Positioning the Commonwealth for Healthy Economic Growth
Top Ten for Educational Attainment
Top Ten for Higher Ed
Top Ten for Public Schools
Attractive Small Sites
Advantageous Mid-Atlantic Location
Low Tax Burdens for Existing Firms
Exceptional Port, Airport, and Spaceport Infrastructure
Diverse Array of High-Quality Employers
Dozens of Federal Laboratories
**STRENGTHS**

- Top 10 for educational attainment, higher ed, and K-12
- Attractive small sites (<25 acres) in some regions
- Mid-Atlantic location contiguous to Washington, D.C.
- Below-average state/local tax burdens for existing firms
- Impressive Port of Va., NOVA airports, and spaceport
- Diverse range of high-quality employers and HQs
- Impressive range of federal labs, higher ed research

**WEAKNESSES**

- Lack of customized workforce incentive program offering; insufficient CS pipeline
- Meager inventory of large sites (especially 100+ acres) and certified sites
- Site development timeline/cost challenges due to lack of investment and topography
- Uncompetitive state/local tax burdens for new investment
- Metro, traffic congestion challenges in NOVA; road limitations in rural Va.
- High reliance on federal government-related activities
- Limited commercialization of intellectual property relative to our assets
In the Wake of Sequestration, Virginia’s 5-Year Growth Rankings Plummeted

Total Employment: 36th
Gross State Product: 42nd
Median Earned Income: 46th
With Slower Growth, Virginia Recently Began Experiencing Net Domestic Out-Migration
Employment Growth in Virginia Has Been Highly Uneven Across Regions (2006-2016)
Since 2009, Virginia has dropped about six places in National Business Climate Rankings.
Virginia’s Average Business Climate Ranking Lags Behind Aggressive Competitor States
Virginia Has Fallen Out of the Top 10 States for Business in Every National Survey of Executives

<table>
<thead>
<tr>
<th>Area Development magazine</th>
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<tbody>
<tr>
<td>“Top States for Doing Business”</td>
</tr>
<tr>
<td>GA, SC, TX, TN, LA, AL, IN, NC, MS, OH, VA, FL, NY, OK, MI</td>
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<table>
<thead>
<tr>
<th>Chief Executive magazine</th>
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</thead>
<tbody>
<tr>
<td>“Best and Worst States for Business”</td>
</tr>
<tr>
<td>TX, FL, NC, SC, IN, NV, TN, GA, AZ, WI, OH, UT, CO, IA, VA</td>
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<table>
<thead>
<tr>
<th>DCI (survey rank for business climate)</th>
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<tbody>
<tr>
<td>“Winning Strategies”</td>
</tr>
<tr>
<td>TX, FL, GA, SC, NC, CA, NY, TN, OH, NV, UT, IN, CO, VA, AL</td>
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</tbody>
</table>

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<thead>
<tr>
<th>Site Selection (rank for Executive Survey)</th>
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<tbody>
<tr>
<td>“Top U.S. Business Climates”</td>
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<tr>
<td>TX, SC, GA, TN, NC, FL, AZ, OH, IN, NV, MS, KY, VA, OK</td>
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</tbody>
</table>
Virginia’s Drop in Major Business Climate Rankings Can Be Tied to Three Main Factors

**BUSINESS COSTS**
New rankings of some business costs (e.g., tax burdens on new investment) place Virginia in a relatively negative light.

**ECONOMIC CLIMATE AND GROWTH**
With federal sequestration and Virginia’s reliance on federal spending, Virginia experienced a slowdown in growth.

**PERCEPTIONS OF CEOs**
While still positive overall, CEO perceptions of Virginia’s business climate declined after 2009.
Virginia Must Add Tens of Thousands More Jobs per Year to Get Back Into the Top 10

Source: Moody’s forecast for 2016-2026 as of June 2017
Over the next several years, position Virginia to achieve a growth rate among that of the top 5-10 states in the U.S.
Ensure that every region participates in the growth of the Commonwealth
3

Restore Virginia to its previous leadership position near the top of the national business climate rankings
Reestablish VEDP as America’s premier state economic development organization
5 Exhibit collaboration and coordination as hallmarks of VEDP (i.e. place a central focus on the “P” in VEDP)
Robust State Growth
Every Region Wins
Best State for Business
Top State EDO
Super Collaborator
Improve Virginia’s Economic Competitiveness

Cultivate Virginia’s Target Growth Clusters

Enhance VEDP’s Capabilities
Improve Virginia’s Economic Competitiveness

- Strengthen Virginia’s human capital development engine
- Assemble a strategic portfolio of project-ready sites
- Improve state, regional, and local economic competitiveness
- Strengthen Virginia’s digital infrastructure
- Place a special focus on achieving growth in rural regions
Improve Virginia’s Economic Competitiveness

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Opportunities to strengthen Virginia’s human capital development engine

- Create a turnkey, customized workforce recruitment and training incentive program via a VEDP/VCCS partnership
- Expand supply of high-need sub-baccalaureate degrees and other credentials in critical fields (i.e., FastForward)
- Expand supply of high-need baccalaureate degrees in critical fields (especially CS, data science, and related programs)
- Upgrade Virginia’s labor market data infrastructure to empower data-driven decision-making
- Expand interest in technology education and careers by building excitement in K-12
- Provide targeted incentives to produce and retain talent with high-demand skills and experience
College graduates with CS and engineering degrees are highly concentrated in Virginia’s advanced industries

<table>
<thead>
<tr>
<th>Field of Degree</th>
<th>Percentage (%)</th>
<th>United States Percentage (%)</th>
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</thead>
<tbody>
<tr>
<td>Computers, Math, and Statistics</td>
<td>49%</td>
<td>38%</td>
</tr>
<tr>
<td>Engineering</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Physical and Life Sciences</td>
<td>24%</td>
<td>21%</td>
</tr>
<tr>
<td>Business: Acct., Finance, MIS</td>
<td>23%</td>
<td>17%</td>
</tr>
<tr>
<td>Business: Other</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>Communications</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>Social Sciences</td>
<td>19%</td>
<td>13%</td>
</tr>
<tr>
<td>Science- and Engr.-Related</td>
<td>18%</td>
<td>15%</td>
</tr>
<tr>
<td>Arts and Humanities</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Psychology</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Other Fields</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Education</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: U.S. Census ACS Public Use Microdata Sample (3-yr., 2010-2012); TEConomy: advanced industries NAICS; VEDP analysis
Cultivate Target Industry Growth Clusters

- Strengthen our leadership position in info. tech.
- Assemble a world-class transportation and logistics hub
- Position Virginia’s manufacturing base to be future-ready
- Create business and operations centers of excellence
- Position Virginia to lead in promising disruptive technologies
Cultivate Target Industry Growth Clusters

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Opportunities to position Virginia to lead in promising disruptive technologies

- Enhance existing technology transfer efforts at universities and federal labs
- Expand the startup ecosystem through dedicated resourcing and support
- Create an InnoVAte team to enhance Virginia's innovation ecosystem and branding

Strong alignment with VRIC TEConomy report
Enhance VEDP’s Capabilities

- Cultivate world-class execution at VEDP
- Implement robust marketing programs
- Strengthen/expand business & trade development programs
- Become a national leader in incentives administration
2018 Economic Development Budget Priorities

- Custom Workforce Recruitment and Training Incentive
- Modern Marketing and Branding Program for Business
- Expansion of Site Development Program
- Expansion of International Trade Programs
- Economic Development Innovation and Research Fund
- Business Retention and Expansion Program
Examples of what individual institutions can do to improve employment outcomes and help drive economic growth

- Place greater focus on (and investment in) career services – in particular helping undergraduates to secure professional work experiences (e.g., internships) prior to graduation

- Leverage insights from the literature and promising national initiatives to ensure that college graduates consistently attain college-level skills (e.g., critical thinking, writing) during their undergraduate studies

- Continue to support University-Based Economic Development (UBED) group, which provides a POC for every public institution so businesses have easy access to public college/university resources

- Work with SCHEV and VEDP to survey alumni to better understand what is driving out-migration of Virginia’s college graduates

- Support SCHEV and VEDP efforts to build a stronger understanding of the underemployment problem among Virginia’s college graduates

- Explore opportunities to further integrate computer and data sciences across the undergraduate curriculum (e.g., courses, minors)
Looking Forward to 2022...

Forbes
Virginia named America’s Best State for Business (Again)

WSJ
America’s East Coast IT Leader: Virginia

The New York Times
Rural Virginia Bucks National Economic Trends

The Economist
Why College Grads in NC and TX are Moving to Virginia
APPENDIX
Top-ranked state workforce development programs (GA, LA) offer fully customized, turnkey solutions

**Step One: Business Analysis**
- Interviews with client subject matter experts
- Documentation of existing operations to be replicated (if applicable)
- Development of customized workforce plan

**Step Two: Recruitment**
- Website
- Announcement
- Job Fairs
- Advertising
- Town Hall Meetings

**Step Three: Screening**

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<th>A</th>
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<th>C</th>
<th>D</th>
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<tr>
<td>Auto-Banding</td>
<td>Then:</td>
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<tr>
<td>• Interviews</td>
<td>• Interviews</td>
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<td>• Role Play</td>
<td>• Role Play</td>
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<tr>
<td>• Background Checks</td>
<td>• Background Checks</td>
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**Step Four: Pre-Employment Training**
- Focused on candidate selection
- Evaluates desired skills, competencies and aptitudes
- Job simulation based on task analysis of client processes
- Provides performance observation opportunity

**Step Five: Post-Employment Training**
- Focused on skill and knowledge building
- Developed based upon client performance objectives
- Transfers client critical knowledge of process and procedure
- Allows for hands-on practice of process

High-Quality, Fully Trained Employees

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.

VEDP and VCCS can partner to create one of America’s best programs in less than three years.
Examples of benefits to community colleges of VEDP and VCCS creating a customized workforce incentive program

- Strong relationships with new and expanding business establishments
- Tighter linkages with state economic development efforts
- Direct exposure to and engagement with the next generation of industry technologies
- Greater demand for community college programs (certificates, degrees, and/or custom training)
- Opportunity to strengthen workforce training programs, equipment, and facilities
- Opportunity to highlight community college strengths
- Opportunity to create more workforce success stories and community college testimonials