

BY KATRINA MULLEN

New from the Richmond Fed's Regional Matters blog

Roisin McCord. "Wages Are Rising: How Far Will They Go?"

The "availability of skills needed" indexes — which measure the percentage difference in firms that report it is easier or harder to find workers — is produced by the Richmond Fed as part of its Fifth District manufacturing and services surveys. These data suggest that across the country, and in the Fifth District, firms are finding it increasingly difficult to hire workers. Of the 74 percent of firms that reported this hiring challenge in a recent administration of The CFO Survey, more than half said it was decreasing their revenue. Perhaps as a result, Fifth District firms have reported increasing wages since last August with accelerating year-over-year wage growth throughout this year, and almost half believe wage changes will trend greater than normal in the coming months.

Tiffany Hollin-Wright and Surekha Carpenter. "Rural Spotlight: A Path to Redevelopment in West Virginia."

The City of Elkins in Randolph County, W.Va., is home to Woodlands Development Group and Woodlands Community Lenders. Collectively known as Woodlands, the community development corporation and financial institution acts as a lender and real estate developer. With generally lower median household incomes and higher poverty rates in its service area compared with the state overall, Woodlands collaborates with other community development financial institutions, banks, and organizations. It also leverages its unique dual mission to finance and restore residential and commercial developments. The influx of federal dollars and recent policies, such as West Virginia's permanent State Historic Rehabilitation Tax Credit, SB344, has given Woodlands more financial stability and more ability to invest in long-term projects.

Roisin McCord and Alexander Nikolov. "Demand for Goods Grows: Will Manufacturers Be Able to Meet It?"

Shortly after the start of the COVID-19 pandemic, consumer spending on goods increased. Spending has continued to grow, which has hindered manufacturers' ability to keep up with demand. Comments from business managers in the Richmond Fed's business surveys supported this. Even as manufacturers attempted to increase production, supply chains suffered: Manufacturers still face long backlogs, depleted inventories, disruptions, and labor shortages. In turn, labor shortages have affected production as employers struggle with skill matching, absenteeism, and transportation delays.

Lucas Moyon and Laura Dawson Ullrich. "State Budget Surpluses, the COVID-19 Impact, and ARPA Funds."

Economists and policymakers expected dire revenue losses for state governments in 2020 because of the COVID-19 pandemic. Much to their surprise, however, all Fifth District states — except for West Virginia — experienced the opposite, including a

quicker recovery in revenues compared to past recessions. These state and local governments saw not only increased revenues, but also budget surpluses ranging from \$413 million in West Virginia to \$2.6 billion in Virginia. Congress responded quickly to the pandemic with fiscal relief to state and local governments: the CARES Act and the American Rescue Plan Act, which have given governments the opportunity and flexibility to spend on programs and improvements.

Katie Daniluk and Sierra Latham. "The Pandemic's Toll on Minority Women in the Labor Force."

Although the Black and Hispanic labor forces experienced steeper declines in employment compared to White workers during the peak of the COVID-19 pandemic, they have seen a faster recovery this year. Yet women, particularly Black and Hispanic women, have not experienced the same recovery, largely due to child care responsibilities and job losses in heavily female-populated industries, such as accommodation and food services, education, and health services. In addition to child care, workforce challenges persist: burnout, health risks, and mismatches between workers' skills and firms' needs.

Renee Haltom. "Rural Spotlight: Advancing Early Childhood Education in Danville-Pittsylvania."

Early childhood education has come a long way in Danville and Pittsylvania County, Va. Compared with the state as a whole, these areas have high poverty levels for children under 6. The region's children also have low test scores and inadequate literacy skills. The Danville Regional Foundation invested \$5.4 million in the region's early childhood education efforts, including \$3.4 million in Smart Beginnings Danville Pittsylvania (SBDP), a partnership among organizations, schools, and families that prepares children for kindergarten. In the last decade, SBDP has built an early childhood education ecosystem that has given more students access and resources to thrive. **EF**

