



Education Committee

Tuesday, April 8, 2003

2:00 p.m.

Southwest Virginia Higher Education Center
South Boston, Virginia

APPEARANCES

Senator Frank M. Ruff

John T. Taylor

Isaiah G. Hopkins

Buddy Mayhew

Delegate Thomas C. Wright, Jr.

Commission Staff

Carthan F. Currin, III, Executive Director

Mary Cabell Sherrod, Manager of Communications and Committee Operations

Tim Pfohl, Grants Program Administration Manager

Britt Nelson, Grants Program Administrator – Southside

SENATOR RUFF: I'll call the meeting to order. Thank you all for coming today, can you all hear me there? I want to talk a little bit about the securitization issue so that we can make sure that everybody understands where we are and Carthan will step on my toes if I say anything wrong. Since there's no media here, I guess he'll trust me to say at least something anyway. We were going along pretty good with this securitization, we went to New York and found buyers for the securities and then along came the lawsuit in Illinois before we were able to actually sell the securities. They put a cloud on them and changed them from an A1 to an A3 rating. The potential buyers, the people that committed to buy them decided they didn't want to buy these bonds under these conditions for this amount of money. We've gone back from that and I don't know that anybody believes that we're going to find the market this year, if we do, it will be significantly less money. I wouldn't even want to venture a guess on that. Carthan, would you like to venture into that?

MR. CURRIN: No, sir.

SENATOR RUFF: That means that we don't know what our stream of cash is going to be. In our long-range plan we talked about setting aside a hundred million for education over the next number of years and we felt like we could do some great things in Southside and Southwest Virginia in this process. It makes us feel much more comfortable telling young people there are scholarships, yes, it will be there for four years. For community colleges or any program to start something, they'll know there will be some follow up monies

1 at some point in time. With the securitization and the lawsuit issue, Philip Morris as I'm sure
2 you all are aware of now, said they may not be able to make the April 15th payment. That in
3 turn means that every proposal that's been previously mailed to Carthan's office and every
4 potential proposal that we talk about today is going to have a cloud over it. We don't know
5 where it's going to go. We had made a commitment to the growers and at least the Executive
6 Committee made a commitment to the growers that the indemnification part would move
7 forward but everything else is going to be put on hold until we find out how much money
8 actually will be coming in. Have I misspoken yet?

9 MR. CURRIN: No, sir.

10 SENATOR RUFF: Having that cloud over us we can still talk about it and we'll
11 be positive and we're still going to try to figure out how to plan for this year. We want to talk
12 about some of our scholarship programs that we began last year, the changes we're going to
13 make this year. We want to establish some timeframes with what we can do for education
14 proposals that may come from various entities. Having said that, I'll ask Carthan to call the
15 roll.

16 MR. CURRIN: Mr. Banner?

17 MR. BANNER: No response.

18 MR. CURRIN: Mr. Fields?

19 MR. FIELDS: No response.

20 MR. CURRIN: Mr. Hopkins?

21 MR. HOPKINS: Here.

22 MR. CURRIN: Delegate Johnson?

23 DELEGATE JOHNSON: No response.

24 MR. CURRIN: Mr. Mayhew?

25 MR. MAYHEW: Yes.

26 MR. CURRIN: Senator Puckett?

27 SENATOR PUCKETT: No response.

28 MR. CURRIN: Mr. Stallard?

29 MR. STALLARD: No response.

30 MR. CURRIN: Mr. Taylor?

31 MR. TAYLOR: Here.

32 MR. CURRIN: Delegate Wright?

33 DELEGATE WRIGHT: Here.

34 MR. CURRIN: Mr. Chairman?

35 SENATOR RUFF: Here. You heard we do not have a quorum and we knew we
36 wouldn't have one but I think we can move forward talking about the scholarship programs and
37 we can come up with a date and then have a short meeting before the full Commission meeting
38 to get them to accept that date and move forward on those. Buddy, I'd like to welcome you to
39 the Committee and expect a lot out of you. Do any other Committee members want to say
40 anything at this time?

41 MR. CURRIN: This is Buddy Mayhew from Pittsylvania County.

42 SENATOR RUFF: Rachel, thank you for coming. Also, let me embarrass Britt
43 Nelson. Britt Nelson is a new addition to the staff and I think she started two weeks ago.

44 MS. NELSON: A month ago.

45 SENATOR RUFF: She will be serving the Southside area and as we try to go
46 through these grant processes, she'll be working with local organizations and community
47 colleges in this area making sure that we have all the information we need to go forward. Do
48 you want to give a speech or save it for later?

49 MS. NELSON: I'll save it for later.

1 SENATOR RUFF: Tim, did you want to say anything?

2 MR. PFOHL: We're delighted to have Britt on board and we're already seeing
3 the benefits of having her experience with us. We're looking forward to having her presence in
4 this region.

5 SENATOR RUFF: Britt worked with the Piedmont Planning District office for
6 two years.

7 MR. TAYLOR: Is her office going to be in this building?

8 SENATOR RUFF: Do you want to tell us how we get to your office?

9 MS. NELSON: Just go on downstairs and the office is on the far right hand
10 corner.

11 MR. CURRIN: Mr. Chairman, is your contact information, do we have those
12 numbers and that kind of thing. In the meantime, until we get those numbers you can reach
13 Britt through the office in Richmond. The email addresses and telephone numbers and those
14 kinds of things for this office and for the one in the great Southwest will be in Abingdon and
15 Mr. Jerry Fouse will be handling the Southwest. He's the staff person that will be handling the
16 Southwest Virginia region. The next full Commission meeting is April 24th at Berry Hill in
17 Halifax County starting at 10:00 o'clock.

18 SENATOR RUFF: Dr. Fowlkes. Dr. Fowlkes is a close friend and has been so
19 kind to help us last year with the scholarship program and helping to get that started. We want
20 to thank you all for making the effort to come this far today and hope you won't see too many
21 storms on the way back. I think you're going to give us a recap of where we are and where we
22 were last year and what are some of the things we should do to move forward.

23 DR. FOWLKES: All right. Those of you that are Commission members,
24 there's a green packet at your table and if you'll get that out and I see most of you have gotten
25 it out and put it on the table, we're going to go through some brief PowerPoint slides that
26 recapture the two programs, Southwest Virginia program and the Southside program. While
27 there's some similarities in the two programs, there is some distinct differences and this way
28 you can compare the two programs and see the number of students awards and the different
29 criteria and it should be very helpful to you. These figures are compiled from all the payments
30 that have been made to date spring semester. It does not include the summer unless we've
31 already encumbered those payments. For those of you that have not met Chris Fields, she is
32 our chief financial officer for the Southwest Virginia Higher Education Center. She has
33 handled the bulk of the scholarship programs for Southwest and Southside.

34 First of all we're going to give you some quick information about the burley
35 program, which is a Southwest Virginia program. One million dollars was set aside this fiscal
36 year for the burley program. Last year we started the program with 250,000 and then because
37 of the numerous requests for tobacco scholarship money, it was increased to one million for the
38 '02 and '03 academic year. The criteria for participation in the burley program for Southwest
39 Virginia determined or settled around the tobacco family. Tobacco family means you had to be
40 a burley grower or producer or quota holder or a working spouse or a child or a grandchild of a
41 burley grower or producer in order to qualify for a scholarship. That quota had to be held
42 within the last five years. The maximum amount of the scholarship award was \$1,000. We
43 also added in our second year of the program in Southwest a requirement that all scholarship
44 participants attend a Career Assessment Workshop. The Career Assessment Workshop was a
45 three-hour seminar where we worked with the tobacco recipients, scholarship recipients
46 selecting a career or selecting a major with a career in mind. We'll talk in a few minutes about
47 the contents of those workshops. The criteria also included the Southwest and they had to
48 attend a public/private school within the Commonwealth of Virginia. Although most of our
49 counties in Southwest Virginia border some other states. North Carolina, Virginia, Tennessee,

1 West Virginia and Kentucky. The Southwest part of the committee felt like the scholarship
2 remained within the Commonwealth.

3 Here are the latest statistics on this year's program. As of April, 2003, there are
4 692 eligible applicants. Of that 692, 634 accepted the scholarship by committing to attend the
5 workshop. 634 are attending. They have over 78 college majors. That's the difference
6 between how the scholarships in Southside and Southwest work. In Southwest, the students are
7 allowed to select the major they want to when they go off to college. Twenty-seven colleges
8 are accepting Tobacco Scholarship Funds. In other words, out of the 634 students, there are 78
9 different majors at 27 Virginia institutions. Out of our applications 165 were found not to be
10 eligible because they didn't meet the eligibility criteria. They weren't tobacco growers, they
11 were not residents, they were not going to a four-year school or they didn't have a quota within
12 the last five years. We offered the same workshop 12 times, we offered 12 days for the career
13 workshop. The title of the career workshop was choosing your major with a career in mind.
14 Our primary purpose was to help our students focus on careers that are available to them in
15 Southwest Virginia. The problem is that when we looked at jobs in Southwest Virginia, we
16 find that many of our college graduates are not majoring in the fields where employment is
17 available and they're majoring in things where employment is on the decline. So what we're
18 trying to do in the workshop is to help them look at their own strengths and weaknesses and
19 their own interests and abilities. We bring in people in business and industry to talk to them
20 about job openings in their companies where they're actually having to recruit employees from
21 outside of Southwest Virginia to fill job vacancies because of the lack of prepared people
22 within our own region. We want our students to hear about those types of jobs and how they
23 relate to the major that they have selected in college.

24 At the beginning of the workshop we had Senators Wampler and Puckett and
25 Delegate Johnson come and talk to them about 10 or 15 minutes about the tobacco program,
26 how it was available to them, how the money was provided to the Commission. That was very
27 helpful and many of our students didn't really know that. During the workshop we also did
28 individual career assessments. We had one buy the computer and one buy paper and pencil to
29 help the students look at individual strengths and weaknesses. Then we had a panel
30 presentation by a variety of businesses and both the public sector as well as the private sector in
31 Southwest Virginia.

32 Here are some basic statistics on the applicants that qualified for scholarships.
33 57 percent of those are female and 40 percent are male and three percent don't know what they
34 are. This also gives you a distribution of ages and you can see predominantly 78 percent are
35 students in the age group of 17 to 24. Then a further breakdown, the non-traditional students,
36 the next largest group is the 25 to 34 and then 35 to 44 age group and then all the way up over
37 55 and one percent of the population there.

38 Here's the differences and this is the Southside program. We had allocated for
39 Southside \$2.8 million dollars. You'll notice one of the distinct differences in the title at the
40 top, not only is it a scholarship but it's also a loan program so there are strings attached to this
41 particular scholarship program. It's available to students in 24 localities. The Southwest
42 encompasses 12 counties so it's about twice as large as the Southside. Actually, it's twice as
43 many localities in the Southside. It's stipulated that you must be interested in teaching in the
44 K - 12 field in order to qualify for a scholarship. You must attend a four-year college but that
45 college can be in-state or out of state. The maximum amount of award is \$4,000 and it can
46 include fees as well as tuition. In order to qualify for the scholarship, you have to sign a
47 promissory note promising that you will return to one of the 24 localities in Southside Virginia
48 and you'd teach one year to repay every year of the loan that you received. If you do not go
49 back and teach, then you are obligated to repay the loan at four percent interest beginning 12

1 months following your completion of your college program. The Southside program is a
2 scholarship if you teach in K12 in one of the 24 counties or localities and it is a loan program if
3 you choose not to go in that direction. Here's some statistics for your region and Southside.
4 There were 802 eligible applicants and of that 802, 601 returned promissory notes so they
5 accepted the scholarship even though they are obligated to teach in the K12 arena. There are
6 48 different college majors and you may ask why are there 48 majors, because if you think
7 about the endorsement programs with the Virginia Department of Education, there are over 100
8 endorsements ranging from biology to zoology and there's a wide range of fields that you can
9 teach in. Fifty-three colleges are receiving scholarship funds from Southside Virginia. We had
10 158 students who were not eligible in Southside and primarily it's a residency problem. They
11 had decided to attend a community college instead of a four-year school or they decided they
12 did not want to teach in K-12. Here are some statistics on gender and race. You'll see in
13 Southwest the largest population is white females who are participating in the program and
14 your other percentage is 16, 15, 5 and 3. Age group is about the same, you have your largest
15 number of students concentrated in the 18 to 24 age group and similar percentages in the 25 to
16 34 and the 35 to 44 categories.

17 In administering the scholarship program and this is for us, the first time we did
18 both of the programs together and we went back and looked at some of our records yesterday
19 just to give you some facts. When we looked at our phone records, we actually have set up
20 two phone codes in our phone system. One is for the Southwest calls and one is for the
21 Southside calls. Over about a two-month period of time August and September we made over
22 1500 outgoing calls to parents and students about the scholarship program. Most of these calls
23 are generated by calls coming into our office, which actually we had to return. We logged
24 over 2,000 voicemails and we also had some that every time we got a call coming in about the
25 tobacco questions we got the person's name and phone number and which scholarship program
26 they were interested in. These were voicemails. In addition to that, we had an active email
27 program going to respond to students through the computers and who had email addresses.
28 Over a thousand emails were sent out to personal emails and this had to do with things like
29 financial aid officers in the college.

30 We're looking forward, as far as where we're going from today with the
31 scholarship program. One thing we've continued to hear and I'm sure you do too is from
32 parents and students that they need to know earlier when we can notify them about the
33 scholarship program. This may be a problem again because of funding. But most colleges
34 right now are in the process of admitting students for next year's class and they're in the
35 process of completing financial aid packages for students. We were in late August and early
36 September getting this information out to colleges and students. The earlier we can do that this
37 year the easier it's going to be on parents and students. In many cases this past year students
38 and parents had to make their first payment, their first tuition payments long before they knew
39 whether they would receive scholarship money or not. Most payments are due in college by
40 early summer if not late spring for the fall semester. Many students parents had to borrow
41 money and make the payments and then have the colleges, after the tobacco money was
42 received, refund their payment that they had borrowed. So timing has always been a critical
43 factor. One of the other questions that we faced between fall semester and spring semester, we
44 had some students who did not make the college's academic standards so they contacted us
45 and said do we fund this student for spring semester when they're not in good academic
46 standing. We didn't have that in the criteria and that might be something we want to address, a
47 certain GPA that if the student fell below that over a certain period of time, that you would
48 withdraw opportunities to participate in the program.

1 I've already mentioned getting the information out late to the students. In
2 Southwest Virginia because the two programs have some differences, we've been asking
3 ourselves and the Southwest Committee has said we would require repeat scholarship students
4 to attend the career workshop, again in the fall. We have basically answered that question by
5 saying yes, we'd like to require those who attended the previous workshop to come back and
6 let us work with them on resume writing and interview skills because we know that for many
7 of the students, particularly the younger ones that 18 to 24, that's an area they're not
8 particularly skillful in. In Southside, again because the students are unique, one of the
9 problems that we have yet to address in scholarships is how we would keep track of students to
10 see if they are actually going into the teaching field and where they're located to teach. No
11 mechanism has been established in Southside and Britt that might fall on your shoulders as to
12 how we want to do that. We've also discovered that some of the students that are qualified for
13 funds for the spring semester actually didn't return to college in the spring. They used tobacco
14 money in Southside for the fall semester but did not return in spring. So, we have to learn how
15 to track those students and get them to repay the funds that they used for the fall semester. The
16 other issue is who would collect the loan repayment. We already have one student that we
17 know is not planning to go into the teaching field and has asked when do I have to do this and
18 how do I do it and to whom do I make the payments and so forth. We need to work this loan
19 situation out I think and have that information available to the students and to their parents as
20 soon as possible. We've already been in contact with the Attorney General's Office and we've
21 talked about how we're going to handle loans that are in default on students. We hope it will
22 be very few but still how are we going to do it and what will be the procedure. Here are some
23 recommendations that we see as very important. This year we're going to develop an online
24 application process where the students go online and fill out the application and that
25 information goes automatically to our database. That makes administering it for us and the
26 college students a much more streamlined process than the paper application process. So we
27 would like to recommend to you that all of the students be required to apply online next year.
28 I think most people have computers at home now and have access to computers in their public
29 libraries and in their college libraries and we feel like all students will have to do things online
30 when the students make an application. We have seen the success with the career development
31 workshops and we think it's very important to do this to bring the students together and talk to
32 them about the scholarship program and answer questions and also give them some
33 professional guidance about their majors, about jobs and employment opportunities of the
34 future and particularly those in the regions of the Southside and Southwest. That's our goal to
35 keep our talented and educated young people living and working in our communities. So my
36 recommendation to the Southside would be that you would adopt something in your region
37 that would fit that bill as well. That's basically the primary recommendation that we would
38 like to offer.

39 Chris is here to answer any of your specific questions that you might have about
40 the payments. The average payment we were making in Southwest was right at a thousand or
41 close to a thousand dollars for Southwest. For Southside it has varied and you can see the
42 amounts. All of the pieces of paper in your folder that are green related to the Southwest
43 program and those that are yellow contain data related to the Southside program. We can see
44 the colleges where the number of students are attending in your region. Longwood is by far
45 the largest recipient of scholarship money, scholarship students. They had 127 tobacco
46 recipients last year and receiving almost \$400,000 dollars in tobacco funds for those students.
47 The next largest one would be fairly obvious to you and that's Averett and they are receiving
48 over \$400,000 dollars for their students. You can also see the number of students that are
49 attending out-of-state institutions but predominantly the students are attending schools in the

1 Commonwealth. You can see on the sheet they're broken down by locality and 24 localities.
2 You can tell that Pittsylvania County, for example, has 14 percent of the recipients are coming
3 out of Pittsylvania County. You can also see where the numbers are very low because that
4 may give you some ideas where we can spend a little more time and effort advertising
5 programs among our school counselors and the newspaper and radio to make scholarship
6 programs more available to people in areas where the percentages are very low. Your goal is
7 to get more people involved in the program.

8 What other items would you like for us to address?

9 SENATOR RUFF: I'll just ask if anyone has any questions.

10 MR. MAYHEW: This may be because I'm new to the committee but I'm just
11 wondering one thing, this is all the money that is allotted or used but if people still based the
12 scholarship or does it come up to where or is there fewer people than money or how does that
13 balance out?

14 DR. FOWLKES: This year we were able to award up to the \$4,000 maximum if
15 they chose to take that award. Everybody that met the scholarship criteria, I believe there were
16 162 in Southside that did not meet the criteria. The total amount, if you look at the bottom of
17 the yellow sheet, today we have used \$1.7 million dollars of the tobacco funds. We still have
18 some but that won't be a huge payment. You set aside \$2.8 in Southside for scholarships. The
19 answer to the question is yes; you can still take more recipients, more people.

20 MR. MAYHEW: So not quite all the money has been used?

21 DR. FOWLKES: Exactly, about a million dollars has been unused.

22 MR. MAYHEW: The other question is did the community colleges have their
23 own money from this Commission that they in turn would work with students on as far as
24 scholarships?

25 DR. FOWLKES: That varies from region to region and the community college
26 people are here. Some of the community colleges use the scholarships. Some of them use it
27 for scholarships and some of them use it for programs, is that correct?

28 MR. CURRIN: That's correct.

29 MR. MAYHEW: Doesn't Danville have an active scholarship program for the
30 tobacco farms and the families and students, isn't that what some of the money is used for?
31 Does anybody know?

32 SENATOR RUFF: Buddy, I think all of them put some money into the
33 foundation to cover scholarships.

34 DR. FOWLKES: I know they do in Southwest.

35 MR. MAYHEW: This is to the four-year institutions. I was wondering, I didn't
36 know if somebody got left out because they wanted to, if that was the –

37 SENATOR RUFF: That raises a good questions. The first year we gave \$800
38 plus thousands to each of the seven community colleges and each one of those put some
39 money into their foundation scholarships and used it for programs and things like that. Each
40 year since then they have gotten money. They focused it a little better I think in what they
41 wanted to do with it. What we saw we were missing is what we were doing in the four-year
42 colleges and this is geared strictly for that. To go back again, we felt like the young people
43 were the most important and we differ with Southwest Virginia because they believe it should
44 be tied to past or present tobacco production or they kept it in the Virginia colleges. We
45 believe that if a young person is willing to make a commitment to come back to this
46 community or any one of the counties that it didn't make any difference what college they
47 went to as long as they were educated and coming back. We established that.

48 MR. MAYHEW: That was the reason by limiting it to those that would want to
49 teach and not opening it up to others?

1 SENATOR RUFF: We set aside originally, at a very hastily done meeting at
2 VIR and it was kind of spinning out of control but the \$2.8 million came to match, a million
3 from Southwest. When we started this process we didn't know what kind of request there
4 would be so we tried to create a structure so we would have some control. We said anyone
5 could go to college anywhere. There might have been \$50 million dollars in requests. We
6 started out that way and we were meeting in October of last year and we decided we wanted to
7 expand that to other fields and we talked about expanding it to the medical field. We know
8 there is a lack of medical services in a lot of areas. Today what we need to do is solidify what
9 we're going to do on those two ideas and whether we need to select others.

10 MR. MAYHEW: I personally feel like among all the good ideas out there as far
11 as how the tobacco money gets used, personally I feel like aiding young people to get a good
12 education and particularly those that might otherwise have difficulty financially would be the
13 greatest way this money could be invested for the future.

14 SENATOR RUFF: Most of us would agree. I know all these folks out here
15 today do.

16 DR. FOWLKES: I think the other thing when we talk about in state and out of
17 state, this paper shows you that predominantly your students are in state. You've got some
18 exceptions and I think that works well. You don't have the students making a mass exit across
19 the border. Some people would say you're letting the Virginia tobacco dollars go outside the
20 Commonwealth but there's so few as you can see on this list and I think that's probably a good
21 thing to do.

22 SENATOR RUFF: Any other questions? Okay, what I'd like to do is bring in a
23 proposal that the Deputy Secretary of Education, Peter proposed that instead of offering a loan
24 scholarship program that we go ahead and let the young people borrow the money. I believe
25 the Stafford loans are about 3 or 3½ percent now.

26 MS. FIELDS: 3½ percent.

27 SENATOR RUFF: Those people that we identify as people that we want to give
28 scholarships to and people such as the case where they would come back and teach biology
29 and we could make a commitment to them that when they came back, we would pay off the
30 \$4,000 or whatever form they used to finance their education. That would address some of the
31 issue that Rachel had about loans in default, also tracking and things like that. We're not
32 putting any money up but we're setting the money aside and putting it in a reserve where we're
33 earning some interest on it. Even if we go back and say we're going to pay the interest, we'd
34 be better off losing the difference in that interest, that 3½ percent and whatever we can do with
35 that and not have to deal with hiring collection agencies and paying them 25 percent of what
36 they collect. Are there any thoughts on that?

37 DELEGATE WRIGHT: I think it's a good idea. One of the things Dr. Fowlkes
38 mentioned about students going the first semester and not going the second. What you
39 mentioned would take us out of the problem. They would actually pay the money back.

40 SENATOR RUFF: They borrow the money in their names or their parent's
41 names are on the loan and they have a collection agency ability that we don't have.

42 MR. MAYHEW: Do any of the colleges have a program where you could
43 designate so much money for certain students and they in turn would credit them each
44 semester and if they dropped out or not doing well, I wonder if that service is available at some
45 of the schools?

46 SENATOR RUFF: I'll have to ask one of these education experts.

47 MS. FIELDS: I'm not aware of any program like that.

1 MR. MAYHEW: If a college is getting \$200,000 for 25 students and instead of
2 paying to the college treasurer, each student's name and a breakdown and have the college
3 itself manage the money, I wonder if that would not make sense?

4 DR. FOWLKES: I think one of the difficulties you'd have if you do that, a lot
5 of students change every year and so how much to deposit in each college's account?

6 MR. MAYHEW: You'll still go through the same preliminary application
7 process. You'd have the names of those that got accepted and those that did not. I just think
8 maybe someday to simplify the collection and keeping track and taking care of things, that's
9 got to be quite a job.

10 DR. FOWLKES: How would you handle the students with no loans. Let's say
11 they're paying the tuition or working or other categories and maybe their working adults and
12 paying their own tuition without a loan. Would you be able to help them with theirs or how
13 would you do that?

14 SENATOR RUFF: In my mind you would be repaying whatever source they got
15 it from. The element I believe is important is you got a person that comes back after they've
16 seen the bright lights of the city, they come back and re-establish their roots. I think it would
17 be good to keep them if we got good people and get them to come back and make a
18 commitment to the next generation.

19 MR. MAYHEW: You've got to have enough people to make that successful
20 and you have to be careful with the amount of money you spend by doing that.

21 SENATOR RUFF: There's a lot of people that have a plenty of cash but that
22 would be a limited number and they may not even ask for it if they got that. Do you all want
23 to do that?

24 MR. TAYLOR: I was thinking and going back to what Rachel said or the
25 question here or the individuals. There's no reason that we couldn't in the second semester or
26 maybe after the first of the year the payment to the school, we could do this one-year behind
27 for - - it only pays once a year and then it takes care of itself.

28 SENATOR RUFF: The goal is to get them to come back and use their skills in
29 Southside Virginia. I'd say they don't get anything back until they came back and re-
30 established their residence and started performing the various services in the community.
31 You're looking at withholding four years of scholarship money for each and every student?
32 That gets us out of the collection business. If we set aside X number of dollars for that person,
33 we would be earning interest on that money. If they borrowed money on the Stafford loan at
34 3½ percent, if we paid no interest the most they'd be responsible for is 3½ percent. If we
35 chose to take some of that interest we could do that but still \$4,000 is a good deal. \$16,000 for
36 four years is not bad.

37 MR. TAYLOR: I have no problem with that. My problem is the student that
38 pays his own way versus the student that cannot. Both of them are qualified and one is
39 working and paying his own way and this one is not working. You're going to make that
40 student sit for four years before you pay any of the scholarship money. Each year the other
41 student -

42 SENATOR RUFF: No, not paying anything for anyone. I'm talking about
43 changing from what we did first. What we've done the first year we've done it. If there's any
44 bad debt in there, we'll have to collect it one-way or the other. Do we continue down the
45 process that we know will require hiring more staff personnel or contracting with collection
46 services or do we say we can come up with a better way?

47 MR. TAYLOR: You're taking all the money out and designating it for
48 education and putting it in a fund for four years without anything going out?

1 SENATOR RUFF: Well, for any individual yes. If Phil's son or daughter is
2 going to Virginia Tech, is a junior this year and she qualifies for one year this year, may
3 qualify next year and they would be one year away, they would be going into teaching quicker.

4 MR. TAYLOR: I was thinking from a freshman standpoint. From a freshman
5 standpoint we would hold his scholarship money for four years?

6 SENATOR RUFF: Yes, it would be identified.

7 MR. TAYLOR: You would eliminate the bad debt. I'm afraid you would cut
8 down the number of applications because somewhere some individual would say well, they're
9 not going to give the scholarship money, I've got to borrow the money.

10 SENATOR RUFF: Are there any other thoughts on that?

11 DELEGATE WRIGHT: What number of people do you think that are going to
12 school under scholarships would not have gone if they couldn't get this particular scholarship?
13 If we pay it out each year, would it make any difference?

14 DR. FOWLKES: We don't know the numbers because we didn't ask that
15 question but in conversations with people, we received personal notes from them as well as
16 emails from them. So many of them have said had it not been for scholarships, we would not
17 be going. What we find in particular in the Southwest is that people feel like because they're
18 tobacco families, they feel like the money is very special to them. If they don't take advantage
19 of this, they feel like they're missing the boat. So we see people coming back to college for
20 the first time because they feel like it's an entitlement since the money would be an entitlement
21 to them. So they don't want to miss their share of it and if they don't go, that somebody else is
22 going to get their share of the money if they don't use it. We've seen people register to go to
23 college and saying we're doing this because – and they say we could have gotten loans to go
24 but this is our money so we're using it. In Southside it's not tied to the tobacco farmers and I
25 don't know if people feel the same way now but I think it's been an incentive to get people that
26 maybe would not now be going to college in the door.

27 DELEGATE WRIGHT: What the difference in signing a promissory note at the
28 bank and with us. You still have to borrow the money? I can't see that, that's the point I'm
29 trying to figure out. I don't see where it hurts for them to go ahead and sign a note with the
30 bank and get the money versus signing a note with us. I can't see the difference. I don't think
31 it would be reducing the number of people going.

32 DR. FOWLKES: I don't know but I don't think, Chris was saying that she
33 things the Stafford loan, some people or you can pay your student loan off within six months
34 without interest and a penalty on it and if that's the case, then they would incur interest only
35 and no interest if they paid it in that time period. If you paid it fairly soon after graduation I
36 mean.

37 SENATOR RUFF: Within six months after they graduated?

38 MS. FIELDS: I think so, my husband has a Stafford loan and he can pay it off
39 at anytime with no penalty on that.

40 SENATOR RUFF: No penalty but there's interest.

41 MS. FIELDS: I think you have a six months grace period where there's no
42 interest, they give you six months to get a job. If you have a job and you're employed and you
43 have income, that's before you have to start paying it back.

44 SENATOR RUFF: You have to pay interest.

45 MS. FIELDS: You may be right but I think there was no interest for a six-
46 month period.

47 SENATOR RUFF: They sent me a letter inviting me to pay the interest if I
48 would like to, I have a college freshman. I think you'll find it interesting but 3½ percent
49 interest is not a big deal. It does mean that we could include those young people that want to

1 start their first two years of this process at the community college. That would address another
2 issue that you raised or is certainly raised in my mind and Buddy I think you were thinking
3 along the same lines that we're not saying that if somebody wants to become a teacher, they
4 have to go to only a four year school. They can start in the community college and finish at
5 one of the other schools.

6 DR. FOWLKES: What we have done with those students that can call us or
7 email us and they can save their expenses by doing the community college, that's what the
8 student said. We said that's fine because most of the community colleges provide scholarships
9 for that purpose. Then when they're ready to complete their Bachelor's Degree in the third or
10 fourth year at a four-year institution, then the tobacco money through this program would be
11 available to them. We have not denied anybody or I don't think anyone has been denied a
12 college education because they didn't go to a four year school.

13 MR. MAYHEW: Are teacher's getting certified in four years now in Virginia?
14 I know at one time they were talking about additional work beyond four years. I didn't see
15 how they could make that fly.

16 DR. FOWLKES: UVA is the only college that requires a fifth year in order to
17 get licensure. When you finish that, you get a Master's Degree but they're the only one.
18 That's your only route to licensure.

19 SENATOR RUFF: Isaiah, did you want to make a comment?

20 MR. HOPKINS: No.

21 SENATOR RUFF: Well, is there a consensus we should do that?

22 DELEGATE WRIGHT: I don't guess we can make a motion.

23 SENATOR RUFF: If there is a consensus, I'll get something printed and then
24 we'll have a short meeting before the full Commission.

25 MR. MAYHEW: I did want to try to simplify some of this so the staff can work
26 this out as you said earlier.

27 DELEGATE WRIGHT: I agree, we need to protect ourselves on these loans.

28 SENATOR RUFF: All right, let me re-ask the question concerning the GPA. Is
29 there a standard college score or grade where people get in trouble before they get kicked out?

30 DR. FOWLKES: It's usually 2.0.

31 MR. SUTTON: I'm Don Sutton, the term that we use in all of our catalogs at
32 the community college level satisfactory academic progress that's the same terminology you're
33 using. It differs a little bit between the colleges but it still puts them on the fast track to
34 graduate. Probably a 2.0 GPA.

35 DR. FOWLKES: I think it's called academic good standing. If they vary by a
36 tenth of a point, maybe one college is 1.8 and another is 2.0.

37 SENATOR RUFF: If we eliminated that question and if we say they have to
38 come back and teach and if they're below 2.0 they're not going to graduate. So we eliminated
39 that problem. Is there any problem requiring that they apply online? They should be able to
40 do that.

41 DR. FOWLKES: If you're not going to do the scholarship program up front,
42 then won't that change the –

43 SENATOR RUFF: - No, we have to make a commitment to these people. I
44 think it's got to be a signed commitment so they feel comfortable that they're not digging
45 themselves in a hole that they can't get out.

46 DR. FOWLKES: That means when they complete the program then they –

47 DELEGATE WRIGHT: - At some point we have to make a commitment.

48 SENATOR RUFF: We have to keep an accounting ledger.

1 MR. MAYHEW: We have to have some type of safety net if we don't get
2 securitized.

3 DR. FOWLKES: With the understanding having something hanging over their
4 heads if it's not forthcoming. I'm talking about a four-year program. If we keep ledgers and
5 say that money is not going to be spent for anything else, I don't know any other way.

6 MR. MAYHEW: Just so we don't commit more than we have.

7 SENATOR RUFF: More than we can pay, right. But what about Rachel's
8 thought about seminars?

9 MR. TAYLOR: These seminars are conducted, the students know what's
10 available to them?

11 DR. FOWLKES: Well you can do it anyway you want to but basically we have
12 workshops and we had some, they only attend one. They had to, some of the dates were in
13 August and September and others were late December and January for students that started in
14 the spring but we gave them a basic overview of the Tobacco Commission and how the money
15 was made available to them and what the goals were and the fact that we wanted them to go to
16 college and get their education and then come back and live and work in our region. Then we
17 had business leaders of our growth industries to come and talk to them about career
18 opportunities and the government, in teaching, healthcare, we talked about software and
19 networking and computer networking, banking, pharmaceuticals, Tennessee Eastman, talked to
20 them about job opportunities. It was very helpful to the students because they were able to
21 hear about these things. Many of them had no idea what jobs were available. They go off and
22 go to college and then they come back and no jobs but there are good jobs in Southwest
23 Virginia. The problem is that many of our students make wrong choices in careers without
24 knowing what's available and they don't go into things like chemistry or pharmacy or
25 computer science. They go where jobs are available to them and that was very helpful. Then
26 we did a couple of career assessments to help them see what they were best suited for whether
27 it was a teaching career or a healthcare career or computer science or juvenile justice career.
28 Most of the students left saying it was a valuable three hours that they spent and they learned a
29 lot of things about themselves as well as what is available in our region in terms of economics
30 and job opportunities. But that went right across the board.

31 MR. TAYLOR: Mr. Chairman, along that line, if we restrict our scholarships to
32 medical and teachers, it might be good to give them an overview of what's available just like
33 the medical, that's strictly, I think the teaching and the medical are good.

34 DR. FOWLKES: Most of the teacher shortages here as well as Southwest are
35 not in general education, they're in things like special education, foreign language, math,
36 science. Teachers, a lot of times, major in elementary education. Finding a job in elementary
37 education might be difficult where openings would be available in speech communications or
38 learning disability. I think the point you're making is for educators in their localities to talk to
39 your scholarship recipients about what are the unmet needs.

40 MR. TAYLOR: Then I think your scholarships should be aligned with the right
41 students.

42 SENATOR RUFF: Scott.

43 MR. MORRIS: Mr. Chairman, if we could look at maybe some additional
44 dollars beyond that money maybe increase the amounts for those types of areas. Specifically, I
45 would say in the area of sciences and languages and things that we and anybody that's going to
46 go into teaching, encourage those areas not just to go into teaching because we got scholarship
47 money to be a teacher but really in areas that we see economic development growing in
48 Southside and in the country. Every school system has that problem with science teachers and
49 some other areas. If we're going to help meet that need, maybe we want to focus on some

1 people in the area and maybe encouraging some larger endeavors and maybe try to get people
2 in areas where we know they need to be for the future, not just, where we are today and where
3 we definitely think we'll be tomorrow especially in the sciences. That's an area where it's
4 tougher for you to go for four years of education but that's an area that there's a need. I think
5 maybe at some point in time try some test cases by offering a little more money to see if we
6 can get more people to go in the science areas, focusing on that would be both good from a
7 marketing standpoint and it would show we're encouraging that but also from a functional
8 standpoint of getting the school system in areas where they need to be.

9 SENATOR RUFF: That's a good point, I hope by the end of the day we can
10 figure out where we need to go. We certainly know we have a shortage of teachers and we
11 know that we have young people wanting to go into education but there are other fields and we
12 want to be a little more careful in how we identify them. Rather than finishing the
13 conversation on workshops and seminars right now, I'm going to ask the folks from AHEC to
14 comment. Dr. Terry, do you want to be first?

15 DR. TERRY: At your pleasure.

16 SENATOR RUFF: I've asked Dr. Terry and others that cover most of Southside
17 to come and talk to us about where they see the need for medical personnel and how they fit
18 into what we need to do and how we can fit into what they need. So, Dr. Terry do you want to
19 start off?

20 DR. TERRY: I'm Wayne Terry, the Executive Director of the Southside Area
21 Health Education, Longwood University, Farmville, Virginia. I think we're here because of
22 the conversations I had with Senator Ruff months ago and that was on a different issue but he
23 indicated at that time that he was interested in some sort of scholarship program for the health
24 field and allied health fields. Not knowing exactly what was needed to present here today, I
25 handed out a fact sheet on the Southside Area Health Education Center and you can look at
26 that at your leisure. In there you will note that the Southside Area Health Education Center
27 comprises 15 counties and three cities and go as far as the James River, Buckingham and
28 Cumberland and over to the South central. In the west down to North Carolina south and over
29 to the greater Richmond area including all the way to Surry and Sussex. On the data I handed
30 out to you on workload projections, I only indicated certain counties and I don't know if I've
31 got everything you have in mind. I have three different handouts and one which is Southside
32 area encompasses the 15 districts also Appomattox and Campbell County, south central and
33 also Fluvanna up in the Blueridge region. Whatever the issue, our message is the same.
34 Whatever you decide as a committee or board, what areas you want to consider. Without
35 going through all of those various documents, we knew what the data says and it says we need
36 physicians and physician generalists and family medicine. While the data doesn't suggest we
37 feel there's a need for dentist generalists. There's a strong need for nurses and the data goes
38 down to licensed practical nurses and there's a need for licensed practical nurses. Also the
39 allied health areas there is a need. That includes physical therapy, occupational therapy,
40 respiratory therapy, pharmacists and on and on. When we get down to the ones and twos but
41 nonetheless there is a need for allied health professionals. I don't know if my colleague from
42 South central is going to indicate, I don't know what she's going to indicate but I think she will
43 probably also agree with that. If you're thinking about the scholarship program in the medical
44 healthcare and allied health care fields, my feeling is that you need to look at the generalist
45 physicians, the generalist dentist, the nursing professions. You may get down where there is
46 not a four year program like licensed practical nurses and medical technologists, nurses. Also
47 things like ER technicians. Most of your allied health professions are four-year programs. I
48 would submit now that you probably want to encompass a wide array of allied health

1 professions. While they may be small numbers, you're only going to be needing small
2 numbers in the various counties. That would be my suggestion to you.

3 MS. ELLIS: I'm Kathy Ellis, Executive Director of the South Central Area
4 Health Education. You have some information and data that we put together for you. Also, a
5 copy of the health manual and the legislators have had an opportunity to see this. This is a
6 piece of information that our program developed and the Healthcare Foundation has
7 collaborated and put together. I also have some data in my office. Everyone was kind enough
8 to help us put this together. Some of the information is different pertaining to our center. I've
9 probably given your more information than you will need but that information on how we
10 determine shortages and information we use in looking at shortages where there are specific
11 issues. This is divided into sections. The first section is on our particular AHEC statistics
12 about programs that we have done. I also brought with me our Deputy Director, Regina
13 Kennedy who does our health careers recruiting program and if you have questions about those
14 kind of things, she'll be happy to answer those. We start in the middle in high schools in
15 recruiting basically for health careers. We do career fairs and we do summer programs to
16 encourage and recruit students into a career. Regina does that and spends most of her time
17 working in that area. We do a lot of things with career fairs in letting students know the
18 variety of careers that are available to them. Most of the time if you ask the students what
19 careers are available, they really don't know. As you can see from the health career manual,
20 there's dozens and dozens of different careers available. That book pertains only to Virginia
21 and only lists schools and programs in the State of Virginia. Any student interested in a career,
22 as we said, with teaching, our point is to recruit local students, have them educated and then
23 come back to the area to work so we've looked at those issues. As far as the workforce
24 shortage, we were fortunate this year to receive a grant from the Commission. We are just
25 about to get it off the ground and the first class starts the end of May with the money that was
26 provided. We did a survey to find out what the areas were and I believe there's a copy of that
27 in your material. A response from the survey and that came as a direct result of looking at
28 what was needed in the area. I talked to some of my board members who are in the health
29 field and the specific shortages they noted was a nursing shortage and that's well documented
30 and we've got a number of pieces of information in that book about that. Radiologic
31 technology, respiratory therapy, medical laboratory technologist, surgical technicians, medical
32 coding, ultrasound two and four year lab technicians, paramedics for areas that they
33 specifically noted.

34 The physicians we have not worked as much with because there are other
35 programs that deal with that. The physicians we have not worked as much with because there
36 are programs that handle that and that had to do with the physicians coming out of medical
37 school in general medicine. We haven't dealt with that too much and we felt like that is
38 addressed in other ways. We looked more at nursing and other areas. There is a website that
39 is managed by Blue Ridge AHEC. I included as much information as I could about the
40 shortages but I didn't include it in this document because it's 120 pages long. It's from the
41 personal health work analysis and it's strictly on Virginia. It looks at all kinds of health
42 careers and what their projected shortages are and what the needs are. We have a 122-page
43 guide on how to interpret this data. I didn't include that but it's on the website if you're
44 interested and you can download it to get it. Those are the areas that we looked at. We do
45 provide a very small scholarship, three \$500 dollar scholarships for students going into the
46 health professions. For that purpose we divided our area into three regions and give one
47 scholarship to each region and that is on a competitive process. That money comes from
48 revenue and fundraising events but we can't use federal or state dollars for that. Timing is an
49 issue because a lot of people need to know what kind of money their getting or what kind of

1 scholarship their getting and they need to know that early. We also do programs to support
2 projects that are already ongoing. We do RFPs and grants, equipment supplies that would
3 benefit the student at school. Our deadline was Friday and I have six applications on my desk.
4 We have \$10,000 set aside and \$50,000 in requests so there's definitely a need out there and
5 not just for providers. One of the big issues that we have been faced with is how to collect the
6 data. There is no one way or one good way to collect it. It's very difficult to really know
7 county-by-county or profession-by-profession because there is no good way to do it. There's
8 no standardized way of doing that with nurses. License renewal, they know how many
9 licenses there are but they don't know where they're working and don't know if they're
10 working in Virginia or working somewhere else. We were told of an instance where a lady
11 died ten years before and that nursing was so important to her that her husband renewed her
12 license for ten years and she was still listed as a healthcare nurse but wasn't practicing because
13 she'd died. There's a lot of difficulty with obtaining current data and information. I know the
14 General Assembly has talked about that and talked about doing some things and wanted to
15 know how much money to put into it. That's one thing we need to do statistically is to be able
16 to know what information we have and know that it's accurate. Those are the kind of things
17 we're looking at. So I'll let Regina speak about the recruitment.

18 MS. KENNEDY: I'm Regina Kennedy and I can talk about this all day long and
19 I do all the time. I like working with children. For the middle school program and this is a
20 half day program and we do this, work with grades 6, 7 and 8, we try to get them interested in
21 science and show them that science and math, we show them that the curriculum can be fun.
22 We do activities and try to tell them that science and math is not always what they can't see.
23 We kind of get them introduced to that. We try to get them introduced to that and then we use
24 that as a stepping-stone to the high school program just advising juniors and seniors in high
25 school. It's a competitive application. They only accept 16 into that program. This year we
26 have two programs for the high schoolers and three programs for the middle schoolers
27 throughout our eight county regions. For the high schooler it's a competitive application as
28 well as an interview included in that. We require a minimum GPA and if they express an
29 interest in healthcare careers, then they are allowed to make the top three health choices as far
30 as what they'd like to do for a job. We've been fortunate that we have professionals out in the
31 field that have agreed to be receptors for us where students are allowed to follow them for a
32 day and ask questions and observe. This gives them an opportunity to see what that profession
33 is like as well as we do more college level sciences and math. At Lynchburg College this is an
34 optional activity that is always interesting and most of the students like to participate and look
35 at the human cadaver and they observe that. That's some of the things we try to do to promote
36 the healthcare careers for students that are interested. We've been successful this past year
37 because we have tried to keep in touch with people coming through the program. After they
38 complete our program, what they're doing if they do pursue a health career and what are some
39 of the things they can expect. Out of 100 students we've had 48 that did go into health careers
40 after our program.

41 MS. SLAVICK: We've also had a strong emphasis on middle school
42 presentations. We've also had our first graduating class starting a program in 1996. We know
43 at least six of those are enrolled in four-year colleges in the medical field. Where they're
44 planning to go I don't know but I know the numbers are not as high as Kathy's but I don't
45 think we have impacted as many students. My thought is that what would be an excellent
46 dovetail the way much of the education, much of the focus on health and wellness now. If you
47 can expand your education not only the sciences and things like that, looking at your physical
48 education and wellness programs, you can take the health that affects everyone combine it with
49 the education and get the wellness part. So you're still going to be focusing on education and

1 not only the children but that translates into kids coming home and their parents and asking
2 why do you do this. In Prince Edward right now we're working with the Y and the extension
3 office doing a healthy weight coalition. We have nine students that have a year's membership
4 in the Y and those students work with individual trainers and they can go in and have an idea
5 how they're going to address the whole gamut of self esteem and weight loss and healthy
6 nutrition and changing things. Then we bring the parents once a month and they get the
7 nutrition, get this information. So combined not only the wellness but the education. So I
8 think this is a good program.

9 SENATOR RUFF: Mary Jane, I'd like to put you on the spot. How do you see
10 the nursing program in view of the scholarship money and in view of what they're saying
11 about the needs. Is the program you all set up, is that going to fill all the needs for all the
12 nurses we have?

13 MS. ELKINS: My name is Mary Jane Elkins and I'm with Southside Virginia
14 Community College and we're fortunate because we're working with our four hospitals that
15 are in our area that have helped us, they're funding the second year of our RN program. Prior
16 to now, our nurses went to Richmond, Virginia for their second year. The hospitals were
17 complaining because they got to Richmond and did all their clinicals at the hospitals in
18 Richmond and stayed or they never went or they never made the leap from the PN program to
19 the RN program because they had families that could not go to Richmond on a daily basis. So,
20 we started the second year and jumped through all the hoops that we were required to and you
21 see they're funded by the four hospitals. It was full last year and already full this year and we
22 have a lengthy waiting list. To meet the PN needs, we also have hospital financial support
23 with that. We have started a January session which is full and that was in addition to our two
24 regular sessions that started in August. We have lots of requests for scholarship assistance for
25 nurses because it is an extensive program. We have been able to meet some of these
26 scholarship needs through our tobacco money designated for scholarships because we used
27 ours for more than just teachers so we have been able to meet some of the needs through that.
28 Our hospitals have some scholarship offerings. We're in a little bind as far as PN students for
29 this summer because of the lack of some state funding but we think that the Literary
30 Foundation is going to pick up some of that and help us out. We're going ahead and there's a
31 great need in Southside Virginia for people to go into the health field. I don't have to tell you
32 there's a great need in Southside Virginia for people to go into the health field. I don't have to
33 tell you our hospitals and communities are taking big hits and their screaming for funds for
34 these programs and it's the only way that we have found that we can do that.

35 SENATOR RUFF: Any thoughts on what we should do and how we can get
36 around this?

37 DELEGATE WRIGHT: I think we should take one part of the healthcare needs
38 and start to see about expanding these future people with more money for nursing rather than
39 just a shotgun approach.

40 SENATOR RUFF: I'm asking you all.

41 MR. MAYHEW: Assuming that our money doesn't get cut off and things
42 progress as expected, will we have enough money to cover what we already talked about for
43 the scholarships and are we restricting it to teachers or are we going to expand it at the same
44 time. With this we'd be more selective on who or where the money went?

45 SENATOR RUFF: We spent \$1.7 million out of \$2.8. As people find out about
46 it, we may have some more natural growth in this process. We don't want to go out and talk
47 about so many things and then nobody gets satisfied. I would respond to that and say that
48 there's two possible ways. You can eliminate certain medical fields or we can set some type
49 of protocol and say we're going to begin with teachers and then follow up with particular

1 medical branches and when we reach the total dollars we spent that year, we just got to cut it
2 off.

3 MR. MAYHEW: And then we'll just follow the same financial plan we
4 discussed earlier?

5 DELEGATE WRIGHT: That's the reason I mentioned take one part at a time
6 so our resources will not become depleted.

7 SENATOR RUFF: If we could get a determination on what they believe would
8 be the right protocol and go as far as we can afford to go.

9 MR. MAYHEW: So if we don't have the money then would we not do the
10 nurses –

11 SENATOR RUFF: We made a commitment to four hospitals, Farmville, South
12 Boston, South Hill and Emporia to put money into that, a combination and we put money into
13 the AltaVista program and we put some money in Franklin County. So we tried to use some
14 pot of money to go to particular programs and that's one way of doing it.

15 MR. MAYHEW: Is there a simple way of doing it?

16 SENATOR RUFF: That's a question I don't know that I can answer. We talked
17 about nurse's aids and maybe it's better to do that because as you get into more skilled areas,
18 you have diminishing numbers to the cost per individual.

19 MR. TAYLOR: Is nursing at a critical point?

20 DR. TERRY: Yes, it's the single most shortage in the area. As far as our
21 physicians, we have tried to help support them in rotational programs. The highest need of
22 course, is nursing and the second one is physician generalists and then we get down to allied
23 health and it's a difficult one. I just think you need to address, these allied health areas as well.
24 If money is the issue then nursing would be the key one.

25 MR. CURRIN: I'm curious, do we have other representatives here from
26 Southside and other counties? Those kind of communities like South Hill, we're just in a type
27 of situation that I don't have an answer for that and you all may want to comment. Do we
28 have a shortage in those communities in Southside?

29 DR. TERRY: In all of Southside. You have to remember that many of the
30 people we get in these programs don't come back to the area.

31 MR. CURRIN: Virginia has three medical schools.

32 DR. TERRY: Four soon.

33 MR. CURRIN: I know in the past we've tried to draw some monies to help
34 physicians go back especially in the Coalfield areas, there's a big shortage there. The three
35 medical schools at MCV and Eastern Virginia and UVA, there's a real need for these schools
36 to help physicians come back.

37 DR. TERRY: I understand there are fewer physicians coming into our system.

38 MR. CURRIN: It also endangers the schools in other ways.

39 MS. ELLIS: One of the things that was unique about one of our programs is
40 that it was the first time all three medical schools collaborated to put together an organization.
41 They worked with VCU and we worked with UVA because of our areas. We used to do the
42 same things that a lot of the AHECs do. One of the problems that we found was some of the
43 students, to achieve that, we had to provide the money for transportation because they didn't
44 have a car and they were coming back. But that's a long-term process. My sense for
45 providers, I know there is a ratio that is available and I think there may be some information
46 that I gave you about those ratios. I do think the nursing shortage is probably the greatest
47 need. I've had physicians say it wasn't the shortage but it was distribution. There are
48 physicians but they're not in the right places.

1 MR. MORRIS: There's two things, these doctors living in rural areas and I
2 know of two physicians and in talking to them, and in our areas, I think you get the older
3 doctors kind of looking to retire but you're probably not going to get the young med students
4 to come to an area like this. Our target market seems to be a different type of doctor and
5 dentist. I think probably we have a recruiting problem when it comes to those. It's not a
6 volume problem. Maybe the same thing with nurses. Spending some time talking to these
7 doctors to try to get them to come to an area like Southside is sort of like a marketing problem
8 but maybe try to give them some reason to come and we got to find out what they're looking
9 for in life to know where to market and where to reach out. I'm not sure what the avenue is
10 but that's the problem I see.

11 MR. HUGHES: A real quick reference from the point of view of working in the
12 field of economic development and medical care being an important part. In West Virginia
13 they would offer up to \$90,000 which would cover most of your first four years of medical
14 school and if you come back to the state, it's all forgiven. Four years there and your entire
15 medical career is paid for. When you're netting \$250,000 a year that's not a real huge
16 incentive. When there was competition for various state dollars between the different medical
17 facilities, one of the things they were going to do is get rid of the Osteopathic School. When
18 they looked at the statistics, they found that less than 20 percent of the medical doctors who
19 were trained at the states medical schools came back to the state after their internship and
20 residency. Over 95 percent of their Osteopaths stayed in the state and remained in the state
21 and remained in rural areas providing rural healthcare. One of my suggestions would be to
22 look at recruiting Osteopaths because they stay in rural areas.

23 SENATOR RUFF: Why is that?

24 MR. HUGHES: Why would the Osteopaths stay? I think the difference is
25 motivation. We're talking a bunch of years ago. In graduate school we took a look at the
26 motivation. Students in the first four years of their medical school in West Virginia and over
27 60 percent had a parent in the medical profession, they were somewhere within the medical
28 profession. With Osteopaths, it's more of a holistic type of medical care. They look at the
29 community, the people, their lifestyle. Osteopaths are good at using physical manipulation
30 like Chiropractors do. It's a very different type of medicine and the motivation to be in that
31 medicine tends to lend itself to the same type of motivation of staying in a community and be
32 part of a community. They did tend to want to be in rural areas and that's what they found out
33 in the statistics.

34 DELEGATE WRIGHT: I think maybe expanding nurses and teachers. We
35 have to make sure we don't bite off more than we can handle. Don't try to dig into more areas
36 than we can fund. I think I'd consider expanding nursing.

37 MR. TAYLOR: Are you talking about teachers or practical nurses, that's up
38 and down.

39 DELEGATE WRIGHT: If funding is sufficient for that.

40 SENATOR RUFF: As far as nursing, do you mean set a priority for one flavor
41 over another?

42 DR. FOWLKES: Are you talking about a level of degrees like the Bachelor's or
43 Master's Degree and then you're looking at the – are you speaking about a family practice or
44 LPN or RN, going through the various programs.

45 DR. TERRY: You have two-year RN programs and three year and four-year
46 RN programs. You need to know that so you'll know how to set your priorities and which to
47 decide upon. If you go with just a BS program that's one thing, that's only one element of
48 nursing.

1 SENATOR RUFF: You were talking about the two year RN program but not
2 the BS program?

3 DR. FOWLKES: Right.

4 MR. MAYHEW: What affect does the RN degree have on salaries when they
5 go out and go to work?

6 DR. FOWLKES: The students we have in our nursing program, the Bachelor's
7 Degree in nursing, their salaries are higher than the RNs with a two year program. The
8 diploma. The degree can designate whether you're in critical care or in a supervisory position,
9 primary care. The higher the degree the more job opportunities there are in the field. You
10 have to have a Bachelor's Degree in order to get certain positions. A Master's Degree
11 program in critical care. When you get into specialties, your jobs and your salaries are higher
12 than say a Bachelor's Degree or a Master's.

13 MR. MAYHEW: What's the difference in shortages with this caliber of nurses
14 versus the lower?

15 DR. FOWLKES: Most of the nurses at the Bachelor's Degree level or the BS
16 degree level or the more specialized areas of nursing, like managing and supervising is the
17 shortage in our area.

18 MS. ELKINS: We're fortunate in that we have the telecheck net at the hospital
19 but we deal with these shortages. Certainly there are shortages in all areas but they need lots
20 of PN and RNs.

21 DR. TERRY: You probably want to go first with the four year nurses and as
22 you get more funds then you can go with something else.

23 MS. ELLIS: Our greatest need is for LPNs, long term care.

24 DELEGATE WRIGHT: We've got several nursing homes that they're talking
25 about going in our area.

26 MS. ELLIS: There's a large need for PN in our area.

27 MS. KENNEDY: For one shift it requires an RN in the nursing home. They're
28 looking at salary ranges and they'd rather hire an LPN than an RN.

29 DR. TERRY: The need is for nurses and then LPN's next.

30 MS. ELLIS: There's a lot of information in that manual as far as salary ranges.

31 MR. MAYHEW: I don't know that any of that matters as far as the decision we
32 have to make. I guess the field's right to harvest. Anyway you look at it there's certainly a
33 need in our area, and you can't go wrong with the nurse designation.

34 MR. TAYLOR: Do you have any idea of the amount of money we can put into
35 the program?

36 SENATOR RUFF: Until the full Commission meets, I don't know that we can
37 make any decisions.

38 MR. TAYLOR: Once we know what we can invest in the program then we can
39 come back and take a look at the situation and see if we need to fund RNs or the other type of
40 nurses or set an amount for the scholarships all the way down the line. We could adjust it
41 down the line. Once we find out what we got to work with we can set an amount.

42 SENATOR RUFF: You've all given us some good information but we cannot
43 make a final determination until the Board meets. I would ask you to do some homework.
44 Each of you look at this and talk with people in your community and in the medical area and
45 decide what your priorities are one through five. When we get back together we'll compare
46 notes and see if we can come up with something consensus at that time.

47 DELEGATE WRIGHT: Mr. Chairman, since time is of the essence and April is
48 when the full Commission meeting is going to be held next, have an education meeting about
49 the same time or very shortly thereafter and get the program going.

1 SENATOR RUFF: What I was anticipating would be trying to get a meeting
2 before the full Commission meets so we can get a couple of things approved for the
3 scholarships and work with that timeframe. When the requests come to the Committee. In the
4 proposals for economic development there were two that the staff felt like belonged with this
5 Committee. Since this Committee has not had a timeframe deadline for submitting proposals
6 I'm somewhat at a loss so I'm going to let Tim defend himself at this point.

7 MR. PFOHL: Mr. Chairman, the request for economic development money and
8 that date was February 18th. We had a number to be considered for a referral and involved
9 technology and projects for education, agribusiness activities and so forth. The staff and the
10 reviewers involved looked at those projects and the one run by the educational facilities. The
11 outcome of the programs were all measured in terms of training an X number of students and
12 things like that. That was something that probably belonged in the Bailiwick of education as
13 opposed to the economic development. So our recommendation and all other factors being
14 removed that some of these projects should be considered for referral to other committees and
15 a handful of education type projects included.

16 SENATOR RUFF: This Committee is going to have to make a decision on
17 whether we're going to or how we feel about that but when we meet with the full Commission
18 we're going to have to decide and Southside Economic Development will have to agree or not.
19 I know a couple of those are timing issues and I know we have not set a deadline of what kind
20 of proposals we'll accept and when we will accept them and we may put those folks in a bind.
21 Does anyone have a suggestion of when we might or some type of deadline for setting
22 proposals for this year?

23 MR. PFOHL: There's no specific date set, if there's two funding rounds this
24 year, two-thirds of the money is available about the same time as last year, August 15th
25 deadline and then another third of funds being available half a year later.

26 SENATOR RUFF: Does anybody in this group have any problem with that
27 kind of a deadline?

28 MR. CURRIN: August would be two-thirds?

29 MS. ELLIS: Yes, the deadlines are very important to let the students know.
30 This would be the competitive round at the community colleges, it would affect their
31 scholarship money then.

32 SENATOR RUFF: It could, yes. If you all believe that's a problem then
33 express that to the Committee members and see if we can – if things are going well in the next
34 30 days, see if we can move it closer to the July date. I don't think before the July date.

35 MR. CURRIN: Six months later.

36 DR. FOWLKES: Six months later so that would be February. That would be a
37 good date for us. If you have it in by early February and the decision could be made in late
38 spring. You might push your program applications for the 15th of August and then the
39 scholarship by the community colleges program in February and that way we'd know by April.
40 February scholarships and then August for the special programs.

41 SENATOR RUFF: We'll try to adjust that August 15th date.

42 MR. CURRIN: Mr. Chairman, I would ask that the Committee members that
43 any communications you have with the Committee members please keep Mr. Pfohl in that
44 loop.

45 SENATOR RUFF: That brings us back to the scholarship issue and the
46 timeframe. Does anybody have a problem with accepting to allow them to accept the
47 applications now and try to get a commitment from the full Commission on the 24th for
48 certainly part of it? We've got to start the process, sure. Does anybody mind if we start taking
49 or allowing Rachel to start taking the applications?

1 DELEGATE WRIGHT: Would this be under the new process we're talking
2 about?

3 SENATOR RUFF: Yes.

4 DR. FOWLKES: If the student is currently receiving a scholarship and they're
5 in good academic standing, would we automatically allow them to renew for the second year
6 without going through the application process all over again. Would we have them sign a
7 promissory note this coming year. What do we tell the current students? They're expecting
8 \$4,000 up front the way they signed it. I guess they would get that money up front.

9 SENATOR RUFF: I think we need to change over to the payment as we talked
10 about but I think it ought to be pretty automatic as long as they're in good standing.

11 MR. CURRIN: I think it would be appropriate for the Commission –

12 SENATOR RUFF: Well, we can't officially do anything without a quorum.

13 DR. FOWLKES: We don't want to put them in a catch 22 situation.

14 MR. MAYHEW: Is there money in something like an escrow account that can
15 be held to complete the four year students already enrolled assuming we don't get any further
16 funding?

17 SENATOR RUFF: No.

18 MR. MAYHEW: So it all depends on this thing not collapsing.

19 MS. FIELDS: We've told them it all depends on the Tobacco Commission
20 funding, we'd let them know that.

21 SENATOR RUFF: That's why the securitization is so important. Getting one
22 year behind them is good but you better get four years. All right, is there anything else we
23 need to discuss? We'll have a short meeting on the 24th before the full Commission meeting.

24 MR. CURRIN: I urge you to keep tabs of our website because certain things are
25 taking place on the positive side and I suspect we'll have some committee meeting before the
26 April 24th meeting. All right, thank you all for coming.

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28
29 PROCEEDINGS CONCLUDED

30
31
32 CERTIFICATE OF THE COURT REPORTER

33
34 I, Medford W. Howard, Registered Professional Reporter and Notary Public for
35 the State of Virginia at large, do hereby certify that I was the court reporter who took down and
36 transcribed the proceedings of the Education Committee when held on Tuesday, April 8, 2003
37 at 2:00 p.m. at the Southwest Virginia Higher Education Center, Smith Classroom, South
38 Boston, Virginia.

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

41 Given under my hand this 24th day of April, 2003.

42
43
44
45 _____
46 Medford W. Howard
47 Registered Professional Reporter
48 Notary Public for the State of Virginia at Large
MY COMMISSION EXPIRES: October 31, 2006