



2014-2015

ANNUAL REPORT

OF THE

VIRGINIA ASIAN ADVISORY BOARD

TO

THE HONORABLE TERENCE R. MCAULIFFE

OCTOBER 6, 2015

VIRGINIA ASIAN ADVISORY BOARD

Patrick Henry Building

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Richmond, VA 23219

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## **EXECUTIVE SUMMARY**

The Virginia Asian Advisory Board ("VAAB") submits this executive summary of its annual report to the Honorable Terence R. McAuliffe for review and action.

During its 2014/2015 term, the newly reconstituted VAAB engaged in numerous fact-findings and community discussions throughout the Commonwealth to identify and research the opportunities and critical needs of Asian American Pacific Islander ("AAPI") communities. Representing a 75% population explosion compared to the overall Commonwealth's 17% since 2000, the AAPI community is a vibrant, growing segment of the Commonwealth's heritage and diversity that welcomes the administration's proactive outreach and support.

**Goals.** For 2014/2015, VAAB identified four topics critical to AAPI communities and recommends specific action items for the administration:

- Enhanced Asian Muslim Awareness
- Focused Economic Development
- Accessible Healthcare
- Bigger Voice for AAPI SWaM Businesses

**Enhanced Asian Muslim Awareness.** Anti-Muslim sentiment, from profiling to violence, remains an extraordinary challenge for Virginia Muslims, including the significant numbers comprising the Virginia AAPI community. State government, in partnership with the Muslim community, can build a better education and support, particularly in the areas of law enforcement and youth outreach.

**Focused Economic Development.** Asian-business greenfield and brownfield investments in Virginia during 2010-2014 exceeded \$2.7 billion, added 4,300 jobs and comprised 53% of global investment in Virginia during this period. C-suite interviews of Asian and U.S. companies leading this growth underscore a need to double down on infrastructure development to sustain growth and to tailor the "Invest in Virginia" message for Asian audiences.

**Action items:** · Invest rigorously in current and projected infrastructure needs from Norfolk International Terminal (NIT) to Dulles Airport; NIT trucking and rail access and planned enhancements are inadequate to support projected Virginia/Asian trade.

- The Governor and state trade representatives should personally pitch Virginia investment and export opportunities with key in-country centralized trade agencies such as China (Department of International Trade and Affairs of the Ministry of Commerce), Japan (Ministry of Economy, Trade and Industry) and Korea (Ministry of Trade, Industry and Energy); these agencies and the industries they represent are key influencers for geography selection.

**Accessible Healthcare.** Growing 75% over the past decade, the Commonwealth’s AAPI population is one of the fastest growing demographics. Accessing affordable health care – while managing linguistic, cultural and social barriers – remains a challenging endeavor. Breakdowns in traditional AAPI multigenerational support systems exacerbate the lack of dedicated or appropriate healthcare resources for the AAPI community.

- Action items:**
- Enhance support services and outreach to the AAPI community through Office of Minority Health and Human Resources and Culturally and Linguistically Appropriate Service (CLAS) initiatives. While anemic multi-linguistic resources can readily be improved through inexpensive commercial resources, in person translation services are more effective and available through community-based partnerships.
  - Develop more efficient outreach and access strategies, such as “Friendship Cafes/Senior Centers” targeting AAPI seniors and families to provide better service and affordable healthcare access. This will also provide opportunities for information exchange and bi-directional communication.

**Bigger Voice for AAPI SWaM Business.** Early data estimates Virginia’s entrepreneurial AAPI community totaling approximately 60,000 businesses, generating annually over \$25.8 billion receipts and \$5.87 billion in payroll. Despite this strength, Virginia AAPI Small, Women- and Minority-owned (SWaM) businesses are competitively disadvantaged by language and cultural barriers, lack of resources, and inaccessibility of existing State support.

- Action items:**
- Establish an Office of Asian Affairs to advocate the use of existing State resources, including Virginia’s Department of Small Business and Supplier Diversity, with Virginia’s AAPI community and to act as an official conduit for raising AAPI issues within State and local government.
  - Sponsor regional commercial banking and resource summits focused on SWaM issues, connecting with Asian communities, and highlighting legal, economic and cultural issues affecting AAPI businesses.

These are executive summaries of the topics included in this comprehensive report submitted to the Governor for action. Full discussions of these topics and recommendations are addressed in the Findings and Recommendations section of the report.

## **I. INTRODUCTION**

Established by statute in 2001 as a governmental entity of the Commonwealth of Virginia, the Virginia Asian Advisory Board ("VAAB" or "Board") serves as a formal liaison between the administration and the diverse and rapidly growing Asian American Pacific Islander ("AAPI") communities in the Commonwealth.

Pursuant to Section 2.2-2450 of the Code of Virginia, the Board is pleased to submit to the Honorable Terence R. McAuliffe this Annual Report as a summary of its activities, findings and recommendations through June 2015. The current Board comprises leaders in the AAPI community across Virginia. The members are respected in their relative fields of expertise and commitment to their community.

The following individuals currently serve on the Board:

**Hudaidah Bhimdi Ahmed** of Alexandria, Partner Immigration and Criminal Defense firm Murray Osorio, PLLC

**Imran Akram** of Great Falls, CEO of NuAxis Innovations

**Chandrashekar Challa** of Henrico, COO of the Challa Law Offices (*Reappointment*)

**Cheol Chang** of Fairfax, IT Specialist

**Julia Kim Chun** of Vienna, Chief of Staff at the Office of Delegate Mark Keam

**Jason Chung** of Oakton

**Sal Hundal** of Vienna, President & CTO of SoltecOne, Inc. (*Reappointment*)

**Eric Lin** of Chesterfield, Principal at The VIE Group and Associate Broker at Keller Williams Commercial Realty and United Real Estate (*Reappointment*)

**Barbara McLennan** of Williamsburg, Author and Adjunct Faculty at the College of William & Mary

**Victoria Mirandah** of Richmond, Senior Director of Enterprise Risk Management with Capital One (*Reappointment*)

**Patrick Mulloy\*** of Alexandria, Trade Lawyer and Consultant for Non-Profits, former five-term Commissioner on the U.S.-China Economic and Security Review Commission

**Binh Nguyen** of McLean, Assistant Professor of Radiology and Academic Chief of Cardiothoracic Section in the Department of Radiology at the National Military Medical Center (*Reappointment*)

**Natalie Nguyen** of Alexandria, Counselor at Fairfax County Department of Family Services

**Kirtesh Patel** of Salem, Pharmacist and CEO of OMMA Management Company

**Tony H. Pham** of Henrico, General Counsel to the Richmond City Sheriff's Office – The Honorable C.T. Woody, Jr. (*Reappointment*)

**Dilip Sarkar** of Norfolk, retired vascular surgeon and associate professor of surgery at Eastern Virginia Medical School (*Reappointment*)

**J.R. Smith** of Glen Allen, Partner at Hunton & Williams LLP

**Francis Stevens** of Midlothian, Officer at the Capitol Police Department

**Angie Leung Williams**\* of Glen Allen, Senior Vice President of SunTrust

\* Angie Leung William resigned from her seat January 2, 2015, due to a relocation. The Governor appointed Patrick Mulloy in January 2015 to fill the vacant seat.

The current Board also includes the following designee from the Governor's administration:

**Zaki Barzinji** of the Office of Secretary of Trade and Commerce

The former and current Executive Committee members are:

Dec 7, 2012 through August 21, 2014

- Chair – Victoria Mirandah
- Vice Chair – Tony Pham
- Secretary – Eric Lin
- Treasurer – Angela Chiang (Appointment terminated June 30, 2013)

August 21, 2014 to present

- Chair – Eric Lin
- Vice Chair – J.R. Smith
- Secretary – Hudaidah Bhimdi Ahmed
- Treasurer – Kirtesh Patel

## II. **BOARD ACTIVITIES FOR 2014-2015**

### A. **Business Meetings**

The Board held 11 public meetings during the year. The Board held seven general meetings on each of July 22, 2014, August 21, 2014, October 16, 2014, December 4, 2014, February 10, 2015, April 16, 2015 and May 27, 2015. Additionally, the Board convened four regional and topical subgroup meetings on each of October 7, 2014, October 13, 2014, November 19, 2014 and February 10, 2015.

*Lack of Quorum.* The Board failed to achieve quorum during its October 16, 2014 and December 4, 2014 meetings. Sensing a need to underscore member commitment to attend meetings, the Board developed an attendance policy. After much deliberation, the Board passed a resolution at its February 10, 2015, meeting addressing the expected attendance at VAAB general meetings. Effective as of that date, the Board enacted the following policy:

*As a voluntary organization without permanent staff, regular member attendance at Virginia Asian Advisory Board (VAAB) meetings and active participation are essential to the success of VAAB's mission. In accepting the Governor's appointment, members acknowledge and accept this commitment. To establish uniform expectations and a consistent and fair approach to solving attendance problems, VAAB adopts this attendance policy.*

*VAAB holds six plenary meetings annually, the dates of which will be published by July of each year. VAAB expects members to attend no less than four meetings annually. If a member misses more than two meetings in any calendar year, the executive committee of the VAAB may formally advise the Secretary of the Commonwealth of such member's absence with a recommendation for removal by the Governor.*

Following adoption of this policy, the Board and the Executive Committee recommended the removal of one Board member for non-attendance. The Board submitted its recommendation to Secretary of the Commonwealth Levar Stoney through the VAAB Liaison Zaki Barzinji on May 27, 2015. The attendance log for the current Board is attached as Exhibit A hereto.

*FOIA Limitations.* The Commonwealth's Freedom of Information Act (FOIA) rules exacerbate the challenge of consistently achieving quorum because such rules require in-person meetings and generally prohibit Board member meeting participation through 21<sup>st</sup> century technology.

Like many other appointed advisory boards in the Commonwealth, VAAB appointees reside throughout the state and engage in Board work on a voluntary basis. Board members have regular employment and/or roles that, in part, make them effective VAAB members. The members understand that as appointees, they are expected to serve in various capacities to achieve the mission of the VAAB. The Board sought guidance from the Office of the

Attorney General as well as the FOIA Advisory Council in an effort to minimize the impact of FOIA's in-person meeting requirement on the VAAB mission. We also engaged similar gubernatorial boards and commissions who face similar FOIA constraints in an effort to develop strategies for remaining FOIA compliant and open and transparent to the public, while maximizing full Board participation through 21<sup>st</sup> century medium. Ultimately, we concluded that FOIA laws lack sufficient flexibility to allow remote meeting participation. From a practical, operational perspective, the Board recommends finding a legislative fix to ease active participation by Board members while maintaining an appropriate level of public transparency.

*Guest Speakers.* During the course of the year, guest speakers attended several meetings and members of the VAAB engaged with state officials/staff as well as community organizations in a variety of ways. Presenters who attended the VAAB meetings included:

- Governor Terence R. McAuliffe
- Levar Stoney – Secretary of the Commonwealth
- Nancy Rodriguez – Secretary of the Administration
- William Hazel – Secretary of Health and Human Resources
- Mark Keam – Delegate, 35<sup>th</sup> District
- Anthony Fung – Deputy Secretary of Technology
- Jennifer Lee – Deputy Secretary of Health and Human Resources
- Angela Chiang – Director of Operations Small Business Supplier Diversity
- Paul Grossman – Vice President International Trade, Virginia Economic Development Partnership (VEDP)
- Roy Dahlquist, Managing Director – Asia, VEDP
- George Stewart – Special Assistant Commerce & Trade
- Andrew Ko – Member, Virginia Board of Education
- John Vithoulkas – County Manager, Henrico County
- Jerry Z. Peng – CEO, Tranlin, Inc.
- Jill Simandhl Douthit – CFO, Tranlin, Inc.
- Jim Cheng – Former Virginia Secretary of Commerce & Trade
- Carl Hum – Director, Asian Americans Justice Center
- Ting-Yi Oei – Chairman of the Coalition of Asian Pacific Americans of Virginia
- David Bearinger – Director of Grants and Community Programs, Virginia Foundation for the Humanities
- Steve Hanson – Chair of the William & Mary Confucius Institute and Vice Provost of International Affairs
- Michael Lau – Law Offices of Lau & Associates, LLC



## **B. Outreach and Fact Finding Activities**

In addition to formal Board meeting activity, VAAB members met with the following organizations and their representatives in the furtherance of the VAAB mission and creation of this report.

- Anne Holton – Secretary of Education
- Brian Moran – Secretary of Public Safety
- Martin Briley – President and CEO, VEDP
- Bob Brink – Deputy Commissioner Aging Services, Department of Rehabilitative Services
- John “Billy” Haun – Assistant Superintendent, Virginia Department of Education
- Karen Reed – Director, Division of Multicultural Health & Community Engagement – Virginia Department of Health (VDH), Office of Minority Health and Health Equity
- Jimmy Rhee – Special Secretary, Office of Minority Affairs for the State of Maryland
- Cynthia Norwood – Senior Assistant Attorney General, Office of the Attorney General
- Joshua Heslinga – Assistant Attorney General (Technology & Procurement Division), Office of the Attorney General
- Alan Gernhardt – Staff Attorney, FOIA Advisory Council
- Barry Matherly – Greater Richmond Partnership
- Gary McLaren – Executive Director, Henrico County Economic Development Authority
- Garret Hart – Director of Economic Development, Chesterfield County
- Sandra Choi – Global Markets, City of Norfolk
- Beth Bortz – CEO, Virginia Center for Health Innovation
- Amy Marschean – Senior Policy Analyst, Department of Rehabilitative Services
- Marilyn Brenslow – CLAS Specialist, Virginia Department of Health
- Dena Schall – Clinical Community Linkages Program Coordinator, VDH – Office of Family Health
- Millie Flinn – Manager, Community Health Worker Program, Virginia Department of Health
- Thelma Watson – Director, Capital Area Agency on Aging
- Sara Link – Director, Richmond Agewave Readiness Coalition
- Heisung Lee – Director, Central Senior Center
- Michel Zajur – Chairman, Virginia Latino Advisory Board and Virginia Hispanic Chamber of Commerce
- Imad Damaj – Professor, Virginia Commonwealth University
- Mark Gordon – CEO, Bon Secours St. Francis

- More than 50 senior executives in companies directly involved in trade between Virginia and Asia
- Asian Chamber of Commerce
- Asian-American Chamber of Commerce
- Virginia Asian Chamber of Commerce
- Asian Business Association of Hampton Roads
- Asian American Business Owner's Association
- Asian American Society of Central Virginia
- Organization of Chinese Americans – Central Virginia
- Japan-Virginia Society
- Korean International Trade Association

Also during the course of the year, by invitation, the VAAB participated in the following forums, panels and discussions:

- Asian American Business Owner Association (AABOA) General Meeting Tanglewood, VA (9/9/14)
- Department of Education/1882 Foundation SOL Discussion –Richmond VA (9/23/14)
- Virginia Asian Chamber Luncheon –Richmond VA (9/25/14)
- Advancing Justice Conference – Washington D.C. (9/26/14)
- Office of the Attorney General – Legislation Review (1/15)
- 11<sup>th</sup> Annual Asian Policy Forum – Richmond VA (2/10/15)
- 1<sup>st</sup> Annual ABAHR Asian Business Expo - Norfolk, VA (3/12/15)
- NaFFAA Region II Empowerment Conference – Richmond, VA (4/11/15)
- Secure Commonwealth Panel – Law Enforcement Technology Subpanel – Richmond, VA (4/21/15; 5/7/15; 9/15/15)
- Capital Region Agency on Aging – Community Session – Chesterfield, VA (5/22/15)
- Department of Rehabilitative Services, Four Year Plan for Aging Services (5/15)
- Department of Rehabilitative Services, Best Practices Award Ceremony – Centreville, VA (6/2/15)

### **III. FINDINGS AND RECOMMENDATIONS**

During its 2014/2015 term, the VAAB engaged in numerous fact-finding and community discussions throughout the Commonwealth to identify and research the opportunities and critical needs of Asian American Pacific Islander ("AAPI") communities. Representing a 75% population explosion compared to the overall Commonwealth's 17% since 2000, the AAPI community is a vibrant, growing segment of the Commonwealth's heritage and diversity that welcomes the administration's proactive outreach and support.

Through these efforts, the VAAB identified numerous opportunities and critical issues that affect the AAPI communities in the Commonwealth. Mindful of its resources, the Board narrowed its focus on the four prevailing and current issues identified below. The Board also considered its previous reports and sought to minimize duplication, although we commend those reports to you given the continued relevance of the issues explored therein.

#### **A. ENHANCED ASIAN MUSLIM AWARENESS**

Reflecting its vast geographic and cultural history and diversity, the AAPI population also enjoys a rich religious diversity, including Buddhism, Hinduism, Christianity and Islam. Virginia is among the nation's top 10 most populous states for Muslims and has one of the nation's most vibrant, prosperous and educated Muslim communities, predominantly based in the Northern Virginia area.

The Asian Muslim community is an integral part of the Commonwealth's growth and dynamism. And yet post 9/11 and more recent global events has fostered an ever increasingly difficult environment for Muslims to live and thrive in Virginia and in the United States. Long-standing issues surrounding racial profiling have now bled into profiling of Muslims.

As VAAB began its investigation into Asian Muslim issues, it quickly realized that the breadth and depth and volatility of the topic presented challenges. As such, VAAB has decided to continue its diligence on this topic and report more fully in the coming year. For now, we identify two impediments to our efforts, which also inform possible recommendations going forward.

The first challenge in studying the Asian Muslim community is counting them. By law, the U.S. Census Bureau does not count adherents of a religion. Reflecting the census approach, other good data sources that delineate nationality and provide insights into population trends, similarly fails to fully identify the Asian Muslim community. While extrapolation of other data sources puts the total U.S. Muslim population at less than 1% and the Commonwealth's population at approximately 2.4%, better data will result in better policy decisions.

Education and increasing awareness of Islam and Muslims with law enforcement agencies is another area of need. As keepers of law, order and justice, a deeper understanding of Muslim issues will build trust and help reduce the prevalence of “Islamaphobia” that sadly exists today. For example, the Culpeper County Sheriff’s Office misguided attempt to host a three day “Advanced Counter Terrorism Training” in 2014 led by John Guandolo, a notorious Muslim basher and disgraced conspiracy theorist, was ill-conceived. Such law enforcement actions exacerbate an already volatile situation rather than improve racial and religious tensions.

## **B. FOCUSED ECONOMIC DEVELOPMENT**

Trade and investment between Virginia and Asia continues to expanded rapidly. Asian corporate investment in the Commonwealth since 2010 exceeds \$2.7 billion and resulted in 4,300 new jobs. Virginia’s exports to Asia have grown almost \$700 million during the same period and now comprise more than 28% of all Virginia exports, exceeding \$5.4 billion in 2014 alone. Despite these successes, Virginia gross domestic product (GDP) remains flat and the strong headwinds of Sequestration 2.0 underscore the need to rapidly transition Virginia’s historic reliance on federal sector spending to new and diversified growth.

Fortunately, the shoots of the “New Virginia Economy” are visible. Trade and investment between Virginia and Asia remains a bright spot and has significant upside potential yet realized. To better understand the dynamics of the Virginia economy and to identify pressure points for capturing more of this upside, VAAB canvassed board rooms and executives of Asian and U.S. companies in Virginia driving this growth. We asked for recommendations and identify the clear standouts below.

**Lagging Transportation Infrastructure Development** – Manufacturing companies, service providers, exporters and importers all lament the difficulties resulting from transportation infrastructure deficiencies. Crumbling bridges and roads, commuter congestion and port, rail, trucking and air bottlenecks represent a persistent drag on the Virginia economy. Conversely, smart infrastructure investment produces lasting economic benefit. Such development enhances productivity, competitiveness and innovation. Short-term job growth is immediate with construction; long-term job growth is sustained through systemic macroeconomic efficiencies. High-impact projects such as the recently completed I-95 express toll lanes north of Fredericksburg and the I-564 Intermodal Connector construction in Norfolk result in immediate economic benefits that ripple through the Virginia economy.

The increasingly high cost of airline travel between the Roanoke Valley and Central Virginia and key East Coast business centers such as New York City, Chicago and Boston also is unsustainable and limits attraction of new Asia businesses (corporate and manufacturing) to those regions and factors heavily into decision-making for existing business expansion. Unreliable passenger rail service and highly congested highways exacerbate the problem.

These are well-worn issues, but the Commonwealth needs to do more on an accelerated time schedule or risk deteriorating trade and business attraction to competing states.

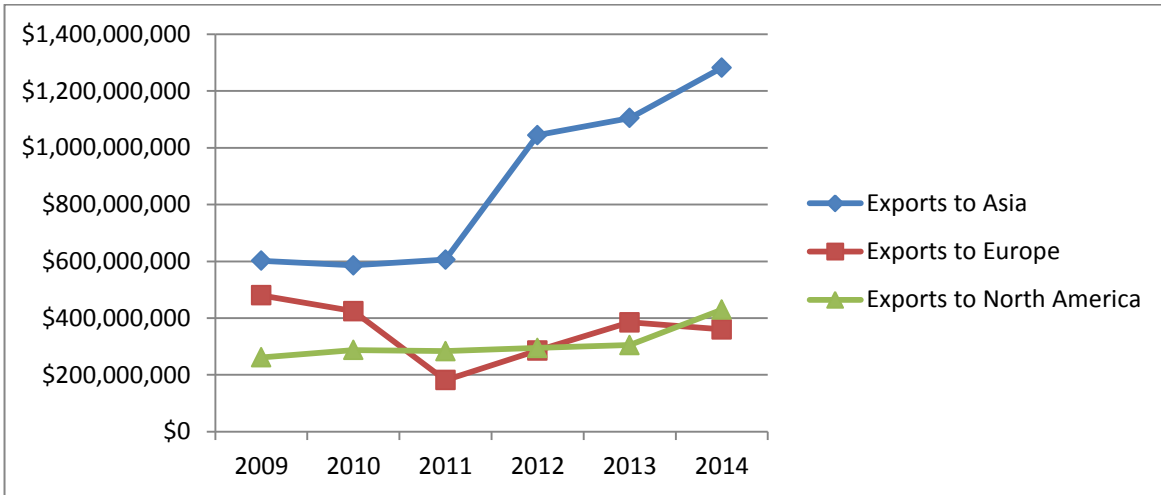
### **RECOMMENDATIONS**

- Port of Virginia trucking and rail access and planned enhancements are inadequate to support projected Virginia/Asia and global trade. Strong new Virginia Port Authority leadership is implementing operational efficiencies, which need to continue and be coupled with market-leading physical infrastructure upgrades.
- Proactively resolve Virginia International Gateway Portsmouth terminal lease issue and commit to a clear Port of Virginia expansion strategy.
- Dredge Virginia's channel to 55-foot depth, the only East Coast port with existing Congressional authorization to do so, to accommodate New Panamax-sized and larger cargo ships.
- Enhance Port of Virginia dock-side infrastructure; modernize, automate and increase the number of cranes; expand to 24 hour operational capacity.
- Significantly expand direct rail and truck connections to Port of Virginia and Dulles Airport through high-speed, limited access rail and roads.
- Incentivize construction of new warehousing and distribution facilities to both drive and sustain future demands.
- Incentivize lower-cost air travel between Virginia and key business centers; aggressively pursue and become a market maker for modern high-speed rail.

**Double down on the Virginia Economic Development Partnership (VEDP)** – Allocating resources mindfully, across political divide and with limited budgets and uncertain growth, is challenging. As VAAB explored the drivers of the Virginia economy, it was readily apparent that VEDP plays a material role at almost every critical level. When speaking with business leaders involved in trade or investment between Virginia and Asia, VEDP always formed part of the conversation. Evolving to meet anticipated needs since its creation in 1995, today's VEDP is a lean, focused enterprise that excels in its three core missions: international trade, new investment and business expansion. And yet VEDP, by many measures, is underfunded and constrained from developing critical long-term market penetration strategies due to a limited budget that fluctuates annually.

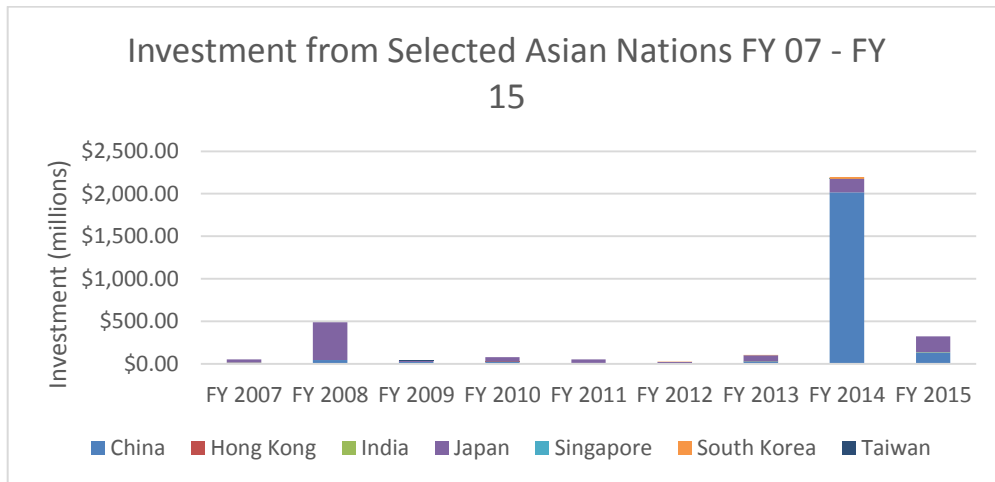
Investment in Virginia and the promotion of Virginia exports is core to the VEDP mission. During past two years, VEDP-assisted projects announced \$8 billion in new capital investments and the creation of more than 33,000 jobs for Virginians. These projects alone are projected to generate an estimated \$2.7 billion in revenue for Virginia and its localities over 10 years.

With the strong support of the current administration, VEDP's success in promoting trade and investment has been dramatic in Asia. Exceeding \$1 billion in each of the past three years, Virginia's agriculture and forestry exports to Asia alone doubled during this period while exports to other regions of the globe largely remained stagnant.

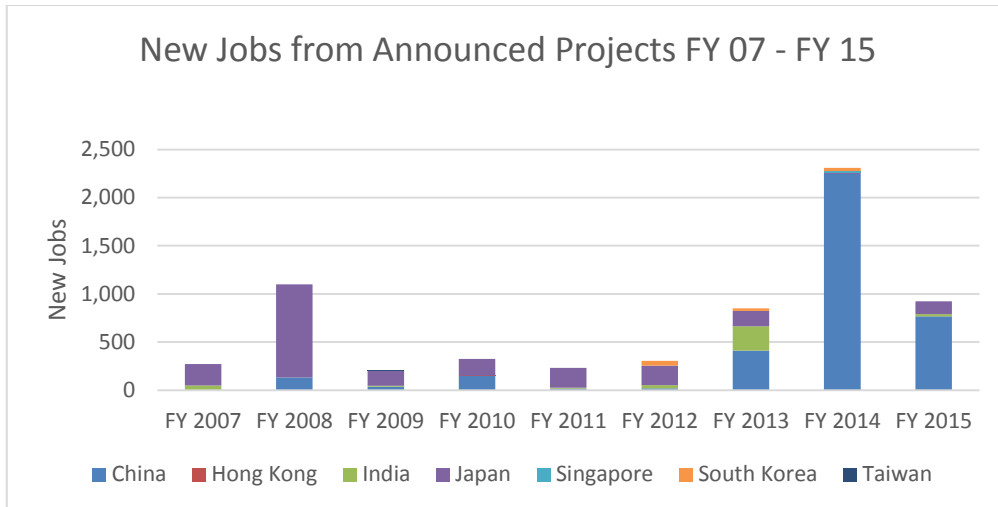


Source: Virginia Department of Agriculture and Consumer Services

Similarly, investment from Asia in Virginia continues to be strong both in terms of absolute dollars and job creation.



Source: VEDP



Source: VEDP

VEDP fuels jobs and revenue growth throughout the Commonwealth with a validated \$12.57 return on investment (ROI) for every dollar in VEDP’s budget over the past decade. VEDP is a unique revenue generator for the state and a critical partner to and resource for an executive branch focused on job creation and economic expansion. And yet VEDP operates on an uncertain, fluctuating budget. VEDP’s current fiscal year budget of \$18.6 million is comparable to VEDP’s FY2000 budget 15 years ago, with significant dips in between. Further, we understand that inflation and operational costs have reduced VEDP’s available program funding to a scant \$4.4 million for the current fiscal year. In the competitive economic environment among states, Virginia’s economic development spend does not match favorably. By way of comparison, VEDP identified comparable state economic development budgets for Pennsylvania and Florida at approximately \$40 and \$55 million, respectively. Clearly lagging on an absolute dollar basis, Virginia’s economic development spend is equally anemic on a per capita basis: Pennsylvania spends \$3.12 per resident, Florida \$2.8 and Virginia \$2.2 based on 2014 Census Bureau population statistics.

**RECOMMENDATIONS**

- Materially increase the VEDP budget and fix portions of the VEDP budget to accommodate long-term planning and initiatives.
- Better publicize and leverage VEDP’s resources; it is the Commonwealth’s expert on economic development.

**Focus Foreign Asian Business Attraction on Key Foreign Trade Agencies** – According to the International Monetary Fund, China, Japan, India and South Korea combined GDP comprised almost 25 percent of global GDP in 2014. Spurred by China’s and India’s predicted hyper growth, these four countries alone will produce almost 30 percent of global GDP by the year 2020. As shown in the following chart, these countries also received over \$3.2 billion in Virginia exports in 2014, which formed almost 17% of all Virginia exports during 2014 and represented a material 30% increase over Virginia 2013 exports

to those countries. And as discussed above, investments from these countries in the Commonwealth remains strong year-on-year and is expanding.

### Virginia Total Exports to Leading Asian Countries

Country	U.S. Dollars			Percent Share			%Δ 14/13
	2012	2013	2014	2012	2013	2014	
China	2,003,573,283	1,871,275,213	2,000,142,373	10.96	10.45	10.39	6.88
Japan	475,946,937	554,058,055	552,583,332	2.6	3.09	2.87	-0.27
Singapore	426,769,451	526,153,881	528,374,218	2.34	2.94	2.74	0.42
Taiwan	370,512,612	458,392,923	519,886,716	2.03	2.56	2.7	13.42
South Korea	313,404,516	368,389,431	428,634,082	1.71	2.06	2.23	16.35
Indonesia	233,362,637	308,083,204	307,956,686	1.28	1.72	1.6	-0.04
India	264,604,084	213,851,797	229,567,787	1.45	1.19	1.19	7.35

*Source: GTIS Database*

Virginia, through VEDP and the current executive branch, maintains excellent contacts with key political and business leaders in each of these countries. Recognizing these four Asian economies as critical export and investment opportunities for the Commonwealth, three of Virginia's five foreign VEDP offices/representatives reside in each of China (Shanghai), Japan (Tokyo) and India (Mumbai), with a new office in South Korea (Seoul) being discussed.

Each of these countries maintains strong centralized trade agencies that, to a varying degree, materially influence trade and investment decisions across industries. Such agencies also are gatekeepers to raising Virginia's profile within their respective business communities.

### **RECOMMENDATIONS**

- Virginia trade representatives should personally target and pitch Virginia to the centralized trade agencies of China (Department of International Trade and Affairs of the Ministry of Commerce), Japan (Ministry of Economy, Trade and Industry), Korea (Ministry of Trade, Industry and Energy), and India (Ministry of Commerce and Industry).
- Develop relationships with key business publications from these countries and host influential journalists to help promote the "Invest in Virginia" message which remains lacking on the ground.

**Two Cautionary Concerns** – During our conversations with business leaders, some expressed concerns regarding obligations imposed on the Commonwealth by international



trade agreements and the use of taxpayer funds to support foreign state-owned enterprises (SOEs) and state-controlled enterprises (SCEs). We highlight those concerns below.

International Trade Government Procurement Obligations Can Interfere with State Contracting Preferences. States, like Virginia, traditionally have enjoyed a large degree of autonomy to establish state procurement policies under the U.S. federalism system. Many states, like Virginia, have procurement policies that leverage tax dollars to create local jobs and assist minorities, veterans and small businesses. To varying degrees, U.S. federal government procurement provisions of international agreements, such as the North American Free Trade Agreement (NAFTA), the Central American Free Trade Agreement (CAFTA), the agreements negotiated through the World Trade Organization (WTO), and the proposed Trans-Pacific Partnership (TPP), can limit policy preferences U.S. states can apply to public contracts. State adherence to these agreements is purely voluntary, and traditionally states have gained no specific benefits when agreeing to be bound. Often states have decided to bind themselves to the terms of these various international trade agreements on request of the U.S. trade representatives (USTR). After realizing the deleterious impact on their ability to use state contract funds to promote worthy state goals, some states have withdrawn their adherence to the procurement obligations in these international agreements.

Incentivizing Foreign SOE/SCE Investment. As the Commonwealth attracts increased foreign investment from Asia-based companies in Virginia, supporting such investment attraction through financial incentives such as the Commonwealth Opportunity Fund and other state and local programs, Virginia should be mindful of supporting SOEs and SCEs. Often paying a premium to secure access to new technology or market share, SOEs/SCEs often enjoy a subsidized cost of capital that could unfairly harm existing competitors.

## **RECOMMENDATIONS**

- Virginia trade representatives should analyze and withdraw from Commonwealth obligations under international trade agreements that limit Virginia procurement policies, and by extension, economic development.
- Virginia should scrutinize deployment of taxpayer funded investment incentive dollars, particularly when used to support SOEs/SCEs that could unfairly harm existing competitors.

## **C. ACCESSIBLE HEALTHCARE**

While the AAPI population positively contributes to the growing economic impact in the Commonwealth, it is also is a vulnerable community. Lack of health care insurance, poverty, cultural and linguistic challenges remain critical needs for a large swath of the AAPI demographic. As Baby Boomers fuel the growth of aging adults, the fastest growing segment of the U.S. population, the issue of healthcare access among the aging AAPI community, in particular, is a critical and often overlooked issue for the Commonwealth.

**Linguistic challenges** – Limited English Proficiency (“*LEP*”) is a key problem for this demographic. More than 30% of the Commonwealth’s AAPI population speaks English less than “very well” and in some subgroups such as the Korean and Vietnamese, this figure rises to almost 45%. Language challenges are compounded when dealing with healthcare issues, providers and resources. Adding to the challenge are the multiple languages spoken in the Commonwealth AAPI communities, including Indian, Korean, Chinese, Filipino and Vietnamese. Complicating the issue, AAPI’s with LEP often use family or community members as medical interpreters. This significantly increases error and the conveyance of biased information to the patient. The Medical Interpreter Database program through the Commonwealth’s Office of Minority Health and Health Equity (OMHHE) is an important and potentially effective resource, however the lack of successful recruitment within the AAPI community has limited its usefulness. In the entire state, there is only one certified medical interpreter for the AAPI community. The language spoken by this interpreter is Bhutanese, whose population represents less than 1% of the Commonwealth’s AAPI population.

**Cultural challenges** – New immigrants encounter significantly more difficulty navigating the Commonwealth’s health systems. This is in large part due to a lack of information – immigrants do not know what resources are available – and an inability to efficiently access such resources often due to language and technological constraints. Also, cultural differences make AAPI communities reluctant to seek assistance through conventional means. AAPI immigrants typically seek help through informal support networks, and information and resources may not be adequate or appropriate.

**Affordable Health care** – Almost 11% of the general population of the Commonwealth is uninsured, while 13.7% of the Asian population is uninsured, again with certain AAPI subgroups, like the Korean community at 20%, suffering higher uninsured rates. Notably, many aging AAPI residents are first generation immigrants and have challenges securing insurance or finding affordable health care. More than 10% of Asians over the age of 65 live in poverty and are among the highest percentage of uninsured. Even for those that are able to access affordable health care, language, culture and the inherent complexities of health care remain significant hurdles.

**Aging Asian population: Cultural and social challenges** – Asian traditions of filial piety underscore the importance taking care of one’s parents and elders. As the AAPI population ages, the health care issues not only are the seniors’ problems, but also present unique challenges for their children. Caregiver children often will relocate to locales that provide culturally competent services for their aging elders. Aging AAPIs without the multigenerational support system often will suffer social isolation and related debilitating mental issues.

**Data Collection/Accessibility** – There is good macrodata tracking these issues. But such data does not frequently track delineate race sufficient to accord a full picture of health inequities within the AAPI community. Even the best data, such as the 2012 Health Equity Report prepared by the Virginia Department of Health (VDH), suffers gaps regarding racial discrimination, mortality cost estimates, life expectancy, infant mortality and low birth weight. Indeed, much of the data in the report draws from VDH’s new Health Opportunity

Index, which examines social determinants of health, but does not have specific data on the AAPI community.

**Mental Health** – Within Asian cultures, mental health is burdened by deep stigma and taboos. There is no acceptance of openly seeking help, support or counseling. Community support, a vital element of support and treatment, is almost non-existent. Authorities and health care providers do not have reliable data to assess the depth and breadth of mental health issues in the AAPI community in the Commonwealth. It is notable that suicide is the highest violent non-accidental cause of death in AAPI ages 10-19 and the second highest cause of death among AAPI ages 18-44.

## **RECOMMENDATIONS**

- Develop better language access through OMHHE and Culturally and Linguistically Appropriate Services (CLAS) ACT Virginia.
  - Enhance translation options on websites that service the AAPI demographic and provide more resources for language bank.
  - Provide more medical interpreters through private sources or develop better recruiting methods; provide grants or require providers to subsidize training of medical interpreters.
  - Develop a centralized form/information bank that is linguistically appropriate for the AAPI communities with more limited English proficiency.
  
- Develop more efficient and effective outreach and access strategies.
  - Provide funding through the appropriate area agencies on aging to develop more friendship cafes/senior centers for AAPI seniors to provide better service access and information exchange and bi-directional communication.
  - Use the annual Virginia Department for Aging and Rehabilitative Services (DARS) Agewave Forum to present best practices and culturally competent education to building livable communities for AAPI and other minority communities.
  - Develop more cultural and linguistic resources, funding and training for the Virginia Department of Health's Community Health Worker programs ("CHW"). Enhance recruiting of AAPI CHW's or partnership with AAPI community-based groups.
  - Increase focus on enhancing resources dedicated to OMHHE, which is inadequately staffed to adequately assess and address the needs of the AAPI and other minority communities and cultural competencies of State programs.

- Virginia Center for Health Innovation should use the recently awarded \$2.6 million State Innovation Model Grant to assess and develop proposals to better serve health issues within the AAPI community.
- Collect better data to develop better policy.
  - Analyze data across the AAPI community, including specific racial and ethnic criteria, to identify trends and disproportionate, disparate outcomes.

**D. BIGGER VOICE FOR SMALL BUSINESS**

AAPI owned businesses are a strong engine for the Commonwealth’s economy. And the AAPI entrepreneurial drive is strong formidable. Key initiatives supporting these strengths, such as 42% Small, Woman and Minority (SWaM) procurement targets for State purchasing and the new microbusiness category, are trailblazing. However significant hurdles remain in order to foster an environment that maximizes the strengths of AAPI business owners for the benefit of the Commonwealth’s broader community.

Minority Business Impact in Virginia 2007-2012

Ethnicity/Race	# of Firms	% change	Revenue (\$1,000)	% change	Annual Payroll (\$1,000)	% change
Asian 2007	44,576		13,235,580		3,245,251	
Asian 2012	58,996	32.3%	25,807,486	95.0%	5,870,041	80.9%
Black or African American 2007	63,363		5,378,365		1,349,257	
Black or African American 2012	80,552	27.1%	8,231,814	53.1%	1,998,618	48.1%
Hispanic 2007	28,579		5,896,777		1,223,114	
Hispanic 2012	43,981	53.9%	9,003,952	52.7%	1,877,064	53.5%

*Source: 2012 Preliminary Survey of Business Owners, 2007 Preliminary Survey of Business Owners.*

The following data points and background help frame these issues.

- Asians own over 60,000 businesses in Virginia.
- From 2007 to 2012, there was a 32.3% increase in the number of Asian American-owned businesses in Virginia with over \$25.8 billion in receipts in 2012.
- Over 15,000 Asian-owned firms in Virginia have paid employees, distributing over \$5.87 billion in payroll annually.
- Asian-owned businesses comprise 9% of all firms in the Commonwealth, while producing 3.1% of all revenues and paying 4% of all payroll dollars in the State in 2012.<sup>1</sup>
- In fiscal year 2014, Asian businesses received approximately \$74 million of the \$5.6 billion total in the Commonwealth’s discretionary spending, or roughly 1.3%. In fiscal year 2015, Asian businesses received approximately \$91 million of the Commonwealth’s \$5.63 billion total discretionary spending, or roughly 1.6%.

During FY2014 to FY2015, approximately 21% of certified Asian SWaM firms received payments.

- Since the creation of the microbusiness subcategory in FY2014, the number of Asian-owned firms receiving payments from state expenditures in this category increased 35% in FY2015.

To better assess AAPI SWaM issues, VAAB members surveyed various AAPI business-serving organizations and agencies and AAPI business owners. Despite clear evidence that Asian-owned businesses continue to succeed and create jobs for Virginians, much work remains to connect state resources and AAPI-owned businesses to achieve higher revenue and job creation.

**Perception of AAPI Businesses** – Even with the strong growth in AAPI owned businesses, there is a general perception that Asian-owned businesses lack the capacities, competencies and resources to compete, not only in the daily business environment, but also for state procurement. This is of particular concern to those interviewed who are competing for high profile and challenging projects and contracts. It is well-documented that Asian-owned firms are competitive and successful in all areas from wholesale and retail trade to information technology, construction and consulting services. However, the FY2015 State 1.6% allocation of state procurement dollars lags far behind the overall revenue and payroll contributions to the Commonwealth and percentage of businesses owned by AAPI community.

**Access to Capital** – One of the clear and common hurdles facing Asian-owned small businesses, new and growing, is access to capital. Until the recent merger of the Department of Small Business Assistance and Department of Minority Business Enterprise, very few, if any, Asian-owned businesses and supporting organizations were aware of existing state resources to address problems associated with access to capital. This includes the Virginia Small Business Financing Authority, which is now a division of the Virginia Department of Small Business and Supplier Diversity, whose mission is to help businesses in good standing access capital that they otherwise may not be able to access. The Virginia Small Business Financing Authority and Virginia's Capital Access Fund for Disadvantaged Businesses (now the Small Women-owned and Minority-owned Business Loan Fund) apparently have been helping businesses across the Commonwealth since 1984.

**Lack of Enabling Support** – In FY2015, roughly 22% of Asian-owned businesses received state payments for products and services. Of the 1,132 Asian-owned registered and certified SWaM businesses, 248 received over \$91 billion in state payments. It is important to note that due to existing procurement rules, a significant portion of these payments went to non-Virginia Asian-owned businesses, in locations where there is considerable support. For instance, Maryland has an Office of Minority Affairs that also has an Interdepartmental Advisory Committee for Minority Affairs and works with the Maryland Department of Minority Enterprise. These entities exist to help promote minority owned businesses as well as the hiring of minorities by the State of Maryland. Virginia's Department of Small

Business and Supplier Diversity work is commendable, but more is required to develop and grow Virginia AAPI-owned businesses and keep revenues and jobs in the Commonwealth. To do so, resources already in place, and those that should be developed, need to be made available through effective outreach and access.

### **RECOMMENDATIONS**

- Create an ombudsman or senior staff position to serve as a conduit to relevant State offices and agencies for AAPI businesses and who can bridge cultural and language barriers, particularly for ethnic groups with the highest rates of business ownership combined with limited English proficiency.
- Support AAPI-owned small businesses with high-quality, language and culturally appropriate training programs and services that focus on capacities and competencies.
- Sponsor regional commercial banking and resource summits focused on SWaM issues, connecting with Asian communities, and highlighting legal, economic and cultural issues affecting AAPI businesses.
- Continue development of programs such as the SWaM and microbusiness initiatives to help identify commercial resources within the AAPI business community and maintain accountability in State procurement.
- Work with AAPI-serving organizations to provide cultural and language-appropriate financial services to business owners. In particular, assess the extent and effectiveness of state funded programs such as The Virginia Small Business Financing Authority and Virginia's Capital Access Fund for Disadvantaged Businesses in outreach and access for AAPI owned businesses.

## **IV. LOOKING FORWARD**

From the first foreign settlement at Jamestown to the dozens of nationalities that call Virginia home today, our Commonwealth has thrived on its unique embrace of cultural and racial diversity. The AAPI community is honored to be part of this diversity and is eager to contribute to the continued growth and well-being of our wonderful State. The VAAB is equally honored to serve as ambassadors on behalf of the Commonwealth, providing a much-needed voice for the growing AAPI community.

Through its outreach, the VAAB presence has increased among State and local government and within the communities they serves. More issues are being brought to our attention as awareness of the Board grows. We look forward to and embrace the challenges that lie ahead. To that end, we highlight a few final thoughts and recommendations below as we move into the new year.

First, we noted earlier our keen interest in pursuing in depth issues affecting the Asian Muslim community, which will figure prominently in our subsequent report. We are well underway in our outreach and we welcome the assistance of the administration in identifying issues and solutions around which the Commonwealth can coalesce. No part of our extended community should suffer the indignities experienced by parts of the Asian Muslim community merely because of an association to a particular racial or religious group.

Second, the Board's current member composition does not reflect the Commonwealth's geographic and demographic diversity. Fifteen of the Board's eighteen current members reside in either northern or central Virginia, with only one member from the Shenandoah Valley and two from Hampton Roads. Further, the Board demography does not capture the make-up of the Commonwealth's AAPI community diversity. Future appointees, including those for current vacancies, should help bridge these gaps. In advance of future appointments to the Board, we would welcome an opportunity to tap our communities to identify existing and future leaders.

Finally, the Commonwealth is ready for a single point of contact to coordinate AAPI affairs within state government. More than anything over the past year, the Board has identified a clear need for full-time conduit to advocate for the AAPI community and to guide that community to the State's vast existing and underutilized resources. We will engage the administration to identify a clear path to fulfill this need.