors:

Timothy Aylor, Senior Economist

Conrad Buckler, Senior Economist

Larry Robinson, Senior Economist/GIS

Kyle Davis, Data Scientist

Erica Lashley, Economist

Shekhar Nagendra, Economist

Sarah Cuba, Assistant Data Scientist

Design & Layout: Linda Simmons, Senior Graphic Designer

Assistant Director: Mario Camardella

For further questions, email: mario.camardella@vec.virginia.gov

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An Introduction from Commissioner Roth

Each year, the Statewide Economic Analysis (SEA) Report is published as required by the U.S. Department of Labor for government officials, researchers, employers, job seekers, and economic and workforce development professionals. The premise is to analyze Virginia's fluctuating labor market trends, capture movements in demographics, forecast available labor supply and identify expanding, higher paying jobs of the future.

This report focuses on the 2023 program year of July 1, 2022 to June 30, 2023, and the data used was compiled from reliable sources, including the Virginia Employment Commission's Economic Information & Analytics (EIA) Division as well as the Bureau of Economic Analysis, US Census Bureau, and Bureau of Labor Statistics. It will provide an overview of Virginia's economy, as well as details on size, growth rates, rankings, and possible impacts. The report also addresses regional economic characteristics around the Commonwealth.

Under Governor Youngkin's stewardship, our economy continues to expand and diversify, providing higher paying jobs in multiple sectors. The Commonwealth's labor force is larger than ever, creating a surplus in tax revenues, and enhancing the quality of life for Virginians.

We look forward to joining Virginia's new Department of Workforce Development and Advancement on October 2, 2023.

Carrie Roth



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Statewide Economic Analysis Report for Virginia

Executive Summary

Virginia became a pandemic recovery leader in program year 2023.

Virginia's labor market was strong and performed above average: After a slow start to recovery and a struggle to reopen in 2021, Virginia became a pandemic recovery leader in program year 2023. While experiencing an acceleration in labor market growth, Virginia maintained a low unemployment rate and saw a return to the low, pre-pandemic levels of unemployment insurance claims.

It was a job seekers' labor market, with historically tight conditions empowering job seekers and helping to raise wages: Labor market conditions in program year 2023 seemed unusually tight because, while the falling unemployment rate had returned to pre-pandemic levels, the number of job openings climbed to record levels. Taken together, were these a signal that we were in an economic expansion or an economic downturn? Data indicates that pandemic labor markets brought about a shift to some new condition in the labor market unrelated to economic expansion or contraction, in which it became less efficient in matching labor demand with available labor supply.

Challenges remain in program year 2023 despite labor market strength.

Economic data hasn't caught up and lags very strong labor market trends: Although the Commonwealth's labor markets grew more rapidly than most of the country during program year 2023, less strength was shown in the main measure of state economic growth – the Bureau of Economic Analysis' Gross Domestic Product (GDP) by state accounts, and slowing population growth in the last decade has also likely been a drag on the Commonwealth's economic expansion.

Inflation has offset rising worker wages: Wages were on the rise during program year 2023, but inflation was rising faster. Perhaps the biggest challenge facing Virginians from inflation has been declining home affordability as rising home prices and climbing mortgage rates crowded out some Virginians from participating in the housing market.



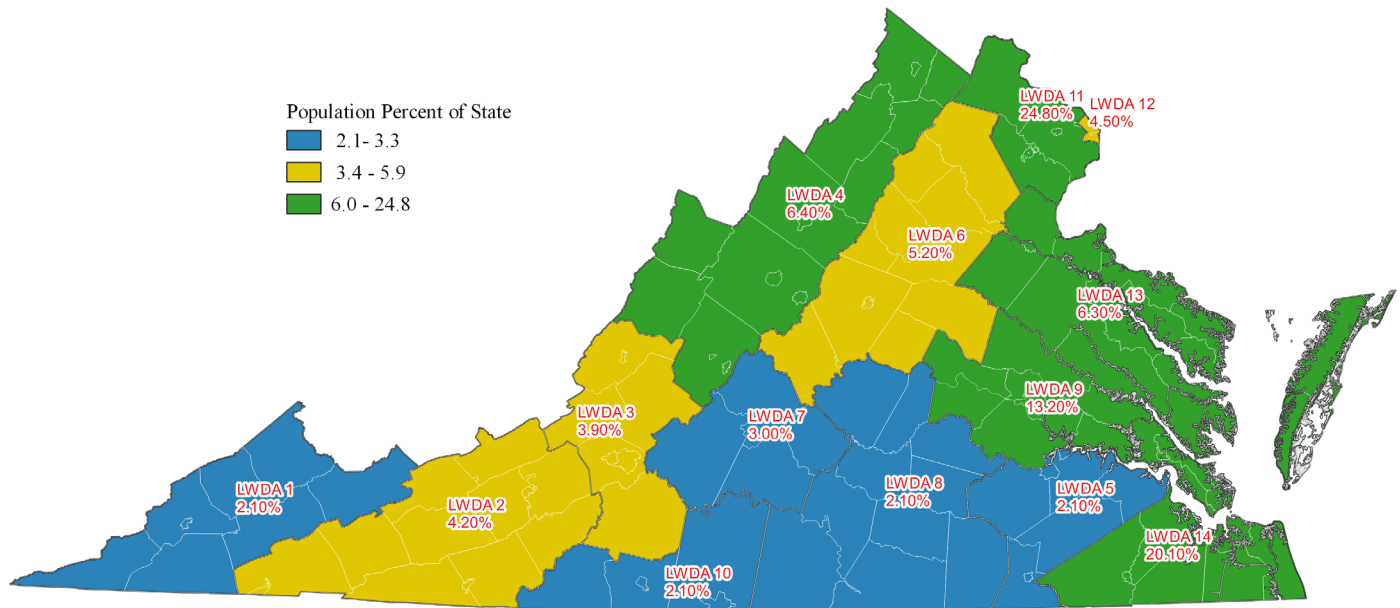


Part I: Virginia Snapshot

Population Snapshot

Figure 1

LWDA Percent of State Population



Source: US Census Bureau Annual Population and Housing Unit Estimates 2022. [Click here for full data.](#)

US Census Bureau figures show that the population of Virginia grew by 0.3% (26,254) to 8,683,619 between July 1, 2021, and July 1, 2022. This was slightly slower than population growth nationwide, which rose 0.4% (1,256,003) over that period to 333,287,557. Virginia's population growth contributed to about 2% of nationwide population growth.

Figure 1 above shows the percentage of 2022 Virginia population by its 14 Local Workforce Development Areas (LWDAs). Population is concentrated heavily in Northern Virginia in LWDAs 11 and 12, as well as in the Hampton Roads region of LWDA 14. These regions are heavy drivers of the Virginia economy as a whole.

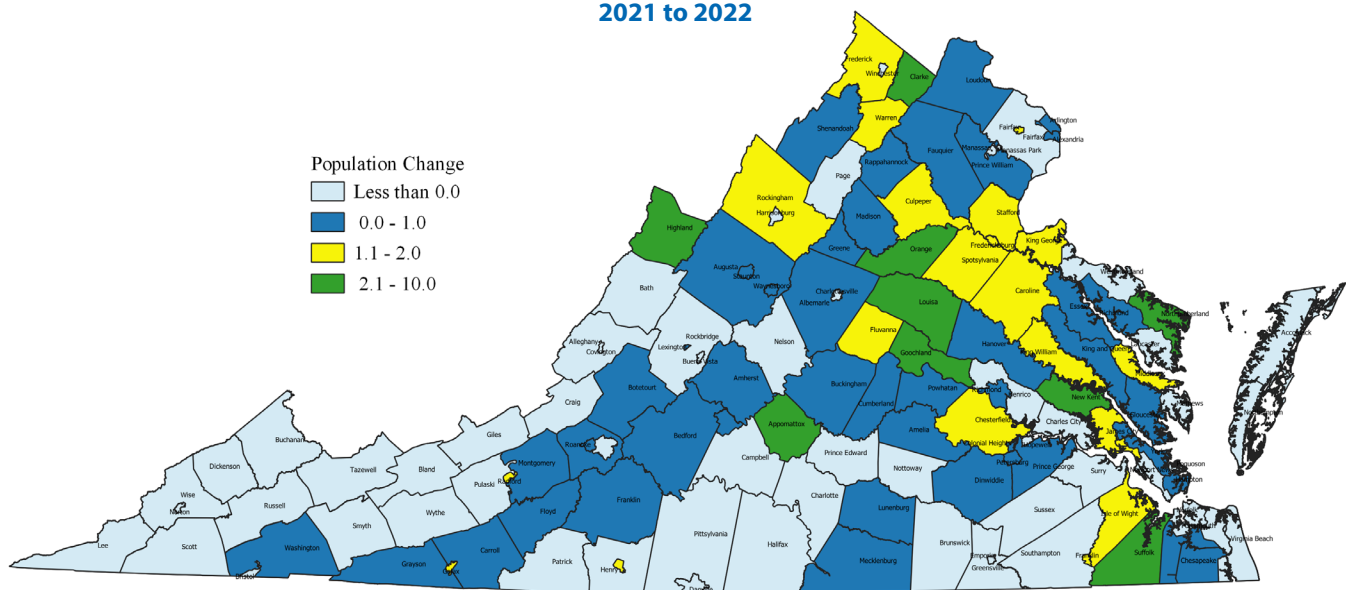
As shown in **Figure 2**, population between July 1, 2021, and July 1, 2022 increased in 78 and decreased in 55 of Virginia's 133 counties and cities. Almost half of the growth during that time (12,925) came from natural increase or having more births than deaths. Most of the growth (13,740) came from net migration into the state. Sixty-two of Virginia's counties and cities grew faster than the 0.3% growth rate of the Commonwealth overall. Most of the areas with the fastest growth rates were concentrated in the central part of the state, not too far from Richmond. Examples of this regional population growth were seen in New Kent (4.2%), Louisa (2.8%), Goochland (4.2%), Suffolk (2.3%), Orange (2.2%), Appomattox (2.1%), and



Chesterfield (1.9%). Three counties and cities experienced population loss between July 2021 and 2022 of more than 2% and included Buchanan (-2.6%), Emporia City (-2.5%), and Manassas Park City (-2.2%).

Figure 2

**Population Change by County and City
2021 to 2022**

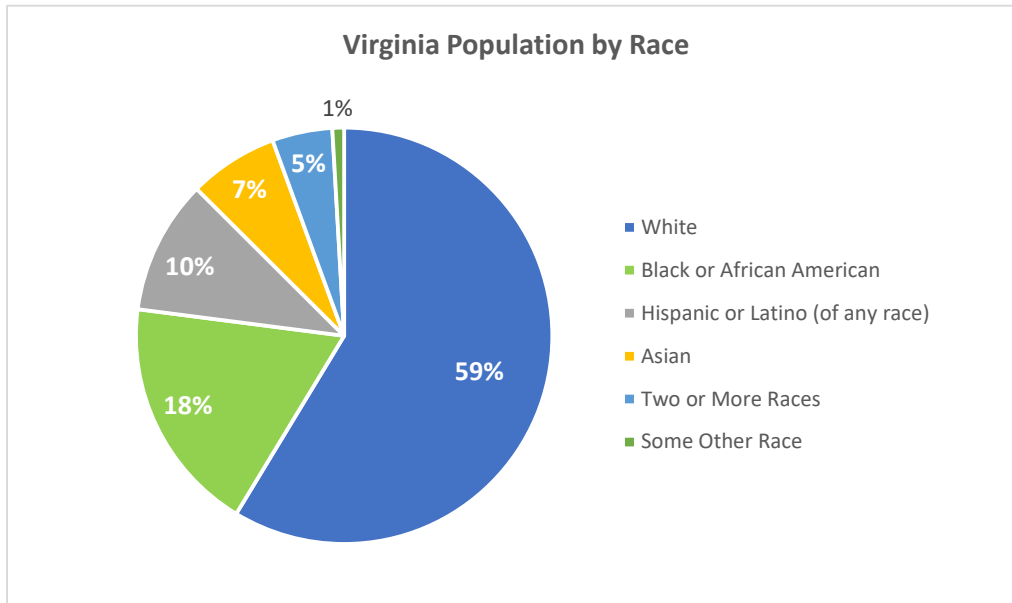


Source: US Census Bureau Annual Population and Housing Unit Estimates 2022. [Click here for full data.](#)

Increases in population are necessary for sustained economic growth, and flat population trends in the last decade have likely been a drag on the Commonwealth’s economic expansion. Slower population growth since 2020 is due to a combination of lower levels of net natural change and net out-migration from the state. Since 2020, net natural change in Northern Virginia has averaged 17,850 people annually, down from an average of 25,050 people annually from 2013 to 2020, whereas net out-migration since 2020 has averaged 250 people annually compared with net in-migration from 2013 to 2020, which averaged 5,000 people annually.

The 2022 figures from the US Census Bureau’s American Community Survey one-year estimates give insights into the demographics of Virginia’s diverse population. Since 2021, males’ share of the population (4,299,314) has increased to be even closer to half, with females holding on to the slight majority (4,384,305).

Figure 3



Source: US Census Bureau American Community Survey 2022 1-Year Estimates. For full data, click here.

As seen in **Figure 3**, the Commonwealth’s population continues to be racially diverse, with the share of people who identify as white continuing to trend downward, decreasing 0.5 percentage points to 58.7% between 2021 and 2022. Those who identify as Black or African American make up the second largest share of population at 18.4%, followed by the Hispanic or Latino category, which made up 10.4% of the Virginia population in 2022. The percentage of people who identify as American Indian, Alaska Native, Native Hawaiian, or Other Pacific Islander remained at 0.2%. These categories are included in the “Some Other Race” category in **Figure 3**, which only makes up about 1% of the total Virginia population.

Figure 4

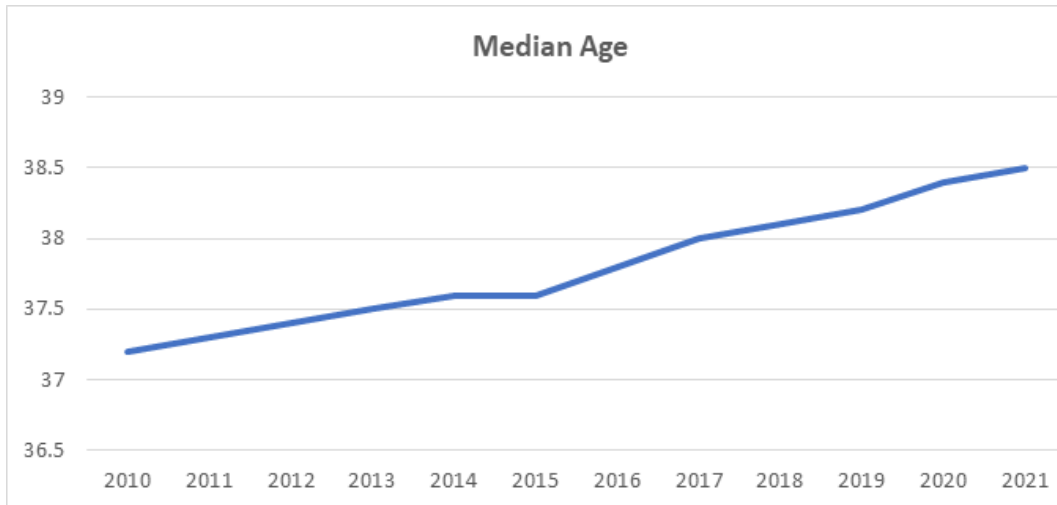
Age	Population	Percent of Population
0 to 14 Years	1,533,350	17.66%
15 to 19 Years	569,202	6.55%
20 to 34 Years	1,758,907	20.26%
35 to 54 Years	2,249,090	25.90%
55 to 74 Years	1,969,747	22.68%
75 Years and Over	603,323	6.95%

Source: US Census Bureau American Community Survey 2022 1-Year Estimates. For full data, click here

Figure 4 shows Virginia’s population by age cohort. One matter that may prove problematic for Virginia’s age group of 35-to-54-year-olds is that they are the most likely to enter into positions vacated by the aging population of 55 to 74 years old. In this case, the 35-to-54-year cohort (2,249,090) is much larger than those aged 55 to 74 years (1,969,747). As the older population group retires, the positions that open will not be in large enough supply for the younger workers to move into, thus setting the stage for underemployment and discouragement among the workforce in that age group.

As shown in **Figure 5**, the Commonwealth's median age also continues to rise, reflecting the aging workforce trend.

Figure 5



Source: US Census Bureau American Community Survey 5-Year Estimates since 2010. For full data, click [here](#).

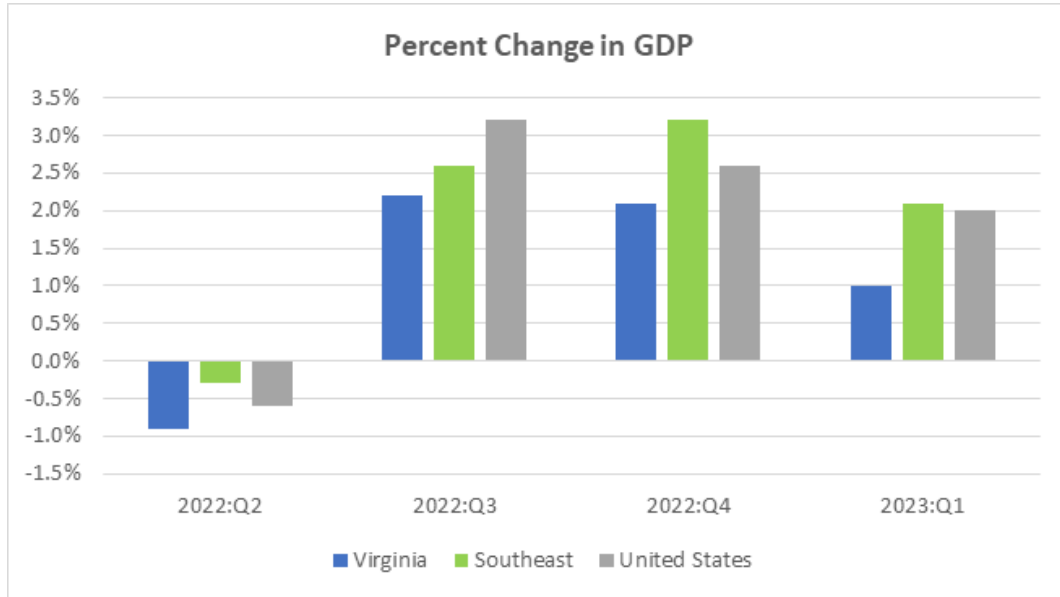
Of the population aged 25 and over, 91.5% have at least a high school diploma, and 42.2% have a bachelor's degree or higher. Of the total civilian noninstitutionalized population, 12.7% have a disability, with 31.2% of those 65 years and older identifying as having a disability, and 8.9% of those 64 and younger identifying as such. Notably, at 9.2%, the share of civilian veterans among the Virginia population 18 years and older ranks third among all 50 states and the District of Columbia, behind only Alaska (10.1%) and Wyoming (9.4%). The number of civilian veterans (614,631) ranks sixth behind Texas, Florida, California, Pennsylvania, and North Carolina. The share of Virginians without health insurance coverage decreased over the year from 6.8% to 6.5%.



Economic Snapshot

According to the most recent data from the Bureau of Economic Analysis shown in **Figure 6**, Virginia's economy grew slower than nationwide in the first quarter 2023, as real gross domestic product (GDP) increased by an annual rate of 1.0%. This is compared to an annual rate of 2.1% in the Southeast region and 2.0% nationwide. Virginia's economy in the first quarter was negatively impacted by the production as well as finance and insurance parts of the economy, with strength led by services like healthcare and social assistance; arts, entertainment, and recreation; and accommodation and food services. The government sector also contributed positively and was led by military and state and local government.

Figure 6



Source: Bureau of Economic Analysis. For full data, [click here](#).

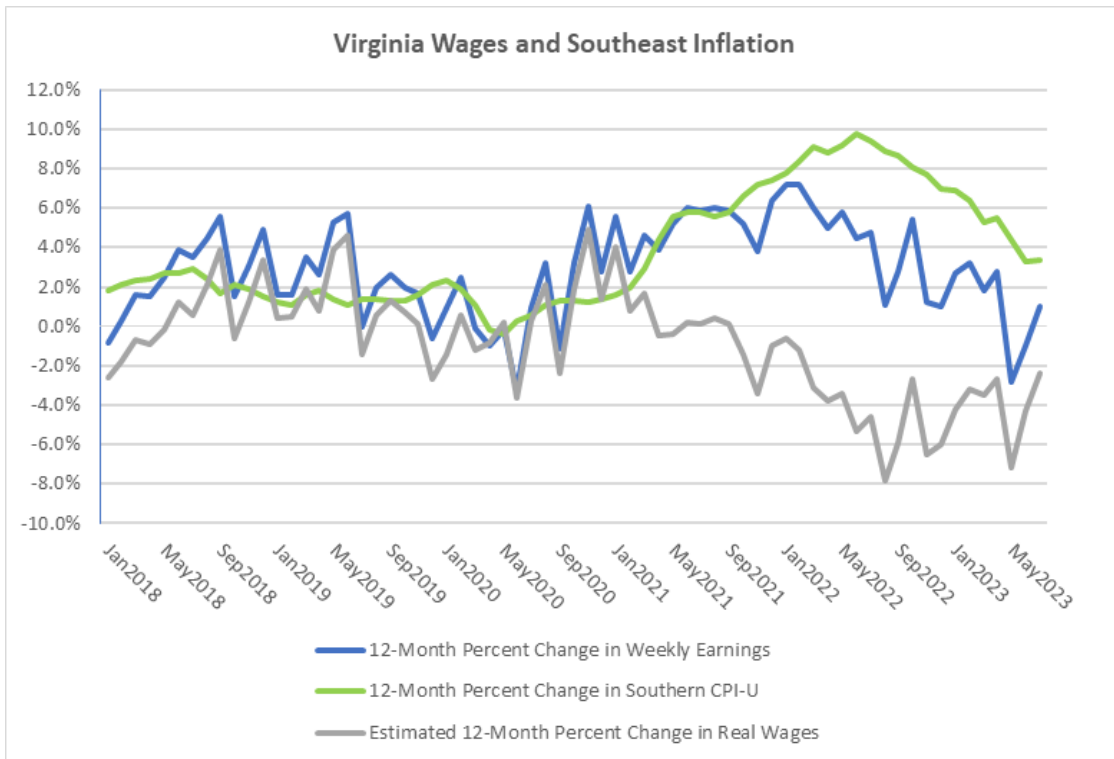
Wages were on the rise during program year 2023, but so was inflation. What contributed to these rising prices? As the economy continued to open back up after shutdowns from the COVID-19 pandemic, employers offered higher wages to hire more workers and reduce turnover. Boosts in personal income, in part driven by pandemic assistance over the prior two years, also spurred on consumption. That pent up demand, as well as supply chain issues and other factors began to impact Virginian's standard of living as consumer prices rose faster than nominal wages.

In June 2021, the Consumer Price Index (CPI) saw the largest 12-month percent change since August 2008, and such elevated levels continued in the following months. Wages and salaries for private industry workers in nominal dollars increased 3.5% since June 2020. This was the largest year-over-year increase since 3.6% in March 2007. Consequently, the real wage index began to trend downwards. In March 2022, real wages for private industry workers were 3.3% lower than in March 2021. This loss in real wages was not limited to one segment of the economy, but was seen in virtually every major sector, resulting in Virginians working more hours for less pay. In January 2020, before the pandemic, \$100 had the same buying power as \$119 in July 2023, according to BLS CPI data.

Figure 7 below illustrates a summary of these real wage changes. While state estimates of CPI are not available, Consumer Price Index for Urban Consumers (CPI-U) is published for Census Regions, including the Southern region which includes Virginia. State Current Employment Statistics give average weekly earnings for all private employees of Virginia. The following figure compares 12-month changes in both data sets to give an approximation of real wage trends in Virginia.



Figure 7



Source: Bureau of Labor Statistics. For full data, click here.

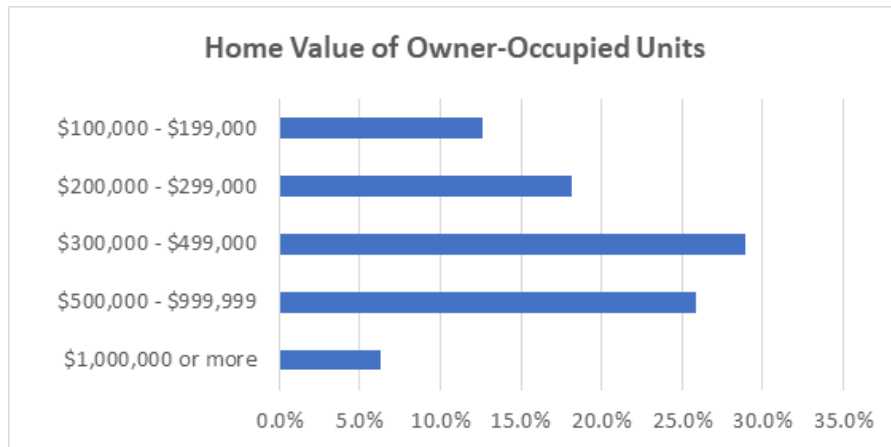
Perhaps the biggest challenge facing Virginians from inflation has been declining home affordability as rising home prices and climbing mortgage rates crowded out some Virginians from participating in the housing market. According to the Federal Housing Finance Agency, home values in Virginia appreciated 9.3% from the first quarter of 2022 to the first quarter of 2023.

The U.S. housing market has experienced positive annual appreciation each quarter since the start of 2012. Virginia was no exception as home prices accelerated in recent years. But appreciation has varied by area. Richmond home prices rose by 66.8% since 2007, while Virginia Beach-Norfolk-Newport News, VA-NC house prices rose by 34.5%. Washington-Arlington-Alexandria, DC-VA-MD-WV house prices rose by 42.7%. Being severely hurt by the housing bubble crash, since 2014, Northern Virginia home prices have increased at a lower rate than nationwide.

Figure 8 and **Figure 9** give a snapshot of Virginia housing according to 2022 American Community Survey one-year estimates. In terms of housing occupancy, 91.7% (3,380,607) of the 3,685,233 total housing units in the Commonwealth

are occupied, leaving the remaining 8.3% (304,626) of housing units vacant. Of those occupied units, 67.4% (2,278,062) are owner-occupied and 32.6% are renter-occupied. **Figure 8** shows the share of owner-occupied housing units in Virginia by home value, with 54.8% of homes ranging between \$300,000 - \$999,999 in value (28.9% between \$300,000 - \$499,999 and 25.9% between \$500,000 - \$999,999). The median home value in 2022 was \$365,700.

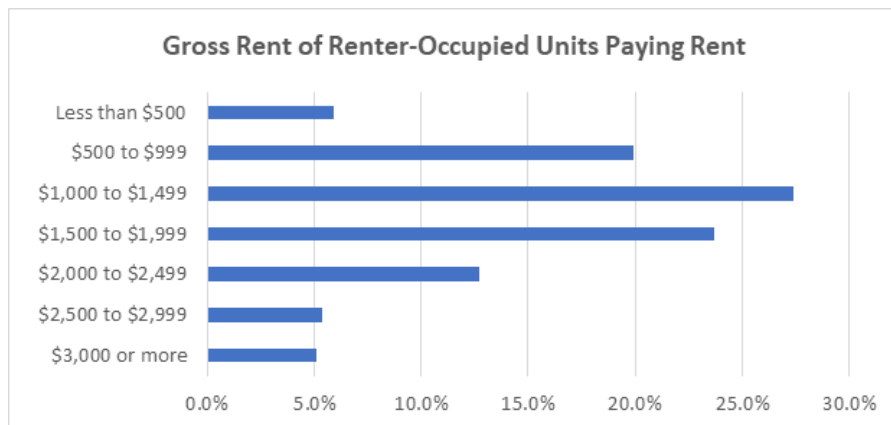
Figure 8



Source: US Census Bureau American Community Survey 2022 1-Year Estimates. For full data, click here.

Of renter-occupied units, 95.0% (1,102,545) pay rent, with the remaining 5.0% (55,209) of units not paying rent. **Figure 9** shows the share of renter-occupied units paying rent by gross rent. The median rent statewide was \$1,441.

Figure 9



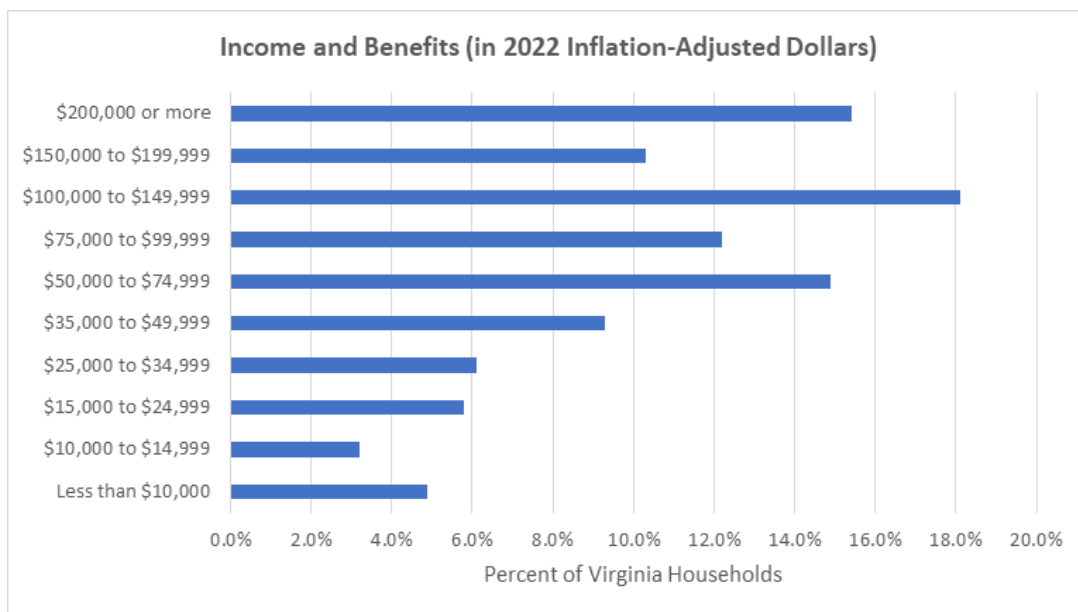
Source: US Census Bureau American Community Survey 2022 1-Year Estimates. For full data, click here.

Over the first half of 2021, a rapid increase in home prices cut deeply into consumers' ability to buy a home and the underlying economic factors began to shift. Homeownership affordability took a big hit from rapidly increasing interest rates — greater even than the deterioration resulting from continued growth in home prices. By mid-2023, the share of income of a median-income household to own a median-priced home nationwide climbed to 43.2%. The differences in this measure around the Commonwealth are significant. The Richmond area's affordability remained higher than the national rate, but home prices soared in early 2021, reducing affordability and driving the percent of a household's income needed to finance a median-priced home in Richmond closer to the US average share. Surprisingly, Northern Virginia had about the same level of affordability, given their higher household median income. Hampton Roads was most affordable of the large metro areas in Virginia, but Charlottesville was less affordable and required a significantly higher percentage of income than the three larger metropolitan areas in the state—possibly due to the high concentration of lower income student households forced to spend more of their budget on housing.

Housing affordability relative to other states could again play an important role in reversing recent weak population growth trends. Virginia was once a low housing cost alternative to more expensive Northeastern cities and benefited from years of in-migration from other states. In recent decades, this reversed, and Virginia’s housing costs have contributed to out-migration trends to Sunbelt cities and other areas. As housing in destination cities like Raleigh and Austin become more expensive, perhaps some of these housing-affordability migration trends may reverse somewhat.

Figure 10 shows the percentage of the 3,380,607 total Virginia households in each category of income and benefit amount. Notably, 20% of Virginian households have a household income below \$34,999, and 43.8% have a household income of \$100,000 or above. Median household income was \$85,873, with median family income quite a bit higher at \$107,101. Per capita income across the state averaged \$47,199. In 2022, 7.4% of all families and 10.6% of all people had an income below the poverty level. This is an increase from past years, which saw 6.9% of families and 10.2% of individuals with an income below the poverty level in 2021, and 6.5% of families and 9.9% of all individuals with an income below the poverty level in 2019 (2020 ACS one-year estimates are not available).

Figure 10



Source: US Census Bureau American Community Survey 2022 1-Year Estimates. For full data, click here.



Another economic indicator to mention is computer and Internet use. This is especially prudent as leaders in Virginia focus efforts to increase broadband access across the state. According to the American Community Survey 2022 one-year estimates, 95.5% of total households in Virginia own a computer, with 90.9% having a broadband Internet subscription, leaving approximately 309,049 households with no subscription.

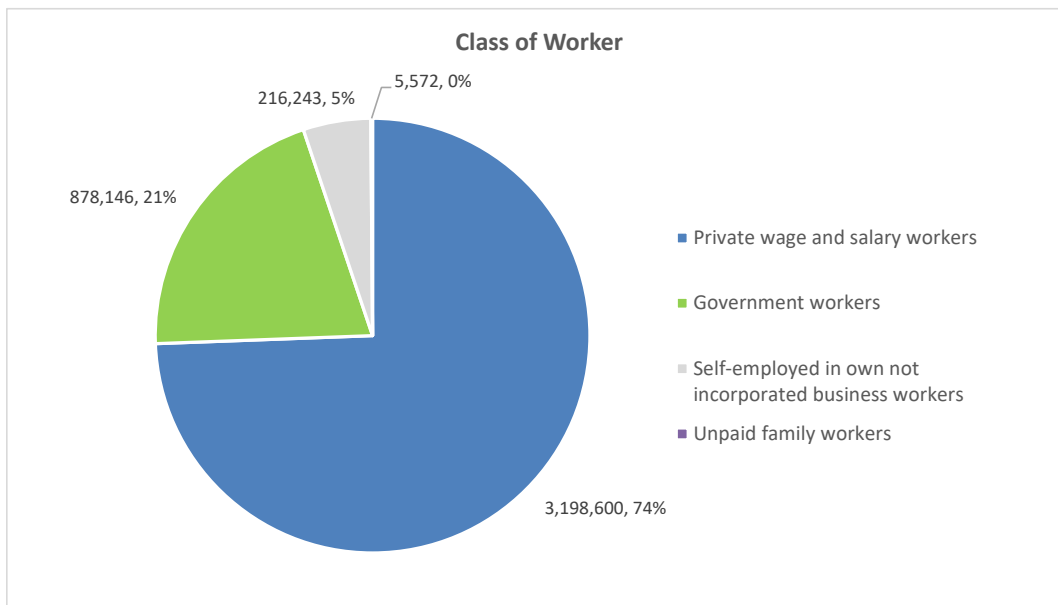


Part II: Virginia's Labor Force

Statewide Statistics

As an overview, **Figure 11** below shows class of worker for the Virginia civilian employed population 16 years and older (4,298,561). The vast majority of workers are private wage and salary workers (74%), but government workers make up a strong 21%. The remaining workers are classified as self-employed or unpaid family workers.

Figure 11



Source: US Census Bureau American Community Survey 2022 1-Year Estimates. For full data, [click here](#).

Local Area Unemployment Statistics (LAUS) provide comprehensive data on the labor force based on household interviews conducted each month for the Bureau of Labor Statistics. Also known as “the household survey,” LAUS distinguishes between whether a person is employed, unemployed, or not in the labor force.

According to LAUS data, the civilian labor force in Virginia increased 179,559 over program year 2023 (July 1, 2022, to June 30, 2023). Reaching 4,635,410, the labor force experienced a 4.0% over-the-year growth rate in June 2023, the largest annual growth since May 1978.

There were more indicators of labor market strength in program year 2023, as captured in **Figure 12**. Labor force participation increased to a rate of 67.3% and the unemployment rate decreased to what many would consider full employment levels. A decreasing unemployment rate coupled with an increase in the labor force and the labor force participation rate indicates that workers are beginning to reenter the workforce more substantially after the pandemic.

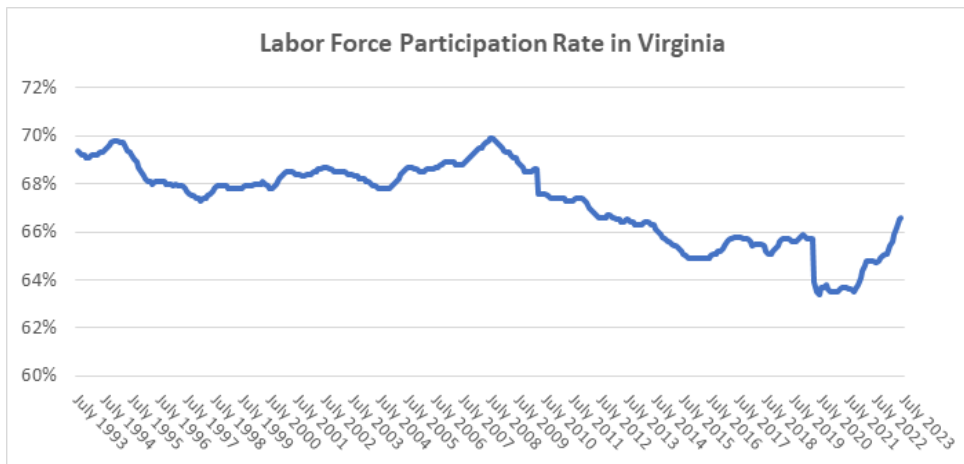
Figure 12

Unemployment Statistic	June 2023	June 2022	1-Year Actual Change	1-Year Percent Change
Labor Force	4,635,410	4,455,851	179,559	4.03%
Number of Employed	4,503,903	4,324,426	179,477	4.15%
Number of Unemployed	131,507	131,425	82	0.06%
Unemployment Rate	2.8%	2.9%	-0.1%	-3.6%
Labor Force Participation Rate	67.3%	65.2%	2.1%	3.1%

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (Not Seasonally Adjusted). For full data, click here.

As **Figure 13** conveys, labor force participation languished before 2023 but has increased significantly in Virginia to exceed pre-COVID levels since the beginning of the year. The lowest reported month for seasonally adjusted labor force participation (63.4%) occurred in June 2020, in the aftermath of the pandemic shutdowns. June’s reading of 66.6% was the highest since January 2013.

Figure 13



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (Seasonally Adjusted). For full data, click here.

Though 2022’s labor market tightness more closely resembled recent expansionary periods than recessionary periods, it was distinct from both and increased inefficiency in job markets coming out of the 2020 COVID recession. Was this shift an outcome of COVID-era labor market disruptions? Partially, but the job openings rate has trended upward since the Great Recession of 2007-2009. At the same time, declining labor force participation has been a factor in lowering unemployment rates over that period. Perhaps the dislocation of 2020 and 2021’s subsequent reordering of labor markets heightened these trends. However, they appear to have resumed a decade-long trajectory, driven by secular demographic and technological changes and the ongoing challenge of matching the skills of available workers with those that employers are searching for.

Other trends in BLS Jobs Openings and Labor Turnover Survey (JOLTS) also indicate that the Commonwealth’s labor market was tighter and more active than in much of the country and remained strong heading into the second half of 2023. Virginia’s June 2023 churn rate (a measure of movement from job to job) slowed slightly to 8.4% from May’s revised 8.6%, indicating still-elevated velocity of rotation into and out of jobs and continued confidence in workers’ ability to leave their current job for a better job. Job quitting was one driver of the rapid pace of movement of workers between jobs.

JOLTS data shows job quitting remained well above pre-pandemic levels in Virginia during program year 2023. Quits—a component of total separations—are voluntary separations initiated by the employee. An estimated 117,000 workers quit their jobs from Virginia employers in June. This was 12.5% growth over-the-year and a 38% increase from five years earlier. A chief motivation for many workers to move from job to job was higher wages. Wages in program year 2023 rose rapidly as employers struggled to attract and retain workers; especially in industries that were hard hit by the pandemic's effects like the Leisure and Hospitality sector. While private sector hourly wages rose 7.4% from the reopening begun in May 2020 to May 2023, Leisure and Hospitality - the sector with the highest concentration of minimum wage workers - rose 20% over that period. This divergence of trends is recent and differs from pre-pandemic long-term trends.

After the historic reshuffling of labor markets of two years ago, most JOLTS indicators trended towards more normal, pre-pandemic conditions in program year 2023. In June and during the first half of 2023, the velocity of movement from job to job steadily slowed nationwide in 2023. At the same time, the ability to fill open positions has steadily improved since 2021 with hiring ability at typical, long-term trends in the Commonwealth. Quits as a percentage of all job separations has also trended downward in 2023 nationwide, but with less evidence of this in Virginia. Nationwide, the number of job openings decreased by 13% over the year.

Though the state minimum wage was increased multiple times in recent years, massive dislocation from the pandemic shutdowns likely played a larger role in wage inflation in key minimum wage industries. Over the last three years, the Virginia hourly minimum wage increased from \$7.25 in 2020 to \$9.50 in 2021, from \$9.50 to \$11 in 2022, and from \$11 to \$12 in 2023. Effects from changes in the minimum wage take time to move through labor markets, so the few years since the implemented increases may not be sufficient to fully capture resulting impacts on wages. Also, isolating the level of influence that the minimum wage increases had on the sharp rise in Leisure and Hospitality wages is difficult because of the distortions in labor markets and inflation-driven pressure on wages present nationwide during the pandemic and post-pandemic periods of the last three years.

House Bill 1924

Virginia has not only increased minimum wage on a tiered basis in recent years, but the Commonwealth has also worked to close loopholes in minimum wage law. In April 2023, Governor Glenn Youngkin signed House Bill (HB) 1924, which, as of July 1, 2023 outlawed the practice of hiring and paying workers with disabilities less than minimum wage. Those employers with a special certificate authorized under the federal Fair Labor Standards Act to pay certain employees with disabilities less than minimum wage prior to July 1, 2023, will be grandfathered in and given until July 1, 2030, when their authorization ends, to raise pay for these workers to Virginia's minimum wage.

Currently over 4% of workers in Virginia have a disability, and as the workforce ages, this number will continue to increase. However, only 34% of disabled adults aged 21-64 in Virginia are employed, perhaps because sub-minimum wages are shown to exacerbate the already high rates of poverty found among disabled workers.

The passage of House Bill 1924 offers adults with disabilities the chance to work at a living wage in integrated environments that supply them with opportunities for growth and success. As the Commonwealth's workforce ages, championing equal and accessible work environments will benefit more workers and allow for more diverse and innovative workplaces.

For a full article on this topic, go to : https://viriniaworks.com/_docs/Publications/Press-Releases-and-Reports/PDF/JulyFeaturedArticle.pdf

Local Area Unemployment Statistics

Figure 14 illustrates the continuing story of strong success in three of the LWDA's, and the consequential positive statistics at the state level. It also shows the evidence of struggles in other regions of the state. Since reaching an all-time high in March of 2020, the unemployment rate has been steadily decreasing statewide. However, approximately two thirds of LWDA's (11 out of 15) have an unemployment rate above the state level of 2.8%. Alexandria/Arlington has the lowest unemployment rate at 2.1%, well below the state average. The highest unemployment rate was in Southwestern Virginia at 4.0%. These rates reflect some regions' struggles related to the decline of manufacturing and traditional goods-producing industries, along with the economic impact of COVID-19.

Figure 14

Local Workforce Development Area (LWDA)	Labor Force	Employed	Unemployed	Unemployment Rate
I Southwestern Virginia	70,983	68,168	2,815	4.0%
II New River/Mt. Rogers	186,129	180,090	6,039	3.2%
III Western Virginia	174,504	169,483	5,021	2.9%
IV Shenandoah Valley	291,133	282,981	8,152	2.8%
V Crater Area	77,277	74,476	2,801	3.6%
VI Piedmont Workforce Network	240,669	234,257	6,412	2.7%
VII Region 2000/Central Virginia	126,743	122,347	4,396	3.5%
VIII South Central	83,121	80,132	2,989	3.6%
IX Capital Region Workforce Partnership	634,239	615,901	18,338	2.9%
X West Piedmont	86,518	83,374	3,144	3.6%
XI Northern Virginia	1,235,744	1,204,659	31,085	2.5%
XII Alexandria/Arlington	270,798	264,995	5,803	2.1%
XIII Bay Consortium	277,106	268,963	8,143	2.9%
XIV Hampton Roads	880,449	854,079	26,370	3.0%
Virginia	4,635,410	4,503,903	131,507	2.8%

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (Not Seasonally Adjusted). For full data, click here.

When speaking of Virginia's sub-state areas, it is important to consider commuting flows and place of work versus residency. As shown in **Figure 15**, 81.9% of workers commuted to work, while 18.2% worked from home. This is up drastically from 2019, during which only 5.8% of workers worked from home, but down from 2021, during which 22.3% of workers worked from home.

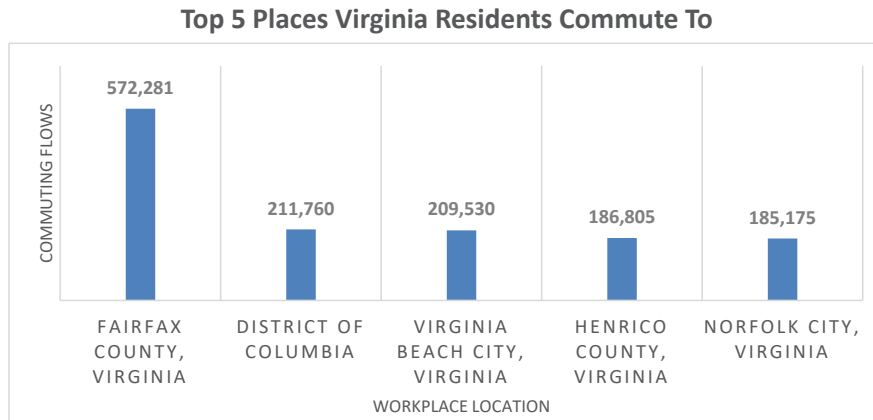
Figure 15

Commuting to Work		
Workers 16 years and over	4,350,095	-
Car, truck, or van -- drove alone	2,955,039	67.9%
Car, truck, or van -- carpooled	349,474	8.0%
Public transportation (excluding taxicab)	80,783	1.9%
Walked	93,673	2.2%
Other means	80,567	1.9%
Worked from home	790,559	18.2%
Mean travel time to work (minutes)	27.1	-

Source: US Census Bureau American Community Survey 2022 1-Year Estimates. For full data, click here.

Figures 16 – 18 give an overview of commuting flows within Virginia and between Virginia and its neighboring states. Overall commuting patterns reflect the concentration of jobs and population in Northern Virginia and Hampton Roads, as well as the Capital Region Workforce Partnership. Workers coming into Virginia from out-of-state largely commute from counties in Maryland and the District of Columbia. The vast majority of Virginians who commute to an out-of-state workplace are working in the District of Columbia.

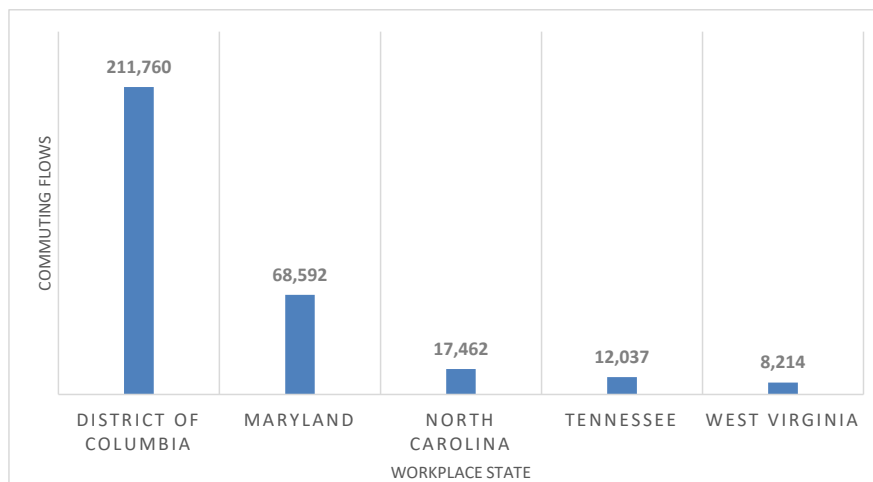
Figure 16



Source: 2016-2020 5-Year ACS Commuting Flows. For full data, click here.

Figure 17

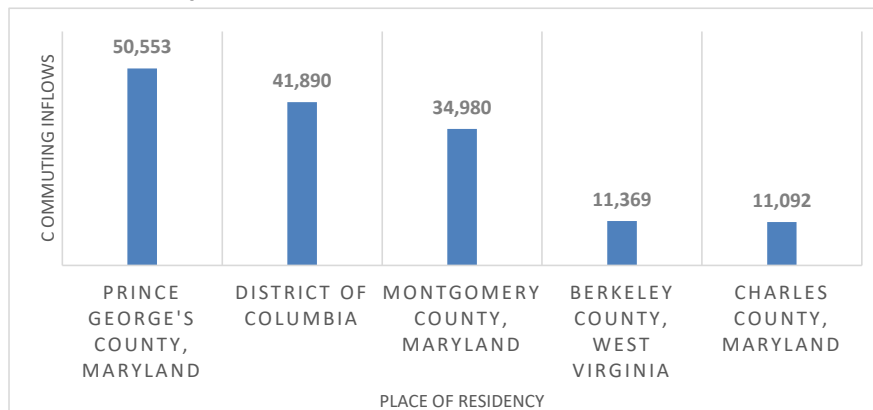
Top 5 Destinations for Virginians Who Commute to an Out-of-State Workplace



Source: 2016-2020 5-Year ACS Commuting Flows. For full data, click here.

Figure 18

Top 5 Out-of-State Places Workers Commute To



Source: 2016-2020 5-Year ACS Commuting Flows. For full data, click here.

Universal Licensing Recognition



Source: <https://www.virginiamercury.com/2023/03/03/youngkin-signs-universal-license-recognition-law-at-richmond-barber-shop/>

Notable for inter-state commuters: In March 2023, Governor Glenn Youngkin signed legislation into law that allows Virginia to recognize out-of-state occupational licenses for about 85 regulated occupations for qualified applicants. Occupational licenses are government-issued credentials that individuals must obtain to legally work in certain professions such as personal care occupations and construction-related trades. Often referred to as “universal licensing recognition (ULR),” this reform aims to ease the barriers to entry into labor markets across state lines.

ULR applies to some of the most popular licenses in the state such as cosmetologists and construction contractors, as well as barbers, plumbers, electricians, nail technicians, waterworks operators, opticians, gas fitters, home inspectors, and tattooists. It applies to all individual licenses regulated by the Department of Professional and Occupational Regulation except for “professional services” like architects, professional engineers, land surveyors, and landscape architects.

Before ULR, out-of-state applicants often experienced delays in employment because they were required to take duplicate training and examinations or have their experience extensively reviewed by regulatory boards.

Ideal occupational licensing policies balance the need to ensure public safety with the need to promote economic opportunity. By enacting universal licensing recognition, Virginia is headed in the right direction.

For a full article on this topic, go to: https://virginiaworks.com/_docs/Publications/Press-Releases-and-Reports/PDF/AugFeaturedArticle.pdf

Unemployment Insurance Data

Figures 19 and **20** below show Virginia Employment Commission data on weekly initial and continued claims since the start of calendar year 2022 and for the last week of program year 2023. Claims trended gradually upward during program year 2023 but have maintained what are considered generally normal levels. Benefit week ending July 1, 2023, saw 2,487 initial claims and 13,313 continued claims. For context, three years before, during the May 16, 2020, filing week - and the height of pandemic shutdowns - continued weeks peaked at just over 400,000 claims.

Figure 19

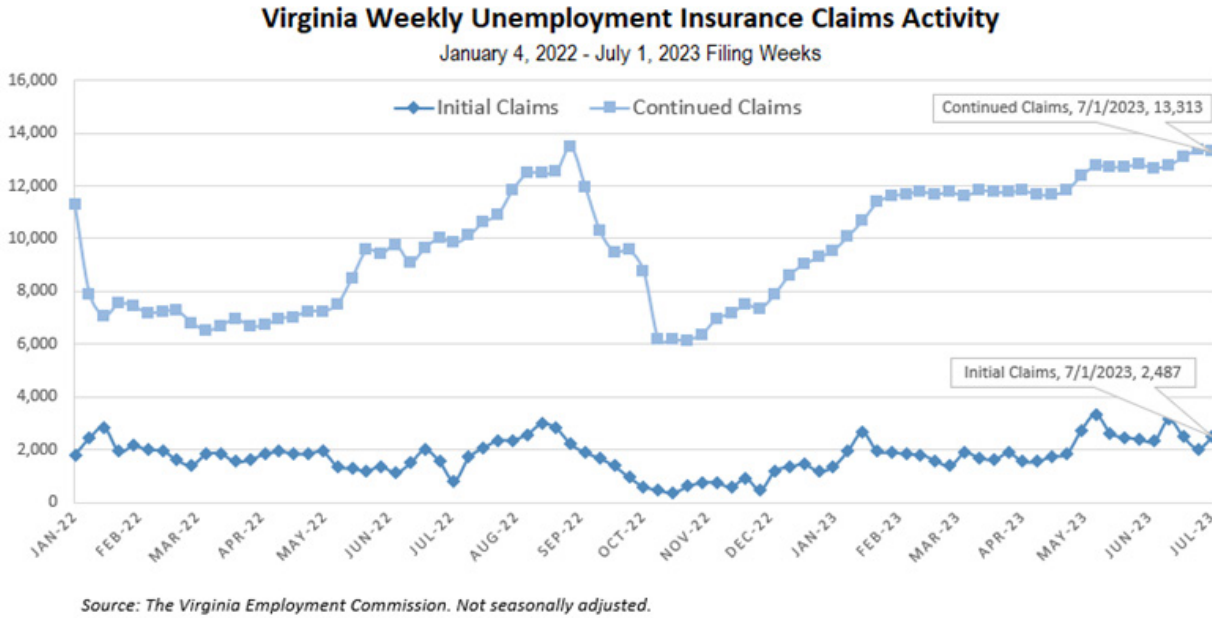


Figure 20

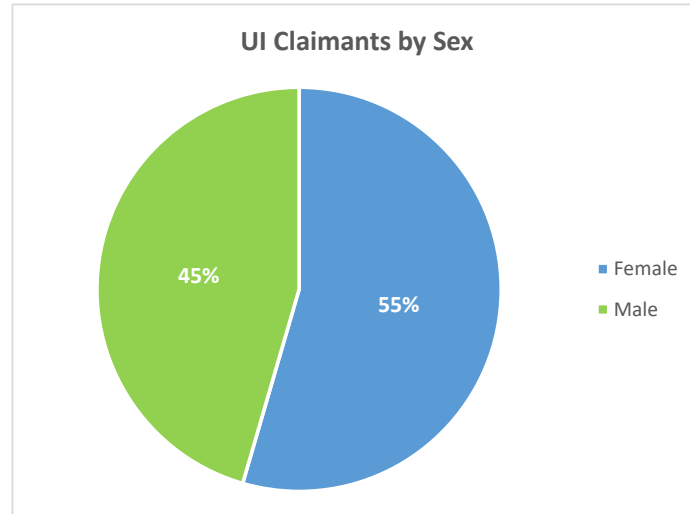
Benefit Week Ending Date	Initial Claims	Continued Weeks Claimed
07/01/2023	2,487	13,313
06/24/2023	2,038	13,381
07/02/2022	827	9,834

Source: Virginia Employment Commission, ETA-539 report. For full data, click here.

In program year 2023, about \$209 million was paid in unemployment benefits for 168,398 initial claims and 732,382 continued claims. The average weekly benefit amount received by claimants for the first quarter of 2023 was \$341. Compared to a statewide average weekly wage of \$1,478, this made for a wage replacement rate of 23.1%. The total number of claimants has increased by around 21% in program year 2023. This increase could be attributed to a loosening labor market as the economy continues to recover from the extreme labor market tightness of the post-COVID-19 economy.

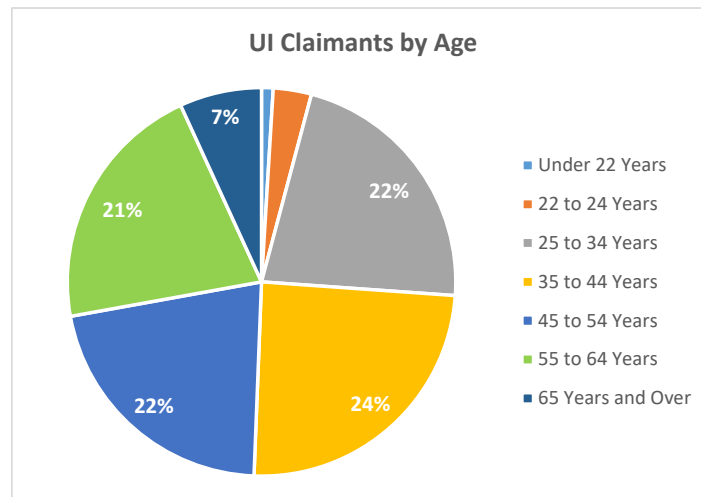
Figures 21 and 22 examine unemployment insurance claimants in Virginia by sex and age. Females made up a much larger segment of initial claims in June. Since most measures of labor force participation show lower participation of females compared to males, the higher number of female claimants stands out further. Generally, the industries and occupations with the largest number of claims tend to have a female leaning skew of employment, leading to a higher number of female claimants compared to male claimants overall. Looking at age, for most of the “prime age” categories, the number of claimants is relatively even in percentage terms.

Figure 21



Source: Virginia Employment Commission ETA 203 report. For full data, click here.

Figure 22



Source: Virginia Employment Commission ETA 203 report. For full data, click here.

Figures 23 and 24 look at unemployment claimants in terms of industries and occupations. In terms of industries, Professional, Scientific, and Technical Services, has risen from third highest claims volume to first, pushing Administration and Support Services to second. Manufacturing has risen from sixth highest claims volume to third. The top three occupations by number of claimants have remained the same from last year.

Figure 23

Top 5 Occupations by Number of Claimants			
June 2023 Occupations	Claimants	June 2022 Occupations	Claimants
Office and Administrative Support	2,538	Office and Administrative Support	2,500
Management	2,477	Management	1,801
Business and Financial Operations	1,335	Business and Financial Operations	976
Transportation and Material Moving	1,101	Sales and Related	944
Computer and Math	1,029	Food Preparation and Serving Related	907
Total, All Occupations	16,412	Total, All Occupations	13,608

Source: Virginia Employment Commission ETA 203 report. For full data, click here.

Figure 24

Top 5 Industries by Number of Claimants			
June 2023 Industries	Claimants	June 2022 Industries	Claimants
Professional, Scientific, and Technical Services	1,568	Administration and Support, Waste Management, and Remedial Services	1,294
Administration and Support, Waste Management, and Remedial Services	1,327	Healthcare and Social Assistance	1,104
Manufacturing	1,104	Professional, Scientific, and Technical Services	1,094
Healthcare and Social Assistance	990	Accommodation and Food Services	971
Retail Trade	842	Retail Trade	873
Total, All Industries	16,412	Total, All Industries	13,608

Source: Virginia Employment Commission ETA 203 report. For full data, click here.



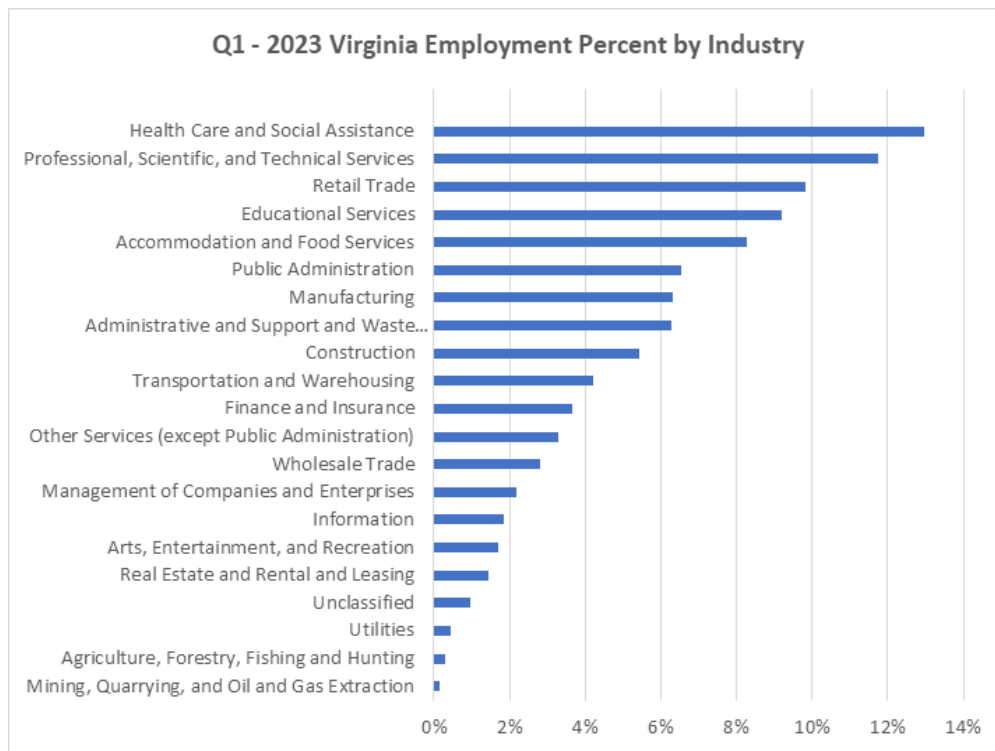
Part III: Industries and Occupations

Industrial Landscape

The main industries of employment for Virginia continue to be Health Care and Social Assistance; Professional, Scientific, and Technical Services; Retail Trade; Educational Services; and Accommodation and Food Services, comprising 52% of all employment.

On the other hand, the Mining, Quarrying, and Oil and Gas Extraction; Agriculture, Forestry, Fishing, and Hunting; Utilities; and Real Estate and Rental and Leasing industries exert the least influence on state employment, comprising only 2.3% of all employment, as seen in **Figure 25**.

Figure 25



Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, Q1-2023. For full data, [click here](#).

The Professional, Scientific, and Technical Services industry is the highest paying industry and the largest contributor to the statewide economy. It accounts for 17% of Virginia establishments (highest), 12% of employment (2nd highest), and a whopping 20% share of wages (highest).

By contrast, Retail Trade and Accommodation and Food Services are the two lowest paying industries, and while comprising over 18% of all jobs, account for only 8% of statewide wages. **Figure 26** shows this comparison between the share of employment and share of wages of each industry.

Figure 26

Industry	2023 Share of Employment	2023 Share of Total Wages	Difference
Professional, Scientific, and Technical Services	11.8%	20.0%	8.3%
Finance and Insurance	3.7%	7.3%	3.7%
Management of Companies and Enterprises	2.2%	5.3%	3.1%
Information	1.9%	3.5%	1.7%
Public Administration	6.6%	7.9%	1.3%
Wholesale Trade	2.8%	4.0%	1.2%
Utilities	0.5%	0.7%	0.2%
Real Estate and Rental and Leasing	1.5%	1.5%	0.1%
Mining, Quarrying, and Oil and Gas Extraction	0.1%	0.2%	0.0%
Unclassified	1.0%	0.9%	-0.1%
Agriculture, Forestry, Fishing and Hunting	0.3%	0.2%	-0.1%
Manufacturing	6.4%	6.2%	-0.2%
Construction	5.5%	5.1%	-0.3%
Transportation and Warehousing	4.2%	3.5%	-0.7%
Other Services (except Public Administration)	3.3%	2.5%	-0.8%
Arts, Entertainment, and Recreation	1.7%	0.8%	-0.9%
Administrative and Support and Waste Management and Remediation Services	6.3%	5.0%	-1.3%
Health Care and Social Assistance	13.0%	10.8%	-2.3%
Educational Services	9.3%	6.7%	-2.6%
Retail Trade	9.9%	5.1%	-4.8%
Accommodation and Food Services	8.3%	2.9%	-5.5%

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, Q1-2023. For full data, click here.

In terms of the number of establishments by industry statewide, **Figure 27** below highlights the growing number of establishments in the Professional, Scientific, and Technical Services and Health Care and Social Assistance industries (these two industries alone account for 33% of all state establishments), compared to the number of Retail Trade and Other Services establishments that are shrinking.

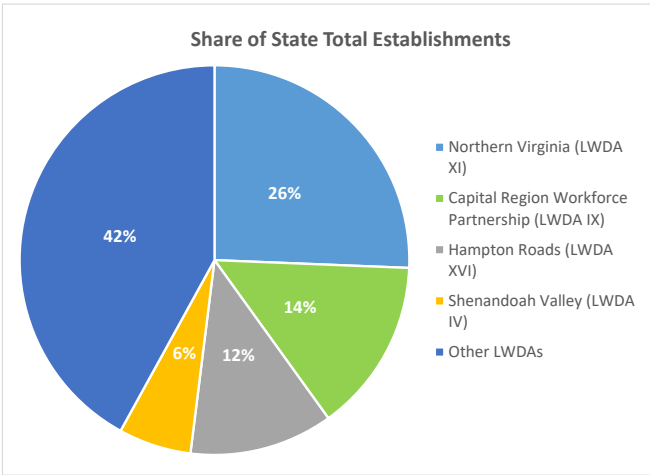
Figure 27

Industry	2022 Share of Establishments	2023 Share of Establishments	Change
Unclassified	4.9%	5.8%	0.9%
Professional, Scientific, and Technical Services	16.4%	17.0%	0.5%
Health Care and Social Assistance	16.0%	16.1%	0.1%
Public Administration	1.5%	1.5%	0.0%
Management of Companies and Enterprises	0.8%	0.9%	0.0%
Manufacturing	2.6%	2.6%	0.0%
Transportation and Warehousing	2.4%	2.4%	0.0%
Arts, Entertainment, and Recreation	1.3%	1.3%	0.0%
Utilities	0.2%	0.2%	0.0%
Mining, Quarrying, and Oil and Gas Extraction	0.1%	0.1%	0.0%
Administrative and Support and Waste Management and Remediation Services	5.4%	5.4%	0.0%
Educational Services	1.5%	1.5%	0.0%
Agriculture, Forestry, Fishing and Hunting	0.6%	0.6%	0.0%
Real Estate and Rental and Leasing	3.9%	3.9%	0.0%
Information	2.0%	1.9%	-0.1%
Accommodation and Food Services	6.2%	6.0%	-0.2%
Finance and Insurance	4.3%	4.2%	-0.2%
Wholesale Trade	3.7%	3.6%	-0.2%
Construction	7.6%	7.4%	-0.2%
Other Services (except Public Administration)	9.9%	9.6%	-0.3%
Retail Trade	8.6%	8.0%	-0.6%

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, Q1-2023. For full data, click here.

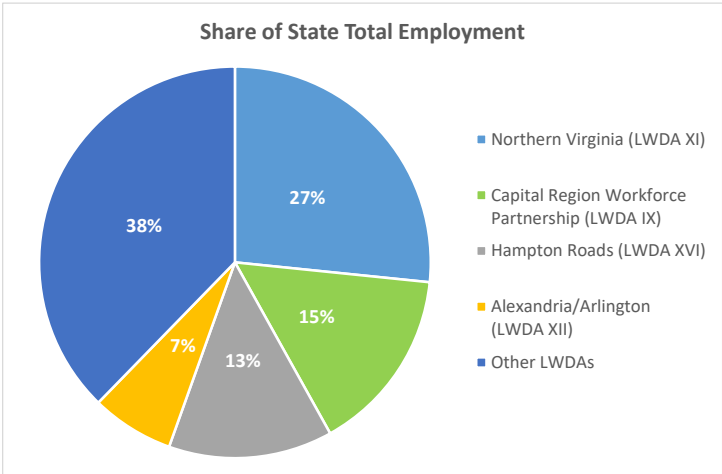
In terms of Local Workforce Development Areas, **Figure 28** below outlines the share of total establishments by area. The continued story of concentration of population, establishments, employment, and wages in LWDA's like Northern Virginia, Hampton Roads, and Capital Region Workforce Partnership is echoed in **Figures 28-30**, which show that Virginia's economic landscape is dominated by these areas. All areas saw consistently high wage growth due to the high inflation rates seen in 2022 through early 2023.

Figure 28



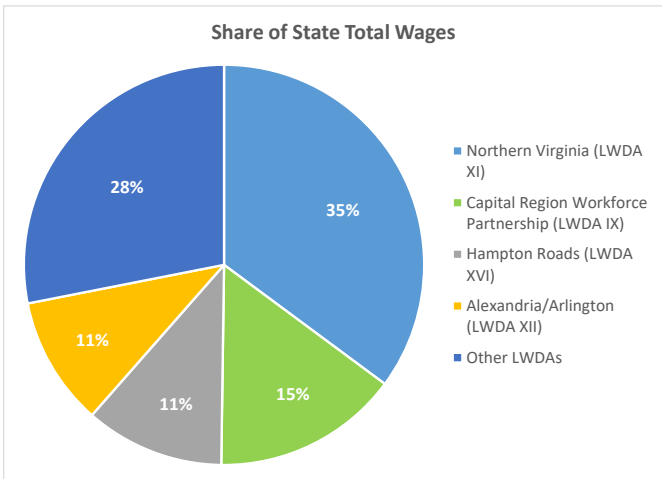
Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, Q1-2023. For full data, click here.

Figure 29



Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, Q1-2023. For full data, click here.

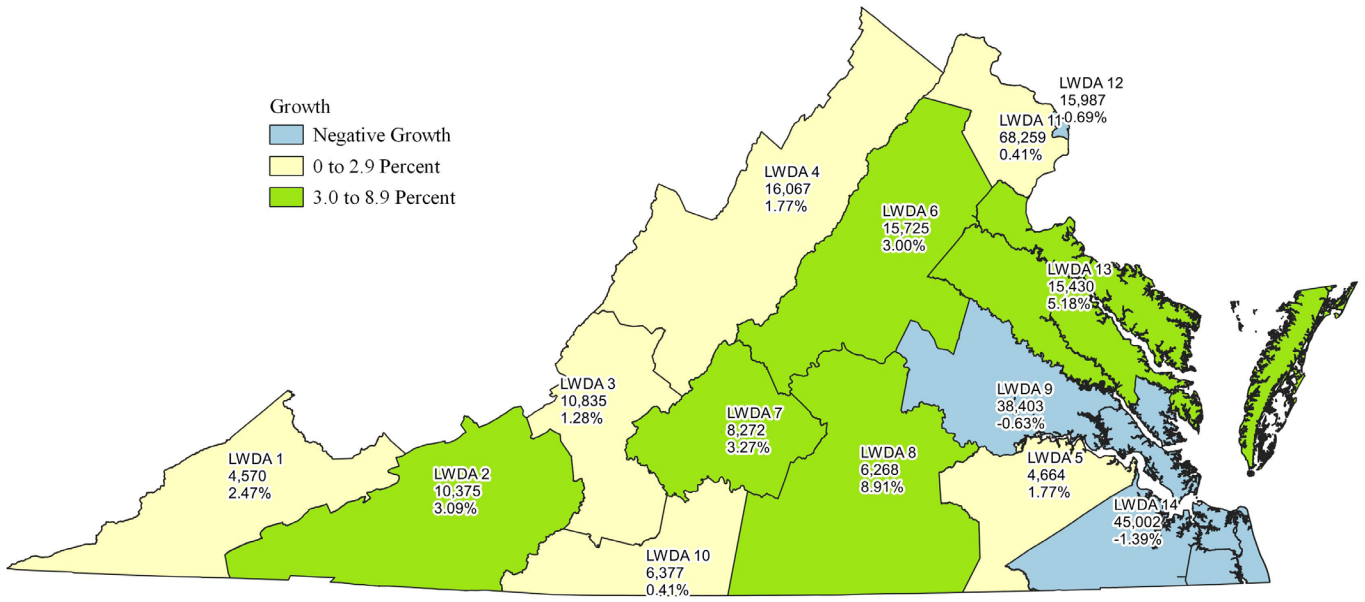
Figure 30



Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, Q1-2023. For full data, click here.

Figure 31

Establishment Number and Growth Rate



Source: Virginia Employment Commission, Quarterly Census of Employment and Wages, Q1-2023. For full data, click here.

Figure 31 shows establishment number and growth rate in each LWDA. The areas with the highest percentage change in number of establishments included South Central area which is encouraging given that the area comprises a small proportion of the state population, meaning that the economy in this area shows potential for an uptick.

Figure 32

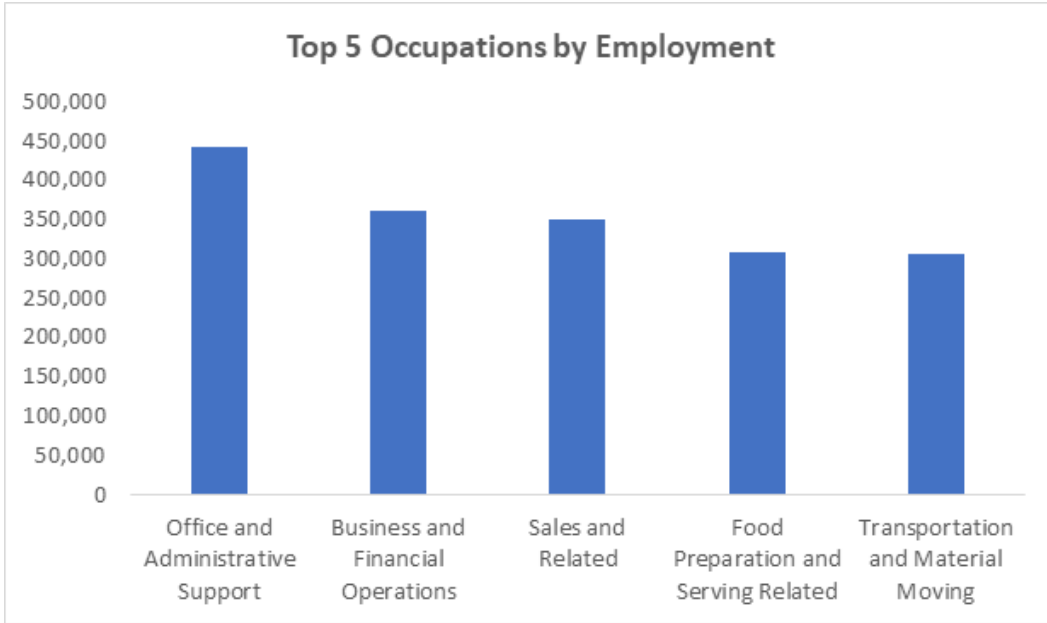
LWDA	Top Employing Industry	Second Most Employing Industry
I Southwestern Virginia	Retail Trade	Health Care and Social Assistance
II New River/Mt. Rogers	Manufacturing	Educational Services
III Western Virginia	Health Care and Social Assistance	Manufacturing
IV Shenandoah Valley	Manufacturing	Health Care and Social Assistance
V Crater Area	Health Care and Social Assistance	Retail Trade
VI Piedmont Workforce Partnership	Educational Services	Health Care and Social Assistance
VII Region 2000/Central Virginia	Health Care and Social Assistance	Manufacturing
VIII South Central	Health Care and Social Assistance	Educational Services
IX Capital Region Workforce Partnership	Health Care and Social Assistance	Retail Trade
X West Piedmont	Manufacturing	Health Care and Social Assistance
XI Northern Virginia	Professional, Scientific, and Technical Services	Health Care and Social Assistance
XII Alexandria/Arlington	Professional, Scientific, and Technical Services	Public Administration
XIII Bay Consortium	Retail Trade	Health Care and Social Assistance
XIV Hampton Roads	Retail Trade	Accommodation and Food Services

Virginia Employment Commission, Quarterly Census of Employment and Wages, Q1-2023. For full data click here.

Quarterly Census of Employment and Wage (QCEW) data provides insight into the industrial landscape of Virginia’s LWDAs. **Figure 32** shows the top two employing industries by LWDA.

Occupational Landscape

Figure 33



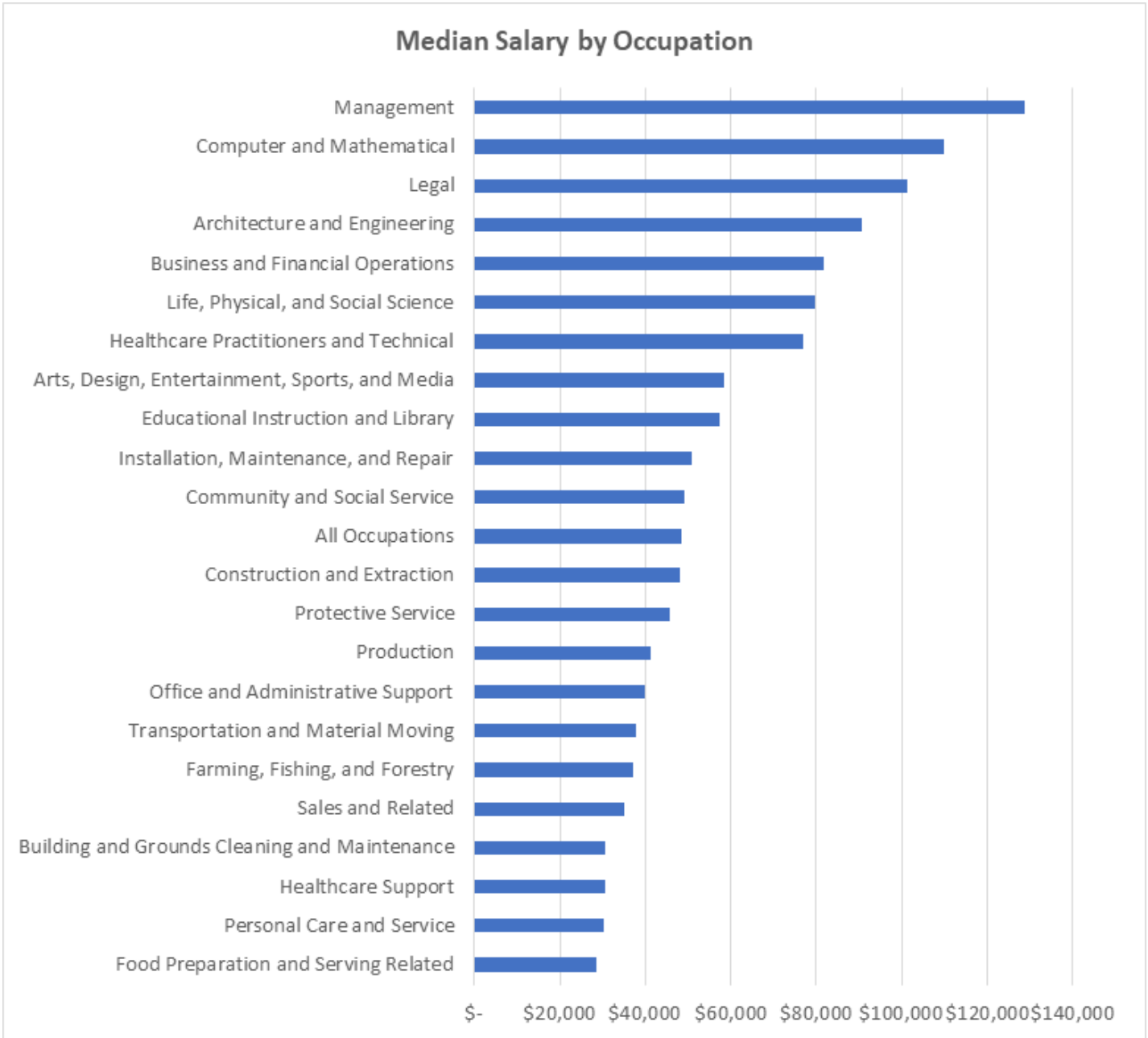
Source: Bureau of Labor Statistics Occupational Employment and Wage Statistics, 2022. For full data, [click here](#).

Turning to occupations, **Figure 33** displays the most recent annual Occupational Employment and Wage Statistics (OEWS) from 2022 for the top five employing major occupation groups in Virginia. To give perspective, OEWS estimates an employment count of 3,873,060 for Virginia as a whole. Office and Administrative Support Occupations rank undeniably first in terms of employment levels, with over 11% of statewide employment within that occupational category. Statewide, the median salary for all occupations was \$48,290, which is higher than four out of five of the top employing occupations (all but Business and Financial Operations). The lowest median salary reported was for Food Preparation and Serving Related Occupations at \$28,540, followed by Personal Care and Service Occupations at \$30,100 and Healthcare Support Occupations at \$30,620. The highest median salary was predictably for Management Occupations at \$128,750 followed by Computer and Mathematical Occupations at \$109,910 and Legal Occupations at \$101,130.



Figure 34 shows the median salary for all 22 major occupation groups and illustrates the overwhelming proportion of high paying jobs being concentrated mainly in the Professional, Scientific, and Technical Services. The top six occupations listed below are all from that industry, with median salaries in the \$79,000-\$129,000 range.

Figure 34



Source: Bureau of Labor Statistics Occupational Employment and Wage Statistics, 2022. For full data, [click here](#).

Statewide OEWS data is also broken down by industry, which provides information on the top employing industry for each major occupation group. As seen in **Figure 35**, Health Care and Social Assistance notably employed the most both overall and within the Office and Administrative Support Occupations, the occupation group which employs the largest share of Virginians.

Figure 35

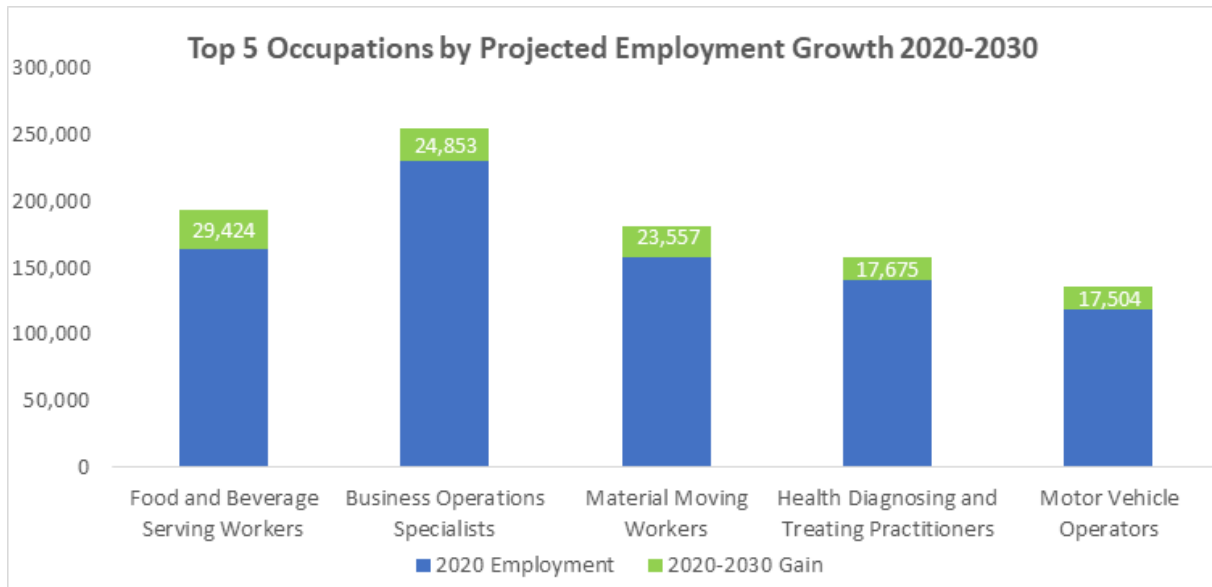
Occupation	Top Employing Industry
Total, All Occupations	Health Care and Social Assistance
Management Occupations	Professional, Scientific, and Technical Services
Business and Financial Operations Occupations	Professional, Scientific, and Technical Services
Computer and Mathematical Occupations	Professional, Scientific, and Technical Services
Architecture and Engineering Occupations	Professional, Scientific, and Technical Services
Life, Physical, and Social Science Occupations	Public Administration
Community and Social Service Occupations	Health Care and Social Assistance
Legal Occupations	Professional, Scientific, and Technical Services
Education, Training, and Library Occupations	Educational Services
Arts, Design, Entertainment, Sports, and Media Occupations	Professional, Scientific, and Technical Services
Healthcare Practitioners and Technical Occupations	Health Care and Social Assistance
Healthcare Support Occupations	Health Care and Social Assistance
Protective Service Occupations	Public Administration
Food Preparation and Serving Related Occupations	Accommodation and Food Services
Building and Grounds Cleaning and Maintenance Occupations	Administrative and Support and Waste Management and Remediation Services
Personal Care and Service Occupations	Other Services (except Public Administration)
Sales and Related Occupations	Wholesale Trade
Office and Administrative Support Occupations	Health Care and Social Assistance
Farming, Fishing, and Forestry Occupations	Agriculture, Forestry, Fishing and Hunting
Construction and Extraction Occupations	Construction
Installation, Maintenance, and Repair Occupations	Construction
Production Occupations	Administrative and Support and Waste Management and Remediation Services
Transportation and Material Moving Occupations	Wholesale Trade

Source: Bureau of Labor Statistics Occupational Employment and Wage Statistics, 2022. For full data, click here.

Looking Ahead

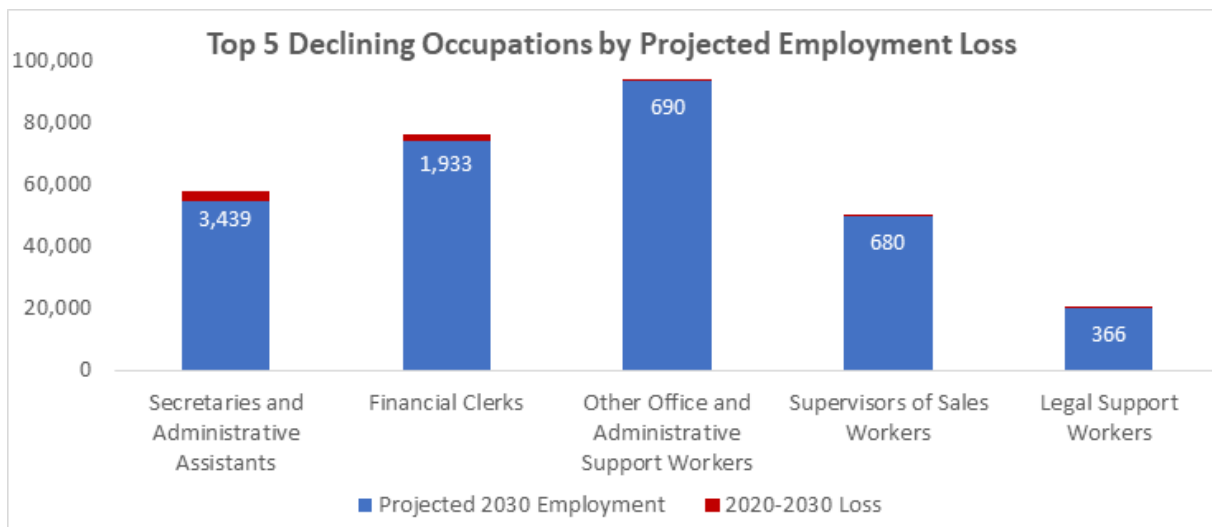
Virginia Employment Commission produces long- and short-term employment projections for occupations and industries. **Figures 36** and **37** show the top five growing and declining occupations as of the most recent 2020 – 2030 long-term employment projections. In terms of growth rates, all top five growing occupations are projected to experience between 1.0 and 1.7% annual growth until 2030. All top five declining occupations are only expected to lose less than 1.0% of employment. However, communications equipment operators are worth mentioning despite its small employment size, as they are expected to decline at an annual rate of 2.0% until 2030 (the highest rate of decline).

Figure 36



Source: Virginia Employment Commission 2020 – 2030 Long-Term Projections.

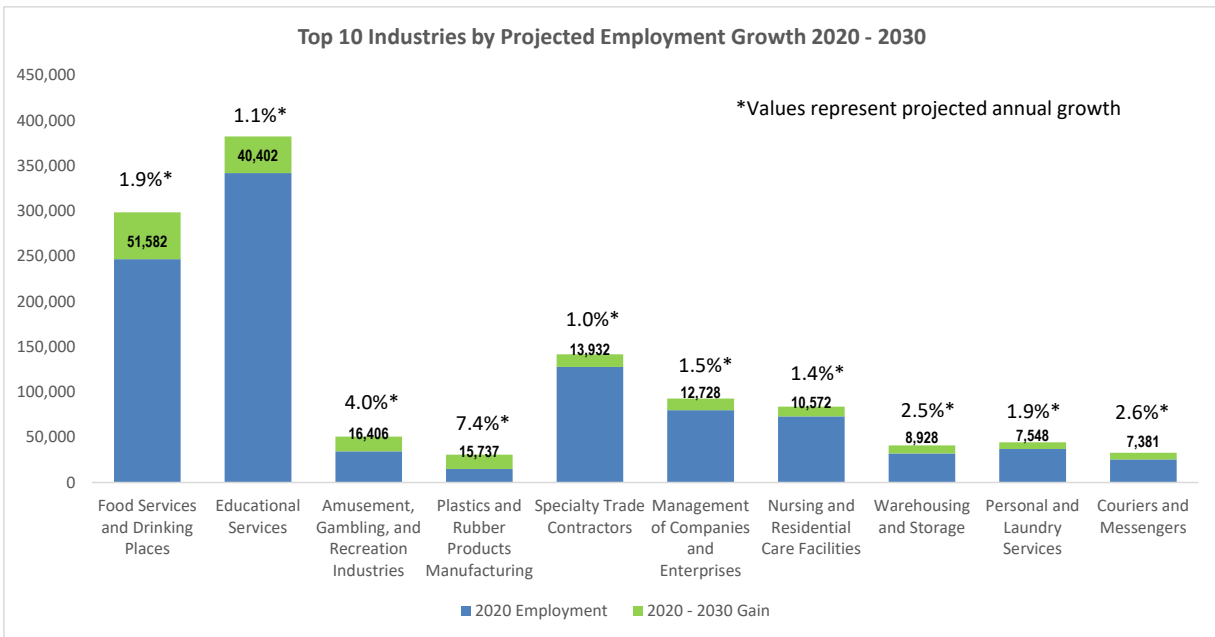
Figure 37



Source: Virginia Employment Commission 2020 – 2030 Long-Term Projections.

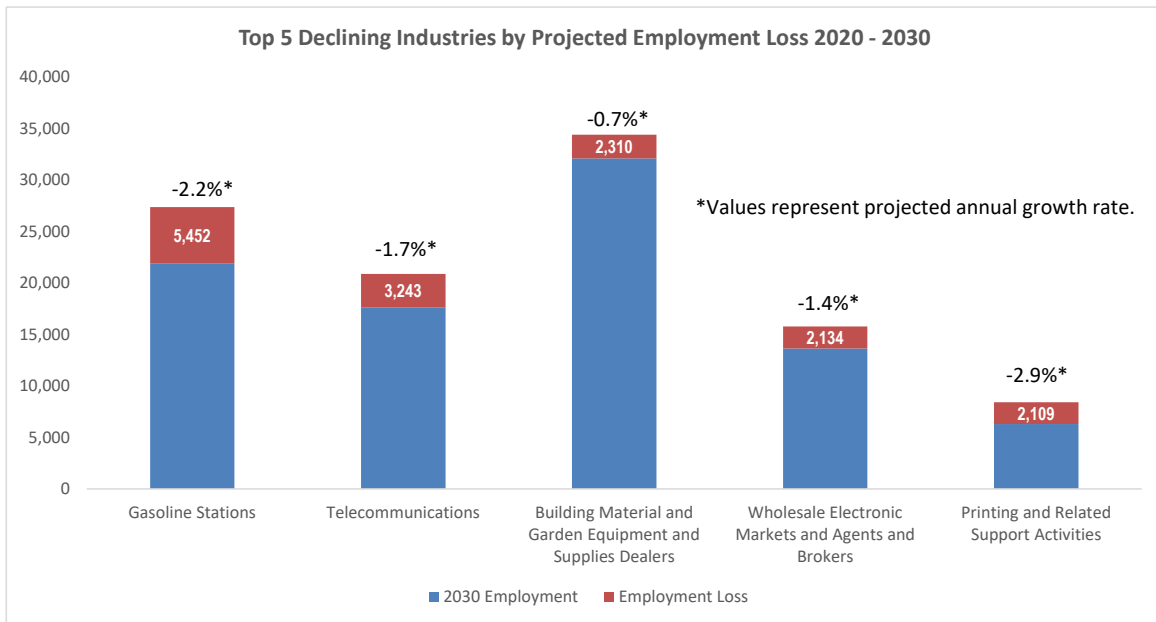
Figures 38 and 39 show projected growth and decline in employment by industry subsector. Three fourths of the 84 subsectors are projected to grow in employment. The Food Services and Drinking Places industry as well as the Amusement, Gambling, and Recreation Industries are expectedly seen in the top ten growing industries, as they were hit hard by the effects of the pandemic. Notable industries projected to lose employment include Mining (except Oil and Gas) (-4.0%), Broadcasting (except Internet) (-2.4%), and Electronics and Appliance Stores (-1.7%).

Figure 38



Source: Virginia Employment Commission 2020 – 2030 Long-Term Projections.

Figure 39



Source: Virginia Employment Commission 2020 – 2030 Long-Term Projections.



Conclusion

Virginia remains a leader in workforce quality despite a rapidly changing workplace.

Virginia has long been recognized as a leader in both workforce quality and development. These achievements have helped to push the Commonwealth up to the upper tier of 'best for business' rankings in recent years. However, the societal and economic disruptions of the pandemic era have pressed the need to further improve the quality of the workforce and workforce services to prepare for the fast-changing future of work.

The reopening of businesses begun in 2020 could be viewed as a 're-imagining phase,' when new ways of doing business and interacting with customers and coworkers were instituted to limit the spread of the virus. This transformation of the workplace has continued, and many cases, accelerated, since then. Ten years ago, researchers forecast that nearly half of U.S. occupations were at risk due to technology change or 'computerization.' This encompassed many different types of technological trends which required workers to learn different, often more-advanced, skills. Technological change will continue to affect non-routine work tasks as well as routine ones. While tasks requiring things like social intelligence and creativity are more of a challenge, the boundaries of these frontiers are being pushed further and further with the emergence of artificial intelligence.

These anticipated changes in the future of work have brought to the forefront the necessity of re-imagining workforce services. Governor Glenn Youngkin signed two bills into law on May 31 in Chester, both designed to eliminate red tape and make it easier for Virginians to get a job. These bills create a centralized Department of Workforce Development and Advancement. "After 30 years of people trying, we have been successful in bringing workforce development programs under the mission of the new Department of Workforce Development and Advancement and that will allow us to provide better services and training to Virginians, measure and optimize our programs, create more high-paying jobs, and enable the Commonwealth to better compete with other states," said Secretary of Labor Bryan Slater. "This effort will accelerate Virginia's economic growth and keep Virginia as the best place to live, work, and raise a family."





Awards and Recognition

#1 Top State for Business Climate in 2022 according to Site Selection Magazine: “The 2022 Business Climate Rankings: Virginia Outmaneuvers the Perennial Heavyweights to Claim the Top Business Climate”

#1 Top State in the South Atlantic for Workforce Development in 2021 and 2022 according to Site Selection Magazine: “The 2023 Regional Workforce Development Rankings”

#2 Top State for Business Overall in 2023, #3 in 2022 according to CNBC: “America’s Top States for Business 2023: The full rankings”

#6 Top State for Business Friendliness in 2022 and 2023 according to CNBC: “America’s Top States for Business 2023: The full rankings”

#7 Top State for Workforce in 2023, #11 in 2022 according to CNBC: “America’s Top States for Business 2023: The full rankings”

#1 Top State for Education in 2023, #2 in 2022 according to CNBC: “America’s Top States for Business 2023: The full rankings”

#4 Top State for Access to Capital in 2023, #6 in 2022 according to CNBC: “America’s Top States for Business 2023: The full rankings”

#2 Top State for Workforce Development Programs in 2022 according to Area Development: “2022 Top States for Doing Business Provide an Environment for Business Growth”

#2 Top State for Logistics and Infrastructure in 2022 according to Area Development: “2022 Top States for Doing Business Provide an Environment for Business Growth”

#4 Top State for Access to Capital and Funding in 2022 according to Area Development: “2022 Top States for Doing Business Provide an Environment for Business Growth”

#7 Top State for Doing Business 2022 according to Area Development: “2022 Top States for Doing Business Provide an Environment for Business Growth”

#7 Top State for Business Incentive Programs in 2022 according to Area Development: “2022 Top States for Doing Business Provide an Environment for Business Growth”

Local Workforce Development Areas (LWDAs)

- **Southwestern Virginia (LWDA I)** – **Counties:** Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, Wise **Cities:** Norton
- **New River/Mt. Rogers (LWDA II)** – **Counties:** Bland, Carroll, Floyd, Giles, Grayson, Montgomery, Pulaski, Smyth, Washington, Wythe **Cities:** Bristol, Galax, Radford
- **Western Virginia (LWDA III)** – **Counties:** Alleghany, Botetourt, Craig, Franklin, Roanoke **Cities:** Covington, Roanoke, Salem
- **Shenandoah Valley (LWDA IV)** – **Counties:** Augusta, Bath, Clarke, Frederick, Highland, Page, Rockbridge, Rockingham, Shenandoah, Warren **Cities:** Buena Vista, Harrisonburg, Lexington, Staunton, Waynesboro, Winchester
- **Piedmont Workforce Network (LWDA VI)** – **Counties:** Albemarle, Culpeper, Fauquier, Fluvanna, Greene, Louisa, Madison, Nelson, Orange, Rappahannock **Cities:** Charlottesville
- **Region 2000/Central Virginia (LWDA VII)** – **Counties:** Amherst, Appomattox, Bedford, Campbell **Cities:** Lynchburg
- **South Central (LWDA VIII)** – **Counties:** Amelia, Brunswick, Buckingham, Charlotte, Cumberland, Halifax, Lunenburg, Mecklenburg, Nottoway, Prince Edward
- **Capital Region Workforce Partnership (LWDA IX)** – **Counties:** Charles City County, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan **Cities:** Richmond
- **Northern Virginia (LWDA XI)** – **Counties:** Fairfax, Loudoun, Prince William **Cities:** Fairfax, Falls Church, Manassas, Manassas Park
- **Alexandria/Arlington (LWDA XII)** – **Counties:** Arlington **Cities:** Alexandria
- **Bay Consortium (LWDA XIII)** – **Counties:** Accomack, Caroline, Essex, King George, King William, King and Queen, Lancaster, Mathews, Middlesex, Northampton, Northumberland, Richmond County, Spotsylvania, Stafford, Westmoreland **Cities:** Fredericksburg
- **Crater Area (LWDA V)** – **Counties:** Dinwiddie, Greensville, Prince George, Surry, Sussex **Cities:** Colonial Heights, Emporia, Hopewell, Petersburg
- **Hampton Roads (LWDA XIV)** – **Counties:** Gloucester, James City County, Isle of Wight, Southampton, York **Cities:** Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Virginia Beach, Williamsburg
- **West Piedmont (LWDA X)** – **Counties:** Henry, Patrick, Pittsylvania **Cities:** Danville, Martinsville

