

1 VIRGINIA TOBACCO INDEMNIFICATION
2 AND COMMUNITY REVITALIZATION COMMISSION

3
4 Education Committee

5 Monday, September 16, 2002

6 9:00 a.m.

7
8 Hotel Roanoke and Conference Center

9 Buck Mountain Room

10 Roanoke, Virginia

11
12 EDUCATION COMMITTEE:

13 Senator Frank Ruff, Chairman

14 Senator Phillip Puckett, Vice-Chairman

15 Mr. Thomas Arthur

16 The Honorable Isiah Hopkins

17 The Honorable Joseph P. Johnson, Jr.

18 Mr. Fred M. Fields

19 The Honorable Thomas C. Wright, Jr.

20 The Honorable Kathy J. Byron

21
22 Frank Ferguson, Deputy Attorney General

23 Anne Marie Cushmac, Senior Assistant Attorney General

24
25 COMMISSION STAFF:

26 Carthan F. Currin, III, Executive Director

27 Stephanie S. Wass, Director of Finance

28 Mary Cabell Sherrod, Special Assistant to the Commission

29 Libby Ausband, Commission Staff

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2 SENATOR RUFF: Good morning, I apologize for being late. Carthan,
3 would you call the roll, please?

4 MR. CURRIN: Mr. Arthur?

5 MR. ARTHUR: Here.

6 MR. CURRIN: Delegate Byron? Mr. Fields?

7 MR. FIELDS: Present.

8 MR. CURRIN: Mr. Hopkins? (No response) Delegate Johnson?

9 DELEGATE JOHNSON: Here.

10 MR. CURRIN: Delegate Wright?

11 DELEGATE WRIGHT: Here.

12 MR. CURRIN: Mr. Vice-Chairman?

13 SENATOR PUCKETT: Here.

14 MR. CURRIN: Mr. Chairman?

15 SENATOR RUFF: Here.

16 MR. CURRIN: You have a quorum.

17 SENATOR RUFF: First, I'd like to begin with the scholarships and where
18 we ended up at the beginning of the school year. Before I call on Rachel Fowlkes to give
19 us a recap on that, I would like to express my sincere thanks to Rachel and Barry
20 Simmons, who did a fantastic job putting together what was necessary so we could get
21 those scholarships out. When Barry and I first started talking, he didn't believe there was
22 any way possible that we could get things rolling, but we were going to do it so we could
23 get something together, so we were able to get this going. They were able to do a
24 fantastic job. We had a lot of support from the news media, and the school systems were
25 very helpful. So, at this time, Rachel, if you would, give us a recap.

26 MS. FOWLKES: Good morning, and thank you. I'd like to introduce
27 Christine Fields, who's with me today. Chris is the Budget Manager of the Higher
28 Education Center. As most projects go in our place, she does the bulk of the work. So, I
29 wanted you all to see Chris, and most of the correspondence back and forth between the

1 scholarship recipients and the applicants have been handled by Chris and most of the
2 people on our staff. She's here to answer all the hard questions, so I wanted you all to be
3 clear.

4 We have prepared for you some statistics, and they're in a green folder behind
5 your blue folder. We have a power point presentation, and on the right-hand side of the
6 folder you can follow along. Senator Ruff has already pulled out the packet of yellow
7 sheets, and there's a little bit darker gold sheet that's in there that has the statistics for
8 Southside, front and back, and Southwest, front and back. This gives you the colleges
9 where students are enrolled and the number of applicants, and you will also see that again
10 on the power point. First of all, we'll talk about the Southside scholarship, because that
11 one was brand new. You had 2.8 million invested into this particular scholarship
12 program. Some quick facts about the 2.8 million dollars. Twenty-four localities in
13 Southside were eligible for scholarships, and of those twenty-four localities applicants
14 had to indicate on their application an interest in pursuing a K-12 teaching career in a
15 public school in Southside. Those four-year institutions had to be accredited, and the
16 maximum tuition award was up to four thousand dollars for tuition and fees only. This
17 did not include books, did not include meals and did not include lodging. The
18 scholarship recipients are required to pay back in teaching service in twenty-four
19 localities, one year for every year of scholarship award that was administered or
20 delivered, the one year of forgiveness for each year of teaching. To accommodate that
21 particular criteria the students were asked to sign a promissory note that was prepared
22 and executed by the Attorney General's Office. Anne Marie was tremendously helpful to
23 us in working on promissory notes. Each scholarship recipient had to sign the
24 promissory note indicating that if they did not go back to Southside Virginia to teach,
25 they would have to repay the balance on the full loan amount, and these were the terms of
26 the loan.

27 We had from Southside Virginia over seven hundred eligible applications for the
28 four thousand dollar scholarship. Today, four hundred and sixteen of those seven
29 hundred have returned the promissory note, and they continue to come in every day. This

1 four hundred and sixteen count was at the end of the week last week. We get twenty-five
2 to thirty in the mail every day. I think it's taking Anne Marie a lot longer to go through
3 the promissory notes, notarize them and get copies made, and get them back to us,
4 because it's a little bit of a complicated process of checks and balances. So we expect
5 we'll have much closer to the seven hundred award on the promissory notes within the
6 next couple of weeks. The four hundred and sixteen that have been returned, we see over
7 forty-eight different college majors, and those are listed for you on that piece of yellow
8 paper that's in the packet. All of the applications require the student to check off if they
9 intend to go into teaching and into a K-12 teaching environment. You may ask, why do
10 they have forty-eight different majors if they're going into a teaching career. As you
11 know there's many endorsements that the Virginia Department of Education has for all
12 the different teaching fields, particularly at the middle and secondary level. That's one of
13 the reasons you'll see so many majors there other than education.

14 Also, most of our colleges now do not have a major in education. You major in
15 something other than education to get a teaching license. That's another reason you see
16 so many different majors listed there.

17 In the Southside group, forty-five colleges are recipients of the scholarship award
18 winners. These are both in-state and out-of-state. You'll see the forty-five colleges listed
19 on the backside of that yellow sheet of paper. Of the applications we received, a hundred
20 and fifty-one were not eligible, and several of the reasons why they were not eligible
21 included that they had not been a resident of Southside for at least twelve months, they
22 were not planning to attend a four-year accredited school, and they were residents of one
23 of the non-approved twenty-four localities. They lived someplace other than in Southside
24 Virginia. They indicated on the application they were not planning to pursue a teaching
25 career or they were not ready to enroll this academic year. We had several applicants still
26 in high school, and their parents insisted that they go ahead and apply and get their names
27 in the pot for the money.

28 Here's a breakdown or a graph for you of the gender and race for the Southside
29 students. You'll see the largest group of participants in the scholarship program are white

1 females, and then you can see the other categories that are in the school. Southside
2 scholarship recipients were also divided by age, and you'll see that the traditional college-
3 age students make up the largest group of these scholarship recipients all the way around
4 to your non-traditional student that's over the age of fifty-five.

5 This is a representation of the scholarships by locality. You have this in your
6 packet so that you can take it home and see it a lot clearer than you can on the slide here.

7 The other category, which is at the very bottom of the screen, these are all the small
8 communities that really didn't fit into one of the large categories where you would have
9 one, two or three from a particular locality.

10 In comparison, the Southwest scholarship is in its second year, and this year we
11 had one million dollars to distribute to burley tobacco growers. In this particular
12 scholarship the criteria was different than Southside. In the Southside anyone that lived
13 and resided in Southside Virginia and intended to teach in the K-12 teaching environment
14 of public schools was eligible for the scholarship. In Southwest Virginia it's different.
15 You must be a burley grower, producer or quota holder or a dependent child or
16 grandchild or spouse of one of these growers, producers or quota holders in order to be
17 eligible for the scholarship. The maximum award in Southwest is a thousand dollars. In
18 order to participate in the scholarship program, scholarship recipients this year have to
19 attend a mandatory career assessment workshop. They also have to attend a Virginia
20 four-year college or graduate school, and that's different from Southside Virginia, where
21 you had to go to a four-year school, but it could be in or out of state.

22 The gold sheet of paper gives you the specific colleges and universities where
23 Southside and Southwest Virginia students are attending.

24 We had six hundred and twenty-five eligible applicants for the Southwest money,
25 and of that five hundred and twenty-three have accepted the scholarship and are attending
26 workshops to date. Like the Southside group, we're still receiving material back from our
27 students throughout this coming week. From the Southside and Southwest Virginia we
28 have seventy-eight college majors, and this is not limited to those who are going into the
29 teaching field, but these are students that are majoring in all different careers and looking

1 at all different kinds of careers. We have twenty-seven different colleges, and all of these
2 are in the Commonwealth of Virginia. None of these are awarded to students who go
3 outside of Virginia. We have a hundred and fifty-seven who were ineligible for the
4 Southwest money, and most of those that were ineligible did not fit the criteria as related
5 or family-related either by grower, producer or worker to the tobacco industry. They
6 were not a resident for the past twelve months, or they were not planning to attend a four-
7 year institution, or they did not indicate on their application the quota. They had to return
8 with their application a copy of the 156 EV from the Farm Services Bureau that gives the
9 quota that each producer or grower is allocated. If they did not attach that, then they
10 were not eligible for the scholarship.

11 This year for the first time we required all of the Southwest Virginia scholarship
12 recipients to attend a career workshop. We have the last one for this semester coming up
13 this Saturday, and that would have been eight career workshops. I think you saw the
14 figure a minute ago, over five hundred people had attended the workshops. The title of
15 the workshop was, "Choosing Your Major with A Career In Mind." Quite frankly, it was
16 a brainwashing session that we did with all of the Southwest recipients so they would
17 understand the job opportunities that are available to them in Southwest Virginia.

18 Our scholarship program or career workshop program had three components to it.
19 The first component was an overview of the Tobacco Commission, how the scholarship
20 money was derived, what the purpose of the scholarship money was, or what you as a
21 Commission hoped to accomplish with the scholarship money. We were very privileged
22 to have Senator Puckett and Delegate Johnson and Senator Wampler doing this portion of
23 the workshop for us. It was amazing to me how many of the scholarship recipients had
24 no idea about the tobacco money. They didn't understand the source of the money, and
25 they didn't understand how long it would be available. It was very eye-opening in terms
26 of the questions they asked you all, and it was very interesting. It showed their lack of
27 really understanding about the whole process.

28 The second component of the workshop was an individual career assessment.
29 The students had a paper and pencil assessment as well as a computer assessment to help

1 them look at their own strengths and weaknesses, their abilities and their interests, and
2 those were matched to specific careers that they should consider.

3 The final part of the presentation was a panel discussion from business leaders
4 across Southwest Virginia. It was quite a variety, and just to show you some of the
5 leaders that we had presenting to our students in a panel format. We tried to highlight
6 careers in particular that most of them might not have thought about were available in
7 Southwest Virginia, and that was very eye-opening to a lot of our students.

8 Here are some statistics about the Southwest participants. You'll see our largest
9 group are females. On this particular slide we didn't compare it with gender or race,
10 because in Southwest Virginia our race is ninety-nine percent white, and we have a very
11 small minority of our population other than white, so the percentages here were so small
12 that it didn't show up actually on the graph. The Southwest statistics show age category.
13 I think it's particularly interesting you see in Southwest Virginia more students that are
14 older in Southwest than we did in Southside. We hope that was because of the influence
15 of the Higher Education Center, an opportunity for location-bound working adults who
16 participate in higher education.

17 This again represents the localities in Southwest Virginia, and that's in your
18 packet, so you'll have that for reference. When we think about what is next for
19 scholarships, some recommendations we would like to make to the Committee. We
20 would like to begin and still have in both Southside and Southwest, we still have some
21 dollars that have not been awarded, and we would like to make these scholarships
22 available again for the spring semester, and we'd like to begin that as early as October the
23 18th. One of the problems we've had in the past two years with the scholarships is that
24 we're always on a fast track trying to get everything done in order to make the August
25 deadline for tuition payments. We'd like to start the spring with October so that, because
26 those that are going off to college in the spring for the first time are not going to be
27 caught in a bind that we find ourselves in every August trying to get the money out to the
28 student. Since we have a small amount of money left in both of the scholarship funds we
29 feel like that because of the blitz we've done early in the fall and late summer that for the

1 fall admissions perhaps you want to consider making the scholarship for spring a first
2 come, first serve. Everybody that received a scholarship in the fall in Southside has
3 money to carry them over into the spring semester. The four thousand was divided so
4 they could have a portion of it in the fall and a portion in the spring. When we talk about
5 new applicants we're talking about people that are not included in this amount of money
6 for the fall. These would be people who are just applying for the first time. We believe
7 that because we started with the criteria in August we should continue that same criteria
8 for the spring semester, then if you want to make some changes we should do that when
9 we start off in the fall next year. Most students begin their college career in the fall for
10 the first time, so if you're going to change the criteria it would probably make more sense
11 to do that next year in the summer.

12 The applications can be obtained on-line, and I think this has been one of the
13 advantages to the scholarship program is that people can go right to the web site and
14 download that application. With the burley group we'd like to begin accepting
15 applications for the spring semester, and these are new people in this project, as early as
16 October the 7th, and award it on a first come, first serve basis, the same criteria. We'd
17 also like to recommend for the burley group that instead of limiting the burley
18 scholarships to dependent children and grandchildren that we take the word dependent
19 off and make it eligible for children and grandchildren who are no longer dependent on
20 parents. I think that would bring many more people to the table that are in tobacco
21 families throughout Southwest Virginia.

22 Our plans are to automate the application process. Most of you know a paper and
23 pencil process where everyone fills out an application and gets on-line, but still filling
24 them out with a pencil and then returning it to us. The paper in our office is unbelievable,
25 and it's stacked up in piles everywhere. What we'd like to do, and we do have some of
26 our staff working on this right now, is to develop this process so the students can apply
27 on-line and that information goes directly into our data base. It would be a much more
28 streamlined process than you have, because you have the data right there without having
29 to enter it ourselves.

1 We feel like we can provide through web training on the web site for the Tobacco
2 Commission some simple training videos that can be attached. Anyone that wants to
3 have more information, particularly on the promissory note. We receive some days
4 maybe a hundred phone calls a day from people asking us to explain some items on the
5 promissory note. If we could do a set of videos that could be video-screened onto the
6 web site, and that might be a lot simpler for people.

7 We'd like for those in the Southside to consider limiting the colleges to those
8 within the Commonwealth, versus outside. I think you can see on that sheet of yellow
9 paper the number of institutions outside the Commonwealth of Virginia that Virginia
10 Tobacco Scholarship money is going to. I know in Southwest Virginia we have a number
11 of our students that are attending colleges outside the state, and this has been encouraging
12 to them to bring them back into our state institutions and our private institutions in
13 Southwest Virginia. The other thing that's been very difficult to try to get a handle on
14 who all these out-of-state institutions are. We cannot tell from some of them if they are
15 accredited. In Virginia it's simple, because we know who our colleges are, and we work
16 with the state council transferring money back and forth to our state institutions in
17 particular has been fairly streamlined and routine. It becomes much more difficult when
18 you look at the number of out-of-state institutions, in Southside you might want to
19 consider that in the future.

20 Another thing we feel that's very important is that all of the scholarship recipients
21 need to be students in good standing. We feel like they should have at least a GPA of 2.5.
22 As we begin thinking about awarding this money over the second, third and fourth years
23 to students, I think it's important to make sure that the students are having a successful
24 time in college and taking advantage of this money.

25 That's all on the power point slide, but we are delighted to entertain any
26 questions, or certainly your suggestions.

27 MR. CURRIN: Mr. Chairman, I talked to Rachel about placing this
28 presentation on our web site so there will be access to the presentation.

29 DELEGATE JOHNSON: So moved.

1 SENATOR RUFF: Any objection? All right. Thank you.

2 MR. CURRIN: Is that okay?

3 MS. FOWLKES: Absolutely.

4 SENATOR RUFF: Does anyone have any questions?

5 MS. FOWLKES: Has anyone called you or talked to you about the
6 program or made any suggestions or any difficulties that they have experienced that we
7 need to know about, or anybody felt like they were unjustly denied? I hope we were able
8 to answer all of their questions and try to get back to them in a timely way.

9 DELEGATE WRIGHT: Mr. Chairman, the only comment I have, and it
10 wasn't anybody's fault, but it was just the time frame. I think there's been an excellent job
11 done of turning this thing around, and some students have asked me when is the
12 notification coming out, and I think next year we'll have much more time. I think that's
13 something that can be accomplished in time, considering the short time frame we had to
14 operate under, that's the only comment I heard. I think it's been done very well. No one
15 has told me they were unjustly denied.

16 MS. FOWLKES: We've had a lot of help, and the Attorney General's
17 Office was wonderful in turning that promissory note around. We were on the phone
18 back and forth every hour on the hour trying to get the language of the promissory note
19 into terms that we felt like the average citizen could understand. I know I drove Anne
20 Marie absolutely crazy, because I'd call her back and say, if I don't understand this then I
21 know there are other people that are not going to understand this.

22 MR. FERGUSON: You said it was our job as lawyers to make people not
23 understand.

24 (Laughter)

25 MS. FOWLKES: I'm a non-legal person, if I can't understand them, then
26 the average person on the street isn't either. They were great at working with us on that,
27 and there's still some issues that we need to work on that promissory note. As soon as we
28 iron that out, it'll go a lot quicker.

29 DELEGATE JOHNSON: Mr. Chairman, I do not have a question, but I

1 think that Dr. Fowlkes and Chris and all involved, we should commend them for a job
2 well done. As I recall, at the last meeting we discussed what was going on and a little
3 scary, and I think they took a very hot potato and have done good things. I've heard
4 nothing but good things about the program, certainly in Southwest Virginia, and we
5 appreciate it.

6 MS. FOWLKES: Thank you. I think the colleges that are represented in
7 the room today are really pleased, particularly when you look at the number of students
8 that are attending. In Southside Virginia, Longwood has the largest number of recipients
9 of scholarships. In Southwest Virginia, Virginia Tech, the University of Virginia College
10 at Wise, Radford, all of our colleges, private colleges, are doing very well, because their
11 enrollments are up. I think that we can be proud of your influence in making that happen.

12 DELEGATE JOHNSON: Mr. Chairman, I noticed on the Southwest
13 Virginia enrollment students at the workshops, Virginia Tech was a hundred and thirty-
14 eight, the UVA College at Wise is a hundred and forty-five, and Emory & Henry, sixty-
15 three. One would believe more would apply at Emory & Henry because it seems to be in
16 the middle of the burley belt. Would part of it be because the tuition is much higher at
17 Emory & Henry than a college like UVA?

18 MS. FOWLKES: I think that proportionately regardless of the tobacco
19 scholarships more of our students have applied for Virginia Tech, a state institution,
20 Virginia Tech, Radford and UVA College at Wise than the private schools throughout
21 Southwest Virginia.

22 MR. FIELDS: Mr. Chairman, the only thing that I've heard negative about
23 the program was that they couldn't go to college outside the state of Virginia. I think that
24 decision about them going to college or having to go to college in Virginia, I mean, if you
25 enroll in Virginia's colleges you can get a scholarship. One other thing I'd like to do is
26 commend Southside for their scholarship. I'm proud of that and, in fact, I like the
27 teacher's scholarship, and I see the possibility of four hundred children taking that
28 scholarship and going with it, and I see Southside getting or having an abundance of
29 really good teachers for the future. I like the 2.5 grade point average, and there's no need

1 in not having smart teachers.

2 SENATOR RUFF: Rachel, you're far too efficient, but one of the things I
3 was going to add and one suggestion you have so that we could have a little bit clearer
4 next time around, and you've done that. We will make a decision either at this meeting,
5 or probably be a meeting in October, on the second semester applications. You've got
6 some good ideas, and we'll certainly discuss those issues. I personally don't agree with
7 you on the out-of-state issue, and I know it makes it a little bit more difficult, but I
8 believe that what's important is the students, and we should revolve from that rather than
9 trying to fit them into our slots, but that'll be a decision by the Committee. Thank you for
10 your help, and you all did a super job on short notice, and I appreciate you being willing
11 to have taken on that task.

12 Now, I'm going to back up a little bit. When Stephanie and I talked about this
13 meeting, and I don't know whether she told you what I said or not, but I said anybody that
14 came was certainly welcome, but if they had anything to say they'd probably take points
15 off of any future possibility of them getting the money.

16 (Laughter)

17 As long as you all understand the ground rules, we're happy to have you. We'll
18 give you plenty of time to talk after we leave. I don't mean that to be offensive in any
19 way, but we have to go through the process today of how we're going to deal with some
20 moneys left on the table that you all are aware of. Some people could come, and some
21 people could not come. We made a decision that we would not treat anyone that had the
22 time and energy to come up any better than we would treat anyone who did not have the
23 time and energy. I wanted to let you know that ground rule. Don't be offended if anyone
24 wants to walk out at this time.

25 DELEGATE JOHNSON: Mr. Chairman, we've got some people here, I
26 don't disagree with you on what decision has been made, but I just wanted to point out
27 that we've got Ms. Stanley here. There was a project presented in Abingdon last year, or
28 maybe this year, but it was deferred to the Education Committee, and it seems like we've
29 been jerked around quite a bit. I think there's a greenhouse project at the Virginia

1 Highlands Community College that was put on some kind of hold. My question is, when
2 will these people be able to have some kind of direction as to how this project, in
3 reference to this project?

4 SENATOR RUFF: Delegate Johnson, the Vice-Chairman and I talked last
5 week, and there has been a fair amount of discussion between Carthan and Stephanie,
6 Bill and myself. We have eleven million dollars in requests to fit through a two and a
7 half million dollar hole. Those requests came from private colleges, four-year colleges,
8 public colleges and two-year public colleges, from planning commissions and from
9 counties, from attorneys and all sorts of places, and we did not have any criteria, and we
10 felt like it was important that we step back and make sure we used criteria that would be
11 acceptable, not only today, but in the future. And we didn't want to cause too much of a
12 conflict in that process. This Committee can overrule anything that we've previously
13 discussed, but whatever we do today I anticipate we'll probably have a meeting sometime
14 in the next, or early part of October, to deal with each one of these individual questions.
15 Is that fair?

16 DELEGATE JOHNSON: Yes, but I just ask for some clarification. I
17 know Ms. Stanley has been up here at the meetings since, I believe, March.

18 MR. CURRIN: Mr. Chairman, if I may say that everyone that did apply,
19 Delegate Johnson, for money this cycle; at least the staff notified everyone that this
20 would be a work session to discuss, if I can use that term. So I think most people are here
21 to observe and show the flag, so to speak. We wanted to be sure and don't want to send
22 out a mixed signal.

23 DELEGATE JOHNSON: Yes, and I don't question that at all. I thought
24 the day that we had our hearings in Southwest in Abingdon that this project was kind of
25 put into the category that it shouldn't have been put in. I just wanted to make sure they're
26 not jerked around. I thought that most of the members felt it should be approved, or at
27 least in part because, since it was put into the Education Committee or subcommittee then
28 it seemed like it's not received any action. For that reason I just wanted to make sure we
29 don't forget about it.

1 SENATOR RUFF: We won't forget about it, but bear in mind we're going
2 to make some enemies at this meeting and next meeting, and we just cannot fund
3 everything.

4 DELEGATE JOHNSON: Sure.

5 SENATOR RUFF: I skipped to Rachel's presentation first because I
6 wanted to make sure that everybody heard the great news that this happened before I
7 made anybody mad and they decided to leave, and I appreciate that. I want to go back up
8 and now need to approve the Minutes for the June 20th meeting.

9 DELEGATE WRIGHT: I so move.

10 MR. FIELDS: Second.

11 SENATOR RUFF: All in favor of passing or accepting the Minutes as
12 presented, say aye. (Ayes) Opposed? (No response)

13 All right, we'll now move down to an update from the Literary Foundation, John.

14 MR. FORBES: You all should have my presentation. I might go through
15 and review the bidding, and it's been some time since we or since you approved this, or
16 review some of the promises that were made and give you an update on what we've done
17 compared to the promises that were made on both sides.

18 Number one, the Foundation did promise to establish a program exclusively for
19 the residents of Southside and Southwest Virginia. That remains true, and no benefits go
20 outside of that area. All of our programs, you have to be a resident of Southside or
21 Southwest to receive any benefits whatsoever. Promised to leverage a five million dollar
22 donation from you with a fifteen million dollar program of financial assistance, including
23 student loans, scholarships and grants. We agreed to include emphasis on GED
24 completion, vocational program, with the Tobacco Commission approving programs
25 before we fund them. The Foundation bearing the administration burden to determine the
26 type of assistance, whether it be a loan or a scholarship or a grant, depending on need.
27 That's what is required or indicated on the tax code, you can't be on both sides being a
28 donor and also being a decision-maker in that process as well.

29 Seven months ago you made the final contribution to the Foundation, and I want

1 to report to you today what's happened in that time period, and I'm now on page 3. What
2 we found in developing the program, that a lot of people really need a second chance.
3 These are a lot of people that quit school sometime or took another job because the job
4 that they had closed, so they need really a second chance. That's why we focused on a
5 very unique and particular type of field. That was technology training first, GED
6 programs as well.

7 On the career assistance program, we've announced a hundred and fifty-thousand
8 dollar technology scholarship. This is a scholarship for people that are enrolled in
9 programs that you approve working toward a certification in some things like Microsoft
10 systems or Sysco systems engineering, networking and web site development, a hundred
11 and fifty thousand dollars in vocational scholarships. These are for programs that you
12 have approved. All of the requirements are the same with regard to scholarships as to
13 residency and also a demonstrated financial need. All applicants have to show they need
14 the money before they get the money, and it's a requirement. Of course, you approve
15 classes.

16 Just to give you some feedback, I talked to lots of community colleges to see how
17 things are working and where things can be improved, and I've actually gotten back some
18 good suggestions and making some small changes to get big results, and we're doing that.
19 We've been pretty quick to make changes when the Commission has made suggestions to
20 us. One of the things on a positive note was on the vocational side. I was talking to
21 some folks the other day. In areas you don't expect sometimes you see successes. For
22 instance, in the program you approved, certified nursing assistants. This is an area where
23 there's not a lot of money, frankly, for someone that wants to go into the field. It's also a
24 field, however, that if you look at it demographically it's a very important field, these are
25 folks that work in nursing homes. With an aging population what we're finding, of
26 course, is that there's going to be a bigger demand for that in the future. Many of you
27 who are legislators, if you haven't already, across the country know that appeals are being
28 made to legislatures to raise the fees in nursing facilities through Medicare
29 reimbursement, because they're having a hard time getting people to come in that field.

1 They're having a hard time getting people to work in those types of facilities for those
2 salaries. It's a field that's growing, and it's one that we're helping people get trained in
3 through you.

4 I am getting a lot of comments about these schools, and these schools seem to
5 have a very different type of student with very different needs and different emphases.
6 We're finding a lot of stories like that where we're finding that there's a special student
7 who didn't qualify for Federal aid. They may not be enrolled full-time or even half-time.
8 They may not be in a degree program if they don't qualify for Federal aid. However,
9 they need some assistance nonetheless. They may be what we call working poor, where
10 they work and they're making a living, but they don't qualify for help, but they sure have
11 the need. These are the kind of people that we're targeting.

12 In addition to that, we have a fifteen million dollar student loan program. We've
13 announced that. In August we're going to have a large announcement, and in September.
14 In April we had an announcement. We gave materials to the schools in July, and we had
15 meetings with schools in August and again met with schools individually to see if there
16 was any bugs in the program and how we can help the process work better.

17 On page 4 it talks about the GED side of our program. This is a very big portion
18 of our mission, helping people learn how to read. In our view that's certainly one of the
19 critical elements of economic development. When an employer or prospective employers
20 are looking at a region one of the first questions they ask is how skilled and how literate
21 is the workforce? This is an area we promised to look at, and we have, and we're
22 working very hard on that. Not just in dollars, but investing a lot of time and hands-on
23 work developing programs, helping people get materials they need, and so far we've had
24 three hundred and fifty thousand dollars in direct payments into the GED program across
25 the region, both Southwest and Southside Virginia. We're doing this through the regional
26 adult education programs primarily. What we're finding is that they have the
27 infrastructure already in place, but what they need oftentimes is someone to partner with.
28 They need someone to come in and help them get materials and help them get the word
29 out is the key thing, or an outreach effort, and that's critical for a lot of these. And also

1 helping with training, training teachers and training people who could come in and help
2 recruit volunteers. All this is an important element of the program with GED. It's a
3 tremendous step for someone to go back and get a high school diploma or GED
4 certificate. It usually involves a major change in their lives and is certainly not anything
5 that is easy to do. Anything we can do to help them make that decision, certainly we
6 want to do.

7 Along those lines, we have given out a hundred GED testing grants. What this
8 allows people to do is before you take the GED examination you can take practice
9 examinations, and it does a couple of things. Number one, it improves your skills in
10 taking these exams, and number two, it builds self- confidence. It builds the confidence
11 that you can do it and you can do it well, and it's been very, very successful. These have
12 been distributed throughout, and there have been some very positive responses from
13 people.

14 Our continuing education scholarship program, there's a hundred and fifty
15 thousand dollar scholarship program this year that has one primary mission, and that is
16 giving people who have just completed their GED certificate an incentive to continue
17 their education, no matter what they study, as long as they go to a Virginia institution of
18 higher education, we'll give them a scholarship just to stay in the education track now
19 that they've just completed a major step in their life for getting a certificate. The next
20 step is they go on to college. Sometimes, yes, they have to take remedial classes, even
21 though they go to one of the community colleges, they're still in the system.

22 We're making some changes to that, again, just in conversations I've had with
23 community colleges. When we first set that up we added some additional requirements
24 to the scholarship, and one of those requirements was you had to have a specific score on
25 your GED certificate to qualify for the scholarship. We found that there really wasn't any
26 magic with what that number was, but we found two things. Number one, is they've
27 changed how they score this year with the new GED tests, and the old score was not
28 relevant. Number two, the bar was set too high, frankly, and not enough people were
29 qualifying, and we got that feedback. What we're doing now is that we're lowering that

1 so we can get a lot more people to qualify. The idea or rationale was that by setting some
2 standard what you'll be doing is choosing people that have the very high likelihood of
3 succeeding in college and go on. What we're going to do, however, is that for that group,
4 I think we're going to have a high standard but more of an award or recognition that
5 would be separate from the scholarship when someone does, or a group of people does,
6 extremely well on the GED examination, and give them a very different type of
7 scholarship. The main scholarship we're going to lower the scholastic standard so we can
8 get more people approved. I think we set the bar too high and not enough people
9 qualified, so that change will be happening. We'll communicate that to all the community
10 colleges who administer it.

11 Another effort we're supporting is GED long-distance learning. This has been an
12 interesting program for me, and particularly one that I find very helpful. We first
13 experienced this in Southwest Virginia with Rebecca Scott's group in Wise, Lee and Scott
14 Counties. She invited me into it, which was a long-distance learning program, and I
15 really expected to see like a teleconferencing type of setup, but what I found instead was
16 a lady on the telephone. I thought to myself, how effective is this, really, and Rebecca
17 said, wait. Suddenly the phone started ringing, and I'm seeing what is happening, and
18 this was a very efficient way of giving tutorial help over the telephone and helping people
19 through workbooks. In a short period of time this lady received a tremendous number of
20 calls. That sounds like you're not helping a lot of people at one time, but two comments.
21 We can help them help more people by giving them some funds and expanding the
22 operation, but what it does do for someone that's working hard and trying to get material
23 at home, they don't have some professional they can call and say, help me with this
24 problem. This is extremely valuable, because once they stop and do some other
25 household chores they may not get back to that problem for days. We're finding that it's
26 an extremely good way to give some people help in their homes.

27 Lastly, the master training classes for GED teachers. These are the people who
28 wish to be teachers, or teachers that want additional training. This is an important part of
29 the process, because as some of you know, teaching children is different from teaching

1 adults, different techniques and different material and certainly different approaches
2 involved. There's certainly an effort and desire for them to reshuffle the saw, if you will,
3 and hone those skills. We've had a tremendous response to that. We're out there doing a
4 lot more than writing tests. Some people are developing programs, giving them the
5 materials they need.

6 We'll make an announcement next week in Alberta, and we were going to do that
7 this week; however, the college campus asked us to consider an alternative and
8 innovative program for GED. That's why it was put on hold until we find out more about
9 that program. Hopefully, we'll have some great announcements next, and I'm pretty
10 excited about that from what I've heard from them.

11 Now, what does the future hold? We're now in the next phase in the organization,
12 and that's really growing, that's large and pretty broad fund raising, which has two
13 different phases. Number one is broad band, where we're trying to get people to attend
14 events, and general fund raising, which is twofold. One is to raise money and the second
15 is to raise awareness. We've hired some marketing and press folks to help us with that.

16 The second one, however, the big difference for us is sponsorship. That's where
17 we can make the big difference, having corporations sponsor programs and partner with
18 us. I'm glad to report we've got some very good interest in that. I'm also very glad to
19 report that interest is not just from corporations or companies in the area, but rather we've
20 appealed to some companies who are considering helping to sell products in the area.
21 Certainly if Southwest and Southside Virginia are going to consume their goods it gives
22 me an opportunity to make a pitch to them that you need to put some money back in the
23 community, and that's been received well, frankly. So we'll probably have to give
24 someone naming rights on some programs, and that's fine with us. I get the message here
25 that the response so far is good. We're having an event that all of you are invited to on
26 the 20th, this week. That's essentially a free fund raising program. What we've done
27 there is that we've invited the author of the book, *Big Stone Gap*, and she's going to be the
28 keynote speaker, probably book signing afterwards. If anyone does want to attend, please
29 give us an RSVP pretty soon.

1 What we've done is invite a lot of the business community to that. I'm not going
2 to twist their arm at that meeting for a donation, but I'm letting them know about the
3 Foundation, what we're doing and what we're trying to accomplish, and then we'll have a
4 follow-up with them after that. That's the purpose of that. I'm looking forward to that,
5 and I think that's going to be an approach in the right direction. I'm glad to report also
6 that we've gotten responses from people, corporate citizens in Northern Virginia,
7 Hampton Roads, one out-of-state company, that they're going to be there also. So there is
8 interest, and we're working hard to build on that.

9 New programs. One of the things we're hearing is that there's an unmet need that
10 doesn't seem to fit in any traditional niche. That's when students just don't have enough
11 money to get extra things. Let me give you an example of that. Someone's enrolled in a
12 vocational program and they don't have the money to buy tools. Tools can be quite
13 expensive in vocational programs. Some of those are very specialized tools. Someone
14 who's enrolled in a nursing program, and I don't know if you're aware or not, textbooks in
15 the nursing program are extremely expensive, and I've heard that in some cases it's over a
16 thousand dollars for a year's books for nursing. Some people need money, from what I'm
17 hearing, for things just like transportation. One thing we're looking at now, and we talked
18 to the schools about it, and we've had a very positive response. What we're talking about
19 is hardship grants. That would be a situation where the school would have the discretion
20 if someone had an emergency need or someone needed tools to use in vocational classes.
21 We would turn to you and get feedback from you, of course, and make sure that you
22 approve of a program like that. However, I think it's a need that we can meet that is not
23 being met in other ways.

24 Awards. We're looking at developing award programs. This is a way, and a very
25 cost-efficient one, by the way, for recognition and additional motivation. This is for
26 people that are teachers and students and community colleges and GED programs. It's a
27 way of giving people additional motivation and to recognize them for doing a very good
28 job, and it's a very cost-efficient way of doing that.

29 We're also planning a literacy conference. There are a number of meetings, and

1 we're looking at putting together a very large conference in Southside and Southwest
2 Virginia for all the people who are delivering adult education services. That would be
3 one of outreach, one of training, and of networking, as well as to bring some outside
4 speakers as well.

5 Lastly, I think probably the biggest thing on the agenda is expanded outreach this
6 year, reaching as many people as possible. We've talked to a number of schools and
7 organizations about hosting a career night, but this is a situation where we would team
8 with some IT people or professional people, as opposed to career night, where students
9 and parents come in and see what's available in terms of career, both as to choice and
10 how to pay for one's career. We're also looking at direct mailing and marketing programs
11 to get this information out. A lot of people have volunteered, and we're going to take
12 them up on that, including their mailing information about our program. That's a very big
13 step for us this year, to get the message out and get the word out.

14 That concludes my formal presentation. I'll be happy to take any questions.

15 SENATOR RUFF: John, you came up with a figure of a hundred and fifty
16 thousand for technology scholarships, a hundred and fifty thousand for vocational
17 scholarships. That's roughly five thousand dollars per county, with no regard to the size
18 of the population of the county. Is that enough money in that scholarship to have any
19 kind of impact?

20 MR. FORBES: I can only tell you after feedback from the schools. We've
21 got a four hundred and fifty thousand dollar scholarship fund, and this is our first year.
22 What I'm hearing from the schools is that in some schools there's a big demand for
23 vocational and not very much in IT. In other schools, there's a big demand for IT and not
24 very much for vocational. We don't know what the mix is yet, Senator, and I don't know
25 what the demand is for each one of the areas, but we'll have to adjust that. If more is
26 needed, we'll do more; if we need to shift, we'll shift.

27 SENATOR RUFF: John, were you able to get this set up in time for any
28 of the fall enrollment?

29 MR. FORBES: Money is going out, and money is going into students'

1 hands now. Unfortunately, the bulk of it's going to go out next semester, I'm certain, but
2 we were able to get moneys out now. The schools are telling me they've gotten the
3 money in the students' hands. I would like to have done it earlier, and we would have
4 gotten the bulk of it out in the fall, I'm certain.

5 SENATOR RUFF: The fifteen million dollars in student loan money, I
6 believe that loans are a better way of dealing with this, because I believe the individual
7 ought to be invested in the process. I was concerned about the interest rate. As far as I'm
8 concerned, they borrow the money, I don't care if there's any interest on it, but it invests
9 them in the process. I'm afraid that, and you may find I'm right or wrong, but I'm afraid
10 that if interest rates get too high it's not going to be attractive, and so I'd like for you to
11 come up with some game plan so we could in some way subsidize that loan interest rate,
12 so that whether we get it from whatever source we can bring that down to a much lower
13 rate than we've got it right now.

14 MR. FORBES: Senator, if I could expand on that just a bit and share with
15 the full Committee some of the information I gave you in a memo. There's a number of
16 things involved in pricing student loans. A lot of products have two tiers, and what is
17 critically important is not what you just charge for each tier but how many people are
18 approved at each tier. It doesn't do us any good if I have a very low interest rate for the
19 very top tier and most of the folks don't fall there, they fall into a higher tier below that.
20 One of the things that we negotiated with our partner on this was that we wanted a very
21 high approval rate and we wanted them to lower the credit score criteria for that top tier
22 so that more people would fall into that than not. In fact, fifty percent of people will fall
23 into that top tier is very, very unusual. We're monitoring that very closely to make sure
24 that most people that fall into the very top tier get the very best rate possible. I'm sure
25 you're concerned with that, and it has to be affordable, and I'm of the same mindset as
26 you, because I want to take it a step further and say that the capital has to be accessible,
27 and if people can't access it because they've got a less than perfect credit report we're not
28 delivering at the best possible level. So I share your concerns, and I want to take it a step
29 further, frankly.

1 SENATOR RUFF: Before the end of the day I want to have another
2 conversation as to what we can do. Does anyone else have a question?

3 DELEGATE WRIGHT: Mr. Forbes, as far as the GED in Southside, what
4 has been done in my area, particularly Southside Virginia Community College in the 61st
5 House District? I've been concerned about, and I got a phone call saying that we were
6 going to have some type of announcement. Is there any money or anything at all? I
7 know there's a good GED program at Southside Virginia Community College.

8 MR. FORBES: Yes, there's a great program there, and yes, we've
9 approved a fifty thousand dollar grant for them, and we're going to work with them on
10 developing outreach programs. Kevin called me and said he had an innovative program
11 he would like for us to look at also. What that program does is that it brings, and I don't
12 have the details of it, it brings students that dropped out of school to the college campus
13 and integrates them into the program. As they complete their GED they're already on
14 campus and work right into the classroom. I need to hear more information about it
15 before I can give you the details on it and probably have done a disservice by giving you
16 that much, but, yes, I'm very well aware of the program. We've already approved a fifty
17 thousand dollar grant to them. Also, in Southside just in the past week, we made a fifty
18 thousand dollar grant to the adult education program headquartered in Danville. It has
19 literacy programs in all the surrounding communities. So, yes, we are heavily invested in
20 Southside Virginia as well as Southwest Virginia.

21 DELEGATE WRIGHT: Is that going to be enough money, you think, to
22 do the job that needs to be done in Southside? If you look at the figures about as far as
23 the adult population that has a high school diploma, there's really a severe need there.
24 Another question, will that money be used this year? In other words, are there funds for
25 funding the program that these students can attend this year?

26 MR. FORBES: Yes, cut them a check, they'll have a check in a week.
27 Yes, let me back up. No, there's not enough money. I've been working in literacy
28 organizations for some time, and there's never enough money to do the job. In this region
29 of the state in many cases we have over half the adult population that does not have a

1 high school diploma. Getting these people back into the system is hard and takes a lot of
2 hard work and not just money but a lot of effort. Going beyond that, the state has level
3 funded GED programs, adult education since 1988. So, it's very hard, it's not easy, there's
4 never enough money. I could write a check for a half a million dollars and it would not
5 serve our needs throughout the entire region, and it takes a lot of work. It also takes a lot
6 of investment of time and not just dollars. You can't write a check and do everything you
7 need to do, you've got to get out there and get volunteers to work and get people to do
8 things. This is a long way around of saying, no, it's never enough money. I've never seen
9 an organization yet that was trying to reach adults getting them back to school where you
10 had enough money.

11 DELEGATE WRIGHT: I hope you will concentrate and do all you can
12 for these folks in these areas, because there's some good programs out there, and hope
13 you can do what you can as soon as possible.

14 MR. FORBES: I agree with you entirely.

15 SENATOR RUFF: Carthan, have you shared with John those applications
16 that deal with literacy and the GED program?

17 MR. CURRIN: No, sir, not today.

18 SENATOR RUFF: Stephanie, do you have copies John can look at while
19 we conduct some other business? See if any of those programs are duplicative of what
20 you are currently working on --

21 MR. FORBES: -- I'll be happy to do it. Thank you.

22 SENATOR RUFF: Thank you. All right. Moving on to the next, the
23 portion of money that the full Commission voted for at the meeting at VIR which allotted
24 each of the seven community colleges four hundred thousand dollars. Carthan, where are
25 we at on that?

26 MR. CURRIN: Mr. Chairman, we're ready to, and if you like to go ahead
27 and review and vote on those applications. All seven schools applied for money, and all
28 seven applied for the four hundred thousand which is allocated to them.

29 SENATOR RUFF: None of them came under that?

1 MR. CURRIN: None of them came under it. In fact, Mr. Chairman,
2 they're fine schools, and they represent your constituents very well in Southside and the
3 great Southwest.

4 SENATOR RUFF: Does anyone want to comment about the seven over
5 all? Nobody wants to embarrass any community college, is what I understand.

6 MR. CURRIN: Mr. Chairman, most of their proposals coincide with their
7 efforts over the past two fiscal years. For the most part it's continuation of those
8 programs that the Commission has supported since fiscal year 2000.

9 SENATOR RUFF: Everyone thought it was a great proposal.

10 MR. CURRIN: While on the subject, Mr. Chairman, I'll just say that the
11 community colleges have been audited, and those audits have come to my office, and
12 except for just a very few minor issues, the audits are clean and the schools have acted
13 under the role that the Commission wanted. Also, in your packets, if I may draw this to
14 your attention, the Committee had asked staff to prepare some statistical data regarding
15 unemployment, income, age, population, population change. That information is in your
16 packet for your review at your leisure.

17 SENATOR RUFF: If nobody has any objections, and I assume that
18 everyone has carefully looked at those proposals, we can vote all of them at one time or
19 vote on them individually.

20 DELEGATE WRIGHT: Mr. Chairman, I'd make one brief comment. I
21 have no objection to any of the proposals. I think some are better than others, but I think
22 all of them are good. When we vote for these proposals today are we saying in the future
23 we'll accept similar proposals? I think we need to be consistent, I think we should at
24 least do that. If we're going to say each proposal is good, then we should say, all right, in
25 the future --

26 SENATOR RUFF: Delegate Wright, I don't know that a positive vote is
27 saying that the proposals are good, but it's the proposals we'll accept at this time for this
28 year. The full Commission has instructed thus on the four hundred thousand figure. I
29 don't know that we want to get into the business of micro managing the community

1 colleges. I would agree some are stronger than others, but I don't think that binds us to
2 anything in the future.

3 DELEGATE WRIGHT: The only point, Mr. Chairman, is that I see some
4 merit in some of these proposals, and I might encourage some community colleges to
5 make in the future. I was trying to make the point, hoping that it would be favorably
6 looked upon in the future if they make such proposals.

7 SENATOR RUFF: Delegate Wright, I don't think this vote binds us to
8 anything in the future.

9 SENATOR PUCKETT: Mr. Chairman, if I may make a comment, too.
10 Financially I don't know that we would be bound to anything in the future, and there's
11 certain considerations there, but I think we all agree we're not bound by anything we
12 would do today certainly in the future. I understand Delegate Wright's position, and I
13 would encourage him to work closely with the community colleges. If you have
14 something out there, then get them involved in the process.

15 SENATOR RUFF: Do we have a motion? Well, sorry, community
16 colleges, you don't get any money.

17 MR. FIELDS: I move that we approve all seven of them.

18 DELEGATE WRIGHT: I'll second it.

19 SENATOR RUFF: All in favor say, aye. (Ayes) All opposed? (No
20 response) That passes. Thank you. We now come to a stickier part. That is those
21 proposals that have come in that total eleven million one hundred and seventy-seven
22 thousand four hundred sixty-six dollars and ninety-four cents. We don't have eleven
23 million dollars, so we have to figure out some game plan that will address the moneys
24 that we have and the proposals that are out there today. We should also reflect back on
25 what Delegate Wright just said. How does this, or what we do today, affect what happens
26 in the future? I don't think this Committee or the Commission wants us to go off on one
27 tangent this year and a completely different tangent next year. So they may not give us
28 money after that. So we have to be very careful about it. Carthan, do you want to tell us
29 what proposals you all have come up with?

1 MR. CURRIN: Mr. Chairman, thank you. As you all on the Committee
2 well know our office is going through a reorganization. One of the positions which is not
3 filled today is the grant manager's position. Once that position is filled it'll be very
4 helpful in this type of application process. We do have work at hand, and our next
5 Commission meeting is in October. What I recommend to you today is that the staff has
6 developed some, and each of you should have, a scoring sheet or a system that we have;
7 again, it's a rough draft. Until you all approve it, obviously it's not approved. I've also
8 asked, Mr. Chairman, for additional expertise, and today I'm happy to introduce
9 Samantha Marrs, who is the Director of Corporate Foundational Relations in Virginia at
10 Virginia Commonwealth University, which is a neutral school in this endeavor. I want to
11 make it very clear to my friends in the audience, that she's not after any of our money.
12 Samantha is someone who has volunteered to assist our staff in developing some type of
13 criteria. You mentioned earlier, Mr. Chairman, we have a real smorgasbord of
14 applications ranging from museums, four-year public, private, two-year colleges, just a
15 wide array. To give you all the best guidance possible, because it is a serious thing we're
16 doing here and allocating over two million dollars, it's my belief that we need additional
17 focus involving and developing a scoring process. So there's one before you to begin the
18 conversation. I would suggest that after today's work session, I'll probably have, and the
19 staff will have, more direction from what you all want to see in developing that scoring
20 criteria. Then we'll go to work and look at the applications that we have before us, which
21 I think are approximately forty some, between now and the first of October, Mr.
22 Chairman, we would have clear recommendations for the Committee to review so the full
23 Commission could deliberate and support at its October meeting.

24 SENATOR RUFF: Now that we have the issue before us does anybody
25 have any overall thoughts about what we should and shouldn't be considering in this
26 process? I guess not. Delegate Wright and I went to Richmond for something, and while
27 I drove he wrote, and I don't know that I can read his writing, but I'm going to try. We
28 felt that if it was K through 12 normal operating infrastructure we should not be funding
29 it. One of the principles we started out with the Commission is that we would not take

1 over the responsibility of the local and state government. Does anyone have any problem
2 or agree or disagree with that?

3 MR. FIELDS: I thought we ought to supplement the principal salaries
4 somewhere along the way.

5 (Laughter)

6 SENATOR RUFF: Other than principals in Lee County, specifically.
7 Does anyone need to take a break?

8

9 (RECESS)

10

11 SENATOR RUFF: Has everyone got their blood flowing, thinking about
12 this a little bit? Frank, did you have a comment?

13 MR. FERGUSON: Mr. Chairman, in response to your urging for some
14 comments, as you begin to look at the graph submission, I would just, sort of wearing the
15 black hat of a lawyer for a minute, recalling your attention to what the Tobacco
16 Indemnification and Revitalization Commission statute requirements and mandates are in
17 this regard. After all, the reason that this Committee exists as an Education Committee is
18 in the context of economic redevelopment for Southside and Southwest Virginia. I think
19 that some of the criteria that the Committee may want to think about as they review
20 various applications are how many jobs are potentially created by programs, how many
21 businesses are going to expand or relocate as a result of a program, how many
22 communities or individuals are going to be able to move off tobacco dependence as the
23 basis of their income and livelihood. Within the statutory parameters of this
24 Commission, those are the kind of things that I think need to be considered. So, it's
25 certainly possible there are any number of very good educational programs that don't
26 meet those criteria, I think the statute requires that this Commission to use when it
27 determines how to expend the funds.

28 SENATOR RUFF: Thank you, I appreciate that.

29 DELEGATE BYRON: I just wanted to comment, too, that I think it's

1 important that we have some type of data control through the Commission. I'm sure they
2 have all the information available to them, but if somehow we could make sure that we
3 don't have duplication in things. I noted in the Minutes of the Executive Meeting that I
4 missed in June that our distinguished Chairman appointed Secretary Schewel and some
5 others to look at workforce training initiatives because there was some concern that so
6 many areas that are doing initiatives that they might be duplicating themselves. In
7 looking at your education grants, number 27. Patrick County is asking for some money
8 for GED development projects. After our discussion that we just had here recently with
9 Mr. Forbes and what they're doing, we need to be certain everyone is working together
10 when we determine how much funding we need to put into each one of these types of
11 things and how many people is it reaching and how far that money is going. Maybe
12 somehow the project could be classified together at some point as to the type of projects
13 that we're funding in each of these localities.

14 SENATOR RUFF: Thank you. It's great that we have an efficient staff.
15 Just from the comments that I made before the break and Stephanie worked on it when
16 we were on break and came up with a page plus that everyone should have in front of
17 them. This is what she came up with as a way to enter into this conversation. What kind
18 of educational projects does the Commission want to fund? Do we want to include
19 workforce development?

20 DELEGATE BYRON: Absolutely, depending on what type of workforce
21 it includes. It's kind of a loaded question, because I would think everyone here would
22 agree that workforce training is very important. It depends on what this training
23 encompasses.

24 SENATOR RUFF: We can narrow it down later, but everybody, yes, Joe,
25 you have something?

26 DELEGATE JOHNSON: I agree basically with what she said.

27 SENATOR RUFF: Okay, I think that's something that we're going to have
28 to keep on the table.

29 Teacher training, and I guess at this point, Stephanie, you meant teachers' aides,

1 or what did you mean by teachers' training?

2 MS. WASS: I think generally you want to fund things that might advance
3 education or teachers or teachers' aides or something that would further professional
4 development, assistant teachers, there's a lot of different scenarios.

5 SENATOR HAWKINS: Mr. Chairman, not being a member of your
6 Committee, if I might have permission to address that question?

7 SENATOR RUFF: You may, certainly.

8 SENATOR HAWKINS: In the discussion we had earlier about the whole
9 educational thrust, Mr. Chairman, I think we were trying to put into place those things
10 that would underpin our economy and try to identify those weakest links we had when it
11 comes to offering some stability. Teachers was one of the things that was pointed out that
12 we were in critical need of. Nurses was another thing that was pointed out that there was
13 a critical need of. We have an excess of lawyers, I don't think anyone wants to fund any
14 of that. But, I think looking at the economic piece, anytime that you can bring back to
15 the communities teachers, doctors, nurses to support that element of educational
16 opportunities is something that underscores the educational potential of what we can do
17 with the Committee. That was the original discussion, to make sure that we made
18 available to those individuals that wanted to come back and contribute to the community
19 in which they grew up, be they nurses, doctors or teachers.

20 SENATOR RUFF: I think you're correct, and I think that we are
21 addressing that with scholarships. I think if we're talking about continuing education, I'm
22 not sure that that would not be more of a local and individual responsibility, talking about
23 recertification. If we're talking about teacher aides there certainly is a proposal out there
24 maybe attuned to deal with the issue of teacher aides. Under "No Child Left Behind"
25 under the Federal legislation every county is going to be running against a brick wall, I
26 guess, in 2006 when everybody has to have an associate's degree to be a teacher's aide.
27 I'm not sure that we can, if we look at it as economic development and providing jobs,
28 workforce training, I think we can look at it, but I'm not sure that we can take over the
29 state's responsibility and the locality's responsibility of teaching every one of those

1 teacher's aides. Unless the county's paying for it nobody's going to get a two-year degree
2 at minimum wage.

3 DELEGATE WRIGHT: I agree with you, Senator. I think that point is a
4 stretch to see how that's going to really fit into place with what Mr. Ferguson says,
5 providing jobs on the other end. The training would not actually be the sole reason for
6 the job, have to have a degree, updating training would be with the localities.

7 DELEGATE JOHNSON: Mr. Chairman, I think that the state mandates
8 that teacher's aides have certain qualifications and certain educational qualifications, I
9 think that the state or the locality should pay for it. Tobacco Commission funds should
10 not be used. I think we have so many needs other than helping the state out, and it would
11 not be wise to start down that road to start with.

12 SENATOR RUFF: Anyone disagree with those two comments?

13 MR. FIELDS: I would agree, and I think we're talking about a Federal
14 thing here. I'm sure, from what I've been told, there's going to be more money down the
15 road for that, in fact, I already heard that there was. How much, we don't know, but
16 there's a lot of things about this that, but it's a long way in the future, and we'll have to
17 see what really is going to happen. With what they're paying aides in Lee County right
18 now, they're not going to have folks that are willing to work for that. They'll go to some
19 mill or go someplace else rather than, so they can do what they want with what they're
20 paying them.

21 I have another, and you know, we get into this, and I would agree that it's the
22 state's responsibility and local government's responsibility to fund through K through 12,
23 and then we turn around and we have all of these state colleges and community colleges,
24 and somewhere along the way they took a lot of slack there. We're putting an awful lot of
25 money into community colleges and state colleges and so forth and then say we're not
26 going to fund K through 12, that's the state's job, and that's true with the colleges as much
27 as it is K through 12.

28 SENATOR RUFF: You're exactly right, and there's no question about that,
29 and once we get past this budget crisis maybe we can get them to take over some type of

1 responsibility. At this point I don't know that the state's going to cut back K-12, but they
2 certainly are going to do damage to higher ed. So the consensus seems to be that we stay
3 away from teacher training. How about literacy programs?

4 SENATOR PUCKETT: It seems to me we've already made a commitment
5 to the literacy program already, haven't we? We're trying to work with John and the
6 literacy foundation. Again, one of the things that concerns me about the applications that
7 I have reviewed is the duplication that seems to be out there. There's a tremendous
8 amount of duplication, and I don't know that literacy needs are the only one. There are
9 several. So we need to have some type of overseeing of the duplication which I think is
10 in every application grant process, because there's a lot of it there. This doesn't address
11 that question, but let me just make a comment or two. When I'm looking at an
12 application, looking at a grant application, there's two or three things that I look at that I
13 think are significant to me. The Education Committee is not just starting from there,
14 looking at the application from the education standpoint. I want to know, and I'm
15 speaking from Southwest, and it may be different in Southside, but from the Southwest I
16 want to know about three things.

17 I want to know, first of all, how is this going to affect our community, is it an
18 instrument that we can use to revitalize our community wherever it's aimed? It might be
19 in Russell County. It might be in Lee County. We're not looking at county by county in
20 the Southwest, we're looking at it as a region as a whole. From an education standpoint, I
21 want to know is this really going to make an impact in that community. Secondly, I want
22 to know the relationship between the community and the educational institution, whether
23 it's Emory & Henry College or it's UVA Wise, whether it's Mountain Empire Community
24 College. I want to see a positive relationship there where we're working together and
25 cooperating with each other to make a difference in that community.

26 Then the last thing that I really want to see in this process, are we leveraging
27 everything that we can leverage with tobacco money to make this a reality and not just
28 depending on tobacco money to make this thing go all at one time.

29 So at least to me there are three important components there that I look at. I think

1 if I had to single out one, I want to know if the cooperative effort is really making a
2 difference in that community that we're trying to revitalize. You see, we can educate
3 people forever, but if it makes no difference in the community in getting that community
4 a fresh start, then to me we're not meeting our mission that Frank clearly stated to us a
5 while ago about revitalizing the tobacco communities. Those are three things that I look
6 for, and I think particularly the education community ought to be looking for it. It's not
7 just an opportunity for education institutions to bring in money and start another
8 program. I want to know if that program is really going to make a difference within the
9 community that we're trying to revitalize, wherever it is in Southwest Virginia. To me
10 that's the important part and the part that we're looking at here, not just a program that'll
11 bring new finances and create another position but a program that's really going to make
12 a difference in that community. Education is part of it, but it's not the sole criteria that I
13 look at personally.

14 I back all that up by saying, and many of you have heard me say this before,
15 probably one of the single best things that's ever happened to me is an opportunity to
16 have a good education, and I appreciate it, but it goes beyond that, and that's what that
17 cooperative effort I think that I'm looking for to see that we're not just stopping with
18 giving me a good education but give me somewhere to use that education. We've got to
19 revitalize these communities in Southwest Virginia; because of the loss of the tobacco
20 income they are just stagnated. That's the important things that I look for.

21 MR. ARTHUR: Mr. Chairman, I'd like to second everything that Senator
22 Puckett said; everything he said applies to Southside as well. If these projects that we're
23 looking at here does not put one person to work somewhere, then we don't need to fund
24 them. We've got to move people away from the farms and into other productive areas. I
25 support Senator Puckett in every word he said there, and I'm mainly concerned about
26 duplication. There's so much duplication, and we're talking here about two million
27 dollars and eleven million dollars worth of applications. If someone comes in here with a
28 million and a half or more, then obviously that's out of the realm of consideration,
29 because we've got to spread this around. The duplication and being realistic and putting

1 people to work is what I look for when I read all these applications.

2 SENATOR RUFF: Thank you.

3 DELEGATE WRIGHT: Mr. Chairman, in picking up with what Tom said,
4 would there be a need to put a limit on the amount of money that each proposal could be
5 asked for?

6 SENATOR RUFF: I don't know, we may be putting ourselves in a box;
7 we shouldn't, because there may be some regional proposals that we'd cover a half dozen
8 counties, and I don't know how you could put that into a competitive situation with just
9 one county. I'd be a little hesitant to do that.

10 DELEGATE WRIGHT: One other thing I'd like to say. I think the
11 scholarship program has worked so well, even though there was short notice and so forth,
12 it's worked so well for Southwest and Southside that we ought to consider the proposals
13 that do come to us that the approval, and not taking all the money, but we should consider
14 making more available scholarships, because that does do what we're supposed to be
15 doing, in my opinion. It gets people back in Southside and to come back with the ability
16 to make a living. So if we want to use the money for a scholarship base to educate more
17 teachers, I think that's an excellent idea. I think we ought to give strong consideration to
18 it, to use what money is left over for scholarships.

19 MR. FRED FIELDS: I don't want us, in this Education Committee, to get
20 into the habit or the perspective here of de-emphasizing education in this Committee
21 now. Literacy, associate's degree, the GED, bachelor's degrees and all those things are
22 very important to the community. They've got to be there just as much as that offer of a
23 job has to be there. Every child or every adult that we get back who has a bachelor's
24 degree, they're going to look for a job. Now, we have a lot, we put our money into
25 economic development, too, and they should be doing part of offering these kids jobs. In
26 the same light, everyone that passes the GED, I believe, honestly, they're going to be
27 looking for a job, or a better job. So don't de-emphasize literacy and don't de-emphasize
28 education on this Committee, because they've got to have jobs, just as much as industry
29 has to be able to offer that person a job.

1 MR. ARTHUR: Fred, I don't feel what we've said here de-emphasizes
2 education at all. We've got fifteen million dollars in literacy, we've got eleven million
3 dollars in scholarship loans that we've done. I didn't mean to imply that we de-emphasize
4 education, I just don't want it duplicated.

5 MR. FIELDS: I think we're already doing a lot of certification, but I think
6 Tom and maybe John, this morning, had a little discussion about and talking about
7 funding Southside, the GED program, when there's not enough money. But somewhere
8 along the way we've all got these programs like literacy and the GED program and maybe
9 more is on them like the community colleges.

10 SENATOR RUFF: I understand you all agree that the literacy and GED
11 belongs in the mix, is what I understand from the discussion around the Committee.
12 What about K-12?

13 MR. FIELDS: I'll take you all's word things will get better.

14 SENATOR PUCKETT: Mr. Chairman, I feel that K through 12 is an
15 obligation we have for the state to fund. Fred has already said that's an obligation for the
16 community colleges. K through 12 is the basic education responsibility required by the
17 Constitution, but I, personally, don't think that we ought to be taking tobacco fund money
18 to comply with what the state ought to be doing.

19 DELEGATE JOHNSON: Mr. Chairman, also to use Tobacco Commission
20 money to help fund K through 12 would work a disadvantage to a lot of counties that
21 don't get that money. We would be favoring or enhancing some counties and not others,
22 so that's not right.

23 SENATOR RUFF: The reality of it is that we have one great proposal
24 from one county this year, and then we'll find that there will be thirty odd and similar
25 proposals next year that we can't fund. Would anybody disagree with leaving K through
26 12? All right, how about pre-K?

27 DELEGATE HOPKINS: I would think that the state would do that.

28 MR. FIELDS: Maybe we should back up and say pre-K through 12.

29 SENATOR RUFF: Don't worry, Stephanie's taking all this down. All

1 right. How about higher ed?

2 DELEGATE JOHNSON: Mr. Chairman, higher ed through the
3 scholarships.

4 SENATOR RUFF: Some part of it.

5 DELEGATE JOHNSON: There are certain projects, and I see one here,
6 Highlands Community College and Emory & Henry College, in the community I think
7 we should be working together on the projects, the Highlands Community College, a
8 greenhouse alternative crop. That's a college, and VPI is a college working together on
9 experimenting and doing things that would benefit our agricultural community, and that's
10 education and economic development together. If there is a program that fits in the mold
11 that we've been talking about, both of these would certainly fit in there.

12 SENATOR RUFF: You think they ought to stay in the mix?

13 DELEGATE JOHNSON: Yes, sir. Because I think if you try to separate
14 the two you'll lose a lot of effectiveness and cooperation and partnership that Senator
15 Puckett was talking about. You can't divorce the community from the educational
16 institutions. If you isolate them, then you're going to drive a wedge between the two, and
17 you're going to lose that continuity and that partnership that Senator Puckett talked about
18 as being one of the essential things that we need.

19 SENATOR RUFF: When you make that statement, are you making the
20 statement for public and private colleges?

21 DELEGATE JOHNSON: I suppose it would have to be, because Emory
22 & Henry is a private college.

23 DELEGATE BYRON: Mr. Chairman, now, if you're talking about
24 infrastructure and looking at building a new college in central Virginia, Senator Hawkins
25 and I will take it, but if you're just referring to further higher ed I think that what Mr.
26 Johnson said goes hand in hand with workforce trained career and anything related to
27 future jobs and where people are going to locate after they finish school. You have to
28 have that available to any educational institution out there, provide those other things.

29 SENATOR RUFF: Do you include in that distant learning programs?

1 DELEGATE BYRON: I would include it.

2 DELEGATE WRIGHT: Mr. Chairman, one guiding principle you have to
3 keep in mind is that at the end of the day or the end of the program you have to know
4 what you accomplished, and you have to have some idea that they'll have a job and that
5 they'll be available because, I'm not disagreeing with the idea, there's some qualifying
6 aspects to it.

7 SENATOR RUFF: Kathy, one of the things you said or you mentioned,
8 not capital projects. Does everybody agree with that or disagree with that, limited agree
9 with that, having defined capital projects?

10 DELEGATE JOHNSON: How do you define capital projects? Building a
11 dormitory, yes.

12 MS. WASS: Basically, construction and equipment.

13 DELEGATE BYRON: Part of that is workforce training, putting that in
14 the mix and seeing a lot of results from that and their satellite offices that opened.

15 SENATOR HAWKINS: Mr. Chairman, I'm sorry to interrupt again, but
16 it's my nature, and I shouldn't apologize.

17 SENATOR RUFF: Mr. Chairman, I'm not going to let you interrupt. Go
18 ahead and finish.

19 DELEGATE BYRON: I don't think I have to remind the rest of the people
20 in the legislature, and we have a bond issue out right now that the voters will be putting
21 their thought process into in November that deals with a lot of infrastructure; however, I
22 would be more than pleased to hear whatever the Senator has to say about this.

23 SENATOR RUFF: Mr. Chairman.

24 SENATOR HAWKINS: Well, I think it's the purview of this Committee
25 dealing with the applications that are before it and dealing with the educational
26 opportunities. Now you're talking about looking at the overall expenditures of moneys
27 that different counties may be looking at for their own betterment. Locally, we have
28 approved moneys for the Danville/Pittsylvania County area to build an institute of higher
29 learning which is a separate standing unit that the county and city are using its moneys to

1 fund. Part of it's allocation. So I think we need to make sure that we separate that which
2 applies to this application before this sub-Committee and the overall usage of those
3 moneys through the economic development aspect or the local allocations of moneys.

4 DELEGATE JOHNSON: I don't think we can come up with a guideline
5 or a formula that's going to work one hundred percent. There must be some give and
6 take, there must be some negotiation. What may be good for Southside may not be good
7 for Southwest Virginia. I think if we tried to say it's got to fit in this particular category,
8 then we're going to run into a lot of problems. The members of this Commission
9 appointed by the Governor are legislators, so there's some control. I think all of us are
10 committed to using and spending money wisely. I just feel like if we try to tie ourselves
11 to too tight and too rigid a formula we're going to run into a lot of difficulty down the
12 road.

13 SENATOR RUFF: You want to keep the capital in the mix.

14 DELEGATE JOHNSON: No, I'm not saying that, that was just a general
15 statement.

16 SENATOR RUFF: I think somewhere in that general statement, from
17 what others have said, we should not be eliminating anything at this point. All right,
18 moving on to the issue of museums and programs such as that.

19 MR. ARTHUR: Mr. Chairman, here again I'm faced with a situation of
20 how many jobs are created by a nice museum? They are nice social functions to have in
21 the community, but I don't think, I don't see where it moves one person from the farm to a
22 job somewhere else, and I think at the last meeting we categorically stated that museums
23 were not our direction, not necessarily this Committee but the whole Tobacco Committee
24 in general. I believe that was stated down at VIR.

25 SENATOR RUFF: Does anybody disagree with that?

26 DELEGATE WRIGHT: Mr. Chairman, I remember what Tom is talking
27 about, and that's my recollection.

28 SENATOR RUFF: I would assume that means we don't want to consider
29 those. How about the issue of health education?

1 DELEGATE BYRON: I think we can follow almost the same criteria;
2 there are so many programs that come to mind that I know are already being presented by
3 the state and the localities, and I don't think that's the charge of the Tobacco Commission
4 to be able to take on the health side of the educational community health information.

5 DELEGATE WRIGHT: Mr. Chairman, but on the other side, I think we
6 can help provide workers to work in the health related field.

7 SENATOR RUFF: I think that's covered in the workforce training
8 development portion of it.

9 DELEGATE JOHNSON: I would agree.

10 SENATOR RUFF: Stephanie has phrased it this way, recurring versus
11 one-time costs. Does the Commission want to fund reoccurring costs for operations
12 themselves?

13 MR. ARTHUR: I don't think we can do that, Mr. Chairman.

14 SENATOR RUFF: Would that include not, startup money, a starter
15 program?

16 MR. ARTHUR: I think based on the fact that this Commission based on a
17 year-to-year basis you can't really promise follow-on. Startup, maybe so, but you can't do
18 any recurring, in my opinion. I don't know what other people think.

19 SENATOR PUCKETT: I think Tom is correct. We have in the past
20 funded what I call pilot type projects. I don't think we ought to step outside that bound.
21 As Joe said, you don't want to say, no, we're not going to do anything, but we need to
22 keep it in the mode of a pilot project. We cannot obligate this Commission to a long-
23 range type of situation of funding salaries and ongoing operating costs. I think it should
24 be limited to a pilot project.

25 SENATOR RUFF: Should we set a time length on what that pilot project
26 is, two years, one year, three years?

27 SENATOR PUCKETT: I don't think we can do it outside of one year,
28 because of our funding right now. That could possibly change in the future if we
29 securitize the Commission's money, but without that we don't have any way of

1 guaranteeing anyone anything beyond one year. I would say no more than one year on a
2 pilot project to see what we're going to do.

3 DELEGATE BYRON: One thing that comes to mind, I agree with the
4 concept, but if we come back and vote on this again in three months we could change our
5 mind. Some projects, as you see, based on things they have to do, are spread out over
6 more than one year. If we're just looking at education here and not economic
7 development or e58 or anything like that but education it might be a different response.
8 You're just dealing with education.

9 SENATOR RUFF: We're dealing with education.

10 DELEGATE BYRON: Securitization could be a whole different say as
11 well. I think part of the question is more relating to people coming back continuously to
12 the table for reoccurring costs, maybe easier to deal with them, we don't want to box
13 ourselves in.

14 SENATOR RUFF: Does anyone else want to weigh in on that one?
15 Personally, I don't think we should get into long-term financing. I think one year is
16 reasonable, and I think there may be occasions where we have to add on to this one year,
17 but I don't think we need to make any long-term commitment, particularly until there is
18 securitization. We have no guarantee there will be securitization. I think we have to deal
19 with what we have right now.

20 Do you believe we're going in the right direction on scholarships?

21 MR. ARTHUR: Mr. Chairman, I don't think there's any question about
22 that. We clearly are going in the right direction. In fact, I still support expanding it,
23 which I basically was promised it would happen next spring.

24 SENATOR RUFF: Maybe this fall.

25 MR. ARTHUR: It's clear by the number of the scholarships that we have
26 applications for, I think we're clearly headed in the right direction.

27 DELEGATE JOHNSON: Is there anyone here that can answer that
28 question? What has been the success of the scholarships thus far? Have most of them
29 accepted and completed their work, or are we in limbo and we don't know?

1 SENATOR RUFF: In the Southside they just began in the fall. The
2 community college ones, I guess each one of the community colleges could address that.
3 The Southwest has only been doing it two years, and I don't know if that's enough time to
4 tell you much. So do any of the community colleges, and no points against you, do the
5 community colleges want to address that, the issue of scholarships?

6 MARTHA WALKER: Danville Community College has funded over six
7 hundred students in the last two years through the Tobacco Commission funds. Those
8 students, we surveyed some this past spring, and they're continuing their education.
9 Some graduated in May, and some are continuing through the summer, and they will be
10 back next year. We funded an additional fifty some for this given academic year. And if
11 the funds are approved that we talked about this morning, we'll be funding additional
12 ones. They are in school, and they are being prepared for the workforce.

13 SENATOR RUFF: In that process, do you have any plans on how you are
14 going to track where those people end up? It's nice to train them, but then when you send
15 them elsewhere it doesn't serve our community, but it serves the individual.

16 MS. WALKER: It works just like all our students in our college. We have
17 through our faculty, they are continuing to tell us where the students go once they
18 graduate, where these graduates are being placed. We also have a career placement center
19 that works with those students. We are also tracking them separately from our division.
20 We're tracking them through my office and asking where are they working and their
21 education, has it had an effect on their employment and what type of training do they still
22 need. We've asked to have a report based on their previous award.

23 SENATOR RUFF: Thank you. Anybody else want to say anything?

24 DONNA STANLEY: Mountain Empire Community College. Another
25 benefit that's provided by the scholarships, in our college for the first year we were able
26 to offer those scholarships, and we saw an increase of about a hundred in full-time
27 enrollment from people that moved on to college campuses to take classes and as a result
28 the availability of resources. So if the objective is to get more people into college, that
29 apparently has had its desired effect. A large number of people are coming to our college

1 as a result of these scholarships being available. During the last academic year we have
2 had over twelve hundred people take advantage of these scholarships, and it has had a
3 large impact.

4 DELEGATE WRIGHT: Mr. Chairman, I was just going to say, I think the
5 scholarships are really hitting in the right directions. I think we should also expand, as
6 Tom mentioned in the last meeting. I think we should also keep in mind that we should
7 make it a requirement that they agree to come back to Southside and Southwest. This
8 scholarship money is money that would not otherwise be covered by some other agency
9 and so forth. This is money that would only be available to them, otherwise they
10 wouldn't have any other source of funding.

11 KATHLEEN SMITH: I just want to echo for Patrick Henry what was said
12 about Danville and Mountain Empire. In addition to the typical college scholarship that
13 pays for tuition and books, the big difference for us is being able to pay for certification
14 tests. We are paying not only for the students to get the training in the certification
15 programs, but many of them don't have the money to actually take the tests for course
16 certification. So those programs have grown tremendously as the word gets around. We
17 also have dealt with several hundred students. It's very touching, if you were there
18 sometimes, to see mother/daughter combinations or father/son combinations, and we
19 even have a grandparent/grandchild combination. One mother told me that it was her
20 daughter who's a junior at Ferrum who actually encouraged her to come to Patrick Henry.
21 Parents not only influence children, but children on the parents. So very good things are
22 happening, and we thank you for your assistance.

23 DELEGATE JOHNSON: I rest my case, Mr. Chairman.

24 SENATOR RUFF: In future proposals, it might gain you points if you can
25 give us a track record of exactly how many people you've dealt with so far and how many
26 of those have come back or stayed in the community rather than leaving the community.

27 MS. WASS: In this review cycle there are several proposals for
28 scholarships, and the question is whether the Commission has sufficiently funded though
29 other sources the scholarships and whether you want to fund additional scholarships.

1 DELEGATE JOHNSON: We have to decide each year how much money
2 we have to spend and how much we can allocate to scholarships.

3 SENATOR RUFF: There are several proposals that call for more money
4 this year for specific reasons.

5 MS. WASS: Also, establishment of endowments for scholarships, some
6 requests for funds to establish endowments, these funds to be used for future
7 scholarships.

8 SENATOR PUCKETT: Mr. Chairman, I would say the endowments is
9 something I related to earlier. That to me is a cooperative effort that somebody else is
10 going to leverage some funding that we're going to put out there that will benefit long-
11 term down the road. If someone's got a proposal that we can match some money and
12 create an endowment out there that will have ongoing effect from the scholarship
13 standpoint, I would think that that would certainly be something that I would look
14 favorably on, personally. Because it's not left just to the Tobacco Commission to keep
15 funding that in setting up a perpetuating type situation, that if it's done correctly and
16 followed through on, then we might have more money to use somewhere else if that
17 endowment is set up right. I think duplication is the key that we want to focus on. Don't
18 keep spending money from ten different areas on the same thing. If you can set up an
19 endowment you might not need us next time around. Those are things that are worth
20 looking at.

21 SENATOR RUFF: I would interpret that to mean keep all scholarship
22 proposals in the mix. Should we, Phillip, I think you mentioned this earlier in a different
23 way. Should we consider how many people the program serves?

24 SENATOR PUCKETT: Mr. Chairman, I think that's critically important
25 to the revitalization of these communities. I think Tom spoke to that and the people that
26 this affects, and those numbers are certainly important.

27 SENATOR RUFF: Does anyone disagree with that? How about the issue
28 of matching funds, do you all agree with what Phillip said earlier?

29 DELEGATE BYRON: What did he say?

1 SENATOR PUCKETT: Mr. Chairman, basically what I said, my own
2 criteria in looking at these, if you are leveraging funding from someone else or some
3 other institution, then I think that's a very favorable step in obtaining Commission
4 dollars, because if you can leverage other money, and it takes, again, a little bit less of
5 our money to make that program go, then I think that's also a commitment from someone
6 besides the educational institutions to make this program go in that community. I think
7 that's significantly important, personally.

8 DELEGATE HOPKINS: Are you speaking of matching funds, or --

9 SENATOR RUFF: -- You get more points for those that match money.

10 SENATOR PUCKETT: I would give more emphasis or points, as the
11 Chairman has said, to projects that's out there that leverages community funds, or it might
12 be matching funds, it doesn't have to be matching funds. It could be some other kind of
13 leveraging, or maybe it's more than matching, or maybe the Commission dollars are
14 going to be twenty-five percent and somebody else is going to give seventy-five, or
15 whatever. Any situation that brings someone else to the table with a commitment to that
16 program in that community, I think is a plus, and I think it's a positive.

17 DELEGATE JOHNSON: As long as it's within the bounds of our
18 Commission.

19 SENATOR PUCKETT: Correct.

20 DELEGATE JOHNSON: Somebody jumped on lawyers a few minutes
21 ago.

22 SENATOR RUFF: Should we develop a way of evaluating the outcome
23 as a result of these proposals?

24 SENATOR PUCKETT: Mr. Chairman, I hope we already have a
25 mechanism that we're using to do that, because I think that's a critical aspect of what
26 we're doing. If we're spending money and it's not having any positive effect and not
27 doing what we want, we certainly need to know that. I think we're doing some of that
28 now where at least, I think, there's some review.

29 SENATOR RUFF: Not as much as we'd like.

1 SENATOR PUCKETT: Stephanie is already shaking her head, and we're
2 not doing as much as we could.

3 MR. ARTHUR: I think we're doing audits at community colleges, but
4 these other projects, I don't know that there's any follow-through on that at all.

5 SENATOR RUFF: Should we be using Tobacco Commission resources to
6 pay someone to do that?

7 MS. WASS: Evaluate the effectiveness after the project is complete and
8 find out whether there's an effective program and the tendencies in those localities.

9 SENATOR PUCKETT: I think we ought to be asking anyone that gets the
10 funding to submit that back to us. You mentioned a moment ago it might help the
11 community colleges if they put that in their future applications. Even before that we
12 ought to be asking anyone that we are giving money to for some input from them as to
13 what actually happened. Then certainly this Commission ought to be able to sit down
14 and take a look at that. I was thinking if we're spending money in the Southwest and
15 somebody sends me a review and I take a look at it and think it's not doing what I thought
16 it was going to be doing or what we were told it was going to do, then certainly it's my
17 obligation to take a strong look at that. I don't think we have to hire anybody to do that,
18 but as far as the grant recipient, they should be willing to give us an update of what's
19 going on to make the case for money that was given.

20 SENATOR RUFF: But remember they'll be using their paints to draw this
21 picture.

22 SENATOR PUCKETT: I understand that, but, again, back in Southwest
23 Virginia it doesn't take me too long to know if their paint is the same that I'm using when
24 I'm looking at it, because I visit these places. I think that's a responsibility from the
25 Commission. I need to know what's going on. I know what Rachel is doing at the
26 Higher Education Center, I know what Dr. King is doing at Southwest, and I know what
27 David's doing at Virginia Highlands, and that's part of my responsibility to know that.

28 DELEGATE BYRON: I think it ought to be part of the requirement. You
29 can call us the TCB, Tobacco Commission Bank. When you go to the bank you need to

1 have that documentation of what you're going to do with the money. Many times they
2 want a period of time that you commit back to them what you have done with the money,
3 just like contractors do. I think if we had something designed that they had to come back
4 with scholarships, I think they'd be more than pleased to, but if we don't put something in
5 place rather than just wishing and hoping that they're going to send us some information
6 back, I think it should be an attachment to that that they report back for each semester,
7 maybe, how many scholarships were given out, how many graduated, how many moved
8 on to the next position, or whatever the material is that we're going to look for. That
9 information can stem questions that we may want to come back on, redefine, or just ask
10 for further information down the road.

11 SENATOR RUFF: Let me see if I understand you. Your bank takes
12 whatever you say at face value and then checks behind you?

13 DELEGATE BYRON: No, just the opposite. That's what this bank needs
14 to start doing.

15 SENATOR PUCKETT: Mr. Chairman, let me just follow up on what
16 Kathy said, and she's right. We have to know that what Dr. Fowlkes is doing, excuse me
17 for saying, Rachel, and I apologize for that. She deserves a little higher esteem than what
18 I've given her, but if the higher ed center has proposed something for us and we grant
19 them funding, then we certainly ought to know what they're doing with the funding.
20 They ought to want to keep us up to date with what they're doing. Maybe we haven't
21 asked for that, and if we're not then I say ask for it and make that part of the grant request
22 that we have given them, that they report back to us at the completion of whatever
23 they've done. The best example is what they have done at the higher ed center with this
24 scholarship program. They did so well, and Southside is willing to start this. Southside
25 was looking for somebody who can do this; Senator Wampler and I said let's go to the
26 higher ed center, because they know how to do this. We knew what they'd been doing,
27 and we knew how successful they had been, and I think they proved to Southside that it
28 had been successful and they're doing the right thing. I have a responsible to the
29 Commission members to know what's happening out there when we give somebody

1 money. I'm not just going to say, send them a check, and see you all later, and tell me ten
2 years from now whether it was successful or not. I want to be there and know that it's
3 going to make a difference.

4 DELEGATE WRIGHT: Mr. Chairman, I agree a hundred percent. I think
5 we have the responsibility first to be as sure as we can that the money that we appropriate
6 for these proposals and so forth for the purpose of going to college and fulfilling the goal.
7 I think one way of doing that would be to require in the proposal the specific goals that
8 are to be met. Then we can follow up by making them, that part of the grant they would
9 agree to furnish facts and proof that part of the goals have been met. Then on the front
10 end we could have the goals that they were using for us to have agreed upon that project.
11 Then on the back end they would furnish us with evidence that the goals have been met,
12 and then we would have a position as far as giving the money to them.

13 SENATOR RUFF: If somebody proposes a literacy program that will
14 teach a hundred people how to read and they're going to report back to us that a hundred
15 people have been taught how to read, and maybe seven of them will know how to read,
16 what is your mechanism to make sure that they have accomplished what they said they
17 were going to accomplish?

18 DELEGATE WRIGHT: That depends on how far the Committee wants to
19 go to see that the evidence -

20 SENATOR RUFF: I think that's what Stephanie is getting at. What kind
21 of resources and what kind of effort has the staff put into making sure that we're
22 accomplishing what our intended goals are?

23 MS. WASS: I think one thing that will help tremendously, once we get the
24 grant manager on board and the field staff that will be monitoring the grants, they can
25 help coordinate that and gather that data. Ultimately there may be some more evaluating
26 the effectiveness that might be needed to be done on a higher level. Somebody more
27 familiar in that particular field, and not just for education but for economic development
28 as well.

29 SENATOR RUFF: Should there be more emphasis or more points for

1 those programs that deal with regional issues rather than ones that just deal with one
2 county? Should we be encouraging counties to work together?

3 DELEGATE HOPKINS: I think so, yes.

4 SENATOR PUCKETT: Mr. Chairman, that's kind of a no-brainer. Out in
5 the Southwest, and most of you probably recognize, we do things a little bit different in
6 Southwest than Southside, but in the Southwest we don't give money to counties. We do
7 it on a regional basis, because we're much smaller, and it's easier for us to do that. I
8 recognize in Southside it's twice as big as we are from the standpoint, territory, counties
9 and everything else. That's an example of how things work a little differently, and we
10 think maybe works a little bit better in the Southwest. It works better on Southside to do
11 that a little bit differently from the counties' standpoint. But you certainly ought to give
12 points for the cooperative efforts of a regional project that can assist you and make a
13 significant difference in that area across the region rather than in just one county.

14 I'll give you a good example in our area. We've got in the Cumberland Plateau
15 Planning District region, we've got a couple of areas that we're dealing with in
16 unemployment in bringing in industry, and it has nothing to do with the Tobacco
17 Commission, it's an economic development issue. We have a regional approach to that
18 that benefits those two counties that we have trouble placing industry. We just said we're
19 going to do it in all four counties, and here's your money, go do the best you can with it.
20 If you did that it still wouldn't make that much difference. So a regional approach to it is
21 help those two counties who have an employment opportunity that maybe is not located
22 in their county but it's within thirty or forty-five minutes driving time, and those people
23 have the same opportunity at a job as if they had it located in their county. The regional
24 approach is a very important point, I think. Points should be, or this goes back to the
25 cooperative effort when I said earlier, I'm looking for cooperation in leveraging of funds
26 that'll make this thing work for everyone, and I think it's important.

27 SENATOR RUFF: Nobody seems to disagree with that? SENATOR
28 PUCKETT: Maybe they don't agree with me. SENATOR RUFF: Does
29 that give you some guidance where

1 We're getting to?

2 MS. WASS: One clarification on the matching funds, would you like to
3 define matching funds as cash versus in-kind? There are a lot of in-kind matchings for
4 proposals that do not provide any cash. The question is whether you value cash matching
5 more than in-kind.

6 SENATOR PUCKETT: Mr. Chairman, personally, I would value cash
7 more. In-kind I recognize should get some consideration, because many times there are
8 localities or institutions that don't have cash but they do have valuable resources. Cash
9 ought to get more points than in-kind.

10 DELEGATE WRIGHT: I agree.

11 SENATOR RUFF: There is a point system scoring sheet that is included
12 in your packet. I would ask each of you to look at that and let the staff know if you agree
13 or disagree with that at a later point. The question arose while we were having this
14 discussion, would we reconsider, we would allow anyone to withdraw a proposal, and I'd
15 say, yes, we'll let anyone withdraw a proposal. I think the goal was to resubmit under
16 these guidelines, and I'd say we probably have to, but we're dealing with a time frame
17 that all of you want to leave very quickly, so if you're going to make any changes they'd
18 better come very quickly.

19 MR. FIELDS: Mr. Chairman, they'll probably all want to pick them up
20 today after the changes here now that they can see what they're doing.

21 SENATOR PUCKETT: Let me say to those that these proposals have
22 been laying on the table for some, some people have been working on them for a year,
23 but they've been laying on the table for at least six or eight months. We're going to
24 consider them, and we're going to be as fair as we can, and I don't think anybody ought to
25 feel that they have to redo their proposal. If there's something you want to change, and
26 I'll just use Bluefield College. They've already changed theirs, and I got to talk to them
27 last week, and they reduced theirs. I don't know if you want to do that or not, but if you
28 have something that you want to make significant change in and that might change
29 significantly your overall proposal, then as the Chairman has said, I would encourage you

1 to get that to us as soon as possible and let us consider that. But recognizing, you don't
2 have to go back and retool this thing, because you're all in the same boat. Nobody had
3 any guidelines before this, and you did a pretty good job. We're trying to define some of
4 the issues that we think are important for you in the future. This is not something you
5 have to go back and retool. We've told you there's over eleven million in requests, and
6 we've got a little over two million. Retooling is not going to make that much difference
7 in that project. We are going to deal with these, and we're going to try to do a better job
8 as we move along in the future. We're asking you to help us do a better job. We're going
9 to give everyone as fair an opportunity on their request as we can.

10 SENATOR RUFF: If somebody feels like they have to, then I would say
11 you're probably dealing with a forty-eight hour time frame, because we're going to go
12 ahead and move on this stuff. We don't want these things dragging out a week or two and
13 then somebody say, I want to change mine, and we're not going to do that. In respect to
14 those that worked hard on this project, we don't want to do that. If somebody wants to
15 tweak it a little bit that's one thing, but if they can't do it in a couple of days then it can't
16 be done or rewritten in time for us to consider it or act upon it, because we've got to act
17 by early October.

18 DELEGATE WRIGHT: Mr. Chairman, I mentioned the possibility of
19 putting in a limit on each proposal, and you all thought that wasn't such a good idea, but
20 do the people making these proposals know how much money is available when they
21 make that proposal? There's not but two million, and they're proposing the full amount,
22 and they're not going to get it. Is there any way maybe up-front to tell the people the
23 amount of money available or that should be made known to these people when they're
24 making a proposal?

25 SENATOR RUFF: I suspect in future years that'll be better understood,
26 but the reality is we received some of these proposals from other committees that didn't
27 want to deal with them for whatever reason and sent them to us. Some of these have
28 been out there since March or April time frame. Went to the Economic Development
29 Sub-Committee and weren't dealt with.

1 DELEGATE WRIGHT: I'm thinking about the future.

2 MARTHA WALKER: May I ask a question and not have any points
3 deducted? Will we be given the results of the audit to see those that we can implement
4 and changes that are recommended?

5 SENATOR RUFF: Mary Cable, can you make sure that --

6 MARTHA WALKER: The second question is this, is there any way that
7 we can get comments back as far as the evaluation of our proposals when we've
8 submitted our proposals? When we submit to other agencies we get back reader
9 comments that tells us what our strengths and weaknesses are. Is there any way that we
10 can at least get some kind of feedback?

11 SENATOR RUFF: You asked more than one question. We'll deduct some
12 points from her.

13 (Laughter)

14 Samantha has put out a point system, and it will be possible to do that. Before
15 that we were just operating in the blank.

16 SAMANTHA MARRS: I think that will be available to discuss the
17 proposals after the review.

18 SENATOR PUCKETT: Mr. Chairman, I move that we recess into a
19 closed meeting under the Freedom of Information Act. I move that the meeting be
20 recessed and that the Education Committee immediately reconvene to a closed meeting
21 for the purpose of discussing certain matters before the Committee requiring provisions
22 of legal advice. This is permitted by Section 2.2-4711, Paragraph A7 of the Virginia
23 Freedom of Information Act.

24 DELEGATE WRIGHT: I'll second it.

25 SENATOR RUFF: There's a second, all in favor say, aye.
26 (Ayes) Opposed? (No response.)

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28 NOTE: The Education Committee goes into a closed meeting
29 pursuant to the motion.

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DELEGATE JOHNSON: Mr. Chairman, I move that we come out of Executive Session. I would state that we only discussed those things which we had at the time of the making of the motion to go into Executive Session. No other matters were discussed, and I move we go back into our regular session.

MR. FIELDS: I'll second it.

SENATOR RUFF: We have a motion and a second. All in favor say aye. (Ayes.) Opposed? (No response.) We're back in open session.

MR. FERGUSON: You should call each individual member, and they would affirm that.

MR. CURRIN: Mr. Fields?

MR. FIELDS: Yes.

MR. CURRIN: Mr. Hopkins?

MR. HOPKINS: Yes.

MR. CURRIN: Delegate Johnson?

DELEGATE JOHNSON: Yes.

MR. CURRIN: Mr. Vice-Chairman?

SENATOR PUCKETT: Aye.

MR. CURRIN: Senator Ruff?

SENATOR RUFF: Yes.

MR. CURRIN: Mr. Arthur?

MR. ARTHUR: Yes.

MR. CURRIN: Delegate Wright?

DELEGATE WRIGHT: Yes.

MR. CURRIN: Delegate Byron?

DELEGATE BYRON: Yes.

SENATOR RUFF: Whereas the Education Committee of the Virginia Tobacco Indemnification and Community Revitalization Commission has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance

1 with the provision of the Virginia Freedom of Information Act. Whereas Section 2.1-
2 344.1 of the Code of Virginia requires certification by this Commission that such meeting
3 was conducted in conformity with Virginia law. Now, therefore, be it resolved that the
4 Committee hereby certifies that to the best of each member's knowledge only public
5 business matters lawfully exempted from open meeting requirements under the law,
6 under the act and only such public business matters as were identified in the motion by
7 which the closed meeting was convened were heard, discussed and considered by the
8 Commission at that meeting. Do we need another vote?

9 MR. FERGUSON: I think Delegate Johnson made that motion, and I take
10 it that everyone's certification before applies to that. I think that's sufficient.

11 DELEGATE JOHNSON: I move we go back in public --

12 SENATOR RUFF: We've done that.

13 DELEGATE JOHNSON: Mr. Chairman, I move that we work with the
14 foundation and get out to the general public that we're all working together in conformity
15 with the mission and our goals of the Tobacco Commission and all of us do what needs to
16 be done in order to accomplish this.

17 DELEGATE HOPKINS: Second.

18 SENATOR RUFF: All in favor say aye. (Ayes.) Opposed?

19 (No response.) We've got to the point where there's public comment for the Education
20 Committee. Does anyone want to speak on these issues before this Committee? Hearing
21 none, we'll recess the Education Committee.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, was the court reporter who took
down and transcribed the **Minutes of the Education Committee of the Virginia
Tobacco Indemnification and Community Revitalization Commission Public
Meeting** on Monday, September 16th, 2002
at 9:00 a.m. at the Hotel Roanoke and Conference Center in the Buck Mountain Room.

Medford W. Howard
Registered Professional Reporter

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