

**VEDP Policies and Procedural Guidelines for the  
Virginia Jobs Investment Program  
Approved by VEDP Board of Directors on June 7, 2018**

**Purpose:**

These Policies and Procedural Guidelines will address the statutory and other requirements for qualifying for grant awards, and other administrative matters. The Virginia Jobs Investment Program (VJIP) provides grant funding to support new or existing businesses in training or retraining employees in accordance with criteria established by Section 2.2-2240.3 through 2.2-2240.6 of the Code of Virginia of 1950, as amended. VJIP consists of four programs: the Virginia New Jobs Program, the Workforce Retraining Program, the Small Business New Jobs Program, and the Small Business Retraining Program. In addition to direct funding to offset a company's recruitment and training costs, the Virginia Economic Development Partnership (VEDP) offers human resource consultative support at no charge to the company. Consulting services include: assistance guiding the employee recruitment and selection process, assistance evaluating training needs and coordinating resources, and coordination solutions offered by Virginia's workforce and higher education partners.

**Guiding Principles:**

- **General:** VJIP grants are made at the discretion of the Governor. VJIP is a performance-based incentive that provides a reimbursement to businesses for each net new full-time job created or full-time employee retrained.
- **Project Types:** The Virginia New Jobs Program of VJIP is the Commonwealth's premier tool for offsetting recruitment and training costs for new or expanding businesses that choose to operate in Virginia, rather than another state or country. Accordingly, there must be active, realistic competition between Virginia and another state or country for attracting the project. The Retraining, Small Business New Job, and Small Business Retraining VJIP programs do not have a competitiveness requirement.
- **Traded Sector Projects Only:** Grants will only be awarded for traded sector projects – i.e., projects for companies or functions that provide net new or additional income into Virginia and add to the gross state product, by providing goods or services for which at least 51% of the revenue comes from outside of the Commonwealth. Examples of qualifying traded sectors include:
  - Manufacturing
  - Regional distribution centers

- Regional shared service centers
  - Corporate headquarters for companies with multiple facilities (headquarters support positions only)
  - Information technology operations
  - Research and development facilities
- Incentive Philosophy: These factors, among others, will be considered by VEDP when determining whether to recommend VJIP grant funding:
    - proportion of company revenues directly or indirectly derived from outside Virginia, including international exports (i.e., determination of traded sector company or function)
    - wages compared to Federal minimum wage
    - alignment with strategic sectors and state/local strategies
    - establishment of a competitive advantage
    - advancement of the quality of life
    - estimated business cost associated with workforce development activities
    - analysis of company's anticipated training and recruitment activities
- Grant Amounts: Grant amounts for each net new full-time job created or full-time employee retrained is based on a customized budget determined by an assessment of the company's recruiting and training activities as well as the project's expected benefit to the Commonwealth. The reimbursement rate is limited to 50% of the company's average cost for recruitment and training or retraining and a one-year return on investment for the Commonwealth unless approved by the Vice President of Workforce Development. In determining grant amounts, the following criteria will be considered:
    - return on investment
    - number of new jobs created or jobs retrained
    - wage levels
    - overall company size by employment
    - capital investment
    - area and regional unemployment
    - locality's interest in the project
    - industry or company growth potential
- Allocations: In accordance with Section 2.2-2240.3 E "There is hereby established in the state treasury a special non-reverting fund to be known as the Virginia Jobs Investment Program Fund (the Fund). The Fund shall consist of any moneys appropriated thereto by the General Assembly from time to time and designated for the Fund. Any moneys deposited to or remaining in the Fund during or at the end of each fiscal year or biennium, including interest thereon, shall not revert to the general fund but shall remain in the Fund and be available for allocation under this article in ensuing fiscal years. Moneys in the Fund shall be used solely for grants to eligible businesses as permitted by the Program."

- Allocations Required: Section 2.2-2240.3 E “The total amount of funds provided to eligible businesses under the Program for any year, shall not exceed the amount appropriated by the General Assembly to the Fund for such year, plus any carryover from previous years. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the President and Chief Executive Officer or his designee. The Fund shall be administered by the President and Chief Executive Officer” of the VEDP.
- Project Cycle: Project cycles run for 36 months, which begins with the date of the first hire or, in the case of retraining projects, the application date. After 36 months, the project must be closed, unless an extension is granted.
- Extensions: The process for extending the 36-month performance period in the VJIP program will be performed in a similar manner as described in the VEDP Policies and Procedural Guidelines for Performance Extensions.
- Multiple Grants: If the company is continuing to grow and meets the eligibility criteria (including competitive criteria for large businesses), it may apply again for an award under a New Jobs Program or Small Business New Jobs Program. Companies accessing the Retraining Program must wait at least 36 months before applying to the program again. The 36-month waiting period begins on the date of the last payment to the company.
- Downsizing and Relocation: If a company has accessed VJIP in the past and has downsized its workforce, VJIP can consider a new project to support the anticipated net new, full-time job creation. The company will be asked to explain the reduction and provide assurances regarding the expected new jobs and capital investment. In order to use the current employment as a baseline headcount, the Vice President of Workforce Development must approve the request. The new project must meet capital investment and jobs thresholds. If a company is relocating from one locality to another, VJIP will only support the net new, full-time job creation in the Commonwealth, and the project must meet all of the qualifying criteria for the program.
- Clawbacks: The Virginia Jobs Investment Program is a pay-for-performance grant that only reimburses a company for recruitment and training costs after the company certifies that the training and/or new hire requirements have been met. The VJIP applications include the following paragraph which serves as a part of the performance agreement:

“I understand any funding for this project is contingent upon appropriations to the Virginia Jobs Investment Program by the Commonwealth of Virginia. I also understand that from time to time, I may be required to produce additional documents or other information related to the project that is

deemed necessary by the Virginia Economic Development Partnership to verify the information I provided to obtain VJIP funding. I understand that we will be required to pay back the VJIP grant if our facility closes within a year of the first reimbursement or prior to the Commonwealth of Virginia recovering its investment in this project or if the information on this application or on request for reimbursement is found to be false or inaccurate.”

Grant funding is only awarded to the company after an employee has either completed the relevant training or been on the job a minimum of 90 days. Should a clawback prove necessary due to the conditions described in the application language above, VJIP will follow a process similar to the one described in VEDP’s Policies and Procedural Guidelines for Clawbacks.

### **Use of VJIP Proceeds & Program Components:**

In accordance with Section 2.2-2240.3 B of the Code of Virginia “there is hereby created the Virginia Jobs Investment Program to support private sector job creation by encouraging the expansion of existing Virginia businesses and the start-up of new business operations in Virginia. The Program shall support existing businesses and economic development prospects by offering funding to offset recruiting and training and retraining costs incurred by companies that are either creating new jobs or implementing technological upgrades and by providing assistance with workforce-related challenges and organizational development workshops.”

### **Statutory Eligibility:**

General Eligibility Thresholds: Section 2.2-2240.3 D. To be eligible for assistance under any of the component programs of VJIP, a company shall:

- Create or sustain employment for the Commonwealth in a traded sector industry or function;
- Include businesses or functions that directly or indirectly derive more than 50 percent of their revenues from out-of-state sources, as determined by the Authority;
- Pay a minimum entry-level wage rate per hour of at least 1.35 times the federal minimum wage. In areas that have an unemployment rate of one and one-half times the statewide average unemployment rate, the wage rate minimum may be waived by the Authority; and
- Meet employment thresholds for full-time positions with benefits.

VJIP shall consist of the following component programs:

- The Virginia New Jobs Program
- The Workforce Retraining Program

- The Small Business New Jobs Program
- The Small Business Retraining Program

### **Virginia New Jobs Program**

In accordance with Section 2.2-2240.4 A; VEDP is required to “develop as a component of the Virginia Jobs Investment Program the Virginia New Jobs Program to support the expansion of existing Virginia companies and new facility locations involving competition with other states or countries.”

Virginia New Jobs Program Eligibility Thresholds: Section 2.2-2240.4 B. In addition to the requirements of subsection D of § 2.2-2240.3 regarding general eligibility, to be eligible for assistance, an expansion of an existing company or a new company location shall:

- Create 25 net new full-time jobs and \$1 million capital investment; and
- Include Virginia in a current competition for the location of the project with at least one other state or country.

The Secretary of Commerce and Trade may waive these requirements but shall promptly provide written notice of any such waiver to the Chairmen of the Senate Finance and House Appropriations Committees, which notice shall include a justification for any waiver of these requirements.

### **Workforce Retraining Program**

In accordance with Section 2.2-2240.5 A; VEDP is required to “develop as a component of the Virginia Jobs Investment Program the Workforce Retraining Program to provide consulting services and funding to assist companies and businesses with retraining their existing workforces to increase productivity.”

Workforce Retraining Program Eligibility Thresholds: Section 2.2-2240.5 B. In addition to the requirements of subsection D of § 2.2-2240.3 regarding general eligibility, to be eligible for assistance, a company shall demonstrate that:

- It is undergoing integration of new technology into its production process, a change of product line in keeping with marketplace demands, or substantial change to its service delivery process that would require assimilation of new skills and technological capabilities by the firm's existing labor force; and
- For each such integration of new technology, change of product, or substantial change to its service delivery process, 10 full-time employees will be retrained and \$500,000 capital investment will be made within a 12-month period.

The Secretary of Commerce and Trade may waive these requirements but shall promptly provide written notice of any such waiver to the Chairmen of the Senate Finance and House Appropriations Committees, which notice shall include a justification for any waiver of these requirements.

## Small Business New Jobs and Retraining Programs

In accordance with Section 2.2-2240.6 A, VEDP is required to “develop as a component of the Virginia Jobs Investment Program the Small Business New Jobs and Retraining Programs to support the establishment or expansion of Virginia's small businesses or to improve their efficiency through retraining.”

Small Business New Jobs Program Eligibility Thresholds: Section 2.2-2240.6 B. In addition to the requirements of subsection D of § 2.2-2240.3 regarding general eligibility, to be eligible for assistance, a company shall:

- Create five net new full-time jobs and \$100,000 capital investment.

Small Business Retraining Program Eligibility Thresholds: Section 2.2-2240.6 B. In addition to the requirements of subsection D of § 2.2-2240.3 regarding general eligibility, to be eligible for assistance for retraining, a company shall demonstrate that:

- It is undergoing integration of new technology into its production process, a change of product line in keeping with marketplace demands, or substantial change to its service delivery process that would require assimilation of new skills and technological capabilities by the firm's existing labor force; and
  - For each such integration of new technology, change of product, or substantial change to its service delivery process, five full-time employees will be retrained and \$50,000 capital investment will be made within a 12-month period.

The Secretary of Commerce and Trade may waive these requirements but shall promptly provide written notice of any such waiver to the Chairmen of the Senate Finance and House Appropriations Committees, which notice shall include a justification for any waiver of these requirements.

## VJIP Definitions

- Full-Time Employee: Section 2.2-2240.3 A. “Full-time employee” means a natural person employed for indefinite duration in a position requiring a minimum of either:
  - 35 hours of the employee's time per week for the entire normal year, which "normal year" shall consist of at least 48 weeks; or
  - 1,680 hours per year.

Seasonal or temporary employees shall not qualify as new full-time employees under the VJIP.”

- New Job: "New job" means net new full-time employment, created on or after the application date, as a result of the capital investment, for which the company provides a starting wage of at least \$9.79 per hour and standard fringe benefits, requiring a minimum of 35 hours of the employee's time a week for the entire normal year of the firm's operations, which "normal year" shall consist of at least

48 weeks. Seasonal or temporary positions or positions created when a job function is shifted from an existing location in the Commonwealth to the location of the economic development project, positions with suppliers, and multiplier or spin-off jobs shall not qualify as new jobs.

- **Capital Investment:** Section 2.2-2240.3 A. “Capital investment” means an investment in real property, personal property, or both, at a manufacturing or basic nonmanufacturing facility within the Commonwealth that is or may be capitalized by the company and that establishes or increases the productivity of the manufacturing facility, results in the utilization of a more advanced technology than is in use immediately prior to such investment, or both.” The capital expenditure may be made by or on behalf of the company, but must be at the company’s facility for which the application is being made. Capital expenditures by governmental entities shall not count toward a company’s required capital investment.

### **Project Management:**

Virginia Jobs Investment Program projects are managed by the Workforce Division of VEDP. The project management process starts with identifying an eligible project which will come from various sources including but not limited to VEDP, local and regional allies, workforce partners, and the business community.

### **Due Diligence, Information Gathering & Client Communication:**

- The Workforce Development Business Manager conducts initial research on the company and meets with the company in order to better understand the project, company structure, and key players.
- The Workforce Business Manager meets with the company to assist with the application documents.
- The Workforce Business Manager ensures that the company is registered to do business in Virginia with the State Corporation Commission by checking the SCC website and attaching verification of Good Standing to the project record.
- Companies interested in accessing VJIP funds must submit an application detailing the project, their recruitment and training plans, and a W9. The application includes the:
  - Company name (SCC-registered and trade)
  - Company’s physical and mailing addresses
  - Federal Identification Number
  - Contact information for primary contact and key management
  - Description of products or services
  - NAICS code
  - Project information:
    - Number of new jobs by year
    - Types of jobs to be created

- Wages for jobs to be created
  - Proposed capital investment by year
- Additional information gathered may include:
  - Company website URL
  - Company stock ticker (if applicable)
- The Workforce Business Manager calculates the Commonwealth's Return on Investment (ROI), a measurement that compares the amount of state incentive funds used to secure a project to the estimated state tax revenues resulting from the project activity, including an estimated break-even point. The VJIP ROI formula is developed and maintained by VEDP.
- Once the initial vetting has been completed and the Workforce Business Manager reviews the project with the VP of Workforce, the manager prepares a briefing memo to the Secretary of Commerce and Trade (SCT) for approval. It is expected that the SCT will review and take action on the pre-approval within one week of receiving the documentation.

#### Project Approval:

Once the company makes a decision for Virginia, a Workforce Development Business Manager works with the company to finalize a VJIP application. Upon approval of the company's application, VEDP sends the company a commitment letter confirming the amount to be paid to the company for each net new full-time employee hired or existing full-time employee retrained.

#### Incentive Payout:

Once the company reaches the minimum number of net new hires employed for 90 days or retrained employees (according to the program for which they applied), the company submits a Reimbursement Request Form to the assigned Workforce Business Manager. The Workforce Business Manager continues to work with the company to issue reimbursements until all projected net new hires or retained employees have been achieved or until the project performance period is complete.

#### **Verification Process:**

- Companies receiving VJIP self-report full-time employee headcount and average wages of individuals listed on the Reimbursement Request Form. Workforce



Development Business Managers process reimbursements for the net increase in the company's full-time headcount (as compared to the full-time headcount at the time of the application) for New Jobs projects, or for individuals who have completed the retraining activity for Retraining projects. New hires must have been on the company's payroll for at least 90 days to be eligible for reimbursement.

- Verification of jobs, wages, and capital investment in the VJIP program is performed in a similar manner to the process described in VEDP's Policies and Procedures for Verification of Capital Investment, Employment, and Wage Level Reporting and Verification.