The image shows the Virginia State Capitol building, a large neoclassical structure with a prominent portico supported by tall columns. The building is illuminated by warm, golden light, suggesting late afternoon or early morning. A large, semi-transparent blue triangle is overlaid on the left side of the image, containing the main title text.

VEDP AND VACO: PREPARING FOR A HEALTHY RECOVERY

Virginia State Capitol

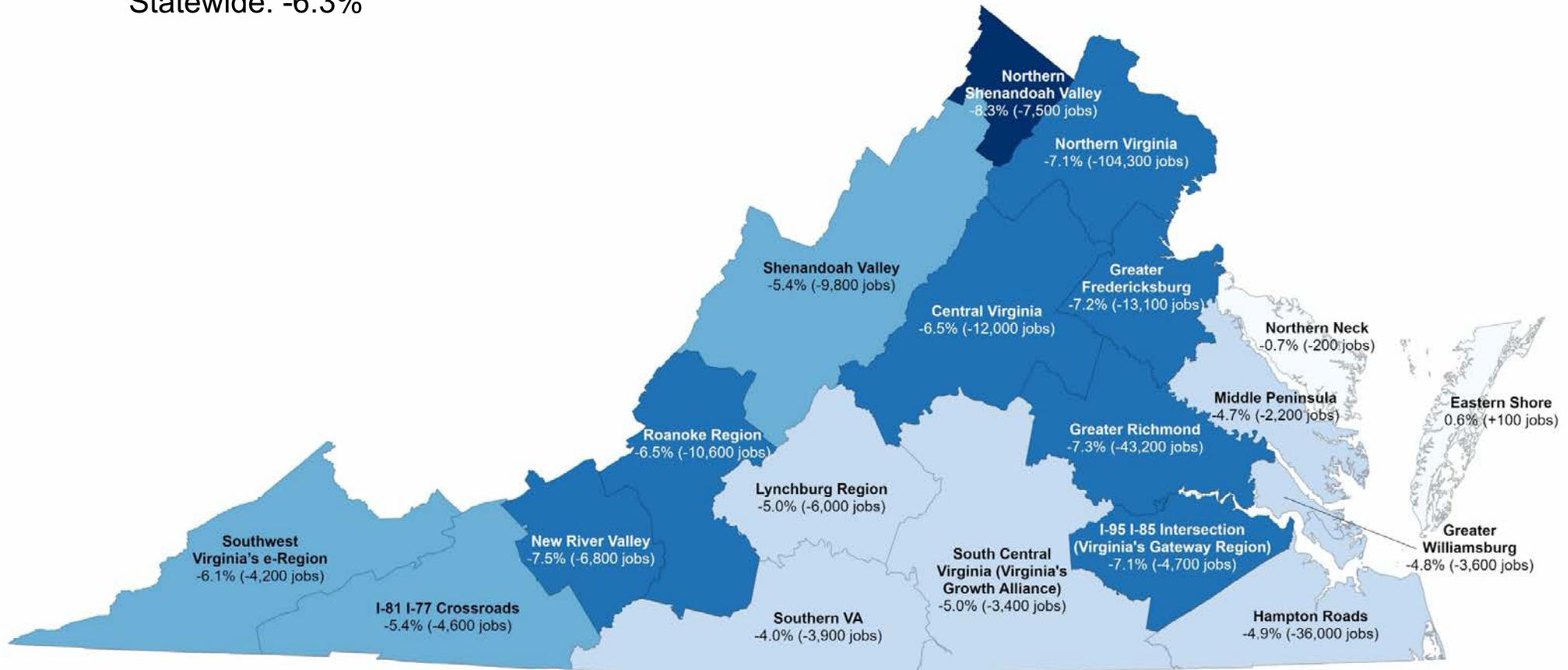
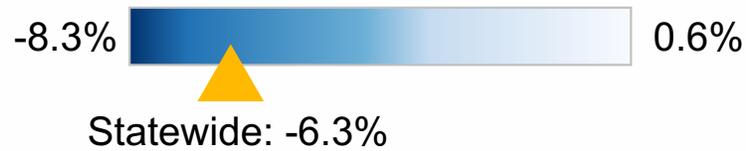
November 10, 2020

VEDP | Virginia
Economic
Development
Partnership
VEDP.org

NET JOB CHANGE SINCE ONSET OF COVID-19 HAS VARIED AMONG VIRGINIA REGIONS

Change in employment by region since COVID-19

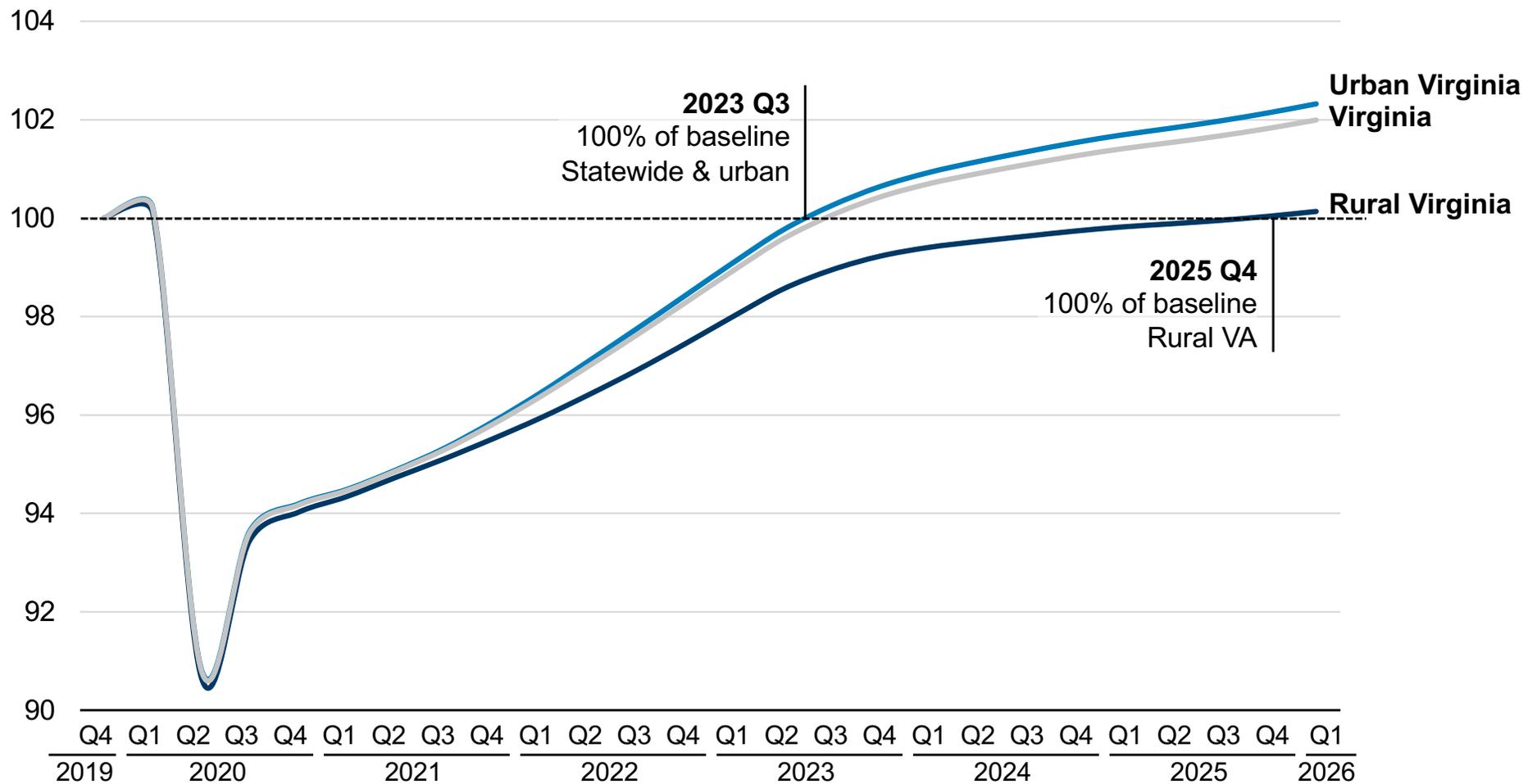
% change in nonfarm payroll employment between February and August 2020



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

RURAL VIRGINIA EMPLOYMENT PROJECTED TO RETURN TO PRE-COVID-19 LEVELS IN Q4 2025, 2.25 YEARS AFTER URBAN AREAS

Forecasted quarterly employment as % of pre-COVID-19 baseline
 Total nonfarm payroll employment, indexed to actual 2019 Q4 employment



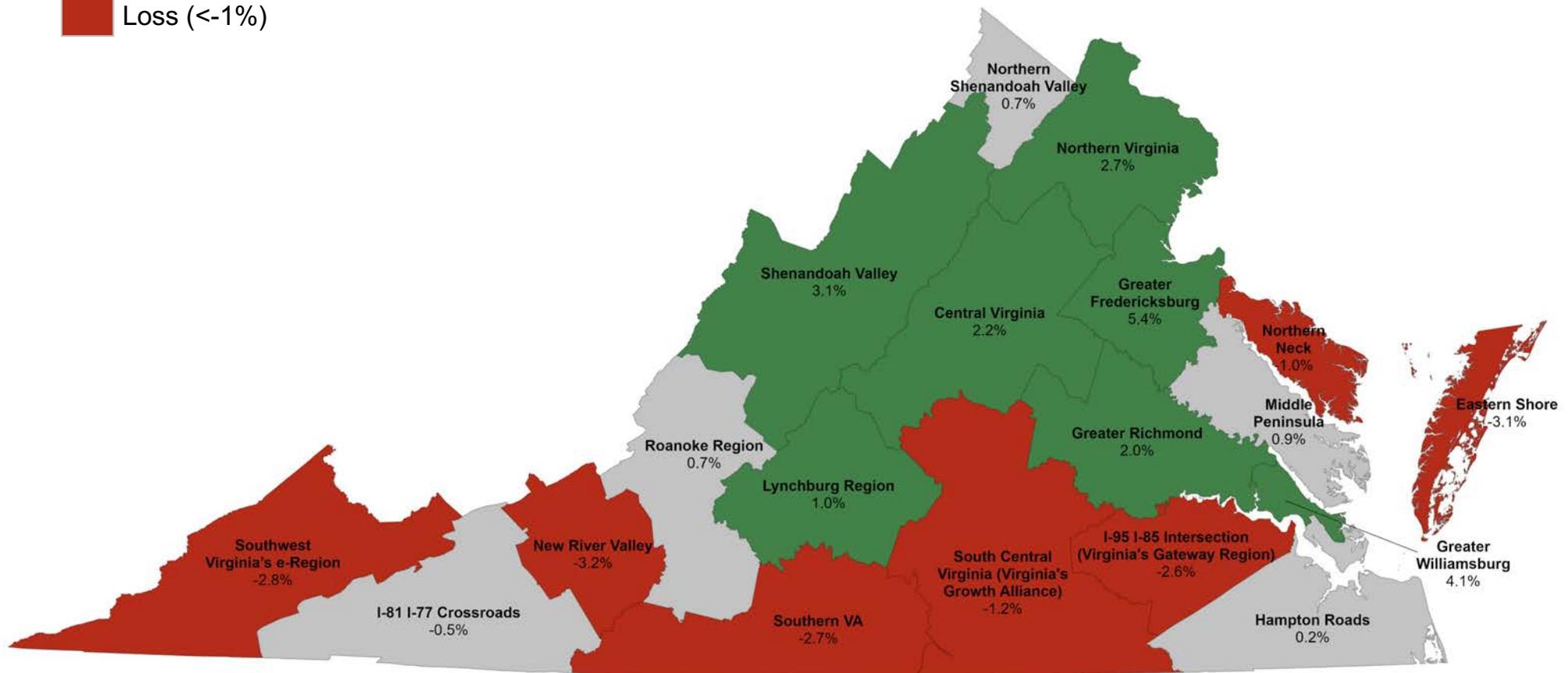
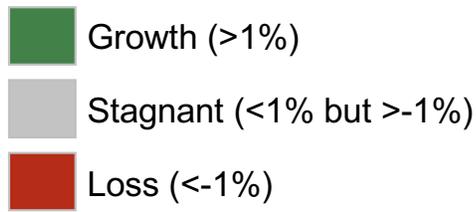
¹Rural Virginia is defined as localities with 50% or more of their population living in rural census tracts

²Locality data do not equal Virginia data in the forecasts

Sources: Moody's Analytics (October baseline forecast); Census Bureau; VEDP analysis

VIRGINIA REGIONS FACE VARYING GROWTH PROSPECTS OVER THE NEXT FIVE YEARS

5-year projected change (2019–2024)



ECONOMIC GROWTH OPPORTUNITIES

Downtown Mall, Charlottesville

THE COMMONWEALTH'S STRATEGIC ECONOMIC RESTORATION ROADMAP IS DESIGNED AROUND FOUR BIG OPPORTUNITIES



1. Capture manufacturing reshoring and new supply chain opportunities

- Industry analysis and surveys indicate a significant share of manufacturers will likely bring production and sourcing back to the United States in response to the COVID-19 pandemic
- Additionally, as businesses around the world reconfigure their global supply chains and increase resiliency, many new opportunities will emerge for Virginia exporters
- Virginia can capture these job-creation opportunities by investing in targeted business investment, international trade, and related support activities



2. Accelerate Digital Virginia (cloud computing, software, data centers)

- The COVID-19 pandemic has accelerated the transition towards a digital economy for businesses and consumers around the world
- As an established U.S. tech leader, Virginia is well positioned to capitalize on these opportunities in software development, cloud computing, data centers, and other technologies
- Virginia can capture a larger share of this post-COVID tech wave by complementing existing efforts (e.g., TTIP) with targeted enhancements in our incentive programs, tax policy, and broadband infrastructure



3. Seize telework transition opportunities, with special focus on rural and small metro regions

- With the widespread shift to telework during the pandemic, industry experts and business leaders are signaling that telework will become the (permanent) new normal for a much larger share of workers
- Virginia can capture these talented professionals (and the tax revenue they generate) by deploying creative incentive and marketing approaches that focus on both businesses and individuals that telework



4. Retool and reskill Virginia's (unemployed) workforce for post-COVID career opportunities

- Low-skill workers, women, and racial minorities were disproportionately impacted by the economic shock resulting from COVID-19, and likely will make up a significant share of the long-term unemployed in the absence of targeted efforts
- In addition to new job creation opportunities for the Commonwealth, we have an opportunity to connect displaced workers with higher-wage employment opportunities through workforce initiatives such as “Get Skilled, Get a Job, Give Back” (G3), Virginia Talent Accelerator Program, Virginia Jobs Investment Program (VJIP), and targeted investments in sub-baccalaureate fields

Impact

- Secures roughly 10,000 new direct jobs each year (~20,000 total jobs per year)
- Generates roughly \$50-75 million per year in additional state general fund revenue

HIGH-IMPACT INITIATIVES THAT WOULD ACCELERATE ECONOMIC RECOVERY ACROSS VIRGINIA (NOT COMPREHENSIVE)

- Reskilling programs linked to high-wage job creation
 - Virginia Talent Accelerator Program
 - Virginia Jobs Investment Program (VJIP)
- Reskilling programs linked to high-wage occupations
 - FastForward (VCCS), with Virginia Ready completion awards
 - G3 (VCCS)
- Implementation of international trade plan
- Site development (very important for rural localities, smaller metros)
- Rural broadband investment
- Marketing (very important for rural localities, smaller metros)

TALENT SOLUTIONS



Morgan Olson, Danville

THREE PRIMARY WAYS VEDP CAN SUPPORT THE TALENT NEEDS OF COMPETITIVE, TRADED-SECTOR PROJECTS

Two workforce incentive program options
(prospects typically choose one or the other)

	Virginia Jobs Investment Program (VJIP)	Virginia Talent Accelerator Program	Strategic Talent Initiatives (<i>case by case – not a program</i>)
Primary benefit	Grant to reduce a company's recruitment and training costs	Development and delivery of a customized, comprehensive workforce recruitment and training solution for a project	Funding of new or expanded higher ed credential programs that address needs of many firms in a region or the whole state
Typical usage	New or expanding facility that wants to manage its own talent recruitment/training activities	New or expanding facility that wants a full-service workforce solution to be provided to them	Project requiring pipeline of talent w/ particular credentials in an area facing a current or likely shortage
Typical eligibility	Competitive project creating 25 new FT jobs paying at least 135% of the federal minimum wage, plus benefits, and \$1M capex	Competitive project that will create 15 new manufacturing jobs or 50 new service jobs with market-competitive wages	Case-by-case determination; typically a large, competitive project that requires review and approval by the MEI Commission
Illustrative project	Expansion of an existing manufacturer creating 65 jobs	Greenfield automotive assembly facility with 500+ jobs	Tech Talent Investment Program created as part of the HQ2 bid
Activity level	>100 new projects annually	>30 new projects annually (once fully ramped up by FY23)	Rare (0-3 new projects annually)
Ownership	VEDP	VEDP in partnership with VCCS	Higher ed institutions selected case-by-case; VEDP coordinates design with SCHEV/schools
Dedicated staffing	Seven VEDP staff based regionally across Virginia	~50 VEDP staff by FY24, some based regionally, with extensive industry training/HR expertise	Case-by-case; typically will involve addition of new faculty

THE VIRGINIA TALENT ACCELERATOR PROGRAM PROVIDES COMPREHENSIVE TALENT ACQUISITION AND TRAINING SERVICES



RECRUITMENT SERVICES

Helps the company hire the right people for their jobs and culture



FOUNDATIONAL SKILLS

Training specific to the facility and equipment (e.g., safety, forklift)



PROCESS & TASK SPECIFIC TRAINING

Customized job-specific training is the heart of our service



AUTOMATION TECHNOLOGIES

Training in automation systems to expedite troubleshooting



ORGANIZATIONAL DEVELOPMENT

Consulting/training to enable the culture the company envisions



OPERATIONAL EXCELLENCE

Leverages worker insights to enhance quality and productivity

THE VIRGINIA JOBS INVESTMENT PROGRAM OFFSETS THE COST OF RECRUITMENT AND TRAINING

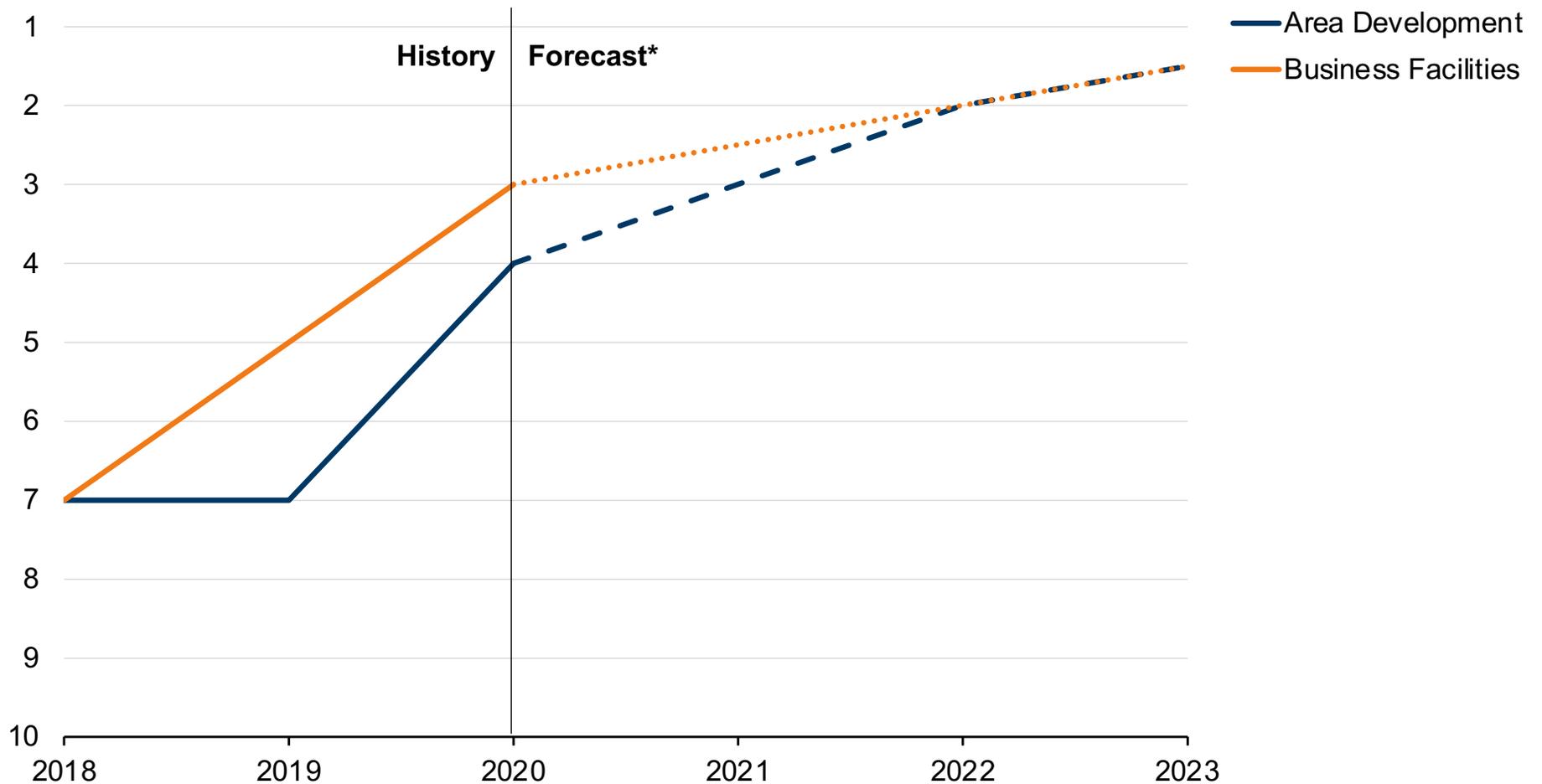
- Eligibility criteria - Large company:
 - 25 Jobs
 - \$1M Capital Investment
 - Competitive
- Eligibility criteria - Small company:
 - 5 Jobs
 - \$100K Capital Investment
 - Competitive
- Component of incentive proposal package
- Application and training analysis
- Performance-based - funding is paid as a cash reimbursement after employee is hired
- Thirty-six-month performance period
- Company chooses training and recruitment providers



CP Films, Henry County

THE VIRGINIA TALENT ACCELERATOR PROGRAM IS ON TRACK TO BE THE BEST STATE WORKFORCE PROGRAM IN AMERICA BY 2023

State workforce program rankings 2018 – projected 2023



* Forecast assumes FY22 funding in biennium budget (\$4.7M) is re-allotted to enable program to meet growing demand
Source: Area Development; Business Facilities; VEDP forecast

REGIONAL TALENT SOLUTIONS MANAGERS ASSIST COMPANIES ACROSS VIRGINIA WITH VJIP-SUPPORTED PROJECTS*

290

CLIENTS

78

LOCALITIES

\$26

AVERAGE HOURLY WAGE

3,800

JOBS REIMBURSED



INTERNATIONAL TRADE

Dulles International Airport

VIRGINIA'S ECONOMY IS INCREASINGLY TIED TO EXPORTS

257,000

Exports support more than 257,000 jobs in Virginia

30%

Nearly 30% of Virginia's economic growth was driven by exports from 2009 to 2014

\$2B

Virginia businesses that export contributed \$2 billion in tax revenue to Virginia in 2014



Virginia International Gateway, Portsmouth

Source: Virginia Chamber of Commerce Foundation 2015;
Brookings Institution 2017

VEDP – INTERNATIONAL TRADE PROVIDES PROGRAMS & SERVICES TO HELP COMPANIES GROW THEIR INTERNATIONAL SALES

329

Last year, a total of 329 companies were enrolled in our international trade development programs¹

\$7.9M

Companies enrolled in our programs reported projected international sales averaging \$7.9M in 2019²

49,000

Companies currently enrolled in our international trade programs have over 49,000 employees in Virginia

¹Data from FY2019 (July 1, 2018 to June 30, 2019)

²Survey of companies enrolled in trade programs (2019)



O'Sullivan Films, Winchester



SITE PREPAREDNESS

Virginia Smart Roads, Virginia Tech

SITE DEVELOPMENT WILL CONTINUE TO BE A KEY ASPECT TO COMPETING FOR PROJECTS

Important for Localities

Many communities across Virginia target sectors that require greenfield sites:

- Advanced Manufacturing
- Aerospace and Unmanned Systems
- Data Centers
- Distribution & Logistics
- Food & Beverage Manufacturing
- Wood Products

If a community lacks a project-ready site, they won't be considered by companies in these sectors

- Companies have short development timelines, requiring up-front investment in site preparation

Important for the Commonwealth

With a diverse portfolio of project-ready sites, Virginia will be more competitive for greenfield projects

- For FY17-19, Virginia was eliminated from consideration for at least 65 projects due to lack of ready sites or buildings, forgoing:
 - 19K jobs
 - \$5B in capital investment

Greenfield project activity is anticipated to increase due to:

- Reshoring of manufacturing to the U.S.
- Efforts to improve supply chain resilience
- Investments in distribution networks to accommodate additional online shopping

HOW HAVE VEDP AND ITS PARTNERS ADVANCED SITE DEVELOPMENT IN THE PAST YEAR?

The Enhanced Site Characterization Initiative has been completed

- 466 sites were characterized across the Commonwealth
 - Over 90% were in a low state of readiness and require additional investment to be competitive
- Over 100,000 datapoints were collected and added to VEDP's VirginiaScan website
 - Physical characteristics that impact time and cost of development
 - Location characteristics that impact sector suitability

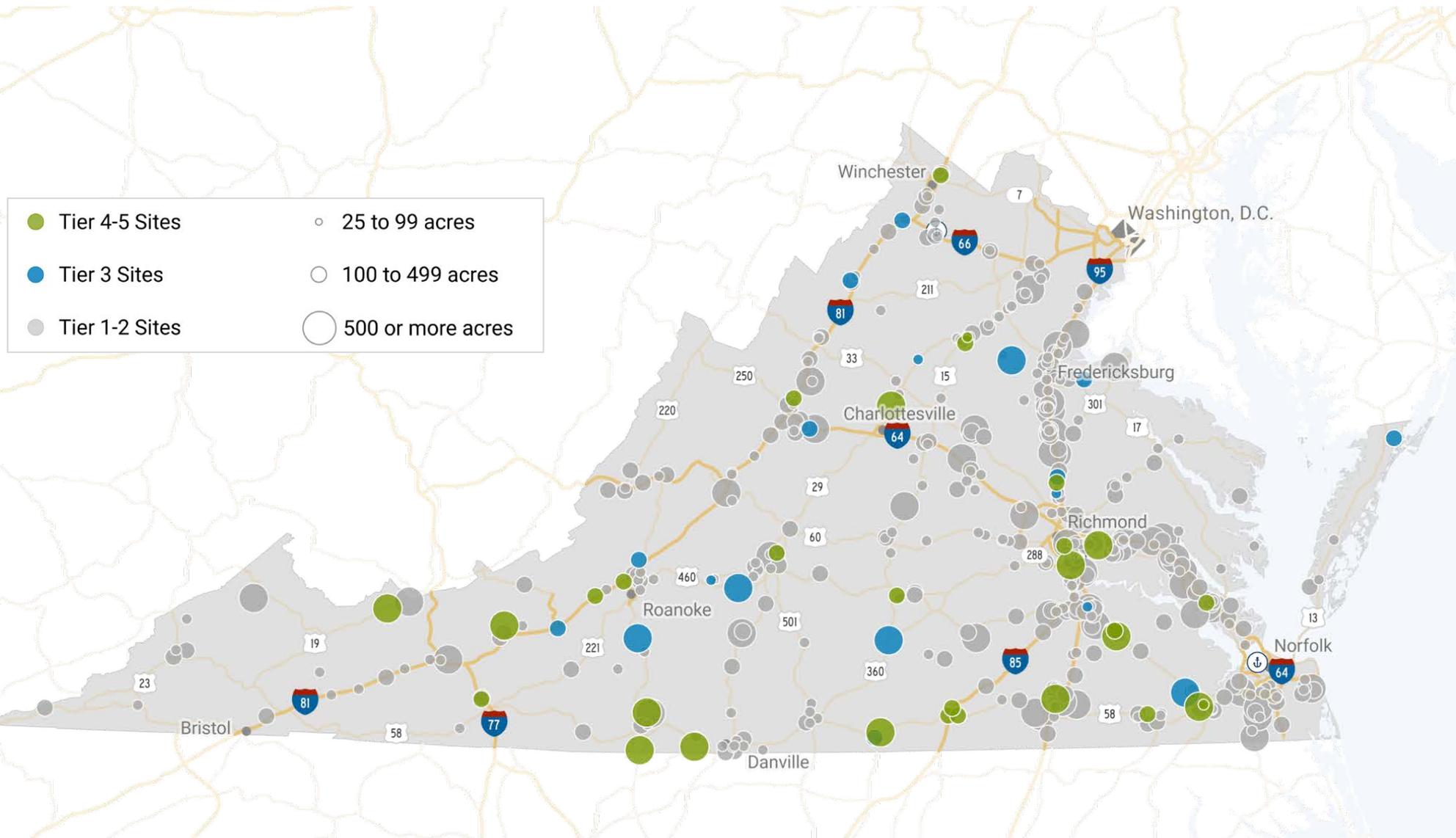
What has been done with this information?

- Individual site reports were shared with 104 participating localities
- Localities used the available data to make strategic investments in site development
- VEDP has engaged stakeholders through regional roadshows and one-on-one engagements to ensure that the data collected can be used to support investments in site development

What results and metrics are being tracked?

- Six project announcements for sites that were flagged as highly competitive through this study
 - 1,349 new jobs announced
 - \$364M capital investment
- Over \$5.9M in new local, state, and federal investment into sites that were identified as high-potential through this initiative
- The VBRSP Tier level of seven sites has increased
 - Five of these sites advanced to project-ready status (Tier 4 and 5)

WITH VBC SUPPORT, WE CHARACTERIZED >450 SITES; NEARLY 90% ONLY TIER 1-2; ONLY 30 SITES (<7%) ARE PROJECT-READY (TIER 4-5)¹



1. Count of project ready sites does not include parcels within a site if the entire site is not project-ready. Parcels within a site that are project ready will continue to be marketed separately from the parent on the VirginiaScan website.

▪ Source: VEDP Enhanced Sites Characterization data; VEDP internal analysis



VIRGINIA'S RESPONSE TO COVID-19

Spectrum Brands, Blacksburg

VEDP'S ROLE IN RESPONSE TO COVID-19

Early Efforts:

- Worked with companies to acquire additional Personal Protective Equipment (PPE)
- Targeted outreach to pharmaceutical and medical supply manufacturers that may consider reshoring
- Provided weekly economic impact briefings to the Economic Crisis Strike Force
- Participated in the Administration's Stimulus Working Group in coordination with Virginia's Congressional Delegation

Current Efforts:

- Submitted an EDA grant to build a business attraction and expansion strategy focused on (sub)industries and companies that are interested in reshoring their operations and/or are well positioned to thrive in a post-COVID economy
- Cultivating remote work initiatives

Next Steps:

- Work with VEDP partners and stakeholders to support priority economic recovery initiatives to spur economic growth
- Prepare for 2021 General Assembly Session and Economic Recovery

VIRGINIA PROGRAMS IN RESPONSE TO COVID-19

Economic Crisis Strike Force

- Collaboration of various agencies working on data collection, program design, and resource dissemination, among other initiatives at the outset of COVID-19

New programs and funding streams:

- Broadband – \$30M of CARES Act funding
 - Grants to local governments for eligible projects that can be completed by the end of the year through Commonwealth Connect
- Rebuild VA – \$90M of CARES Act funding
 - Program to help small businesses and nonprofit organizations affected by the COVID-19 pandemic through SBSD
- VA Ready – \$2M GF
 - Public-private partnership initiative for students enrolled in eligible workforce programs to assist Virginians unemployed as a result of the COVID-19 pandemic to earn credentials in high demand fields through VCCS and Richard Bland College
- GO Virginia Economic Resilience and Recovery Program – \$14.66M GF
 - Program to help regions build capacity to support and serve existing businesses, priority traded sectors, and essential businesses, including the health care system and its supply chain during the crisis

VEDP RESOURCES FOR LOCAL GOVERNMENTS

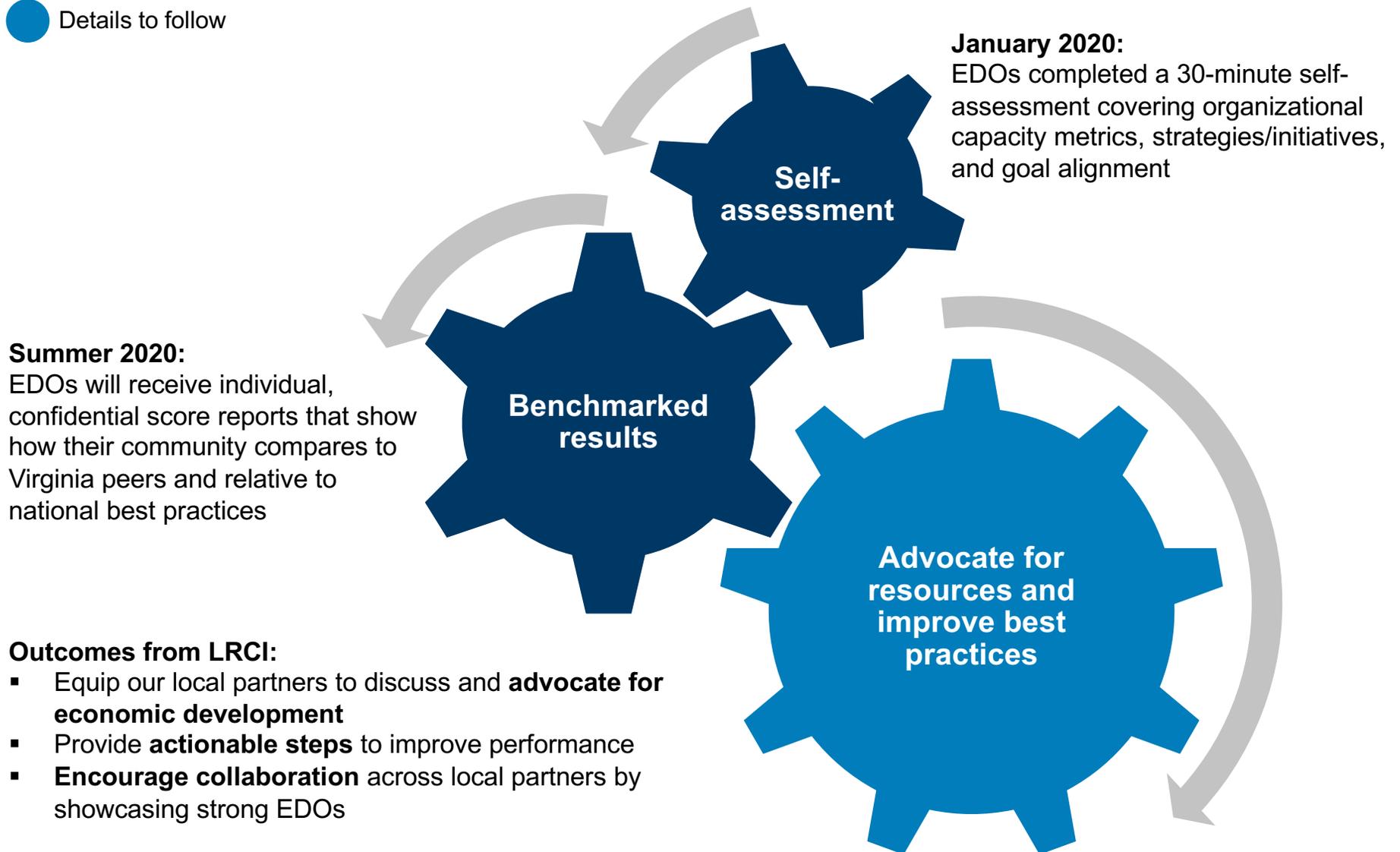
Current initiatives

- *Virginia Economic Review*
- Quarterly Partner Report
- impactED sessions with VEDA
- ED 101 session geared toward Chief Administrative Officers without an ED Director
 - December 3, 2020
 - ED 101 8:30 a.m.–9:30 a.m.
 - Orientation 9:30 a.m.–1:30 p.m.
- Virtual VEDP Orientation
- Local and Regional Competitiveness Initiative



LRCI IS A BENCHMARKING TOOL TO SUPPORT ECON. DEVELOPERS IN IMPLEMENTING BEST PRACTICES & ADVOCATING FOR RESOURCES

● Details to follow



The report covers all major economic development practice areas covered in the self-assessment



Local/Regional Competitiveness Initiative: Toolkit for Virginia's Economic Development Professionals

VEDP.org

ENGAGING EDOS IN THE RESULTS OF THE SELF-ASSESSMENT AND BEST PRACTICES ARE PRIORITIES FOR VEDP

Since the summer, we have:

- Gathered over 50 case studies from LEDOs and REDOs
- Had the document reviewed by several experts in economic development
- Finalized peer groupings for the individual reports and analyses

In October/November 2020, we are:

- Finalizing the report and sharing results of LRCI to EDOs across Virginia

From Winter 2020 and beyond, VEDP will:

- Support LEDOs and REDOs to improve competitiveness across the state
- Engage with partner organizations on ways to support LEDOs and REDOs
- Conduct virtual roadshows to help LEDOs and REDOs understand how to use the self-assessment report
- Engage with VEDP staff on efforts to support EDOs in targeted strategy areas

Discussion / Q&A

 [@StephenMoret](https://twitter.com/StephenMoret)

Virginia Tech