

OPPORTUNITIES TO INCREASE JOB GROWTH ACROSS THE COMMONWEALTH AND MAKE VIRGINIA MORE ATTRACTIVE FOR BUSINESS

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Briefing for Senate Finance Subcommittee on
Economic Development and Natural Resources




**VIRGINIA ECONOMIC
DEVELOPMENT PARTNERSHIP**

WITH INPUT FROM GA LEADERS, ADMIN., AND STAKEHOLDERS, WE CRAFTED FIVE TRANSFORMATIONAL GOALS FOR VIRGINIA, VEDP

- 1. Robust State Job Growth:** Over the next several years, position VA to achieve a growth rate (measured by employment and median earned income of workers) among that of the top 5-10 states in the US
- 2. Every Region Wins:** Ensure that every region participates in the growth of the Commonwealth (i.e., all with positive growth in employment, median earnings)
- 3. Best State for Business:** Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average in top 3-5)
- 4. Top State EDO:** Reestablish VEDP as one of America's premier state EDOs (to help accomplish the top three transformational goals)
- 5. Super Collaborator:** Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the "P" in VEDP)

VEDP BUDGET PROPOSALS TO INCREASE JOB GROWTH AND ENHANCE COMPETITIVENESS (1 OF 2)

 JLARC recommendation

Strategy type (and priority)	Initiative	Impact	FY19 budget request (\$M)	FY20 budget request (\$M)
1	Enhance VEDP's capabilities Incentives Division establishment • Establish 4-person team	<ul style="list-style-type: none"> Fully implement code and JLARC recs without shrinking existing, positive-ROI programs Ensure that incentives are deployed without undue risk to taxpayers while effectively monitoring and reporting performance 	\$0.6	\$0.6
2	Enhance VEDP's capabilities Internal Audit function establishment within VEDP • New function reports to Board	<ul style="list-style-type: none"> Fully implement code and JLARC recs without shrinking existing, positive-ROI programs Board has engaged DHG as internal auditor 	\$0.3	\$0.2
3	Enhance VEDP's capabilities VEDP talent management program • Invest in training and professional development to enhance staff effectiveness	<ul style="list-style-type: none"> Routine skills training will significantly improve VEDP staff efficiency and effectiveness, including addressing areas cited by JLARC Talent management programs will help VEDP achieve transformational goals, incl. becoming one of America's most effective state EDOs 	\$0.1	\$0.2
4	Improve VA's economic competitiveness Turnkey workforce solution • Launch customized, turnkey workforce recruitment and training incentive program to secure high-quality economic dev. projects VBC Blueprint Va. VEDA Priority Rural Priority RDO Priority	<ul style="list-style-type: none"> VA will transform from being unranked for workforce dev. programs to having a top-five program within three years, top 1-3 within 4 years VA's perception-based business climate rankings will materially improve Rural Virginia will have greater econ dev success 	\$4.7	\$8.2
5	Enhance VEDP's capabilities Robust marketing, lead generation, and site consultant cultivation programs • Invest in sharing VA's story nationally with C-level execs and site-selection consultants VBC Blueprint Va. VEDA Priority Rural Priority RDO Priority	<ul style="list-style-type: none"> Advantages of investing in VA generally, for our target sectors, and for rural opportunities will become considerably more well-known by C-level executives and site consultants across the US VA will experience a substantial increase in leads across its target industry sectors (hundreds more) Virginia's perception-based rankings will materially improve 	\$9.5	\$9.5

VEDP BUDGET PROPOSALS TO INCREASE JOB GROWTH AND ENHANCE COMPETITIVENESS (2 OF 2)

Strategy type (and priority)	Initiative	Impact	FY19 budget request (\$M)	FY20 budget request (\$M)
<p>6 Improve VA's economic competitiveness</p>	<p>Expand/strengthen sites portfolio</p> <ul style="list-style-type: none"> Expand Virginia Business-Ready Sites Program <p>Blueprint Va. VEDA Priority</p> <p>Rural Priority RDO Priority</p>	<ul style="list-style-type: none"> VA will have a stronger portfolio of development-ready sites across different site archetypes and regional locations, helping to address the #1 reason VA loses manufacturing projects 	\$1.2	\$1.7
<p>7 Enhance VEDP's capabilities</p>	<p>Int'l. trade program expansion</p> <ul style="list-style-type: none"> Expand effective, oversubscribed programs <p>Blueprint Va.</p>	<ul style="list-style-type: none"> VEDP will be able to increase enrolled companies from ~320 each year to ~500 companies, resulting in at least 5-10K additional trade-supported jobs over the next decade 	\$1.8	\$1.8

WHERE VEDP'S PRIORITY INITIATIVES CURRENTLY STAND IN THE GOVERNOR'S BUDGET PROPOSAL

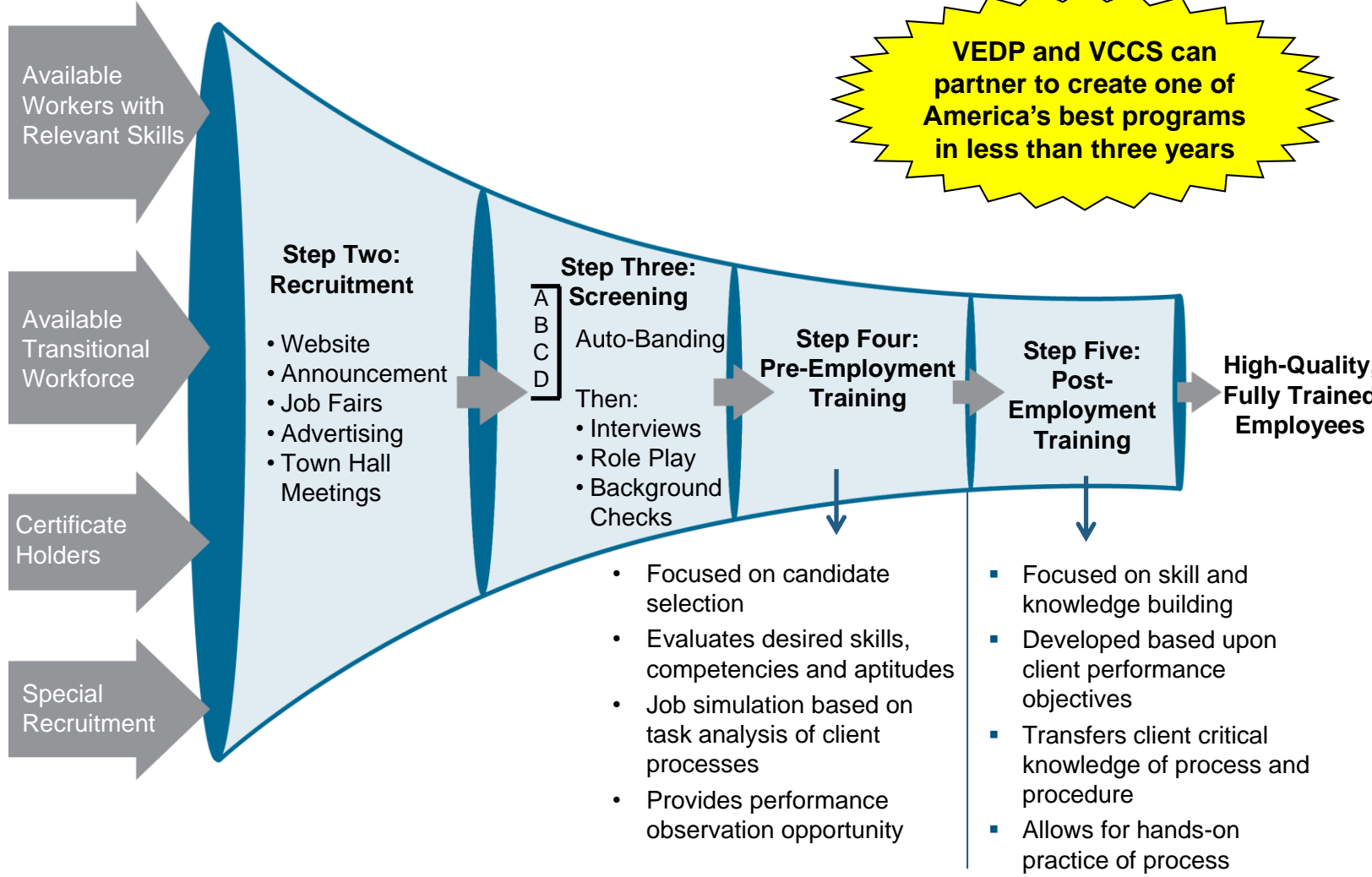
VEDP Initiative	VEDP Requested Amount (FY19)	VEDP Requested Amount (FY20)	Governor's Budget Amount (FY19)	Governor's Budget Amount (FY20)
Customized Workforce Program	\$4,657,785	\$8,240,369	\$2,510,193	\$5,020,387
Marketing, Branding and Site Consultant Cultivation	\$9,500,000	\$9,500,000	\$200,000	\$200,000
Incentives Division (Code mandate, JLARC recommendation)	\$648,734	\$648,734	\$364,035	\$364,035
Internal Audit Function (Code mandate, JLARC recommendation)	\$269,500	\$189,000	0	0
Training and Professional Development (JLARC recommendation)	\$100,000	\$150,000	0	0
Virginia Business-Ready Sites Program	\$1,187,500	\$1,687,500	0	0
Expand International Trade Programs	\$1,791,000	\$1,791,000	0	0

TOP-RANKED STATE WORKFORCE DEVELOPMENT PROGRAMS (GA, LA) OFFER FULLY CUSTOMIZED, TURNKEY SOLUTIONS

VEDP and VCCS can partner to create one of America's best programs in less than three years

Step One: Business Analysis

- Interviews with client subject matter experts
- Documentation of existing operations to be replicated (if applicable)
- Development of customized workforce plan



Every project is delivered by a mix of full-time employees (roughly one-third) and specialized contractors (roughly two-thirds) who are assembled to meet the needs of the particular client

WITH NO THIRD-PARTY MKTG. BUDGET, VA NOW RANKS OUTSIDE THE TOP 10 STATES FOR BUSINESS (AND BEHIND TOP COMPETITOR STATES) IN EVERY NATIONAL SURVEY OF BUSINESS EXECES

Top competitor states

Virginia ranking

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<i>Area Development</i> magazine "Top States for Doing Business"	GA	SC	TX	TN	LA	AL	IN	NC	MS	OH	VA	FL	NY	OK	MI
<i>Chief Executive</i> magazine "Best and Worst States for Business"	TX	FL	NC	SC	IN	NV	TN	GA	AZ	WI	OH	UT	CO	IA	VA
DCI (survey rank for business climate) "Winning Strategies"	TX	FL	GA	SC	NC	CA NY		TN	OH	NV UT		IN	CO	VA	AL
<i>Site Selection</i> (rank for Executive Survey) "Top U.S. Business Climates"	TX	SC	GA	TN AL		NC	FL	AZ	OH IN NV		MS		KY VA OK		

Source: *Area Development*, 2017; *Chief Executive*, 2017; Development Counsellors International (DCI), 2017; *Site Selection*, 2017; VEDP analysis

TARGETED THIRD-PARTY MARKETING INITIATIVES WILL IMPROVE PERCEPTIONS AND INTEREST IN VA AS A BUSINESS DESTINATION

Strategy	Focus				\$3M Budget (\$ million)	\$5M Budget (\$ million)	\$10M Budget (\$ million)
	General Executive Perceptions	Rural Virginia	Target Industries	Site Consultants			
Create best-in-class print and online marketing materials to articulate advantages for business for each of the Commonwealth's target sectors and regions	High	High	High	Medium	.75	.75	2.0
Leverage creative, paid marketing placements to increase awareness and improve perceptions of VA among C-level executives and top site selectors	High	Medium	Medium	Medium	0	1	1.5
Strategically place paid media to raise the profile of rural VA as a business destination	Medium	High	Medium	Medium	0	.25	1
Develop and place messaging to position VA as a business location of choice for target sectors	Medium	Medium	High	Medium	0	.5	1.25
Sponsor and host events and conferences to raise awareness of VA's advantages for business	Medium	Medium	High	High	.75	1	1.75
Host FAM tours for site selectors and industry media to experience VA first hand and cultivate earned media	Medium	High	High	High	1	1	1.75
Utilize direct mail (e.g., <i>Va. Economic Quarterly</i>), email, and social media to communicate with core targets and influencers about VA's business climate strengths	Medium	Medium	High	High	.5	.5	.75
Impact within three years (annual)							
VA will become perceived as one of the top states for business in the US (based on surveys of C-level execs and/or top site consultants)					Top 5-7	Top 5	Top 3
VA will secure more high-quality leads per year in targeted traded industry sectors, at least 25% of which will be focused on rural communities					150 leads (above current)	300 leads (above current)	700 leads (above current)
VA will secure more high-quality announcements each year creating at more high-wage direct jobs annually					7-10 projects 1,500 jobs	20 projects 3,000 jobs	50 projects 7,500 jobs

Q&A

