



Recap of Five-Year (FY21-FY25) Strategic Plan for Economic Development of The Commonwealth of Virginia

In the first decade of the 21st century, the Commonwealth of Virginia was one of the fastest growing states in America, repeatedly recognized by CNBC and *Forbes* as the best state for business. However, Virginia's growth faltered in the wake of federal sequestration, and the Commonwealth fell in most business climate rankings for a variety of reasons. While Virginia has made steady improvements to strengthen its economic performance and business climate in recent years, the impacts of the COVID-19 pandemic have created new challenges for Virginia and its regions that only increase the urgency for economic recovery and growth.


Working with state, regional, and local partners; leaders of the Virginia General Assembly and the Governor's Administration; national economic development experts; and many businesspeople and other stakeholders, VEDP crafted a five-year Strategic Plan in 2017 to get Virginia and VEDP back on top. The Strategic Plan for Economic Development of the Commonwealth of Virginia adopted by the VEDP Board in January 2021 is an updated, five-year plan (FY21-FY25). The Strategic Plan outlines an ambitious economic vision for Virginia and VEDP, including five transformational goals, as well as specifies what is required to bring that vision to life.



Morgan Olson, Danville-
Pittsylvania County



Microsoft Corporation,
Fairfax County



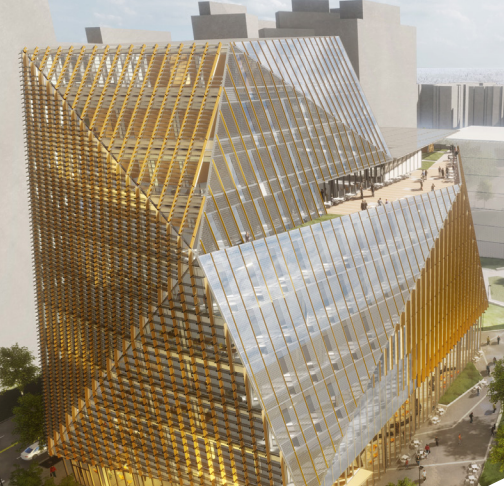
1901 Group, Montgomery County

Five Transformational Goals for Virginia and VEDP

Transformational Goal	Description	Outlook
1. Robust state job growth	Position Virginia to achieve a growth rate (measured by employment and median earned income) among that of the top 5-10 states in the U.S.	✓
2. Every region wins	Ensure that every region participates in the growth of the Commonwealth (i.e., all with positive growth in employment and median earned income)	✓
3. Best state for business	Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average position among the top 3-5 states)	✓
4. Top state EDO	Reestablish VEDP as one of America's most effective state economic development organizations (principally to better enable accomplishment of 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)	✓

- On track to achieve long-term goals with no major concerns
- Will likely not meet goal (typically due to lack of funding)
- Will make progress against long-term goals but concerns (typically due to funding challenges)

Fulfillment of these transformational goals will require VEDP's effective execution of its statutory duties and powers, as well as implementation of a variety of new strategies and initiatives that are articulated in the Strategic Plan.



Virginia Tech Innovation
Campus Rendering,
Alexandria



Norfolk International
Terminals, Norfolk



GSK, Richmond

Building Economic Momentum

The Commonwealth's heavy reliance on the federal government makes its economy especially vulnerable to a slowdown in federal spending. Indeed, in the wake of federal sequestration, Virginia's rank for five-year growth in employment and median earned income fell to Nos. 36 and 46, respectively. Virginia's sluggish economic performance in those years contributed to a shift toward net domestic out-migration, with more people leaving Virginia for other states than moving here from them.

Virginia's most recent ranks for five-year growth in employment and median earned income improved substantially since 2017, with forecasts likewise showing substantial improvement. Furthermore, looking across Virginia's economic regions, the five-year outlook for job growth has greatly improved. Nevertheless, projections also indicate Virginia will continue to economically underperform its top competitor states over the next five years.

Virginia's average position in national business climate rankings is currently No. 6, an increase from No. 9 in 2017. Notably, Virginia recently ranked No. 1 in CNBC's Top States for Business. However, Virginia still trails leading states in the South in perception-based rankings of state business climates.

Virginia's Economic Competitiveness: Abundant Strengths Partially Offset by a Few Key Weaknesses

Virginia's growth is influenced by its economic competitiveness. With a wealth of human capital, geographic, and infrastructure assets; an attractive, stable business climate; and a tradition of effective governance, the Commonwealth has long been considered a highly attractive place for business. However, despite its many strengths, the Commonwealth has weaknesses in a few key areas that hold back its growth potential. These weaknesses include a lack of prepared, mid-size and large development sites for advanced manufacturing and supply chain projects; a custom workforce program that does not have the scale to serve projects across Virginia; and insufficient marketing efforts to communicate Virginia's many advantages to corporate executives and site-selection consultants.

The Strategic Plan describes in detail how the Commonwealth and VEDP can close these and other economic competitiveness gaps, positioning Virginia to achieve its five transformational goals for economic development.

Strategic Plan

Major advances in Strategic Plan implementation since inception:

With the support of the Administration, the General Assembly, and hundreds of partners, much progress has been made implementing many of the initiatives detailed in the Strategic Plan. Following are just a few examples (not comprehensive):

- With state funding support, VEDP launched a world-class, custom workforce recruitment and training program, the Virginia Talent Accelerator Program, which is being implemented in collaboration with VCCS and other higher education partners. The program already is ranked No. 2 in the U.S.
- With state funding support, Virginia is implementing the most ambitious expansion of computer science education in the country with its Tech Talent Investment Program, which includes substantial new investments in nearly every public university in Virginia and VCCS, as well as the development of tech/innovation campuses in Northern Virginia by George Mason University and Virginia Tech.
- With state funding support, VEDP has characterized several hundred identified development sites, and Virginia is poised to substantially increase state matching funds to support development of those sites.
- With dramatically increased state funding for rural broadband, Virginia is now on track to achieve near-ubiquitous broadband access by 2024.
- With new state support to partially fund a comprehensive marketing program, VEDP has implemented a basic marketing program to expand awareness of Virginia's assets for business among corporate executives and site consultants.
- Thanks to increased funding for marketing, implementation of a site consultant cultivation program, and a variety of expanded and/or improved lead generation activities, VEDP lead generation increased more than 100% compared to pre-Strategic Plan levels.
- Working with a variety of in-state and national partners, VEDP helped to craft Virginia's first comprehensive international trade strategic plan, with a goal to increase exports by 50 percent.
- VEDP has dramatically improved communication, transparency, and collaboration with partners, including the creation of a Quarterly Partner Report, prospect protocols, and post-project partner surveys, among other initiatives.

Despite the strong progress that has been made on several fronts, many initiatives detailed in the Strategic Plan have not yet been implemented. Accordingly, while substantial progress has been made with respect to all five of the transformational goals, Virginia has not yet fully achieved them.

Strategies and Initiatives

The Strategic Plan identifies 14 strategies to be implemented over a 5-7 year period, subject to funding.

Enhance VA's economic competitiveness	Enhance VEDP's capabilities	Cultivate target industry growth clusters
<p><i>By improving Virginia's "product" – its human and physical capital – Virginia will continue to be the top state for business and a top place to call home</i></p> <p>Specific strategies:</p> <ol style="list-style-type: none"> 1. Strengthen Virginia's human capital development engine 2. Assemble an ample, strategic portfolio of project-ready sites and buildings across Virginia 3. Rigorously assess and steadily improve Virginia's state, regional, and local economic competitiveness 4. Leverage public-private partnerships to strengthen Virginia's digital infrastructure (i.e., broadband) 5. Place a special focus on achieving growth in Virginia's rural regions and small metros 	<p><i>By improving VEDP's abilities to develop and execute economic development strategies and programs, Virginia will be well-positioned to compete now and in the future</i></p> <p>Specific strategies:</p> <ol style="list-style-type: none"> 6. Cultivate world-class execution at VEDP 7. Implement robust marketing/branding, lead generation, and site consultant cultivation programs 8. Strengthen and expand business and international trade development programs 9. Become a national leader in incentives administration 	<p><i>By improving VEDP's capabilities and enhancing VA's economic competitiveness, Virginia will be better positioned to compete and win projects in target clusters</i></p> <p>Specific strategies:</p> <ol style="list-style-type: none"> 10. Push new boundaries as a U.S. leader in information technology 11. Assemble a world-class transportation and logistics hub 12. Position Virginia's manufacturing base to be future-ready 13. Create business services and operations centers of excellence (e.g., HQs) 14. Capitalize on Virginia's unique assets to become a leader in promising disruptive technologies

The strategies and initiatives contained in the Strategic Plan are modular – the success of any single initiative is not contingent upon the implementation of others. Nevertheless, the initiatives reinforce each other, such that their impact will be amplified if complementary initiatives also are implemented. Nearly all of the strategic plan initiatives not yet implemented would require new funding to execute. Importantly, the first four transformational goals listed on page 2 are very unlikely to be fully accomplished without implementation of the strong majority of the strategies and initiatives described in the Strategic Plan.

Top short-term priorities articulated in the Strategic Plan include: achieving statewide expansion of the Virginia Talent Accelerator Program (VEDP's new customized workforce recruitment and training incentive program); creating a modern economic development marketing and lead generation program to improve perception and awareness of Virginia among corporate executives, with a special focus on rural Virginia; expanding VEDP's well-regarded and oversubscribed international trade programs in accordance with the International Trade Plan; and strategically investing in site development programs following the unprecedented site characterization effort conducted in 2019.



Virginia Port Authority, Portsmouth



Amazon HQ2 Rendering, National Landing



Facebook, Henrico County

Performance Monitoring and Accountability

In order to measure success against each transformational goal as well as their precursors, the Strategic Plan includes four sets of economic metrics that VEDP tracks and reports each year. The first set are Commonwealth performance metrics that are beyond VEDP’s direct control but function as indicators guiding VEDP’s strategies. The second set directly reflect VEDP’s activity and performance.

Metric Category	Description
Commonwealth Economic Performance¹	<ul style="list-style-type: none"> ▪ Employment growth rate rank ▪ Median earned income growth rate rank ▪ Number of growing regions ▪ Exports per capita rank
Commonwealth Economic Competitiveness¹	<ul style="list-style-type: none"> ▪ Average of key state business climate rankings ▪ Transportation, infrastructure, and housing ranks ▪ State/local tax burdens ▪ Workforce development capabilities ▪ Environmental permitting speed rank
VEDP Performance Metrics: Inputs	<ul style="list-style-type: none"> ▪ Partner satisfaction measures (based on annual surveys) ▪ Partners engaged ▪ Internal organizational employee engagement measures (based on annual surveys) ▪ State economic development organization rankings
VEDP Performance Metrics: Outputs	<ul style="list-style-type: none"> ▪ VEDP-assisted project announcements: jobs and capital investment ▪ VEDP-generated leads ▪ VEDP-Virginia Talent Accelerator Program rankings ▪ VEDP International Trade productivity metrics (companies enrolled; projected international sales attributed to VEDP trade programs)

¹Measured at the state level, relative to peer state averages

In addition to reporting on these metrics, VEDP provides detailed performance data on its website for all companies that have received incentives administered by VEDP.

Call to Action

Through a combination of leadership, dedicated staff work, and active support from our partners, Virginia and VEDP have made substantial progress toward achieving each of our five transformational goals. Indeed, we are farther along than any of us could have imagined when we completed the first Strategic Plan in late 2017. Nevertheless, there is much left to do to fully achieve our goals. Working together, we can continue our progress toward becoming America’s best state for business, workers, and families.