

# Legislative Proposal HB 1967: VJIP, alignment to the Virginia Minimum Wage Act

The Virginia Jobs Investment Program (VJIP) is one of Virginia’s oldest and most frequently used discretionary grants. VJIP incentivizes new job creation for businesses expanding or locating in Virginia. The program supports the development of a skilled workforce by offsetting recruitment and training costs for qualifying economic development projects during a 36-month period. It is a performance-based incentive, meaning a company receives grant funding after jobs are already created and are generating state revenues. VJIP is a state-funded program, training Virginians for new jobs being created in their communities and demonstrating the Commonwealth’s commitment to enhancing job opportunities for its citizens.

## PROPOSAL

**Align VJIP to the Virginia minimum wage and recalibrate the wage multiplier:** Due to the changes to the Virginia Minimum Wage Act in the 2020 Session (HB395/SB7), the current wage requirements for this program would quickly fall below the Virginia minimum wage, set to begin increasing starting in May 2021. This proposal would add language that will base program requirements on the federal minimum wage or the Virginia Minimum Wage Act, whichever is higher.

Additionally, the Code currently requires that wages be 1.35 times the federal minimum wage, which means that all jobs supported by VJIP must pay more than \$9.79/hr. This proposal recalibrates the multiplier from 1.35 (for federal minimum wage) to 1.2 (for Virginia minimum wage) to accommodate the pace of increasing the Virginia minimum wage over the next five years while maintaining the program’s accessibility in all regions of Virginia.

## RESULTS

**Continue the impact of this widely used incentive:** New projects requesting VJIP support enter VEDP’s pipeline weekly. Many of these projects, often existing small businesses located in rural localities, do not qualify for other state incentive programs. In FY19-20, VJIP was involved in 58% of VEDP-assisted projects. In previous years, this percentage has been even higher.

**Help attract higher-paying jobs across the Commonwealth:** This proposal will continue to attract higher paying jobs across the Commonwealth while aligning with the diversity of economies throughout Virginia. VJIP is an especially important element of state support for new job creation associated with rural regions, small and medium businesses, and smaller projects. Small and medium businesses typically represent about 60% of the projects VJIP supports.

Company	Current VJIP Threshold (\$)	New Virginia Minimum Wage (\$)	Proposed Rate of 1.2x (\$)
May 1, 2021 – December 31, 2021	9.79	9.50	11.40
January 1, 2022 – December 31, 2022	9.79	11.00	13.20
January 1, 2023 – December 31, 2024	9.79	12.00	14.40
January 1, 2025 – December 31, 2025	9.79	13.50	16.20
January 1, 2026 – December 31, 2026	9.79	15.00	18.00

**We urge you to support HB 1967 regarding changes to Virginia’s most frequently leveraged incentive responsible for new job creation and training for all regions of the Commonwealth.**