

WHY ECONOMIC DEVELOPMENT IS CRITICAL TO VIRGINIA'S FUTURE

WHAT IS ECONOMIC DEVELOPMENT?

The goal of economic development is to increase the tax base and provide better jobs, thus enhancing the well-being and prosperity of the citizens of Virginia and its localities. These are the activities measured and are ultimately how success is measured. In order to do these things, it is necessary to create and maintain a competitive product (sites, buildings, business climate, workforce and infrastructure) to attract new businesses and to promote expansion of existing businesses.

THE ROLE OF PUBLIC POLICY

Underlying any successful economic development program is good public policy. The decisions made by government to invest in education, transportation, natural resources, health care, and social programs all impact a jurisdiction's ability to attract and grow companies, which leads to new jobs and investment.

Governments serve a fundamental role in facilitating job creation and investment by both maintaining and enhancing a pro-business climate and by supporting economic development activities through both marketing and site development. Public policy choices made by government entities drive the business climate that determines the attractiveness of a particular locality to business prospects. This climate, fostered by all levels of government, is essential to continued success in promoting economic prosperity, broadening the tax base, and enhancing the Commonwealth's economic stability and quality of life. Furthermore, economic development leads to enhanced tax revenues for state and local governments, thus providing the funds to support essential government services.

Economic development is an investment in our economic prosperity. The time and resources allocated to economic development programs typically fall under three areas: creating a competitive product and environment; attracting or establishing new businesses; and assisting expanding business.

- ◆ **Creating a Competitive Product** – Business prospects cannot locate in a community unless the necessary infrastructure and an adequately trained workforce are in place. In its most basic form, this includes land with adequate access to transportation, utilities and a fair taxation structure. For workforce readiness, it would include an appropriate education pathway to provide a quality workforce. This is the "product." As in any marketing environment, you have to have a desirable product that will entice and meet your customers' needs. A good product is sold via a comprehensive, holistic approach that addresses community, regional and/or statewide issues such as transportation, education, business climate, environment, taxation, quality of life, community infrastructure, skilled and competitive workforce, etc. It is necessary to ensure that sites are ready and available to show to prospects when they have a need to relocate or expand their businesses. The importance of this role for the economic developer increases as the competitiveness of the product decreases.
- ◆ **Starting, Attracting, and Expanding Businesses** – An important role of economic development professionals is to aggressively market this competitive product, identify potential business prospects, develop relationships, package proposals, and close deals that lead to job creation and investment. Economic developers are increasingly helping nurture the development and growth of entrepreneurial activity.

THE ROLE OF VEDA



The Virginia Economic Developers Association supports the maintenance and expansion of efforts by state, regional, and local governments and other interested organizations to foster the growth of basic employment sectors that will expand job opportunities for Virginians. These organizations should be supported based on their efficiency and effectiveness in accomplishing the goals of economic development.

At the State level, there are a variety of programs and initiatives that specifically focus on developing the economic infrastructure, as well as broadening the awareness of Virginia's superior business climate. Yet, the State is not the sole source of support for economic development. Local and regional entities, including local governments, local and regional authorities, chambers of commerce, and regional economic development marketing entities, play a valuable role in attracting new jobs and investment. Cumulatively, these investments total in the millions, but the return on that investment is far greater.