



DIVERSIFYING VIRGINIA'S ECONOMY: STRATEGIES AND RESULTS

**Senate Finance Committee
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**VIRGINIA ECONOMIC
DEVELOPMENT PARTNERSHIP**

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SEQUESTRATION

- Virginia confronts a new economic challenge associated with lackluster tax revenues due to federal spending cutbacks
- The impacts of sequestration have yet to be fully realized
- While the revenue loss impacts the entire Commonwealth, the economies of Hampton Roads and Northern Virginia are particularly hard hit
- Virginia must take proactive steps to diversify the economy and soften the blow

PROACTIVE MEASURES

- Reorganized VEDP
- Increased resources focused on marketing
- Initiated Going Global Defense Initiative
- Increased emphasis on other trade programs
- Enhanced collaboration and outreach:
 - Improved cooperation with the Virginia Port Authority
 - Increased activity with other Virginia Departments and Entities
 - Unprecedented collaboration with and among each of the Commonwealth's higher education institutions

REVENUE FOR VIRGINIA



Results for VEDP-assisted projects in FY2014:

- 183 VEDP-assisted projects
- More than 15,000 new announced jobs
- \$5.19 billion new announced capital investment
- New state revenue for Virginia — an estimated \$280 million after five years and \$620 million after 10 years
- New local revenue across Virginia — an estimated \$276 million after five years and \$612 million after 10 years
- VEDP Return on Investment, per \$1 spent:
 - 5 years: \$9.00
 - 10 years: \$17.81

FY14 VEDP-ASSISTED ANNOUNCEMENTS BY REGION

Virginia



15,029 Jobs



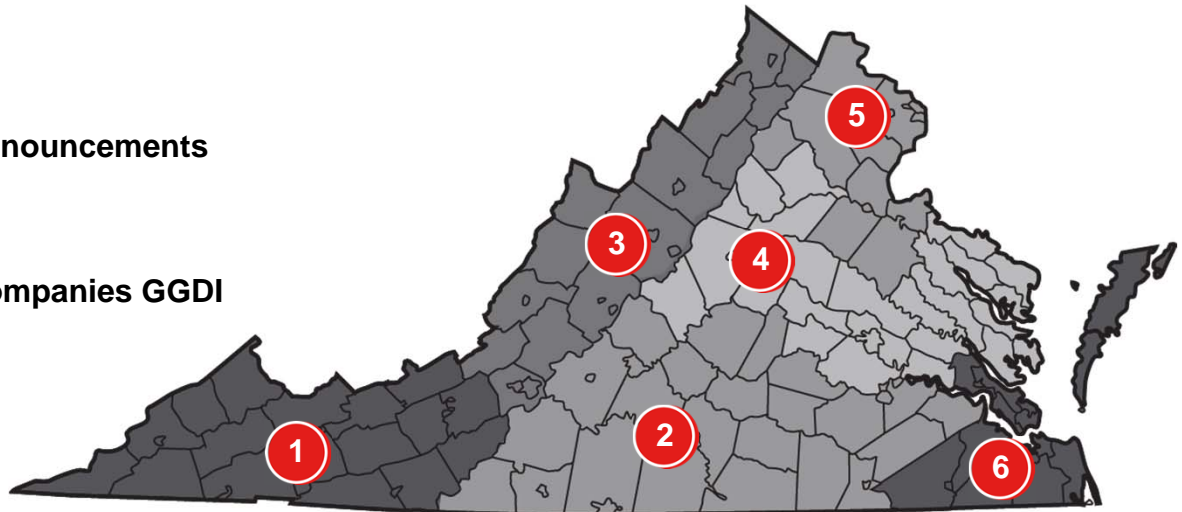
183 Announcements







\$5.19 Billion



160 Companies GGDl



	1 Southwest VA	2 Southern VA	3 Valley	4 Central VA	5 Northern VA	6 Hampton Roads
	1,063	1,400	1,152	5,001	5,590	823
	\$90 Million	\$566 Million	\$217 Million	\$2.74 Billion	\$1.36 Billion	\$218 Million
	18	29	24	35	65	12
	10	5	2	9	93	41

INCREASED GLOBAL COMPETITION



- Fewer economic development projects in the marketplace, creating intense global competition
- Other states are modeling pro-growth policies based on Virginia's proven success
 - Right-to-work status
 - Ramped-up marketing
 - Increased incentive packages and programs
- Can no longer rely on visibility associated with third-party accolades
 - Dropped from No. 1 in 2011 to tied for No. 8 in 2014 CNBC's America's Top States for Business

PROPOSED NEXT STEPS



- **Virginia Branding and Marketing Strategy**
 - Get the story out more consistently and broadly
 - Develop a unified Virginia brand identity and market outreach strategy
 - Coordinate all Virginia assets in the marketplace
 - Request a funding increase of \$5MM (year-1) and \$10MM (year-2)
- **Governor's Opportunity Development Fund**
 - Critically underfunded
 - In the very near future, lack of funding will jeopardize viability of deals
- **Going Global Defense Initiative**
 - \$1.5MM federal grant
 - 160 defense companies
 - Replaces DOD revenue streams for our defense companies, preserves jobs, and minimizes state tax revenue declines



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