

December 22, 2005

The Honorable Charles R. Hawkins  
Chairman  
Senate Committee on Agriculture, Conservation,  
and Natural Resources  
General Assembly Building, Room 321  
910 Capitol Street  
Richmond, Virginia 23219

The Honorable M. Kirkland Cox  
Chairman  
House Committee on Agriculture, Chesapeake,  
and Natural Resources  
General Assembly Building, Room 515  
910 Capitol Street  
Richmond, Virginia 23219

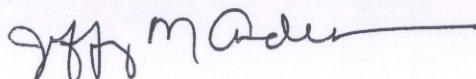
Dear Senator Hawkins and Delegate Cox:

Please find enclosed the report required by Chapter 797 of the 2005 Acts of Assembly mandating several state agencies and authorities to develop a rural economic development strategy. I am forwarding this report on behalf of the named agencies.

This report reviews Virginia's economic development advantages, updates the Governor's statewide economic development strategic plan, catalogs existing programs administered by the named agencies, and makes broad-based recommendations for improving the competitive position of Virginia's rural communities.

Virginia has made great strides in addressing the economic challenges of its rural communities, particularly in light of increasing global competition in manufacturing. The enclosed strategic plan recommends practical steps to help maintain and improve the economy of rural Virginia.

Sincerely,



Jeffrey M. Anderson  
Executive Director

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# RURAL ECONOMIC DEVELOPMENT STRATEGIC PLAN

## Introduction

Pursuant to the Code of Virginia, § 2.2-2238.1, this report highlights initiatives implemented by the Commonwealth to spur economic development in rural Virginia and make recommendations about additional measures that would contribute to rural economic development. As mandated by the legislation, this plan addresses education and workforce development, infrastructure, traditional industrial development, recreation and cultural enhancement, agribusiness, and the development of a revolving loan fund to help start or expand entrepreneurial activities. The Act requires the entities listed below to jointly develop and implement the plan:

- Virginia Economic Development Partnership
- Center for Rural Virginia
- Virginia Department of Housing and Community Development
- Virginia Resources Authority
- Virginia Department of Business Assistance
- Virginia Tobacco indemnification and Community Revitalization Commission
- Virginia Employment Commission
- Virginia Tourism Corporation
- Virginia Community College System
- Institutions of higher education located in rural regions
- Virginia Department of Agriculture and Consumer Services.

## Process

Michael Schewel, Secretary of Commerce and Trade, convened a meeting of representatives of the named agencies to develop a process for producing the strategic plan. As the Center for Rural Virginia was still forming and had no permanent staff, it was not included in the meeting. The participants discussed the development of a rural economic development strategic plan and adopted a work plan for the project. Each of the participating agencies appointed a contact person to represent that agency and selected a steering group to manage the project.

Participating agencies developed a description of the various programs under their purview that assist in rural economic development. A workgroup comprised of representatives of participating agencies reviewed the existing programs and the Governor's economic development strategic plan adopted during the first year of his term and surveyed the attainment of the plan's goals and objectives. Finally, based on the Governor's objectives and current agency efforts, the workgroup suggested additional goals for future rural economic development efforts.

These materials were provided as a subsequent meeting of the Secretary of Commerce and Trade and representatives of the agencies named in § 2.2-2238.1 of the Code of Virginia for consideration and further revision.

Those participating in this process were concerned that they not preempt the statutory responsibilities of the Center for Rural Virginia as stated in § 2.2-2723 of the Code of Virginia. Further, the participants feel that rural economic development efforts in the future should be cognizant of the various existing programs and resources that currently assist rural economic development.

## **I. GOVERNOR WARNER'S ECONOMIC DEVELOPMENT STRATEGIC PLAN**

In the Code of Virginia § 2.2-2239, the Virginia Economic Development Partnership (VEDP) is instructed to report annually on the status of the implementation of the comprehensive economic development strategy (strategic plan). Governor Warner's Strategic Plan, *One Virginia, One Future*, has been included here with the progress made for each item added in italics.

### **Goal 1**

**Maintain and utilize Virginia's strong business climate to create new economic opportunities for all Virginians in an internationally competitive environment, with particular emphasis on technology businesses and other emerging and developing sectors.**

- Expand traditional economic development measures to reflect the state's performance in small business, high-wage, and high-growth industries and in per capita income growth.
  - ☑ *VEDP continues to use its expanded return on investment analysis to include more detailed wage and salary figures, which now compares every project's wages to the prevailing average wage for the locality, and factors in precise wage levels to determine the anticipated return on investment.*
- Continue to assess the effectiveness of state economic development programs and incentives, improving data keeping for accountability purposes. Conduct a systematic comprehensive review of economic development programs, methods, and incentives in highly competitive states.
  - ☑ *This is ongoing at VEDP. The VEDP website, [www.yesvirginia.org](http://www.yesvirginia.org), contains information on "How Virginia Compares," which gives the public the ability to compare Virginia to other states. VEDP assists the Secretary of Commerce and Trade in compiling his annual report on incentives. Also, every project receiving a GOF grant is tracked for performance after 30 months, and projects falling short of performance measures are required to repay a portion of or the entire grant. In the Spring of 2005, the VEDP conducted a survey of our competitor states to*

*determine the types of incentive programs those states offer and state funding for those programs.*

- Propose an amendment to the Virginia Constitution to allow the Governor to seek election to a second term.
  - ☑ *A bill was proposed in the 2005 Session of the General Assembly but did not pass. The 2004 General Assembly passed a House Joint Resolution establishing a joint subcommittee to study this issue, and the 2005 General Assembly continued the study. Virginia remains the only state in the country unable to re-elect its governor. This proposal received strong support in every public meeting across Virginia for One Virginia, One Future.*
  
- Seek ways to improve competitive air transportation at existing commercial airports in smaller metro areas.
  - ☑ *This effort is an ongoing part of the overall transportation long-range plan. The Virginia Aviation Board is in the process of considering airports statewide for allocations from the Commonwealth Airport Fund to fund airport construction and equipment upgrades. Also in consideration are grants being awarded from the Aviation Promotion/Air Services Development and Enhancement Grant-in-Aid Program. Governor Warner has also worked tirelessly to persuade low cost carriers to enter the Virginia markets and has succeeded in attracting Jet Blue and Air Tran to RIC.*
  
- Implement a new incentive program to attract corporate headquarters.
  - ☑ *This program was approved by the 2005 Session of the General Assembly as the Virginia Economic Development Incentive Grant (VEDIG) program. Established under the Virginia Investment Partnership Act, VEDIG expands eligibility to nonmanufacturing employers, such as financial services, insurance, and real estate headquarters. These employers offer high wage jobs, but often did not meet the capital investment requirements of the traditional Virginia Investment Partnership grant programs.*
  
- Seek to establish Virginia as the location of choice for the financial services industry.
  - ☑ *Wachovia Securities, which merged with Prudential Securities, announced with Governor Warner in December 2003 the decision to base its headquarters in Virginia. This action brought 1,000 new jobs to its headquarters, creating the third largest brokerage firm in the nation. Virginia is already home to over 20 major financial services companies. With Governor Warner's efforts and the action of the General Assembly, Virginia was able to preserve its AAA bond rating, putting Virginia's fiscal house in order with a balanced budget. Virginia has a stable competitive corporate tax rate which has not been raised in 30 years and*

*has one state regulatory authority for the banking, securities, and insurance industries. These are all marketing points in VEDP's effort to target the financial services industry. In addition, the 2005 Session of the General Assembly approved a new incentive program, the Virginia Economic Development Incentive Grant, to attract corporate headquarters, research and development facilities, and financial services projects. These employers represent Virginia's fastest growing sector.*

- Prioritize incentives by favoring new jobs that exceed the prevailing local average wage. Target incentives to achieve strategic goals.
  - ☑ *VEDP now compares the wages associated with every project receiving a GOF with the applying community's prevailing average wage to determine the project's impact on the community. The Virginia Investment Partnership Act has been amended to make it more accessible in distressed areas. Virginia also focuses more incentive dollars on the more fiscally stressed areas of the state. The 2004 Appropriations Act designated funding to VEDP to develop a marketing initiative for distressed areas. This is an ongoing effort. In 2005, the Virginia Investment Partnership Act was amended to provide that if projects pay average wages at least 50 percent higher than the average prevailing wage, then employment and investment thresholds can be reduced. This option is also available in the new Virginia Economic Development Incentive Grant program.*
  
- Continue and support planned developments such as Maersk and Craney Island at the Port of Hampton Roads that will enable the Port to remain on the leading edge of international port activity.
  - ☑ *Governor Warner announced in April 2004 the APM deepwater container terminal project on the Elizabeth River in the City of Portsmouth, which will be the country's first major privately-developed container terminal.*

*Construction of the APM terminal solidifies the Port of Virginia as the second leading port destination on the east coast and creates a strong attraction for additional investment and job creation by Maersk client companies throughout the Commonwealth of Virginia, such as large regional distribution facilities typically investing tens of millions and employing hundreds at above average wages. These facilities are similar to the Wal-Mart import facility in James City County and Target's import facility in the City of Suffolk. Moffatt & Nichol, in an economic impact study commissioned by Maersk in 2003, estimates economic benefits (including additional distribution center activity) of \$269 million in local tax revenues and \$260 million in state tax revenues during the first 15 years of operation.*

- Market the Port and inland port (intermodal transportation) more aggressively and raise its profile.
  - ☑ *These efforts are continuing with the Port and, to some extent, in conjunction with other state marketing efforts focusing on new shipping headquarters, distribution centers, etc.*

## **Goal 2**

### **Provide effective workforce training programs to create and maintain a competitive 21st century workforce in Virginia.**

- Develop an integrated, seamless Virginia workforce services system that provides a single point of entry for employers and workers.
  - ☑ *In November 2003, the Secretaries of Commerce and Trade, Education, and Health and Human Resources signed a State Level Memorandum of Understanding, which sets forth the terms of agreement for cooperation and consultation with regard to the implementation of the Workforce Investment Act (WIA) in Virginia among the mandatory/optional partners and provides a model for local MOU preparation.*
  - ☑ *In March 2004, the VWC adopted One Stop Career Center Minimum Standards, which established the base line standards for service design and delivery in Virginia's One-Stop Career Centers, known locally as "Virginia Workforce Centers." These standards also serve as the minimum criteria by which all local One-Stop Career Centers will be certified at the Tier I level.*
  - ☑ *In March 2005, the VWC adopted eight workforce system state performance measures, which impact workforce programs across agencies. Those measures are: short-term employment rate; long-term employment rate; earnings level; credential completion rate; repeat employer customer; and employer market penetration. Additionally, two of the measures involve taxpayer return on investment and participant return on investment. This is a long-range effort, but it puts the Commonwealth on a firm footing for building an accountable workforce development system.*
  - ☑ *At the request of the Chancellor of the Virginia Community College System, the Presidential Staff at the 23 Virginia Community College System schools has representation on the local Workforce Investment Boards.*
- Improve the performance of Workforce Investment Boards through the creation of an operating template, and the preparation and implementation by each Workforce Investment Board of an annual demand-driven workforce plan.
  - ☑ *In 2002, the VWC funded two demand-planning pilots to gather knowledge and experience for statewide demand planning.*



- ☑ *The VWC will award 3 \$15,000 grants in late 2005 to a WIB, an economic development entity, and a local government to: support the establishment of regional workforce and economic development teams to develop strategies of mutual interest; support the identification, development, and implementation of innovative strategies that meet the skill needs of business; and encourage regional workforce and economic development strategies targeted toward a high-growth industry.*
- ☑ *In July 2005, the Virginia Community College System and the Virginia Economic Development Partnership released the results of the Industry and Occupational Cluster Analysis in a series of six statewide regional meetings. Attendees in each of the meetings included representatives from state and local economic development organizations, Virginia Community College System leaders, school division superintendents, Virginia Department of Education leaders, Virginia Employment Commission, Workforce Investment Boards, One-Stop Centers, and elected officials.*

*The Industry and Occupational Cluster Analysis is intended to:*

- *help regions reveal new industry targets or confirm current ones for allocation of scarce marketing resources.*
- *fuel existing business retention efforts with focus on supplier-customer relationships of value to the current industry base.*
- *market the existing labor pool's skill and knowledge base and align these advantages with industry targets.*
- *coordinate with community colleges and universities to ensure a stream of graduates to meet the demands of industry, both current and future.*

*The Industry and Occupational Cluster Analysis is also being used as a resource document to develop the "Demand-Driven Blueprint for Workforce Development" for the Virginia Workforce Council.*

- Provide funds for incumbent worker training particularly in industries with high layoff risks.
  - ☑ *In FY 2005, the Department of Business Assistance Workforce Services program provided incumbent worker training to 3,162 individuals representing 63 businesses.*
- Support and encourage vocational and technical education among parents, students, and guidance counselors, upgrade the programs' appeal and profile, and implement necessary adjustments to the Standards of Learning.
  - ☑ *The Virginia Community College System has partnered with the Virginia Department of Education to develop and deliver Path to Industry Certification. As part of Governor Warner's Senior Year Plus initiative, the objective of Path to Industry Certification is to identify graduating*



*high school seniors who do not have post-secondary plans. Once identified, the students have the opportunity to take community college courses that will prepare them to test for an industry certification or state licensure. The second year of Path to Industry Certification is underway, and plans are being established to make the program available throughout Virginia in 2006-2007.*

- ☑ *Tech Prep in Virginia shifted its emphasis to developing career pathways that begin as early as Grade 9 and continue through a certification or licensure or post secondary credential into the workplace. The new career pathways include articulation or dual-enrollment, business and industry partnerships, career coaching, work-based learning, employability skills development, and certification preparation and testing. Current state initiatives include: statewide faculty and teacher certification training, statewide articulation in Career and Technical Education (CTE) program areas, development of a statewide curriculum framework, and integration of a statewide online student registration system for articulation and career pathway initiatives. In 2004 – 2005, 35,489 secondary students and 5,515 post secondary students were enrolled in Tech Prep Career Pathways.*
  
- ☑ *The first statewide articulation agreement between the 23 community colleges in the Virginia Community College System and the Commonwealth of Virginia’s 132 school divisions became official in August 2005. The agreement provides high school graduates entering any one of the Commonwealth’s community colleges with up to 12 college credits towards a degree in Information Technology-Web Technologies. Additional articulation agreements are currently being drafted in IT-Networking, IT-Database Administration, IT-Programming, and IT-Applications. The Virginia Community College System plans to follow its success in producing statewide articulation agreements in IT with a drive towards producing a statewide agreement in Building Trades.*
  
- ☑ *The Virginia Community College System Career Coaches initiative, launched in October 2004, has rapidly grown from 11 Career Coaches to 38 Career Coaches. Career Coaches are community college employees placed in local high schools to help high school students define their career aspirations and to recognize community college and other programs and services that can help achieve them. Student services provided by Career Coaches include: career planning, business and industry connections, employability skills training, and work-based learning. Career Coaches receive state and local training on career pathways, including certification, licensure, and apprenticeship programs.*
  
- ☑ *The Career Readiness Certificate program is included in Governor Mark Warner's “[Education for a Lifetime](#)” initiative. [Virginia Community](#)*

*[College System](#) handles the oversight and administration of the Career Readiness Certificate. The Virginia Community College System has successfully implemented the Career Readiness Certificate through its 23 community colleges and to date has awarded approximately 4,000 certificates (colleges still entering data). The Virginia Community College System has also guided the creation of a Career Studies Certificate database, Virginia's Skills Bank. Several states are interested in taking advantage of Virginia's [Skills Bank](#) that not only is a well-constructed MIS for all WorkKeys data in a state but is also a powerful economic development tool. This searchable database is now available to all states in the Career Readiness Certificate Consortium (CRCC).*

- Middle College is included in Governor Mark Warner's Education for a Lifetime initiative. The Virginia Community College System's Middle College Program is a comprehensive program for students ages 18 to 24 without a high school diploma. Educational, career and personal goals are supported and addressed by the program. There are 310 enrolled students in the five Middle College programs for the 2004 – 2005 program year. Over 70% of students completed their GED and over 50% entered a post secondary program in Fall, 2005.*
- *Support the strategic plan of the Virginia Workforce Council. Governor Warner created a new position, Special Advisor to the Governor on Workforce Development, which is designed to be the focus for implementing the integrated, seamless approach to workforce services in Virginia. The 2004 General Assembly passed legislation to include this position and its duties in the Code of Virginia. Under the guidance of the Special Advisor to the Governor on Workforce Development, a template was developed during 2004 to assist Workforce Investment Boards in the preparation of their demand-driven workforce plans. One component of the planning process entailed providing Community Profiles for each Workforce Development Board, compiled by the Virginia Employment Commission and now available on the VEC website. The Virginia Employment Commission has engaged the Workforce Investment Boards and the Virginia Economic Development Partnership in sessions to educate these entities on the proper use of the Workforce Investment Act funds as a potential economic development tool, specifically for workforce training. The Virginia Economic Development Partnership and the Department of Business Assistance now alert the VEC to economic development prospects, and the VEC works with the Local Workforce Investment Boards to secure training fund commitments. Virginia's Career Readiness Certificate certifies core employability skills required across multiple industries and occupations. The Career Readiness Certificate is one component of an emerging statewide system of portable skills credentials that integrates and promotes the attainment of academic, employability, and industry/occupation specific skills by individuals in order to qualify for current and anticipated jobs in the Commonwealth.*

### **Goal 3**

#### **Strengthen Virginia's traditional economic sectors and existing businesses.**

- Protect and support Virginia's military bases, including support for local BRAC-related activities.
  - ☑ *Created pursuant to Executive Order 49, the Virginia Commission on Military Bases continues its duties of coordinating and facilitating statewide strategic activities in support of Virginia's military and base structure in response to the BRAC 2005 actions. The Governor also allocated funds for VEDP to create an office coordinating statewide BRAC-related activities and providing staff assistance to Governor Warner's Commission on Military Bases. On August 24, 2005, the federal Defense Base Realignment and Closure Commission (BRAC) voted to maintain the Navy's master jet base at NAS Oceana if the cities of Virginia Beach and Chesapeake and the state pass legislation and appropriate money by March 2006 to stop encroachment and reverse development within the base's highest accident-potential zone. This matter will require the attention of the 2006 Session of the General Assembly.*
  
- Promote development of homeland security and defense-related clusters around Virginia's military facilities.
  - ☑ *VEDP continues to focus on homeland security and defense-related contracting and clusters as a target industry for business development with positive results for FY 2005. Virginia announced 54 Defense and Homeland Security related jobs in FY 2004, resulting in a total investment of \$144.57 million and 4,847 new jobs. With a few exceptions, Virginia fared well under the August 2005 BRAC recommendations. Virginia is predicted to gain more than 5,000 members of the armed services as bases are realigned. As noted above, however, the local governments in the Hampton Roads area, in cooperation with state government, will need to take action in 2006 to protect Oceana Naval Base. In addition, new homeland security standards for office space are anticipated to cause some economic dislocation, particularly in Arlington and Alexandria. The Governor and members of Virginia's congressional delegation are working to minimize this disruption.*
  
- Develop actions to double Virginia's agriculture and forestry receipts over the next ten years.
  - ☑ *Governor Warner created a task force to study this topic and has been meeting regularly since November 2002. This task force presented "Doubling Net Receipts in Virginia Agriculture: A Plan for the Years 2002-2012" to Governor Warner and Secretary Schewel. A copy of the document is posted on the Virginia Department of Agriculture and Consumer Services' website at [www.vdacs.virginia.gov](http://www.vdacs.virginia.gov).*

- ☑ *VDACS' Farmland Preservation Task Force developed "A Model Purchase of Development Rights (PDR) Program for Virginia", as announced by Secretary Schewel in June 2004. The Farmland Preservation Task Force is currently in the final stages of completing the guidelines for a State PDR program. The model program is posted on the VDACS website.*
  - ☑ *In June 2004, Governor Warner unveiled "Vision 2015: A Strategic Direction for the Virginia Wine Industry", developed by the Governor's Wine Study Work Group.*
  - ☑ *The Specialty Agriculture Component of the Governor's Virginia Works Initiative was approved by the 2005 General Assembly. The Specialty Agriculture Program is currently operational in the Agribusiness Development Services Unit of VDACS and is expected to be fully operational with a Specialty Agriculture staff person by October 2005.*
  - ☑ *The Warner administration has also been successful in exploring new markets for Virginia goods. A number of agricultural and forestry trade missions have boosted the state's net income from farming and forestry.*
- To elevate the profile of the agriculture and forestry industries in Virginia, create a Secretariat of Agriculture and Forestry.
  - ☑ *Legislation was passed in the 2004 Session of the General Assembly to establish this position and duties. In December, 2004, Governor Warner named the Honorable Robert S. Bloxom as the first Secretary of Agriculture and Forestry in Virginia. He assumed his duties on January 3, 2005.*
- Fully implement Executive Order 35 to ensure meaningful procurement opportunities for small-, minority-, and women-owned businesses.
  - ☑ *In conjunction with Executive Order 29, Governor Warner has charged the Department of Minority Business Enterprise (DMBE) and the Department of General Services (DGS) with the ongoing effort to increase procurement opportunities for SWAM (Small, Women,- and Minority-owned) businesses. DGS issued changes to procurement regulations for all State agencies and made changes to eVA to implement these changes. All State agencies now report quarterly to DMBE their SWAM usage.*

#### **Goal 4**

**Support technology businesses and other emerging and developing sectors of the economy which are of critical importance to the Commonwealth's global competitiveness.**

- Make Virginia the U.S. state with the highest percentage of home hook-ups to affordable broadband.

- Several efforts have been underway in different areas of Virginia. For Southside and Southwest, the Tobacco Commission intends to contract with an internet service provider to increase access in those areas. The Commission has provided grants to four organizations to build and operate fiberoptic backbone. Three grants were awarded in Southwest to Lenowisco PDC, Russell County, and Bristol Utilities. Mid-Atlantic Broadband Cooperative will construct a network to serve Southside. The Commission investments are intended to provide high speed, redundant, open access broadband capacity to businesses and institutions, to assist business attraction and expansion, distance learning, and other aspects of economic competitiveness.*
  
- Perform a statewide audit of local broadband capacity.
    - VEDP continues to accumulate data as it becomes available for Virginia's communities to enhance access and marketing. One of the initiatives from the Secretary of Technology's Strategic Plan is to increase statewide broadband deployment. The Center for Innovative Technology through federal funding and matching grants has been implementing this initiative to bring broadband service to areas in greatest need.*
  
  - Convene a Governor-led meeting of broadband providers to develop strategies to improve broadband capacity.
    - VEDP and the Lake Country Region convened a meeting of representatives of the telephone and cable industries to explore options for greater access in that region. This will serve as a model for other regions of the state. In addition, the annual state conference, COVITS, was changed into a major national technology forum with hundreds of people attending.*
  
  - Implement the recommendations of the Governor's Biotechnology Initiative as and when funds become available to do so.
    - One recommendation to pass the 2004 Session of the General Assembly was the creation of the Biotechnology Commercialization Loan Fund, which will be administered by the Innovative Technology Authority.*
  
  - Better coordinate university research efforts with economic development activities by developing clearer and more entrepreneurial, business-friendly university IP (intellectual property) policies, and implementing appropriate faculty and graduate student commercialization policies. Provide technical assistance to smaller firms in navigating the process to register, value, and protect their intellectual property.
    - Governor Warner created a committee to identify the strengths and weaknesses of the research effort in the Commonwealth. A goal of \$1 billion has been established in research and development for Virginia's colleges and universities.*

- Seek to increase the flow of federal research and development dollars to Virginia universities and companies, as contemplated by the Virginia Research and Technology Advisory Commission and the Center for Innovative Technology strategic plans.
  - ☑ *Governor Warner has urged the state's public and private universities to operate in a more entrepreneurial manner. This would involve increased research dollars as well as greater opportunities for commercialization and technology transfer.*
  
- Where prudent, utilize state financial resources to encourage venture capital investments in Virginia companies.
  - ☑ *Legislation proposed during the 2004 and 2005 Sessions of the General Assembly to implement this goal failed.*
  
- Make Virginia a more attractive and competitive location for biotechnology, information technology, and telecommunications companies.
  - ☑ *VEDP continues its efforts to target the biotech industry to increase its presence in Virginia by participating in outreach marketing. Governor Warner created the Governor's Commission on Biotechnology (Executive Order 76) to direct a joint effort involving both the public and private sectors for the purpose of establishing a Virginia Biotechnology Strategy Implementation Plan. Construction of the Howard Hughes Medical Center, a biomedical research complex bringing together chemists, physicists, computer scientists, and engineers to share their expertise to invent new technologies, should be completed in early 2006. Legislation passed creating the Biotechnology Commercialization Loan Fund (SB646, 2004). This Fund is to be administered by the Innovative Technology Authority to finance technology transfer and commercialization activities related to biotechnology inventions made, solely or in cooperation with other organizations, at qualifying institutions.*

### **Goal 5**

#### **Concentrate economic development efforts on areas of greatest need to help reduce economic disparity and increase the prosperity of all Virginians.**

- Create an enhanced capital access program available to companies in distressed areas.
  - ☑ *The Commission awarded \$1 million to People Incorporated's Southwest Community Development financing arm, to expand their ability to provide loans for business startups and expansion. The Commission also provided \$1 million to the Virginia Small Business Financing Authority, which now offers the Tobacco Region Capital Access Program (TCAP) in Southside. TCAP provides loan loss reserves at banks that make business startup/expansion loans to borrowers who don't qualify for conventional financing. In addition, Governor Warner recommended funding from the Appalachian Regional Commission for 14 projects that will support*

*entrepreneurial business efforts in Virginia's Appalachian communities and increase access to technology in the region.*

- Implement a focused program to reduce by half, within ten years, the percentage of adults in identified distressed areas who do not have high school or equivalent diplomas.
  - ☑ *Governor Warner created the "Race to the GED" initiative to raise the number of Virginia workers passing the GED exam to 20,000 per year.*
  - ☑ *As needed, provide higher levels of discretionary incentives in distressed areas (urban cores as well as rural areas) to help reduce the competitive disadvantage that may exist and to close economic development deals. As an example, provide for an earlier payout on Virginia Investment Partnership grants in distressed areas.*
  - ☑ *VEDP continues to provide higher dollar levels of discretionary incentives (whether measured per job, or with a longer pay-back period) in distressed areas of Virginia. The Virginia Investment Partnership payout schedule for companies in distressed areas of Virginia (including urban cores) has been modified to provide for an earlier payout.*
- Support development of more sites in urban cores for redevelopment and brownfields development in order to rehabilitate and reuse sites and buildings including for retail and mixed-use redevelopment, as appropriate.
  - ☑ *Existing programs currently lack sufficient funding to implement this plan fully, but when funds are available these programs would be more active. Various groups and agencies have sponsored workshops instructing potential developers on how to access the existing brownfields programs.*

## **Goal 6**

**Strengthen the market position of all of Virginia's regions as travel destinations for national and international visitors.**

- ☑ *Governor Warner appointed Alisa Bailey to the position of President and CEO of the Virginia Tourism Corporation. Under her leadership and guidance, the VTC has achieved the following:*
- ☑ *A tourism increase for Virginia resulting in 35.9 million visits and \$15.3 billion for Virginia's economy.*
- ☑ *In 2004, Virginia was the site of nearly 36 million tourist visits, representing a \$15.3 billion investment in the economy and signaling a positive economic outlook for Virginia's tourism industry.*
- ☑ *Tourist spending in Virginia increased 8.6 percent in 2004 including a significant increase in international travelers.*
- ☑ *According to two different studies, overseas and Canadian travelers' spending totaled more than \$352.4 million, growing by 26 percent and 17.5 percent, respectively, during 2004.*

- ☑ *A third study showed spending by U. S. travelers to Virginia over the same period increased 8.3 percent.*
- ☑ *VTC created 40 coop advertising opportunities for industry members of all levels ranging from outdoor recreation to million dollar resorts.*
- ☑ *VTC leveraged \$1 million in print placement costs with \$1.9 million from private sector and \$1.3 million in added value from the publications for a total of \$4.2 million promoting Virginia tourism.*
- ☑ *VTC increased lead generation from 62,000 leads in 2003 to 152,000 leads in 2004.*
- ☑ *Goal for print leads is an aggressive 200,000 for 2005 – the current total is 333,000 lead, significantly exceeding the stated goal.*
- ☑ *VTC successfully reduced CPI (cost per inquiry) to under \$10 – currently cost per inquiry is \$6.*
- ☑ *VTC won the most prestigious advertising award in nation – The Effie for advertising. VTC won a bronze Effie which is awarded to ad campaigns based on results – not creative.*
- ☑ *VTC also won three national awards based on creative and results – won three Mercury Awards from TIA for best niche marketing, best promotion and best overall campaign in the United States.*
- ☑ *VTC landed the Dave Mathews music for Fall and Spring spots. Whether we are speaking at the Governor’s Conference, orientations, CVB meetings or even TIA’s national ESTO conference, people are excited about Virginia advertising pushing the envelope with fresh ideas, approaches and results.*
- ☑ *By partnering with the Commonwealth’s tourism industry in tourism marketing campaigns VTC has been able to reach more potential visitors more effectively and provides the opportunity to pool funds and advertise in venues otherwise not affordable, and those efforts are bringing a favorable return-on-investment.*
- ☑ *VTC has worked with Governor Warner to make tourism a significant economic development resource, especially in the Commonwealth’s distressed communities, including those in Southwest and Southside Virginia. Tourism and asset-based development is a key part of Governor Warner’s **Virginia Works** initiative. Launched in December of 2004, Virginia Works provides targeted investments to help distressed communities improve their economies. As part of Virginia Works, and building on the success of The Crooked Road: Virginia’s Heritage Music Trail, Governor Warner has worked to increase tourism in Southwest and Southside Virginia by developing and promoting local and regional assets such as music, arts, crafts, history, and outdoor recreation. New tourism initiatives such as Virginian artisan centers, the Virginia Tobacco Heritage Trail, Round the Mountain and rails to trails projects are already having a positive impact in Southwest and Southside Virginia.*
- ☑ *In his first weeks as Governor, Governor Warner signed Executive Order 6, directing state agencies, boards, and commissions to recruit to Virginia regional and national conferences of organizations to which they pay*



*dues. That effort has helped attract nearly 200 meetings to Virginia with an estimated economic impact of approximately \$35 million.*

- Governor Warner has worked with VTC and regional and local tourism leaders to promote the 400<sup>th</sup> anniversary of Jamestown, a major tourism opportunity for the Commonwealth. A Memorandum of Understanding with Kent County, England has jumpstarted talks about direct flights from the county to Norfolk and Richmond.*
- Additional tourism statistics from 2004 point to a positive future for tourism in Virginia. Lodging spending increased 7.5 percent in 2004 over 2003, with spending on food service rising 6.5 percent during the same period. Travelers' spending on entertainment and recreation in Virginia was up 6.4 percent; and tourism employment increased by one percent during the same period, with a 13.5 percent decrease in travel-agency employment because of online booking.*
- Domestically, more than 42 percent of Virginia's total 36 million person-trips came from the eight markets where the VTC actively markets Virginia's tourism assets: New York City, Washington, D.C., Baltimore, Philadelphia, Pittsburgh, Raleigh, Charlotte and Atlanta.*
- Visitation to the VTC's consumer Web site, [www.Virginia.org](http://www.Virginia.org), was up 58 percent in unique users during 2004 over 2003. Inquiries from each of Virginia's top five markets (New York City, Washington, DC, Philadelphia, Atlanta, and Baltimore), as a percentage of total inquiries received, were as follows: New York City, 11.03%; Washington, D. C., 6.98%; Philadelphia, 5.48%, Atlanta, 3.11% and Baltimore, 2.65%.*
- VDOT will design and install signs to be placed under the existing Virginia Welcome Center signs on the interstate that will advertise free events happening at welcome centers. The intent of this new signage is to pull more travelers off the interstate highways and into the Virginia Welcome Centers.*
- A video production company called The Visitor Channel is partnering with VTC to add a video component to our Welcome Center travel information. Plasma screens have been installed at each welcome center. Attractions, destinations, lodging establishments and restaurants buy 30-second advertising slots that run 3-4 times each hour.*

### **Goal 7**

#### **Encourage the growth of Virginia's economy through support of exports by Virginia companies and other forms of international trade.**

- Work with businesses to identify obstacles to export products and services and assign responsibility to specific state agencies to address these obstacles.
  - VEDP hired a professional export documentation firm to conduct several workshops across the state for Virginia companies at a significantly subsidized cost. Anti-terrorism security measures have greatly complicated the export market, and these workshops presented new*

*regulations to Virginia companies. Additional workshops are planned for FY 2006.*

- Achieve higher levels of participation in international trade events and greater dollar value of Virginia exports through more grassroots marketing efforts and partnering between the state and small Virginia companies.
  - ☑ *VEDP demonstrated significant achievements in international trade in FY 2005. Over 200 Virginia firms participated in VEDP's trade programs and services. Eighty Virginia companies recorded international marketing results attributed to counseling from the Trade Division. Virginia firms made 54 independent visits to VEDP's six foreign offices. Sixty Virginia companies participated in trade missions led by Governor Warner. These missions involved one-on-one meetings for Virginia companies with targeted companies to sell Virginia products.*
- Increase collaboration between the forestry and agribusiness communities and state economic development agencies to identify new export opportunities and help businesses take advantage of them.
  - ☑ *Governor Warner created a task force to study ways to increase Virginia's agriculture exports. Representatives from the Virginia Department of Agriculture and Consumer Services (VDACS), VEDP, and the Virginia Port Authority (VPA) met numerous times and issued final recommendations to Governor Warner in the fourth quarter of 2004.*
- Begin mutual support for import/export in targeted areas of the world, obtaining assistance for Virginia companies seeking to sell or operate abroad and providing the same assistance for companies from those areas in Virginia.
  - ☑ *The VEDP commissioned a study on "The Contributions of International Imports to Virginia's Economy." This numeric analysis will lay the foundation for policy and programmatic initiatives.*
- Initiate a Governor's trade program in which the Governor recognizes and presents certificates to all companies as they first enter the export market through the Virginia Economic Development Partnership.
  - ☑ *This program was announced at the annual Virginia Conference on World Trade in October 2003 in Williamsburg.*

## **II. VIRGINIA WORKS**

Virginia Works is a comprehensive approach to economic restructuring in the distressed rural areas of the Commonwealth. It provides a series of new approaches to economic development in rural communities to help existing industries, promote the creation of new industry, and strengthen the communities hit hardest by changing economies. The

package of carefully targeted investments, totaling nearly \$21 million, is designed to create new jobs and build the foundation for a stronger future in rural Virginia.

Virginia Works is comprised of 15 separate economic initiatives that focus on three core economic components: (a) supporting and expanding existing businesses, (b) creating new business opportunities, and (c) strengthening communities for economic development.

### **A. Virginia Works for Existing Businesses.**

This core component focuses on keeping existing industries strong and competitive to increase opportunities for prosperity and future growth in rural communities. One of the keys to achieving continued prosperity and growth among existing industries is to align with their needs the efforts of our community colleges, economic development agencies, K-12 education system, and workforce development systems. Virginia Works provides a new approach to these issues – one that is driven by industry, not government.

#### ***Regional Partnership Grants***

Unfortunately, government has sometimes been slow to respond to the changing needs of business, particularly in terms of workforce development. To close this gap, Virginia Works will award two \$2 million grants to regional partnerships that successfully identify better ways to respond to business realities.

These partnerships will involve the business community, local community colleges, and economic development agencies. Winning grant recipients will develop effective regional economic development strategies, including a workforce plan to support existing industry. These planned grants have been built on the successful experiences of Smyth County and the City of Lynchburg in fostering the growth of their existing industries.

Virginia Works would also allow the Governor to provide one-time assistance (requiring approval from a board of executive and legislative appointees) of up to \$5 million to assist a major regional employer in an extraordinary circumstance, or to recruit economic development prospects that would have an extraordinary impact on distressed communities.

### **B. Virginia Works for New Business: Building on Rural Assets**

The economic initiatives contained in this component of Virginia Works seek to give greater emphasis to the often-untapped assets of rural Virginia. The programs recognize the existing strengths in communities and use them to create new jobs and opportunities for citizens in rural areas. Virginia Works does this in three principal areas:

## ***Tourism***

In 2003, tourism in Virginia had an economic impact of \$15.2 billion, which represents 5.1 percent of the Gross State Product and 280,700 full time jobs. Virginia's success in tourism is attributable to the Commonwealth's natural beauty, vast historical resources and close proximity to major population centers along the east coast. To build upon this impressive foundation, Virginia Works will invest \$1.1 million in a network of rails to trails across Southside Virginia, and \$397,500 for technical assistance to communities that want to develop their tourism industries.

In addition, Virginia Works includes an exciting new initiative to promote the sale and marketing of hand-made Virginia crafts. The Virginia Artisans Initiative will establish two retail centers in Western Virginia for the sale of local crafts; establish a marketing support network for Virginia artisans; and partner with the Virginia Coalfield Economic Development Authority to develop an artisan production facility in that region. The 2005 General Assembly appropriated \$3.84 million for these initiatives.

## ***Advanced Manufacturing***

In Virginia, advanced manufacturing is more concentrated in rural areas than other parts of the state. To build on that strength, Virginia Works is developing several new advanced manufacturing initiatives around Virginia that hold the promise of new jobs in rural areas. Virginia Works invests new resources in these initiatives, including \$379,000 to launch an Advanced Manufacturing/Packaging program at Dabney Lancaster Community College in Clifton Forge; \$100,000 for the Sloan Foundation Forestry Industries Center at Virginia Tech; and \$429,000 for the creation of the Virginia Small Manufacturing Assistance Program.

Virginia Works also builds on the export assistance program currently available for large manufacturers (VALET) to establish the AIM (Accessing International Markets) Program. This program is designed to increase international sales for Virginia businesses, with a focus on manufacturing companies in economically distressed areas of Virginia. To qualify for this program, companies must have a minimum of 10 employees and \$1 million in annual sales. The General Assembly appropriated \$215,000 for the 2006 fiscal year.

## ***Specialty Agriculture***

Virginia Works provides funding for additional research on specialty crops at Virginia Tech and Virginia State University and facilitates the development and marketing of this specialty agricultural production. The General Assembly appropriated \$375,000 for these purposes for FY 2006 and the federal government will provide \$300,000 in matching funds.

### **C. Virginia Works for Strengthened Communities**

Virginia Works helps rural communities build the kind of infrastructure they need to compete effectively for new jobs. This component has three primary initiatives as described below.

#### ***Virginia Community Development Bank***

This newly-created community development financial institution will provide capital to new and expanding businesses in distressed areas of Virginia. It will be capitalized with \$15 million from existing programs assets, will not compete with banks and other financial institutions, and will provide loans to borrowers who would not otherwise be served by a commercial bank.

#### ***New Market Tax Credits***

New Market Tax Credits were authorized by Congress in 2000 to attract new investment in economically distressed areas. Since their inception, New Market Tax Credits have been severely underutilized in the Commonwealth. To reverse this trend, Virginia Works created a new \$100,000 initiative within the Department of Housing and Community Development to pursue these credits and coordinate their use with major banks in the Commonwealth.

#### ***New Site Redevelopment Funding***

A significant impediment that many rural communities face is the presence of old and abandoned industrial sites. These sites not only deprive communities of what is often the most attractive, developable land in town, they also create a negative impression of the community to potential employers. Virginia Works, for the first time ever, will make grants available on a competitive basis to demolish and remove abandoned plants, and to redevelop the sites for new investment. In addition, the initiative will make new funds available in the Brownfields program. The 2005 General Assembly appropriated \$2 million for these purposes.

### **III. SURVEY OF EXISTING PROGRAMS THAT AID RURAL ECONOMIC DEVELOPMENT**

The agencies and institutions of higher education listed in § 2.2-2238.1 have submitted descriptions of their existing programs that assist rural economic development, as follow: These are listed below.

#### **Education and Workforce Development Programs**

**Agency:** Virginia Department of Business Assistance

**Program Name:** Workforce Services Jobs Investment Program

**Current Funding:** \$8.2 million for the current fiscal year, \$10.2 million requested for the next fiscal year

**Program Description:** The Workforce Services Jobs Investment Program (WSJIP) is a business development incentive supporting economic development efforts throughout Virginia since 1965. WSJIP assists local, regional, and state economic development organizations to promote the Commonwealth to business prospects who are considering new site locations or expanding existing operations. The program reduces the human resource development costs of new and expanding companies that are creating new jobs throughout the Commonwealth. WSJIP is an integral component of the State's economic development marketing efforts. This incentive is offered by all of Virginia's competitor states.

Eligibility for assistance in any of the programs offered by WSJIP is limited to projects that create basic employment for the Commonwealth and only for-profit companies in the following business sectors will qualify:

- Manufacturing
- Distribution Centers
- Corporate Headquarters for Companies with Multiple Facilities
- Call Centers
- Information Technology Services for Businesses

**Benefit to Rural Economic Development:** WSJIP incentives are available to rural and urban areas. Qualifying criteria is lowered for areas with unemployment rates exceeding two times the Commonwealth's published unemployment.

**Agency:** Virginia Community College System

**Program Name:** Career Coaches

**Current Funding:** Career Coaches does not receive state funds. It is currently funded by a Perkins Special Grant at a level of \$337,153 for the period October 1, 2004 through September 30, 2006.

**Program Description:** Career Coaches are community college employees placed in local high schools to assist high school students define their career aspirations and connect with community college, workforce development, and other regional resources that can help achieve them. Career coaches advise students, parents, counselors, and teachers on career pathways accessible through secondary and postsecondary career and technical education programs, apprenticeships, industry certifications and licensures, and more. In addition to providing direct services to students, the career coach position includes consulting and teaching high school educators on career planning and career pathways in

the region. The primary goal of the career coach initiative is to increase the number of high school graduates prepared for employment and/or postsecondary training and education following high school graduation. There are currently 19 career coaches reporting to 14 community colleges and based in 22 high schools. In 2004-05, the program's first year, 15 career coaches provided the following services:

- 2,684 students received information on career pathways accessible to them through high school, community college, and apprenticeship programs
- 931 students received career counseling
- 641 students developed career plans
- 559 students received college placement testing and assessment for the purpose of early identification and remediation of academic deficits that would impact success in postsecondary training
- 643 students received advising into dual-enrollment programs
- 279 students benefited from business and industry connections such as job shadowing, mentoring, service learning, internships and co-ops
- 183 students were enrolled in the Path to Industry Certification program

**Benefit to Rural Economic Development:** The primary mission of a career coach is to work with students in developing an individualized career plan that is also a plan of action. Career coaches then assist students in accomplishing that plan both in terms of high school course selection, postsecondary plans, and meeting goals for high school success. In addition to an educational plan, student career plans also contain a plan for gaining experiential education and the career coach assists students in meeting these goals, whether through mentoring, job shadowing, service learning, internships, co-ops or other activities designed to bolster students' employability skills and sense of mission as to career goal.

Because career coaches work intensely with individual students on individualized career plans, these professionals are well poised to assist young people in rural areas in preparing for an information-based 21<sup>st</sup> century workforce. The individualized career plans developed by and for targeted "middle majority" students are the first step in the development of a highly skilled and informed entrepreneurial workforce that is positioned for leadership roles in micro-businesses and for resilience in a fluid economy.

**Agency:** Virginia Community College System

**Program Name:** Middle College

**Current Funding:** \$850,000 for FY2006

**Program Description:** Middle Colleges provide Virginia high school drop-outs, ages 18 through 24, an opportunity to attain a GED and (1) enhance basic workforce skills through engagement in a variety of learning projects, (2) participate in remedial courses

(when necessary), (3) obtain a college degree or certificate after the GED, and (4) attain a Career Readiness Certificate while on a community college campus. There are currently five community colleges with six locations in Virginia. Five of the six Middle College locations are in rural communities.

Middle College 2004-2005 Outcomes as of 7/1/2005 include:

- 310 students enrolled
- 76% student retention rate
- 73% GED completion rate
- 76% GED completers entered post-secondary program

**Benefit to Rural Economic Development:** There are approximately 150,000 individuals between the ages of 18 and 24 without a high school diploma. These young adults are living in areas of the state struggling to transition from an economy dependant on manufacturing textiles, furniture and tobacco, and attempting to evolve into a knowledge-based 21<sup>st</sup> century economy. Improving the skills of our workforce is vital to attracting companies to locate and expand in rural communities.

**Agency:** Virginia Community College System

**Program Name:** Institutes of Excellence

**Current Funding:** \$467,500 for FY2006, \$3,935,000 requested for the next biennium

**Program Description:** The Institutes of Excellence was established to generate new instructional programs to prepare workers to meet the existing and emerging workforce needs throughout Virginia. Through a proposal process, each of Virginia's 23 community colleges receive funding to develop or revise an instructional program that is critical to meeting the workforce needs in the college's service area. Examples of Institutes of Excellence projects that are completed or underway include:

- 1) Information Technology Certification Initiative – Dabney S. Lancaster Community College
- 2) Industrial Tech Training – Danville Community College
- 3) Curriculum Development for Siemens Step-7 Control Systems Training
- 4) Strengthening Education and Increasing Trades Licensure on the Eastern Shore – Eastern Shore Community College
- 5) Advanced Troubleshooting for HVAC/R Technicians – Lord Fairfax Community College
- 6) Online Training in Mobile Geographic Information Systems – Mountain Empire Community College
- 7) Enhancing Job Readiness Skills and Welding Skills – New River Community College



- 8) Industrial Certification for High Technology Workers – Patrick Henry Community College
- 9) Virtual Welding Lab – Paul D. Camp Community College
- 10) Expansion of Viticulture and Enology Program – Piedmont Virginia Community College
- 11) Marine Trades Program – Rappahannock Community College
- 12) Southside Virginia Motorcycle Repair and Diagnostic Academy – Southside Virginia Community College
- 13) Improving Employee Development and Employee Preparation – Virginia Highlands Community College and Wytheville Community College
- 14) Esthetics Technology Program Development – Virginia Highlands Community College
- 15) 21<sup>st</sup> Century Career Pathways and Soft Skills Development

Additionally, the Institutes of Excellence provides funding to pay for employer costs for employee-related training needs assessments, development of customized training plans tied to company outcomes, creation of customized courses and services, and instructional evaluations.

**Benefit to Rural Economic Development:** Institutes of Excellence funding has assisted in providing an educational infrastructure critical to supplying a capable workforce in rural communities. Services provided through this funding can be included in incentive packages for companies locating or expanding operations in Virginia’s rural communities.

**Agency:** The University of Virginia’s College at Wise

**Program Name:** SWVA Office of the Weldon Cooper Center for Public Service

**Program Description:** The Southwest Virginia Office of the Weldon Cooper Center for Public Service works with local and regional governments primarily in Southwest Virginia, but also has done work in other rural areas of Virginia. The Center provides economic, demographic and technical assistance to local and regional agencies.

**Benefit to Rural Economic Development:** The provision of economic and demographic data and analysis allows them to determine the value of a potential economic development project. Technical assistance provides greater capacity to organizations in the region.

**Agency:** The University of Virginia’s College at Wise

**Program Name:** Center for Economic Education

**Program Description:** The Center for Economic Study provides instruction to K-12 teachers on how economics can be brought into the classroom. The program also provides economic seminars throughout the year.

**Benefit to Rural Economic Development:** Instruction in economic education provides the greater public, especially the region's school children, with an understanding of economics, and as a sub component economic development.

**Agency:** Longwood University

**Program Name:** Small Business Development Centers

**Program Description:** Since 1989, The Longwood SBDC has served as Longwood University's economic development outreach vehicle. As such, their mission is to "provide education, counseling, and economic research to potential and existing businesses." Longwood has the distinction of being one of the first two SBDC's in the state of Virginia and is now part of a statewide network of over 30 SBDC locations. Longwood now directly controls the operation of five centers: Farmville (headquarters), South Boston, Martinsville, Petersburg, and Danville. These five Longwood offices assist 20 counties and six independent cities in Southside Virginia.

Since its inception, Longwood's SBDC has served, confidentially and free of charge, over 4,800 potential and existing business owners who were successful in obtaining over \$268 million to start or expand their businesses. As part of this effort, over 8,200 new jobs have been created throughout Southside Virginia. They have offered over 295 workshops on topics such as "Starting a Business," "Managing by the Numbers," "Dealing with Difficult Customers," "Financing Your Business," "Tax Tips for Small Business," and "Recordkeeping for the Small Business."

Through five offices, staffed with experienced business counselors and student interns from the Longwood University College of Business & Economics, they are able to assist clients one on one with such tasks as business plan development, sources of financing, financial analysis, market research, and recordkeeping.

**Benefit to Rural Economic Development:** The Longwood SBDC maintains relationships with many valuable partners in the small business community. They rely on bankers, accountants, lawyers, economic developers and county officials to assist in identifying small businesses that will make constructive use of our confidential services and, subsequently, expand their businesses and the tax base of their locality.

**Agency:** Longwood University

**Program Name:** Summit to address rural economic development challenges in Southside Virginia

**Program Description:** Longwood University, the University of Virginia and Virginia Tech will host a workgroup in December devoted to discussing higher education's role in the revitalization process: "Charting A Course: The Role of Higher Education and Research in the Economic Revitalization of Rural Virginia"

A select group of academic, civic and business leaders will participate in this program to find solutions to this challenge. The Governor has been invited to serve as the keynote speaker.

**Agency:** James Madison University

**Program Name:** Economic Development Outreach

**Current Funding:** Varies – Funding from numerous sources including grants, fees, business, government, partnerships, in-kind from JMU, and other educational institutions.

**Program Description:** JMU economic development outreach encompasses programming from every area of the university utilizing faculty, staff, and student expertise as a primary source. These programs vary greatly in types of activities as well as recipients. Many are based on student projects and/or faculty research and areas of interest which may be expanded into real-world opportunities for students and are beneficial to the region as well. Others are generated by requests from business, government, or education seeking unbiased solutions to problems. Still others are the result of grant opportunities in a variety of fields reflecting the interest and expertise of faculty members and a need of external businesses or agencies. These programs have an external focus and bring resources to the region which would not otherwise be available.

Examples of programs include:

*Institute for Innovation in Health and Human Services (IIHHS)*

*The argument has been made and supported by President Rose and local legislators that all the outreach programs operating under IIHHS do, in fact, contribute to economic development in that they promote the betterment of communities and lives of our citizens, especially marginalized populations.*

*Institute for Infrastructure and Information Assurance*

*Through the Commonwealth Information Security program of the Institute, research and capacity building of small and mid-level companies focusing on information security are supported.*

*ISAT Affiliates Program*

*ISAT students under faculty supervision working on "problems" participating partners need addressed in their businesses.*

Harrisonburg Technology Zone

*Contractual agreement between Harrisonburg City/Office of Economic Development and ISAT for ISAT faculty to provide expertise in support of Harrisonburg's economic development efforts. Most recent push is in biodiesel.*

CyberRange Lab (CISAT/IIIA)

*Computer Science faculty and students utilizing a state of the art facility provide research and testing services to information security companies.*

Center for High Performance Manufacturing

*The Center, a cooperative activity of Virginia Tech University and James Madison University, provides R&D, consultation, and limited prototype production services for businesses within the Commonwealth.*

Equally important to the economic viability of the region are programs of the university which enhance the quality of life by providing cultural events, athletic games, work force training, and numerous educational resources such as the JMU Library.

Examples include:

The Edith J. Carrier Arboretum and Botanical Gardens at James Madison University is the only arboretum located on a university campus in Virginia. Dedicated to the study of plants, it consists of 125 acres of native woodlands, as well as developed gardens and walking trails. Open daily, it is a community-supported botanical area for use by the public, teachers, professors and students.

The JMU College of Visual and Performing Arts provides numerous events produced by music, theatre, dance and art faculty and students with 2004-2005 attendance totaling more than 35,000 people. Audiences include JMU students, faculty and staff as well as the surrounding community. Annual events include music recitals; opera; orchestral, choral and band concerts; dance concerts; and theatrical productions including dramatic plays, musical theatre and children's theatre. JMU visual arts program is home to a professional gallery that exhibits works of nationally-recognized artists. The Madison Art Collection, comprised of over 3,000 objects, hosted over 4,000 area school children who visited the collection on all-day field trips that focused on specific areas of history, art and culture connected to the SOL's of Virginia. Summer offerings include a myriad of workshops for area children, teenagers and adults. Masterpiece Season brings nationally-recognized theatrical, music, and art events to campus.

**Agency:** Virginia Polytechnic Institute and State University

**Program Name:** Multiple-see below

**Current Funding:** Varies – Funding from numerous sources including grants, fees, business, government, partnerships, in-kind from Virginia Tech, and other educational institutions.

## **Program Description:**

### Institute for Advanced Learning & Research, Danville

Virginia Tech provided the leadership for the establishment of the Institute for Advanced Learning & Research to help transform the Southside economy from tobacco and textiles to high technology. So far the Institute has established research programs in polymers, robotics, motor sports, and horticulture.

### Virginia Tech Corporate Research Center

Established in 1985 by the Virginia Tech Foundation with no state funding, the CRC has grown to host more than 120 small high-tech companies with approximately 1,800 employees.

### VT Knowledgeworks

VT Knowledgeworks is a newly created incubator for high technology businesses. Located at the Virginia Tech Corporate Research Center, Knowledgeworks opened this fall with six small companies looking to move from concept to reality.

### Sloan Center

The Sloan Center for Forest Resources is a collaboration between the Virginia Tech College of Natural Resources and College of Business to develop new products and marketing techniques for forest-based products. The Center received a prestigious Sloan Foundation grant for its work; this was the only Sloan Foundation grant made in the area of natural resources.

### Virginia Tech Broadband Initiatives

Ever since the founding of the Blacksburg Electronic Village in 1990, Virginia Tech has provided leadership for communities in the development of broadband initiatives. From Danville to Lenowisco to the original concept of e58, Virginia Tech has pushed for affordable broadband access in rural areas and provided technical expertise to communities at their request.

**Agency:** Virginia Employment Commission

**Program Name:** Workforce Investment Act

**Current Funding:** \$37,661,010 per year (this does not include “carry-over” funding). Funding depends on federal appropriations. Of these funds, 5 percent, or \$1,883,051 is permitted for administrative funding, and 10 percent, or \$3,766,101 is permitted for statewide projects. The remainder is distributed by formula to 17 local workforce investment boards.

**Program Description:** The Workforce Investment Act of 1998 (WIA) authorizes funds to provide the employment and training services of various programs and organizations through a system of one-stop career centers. In Virginia, services are provided through locations called Virginia Workforce Centers. These centers are operated under the guidance of The Virginia Workforce Council and Workforce Investment Boards in 17 Workforce Investment Areas. Virginia’s system of one-stop career centers is called the Virginia Workforce Network. The act mandates a service delivery system that consolidates access to 17 federally-funded programs through one-stop centers. Essentially, the centers should act as brokers, providing seamless services to customers through the cooperation of multiple providers. This shift in practice is facilitated by local workforce investment boards, which, in collaboration with local elected officials, establish partnerships with local entities that administer the programs mandated to participate in the system.

The WIA provides funds for workforce training to be delivered by local public/private Workforce Investment Boards to meet specific local training needs. Services are first targeted to harder-to-serve populations, such as TANF recipients, the disabled, and the long-term unemployed. However, the one-stop career centers are intended to be entry points for any person desiring career development services, from crafting a resume and conducting a job search to intensive skills training.

**Benefit to Rural Economic Development:** The programs under the Workforce Investment Act serve both rural and urban areas.

**Agency:** Virginia Employment Commission

**Program Name:** Trade Act

**Current Funding:** Federally funded, with the amount of funding depending on the number of qualifying petitions approved.

**Program Description:** The Trade Act is intended to provide support to individuals whose jobs are lost due to overseas competition. The program includes temporary income support and health insurance premium assistance, as well as up to 104 weeks of education or training.

**Benefit to Rural Economic Development:** Virginia’s rural economies have been particularly hard hit by job losses due to global trade in recent years, particularly in the furniture and textile industries. Trade Act programs help individuals by providing income support, relocation assistance, financial assistance with health insurance premiums, and education and training. Upgrading the skills of manufacturing workers assists in locating new employers to the areas. In addition, the income support and health insurance assistance help keep communities stable in cases where a major employer closes or relocates overseas. Trade Act assistance is available for qualifying job losses throughout the state. However, in recent years, the majority of petitions approved have been from manufacturers in the rural areas of the Commonwealth.

**Agency:** Tobacco Indemnification and Community Revitalization Commission

**Program Name:** Education Grant Program

**Current Funding:** \$8 million in FY2005 and \$9.5 million in FY2006

**Program Description:** The Commission empanelled an Education Committee, supplied it with a budget, and charged it with the responsibility of “enhancement of regional competitiveness through early development of citizens with skills and knowledge for living and working productively in the economy of the future”. Signature projects of this committee have been scholarships for students to attend four-year colleges and the consistent funding of multiple programs within the community college system (including scholarships).

**Benefit to Rural Economic Development:** As education is the ultimate key to progress, these programs ensure that Southern Virginia does not fall behind in the race to maintain a skilled workforce.

**Capital for Infrastructure: water, sewer, waste management, law enforcement, housing, roads, and telecommunications**

**Agency:** Department of Housing and Community Development (DHCD)

**Program Name:** Appalachian Regional Commission (ARC)

**Current Funding:** \$3,504,000 in FY2005, \$3,300,000 in FY2006, dependent on final federal budget adoption

**Program Description:** The purpose of Virginia’s Appalachian Regional Commission program is to foster economic development and to improve the quality of life for

Appalachian citizens. DHCD is a state partner in the 13 state regional commission. The program provides assistance in the longer-term development of a chronically depressed region which encompasses 23 counties and seven independent cities in Virginia. Special efforts are made to provide assistance to designated distressed counties (Dickenson). Virginia's ARC program provides up to \$500,000 for construction projects and up to \$100,000 for non-construction projects. In the past year, ARC has provided funding for projects in three programs emphasizing community and economic development: the Area Development Program, the Appalachian Asset-Based Development Program, and the Appalachian Telecommunications Program.

**Benefit to Rural Economic Development:** Funding from ARC enables rural communities to increase job opportunities and per capita income; strengthen the capacity to compete in the global economy; and strengthen the physical infrastructure.

**Agency:** Department of Housing and Community Development (DHCD)

**Program Name:** Community Development Block Grant (CDBG)

**Current Funding:** \$21,688,416 in FY2005, \$20,000,000 in FY2006 dependent on final federal budget adoption

**Program Description:** DHCD administers the CDBG Non-entitlement Program in Virginia. The program provides grants to eligible units of local government in the State's 284 non-metropolitan localities to address community development needs. Activities must meet one of the following three national objectives: activities benefiting low- and moderate-income people; activities which aid in the prevention or elimination of slums or blight; and activities designed to meet community needs having a particular urgency.

The State sets aside \$3 million of the total CDBG allocation in the Community Economic Development fund specifically for economic development as well as \$1 million of the Local Innovation Fund for small-scale projects that represent new, creative approaches. These funds are open to all eligible localities.

**Benefit to Rural Economic Development:** All of these funds go to support projects in rural areas of the state.

**Agency:** Department of Housing and Community Development (DHCD)

**Program Name:** Virginia Main Street (VMS)

**Current Funding:** \$153,750 per year for the biennium

**Program Description:** Virginia Main Street provides intensive technical assistance and training on all aspects of downtown commercial revitalization to localities with



populations of up to 75,000 using the Main Street Approach™. There are two levels of participation: 1) as a Designated Main Street Community (competitively selected and receive the most intensive assistance); or 2) as a DHCD Commercial District Affiliate (non-competitive and acceptance is based on completion of a brief application).

**Benefit to Rural Economic Development:** Of the 27 designated communities, 26 have populations of less than 50,000. There are 48 commercial district affiliates and 46 are in non-metropolitan localities (cities, counties, towns). This program provides a proven economic development strategy in rural areas that may not be well-suited to industrial development or which are pursuing tourism development.

**Agency:** Tobacco Indemnification and Community Revitalization Commission

**Program Name:** Economic Development Grant Program

**Current Funding:** \$17 million in FY2005 and \$10.7 million in FY2006

**Program Description:** The Commission empanelled two Economic Development Committees (Southside and Southwest), supplied each with a budget, and charged each with the responsibility of “providing for the rudimentary physical and human infrastructure development required for improvements in economic development in Southside and in Southwest Virginia”. Each committee conducts grant-making activities to ensure that economic development efforts by local communities are adequately funded.

**Benefit to Rural Economic Development:** Provides the additional financing necessary to ensure that rural communities in southern Virginia can remain competitive in attracting growth and development essential for a balanced economy.

**Agency:** Tobacco Indemnification and Community Revitalization Commission

**Program Name:** Technology Grant Program

**Current Funding:** \$8.9 million in FY2005 and \$39 million in FY2006

**Program Description:** The Commission empanelled a Technology Committee, supplied it with a budget, and charged it with the responsibility of “enhancing regional competitiveness through early access to advanced network technology”. To date, most of the Committee’s work has been that of building a fiber-optic backbone throughout Southern Virginia.

**Benefit to Rural Economic Development:** Provides open access to state-of-the-art communications systems to any interested party, at low cost, to remove barriers to trade and development.

**Authority:** Virginia Resources Authority (VRA)(Virginia’s Bond Bank)

**Program Name:** Virginia Pooled Financing Program (VPFP)

**Current Capacity:** Approximately \$700 million

**Program Description:** The VPFP is VRA’s premier financing program legislatively authorized to provide infrastructure funding for drinking water, wastewater, solid waste, recycling, public safety, airports, brownfields remediation and redevelopment, transportation projects, and federal and former federal facilities.

Funding is available to all counties, cities, towns, and service authorities in the Commonwealth. A two-page application, along with project specific information and the locality’s financial information, is required to apply. As long as adequate security is provided for the project being financed, no funding requests are denied.

The VPFP is rated “AAA” (70% of each transaction) and “AA” (30% of each transaction). The VPFP’s “AAA/AA” ratings allow all of Virginia’s local governments to borrow for these project areas at the lowest rates the municipal markets have to offer.

**Benefit to Rural Economic Development:** VPFP financing is available to rural areas. The VPFP provides access to the municipal markets at advantageous rates for small and large localities alike, thus enhancing individual projects affordability by reducing the cost of funds.

**Authority:** Virginia Resources Authority (Financial Administrator)

**Partner Agency:** Department of Environmental Quality (Program Administrator)

**Program Name:** Virginia Clean Water State Revolving Fund (CWSRF)

**Current Capacity:** Annual funding approximating \$32 million  
(Leveraged potential upwards of \$160 million)

**Program Description:** The Amendments to the Clean Water Act in 1987 ushered in a new era in clean water financing. The CWSRF program is available to fund a wide variety of water quality projects, including all types of nonpoint source, watershed protection or restoration, and estuary management projects, as well as more traditional municipal wastewater treatment projects.

Through the CWSRF program, Virginia maintains revolving loan funds to provide independent and permanent sources of low-cost financing for a wide range of water quality infrastructure projects. Funds to establish or capitalize the CWSRF programs are provided through federal government grants and state matching funds. CWSRF programs operate much like environmental infrastructure banks that are capitalized with federal and state contributions. CWSRF monies are loaned to communities and loan repayments are recycled back into the program to fund additional water quality protection projects. States can also set specific loan terms, including interest rates—from zero percent to market rate—and repayment periods—up to 20 years. States have the flexibility to target resources to their particular environmental needs, including contaminated runoff from urban and agricultural areas, wetlands restoration, groundwater protection, brownfields remediation, estuary management, and wastewater treatment.

States may also customize loan terms to meet the needs of small and disadvantaged communities. In addition, some states provide specialized assistance for communities that are disadvantaged or experiencing financial hardship. These states might offer lower or no-interest loans to provide greater subsidies for disadvantaged communities.

The CWSRF provides a low-interest financing option to Virginia counties, cities, towns and wastewater authorities for the upgrade, expansion, extension, replacement, repair, rehabilitation, and/or additions to public wastewater collection and treatment facilities.

**Benefit to Rural Economic Development:** The CWSRF provides access to below market financing for the above reference projects. Funding is available to rural areas.

**Authority:** Virginia Resources Authority (Financial Administrator)

**Partner Agency:** Department of Health (Program Administrator)

**Program Name:** Virginia Water Supply Revolving Loan Fund (Drinking Water SRF)

**Current Capacity:** Annual funding approximating \$13.8 million

**Program Description:** As part of the 1996 Safe Drinking Water Act (SDWA) Amendments, Congress established the Drinking Water State Revolving Fund (DWSRF) program. The goal of the program is to provide Virginia with a financing mechanism for ensuring safe drinking water to the public. The program also places an emphasis on small and disadvantaged communities and on programs that emphasize prevention as a tool for ensuring safe drinking water.

Virginia uses federal capitalization grant money awarded to them to set up infrastructure funding accounts from which assistance is made available to public water systems. States can make loans to public water systems that have interest rates between 0 percent and

market rate and standard repayment terms of up to 20 years. Loan repayments provide a continuing long-term source of infrastructure financing.

Both publicly and privately owned community water systems and non-profit non-community water systems are eligible for funding under the DWSRF program. Eligible projects include installation and replacement of failing treatment facilities, eligible storage facilities and transmission and distribution systems. Projects to consolidate water supplies may also be eligible.

**Benefit to Rural Economic Development:** The Drinking Water SRF provides access to below market financing for the above reference projects. Funding is available to rural areas.

**Authority:** Virginia Resources Authority (Financial Administrator)

**Partner Agency:** Department of Aviation (Program Administrator)

**Program Name:** Virginia Airports Revolving Fund

**Current Capacity:** No Annual funding. Originally funded with \$25 million  
Approximately \$3.8 million remaining. (Leveraged potential  
of approximately \$7.6 million.)

**Program Description:** The VARF program is co-managed by VRA, as the financial administrator and manager for the Fund, and the Virginia Aviation Board serves as the agency to prioritize airport-sponsored loan requests. Since program inception in 1999, the VARF has provided over \$75 million in below-market financing for the Commonwealth's airport capital project needs.

*Eligible Projects:*

- Facilities related to the needs or convenience of passengers, shipping companies and airlines
- Machinery and equipment
- Appurtenances, lands, rights-in-land, aviation rights, water rights, rights-of-way
- Roadways
- Hangars

*Eligible Expenses:*

- Administration
- Engineering (Planning, Design and Construction)
- Legal and Financing Fees
- Construction Costs
- Equipment

- Land
- Cost of interim financing

There are no issuance costs to borrow through the VARF, outside of local bond counsel fees. Interest rates are subsidized by a minimum of one-half of one percent (0.50%) below the prevailing market rates, and financing is available on an annual application cycle.

**Benefit to Rural Economic Development:** The VARF provides access to below market financing for the above reference projects. Funding is available to rural areas.

## **Traditional Industrial Development and Industry Retention**

**Agency:** Virginia Economic Development Partnership (VEDP)

**Program Name:** Business Development

**Current Funding:** \$4.98 million

**Program Description:** The Virginia Economic Development Partnership’s primary function is to convince new and expanding basic sector companies to locate or expand their operations in Virginia. VEDP’s business recruitment activities focus on the entire Commonwealth, with a special emphasis on developing distressed areas of the state. VEDP markets by leading team and industry marketing missions, participating in industry conferences and trade shows, networking with business associations, conducting target sector marketing campaigns, promoting consultant marketing, and holding special events. Many of these activities are conducted with the participation of local and regional allies.

In addition to marketing and selling, VEDP plays a key role in managing projects to successful economic development decisions for Virginia. These efforts include gathering market intelligence, conducting community site visits, and coordinating allies’ efforts to “close the deal”. VEDP also develops economic development financing alternatives for projects and works directly with companies in structuring financing transactions to meet corporate capital goals. VEDP works to address specific community needs, provide economic development expertise as requested, and develop policies and new programs aimed at particular regions and industries.

Among the VEDP business development initiatives are two programs specifically targeted toward rural communities.

- The first is the Virginia Motorsports Initiative, which has three main components: to recruit companies to Virginia involved in the motorsports business that will provide well-paid year-round employment; to support Virginia’s 37 different racing venues-from the Winston Cup circuit to local dirt tracks and drag strips;

and to nurture Research and Development and Workforce Training in Virginia's motorsports industry.

- The second is the Virginia Opportunity Regions program. The Virginia General Assembly in 2004 appropriated \$1 million to create a distressed area marketing plan. The VEDP conducted a targeted industry analysis and identified several business sectors that have the greatest potential for Virginia's economically distressed areas, including metals manufacturing, wood products, information technology, and distribution and warehousing. Based on this analysis, an outreach marketing campaign to those target industries was designed and implemented and is beginning to show results. VEDP also hired a marketing manager to coordinate these efforts, which include working with economic developers from the designated areas, coordinating marketing trips and trade show participation, and managing program accountabilities and results. The program also provides funds for the designated regions to build their marketing capacity, such as GIS, website development, marketing materials, travel assistance, virtual building development, and brownfields remediation. These funds supplement regional and local funding.

**Benefit to Rural Economic Development:** All of VEDP's resources are available to rural and distressed areas as well as to the rest of the Commonwealth.

**Agency:** Virginia Economic Development Partnership(VEDP)

**Program Name:** International Trade Development

**Current Funding:** \$2.96 million

**Program Description:** Several of VEDP's programs and services are designed to increase the export of Virginia manufactured products and services. With regional trade offices across Virginia, VEDP's International Trade Managers provide Virginia businesses with a wealth of knowledge obtained through years of hands-on experience in the international marketplace. Coupled with the in-country knowledge of our international offices, Virginia businesses have an advantage in the global marketplace.

Virginia Leaders in Export Trade (VALET): The first of its kind in the United States, the VALET program offers a combination of capital resources from the state and professional services from private sector partners to enhance the international efforts of up to 15 selected companies per year.

Global Market Research (GMR): Unique to Virginia, the GMR program provides international market research to Virginia companies. Virginia companies can select from four options with research conducted by experts in 22 countries.

One-on-One Export Counseling: VEDP's eight International Trade Managers, located in six offices across the Commonwealth, provide international marketing assistance to Virginia businesses.

Trade Missions: VEDP conducts trade missions around the world to promote Virginia products and services in foreign markets. By visiting foreign companies in their own country, Virginia businesses obtain pre-screened, tailored introductions to potential clients and commercial representatives. Inward trade missions which target specific industry sectors bring potential buyers to Virginia.

**Benefit to Rural Economic Development:** All of VEDP's resources are available to rural and distressed areas as well as to the rest of the Commonwealth.

**Agency:** Virginia Economic Development Partnership (VEDP)

**Program Name:** Economic Development Research

**Current Funding:** \$1.89 million

**Program Description:** Any economic development effort must fully understand the product and the market. VEDP thus maintains a comprehensive site and building inventory and prepares information for prospects to evaluate a location decision for Virginia. VEDP research determines prospective target business sectors and companies that appear to be a good match for the various regions of the Commonwealth. VEDP economists track trade data, capital investment, employment, and competitive information on other states. VEDP also provides data used for producing various marketing materials and annual economic development publications.

**Benefit to Rural Economic Development:** VEDP research is essential in developing prospect leads for business relocations and expansions. The research program also supports local economic and industrial development efforts by developing site specific reports for prospect companies.

**Agency:** Virginia Economic Development Partnership (VEDP)

**Program:** Communications and Promotions

**Current Funding:** \$1.9 million per year

**Program Description:** VEDP uses a comprehensive and aggressive marketing strategy to communicate that "Virginia Is For Business" around the world. VEDP plans, executes, and manages various marketing outreach initiatives, including placement of favorable articles in major business and trade publications and coordinating economic

development announcement events. VEDP staff maintains updates and promotes an Internet marketing initiative toward targeted industry sectors, and manages special marketing events and industry tradeshow participation. In addition, VEDP staff organizes domestic and international proactive marketing missions and develops additional direct marketing programs to promote lead generation. This year, VEDP has also revamped and greatly improved its Internet-based site selection tool, *VirginiaScan*. While retaining its extensive building and site search capabilities, *VirginiaScan* now allows prospects to search using Virginia workforce statistics, business locations, and a host of other features.

**Benefit to Rural Economic Development:** VEDP markets all areas of the state and brings prospects to available buildings and locations throughout the Commonwealth.

**Agency:** Virginia Department of Business Assistance  
Virginia Small Business Financing Authority

**Program Name:** Economic Development Loan Fund

**Uncommitted Funding**

**As of 6/30/05:** \$3.6 million (federal funds)

**Program Description:** With funding from the U.S. Economic Development Administration, the Economic Development Loan Fund (EDLF) is designed to fill the financing gap between private debt financing and private equity. Funds are available to localities, economic development authorities, and qualifying new and expanding businesses that are creating new jobs or saving “at risk” jobs in qualified underserved and distressed areas of Virginia as defined by the EDA. Funds are also available to Virginia businesses which derive 15% or more of their revenues from defense-dependent activities and can demonstrate economic hardship related to defense downsizing.

Funds can be used for the acquisition of land and buildings, construction or improvements to facilities and the purchase of machinery and equipment. Funds can also be used to assist defense-dependent businesses transition to private sector markets. The maximum loan available from the EDLF for each project is limited to \$1,000,000 or 40% of the total project cost, whichever is less.

**Benefit to Rural Economic Development:** The EDLF is available in rural and urban areas that meet the EDA definition of “distressed and underserved.” This definition is based on per capita income and unemployment thresholds. While some urban areas meet this definition, the large majority of the localities meeting the definition are rural localities.



**Agency:** Virginia Department of Business Assistance

**Program Name:** Existing Business Services Outreach

**Current Funding:** \$450,000 for current fiscal year

**Program Description:** The Existing Business Services (EBS) staff solves business problems. Whether dealing with multiple state agencies or market driven road blocks, some businesses need an advocate. EBS staff works directly with businesses and assists with a full range of problems. While the Virginia Business Information Center handles a majority of inquiries, there are certain issues which merit face-to-face counseling, extensive research and the coordination of resources. One “packaged” product that has been replicated in four different markets (Dickenson, Danville, Timberville and Charlotte County) is the Business Assistance Response Team (BART). After receiving a VEC WARN notice of a major layoff in a small market, DBA hosts an event for the remaining businesses in the community to ensure they know about available resources to help them survive and prosper.

**Benefit to Rural Economic Development:** Outreach services are available to rural and urban areas.

**Agency:** Virginia Department of Business Assistance  
Virginia Small Business Financing Authority

**Program Name:** Industrial Development Bond Program

**Program Description:** Small Manufacturers or 501 (c) (3) non-profits seeking to finance qualifying fixed assets can obtain long-term financing at favorable interest rates through the use of industrial development bonds (IDBs). An IDB is a form of tax-exempt private activity bond issued by a state or local government entity to finance the acquisition, construction or equipping of a facility.

Today IDBs continue to provide qualifying companies and non-profits with an important alternative to conventional financing. Some of the benefits of IDBs are:

- Sub-prime pricing. Since interest earned on IDBs is exempt from federal income taxes, IDBs provide lower interest rates than conventional financing.
- 100% project financing. IDBs enable companies to finance virtually all the costs of a project, including site preparation, capitalized interest during construction and most issuance costs, up to \$10 million.
- Long-term financing. IDBs can have an average maturity of up to 120% of the economic life of the assets financed.

**Benefit to Rural Economic Development:** The IDB Program is available statewide to qualifying businesses in all rural and urban areas.

**Agency:** Virginia Department of Business Assistance  
Virginia Small Business Financing Authority

**Program Name:** Loan Guaranty Program (LGP)

**Guaranty Capacity**  
**As of 6/30/05:** \$3.9 million

**Program Description:** Through the Loan Guaranty Program, the Virginia Small Business Financing Authority will guarantee a portion of a loan or line of credit extended by a commercial bank to a qualified Virginia business. With a guaranty from VSBFA, the bank benefits by reducing its risk in lending to the Virginia business, and the business benefits by accessing financing it would not otherwise have been able to obtain.

The maximum guaranty under the program is 75% of the loan or line of credit up to a maximum guaranty of \$500,000. The program can be used to provide a guaranty for a short-term line of credit or a term loan of up to three years in duration.

**Benefit to Rural Economic Development:** The LGP Program is available statewide, to banks and businesses in all rural and urban areas.

**Agency:** Virginia Department of Business Assistance

**Program:** Procurement Assistance Program

**Current Funding:** \$150,000 in current fiscal year

**Program Description:** This program helps businesses understand the process of selling to the state. Through a series of hands-on workshops held across the state, educational materials and one-on-one counseling resources, businesses are trained on the state's Small, Women and Minority Certification Program and eVa Registration. The curriculum includes how to identify how much the state buys of a business's product, how to find the purchasing officer and how to find upcoming business opportunities. Individual assistance for developing an electronic catalogue or a specific sales strategy is also provided. Networking opportunities are included in the seminars to facilitate introductions between buyer and business.

**Benefit to Rural Economic Development:** Procurement Assistance is available to both rural and urban areas.

**Agency:** Virginia Department of Business Assistance  
Virginia Small Business Financing Authority

**Program Name:** Southside Tobacco Capital Access Program (TCAP)

**Uncommitted Funding**

**As of 6/30/05:** \$263,000 (VTICRC funds)

**Program Description:** The Virginia Tobacco Indemnification and Community Revitalization Commission (VTICRC) and the Virginia Small Business Financing Authority (VSBFA) have partnered to provide the Southside Region Tobacco Capital Access Program (TCAP) to banks for the benefit of businesses headquartered or operating in the Southside Tobacco Region.\* TCAP provides access to capital for qualifying businesses by encouraging banks to make loans that they would otherwise not make due to a borrower's riskier profile. Unlike government guaranty programs which provide a guaranty of a specific loan, TCAP utilizes an insurance concept on a portfolio of loans. TCAP establishes a loan loss reserve account at each participating bank which is funded by enrollment premiums paid by the Borrower/Bank and VSBFA. Because the participating bank determines what loans to enroll without VSBFA's involvement, TCAP is a flexible, non-bureaucratic tool to assist banks in meeting the financing needs of the Southside Tobacco Region businesses.

\*The borrower must be authorized to conduct business in the "Southside Tobacco Region," defined as the counties of Amelia, Appomattox, Bedford, Brunswick, Buckingham, Campbell, Charlotte, Cumberland, Dinwiddie, Franklin, Greensville, Halifax, Henry, Lunenburg, Mecklenburg, Nottoway, Patrick, Pittsylvania, Prince Edward, Sussex, and cities of Bedford, Danville, Emporia, and Martinsville; and the proceeds of the loan must be used for an endeavor related to industrial, commercial or other business enterprise within the Southside Tobacco Region.

**Benefit to Rural Economic Development:** TCAP is available in the above Southside localities.

**Agency:** Virginia Department of Business Assistance

**Program Name:** Virginia Business Information Center (VBIC)

**Current funding:** \$325,000 for current fiscal year

**Program Description:** The Virginia Business Information Center (VBIC) is the central portal of state information for businesses. VBIC is a toll free, e-mail or live chat service through which existing businesses and entrepreneurs can ask a wide variety of questions. Information about business formation and expansion and about business resources is provided. Information on regulatory programs and economic incentives are also

available. VBIC is currently handling approximately 325 contacts per week and last year experienced over a 40% growth in contacts. To provide additional access to sound business planning and development in markets with limited resources, VBIC also can provide an interactive CD which can take an entrepreneur from product concept to market development to fulfillment and financial projections. These CDs are particularly useful in markets where counseling resources are limited or for people who are more computer savvy.

**Benefit to Rural Economic Development:** VBIC services are available to both rural and urban areas. Rural areas may find it easier to access to business information via VBIC's toll free, e-mail or live chat delivery systems rather than more traditional methods of office visits and mail.

**Agency:** Department of Housing and Community Development

**Program Name:** Virginia Enterprise Zones

**Current Funding:** \$21 million

**Program Description:** This program serves to stimulate job creation and private investment in distressed localities across the state. The State provides two performance-based grants to: 1) qualified businesses that create net new permanent positions that offer health benefits and pay at least 175% of federal minimum wage; and 2) to zone investors that invest in real property.

**Benefit to Rural Economic Development:** Thirty-five of the current Enterprise Zones are in rural counties and small cities. The State job creation incentive ensures that new jobs created in rural areas will be higher wage and have health benefits. The real property investment incentive increases the local tax base. In addition Enterprise Zone designation can be an important factor in major location decisions.

**Agency:** Virginia Employment Commission

**Program Name:** Employer services

**Current Funding:** \$15.6 million. Federal funding under the Wagner Peyser Act funds the most employer services.

**Program Description:** VEC provides a wide variety of no-fee services to employers, including exposure of job vacancies, recruitment assistance, labor market information, and tax credit information. The VEC also will help employers in their recruitment efforts by pre-screening applicants, administering tests, conducting tailored workshops for job applicants, and helping document jobs for tax credits under the Work Opportunity Tax Credit, Community Development Block Grants, Welfare-to-Work, and

other programs. Local office staff works closely with state and local economic development organizations to assist their efforts.

**Benefit to Rural Economic Development:** Services are available to all employers in the Commonwealth.

**Agency:** Virginia Employment Commission

**Program Name:** Labor Market Information

**Current Funding:** \$4.1 million, provided by the federal government.

**Program Description:** Labor Market Information provides detailed demographic information of use to job seekers, employers, researchers, marketers and economic developers. Information produced by Labor Market Information includes:

- area economic profiles
- state and local educational attainment profiles
- local industrial profiles
- labor market participation and unemployment
- area occupations
- prevailing wages
- job market trends
- area education services
- tailored information packages for economic development prospects

**Benefit to Rural Economic Development:** Labor market information is widely available to anyone with an Internet connection and is extremely valuable in economic development efforts, whether rural or urban.

## **Recreational and Cultural Enhancement**

**Agency:** Virginia Tourism Corporation (VTC)

**Program Name:** Tourism Development

**Current Funding:** \$750,000

**Program Description:** The VTC newly-formed Tourism Development Division is focused on creating and expanding Virginia’s tourism product base, with emphasis upon communities and entrepreneurs in economically-challenged areas.

Department Objectives: The Tourism Development team will focus its efforts on providing the communities and entrepreneurs with broad, technical assistance and planning to support the establishment of growth of the tourism product base.

Tactics:

- Hire a senior tourism development specialist to coordinate all tourism development activities
- Hire two tourism development field specialists to focus on economically challenged areas of the state
- Focus on Southside and Southwest Virginia and the following specific products:
  - Artisans Network/Trail
  - Crooked Road Music Trail
  - Wilderness Road
  - Rails to Trails
  - Wine Trails
- Support the following growth products:
  - Motorsports Trail
  - John Smith Water Trail
  - Chesapeake Bay Gateways Network
  - “On Hallowed Ground” Trail
  - Virginia Indians Trail
  - Colonial Trail
- Work with North Carolina to secure Scenic Byways federal grant for the promotion of the Blue Ridge Parkway
- Work with state lawmakers to increase the VTC Tourism Development program funding and to make it long-term and sustainable
- Work with tourism businesses and communities to access capital, including the newly-created tourism loan program established by the Department of Business Assistance
- Liaise with federal and state agencies to connect tourism businesses and communities with federal and state tourism programs
- Develop and implement a tourism outreach program that connects tourism businesses with VTC-sponsored marketing solutions
- Work with eBrains to provide leads and content for the VTC’s “Journey’s of Passion” online packages
- Educate lawmakers and key decision-makers on the tax benefits of tourism product development

- Work with state lawmakers to secure additional funding to improve state-operated Welcome Centers in order to improve visitor “sense of arrival” before, during and after Jamestown 2007 statewide commemoration
- Develop a speech tool kit for VTC staff and board in order to promote tourism activities, keep on message and gain greater industry support
- Work closely with the Virginia Tobacco Commission to support approved tourism initiatives
- Work closely with the Virginia Department of Housing and Community Development to support tourism programs identified within the Virginia Works plan, including the establishment of artisan centers

**Benefit to Rural Economic Development:** The Tourism Development team will focus their efforts on providing the communities and entrepreneurs with broad, technical assistance and planning to support the establishment of growth of the tourism product base.

## **Agribusiness Incentives**

**Agency Name:** Virginia Department of Agriculture and Consumer Services

**Program Name:** Agribusiness Development Services (ADS)

**Current Funding:** \$100,000 for University Specialty Agriculture Research Grants

**Program Description:** The objective of the Agribusiness Development Services program is to increase the level of capital investment and provide job enhancement in Virginia’s agribusiness sector and in the development of Specialty Agriculture businesses for high value products and services. Program efforts include marketing and promotional activities that demonstrate Virginia’s competitive advantages as an exceptional development of agricultural business so as to support agricultural-based companies in their decisions to locate, expand, or remain in the state. The ADS Program works with prospective and existing agribusinesses to help with business location and expansion plans. The Program targets special development efforts for specific sectors of Virginia agriculture that show the best prospects for investment and employment growth. The new Specialty Agriculture initiative will target high-value and value-added agricultural enterprises. The ADS program is a support and service program for agribusiness and economic development and does not entail incentive or grant funding for the private sector. The new Specialty Agriculture initiative in ADS will provide initial grant funding of \$100,000 for research in Specialty Agriculture projects at Virginia Tech and Virginia State University.

**Benefit to Rural Economic Development:** ADS program activities are largely geared to many agricultural industries and applicable economic development initiatives in rural areas of Virginia.

**Agency Name:** Virginia Department of Agriculture and Consumer Services

**Program Name:** Agricultural Vitality Program

**Current Funding:** Currently unfunded (activities utilize existing ADS resources)

**Program Description:** The Agricultural Vitality Program is designed to preserve and enhance the physical, capital and human resources in Virginia agriculture. The program includes two major components: Farmland Preservation and Agricultural Business Transition/Succession. Recognizing that Virginia's agricultural land resources are disappearing at a rapid rate and faces continuing pressure from residential and commercial development, the Farmland Preservation component works to provide technical assistance to localities in the implementation of farmland preservation strategies such as Purchase of Development Rights (PDR) programs. The Farm Business Transition/Succession component provides technical assistance and resources in the intergenerational transfer of the ownership and management of farm businesses. The Program enlists the assistance of allied organizations (such as Virginia Farm Bureau and Virginia Cooperative Extension) in the recruitment of potential farmers/land owners to a Farm Business Transition Database for linking existing farm business owner/operators with entrepreneurs wishing to enter in a business.

**Benefit to Rural Economic Development:** The vast majority of farm businesses and land resources are located in rural areas of Virginia; therefore, the Agricultural Vitality Program is geared to supporting the rural farm business economy.

**Agency Name:** Virginia Department of Agriculture and Consumer Services

**Program Name:** Domestic Sales and Market Development, Division of Marketing

**Program Description:** Domestic Sales and Market Development assists Virginia's producers and processors in marketing their products throughout the U.S. and Eastern Canada. Activities include locating buyers, coordinating and hosting production area tours for potential buyers, participating in industry trade shows, developing the state Farmers Market System, assisting 17 commodity boards in conducting their programs, implementing retail promotions where Virginia products are the focus, providing marketing information, and assisting in efforts to achieve more orderly and efficient marketing. Regional marketing development managers are located in six designated regions of the state to provide assistance in marketing commodities and enhancing agricultural economic development within those regions. Regional managers provide assistance, advice and counsel to agricultural producers, industry representatives, and organizations through individual consultations, public presentations, newsletters, and the media in order to enhance and influence marketing efforts. Two marketing representatives develop markets for Virginia agricultural products in the Mid-Atlantic, South, Midwest, Northeast and Eastern Canada. They assist producers and processors in



their sales efforts by locating buyers, merchandisers and corporate executives to initiate sales leads, provide producer information, crop status reports and pertinent industry information. The Marketing Representatives also provide information and advice through consultations, group presentations and written reports to producers and industry organizations.

**Benefit to Rural Economic Development:** Domestic Sales and Market Development program activities are largely geared to many farm producers, producer organizations, agricultural industries and applicable economic development initiatives in rural areas of Virginia.

**Agency Name:** Virginia Department of Agriculture and Consumer Services

**Program Name:** International Marketing, Division of Marketing

**Program Description:** The Office of International Marketing helps Virginia companies develop profitable export opportunities throughout the world for agricultural, food and forest products. Buyer contacts and trade leads for Virginia products are developed through the regional office in Hong Kong and representatives in Central Europe and Latin America. The Office provides assistance and services in export readiness training, Virginia export directories, export consultations, and trade exhibitions.

**Benefit to Rural Economic Development:** International Marketing program activities are geared to many farm producers, producer organizations, agricultural industries and applicable economic development initiatives in rural areas of Virginia.

**Agency Name:** Virginia Department of Agriculture and Consumer Services

**Program Name:** General Marketing and Commodity Services

**Program Description:** Additional Marketing Services includes specific commodity marketing and inspection in livestock, poultry and eggs, grain, fruit, vegetables, peanuts, wine, market news service, communications and promotions, organic farming, and administration of USDA Food Distributions. The Division of Marketing also administers the Virginia's Finest Trademark Program, the Virginia Grown program, the Virginia Farmers Market System and publishes a Food and Beverage Directory and Shippers Directory of Virginia agricultural companies and the products available for sale.

**Benefit to Rural Economic Development:** General Marketing and Commodity Services program activities are geared to many farm producers, producer organizations, agricultural industries and applicable economic development initiatives in rural areas of Virginia.

**Agency Name:** Virginia Department of Agriculture and Consumer Services

**Program Name:** Animal and Food Industry Services

**Program Description:** A primary goal of the Division of Animal and Food Industry Services is providing support to Virginia's animal agriculture industry. By administering laws and regulations that apply to health requirements for livestock and poultry, the program prevents and controls the spread of disease through commerce - both in and out of state.

Veterinarians and field inspectors also work with local officials in the investigations of animal cruelty cases and provide livestock, poultry and companion animal owners with advice and instructions on the proper care and handling of their animals.

Our laboratory system offers clients a wide range of testing services to diagnose livestock and poultry disease and consequently aid in their prevention and control.

The Division of Animal and Food Industry Services is composed of the administrative Office of the State Veterinarian and specialized programs in Laboratory Services and Veterinary Services, as well as other regulatory programs for food safety and plant health.

The Division provides support to Virginia agriculture including regulatory and diagnostic testing, training for veterinary accreditation, and informing the public of requirements for the import and export of livestock and poultry.

In addition, the Division's Animal Welfare Program provides advisory assistance and information on up-to-date methods for humane care and handling of animals.

**Benefit to Rural Economic Development:** The services that are provided in this program are extremely important to Virginia's livestock and poultry industries in preventing and eradicating diseases, thereby supporting our top industries in poultry, dairy and beef. The economic vitality and ability to export animals and products both domestically and internationally are of vital importance to these industries and Virginia's rural agricultural economy.

**Agency Name:** Virginia Department of Agriculture and Consumer Services

**Program Name:** Other Regulatory Services

**Program Description:** Regulatory Services provides the following activities:

- administers assigned consumer protection laws and regulations to maintain integrity between buyers and sellers;

- administers regulatory programs to ensure that safe, wholesome, unadulterated and truthfully labeled products are offered for sale to consumers;
- administers assigned environmental protection laws and regulations to protect the environment from pesticide misuses, plant insects and plant diseases, as well as protect endangered plant and insect species;
- protects consumers against fraudulent, deceptive and illegal practices in order to reduce the incidence of economic crime while improving the ability of the consuming public to make informed decisions;
- assists in the resolution of product and service disputes; and
- prevents unfair competition between regulated industries.

Program activities include Food Safety and Inspection, State Milk Commission, Consumer Protection, Plant and Pest Disease Services, Environmental Protection, and Product and Industry Standards.

**Benefit to Rural Economic Development:** Regulatory Services program activities have an indirect impact on rural development because of the positive economic benefit of the programs and services to many rural Virginia businesses.

## **Recommendations**

Virginia ranks among the top states in the nation for its pro-business climate. For the second consecutive year, Virginia ranked near the top of the Pollina Pro-Business list, ranking #2 for 2005. Several factors combine to make Virginia an attractive business location, including low taxes, strong education systems, a well-trained workforce, good infrastructure, sensible labor laws, and effective economic development incentive programs.

The above catalog of state programs is not exhaustive and includes only those programs administered by the agencies named in the authorizing legislation. Nevertheless, it is clear that Virginia agencies and institutions of higher education devote considerable resources to rural economic development. The challenge Virginia faces is to coordinate these programs and resources for their best utility.

The following recommendations are based on a review of existing programs and the Governor's Economic Development Strategic Plan. They are arranged by the same functional areas specified in § 2.2-2238.1 of the Code of Virginia.

### **I. Education and Workforce Development Programs**

**Goal: Continue support for and expand the Regional Workforce Consortia Grants initiative under the Virginia Works program.**

The activities of regional workforce consortia are targeted toward anticipating and addressing workforce training needs critical to the region's future economic

growth. The funding is intended to enhance local workforce development and education investment by supporting activities that specifically advance the region's overall strategy to prepare its citizens for the jobs of the 21st Century. Using a region's identified workforce development and education investment strategy as a framework, the program seeks to increase the literacy and readiness skills of the workforce; provide for the seamless and uniform management of workforce development resources and programs; and enhance the integration of education and training resources in a region. The funds will help distressed regions provide their workforce with the skills to utilize next generation technologies and position the region's economic base for the future.

**Goal: Align Workforce Investment Act implementation activities with local and regional economic development goals.**

The Virginia Workforce Council (VWC) has been working to improve the quality and responsiveness of Workforce Investment Act activities while maintaining local autonomy. The VWC should continue these efforts and continue working with local Workforce Investment Boards to achieve consistent high quality programs throughout the state.

**Goal: Make better use of workforce training as an incentive to new and expanding employers.**

The Workforce Services program should be given carry-forward provisions in its budget. This will assist in the planning process and allow procedural reforms necessary for program management and would truly treat the program as an incentive. In addition, Workforce Services should be available for retraining an existing workforce if such action were necessary to give employees new skills that would save or increase employment opportunities. No other qualification would be needed.

The Community College System can and should be viewed as an incentive which builds workforce capabilities and thus influences location decisions. In other states, especially North and South Carolina, major competitors for economic development, there are extremely close relationships between workforce incentive programs and the community colleges. The Department of Business Assistance and the Community College System should explore ways to improve relationships to ensure their resources have the greatest impact on economic development activity. In addition to taking advantage of the program delivery efficiency, and economy of scale of the Workforce Services, Workforce Investment Act, and the resources of the Community College System to better coordinate existing industry programs (existing business creates more than 70% of new jobs annually) and the economic development process.

The Community College System can play a great role in economic development, especially in distressed areas, if the individual Colleges received the normal

reimbursement for students in specific workforce development classes whether or not the individuals were classified as full-time students. In other words, we should remove disincentive to non-credit student activities in the Community Colleges.

## **II. Capital investment in infrastructure, including capital for water and sewer upgrading, waste management, law enforcement, housing, primary and secondary roads, and telecommunications**

**Goal: Develop and implement a coordinated water policy for the Commonwealth that will ensure that every Virginian has access to clean, safe drinking water.**

Water and sewer infrastructure are important components of a quality living environment, especially in rural communities. Recent studies indicate that, while substantial gains have been made in the provision of indoor plumbing, 19,550 occupied housing units still lack indoor plumbing. Improvements to inadequate community or individual systems may raise many Virginians out of appalling housing conditions as well as open up different options for development. Infrastructure enhancements also have a direct impact on the public health and educational enhancement of low-income families. Housing rehabilitation will also make better use of the extensive inventory of existing older housing units in rural and urban Virginia. Improvements and rehabilitation can also preserve and nurture local communities. DHCD currently provides grant funding to improve several hundred substandard units through a variety of programs (Community Development Block Grants, Indoor Plumbing Rehabilitation, etc.) primarily targeted at rural areas. Program resources need to be expanded both in terms of the number of units and the ability to address inner city units.

Too frequently, some citizens in small rural communities in Virginia lack access to clean drinking water and adequate indoor plumbing. Due to the limited number of customers, small public water systems are not able to generate enough revenue to pay additional technical staff, make infrastructure improvements, pay debts, or even meet national drinking water standards. Unlike municipalities with general taxation authority, many of the small water systems in rural Virginia have no revenue raising capability except user fees and connection fees. These conditions lead to higher monthly water bills on average. For instance, a 2001-2002 water and sewer rate study indicates the average monthly water bill in the St. Charles Water Service Authority in Lee County was almost \$45.00. Much of the existing financing for small water systems is in the form of loan programs. Given the increasing cost of maintaining and expanding water systems, small water systems are dependent upon direct grant funding. DHCD provides funding for water projects through such programs as the CDBG, ARC and Self-Help programs that strive to develop the local capacity needed to address community needs.

Additional leveraging of funds from the private sector would also assist smaller water systems. In addition, small water systems in rural Virginia have fractured and uncoordinated delivery systems, which would benefit from greater consolidation.

**Goal: The Commonwealth should establish a dedicated source for economic development infrastructure funds in order to be competitive in attracting “mega projects”.**

Virginia’s ability to assemble a large pool of funds to secure a strategically significant project, such as an automotive or information technology assembly plant, is difficult with current incentive program offerings. These current programs are an important “baseline” for Virginia, and help improve Virginia’s general competitiveness for small and medium sized projects. However, these standard programs alone will be insufficient in the present environment for Virginia to successfully attract a “mega” project.

The Virginia Tobacco Commission commissioned a consultant team in 2005 to critically evaluate Virginia’s competitive position for attracting a major auto assembly plant, with particular emphasis on the Tobacco Region. Many of the consultants’ conclusions about Virginia’s business climate, operating costs, labor force, and logistics were quite favorable for our future potential to compete generally for projects of this nature. The key challenges identified for Virginia to be successful focus on two central issues: 1) our ability to identify and be able to deliver a 1,500-2,000 acre site that meets the industry’s requirements, and 2) to marshal the type of financing support for delivering a fully-ready site and an adequate incentives package to help influence the final location decision.

To compete effectively for an auto assembly plant or other mega project will require a collective understanding that delivering a site that is (or will be) assembled, graded for construction, and prepared with adequate water, sewer, fiber, gas, rail, and electricity is an entry level expectation and does not represent an incentive to the company. Given the experiences from other states and the site development and infrastructure challenges in much of rural Virginia especially, Virginia needs a site funding mechanism approaching \$125-\$175 million to have a real chance to be successful. This should be viewed as a comprehensive undertaking involving a multiplicity of resources from not only state agencies, but to also encompass regional entities, local governments, and private sector partners such as utilities and rail companies.

### **III. Traditional industrial development and industry retention**

**Goal: Revitalize rural communities through strategic investment of technical assistance and financial resources.**

Rural economic development programs should give increased emphasis to community development programs to provide financial and technical support for the acquisition, development, rehabilitation, or expansion of business sites to raise wage levels, retain existing jobs, generate new jobs, diversify and expand local tax bases and economies, and reduce the out-commuting of workers and out-migration of residents.

Rural communities must be positioned to access opportunities in current markets by developing local and regional economic development strategies that focus and guide both local and state investment. Accessing opportunities requires not just enhanced economic development but also an improvement in the overall quality of life of the community. Increased access to affordable broadband telecommunications and other community development projects will result in a higher overall quality of life in many distressed communities. An increased quality of life (including better healthcare and educational opportunities) will in turn attract new businesses to distressed areas.

#### **IV. Recreational and cultural enhancement**

**Goal: Continue the implementation and expansion of economic initiatives through the Tourism Development component of the Virginia Works program.**

Highlighted below are the various Virginia Works program components designed to build on the assets of rural communities:

**A. Virginia Trails Program** – This initiative supports staffing, promotions and marketing related to new trail development. Itinerary-based trail development might include heritage, winery, cultural and eco-tourism venues marketed as a package to increase visibility and tourism interest. Asset identification, assistance with retail marketing and collaborative promotions would be included.

**B. Tourism Development** – This program will support two tourism development specialists – one in Southside and one in Southwest. Regional tourism promotion grants would be targeted to economically distressed areas to applications that maximize partnership investment.

**C. Virginia Enterprise Initiative for Tourism** – Much of the infrastructure needed to support the tourist industry is provided by small businesses and entrepreneurs. Inns, bed and breakfasts, riding stables, canoe liveries, restaurants, equipment outfitters and many other kinds of small businesses provide essential tourism services as well as provide the local and regional flavor essential to an authentic experience. As Virginia Works acts to expand tourism opportunities in distressed rural areas of the Commonwealth it is also

necessary to help provide the necessary small business infrastructure to serve this expansion. This proposal will provide business training and small loans to entrepreneurs in distressed areas that want to start or expand tourism-related businesses.

**D. Virginia Artisan Network** - In order to better promote and market the wide range of artisan products and related tourism opportunities in western Virginia, support for two artisan networks is included in Virginia Works. This initiative will provide organizational development and operational support for two regional artisan networks – one north of Roanoke and one south of Roanoke. These networks will provide marketing assistance, both in traditional retail operations as well as web-based sales, collaborative promotions among artisans and training and education in artisan skills and business management.

**E. Virginia Artisan Centers** - Two artisan centers will be developed in western Virginia to serve as gateway tourist destinations. These centers will capture tourism traffic from both north and south and then help disperse it off the interstate corridor. One center will be located in Staunton on Interstate 81 and will include a variety of attractions – visitor information, displays, regional museums, food service and a theatre in addition to the artisan retail center.

## V. Agribusiness incentives

**Goal: Revitalize Virginia’s agriculture and forestry industries through value-enhanced agribusiness industry development, marketing and financial incentives.**

Agriculture and forestry have long been a mainstay for Virginia’s rural economies, serving as two key traditional economic drivers in rural Virginia. These two economic sectors contribute more than \$47 billion to the state’s annual economy and represent more than 15% of the state’s total employment. In recent years the increasing globalization of agricultural commodities, coupled with lower market commodity prices and the elimination of many federal agricultural economic support programs have threatened the economic sustainability and viability of these sectors. In turn, these sectors have seen a reduction of capital in terms of both natural resources (farm and forest land) and human capital.

Revitalization of the agriculture and forestry industries will insure that these sectors remain viable economic entities for Virginia’s rural economies. These initiatives would include:

- Agribusiness development and marketing of value-added/high value agriculture products targeted to niche markets and focused on serving



consumer demands brought about by the changing population dynamics in Virginia and other east coast states;

- Promotion and development of new industrial uses of agriculture products for bio-based fuels, bio-processing and bio-manufacturing operations;
- Production, marketing and business development activities focused on agriculture and forestry products that maintain a competitive advantage due to production opportunities and advantages and proximity to markets and transportation; and
- Initiation of farmland preservation and farm business transition/entrepreneurial development programs.

#### **IV. Increase access to capital for rural entrepreneurship**

**Goal: Continue the development and implementation of the Community Development Bank under the Virginia Works program.**

This rural economic development initiative establishes a community development bank to provide a variety of credit, debt and equity, options to spur economic and community development activity in distressed areas. The bank will initially be financed through the transfer of State economic development loan and equity portfolios to a restructured community development organization that is designated as a Community Development Financial Institution (CDFI). These resources will be leveraged to establish a comprehensive community development bank. The bank will provide loans, equity investments and technical assistance to finance small business, economic development and housing projects for economically disadvantaged communities and individuals. The bank's focus will be on supporting local ownership of assets and will provide critical access to credit and technical assistance concentrating investment in distressed communities.

### **Conclusion**

Virginia already offers many advantages to existing, expanding, and new businesses. Low taxes, business friendly laws and regulations, and a skilled workforce provide the Commonwealth with considerable economic development advantages. However, rural areas have been lagging behind Virginia's urban areas in attracting and retaining business and industry. Changes in the global economy have had a strong impact on rural communities dependent on traditional manufacturing. Virginia will need to invest additional resources in local infrastructure, education, and transportation to make our rural areas more attractive to new and expanding businesses in order to maintain full employment.