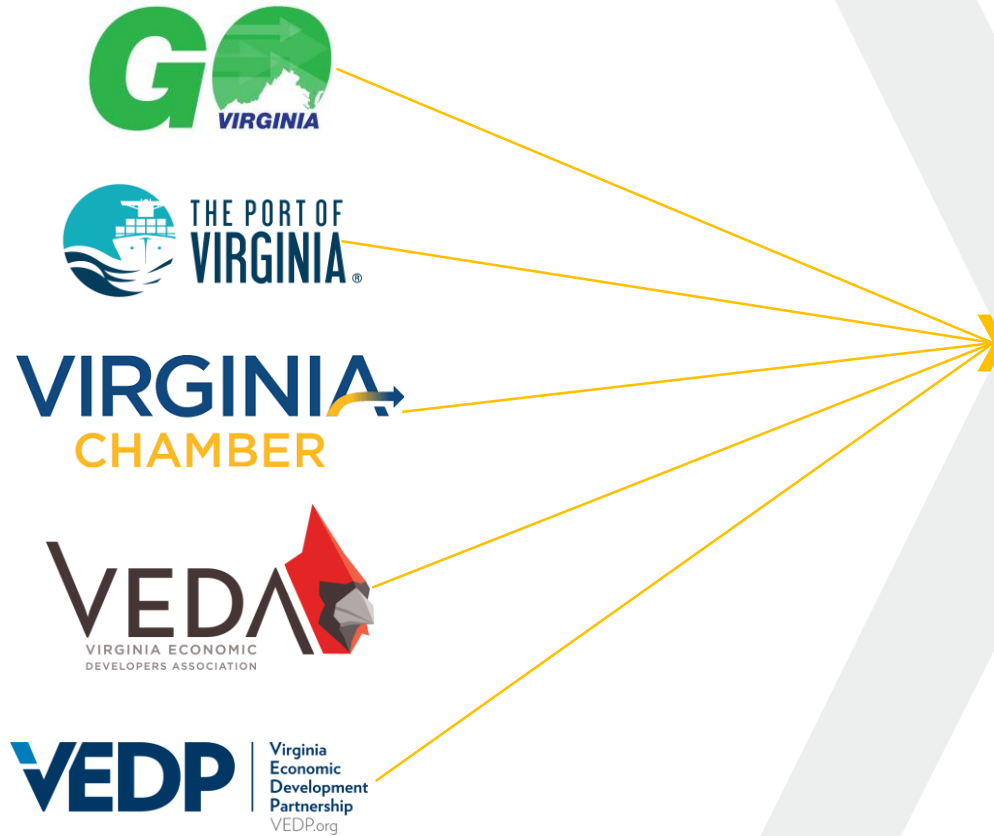


Positioning the Commonwealth for Healthier Economic Growth



Partnership for Virginia's Future



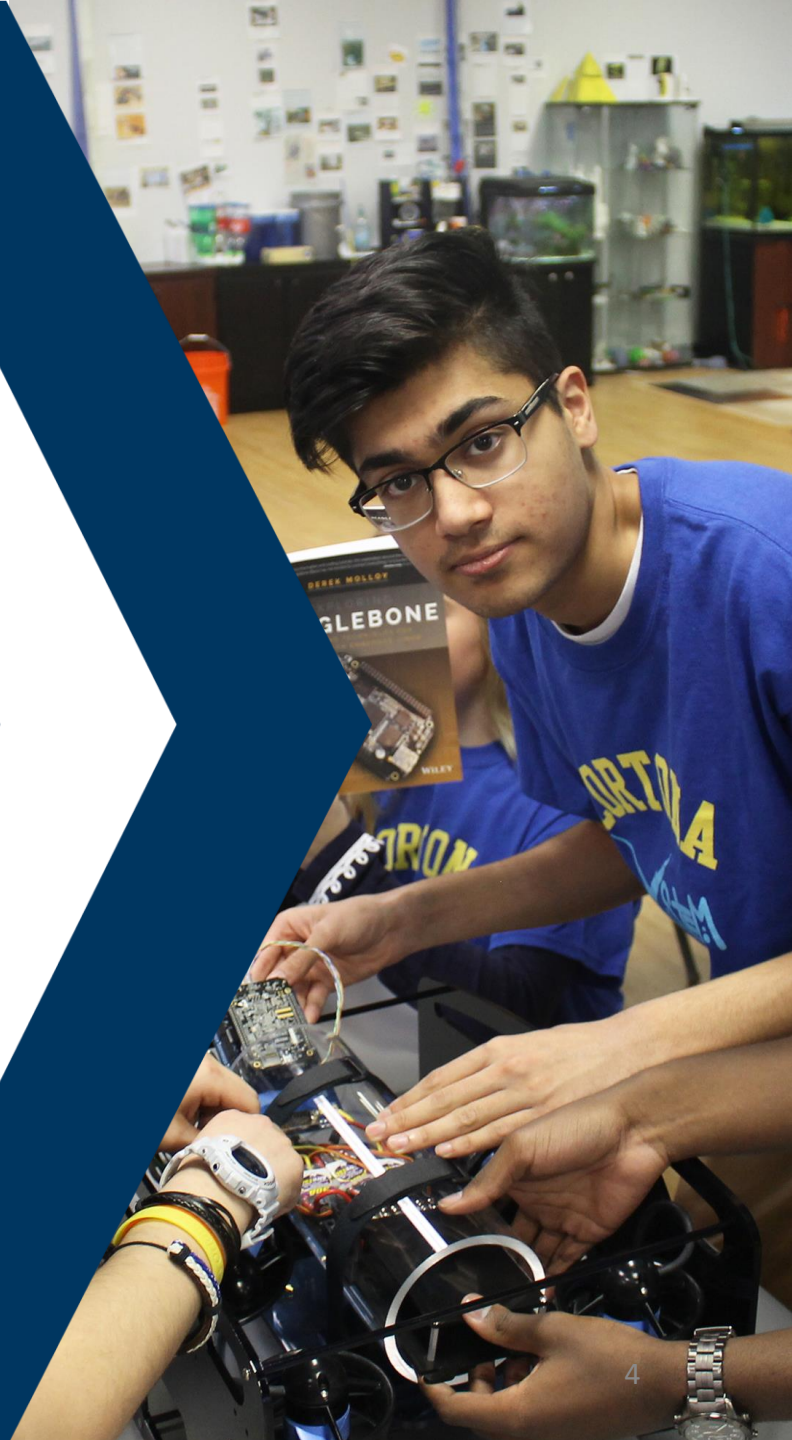
Top Ten for Educational Attainment



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

30th

Total Employment

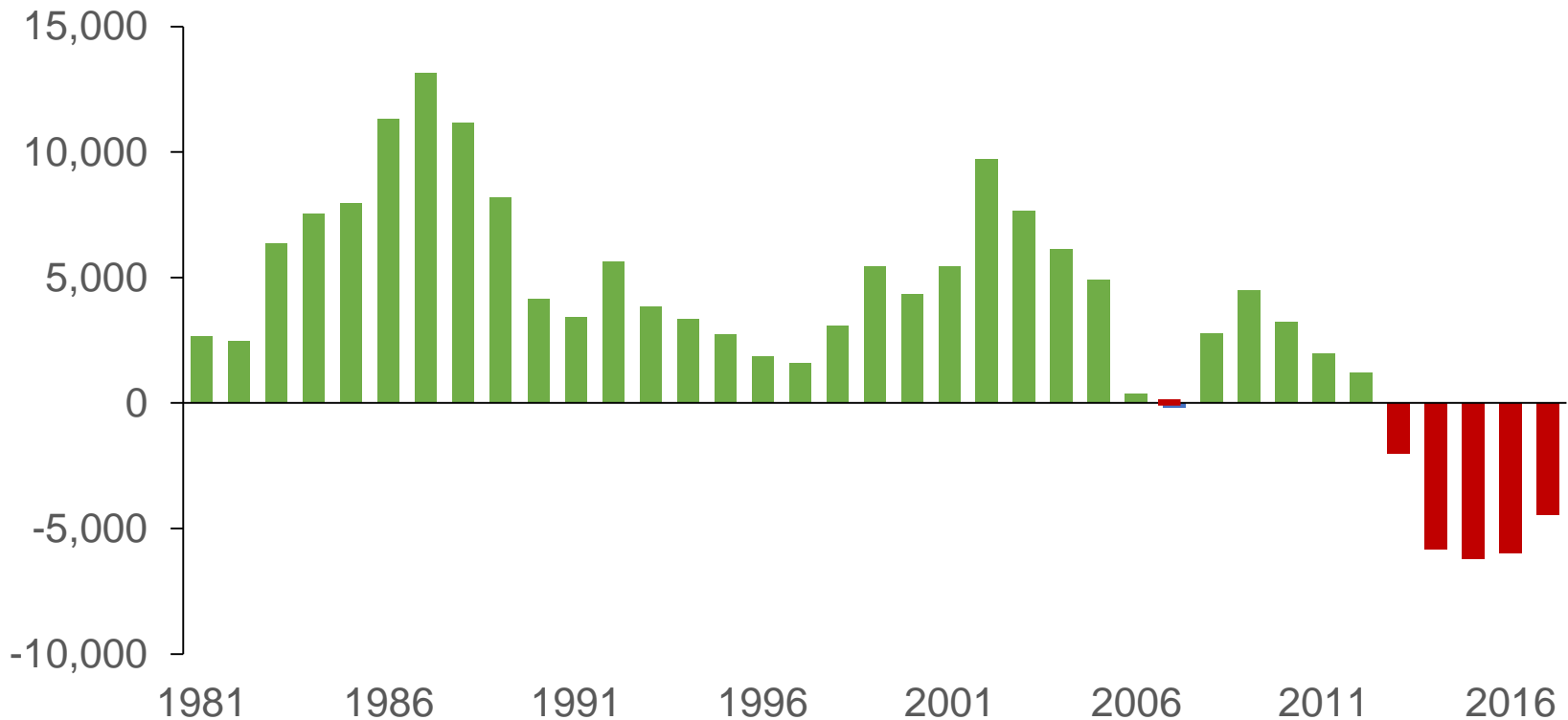
39th

Gross State Product

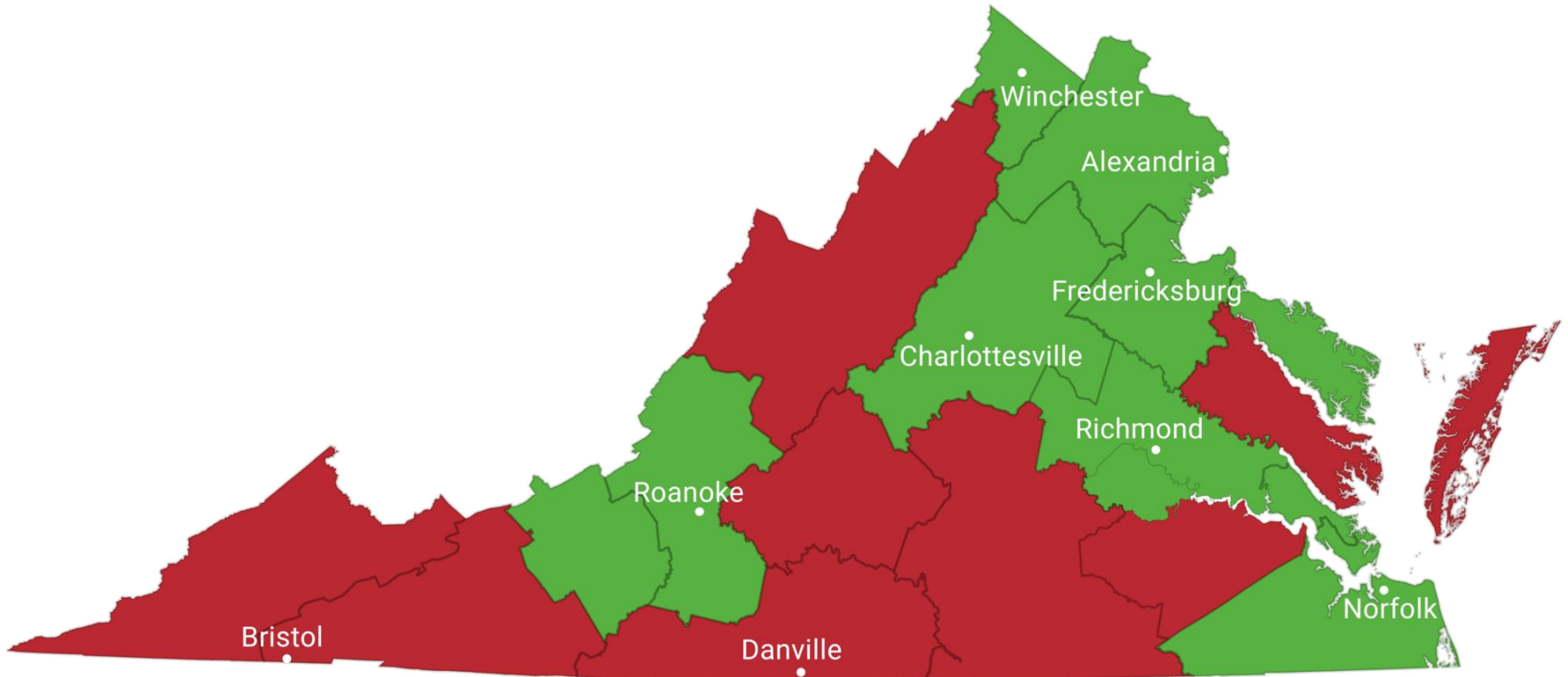
38th

Median Earned Income

With Slower Growth, Virginia Recently Began Experiencing Net Domestic Out-Migration



Employment Growth in Virginia Has Been Highly Uneven Across Regions (2007-2017)





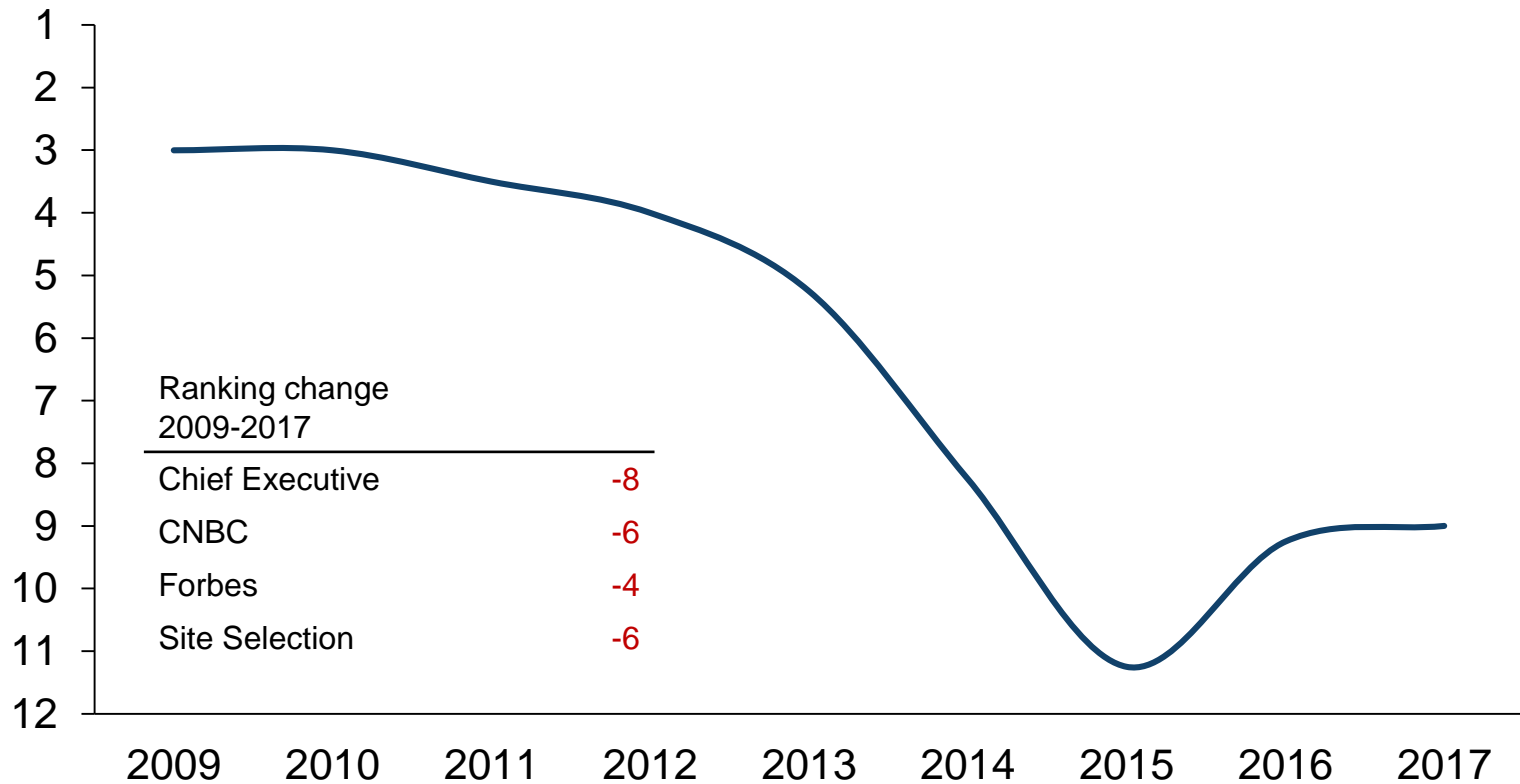
**#1 State
for
Business**

– *Forbes*, 2007, 2008, 2009, 2013

– *CNBC*, 2007, 2009, 2011

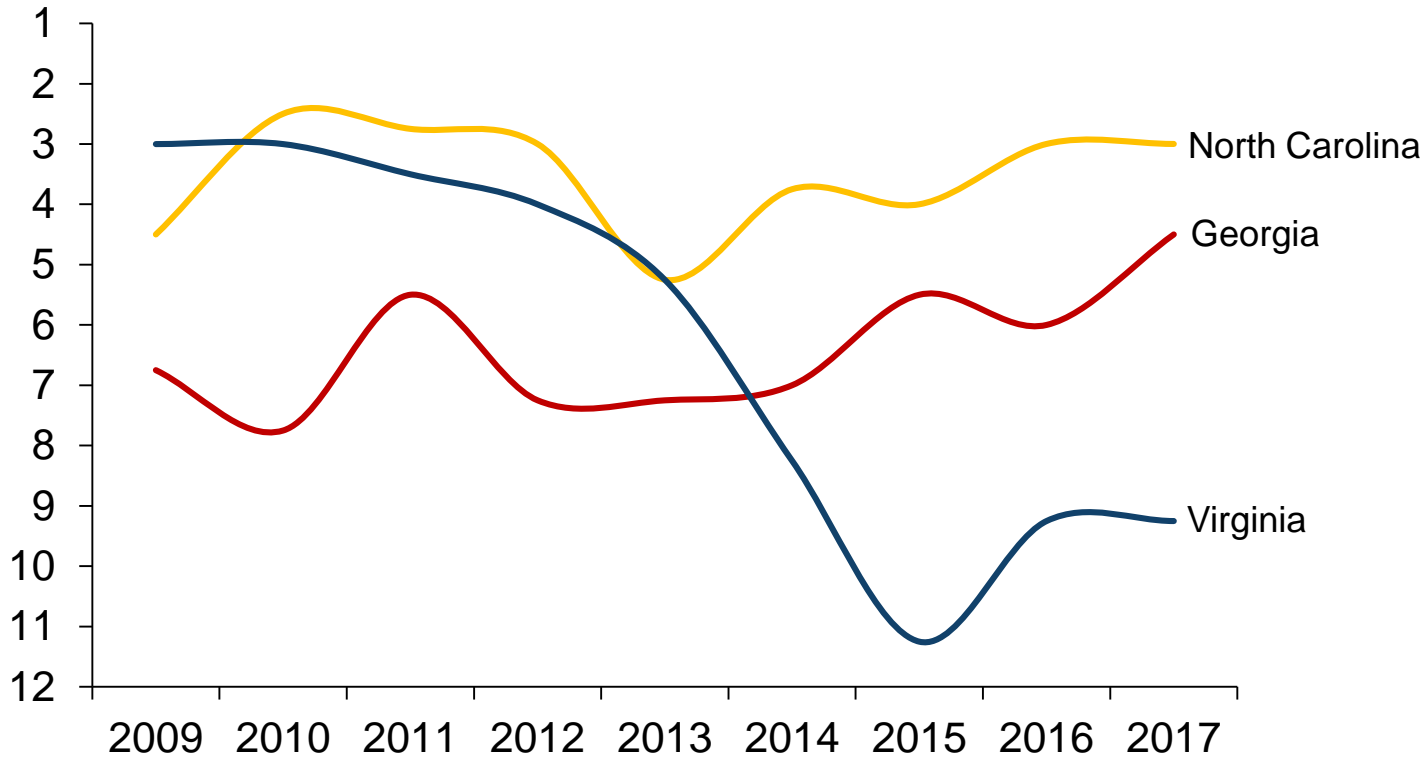


Since 2009, Virginia Has Dropped About Six Places in National Business Climate Rankings

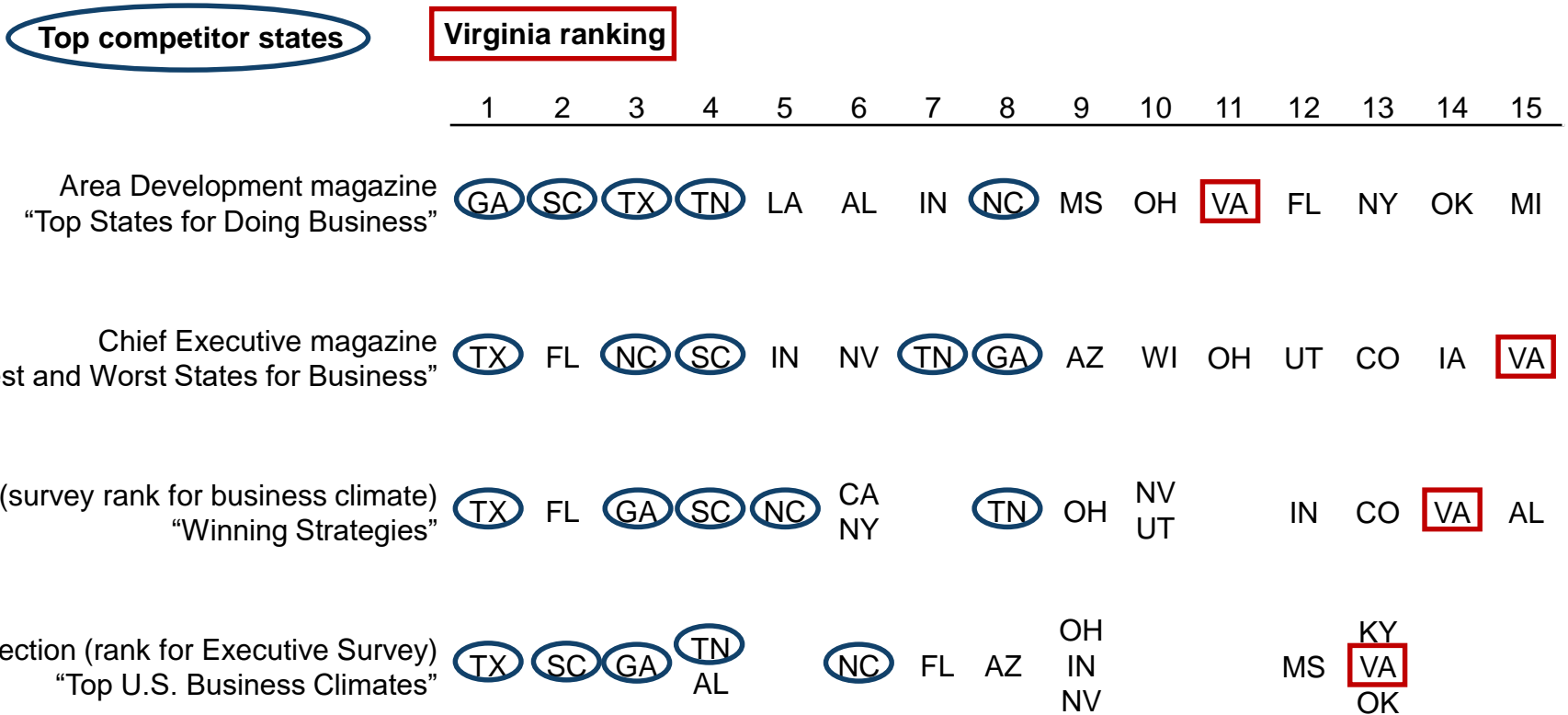




Virginia's Average Business Climate Ranking Lags Behind Aggressive Competitor States



Virginia Has Fallen Out of the Top 10 States for Business in Every National Survey of Executives





Despite recent improvements in Virginia, site consultants rank our top competitors higher in nearly every category

Top competitor states

Virginia ranking

	1	2	3	4	5	6	7	8	9	10	VA outside top 10*
Overall cost of doing business	TX	SC	GA	MS	NC	IN	TN AL		LA	UT	VA
Corporate tax environment	TX	FL	GA	NV	SD	NC	TN	SC IN ND			VA
Business incentive programs	SC	GA	MS	LA	TX	IN OH		AR NJ		AL NY	VA
Access to capital and project funding	NY CA		TX	GA	TN	NC MI IL			NJ	MA	VA
Cooperative and responsive state government	GA	SC	TN	LA	VA	TX	AL IN		MS	OH OK	
Favorable regulatory environment	TX	SC	GA	LA	MS	AL IN		TN	VA OK		
Speed of permitting	LA	GA	SC	TX	AL	MS IN		TN	VA	NC	
Shovel-ready sites program	TN	GA	SC	AL IN		NC	LA	TX	KY	MS	VA
Favorable utility rates	WA	TN	GA	SC	OR	LA	AL NC ID			TX KY	VA
Competitive labor environment	TX	GA	SC	NC	IN	TN MS		VA OH AL			
Leading workforce development programs	GA	LA	AL	SC	TN	NC	VA	TX IN OH			
Most improved economic development policies	OH	MI	AL NC		IN	WI AR		GA KY		TN AZ MO	VA

* Only the top 10 states in each category are published

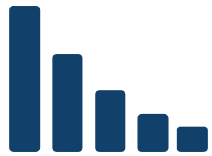
Source: *Area Development* magazine, 2017 "Top States for Doing Business" survey results

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

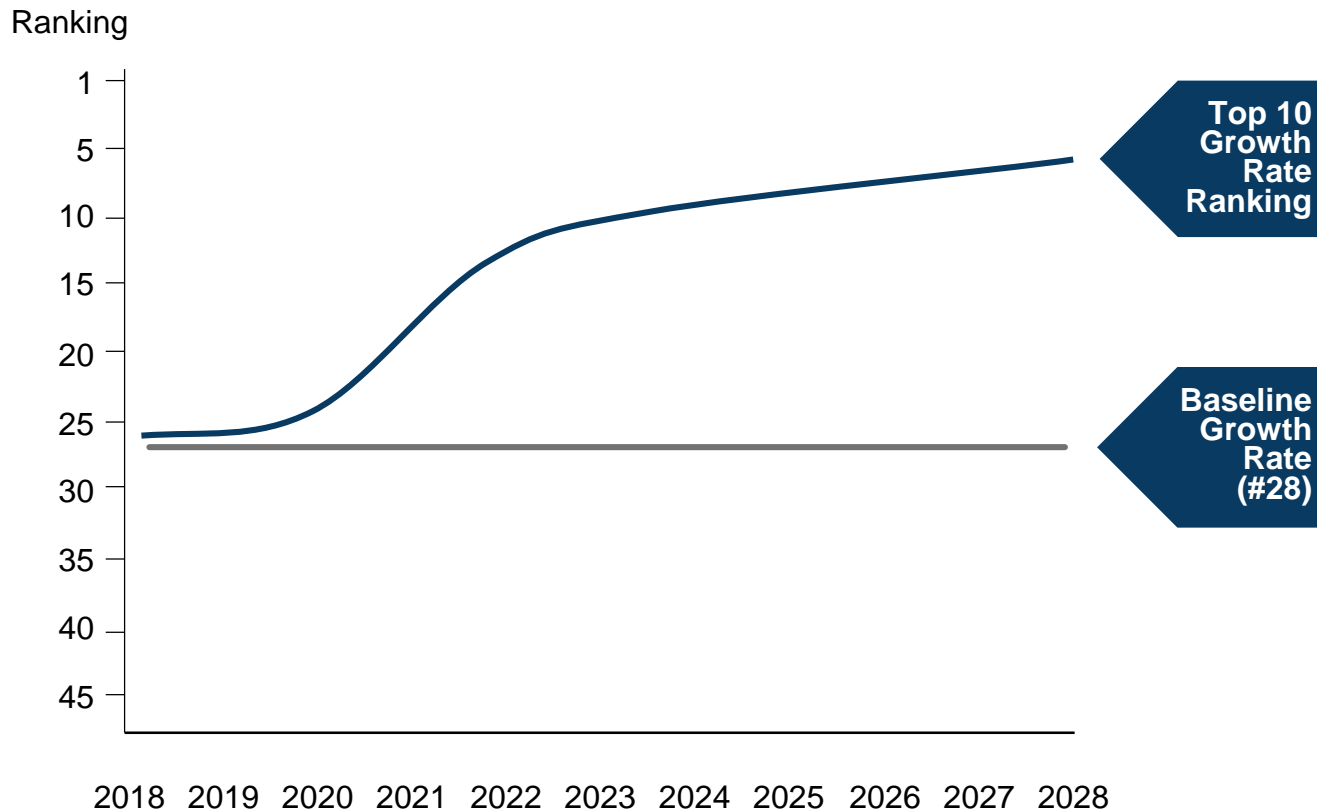
With federal sequestration and Virginia's reliance on federal spending, Virginia experienced a slowdown in growth



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

1

Over the next several years, position Virginia to achieve a growth rate among that of the top 5-10 states in the U.S.



2

Ensure that every region participates in the growth of the Commonwealth



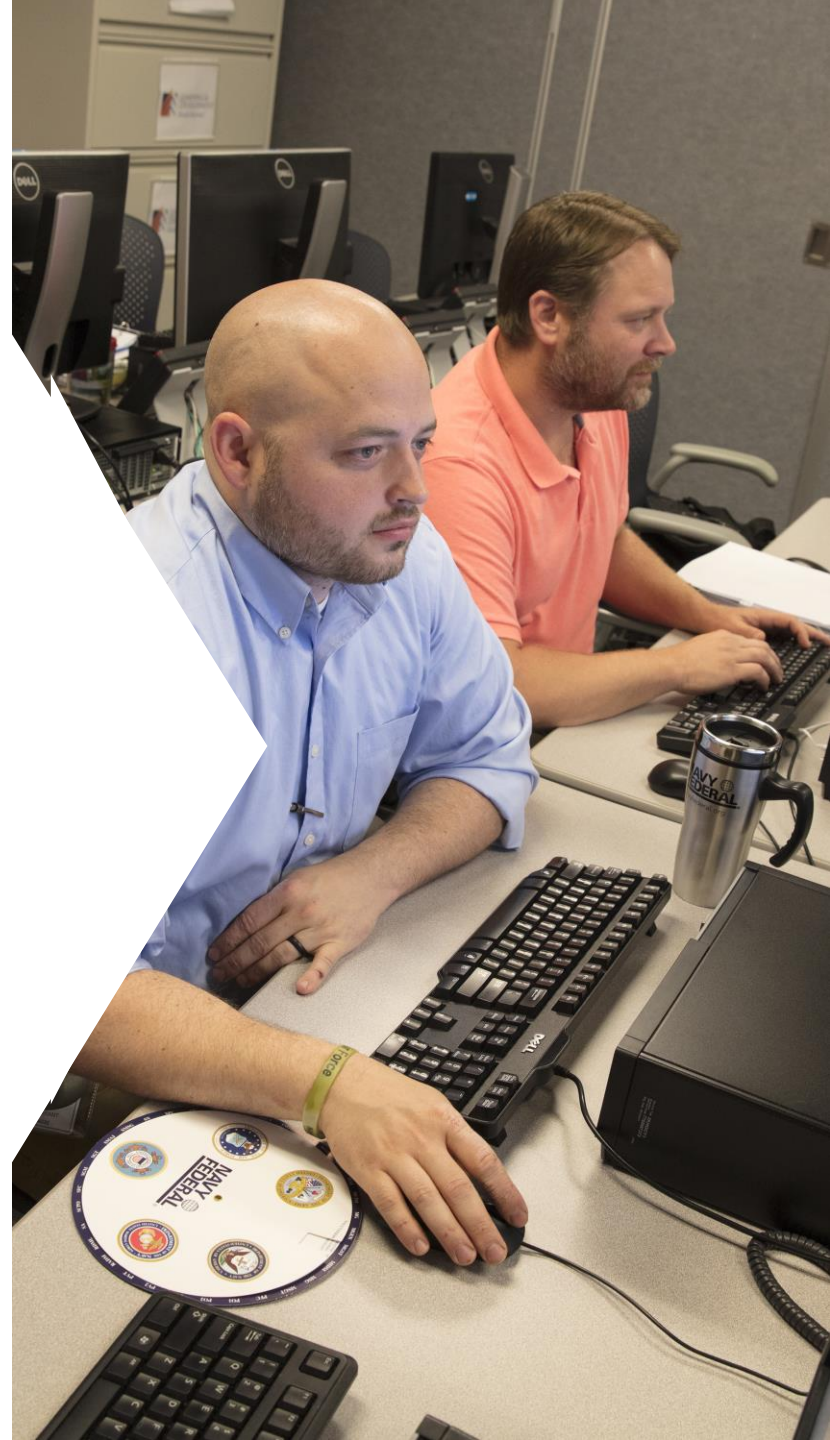
3

Restore Virginia to its previous leadership position near the top of the national business climate rankings



4

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)



1
2
3
4
5

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

BLUEPRINT
VIRGINIA
2025

Assemble a strategic portfolio of project-ready sites

BLUEPRINT
VIRGINIA
2025

Improve state, regional, and local economic competitiveness

BLUEPRINT
VIRGINIA
2025

Strengthen Virginia's digital infrastructure

BLUEPRINT
VIRGINIA
2025

Place a special focus on achieving growth in rural regions

BLUEPRINT
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2025

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BLUEPRINT
VIRGINIA
2025



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

Cultivate Target Industry Growth Clusters

Strengthen our leadership position in info. tech.

BLUEPRINT
VIRGINIA
2025

Assemble a world-class transportation and logistics hub

BLUEPRINT
VIRGINIA
2025

Position Virginia's manufacturing base to be future-ready

BLUEPRINT
VIRGINIA
2025

Create business and operations centers of excellence

BLUEPRINT
VIRGINIA
2025

Position Virginia to lead in promising disruptive technologies

BLUEPRINT
VIRGINIA
2025

Enhance VEDP's Capabilities

Cultivate world-class execution at VEDP

BLUEPRINT
VIRGINIA
2025

Implement robust marketing programs

BLUEPRINT
VIRGINIA
2025

Strengthen/expand business & trade development programs

BLUEPRINT
VIRGINIA
2025

Become a national leader in incentives administration

BLUEPRINT
VIRGINIA
2025

»»» New/Expanded VEDP Programs Funded for FY19

Custom Workforce Recruitment and Training Incentive

BLUEPRINT
VIRGINIA
2025

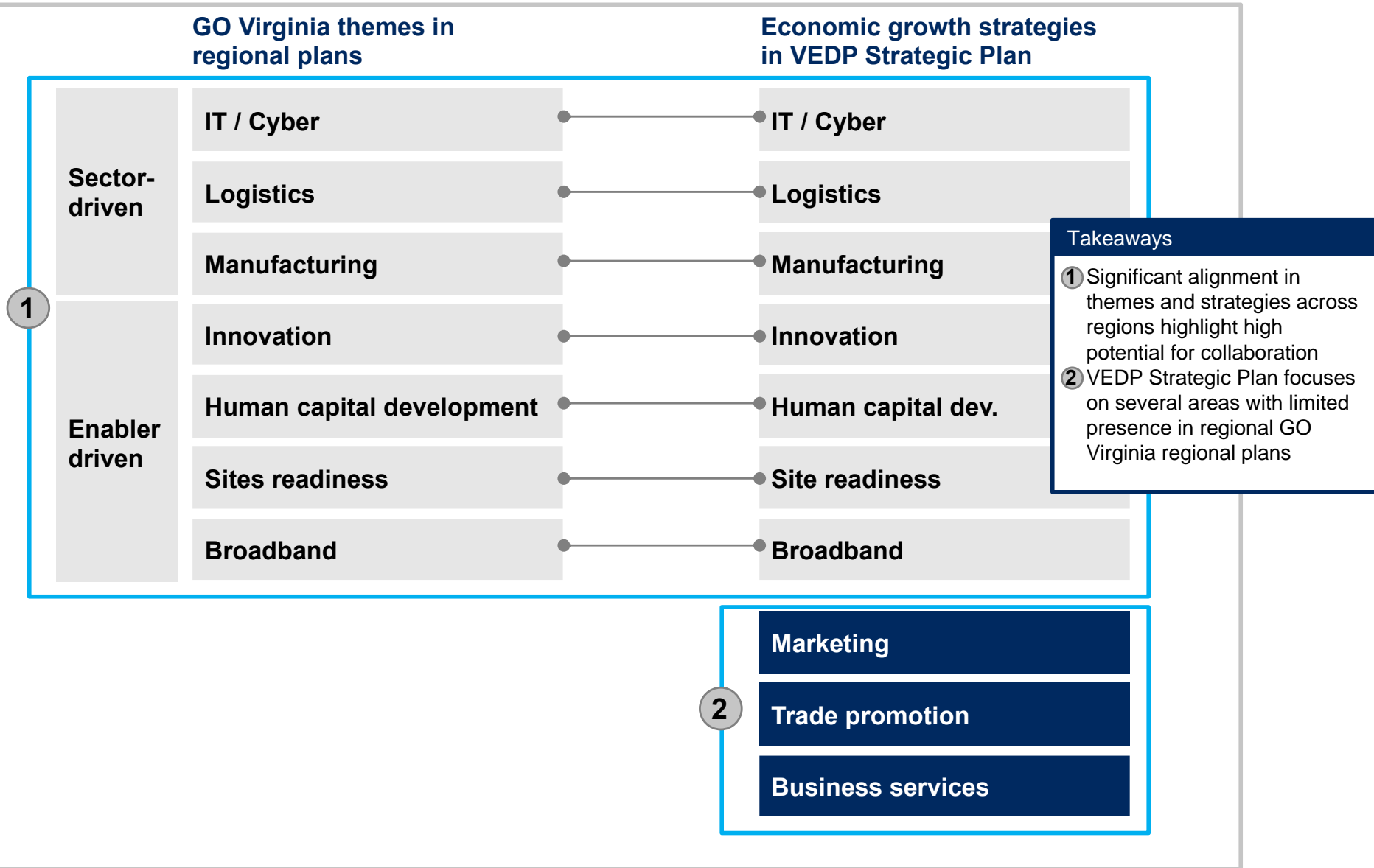
Basic Marketing and Branding Program for Business

BLUEPRINT
VIRGINIA
2025

Expansion of Site Development Program

BLUEPRINT
VIRGINIA
2025

SUBSTANTIAL ALIGNMENT EXISTS BETWEEN THE GO VIRGINIA REGIONAL PLANS AND THE VEDP-CREATED STATEWIDE PLAN



VEDP leads

- Marketing, branding, and lead generation
- Biz recruitment and project mgmt. for target industry sectors (e.g., IT, advanced manufacturing, BPO, distribution)
- One-stop shop for prospects, with close local/regional coordination and alignment
- Proactive business retention and expansion program for large/medium-sized firms, in partnership with localities
- Custom workforce recruitment/training incentive program for firms, with VCCS
- Trade development services
- Administration of business incentives
- Research / business intelligence
- State/local economic competitiveness

VEDP/GOVA Collaboration

- Site intelligence and development (VEDP will focus on site intelligence and managing site database; GOVA could fund site development)
- Cluster development (VEDP could focus on larger firms; GOVA could focus on cluster scale-up initiatives)
- Design of human capital development strategies, including various initiatives to fully leverage higher education's economic development potential

GOVA leads

- Design of targeted, regional product development initiatives (e.g., broadband strategy for a region)
- Workforce development initiatives for sectors/regions
- Research and technology commercialization initiatives
- Initiatives to encourage capital and/or business formation (?)
- Funding for development of regional growth plans
- Incentives to encourage regional collaboration

GO Virginia and VEDP both are focused on increasing growth in traded-sector employment and earnings



Opportunities to strengthen competitiveness and economic growth in Virginia's cities

- Recognize that robust economic development efforts are required to overcome VA's historic heavy reliance on the federal government and the Commonwealth's limited economic development investments (compared to many competing states)
- Invest in your regional EDO to increase awareness and leads – with VA's small E.D. marketing budget (zero last year, but small budget restarted this year) and most cities located in medium- or small-sized metro areas, Virginia cities often are not top of mind for site consultants or corporate execs
- Collaborate with higher ed and state leaders to dramatically expand CS, data sciences, and related programs, as well as skilled trades, which are substantially undersupplied relative to demand in most regions
- Collaborate with VEDP and state leaders to strengthen Virginia's economic competitiveness on multiple fronts
- For NOVA localities: strengthen collaboration with DC and Maryland, as well as among NOVA localities, on regional economic competitiveness issues and regional marketing efforts

* The economic development of Virginia's cities is also constrained by the lack of state investment in marketing, custom workforce programs, competitive incentive offerings for high-impact projects, and high-demand academic credentials (e.g., computer science degrees); some of these were addressed in the FY19 state budget



While VA has relatively low state/local tax burdens for existing firms, we are less competitive for new projects

Location Matters 2015 Rankings

Business Type	Rank*		
	New	Mature	Delta
Capital-intensive manufacturer	49	20	29
Labor-intensive manufacturer	36	2	34
Corporate headquarters	31	12	19
R&D facility	45	35	10
Distribution center	31	15	16
Call center	29	21	8
Retail store	23	16	7
Straight average	35	17	18



No. 1 represents the lowest state/local tax burden rank

Relatively high state/local tax burdens on new projects and expansions negatively impact the perception of Virginia among site consultants and corporate executives, resulting in fewer leads and projects

* VEDP has identified a potential error in KPMG's tax rankings that, if corrected, could improve Virginia's state/local tax burden ranking for new, capital-intensive manufacturers from nearly the worst in America to the mid-20s

»»» Looking Forward to 2022...

Forbes

**Virginia named
America's Best
State for Business
(Again)**



**America's
East Coast IT
Leader: Virginia**

**The
New York
Times**

**Rural Virginia
Bucks National
Economic
Trends**

**The
Economist**

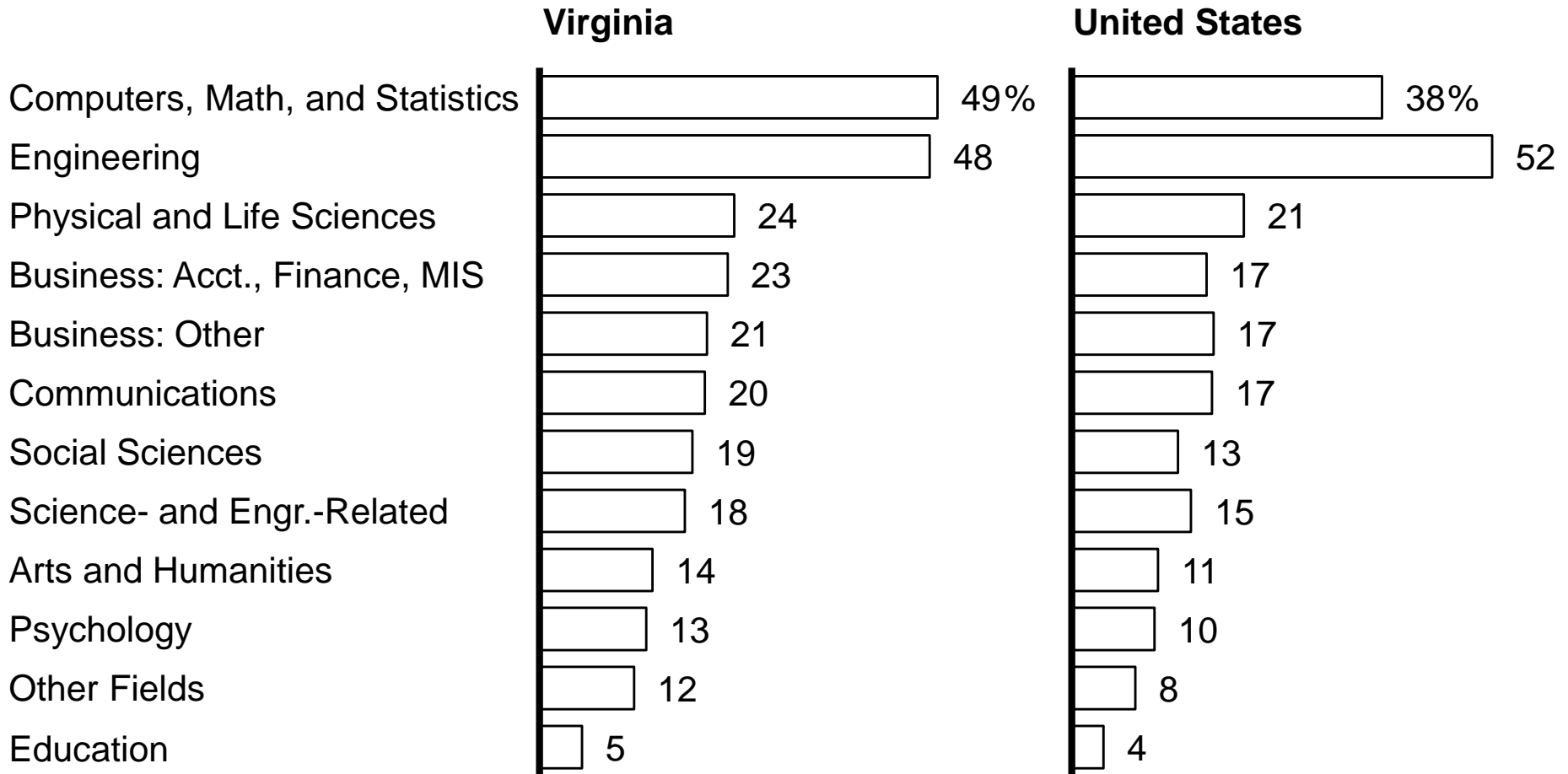
**Why College
Grads in NC and
TX are Moving
to Virginia**

APPENDIX



College graduates with CS and engineering degrees are highly concentrated in Virginia's advanced industries

Percentage (%) of Employed Adults with a BA/BS or Higher Working in Advanced Industries, by Undergraduate Field of Degree



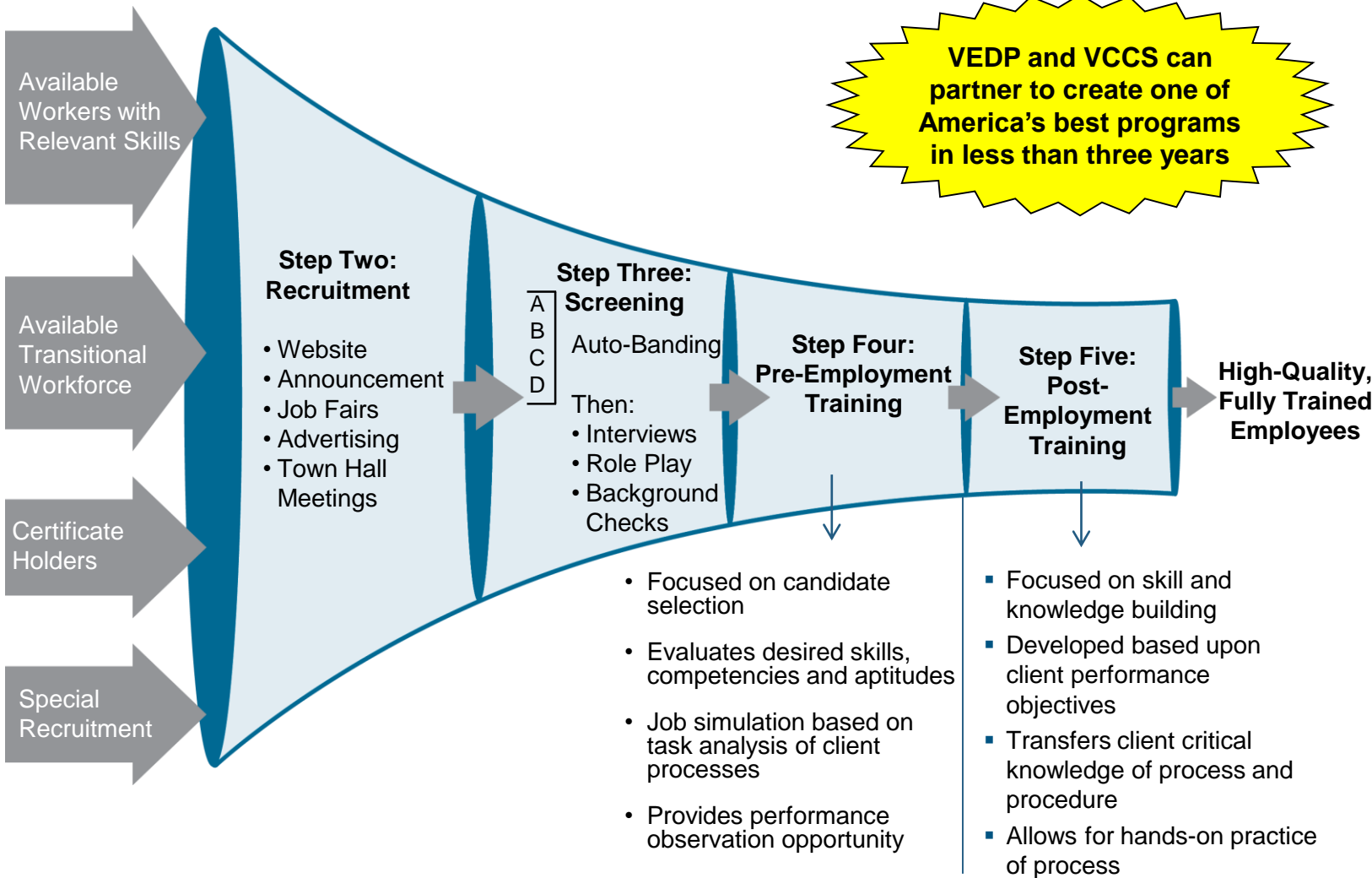


Top-ranked state workforce development programs (GA, LA) offer fully customized, turnkey solutions

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



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`



Examples of what higher ed 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 computational sciences across the undergraduate curriculum (e.g., courses, minors)



An opportunity to build a more robust understanding of the predictors of employment outcomes: an alumni survey

- Building on SCHEV Chair Heywood Fralin's assessment of graduate outcomes initiative, colleges and universities could make a big impact by encouraging alumni to participate in a landmark survey of employment outcomes
- Current datasets in Virginia are more comprehensive than in most states, but we are missing some key variables, for example:
 - ✓ Current occupation
 - ✓ Whether current job requires a college degree
 - ✓ Hours worked (i.e., whether employed full-time or part-time)
 - ✓ Number of internships completed during college
 - ✓ Use of career services office during college
 - ✓ Willingness to relocate to another metro area for an attractive job
 - ✓ Field of study for graduate degree(s) not earned in Virginia
- One option to consider would be to craft an opt-in survey for alumni (with blessing of college presidents) to complete the missing variables, which would enable new and important insights about employment outcomes of college grads
- The results of such a survey would build a more robust understanding of the predictors of employment outcomes as well as interstate migration of graduates