

Investing for the Future

Recommendations to the
Virginia Tobacco Indemnification and
Community Revitalization Commission

From its

Blue Ribbon Review Panel

April 17, 2008

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I. The Purpose of the Blue Ribbon Review Panel

The Tobacco Indemnification and Community Revitalization Commission (TICR) created the Blue Ribbon Review Panel (BRRP) to review its structure and operations. TICR Chairman Charles Hawkins made it clear that this is an important time of transition for the TICR. He stated that there was originally no precedent for the creation of the TICR in 1999, even on a national basis, and that it is now nearing a decade in existence. He noted, that while the structure and operations of the TICR have been evolving over time, it can now begin to operate as a foundation since its funding has been securitized into a lump sum. Chairman Hawkins predicted that the TICR's decisions over the next two years about how it will operate would set the tone for the next decade. He observed that the original TICR long-term goals of indemnification and revitalization were intended to result in "regional transformation". Chairman Hawkins called on the BRRP to review whether the TICR was achieving its goal of regional transformation. Specifically, he asked the BRRP to review the structure, operations, and allocation of TICR funds and make recommendations for consideration that would improve the economic opportunities for Southside and Southwest Virginia. Furthermore, Chairman Hawkins asked the BRRP to determine whether the TICR was effectively investing funds and working with local governments in the Southside/Southwest regions to recover from industry decline and help re-invent a new economy.

Chairman Hawkins stated that it was a prudent time for the BRRP because of Commission member turnover due to legislative elections and the eight-year maximum term limits for original citizen members coming due. In response to a question, Chairman Hawkins conceded the possibility of expediting the indemnification process. He asked the BRRP to quickly complete its review in four months and indicated that he intended to convene a TICR retreat in the spring when new members have joined the TICR to consider the BRRP's recommendations.

The BRRP met four times, beginning mid-December 2007. Over the course of its four-month review, the BRRP:

- a) Interviewed TICR staff and other stakeholders;
- b) Surveyed all TICR members; the 41 counties and cities in the regions; regional community colleges; and a sample of non-profit grantee institutions;
- c) Reviewed relevant TICR materials, including historical meeting minutes, annual reports, financial reports, and previous evaluation studies.

II. Why Southside and Southwest Virginia Need Revitalization

- Southside Virginia has been losing population for several decades, while Southwest Virginia has at best been holding steady. The 2010 Census is expected to show an almost 3 percent decline in Southside's population and virtually no increase for Southwest. (Exhibit 1)
- More than half of the localities in Southside and Southwest will lose population or have no growth, while Virginia is expected to grow 13 percent in this decade. (Exhibit 1)
- Virtually all localities in Southside and Southwest have higher unemployment rates than Virginia as a whole. In two-thirds of the Southside and Southwest localities, the unemployment rate was more than one-third higher than the Virginia average in 2006. (Exhibit 1)
- The population of Southside and Southwest is older; that is, there is a smaller percentage of young people and young adults and a larger percentage of older adults in Southside and Southwest than in Virginia as a whole. The average age of workers in Southside and Southwest is older than that for Virginia. (Exhibit 2)
- Southside and Southwest have a significantly smaller percentage of college graduates and significantly larger percentages of high school dropouts than Virginia and the nation. (Exhibit 3)
- Manufacturing wages have been in steep decline (Exhibit 4). Manufacturing no longer accounts for the largest percentage of wages in the Southwest economy, and manufacturing will likely soon not be the largest percentage in Southside. (Exhibit 5)
- Economic growth in Southside and Southwest is occurring in the service industries, as it is in Virginia overall, but in Southside and Southwest the percentage of overall wages in these "information age" industries is still substantially below the rest of the state. (Exhibits 4 and 5)
- Southside and Southwest have resourceful, resilient citizens, but the facts and trends about population, employment, and education all point to why the regions need revitalization.
- Therefore, the TICR should aim its strategic decisions at these undeniable facts.

Exhibit 1

Southside and Southwest Population Growth and Unemployment Rates Indicate Need for Economic Revitalization

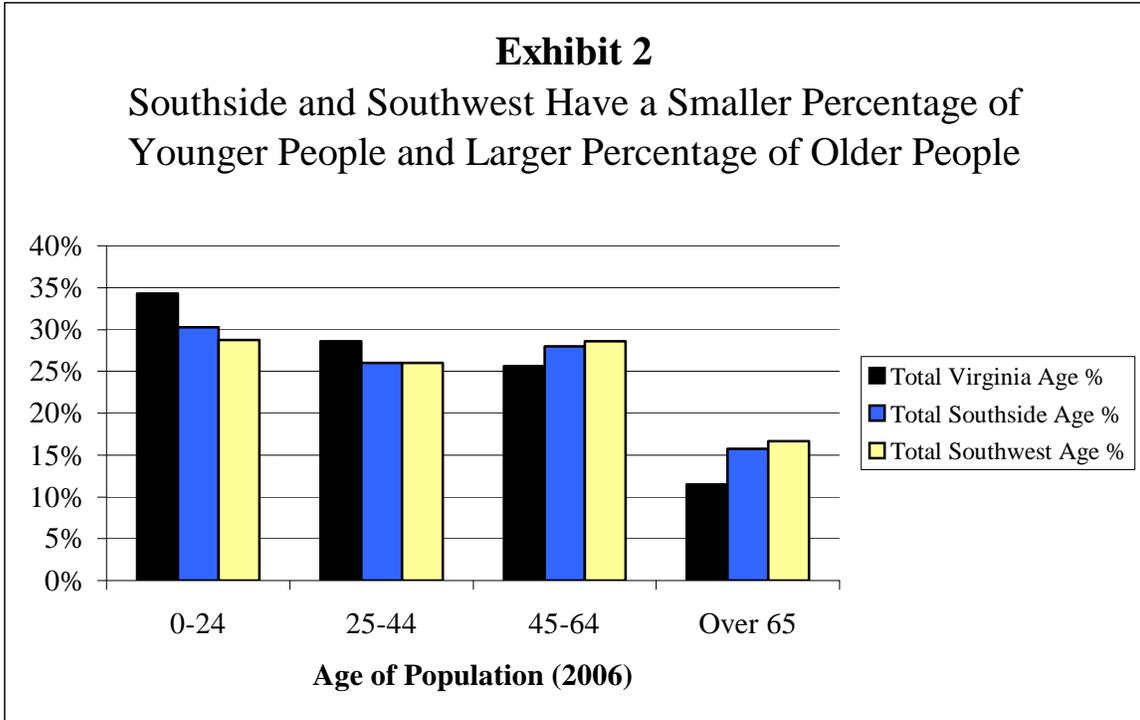
	2010 est. Population	2000-2010 est. Pop. Change	2006 Unemployment Rate
Virginia	8,010,342	12.8%	3.0%
Southside Localities			
Amelia	13,255	15.5%	2.9%
Appomattox	14,188	3.5%	3.6%
Bedford Co.	68,734	13.3%	2.9%
City of Bedford	6,070	-3.7%	3.7%
Brunswick	18,263	-0.9%	4.3%
Buckingham	16,525	5.7%	3.2%
Campbell	52,972	3.5%	3.2%
Charlotte	12,233	-1.8%	6.5%
Cumberland	9,847	9.3%	3.3%
City of Danville	45,506	-5.7%	8.5%
Dinwiddie	28,874	17.3%	3.1%
City of Emporia	5,461	-3.6%	5.2%
Franklin Co.	52,406	10.4%	3.1%
Greensville	11,611	0.5%	4.0%
Halifax	34,906	-6.5%	5.7%
Henry	54,483	-6.0%	4.7%
Lunenburg	13,172	0.6%	4.1%
City of Martinsville	14,376	-6.3%	7.2%
Mecklenburg	32,396	0.0%	5.0%
Nottoway	15,229	-3.3%	3.8%
Patrick	19,013	-2.1%	4.5%
Pittsylvania	62,288	0.8%	5.3%
Prince Edward	21,194	7.6%	4.7%
Sussex	<u>11,543</u>	<u>-7.6%</u>	4.4%
Total Southside	634,545	-2.7%	

Exhibit 1 (Continued)

	2010 est. Population	2000-2010 est. Pop. Change	2006 Unemployment Rate
Virginia	8,010,342	12.8%	3.0%
Southwest Localities			
Bland	6,959	1.4%	3.6%
Bristol City	17,106	-1.3%	4.7%
Buchanan	22,866	-14.8%	4.8%
Carroll	29,289	0.0%	5.1%
Dickenson	15,975	-2.3%	5.0%
Floyd	15,201	9.0%	3.2%
Galax City	6,639	-3.0%	5.9%
Grayson	15,789	-6.5%	5.3%
Lee	24,018	2.0%	4.3%
Norton City	3,425	-12.1%	5.1%
Russell	30,100	2.8%	4.7%
Scott	22,648	-3.1%	4.8%
Smyth	32,184	-2.7%	4.4%
Tazewell	45,759	2.9%	4.0%
Washington	52,566	2.7%	4.0%
Wise	41,415	-1.8%	4.4%
Wythe	<u>28,929</u>	<u>4.7%</u>	4.0%
Total Southwest	410,868	0.2%	

Source: Virginia Employment Commission, Virginia Workforce Connection, State Demographer Projections

Note: 2006 is the latest full year VEC unemployment data available as of April 2008. However, monthly data through January 2008 continues to show all but two Southside/Southwest localities with a higher unemployment rate than the statewide rate.



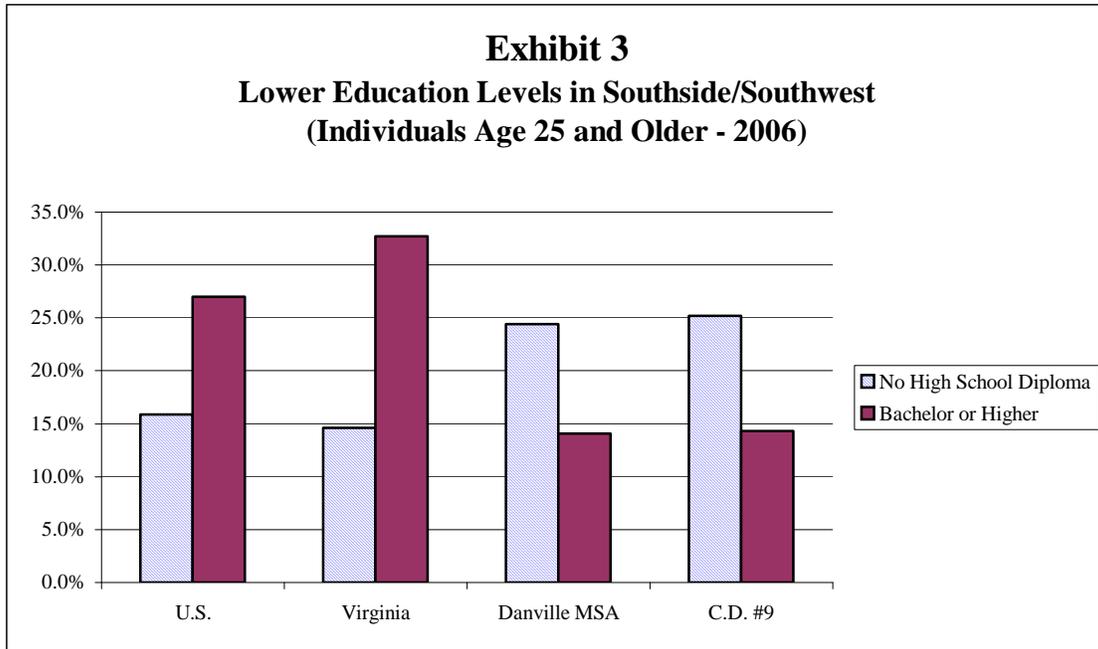
Source: Fiscal Analytics, Ltd. analysis of Weldon Cooper Center 2006 population estimates
<http://www.coopercenter.org/demographics/POPULATION%20ESTIMATES/>

An area of great concern with regards to the ability to revitalize the economy is education for young people and adults. To compete in today’s information-based and global economy demands more education. However, Southside and Southwest Virginia trail in education levels for young people and adults. For example, the Danville MSA (a proxy for Southside) and Congressional District 9 (a proxy for Southwest) have much higher percentages of population over age 25 with no high school degree, and much lower percentages of people with bachelor’s degrees or higher than either the rest of the state or the nation (Exhibit 3).

Furthermore, an analysis of Virginia Department of Education annual school enrollment data by grade shows that a number of localities in the region have much larger numbers of students in the ninth grade than in the twelfth grade three years later. For example, Danville City had 764 ninth graders in the fall of 2004, but only 417 twelfth graders in the fall of 2007 (-45%). Pittsylvania had 961 ninth graders in 2004, but only 732 twelfth graders by 2007 (-24%). Tazewell had 605 ninth graders in 2004 and 461 twelfth graders by 2007 (-24%).¹ The largest drop in numbers of students is occurring between the ninth and tenth grade. While some of these students may have moved to other school districts, it is likely that most of these students are dropping out of high school and will not graduate.

¹ Virginia Department of Education, Fall Membership reports:
<http://www.doe.virginia.gov/VDOE/Publications/>

These education statistics are alarming and cannot be ignored in TICR strategic decisions.

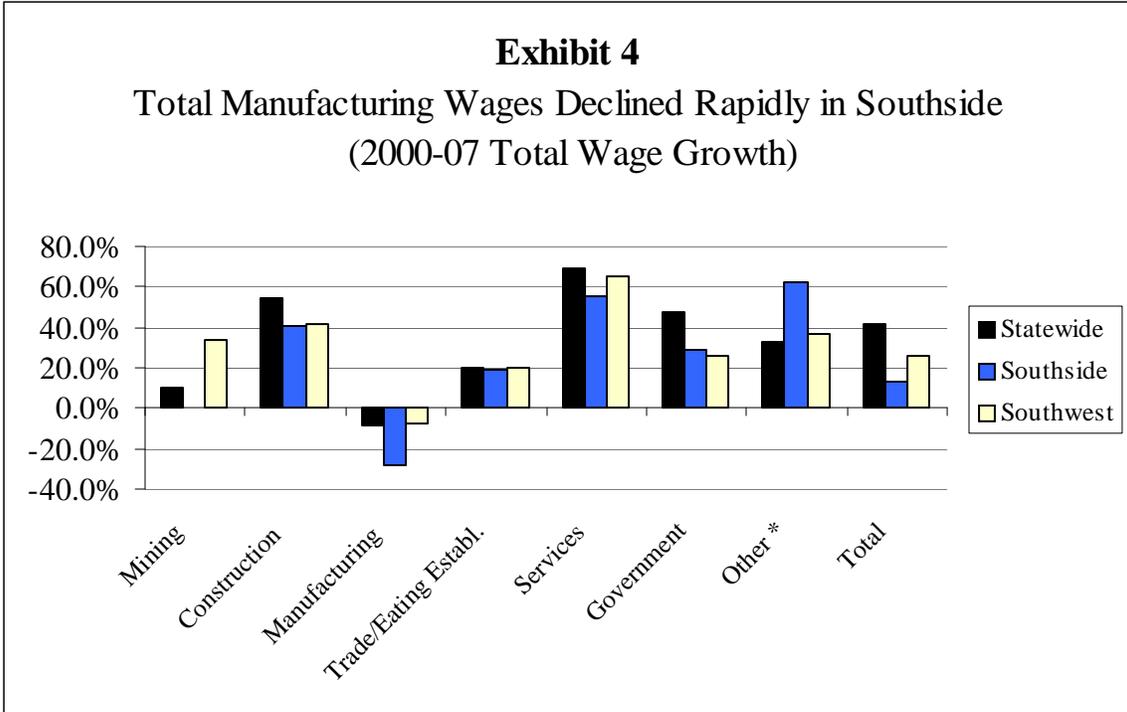


Source: U.S. Census Bureau, 2006 American Community Survey

The economies of Southside and Southwest Virginia have also been changing rapidly in recent years. The global economy has caused manufacturing to quickly decline in importance in Southside Virginia. From 2000 to 2007, total manufacturing wages declined 28 percent in Southside (Exhibit 4). Over the course of only seven years, this has dropped manufacturing wages from about one-third of total wages in the Southside region to less than one-quarter of its wages (Exhibit 5).

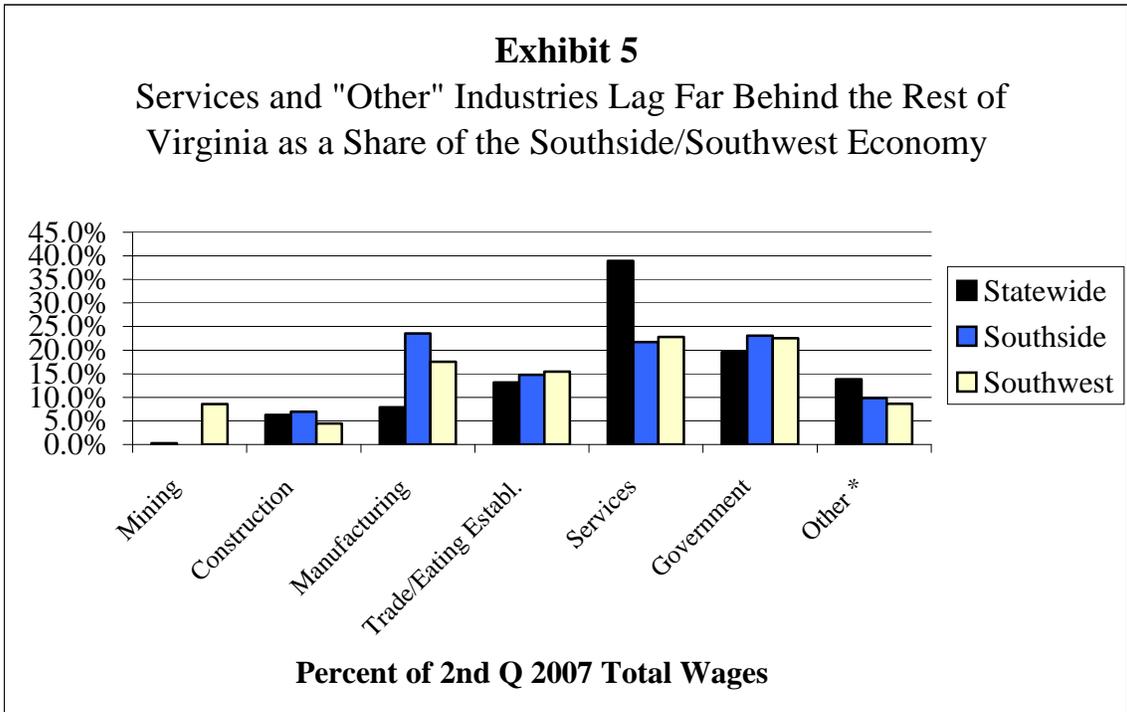
As in the rest of Virginia, economic growth in Southside and Southwest Virginia is occurring in the services industries, including professional, technical, administrative support, healthcare, educational, repair, personal services, and “Other” employment categories including utilities, transportation, communication, information, finance, insurance, and real estate. However in the Southside/Southwest regions, the percentage of overall wages in these “information age” industries is still substantially below the rest of the State (Exhibit 5).

Given the existing state of the Southside and Southwest economies, it is fair to ask whether the expenditure of over \$400 million by the TICR since the year 2000 on “regional transformation” projects has had the desired transformative effect on the regions.



“Services” include professional, technical, administrative support, healthcare, educational, repair, and personal

“Other” includes utilities, transportation, communication, information, finance, insurance, and real estate



Source: Fiscal Analytics, Ltd. analysis of Virginia Employment Commission 3 digit NAICS code data

III. Operating Policies and Procedures for the TICR

The TICR was created by the General Assembly in 1999 as a 31 member commission, consisting of six members of the House of Delegates; four members of the Senate; the Secretaries of Commerce and Trade, Finance, and Agriculture; three active flue-cured tobacco producers; three active burley tobacco producers; one representative of the Virginia Farm Bureau Federation; and eleven other citizen members. According to the enabling statute, the purpose of the TICR is to: “i) provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and lost tobacco production opportunities associated with a decline in quota, and ii) revitalize tobacco dependent communities.”

The enabling statute stipulates that the Treasury Board is responsible for managing and investing the endowment fund. The statute also allows the TICR to spend the endowment funds as it sees fit, with the requirement that no more than ten percent of the corpus of funds be used in any one year, or up to fifteen percent if two-thirds of the Commission approves.

The endowment for the TICR comes from one-half of Virginia’s share of the “Master Settlement Agreement” between the states and leading U.S. tobacco product manufacturers, dated November 23, 1998. These payments were agreed to be made in perpetuity. The MSA payments through approximately 2032 have been securitized by the TICR in two offerings. The first offering in May of 2005 was sold as tax exempt bonds for about \$390 million and is restricted to funding capital projects. The second securitization was sold in May of 2007 for \$614 million and is unrestricted as to investing or use. It is expected that these bonds will be paid off no later than year 2032, at such time annual MSA payments to TICR may begin again.

As of January 31, 2008, the Department of Treasury was responsible for a TICR endowment fund of over one billion dollars, including total unobligated balances of about \$829 million, and another \$195 million of unspent balances in various states of commitment from FY 2008 and previous budgets. Also, included in the \$1 billion amount are the remaining tobacco indemnification payments to tobacco producers of about \$40 million.

The TICR is currently organized around a structure of nine committees. There is a thirteen member Executive Committee chaired by the TICR Chairman that adopts the annual budget. There are also seven other committees through which spending decisions are recommended to the full Commission, and a Long-Range Planning Committee that meets periodically. All committees are chaired by a legislative member, except for the Southside Economic Development committee. The TICR committees are as follows:

- 1) Executive Committee
- 2) Education
- 3) Special Projects
- 4) Technology
- 5) Southside Economic Development
- 6) Southwest Economic Development
- 7) Agribusiness
- 8) Tobacco Region Opportunity Fund
- 9) Long-Range Planning

The historical TCR budgets are outlined in Exhibit 6. The budgets are organized to some degree around the structure of the TCR Strategic Plan (as described later in this section). It should be noted, however, that spending by function often cuts across several committees. For example, the funding of education initiatives has been provided by five different committees (See Appendix 1).

Exhibit 6

Tobacco Indemnification and Community Revitalization Commission Historical Budget Allocations (as amended) (in \$ millions)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Administration	\$0.4	\$1.4	\$1.5	\$1.7	\$2.7	\$2.2	\$2.2	\$2.1	\$2.1
Indemnification									
Flue-Cured	51.2	22.5	24.5	9.8	14.7	13.0	9.9	10.6	14.2
Burley	15.1	13.3	12.0	10.5	8.7	7.0	3.8	4.5	6.0
Telecommunications									
Technology					7.0	11.4	42.7	4.8	18.6
Human Infrastructure									
Education	6.0	in Spec Proj	in Spec Proj	9.4	9.0	8.0	10.5	12.7	11.3
Innovation									
TROF			in Spec Proj	3.8	6.2	5.7	5.1	3.7	7.9
Special Projects	5.9	8.5	23.1	12.9	5.0	2.8	14.5		5.5
Revolving Loan Fund				2.0					
Agribusiness				1.5	1.5		0.9	1.5	1.5
Regional Development									
Southside Economic Dev	3.4	16.3	18.7	25.7	12.2	14.0	11.0	14.2	44.2
Southwest Economic Dev	1.3	1.0	3.9	2.6	2.1	3.0	2.8	2.6	15.6
Reserve Fund					1.9				33.1
Total Budget	\$83.3	\$63.0	\$83.7	\$79.9	\$71.0	\$67.1	\$103.4	\$56.7	\$160.0

Budget Allocations reflect final budget that may include re-distribution of carryforward funds from other programs.

Expenditure Decision Process

The Executive Committee develops a budget beginning in April of each year based initially on historical budgets, then modified by known identified projects likely to receive approval. Grant availability is then announced to the public. Applicants file requests for funds by the approved deadline. The TCR is currently staffed by nine people: an Executive Director, Deputy Director, Program Grants Administration Director, Finance Director, and five other program and support staff. The TCR staff reviews and evaluates the requests, including the use of a scoring system, and makes summary level recommendations to each committee. The committees hear the staff summary recommendation for each request (the staff scoring system for each grant request is not detailed to the committees or the grantees), and make recommendations to the full Commission. As seen in Exhibit 7, about 78 percent of the staff funding recommendations were approved by the committees over the three year period 2005-07. The economic development committees, especially Southwest, had the greatest rate of change from staff recommendations.

Exhibit 7

2005-07 Grant Summary - Staff Recommendations and Committee Approvals

Committee	Staff Rec. Grant Adopted By Commission	Staff Rec. No Grant - Still Awarded By Commission	Commission Changed Staff Grant Amount	Commission Did Not Approve Staff Recommendation	No Staff Rec.
Southside Econ. Dev.	98	8	5		1
Southwest Econ. Dev.	77	20	22	3	6
Education	109	5	2		4
Technology	11	1	3		19
Special Projects	93	5	4	4	3
Agribusiness	27	1	1		
Total	415	40	37	7	33
Percent of Total	78%	8%	7%	1%	6%

Source: TCR staff

Another factor in the TCR expenditure decision process is the use of formularies. Initially, the TCR determined that approximately 73 percent of its funds would be provided to the Southside and 27 percent to the Southwest, based on a calculation of tobacco quota pounds in 1998. In recent years, this has not been a strictly adhered to formula.

There is also a unique formulary used for the distribution of economic development funds in the Southside region, although not in the Southwest region. Southside economic development funds are distributed using a four-factor formula based on the local tobacco economy in 1998.² This Southside formulary was put in place at the inception of the TICR in 1999 and has not been modified, even with the subsequent adoption of a strategic plan. Four adjacent localities -- Danville, Pittsylvania, Halifax, and Mecklenburg, -- account for two-thirds of the Southside formulary funding, even though they constitute less than one-third of the population and employment of the Southside region (See Exhibit 8). There are three cities in Southside – Bedford City, Emporia, and Martinsville -- which do not receive any of these designated funds, since they did not have any factors in the adopted formula. Spending decisions received through the Southside formulary must still be approved by the TICR, with funds carried forward to the next year if projects are not approved. Southside formulary funds have also produced “spend forward” projects where future allocations are dedicated to specific projects previously approved.

Exhibit 8

Southside Economic Development Formulary Comparison to Regional Demographics

Southside Localities	Economic Development Formulary *	% Southside Population	% Southside Employment	Change in Employment 2000-2006
Amelia	1.08%	2.0%	1.5%	34.6%
Appomattox	0.22%	2.2%	1.7%	-8.1%
Bedford Co.	0.22%	10.3%	7.4%	19.9%
City of Bedford	0.00%	1.0%	1.8%	-14.0%
Brunswick	6.33%	2.9%	2.3%	-5.1%
Buckingham	0.12%	2.6%	1.5%	9.3%
Campbell	1.95%	8.2%	7.5%	-12.9%
Charlotte	3.72%	2.0%	1.3%	-20.7%
Cumberland	0.29%	1.5%	0.6%	8.5%
City of Danville	10.78%	7.4%	13.1%	-3.7%
Dinwiddie	4.72%	4.2%	4.1%	0.5%
City of Emporia	0.00%	0.9%	1.7%	19.9%
Franklin Co.	3.01%	8.1%	7.5%	12.0%
Greensville	0.86%	2.0%	2.5%	6.5%
Halifax	17.47%	5.8%	6.3%	-7.9%

² Southside economic development formula is a four-factor formula consisting of 1) 70% 1998 tobacco quota lbs., 2) 10% location of 1998 warehouse designation, 3) 10% historical economic impact of tobacco production relative to all economic activity, 4) 10% tobacco-related jobs relative to total local workforce.

Southside Localities	Economic Development % Southside Formulary *	% Southside Population	% Southside Employment	Change in Employment 2000-2006
Henry	1.03%	8.7%	8.1%	-24.0%
Lunenburg	5.15%	2.1%	1.5%	9.5%
City of Martinsville	0.00%	2.3%	6.2%	-1.6%
Mecklenburg	13.28%	5.2%	6.1%	-12.9%
Nottoway	1.28%	2.5%	2.8%	-2.5%
Patrick	2.30%	3.1%	2.4%	-9.7%
Pittsylvania	24.71%	9.8%	6.3%	-22.7%
Prince Edward	0.97%	3.3%	4.3%	3.8%
Sussex	<u>0.53%</u>	<u>1.9%</u>	<u>1.7%</u>	<u>-8.5%</u>
Total Southside	100.0%	100.0%	100.0%	-5.3%

* Weighted factors: see footnote 2

Strategic Plan

In November 2006, TICR adopted a strategic plan, which is intended to guide the awarding of funds. The current plan is built primarily on a previous long-range planning document produced in 2004. Prior to that time, there had been no formal strategic plan guiding the expenditure of funds. TICR staff has asserted that 95 percent of funds allocated by the Commission have conformed to the strategic plan. However, the strategic plan is very broad, and not necessarily focused or adhered to in ways that can achieve regional transformation.

The strategic plan has four primary elements:

1. Building Technology Infrastructure
 - Create an integrated fiber optic network that spans the region
 - Create Multimedia Service Access Points at strategic locations
 - Deploy fiber optic and wireless technologies to serve businesses, community institutions and citizen needs

2. Building Human Infrastructure
 - Enhance workforce readiness through support for proven/innovative GED programs

- Maintain scholarship programs that enable citizens to realize their educational goals
 - Encourage scholarship recipients to establish careers in the region
 - Focus TICR resources on “gaps” between education supply and occupational demands
3. Building Conditions for Innovation
- Establish financing mechanisms that support entrepreneurial initiatives
 - Facilitate collaboration and networking between entrepreneurs and venture capital investors
 - Provide venues for regional exchange of ideas and projects that capitalize upon competitive advantages
 - Encourage technology-assisted community activities and entrepreneurial efforts consistent with local leadership
 - Support value-added agricultural research and implementation
4. Building Regional Development Capacity
- Increase basic infrastructure capacity
 - Increase the inventory of fully served industrial sites
 - Increase the inventory of small business incubators and multi-tenant facilities
 - Support workforce development center construction
 - Increase employment opportunities

While TICR staff indicates that project reviews are based on the strategic plan, the Commission funding plans are not bound by the strategic plan. To date, there has also been little implementation of a systematic evaluation process for grant awards after approval. Program evaluation metrics were not added to the strategic plan until November 2006, and TICR staff reported some program results information began to be collected for 2007, particularly in the broadband initiative. TICR staff also noted that Commission members have not requested post-grant evaluations.

On the overarching issue of local proposals versus regional revitalization, staff acknowledged that “there is a Commission bias toward grass roots initiatives” and that the process is very reactive to the local proposals presented to the Commission.

Staff cited the broadband initiative as a Commission program that has the potential to revitalize the region. Broadband evolved into a regional revitalization program as the possibilities for regional technology upgrades became clear after earlier local proposals had been approved.

TICR staff also stated through BRRP questioning that some “local” grants are really “regional”. The community college funding was cited as an important Commission effort

that might look local but is really regional in scope. Staff also cited the Danville Institute for Advanced Learning and Research and several nursing programs.

Several evaluation studies have been conducted for the TICR in recent years, but staff conceded that very few recommendations have been adopted. For example, in the case of a TICR scholarship program review that suggested changes to increase the impact on college attendance, the findings/recommendations were received and essentially rejected or ignored. BRRP questioning also revealed that the Virginia Economic Development Partnership and the TICR independently develop their respective strategic planning.

IV. Blue Ribbon Review Panel Recommendations

A. Fiduciary Issues

Accelerate Indemnification

One of the original purposes of the TICR was to indemnify tobacco producers from loss of production and quota as a result of “adverse economic effects”. In its 2007 annual report, the TICR Chairman stated “The Commission remains committed to 100% indemnification by the year 2015, and is on-time and on-budget to reach this goal.” TICR staff has indicated to the BRRP that the TICR has informally adopted a schedule for full indemnification payments to be completed in the FY 2010 budget. TICR staff noted that about 5% of staff time/administrative funds are spent on indemnification, plus \$420K in outside legal fees for annual administration. The balance for completing indemnification after the FY 2008 payment is about \$40 million. Currently, the TICR is earning less than 3 percent annually on its invested funds. There is little monetary incentive to delay complete indemnification. Therefore, the BRRP recommends that the TICR:

- *Accelerate complete indemnification of tobacco producers into the FY 2009 budget. TICR will then have a single goal of community economic revitalization. (Recommendation 1)*

Focus on Fiduciary Responsibilities

By securitizing the MSA payments, the TICR has essentially created an endowment fund with increased fiduciary responsibilities. These responsibilities include ensuring an adequate rate of return is received on the investment of these funds. By law, the Department of Treasury is statutorily responsible for managing and investing TICR funds. The Department of Treasury has a number of options it can use to invest the funds depending on TICR expenditure plans. If the TICR is to maximize investment returns, it will have to communicate its long-term spending plans to the Department of Treasury. An uncertain “burn rate” policy makes it difficult for Treasury to construct an investment approach best suited to maximizing returns.

The BRRP recommends that the TICR:

- *Have regular meetings with the Department of Treasury to review TICR spending plans and Treasury investment policies, in addition to the investment performance reports it now routinely receives. (Recommendation 2)*
- *Better communicate its long-term spending plans to provide Treasury more certainty and therefore the ability to increase investment returns by holding longer term investments. Even spending its maximum 15 percent corpus “burn rate” every year would leave about \$400 million available for investment holdings over five years. (Recommendation 3)*

- *Create TICR-sponsored non-profit foundations for certain long-term programs corresponding with the strategic plan, such as education scholarship programs. Investment returns could provide the primary funding for these long-term programs. (Recommendation 4)*

Systematic Reviews of the Strategic Plan Needed

The TICR has a fiduciary responsibility to spend its endowment wisely. While new Commission members receive a briefing book and meet with Attorney General counsel, and existing members meet with AG counsel at least once every two years concerning their fiduciary responsibilities, there is no formal or institutionalized review of the strategic plan. All members should have at least one opportunity during their tenure in which the TICR systematically reviews the strategic plan and suggests changes if necessary.

The BRRP recommends that the TICR:

- *Review strategic plan at least every two years and change the plan, if needed, in full committee. (For example, is “increasing the inventory of fully served industrial sites” still a Commission priority?) (Recommendation 5)*

B. Improving TICR Structure and Operations

Reduce and Realign the Commission and its Committees

The Tobacco Commission is authorized for 31 members. This is an unusually large “Board of Directors” for policy-making purposes. TICR staff has indicated that the membership size is successfully managed through the use of the committee process. However, the number of committees (9) seems to be direct result of the number of members. This has possibly contributed to “forum shopping” by grantees, which causes difficulty in making decisions based on the strategic plan.

It seems increasingly clear that improving educational attainment in the region is critical to regional economic transformation. There is a significant amount of coordination and funding leverage necessary with state institutions, such as community colleges and four-year higher education institutions, and TICR education grant programs. The TICR does include the Secretaries of Finance, Commerce and Trade, and Agriculture. Unfortunately, the statute does not include the Secretary of Education in the TICR membership.

The TICR does grow a “bumper crop” of committees. There are currently two regional economic development committees, a “Tobacco Region Opportunity Fund” (TROF) committee, a special projects committee, an education committee, a technology committee, an agribusiness committee, and two oversight and planning committees – the executive committee and long-range planning committee. The TICR should consider reducing the number of committees to better align and implement the strategic plan. The current strategic plan has four revitalization objectives: “Building Technology Infrastructure, Building Human Infrastructure, Building Conditions for Innovation, and Building Regional Development Capacity”. Aligning the committee structure to four or five committees, plus an Executive Committee, would also reduce “forum-shopping” by grant applicants.

Since inception of the TICR, legislative members have chaired most of the Committees and occupied most of the Executive Committee slots. Currently all the committees, except Southside Economic Development, are chaired by a legislative member. Committee assignments and Chair and Vice-chair slots are appointed by the TICR Chairman. There are also no eligibility requirements in statute for citizen members.

BRRP recommends that the TICR:

- *Membership be reduced without regard to classification. This recommendation would require a change in the enabling statute. (Recommendation 6)*
- *Add the Secretary of Education to the TICR. This recommendation would require a change in the enabling statute. (Recommendation 7)*

- *Reduce the number of committees and align them more directly with the strategic plan. (For example, combine the Long-Range Planning Committee with the Executive Committee. Also, consider combining the Special Projects, Technology and Agribusiness Committees into a single committee.) (Recommendation 8)*
- *Amend TICR by-laws to require two-year term limits for committee chair assignments. (Recommendation 9)*
- *Adopt new criteria for citizen committee membership, including expertise in education, human resources, corporate business practices, economic development experience, etc. (Recommendation 10)*

Restructure Decision-Making Processes

Foundations/endowment funds generally do not execute policy through their boards of directors. Normally, a foundation or corporate board of directors will set policy such as the strategic plan and charge a chief executive officer and staff with executing the adopted policy. The board concentrates on accountability to executing its plan. For example, a corporate board tends to exercise more of a supervisory role, and individual responsibility and management tends to be delegated downward to individual professional executive directors who deal with particular areas of the company's affairs. Currently in the TICR, almost every grant request is heard and vetted through the Committee process that is chaired by a political figure. Having a local grant proposal process with every funding decision approved through the committee process contributes to “forum shopping”, increases political considerations, and reduces the likelihood of implementing regional transformative decisions as indicated in the strategic plan. Using a more corporate board of directors model for the TICR would free the board to concentrate more on transformative long-range plans, exploring other funding sources to leverage TICR endowment funds, performance management initiatives, and generally strengthen accountability and outcome measurements of its funding programs. The Cabinet Secretaries on the TICR Board would be better able to ensure participation in the Commonwealth’s performance management initiatives and also contribute more to cooperating with and leveraging local, state, federal, and private funding sources.

A successful foundation/endowment also tends to view its spending plans as investments that will continue to pay off well into the future. Using more “Request for Proposal” approaches to fulfill TICR strategic plans would use a bidding process for submitting proposals for specific programs or services. A bidding process is one of the best methods for leveraging negotiating ability and purchasing power with grant applicants. The Request for Proposal process brings structure to the application process and allows the risks and benefits to be clearly identified upfront. (For example, bids could be requested for implementing a regional tourism promotion campaign, or administering a regional scholarship program.)

BRRP recommends that the TICR:

- *Adopt a corporate board of director governance model where the Commission sets policy and staff executes the plan through a coordinated set of integrated grant proposals that are reviewed and recommended at the committee level to the full Commission. (Recommendation 11)*
- *Implement an “investor” approach to funding as opposed to a grants administration approach. Ask for requests for regional proposals to fulfill strategic plan objectives and multi-year plans, instead of relying on uncoordinated annual local grant requests. (Recommendation 12)*

C. Strategic Planning and Evaluation

Restructuring Requires Regional Planning and Performance Audits

The TICR strategic plan should always be considered a work in progress and further improvement considered a TICR priority. As previously recommended, all TICR members should have at least one opportunity during their tenure to review the strategic plan and suggest changes if necessary. The current strategic plan also does not require or recommend use of regional planning district commissions.

Planning District Commissions were created by the General Assembly to perform regional planning functions. The purpose of Planning District Commissions, as set out in the Code of Virginia, Section 15.2-4207 et. al., is “to encourage and facilitate local government cooperation and state-local cooperation in addressing on a regional basis problems of greater than local significance. The cooperation resulting from this chapter is intended to facilitate the recognition and analysis of regional opportunities and take account of regional influences in planning and implementing public policies and services.” Each local government has representation on the Planning District Commissions. The Planning District Commissions should be used to coordinate and synthesize local proposals into true regional approaches to economic revitalization. While the BRRP understands that all PDC’s are not equally effective, if properly implemented, PDC regional coordination would help hone and streamline the TICR funding process.

The Virginia Economic Development Partnership (VEDP) is the state’s representative for economic development efforts. It is vital that the TICR coordinate its economic development efforts with the state agency tasked to perform this function on a statewide basis. Effective TICR coordination and long-term planning with VEDP would help focus and leverage economic development efforts on the major industries and necessary infrastructure in the regions that would help provide a catalyst for regional economic transformation.

One indication that economic development efforts of the TICR need more focus and coordination is the number of grants provided over the last four years of \$100,000 or less. For example, 37 of the 89 grants provided through the “business opportunity” TROF program from 2005-08 have been for amounts of \$100,000 or less. In addition, 93 of the 285 other generally site-related economic development grants provided in 2005-08 have been for \$100,000 or less. This suggests that more cooperation is needed (like the broadband initiative) to fund fewer local projects and larger, more regional projects in scope that can truly transform the economy.

While TICR financial audits are conducted annually by the Auditor of Public Accounts, there has never been a performance audit of the TICR since its inception in 1999. The Joint Legislative Audit and Review Commission (JLARC) is the professional program audit and evaluation agency for the Virginia General Assembly. It has previously been tasked to evaluate a number of economic development programs within the state, including state business incentive grant programs, the Center for Innovative Technology,

and the previous Department of Economic Development. Using JLARC to evaluate the TICR economic revitalization strategy and assist with implementing outcome metrics and accountability measures would be helpful to the ongoing operations of the TICR.

Several TICR members responded to the BRRP survey that measurable outcomes, goals, and accountability measures for grant recipients need to be strengthened, including enforcing “clawback” provisions if a grant recipient does not meet its stated goals. At this time, the four categories of the TICR revitalization strategic plan include only the following outcome measures and goals:

Building Technology Infrastructure

Goal: Increase access to affordable broadband services by five percent annually

Outcome Measure: Percentage increase year over year

Building Human Infrastructure

Goal: 100% completion of those entering program

Outcome Measure: Percentage successfully completing GED and certified programs

Building Conditions for Innovation

Goal: \$100 million of private sector capital investment committed annually

Outcome Measure: Percentage of the goal realized during the current funding cycle

Building Regional Development Capacity

Goal: 3,000 new or retained private sector jobs within three years after the current funding cycle

Outcome Measure: Percentage of goal attained

The BRRP believes additional measurable outcomes and goals are needed in the strategic plan. For example, strategic plan outcome measures should include:

- i) More statistics on high school graduates and their higher education choices;
- ii) More impact statistics on broadband and technology uses;
- iii) The types of jobs being added (or lost) in the regional economy.

The BRRP also believes a formal process for gathering data to track measurable outcomes should also be instituted. Methods for analyzing the impact of the strategic plan’s outcomes and goals on the regional economy need to be strengthened. A systematic reporting process on the effect TICR grants are having on the regional economy would allow the TICR to periodically adjust its strategic plan as new information becomes available.

BRRP recommends that the TICR:

- *Collaborate and conduct joint meetings with the Virginia Economic Development Partnership and Planning District Commissions to produce multi-year investment plans for regional economic revitalization that conform with the TICR adopted strategic plan. (Recommendation 13)*
- *Ask JLARC, or other appropriate entity, to conduct a performance evaluation of TICR strategy and investments being made to meet the adopted strategic plan and goal of regional economic revitalization. Use JLARC, or other appropriate entity, to help recommend and implement suitable program accountability measures. (Recommendation 14)*
- *Add measurable outcomes and goals to the strategic plan. Conduct comprehensive post-grant evaluations of all project outcomes based on the measures in the strategic plan, and produce an annual evaluation report. (Recommendation 15)*

D. Regional Economic Transformation

In 2005, the TCR received a report by the Education and Training Corporation making a series of recommendations that are still valid. The report identified three core principles that should drive future investments: 1) define the outcomes for specific projects in consistent terms; 2) use the Commission's funding to promote local integrated planning that leads to a sound base for why a project should be funded; and 3) ensure there is a tight connection between projects funded and the Commission's strategic plan. For example, the report noted that local areas often seek expansion or creation of new industrial parks – without regard for assessing the need for such investments or the potential for job creation. The report also noted that it is time for the TCR to focus on the outcomes being achieved with its investments.

Education – The Key to Economic Development

Most research into best places to do business has found that the most important factors are quality of public services in general and education in particular; utility costs; access to markets; transportation infrastructure; the education level of the labor force; and wage rates.³ Educational attainment in the Southside/Southwest regions severely lags behind the rest of the state. The regions generally have lower levels of high school graduates and lower percentages of college graduates. Southside and Southwest Virginia do not score as well as other places in Virginia on business rankings primarily because educational attainment and training levels for their workforce is lower than the rest of the State. There is also often more difficult access to public services, including lack of access to adequate healthcare facilities.

The education level of the current and future workforce is the greatest impediment to a modern information-based, globally-competitive economy in Southside and Southwest Virginia. Without a highly educated workforce, the regions will continue to suffer population declines, low wage rates, and high unemployment. Innovative programs and ideas are needed for the regions to increase high school graduation rates, GED award rates, and to have more Southside and Southwest Virginians getting education beyond high school.

The best, first way to get more education for more young people and adults is to truly make Virginia's Community Colleges . . . community colleges in the truest sense of the word for Southside and Southwest Virginia. The TCR should ensure that each community has real, proven access to a site where community college two-year degree programs are available. "Real, proven access" in a locality means that the participation of young people and adults in community college programs is as great as in other localities. There should also be local government marketing efforts and incentives to get people to take advantage of the investments in community colleges.

³ See Peter Fisher, "Grading Places – What Do Business Climate Rankings Really Tell Us", Economic Policy Institute, June 2005.

In addition, better access to higher education beyond a two-year degree is needed. There is currently not enough real access to higher education beyond two-year programs. The college participation rates, college enrollments and bachelor's degrees awarded for Southside and Southwest Virginians prove that regardless of present efforts there is too little real access. For many young people and adults, access to more education and especially to higher education, is spelled "acce\$\$". There is no mistaking that access to higher education is critical for Southside and Southwest to keep and attract bright young people and adults.

Over the four-year period from FY 2005-08 the TICR made \$63.5 million in education-related grant awards for scholarships, institutional operating support, equipment and facilities (Exhibit 9). While impressive, this represents less than one-third of the \$198 million in economic development-type awards made by TICR over the same timeperiod. (Exhibit 10). Much greater budgetary emphasis needs to be placed by TICR on raising educational attainment in the region. As education goes, so goes the future of Southside and Southwest Virginia.

Exhibit 9

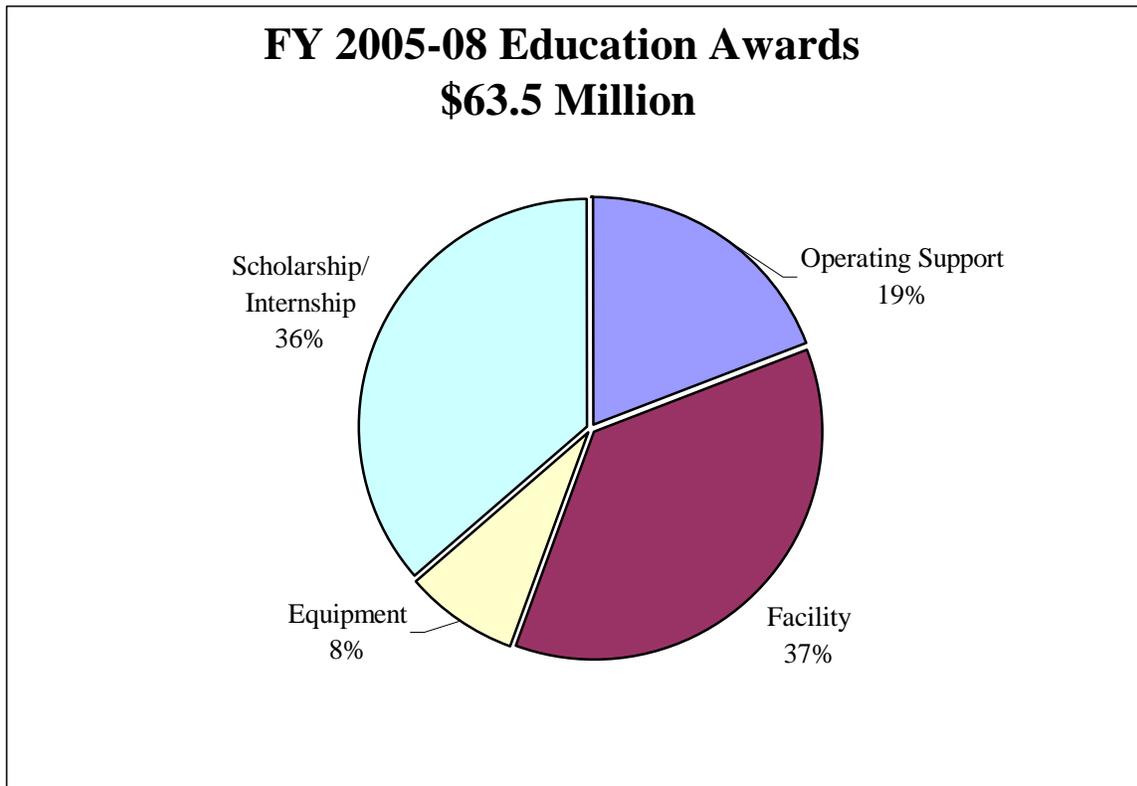
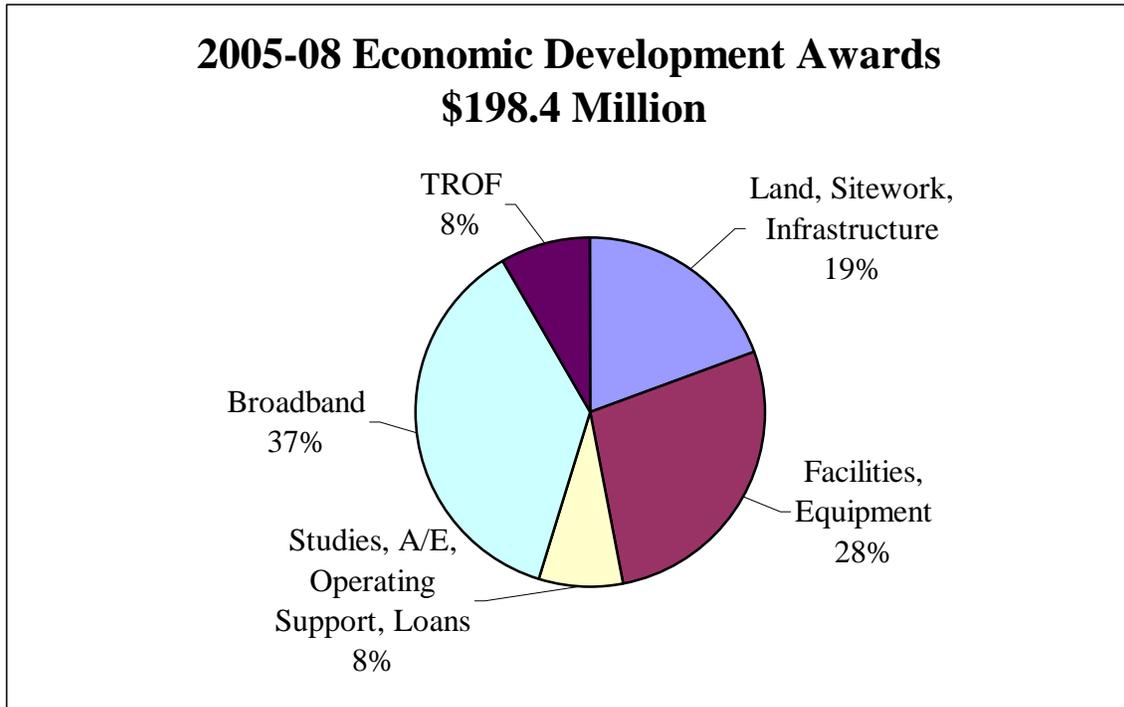


Exhibit 10



The Commission has understandably been reluctant to enter into what appears to be a complex, often unwieldy and financially consuming K-12 education system. The BRRP is not suggesting that the TICR become an annex or checkbook for county/city or state education systems.

The BRRP believes that education from preschool to high school and beyond high school is the future of Southside and Southwest Virginia. No miles of highways constructed, no tens of thousands of feet of water or sewer lines laid, nor any number of industrial park buildings erected can change this. The challenge to the Commission is to find those points where it can invest and leverage funds for education in ways that will help create more high school graduates, (more well-prepared high school graduates), more young people and adults in two-year and four-year college programs and more adults earning GEDs and workforce certification.

The following education improvement proposals are examples of significant multi-year education investments that the TICR should make. These and other education investments would create greater access and success for young people and adults in Southside and Southwest Virginia and make it possible for any young person or adult to be able to afford the education they need.

Examples to Help Make Education Levels and Progress in Southside and Southwest Virginia the Regions' Greatest Economic Asset

Make “real access” to college a reality for young people and adults in Southside and Southwest Virginia. Begin to make this so by creating or investing in a region-wide college access program (and join the National College Access network) to increase the number of students who pursue education beyond high school. TICR can invest funds and leverage them to help Southside and Southwest Virginia open the door to postsecondary education by providing some combination of financial counseling, college admissions advising, last dollar scholarships, college visits, career guidance, internships, tutoring and test preparation courses.

Become a partner in developing Governor’s Career and Technical Academies designed to partner with public school divisions, postsecondary institutions, government, business and industry, and other appropriate entities. There are currently two pilot academies being developed in Halifax and Russell counties with the help of the National Governor’s Association, and the Gates and Intel Foundations’ grants. The academies are intended to expand options for the general population of students to acquire science, technology, engineering and mathematics (STEM) education literacy and other critical knowledge, skills, and credentials that will prepare them for high-demand, high-wage and high-skill careers in Virginia.

Make “real access” to more education a reality for adults without a high school diploma. Increase income and employability with a GED, a workforce certificate or a degree all from a community college program in Southside or Southwest Virginia. Make this possible by expanding and improving “Middle College” programs in community colleges, including those already located in Danville Community College and Southside Virginia Community College. Middle Colleges offer targeted remedial courses, access to workforce readiness courses, enrollment in community college courses applicable to a degree or industry-based certificate, and comprehensive support services. Over 70 percent of active students in Middle College have received a GED; over 50 percent of GED completers are enrolled in post-secondary education program; and nearly 60 percent of those who completed their GED earned a Career Readiness Certificate.

Help expand and improve the system of satellite campuses for Community Colleges that allows easier access to achieving a two-year degree by ensuring that each locality has access to a community college “off-site” facility (See Appendix 2). With TICR investment and leveraging, greatly expand the Community College system of degree and certificate programs, college and career coaching, and workforce training and career readiness certificate programs. Ensure each community college site has broadband access and the necessary high technology equipment.

Help create a system of four-year degree granting public institutions and distance learning programs using existing assets, such as the Southern Virginia Higher Education Center in South Boston, the New College Institute in Martinsville, and the Southwest

Virginia Higher Education Center in Abingdon, to help retain the best and brightest in the region.

Use the Danville IALR and other research centers as a beacon and magnet for the best and brightest local students, by providing expansive student and post-graduate internship and mentoring programs in these facilities.

Make it possible for young people and adults to attend college through highly visible, targeted and “last dollar” scholarships that truly mean that college is affordable. Seek to create a single, TICR scholarship program that will be powerful enough to influence persons to consider and attend higher education who otherwise might not have. Utilize a professional administrator, such as Sallie Mae for TICR scholarship and loan forgiveness programs.

As described above, the BRRP recommends that the TICR:

- *Should change its focus and place much greater budgetary emphasis on improving the region’s education infrastructure and workforce training systems.*
(Recommendation 16)

Economic Development Incentives Must be Re-Focused

Currently, the TICR provides economic development funding for a wide variety of initiatives, including land purchases, site development and infrastructure, buildings and equipment purchases, tourism initiatives, and incentives to specific businesses to locate or expand in the region. Over the last four years, the TICR has provided approximately \$198 million in grants for economic development projects in the regions (see earlier Figure 6). While 37 percent of these awards have been related to the highly regarded fiber-optic broadband access program, many other grants, including the grants made to individual businesses through the Tobacco Region Opportunity Fund (TROF) have been awarded to support local economic development efforts that may or may not provide a good return on investment.

By design, the Southside economic development formulary focuses on local redevelopment, and not the revitalization of the region. When comparing the formulary to Southside demographics, it is clear that it is not based on current level of need or economic distress (see Exhibit 8). While the proponents of the formulary process argue that it facilitates local long-range planning and multi-phase revitalization projects, the formulary is responsible for generating local project proposals, as opposed to strategic or regional proposals. Furthermore, the formulary has encouraged the process of spending future allocations not yet budgeted. This has made it difficult for the Commission to fund substantial projects in low allocation localities and caused localities to apply to other committees for project funding.

TICR made 300 economic development grant awards from 2005-08 for amounts less than \$500,000 (Exhibit 11), and 43 percent of these 300 awards were for \$100,000 or less. It is unlikely that most of these small grant awards will have a transformative economic impact on the regions. No accountability reviews have yet been performed on whether these projects are even meeting their agreed upon goals. In addition, the TICR should jointly target strategic industries with the VEDP and apply the combined efforts of both agencies in a coordinated fashion. The Secretary of Commerce and Trade should take the lead in coordinating this effort.

Exhibit 11

2005-08 Economic Development Grants Below \$500,000

	<u>TROF</u>		<u>Economic Development</u>	
	Number of Grants	Amount Awarded	Number of Grants	Amount Awarded
\$100,000 and under	37	\$2,502,712	93	\$5,370,039
\$100,001-\$500,000	48	\$11,077,184	123	\$37,522,912

While the Commission encourages matching funds for local projects, it is not a requirement. Requiring a local match for economic development grants would ensure the leveraging of funds and help with project prioritization. Requiring a monetary matching grant would help ensure only those projects with the highest priority would be proposed to the TICR.

In addition to statewide Governor's Opportunity Funds administered by VEDP for business development purposes, the state also provides systemic business incentives through the state Enterprise Zone program and the Major Business Facility Job Credit program. These systemic state programs require that businesses meet certain qualifications to receive an incentive. For example, the state Enterprise Zone Program provides job creation grants and real property investment grants for qualifying businesses in special "enterprise" zones. The Major Business Facility Job Credit program provides tax credits if a taxpayer creates at least 100 new full-time jobs in connection with the establishment or expansion of a major business facility.

The TICR does not have its own systemic grant program in the regions for qualifying job-creating or real property improving enterprises. In 2008, the TICR did provide \$1 million in funding to Southside localities with state enterprise zones to backfill the reduced pro-rating of benefits provided by the state.⁴ Instituting a TICR systemic grant program would help ensure that businesses receiving grants from TICR are fulfilling the desired job creation and real property investment outcomes.

Access to health care is also often cited as a major impediment to business location in the regions. TICR policies currently place health care as a low priority. While it is true that the TICR cannot take on the health care system alone, the TICR can help identify the health care gaps in the regions and the strategic measures needed to close those gaps. Collaborating with the legislative Joint Commission on Health Care, and the Virginia Association of Free Clinics to identify the regional health care gaps would be a good start to providing the impetus to improving the health care system in the regions.

As a result, BRRP recommends that the TICR:

- *Eliminate the Southside economic development formulary and fund only larger, more regional projects that can have a transformative impact. (Recommendation 17)*
- *Require a monetary local match for all economic development grant awards, including TROF awards. This would leverage funds and ensure participation in only the highest priority projects. (Recommendation 18)*

⁴ The state EZ grant program is capped at \$15.4 million per year in the appropriation act. If grant requests exceed the amount of total annual program funding, all grant requests are pro-rated.

- *Create a systemic business investment grant program allowing any business in the Southside/Southwest regions to qualify that meets defined qualification standards for job creation and real property investment, such as those in the state enterprise zone program. One method would be to create a TCR Enterprise Zone Program and contract with the Department of Housing and Community Development to administer the program. (Recommendation 19)*
- *Formalize rules that do not fund economic development projects if similar projects already exist within a certain specified distance. (Recommendation 20)*
- *Concentrate specific TROF funding on 3 or 4 industry clusters that can reach regional critical mass. Institute and enforce compliance with agreements made in return for receiving TROF funding. (Recommendation 21)*
- *Identify the critical health care service delivery gaps that impede economic development in the region and collaborate with appropriate entities such as the Joint Commission on Health Care and the Virginia Free Clinic Association on policies needed to close those gaps. (Recommendation 22)*

V. Summary

The TCR has a current endowment of one billion dollars, with nearly \$800 million uncommitted. It has spent over \$400 million in the Southside/Southwest regions of Virginia since its inception in 1999. Despite this spending, population in the region continues to decline, wage rates still lag behind the rest of the state, there is persistent high unemployment, and poor educational attainment is still endemic. The funding provided to TCR is a once-in-a-lifetime opportunity to economically transform these regions to successfully compete in the global economy. This opportunity must not be wasted and the best uses for the remaining funds must be found.

The Blue Ribbon Review Panel believes that increasing the education levels of young people and adults is the only long-term answer that will lead to economic transformation. The TCR should expect manufacturing jobs to continue shrinking as a percentage of the wage base, as more capital, less labor-intensive operations are needed to compete, and businesses continue to seek the lowest cost wage regions of the world. However, with strategic investments in education, technology, and health care that evolve into a better-educated, more productive populace, the Southside/Southwest regions can move up the economic pyramid to join other areas of Virginia that power their economies through information, innovation, technology, and knowledge-based services. This is a more resilient, globally-competitive type of economy with higher wages than the economy of yesterday.

Therefore, the BRRP recommends that the TCR commit much greater funding efforts to education improvements and expansions, through multi-year investments in collaboration with the existing educational institutions in the region. The TCR should:

- a) Make it easier for older workers to retrain and strive to get all working-age adults to at least have a GED;
- b) Ensure that each community has access to community colleges and two-year degree programs and much better access to higher education beyond a two-year degree;
- c) Use every opportunity to provide role models for young people to strive for higher education and give them opportunities to stay in the region to receive their education.
- d) Use the resources of the TCR to put education in the forefront of the region and on the cutting edge of technology.
- e) Support the latest coaching, mentoring, internship, and scholarship techniques to energize young people to continue their education; and
- f) Finally, leverage TCR resources wherever possible to multiply the impact of its efforts.

The Blue Ribbon Review Panel has also made a series of other recommendations to help the TICR better concentrate on regional economic transformation. These recommendations include:

- 1) Improve fiduciary oversight responsibilities, concentrate on economic revitalization, streamline the commission structure, and empower qualified citizen and Cabinet members to better assist in achieving TICR goals;
- 2) Move toward a corporate board of director governance model that would allow the TICR members to develop a more targeted investor approach to funding of projects, focus more on leveraging TICR endowment funds, and concentrate more on strategic performance, accountability, and outcome measurements of its funding programs.
- 3) Institute a system of multi-year planning and collaboration with the Virginia Economic Development Partnership and Planning District Commissions.
- 4) Identify and concentrate economic development funding on initiatives that are regional and strategic in scope, or on initiatives and businesses where Southside/Southwest have a comparative advantage. Use systemic economic development incentives where possible to ensure accountability and compliance with job creation and real property improvement goals. Require local monetary matches to leverage funding and ensure only the highest priority projects are funded.

The members of the Blue Ribbon Review Panel offer these recommendations in a spirit of optimism that the TICR can be successful in its efforts to help bring renewed vitality and prosperity to Southside and Southwest Virginia. The future of these two important regions must not be permitted to remain in jeopardy, especially since a once-in-a-lifetime opportunity exists to use a fund of one billion dollars to supplement and leverage the existing resources of the regions and Commonwealth.

Appendix 1
Tobacco Commission Education-Related Awards
FY 2005-08

<u>By Region</u>	<u>Grant Amounts</u>	<u>Percent</u>
Overall TICR	\$1,328,643	2.1%
Southwest	\$16,430,340	25.9%
Southside	<u>\$45,712,937</u>	72.0%
Total Grants	\$63,471,920	

<u>By Committee</u>	<u>Grant Amounts</u>	<u>Percent</u>
Education	\$42,473,741	66.9%
Economic Development - Southside	\$15,117,032	23.8%
Special Projects	\$3,979,387	6.3%
Economic Development - Southwest	\$1,826,760	2.9%
Agribusiness	<u>\$75,000</u>	0.1%
Total Grants	\$63,471,920	

<u>By Applicant</u>	<u>Grant Amounts</u>	<u>Percent</u>
Higher Ed.	\$24,781,093	39.0%
Local Gov't	\$16,684,885	26.3%
Comm. College	\$13,505,688	21.3%
Non-Profit	\$5,690,254	9.0%
PDC , IDA, Other	<u>\$2,810,000</u>	4.4%
Total Grants	\$63,471,920	

Appendix 2

Location of Community College and Other Higher Education Sites in Southside and Southwest Virginia

Southside Localities	Higher Education Institution Name	Location
Amelia		
Appomattox	Central Va CC Appomattox Center	Appomattox
Bedford Co.	Central Va CC	Lynchburg
City of Bedford	Central Va CC Bedford Center	Bedford City
Brunswick	St, Paul's College (Private)	Lawrenceville
	Southside Va CC Christanna Campus	Alberta
Buckingham		
Campbell	Central Va CC	Lynchburg
	Central Va CC Altavista Center	Altavista
	Central Va CC Brookneal Center	Brookneal
Charlotte	Southside Va CC John H. Daniel Campus	Keysville
Cumberland		
City of Danville	Danville Community College	Danville
	Institute for Advanced Learning	Danville
	School of Health - Radiology Tech Program	Danville
	Averett University (Private)	Danville
	National College (Private)	Danville
Dinwiddie		
City of Emporia	Southside Va CC Wrenn Campus Without Walls	Emporia City
Franklin Co.	Patrick Henry CC Off-Site Facility	Rocky Mount
	Ferrum College (Private)	Ferrum
Greensville	Southside Va CC	
Halifax	Southside Va CC SVHEC	South Boston
	Southern Va Higher Education Center	South Boston
	Danville CC Continuing Education Center	South Boston
Henry	Patrick Henry CC	Martinsville
Lunenburg		
City of Martinsville	Patrick Henry CC	Martinsville
	New College Institute	Martinsville
	National College (Private)	Martinsville
Mecklenburg	Southside Va CC Estes Community Center	Chase City
	Southside Va CC Advanced Knowledge Center	South Hill

Nottoway	Southside Va CC Pickett Park	Blackstone
Patrick	Patrick Henry CC Off-Site Facility	Stuart
Pittsylvania	Danville CC - Riddle Center	Gretna
Prince Edward	Longwood University	Farmville
Sussex		

Southwest Localities	Higher Education Institution Name	Location
Bland		
Bristol City	National College (Private)	Bristol City
	Virginia Intermont College (Private)	Bristol City
Buchanan		
Carroll		
Dickenson		
Floyd		
Galax City	Wytheville CC - Crossroads Institute	Galax
Grayson		
Lee	Mountain Empire CC Training Center	Pennington Gap
Norton City		
Russell	Southwest Va CC Satellite Center	Lebanon
	UVA at Wise Tech Center	Lebanon
Scott		
Smyth	Wytheville CC - Smyth County Education Center	Atkins
Tazewell	Southwest Va CC	Richlands
	National College (Private)	Bluefield
	Bluefield College (Private)	Bluefield
Washington	Virginia Highlands CC	Abingdon
	Southwest Va Higher Education Center	Abingdon
	Emory and Henry College (Private)	Emory
Wise	UVA at Wise	Wise
	Mountain Empire CC	Big Stone Gap
Wythe	Wytheville CC	Wytheville