

THE VIRGINIA ASSOCIATION OF PLANNING DISTRICT COMMISSIONS (VAPDC)

WINTER CONFERENCE

Martin Briley
President & CEO, VEDP
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VIRGINIA ECONOMIC
DEVELOPMENT PARTNERSHIP

YESVIRGINIA.ORG



THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP (VEDP)

- Virginia's Business Welcome Center
- Global Gateway for Virginia Companies
- Ally for Virginia's Communities
- Revenue Generator for Virginia's Citizens
- Good Steward

- Report to Board of Directors
 - 24 members
 - 18 appointed by the Governor or the General Assembly
 - 6 ex-officio members
 - 6 year terms
- Report to the Secretary of Commerce & Trade

VEDP MISSION STATEMENT

To enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby building the tax base and creating higher income employment opportunities.

- Global sales team dedicated to targeted outreach marketing to companies “New to Virginia”
 - Geographically deployed
 - Asia, Europe, India and Canada
 - Northeast, Midwest, West, South and Mid-Atlantic
 - Offices in China, Germany, Japan, India and the United Kingdom

- Focused on developing, in collaboration with VEDP's allies, a robust Business Retention & Expansion Strategy
 - Increase the number of projects from existing Virginia businesses
 - Allies Communication Strategy
 - Higher Education Partnership Strategy
 - Strengthen Partnerships with other Virginia Agencies & Allies

INTERNATIONAL TRADE



Research Team provides mission-critical support through:

- Market research, economic analyses and corporate intelligence gathering to drive VEDP's sales and marketing function
- Project management & incentives proposal delivery to clients
- Sites & buildings inventory and data warehousing
- Integrated Geographic Information Systems (GIS) mapping
- Community assistance to economic development allies
- Developing, tracking and reporting on performance success metrics for VEDP's strategic marketing to demonstrate ROI for marketing dollars spent

Communications and Promotions supports VEDP's mission & client-facing teams through implementing strategic outreach marketing programs, including:

- Lead Generation
- Advertising
- Public & Media Relations
- Marketing Materials
- Web Development
- Governor-led Marketing Missions
- Trade Shows & Event Marketing

VEDP FY14 RESULTS

July 1, 2013 – June 30, 2014

	GOAL	ACTUAL	% OF GOAL	% OF FY
 Capital Investment	\$2.7 billion	\$5.19 billion	192%	100%
 Jobs	11,500	15,029	131%	100%

183

Announcement Projects

82

Average Jobs

\$28M

Average Investment

FY14 VEDP-ASSISTED ANNOUNCEMENTS BY REGION

Virginia



15,029 Jobs



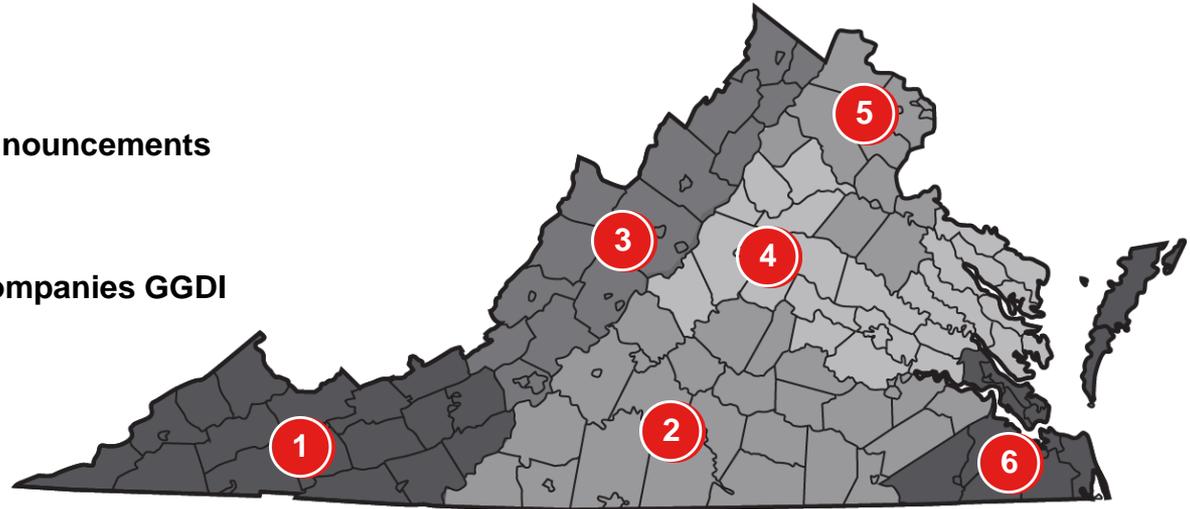
183 Announcements



\$5.19 Billion



160 Companies GDI



	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

GENERATING REVENUE FOR VIRGINIA

VEDP-assisted projects generate a steady revenue source for the Commonwealth, increasing its ability to fund the important needs for Virginia's citizens:

Across Virginia



183

New Projects



\$5.19B

New Investment



15,000

New Jobs



**VEDP FY14 ROI
PER DOLLAR OF
BUDGET***

\$9

Over 5 Years

\$17.81

Over 10 Years

5 YEARS



New Revenue for Virginia

10 YEARS



New Revenue for Virginia

5 YEARS



New Local Revenue across Virginia

10 YEARS



New Local Revenue across Virginia

*These figures are in present value terms and represent revenues after all VEDP operating costs—budget (\$13.9 million) and incentives (GOF, \$14.3 million; Others, \$10.7 million)—are netted out.

*Present value

VEDP FY15 RESULTS TO DATE

July 1, 2014 – January 30, 2015

	GOAL	ACTUAL	% OF GOAL	% OF FY
 Capital Investment	\$3 billion	\$1.5 billion	50%	57%
 Jobs	13,000	8,170	63%	57%

98

Announcement Projects

83

Average Jobs

\$15.4 M

Average Investment

BEYOND SEQUESTRATION

The great recession changed the business landscape, producing a ripple effect in the absolute number of projects being worked by VEDP.



**Fewer Projects
In Market
&
Increased Global
Competition**



**Multinational
Deals have
Higher Capital
Investment &
Automation**



**Every State has
Seen Significant
Drops in the
Average Number
of Jobs**



**VA Average Jobs
Per Project in 2013
(33% decline from 2012)**

The bottom line: Virginia must out-perform competitor states and global regions for a smaller universe of projects.

INCREASED GLOBAL COMPETITION

States modeling pro-growth policies based on Virginia's proven success:

- Indiana and Michigan recently passed right-to-work laws to bolster states' business retention and attraction efforts
- States across the country implementing multi-million dollar advertising campaigns:



New York



Connecticut



Michigan



California



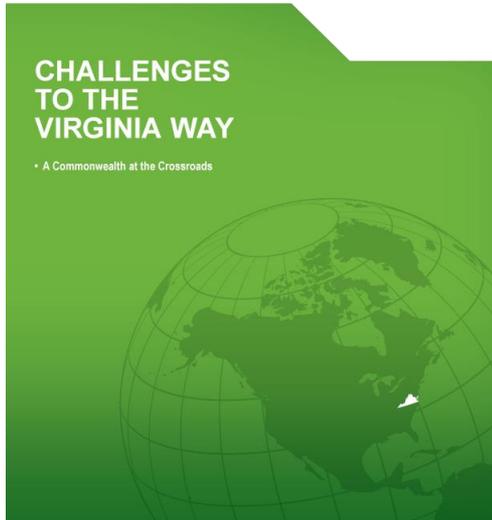
**Recent Virginia
Accolades**

No. 4 in 2014 Forbes.com Best States for Business

No. 8 in 2014 CNBC's America's Top States for Business

No. 4 in Pollina Corporate Real Estate's 10 Top Pro-Business States

No. 8 in Economic Growth Potential – Business Facilities



- A Commonwealth at the Crossroads



- VEDP Current & Proposed Deliverables



- Recalibrating VEDP
- Five Declarations of Intent & Hurdles to Clear

Commonwealth at the Crossroads

PRE-RECESSION

UPSIDE:

- Virginia consistently ranked No. 1 in prominent business rankings
- Very low unemployment rate of 3.3% was 2 points below national average
- Virginia benefited from ever-increasing federal government spending

DOWNSIDE:

- Unrestrained national consumer spending and the housing bubble produced a super-charged, debt-laden economy.
- To meet business demand, the majority of Virginia's shovel-ready sites got developed
- Lower labor cost options overseas encouraged investments in emerging markets
- Virginia relied on publicly-funded jobs

POST-RECESSION

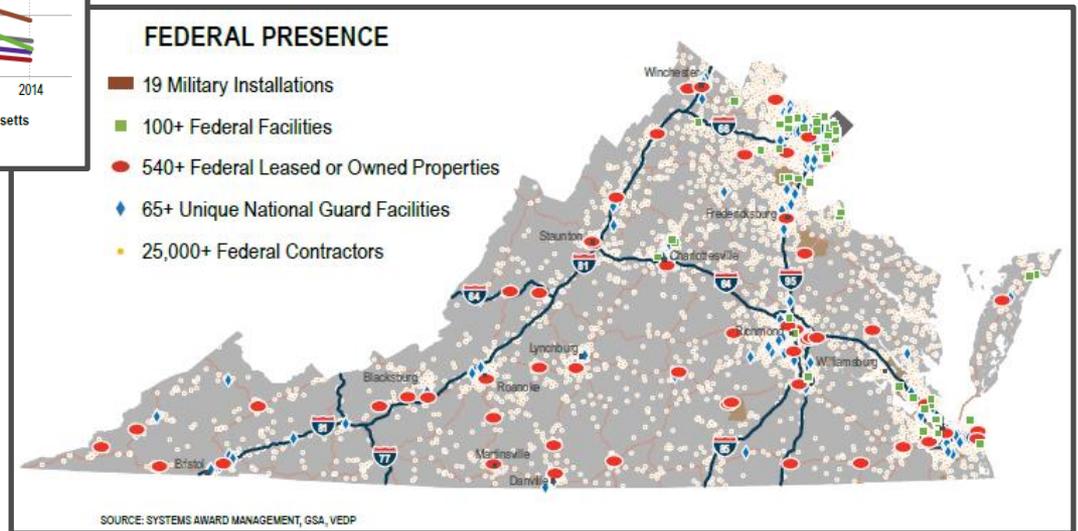
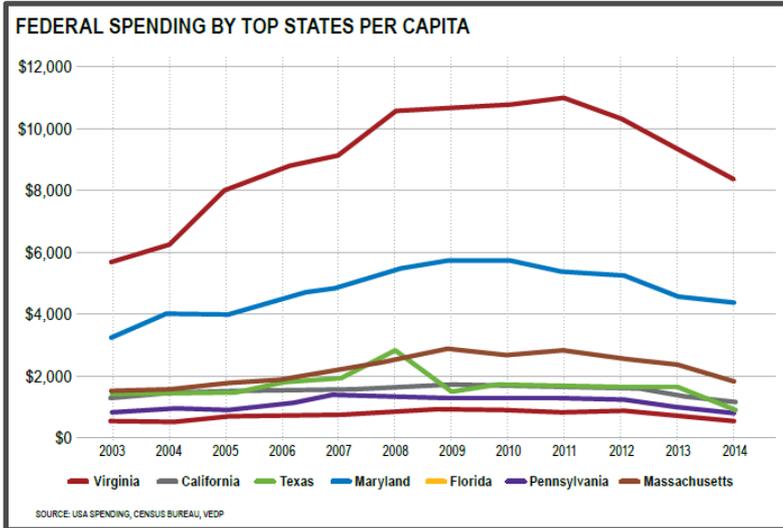
UPSIDE:

- U.S. firms making increased capital investments (*see chart at bottom left*)
- Perception/reality that international investment into the U.S. is more stable, less volatile due to:
 - Narrowing labor cost differential between some emerging markets and the U.S.
 - Concerns regarding protection of intellectual property in overseas markets
 - Increased U.S. energy production and reduced utility costs
 - Increased transportation costs of goods to and from overseas facilities, favoring re-shoring strategies
- Premium placed on knowledge-based occupations in the "Innovation Economy," favoring U.S. education
- Cash-laden corporate earnings and balance sheets, pent-up need to make smart investments

DOWNSIDE:

- Competitor states adopting many of Virginia's business-friendly programs and policies and aggressively deploying new economic development resources
- Downsized private and public sector workforces
- Anemic job creation with greater proportionate growth in lower wage service sector jobs and contractual employment
- Decreased federal spending
- Falling rank among states for business investment, innovation, and talent acquisition

Commonwealth at the Crossroads



5 Pillars of ‘The New Virginia Economy’

- “...Enhancing our infrastructure...”
- “...Growing our strategic sectors. . .”
- “...Promoting competitive business environment...”
- “...Nurturing sustainable entrepreneurial environment. . .”
- “...Equipping workforce with in-demand skill sets”

Some VEDP Current and Proposed Deliverables

1. Sites and buildings data and expertise
2. Champion establishment of public/private partnership site program
3. Target sectors to market
4. High-level corporate outreach
5. Build out targeted geographic marketing
6. Develop Virginia business brand
7. Increase exports & FDI
8. Create synergies with Allies
9. Promote improved business climate
10. Empirically-driven marketing
11. Develop sustained high-growth firm strategy
12. VJIP as an employer-driven workforce development solution

Pushing the Reset Button

Declaration of Intent: #1 OUTPERFORM COMPETITORS

Hurdle to be cleared: UNPREDICTABLE FUNDING

Declaration of Intent: #2 WORK AS ONE

Hurdle to be cleared: DIFFUSED ROLES

Declaration of Intent: #3 ADVANCE BUSINESS COMPETITIVENESS

Hurdle to be cleared: GREENER PASTURES

Declaration of Intent: #4 MEETING MARKET DEMAND

Hurdle to be cleared: REASSESSING PRO-BUSINESS POLICIES &
RETOOLING INCENTIVES PORTFOLIO

Declaration of Intent: #5 ACCESS WORLD MARKETS

Hurdle to be cleared: BROADEN THE EXPORT BASE AND
INCREASE INVESTMENT FLOW

VIRGINIA'S WORKFORCE DEVELOPMENT SYSTEM

The Virginia Workforce Delivery System Must Be:

- Fully integrated, aligned, and flexible at the:
 - State level
 - Regional Level
 - Local Level
- Implemented by workforce delivery professionals who:
 - Are customer-service oriented
 - Align their resources
 - Are clear in communication
 - Deliver results and measure outcomes

The Company's Needs

- It's Our Job to Help a Company Solve its Problems:
 - It needs a new, expanded, or improved facility with appropriate infrastructure
 - ***It needs a prepared workforce with delivery systems to support lifelong learning and skills development***
 - It needs ready access to suppliers and customers
 - It needs new markets for its products
 - It needs access to innovation resources
 - All buttressed by reasonable costs and taxes
- Companies Go:
 - Where the problems are solved
 - Where costs of growth are reduced
 - ***Where there is security in the business and talent climate***

VIRGINIA'S WORKFORCE DEVELOPMENT SYSTEM



Governor's Workforce Development Goals

The Virginia Workforce Board – Private-Sector Leadership

Industry Sectors and Career Pathways Committee

Identifies gaps between education and training and business needs, recommends policies and strategies, identifies resources, and advocates

Virginia's Workforce Partners and Delivery Organizations

Governor's Chief Workforce Officer	VCCS: WIA	VCCS: Community Colleges	VDOE: Career & Technical Education	VDOE: Adult Ed. & Literacy	SCHEV	VDARS	VEDP	VDOLI	VDDBA	VDSS	VEC
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Virginia's Workforce System Report Card & Other Data Resources

Regional Career Pathways

Regional partnerships or consortia that are using career pathways models to drive workforce outcomes in Virginia:

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VIRGINIA'S WORKFORCE SYSTEM REPORT CARD

STEM-H Pipeline

GOAL: Increase the number of students with science, technology, engineering, math, and healthcare skills.

Registered apprenticeships and secondary & postsecondary enrollments in STEM-H programs ↑

Registered apprenticeships and secondary & postsecondary STEM-H credentials earned ↑

DATA SOURCES: VA Dept. of Labor and Industry, State Council of Higher Education for Virginia, VA Dept. of Education

Secondary Educational Attainment

GOAL: Enable all students, including at-risk students, to complete high school and prepare for college.

Advanced Studies diplomas earned ↑

Standard diplomas earned →

Enrollment in GED or adult high school diploma preparation program ↓

GED or adult high school diplomas earned ↓

DATA SOURCE: VA Dept. of Education

Postsecondary Educational Attainment

GOAL: Increase the number of students entering college and earning degrees, certifications, licenses, & apprenticeships.

Postsecondary enrollments ↑

Postsecondary credentials earned ↑

Industry certifications or state licensures earned ↑

Apprenticeship credentials earned ↑

DATA SOURCES: State Council of Higher Education for Virginia, VA Dept. of Labor and Industry, VA Dept. of Education

Career & College Readiness

GOAL: Increase student readiness for both postsecondary education and the workplace.

Workplace Readiness Skills Credentials earned ↑

Career Readiness Certificates earned ↑

Community college certificates or degrees earned by secondary students ↑

Dual-enrollment credits earned →

Advanced Placement (AP) course enrollment and/or exam completion ↑

DATA SOURCES: VA Dept. of Education, State Council of Higher Education for Virginia, VA Community College System

Employment & Business Development

GOAL: Reduce unemployment and increase both employment and income.

Labor force participation rate →

Percentage change in total annual wages ↑

Unemployment rate ↑

Average weeks on unemployment →

Percentage change in employment →

Percentage change in establishments →

DATA SOURCE: VA Employment Commission

Emerging Workforce in Manufacturing

GOAL: Increase credentials and enrollments in manufacturing-related programs; improve the reach of manufacturing instruction and overall employment.

Dual-enrollment students in manufacturing-related career and technical education courses ↑

Participation by secondary students in project-based competitive events ↑

Completions of career and technical education within a manufacturing program of study ↑

Participation in manufacturing-related community college internship programs ↑

State-registered apprentices in manufacturing ↑

Secondary students earning certifications related to manufacturing ↑

Community college students earning certifications in a manufacturing program of study ↑

Annual new hires in the manufacturing industry →

Shared assets (labs, equipment, instructors) -

Shared manufacturing curriculum programs -

DATA SOURCES: VA Employment Commission, VA Community College System, VA Dept. of Education, VA Dept. of Labor and Industry

Performance
Trend

Improving ↑
Maintaining →
Worsening ↓

Performance is tracked from 2008 to the latest year data is available.

- You can make a huge impact. Join us in moving Virginia forward by sharing with the world why Virginia is the **BEST** state for business. Just remember:



Business-first
Values



Easy access to
domestic and
global markets



Stable and low
operating costs



Talented and
educated workforce