West Virginia Forward:

Summary of Findings
We are focused on understanding West Virginia’s strengths and opportunities and identifying initiatives that will provide the collaboration to achieve both short- and long-term success in revitalizing the economy, creating jobs and priming the state for success in our changing economic and technological landscape.
ECONOMIC SECTORS & ECONOMIC ENABLERS

WV economic development

- Diversify economic sectors
  - Maintain current industries
  - Differentiate in growing sectors where WV has a presence
  - Capture new sectors that have high growth prospects
  - Keep an eye on potential opportunities
- Business climate
  - Ease of doing business
  - Cost of doing business
  - Quality of life
  - Regulatory environment
- Innovation and business development
  - Attract businesses
  - Support small-businesses
  - Foster development of new businesses
- Infrastructure
  - Transportation
  - Broadband
  - Sites
  - Utilities to infrastructure
- Human capital
  - Talent pool
  - Workforce participation
  - Talent attraction
  - Population health

- Aerospace MRO
- Auto parts manufacturing
- Metals manufacturing
- Fulfillment distribution
- Building products
- Carbon fiber reinforced plastics
- Fine chemicals
- Higher-end tourism
- Cyber security and cloud services
- Life sciences
- Vehicle assembly plants
- Ease of doing business
- Cost of doing business
- Quality of life
- Regulatory environment
- Attract businesses
- Support small-businesses
- Foster development of new businesses
- Transportation
- Broadband
- Sites
- Utilities to infrastructure
- Talent pool
- Workforce participation
- Talent attraction
- Population health
## West Virginia’s Value Propositions

<table>
<thead>
<tr>
<th></th>
<th>WV</th>
<th>OH</th>
<th>PA</th>
<th>MD</th>
<th>VA</th>
<th>KY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee turnover</strong></td>
<td>8.8%</td>
<td>9.3%</td>
<td>9.5%</td>
<td>9.5%</td>
<td>10.8%</td>
<td>9.9%</td>
</tr>
<tr>
<td><strong>Home ownership</strong></td>
<td>74.2%</td>
<td>66.4%</td>
<td>67.7%</td>
<td>65.6%</td>
<td>66.4%</td>
<td>69.6%</td>
</tr>
<tr>
<td><strong>Earnings per hour</strong></td>
<td>$21</td>
<td>$23</td>
<td>$24</td>
<td>$27</td>
<td>$26</td>
<td>$21</td>
</tr>
<tr>
<td><strong>Cost of living</strong></td>
<td>95.7%</td>
<td>93%</td>
<td>102.8%</td>
<td>125%</td>
<td>100.2%</td>
<td>95.7%</td>
</tr>
<tr>
<td><strong>Cost of doing business</strong></td>
<td>93%</td>
<td>97%</td>
<td>101%</td>
<td>105%</td>
<td>101%</td>
<td>94%</td>
</tr>
<tr>
<td><strong>Business tax climate</strong></td>
<td>18</td>
<td>45</td>
<td>24</td>
<td>42</td>
<td>33</td>
<td>34</td>
</tr>
</tbody>
</table>
### Economic Enablers: Summary of Findings

<table>
<thead>
<tr>
<th>Enablers:</th>
<th>Dimensions:</th>
<th>Diagnostic:</th>
<th>Potential opportunity to consider:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Climate</strong></td>
<td>Cost of Doing Business</td>
<td>Top 15 states for cost of doing business, but energy costs are rising</td>
<td>Rebrand WV’s strengths in business climate</td>
</tr>
<tr>
<td></td>
<td>Regulatory Environment</td>
<td>18th on State Business Tax Climate Index, ahead of peers</td>
<td>Establish action plan to combat rising utility costs</td>
</tr>
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<td></td>
<td>Quality of Life</td>
<td>Has taken measures to improve legal climate</td>
<td>Ease administration of TPP</td>
</tr>
<tr>
<td><strong>Innovation and Business Development</strong></td>
<td>Starting new businesses</td>
<td>Business exits higher than startups, ranking #49 on business birth rate and #47 on patent creation</td>
<td>Convene innovation actors in the State and increase support to growing startups</td>
</tr>
<tr>
<td></td>
<td>Growing Existing Businesses</td>
<td>Fewer small business innovation research awards ($20 per $1M of GDP), lesser seed/angel funding</td>
<td>Enhance small business support resources</td>
</tr>
<tr>
<td></td>
<td>Attracting Businesses</td>
<td>Limited discretionary funds available to close deals</td>
<td>Change mix of incentive types</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>Transport</td>
<td>#43 on bridge quality, and #37 on road quality</td>
<td>Expand development office investment attraction capabilities</td>
</tr>
<tr>
<td></td>
<td>IT</td>
<td>Bottom ten on access to broadband, with internet backbone missing WV entirely</td>
<td>Create financing mechanisms to fund capital projects</td>
</tr>
<tr>
<td></td>
<td>Sites</td>
<td>Opportunity to certify more sites for business attraction</td>
<td>Launch site certification program</td>
</tr>
<tr>
<td><strong>Human Capital</strong></td>
<td>Foster Talent Pipeline</td>
<td>Fewer STEM and college grads than all peers (14% and 20% respectively)</td>
<td>Expand concerted statewide human capital effort</td>
</tr>
<tr>
<td></td>
<td>Improve Health and Skills of Workforce</td>
<td>Net population loss of ~5K/year</td>
<td>Expand STEM talent pool</td>
</tr>
<tr>
<td></td>
<td>Attract Talent from outside WV</td>
<td>Declining labor force participation (ranks worse in women and disabled people participation vs. peers)</td>
<td>Encourage returning/relocating to West Virginia</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Combat the opioid crisis</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Train workforce in jobs that are high in demand</td>
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</table>
Implementation: Action items can be broken down into six initiatives

**Business attraction**
- Commercialize infrastructure IP
- Become a CFRP recycling hub

**Carbon fiber reinforced plastics (CFRP)**
- Attract producers directly downstream of existing production
- Invest in upstream and downstream connections

**Business climate**
- Establish action plan to combat rising utility costs
- Ease administration of TPP

**Fine chemicals**
- Attract higher spend adventurers
- Expand second homes market in the eastern part of the state
- Attract higher income retirees

**Innovation business development**
- Set up an innovation council
- Launch enhanced small business support program
- Change mix of incentive types
- Expand role of development office

**Higher-end tourism**
- Attract anchor companies and progressively expand to other segments
- Invest in cybersecurity talent
- Create enabling innovation environment

**Infrastructure**
- Create a financing mechanism/s for capital projects
- Launch site certification and outreach program
- Build middle mile network

**Cybersecurity**
- Integrate existing human capital efforts across state
- Expand STEM talent pool
- Increase workforce participation
- Encourage returning/relocating to West Virginia
- Combat the opioid crisis
- Train workforce in jobs that are high in demand

**Human capital**
- Rebrand WV’s business climate
- Ease administration of TPP
Topography Limits Availability of Large Sites

Subtypes:
- Industrial: Business Park
- Industrial: Business Park, Vacant Land
- Industrial: Business Park
- Industrial: Business Park, Industrial: Manufacturing
- Industrial: Business Park, Vacant Land
- Vacant Land

Max Size
- < 25
- 25-50
- 50-100
- 100-200
- >200
WV DOES NOT CERTIFY SITES AND COULD LEARN FROM PEER STATES

What is a certified site?

- A certified site is a development-ready industrial site that has completed a rigorous review process by the State and an independent, third-party engineering firm.
- Specific site details, such as zoning restrictions, title work, environmental studies, soil analysis and surveys, are assessed for compliance and authenticity.

Best practice example - OH

- WV’s peers (OH, KY, etc.) have certified sites available to speed up development.
- OH launched SiteOhio to help companies find the best location in OH.
- SiteOhio puts properties through comprehensive review and analysis.
- OH shows a site is ready for immediate development with all utilities, adequate capacities, and all due diligence studies.
- OH also ensures the site is free of incompatible uses, with no limitations or insurance liability based on surrounding property.

[Images: Build Ready KY, JobsOhio, Certified Site]
WV has a strong value proposition to offer to IT services operations

Key WV Assets:

<table>
<thead>
<tr>
<th>Labor force</th>
<th>Affordability</th>
<th>Location &amp; transportation</th>
<th>Favorable policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>/ Low turnover rate (8.8% vs. 10.3% average)</td>
<td>/ Low cost of living (14% below average)</td>
<td>/ Easy access from D.C. and Pittsburgh</td>
<td>/ Ranked higher than any neighboring state (21st) on State Business Tax Climate Index</td>
</tr>
<tr>
<td>/ High rate of home ownership</td>
<td>/ Low cost of doing business (7th best in US)</td>
<td>/ Safe distance from key federal sites</td>
<td>/ Has decreased business tax burden by more than $660 million in the last eight years</td>
</tr>
<tr>
<td>/ Significant cost advantages over most of the US</td>
<td>/ Low operating costs</td>
<td></td>
<td>/ Provides IT specific incentives eliminating sales tax and reducing property tax</td>
</tr>
</tbody>
</table>

Value Proposition:

/ Dedicated, skilled and low-cost workforce; right to work state
/ Near major IT hubs and the federal government in COOP compliant geography
/ Ease and low cost of doing business
WV’s tourist population is under-indexed on upper & middle class tourists & older tourists

There is an opportunity for West Virginia to capture higher-income tourists

West Virginia can also slightly increase visits from older tourists
THREE STRATEGIES FOR WV TOURISM

Capture more tourism spend:

1. Expand **adventure** options in the **southern region**
2. Attract **second home buyers** in the **eastern region**
3. Attract **higher-income retirees** in the **north**

Regional strategy keeps WV brand with diversified offerings.
MOU between WVU, the Commerce Department and Marshall University

Will create a structure of accountability

Engage stakeholders

Steering committee

Implementation working groups
IMPLEMENTATION WORKING GROUPS

/ Energy
/ Business Climate
/ Human Capital
/ Entrepreneurship
CONCLUSION

West Virginia Forward has formulated a strategic plan to diversify West Virginia’s economy by indentifying growing sectors the State could move to capture, as well as highlighting areas of strength and providing insight into how to address opportunities for improvement across economic enablers.

Effective implementation will be key to success.