



## **Tobacco Indemnification and Community Revitalization Commission Strategic Plan**

*Adopted November 9, 2006*

### **Mission**

The Tobacco Indemnification and Community Revitalization Commission...is established for the purposes of determining the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund...including using moneys in the Fund to (i) provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota and (ii) revitalize tobacco-dependent communities.

*Section 3.1-1107, Code of Virginia*

### **Vision**

Communities and citizens throughout the Southside and Southwest regions of Virginia continue to experience significant economic distress as a direct consequence of historical dependence on tobacco production, textile and furniture manufacturing and coal production. In today's environment, where markets are largely global and employment is increasingly knowledge-based, the Commission seeks to accelerate regional transformation so that all residents enjoy expansive opportunities for education, employment and cultural enrichment, while communities benefit from economic diversification and prosperity.

The Commission recognizes that a culture of self-reliance and the strong work ethic characteristic of the labor force combine with long-standing traditions associated with family and community values to provide the cornerstone upon which positive change is possible. We seek to harness these collective strengths to provide a more diverse and sustainable array of goods and services that meet global market demand.

The Commission further recognizes that investments should reflect and directly advance local, regional and state priorities as established by elected and appointed officials, representatives from institutions of higher education, and other community leaders. To maximize the positive impacts of its investments, the Commission acknowledges the critical importance of collaboration with a broad array of financial partners including public and private non-profit organizations, the educational community, local, state and federal governmental entities and the private sector.

The Commission will be supported by a small professional staff to include regional representatives for both the Southside and Southwest regions. Staff will provide annual assessments of investment outcomes based upon measures adopted by the Commission in the strategic plan.

## Tobacco Commission Spending Plan

<u>Source of Funds</u>	<u>Use of Funds</u>	<u>Spending Limit</u>
MSA payments received	Indemnification Administration Education Innovation	All MSA payments & Unrestricted Earnings
Endowment Corpus and Earnings		
73% to be allocated to Southside	Southside Economic Development or Technology Projects	maximum corpus invasion: 4% /yr*
27% to be allocated to Southwest	Southwest Economic Development or Technology Projects	maximum corpus invasion: 10% /yr*

\* Each region may invade only its share of the corpus upon recommendation by the Technology or Economic Development Committee and majority vote of the Commission.

The following sections provide the rationale, objectives, strategies, and outcome measures for each category and general funding policies.

### **Indemnification**

#### Rationale

Section 3.1-1107, *Code of Virginia*, establishes the Fund and requires distribution of moneys to tobacco farmers as compensation for the adverse economic effects resulting from losses associated with declines in and subsequent elimination of quota.

#### Objective

- Indemnification for tobacco producers and quota holders

#### Strategy

- Payments upon substantiation of claims in accordance with schedules established by the Commission

#### Outcome Measure

- Percentage of eligible claims paid in relation to eligible claims submitted

#### Goal

- 100% of eligible claims paid

## **Building Technology Infrastructure**

### Rationale

Advances in information technology have altered social, political and economic market structures. To become and remain competitive today, people involved in all aspects of community life must understand the network economy in order to leverage its potential. Regions must have critical technology infrastructure components in order to fully participate in an increasingly networked environment including: 1) advanced communications and network services; 2) advanced computer and information technology; and 3) learning resources relevant to today's economy.

### Objectives

- Create an integrated optical fiber network that spans the Commission service area, with connectivity to the national and global infrastructure
- Create Multimedia Service Access Points at strategic aggregation points throughout the Commission service area
- Support deployment of optical fiber and wireless technologies capable of serving business, community institution and citizen needs throughout the Commission service area

### Strategies

- Deployment of optical network infrastructure
- LMDS and other wireless deployment that reflect the best technical and economical choices available
- Public utility and public-private partnerships
- Monitoring of state and federal policies with potential to advance or constrain deployment of affordable broadband capacity

### Outcome Measure

- Percentage increase year-over-year

### Goal

- Increase access to affordable broadband services by five percent annually

## **Building Human Infrastructure**

### Rationale

Education and training are prerequisites for full citizen participation in the highly competitive global economy and in a networked society. In order to advance productivity, innovation and entrepreneurship, knowledge workers are vital to the process of transforming the Southside and Southwestern regions.

### Objectives

- Enhance workforce readiness through support for proven and/or innovative GED programs
- Maintain scholarship programs that enable Commission service area citizens to realize their educational goals
- Encourage scholarship recipients to establish careers in the Commission service area
- Establish programs that integrate technology across educational content areas
- Focus Commission resources in relation to "gaps" between education supply and occupational demand

### Strategies

- Establish and support quality workforce training/re-training programs
- Technology enriched learning and research “centers of excellence”
- GED initiatives
- Scholarships, which may incorporate repayment requirements if recipients elect to find employment outside the Commission service area
- Establish and support programs for the professional development of instructors’ credentials in critical vocations and in the use of technology

### Outcome Measure

- Percentage successfully completing GED and certified programs

### Goal

- 100% completion of those entering the programs

## **Building Conditions for Innovation**

### Rationale

Innovation is itself an engine of economic growth that is essential for revitalization. Encouraging entrepreneurial activity requires the establishment of conditions that support risk-taking and creative approaches to economic revitalization. Emerging industry clusters that offer significant prospects for higher wage and skill employment and private sector capital investment should be targeted. Key ingredients in establishing conditions for innovation include: 1) establishing incentives that increase experimentation and applied research activity; 2) developing a process for identifying and evaluating new business initiatives; 3) supporting early stage business formation; and, 4) allocating Commission resources in situations where risk effectively precludes private sector investment. In addition, the Commission must remain vigilant to satisfy the interests of larger, developed businesses that complement and enhance innovative developments.

### Objectives

- Establish financing mechanisms that support entrepreneurial initiatives
- Facilitate collaboration and networking between entrepreneurs and angel or institutional venture capital investors
- Provide venues for regional exchange of ideas and projects that capitalize upon competitive advantages, and showcase local initiatives and available resources
- Encourage technology-assisted community activities and entrepreneurial efforts consistent with the objectives of local leadership
- Support value-added agricultural research and implementation

### Strategies

- Tobacco Region Capital Access Fund, Tobacco Region Opportunity Fund and other financing vehicles that support development of small, medium and large businesses
- Regional marketing initiatives, with emphasis on business development, cultural tourism, and as a retirement destination
- Feasibility assessments linked to potential Commission sponsored entrepreneurial development projects

- Entrepreneurial development programs, with emphasis on technology-assisted business development
- Existing industry initiatives to support business innovation and expansion or workforce readiness
- Showcase innovative business activities
- Dedicated financial resources for agribusiness

#### Outcome Measure

- Percentage of the goal realized during the current funding cycle

#### Goal

- \$100 million of private sector capital investment committed annually

### **Building Regional Development Capacity**

#### Rationale

Southside and Southwest Virginia each have unique revitalization needs that reflect factors such as topography and differing political and social economies. One region or locale may face distinct challenges not present elsewhere that may require particular solutions not deemed appropriate for the entire Commission service area. Establishing conditions in which a revitalized economy develops requires ensuring that fundamental building blocks are present and support the underlying strengths of the regions.

#### Objectives

- Increase water, wastewater and other 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

#### Strategies

- Southside and Southwest Economic Development Funds
- Investments directly support one or more of the Commission's overarching priorities. These include: 1) technology utilization; 2) workforce readiness; 3) business development and diversification; and, 4) innovation
- TROF investments directly linked to employment

#### Outcome Measure

- Percentage of goal attained

#### Goal

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

## **General Funding Policies**

The enabling legislation provides that the first goal of the Commission is the indemnification of tobacco farmers. To that end, a significant portion of these funds are being set aside for indemnification. The following general funding policies apply to the remaining four categories.

- Commission funds should not be used to supplant other state or federal funds for which an applicant is eligible, or to obviate applicant financial participation.
- Commission funds should not be used to finance endowments.
- Commission funds should not be used for operations costs.
- Commission funds should be invested in projects that generate substantial new economic activity in a region, and should not be used for projects that indirectly affect economic revitalization (e.g. community, childcare and wellness centers, 4H, YMCA, YWCA or recreation initiatives, airports, local arts and cultural activities, historic preservation, and retail development) unless it is demonstrated that the investment will produce economic impacts from outside the Commission service area.
- Commission funds should not be used for regularly recurring local responsibilities (e.g. comprehensive plans).
- Commission funds should not be used for project administration or indirect project costs.
- Priority should be given to projects that leverage significant other public and private financing.
- Priority should be given to projects that are regional (i.e. governance, direct financial participation or service area).
- Priority should be given to projects that can be replicated throughout the Commission service area.
- Priority should be given to projects demonstrating that all financing necessary to complete the project is available.
- Applicants should clearly describe the operational sustainability of the activity for which Commission financing is being requested.
- Applicants should describe the anticipated ROI (e.g. private sector capital investment, employment and wage outcomes, tax benefits) in relation to proposed Commission investments.
- Applications should be submitted in accordance with guidelines and deadlines established by the Commission, and should be reviewed by designated program staff.