

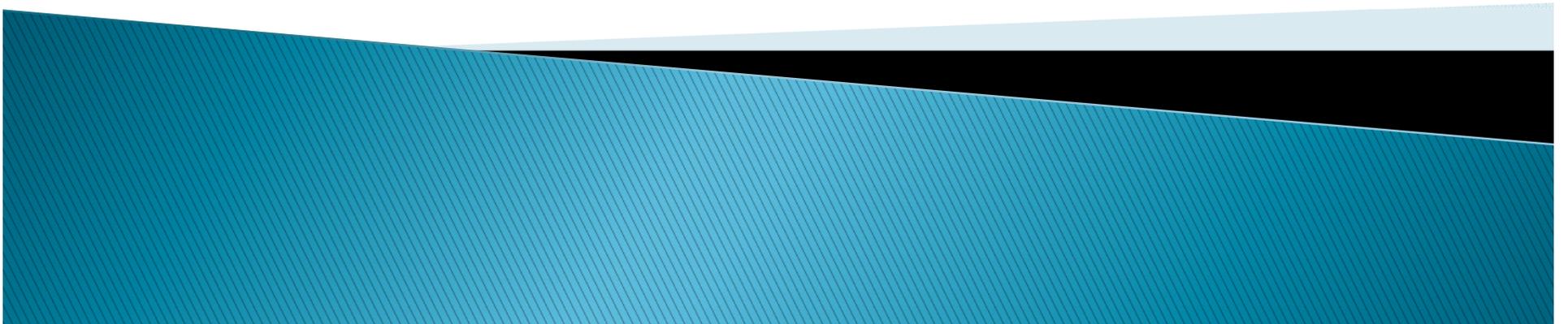


# The New Virginia Economy

Presentation to Senate Finance Committee

Maurice A. Jones  
Secretary of Commerce and Trade  
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# Virginia: Blessed with Assets



# Virginia's Assets

- ▶ Virginia boasts a stable 6% corporate income tax—one of the lowest in the nation—that hasn't increased since 1972, property tax exemptions and one of the lowest combined state/local/use taxes at 5%.
- ▶ The Port of Virginia is the deepest port on the East Coast and the only port on the East Coast currently capable of handling Post Panamax vessels as a first or last port of call.
- ▶ With six major interstate highways, Virginia has the third largest state maintained transportation network in the country.



# Virginia's Assets

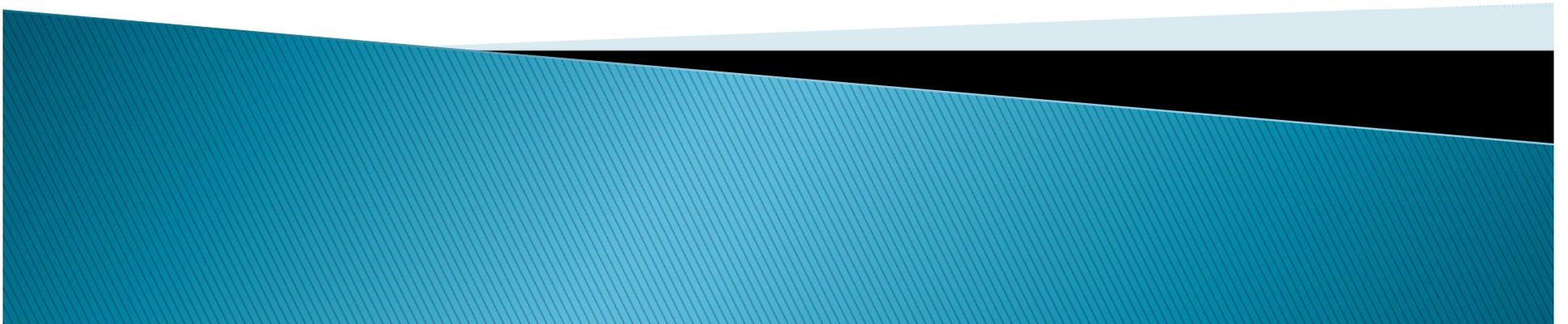
- ▶ Fourteen railroads operate in Virginia, including Virginia-based Norfolk Southern and CSX.
- ▶ Fourteen airports serve Virginia, including Washington Dulles International Airport.
- ▶ Virginia's higher education system is the 11<sup>th</sup> largest in the nation.
  - More than 80,000 graduates received associate, bachelor, master, and doctoral degrees at Virginia public and private institutions last year.
  - More than 500,000 students were enrolled in over 90 in-state institutions of higher education last year.
  - Virginia's education system hosts 23 community colleges – there is one community college within 30 miles of every resident in Virginia.



# Virginia's Assets

- ▶ Our highly skilled and educated workforce is evidenced by:
  - Over 20,000 doctoral scientists and engineers
  - Highest concentration of private sector high-tech workers in America for seven years in a row
- ▶ Employers also benefit from an influx of 15,000 highly-trained military personnel who exit the U.S. military each year in Virginia.
- ▶ Virginia is in the center of the U.S. East Coast, with nearly 50% of the U.S. population and manufacturing base located within a 1,000 kilometer radius.
- ▶ Virginia's 5.6% unemployment rate is the lowest unemployment rate in the Southeast.

# Virginia Economy: Risks



# 20 Largest Employers in Virginia

1. U.S. Department of Defense
2. Walmart
3. Fairfax County Public Schools
4. Huntington Ingalls Industries, Inc.
5. Sentara Healthcare
6. Food Lion
7. U.S. Postal Service
8. County of Fairfax
9. HCA Virginia Health System
10. U.S. Department of Homeland Defense
11. Prince William County School Board
12. Capital One Bank
13. City of Virginia Beach Schools
14. Loudoun County Schools
15. Inova Health System
16. University of Virginia/Blue Ridge Hospital
17. Virginia Tech Cooperative Extension Office
18. Virginia Commonwealth University
19. Lowe's Home Centers, Inc.
20. U.S. Department of Commerce



# Commonwealth of Virginia

## Job Change by Wage Category between 2008 and 2013



Sources: QCEW & Self-Employed EMSI 2013.4 & GMU Center for Regional Analysis

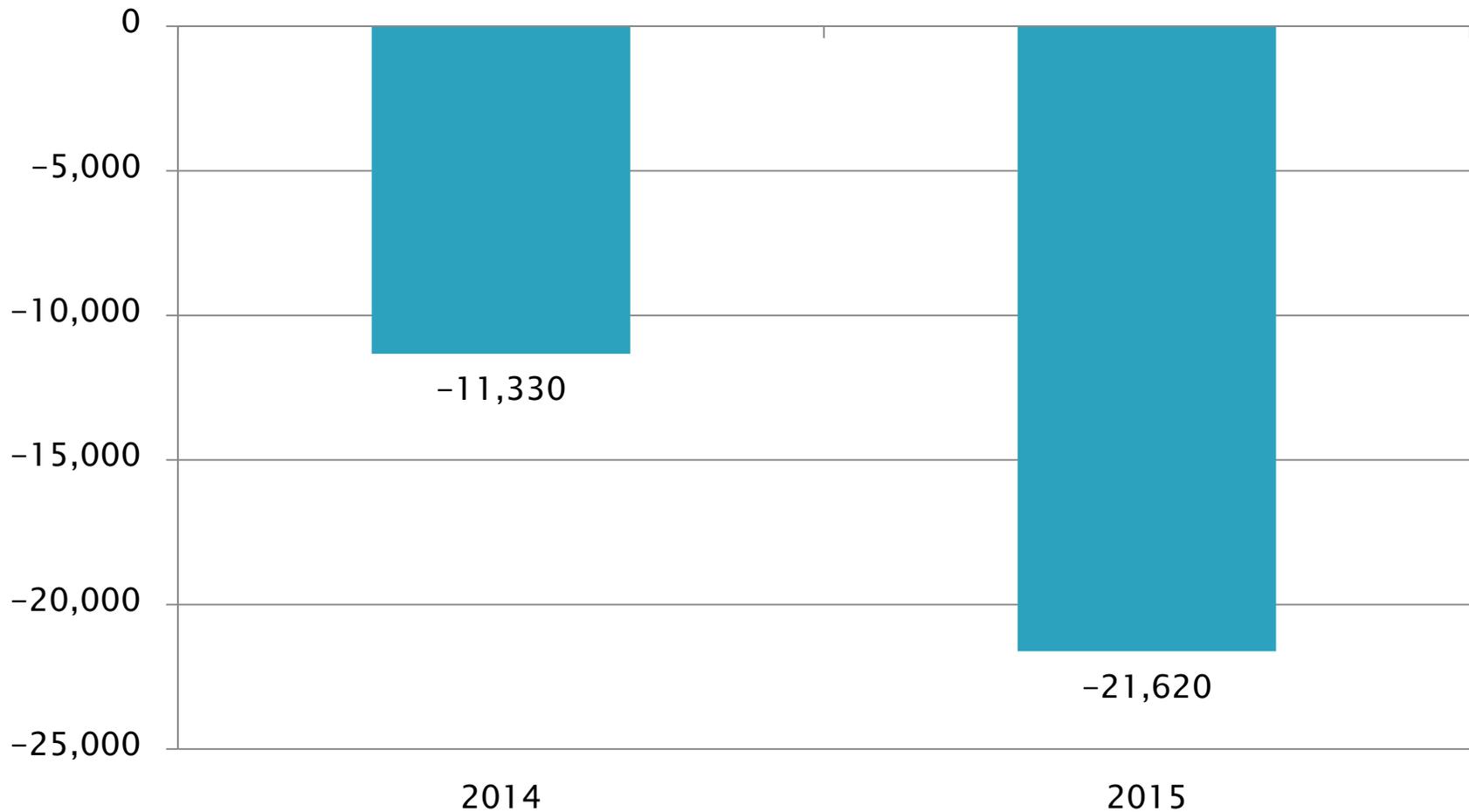
# Virginia and U.S. Economic Growth 2012–2018

(annual percent real change)

<u>Year</u>	<u>Virginia</u>	<u>U.S.</u>
2000–2007	3.0	2.5
2008–2009	-0.8	-3.1
2012	1.1	2.8
2013	1.0	1.9
2014	1.5	2.4
2015	2.3	3.2
2016	2.6	3.5
2017	2.7	3.2
2018	2.7	2.7

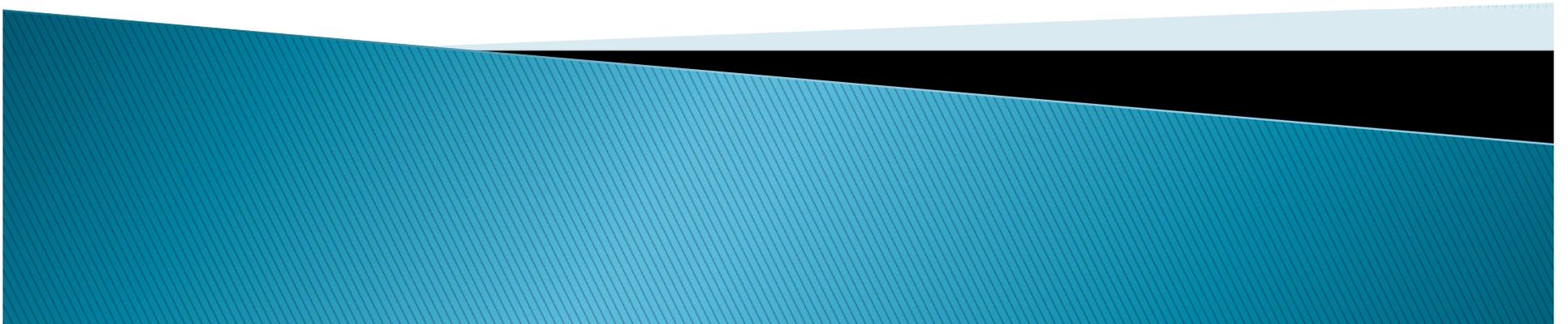
Sources: IHS Global Insight; GMU Center for Regional Analysis

# Estimated Direct Job Losses in VA Due to Federal Spending Cuts



Source: Chmura Economics & Analytics – 2014

# Strategies



# Infrastructure

- Broadband
- Energy
- Transportation
- Megsites
- Dulles
- Port
- Housing
- Regional Airport Traffic
- Quality of Life



# 2014 Virginia Energy Plan

1. Diversify the economy by strategically growing the energy sector.
2. Innovate to reduce greenhouse gas emissions and lower energy consumption throughout the Commonwealth.
3. Strengthen our business climate by investing in reliable and resilient energy infrastructure.
4. Provide access to low-cost power in every corner of the Commonwealth.
5. Prepare Virginia's workforce to drive the energy economy into the future.



# Strategic Sectors

- Advanced Manufacturing
- Cyber Security
- Big data and data analytics
- Information Technology
- Tourism
- Aerospace
- Energy
- Life Sciences
- Modeling and Simulation
- Data Centers
- Federal Government: BRAC Resilience
- International Trade
- Healthcare
- Agriculture and Forestry



# Economic Development Investments

- ▶ Chesterfield – Tranlin Paper Company
  - \$2 billion investment
  - Will create 2,000 new jobs
  - Advanced manufacturing facility that will produce paper products through an innovative and environmentally sustainable process
  - Largest Chinese greenfield economic development project in the U.S.
  - Will likely generate \$50 million or more in new sales on annual basis of agricultural residuals in Virginia and the region
- ▶ Northern Virginia – Corporate Executive Board
  - \$150 million investment
  - Will create 800 new jobs and save 1,200 existing jobs with an average salary of \$120,000
  - Consolidation of global headquarters in Rosslyn

# Economic Development Investments

- ▶ Southern Virginia – Foreign Affairs Security Training Center (FASTC) at Fort Pickett
  - Will create hundreds of jobs in Nottoway County
  - Will bring millions of dollars in federal investment here to help grow Virginia's economy
- ▶ Southwest Virginia (Grayson County) – Core Health & Fitness
  - \$2 million investment
  - Will create 250 new jobs
  - Expansion of commercial fitness products manufacturing operation
  - Virginia successfully competed against Mexico for the project



# Economic Development Investments

- ▶ Southwest Virginia (Carroll County) – Vanguard Furniture
  - \$550,000 investment
  - Will create 200 new jobs
  - Establishment of first Virginia household furniture upholstery production operation
- ▶ Hampton Roads (Newport News) – Continental
  - \$152 million investment
  - Will create approximately 500 new jobs
  - Expansion of the leading international automotive supplier's operation



# Workforce Development

- Public sector
- Private sector
- Talent attraction
- Credentials that matter



# Executive Order 23: Actions to Drive Virginia's Workforce System

1. Virginia will set a goal of attaining 50,000 STEM-H credentials, licenses, apprenticeships, and associate degrees that meet the immediate workforce needs during my administration. Many of these jobs will have high individual wages and bring a substantial return on investment to the gross state product.
2. Virginia will request that 10,000 businesses sign pledges of commitment for hiring our veterans.
3. Virginia will double the number of veterans hired through the V3 program. Diversify the economy by providing workers with skills to meet new private sector needs, encouraging innovation through entrepreneurship, retooling regions for economic advancement, and educating Virginia's workforce for the future.
4. Virginia will create the Commonwealth Consortium for Advanced Research and Statistics (CCARS) for workforce and education policy.

# Overall Business Climate

- Low taxes
- Smart and low regulation
- Sufficient and relevant incentives
- Competitive



# Incentives

- ▶ Governor's Opportunity Fund
- ▶ Governor's Agriculture and Forestry Industries Development
- ▶ Virginia Jobs Investment Program
- ▶ Clean Energy Manufacturing Incentive Grant
- ▶ Extremely competitive sales and use tax exemptions



# Entrepreneurism

- Business plan competition
- Public policies
- Public/private sector partnerships
- Small business
- Entrepreneurial ecosystem



# Business Plan Competition

- ▶ 250 Applicants
- ▶ Industries: Life Sciences, Cybersecurity, Energy, Social Entrepreneurism and Agriculture
- ▶ 50 Judges and 125 Mentors
- ▶ Eligibility:
  - Any start-up company in the U.S. is eligible to apply.
  - Companies that are not located in Virginia must show how they will leverage resources in the state or otherwise do business or create jobs in the state to be eligible.



# Thank you

If you have any comments or questions, please contact Kelly Spraker at (804) 225-4522 or [kelly.spraker@governor.virginia.gov](mailto:kelly.spraker@governor.virginia.gov).

