



## **An Interview with Mr. Jeff Anderson, Executive Director of Virginia Economic Development and Mr. Preston Wilhelm, Director of Virginia Workforce Services**

- 1. Virginia's Workforce Services Program is one of the oldest programs in the country. What has made it so successful?** This year the program is celebrating its 40<sup>th</sup> anniversary and, according to the Virginia Department of Business Assistance, its longevity is due to a number of reasons. First and foremost, the program is an economic development incentive with a return on investment to the Commonwealth of Virginia. The program not only pays for itself but is a generator of new revenue. Secondly, the program operates under a strong continuous improvement process keeping administrative costs low and making it extremely user-friendly for its client companies. This year, the program has gone completely paperless – all interaction with clients is electronic. Lastly, the program's primary value is good customer service. The program surveys clients annually for feedback to continually enhance the success of the program.
- 2. The Virginia Department of Business Assistance's Workforce Services Retraining Program has won strong support in the legislature in past years. With increased economic pressure on your states budget will this support continue?** Yes, the Virginia Department of Business Assistance recognizes that there is a critical need for Virginia's existing businesses to retrain their workforce to remain competitive in the global economy. Life-long learning is necessary to keep up with the technology-charged, highly automated production processes in businesses today. Many companies are being forced to redesign jobs due to intense competition, technological advances and innovative business practices.
- 3. Explain the top three competitive advantages Virginia provides to companies currently in Virginia who are planning on expansion and that are considering Virginia for that expansion.**
  - **A solid business climate:** Virginia's corporate income tax is a modest 6 percent, which hasn't increased since 1972, and there is no unitary tax on worldwide profits. Companies have access to investment capital and property tax exemptions; and one of the lowest combined state/local/use taxes at 5 percent. The Tax Foundation ranked Virginia as the 12<sup>th</sup> Best State Business Tax Climate and 7<sup>th</sup> for its corporate income tax. Businesses also benefit from lower payroll-related costs such as unemployment insurance and worker's compensation, and Virginia's Workforce Service programs are designed to help expanding companies meet staffing needs. Construction costs are generally about 20 percent lower than the national average. *Governing Magazine* touted Virginia as the Best Managed State in the Country, which means it has kept the business environment conducive for ongoing growth while making a commitment to keeping costs in check and providing key support for education, transportation and essential public services. Virginia is one of but a handful of states that has a AAA bond rating allowing the state to take advantage of market opportunities to invest in key services and infrastructure. The most recent US Chamber Study ranked Virginia as having the 4<sup>th</sup> best litigation environment in terms of

issues important to corporate America. This year's *Forbes'* magazine placed three Virginia metro areas in the nation's top 15 "Best Places to do Business".

- **A strong and growing labor force:** Virginia is one of the fastest growing states in the nation, ranking 12<sup>th</sup> in population growth and among the leading states in growth of the critical 18-64 age group. The workforce is diverse and benefits from a high proportion of military and federal employment, which adds significantly to the talent pool. The pipeline of workers continues to look impressive with more than 430,000 students enrolled in 87 institutions of higher learning, and an average of 17,000 highly trained personnel separating from military service annually. Virginia's community college system boasts 23 colleges in all regions of the state and provides a variety of occupational and technical training programs, as well as serving as an on-ramp to the state's higher education system.
- **A location providing maximum market access:** Virginia serves as the entry portal to the United States through Washington Dulles Airport and The Port of Virginia, the largest intermodal port facility on the East Coast. From Virginia, businesses are within more than 50 percent of the nation's market within a day's drive. The state is a key crossroads for both interstate highway and major rail carrier networks with links to the ports.

**4. What do you see as growth industries over the next five years?** Aerospace, biotechnology, systems integration, defense/homeland security, Internet and related services, software development, telecommunications, credit and financial services, distribution and logistics centers, motor sports, modeling & simulation, healthcare, energy

**5. Does Virginia have a list of "target industries" it would like to see developed?** Business and professional services, research and development, transportation equipment, electronic equipment, distribution and logistics, machinery, printing, food processing, plastics and rubber products, chemicals, wood products, tourism, maritime industry

**6. If a company is not in a growth industry does that preclude it from state programs?** No. There are typically growth companies that have developed a competitive and growing niche in a sector that may not have necessarily been in a recent growth mode. Virginia will work closely with companies to determine what their business needs are going forward and attempt to provide them with an appropriate array of services and potential incentives to help ensure success for the firm and the community in which it chooses to locate.

#### **7. Training Funds:**

**What is the state's current funding level for the Workforce Services Retraining Program?** FY06 total state appropriation for WFS is \$8,198,680. These funds are allocated by the Virginia Department of Business Assistance to fund new and retraining jobs in Virginia.

**Are there other training funds available under other programs (and how much)?** The Virginia Department of Business Assistance received an additional \$400,000 in Workforce Investment Act funds. Localities have the ability to provide additional incentives.

**How do the levels for the above funds compare to past years?** Workforce Services has received an increase of \$500,000 in state appropriations since FY05.

**8. Other than working with The InterMedium Group, how would you recommend an employer reach out to the state?** Our Web site, YesVirginia.org, provides a wealth of information about all of Virginia's assets. We encourage employers to visit our site and call us at (804) 545-5700 to learn more about the benefits of doing business in Virginia. We have attempted to align our Marketing and Business Development Team along major industry areas. Our Web site provides specific contact information for the appropriate industry sector representative in Virginia.