



VIRGINIA INITIATIVE FOR
**GROWTH &
OPPORTUNITY**
IN EACH REGION

AGENDA
VIRGINIA GROWTH AND OPPORTUNITY BOARD GOVERNANCE AND POLICY COMMITTEE

Monday, January 29th, 2024

1:00 PM – 2:00 PM

[Virtual Link](#)

Location:
VIRTUAL

- | | | |
|------|---|---------------|
| I. | OPENING | |
| | a. Call to order | Chair |
| | b. Roll Call | Cody Anderson |
| | c. Public Comment | Chair |
| II. | Committee Charter – Action Item | |
| | a. Governance and Policy Committee Charter | Chair |
| III. | Information Items | |
| | a. Upcoming Expiring Terms and Board Membership Turnover Report | Cody Anderson |
| IV. | Discussion Items | |
| | a. Presentation: JLARC Recommendations | Cody Anderson |
| | b. Prioritization of Recommendations | |
| V. | ADJOURNMENT | Chair |

VIRGINIA GROWTH AND OPPORTUNITY BOARD GOVERNANCE AND POLICY COMMITTEE CHARTER

ARTICLE I PURPOSE

The Governance and Policy Committee (“Committee”) of the Virginia Growth and Opportunity Board (“GO Virginia” or “Board”) is charged with assisting the Board in overseeing matters of governance and policy as outlined within.

ARTICLE II AUTHORIZATION

The Governance and Policy Committee was established by the Growth and Opportunity Board via the adoption of amended bylaws at the September 12, 2023, Regular Meeting of the Board.

ARTICLE III MEMBERSHIP

The Governance and Policy Committee shall have a total membership of 10 members. Membership on the Committee shall, at minimum, consist of the following: the Chair of the Growth and Opportunity Virginia Board, the Chair of the House Committee on Appropriations, the Chair of the Senate Committee on Finance and Appropriations, and one of the gubernatorial-appointed Cabinet Secretary members of the Board. The Governance and Policy Committee shall include a majority membership of non-legislative citizen members that have significant private-sector experience. The Chair of the Committee shall be appointed by the Chair of the Virginia Growth and Opportunity Board and shall be a non-legislative citizen member.

ARTICLE IV AUTHORITY

The Committee shall have all rights, powers and duties bestowed by, and be subject to the limitations and restrictions set forth in, the Code of Virginia or the Appropriations Act and the Virginia Growth and Opportunity Board bylaws.

Committee business shall be conducted in accordance with the Virginia Freedom of Information Act (FOIA) and the Virginia Conflict of Interest Act (COIA) unless exempt pursuant to §2.2-3711. A.48 of the Code of Virginia.

ARTICLE V RESPONSIBILITY

Section 1 Governance

The Governance and Policy Committee shall be charged with development of Board members, including developing Board member orientation programs and planning periodic Board retreats. Members of the Committee shall be responsible for participating in on-boarding

of new Virginia Growth and Opportunity Board members.

The Committee shall also be charged with identifying and developing non-legislative citizen members for Board leadership roles. The Committee shall confer and provide recommendations to the Virginia Growth and Opportunity Board and Board Chair for non-legislative citizen members that may be well suited for nomination to leadership positions.

Section 2 Policy

The Committee shall be charged with the development of Board Policies. This development shall include recommendations to the Virginia Growth and Opportunity Board for new policies or for amendments to existing Board policies. Board policy review and development may be directed by the Committee or may be at the direction of the Board. All policy recommendations shall be introduced to the Board as a standing motion and are subject to Board approval.

The Committee shall be charged with discussion and development of recommendations to the Governor on policy matters consistent with the GO Virginia mission as outlined in the § 2.2-2486 section 5 of the Code of Virginia. These recommendations shall be developed in the form of a letter to the Governor. All recommendations to the Governor shall be introduced to the Board as a standing motion and are subject to Board approval.

ARTICLE VI MEETINGS

The Committee shall meet at minimum twice annually preceding the regularly scheduled meeting of the Virginia Growth and Opportunity Board. The Committee may call special meetings that shall be conducted in accordance with the Virginia Freedom of Information Act (FOIA) and the Virginia Conflict of Interest Act (COIA) unless exempt pursuant to §2.2-3711. A.48 of the Code of Virginia.

ARTICLE VII QUORUM

A majority of the members of the Committee shall constitute a quorum. Any decision by the Committee shall require an affirmative vote of a majority of members of the Committee present and voting.



Memorandum

TO: GO Virginia Governance and Policy Committee Members

FROM: DHCD Staff

RE: Upcoming Expiring Terms and Board Membership Turnover Report

DATE: 01/29/2024

UPCOMING EXPIRING TERMS:

Jim Dyke, Expiration 06/30/2024 – Ineligible for Reappointment

Pia Trigiani, Expiration 06/30/2024 – Ineligible for Reappointment

Jim Cheng, Expiration 6/30/2024 – Eligible for Reappointment

BOARD MEMBERSHIP TURNOVER REPORT:

Turnover in the Senate has resulted in turnover for all three Senate positions. Senator L. Louise Lucas, Chair of the Senate Committee on Finance, automatically fills the vacant seat held by former Senator Janet Howell. In addition, seats formerly held by Senators George Barker and Frank Ruff will need to be filled via appointment by Chair of the Senate Committee on Rules, Senator Mamie Locke.

Changes in leadership in the House of Delegates has resulted in several membership changes as well. Delegate Luke Torian, Chair of the House Committee on Appropriations, automatically fills the vacant seat held by former Chair of the House Committee on Appropriations, Delegate Barry Knight. Seats previously held by Delegates Terry Kilgore, Terry Austin, and former Speaker Todd Gilbert will be appointed by Speaker Don Scott.

Additionally, Mr. Jim Cheng has been appointed to the GO Virginia State Board by Governor Youngkin. Mr. Cheng will complete the term of the late Dubby Wynne and will be eligible for reappointment to two additional four year terms after the current term concludes on June 30, 2024.

Recommendation/Policy Consideration Number	JLARC Report Recommendation	JLARC Reasoning For Recommendation	Committee Responsibility	Staff Recommended Action
1	The Department of Housing and Community Development should change its "number of jobs created/filled" outcome measure for the GO Virginia program by (i) splitting the criteria into separate "jobs created" and "jobs filled" measures, (ii) removing the "estimated" and "expected" qualifiers so that only actual jobs created or filled are counted, and (iii) clarifying that any job created or filled must be clearly attributable to the project's activities, which must be explained in project reports.	JLARC staff found that the jobs created outcomes reported are misleading and inaccurate. Several projects reported jobs that are not attributable to their project activity. In addition, projects should only count actual jobs created or filled, but in practice, several projects reported estimates of jobs that might have been created or filled	Program Performance and Evaluation Committee	Separate Jobs Created/Jobs Filled. For Jobs Filled, adopt the following: Total Number of Job Placements: Measure of the total number of new jobs stemming from successful exits from a program. This definition is aligned and consistent with the definition used by the Virginia Department of Workforce Development and Advancement. This change can be made administratively or as part of a broader review of grant outcomes. (see Recommendation #2)
2	The Department of Housing and Community Development should revise the Core Grant Outcomes list for GO Virginia projects to ensure that outcomes measures are narrow enough to avoid mixing different program activities, are clearly defined, and are appropriate and specific to the project type.	The program's outcome measure for jobs combines two distinct activities with different economic benefits - number of jobs created and number of jobs filled.	Program Performance and Evaluation Committee	Staff is reviewing all core performance metrics and active project reporting. Staff recommends the committee review a revised set of core performance metrics/definitions and advance revised list for approval at the June Board Meeting.
3	The GO Virginia Board should amend the GO Virginia bylaws to assign responsibility for the review of outcome calculation methods and outcome data verification to staff at the Department of Housing and Community Development.	Neither DHCD nor regional council support staff systematically verify if projects are reporting valid outcomes. Project leads are responsible for determining how to calculate their outcome numbers, but they receive little guidance on how to do so from DHCD or regional staff.	Program Performance and Evaluation Committee (decision); Governance and Policy Committee (bylaws update)	Staff requests that the committee review its existing process and procedures and make recommendations for improvement, if warranted.
4	The GO Virginia Board should develop and implement a policy to assess the long term impact of individual projects and the GO Virginia program as a whole, including which information should be collected to facilitate this long-term assessment. The board's actions should proceed under the guidance of its new project [program] evaluation committee and with the assistance and input of Department of Housing and Community Development staff and regional council support staff.	There is limited collection and evaluation of outcomes beyond the two-year grant period, even though GO Virginia has been characterized as a long-term program. The Code vests the GO Virginia board with the power and duty to assess the program's longer term impact, and many GO Virginia projects remain active after the grant period and produce valuable outcomes.	Program Performance and Evaluation Committee	Staff recommends an annual survey of subgrantees and a 3rd party evaluation of closed projects on a determined cycle. Resources will be needed to conduct this evaluation.
5	The GO Virginia board should revise its policies to include a more detailed definition of traded sector activities, modeled on definition used by the Virginia Economic Development Partnership's Virginia Jobs Investment Program, which can be used to determine project eligibility.	The board adopted a traded sector eligibility requirement because these activities typically have the biggest potential for economic impact by bringing new revenue from outside the state. However, GO Virginia's traded sector definition is not clear, contributing to confusion about which projects are eligible for GO Virginia.	Governance and Policy Committee	VEDP's definition is very specific to an individual firm. Adopting the VJIP traded sector definition, which requires a wage scale at 120% of the Virginia minimum wage and 51% of individual firms revenues from out of state, could unnecessarily complicate GO Virginia grants. Staff recommends that a definition and list of eligible Traded Sector Industries be established using a recognized source such as Porter, Harvard Business School.

6	<p>The GO Virginia board should revise its policies to allow grants for healthcare projects that meet the following criteria: (i) are consistent with the region's growth and diversification plan, (ii) provide evidence that the project will help address an unmet healthcare need in the region, and (iii) provide evidence that addressing the healthcare need will benefit the regional workforce or economy. Eligibility determinations should be made on a case-by-case basis early in the application process, not at the final board vote.</p>	<p>Healthcare is a largely non-traded sector, so these projects are typically ineligible for GO Virginia. Healthcare is essential to regional economies, and four regions have identified the importance of healthcare to their economic success in their regional growth and diversification plans.</p>	<p>Healthcare Taskforce (decision recommendation); Governance and Policy Committee (policy update)</p>	<p>Committee should consider establishing formal criteria for ii) and iii) and establish a special \$5.0M fund as a subset of the Statewide Competitive Fund. This would not dilute the Per Capita funding pools while addressing critical healthcare workforce shortages that are limiting regions' abilities to attract or retain firms in traded sector industries. Staff recommend projects that increase the pool of qualified workers and outcomes consistent with other workforce development projects.</p>
7	<p>The GO Virginia board should replace the eligibility requirement that all grant projects must create higher wage jobs with a requirement that all grant projects must create a new or expanded workforce or economic development activity.</p>	<p>The board and DHCD guidance require proposed projects create new, high wage jobs to be eligible for program funding. However, most GO Virginia projects do not directly create jobs and this is a much stricter requirement than prescribed by statute. The high-wage portion of the requirement can also conflict with GO Virginia's statutory intent to focus on regional priorities, because some projects that address regional priorities may not be in areas or industries that pay above average wages</p>	<p>Governance and Policy Committee</p>	<p>The Board should establish policy that eligible projects must create a new or expanded workforce or economic activity in an eligible traded sector industry prioritized in a Regions Growth and Diversification Plan. Board may want to reconsider the program's mission statement for clarity and consistency.</p>
8	<p>The GO Virginia board should either eliminate or reduce the local match requirement for all grants.</p>	<p>The Code requires GO Virginia grants to be matched 1:1 with funding from non-state sources, and the board added a further requirement that a portion of the match must come from local sources. Lowering GO Virginia's match requirements would likely result in greater utilization of grant funds. The match requirements for regional per capita grants, which account for most GO Virginia grants, were temporarily reduced from FY21-FY23 in response to the COVID-19 pandemic and local match was temporarily dropped. During this period, GO Virginia funded 22 percent more per capita projects, and the average grant size was twice as large.</p>	<p>Governance and Policy Committee</p>	<p>The Committee should consider the memo which describes "meaningful local participation" and the description in code "Regional activity" means an economic or workforce development-focused collaborative project or program that is (i) endorsed by a regional council, (ii) consistent with the economic growth and diversification plan developed by the regional council, and (iii) carried out, performed on behalf of, or contracted for by two or more localities, political subdivisions, or public bodies corporate and politic within a region. There is a Local Match Waiver process in place.</p>
9	<p>The GO Virginia Board should expand eligibility requirements for statewide competitive funds by making these grants available to (i) any region that has awarded or is about to award all or almost all of its per capita funds in a given year and is not carrying a significant unobligated funding balance, and (ii) projects that require a grant amount that is equal to or greater than half of the region's unobligated per capita funds. Projects that involve multiple regions should continue to be eligible for these funds.</p>	<p>DHCD's guidance requires that to be eligible for statewide competitive funds, a project must involve at least two different GO Virginia regions. This is much stricter requirement than prescribed by statute and appears to limit the program's ability to make effective use of these funds. Less than half of statewide competitive funds have been awarded because it is challenging for regions to identify and carry out projects that meet this requirement.</p>	<p>Governance and Policy Committee</p>	<p>Status: Complete; this recommendation was acted on and went into effect as part of administrative guidance released at the December 12 Board meeting.</p>

10	The GO Virginia board should eliminate the requirement that all projects show a positive Return on Investment (ROI) to the state to be eligible for GO Virginia funding.	The only quantitative outcome measure that applications were required to include was Return on Investment (ROI) to the state. However ROI is not a good measure of value for the types of projects GO Virginia funds.	Governance and Policy Committee	Current guidance states that projects that have a positive ROI will be viewed more favorably, but acknowledges the long term nature of GO Virginia funded projects. Staff recommends ROI be calculated by an independent third party for all awards that exceed \$1M and that the Board consider the adopted Core Performance Measures and related outcomes in project contracts as sufficient evidence of "economic impact". (See Recommendation 12)
11	The GO Virginia board should revise its policies to delegate grant approval authority to the director of the Department of Housing and Community Development for any regional per capita implementation grant that has been dutifully reviewed and approved by a regional council and recommended for administrative approval by a board designated workgroup.	Requiring grant applications to be voted on by the board is an unnecessary formality for most applications and delays their approval. GO Virginia grant applications are reviewed and approved through an extensive regional and state-level process. By the time applications reach the board, they have been vetted by regional support staff, approved by regional councils, and reviewed in-depth by a state workgroup that includes board members and DHCD staff.	Governance and Policy Committee	For discussion. Workgroup decisions are typically finalized 10 days prior to a Board meeting.
12	The GO Virginia board should revise its policies to clarify that only grant applications that would require a significant investment of state funds are required to include an estimated return on investment (ROI). The ROI should be tailored to each project and calculated by experienced professionals using established methodologies, and the costs should be paid for by the GO Virginia program out of its existing fund balances.	The ROI estimates calculated for GO Virginia projects have been unreliable.	Governance and Policy Committee	Current guidance states that projects that have a positive ROI will be viewed more favorably, but acknowledges the long term nature of GO Virginia funded projects. Staff recommends ROI be calculated by an independent third party for all awards that exceed \$1M and that the Board consider the adopted Core Performance Measured as sufficient evidence of "economic impact".
13	The General Assembly may wish to consider amending the Code to add the Secretary of Labor to the list of cabinet secretaries eligible to be appointed by the Governor to the GO Virginia board.	The board's membership is generally appropriate, although the Governor's appointment options were developed before the Secretary of Labor cabinet position was established.	N/A	Pending legislative process approval.
14	The General Assembly may wish to consider amending the Code to require that, within the GO Virginia board's 14 citizen members, there must be at least one member appointed from each of the nine GO Virginia regions.	Unlike most state boards, regional representation is not required.	Governance and Policy Committee	Pending legislative process approval.
15	The GO Virginia board should adopt a policy that defines a cycle for full and lighter reviews of regional growth and diversification plans.	Regional councils are statutorily required to review these plans every two years, but the board and DHCD determine what this review entails. In 2019 and 2021 reviews, councils undertook large-scale efforts, including contracting with consultants to update and analyze data and conducting extensive stakeholder outreach. For the 2023 review, the board and DHCD recognized such an extensive effort was not needed and allowed councils to undertake less intensive reviews. Regional support staff said the less intensive 2023 review was preferable, because the plans do not change much over two years.	Governance and Policy Committee	This was the process established for the 2023 G&D Plan review. That alternate review schedule should be formalized in a new Board Policy.

16	<p>The GO Virginia board should revise its policies to allow regions to award up to 25 percent of their annually allocated per capita funds for planning grants and raise or eliminate the \$100,000 per grant limit.</p>	<p>Regional support staff indicated that planning grants are critical for identifying future implementation projects, and there are many instances of planning grants leading to large-scale projects with positive impacts. Under board policy and DHCD guidance, regions cannot award more than \$250,000 per year for planning grants. For smaller regions, this limit appears appropriate, because it represents 25 percent of their regional per capita funds. However, for larger, more populous regions, which often pursue larger and more complicated projects, this is only 5 to 10 percent of funding. In addition individual planning grants are limited to \$100,000, which can limit the scope of planning efforts, especially because labor costs have risen substantially since this cap was established in 2018.</p>	Governance and Policy Committee	<p>Staff will review the planning grant activity for each region (including those that moved forward to implementation) and bring forward a recommendation. If the Board approves of a change, staff recommends creation of a new Board Policy.</p>
Policy Consideration 1	<p>The General Assembly could reduce the match requirement for GO Virginia grants from being at least equal to the grant (1:1) to being at least equal to half of the grant (2:1) match.</p>	<p>The Code requires GO Virginia grants to be matched 1:1 with funding from non-state sources, and the board added a further requirement that a portion of the match must come from local sources. Lowering GO Virginia's match requirements would likely result in greater utilization of grant funds. The match requirements for regional per capita grants, which account for most GO Virginia grants, were temporarily reduced from FY21-FY23 in response to the COVID-19 pandemic and local match was temporarily dropped. During this period, GO Virginia funded 22 percent more per capita projects, and the average grant size was twice as large.</p>	N/A	<p>Pending legislative process approval.</p>
Policy Consideration 2	<p>The GO Virginia board could revise its policies to allow smaller organizations, which meet criteria specified by the board, to receive a portion of their GO Virginia award at the start of the grant period.</p>	<p>A minority of project leads, from smaller organizations, said that it was challenging to start their projects without upfront funding. They noted their organizations had small cash reserves and had difficulty covering project expenses while waiting for their initial grant reimbursements.</p>	N/A	<p>Staff does not support this recommendation. On a case by case basis, DHCD can "pay on invoice" with evidence of invoice payment presented no later than the quarter following the request. This would be inconsistent with our internal fiscal procedures and could place the Commonwealth funds at risk. If the Board chose to adopt such a recommendation, staff recommends the "advance" not exceed 15% of the total grant award.</p>