

1 **VIRGINIA TOBACCO INDEMNIFICATION AND**
2 **COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501
4 Richmond, Virginia 23219

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9 Education Committee Meeting
10 Friday, October 13, 2006
11 1:00 p.m.

12
13 Crossroads Institute
14 Galax, Virginia

1 **APPEARANCES**

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3 The Honorable Frank M. Ruff, Chairman

4 The Honorable Joseph P. Johnson, Jr.

5 The Honorable Barnie K. Day

6 Mr. Stephen S. Banner

7 Mr. Fred M. Fields

8 Mr. Buddy Mayhew

9 Mr. John M. Stallard

10 Mr. Bryant L. Stith

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13 **COMMISSION STAFF**

14

15 Mr. Neal Noyes, Executive Director

16 Mr. Ned Stephenson, Acting Executive Director

17 Mr. Timothy J. Pfohl, Grants Program Administration
18 Manager

19 Ms. Britt Nelson, Grants Program Administrator,
20 Southside Virginia

21 Ms. Sara Griffith, Grants Program Administrator,
22 Southwest Virginia

23 Ms. Stephanie Wass, Director of Finance

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26 October 13, 2006

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SENATOR RUFF: It's one o'clock and I'll call this meeting to order. Thank you all for coming. Neal, would you call the roll?

MR. NOYES: Mr. Banner?

MR. BANNER: Here.

MR. NOYES: Mr. Day?

MR. DAY: Here.

MR. NOYES: Delegate Johnson?

DELEGATE JOHNSON: Here.

MR. NOYES: Mr. Fields?

MR. FIELDS: Here.

MR. NOYES: Mr. Mayhew?

MR. MAYHEW: Here.

MR. NOYES: Mr. Moody?

MR. MOODY: (No response)

MR. NOYES: Senator Puckett?

SENATOR PUCKETT: (No response)

MR. NOYES: Senator Ruff?

SENATOR RUFF: Here.

MR. NOYES: Mr. Stallard?

MR. STALLARD: Here.

MR. NOYES: Mr. Stith?

MR. STITH: Here.

MR. NOYES: Delegate Wright?

1 DELEGATE WRIGHT: (No response).

2 MR. NOYES: You have a quorum Mr.
3 Chairman.

4 SENATOR RUFF: In your packet are the
5 minutes from the June 22 meeting in Bedford.

6 DELEGATE JOHNSON: I move that the
7 minutes of the June 22, 2005 meeting be approved as
8 delivered.

9 MR. FIELDS: Second.

10 SENATOR RUFF: All in favor say aye. (Ayes) All
11 right. The next thing we'll do is go ahead and deal with
12 the scholarship program for Southwest and Southside.

13 DELEGATE JOHNSON: Mr. Chairman, I would
14 respectfully move that items 1244 and 1246 Southwest
15 Virginia Higher Education Center Scholarship Program for
16 FY 07, Southwest Virginia Higher Ed Center be approved
17 as printed. The Southwest Virginia Higher Education
18 Center for \$2,800,000. The Southside Virginia Loan
19 Forgiveness Program, the Southwest Virginia Burley
20 Tobacco Scholarship Program for '07 and '08, \$1,000,000,
21 I move that these be approved.

22 SENATOR RUFF: The motion is items 1245 and
23 1246, the funding for the two scholarship programs, is
24 there a second?

25 MR. BANNER: Second Mr. Chairman.

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

1 All right. Britt, are you going to be next? All right, Sara.

2 MS. GRIFFITH: I'm going to go over the
3 Southwest Community College, Southwest summary
4 recommendation.

5 SENATOR RUFF: Can you all hear up there,
6 why don't you come up here in front?

7 MS. GRIFFITH: The first one is Mountain
8 Empire Community College and they plan to continue the
9 scholarship program for the tobacco producers and
10 families and tobacco workers as well as continuing the
11 AIMS Scholarship Program. Seventy percent of the funds
12 will be awarded, scholarships for the tobacco scholarships
13 and the remaining thirty percent will go, go to the AIMS
14 Higher Scholar Program. They expect to award 400 to 450
15 tobacco scholarships and approximately seventy AIMS
16 Scholarships. The staff has recommended an award of
17 350,000 for the Scholarship Programs and 50,000 to be
18 used for the Fast Track Software Development Program,
19 the application which will be discussed under the
20 proposals and competitive grants.

21 Second is the Southwest Virginia Community
22 College request. They also plan to use their funds to
23 continue the scholarship program. They're also doing the
24 AIMS Scholarship Program as well for up to \$200 for the
25 AIMS scholars. Staff recommends an award again of
26 \$350,000 for the Scholarship Program and \$50,000 for the

1 Fast Track Software Development Program. There's a
2 couple of things to consider with this. The first is that in
3 July the Commissioners approved an award of \$67,806 for
4 the Fast Track Software Development Program. By
5 approving a full \$400,000, \$350,000 for scholarships and
6 50,000 for the Fast Track Software Program that will make
7 the \$67,806 grant from July a competitive grant. The
8 other thing to note is that these scholarship programs
9 begin this fall semester and the awards will cover awards
10 already that have been made in the fall. The third college
11 is Virginia Highlands. They also would like to use their
12 allocation to award their Tobacco Scholarship Program.
13 They expect to award approximately 320 and that will
14 cover the summer of '07 and fall of '07 and spring of '08.
15 They'd like to award approximately 40 AIMS Scholarships
16 to the 2007 high school graduates. Again staff
17 recommends an award of \$350,000 for the scholarship
18 program and \$50,000 for the allocation to go towards the
19 competitive proposals for the Fast Track Software
20 Development Program.

21 SENATOR RUFF: Any questions from the
22 committee members?

23 MR. BANNER: I move that we accept the
24 proposal Mr. Chairman.

25 SENATOR RUFF: It's been moved and seconded
26 that the three Southwest Community College proposals be

1 approved as staff has recommended. All in favor say aye.
2 (Ayes). All opposed. (No response). All right, Britt, are
3 you up?

4 MS. NELSON: Good afternoon, we'll start with
5 Central Virginia Community College Educational
6 Foundation Spending Plan. CVCC proposal has four
7 major activities within that plan. The first being the
8 dental hygienist. The Associates Degree for the Dental
9 Hygienist Program. They're requesting \$250,000 of their
10 allocation to be used to purchase lab equipment for a start
11 up. The start up of the program. For surveys at the
12 college, it's been indicated that there's an unfilled demand
13 for these positions with salaries starting at \$48,000.
14 General education courses will be taught at the
15 community college while Virginia Western Community
16 College will transmit dental hygiene classes to the
17 campus. Clinical classes will be taught in a lab at EC
18 Glass High School in the City of Lynchburg and we wanted
19 to note that and it's not technically within the tobacco
20 region. The program will accept a cohort of 12 students
21 every other year. Staff has noted that the program has a
22 low annual enrollment but the request is for a one time
23 capital cost with long useful life. Equipment will
24 additionally benefit non-tobacco localities but is well
25 matched. Staff recommends full award. The second
26 program is the Tobacco Family Scholarship Program. It's

1 plan to use \$20,000 of funds to continue the scholarship
2 program that supports tobacco allotment holders in the
3 counties of Appomattox, Bedford and Campbell. During
4 the FY'06 cycle, 25 students received \$1,000 scholarships
5 for the academic year. CVCC proposes to increase award
6 amounts to a thousand per semester due to continued
7 increase of tuition. Staff recommends full award and
8 notes the program changes as well. The third component
9 of the spending plan is CISCO Careers and Workforce
10 Development Program in which they've asked for \$85,000
11 of funds to upgrade their outdated system equipment.
12 The equipment is designed to increase the currency and
13 volume of electronics training for M/A-COM, a Tyco
14 electronics company with a manufacturing plant in
15 Bedford County. Currently there are ten employees who
16 attend CVCC in pursuit of completing the Associates
17 Degree in Electronics. M/A-COM has entered into a two
18 billion 20-year agreement with New York State for
19 emergency radio systems and will need 50 more engineers
20 with additional electronic technicians. Staff notes this is a
21 target for high wage careers in computer technologies and
22 recommends the full award. The fourth program is a
23 distance education to region 2000 and beyond. The
24 college proposes to spend \$40,000 to upgrade equipment
25 units that need to be upgraded and are used to provide
26 distance education to satellite campuses in Appomattox,

1 Bedford and Campbell Counties as well as the SVCC
2 campus in Keysville and the Southside Virginia Higher
3 Education Center in South Boston. Currently during the
4 2006 spring semester there were 202 students that were
5 served by the Distance Education Program with a ten
6 percent increase expected for the '06 – '07 academic year.
7 Staff requests continued development of distance learning
8 facilities and opportunities in multiple tobacco localities
9 and recommends the full award.

10 At this time I'll flip over to Southside Virginia
11 Community College. Southside Virginia Community
12 College recommends three major activities within the
13 spending plan. The first is the Southside Virginia
14 Community College Foundation Scholarship Program.
15 That's \$125,000 request to be used for the scholarship
16 program and continue to operate a general scholarship
17 program offered to tobacco producers, quota holders,
18 workers and their immediate families from a ten county
19 service region. That will serve the fall of '06 and there are
20 75 scholarships have been granted with an average award
21 of \$686 and 69 awards in the spring of '06 with an average
22 award of \$749. Staff recommends a full award for this
23 initiative. The second program is the Associate of Applied
24 Science Degrees in Emergency Medical Services
25 Technology and Fire Science and that award is \$200,000.
26 SVCC proposes to establish an Associate in Applied

1 Science Degree Programs in Fire Science Technology and
2 Paramedic Technology that will be offered college wide.
3 Funds are requested for specialized program equipment,
4 curriculum development, program marketing, expansion
5 of the college's public safety complex on the Christina
6 Campus that was built with previous TICR allocations and
7 an offer with a salary to support a full time position for a
8 one-year period. At the completion of the initial year, the
9 college will be prepared to absorb the full program and its
10 budget. The EMT Degree minimum class enrollment is 8,
11 the maximum of 18 to the clinicals that are involved. The
12 Fire Science Technology ideally serves 30 per class. Staff
13 recognizes that this builds on established and widely used
14 training facility and programs and the staff recommends a
15 full award. Lastly, SVCC proposes \$75,000 to use for
16 facilities to house the Practical Nursing Program in Prince
17 Edward County. The funds will be used to purchase
18 modular units that will permanently accommodate the PN
19 Program will physically be located on the Prince Edward
20 County School grounds pending school board approval.
21 The Program accepted its first class in August of 2005.
22 Clinicals are primarily done locally in Farmville at the
23 Southside Community Hospital. The program serves
24 approximately 30 students. The request is a one-time
25 capital cost that assists in training students for a targeted
26 career path and the staff recommends full award.

1 Now, the last two from Southside, two of which
2 we will be making a recommendation for a partial award of
3 their allocation with their remaining part to be
4 recommended in conjunction with competitive proposals
5 that you'll hear about later. I'll start with Danville
6 Community College. The DCC Spending Program includes
7 \$30,000 for tutoring services. This is the fifth year of a
8 funding request to support this effort. In the summer and
9 fall of 2005 semester, 469 students were served with
10 approximately over 4,000 hours of tutoring assistance.
11 We're anticipating that 90 percent of program placed and
12 workforce-training students will be served with this round
13 of funding. Fifty thousand dollars is requested for the
14 Tobacco Financial Assistance Awards. Since 2000, the
15 college has provided 621 scholarship awards totaling
16 \$596,000. Out of that total 102,000 has not been
17 expended. DCC when making an award allocated to the
18 student up to two years, a student has two years to use it
19 before it is put back in the balance. A little bit is still out
20 that they've obligated. Students have yet to actually
21 utilize it. The maximum value of the award will be based
22 on the number of applicants and available funding has
23 been set at \$3,000 a year. Thirty-two thousand dollars is
24 requested for professional development training and
25 entrepreneurship training. This is the fifth year funding
26 support has been requested to provide full time faculty

1 and adjunct faculty to obtain training in their fields of
2 study. Funds will also be used to provide a third year of
3 support for DCC's Entrepreneurship Program. The
4 program will send faculty and students to a national
5 conference to host a regional conference for DCC and high
6 school students, offer regional entrepreneurial seminars
7 and competition, and host the summer Kidz Biz Camps for
8 middle school children. The last component is a request
9 for \$288,000 to purchase equipment for programs
10 essential to economic development. This is for purchasing
11 of equipment for a maintenance-training lab for local
12 industries and purchase four Amatol Electronic Drive
13 Learning Systems to meet the training needs for 200
14 maintenance technicians. The Business and Engineering
15 Technologies Division will also purchase a computer
16 numerical control for workforce training and equipment
17 for a network security program. The Arts and Science
18 Division will purchase equipment for expansion of allied
19 health careers in two new Associate Degree Programs; one
20 is Physical Therapy and the other is Health Science. Staff
21 recommends the full requested amount of the following
22 spending plan components. Tutoring services, \$30,000,
23 Tobacco Financial Assistant Awards, \$50,000, industrial
24 maintenance training lab equipment \$102,000 and
25 business and engineering technologies equipment
26 \$94,000. The proposed professional development and

1 entrepreneur training programs contain prior allocation
2 balances and are not recommended for additional funding
3 at this time given the urgency of a pending competitive
4 proposal submitted by the college to address critical
5 workforce development needs. You'll hear about that later
6 on. Additionally, staff used the proposed physical therapy
7 and health sciences equipment a low priority and
8 recommends the \$92,000 be allocated towards the
9 college's competitive proposal.

10 Lastly, we have Patrick Henry Community
11 College. The 2007 spending plan, they are requesting
12 \$175,000 allocated to regional program development and
13 support for an Artisans Craft Program and Viticulture
14 Program. Second year funding support is requested
15 specifically for the Artisans Craft Program that will be
16 used to purchase appropriate supplies for the Artisans
17 Center and retain a part-time consignment sales
18 representative and part-time crafts coordinator to oversee
19 and promote the program. The Viticulture Program has
20 been slightly delayed due to the difficulty in filling the
21 proposed faculty position but it was filled in January of
22 2006. Third year funding is requested to retain the faculty
23 member and to develop the certificate program planned
24 development which will serve as the foundation for an
25 Associates Degree. Activities also include renovation of
26 facilities to support the program, including a specific wine

1 making area, storage structure and arboretum. Seventy-
2 two thousand is requested for program recruitment.
3 Patrick Henry proposes to create and implement a
4 recruitment plan in partnership with area high schools,
5 other higher education institutions, work force
6 development entities and major area employers increase
7 the number of college graduates. Twenty-five thousand is
8 marketed for program marketing. This is the fourth year
9 of funding requested to expand marketing and promotion
10 of Tobacco Commission funded projects and programs,
11 work force development efforts, and community
12 revitalization initiatives with the goal of increasing
13 enrollment and gaining college and community publicity.
14 Lastly, \$75,000 will be used for scholarships, tutoring and
15 work-study. Scholarship assistance will be provided to
16 tobacco growers, quota holders, workers and their
17 families, as well as other displaced workers and
18 educationally disadvantaged populations. Tutoring,
19 counseling and support services will also be provided to
20 disadvantaged students, in particular to those who have
21 been out of school for many years. Work Study
22 Scholarships will be established following the general
23 concept of the current federally funded Work Study
24 Program. Fifty-two thousand dollars will be used for
25 funding specialized software and replacing existing older
26 pieces of the Uptown Center classrooms to purchase the

1 particular specialized software and technology
2 advancement and expansion of capacity. The staff
3 recommends award of the requested amounts for the
4 following spending plan components. Artisan Program
5 supplies and coordinator, \$10,000; Viticulture faculty and
6 building renovations, \$123,000, scholarships, tutoring
7 and work study, \$75,000; technology and training
8 \$52,000. Staff further requests to be authorized to
9 approve a revised request in lieu of program recruitment,
10 program marketing and the Artisans sales representative.
11 Staff did have conversations with Patrick Henry County
12 Community College Foundation director in regard to
13 alternative uses for the excess funds that were not
14 recommended and has been noted the funds could be
15 used for GED recruitment and program scale back slightly
16 for some of the marketing that was proposed. Staff is
17 comfortable with that dialogue and would like to have
18 authorization to approve the final draft budget for those
19 funds. That completes the Southside Region of the
20 Community Colleges.

21 SENATOR RUFF: Just to get this in the proper
22 order, I believe on page four, that last sentence, the staff
23 recommendation, rather than staff making a request, I
24 would ask that there be a motion that the staff be
25 authorized to modify.

26 MR. MAYHEW: So moved.

1 MR. STITH: Second.

2 SENATOR RUFF: All in favor? (Ayes). Is there
3 a motion for the Southside Community College proposals
4 the staff has recommended?

5 MR. MAYHEW: I move we accept the proposal
6 as recommended.

7 DELEGATE JOHNSON: Second.

8 SENATOR RUFF: All in favor say aye. (Ayes).
9 Opposed (No response). Tim, are you up next?

10 MR. PFOHL: Yes. Thank you Mr. Chairman
11 and good afternoon everyone. As you can see we have a
12 very complex schedule or a list of projects to go through
13 today. It's been made challenging not only by the fact that
14 we have three dollars of competitive requests for every
15 dollar that the committee has available but also because
16 you already heard we're recommending that we blend
17 some allocation funding and some competitive funds for
18 some very significant regional requests that have been
19 submitted. There are representatives of most of the
20 applicants in the room today, some of whom we're familiar
21 with and some we're not. Typically the committee does
22 not ask that you do a presentation. If they have questions
23 for you, they will ask you to stand up, identify yourself
24 and respond to their questions. We have a long list of
25 about a couple of dozen proposals and we've reserved a
26 block of at area hotels in case it takes us through the

1 weekend. Hopefully it will not. One person in the room
2 today and I wanted to note his presence, Dr. Oliver
3 McBride who is a past grantee of this committee. This
4 facility was built in part with the Tobacco Commission
5 special projects funds and then Dr. McBride, Chairman of
6 the Crossroads Institute Board of Directors came into this
7 committee a couple of years ago and got a grant for some
8 technology equipment for the building. So Dr. McBride,
9 thanks for having us at your facility and we're delighted to
10 be here and we're happy to see what's happened.

11 DR. MCBRIDE: Thank you very much for being
12 here. Thank you for giving me a shot at saying that.
13 We're excited about this facility. This is a great
14 opportunity and you all have invested in us, this is
15 amazing to us. I hope if you have time, you'll go look
16 around. Let me just tell you that on the incubator side of
17 this project we have fifteen clients, about 50 percent of the
18 space is rented. One of the most recent ones is kitchen,
19 hopefully maybe you can get some coffee or something to
20 eat. We serve lunch, breakfast and tat all started last
21 month. We have quite a bit of computer equipment here
22 and we spent a year ago, \$250,000. We're serving about
23 or averaging about a thousand. We're excited for our
24 community. The people have started to believe in this and
25 that's very important. I know we don't have much time
26 but thank you for letting me say that and we're just happy

1 to have you all.

2 SENATOR RUFF: Thank you for your
3 presentation and allowing us to be here. Tim, I believe we
4 have five that have been approved or recommended for
5 funding as proposed.

6 MR. PFOHL: That's right.

7 SENATOR RUFF: They are items number 1226,
8 1216, 1227, 1223 and 1235, just to get them off the table.

9 MR. DAY: Mr. Chairman, I move them in as a
10 block.

11 SENATOR RUFF: Is that a motion?

12 MR. DAY: Yes, sir.

13 SENATOR RUFF: There's a motion to pass
14 those five in a block. Does everyone understand that?

15 MR. PFOHL: Can we go back by project name?

16 SENATOR RUFF: 1226 is the Appomattox
17 County Work Force Development Center; 1216 is the
18 Crater Regional Partnership; 1227 is the Mountain Empire
19 Community College addressing the training needs of
20 Virginia's Coal Industry.

21 DELEGATE JOHNSON: In reading the proposal
22 and the comments, Mountain Empire Community College
23 addressing the training needs for Virginia's Coal Industry,
24 \$109,000. The most immediate need for a miner-training
25 panel. I'm not against the coal industry and I support it
26 but we're talking about tobacco here and there's a

1 difference between tobacco and coal. I think our tobacco
2 money should be spent in the tobacco communities for
3 tobacco purposes.

4 SENATOR RUFF: Not to cut you off but let's
5 pull that out of the block. Leave 1227 out of that block, is
6 that all right with you Mr. Day?

7 MR. DAY: Yes.

8 SENATOR RUFF: 1223 is Southside's Planning
9 District Expansion Project and 1235 is the Verizon
10 Distance Learning Center Project. There was a motion
11 and a second and all in favor of passing those staff
12 recommendations say aye. (Ayes). Opposed. (No
13 response). Tim, back to you.

14 MR. PFOHL: Mr. Chairman, this is a note of
15 clarification on the Verizon Center proposal. You'll note in
16 the staff comments that Verizon Distance Education
17 Center is not yet incorporated. The staff would
18 recommend that a previous grant be that Mecklenburg
19 County Business Education Partnership Incorporated
20 which is a non-profit be designated as the applicant. They
21 were listed in the application as the fiscal agent but we're
22 suggesting that they be the applicants of record on this. If
23 that suits the Committee we will proceed to present that to
24 the Commission on the 9th of November.

25 MR. FIELDS: Tim, which one?

26 MR. PFOHL: 1235, the Verizon Distance

1 Education Center, they are the applicant and they are not
2 yet incorporated but we're recommending that a non-
3 profit, recommended that the fiscal agent actually be the
4 grantee of record.

5 SENATOR RUFF: If there is no objection, then
6 we'll do that.

7 MR. PFOHL: Mr. Chairman, we also had a
8 request from Virginia Commonwealth University and their
9 representative is here, Dr. Steve Danish who needs to be
10 back in Richmond this evening. I'd ask if his project could
11 be heard out of order.

12 SENATOR RUFF: That's fine.

13 MR. PFOHL: On page 11 of your staff report,
14 VCU is requesting \$151,169 for the project they call
15 SCORE. Successful Career Opportunities Resulting in
16 Employment, not to be confused with SCORE in
17 Brunswick County. This proposal would work with
18 returning war veterans in six counties, 25 veterans per
19 county, a total of 150 people work with these veterans on
20 how to set goals and develop career plans, career
21 strategies and work with potential employers. The staff is
22 recommending that this proposal represents substantial
23 funding of existing physicians on the VCU campus in
24 Richmond and focusing on programs, counseling soft
25 skills and we're suggesting it's a low priority. The staff is
26 recommending no award on that.

1 SENATOR RUFF: All right, Mr. Danish.

2 MR. DANISH: Thank you. Two things. This is
3 part of a new center that the Virginia Commonwealth
4 University started for returning veterans. We were hoping
5 this would be the start of this center of this project that
6 we've been working with the people on. The people on this
7 proposed project with the exception of me are all soft
8 funding people, not full time people who have jobs
9 regardless of whether this gets funded or not. The second
10 thing is I don't see that this counseling, it is soft skills but
11 I believe that it's very important for these veterans when
12 they come back understand what they have gone through
13 for themselves. It starts with a peer-coaching program,
14 the veterans that have already served and veterans that
15 are coming back and go through the process of teaching
16 them some skills. The skills that will make them effective
17 employees in the area. We've already gotten the support of
18 Southern States to help us identify other organizations or
19 other businesses as well as theirs to hire some of these
20 folks. I think it follows along with the executive order of
21 the governor. Thank you.

22 SENATOR RUFF: Can you tell me why those six
23 counties were selected rather than any of the others?

24 MR. DANISH: I guess because we have contact
25 in those counties and we felt like we could get started
26 there and if we were successful we'd like to move west and

1 work with some other counties. We just wanted to get
2 started to try to be successful there first.

3 MR. DAY: Mr. Chairman, I wonder if the
4 Committee would entertain the idea of let's proceed with
5 the ones for which there are no staff recommendations or
6 negative staff recommendations. For those of us that
7 want to fight about some of these we can do so while we're
8 fresh and alert.

9 SENATOR RUFF: As the closest person here I
10 guess, you have the shortest drive home, I guess that's
11 fair. Does anyone out there have a conflict where they
12 have to get back and we'll give you the same courtesy as
13 the Professor? I thought I saw a hand go up. All right, go
14 ahead.

15 MR. PFOHL: Proceeding on that track then,
16 then on page one of the competitive request summary,
17 Charlotte County Public School Alternative Education
18 Program is requesting \$20,000 to purchase professional
19 kitchen equipment to start up a Culinary Arts Program in
20 conjunction with the county education program for at risk
21 youth, 14 to 18 years old involving the GED Program. The
22 staff suggested that at risk youth is a commendable goal
23 but not a commission priority. There was unclear
24 employment demand and low impacts in terms of
25 numbers of students assisted. Staff recommends no
26 award for Charlotte County.

1 SENATOR RUFF: To move this along, if anyone
2 has any objection to any staff recommendation, you'd
3 better pop up because when I look up, if I don't see
4 anyone pop up we're going to move on.

5 UNIDENTIFIED: I'm a fine arts teacher in
6 Charlotte County and associated with the Alternative
7 Education Program in the County, associated with the
8 Charlotte County Public School System. At present we
9 have 40 children we exceed the limit. I was hoping to get
10 this program started because I think that many of these
11 jobs are low paying but there's a lot of jobs that are upper
12 limits in the area including going outside of our area. I
13 know that they're looking for job initiatives and moving
14 some in the county in order for the county to grow and
15 that's important and we need that. I think there are job
16 opportunities there as well. I believe this Culinary Arts,
17 some of them are low paying jobs but there's a lot of upper
18 paying jobs or upper level paying jobs. The students that
19 are interested in going into this and some have indicated
20 they are, there's no other program close by for them to get
21 involved in. We thought it would be a good program to get
22 started, something that the children could get involved in
23 and get some job skills.

24 UNIDENTIFIED: We have a lot of potential and
25 it's an opportunity really that will help. I think the county
26 has anywhere from 20 to 30 percent of these people in this

1 age group.

2 SENATOR RUFF: This proposal was essentially
3 a high school program and there's all sorts of skills that
4 the commission could fund at a high school level. Early
5 on we made the decision that we can't fill all those needs
6 for all 30 counties. That probably entered into the staff
7 recommendation.

8 MR. PFOHL: Moving into the next request and
9 that's page three, the Franklin County Work Force
10 Development Consortium Career Initiative requesting
11 \$680,943. Roughly one half of the request would fund the
12 scholarship goal for the county residents and targeted at
13 local and regional employment prospects. Roughly
14 another 45 percent of the proposal would provide
15 equipment for their existing facility and for a new work
16 force center under construction in Rocky Mount. The
17 Commission has provided \$1.9 million of Southside
18 Economic Development Funds for this Work Force Center.
19 The staff recommends no award on this because the
20 scholarship component is one of several proposals we have
21 here today that would establish an individual pool of
22 scholarship funds for an individual locality or institution.
23 We're taking a consistent approach in suggesting that the
24 Commission already has a standing scholarship program.
25 We shouldn't be adding to the mix with local and
26 institutional specific scholarship funds. Any equipment

1 request the director of the Work Force Consortium is here
2 and might want to enlighten us. I think the staff made an
3 assumption that this equipment was targeted toward the
4 new facility is just beginning construction. The director of
5 the Work Force Consortium I think would like to speak to
6 you regarding the use of the equipment funds currently
7 with the existing program.

8 MS. HODGES: My name is Cathy Hodges and
9 I'm the executive director of the Work Force Development.
10 It is true that in considering the request and I'd like you to
11 consider that not only an impact program that we're trying
12 to promote right now, the equipment would be movable to
13 the new building when that is completed next fall. We're
14 looking at about \$320,000 for equipment and this would
15 help promote the allied health and Biomedical and Biotech
16 Program and would serve a variety of medical careers as
17 well as EMT careers. We have a huge demand and we
18 have jobs we can't fill in Franklin County. We have 25
19 percent increase in total EMS calls over last year. We had
20 a 20 percent increase in fire calls in the last year. We
21 currently increased those paid positions from 11 to 22 and
22 we're expecting that to go to 50 positions within the next
23 five years. That would be a 78 percent increase in jobs in
24 those fields within Franklin County. Those are paid jobs.
25 We do have a community foundation plan in the amount
26 of \$100,000 to support this Allied Health Biomedical and

1 Biotech equipment that we would purchase. We recently
2 got \$20,000 of local economic planning or training money
3 which comes directly from the Board of Supervisors to
4 help support that. We have a huge amount of in kind
5 contributions from the two community colleges that
6 support our center which is unique. Most of them within
7 the state, which is unique. I want to remind you how
8 active our programs are. In '05 and '06 alone we had over
9 15,602 visitor contacts and that could be job searches or
10 people education resources. Another thing that we want
11 to pursue and we want to purchase is some equipment
12 would help to supply our laptop. Not only could we use
13 those onsite but use them for our outreach program and
14 also the money would help purchase pre-GED and GED
15 level software because as you know, some people have
16 access to state and federal funds but they're only targeted
17 at three percent of the adult population that we serve.
18 The numbers we generate alone are much more than that.
19 When you look at unemployment figures alone, it doesn't
20 paint a true picture. Once statistic I can quote to you is
21 that 42 percent of the children in Franklin County Public
22 Schools are on the Free Lunch Assistance Program and
23 that shows you how many underemployed families we
24 have. What we're hoping to do with this equipment is help
25 upgrade some skills for Work Force so people can get
26 better paying jobs and they'll be able to provide better

1 quality of life for their families and themselves. We have
2 one class that starts in the fall and we have eight students
3 in that for the fall semester. It's an incremental plan and
4 we have to have that equipment to be able to continue a
5 curriculum.

6 MR. DAY: Mr. Chairman, criticism in turn and
7 some of the staff recommendations as far as establishing
8 new scholarships are concerned it seems to me that that
9 flies in the face a little bit of the application itself that's
10 sent out. On page three, eligible applicants use of funds it
11 specifically says scholarship. If they're not eligible, why do
12 we put them in the application?

13 MR. PFOHL: That's the committee's call; if you
14 want to fund scholarships for individual localities and
15 institutions, gladly carry that out for you. If we need to
16 amend the guidelines, this might be a good time to have
17 that conversation. We're happy to amend the guidelines
18 and send the Board a clear message.

19 SENATOR RUFF: Does that complete your
20 statement?

21 MR. DAY: For the time being.

22 MR. PFOHL: On page four the Greenville
23 County request Southside Virginia Work Force
24 Development Center requesting \$250,000. That would be
25 to address the cost overrun. Bids were open in late
26 September for this facility which would be a regional work

1 force center operated by a non-profit, funded by the
2 County of Greenville and a neighboring County of
3 Brunswick and Sussex and the City of Emporia. When
4 they opened the bids on this \$3 million project, the bid
5 was selected or the bid was \$1 million over budget. The
6 county has indicated they're going back with their
7 architect and look at having that budget or the pencil
8 sharpened so to speak and look at a component of that
9 bid. We haven't heard any specific response as to how
10 they may amend their project design. For the time being
11 staff is recommending no additional award be provided.

12 SENATOR RUFF: Any questions on
13 Greenville? All right.

14 MR. PFOHL: Halifax Industrial Development
15 Authority, Nortel Learn It Center requesting \$50,000.
16 They want to establish a regional and Nortel Learn It
17 Center at the Riverstone Technology Park in Halifax. The
18 project is based on Nortel's Learn It and there's folks here
19 today that can speak to the project. The staff has
20 difficulty understanding what the day-to-day tasks of this
21 project and the staff people would be and recommended
22 no award. It seems to be focused on K through 12 and
23 there's some folks here today that will speak to that and
24 enlighten us further about what the intent is for the Nortel
25 Project.

26 MR. STANCEL: I'm Brent Stancel from Nortel.

1 The Nortel Learn It Program is primarily a community
2 relationship priority for Nortel. One of the big charters of
3 it is to re-train the workforce. I think this is definitely in
4 line with the mission of partnering in this program. One
5 of the things we have seen is a major lack of IT sources in
6 the area. We're suppose to have MBC Network set up at
7 the Riverstone but, we want to bring them back to
8 Riverstone. This isn't based primarily on K through 12,
9 it's people that have been in the workforce. Carol brought
10 up a good point. We think this is a very interesting and
11 much needed project. Not only Nortel contributing but
12 having some matching funds from USDA's office.

13 SENATOR RUFF: You made a statement it's not
14 primarily K through 12, is that the word you used?

15 MR. STANCEL: Well, it's primarily retaining the
16 workforce. If there's some, what we're looking at here is
17 the specific application. We think this is a priority for the
18 community. We want to retain the workforce if there's any
19 side benefits, K through 12 we want to have a workforce
20 and Southside's familiar with the IT fields. It's very
21 difficult to find appropriate training.

22 SENATOR RUFF: What would this person do,
23 where would he be located and what would he do?

24 MR. STANCEL: This person would be located at
25 Riverstone and it would be a combination. It would
26 involve training and we'd do or use what equipment we

1 could get at Riverstone. Nortel would have some
2 equipment there for people to come in and actually put
3 their hands on it and see the technology. This person
4 would be or have an opportunity for networking and create
5 a curriculum and come up with a certification and develop
6 and outreach program for the community. People would
7 come into Riverstone to sign up for the curriculum online,
8 it's an online educational opportunity.

9 SENATOR RUFF: Why would that not work
10 within the community college system?

11 MR. STANCEL: I don't think you'd have
12 anything, you may know better than I. I have not seen, I
13 haven't seen anything like that in the community college
14 system.

15 MR. MAYHEW: What would happen after one
16 year?

17 MR. STANCEL: We'd have to continue with the
18 USDA funding and what I've seen happen in other places
19 they've been so successful that they found other jobs.
20 This is a one time funding year and we don't plan to come
21 back here next year. There's just many opportunities with
22 this. As I, I don't know if I have said this but this center
23 would provide all kinds of training and professional
24 development and IT training to help students in the
25 learning centers. Introducing technology into core
26 academic subjects.

1 SENATOR RUFF: Can Danville and Southside
2 Community College serve Halifax County area? Does
3 either one of those colleges want to address that issue,
4 address the issue of what they can and cannot do?

5 MR. EZELL: We have an IT program there and
6 thinking of expanding our program through support from
7 the Tobacco Commission. We're not that familiar with the
8 Nortel Program but certainly we'd be glad to look at this
9 with Nortel and work a program out with them.

10 MR. STANCEL: We have an advisory committee
11 and we'd be glad to work together.

12 DR. CAVAN: I'm John Cavan, Danville and
13 Southside are partners and Halifax County. I was under
14 the impression our colleges can provide any IT training
15 that's needed. We have the Southern Virginia Higher
16 Education Center located in South Boston but I know
17 nothing about this particular project.

18 SENATOR RUFF: Could I ask you all to have a
19 little conversation out in the hall and see if something
20 could be worked out? Not to say anything negative, don't
21 talk about Danville but I know John has been willing to
22 put in classes anywhere at anytime if he's got enough
23 students. I'm sure Danville's probably in the same
24 situation.

25 MR. EZELL: We can provide IT throughout the
26 service region.

1 SENATOR RUFF: I'd appreciate it if you'd all
2 get together.

3 MR. PFOHL: If there's no other question on
4 that one, we'll move onto the bottom of page four.
5 Longwood University has requested \$208,000 for the Call
6 Me Mr. Program. Scholarship and operating funds
7 requested to implement the Call Me Mr. Program which
8 aims to recruit, train, certify and secure employment for a
9 cohort of 15 African American men as public elementary
10 school teachers based on a similar program in place at
11 Clemson University for several years. This is roughly
12 another one of the half dozen or so requests that the staff
13 noted and would carve out a new pool of scholarship
14 funds for individual institutions. It appears largely
15 duplicative of the Commissions Regional Scholarship
16 Program and relatively no low number of students
17 assisting in the first cohort and sustainability based on
18 future enrollment tuition but the staff is recommending no
19 award. All right, moving on. Moving over to page six,
20 Mount Rogers Regional Adult Education Program and
21 there's two request and this is the second of those
22 requests for transition GED recipients to post secondary
23 education. A request for \$73,258 to begin working with
24 two community colleges, Virginia Highlands and
25 Wytheville to transition adults from GED into Community
26 College Certificate Degree Programs. The funds are

1 requested for a teacher at each community college,
2 supplies and materials and marketing to promote the
3 program and some other incentives to assist people with
4 getting into the community college setting and
5 transportation assistance in the form of gasoline cards
6 and childcare assistance. Staff felt this was a very solid
7 idea to work towards transitioning folks to a college setting
8 as much as the middle college program and good
9 partnerships with the schools and we had concerns about
10 the soft skill counseling if you will and the use of public
11 funds for personal expenses and childcare and
12 transportation and the staff recommended no award.

13 SUSAN SEYMOUR: I'm Susan Seymour, Mount
14 Rogers Regional Adult Education Program. This is an
15 effort to transition the GED, there's a very low percentage
16 of these individuals. This is part or one of the goals to get
17 more adult education available as well as continuing to get
18 more people into these programs. We have peculiar
19 problems around here because we don't have public
20 transportation which can also involve childcare. This is
21 an effort to work with these individuals and get them
22 ready to pass tests and to transition them into a position.

23 SENATOR RUFF: Thank you.

24 MR. PFOHL: Just a note, the staff has worked
25 with several grantees and encouraged them to steer clear
26 of using public funds for personal household expenses.

1 As much as we recognize those are legitimate areas to
2 educational achievement and we've been working with
3 folks to try to identify other ways the Commission can
4 assist, the staff would certainly be happy to work with
5 them, the original adult ed program to try to identify some
6 ways to bring this proposal back at a future time in a form
7 that we could be fully supportive of. Moving ahead to the
8 new program, the new college institute is requesting
9 \$366,484 for the building workforce capacity: creating a
10 culture of education in Southside Virginia. We didn't note
11 this in the staff report but this is a request for three years
12 of support for two so called knowledge manager positions
13 and would be located in Patrick County at the County
14 Educational Foundation Office and one to be located in
15 Henry County, Martinsville. Patrick Henry Community
16 College, one is for New College Institute Uptown Office.
17 This is two positions in addition to two similar positions
18 that are being created using other funding for the New
19 College Institute. We had concerns that they were coming
20 out of the gate asking for three years of support which is
21 not consistent with our long-range plan. The long-range
22 plan does not specifically say we'll do one or two years of
23 funding but it does say we will provide operating
24 equipment and support for a start up period of three
25 years. It also appears to be duplicate of those two
26 positions being hired using other funds. It seems to be

1 duplicative to some extent of similar recruitment
2 resources of partner colleges most of which are located
3 within 30 minutes, within 30 minutes to two hours from
4 the Martinsville Campus. Staff is recommending no
5 award.

6 UNIDENTIFIED: I'm the Associate Director for
7 New College Institute. This year we're providing a
8 Bachelor's Degree and beyond. We're providing these
9 services to Patrick County and the Southside Region. We
10 know that a lot of people have attended are the first in
11 their family to ever go to college or have any advanced
12 training like college. There's certainly a lot of, there are a
13 lot of educational efforts and GED things going on within
14 the community and our region. I've been in Martinsville
15 for two years now and gotten to know several of the efforts
16 going on. In fact we found and were identifying gaps or
17 where there's some overlap reaching out to specific groups
18 of students that are similarly situated. There are
19 traditional, what New College can do is try to work with
20 these existing programs. We're willing to do that. There
21 are two positions that we're in the process of trying to fill
22 now and we're targeting gaps in the existing outreach
23 areas. This would help us fund these new positions and
24 target the adult population. Many of them have been out
25 of education for a while. In addition we're partnering with
26 other entities throughout Southside including the Institute

1 for Advanced Learning in Danville and the Southern
2 Higher Education Center in South Boston and we're trying
3 to work in partnership with them and in the outreach in
4 all these academic programs. The New College does have
5 some foundation money toward outreach efforts. I just
6 ask you to consider these things about funding at least
7 one of these positions that would work in Patrick or
8 Martinsville that would certainly help focus in on, at least
9 one of these positions to help us carry out our educational
10 programs.

11 SENATOR RUFF: Is the foundation fully
12 supportive of this?

13 UNIDENTIFIED: We have this foundation
14 money and they're very supportive of this and we have –

15 SENATOR RUFF: How much money is available
16 in the Harvest Foundation?

17 UNIDENTIFIED: They match the state dollars.

18 SENATOR RUFF: For the community they have
19 how much money in reserve? How much does the Harvest
20 Foundation have?

21 UNIDENTIFIED: I don't know.

22 MR. DAY: I think that's in the neighborhood of
23 \$50 million.

24 SENATOR RUFF: The concerns in Henry and
25 Martinsville, the whole Southside region are great. I think
26 we would be irresponsible as the Tobacco Commission if

1 we held money back and didn't spend them in this current
2 time of this dilemma. As I understand it, the Harvest
3 Foundation is sitting there saying we want to spend
4 somebody else's money. We're not willing to put money on
5 the table right now and so desperately need it.

6 UNIDENTIFIED: They fund a lot of projects and
7 I don't feel comfortable speaking for them.

8 SENATOR RUFF: I'm not asking you to speak
9 for them. I felt like I had to make some reference to it and
10 I don't mean to put you on the spot.

11 UNIDENTIFIED: They'll give us a certain
12 amount of money and we prioritize how we spend their
13 money. They have been very supportive.

14 MR. PFOHL: Moving along, Old Dominion
15 University Educational Foundation has two proposals in
16 front of you. The first one begins towards the bottom of
17 page six. The Community College Expansion Project for
18 Teletechnet which was referred over from the special
19 projects round in April. The proposal of \$1,475,038 would
20 be to build or renovate space on three community college
21 campuses where Teletechnet is currently operating
22 modular units and provides bricks and mortars facilities,
23 which doubles their classroom space. Currently operating
24 with two classrooms this would provide four classrooms
25 and doubling the number of students they could
26 accommodate currently 36 that they can seat at anyone

1 time to 75 plus. It would allow them to add some more
2 degree offerings at three locations. This request was one
3 that we were supportive of when it was in special projects.
4 It had to wait until funds were available, using primarily
5 restricted funds from bonds, the bond process. At this
6 point we feel like the request would consume a significant
7 portion of competitive funds that are available today, not
8 only relatively modestly increasing access to programs
9 that were previously unavailable this site. Given those
10 restraints the staff recommended no award on the
11 Teletechnet request.

12 DR. CAVAN: I'm John Cavan, Southside
13 Virginia Community College. The ODU Program at our
14 college is the second largest program in the
15 Commonwealth of Virginia. We provide training for all
16 four hospitals in Southside Virginia. Top graduates from
17 ODU Business Program, all the Teletechnet sites on the
18 main campus in Norfolk was a student from Southside
19 and took his program to Teletechnet at our college in
20 Southside Virginia. Denying funds for this is something
21 you need to consider. It's uncomfortable for Southside
22 Virginian's having to go to class in trailers. I think the
23 second largest program in the Commonwealth of Virginia
24 deserves more than that. Another thing, this is not funds,
25 ODU has committed \$300,000 to the project. If ODU
26 doesn't get the \$300,000 students will continue to take

1 the classes in the mobile classrooms. I just want to tell
2 you that ODU is here and they might wish to speak to
3 this.

4 EDITH CORNETT: I'm Edith Cornett from ODU
5 and I'd like to add to what Dr. Cavan said. I realize this is
6 a large sum of money and I'd like the Committee to know,
7 the largest number of students who work in Southside be
8 they faculty members or staff members or administrators,
9 they have the largest number of state employees that are
10 enrolled in our program. We have graduated a very large
11 number of students in Southside. We'd like to offer the
12 new program that would also help the community college,
13 the new doctoral program would assist the community
14 colleges in offering programs and also in enhancing the
15 current employee skills. I think that if you could expand
16 the program there, at both of the locations this would be
17 an economic boom, not only for the citizens within the
18 area but also to grow your own at the community college.

19 SENATOR RUFF: I'm not particularly savvy on
20 the ability to beam classes. Can those classes be beamed
21 into college center in South Hill?

22 DR. CAVAN: We're planning on doing that in
23 South Hill.

24 SENATOR RUFF: Including the new building
25 that has been approved?

26 DR. CAVAN: That would enhance ODU's

1 program.

2 SENATOR RUFF: It can also at the same time
3 be beamed into Southern Virginia Higher Ed Center?

4 MS. CORNETT: We're there, we opened there
5 this past fall.

6 DR. CAVAN: It's bringing higher education to
7 communities that haven't had it in the past and at a very
8 reasonable cost, in state tuition.

9 MR. PFOHL: The second proposal from Old
10 Dominion University Educational Foundation to grow your
11 own teachers in Southwest and Southside Virginia which
12 is requesting \$85,870. Roughly three quarters of this
13 request is for scholarship pool for assisting 20 public
14 school teachers in Virginia to complete a certificate course
15 in Earth Sciences and receive teachers certification or re-
16 certification that would be obtained by taking four earth
17 science classes that this committee previously assisted
18 ODU in doing this curriculum design and implementation
19 then the balance of this request would be to develop the
20 final two courses required for a full certificate program.
21 This is one of the proposals that for the most part would
22 give us a new pool of scholarship funds for individual
23 institutions. While it is targeted to be specifically for
24 teachers in the tobacco region trying to maintain a
25 consistent approach on that scholarship issue. We'd also
26 point out that the certification program would be available

1 statewide and out of state so the percentage of the bill that
2 the Commission is being asked to pay that you'd have to
3 go back to that previous project and the course
4 development work there and consider that as well. The
5 staff recommends no award.

6 Moving on, on the same page on the bottom,
7 Patrick County Educational Foundation is requesting
8 \$120,000 for the last dollar scholarship as a means of
9 expanding access to higher education in Patrick County.
10 This is the undergraduate college scholarship program for
11 120 qualified Patrick High School graduates. This is an
12 established program and we clearly point out this has
13 produced a desired increase in college attendance rates in
14 Patrick County. This is another request to establish a new
15 pool of scholarship funds that could potentially be
16 duplicative of the Commissions existing scholarship fund
17 and could arguably create a situation where someone
18 could double dip from our scholarship funds in this
19 particular pot of money. The staff recommended no
20 award.

21 GERRY HUGHES: I'm Gerry Hughes, Director
22 of the Patrick County Education Foundation. I want to
23 start off by saying thank you for the assistance you've
24 given Patrick County in the past. Tim mentioned the fact
25 that we have a significant increase in the number of high
26 school seniors attending college. We benchmark ourselves

1 against 45 non-urban counties as defined by the U.S.
2 Department of Agriculture so we can tell the progress that
3 we're making in education and the impact in Patrick
4 County. Four years ago we were ranked 44 as far as the
5 number of counties sending students to college out of our
6 high school. All the numbers are from the Virginia
7 Department of Education but we very well should be
8 number one for all the rural counties in Virginia this year
9 as far as the percentage of high school seniors going to
10 college. We've raised over \$300,000 in local funding and
11 donations. We received over \$400,000 in federal
12 scholarship assistance. One of those things that you
13 participated in is all those activities that lead to the
14 results of that increase in college attendance. The SAT
15 prep programs have helped tremendously. All these
16 activities have created much enthusiasm and support.
17 Three and a half million dollars in scholarships for
18 students from other sources other than the Tobacco
19 Commission, other than local. With our success, we're
20 continually looking for needed additional funds to
21 complete the commitment to the students doing these
22 programs. So if it's not the full amount that we ask for,
23 we certainly would be appreciative of any help that we
24 might receive in addition to the scholarship funds.

25 MR. DAY: Mr. Chairman, this program is
26 working like very few others in the state are. Not to

1 belabor the point but on a personal note, my wife and I
2 have put our own money where our mouth is as far as this
3 one is concerned and made a significant five figure pledge
4 toward this effort. I would ask this committee to, the staff
5 recommendation notwithstanding, to award, make this
6 award and grant 1219 and also grant number 1225,
7 Franklin County. I would make that in the form of a
8 motion.

9 SENATOR RUFF: Bernie, if you don't mind,
10 let's hold off on any motions until we get to the end so
11 we'll do them. So you want 1225 and 1219?

12 MR. DAY: Yes.

13 MR. PFOHL: Page number eight. Scott County
14 Schools is the applicant for the Scott and Lee Occupation
15 Inside Workforce Development Pilot Program and a request
16 for \$52,950. This is a project that initially came into the
17 special projects committee in the spring and it's been
18 reduced to focus on these two counties, most specifically
19 high school juniors and seniors and can be also targeted
20 toward the middle schoolers. It's to encourage all these
21 students to start financial planning and career planning.
22 It's a project that we feel has a commendable goal and
23 attempting to increase college attendance in a region
24 where, that previously has been very low. We feel that
25 this request is duplicating the regional four-year
26 scholarship program and the entire program that exists in

1 Southwest Virginia to encourage students to take more
2 challenging curriculum and they also have community
3 college scholarship assistance if they're successful in
4 completing high school. We thought those two sources of
5 funds encouraged students in Southwest Virginia to
6 attend either a community college or a four-year
7 institution. Staff recommended no award.

8 JOHN MCCREARY: My name is John McCreary
9 and I'm a front liner and I teach. I'm starting my 42nd year
10 teaching high school and coaching basketball. I've been
11 involved in this program since the early 90s. When I was
12 teaching in Tennessee and somebody told me after 30
13 years I could retire in Tennessee and then come to Virginia
14 so I did. I can tell you people this program targets people
15 that are not ever going to see the inside of those junior
16 colleges and those major universities. The reason they
17 don't see it is motivation. They're not motivated and they
18 don't understand, they don't understand when you talk
19 about money. How many people in this room have
20 teenagers or young children? Do you know what they
21 know about money? They know one thing and that's how
22 to spend it. This program takes from the bottom line of
23 teaching kids basically about money and everybody in
24 here could probably benefit from taking this program. It'll
25 take you all the way through to planning for your
26 retirement. I taught economics for 35 years and this is

1 the best thing I've ever seen and that's this. It's created
2 more interest and more discussion. It kind of scares the
3 heck out of kids when they figure out how much it cost to
4 live. We're trying to implement this as a pilot program in
5 Scott County and Lee County which are the poorest
6 counties in the State of Virginia so that some of these kids
7 can get motivated.

8 DELEGATE JOHNSON: I believe Dickinson is
9 the poorest.

10 MR. MCCREARY: I think I said one of the
11 poorest. The kids need this and it will work. If it doesn't
12 work then we can do away with it.

13 SENATOR RUFF: Thank you for coming out
14 and I applaud the effort but I think there is a need in all
15 30 school districts and we do not have the capability of
16 doing all of those. The question arises is is it fair to do it
17 for one and ignore the other 29 and that becomes a
18 problem.

19 MR. MCCREARY: But they're not requesting
20 that.

21 UNIDENTIFIED: I'd like to speak to that. I'm a
22 certified financial planner. I've got more than 15 years
23 experience and the biggest goal we're shooting for is to
24 expand this program so we're hoping it will be successful
25 to start with. It's a long-term outlook. If this is successful
26 which we think it will be then there's nothing to stop it

1 from being incorporated in other jurisdictions. Once we
2 do this, we plan to duplicate it and this will help educate
3 students in this process. I myself live a mile from the
4 Virginia line and as I said, once we do this, we plan to
5 duplicate it in other counties. We plan to duplicate it if
6 successful free of charge by using sponsors to educate
7 students as part of the financial literacy and plan on doing
8 it at no charge. Also we're thinking about this on a
9 website game where kids will learn different ways of what
10 you have learned. They like to do it and they like to have
11 an experience learning. The program will be a tool for
12 counselors to use and it will help these kids to learn what
13 it takes to live and what they want to do for a living. Also,
14 things like writing checks, they'll know these things by the
15 time they're ready to graduate high school so we're just
16 requesting that you give us some funding to provide the
17 funds to just to provide the seed money is what we're
18 asking.

19 SENATOR RUFF: Let's take a short recess. I'll
20 ask everybody to be back at 2:30. All right, we'll
21 reconvene, Tim.

22 MR. PFOHL: I direct your attention to the
23 bottom of page eight, Southern Virginia Higher Education
24 Center, graphic design basic training program for the
25 Southside region. There's a request for \$192,443 for
26 equipment to assist in start up of a training in graphic

1 design career readiness program to be offered at the
2 Higher Education Center in South Boston. It's anticipated
3 the program would involve 16 to 20 courses taken over a
4 two-year period of time. It's a concept that has been
5 developed in partnership with two leading national design
6 programs. One at Virginia Commonwealth University and
7 one in New York City, the Parson School of Design. Staff
8 felt like there was unclear demand about how many
9 students may be interested in this. They're anticipating
10 an annual enrollment of 30. It's unclear what job
11 openings would be available to the graduated within the
12 region. We felt that the need lack confirmation at this
13 point in time. The staff recommends no award.

14 SENATOR RUFF: Any comments? All right, go
15 on.

16 MR. PFHOL: Turning over to page 10, the
17 University of Appalachia is requesting \$250,000 for the
18 College of Pharmacy for forensic drug laboratory
19 equipment. This is purchasing equipment to develop a
20 forensic laboratory located on the University campus in
21 Buchanan County. The request as presented appears to
22 be primarily funding a private commercial operation. It
23 makes very brief reference to a potential education
24 component and that was not developed at this time. The
25 staff is suggesting to redirect this request over to the
26 Southwest Economic Development Committee. The

1 applications will be marked one when the Committee
2 meets in April timeframe. This project could be
3 considered over there and we think because of the job
4 creation and revenue generation and the potential that it
5 offers.

6 JOAN PORTER: I'm Joan Porter and I'm
7 representing the University of Appalachia that may be the
8 best route to go because that project will have very
9 significant job creation goals with it. There are some
10 educational components to the project. The University of
11 Appalachia is working in partnership with King College to
12 bring King College with a B.S. Degree and bring the
13 science that's available to the students in Buchanan
14 County. Accordingly, the forensic lab would be providing
15 classroom space for the students and we would be
16 utilizing those. The students are not able to test for court
17 evidence. We would like for them to be able to do the test
18 and then they'd be able to observe the process, learn how
19 to use the equipment and receive lab instructions. Then
20 take samples to the lab and do the fundamental required
21 testing. All this will give the students the required testing
22 and training and evidence that can be used in court. The
23 main thing is they will be able to have more hands on
24 experience in that lab. Basically the lab would enable the
25 University of Appalachia to work with King College in
26 pursuing their four year Bachelor of Science Degree. I

1 don't know if that was brought out in the application. The
2 other comment was that it was a private commercial
3 operation but this is not a private commercial operation.
4 It will hopefully be self sustaining over a long term
5 because it will generate some revenue but the lab will be
6 owned and operated by the University of Appalachia and
7 will not be sold off for any type of private enterprise or for
8 profit. Thank you.

9 MR. PFOHL: Let's go to the bottom of page ten.
10 The University of Virginia is requesting scholarship
11 assistance for furthering nursing education and it's a
12 request for \$85,000 to provide 50 percent scholarships to
13 14 full time students from Southside and Southwest
14 Virginia to pursue graduate nursing education in one of
15 ten areas that the University offers. You'll recall two years
16 ago UVA was here in partnership with VCU to provide
17 nursing education within the tobacco region. What is
18 distinctive here is that in addition to being another one of
19 the requests that provide the new pool of scholarship
20 funds for an individual institution. This does not address
21 the fact that students still have to drive to Charlottesville
22 to take part in the graduate program. They have to do it
23 on a periodic basis a couple of days a week or a month.
24 The staff recommends no award.

25 Going to the bottom of page 11, we've already
26 talked about VCU and SCORE so that takes us to page 12

1 and there's two requests from the Washington County
2 Public Library. Rural Bridge to Literacy and Technology
3 for the Damascus Library requesting \$272,500. That
4 would be to construct a new facility in the Town of
5 Damascus. The second proposal is from the county public
6 library to renovate space to an existing building at the
7 Hayters Gap area and that's for the computer Internet
8 education meeting space. Both of those proposals we feel
9 like could potentially set a precedent for library
10 construction funding by the Tobacco Commission. Both
11 proposals contain uses of those facilities for community
12 functions that are not consistent with Tobacco
13 Commission's mission. The staff would consider these to
14 be among the low priorities the Commission adopted in
15 January. We're recommending no award on those two
16 requests. There are folks from the library here.

17 CHARLOTTE PARSONS: I'm Charlotte Parsons.
18 I'm the director of the Washington County Public Library.
19 I have with me two people from each of the areas that are
20 requesting funds for the expansion of the library program.
21 I'm very much aware of all the opportunities that people
22 have to pursue adult education, particularly in
23 Washington County with the many opportunities that we
24 have for adults. There's considerable effort that goes into
25 recruiting adults to participate in these programs. The
26 library is looking for every opportunity that we can, we

1 want to take advantage of. We want to assume a more
2 active role in doing a very important part of bridging this
3 gap so the people that have no experience in higher
4 education and have not had contact with educational
5 systems for a long time. You're asking a lot of adults to
6 decide I'm going to go to college and I'm going to start
7 learning to do whatever is involved in education. In the
8 library there's very little area in Hayters Gap. You're
9 dealing with a population that has 30 percent of the
10 adults without a high school education. Most of those
11 have had no contact with computer services and computer
12 programs and don't have a computer in their home. In a
13 rural area like we have, people have very little access to
14 the Internet. The library can provide that opportunity.
15 People can learn to use this equipment. These branch
16 projects could provide the funds that would allow us to
17 expand and do more of that kind of activity for all of our
18 citizens. If you allow us to formerly establish a
19 relationship with the Adult Education Program and the
20 Literacy Program. It's not to say this is more important
21 than some programs that come from higher education
22 institute here but it is an essential task that has to be
23 addressed if you're going to reach across boundary lines in
24 all of these rural communities and have people take
25 advantage of these formal institutions that are in place.
26 As I said, several people are here like Nancy Land from the

1 Damascus Library and Ray Griffith from Hayters Gap and
2 they can tell you about their experience.

3 MS. LAND: Good afternoon, my name is Nancy
4 Land. In 1961 I came to Damascus to start a pottery
5 plant. In the rooming house where I stayed reading
6 material was limited to 10 or 12 Reader Digest books. At
7 that time I had no car, information that would have helped
8 me to build my business was unavailable so I could drive
9 to Abingdon. In 1976 the first Book Mobile came to town
10 became a lifeline to connect me to the outside world. As a
11 business owner, I could see the importance of education
12 our library provided then and still provides today. There
13 are families who eek out their existence living on the
14 tobacco farms. Our community is designated as a lower to
15 middle income area. I agree with Charlotte that the people
16 that our library serves would not dare set foot in a city or
17 junior college. We need to reach them. Our Damascus
18 Branch Library opened in October of 1983 or '84; later in
19 1997 the installation of computers spread and then the
20 Internet. We're getting residents that are learning the
21 advantages and learning the technology to do that and
22 that is essential today. I consider the library to be our
23 most outstanding asset. It's important to young and old
24 alike. We have a marvelous setting and it's available for
25 life long learning resources and recreational reading and it
26 has a cultural effect. There's computer and Internet

1 training available. Summer reading and school programs
2 are also available. The library provides information for
3 visitors that come to enjoy outdoor recreation and want to
4 know where to stay and eat. In keeping with its mission
5 to support lifelong learning and information literacy, the
6 library staff has helped with the Mount Rogers
7 Educational Programs and the Highlands Educational
8 Literacy Program. They've offered more GED classes and
9 individual instruction in literacy. Our present library is
10 too small to accommodate opportunities for lifelong
11 education and especially technology. More space is
12 urgently needed for the library collection, additional
13 computers, literacy instruction and meetings. Additional
14 education tools and opportunities promise dividends far
15 exceeding the investment of \$647,000 which includes
16 approximately \$300,000 from the County Board of
17 Supervisors. Without those funds we're putting other
18 funds in jeopardy and may not be able to build this
19 facility. Our town and our district wholeheartedly support
20 our library and we will make every effort to achieve these
21 goals that we have set. I look to the Tobacco Commission
22 to do the same.

23 SENATOR RUFF: Thank you.

24 RAY GRIFFITH: I'm Ray Griffith and I'm from
25 Hayters Gap and I'm a friend of the library and support
26 the library. We support the library but we're limited on

1 the amount of total dollars that we can raise from local
2 support. Hayters Gap was a very remote area of
3 Washington County. I've lived there about 12 years
4 myself. I've seen what the little library we have does to
5 promote public education and adult education. We're in
6 an old school building that was built in the 70s and we
7 have one classroom. I did a study yesterday and I found
8 out that the average patron or number per day is probably
9 about 40 people. Some days it's 140 people. We have six
10 computers in a corner. I've seen people backed up to use
11 those computers. Our youngest users are probably grade
12 school children and our oldest user is 94 years old. We're
13 basically stuck in a small room and we have a room
14 adjacent and we'd like to open up and expand the space
15 twenty-four hundred square feet. Our Board of
16 Supervisors agrees to fund us. Our Friends group would
17 support this. We'd need additional money to complete the
18 project. The area where I live in Hayters Gap is basically
19 made up of tobacco farmers. Some are still active and
20 some have been out of it and gone out of that business.
21 We just need all the assistance we can get especially this
22 money we're asking for so I hope you will reconsider this.

23 SENATOR RUFF: Thank you.

24 CHARLOTTE PARSONS: I'd like to add one
25 more comment if I may. When I talked to the staff about
26 this proposal, I was told that it was a long shot for us to

1 receive funding. The staff suggested we could do another
2 area for funding. There aren't any federal, no federal
3 money and no individual or no money for instruction.
4 USD does not do that type of activity. Our County is
5 willing to put up a fair amount of money and we're dealing
6 with issues that are impossible to cover the full amount.
7 I'm sensitive to your concerns that this is Washington
8 County and not another county or the service region. If
9 you do something right, what you're suppose to do, maybe
10 with other funding sources someone would see the value
11 of what we're achieving, where local government comes up
12 with funding or some of the other options for funding that
13 someone can come up with. We really need this for our
14 community.

15 MR. GRIFFITH: Can I add something?

16 SENATOR RUFF: Rather quickly.

17 MR. GRIFFITH: I think people forget that the
18 function of a library is to support education as well as the
19 universities and colleges especially in areas like we live in
20 where there is no other source. The library provides
21 educational assistance to the people that need it and I
22 think that's very important to remember. Thank you.

23 SENATOR RUFF: Tim, let's go ahead and do
24 the ones that you all have conditionally approved to get
25 them on the table.

26 MR. PFOHL: Page two, Danville Community

1 College, they're request for competitive funds. The initial
2 request was \$1.4 million and it has been reduced to
3 \$1,162,990 providing basic workplace for jobs. This is for
4 a workforce to fill fifteen hundred jobs in the upcoming
5 year and future Southside Virginia Workforce. This is a
6 tri-level program. Level one is the Fast Track GED taking
7 the middle college approach which would be to students
8 18 to 24 age range and then take that approach and apply
9 it to adults 25 years and older. Level two is where
10 Danville Community College has reduced their request for
11 soft skills training and industry wide technical
12 competencies. Level three is training in one of six targeted
13 specialty fields including the establishment of an
14 advanced Wood Products Technology Center. The request
15 is for a mix of uses for personal service to wit: tuition
16 assistance, testing, supplies and so forth will initially
17 serve 500 employees. This is a request that's been driven
18 by the successes that the region has actually had
19 attracting new employers to the region. Just yesterday we
20 learned that IKEA will establish a manufacturing facility in
21 Danville; Danville Regional Industrial Park creating 700
22 jobs. Recently other employers have announced their
23 coming to the region but the challenge has been currently
24 as many as 90 percent of the applicants for these
25 positions have not qualified for a lack of GED or for failure
26 of drug testing. So their proposal would be to try to fast

1 track people through the GED Program. I think there is
2 drug screening that will help and that will have to take
3 place before resources are devoted to training. People
4 have to provide some assurances that can pass the drug
5 screens conducted by the employer. Staff has multi-
6 faceted a list of recommendations here. Some of them
7 originating from Danville Community College with the use
8 of some previous community college allocation funds.
9 When the staff comments on recommendations, you will
10 see the college has requested up to \$75,000 in existing
11 allocation scholarship funds to be used for displaced
12 workers, workforce development and middle college, age
13 25 and up. Those are allocations that are provided to the
14 colleges previous years. They're asking that \$50,000 that
15 was awarded by the Commission to DCC in fiscal year '05
16 for the Lean Manufacturing Applied Studies Program be
17 reassigned to this project to assist in retraining workers
18 that was displaced by the O'Sullivan closing. Employees
19 of O'Sullivan have announced their leaving the region so
20 those funds are available. Thirdly, DCC is asking that
21 \$20,000 that was awarded in their FY '04 allocation be
22 redirected to this purpose. They're looking not only to
23 readjust the grants for this purpose but staff has further
24 suggested that some of the DCC allocation Britt talked
25 about today be redirected toward this project. The staff,
26 upwards of \$200,000 of that request will potentially be

1 redirected. We're specifically recommending that
2 \$124,000 which would be the allied health equipment
3 component, entrepreneurship, professional development
4 aspects of the current allocation requests be redirected
5 toward this. Those funds from previous years, the
6 \$320,000, we're recommending be awarded out of this
7 request focus on level one and the one hundred twenty-
8 four from the allocation would bring \$589,000 of
9 resources toward getting the ball rolling, getting some
10 folks to fast track through the GED program. That's the
11 staff's recommendation. Maybe that's a little confusing
12 and it was a multi-headed beast so I'll be happy to answer
13 any questions.

14 MR. EZELL: We have received some support
15 through Economic Development and Jeff Arnold. I believe
16 we'll merge this project because of the various education
17 components. We are including support from a variety of
18 areas within Danville and Pittsylvania County and Halifax.
19 We have support from the Chamber and industry, from
20 the school division, from the economic development people
21 and various industries in the community. We're faced
22 with a ten percent unemployment rate. We have the fifth
23 highest unemployment rate of all metropolitan areas. We
24 have an urgent need for this type of training to
25 counterbalance the loss of thousands of jobs that left the
26 area. This project would give us a great step forward in

1 trying to meet those needs and trying to retrain our labor
2 force. There is still a culture program but we need to train
3 them. The fast track GED is a good step for our area
4 because of the high level or the high percentage of people
5 that don't hold a school diploma or GED. Then have them
6 prepared and ready to go to training or workforce
7 development so they can be hired at a higher level for
8 industries coming into Danville like the wood products
9 firm. We have people that need a higher level than we
10 have to offer presently in this area. This is really a critical
11 project for us. We do appreciate the support from the
12 Tobacco Commission, thank you.

13 MR. MAYHEW: I would just like to agree with
14 what you say. We're in a critical time because of the loss
15 of so many jobs and the effect of having so many unskilled
16 and untrained people. There's potentially good workers in
17 the area but they simply need this additional help to try to
18 bring them on board and help them pick up and get going
19 and advance their careers and have a stable job situation.
20 I think now is the time that these dollars will really pay off
21 and we should do what we can to keep that all in the
22 budget.

23 MR. PFOHL: I would additionally point out as a
24 footnote in the discussion of Patrick Henry's Community
25 College allocation requests there were some aspects of that
26 request that we thought that would take a little more time

1 to be developed for the Committee. We've had
2 conversations with the Patrick Henry Community College
3 staff and they're open to the concept of redirecting at least
4 \$50,000 of their allocation to the GED achievement that
5 would certainly provide some workers to fill these jobs. In
6 conversations with Danville Community College, I think
7 we all recognize this is a regional challenge. Employees
8 won't come particularly from Danville or Pittsylvania but
9 they'll come from Halifax, Pittsylvania and other
10 surrounding counties in Virginia, maybe even North
11 Carolina. The staff would encourage DCC to work with its
12 neighboring community colleges on the development of the
13 advanced manufacturing wood products technology
14 component and eventually it can come back in a regional
15 form, maybe for special projects. In recognition of the fact
16 that we have wood products employers which was a TROF
17 project in the ballpark of 600 jobs I believe, it's truly a
18 regional challenge that we've got to rise to meet.

19 SENATOR RUFF: All right, moving on.

20 MR. PFOHL: Jumping over to page five and
21 that's the Mountain Empire Community College and their
22 proposal. That was pulled out of the block. In addition to
23 their allocation, they're requesting \$109,070 for
24 addressing the training needs of Virginia's Coal Industry.
25 The purpose is the purchase of miner electrical training
26 panels which the applicant identified as priority,

1 equipment need for them to continue to develop effective
2 training to employees of more than 50 companies and
3 state agencies, federal agencies last year, training more
4 than seventeen hundred people. The College is working
5 with its neighbors with Southwest Community College
6 seeking federal funding to establish regional mine training
7 academy and re-establish the Associates Degree Program
8 which was done away with a couple of decades ago. Staff
9 recommends a full award although we did point out the
10 request could come from the community college allocation
11 but the college doing that would be substantially reduced
12 in the financial aid to the region and general population.

13 SENATOR RUFF: You recommend full funding
14 but the dollar figure is different?

15 MR. PFOHL: It's \$109,070. Donna Stanley is
16 here from Mountain Empire.

17 DONNA STANLEY: I want to share with you the
18 significance of this proposal. Right now we're trying to
19 catch up with what happened in the mining industry.
20 We've been on a downward spiral in terms of employment
21 in the industry. There's not really a great new generation
22 of miners over the last 15 years. Now the mining industry
23 is trying to appeal to new people or trying to get caught up
24 with, get new employees and have people prepared for
25 these jobs. It's not just an educational issue but it's a
26 safety issue and we've provided a tremendous amount of

1 money for training. Most of the people coming to us have
2 some mining preparation but not necessarily looking for
3 an Associates Degree Program but looking for some type of
4 certification training. We're trying to get ourselves caught
5 up to have the equipment necessary to the outreach that
6 we need to do to support the mining industry. We provide
7 a very large percentage of the jobs in far Southwest that
8 can be an economic stimulant to the counties. The coal
9 mining industry supports a lot of other functions and
10 industries in the area. We think this is an opportunity to
11 support a valuable project and that's why we're asking for
12 some funding.

13 DELEGATE JOHNSON: Mr. Chairman, I
14 request this one be pulled out. To me, I have a hard time
15 understanding how we can say that certain things are
16 needed to when talking about the mission of our
17 commission which is revitalization of communities. This
18 grant request is to purchase mine training equipment and
19 maybe help improve the skills on one hand. Then on the
20 other hand we've got people in Hayters Gap that have no
21 jobs and can't get a job and made a request for money and
22 yet is turned down. Just can't reconcile it. It's a square
23 peg in a round hole. I just think the priority should be the
24 people of Hayters Gap have raised tobacco all their life and
25 no job now and searching for a way to prepare themselves
26 to get a job and you're saying no. Then on the other hand

1 you're saying well, appropriate money to permit those that
2 are making big bucks to make bigger bucks. The rich are
3 getting richer and the poor are getting poorer. To me I
4 don't understand it. It's not that I oppose this particular
5 request but I just state when you look at the purpose of
6 our Commission and spending of the money that we need
7 to look at the poor boy over in Hayters Gap trying his best
8 to get his GED and can't because he doesn't have the
9 opportunity. These people are asking for an opportunity
10 so they can put biscuits on the table and pay their way, I
11 just can't, I just don't understand it. That to me should
12 have a greater priority than trying to give or improve the
13 skills of someone from a \$100 an hour to a \$125 and you
14 have people starving.

15 MR. DAY: Mr. Chairman, I'd like to associate
16 myself with that gentleman's remarks.

17 SENATOR RUFF: Let me ask a question.
18 Under the circumstances, a coal question, is that used for
19 the training?

20 MS. STANLEY: I'm not an expert in this but
21 some of the money goes to Virginia Coal Fields and
22 Economic Development. That's a priority. A good
23 percentage goes back to the localities and some of the
24 localities money is used for road improvements and
25 things. To my knowledge, none of that fund has been
26 used for training purposes. Some of the money is re-

1 circulated out. Some money is available for some things
2 for the Fast Track or UVA wise and some training.

3 SENATOR RUFF: Thank you.

4 MR. PFOHL: We hope the next proposal which
5 is, will help people with the GED achievement. The Mount
6 Rogers Regional Adult Education Program. The applicant
7 from Southwest Virginia, this is the GED proposal.
8 There's a request for \$181,900. I'll point out this is the
9 fourth year that the Regional Adult Education Program for
10 the three planning districts in Southwest Virginia have
11 come hand in hand. With Mount Rogers the central
12 applicant and this has served 12 counties and three cities
13 in planning districts one, two and three. With scholarship
14 assistance for folks that need help doing the GED testing
15 on demand and marketing programs. Last year the three
16 adult Ed programs and the three planning districts
17 granted more than eleven hundred GEDs and assisted
18 more than 600 with financial assistance. The staff is
19 recommending almost a full award and we don't provide
20 funds for administrative support for projects and we don't
21 pay people to administer with our grant funds. The
22 recommendation from the staff is \$179,020. With the
23 condition that in this case as well as with the Crater
24 Planning District that the grantee begin gathering
25 information on unemployment and income impacts for
26 this program. Yes, ma'am.

1 MS. SUSAN SEYMOUR: I'm Susan Seymour,
2 Mount Rogers Regional Adult Education Program. This is
3 a very important area in Southwest Virginia. We have a
4 very high percentage of people that lack the high school
5 education or GED certificates and I think even 40 percent
6 in the Galax area. We do very much appreciate any
7 funding that you help us with.

8 MR. BANNER: Let me say that I fully support
9 this and I think the GED has been a great program. The
10 only suggestion I might have, in this race for GED, these
11 folks are working very hard to improve themselves. The
12 primary problem is identifying the individuals that really
13 need the GED that need to continue their education.
14 There's a problem in getting those folks to step forward for
15 this race the GED is certainly a significant program. What
16 I've heard today in this discussion on the GED and the
17 format, I think we need to coordinate all of our efforts to
18 one thrust, one person that could handle these GED
19 funds. Since Mount Rogers Planning District is working to
20 coordinate all of Southwest Virginia in this program,
21 certainly individuals here or individuals in the workplace
22 when they know of people that need a GED and urge them
23 to complete their high school. Those contacts need to be
24 made with the Mount Rogers, they need to get together
25 with the Mount Rogers Regional Office and make sure
26 people are serviced is what I'm saying. We have enough

1 schools and we have enough instructors hopefully that are
2 working and doing all of these good programs and doing a
3 good job. The big problem is identifying who they need to
4 serve. The problem for us or the problem for the schools
5 and the programs that want to serve these people, the
6 problem is getting the people to step up. They say I don't
7 have a high school diploma and I need one, it is important
8 for these folks to get in and receive this training. They
9 need to encourage people to use these programs. I think
10 that's the biggest thing whether it's an alternative or not.
11 Just serve these people and get them to work together and
12 make sure everyone is serviced. All these programs.

13 SENATOR RUFF: Thank you.

14 MR. PFOHL: I'd ask you to jump over to page
15 eight. The South Central Health Education Center
16 requesting \$114,000 to begin offering evening nurse aid
17 classes which is an eight week curriculum. They offer five
18 courses over a year with ten people per class that would
19 be an additional nurse aid instructor. Ten people per
20 class and that would be an additional 50 nurse aids that
21 would be almost immediately moving into the workforce
22 for the South Central area, primarily Pittsylvania and
23 Campbell Counties. The request is to hire an additional
24 nurse aid instructor. They're currently offering daytime
25 classes which would be the additional instructor to begin
26 teaching the evening classes throughout the year. In

1 addition to the instructor, they're asking us for support for
2 administrative assistant for operating support like
3 telephones and utilities, marketing. The staff has
4 recommended, this is a previous grantee that received
5 \$135,000 in FY '03 from this committee. They've
6 successfully used those funds for their facility and
7 equipment operations. The staff is recommending an
8 award of \$80,000 to pay for the additional nurse
9 instructor and direct course work and supplies and
10 materials leading the continued operating expenses.

11 REGINA KENNEDY: I'm Regina Kennedy. I'm
12 the director of the South Central area. I want to thank
13 you for the funds we received in FY '03. We've been
14 fortunate to be able to graduate over 100 students. We do
15 have a problem with those that are unemployed in
16 Pittsylvania and Campbell Counties and we started to get
17 some people that lost jobs in our key areas. We are the
18 midway point between Danville and Lynchburg. As Tim
19 said, we don't have funding available to be able to help
20 people to be in the evening class. That's what we want
21 this money for. We have some day classes and we're able
22 to hire another instructor to provide the additional
23 classes.

24 SENATOR RUFF: Thank you. Tim.

25 MR. PFOHL: Going to page nine, Southwest
26 Virginia Community College, they're requesting \$590,201

1 for preparing Southwest Virginians for competitive
2 employment in software development jobs. These would
3 be entirely last dollar scholarships and this would be a
4 software development-training program developed by
5 Southwest Community College and CGIA. That's the
6 employer that would set up operations in Lebanon and
7 Russell County. CGR has announced that they were going
8 to bring over 300 software positions to Southwest Virginia.
9 This is a 42 credit hour program. The amount requested
10 would serve 166 graduates and seven cohorts that would
11 be offered in the next year and a half at approximately
12 three Southwest Community Colleges beginning in
13 January of '07 in addition to the Southwest Community
14 College. Mountain Empire and Highlands which have
15 been offering the training, ultimately the request is to
16 serve 13 counties and two cities in Southwest Virginia. I
17 just point out that Sara mentioned earlier that we
18 recommended funding of \$67,806 to fund the first cohort
19 which is underway with 24 students. What they found
20 out is most of the people do not qualify for state or federal
21 financial aid for the Bachelor Degrees. They need the
22 software development certificate. Most of those people do
23 need financial aid. When your committee met in June to
24 approve that \$67,000 award, it was stipulated that would
25 come from the Southwest Community College's allocation
26 of the \$400,000. This is another very significant proposal

1 from the dollar standpoint as well. It's an extreme
2 challenge that the tobacco region faces. The staff has
3 recommended the \$67,806 be treated as a competitive
4 award that's already obligated in addition to the request
5 that the three community colleges in Southwest put in for
6 an allocation and that we carve out \$50,000 from each of
7 those \$400,000 requests to help in conducting the
8 training for these people. That's how the staff arrived at a
9 recommendation of \$447,201 from the competitive funds
10 with the balance of the program costs from the three
11 Southwest Community College allocations.

12 MR. DAY: Mr. Chairman, did I hear Mr. Pfohl
13 use the phrase last dollar?

14 MR. PFOHL: Yes.

15 SENATOR RUFF: Yes.

16 MR. DAY: How do we square that one with
17 these others. It seem to be a little bit round.

18 MR. PFOHL: This is as opposed to other
19 scholarships for all individual localities and/or individual
20 institutions from the Regional Scholarship Fund through
21 the three community colleges through the majority of the
22 Southwest Virginia residents. We felt this one floated a
23 little bit higher in the scoring rating scheme.

24 MR. DAY: I'd like to comment on that Mr.
25 Chairman.

26 SENATOR RUFF: Do we want to move onto the

1 next one?

2 MR. PFOHL: Page ten, TekXam Foundation.
3 The TekXam Foundation is requesting \$194,000 for
4 TekXam training and an assessment of workforce skills.
5 The request is for salaries and benefits, contractual
6 services, marketing, travel and supplies to provide a
7 curriculum of introductory computer training and
8 certification for a hundred residents in each of ten
9 counties that have not been previously served when
10 TekXam have been to this Committee several times in
11 recent years. To date the Commission and this Committee
12 has obligated \$389,000 for operating costs of TekXam.
13 They completed training certification for eighteen hundred
14 tobacco region residents to date. This would be ten
15 additional counties to be served by TekXam because this
16 is a recurring operating request, staff is recommending
17 that we carve out the salaries and equipment requests
18 that we have funded under previous grants and fund the
19 direct course work and expenses \$131,200. Again like
20 Mount Rogers and Crater that have been to us for funding
21 before, we're suggesting a condition that the grantee
22 report on employment and income impacts from program
23 graduates.

24 SENATOR RUFF: I assume that everyone has
25 said what they needed to say, now it's up to the committee
26 to make any changes to the staff recommendation or any

1 discussion you want. Mr. Day?

2 MR. DAY: Mr. Chairman, I renew that motion
3 as follows. The Committee recommendation not
4 withstanding, I move that we move grant number 1225 at
5 least the hardware component of their request. That's
6 Franklin County and they have asked for \$680,000 and
7 change. The hardware component is less than half of
8 that, \$320,000 and change. I have a detailed list here of
9 the amendments.

10 SENATOR RUFF: Your motion is for \$320,000?

11 MR. DAY: And a few odd dollars.

12 SENATOR RUFF: And a few odd dollars?

13 MR. DAY: \$325,021.90.

14 SENATOR RUFF: Can any of the matching
15 funds that have been identified be used?

16 MS. HODGES: The matching funds will be
17 used for additional equipment beyond that. We need to
18 have a complete allied health lab and the 100,000 career
19 foundation grant go toward purchasing some of that
20 equipment along with some of the other equipment and
21 the laptop for software needed for all of that, matching
22 dollars will buy some of that equipment. That's not the
23 total cost of the equipment right there as well as 20,000
24 locally from economic training money.

25 MR. DAY: Mr. Chairman, on grant number -

26 SENATOR RUFF: Hold it, just a minute. What

1 was that number again?

2 MR. NOYES: 320.02 –

3 MR. STEPHENSON: \$320,522.

4 SENATOR RUFF: Is there a second to that
5 motion? Hearing none, we'll move to the next one.

6 MR. DAY: Mr. Chairman, on grant 1219, the
7 Patrick County Education Foundation requests for
8 \$120,000. I move we reconsider the staff's
9 recommendation and award that contingent upon the
10 insertion of a clause that prevents the scholarship
11 recipients from double dipping. I had some conversations
12 with the staff that seem to resolve a lot of that. The set up
13 would be that you can apply for a scholarship or the
14 overall tobacco committee scholarship but not receive
15 both.

16 SENATOR RUFF: What you're proposing is that
17 they would not be able to use any of that money at the
18 Patrick Henry Community College and they would not be
19 able to use any of the money at a four-year college?

20 MR. DAY: What I'm suggesting Mr. Chairman
21 and I don't have a handle on the required language but in
22 order to solve the issue of double dipping and duplication
23 of the scholarship that recipients receive one or the other.
24 Very simply put and not both.

25 SENATOR RUFF: I guess I understand the
26 motion but I'm not sure, it seems like you're trading dollar

1 for dollar. Is there a second for that? Hearing none we'll
2 move on.

3 MR. STITH: Mr. Chairman, I'd also like to
4 propose for the committee's consideration number 1112,
5 Old Dominion University Educational Foundation,
6 community college expansion project Teletechnet. I think
7 that's very critical to residents of this area and very vital to
8 the residents of this area and seeing a greater impact for
9 the citizens there. I would propose that we reconsider that
10 in the amount of \$300,000 matching that which ODU put
11 forth.

12 SENATOR RUFF: Reducing from 1.4 million to
13 \$300,000?

14 MR. STITH: Yes.

15 SENATOR RUFF: What does that do?

16 DR. CAVAN: We have two sites and we will
17 renovate the one site, you've got Danville and the Alberta
18 campus. That money you'd renovate the one site at least.

19 MR. STITH: This is in conjunction with the
20 match that you will receive from ODU.

21 DR. CAVAN: Yes.

22 SENATOR RUFF: I'm trying to get my hands
23 around this. The original proposal listed two, one in
24 Keysville and one at Southwest Community College. It
25 doesn't mention Alberta in the \$1.4 and our summary
26 does not.

1 DR. CAVAN: Based on Alberta.

2 MR. PFOHL: They'd asked for \$1.5 for three
3 sites and roughly a half million per site. They may be able
4 to achieve some economy at one site, one site is the
5 renovation.

6 MR. MAYHEW: Does this mean that without
7 some of our money ODU's money will not go in? We put in
8 one dollar and get two dollars benefit. Without our money
9 that matching aspect of it.

10 DR. CAVAN: Yes.

11 MR. FIELDS: Mr. Chairman, I don't see a thing
12 wrong with the two proposals that Barnie made, where
13 does the money come from or where does the \$300,000
14 come from?

15 SENATOR RUFF: It'll come, on the bottom of
16 your, it'll come from there unless something is cut back.
17 Let me clarify this. You would eliminate the Southwest
18 Campus in your proposal and just be dealing with the
19 Alberta Campus?

20 DR. CAVAN: Yes.

21 SENATOR RUFF: Is there a second?

22 MR. DAY: Second.

23 SENATOR RUFF: So that one will be on the
24 table.

25 MR. STITH: The second is the Nortel, that
26 proposal, consideration for Nortel to be able to work with

1 the local community college in Danville and Southside
2 Virginia Community College.

3 SENATOR RUFF: Can the community colleges
4 explain, is everybody on board with that?

5 MR. PFOHL: My understand is that there was
6 conversation during the break and I can't describe the
7 nature of the agreement, perhaps some of the folks that
8 were a party to that could do it.

9 SENATOR RUFF: Exactly what are you asking
10 the committee to vote on then?

11 DR. CAROL INGE: This is a partnership
12 between Nortel Network to put in 700 miles of broadband
13 equipment and backbone. When we initially planned out
14 the project I was a founding member of the board. We
15 envisioned the network-operating center being at
16 Riverstone, that's where we preferred to be. That was a
17 \$10 million investment by the Tobacco Commission. What
18 happened was that Network Operating Center moved to
19 North Carolina. We want to move it back but we need the
20 IT workers who have these skills. We communicated with
21 the community college about how they would provide
22 training along with Nortel and along with the IDA. We
23 would provide matching funds through USDA and Old
24 Dominion Coop. It's a one to one match. For every dollar
25 you put in, we're putting in another dollar. For every
26 dollar you put in we're putting in another dollar from

1 USDA funding.

2 SENATOR RUFF: The applicant continues to be
3 Nortel, Halifax IDA.

4 DR. INGE: Yes, the training will be provided by
5 certification by the community college.

6 MR. NOYES: Are they funds that were
7 mentioned in the application?

8 DR. INGE: Yes, Nortel is putting in \$50,000 in
9 kind and Old Dominion Electric is putting in \$10,000.
10 Every hard dollar that's put forward in the project will be
11 matched by USDA funding. Without the match, we
12 couldn't go forward.

13 MR. NOYES: Is Virginia Tech involved?

14 DR. INGE: Virginia Tech is the recipient of the
15 USDA funding to match the funds.

16 SENATOR RUFF: Is there a second?

17 MR. MAYHEW: I'll second it.

18 SENATOR RUFF: Then that's on the table,
19 \$50,000. Anybody else have a motion?

20 DELEGATE JOHNSON: Yes, I have a motion
21 that number 1229, Library at Damascus be approved,
22 272. There's no change on that.

23 MR. PFOHL: That the two recommendations for
24 ODU Teletechnet and Nortel, that leaves us \$255,699
25 balance that's available for the Washington County
26 Library or any other project you wish to help. Washington

1 County is requesting \$272,500. That exceeds that
2 amount.

3 SENATOR RUFF: I understand that.

4 MR. FIELDS: What is the motion?

5 SENATOR RUFF: As offered or proposed 1229,
6 the library at Washington County, Damascus, 227,500.

7 MR. FIELDS: When could I amend the motion?

8 SENATOR RUFF: Get your heads together right
9 now if you want to talk, do you want a minute to discuss
10 that first?

11 DELEGATE JOHNSON: May I ask a question?

12 SENATOR RUFF: Yes.

13 DELEGATE JOHNSON: Ms. Parsons, is there
14 anyway you can get buy on less than the \$272,000? I'll
15 tell everybody right now I'm going to make a motion for
16 Hayters Gap and that's \$50,000 and it's going to come
17 from somewhere.

18 MS. PARSONS: I was hoping the county could
19 help out if we received funds from the Tobacco
20 Commission, if we did, they would work harder the next
21 fiscal year to come up with the remaining money we might
22 need. We can't start this project until, in that fiscal year.

23 SENATOR RUFF: You do not have approval
24 from the county for any money yet?

25 MS. PARSONS: The county has set aside, the
26 term they use and actually shows up in their budget,

1 funds they have put aside for the project in Hayters Gap.
2 Damascus, they are not prepared to release it without
3 some additional funds, it isn't enough but they have made
4 a commitment.

5 SENATOR RUFF: Thank you.

6 MR. FIELDS: I'd make a motion that we fund
7 the Damascus, number 1229 for a \$100,000.

8 SENATOR RUFF: You'll have to do that if Joe –

9 DELEGATE JOHNSON: I'll withdraw my
10 motion.

11 MR. FIELDS: \$50,000 for Hayters Gap.

12 SENATOR RUFF: I need a second. You're
13 recommending that on line 1229 Rural Bridge, the
14 construction at Damascus, new construction would be
15 \$100,000.

16 MR. JOHNSON: I'll second the motion.

17 SENATOR RUFF: All right. The next one?

18 MR. FIELDS: I propose and make the motion
19 number 1230, Rural Bridge to Literacy and Technology
20 Hayters Gap be funded with \$50,000.

21 MR. JOHNSON: I'll second the motion.

22 SENATOR RUFF: Is it fifty even?

23 MR. FIELDS: Yes.

24 SENATOR RUFF: Are there any other motions
25 that anyone wants to make? Has anyone calculated how
26 much this cost?

1 MR. BANNER: How much money we got left?

2 DELEGATE JOHNSON: Mr. Chairman, the
3 Mountain Empire 109, I'll make a motion we approve that,
4 1227.

5 SENATOR RUFF: You're recommending no
6 change there?

7 DELEGATE JOHNSON: That's right.

8 SENATOR RUFF: Then there's no motion
9 necessary.

10 MR. BANNER: 1227 there's no change?

11 SENATOR RUFF: All right. Are there any other
12 motions?

13 MR. DAY: I'll try this one more time. On
14 number 1219, I move that we award that \$105,699.

15 SENATOR RUFF: Is there a second on that
16 motion? Hearing none, we will now have a discussion of
17 those items that the staff has recommended partial
18 funding. From this Committee there has been four added
19 to the discussion. Are there any thoughts on any of those
20 at all?

21 MR. BANNER: Not on those. I want it noted
22 somewhere that the difficult job it is to reach the bottom
23 line for the staff to do this. I would commend all the staff
24 for all the efforts it has taken. I know it's a thankless job.
25 We give you guidelines to go by and then we come here
26 and change the guidelines. We do appreciate all of what

1 you do and I want that noted.

2 SENATOR RUFF: Thank you Steve and I think
3 you speak for all of us. That's an eloquent way of saying
4 that. They have made the recommendations as they see
5 them with as little bias as they can have. Obviously it's a
6 little harder for us to be objective on some of these things.
7 Going back to the library issue, Kenbridge where there is a
8 multiple use of the building. What was negotiated out was
9 that a pro rated bases on the usage of that building. How
10 does this, the use of this library, or that issue, how is that
11 going?

12 MR. PFOHL: In the Damascus case, we have
13 pretty clear break. Just to explain this, in the Southside
14 Economic Development, we assisted a couple of projects
15 where there are a variety of community uses in the
16 building. We identified the components of the uses that
17 were things that we felt were central to the Tobacco
18 Commissions' mission. Distance education, adult
19 education, GED, community colleges, etc. We suggested
20 an approach and the Commission endorsed that where the
21 pro rated square footage of the building that was
22 dedicated and the Commission was supportive of and that
23 percentage was applied to the total project cost. In the
24 case of the Damascus project, we'd have roughly 6,000
25 square feet of new space. Now we have a breakout, if we
26 talk about the computer terminals and public meeting

1 space and so forth. I wanted to point out if it's going to be
2 used for children's story time and things like that and
3 other community uses. We have a square footage break
4 out there. In the case of Hayters Gap, roughly 2179
5 square feet and we don't know how much of that is
6 dedicated to computer uses and education and so forth.
7 Maybe the folks from Washington County can help us.

8 MS. PARSONS: We looked at all of this and
9 factored in the amount that we thought reasonable and
10 asked for based on how much of it would be used for adult
11 education programs. Decided to break it down with the
12 different components. Fifty-five hundred square feet and
13 fifteen hundred square feet would be the community
14 meeting room training room for the computers and we
15 have the computer hub. In Hayters Gap it's a little bit
16 harder to break it down. Approximately a fourth or a third
17 of that space would be devoted to community reading
18 room. When you think about it, we certainly thought it
19 was important for you to understand that we could ask for
20 more than what we could use for training.

21 SENATOR RUFF: On the issue of Old
22 Dominion, there's a commitment to spend \$300,000 from
23 Old Dominion no matter how many facilities are involved.

24 DR. CAVAN: We're not saying 100,000 per unit.

25 SENATOR RUFF: I understand that. They were
26 not saying a hundred thousand per unit.

1 DR. CAVAN: Three hundred thousand.

2 SENATOR RUFF: We won't talk about any of
3 them until we start taking votes. I understand what
4 you're saying.

5 MR. MAYHEW: Mr. Chairman, I move we
6 accept to begin with the staff's recommendations before we
7 add on some others.

8 SENATOR RUFF: The motion would be what?

9 MR. MAYHEW: I think there's five of them.

10 SENATOR RUFF: What is your motion? It
11 would be 1222 Danville Community College, \$320,000,
12 Mount Rogers GED \$179,020, the Mountain Empire
13 Proposal \$109,070, the South Central Area Health
14 Education Center \$80,000, the Southwest Virginia
15 Community College proposal \$447,201, the TekXam
16 proposal for \$131,200, is that your motion?

17 MR. MAYHEW: Yes.

18 SENATOR RUFF: Is there a second on that?

19 MR. FIELD: Second.

20 SENATOR RUFF: All in favor say aye. (Ayes).
21 Opposed. (No response). All right, now moving on. 1112
22 Old Dominion Community College expansion adjusted to
23 \$300,000. We had a motion and a second. Any further
24 discussion? All in favor say aye. (Ayes). All opposed. (No
25 response). 1234 Halifax County IDA for \$50,000. There
26 was a motion and a second, any further discussion on

1 that one? All in favor say aye. (Aye). Opposed. (No
2 response). Number 1229, the Washington County
3 Damascus Library \$100,000. A motion was made and
4 seconded, any further discussion on that one?

5 MR. BANNER: Would it be possible for us for
6 Washington County, possibly this money, be routed
7 through the community college or through the higher ed
8 center. My problem is the library because I know we're
9 going to be asked by various libraries and especially in
10 Russell because they're on the way here. They'll want that
11 in their community too. If we could use maybe the
12 community college or someone, somebody as an advisor to
13 funnel the funds through it might help a little bit with the
14 language.

15 DELEGATE JOHNSON: Maybe there's some
16 mechanics that can be worked out, assuming it's going to
17 pass, do that before the full commission and come to some
18 agreement how it could be done.

19 MR. BANNER: That will be fine. I'm not
20 opposed to libraries but I haven't visited them often
21 enough. I think it's a worthy cause.

22 MR. MAYHEW: Steve, I think you're being
23 successful in bringing more interest in libraries to us?
24 Why don't we just go straightforward with it, that would
25 be my opinion.

26 SENATOR RUFF: I think Steve certainly raises

1 a good point. Every community has a great deal of
2 warmth in their heart for libraries and some communities
3 will step forward getting donations and using old buildings
4 and all sorts of things in their cause. I'm afraid Mr.
5 Banner is right, there's going to be a number of proposals
6 to this commission. The person that made the motion and
7 the person that seconded this motion, since Washington
8 County would have to pony up more money, would you be
9 willing to consider holding this making sure they can
10 come up with the rest of the money?

11 DELEGATE JOHNSON: I'd rather it pass and
12 then they can come up with the money. Those old boys at
13 Hayters Gap, they'll start digging tomorrow. There'll be a
14 greater incentive for the county to come up with the
15 money, if they don't then they won't get the money.

16 SENATOR RUFF: If between now and our
17 Commission meeting which is the 9th, the staff is able to
18 come up with a pro rata for the amount, would you be
19 willing to substitute those figures for these whether they
20 be higher or lower?

21 DELEGATE JOHNSON: Whatever is
22 reasonable, I don't want anything we shouldn't have.
23 Whatever the guidelines say, we'll live with it.

24 SENATOR RUFF: The problem I see at this
25 point is that we're going off on two limbs. When we get in
26 the library business we better, the reason why we're doing

1 it, we're going to catch a lot of criticism and a lot more
2 applications.

3 DELEGATE JOHNSON: I understand. That's
4 why I say we have put square pegs in round holes already.
5 I haven't heard any outcry from the public because I think
6 money's been wisely spent.

7 SENATOR RUFF: Would the committee be
8 willing to hold this and have a two-minute meeting before
9 the full Commission meeting to vote on it so we have the
10 dollar amount?

11 DELEGATE JOHNSON: I'd rather vote on it
12 today and then have the dollar amount so the Commission
13 can tell us what will work and then if the county can't live
14 with it then it won't work.

15 SENATOR RUFF: I tried. We'll take 1229 first,
16 Washington County Library at Damascus Construction
17 \$100,000. Any further discussion?

18 MR. FIELDS: We might get one from every
19 county or maybe two from every county. Steve mentioned
20 that. More educational and I'm not sure we have anything
21 more than that. Some of these days we'll get into the
22 public school system. I hope it's from the Southside. I
23 can't see educational money being spent any better and
24 the library is good for the community and folks have been
25 there everyday and this is something that's needed and it
26 has an impact.

1 SENATOR RUFF: Any further discussion? All
2 in favor say aye. (Ayes). Opposed. (No response).
3 Number 1230 Hayters Gap, \$50,000. All in favor say aye.
4 (Ayes). Opposed. (No) Senator Ruff. Thank you all. On
5 the last vote I was not against the library but I believe we
6 have to do it very methodically and if we're going to get out
7 on these limbs, I'm going to ask the staff to come up with
8 a figure and we can have that discussion later. Certainly
9 libraries do good work and if they're doing an educational
10 project and they need to fund that, they need to do it very
11 carefully.

12 MR. PFOHL: Mr. Chairman, these
13 recommendations will be presented to the full Commission
14 on November 9th in Blacksburg. We'll send you meeting
15 information and there's still another hurdle yet to be
16 crossed.

17 SENATOR RUFF: All right, thank you. I think
18 Ned is up next.

19 MR. STEPHENSON: Thank you Mr. Chairman
20 and I'm aware of the hour and we'll try to run through this
21 rather quickly and slow down at those points in which you
22 have questions or the committee needs us to explain it
23 further. Members of the Committee, we have a signature
24 program that the Commission has funded for some five or
25 six years now since its inception. That is the scholarship
26 program in Southside and Southwest Virginia. Each year

1 about this time we take a look at the program and try to
2 make changes where we can make improvements and cure
3 some problems that we have. Today your staff wants to
4 bring to your attention three particular changes that we
5 ask you to make to the program and I'd like to walk
6 through the details of what we're asking you to do. Before
7 I do that, I'd like to recognize one or two people that are in
8 the room. First our scholarship administrator Rachel
9 Fowlkes and Chris Fields who are here on the front row. I
10 invite the chair to please recognize them because they
11 know much more about the administration of this than I
12 do. I also wish to introduce to you a gentleman by the
13 name of Gene Cattie. Gene, would you please stand up.
14 Gene comes from Sally Mae and that is a national lender.
15 You will see later in the presentation that we have a
16 change to make if you wish to make it involving this
17 subject and he is here to answer questions that you might
18 have. So thank you for coming Gene.

19 Can everyone hear me all right? First, I'd like to
20 give you a quick review of the scholarship programs so
21 you can get a fix on where we are at this point in time.
22 Our current program provides funds for private or public
23 institutions but not community colleges through this
24 program, they are funded separately from what you just
25 heard today. Scholarships are eligible only for four-year
26 schools. It's very important for you to know that our

1 program is not a need-based program. They do not fill out
2 financial information currently for our program and it's for
3 all the curriculum, anything the student may want to
4 study. At that point the two programs are a little bit
5 different for the two regions. In Southside and this is the
6 difference, there's a little more money in Southside and it's
7 a loan program as opposed to a grant or scholarship
8 program in Southwest. You see the amounts of students
9 and how many students are served. One significant
10 difference in Southside any resident is eligible for the
11 scholarship. In Southwest tobacco families only.

12 In particular, I would like to invite your
13 attention to the two redlines that are on the slide. They
14 are the areas which we would like to ask the committee to
15 consider a change. I'll present these to you one at a time.
16 Before I do that though, I'd like to invite your attention to
17 the very last line and very last bullet on the page. The
18 Southwest Scholarship has historically been limited to
19 tobacco families only. I simply want to make it known to
20 the committee that in order to qualify the tobacco families,
21 current rules provide that an applicant must present a
22 marking card one of the six forms from the Farm Service
23 Agency. It's important for you to know that the quotas are
24 gone and those data sets are frozen in time. The last one
25 that was issued was for the 2004 year and there are no
26 subsequent data sets. So with the passage of time, we're

1 getting a little bit away from that. The staff is
2 recommending today that for the current year, remaining
3 with the current requirement that they be from a burley
4 tobacco family member as presented.

5 Gentlemen, the first red line that you see was
6 the award per student. The staff is bringing to you
7 recommendations that we want to make a change in that.
8 Currently for Southwest only, the award amount for each
9 student is fifteen hundred dollars a year. The issue or
10 problem with that is that \$750 per semester which is
11 generally regarded by most of the people that look at this
12 program as being too small and not a material amount of
13 money to induce or make a difference for a student to go
14 to college. It is less than the amount that is required to
15 pay for one course at a typical college. The second issue
16 or fact is that our administrator from Southwest has
17 historically extended the funding cycle for these
18 scholarships into a nine-month window to get enough
19 applicants in place to consume the million dollars that is
20 available for that program. I say that to you simply to say
21 that we are using extended application time to get full
22 return.

23 The staff comes to you today asking that the
24 Committee consider raising the Southwest Scholarship
25 Award amount to \$2,000. Mr. Chairman, I invite a motion
26 to that extent or any questions you might have about that

1 request.

2 MR. BANNER: I'll make a motion that we go to
3 \$2,000.

4 DELEGATE JOHNSON: How many students
5 will that eliminate?

6 MR. STEPHENSON: How many will it
7 eliminate?

8 SENATOR RUFF: How many or how far does
9 that, what's left over?

10 MS. FIELDS: If you look at the current year,
11 '06/'07 it does not eliminate any student. We don't have
12 enough to fill the one million dollars.

13 SENATOR RUFF: How many do you have?

14 MS. FIELDS: Currently we have awarded 454
15 students for '06/'07.

16 DELEGATE JOHNSON: \$750 doesn't seem like
17 a lot of money to some people. For those people or those
18 tobacco people \$750 is a lot of money. To raise this to
19 \$2,000 and to eliminate students I don't think is very
20 wise.

21 SENATOR RUFF: If she only has 500
22 applicants, at two thousand, that's the one million.

23 MS. FIELDS: We don't have enough applicants
24 right now to award all the money.

25 DELEGATE JOHNSON: What do you do with
26 the extra money?

1 MS. FIELDS: It goes back to the Commission.

2 DELEGATE JOHNSON: We didn't spend the
3 entire amount?

4 MS. FIELDS: We're not going to this year at
5 fifteen hundred per student.

6 SENATOR RUFF: Was there a second?

7 DELEGATE JOHNSON: I'll second it.

8 SENATOR RUFF: Any further discussion? All
9 in favor say aye (Ayes). Opposed. (No response).

10 MR. FIELDS: If we don't spend it next year, let
11 us know.

12 MR. STEPHENSON: Mr. Chairman, the second
13 item that the staff wishes to bring to your attention is the
14 Southside Loan Program and I characterize that as a loan
15 program and most of you know it is a loan made to the
16 student unless they chose to come back home to work in
17 which case we forgive the loan and it becomes a grant.
18 The current process is for the student to sign a note to
19 receive the money up front. Of course, if they are working
20 in Southside outside of the community they are required
21 to pay that loan back in monthly payments over time.
22 We've had some issues with this over the several years
23 that we've been doing it and it's caused us to rethink our
24 process of how we might do this a little better. The first
25 problem that has occurred is that of tracking workers.
26 Our administrator sends mail to the last known address

1 and if they have moved or they do not respond, we are not
2 hunting people down so it's difficult for us to track
3 workers, particularly who got the money and left home
4 and have disappeared into the rest of the world
5 somewhere else. Tracking them becomes a burden to find
6 those people.

7 The second thing that has been difficult for us
8 is finding a good and proper home for the collection of an
9 indebtedness for those that we can find. We'll send letters
10 to the last known address and we have a quite a number
11 of students that have already paid their loans as agreed
12 but there's a number of people who are ignoring us. We
13 either don't know where they are or we have not hounded
14 them for these payments. We're having a little difficulty
15 with the collection.

16 The last problem we have is what we call an off
17 balance sheet issue. As these scholarship loans are made
18 over time, they represent assets of the Commission. We've
19 been advised by the accountants to expense these and
20 forget them but as the volume grows, it becomes a
21 material amount of money that you really or possibly
22 should have on your books and it's creating accounting
23 questions whether we should report this as an asset on
24 the books. When you do this, then you get into bad debt
25 expense and charge off and all kind of things that the
26 Commission is not particularly well suited to do. This is

1 part of the problem we're facing.

2 The recommendation we bring to you at this
3 time is to ask you if you would convert this program to a
4 loan repayment program, not a loan forgiveness program.
5 Let me give you a for instance on what I mean by that.
6 What we are suggesting is rather than make the
7 disbursement of the money to the student before they go
8 to school and hope to collect it later, we would ask that
9 you have the student seek traditional college financing
10 sources and borrow the money through those sources and
11 not borrowing commission funds. That you make a
12 promise to that student upon application if they finish
13 college successfully, return home to work, you will repay
14 their loan in the amount of \$3,000 a year for a four year
15 period of time. The same money to the student, it's just
16 they'll get it on the back end once they come home. If they
17 disappear into the world then your money is not loaned
18 out. That is a significant change for you in this program.
19 So I'm ready to answer any questions you might have.

20 SENATOR RUFF: If someone went to Longwood
21 and they had no intention of coming back to Southside
22 and then they come back, would they qualify for the
23 repayment?

24 MR. STEPHENSON: They would have to sign
25 up for this in the beginning because under your scenario,
26 it would be possible to have 10,000 kids show up and

1 saying I came home and I'd like to have the money, we
2 don't have that much money so we would have to sign
3 them up in the beginning so that we would know to whom
4 we were obligated on our promise.

5 MR. MAYHEW: Does this cover not only the
6 principal on the loan but the interest rate would accrue
7 over this four year period of time? In other words the total
8 payoff, is it a set amount of money, a limited set amount
9 of money before you go into \$4,000?

10 MR. STEPHENSON: Yes, our promise would be
11 specific, namely \$3,000 a year credit toward your loan
12 principal or interest, whatever they may be upon your
13 returning home to work.

14 MR. MAYHEW: I think it's a great idea. Do you
15 want a motion now? Mr. Chairman, I so move we accept
16 the recommendation of the staff to change our Southside
17 Loan Program as you have explained it.

18 SENATOR RUFF: Is there a second?

19 MR. BANNER: Second.

20 SENATOR RUFF: Any discussion? All in favor
21 say aye, (Ayes). Opposed. (No response).

22 MR. FIELDS: Is that money being loaned every
23 year?

24 SENATOR RUFF: The Southside money, what
25 percentage is going out? Have we spent all of the money?

26 MS. FIELDS: We spent all of the money out

1 that's allocated, yes.

2 MR. STEPHENSON: This is a recap of what you
3 just did. I anticipated you might do this. This is what you
4 saw earlier and there's a couple of changes like increasing
5 the amount and changing to the loan repayment program.
6 At this point I want to move into another discussion and
7 offer you an opportunity to do something that is entirely
8 different only for Southside. Gene Cattie is here today
9 representing the Sally Mae Corporation. To bring you up
10 on who they are, I put some background information up
11 here. Basically Sally Mae is the nations premier lender
12 and provider of student loans. Many of you might know
13 that. They are a privately held for profit stock traded
14 company on the New York Stock Exchange and they were
15 privatized in 2004. We've had some conversations with
16 Sally Mae about how we made partner with them as far as
17 providing student loans. In conversations with Sally Mae,
18 they have offered to do some things for us. This is
19 conceptual but they can explain the details as far as
20 working that out. At the end of this I'm going to ask the
21 Committee to consider a motion to use Sally Mae's
22 program. Sally Mae offered to make and serve student
23 loans in Southside using the Sally Mae money in the
24 tobacco region. They will use our money to repay those
25 loans upon the student's return to school just as what you
26 just approved earlier only this would be through Sally

1 Mae. The third thing they've offered to do is to purchase
2 from us the existing loan portfolio. Now, the purchase
3 decision on the loan portfolio is not on the table today but
4 simply offered to do that and you need to know more
5 before you're ready to vote on that. That is a possibility
6 that they would take the loan portfolio from us. Sally Mae
7 has some other things they can do but this is the sense of
8 what they've offered. Some of the things that Sally Mae
9 offered is that they will cobrand this program with the
10 Tobacco Commission. On your desk in front of you, you
11 have a little mock up brochure that Sally Mae have
12 created. They've done this on other occasions in the State
13 of Virginia for nurses and teachers and they offered a
14 program. This is a sample of some of the marketing
15 materials put together that would bear your name and
16 your credit.

17 SENATOR RUFF: What language would that be
18 in?

19 MR. STEPHENSON: Spanish and English.
20 Sally Mae has the marketing resources and advertising
21 resources by which they would be able to market the
22 program throughout Southside Virginia. Sally Mae will
23 distribute the financial aid offered to every secondary
24 school in Virginia and to the post secondary schools in
25 Virginia. They have the ability to conduct training
26 sessions throughout Southside and to teach high school

1 kids how to define financial aid, where these sources are
2 through your program and others. They have things like
3 online applications and 800 numbers for any questions.
4 They bring the full weight of the nations premier financial
5 aid office to Southside Virginia. For instance, Sally Mae's
6 loan through this program would actually originate at the
7 college financial aid office. I have been told by people in
8 that industry that that's where almost all-financial aid
9 originates anyway. When a kid goes to the financial aid
10 office, they have a menu of tools available to get that child
11 through and your Tobacco Commission Program under
12 the Sally Mae management could be one of those. The
13 Commission would not be involved in anyway until the
14 student graduated and returns to Southside to work and
15 at that point the Commission would repay the loan three
16 grand a year for four years. That check would go directly
17 to Sally Mae based on the printout to us as to who has
18 come back home to work and how much is owed.
19 Obviously some of these might be less than \$12,000.
20 Twelve would be the maximum and then we're done. This
21 cures a lot of the loan making problems, the tracking
22 problems that we had in the past, it would improve the
23 program. You can see from this that Sally Mae makes the
24 loans and services the loans, tracks the borrower, we are
25 not involved in that process at all until they come home.
26 If they never do come home, it's not our problem, it's Sally

1 Mae's problem. There are some significant impacts to the
2 current program. I know you've already thought about
3 but I wanted to tell you about those because it is a
4 significant change. It will make our program become need
5 based. We are not need based at this time. That means
6 when the child goes to the financial aid office they're going
7 to ask for the form and they'll make a determination
8 whether that student is eligible for financial aid or not.
9 We don't do that now and that's something that's very
10 significant if you chose to go through Sally Mae. The
11 interest rate that Sally Mae will charge to the student for
12 the loan is going to be based on the credit risk. We're not
13 controlling that relationship and we're not in that
14 relationship, that's Sally Mae's deal and they charge just
15 like they do all their other loans based on the risk and the
16 credit. It does represent a change for the Committee. If
17 you elect to use the Sally Mae vehicle, the Southside
18 programs will come out from under Rachel Fowlkes and
19 her Higher Ed Management Program. Sally Mae will
20 separate the two programs. It is a change from what I call
21 money now to money later. The students in Southside will
22 not get a check in hand as the do now to pay for their
23 college tuition. They get the money on the tail end when
24 they finish and come home. That is a significant change.
25 The loan administration would be handled by Sally Mae
26 and not by the Commission or the Higher Ed Center. The

1 Commission is not funding brain drain. A lot of these kids
2 who may have no intention of coming home, they get your
3 money and they disappear and don't come back and we
4 are funding part of that and we'd like to get rid of that.
5 Presently Sally Mae is willing to include the community
6 colleges and Votech Centers that are not currently eligible
7 because of your rules. They can do that if you wish. It's
8 not part of our motion today unless the Committee wants
9 to invite them.

10 Mr. Chairman, at this point, I'd like to invite
11 some discussion from the Committee also from the Sally
12 Mae representative here to answer any question that you
13 may have.

14 MR. MAYHEW: If we run with this new
15 program, would it significantly change who today is
16 eligible to receive our grants? Would it make it more
17 difficult for the student, if a student today can meet the
18 requirements and get our program and if we change it
19 over, may no longer, for some reason, not be able to do so.
20 Would it make a significant problem there do you think?

21 MR. STEPHENSON: The single most significant
22 factor now is that it becomes need based. So today the
23 wealthy student can get your loan. If we use Sally Mae, a
24 wealthy student would not qualify for that loan per federal
25 guidelines that Sally Mae uses.

26 MR. MAYHEW: Assuming the student wanted

1 the loan and qualified because of need, would it at that
2 point still be easy to get the loan from Sally Mae as it
3 would have been from the Commission? Like a grade
4 point where that has to be considered and so forth, would
5 that create a problem?

6 MR. CATTIE: The way financial aid works, by
7 completion of the fast form, there's a uniform need
8 analysis that's used by colleges to determine eligibility of
9 financial need. Effectively no great calculation is in that
10 unless they are not progressing, academic progression, it's
11 still very liberal assuming that the student could not
12 finish all his courses for the first semester or even the
13 second semester. What is being proposed here is the
14 ability to make sure that the student most needed are
15 effectively getting it. The structure here is that any needy
16 student, defined as needy under the federal guidelines is
17 going to be served and that's the key element. In
18 correlation to the wealthy student, the reality is that there
19 are programs that will be available to students to borrow.
20 The difference is that we can show you the statistics by
21 the college boards that the higher the income, the more
22 likelihood is they don't need funding.

23 SENATOR RUFF: Having dealt with this in the
24 past, once that process is through, then the college is
25 willing to let me sign a simple form which Sally Mae, I
26 guess Sally Mae ended up sending out one of the private

1 banks that they dealt with.

2 MR. CATTIE: I know where you're going with
3 that.

4 SENATOR RUFF: Why would you necessarily
5 have to eliminate those folks from the process? Why does
6 it have to be totally need based?

7 MR. CATTIE: What it really gets down to where
8 you want this priority, if you want the priority to be cross
9 all the lines, there are forms, other alternative loans that
10 individuals could utilize that would not qualify under a
11 need based procedure and we offer those also. There's no
12 difference there. The only distinction is that these
13 particular programs are designed to try to get the needy
14 families to the community you're trying to rebuild.

15 SENATOR RUFF: Our goal is to bring back the
16 young people that grew up in the area and not necessarily
17 because they are poor or rich but because they want to
18 come back and be in our community. I contend that
19 would be my personal preference would be to bring those
20 people back, not based on their wealth or lack of wealth.

21 MR. CATTIE: That can be accomplished, it's
22 part of the regulations.

23 DELEGATE JOHNSON: If I borrow \$3,000, the
24 clock starts ticking, how much interest?

25 MR. CATTIE: It depends on the credit of the
26 individual. We define it as tiered credit determination. If

1 you have excellent credit, good credit to fair credit. Based
2 on those calculations, the lower you go down, the higher
3 the interest rate the higher it would be.

4 MR. MAYHEW: What is the range rate?

5 MR. CATTIE: It can run from a prime minus
6 figure to something under eight percent these days to
7 somewhere around 11 or 12 percent for the poorest credit
8 rating. But it's that kind of a functional aspect.

9 MR. MAYHEW: The student repays it at the end
10 of the four years?

11 MR. CATTIE: At the end of the four years but
12 they have an option. We can give you an option where you
13 pay the interest while you're in school or an option where
14 you pay interest and principal when you're in school.
15 Also, an option to allow them to accumulate the interest.

16 SENATOR RUFF: If there are no further
17 questions, my belief is that you all need to massage this
18 part a little more. We can have a vote but I think that I
19 saw a few head nodding that it's important we try to bring
20 all young people back who want to come back and not just
21 those that were poor.

22 MR. MAYHEW: They say that change could be
23 made. Assuming the change can be made, assume that
24 you make that change, you ready to go ahead and give an
25 okay? I don't see the point in dragging it out, we either
26 like the idea or we don't, let's do something today.

1 SENATOR RUFF: How complicated is that to
2 change what you all have negotiated?

3 MR. STEPHENSON: We're speaking of a need-
4 based future, is that the sticking point here?

5 SENATOR RUFF: Yes.

6 MR. STEPHENSON: I would ask Gene what
7 latitude Sally Mae might have to alter the need-based
8 feature of this.

9 MR. CATTIE: The way we would effectively do it
10 is we would still follow the procedures established by the
11 financial aid office. The distinction would be that if they
12 didn't have a financial need established by the federal
13 government, they'd come up with what's known as the
14 estimated family contribution. All we do is say, is that
15 loan initiated under that estimated value. Everyone has
16 an estimated family contribution.

17 MR. STEPHENSON: Gene, is it accurate to say
18 that the federal government has a certain threshold above
19 which it will not lend?

20 MR. CATTIE: Yes.

21 MR. STEPHENSON: You're suggesting we
22 would establish a lower threshold than the federal one for
23 this program?

24 MR. CATTIE: It's kind of up in the air because
25 what you have, an institution can be \$25,000. We would
26 not extend a loan to a student who has all financial aid up

1 to \$25,000. If they still wanted another \$3,000 we would
2 say no is the only exception.

3 MR. MAYHEW: In that case they wouldn't need
4 it anyhow.

5 MR. STEPHENSON: But they would get our
6 scholarship.

7 MR. MAYHEW: This would be a good safety
8 valve for preventing that from happening.

9 MR. CATTIE: Let me give you an example of
10 how that could be happening today. Because it doesn't go
11 through the financial aid office functionally, we can get to
12 a situation where the aid office has no idea if the student
13 has received assistance and then turns around and offers
14 them aid and you'll never catch that unless by accident.

15 DR. CAVAN: I think community colleges should
16 be left out of this.

17 SENATOR RUFF: This is really a discussion of
18 the four-year colleges.

19 DR. CAVAN: It could include community
20 colleges. I just wanted to make that a statement because
21 its an area where students can get a tobacco scholarship
22 and also get federal aid, it doesn't happen, at least they fill
23 out a financial aid statement and are eligible for the Pell
24 Grants or State Grants they get first and we spread out
25 tobacco money.

26 MR. STEPHENSON: We're not proposing the

1 community colleges be included.

2 JOYCE FRENCH: Joyce French, Southside
3 Planning District, parent of a student who has a
4 scholarship. Did I understand you from the very
5 beginning to say this could be used to repay a loan
6 wherever you get it. Would a family be able to go to their
7 local bank and get the loan marked for education? Could
8 a child go to her grandmother and get a loan and says
9 okay, you can have this for one percent interest and then
10 when she comes back to work, then could we get this paid
11 off?

12 MR. STEPHENSON: Joyce, the motion that was
13 approved earlier whereby the committee agreed to convert
14 its existing program under Southwest Higher Ed to the
15 Loan Repayment Program is not restricted as to what kind
16 of loan it could repay. Should the committee chose to use
17 Sally Mae, then the loan or the tobacco money could only
18 be used to repay the Sally Mae loan, that's the difference
19 here. Yes and no.

20 MS. BROWN: I'm Julie Brown, Institute for
21 Advanced Learning and Research. I have some questions.
22 I am a scholarship loan recipient currently. Do all four-
23 year institutions use Sally Mae and some students are
24 eligible for federal direct loans. Is the Commission willing
25 to make life easier where you use only Sally Mae or some
26 students don't use Sally Mae. If they get a federal direct

1 loan, people like me are not rich and I'm not poor, I'm in
2 that middle class and you may not think this is a lot but
3 this has helped me a lot. We've had to complete the
4 paperwork and complete your paperwork. The paperwork
5 has something to do with it. The other comment I would
6 make is that if I qualified for a, or if I didn't qualify for a
7 subsidized loan and I qualified for an unsubsidized loan,
8 out of the gate I start getting the high interest rate. That
9 \$3,000 you're going to give me is not \$3,000 at the end of
10 four years because of the interest rate. That same amount
11 of money you were going to give me is not \$3,000 because
12 of the interest rate. From someone that's taken advantage
13 of this, I see several problems but for the person on the
14 street that's going to take you up on this, I think you're
15 going to see your numbers drop.

16 MR. CATTIE: There is no educational
17 institution, if you're going to any school in Virginia that is
18 an authorized credit with an institution, you can get a
19 loan. As for the ability or opportunity to complete the
20 forms, that has changed dramatically in the last few years.
21 There's a lot of organizations like Sally Mae that actually
22 help the individuals through the process. We send a bus
23 around to different parts of the country to talk about how
24 the parents who don't have an opportunity to complete it
25 they actually can go to a training session for that. The
26 program you may be speaking of is a federal loan program,

1 this is not a federal program.

2 MS. WASS: We are trying to find programs
3 more manageable, a loan forgiveness program is, we found
4 the administration of it is impossible. If we go through a
5 loan repayment program, the problem is we still have to
6 administer the loan and we're not a financial institution
7 and we aren't able to track people and find them and be
8 able to keep track of the money. In order to do that, we
9 are providing direct loans through Sally Mae a lending
10 institution. Setting aside the money so that we can make
11 sure that we will have the money available. If we left it
12 open for anyone to come back at any point and you say
13 I'm back, I want my \$3,000, so it can be a problem in
14 tracking and managing this money.

15 MR. MAYHEW: Mr. Chairman, I think there's
16 advantages and benefits to the Commission and to our
17 staff. I think as more years go by and deeper in the hole
18 these folks are going to be and trying to follow up and the
19 accounting problems are going to mount up for the
20 Commission. I think a person before they go get these
21 loans as a student needs to think real hard about if
22 they're going to come back to the area and if they don't,
23 then the interest aspects and all the other things enter
24 into it. We're also charging interest currently, right?

25 MR. STEPHENSON: Yes, prime plus.

26 MR. MAYHEW: I feel like we should go on and

1 give the staff or take their recommendation and go ahead
2 and give them some relief and change our program to this
3 new system. I move that we accept the recommendation
4 of the staff and also give them the latitude to fine-tune
5 this thing with the same intent in mind as the need arises
6 and go forward.

7 SENATOR RUFF: Your motion is that that
8 would be totally need based?

9 MR. MAYHEW: I would say we can adjust that,
10 I would say not need to be need based for the reason you
11 did or were interested in getting kids to come back, not
12 necessarily just helping those that are in need. In my
13 motion I'd say make it not necessarily need based.

14 MR. STITH: I'll second it.

15 SENATOR RUFF: As I understand the motion,
16 it would be essentially that criteria but on the need base
17 part, you would adjust it so that it would not?

18 MR. STEPHENSON: I'm understanding Mr.
19 Chairman that the motion is for us to follow this
20 recommendation with the exception of making it need
21 based. The staff would have to sit with Sally Mae and
22 figure out how the program would work so that it is not
23 need based. To further add some clarity, Mr. Chairman, I
24 will remind you that the very first action of this committee
25 today when we met was to approve the '07 - '08
26 scholarship money in favor of Southwest Higher Ed for

1 Southwest Virginia. The first motion you did today, if you
2 chose to do what you're about at this moment, we would
3 really need to amend what you did earlier because this
4 would be moving it from what you already approved to
5 Sally Mae. Stephanie has penciled up a motion to give
6 clarity to that if I may read that.

7 SENATOR RUFF: We need to take a vote on the
8 first motion. Is there further discussion on the issue of
9 letting Sally Mae do this?

10 DR. FOWLKES: Is it possible to do what you're
11 trying to do here without it being exclusively a loan
12 through Sally Mae? Could an individual go back to his
13 local bank, could you go to another lending source and
14 accomplish the same thing you're trying to accomplish
15 here without it being all loans having to go through Sally
16 Mae?

17 MS. WASS: How do we know if they went
18 through a local bank?

19 DR. FOWLKES: When they graduated and they
20 make application similar to what we're doing now and
21 make an application for the scholarship or for the loan
22 forgiveness. I mean you've got that person's name in your
23 system and when they come back and they've got a loan,
24 you've already said you're going to be paid \$3,000 on that
25 loan. Can they present that note that they signed with the
26 bank, grandmother or financial institution and then make

1 that decision about repaying, just like we're paying the
2 colleges now, pay the financial institution on that.

3 MS. WASS: The idea was that all this money
4 would flow through the financial aid office where they'd be
5 delivered the financial aid package, not only their loans
6 but grants and work studies. For us to track it, in this
7 current scenario with Sally Mae, we're not tracking it.

8 DR. FOWLKES: You still would not be tracking
9 it because the students obligation, whether it's through
10 Sally Mae or a local bank at the corner. I'm asking the
11 question, could the Tobacco Commission, if you're going to
12 tell Sally Mae to pay the \$3,000, could you send a
13 comparable check to the local bank for the same thing?
14 Does it all have to be done through one institution?

15 MR. STEPHENSON: I suppose that is possible
16 but the way I envision this happening is that once a year
17 Sally Mae would send out a printout that says these
18 students owe Sally Mae money and we have verified they
19 are working in your region and we'd cut one check for
20 Sally Mae and credit the student loans and we're done. If
21 we open that up to the whole world, we'd have Sally Mae
22 and a hundred other grandmothers, banks, lenders, we
23 would have to perform that same function. Yes, it's
24 possible but it would be a burden.

25 MR. MAYHEW: Mr. Chairman, I move the
26 previous question.

1 SENATOR RUFF: All in favor say aye. (Ayes).
2 All opposed. (No response). You have your vote now.

3 MR. MAYHEW: We need that other point now
4 that you're going to clear up.

5 MR. STEPHENSON: Yes.

6 SENATOR RUFF: Before you do that, I assume
7 you're going to have some kind of solid agreement before
8 the full Commission meeting because I will not vote in the
9 full Commission for an open ended thing.

10 MR. STEPHENSON: I understand.

11 SENATOR RUFF: You noticed I didn't vote for
12 this.

13 MR. STEPHENSON: I did notice that Mr.
14 Chairman. To keep the record clear, Stephanie has
15 penciled an amendment here to the first motion that was
16 made today. We invite a motion to amend an earlier grant
17 application of \$2.8 million for the Southside Virginia Loan
18 Program and to instead allocate the funds for the
19 repayment of loans for Southside students through the
20 Virginia Tobacco Commission Student Loan Program to be
21 developed and administered by Sally Mae. I invite that as
22 a motion.

23 MR. MAYHEW: So moved.

24 DELEGATE JOHNSON: Second.

25 SENATOR RUFF: Any further discussion? All
26 in favor say aye. (Ayes). Opposed. (No response).

1 MR. STEPHENSON: Mr. Chairman, before we
2 leave, I have one housekeeping matter and I'd like to ask
3 for some clarity from the committee on. Early on in the
4 life of the Commission the scholarship program was
5 conceived and launched and our friends at the Southwest
6 Virginia Higher Ed Center agreed to administer that for us
7 and have done so admirably ever since. It came to our
8 collective attention a couple of months ago that the
9 administrative fee that we happily paid to Southwest
10 Higher Ed is not a matter of record on their books nor on
11 the Commission's books or in the minutes. We can't find
12 anywhere it is. However, there is no disagreement about
13 the fact that we agreed to pay them three percent and they
14 have acknowledged that is satisfactory to them. Mr.
15 Chairman, in the interest of clearing this up, I'm asking
16 that the Committee ratify the agreement with Southwest
17 Higher Ed Center to pay them a three percent
18 administration fee for the grants that they have
19 administered to date.

20 DELEGATE JOHNSON: How did this get by the
21 auditors?

22 MR. STEPHENSON: You'll have to ask the
23 auditors Delegate Johnson. We have been aware of this
24 now for some months and have taken steps to make sure
25 that our books are in alignment with Higher Eds books
26 and we are all in agreement on this. It simply is not a

1 matter of record. We want to cure that.

2 SENATOR RUFF: The Department of Education
3 is willing to do it and they wanted at least five percent.
4 That's when Rachel and those folks were very kind and
5 offered to do it.

6 MR. MAYHEW: Does this mean they haven't
7 been paid at all?

8 MR. STEPHENSON: They have been dutifully
9 paid three percent as agreed all the way through but there
10 is no record of what you all agreed to do.

11 MR. MAYHEW: We're just agreeing to
12 something that's already been agreed to?

13 MR. STEPHENSON: Yes, sir.

14 MR. MAYHEW: So moved.

15 SENATOR RUFF: It's been moved and
16 seconded, all in favor say aye (Ayes). Yes, sir.

17 MR. MATLOCK I'm David Matlock from Virginia
18 Highlands Community College and I'm the director of
19 admissions. In the beginning today you approved a
20 certain request in a block for educational grant proposals.
21 I didn't feel like an opportunity was given today to respond
22 and I've got a couple of points I'd like to make and I'll be
23 very brief. I've got a couple of points for you to consider
24 between now and the November meeting. I want to thank
25 you for approving in the competitive side the CGI Fast
26 Track Program. It's a wonderful incentive for the citizens

1 of Southwest Virginia. I also want to thank you for
2 approving \$350,000 out of the \$400,000 request that my
3 school submitted. The point I want to make to you today
4 is by reducing scholarships, I have enough students and I
5 have enough applicants for the \$400,000, 100 percent and
6 no administrative fee. By cutting my school by \$50,000,
7 I'm going to have to go back and amend my awarded
8 policy to the students I committed to and reduce their
9 award in the future. I'd like you to consider maybe
10 between now and the November meeting, if you could
11 possibly fund both. I'm thankful for the CGI but somehow
12 find a way to give back the \$50,000 grant. The staff
13 recommendation on page ten, you take \$150,000 from the
14 three community colleges scholarship fund-to-fund CGI
15 grant. We've got two different populations. I've got high
16 school students who've never been given an opportunity to
17 come to school. They would have gotten that \$50,000.
18 We've taken the \$50,000 and give it to students that
19 already have a Bachelor's Degree, an Associates Degree
20 and have already had a chance to enter the world of work
21 and we're very appreciative of that. I'm asking maybe
22 between now and November if you could find a happy
23 middle ground or you can do both. I hate to have to go
24 back and tell some students I can no longer fund them
25 from the Tobacco Scholarship Program. Thank you.

26 SENATOR RUFF: Meeting is adjourned.

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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 Education Committee Meeting when held on Friday, October 13, 2006 at 1:00 o'clock p.m. at the Crossroads Institute in Galax, Virginia.

I 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 27th day of October, 2006.

Medford W. Howard

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Registered Professional Reporter
Notary Public for the State of Virginia at Large
MY COMMISSION EXPIRES: October 31, 2010