

# FY22 Budget Priorities: Positioning the Commonwealth for a Healthy Economic Recovery

COVID-19 has created a new set of economic challenges and opportunities for the Commonwealth. Recent forecasts indicate that Virginia will not return to pre-COVID employment levels until 2023, leaving roughly 200,000 Virginians without work in the interim – unless we act decisively. By investing in a portfolio of targeted economic development initiatives through a collaboration of Commerce and Trade agencies and authorities, Virginia can accelerate the path to recovery by adding tens of thousands of additional jobs each year.

## PROPOSALS

### Reallot the Expansion of the Virginia Talent Accelerator Program

Senator Marsden provided an amendment to the Governor’s introduced budget to reallot the additional **\$4.7M in FY22** to support statewide coverage of the program, which would help create 2-3K jobs. The program provides world-class training and recruitment solutions, fully customized to a company’s unique operations, equipment, and standards. It is a vital tool to attract and grow new jobs and train Virginians for these newly created higher-paying positions. In light of COVID-19, workforce training is more important than ever. This program is essential for Virginia to be competitive for these projects, particularly among manufacturers, which generally prefer a service-based approach. However, the current funding level is insufficient to serve the potential projects currently in the pipeline in addition to new reshoring opportunities.

### Reallot the Majority Restoration for the Virginia Jobs Investment Program (VJIP)

The Governor’s introduced budget reallots **\$2M in FY22** to restore a majority of funds for VJIP. VJIP is one of Virginia’s oldest and most widely used discretionary incentive programs, providing grants to offset the costs of workforce training for many small and medium-sized businesses in all regions of the Commonwealth.

Virginia has a unique competitive advantage offering businesses a choice of incentives to meet talent needs: VJIP (training grants) or the Virginia Talent Accelerator Program (service delivery). However, the current funding level is insufficient to serve the potential projects currently in the pipeline in addition to a reshoring wave.

### Reallot Expansion of the Virginia Business Ready Sites Program (VBRSP)

The Governor’s introduced budget reallots approximately an additional **\$5M in FY22** for site development. Investments in site development are vital to ensure Virginia is well positioned to capture project wins as the economy recovers, as more companies onshore their manufacturing and other industrial operations to reduce the risk of supply chain disruptions. This additional funding will begin to help Virginia and its regions by strategically investing in high-potential, project-ready sites across the Commonwealth following an unprecedented data-driven technical review of Virginia’s sites portfolio.

### Create the office of education and labor market alignment:

The Governor’s introduced budget includes **\$5M in FY22** for an office of education and labor market alignment, developed in partnership with SCHEV. The purpose of the office is to provide a unified, consistent source of information and analysis on linkages between education and employment outcomes. Data generated by the office will provide insights that empower policymakers and educators to more effectively respond to the talent needs of Virginia’s economy, while also better enabling individuals to navigate the complex, often confusing connections between education and the labor market. Senator Hashmi has introduced SB 1314 regarding this initiative.

### Commitment to a Major Employment Investment (MEI)

**Project:** Microsoft will invest \$64 million to establish a new software development and R&D regional hub in Fairfax County, creating 1,500 new jobs. The company was awarded an incentive package of \$22.5M approved by the MEI Commission. This includes a MEI commitment of **\$5.6M in FY22**, included in the Governor’s introduced budget. Senator Howell has introduced SB 1156 that outlines the parameters of this grant.

**VEDP appreciates the support from the Governor, the Administration, the General Assembly and Senator Marsden, and our other partners. We encourage your support on these initiatives vital to Virginia’s economic recovery.**