VIRGINIA TOBACCO INDEMNIFICATION AND
COMMUNITY REVITALIZATION COMMISSION

EDUCATION COMMITTEE
January 7, 2003
9:00 a.m.
General Assembly Building
Richmond, Virginia

Education Committee
Senator Frank M. Ruff, Chairman
Senator P. Puckett, Vice-Chairman
Delegate Joseph P. Johnson, Jr.
Delegate Thomas C. Wright, Jr.
Delegate Kathy J. Byron
The Honorable Isiah G. Hopkins
Mr. Thomas Arthur
Other Commissioner Attendees
Ms. Mary Sue Terry
Mr. Jack Hite

Commission Staff
Carthan F. Currin, III, Executive Director
Libby Ausband, Special Assistant
Tim Pfohl, Grants Manager

Office of the Attorney General
Anne Marie Cushmac, Senior Assistant Attorney General

SENATOR RUFF: Thank you all for coming this morning, I hope nobody had any problems with all the crowd here today as people start moving into the offices. Carthan, do you want to give us a roll call?

MR. CURRIN: Mr. Arthur?

MR. ARTHUR: Yes.

MR. CURRIN: Delegate Byron?

DELEGATE BYRON: (No response.)

MR. CURRIN: Mr. Fields?

MR. FIELDS: (No response.)

MR. CURRIN: Mr. Hopkins?

MR. HOPKINS: Yes.

MR. CURRIN: Delegate Johnson?

DELEGATE JOHNSON: Here.

MR. CURRIN: Delegate Wright?

DELEGATE WRIGHT: Here.

MR. CURRIN: Vice-Chairman, Senator Puckett?

SENATOR PUCKETT: Here.

MR. CURRIN: Mr. Chairman?

SENATOR RUFF: Here. You want to give us an update?

MR. CURRIN: Mr. Chairman, a couple of issues. Number one, Patrick County, there's a couple of requests from Patrick County that have been postponed pending some further analysis and investigation. The Staff, with your concurrence, have postponed that until a future date. We have before us, too, I think - I think we need to approve the Minutes of the last meeting.

SENATOR RUFF: Has everybody had a chance to take a look at the Minutes? Do I hear a motion?

DELEGATE JOHNSON: So moved.

SENATOR PUCKETT: Second.

SENATOR RUFF: All in favor say aye. (Ayes) Thank you.

MR. CURRIN: In your packet, Mr. Chairman and members of the Committee, there are two proposals that have not had a chance to be voted upon. We're here today partly to

transact that action.

SENATOR RUFF: Libby, are you going to make a presentation?

MS. AUSBAND: On these two proposals?

SENATOR RUFF: Yes.

MS. AUSBAND: Yes. I can summarize what the panel found. I've summarized these on the sheet, and they're found in your packet on the left side of the packet starting with the nursing program.

SENATOR RUFF: Go ahead and start with the nurse program.

MS. AUSBAND: Sure. Community Memorial Foundation requested two hundred forty-eight thousand, and this is for a Southside Virginia Registered Nursing Program. It's a regional effort, and it's offered through the Southside Hospital and through the Southside Virginia Community College. They want forty-three nurses, registered nurses. This is a strong program, and we had a couple of questions. We note that it has received in-kind donations from the hospital but didn't find any information on other funds that it sought. We continued the program until next year. We also noted that in the budget request a large portion of what they requested from the Commission would go to salaries and contracted professional services. As an alternative to funding salaries, which this Committee had wanted to avoid, the panel recommends that the Commission fund the students' tuition, and that would amount to one hundred twenty-two thousand six hundred eighty instead of one hundred forty-four thousand that was requested for salaries.

Another question that the panel had was clarity on the budget. There were two items of note, a fifty thousand dollar request for technical assistance and a fifty-two thousand dollar request for equipment and supplies. The panel recommended funding the tuition for students at one hundred twenty-two thousand six hundred eighty.

MR. CURRIN: Let me interrupt, Mr. Chairman, Senator Hawkins is here.

SENATOR HAWKINS: Good morning, I'm in 321at the end of the hall. If you all need anything let me know,

good seeing you.

SENATOR RUFF: While we're interrupted, I'd like to introduce Jack Hite, who is the newest member of the Commission. Now, you said you were expecting somebody, or you were not.

MS. AUSBAND: We were expecting them to come today and we were given notice so they could address these questions. We had some questions about the $50,000 request.

SENATOR RUFF: Let's go ahead and hold that and move on to the other proposal.

MS. AUSBAND: Old Dominion University, their original request, I believe, was 360,000 and amended to a request of $10,000.00. This is for a TELETECHNET business learning program that ODU offers three Southside Virginia Community Colleges. They want to educate adult learners community college students in the field of nursing, health sciences and engineering. The main problems the panel found was that the professional funds are for study, not necessarily for the program yet, and we wondered if the curriculum that was proposed is based on, other than the '93 needs assessment. We think the Committee would find useful descriptions of the eight new programs, including details of what the community colleges will provide as far as what services. What type of support would be offered to the Southside Hospital? We also noted that one portion addresses the education of high school students and the dual enrollment program for teacher licensure. We wondered what portion of the requested funds would be dedicated to those efforts. It's possible that since their request was reduced that the program may not be funded. So this portion of the proposal may not be qualified. Regardless, the panel recommended an update on the progress of the program since it was requested.

SENATOR RUFF: Any questions of Libby? Do I hear a motion on the $10,000.00 suggestion by Staff?

DELEGATE JOHNSON: This is a recommendation?

SENATOR RUFF: From the Staff, yes.

DELEGATE JOHNSON: Do you need a motion for that?

SENATOR RUFF: Yes.
DELEGATE JOHNSON: So moved.
SENATOR RUFF: Is there a second?
DELEGATE WRIGHT: Second.
SENATOR RUFF: All in favor say aye. (Ayes) All right, that one is out of the way. I'm a little reluctant to go forward with the other in case there is somebody on the way. Carthan is trying to give them a call. All right, I guess we'll just suspend the meeting at this point and go into the workshop and then come back to this part of the meeting later.
MS. AUSBAND: We actually have two scheduled this morning, I can call the first one and get her over here. I anticipated the meeting would take a little bit longer.
SENATOR RUFF: So go ahead and call her and we'll get her over here and start the workshop. Can you talk about the nursing program any more, the technical assistance?
MS. AUSBAND: She didn't get into a lot of details about it, but the thrust of the proposal is to establish a need for the nurses, and they're doing about the best they can with their budget expectations, but unfortunately it was rather vague. A lot of details we couldn't really establish or decide the amount of funds that they wanted the Commission to fund out of it. We also wanted to know what equipment and what technical assistance they're requesting.
SENATOR RUFF: It seems to me those were similar requests that were made.
MS. AUSBAND: I think so, I believe what was in the budget was a little more detailed, but during the meeting the Committee could go over the application that was presented and if we had questions we could bring that up.
SENATOR RUFF: Does anyone remember what those proposals were? I think there was a consensus that there was a need for nurses, and it was so great that we accepted that as a given. Well, since no one's here for that let's go ahead and move forward. Jack, do you want to give us your bio or your background, anything good or bad?
MR. HITE: Well, I could go over some Tech jokes, but I went to Tech and I served on the Board of Supervisors

of Mecklenburg County with Frank. I retired from the State Health Department, so I know something about how the State works, good or bad, mostly good. I feel fortunate that the Governor appointed me to this Board. I'm very glad to be here and hope to do a good job.

SENATOR RUFF: We appreciate you serving on the Mecklenburg County Board of Supervisors, Jack. Thank you. Well, let's just hold up until Carthan gets back.

NOTE: Off the record.

SENATOR RUFF: All right, well, let's go ahead then.

SENATOR PUCKETT: I've been trying to defend our spending myself, I think we've done a lot of good things with the tobacco money particularly in Southwest that Joe and I are more familiar with. I don't think there's anything more important than what we've done trying to preserve the family farm and also make quite a bit of commitment to economic development in some of our farming communities. If you're looking at it from a one-sided issue, which I say there's a certain slant in the paper like that, then obviously you would think that, something that we've missed, but that's not our charge. When the money was split 50, 40 and 10, ten is what I'll be addressing most of all in the paper. I'm very proud of what we've done, and I know it's been a real plus for people in the Southwest burley region, and I believe so in Southside in the flue-cured region, also.

MR. CURRIN: Mr. Chairman, there was a nice article, and I'll be sending it to everyone, in Metro Business, which is a section in the Times-Dispatch every Monday. The Commission was on the front cover of that publication last week, and it was a very favorable article on our activities.

DELEGATE WRIGHT: I think the Tobacco Commission has done a very good job, and I think it's very important for our future and more particularly Southside. I think the programs involving education and the scholarships is an excellent idea. We had a meeting not long ago over in South Hill, and Senator Allen came down, over some of the hospitals

mentioned in the proposal, South Boston, Halifax, Greenville, South Hill, Farmville. One of the big problems was the shortage of nurses, and it's really an economic development issue, in rural hospitals, and there's a lot of concern. It's not only a health issue but it's an economic development issue. So this is a very important program. Another thing is the mental health hospitals in our area. We heard they were going to Piedmont, and it's a terrible problem not having enough nurses, and we need to do all we can to train them and retain them.

DELEGATE JOHNSON: Mr. Chairman, I'd like to second what Senator Puckett said that in our area of Southwest Virginia I would have to give the work of this Commission an A, in economics, maybe A+. We've had a lot of new jobs and a few industries that moved in that would not be in our area had it not been for funds from this Commission to do that. In education, if you look at those people that show up for the orientation, and Senator Puckett and Delegate Kilgore and Senator Wampler have spoken to those people, and if you look at those people that are there and the improvement in enhancing their education it's just real encouraging to see those folks take advantage of that that, because they would not have the opportunity to do that without this Commission. We think fifty or a hundred or a hundred and fifty is not much money, but to those people it means the difference between improving their education and not doing it. I have heard no negative responses whatsoever, so I think you're entitled to an A.

SENATOR RUFF: I hope that you all will compliment Rachel on the job she's done.

SENATOR PUCKETT: I saw her last week at some of those orientation classes with the students that were there, and she's done a wonderful job over there in that program.

SENATOR RUFF: The orientation was for the new folks?

SENATOR PUCKETT: Yes, we have a program where they have to attend in order to be qualified, and then they make application once they attend that. In order to receive that award they have to come to the orientation class. We have an opportunity to tell them a little about the Commission and where

the money is coming from, but this is also a career oriented type of orientation. They make a selection and actually plan out a career for their education process and what direction they are headed in. They do that each semester. I think what we've done is sort of weeded out someone that just came to find money and spend money and take a class. This is more oriented to a person's educational process qualifying for some kind of a career.

SENATOR RUFF: How many new ones have you all had come in?

SENATOR PUCKETT: I haven't seen the figures on it yet. I think there were still people coming in, I believe, when we completed the classes. Rachel probably has those figures.

DELEGATE JOHNSON: VPI was big and Emory & Henry.

SENATOR PUCKETT: Tech and Emory & Henry were the two leading institutions for the students.

MR. CURRIN: This is Tim Pfohl, he's our Grants Manager, and he's been busy the last couple of months, and I'd say for sure through probably last year. We've had over a hundred applications for the two economic development committees. Tim will be coming out to the two regions to help work with the localities on this process.

MR. TIM PFOHL: Good morning, we have a workshop scheduled next week for the Economic Development Grant Program, and we'll been doing several workshops. One is Tuesday at VCU Wise, and that's in the Southwest, and then on Wednesday we'll have one in Farmville for Southside. Those are due in February 18th. Then we have requested some representatives from the State agencies on economic development to partnership with us on those. We'd encourage anyone from the entire Commission for their action on the economic development applications. That'll keep us pretty busy this spring. I look forward to working with the Education Committee when we go through another cycle of grants this coming year.

Another update, and something we're working on right now that has kept us pretty busy for the last month or so, is hiring two field staff positions, one for Southside and one to serve

Southwest. They will be performing grant monitoring and technical assistance for communities that are looking at project development and so forth. We have some interviews scheduled this week and next, and we have a pretty strong pool of candidates for those positions.

SENATOR RUFF: We're going to try to transfer Scott Burnette, the Administrator of the South Hill Hospital here and talk about this on the phone. Scott, this is the Education Committee of the Tobacco Commission, and we're reviewing a proposal for the Nursing Program. I'm going to let Libby re-present what she did before, and then I would like you to respond to it for the Committee.

MR. BURNETTE: Okay.

SENATOR RUFF: We have five Commission members present here as well as other Commissioners, Mary Sue Terry, Jack Hite, and legal counsel.

MS. AUSBAND: The panel reviewed your proposal, and we all agreed that it was a strong regional program and that it directly addressed an established need. We wondered if you had sought funds or other grants to continue the program until next year?

MR. BURNETTE: The hospital themselves have not sought funds. We are committed to this program, and we're going to do that if we had to before some of the other financial cuts we had to take. To our knowledge the college has not sought funds through the foundation.

MS. AUSBAND: What the panel had recommended, because the Committee had initially voted not to fund salaries, and the panel recommended instead that the hospital pay for the contracted professional services and that the Commission pay for the tuition. If you look at page four on the budget and look at contracted professional services, under the TICRC Fund you had requested 141,620 and then you said possible tuition grants of 122,680. The panel recommended you switch those two numbers. So the hospital provides 141,620 in just salaries and the Commission fund 122,680 which would be for students' tuition.

MR. BURNETTE: You all have a different

document than what I'm looking at. What's presented on my page four is a different number. The hospital has their own tuition assistance program that we offer students. I understand the Committee's intent is for the hospital to do that. The concern we have about doing the tuition assistance is that we have employment commitments from people, those people that take the loan. They have so many years and the loan can be forgiven once they come to work for us. If the college were to go with the straight tuition assistance and we continue to fund the bulk of the cost of the program, then we're not really helping ourselves a whole lot, because then they have no commitment to our area at all. Furthermore, we budget for tuition assistance for all types of health care professionals. If the college picks up the program it'll help the college, if the college gets tuition the hospital will be paying the costs of that, and then the hospital won't get a whole lot of relief out of this. I don't know if that makes any sense to the Committee or not.

SENATOR RUFF: Does anybody have any questions or comments on that? Let me back up just a minute, Scott. You said that you were looking at a different page four than what Libby was.

MR. BURNETTE: I have contracts for professional services 1435. I don't know what document you all are looking at. What I have is something that was presented to me, that was the document that was submitted, but let me make sure, I've got an old version, 141620. I've got it, I had the first draft.

SENATOR RUFF: All right. Let's move on to another part.

MS. AUSBAND: The other two questions we have for you, Mr. Burnette, were technical assistance of $50,000. We have outlined what the hospital is going to cover, but you didn't give an outline or details in your request for technical assistance from the Commission. Is that the same thing, supervisory type?

MR. BURNETTE: That's right, the hospital would provide supervisory, one of the staff nurses will assist the students when they're here, and that's supervisory time that they

are taken away from routine duties.

MS. AUSBAND: That's a salary?

MR. BURNETTE: In addition the college had to contract for admission people because of the number of students, and they serve on-site supervisory duties. My understanding is that there's not enough of them to go around for all the students, so they'll have to contract for these type of services.

MS. AUSBAND: That's salaries in essence?

MR. BURNETTE: That's for contract services, whatever they pay.

MS. AUSBAND: Another question for you, and this is the last one. That is equipment and supplies of $52,000 and that was not detailed in the proposal.

MR. BURNETTE: I'm not aware of all the college expenses. My understanding is that, of course, you have your routine hospital equipment they have to purchase, such as beds and things like that, and they have to have these for all the students, hospital beds, blood pressure equipment, things that the hospital uses, such as IV's, they have to learn how to insert, or the use of IV's and the different instruments, medications and things like that. Those supplies have to be replenished. They'd have to learn how to do these different techniques and not just pharmaceuticals, plus the routine supplies you use.

SENATOR RUFF: Scott, do you have anything else you want to say about this proposal?

MR. BURNETTE: From my standpoint this may be kind of a, we're trying to train these people to stay in the community and give them employment so they can give back to the community, to give them a career. Unfortunately, the hospital has no other way to get this done. We're faced with a nursing shortage, and now we're faced with budget cuts and budget shortages. I would think this would be ideal for work force retraining and those that are getting into careers to help Southside Virginia. That would seem to be, at least in my opinion, a purpose or a good use of the money from the Tobacco Commission. I hope the Committee would consider that, too. I do apologize for not being there personally, but I wasn't aware this was going to be

discussed today.

SENATOR RUFF: Scott, there's one question from Ms. Terry. Mary Sue?

MS. TERRY: I just noticed on the list of counties that Patrick is not listed.

SENATOR RUFF: Ms. Terry asked a question about Patrick County. This proposal is from four hospitals, which include Emporia, South Hill, South Boston and Farmville. It wouldn't go as far west as Danville.

MR. BURNETTE: Danville has their own program.

MS. TERRY: It doesn't do Martinsville Memorial?

SENATOR RUFF: Nothing west of Danville.

SENATOR PUCKETT: Scott, this is Senator Philip Puckett. Going back to your explanation of the contract for professional services. From what I understood you to say it's not going to benefit the hospital and maybe not benefit the program if we should take the position that we're not going to fund salaries, but if you switch that money of if we don't switch that money as has been suggested, is the program going to go away, or what's going to happen to it?

MR. BURNETTE: Well, I don't think we can afford for the program to go away. The nursing shortage is going to continue to get worse. We're going to have to find resources from our end for our community. It's our goal to continue to look for other sources of funds. We cannot afford from our end to do it. It's just not here. We're out recruiting right now from other areas trying to find these nurses. To say that the hospital can get the funds to support this program, that's very questionable. We're all getting ready to take our hits because of the budget process. In our facility alone last year was the first year we lost money in the forty-eight year history of this institution. We're having to readjust our budget from here to looking at how we're going to address those shortages. We're going to have to address what we see as significant increases in our expenses and losses in our revenues.

SENATOR PUCKETT: I think one of the things

the Commission would certainly, and I know we recognize the need is there, it's a good regional approach, and we'd like to be of help. One of the things that we have sort of tried to stay away from is funding salaries and ongoing operational expenses. Do you have any innovative suggestions that we might consider that would get out of contracted services or at least salaries that we might could make this work?

MR. BURNETTE: Off the top of my head and the stress we're working under I don't know that I can give you any, but if you give me about an hour maybe I can.

SENATOR PUCKETT: One of the things from a personal standpoint, I'd like to explore the possibility of making this work for you. If we can we'd certainly like to do it. Maybe we haven't done a very good job of explaining what the constraints are and what our concerns are about contracted professional services or salaries, however you want to call them. That's one of the issues we felt like from day one, not just with your program but all the others, all the other grant requests, is that we tried to stay away from that because that's something that we felt like we shouldn't be funding those types of things. I think I heard you very clearly say that that's a position that doesn't help you all in this program because of what you're already putting in from the hospitals' standpoint.

MR. BURNETTE: That's right, we just got our estimate of what we think the Governor's budget cuts are going to be with the Medicaid situation alone for the coming year, fiscal year 2004. I'm going to see another reduction in the bottom line of about 400,000, and we don't have that.

SENATOR PUCKETT: I understand that.

MR. BURNETTE: Here we are funding a program. It seems to me the purpose of the Tobacco Commission was trying to get people trained in worthwhile careers. We have that problem, and I'm going to be talking to other people. If we can't do it I'll have to talk to my staff about shutting down. We just have to do something.

SENATOR PUCKETT: We'd like to be creative and help you if we can.

MR. BURNETTE: If the Commission would

like to consider for the individual hospitals for health care education and looking at that, if salaries are the problem we could put it in our education program here, that's what I'm thinking off the top of my head. I don't know how long that will last with the Commission.

SENATOR PUCKETT: All right, thank you, again.

SENATOR RUFF: Are there any further questions? Scott, thank you, and keep thinking about it, and you're welcome to call me back in a couple of hours if you have any bright ideas.

MR. BURNETTE: Thank you.

SENATOR RUFF: We have a situation here where we can deal with it one of three ways. We can put this off until the next Education Committee meeting, we can delay it until towards the end of the workshop, we can accept it as originally proposed. I guess we could reject the whole thing. Any comments?

DELEGATE WRIGHT: I think Senator Puckett hit the nail on the head, and I agree. I want to find some way to make this work, and it's a very important thing, regional concept and so forth. I think at this point we need to put it off at least until the end of the workshop and at that point in time see if any ideas have come forward that might make it more palatable. If not then put it off until the next meeting. I certainly don't want to reject it outright.

SENATOR RUFF: If there's no objection then we'll hold that until we finish the workshop.

MS. TERRY: Mr. Chairman, I'm aware I'm not a member of the Committee, but we're talking about a region. There's Danville and Martinsville and there's Patrick Henry with the bankruptcy status. I would hope that you would approach this from the standpoint of Southside as opposed to one region within Southside.

SENATOR RUFF: I understand your thought process there, but each community has had the opportunity to make application at a previous meeting, and we dealt with one that covered Pittsylvania, Campbell and Franklin and anything else?

What was the other proposal?

MS. AUSBAND: South Central that I remember.

SENATOR RUFF: There wasn't one for Southwest. The communities gave us the guidance where they felt like this would be the most productive place to put the dollars that were available. As far as Patrick is concerned, you're as well aware as anybody where they put their priority. We're not going to penalize other communities because Patrick County chose to put their emphasis in other places.

MS. TERRY: Of course, I'm not aware of any member of the Commission coming from my region of the State since its inception. So I'm not aware of all the history of the funding, and there's large gaps from Danville to Galax that are not represented on the Commission since its inception.

SENATOR RUFF: We're not going to get into that right now.

MR. ARTHUR: Mr. Chairman, as Senator Puckett has said, we have tried to shy away from any situation where we're paying salaries. On the Governor's desk right now from the Long-Range Planning Task Force, and it's plain as such that we do not pay for salaries past start-up fees. We allow for start-up fees one to two years and then no further salaries. On this entire proposal right now, with the exception of 50,000 for equipment and supplies, is salaries. One way or another, it's these salaries, and I've got a little problem with that, knowing that the Governor and the Secretary likes programs from the Long-Range Task Force and they will be coming to us for final approval, and it definitely says no money for salaries past start-up. That's leaping a little bit ahead, I know, but we have to be aware of what's going to be coming down the road, and looking at our past history we should really stay away from that.

SENATOR RUFF: I appreciate that, but I also point out this is start-up.

MR. ARTHUR: It is start-up, and I grant that, but I just thought I'd give you the history of it.

MS. TERRY: If I could make another comment, Mr. Chairman, and that has to do with the role of private

foundations setting policies for localities. When the Chairman said this is an issue or a decision that the County made, I don't feel that private foundations make decisions for the County. The Board of Supervisors make the decisions for the County. I know from my experience years ago that if this Commission begin a policy of recognizing foundations as speaking for localities, that this foundation over time will be - and the Board of Supervisors are going to find themselves on the sidelines because policies will be made in the county for the foundation, and that's been one of my concerns about this Committee having the Patrick School System negotiate with a private foundation. I want to say that the County has not, or the Board of Supervisors, has not made judgments in all instances how this money is spent. So, as long as this Commission uses private foundations the same way it uses the Board of Supervisors, it's not a decision being made by the people of the county.

SENATOR RUFF: I appreciate your comments, but when I say people I mean the people of Patrick County, whether they be this citizen or that citizen, or whether it's official or unofficial, we consider it still a Patrick County issue.

MR. ARTHUR: I'd like to say that I support the Staff's recommendation, and I'd like to see the program go forward, because to me it's a need of the people down in that area. We need to turn this thing around in order to get the money out as scholarships and not salaries if we can do that.

SENATOR RUFF: Let's see where we are at the end of the day. Any other comments? Are we ready yet?

MS. AUSBAND: Samantha is coming in from New York and had a hard time last night with the ice, and so she's running late, but she's on her way. She had ice on her car, so that's kind of slowing her up. What Samantha is going to come in and do, and I think it's important that she come in and speak first because we just finished the assessment. Samantha Marrs works at VCU, and her biosketch is in the back of your packet as well as our other speakers for today during the workshop. Samantha was a consultant during the grant process and a member of the original panel. That was the panel that reviewed the programs. She's also a member of the panel that reviewed these proposals for today.

Samantha worked for ten years with the Mellon Foundation, and she's going to explain how the grant process works and go over the fundamentals of the grant process and the purpose. The purpose, obviously, of the workshop is to enable the Committee to have a better lie on the applicants and discuss education initiatives, literacy, as well as understand and read the proposals and where additional questions need to be asked. It's important for Samantha to start out, especially on the heels of this recent discussion. We'll be discussing the grant process itself.

Dr. Yvonne Thayer will then speak about adult education and literacy. After she finishes Peter Blake, who is Deputy Secretary of Education, is going to talk about the scholarship funding. At the conclusion of each speaker you'll have an opportunity to ask questions. At the end of all three speakers we hope you'll have time to discuss the process.

Included on the right hand side of the packet are the score sheets for fiscal year 2003 that you have proposed for, or actually it's a proposed score sheet for fiscal year 2004, Education Committee concerns, and those were written up after this September 16th Education Committee meeting. That's just the focus of the Education Committee where it came this year. Also, included in the packet is the Education Fund grant cycle. I've outlined the fiscal year 2003 process and how it works from the deadline until the proposals or recommendations from the Committee were submitted to the Commission. Then I also listed some questions from fiscal year 2004 that will hopefully facilitate conversation and help you decide how you'd like to have the process run for the next year.

SENATOR RUFF: Thank you.

MS. MARRS: I'm sorry to be late.

SENATOR RUFF: I hate to put you on the spot, but as soon as you get ready you're up.

MR. CURRIN: Mr. Chairman, I'd like to suggest that this format I think is very helpful. With the Southside Economic Committee I'd like to do the same thing, and I think it's helpful.

MS. MARRS: I was asked to talked today about grants and giving away money. I was privileged in part of the

process starting last summer, I guess.

MR. CURRIN: I'd like you to thank Dr. Trani, the President of VCU, and express our appreciation for loaning you to us to help us with this.

MS. MARRS: A little bit about my background, I worked almost nine years, I worked with the Andrew W. Mellon Foundation in New York City, and I have some experience in working for a private foundation. But at the same time I can appreciate some public funding and working along with a private foundation. I was part of the process of helping to fill a void at that time. I was also part of the process in making decisions by some of these foundations and grants and so forth. I was also on the review panel, and that was a very interesting process.

As you all know we had over forty-four proposals for the rather small pot of money, which I think was 2.7 million for the Tobacco Commission last year. So it was very difficult to try to treat everyone equal as to what should be funded. There were some very tiny seed proposals, and we had some proposals from some people we had never heard of before, and it became very complicated. As part of the review panel we tried to be as impartial as possible. I'm not even from the State of Virginia, so it was helpful for us actually being new to it and impartial. So as part of this task, and I hope this will be rather informative for the State of Virginia. So it was helpful to us to actually be new to it and impersonal comparing all these proposals.

As part of today's chat I hope to be somewhat informal, so stop me if you have any questions. I wanted to talk a little bit about the craft of making grants and some of the processes and not just the system with which the Tobacco Commission is charged and which is your Staff's job and also your responsibility in making these grants. On page two, and I think you have a handout.

MR. CURRIN: Samantha's husband is from the great Southwest, Delegate Johnson and Senator Puckett.

MS. MARRS: From Tazewell. Just to start off my talk, and I want to keep this as informal as possible because it's a learning process in doing this, and I don't know all of the background of the people, and some of you have served on

different committees of the Commission in doing this. You may have experience at giving money away, but there is responsibility to do our homework before we give the money away. Part of that is developing a system that is accountable internally. I call it, the Commission has what I call a support foundation, and it's a very useful resource for dealing with grants, and it's on the website, and it certainly is a craft. It talks about, or one of the pieces of that, is it talks about scanning, understanding the complexities that you have to work under and talking about the major players and talking about before you make a grant learning who actually gets these things done and who works effectively in the region versus who are the newcomers in the region. Understanding a little bit about the history of how people work together in the community. So if it's non-profit whether it works together, and there's always a history whether you work together directly or whether it's a profit or non-profit. Do the directors of these organizations hate each other, or is there fighting over appropriations? Those kind of questions come up. Then there's developing or scanning the scene to justify investment. At the same time when you do that you can find advisors or identify advisors to help design the RFP and serve on a review panel. This works wonderfully, because it helps not only identify new people who never heard of you before, but they can inform and exchange in the process. You can learn as much about the region from a proposal rather than being sent out to the site. People can send in proposals and give you fresh ideas about the region.

What we had trouble with last fall is deciding on the priorities. Would these be one-time or would they come back for another round of funding? We wanted to know if matching would be required for these proposals or multiple rounds or seed grants. What is the ratio, under what circumstances, whether they were multiple-year awards or just one-year. Would the funds establish new programming or strengthening current activities? We were looking at whether or not these funds would establish new proposals for localities or strengthen the current programs. Many people in the foundation world, and as a member of the Counsel of Foundations I think it's important to ask applicants for a learning objective, because that provides information to you about how to

have a successful grant and what they learn in the process of doing a proposal.

So we decided to have a score sheet which is in your packet. I'm going to get to that in a second. We tried to design a rating sheet just so that we would be able to measure each proposal based on the input that we wanted to have Committee feedback on this type of scoresheet, because whether or not we're going to do this again or whether it was a one time shot would determine what the reporting procedures would be and evaluation methods and deadlines. Also, what type of report the Committee would be interested in reading, a brief report or a long report, and if you want an evaluation that would be helpful in future grant recommendations.

The RFP process run by the Staff of the Tobacco Commission needs to decide what type of format would be appropriate for all the submissions. Out of the forty-four or forty-five reports it took a long time to read through all of that, and I don't know how many of you all read them, but maybe there could be, or the initial proposal program could be shorter, and then if you were interested you would request a longer proposal asking for in-depth information, things like biographies and resumes or other players, support from the community and letters of recommendation from potential recipients and that type of thing. All of these things were a great variety in the last round, whether we had a long proposal or we had a brief one.

I also think that the Committee needs to find an acceptable range for bending the rules if there is a range or an exception. The Commission needs to set some rules to make it easier to exclude people, like, no, you're not eligible because of this or that. If you say someone is not eligible, then a couple of people who were, different people could have been ineligible, but you need to set some rules in order to validate the process. Most foundations seek applicants. Thirty or forty percent of foundations preselect recipients. They go out and look for people to fund, as opposed to sitting back and waiting for people to make applications. They do a lot of hard work going out and seeking a relationship, and they try to get an idea from the field that way. Also, it's helpful when the community decides when it's

appropriate to join together and work as a group together. Some non-profits have strict rules where they will work together. It was unclear to me the importance of having a communication plan. If you were to allow the grantee to have a PR program and advertise what they're doing and newspapers can report what they're doing and what they're doing with Tobacco Commission funding.

Another thing is that you can provide technical assistance in proposal preparation and as the applications are prepared. Some people can write these. It's helpful if they have an avenue or an FAQ where they can get help to prepare proposals.

If you would look at the score sheet you can see that we're asking three basic questions that we're looking at in the last round if you will. Mainly, is it the right program, is it the right people and the right time for them to be doing this. What we were trying to get through was the maze of ideas to see what would fit and what would not fit and the strength of the applicant. Were they stretching for some dollars that they needed for operating expenses, or was it truly fundable by the Commission. What I was looking for is whether or not they could establish the need and all the information available to support the application and with all the information they gave us. We were really looking for empirical evidence and data that could justify an investment to meet their need. Whether the need is well established beyond the anecdotal information. Does the proposed methodology address the need, one that would justify this expenditure? We wanted to find out whether this is measurable and how many people this will affect and expected outcome and how many jobs could we fill and how do we track this information. How long out into the future? That would help the Commission measure the success of funding this. Whether or not it was the right applicant at the right time. Sometimes we felt they weren't ready to be asking for the money. In other words, they hadn't really thought out where they were going to go or get other monies to support their activity and where they'd get money in the future. In some of the hearings we had with the applicants we asked them, the panel, who else are you going to get support from, or who's going to support this program and they said, oh, we'll find some, and we'll go to come corporations and the Federal government, but there wasn't

anything specific, that type of thing. I don't know if you all agree with our approach to that, but I thought we were trying to be fairly aggressive. Almost all of the applicant sheets didn't have enough information.

Then when we talk about leadership, the kind of a leadership that we were, it just really wasn't defined. Sometimes it concerned us that if the non-profit agency or if someone was going to go create a program but again, you want to look to see if there's leadership along these lines. Also, we looked for letters or representations or partnerships, previous successes in partnerships. The panel was interested in whether they could leverage money. Leveraging of money often reveals in-kind donations by community colleges, or in-kind by a volunteer group. When you talk about in-kind donation and the hours, there needs to be some plan to organize and train every volunteer. Community leaders are very busy people who have good intentions, and there's many volunteer programs, like after school and so forth. So things of that kind were very hard to put a dollar value on in-kind.

The last thing I wanted to talk about, and then hopefully we can have a conversation, is the return on investment, meaning there's always going to be grants that flounder, investments that don't turn out the way that people think they should. That could be a problem in design or a problem with leadership, but it could be handled better. Problems do arise, and you might think this one hasn't worked out the way we thought it would be, and we have to help right the course, and it might be something that's too valuable we think to set aside. When you talk about return on investment they have to know every single infusion of money into the program, the stepping stone so they'll know how they're doing. When I talk about return on investment, you all might be thinking of a one-time grant but they need to think not as a one-time grant but as a development or mission of the program or goal of the program. It doesn't matter whether it's non-profit or who's funding the money, it doesn't go out the doorway. At least it has to be that way to be an effective grant. Information is just that important.

I will close by saying that I know we had a lot of disappointed applicants in the last round of the Education Committee. The nicest thing the Tobacco Commission was able to

do was to reassure all of the applicants their ideas are valuable and not be written off but these could be cultivated for future opportunities. In the end, not just to write off people who applied for funding but to consider their strengths in the future. So that was part of the process we used in making, making this network connection for the applicant.

SENATOR RUFF: Thank you. Before July 1st, we didn't know we were going to get the money in the Education Committee. We are delighted you came on board. I think, Libby, you came on about that time, too. I don't know how much you know about Southside or Southwest Virginia, but it's a wide stretch of territory, and most of the counties are not the most wealthiest in the State. There has been a tradition in both areas that skills and occupations don't require a lot of educational skill, so that has not been the highest priority in either region, and you all can correct me if I'm wrong. So we're trying to play catch up. There is a problem in the percentage of people who have education, we've have had a higher percentage in the community college where they're going to finish up. We do not have the critical mass necessary for private companies to come in and do technical training that some of the more populated areas have. Our public school system reflects traditional aspects over the last fifty years. If you were going to design this thing and what we're doing, would you be doing it a different way, considering all that we're trying to address with the amount of money we have?

MS. MARRS: You have to jump in somewhere initially, but I'm not all that familiar with all the grants that the Committee has approved including the scholarship program. But getting a feeling for who's working in the community and already having a positive result in terms of after school programs or high school or the community college programs is a helpful thing that requires the Tobacco Commission or either your Committee, and some sort of feedback is important. But to try to have some sort of feedback or two-way conversations with people that are working currently, and I don't know how widespread that is. What we try to do with a small part of the money, or narrowly focused.

SENATOR RUFF: Have we set the right priority? Should we try to prioritize this?

MS. MARRS: I think the speakers coming after me will talk about K through 12 and the Virginia Adult Education Program. That's really not my grounds, I don't know.

SENATOR PUCKETT: In considering grant proposals how much weight should be given to whether there is matching funding, whether it comes from localities, such as the Board of Supervisors, or whether it comes from foundations or corporations? You mentioned early on there are problems with all grants. Some of them fail because of this, this and this. It seems to me that one of the issues that we hope we're looking at real close is what's going to sustain this program down the road. We were talking about the nursing program a few moments ago before you came in. One of the issues is do we pay salaries beyond start-up, and we've said we're not going to do that, and we were even reluctant to do it with the start-up program. We've said, if that's what it takes to get the program going then we'll certainly do that, but if we consider a start-up program, fund salaries or contract labor or whatever it is and whatever you want to call it, it seems to me there has to be a definite commitment on someone's part to continue that, or we're wasting money up front. I'm wondering how much weight should be given to that.

MS. MARRS: Well, it's wonderful to be supportive, but the grantee or the applicant will say, well, the community will help fund this and that, even if it's a small amount or even if there's an effort there, but sometimes organizations work into that, but there's always a possibility if it's successful that it will attract investment. Ten percent of volunteer time can be spent in training and can identify other sources to research the possibilities of helping these programs. I've seen a lot of that in some proposals.

SENATOR PUCKETT: I thought I detected when you were commenting that you see that as a very important aspect in continuing whatever grant is proposing to continue. I, personally agree with that. I think that beyond the first year of this that we're trying to put in some start-up money, and that if there's no plan in place and no partner that's willing to take some responsibility for this, then I'd be very reluctant to lay money on the table for the first year process. I mention a proposal in

Southwest that Joe and I think has real possibilities, and that's in Meadowview. They have a tremendous partner, Emory & Henry College. Without that their program is not near as strong as it should be. That college is going to be there, and it's supportive of that in trying to revitalize that community. It seems to me that's very critical, whether it's in money or commitments from colleges, universities or foundations, or corporations, to say we're in this for the long haul, and we want to help, and we want to see this happen. I think that situation is probably one of the more unique simply because the college is there and the community is right there, too. They have a lot to gain in making this work. That's one of the things about the nursing program that we were talking about earlier, that the need is there, and there's a tremendous need there, and the hospital is involved in that process. It's a Southside issue, but I think from the Commission's standpoint we need to try to find a way to make it happen. As far as the hospital, from what I heard Scott say, they're going to have to do something to make it happen one way or the other, and I think it's critical that we look for something beyond that initial funding process and have a real solid partner in that process, whether it's the hospital or a university or Board of Supervisors, foundation, or whoever it is. You can leverage that kind of support in money and just the corporation or whatever entity it might be. I think the success of any venture like this is strengthened by that. That's one of the things that I personally look at to see when we're looking at these proposals.

MS. MARRS: I think you can validate an application if it's had previous support from another foundation, or certainly any foundation that's already giving or has in the past, that really validates it. Some of them come on the national level and local foundation level to earn grants. That's a big part of what you're looking for if they've already lined up some help for their work from investors, you might call them.

SENATOR PUCKETT: That would cause me, Mr. Chairman, to be much more supportive of a proposal rather than have someone say what I heard you say earlier, going to go out and look or we're going to do this or that, and in fact they haven't done anything yet. That would raise a red flag for me. I

think there has to be some groundwork laid out for that kind of commitment made to make it a valuable proposal.

DELEGATE BYRON: I want to make a couple of comments, because I'm not sure who could fill me in on the background, or are there any changes?

SENATOR RUFF: She found one change, I think that was on leadership.

DELEGATE BYRON: One thing I was going to comment on, and then we can move on. I'm sure we will have our changes when we get these things back. When we get these things back, I think it's very important, I'm very impressed with your knowledge and background and with the information you ask for but don't always receive what you're asking for. We all will agree that it's a tremendous responsibility with these funds that have been given us to distribute to make sure that the money is used most wisely. It takes extensive scoring to do that. However, in saying that, I hope that you're candid with us when we get into our work groups who are looking at some of the results of this and that you really give your opinion. If you're going to really fairly scour these and look at what your opinion is based on and the facts before you and whether or not they have some lasting results and that is actually demonstrated to us so we can try to provide so that we won't make mistakes with people that are not ready to start a program yet, that maybe we can encourage them to come back and have a better plan. I think it's wonderful looking over some of these questions. You can give us a breakdown and maybe not just a total. There may be a more rural area that maybe doesn't score as high in one area as others and then they score high in another area. There might be a basis for deciding that area still merits a lot of consideration. Is that correct?

MS. MARRS: You will notice in the last meeting we had in Roanoke that all forty-four proposals, all of the applications talked about it. They didn't see the score sheets, but they were asked questions about Area A, and we were able to ask them directly, but we didn't let them see the score sheets. You have to remember that we're not always going to get all the information that we need. I think it's unfair to give a zero, and what we need to do is ask them hard questions in order to fill in

the information. There wasn't a lot of dispute among the panel on most of the areas.

MS. AUSBAND: For the Committee discussion I hope they could discuss that if they wanted to keep that. Also, Delegate Byron, for the fiscal year 2004 score sheet, and that's for discussion during the last part of this session, make sure they comply it with what the Committee wants.

MS. MARRS: The only change we had in letter G was to make sure there is a measurable evaluation. If you want to go back and look at the report and say did they do it and did they work that in the original proposal. We didn't do it last time as far as the RFP, and there was a lot to ask for at that point.

DELEGATE WRIGHT: I don't have a specific question about the actual score sheet, but in preparing the scoring sheet and how we were going to do it, I feel it's important that we have the philosophy or the purpose of what we want to accomplish with the money, because the questions are really based upon what is the purpose of the money, of using the money and what you hope to accomplish in the end of this process and what we're going to do down the road. I think as long as we remember in the scoring process and the application process is based on facts that we want to do and we can do and lay a foundation and to improve a lot of people and help communities that are severely impacted by the loss of tobacco revenue. All foundations and so forth would have the same purpose, like you say. I think one thing that is important is that when we decide the guidelines we want I think there's been some confusion over the past several years by perhaps not having a clearer view of what we want people to propose. The people that do this, they have not been sure what they're supposed to do. I think it's a learning process, but I think it's important once we do reach that process that the goals, and know exactly what we want to get from these proposals and we make it clear so that we can go to these meetings with the economic development people and with board of supervisors, or whoever, and that they understand exactly what the purpose of all this is and the purpose of the Tobacco Commission. So they'll know what they have to do in order to make that proposal come within our guidelines. My question is do you think that the application process and the

questions asked will get us where we want to go as far as the purpose of the Tobacco Commission?

MS. MARRS: Yes.

DELEGATE JOHNSON: You mentioned one of the important things is return on investment. How do we score tangible versus intangible?

MS. MARRS: That's a very difficult question, tangible would be buildings and community centers and things like that, for example. An intangible is something that --

DELEGATE JOHNSON: -- Tangible is something you can see, and intangible is something that we can't put our fingers on it. Education, if you educate fifty people and you hire people, that project we talked about, fifty who are educated, and out of that comes five doctors and six nurses, which is intangible really, because you don't have something like a building.

MS. MARRS: There's a difference between having goals and missions. The goals are measurable things and things that you have achieved. And the mission is to improve people's lives and improve their welfare in the community. Goals would be "X" number of more nurses. You can measure those, so if you can ask them these are the steps toward achieving the mission of the Tobacco Commission's Education Committee. That's how I differentiate the objectives to reach the goals. How many Girl Scouts attend a program after school, that's measurable. Whether or not it improves lives, that's hard to determine or get a hand on. How I differentiate the evaluation process, we can ask them for a number, how does that affect the community and is it better or not. Things like that are indicators of the health of the community.

MR. CURRIN: You're saying that helps in trying to get a measure or trying to get measurement?

MS. MARRS: Yes.

MR. CURRIN: That's a good point, sometimes it's a gut feeling from what I read. You feel it's the right thing to do, but it might be hard to quantify that sometimes.

SENATOR RUFF: Education is something that you're not going to realize all factors of it, because it might be four

or five years down the road that is really the indicator.

MS. MARRS: Yes. Maybe five years down the road you find out where they're working and what's happening to these people. They may or may not be here. Tracking people can be rather difficult, and that's what you need to do.

SENATOR RUFF: Do you believe that the Commission or the Committee set up parameters that were not easy to live by, should there be an adjustment of those parameters?

MS. MARRS: In the last round?

SENATOR RUFF: Well, K-12, or we're not really funding, as we said, salaries.

MS. MARRS: That's a very narrow field, but in the future we need some information from communities themselves so they'll understand that you aren't going to fund salaries, and that's probably difficult for them to work through. Also, a little more information on how much the K-12 investment affects the community colleges. I don't understand that, and I don't know who all has gotten research or national research. That may be some discussion you want to look at. When you look at middle school and up, what kind of investment directly leads to the kind of schools. Finishing high school, like the GED process is involved with that. You'd have some people talking about that.

DELEGATE JOHNSON: Realistically speaking, do you think we should set rules or guidelines that say never bend or never make an exception? That's sort of a loaded question.

MS. MARRS: Well, I can make a comment about that. I think it's a good idea, meaning that if you set aside a small amount of funds for things that fall outside of the guidelines.

DELEGATE JOHNSON: Now you're bending the rules.

MS. MARRS: No, this would be the bendable section for seed grants and small investments and things that don't fall within, and I don't know about the dollar figures on the limit, say more than 25,000, but that would be a small investment for things that don't fall within your guidelines.

DELEGATE JOHNSON: Things like --

MS. MARRS: -- Special projects.

MR. CURRIN: Secretary Schewel made a comment that the process is important because we're dealing with public funds and public funding and having some flexibility and not getting hung up on some bureaucracy and to be mindful of that as we proceed. I think the Commission has flexibility granted by the General Assembly somewhat.

SENATOR RUFF: Should we take a more proactive role in trying to figure out more professionally what is lacking and whether applications are not in that direction?

MS. MARRS: I think that would be a good use of your time, and one way to start that is as open forum where leadership in the community and colleges could come together and discuss this. I think that's probably very important. I know that some presidents of colleges have talked about things like that. I thought that would be very exciting to have those conversations, getting to know what they think about things like that from the State level, the leadership in terms of vocation and education and adult education. It's another way to get more ideas and directions down the road, short-term and long-term. Also, non-profit corporations, anything like that is a good place to start.

DELEGATE WRIGHT: Mr. Chairman, I think this touches on something that's very important, because if our mission is as important as we all say it is we need to be sure that communities that may not have the expertise and are not familiar with making proposals, grant writing proposals and so forth, don't get left behind. I think our folks need to be educated on what's available and the process we have to go through to get it and help them all we can. I believe my area is one of those. I think Carthan has come down to my county and talked to the Board of Supervisors and people about things like that. Some of them think all they have to do is ask the Tobacco Commission for money and they'll get it. Some people when they're turned down get a little miffed about it. I think it's important we make this a two-way street.

MR. CURRIN: I wrote to seven private college presidents and two public four-year colleges as a starting point, UVA College at Wise and Longwood have a meeting with their grant people so that we can have a strategy session and they can

help us open some doors possibly and we could work together and have some opportunities for foundations so we could leverage funds, try to have some brain storming sessions. I think that meeting is going to take place January 21st.

MS. TERRY: Mr. Chairman, I know these community colleges have wonderful relationships with the schools, and I'm impressed with your expertise and coming from a private foundation. I would like to ask you, putting on another hat, because we talk here as if this is a foundation. I'd like to ask you about your way of thinking about this Tobacco Commission or as the Appropriations Committee, taxpayer money for Southside and Southwest. How might that change the way you look at grants and issues of fairness and like the Appropriation Committee for Southside and your pro-activity.

MS. MARRS: Pro-activity is difficult, it's a very high standard for accountability of any funding. I'm looking for a fairly equal amount of investment on every single application, there's a very high standard in every one, and if people aren't ready to meet that high standard to try to help them to do that through the Tobacco Commission. The Committee can do this giving them advice so that they can meet a higher goal. I see them as very different, though.

MS. TERRY: What I'm talking about is a private foundation where you can give money to say Orange County because you want to and you don't have to explain to anyone in terms of equity or replicability. I'm asking you as it relates to the replicability. How would you weigh replicability different than taxpayers' money?

MS. MARRS: If you work that into the RFP and it's something that is accepted. I think most foundations look for models when they're making grants. They look for models that can be reproduced over and over again or are successful. So I don't see that as a large difference.

THE COURT REPORTER: Could you please speak up?

MS. MARRS: There are foundations that are

being run by business people and young lawyers that are holding applications looking for something like a good business plan, and this field has changed according to my research.

DELEGATE JOHNSON: The Commission would also play a big part.

MS. MARRS: The Tobacco Commission?

DELEGATE JOHNSON: Yes. Our mission is to do certain things, and a foundation can do anything they want to do. When we disperse money we have to follow our mission, and that's important to understand. The foundation's board of directors can do what they want to do.

MS. MARRS: It's a structured process.

SENATOR RUFF: Thank you.

MS. AUSBAND: Dr. Thayer is next. She is the Director of Office of Adult Education and Literacy for the Virginia Department of Education.

DR. THAYER: Good morning. I'm with the Virginia Department of Education, and I'm from Southwest Virginia. I've worked in K-12 my whole career and the last three and a half years in adult education, and I want to talk today about adult education and perhaps answer some questions that you may have had about programs that are out there. I'm really committed to try in these areas of Southside and Southwest in particular. So I'm just going to walk through some things with you, and stop me at any time for any questions you have. I know you have been very interested in GED programs and educating adults for the work force. I think lots of folks do not know the extent of the programs that are out there, how they're funded, how many people are being served. I find this all the time as I work with people concerned with economic development.

I start out on the first page talking about sequence of lifelong learning, and you hear the term lifelong learning a lot. It's being used now primarily to talk about the need for people to continue learning over their lifetime and for employment, just with innovation and computer technology, and how that's changed what we do as we conduct both our professional and personal lives. That will continue, and we know that. Part of this technology is also part of lifelong learning, but also because we

know that folks no longer can access jobs just based on old skills and lack of education. We know that the level of education is correlated to the poverty level and speaks to the great need there. So the sequence of lifelong learning as children enter the K-12 system and graduate will have an opportunity to move on, I should say to immediately move on and continue their education, some go into the military or some go into the work force. Those that drop out of school have very limited options because some of them can no longer go into the military. They may find a job and it will be a low wage job and low skills job and not a primary job, and they have to have an opportunity because they're going to have to support themselves and their family. Folks then have an option of looking at how can I complete my education.

We have several options in Virginia for that. Some people actually come back and complete their high school diplomas. If they're close or within a year or so and have the credits then many of our adult education programs throughout the State of Virginia offer them the opportunity to complete the standard. We have an option called the external diploma, and that's a national program that gives people some credit for life skills and experiences, and we have some people that do that, but those are very small numbers in comparison to what we're trying to look at here. The General Education Development certificate and the GED are the best option for most folks who want to have a high school credential. That has to be the next step for people who don't have a high school level of education, because they can't access the community college system, they cannot access proprietary schools or career schools. They can't belong to that next level of skills training without a high school credential. Then they can get the skills they need for the work force or education they need for a better job. I put on the bottom of the page the kind of things we're talking about. Workplace skills, we do have a program in the work place. We can look at some of the things we all know about as far as work skills. There's a high level of expectation for mathematics on the job, technology, higher level expectation for science. People are expected to write and read technical manuals, to speak on all their jobs now, and work in teams. All of that comes together in a higher expectation in the

work place.

Let me tell you a little bit about the programs in Virginia. We have Federal money that flows through the Department of Education through the local school divisions for adult education programs. The Code of Virginia places the responsibility for adult education with the public schools. We work with people that have the lowest literacy levels all the way trying to achieve a high school diploma. About three-fourths of the people in our programs are below the high school level. There are about 900,000 adults in Virginia that do not have a high school education.

SENATOR RUFF: What percentage of those are in Southwest and Southside Virginia?

DR. THAYER: The difference is the ESS second language population in Northern Virginia that would offset some of those numbers. That second language population is a big part now of that number. It's very consistent that the poverty level is high and the illiteracy level is high.

SENATOR RUFF: Does the money that comes from the Federal government, does it come proportionately?

DR. THAYER: The Federal money is competitive money to any provider in the state. Currently each school division is receiving funds, and it's based on the population that is in need. So, yes, it's proportionate. So a place that had a higher level of education would not have as many people eligible, and they wouldn't get as much money.

SENATOR RUFF: A lot of times these things require grants be written, and we don't have the skills for that in a lot of rural counties.

DR. THAYER: Yes, they do have to write a grant. This is money under the Work Force Investment Act, and we're Title II, so we're not the same as the Work Force Council money in Virginia. There is a competitive element, and that's because they set this up so that private providers could compete for the funds as well as the public. We have community based literacy organizations that receive some funding through this, also. The localities have to provide a match, and they have to maintain an effort, the State provides some funding. Virginia has never

funded adult education programs at the same level as other states have, so we have to rely on local programs to provide part of that match.

I put in here for the GED numbers in the middle of the second paragraph. In calendar year 2001 we had 24,511 adults and youth who took the GED test, and 15,896 passed. For the last calendar year we don't have the numbers in yet, but we know they're going to be much lower. The reason is that the new GED test went into effect last January. There was no testing for the first couple of months while that test was being put into place. It's a much more challenging test written to a higher standard. The GED tests are normed such that are used for the norming, and they're normed so that only two-thirds of the high school seniors pass the GED test. That's really important, because I think a lot of folks think the GED test was very simple, that anybody could walk in if they know a little bit of information and pass the test, and that's not true. It's a demanding test, and the writing skills on there and the mathematics that are on that test do require preparation. The problem in Virginia is that many people do not come to the GED preparation classes. They walk in and take the test, and they don't pass one or more components to the test, and they're discouraged. It's very hard to find those people and try to convince them that if they'd take the classes we offer we could help them prepare and get through the test.

MR. CURRIN: You put on the local classes?

DR. THAYER: The classes are part of the adult education program in the localities. There's a number of GED classes that are available, and there's adult education programs at the local level, some employers offer them, and they will contract and work with our local programs and community colleges to offer GED programs in the workplace. We have family literacy programs that work with children and parents and provide GED classes for parents.

MR. CURRIN: Does that money flow or come from your office?

DR. THAYER: Federal funds and state funds and local funds. The allocation for the Commonwealth is about 14,000,000 from the Federal government, and there's a total of

about three and a half million that the State puts in for adult ed. Some of that is not directly to programs. It goes to other efforts that support adult education. When you look at the number of learners we have it costs us about $400 per adult. We run the program on a shoestring. We have part-time teachers, and often it's public school teachers that do this at night for a little extra money. We have our classes in locations where we try not to have to pay any rent. It's a good deal, I think, when you look at how the Commonwealth is spending money. A class can range from a very small class up to 25 or 30, depending on the locality. One of the real barriers to adult education programs is that the folks that need this, is that there's things in their lives that prevent them from coming to classes on a regular basis. It might be a transportation problem, child care problem, it might be that their work schedule doesn't permit them to come regularly. We have folks that come for a while and then they leave and then they come back. We believe one of the things we can do is truly try to help the situation, especially for people that are trying to complete the GED, and that is to put more programs in place that offers more opportunity to come quickly and finish quickly. We call it fast tracking.

SENATOR PUCKETT: Recently there was consideration in changing that program from public schools to the community colleges. I don't want to put you on the spot, but how do you feel about that?

DR. THAYER: I wish you wouldn't ask me that question, because I run the program.

SENATOR PUCKETT: Out our way, and I think we've made our feelings known, I think it's detrimental to the program, and some of the things you just mentioned are part of the problem. We're going to lose some people, and they're going to fall through the cracks. No disrespect to the community colleges, but this is not what they do best. The community colleges set a program in place, and you're expected to be there and take that class. I've been to many of these adult education classes, and I know how they work, and they have a lot of tender loving care, and without that we're going to lose people, and I don't want to see that happen.

DR. THAYER: We do have people that work in these programs, and we have volunteers who help make it work. The Virginia Literacy Foundation has been in place here in Richmond since 1988, and that helps fund the private providers, community-based organizations like the Literacy Volunteers of America that you've probably heard a lot about. We work very closely with them because they often work with the lowest literacy level of people that need tutoring and may not be able to read at all. We try to build a seamless program so it can provide that kind of support and we can work with people who have what we think of as the elementary and middle school level and then move into the GED preparation programs, and then when they finish we counsel them into the community colleges or the next step for them. We have very high standards because we're taking Federal money, and we're in the accountability system. We have to monitor with follow-up of our program participants and be sure there are results to the program. Our goals are for them to move through the system and complete whatever their personal goal is. The goals for our money helps them getting a job or to try to get a better job, if they have a low paying job to get a GED credential and then move on to a better job. That's really a very important part of what we do.

On page five I've talked a little bit about what the programs look like. These funds are also used to start programs in the regional jails, in the migrant camps and settings such as that. The Department of Corrections operates an entirely different adult education program for inmates, and that's not part of what we do.

On page six I talk a little bit about technology, and I know the Commission has been interested in technology, and I wanted you to have an understanding of how we teach and what resources we have in the program. We rely a lot in our programs on materials that are designed by vendors for adult education, because if you came into a class you might see people that have many different levels. It was that all the people that were at the GED preparation that, it might be a class where some people are working at different levels, like seventh or eighth grade levels, because that's how it works out. Our teachers rely on a lot of these materials. We're trying to upgrade that. We've used our leadership

money we get from the State to develop teaching material. We've been spending a lot of time and effort in the last couple of years developing new materials for this new GED test. We don't have the technology that we need. What we're doing with distance learning is it's very low level. Some of the programs like in the far Southwest are doing some things with videotapes that people can take home. As far as having on-line programs that are the state of the art now for teaching and reaching people, we're just not at that point yet. We do use Longwood University's Institute for Teaching Technology and Innovative Practices in South Boston to provide training to our teachers and try to teach people. They have computers in their classrooms and in their labs trying to integrate that into what they're doing. Many of our classes have no access at all, just because of where the classes are located.

MS. TERRY: What would state of the art look like?

DR. THAYER: I think state of the art would be a distance learning program so you can access it out of your home, you can access it in a public library. You could be working on your lesson on your own time in many different venues and then connect back up with a teacher at a certain time. If you're interested in getting that GED because I've got this job waiting for me, you would have an opportunity to work on your instructional program on your own time instead of having to come on Thursday night at seven o'clock or Saturday morning at nine o'clock. For people at that GED preparation level they could do it, but they have to be at the eighth or ninth grade level. The people in our program that move through pretty quickly are pretty bright, but they just need some review or need some new skills, and they have an opportunity to learn them. If they make a deliberate effort they can complete their GED preparation in three months to nine months. The problem is that when you don't have enough classes or they don't have access, that's the problem. Right now we see that sort of putting together, if we have that kind of resource for a distance learning center, especially in the rural area, and then more of these fast track programs, as I call them, people can move through rather quickly, and we know the learners what that, too. Last year we did a study of our regional programs we have across

the State, and a lot of students wanted to get through this quickly, and it takes a long time by coming once a week.

DELEGATE JOHNSON: In the business community, how does the business community look at the GED certificate versus the high school diploma?

DR. THAYER: You'll hear people say different things. I've heard some business people say they see no difference, and some people actually find that some people that are getting their GED turn out to be better workers because it's more of a focus and a drive that helps them get there. No one at this point in time should really look at the GED as being minimal, it's not.

DELEGATE JOHNSON: I know we shouldn't, but what is the perception in the business community? I go in with a GED and you go in with a high school diploma from Abingdon High School, will you get two points more?

DR. THAYER: I think that might vary from employer to employer. Our experience is that when the employer sees that GED, that's what they want to see. We have lots of people, and we issue the GED certificates out of our office. We get calls all day long from people who say I need that verification that the person has a GED, and I have a job for them. It's my view that the people we're working with for the GED's are very acceptable, and the employers are.

DELEGATE JOHNSON: Suppose the business or the position requires a high school diploma and I go in with a GED?

DR. THAYER: It's an equivalency.

DELEGATE JOHNSON: Do I get accepted or get the job?

DR. THAYER: This might vary from employer to employer. Our experience is that it's acceptable.

I call your attention to page seven in the summary sheet that you may want to take a look at. On the last page there's a flow chart to show you how this all fits together. When you look at your community and say we have a significant number of people who are under educated for the kind of jobs we need now, the first question is do they have a high school education, and if

they don't we need to make sure they get their GED. If they have a high school education and don't have the skills needed for the job, they may need a review in basic skills and then move on to skills training at the community college or proprietary schools. If they still need work on the skills for a GED we need to provide that, because we've got to close that learning gap.

Many of these adults don't have a lot of confidence about themselves. They're very hesitant sometimes about going into school settings, that's why we have classes in other places. We have to encourage them and kind of build them up and keep them going. That's very important, because we wonder why is it that we have all these people out there knowing that they need to complete their education to get a job but they don't go forward. Part of the work we do in our programs is recruitment. We don't do a whole lot of it, because we don't have a lot of funds for it. Any initiative we take as a State to try to deal with the problem in Southwest and Southside related to work force is going to involve recruiting those people in and showing them there's a path they can follow to support this path to get them to where they need to be. You can't expect everybody to walk in and sign up for classes and move forward. These people carry feelings about themselves as learners or feelings about the school system in which they weren't successful.

SENATOR RUFF: Let me ask you about your proposal. When I heard a summary that that particular issue addressed some of the bad feelings about additional schools, whether it's middle school or just an individual problem, because part of that raises the issue of his self-respect of his position in life. How do you weigh that?

DR. THAYER: I think it depends on the age of the learner. The middle college concept focusing on 18 to 24-year olds don't have quite the same problem with the issue of how they feel about themselves as learners. There might be some older adults who might be a little more hesitant about coming back and whether they can do it. The students that drop out of high school who are eligible and ready to prepare for a GED often do not have problems academically, and their problems are otherwise. We have alternative programs in our high schools now for GED, very

specific guidelines about what kind of students can reach and enter our GED program. That's preparation, because the problems they had in school didn't really deal with instruction, it dealt with social problems or perhaps some other issues. In some cases, yes, that makes a difference, and in other cases it does not. We have classes all the time in public schools where people come in. We have them in the Social Services office and we have them in Virginia Employment offices and other places. It's hard to say how much it matters, we know some people it does.

SENATOR RUFF: Thank you. Any questions? We thank you, again, for all the work you're doing.

MR. TIM PFOHL: Our next speaker is Peter Blake, who is Deputy Secretary of Education for the Commonwealth of Virginia. He's been in that position for about a year, he's had previous experience on the Staff of the House Appropriations Committee and Associate Director of the Counsel of Higher Education. He's taken a look at our scholarships and tuition assistance programs. There's a letter in your packet that has some of his observations on that particular subject.

MR. BLAKE: Mr. Chairman and members of the Committee, thank you for inviting me here this morning. Right before Christmas the Governor and Secretary Schewel, as part of his initiative on work force development providing better coordination and the GED including the establishment of this middle college concept, Southside Virginia, Keysville and J. Sargent Reynolds, two of the pilot programs to start looking at the whole concept of the middle college that would help serve maybe a student that was hesitant about returning to the public school system. Also, to put the student into an environment that is geared toward higher education, then move the student not only to completing the GED but pursuing a four-year degree in a field of higher education. That was the general concept behind it. It would be funded initially by the Work Force Investment Act money and then eventually determined if it's successful and then at that point whether to recommend it to the General Assembly. That's the general concept of it. If you haven't had an opportunity to talk about it I'd really encourage you to do so, and you could invite him at future meetings to talk about it. A similar program

was established in New Hampshire, and there was very good success with the program.

I thank you for the opportunity to come here today, and I commend you for your efforts to increase educational opportunities in the State of Virginia. I know that's what you have been doing for a number of years, and if there's anything I can do to help I'll be glad to do it. I know what you're about, and I don't want to take a lot of your time this morning, because I know you've got things that you want to do, so I'll be very brief. I included a letter to you, and perhaps you have not had an opportunity to read that, but it sort of summarizes a couple of basic points. I think the scholarship is outstanding and an excellent idea. I think you're going in the right direction and those are very good things. I wish you had more money for it and wish you could endow it so you could live off the interest rates and to do whatever you can do to minimize the administration of the program. As usual you might have to accept some inefficiencies, you might end up awarding a grant to someone that may not need it and may not need to be incentivized, may have already entered the teaching profession, for example, and that's one of the facts of these kind of programs that you're not going to have one hundred percent efficiency, but it's always worthwhile to try to minimize the administration.

Secondly, I think you need to cast a wider net for potential educated workers in the Southwest and Southside communities. You might not want to limit these to just public higher education. You might want to enable folks to benefit from this who participate in higher education.

SENATOR RUFF: Just so you know, we do that in state and out of state as well as private.

MR. BLAKE: Cast a wider net already, I compliment you for that. There are outstanding people across the world who pursue education programs, and I encourage you to maintain that.

Thirdly, I know that one of the programs is aimed at the teaching profession. As important as that is, I would encourage you to remain flexible in applying these scholarship programs in the future. I think what you're talking about in the whole realm of

economic development in the Southside and Southwest involves not only teachers but a broad educated citizenry. You may find as you move forward with your programs that there may be other professions that might identify a shortage, and you may want to consider some broader objectives as far as education. While education and teaching is very important you might want to just remain flexible and give yourselves an opportunity to change that from year to year or periodically.

DELEGATE WRIGHT: I was going to mention this, because Mr. Arthur had the same idea and same concerns. Our concern is that we have a very short period of time to do something with the money that we received, so that's why we were targeting it for teachers that first year. The goal of the Education Committee is to expand it to other areas, but because the time was so short we actually turned it around from, we actually had people going to college in the fall, and that was impressive. We had to go out to the schools and the businesses and the citizens and meet with them and with the guidance counselors to actually get a program up and running in a very short time.

MR. BLAKE: You did a very good job in a short period of time.

SENATOR RUFF: We would like to expand it and make sure that there are skills that can be used in the region later.

MR. BLAKE: And, of course, I don't need to tell you that there's certainly a lot of prospects of some specialty type subjects, and there are a lot of other skills that are needed, too. So, the teaching profession, of course, is very important, and that goes without saying.

I guess the fourth thing that I might mention is that you have an outstanding opportunity here to start such a program, and you have documented success, and you can have accountability. While sometimes it's a pain in the neck to collect data I would encourage you to do that and try to follow these folks and see how successful that is and report on that project, and that way that'll help to determine how to improve the program.

Those are the basic views of what my letter said. I attached an article in there that talks about the difference between

loan forgiveness programs and loan repayment programs. In the loan forgiveness program whereby with the expectation of receiving that scholarship is that there'll be some future service. Most scholarship programs are based on past accomplishments or current activities, but some of these loan forgiveness programs you're banking on future action. You've already given the loan, but the person does not fill his or her commitment, and that would require some administrative burden which may be difficult. I've spoken to my colleague over here at the State Council of Higher Education this week that there's a 1985 Federal program that he's still administering, and this is 18 years later, and there's still some people that have either gone in and out of their service or have ceased their service, and he's trying to collect from them, or some other circumstances where they're still having to fill out a lot of paperwork for these programs that started in '85 and discontinued in 1990 and still having to spend a fair amount of time pursuing this. At some point you have to turn it over to a loan collection agency, and so forth. That's one of the potential complications of a loan forgiveness program. You're basing the scholarship on some future action instead of on current or past action.

A loan repayment program, on the other hand, allows you to hold the money and give it out as circumstances come about. So that might be one consideration as you go forward and try to resolve and improve the program. You might want to consider that as a possibility. You hold on to the money until you finish your year of service, and then you get a check for a thousand dollars. So there's different ways to manage and administer that in order to minimize the administrative costs.

SENATOR RUFF: We talked about that in an earlier conversation, and I thought it made the most sense concerning the costs of collecting and following up on people, could be a headache.

MR. BLAKE: It would also give you some flexibility to shift to other disciplines. You have to be up front and make sure that everybody understands. It might be a one or a two year program, but as you complete the service, which is the highest priority, then you can get this money to help offset your costs, but then you also move that without having a continuous

obligation to be on the loan forgiveness side. You can shift to another discipline in a year or two, depending on where the priorities are.

SENATOR RUFF: How would you gauge your expected use of the funds? If you require them to tell you up front that they're going to go into it, or would you say on the backside, if you come to Charlotte County we're going to pay you after you finish your education process?

MR. BLAKE: I think I would say after you finish the education process if you come to Charlotte County after your first year of service then we will pay you $1,000.00 or whatever the amount is and you can use that to pay off your education loan or whatever costs you incurred when you were in the program.

SENATOR RUFF: Would that tend to scare off those that are in need for a loan commitment for what it's going to cost?

MR. BLAKE: It certainly has the potential, but if they're committed to come back and serve the community, which is your assumption on the loan forgiveness program, then they'll come back.

MS. TERRY: You're talking about someone that didn't have a loan.

MR. BLAKE: Yes, that's part of the inefficiency that you might have to work out. You might be paying for someone that didn't get a loan.

MS. TERRY: Jay Rockefeller.

MR. BLAKE: Jay Rockefeller, Charlotte County. If you have someone who may be a teacher or first year teacher already in Charlotte County, then you put this program in place, then the question is is that first year teacher eligible for the program now, or would the loan be for new teachers coming in. You might have to deal with something like that, but I would encourage you to be up front about your objectives. There are just some kinds of issues that you'll just have to work out, but I commend you for the outstanding work you're doing, and I think you're going in the right direction. There are professional people administering these types of programs, and I encourage you to do

that.

SENATOR RUFF: The middle college test, is that a one-year test or two-year?

MR. BLAKE: I guess it's a one-year test for the time being, because WIA funds are appropriated, so presumably last the duration of the Appropriation Act, but I'm sure that might be based on demonstrated success.

SENATOR RUFF: How would you be able to rate success after that?

MR. BLAKE: I guess all you can really do is look at the numbers for a short period of time.

MS. MARRS: You've talked about tracking, or methods of tracking scholarship recipients. We've had some that followed up by mailing information back, and then we've had some that we never hear from. Have you had any kind of success in your education experience on this?

MR. BLAKE: I don't have any better idea than certainly through the school system, and they should be able to track people, or maybe through Social Security numbers. There's a whole host of issues regarding public school data collection, and that involves privacy rights.

MR. ARTHUR: One of the problems we found when we started this program is that they felt that people going to other disciplines would be harder to track than people going into education. So that's why we did it. We felt that maybe education and those folks committing to come back would be easier to track. The other disciplines might be harder to track. There are some disciplines that could come back to Southside, so we could get a program to do that. I think that would be important. We're going to get a program expanded to do that into other areas and other disciplines. But, as Tom said, we had to get this program up and running very quickly.

DELEGATE BYRON: I'm not sure this was discussed, but when you talk about scholarships and apprenticeships and that type of situations where you actually have jobs in your region that these people will go to or hopefully come back to, and you have a tracking mechanism with employers and communities, that certainly can make it much easier.

Hopefully we might have engineers come back to the area because there's a need for it, as well as teachers and nurses and doctors, as well as just any business. I would think maybe a partnership with companies or industries in the communities would make sense and could help bring these people back to the areas, and that would be an easier way of tracking, especially if we had some type of method of tracking locally. Like Mr. Arthur said, if you have employers who are happy about this, then it might be easier to track it out that way throughout the community.

MR. BLAKE: That's certainly something to look into. I hope what I have said has been helpful, and I've enjoyed being here this morning.

SENATOR RUFF: Any questions? All right, thank you.

This is the portion on the Agenda for us to discuss where we're going and what we're hoping to do. One thing we need to talk about is should we consider anything that would cover the entire regions in any way. Some of these communities have great expertise in writing grants, and some of them do not have that. Should we spend any time or resources helping those communities that don't have that capability?

DELEGATE JOHNSON: Mr. Chairman, that has concerned me, and I believe Delegate Wright talked about it. I'm just wondering, and maybe the experts can tell us. The people that drive up in Cadillacs and Rolls Royces, they get different treatment than us country boys that drive up in a Chevy or a Volkswagen.

DELEGATE BYRON: All people don't drive up in Cadillacs.

DELEGATE JOHNSON: No, I'm just comparing the people that have the expertise and really do a great job as opposed to those that may have just as good a grant or project but yet they don't have the expertise to develop it.

DELEGATE BYRON: When they receive this information is there someone that actually helps them or walks through the process and helps them? It doesn't have to be, that's what I think is important. Number two, are the localities working together to encourage them if it's going to benefit the whole

community working together with someone that can assist them in those communities, or do we open ourselves to having offices in each county to help write grants? Maybe there's a learning process that we could do that would simplify things that would help them to at least make an outline of a proposal to help them.

SENATOR RUFF: An example of the problem and dilemma is that the planning districts that I represent, like Southside planning districts, Halifax, Mecklenburg, Brunswick, have an extremely strong grant writing program, and the one around Farmville does not. Joyce will find out what the grading points are going to be and how it's going to be graded, and she works from there forward or backward. It always rates higher. When South Hill was trying to get a second enterprise zone competing against Kenbridge for the first one and only one South Hill got it, simply because she could figure up how to add up more points than they did in Farmville. That's the dilemma that I don't think we want to get caught in, rewarding those or dis-rewarding those that don't have the capability to compete.

DELEGATE BYRON: That's where I think the expertise comes in with some of these people that are going to be looking at these applications. When you said that were you referring to our process or the Federal, or something else?

SENATOR RUFF: I'm talking about our process, or it could be to extend it to the point of helping our communities negotiate the fund raising efforts in other areas.

MS. TERRY: That would be a good example. Suppose you ask Staff in conjunction with members of the General Assembly in Southside and Southwest to look at where the enterprise zones are. In other words, to do an assessment. Then step back as the Appropriations Committee blended with the foundation at work and say, you know what, there's a gap here in Kenbridge, and whatever they are, and then direct Staff to work up something, because it's in the interests of all the regions. In the education area for example, if what we see in the future is technology and adult alignment of community colleges and adult population and work force in public schools, and look and see what's out there on the ground and do an assessment across the board. Then say, okay, what does the infrastructure need to create

the most synergens between and among the work force, the school system, the community college, the population, and where are the gaps. In those localities where the gaps are and there's a public school, what's that public school's tax effort. And, if the folks on the Economic Development Committee want to build another shell building when their public school systems are operating on Windows '95, which is my county, you have to step back and say, we're looking at your county school system and we see A, B, C and D, and in our judgment you need to work on your infrastructure on the education side before we're going to give you $200,00.00 for economic development. That way we are synergizing communities so that the money is used for the highest and best use. It begins with an assessment and making some policy judgments that we want to create synergies with the money.

MR. CURRIN: Mr. Chairman, I'd be curious as to how much money each locality is spending. It's interesting to find out what's already being spent.

DELEGATE WRIGHT: Mr. Chairman, I believe it's two different topics. I believe that ways in which we can help areas actually know what's available from the Tobacco Commission and help them in making their determination what they want but how to make the proposal or application to us for that instead of us deciding what they need themselves. I would agree with you, I don't think these areas should not be rewarded just because they don't have the expertise in writing grants. Carthan had to come to Lunenburg County twice to explain to the Board of Supervisors, and this has been several years ago, exactly what we were doing and what the role was and how they could get money from the Tobacco Commission. Just like I heard Tom mention a while ago about these scholarships. We had to actually go out and sell the programs about scholarships. We went to the superintendents and the guidance counselors and so forth. I think what Mary Sue is talking about on the one hand is a good idea, but I don't think it's exactly the same as being sure that the localities know what is available and how to go about getting it. As soon as we have our purpose and mission that we already have developed guidelines for the application procedures to be sure that they reflect the goals and the missions that we've set up. Then we need

to see if the localities or the economic development people and the school system, board of supervisors and people like that. I don't know if that means bringing them together for a meeting or having Carthan and his staff going to each individual county, but I think something of that nature needs to be done. That way no locality can say I didn't know that was available or how to go about getting funding.

SENATOR RUFF: Those are very good points. Samantha was going to say something earlier, so I'll call on her.

MS. MARRS: Well, I think you can structure an RFP that's helpful to the applicant --

MS. TERRY: -- I'm having trouble hearing you.

MS. MARRS: I feel the RFP could help the applicant and guide them to where the points are, you can do that. Even today weight can be given for proposals that show partnership and show commitment of other resources. You can tell them right up front where the points are lying and they can read right into it, and that can help even the non-experienced grant writer.

DELEGATE BYRON: I'm not talking about adding weight or explaining the formula but having something like a check-off so that when you send forms into government that says does this proposal show such and such, and is your proposal including your capabilities in the future. Something that gives them a thought process for did I include this, not saying you're going to get ten points if you put this down. Giving them some things the same as we gave before that said, or to make them realize they're writing things wrong and check off the criteria that we have. Along the lines that Tommy Wright was talking about, there's so many things and we talk about government overlap, and I want to make sure I understand so, yes, you are doing the - do we need to go out and say, hey, we're trying to help the community, so where are you folks, and come to us, that type of thing. The Commission for Workforce Investment Act several years ago there was a complete turn around, it's the same people you're talking about here. You have the chamber and the business side and you have the local focus, and if we tried to get the bureaucracy out of it and bring in people from the community that

would give input. Those folks have a focus on what the Tobacco Commission is doing, and they're already people that are meeting, so that's one group of people that should have a handle on what the education needs are. If we don't believe them then we should be doing something else, or we should ask somebody else, otherwise we've got to get the community to give input on what the education needs are, or there's no sense in having these education grants done in the first place unless we're serving the community colleges and people that are out there whose full time job is to look for money out there. If we really want to help our communities I think you're going to have to use a couple of avenues, whether it's the WA people, or you're going to be doing the work, and that's part of the, one of your bullets you had there is are we going to go out. You may need to create something. If you see an idea you may need to help some people along as far as what you were talking about in assisting them in this grant process, and that's different from what I'm hearing here. Scholarships is one thing, and then grants is another thing, and that's where it comes out to, and it looks like it's two separate discussions.

SENATOR RUFF: Let's keep the scholarships off the table now. Let's go back to what Mary Sue was saying. Do we need to analyze in both roles as Chairman of this Committee or Chairman of the Southside Economic Development Committee? Would that be an asset for you all's Committee as well as this Committee to know where the communities are and how they fit into the realm of the world? Is that something that the Staff could do?

MR. CURRIN: Yes, we welcome an opportunity to do that.

DELEGATE BYRON: What would you be doing?

SENATOR RUFF: He's talking about Ms. Terry's assessment.

MR. CURRIN: And your conversation connected to that point of an assessment of where they are. As you indicated, there's great diversity in both regions.

MS. TERRY: I think it's just common ground.

What's the access to the computer lab or access to adult education programs? It would be an extension of this type of hard data. We're not talking about value judgments, but it's just gathering the hard data on the region.

MR. CURRIN: The planning districts would be a big help.

DELEGATE BYRON: You've got to keep that line open for funding versus public education K through 12, and coming in and revitalizing computers at schools, that's something we're not focusing on either.

MS. TERRY: We could tie it to economic development. If somebody goes to Tom's committee and wants to build another shell building and we notice that your schools don't have, you're talking about money from the board of supervisors, and we know your schools, that you don't have computer labs in your schools, and our view is that you've got to put the cart before the horse here before this Committee, and we're prepared to help you, but we're going to have to see you do some things with your public schools. That's what I'm talking about. That's what I'm talking about, their money. We're using our money to help leverage, leadership money to help them make some decisions that are regional in application. I don't think it's acceptable for us to sit back and let any county choose to stay behind. I remember sitting here 25 years ago as a member of the General Assembly, and issues came up about rescue squads and training for rescue squads. Northern Virginia saying that if we have an accident in Patrick Henry we want to make sure you've got somebody trained down there who's going to take care of us. We are a state, and these boundary lines are artificial, and I think we all have a vested interest in each other's locality, and we're all part of a Commonwealth.

The collaboration and cooperation is the future of this region and working together, and we need to try to transcend these boundaries. I'm not saying or suggesting we abolish them, you've got to have all these Constitutional officers, you've got to have sheriffs. I think, or I for one, I can say that I'll never run for office again, and I don't think we can afford to let the counties say I don't want this or that, then they come to us for something else like a

shell building, then I don't think we can afford that. We have a vested interest in what every county does.

SENATOR RUFF: There's no objection if we can get you all to start working on that process.

MR. CURRIN: Thank you, Mr. Chairman, we'll be happy to do it.

SENATOR RUFF: Going on to Tommy's point of are the communities fully aware of what's out there and what's not out there. I think one county had seven proposals, and some counties had no proposals, and there had to be some dynamics played in there. The county that had seven proposals was the second most populous county in Southside, and some of the ones that only had ten or twelve thousand people didn't have any proposals at all. To me there's a relationship there to the level of Staff to know what's going on. The question is is there a solution to that problem.

MR. CURRIN: If I may, Mr. Chairman, through some of our efforts and through workshops we're trying very hard to get everybody so that they can be aware of our process and what our process is, and economic development I'm referring to also. That they have the ability to apply for funds. I'm sure we can still do more.

DELEGATE WRIGHT: Mr. Chairman, you mentioned a few minutes ago some meetings you were holding. How are these meetings being held, are there certain regions, or how many people have come to them so far, or what kind of organizations?

MR. CURRIN: We've had two meetings, and you asked the question do we need more than two. I wanted to get something out before the grant process began so we can get something rolling. I think we probably need to do more than two, because this is a big region.

DELEGATE WRIGHT: In these meetings, what percentage of the area represented, or what was the percentage of people that attended?

MR. CURRIN: This is the second year we've done it, and we did it last year, and I don't have the figures with me, but I think, Mr. Chairman, I think you had one of them, and

you were at the Southside one, about fifty representatives of planning districts, towns, counties. We did one in Southwest, of course, and it was about the same, fifty or sixty people. We've got eight planning districts that cover the region, they can be a big help to us, I think, to urge their membership so we can cover everybody.

MS. TERRY: You may find after you do your assessment you'll operate differently. You may say this year our focus is technology and next year our focus is on something else. What we're trying to do is build infrastructure and trying to build infrastructure that interconnects. If you have a county of 10,000 or a series of small rural counties you might be working to help them put together a regional infrastructure for adult education. Using handberg units or whatever so they would have state of the art computers. So you've got local access and economy of scale for teachers. A teacher can be in Lunenburg tutoring someone somewhere else. The technology is out there to do that. I think it's important to see what's on the ground, what the state of the art is out there. This Committee then may want to decide this is on the ground, this is state of the art, we think we want to move in this direction and target our money this way, incentivize localities to do their part in meeting us half way, depending on what their tax efforts have been for their public schools.

MR. CURRIN: Mr. Chairman, I'll let the Grants Manager speak to that. His field staff is going to be very helpful, and that's one of the reasons why you all supported it. Instead of having to drive three and a half hours somebody can be there in thirty minutes to an hour.

MR. PFOHL: I think the workshops are helpful, but it's the timing and location so that we can figure out how many people actually can reach a workshop. I would be interested in pursuing an approach that we could call it the "web-based tutorial" or "frequently asked questions," and you could pose that on the website and give people a little more indication of what's going on. It would basically be information about what the Committee is interested in funding, and you could talk about it in a workshop, but, of course, it would be available on the website. People could access this at any time and look at what programs are available.

Out of necessity, since we have such a small staff in terms of the number of applicants, we have to be creative and use these type of approaches. When I envision the field staff, or a part of their role, would be to promote the availability of grants and provide technical assistance to communities that are working on development projects. Here's how the Commission might help, but here are some other sources that you could go to that have shown a track record of funding projects like this.

Hopefully, I would think part of their job description would be to provide that kind of one-on-one assistance to communities so that the folks that don't have as much expertise in grant writing don't lose out to people that are very creative in their writing ability and who can eloquently state their case on a grant application.

DELEGATE WRIGHT: Mr. Chairman, one thing that would help, and maybe it's being done now, is letters could be written to the affected people, economic development people, the people in planning districts. I think it's a good idea to send letters to economic development officers in the county, county administrator, and also members of the board of supervisors, and copy them. That way the elected officials know what is available, and they can more or less spur the economic officials on as to what's needed, chairmen, whatever. They'll know what's available, and then they can be advised of checking the website, preparing lists and notifications and e-mails and all that sort of thing. I don't want to see localities have the excuse of saying, I didn't realize that was available, or any excuse. If they're notified in writing and phone them occasionally or whatever, I think that would be a wonderful idea.

DELEGATE JOHNSON: Mr. Chairman, on the other side of the coin the more we publicize the more applications we'll get that have no merit. I would say for the burley tobacco area we've had an abundance of applications. I think everyone knows what Carthan and his staff have done, an outstanding job in educating people and getting the word out. I can tell you we've had more than our share of applications, some of them are frivolous. Would you not agree?

MR. CURRIN: Yes, sir.

DELEGATE JOHNSON: My point is that I feel like they have done an outstanding job in getting the word out to the counties. You have to bear in mind our area is much smaller than the flue cured, but I feel like we've been covered real well.

DELEGATE BYRON: Are these things that we have to do to the full Commission, or do we have the authority to start now?

SENATOR RUFF: I think the things that deal with education we can ask them to move forward with those things, but I think it's the type of thing we need to move forward on as a Committee, where we are at and how we are communicating with everyone.

MR. CURRIN: It's very helpful for us, for the Staff, and this is very helpful for us. Everyone has busy lives, and there's pressure on the Commission. Everyone wants money, and I think having this type of relationship is very helpful.

SENATOR RUFF: Let's go on to the application deadline question. Last year we got the money on July 1st and we moved forward with that date. Do we need to have one day a year or two days a year, do we need a rolling application process?

MS. MARRS: Well, I only have an opinion.

SENATOR RUFF: An experienced opinion.

MS. MARRS: My opinion is that it probably would be helpful to have two funding dates a year so that people who don't make it the first time can request or apply again within the same fiscal year. That's an opinion or a suggestion. Do you know in July how many you're going to have for the whole year?

SENATOR RUFF: We'll only know that once a year. We can divide it anyway we want to, but the Commission receives word on what they're going to get in April.

MR. CURRIN: Currently we have two payments each year, one this month and the larger one in April. Assuming the securitization takes place, we would then know what we have on an annual basis, more so than we do now.

DELEGATE BYRON: Well, if you do it twice a year it has some merit, if you decide they come to the table twice in the same year, or --

MS. MARRS: You'd have to decide whether you wanted people to apply once a year. Someone might have two really good ideas, and they might have a partnership. You might think about setting up ranges. Is that available?

THE COURT REPORTER: Could you please speak up?

MS. MARRS: Okay, I'll try. Okay. If they ask for 600, or if they ask for 60 maybe you should think about giving ranges, if that's feasible.

MR. CURRIN: I'm not sure how to respond to that.

MR. PFOHL: I've seen a couple of programs, and they take different approaches in funding, piece-meal funding and, I think if you have two cycles and you combine that with an approach where people who clearly have good projects get fully funded in the first round and if they don't make the cut they come back for some funding in the second round, and that combination has worked.

SENATOR RUFF: Is there a consensus for twice a year? All right. I don't feel very comfortable trying to set limits. Unless you all disagree I think maybe we ought to put that on hold. If we're going to have two deadlines do we split it 50/50 or do we say that one of them is the main time and the other one is with a lesser amount?

DELEGATE WRIGHT: Why couldn't the first one be for the main time and then what's left goes over into the second, with the understanding that the first one would be the main where they take their best shot, the first one.

SENATOR RUFF: Does that make sense?

MR. HOPKINS: Did I understand you to say the first one there'd be more money, or the second one would have more money than the first one?

SENATOR RUFF: The first one would have more money.

MR. CURRIN: I think he's referring to the MSA payments.

SENATOR RUFF: That's irrelevant, because we're not going to get anything before July 1st.

DELEGATE WRIGHT: It's going to make it easier on localities to do one good project, and they may not have to make two submissions.

SENATOR RUFF: My thought process is if you say sixty-five percent, not a hard figure, but sixty-five/thirty-five, then people would know that big proposals that they would put in, and then it would give them a second chance later on, but we wouldn't be sitting on money that should be out there working toward improving things. Is that an agreeable approach, not a hard and fast but 65/35.

MR. CURRIN: Mr. Chairman, would you want to put some type of limits, you could come to your committee with say two requests or four requests, or do you want to put any limitation like that, or leave it open ended?

SENATOR RUFF: My opinion is that they need to understand that nobody is going to get the lion's share and that it has to be distributed throughout the region so they use discretion in setting their priorities.

DELEGATE WRIGHT: I agree a hundred percent with that.

SENATOR RUFF: Even Mecklenburg County, they had proposals for everything, and some of them hit and some of them didn't hit, but we had to say which one was more important to you all, and you'll have to make that decision up front rather than making us go through all of this.

MS. MARRS: One proposal per applicant?

SENATOR RUFF: I don't know that I said that, but use discretion.

MS. TERRY: What constitutes an applicant? Is it the board of supervisors, the school board, is it a local foundation, or is it the citizens of an area?

MR. CURRIN: It could be all three as things now stand. As a matter of policy the Commission has said that political subdivisions can request and non-profits can request.

MS. TERRY: I was just responding to that issue. I was just raising the issue.

DELEGATE WRIGHT: Mr. Chairman, I know in my area that in Lunenburg County they did exactly right on

this, the economic development part. They got together as a county and agreed what they wanted to do. One year they did one thing and the next year they did another, and I think that's what this Committee would like to see, people work together rather than just to encourage the localities to get together and have a unified program rather than coming in in different directions.

SENATOR RUFF: Samantha, the reason why I would say not limit it to one is that there may be two good $60,000.00 proposals, and then why would you eliminate one of those and in another county you had a half a million dollar proposal.

MS. MARRS: If they were interested enough and say, this was a good idea, then, or if there were several good ideas and you all decided which one --

THE COURT REPORTER: Could you please speak up?

MS. AUSBAND: A way to encourage the regional applications, if that's what the Committee chooses to do, is that you can weight it on a score sheet, and if you want to encourage as far as how the panel is going to recommend you can weight it higher on the score sheet on a first or second tier.

MS. MARRS: There was a proposal on behalf of somebody that really wanted money going to the community college or several proposals going to community colleges, but it's out here for this - we were trying to get through that.

SENATOR RUFF: What else have we not talked about? Should we try to figure out a new focus every year, or should we see what's coming and then go from there?

MS. TERRY: Suppose we answer that question after we see what's on the ground, the focus.

SENATOR RUFF: I'm not identifying or saying what the focus is now, but I'm asking should it be a moving focus or see what develops as a concept?

DELEGATE WRIGHT: Give me an example, Mr. Chairman.

SENATOR RUFF: This year we funded probably between the colleges innovative programs and job training type of programs throughout both regions, and that's

probably where most of the dollars went, but eventually that would be hopefully to get everybody trained and do jobs and change the focus just by that, but what if we put more focus on GED or more focus on academics at the community college level?

DELEGATE WRIGHT: I, personally, think we should keep as much flexibility as we can. There's nothing wrong with that, and I think we can do both. If we set our focus on a certain area we're not flexible then if we take what's important, or what's important at that particular time. I'd like to see as much flexibility as we can have.

DELEGATE BYRON: If you look at an assessment in each locality.

SENATOR RUFF: You're over there grinning, what's wrong?

MS. AUSBAND: Whenever you leave it wide open, in this last one we had to have a meeting to ask for focus. We had so many that fell under adult education we had to figure out what your definition of education was. Maybe that should be set out prior to the funding, if you want your focus to change, or whether you want to do that in different cycles, or you want it to stay what it is now.

SENATOR PUCKETT: It kind of goes back to what the Chairman said earlier. These grant writers look at what you want, and that's what they write the grants for. If you don't have that out there it's probably more difficult to focus.

MS. MARRS: There were some excellent proposals, leadership training and things like that, I thought. The panel thought they were good ideas. In going through many of them and reading them it would have been better to narrow them down. Any proposal is going to get more attention if someone reads it than just going over it or perusing it, but someone has to read them thoroughly.

DELEGATE WRIGHT: Mr. Chairman, that might have been before the policy decision and focus on who actually was going to be sending in the applications. Maybe it was decided K-12 or something might be spending money taking up someone else's responsibility. We shouldn't try to too closely hamstring the localities in what they can ask for within reason. If

we keep the flexibility in this we can narrow the focus by setting our policies.

SENATOR RUFF: Does anyone disagree with that, does that sound reasonable as they come in? I guess you could tell it. All right. What kind of date should we set for a deadline?

MR. CURRIN: We've got a deadline next month for, it'll take us two or three weeks to review them and send them to the two respective committees and give them a couple of weeks to review them and they would meet. By the April Commission meeting you all will vote on those applications as far as what you all want to do. It would probably be helpful for Education, too, one in the fall and one in spring, I guess.

MS. AUSBAND: If you're not limiting how much you're asking for in that you'll get the money in July, I don't think the date has to be tied to July, it may come in in August, not limiting how much they can ask for. Does that make sense, maybe one in August and then one in February?

MR. CURRIN: If you all want to take the same posture you've taken with the economic requests, a reimbursement process. Can you allocate the money?

SENATOR RUFF: Let's wrap up the date. Does anybody object to August and January deadlines?

MS. MARRS: Then they would have two months turnaround.

MS. TERRY: Mr. Chairman, I think you've asked some very provocative questions and very thought-provoking questions. I think there's basically two tracks this Commission can take. One is to go and get grants and then assess them, whether these folks getting the money have achieved their goals. The second is we can ask ourselves as a Commission what are our goals for Southside and Southwest. What stakes would this Committee like to see moved in the direction of the goal line within the next five years? That's a larger question, and that's a question that enables this Commission to show its measured results. I think that's the question you kept asking today, but I don't think we answered it. I think it's a real important question to be asked. If we could write a news story that would be in the

Bristol paper or the Roanoke paper, what could this Education Committee through leveraged use of funds in the last five years, what would we want the lead story to be? What would be the three goals we would want to say that we accomplished?

SENATOR RUFF: I think your question or your point earlier about the assessment, you really have to determine where you are before you can decide what your goals are in the future. I hope people will think about setting some goals between now and the next meeting.

MS. TERRY: That directly relates to what you're going to tell people you're interested in doing. What is this Committee's goals for Southside and Southwest Virginia? This is like an appropriations committee, this is not about issues, this is an appropriations committee. I don't know what they are, and I don't have my little list of three, but I do think this Committee has an opportunity and a responsibility to decide what are the goals.

SENATOR RUFF: Some of that the Long-Range Task Force has been working on. Off the top of my head I would say the most important focus, we believe, is matching up the education level and skills with the jobs we know are out there today that are not being filled, because that's an obvious opportunity that we can use to make our families stabilized. I don't know if we've ever expressed those as goals, but everything we've heard about the nursing programs, the truck driving schools, and those type of things. The second thing is the general increase in the level of education, the GED or scholarship programs, in an effort to raise our entire population. You can help me out here.

SENATOR PUCKETT: I just think from the Southwest standpoint, I think our emphasis has been on retraining and offering educational opportunities to particularly the farmers. We have identified the farm families and tried to reeducate those individuals so they can have a viable way to make a living, because the family farm as we know it is not what it used to be, with the change in the tobacco industry. I think that's our emphasis, and I don't know that we've written it down, but I think Joe would agree we have seen, maybe in spite of what we've done, we've seen success from that, because we've seen people come from the farming community and be retrained and have good jobs.

We've had people stand up and tell us that. I think that's been our emphasis on retraining, retraining process for the farm families and offer them an opportunity. Then the educational opportunities for farm families to not only give them an opportunity but encourage them to take advantage of that and try to help them get into new careers and take advantage of those opportunities. That's the two areas that we've really focused on from purely the educational standpoint. I think some of the other things we've talked about will benefit from the educational process, because we're talking about revitalizing communities, and education is the key to that. You can give the tools to individuals, and it unlocks some doors, but it doesn't pull you through them, but it unlocks those doors and gives some opportunities. I think that's what we've tried to do.

MS. TERRY: If we take this good baseline data and we decided this is going to be here and this is the year we're going to really push GED or whatever. You can work with the Virginia Association of Broadcasters and work with newspapers and put together a regional free PR campaign throughout the whole area. Get out there in Southwest and Southside Virginia and bring in all the newspapers and television stations and get the Governor and Lieutenant Governor and Attorney General to do their things. If you use free PR, and it's regional in scope, you can do lots of things that way to try to do precisely what you're talking about. What we say as a Commission, we're holding ourselves as a Commission accountable. We should hold ourselves accountable. That is, we spent this amount of money and increased GED "X" percent, and that's the goal that we take upon ourselves. We take upon ourselves responsibility for investing the money in ways that help us get to that goal. Right now we're supervisors of somebody else setting the goal and somebody else whether or not they reach their goal. The question in my judgment is what is this Committee's goals?

DELEGATE JOHNSON: Mr. Chairman, I'd like to disagree a little bit with that. I think in the burley Southwest area we on the Education Committee decided that we wanted to spend a certain amount of money for education and scholarships. We set the agenda rather than someone else doing it. Some things

we've done what you suggested, although it's not in writing, is that right?

SENATOR PUCKETT: I think you're right, Joe. We decided what we wanted to do.

DELEGATE JOHNSON: We set certain goals, what we wanted to do. The first was 870,000 for the community college and then $250,000 for scholarships, a $1,000,000 for scholarships this year, what we want to spend on education and college.

MS. TERRY: All I'm trying to say is to take the percentages here --

DELEGATE JOHNSON: -- Sure, I understand.

MS. TERRY: What are our goals of all these things, where are our goals?

SENATOR RUFF: We should have some more data, in that time frame whenever you all have that ready, then we'll get back together and talk about this.

DELEGATE BYRON: In one of our meetings could we have limited presentations from people who have studied this to tell us what they have done?

SENATOR RUFF: A wrap-up summary, so to speak?

DELEGATE BYRON: Yes, some success stories. How they spent the money that we have given them and results from them, using some of the students that have scholarships.

SENATOR PUCKETT: We in the Southwest have heard that from Rachel Fowlkes at the Higher Ed Center. You're going to hear it right after you go through this process, and she is going to tell you how successful they've been and what's actually happened to it. We have those kind of numbers already, and we probably haven't produced them like we should have, but I think in Southside you've going to see what you've been working with at the Higher Ed Centers. I think the other thing that will make what Mary Sue is talking about really a possibility is if the securitization goes through and we're able to have that constant money out there that we know we're going to have, then it really will allow us to set that five-year plan, or however else you want

to call it, and have it in place knowing that the funds are actually going to be there and what is there. This first three or four years we've been sort of flying by the seat of our pants a little bit here. We were taking what somebody was giving to us and trying to spend it the best way we knew how. I think we've done a real good job in most of those areas. Not everything we've done has been successful. We sort of stepped out in good faith and tried to do that.

With this long-range planning opportunity we have I think we can do some of the things you've indicated and it will be very helpful not only to this Committee but to the Commission as a whole in identifying what our goals are and how successful we've been in what we've done. I think the possibilities are very favorable in the very near future if we can move through this securitization process, which seems to be on a positive track right now.

DELEGATE WRIGHT: Mr. Chairman, I've got a one o'clock meeting --

SENATOR RUFF: I think we've probably finished. I think in the next meeting we can plan on bringing up success stories like you talked about and tell us how it works, and that would be very important. Let's move back from recess of our Committee meeting and go back to the nursing program proposals. Libby brought the proposals, and I would like to compare the Southside proposals with the proposal South Central.

MS. AUSBAND: These are the counties. The Franklin County one, if we need to remember, it's a scholarship program, and it trained 40 CNA's at Virginia Western and provided classes for 60 more. You can look at that data and analyze it. I think you're interested in what our questions were as far as the panel's recommendation. We asked for criteria, scholarships, we wanted a demonstration of partnerships from the community colleges. One of the main things we asked, and I think this is true on both of the nursing proposals, that they get funding from the Education Committee, we wanted some demonstration that the jobs they were being trained for were available. That's about all.

SENATOR RUFF: How many dollars for those

CNA's?

MS. AUSBAND: For the CNA's it was 62,000 approximately and a local fund match of 18,000.

SENATOR RUFF: Sixty-two thousand, CNA's, these are not LPN's but CNA's.

MS. AUSBAND: CNA's and LPN's, the tuition and books and the scholarships. That's why we wanted criteria developed then, South Central area Certified Nursing Assistance Program, this is the one that paid for their certification. The panel then commented that you could measure the success by the number of graduates. What we wanted on Franklin County, we wanted the jobs available, employers that needed nurses in the area. That was a 135,000 request.

SENATOR RUFF: That was to deal with how many people?

MS. AUSBAND: Thirty individuals. Three sessions were offered.

SENATOR RUFF: For what positions?

MS. AUSBAND: CNA.

SENATOR RUFF: Any more background information?

MS. AUSBAND: No.

SENATOR RUFF: I'm turning the Chair over to Senator Puckett, because I'm too close to this issue, and I want to say some things.

SENATOR PUCKETT: You have the floor, Mr. Chairman.

SENATOR RUFF: This proposal came from the hospitals in Emporia, South Hill, South Boston and Farmville because of the lack of nurses. They serve Greenville County, Sussex, Brunswick, Mecklenburg, Lunenburg, Nottoway, Prince Edward, Cumberland, Buckingham, Appomattox, Charlotte and Halifax Counties. That's a large section of the Commonwealth or of the tobacco growing area. It's a large section of the Commonwealth also. We have identified the nursing and medical shortage as one of the things that's most critical in our region throughout Southside and Southwest Virginia. We have identified that these are good paying jobs that can support families. I believe

if we are truly trying to match resources and the use of resources for productive use in Southern Virginia then this is a good way of doing it. Prior to this the South Hill Hospital Nursing Program in which they took the first year through the community college and the South Hill Hospital and then took the second year in the Richmond area, that meant that those people in their thirties with children, single parents, could not look at the second year and go into that program, there's no way out and they couldn't leave their family. That eliminated everybody above the post-high school age of 18 to 22. Those 18 to 22 year olds that entered into that program that were not married ended up coming to the Richmond area. Some got lost and never were able to find their way back. The resources were wasted as far as Southside Virginia was concerned. That is the problem that these 10 or 12 counties have that we've been dealing with, and that's why we're for it. They have to have those nurses. You ask what the match is, and it's going to be the resources from those communities. Whether it's higher fees or whether it's to keep the hospital open, to keep them open we've got to have nurses for them. If the money doesn't come from this Tobacco Commission the program will go forward because it has to go forward and there is no other alternative. This year they went to the Philippines and recruited 23 nurses, which over a period of time will come or not come, and they'll be there for a short period of time and then leave, and that's the dilemma they have. The question about funding personnel expenses is legitimate, but it's also a start-up program. Once the program starts moving forward it'll eliminate some of those costs, and hopefully the budget will be better and we will be funding these community hospitals better.

As Mary Sue said, the Patrick County Hospital could not withstand the pressure of economics, and they did face bankruptcy. The Farmville Hospital will have a choice of bankruptcy or being bought out, there's no question about that they've lost too much in the last three years to continue going forward. The Emporia Hospital is now owned by a Tennessee company. That's the dilemma we have. Thank you, Mr. Chairman.

SENATOR PUCKETT: Any other comments?

DELEGATE BYRON: Aren't they also employed at nursing homes as well?

SENATOR RUFF: This is an LPN program. The CNA program is already constituted and has been in operation for a couple of years now. That was the two programs we funded.

DELEGATE WRIGHT: Mr. Chairman, I'll add just a personal note that in the past eighteen months, my mother, father and son used one of the local hospitals. It's not only the backbone of our community as far as healthcare but as far as economic development it's critical also. The nurse shortage is that they've got 81 positions available right now. It's a regional concept, and the start-up programs are a critical need, and it's economic development concerns as well as health concerns in our area. I certainly hope the Committee will see fit to go forward.

DELEGATE JOHNSON: If this is adopted will it go before the full Commission?

SENATOR PUCKETT: I would think it would, go before the full Commission and go with the recommendation of this Committee, which I think would carry significant weight to the Commission.

DELEGATE BYRON: The training is tied into this?

SENATOR RUFF: The way they proposed the scholarship proposals and the reason they don't like what Staff has proposed is that they were granting scholarships on condition that they came back to work and worked the scholarships off at those hospitals.

DELEGATE BYRON: Who did?

SENATOR RUFF: What?

DELEGATE BYRON: The hospitals want to have that?

SENATOR PUCKETT: The hospitals want to control that.

DELEGATE BYRON: Do we have any control ourselves or accountability to say they have to stay in the community if they want the scholarship?

SENATOR RUFF: As the original proposal went it would not deal with scholarships. It would deal with start-

up funds to begin the program and get the program off the ground. The scholarships that deal with the individual would go from the hospitals' foundations to the individuals. We wouldn't deal with scholarships.

DELEGATE BYRON: We have no control.

MR. ARTHUR: Mr. Chairman, I don't understand why we can't fund the scholarships, but if you want to call this a start-up fund that's fine, and it is, but there's no foreseeable way of sustaining it, even for two years that they're talking about for the 40 nurses. I'm just not comfortable with it unless we work out some way with the hospitals that we fund grants and let them put in the experts or the people they need. I want to support it, and I really do, but there's no way in the world that they've shown here where they're going to fund it next year for the professional services, technical assistance and whatever else. It may be start-up funds, but there's no way to show it or any follow on with it. I'll just say I support the scholarships.

SENATOR RUFF: Mr. Chairman.

SENATOR PUCKETT: Senator Ruff.

SENATOR RUFF: Mr. Arthur, I understand where you're coming from, and I appreciate that, the reality is, though, that the budget process, as proposed in the Governor's cuts on October 20th and proposed cuts in December, are going to hit very heavily on hospitals and the resources that they would hopefully want the economy to get better, and that's where those resources were coming from. As I said, the program will go forward, and it has to go forward if we're going to keep the hospitals open. There will be money to be found if they're going to function, that's a given.

MR. ARTHUR: Frank, I support you a hundred percent. As far as I can see this is a bookkeeping matter between the hospital and where these other funds are going. If it's a bookkeeping matter let us provide the money to the hospitals and they can control the scholarships, but we're paying for the scholarships, that's my thought. It's strictly a bookkeeping matter.

DELEGATE WRIGHT: Mr. Chairman, the hospital seems to think in the conversation today it would present a problem. As Tom said, this is just a bookkeeping matter, and as

long as it accomplishes the goal it should be of less importance to us than it is to them. They need this, and for us to say we're not going to do it because it's a bookkeeping matter and we think it's a wonderful project and everything. I'd like to see us do it because the need is there, 81 positions are open right now. If it's a bookkeeping matter, and I see Tom's point on it, but this is start-up, one time. If we don't do it there's a chance that the hospital, and the Farmville Hospital is right on the borderline right now, and they need this.

MR. ARTHUR: Mr. Chairman, Tom, I agree with you again, and from my opinion and the way I see it it's a bookkeeping matter. They're going to turn out 40 and need 81. We want to do this because there's a need, but if we do this we're bending the rules and we pay salaries, because this may be called a start-up, but there's no follow-up or no process to guarantee to carry it next year and the next 40, which they need. I think we need to press them on the bookkeeping aspects of it and let us not bend the rules or bend a rule and set a precedent.

SENATOR PUCKETT: Any other comments or questions?

MS. MARRS: We'd be happy to work with them if there's so much Commission money we thought it would be helpful. Now, if we can talk to them and get more information maybe that would make everyone more comfortable about this.

SENATOR PUCKETT: I get the sense from around the table, and if I'm not saying this right somebody speak up, we all recognize this as a very valuable program or valuable asset, particularly these communities that are affected. In my district back home we just had a hospital close for bankruptcy, and I can't tell you how upsetting that's been to the whole county. There's no hospital,, and people are driving an hour and fifteen minutes just to get to the hospital, and I think it's extremely critical. So I would very much like for Staff to try to talk to Scott rather than what we listened to over the phone this morning, because I think he's willing to try to work out some detail where we can do it and do it right. Tom's probably right, if there's a way to do this, and I'm not the accountant in this, but there is probably a way to do this. So I would suggest we try to work it out and

give a preliminary type of approval to it based on working out the details with the hospital as to how we can arrange this bookkeeping matter and move forward with it and not hold him up.

DELEGATE WRIGHT: Mr. Chairman, would you like a motion?

SENATOR PUCKETT: Yes, I would entertain a motion for that.

DELEGATE WRIGHT: Mr. Chairman, I'd make a motion that we tentatively approve the proposal based on the Staff working out the details with the hospital, or the bookkeeping out with the hospital.

MR. ARTHUR: I'll second that.

SENATOR PUCKETT: Thank you. It's been moved and seconded. Any questions or comments that anyone would have about the motion? All in favor say aye? (Ayes) All opposed? (No response) Good. Staff, make that work. Thank you all very much. I believe we're adjourned.

PROCEEDINGS CONCLUDED.

CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the Virginia Tobacco Indemnification and Community Revitalization Commission, Education Committee meeting held on Tuesday, January 7, 2003 at 9:00 a.m. at the General Assembly Building, Richmond, Virginia.

I further certify this is a true and accurate transcript to the best of my ability to hear and understand the proceedings.

Given under my hand this _____ day of January, 2003 .

_____

Medford W. Howard
Registered Professional Reporter
Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2006