

# Economic Development Incentive Grant Subfund (VEDIG)

Administered by: Virginia Economic Development Partnership

Va. Code § 2.2-5102.1

## Program Goals:

The goal of awarding the Economic Development Incentive Grant (VEDIG) is to encourage companies to invest and to provide new employment opportunities by locating significant headquarters, administrative, research and development, or similar service and basic sector operations in the Commonwealth. The program uses the following metrics:

- § Value of Virginia jobs created, and their average wage
- § Value of capital investment in Virginia

## Structural Information:

The incentive is paid after an approved performance agreement between the Commonwealth and company has been signed and performance milestones have been achieved. The performance does not contain a clawback provision because the incentive is always paid (typically in five annual installments) after performance has been achieved and maintained. The performance period is typically 10 years (5 years to meet milestones, 5 years of payment); milestones reflect latest information received from company in the specified fiscal year.

## Summary of Incentives, Relevant Goals, and Performance:

<i>Projects Awarded</i>		FY2015	FY2016	FY2017	FY2018	FY2019	Total
Funds Appropriated		\$ 4,500,000	\$ -	\$ 4,200,000	\$ 1,600,000	\$ 4,400,000	\$ 14,700,000
Number of Projects		2	-	2	1	1	6
Incentives Awarded		\$ 6,000,000	\$ -	\$ 9,300,000	\$ 4,000,000	\$ 1,500,000	\$ 20,800,000
Average Incentive per Job		\$ 5,000	\$ -	\$ 6,899	\$ 2,857	\$ 7,500	\$ 5,014
Expected at time of award	Jobs Created	1,200	-	1,348	1,400	200	4,148
	Average Wage (weighted)	\$ 128,583	n/a	\$ 98,022	\$ 60,314	\$ 80,000	\$ 93,267
	Value of Capital Invested	\$ 87,000,000	\$ -	\$ 146,300,000	\$ 100,000,000	\$ 12,302,000	\$ 345,602,000
	Benefit-to-Cost Ratio (10-year)	10.4	n/a	6.7	3.4	5.3	7.0
<i>Projects awarded in Fiscal Year that were Completed or at Milestone on or before 6/30/2019 (subset of Projects Awarded)</i>							
Milestone <sup>5</sup>	Jobs Created	Confidential	None Completed or at Milestone	Confidential	Confidential	Confidential	Confidential
	Average Wage (weighted)						
	Value of Capital Invested						
Completed	Jobs Created	None Completed or at Milestone	None Completed or at Milestone	None Completed or at Milestone	None Completed or at Milestone	None Completed or at Milestone	None Completed or at Milestone
	Average Wage (weighted)						
	Value of Capital Invested						
Projected Benefit-to-Cost Ratio <sup>6</sup>		17.4	n/a	4.9	13.5	n/a	10.9
Current Benefit-to-Cost Ratio (December 2018) <sup>6</sup>		4.1		2.2	1.5		2.7

<sup>5</sup>Values considered confidential due to reporting thresholds set by the VEC. In order to be reported, the Commission requires at least 3 projects in a particular fiscal year and no one project making up more than 80% of employment totals. Because no one fiscal year has more than 3 active projects, no milestone data is available for the years being reported. VEDP, however, used this data to calculate the Current and Projected Benefit-to-Cost Ratios. <sup>6</sup> The Current Benefit-to-Cost Ratio is calculated by determining state revenues generated to date from direct, indirect, and induced effects from survey data provided by companies, and dividing that amount by Incentives Awarded. The Projected Benefit-to-Cost Ratio takes the results from the Current ratio calculation, and models the remaining portion of the Company's 10-year revenue generation assuming original project parameters.