



VIRGINIA INITIATIVE FOR  
**GROWTH &  
OPPORTUNITY**  
IN EACH REGION

**A BUSINESS-LED STATEWIDE INITIATIVE  
TO GROW AND DIVERSIFY THE PRIVATE SECTOR  
IN EACH VIRGINIA REGION**



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# ***GO Virginia Purpose Statement***

***“Create more higher paying jobs through incentivized collaboration, primarily through out-of-state revenue, which diversifies and strengthens the economy in every region”***



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# Why is this GO Virginia's purpose?

**PROVEN TRACK RECORD OF INCENTIVES BEING USED TO CHANGE  
BEHAVIOR TO ACCOMPLISH ECONOMIC GOALS**

**HIGH PAYING JOBS HAVE A STRONG ECONOMIC MULTIPLIER AND CREATE  
ECONOMIC OPPORTUNITIES FOR ALL VIRGINIANS**

**FOCUSING ON ECONOMIC ACTIVITIES THAT BRING NEW INCOME INTO THE  
STATE— NOT JUST SHIFTING MARKET SHARE - GROWS THE ECONOMY**

**EVEN AREAS WITH STRONG ECONOMIES COULD BE DOING BETTER —  
ADAPTING TO THE CHANGING U.S. ECONOMY**



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## Why is GO Virginia needed?

The REGION is the organizing unit of the 21<sup>st</sup> century economy, and Virginia lacks a purposeful approach to growing regional economies by growing innovative small and mid-sized companies, supporting industry clusters, and commercializing R&D

Virginia's unique local government and tax structure (independent cities, Dillon Rule) encourages competition instead of collaboration

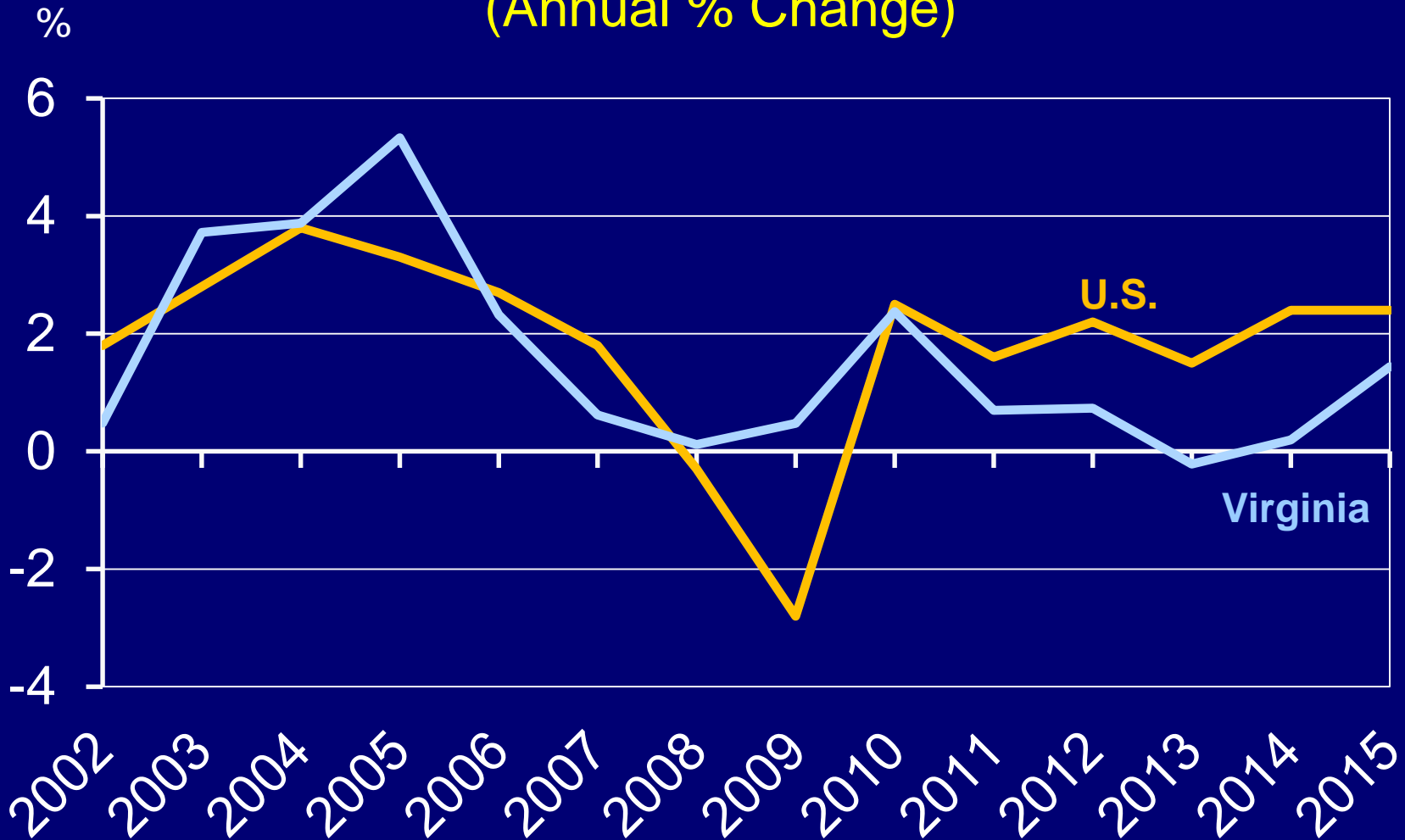
Virginia has been too reliant on federal spending

Virginia is losing high-paying jobs and senior business leaders must be actively engaged in helping bringing them back

# U.S. GDP and Virginia GSP

## 2002 – 2015

(Annual % Change)



# Virginia and State Comparisons

## Percent GSP Change: Recession and Recovery

(ranked by GSP in 2015)

(~2007 – 2009)

(2009 – 2015)

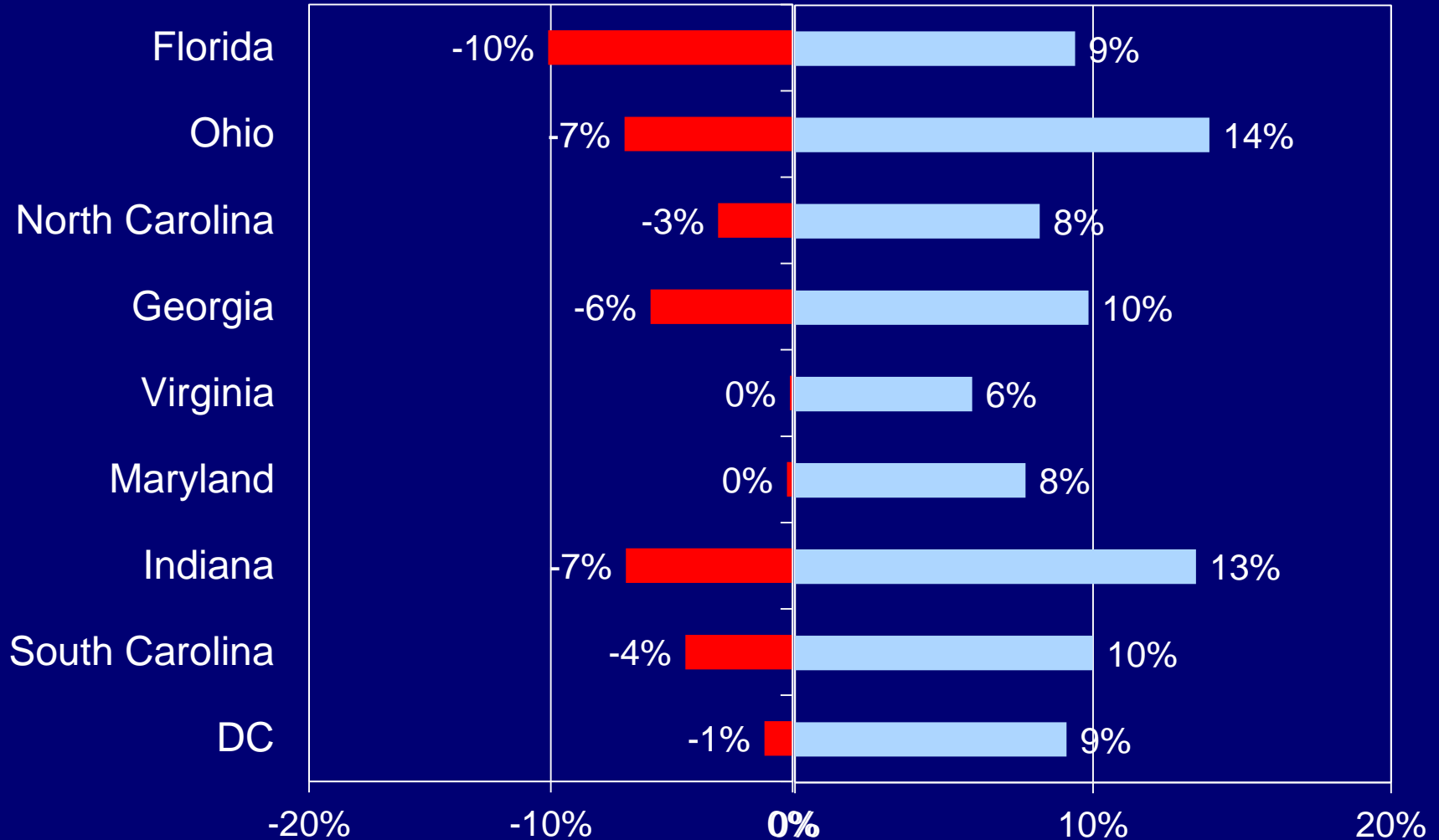


TABLE 4

REAL GDP GROWTH, SELECTED VIRGINIA METRO AREAS, 2008-2015

	2008	2009	2010	2011	2012	2013	2014	2015	2009-2015 Average
Blacksburg	-7.20%	-3.11%	1.46%	2.97%	7.47%	-3.78%	1.61%	-0.98%	1.20%
Charlottesville	1.24%	-0.19%	3.79%	3.22%	2.69%	0.59%	2.94%	-0.26%	1.90%
Harrisonburg	-4.64%	9.12%	3.34%	-0.91%	-0.53%	-1.38%	0.21%	-2.61%	-0.30%
Lynchburg	-1.06%	-0.45%	1.86%	-1.72%	-1.49%	-0.73%	0.79%	-0.64%	-0.30%
Richmond	0.00%	-0.98%	1.41%	-0.06%	0.91%	0.78%	0.62%	3.89%	1.10%
Roanoke	-0.52%	-1.79%	-1.59%	-1.01%	-0.58%	-0.14%	0.36%	0.80%	-0.30%
Hampton Roads	-0.29%	0.65%	-0.16%	0.66%	0.83%	0.28%	-0.73%	3.71%	0.70%
Wash DC/ NOVA	2.11%	0.02%	3.29%	1.56%	0.25%	-0.55%	0.96%	1.27%	1.00%

Sources: Bureau of Economic Analysis and calculations by the Center for Economic Analysis and Policy at Old Dominion University

US

-0.3%

-2.8%

2.5%

1.6%

2.2%

1.7%

2.4%

2.6%

# Commonwealth of Virginia

## Average Job Contribution to Gross State Product By Private Sector in 2015 \$s

<u>Sector</u>	<u>Average Job Contribution to GSP</u>
Leisure & Hospitality Services	\$38,000
Retail Trade	\$61,637
Education & Health Services	\$66,868
State and Local Government	\$69,804
Construction	\$83,100
Transport/Warehousing	\$109,136
Military	\$125,215
Professional & Business Service	\$145,211
Wholesale Trade	\$158,875
Federal Government	\$163,125
Manufacturing	\$186,311
Information Services	\$336,162
Financial Services	\$491,636
<b>All Private Sectors Average</b>	<b>\$127,630</b>
<b>All Government Average</b>	<b>\$117,432</b>



# The GSP\* Effects of Private Sector Job Change in the Commonwealth of Virginia, March 2008-August 2016 (in 2015\$s)

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Job <u>Change</u>	Average <u>GSP* Value</u>	Total <u>GSP* Value</u>
-293,300	\$152,807	- \$44,818,293,100
<u>+335,400</u>	\$114,793	<u>38,501,572,200</u>
+ 42,100		- \$6,316,720,900



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## Uses of GO Grants

- Up to \$650,000 per region for growth and diversification plan, capacity building, and administration
- \$10.9 million for per-capita grants for each region for projects
- \$11.3 million in statewide competitive grants for regional projects



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## Role of Regional Councils

- **Direct growth and diversification plan to identify needs and opportunities in region**
- **Ensure business leadership**
- **Prioritize projects for state board**
- **Encourage collaboration inside and outside GO Virginia process**



## Pitfalls to Avoid

- Lose focus on higher paying jobs
- Letting the plan become “comprehensive”
- Becoming captive to existing interests
- Failure to undertake deep thinking
- Desire to spend money quickly
- Lack of leverage for state dollars
- No integration with complementary efforts
- When challenged, don’t be defensive, explain and clarify



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## Other GO Virginia Initiatives

- Implementation of Collaborative Jobs Act
- Virginia Research Investment Committee
- Greater collaboration with Virginia Economic Development Partnership
- Greater collaboration with VCCS Credentialing Program
- Alignment with Workforce Investment Board(s) skills gap analysis process



## Next Steps

- **April 6, 2017** – State board approves regional council preliminary work plans and budgets
- **April 20, 2017** – Statewide orientation summit
- **April-May 2017** – Baseline economic data and analysis becomes available
- **June and September 2017 Board Meetings** – Accept and fund regional plans, solicit project ideas
- **September and December 2017 Board meetings** – First regional projects (per capita and statewide pools) are approved



# Economic Growth and Diversification Plan

## Intent

- Identify economic opportunities, needs, and challenges for the region (likely focus on talent, existing economic development activities, cluster development, and capital formation)
- Establish priorities among identified opportunities
- Workforce gap analysis
- Align with existing plans and priorities- no duplication of ongoing efforts



# Economic Growth and Diversification Plan

## Principles

- Review of current and relevant existing local and regional strategic plans
- Regional Council members identify and prioritize needs and opportunities
- Plan will provide measurable results over a 2 year period but has a 5-10 year horizon with a biennial review of plan
- Plan provides priorities and identifies opportunities for a region to:
  - Grow existing business
  - Scale up existing companies
  - Support entrepreneurs
  - Identify opportunities for the commercialization of research
  - Potential joint economic development activities
- Align strategies with VRIC, Collaborative Jobs Act, SCHEV credentialing, and other statewide strategic plans
- Provide opportunities for public input





# Economic Growth and Diversification Plan

## Evaluation Criteria

- Efficiency with which GO Virginia funds are spent by the Regional Council
- The amount of any matching or other leveraged funds to support the plan development
- Alignment of the proposed plan with the general statewide goals of GO Virginia
- Opportunities for alignment with skills gap analyses and other workforce plans



## Performance Metrics (trends and comparative)

- Net increase in the number of high-paying jobs in a region (including retention)
- Return on Investment
- Change in business sector/cluster mix
- Percentage of job increases attributable to out-of-state revenues



## Baseline Indicators of Performance

- Number of small/mid-sized companies participating in cluster scale ups
- Number of companies completing accelerator programs
- Number of new startup companies
- Job creation by companies less than 5 years old
- Number of new companies resulting from patents/university intellectual property
- Number of new collaborative economic development projects
- Improvements related to in/out migration of workforce
- More credentials and training linked to workforce gaps



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## Growth and Opportunity (GO) Grants: *Potential Projects*

- \* **Scale-ups of existing small and medium-sized businesses**
- \* **Credentialing and business focused training and curriculum development**
- \* **Site development**
- \* **Commercialization of R&D (public and private)**
- \* **Startup collaborations  
(incubators/accelerators)**



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## Growth and Opportunity (GO) Grants Should NOT Be Used for:

- \* **Construction of transportation projects (except as ancillary to site development)**
- \* **Incentive grants to private companies**
- \* **Economic development marketing**
- \* **Trade missions**
- \* **Quality of life projects**
- \* **Museums and entertainment venues**



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# Questions and Comments