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**VIRGINIA TOBACCO INDEMNIFICATION AND COMMUNITY  
REVITALIZATION COMMISSION**

701 East Franklin Street, Suite 501  
Richmond, Virginia 23219

Education Committee Meeting  
Tuesday, December 6, 2011  
2:00 p.m.

Roanoke Higher Education Center  
Roanoke, Virginia

1    **APPEARANCES**

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3    The Honorable Frank M. Ruff, Chairman

4    Ms. Linda P. DiYorio, Vice Chairman

5    Ms. Gayle F. Bartz

6    Mr. Burgess “Butch” H. Hamlett, III

7    The Honorable Joseph P. Johnson, Jr.

8    Mr. Kenneth O. Reynolds

9    Ms. Cindy M. Thomas

10   Mr. Gary D. Walker

11   The Honorable Thomas C. Wright, Jr.

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14   **COMMISSION STAFF**

15   Mr. Neal Noyes, Executive Director

16   Mr. Ned Stephenson, Deputy Executive Director

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

18   Ms. Sara G. Williams, Grants Coordinator, Southwest Virginia

19   Ms. Sarah Capps, Grants Coordinator, Southside Virginia

20   Ms. Stephanie S. Kim, Director of Finance

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1 December 6, 2011

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4 SENATOR RUFF: Good afternoon everyone,  
5 thank you all for coming. I'll call this meeting of the  
6 Education Committee to order and ask Neal to call the roll.

7 MR. NOYES: Ms. Bartz?

8 MS. BARTZ: Here.

9 MR. NOYES: Ms. DiYorio?

10 MS. DIYORIO: Yes.

11 MR. NOYES: Mr. Hamlet?

12 MR. HAMLET: Here.

13 MR. NOYES: Mr. Harwood?

14 MR. HARWOOD: (No response).

15 MR. NOYES: Delegate Johnson?

16 DELEGATE JOHNSON: Here.

17 MR. NOYES: Delegate Merricks?

18 DELEGATE MERRICKS: (No response).

19 MR. NOYES: Senator Puckett?

20 SENATOR PUCKETT: (No response).

21 MR. NOYES: Senator Ruff?

22 SENATOR RUFF: Here.

23 MR. NOYES: Ms. Thomas?

24 MS. THOMAS: Here.

25 MR. NOYES: Mr. Walker?

1 MR. WALKER: Here.

2 MR. NOYES: Delegate Wright?

3 DELEGATE WRIGHT: Here.

4 MR. NOYES: We have a quorum Mr.  
5 Chairman.

6 SENATOR RUFF: The first thing on the  
7 agenda is approval of the minutes of our 9/22/11 meeting.

8 MR. WRIGHT: I so move.

9 SENATOR RUFF: We have a motion and a  
10 second. All those in favor of approving the minutes say aye  
11 (ayes). Opposed no. (No response). All right. The next item  
12 on the agenda is the Tobacco Region Scholarship Program  
13 that's in front of you and there you should find a copy of the  
14 proposal for both the Southside and Southwest. What's  
15 happening is we're no longer going to be using it, it's been  
16 stricken out. What staff person is going to talk about this?

17 MR. STEPHENSON: Thank you Mr. Chairman.  
18 The staff does want to ask you to consider approving these  
19 scholarship rules today but just very briefly before you do, I  
20 want to give you a quick history to catch you up to date. You  
21 may remember this past May the staff talked to you about the  
22 problems and the cost associated with the administration of  
23 the student loans and you quickly agreed with that and asked  
24 your staff to come up with an alternative to the loan program.  
25 We did that in September and we presented to you an

1 alternative that basically is a pure scholarship program and  
2 not a loan where one piece of the money is awarded  
3 traditionally up front before the student goes to school but the  
4 other piece of the money is given to the student once they  
5 graduate and come back home to the region to work. You  
6 approved that approach at your September meeting.  
7 Effectively the bottom half of this yellow sheet that you have in  
8 front of you is the part that you really have already approved,  
9 the amount of money and the size of the pot for each other  
10 and the piece up front.

11                   What remains for us to consider today is the  
12 top half of this sheet where we have adjusted the scholarship  
13 rules to accommodate this new program. We can go through  
14 those individually if you wish but I think they're fairly self  
15 explanatory.

16                   There is one element on the top half of that  
17 page that I need to draw your attention to for you to guide the  
18 staff. It is with respect to what we call the STEM major.  
19 Printed before you is the idea that we would give priority to  
20 STEM majors. This is science, technology, engineering and  
21 math majors and that was conceived as a right way to do this  
22 and I still think it's a good idea. In talking with the  
23 scholarship administrator, there are some issues in doing that  
24 primarily and that is college students often declare majors and  
25 change that frequently. It's possible a student will declare a

1 STEM major and get the scholarship and then change their  
2 major several times or not make the engineering grade for  
3 whatever reason and end up not as a STEM major and by then  
4 your scholarship money out is out and the STEM major  
5 designation really didn't work for that student. So I point that  
6 out as a potential problem with that recommendation. A  
7 potential solution to that is to tie the STEM major to the back  
8 end piece of the money. In other words, the second piece of  
9 money the student receives is only available if they are  
10 working in a STEM occupation and by then you will already  
11 know whether that's true or not. So I kind of present these  
12 rules to you with that in mind and that little change and I will  
13 ask Mr. Chairman if there's any questions or are you ready to  
14 move forward with these rules?

15 SENATOR RUFF: Rachel, do you want to go  
16 ahead and address your concerns with this?

17 DR. FOWLKES: We have worked with the staff  
18 throughout the last couple of months on these revisions and  
19 these are conclusions that we feel are very positive for the  
20 program in going forward. I concur with Ned about what he  
21 said about the STEM majors. One of the challenges that  
22 Nancy and her group have had in administering the previous  
23 requirements that we had on the scholarship program is  
24 exactly what Ned said. Students and it's very typical, these  
25 students change their majors all the time so the

1 recommendation that on the back end that we wanted to give  
2 the STEM students a little additional money and that would be  
3 our recommendation rather than up front. We look forward to  
4 working with you in developing the criteria for the students in  
5 making this program a go forward.

6 SENATOR RUFF: Let me explain this a little  
7 bit. Yes, I don't think there's any question students change  
8 their minds but if you look at what we're doing, we had  
9 roughly 930 people in the forgivable loan program. We can  
10 finance 1,100 with a scholarship. That means we'll have a lot  
11 more applications coming in. We've already identified and we  
12 said okay, we're going to start those junior and senior years  
13 and work back down towards the freshman year. I don't  
14 believe we'll get to the freshman year. The issue about  
15 whether they change major is usually taken care of by the  
16 junior year; it's not a 6year plan, that's kind of the two sides of  
17 it. This committee needs to decide. If we stay with the STEM  
18 in giving priority, I would like to see us add to that and apply  
19 the medical health majors or allied medical majors.

20 MR. NOYES: And which I've urged the  
21 chairman to add that, technical program related to allied  
22 health.

23 SENATOR RUFF: So, any comments?

24 MR. NOYES: Well, as Rachel said, what can  
25 we lose Mr. Chairman by doing it on the back end? We're not

1 encouraging people to go into the STEM curriculum.

2 DR. FOWLKES: If I knew I would get a bonus  
3 payment and –

4 MR. NOYES: You only get a bonus payment if  
5 you come back to work in the region.

6 DR. FOWLKES: Correct, that's what we all  
7 hope they will do is come back to the region if they major in  
8 fields that are employable in the region. If you're talking about  
9 allied health, that would be if you knew you were going to  
10 come back to Southside and there was a job available and  
11 allied health curriculum then to me that's an incentive and  
12 you're going to have that payment after graduation.

13 MR. WALKER: I think the framework is good  
14 and I'm concerned there's not enough of an incentive to come  
15 back. I think they'll take the money and then get ready to  
16 come back to Lunenburg to get a thousand dollars and then  
17 go to Richmond and make 15 or 20 thousand more a year.  
18 They'll end up taking that scholarship and they'll be all done.  
19 I don't know how to fix it but I don't think it's –

20 SENATOR RUFF: I don't think it's fixable  
21 because young people are going to do what young people are  
22 going to do. They will go where the job offer is. If there's an  
23 opportunity to come back, some will chose to come back. My  
24 son is getting ready to graduate and the job offer is in  
25 Richmond and Danville. That's where he is. Would a \$1,000

1 or more make any difference? I doubt seriously it would  
2 because the job offer wasn't there.

3 MR. WALKER: Then I guess the question is  
4 why are we doing it? If all we're doing is they get their  
5 education and go somewhere else, the original intent was to  
6 encourage the student to come back home and work, then why  
7 are we doing it?

8 SENATOR RUFF: In a perfect world, that's the  
9 process but then we have a situation where, we can't afford  
10 the staff to follow up with a 1,000 people where the  
11 scholarships are for the forgivable loans. We've already  
12 crossed that bridge but I know we need some teachers and I  
13 know we need accountants and we need people other than the  
14 STEM folks coming back. I'm not crazy about putting it on the  
15 back end. I don't think it's going to be a problem if we start  
16 with the seniors and juniors and work back. Most young  
17 people chose their major before they get to the junior or senior  
18 year the end of the semester the second year. I don't think it's  
19 going to have that big of an impact.

20 DELEGATE JOHNSON: Mr. Chairman, my  
21 thought on it is that in Southwest to operate with the tobacco  
22 families, if this permits a young person to get a good education  
23 and go to Richmond and maybe make a \$100,000 a year, look  
24 at all the taxes they face. They may be an astronaut. If we  
25 didn't give a scholarship that person may end up on the

1 welfare rolls of Washington County. I think some times we're  
2 looking at it in reverse. Why not equip the young people and  
3 hope we can make our community instead of a welfare  
4 community, make it so young people want to stay. Educate  
5 them. I think it's a penalty in Southwest Virginia to put a  
6 price on them getting a scholarship to say you have to stay  
7 here. If Southside wants to do it, if we can educate these  
8 young people to become better citizens and more productive  
9 citizens and put more money in the treasury, I'm all for it.

10 SENATOR RUFF: Actually we're increasing the  
11 amount. It's an add on incentive.

12 MR. NOYES: With the tobacco family's  
13 provision and the amount of the fund financial aide up front  
14 it's a scholarship and it's not a loan.

15 DELEGATE JOHNSON: I understand that and  
16 that's my thought on it because I think we should do it  
17 because if these people get an education, they'll probably  
18 make more money. If they make more money they'll pay more  
19 taxes. I think it's great.

20 SENATOR RUFF: So the question is do we put  
21 the emphasis on the STEM program or not?

22 MR. HAMLETT: I think it makes sense for  
23 allied health. I agree with that concept.

24 SENATOR RUFF: Any further discussion? The  
25 motion is that we go with it as printed with the addition of

1 Allied Health majors. All in favor say aye. (Ayes). Opposed.  
2 (No response).

3 MR. STEPHENSON: Mr. Chairman, I have one  
4 other point on the scholarship rules that came up very late  
5 yesterday. When this program first began it was conceived of  
6 as a scholarship program and it would be \$2,750 per year.  
7 That was the concept. Some students go through a normal  
8 track and take 15 credit hours in the fall and 15 in the spring,  
9 that's a pretty normal academic track. The reality is that  
10 some students go part time and some go to summer school,  
11 some of them drop out, some of them take 6 hours, some take  
12 18 hours. A one size fits all scholarship award of \$2,750 for a  
13 student for a year is a little bit sometimes inequitable to  
14 manage and we tried to do that with some of these rules.  
15 What I'm about to ask of the Committee is that we award the  
16 scholarship on a per credit hour basis hours taken. This  
17 accommodates the student 6 hours, 12 hours or 18 hours and  
18 whether they go to summer school, whether they drop out,  
19 they would get effectively \$90 per credit hour and if that's 15  
20 semester hours that's \$2,750 that you see there for a 30 hour  
21 year. So it works out the same but gives the administrator the  
22 flexibility to award the money according to the credit hours  
23 completed. We'd have to work those details out subsequent to  
24 this meeting but what I'm suggesting to the Committee is you  
25 allow the administrator to work that out. Is there any problem

1 with that?

2 SENATOR RUFF: All right, if not.

3 MR. NOYES: I'd like to point out for the record  
4 that students that take 6 hours a semester are only going to  
5 get \$540 where the expectation right now in Southwest is  
6 \$2,750, half of that is \$1,380. Members of the Board are  
7 going to hear a lot about that.

8 DR. FOWLKES: The reason we want to do it  
9 per credit hour is so it's equal for everybody. The way it's set  
10 up right now, we have a dollar amount for full time students  
11 and your definition of a full time student is 15 credit hours or  
12 above. Then we have a number of students who are taking 12  
13 hours or less a semester. If you take the nontraditional  
14 student, say a working adult has a two year degree from a  
15 community college, let's say they're taking two courses per  
16 semester year round so they're taking 6 in the fall, 6 in the  
17 spring and 6 in the summer, then they're completing their  
18 Bachelor's Degree. They've been getting more tobacco money  
19 per credit, more than the student that is taking 15 credits or  
20 more because it wasn't divided out. So we want to pay them  
21 by the credit hour and that way it's very simple and they know  
22 up front if they take 12 credit hours they'll get this amount. If  
23 they take 6 credit hours they'll get this amount. Everybody  
24 ends up getting the same.

25 On the back end what we will recommend

1 doing is paying them the same way by the credit hour. We'd  
2 also recommend we put a cap on the number of credit hours a  
3 person can take annually. The cap would be 30 credit hours  
4 per year or 120 credit hours for a degree. If somebody comes  
5 in as a transfer student from a community college as a junior,  
6 we would have half of that amount completed. What we're  
7 doing is trying to put everybody on an equal playing field and  
8 no show preference to someone in one category or another.

9 DELEGATE JOHNSON: The way you  
10 described it sounds like you're penalizing some students that  
11 are full time and in the summer some additional courses.

12 DR. FOWLKES: As long as we didn't exceed  
13 the cap. If we said we'll cap it at 120 credit hours per degree,  
14 it doesn't matter to me if they take extra courses and graduate  
15 early. I see what you're saying; you're saying if we cap it at the  
16 30 so we would have to let that go. We would not exceed the  
17 120 credit hours to graduate. The four would be 6 because  
18 when you went back and looked at our nontraditional  
19 students that are earning a degree, if you're making progress  
20 towards a degree and you're taking, it's rare anybody would  
21 take less than 6 if they're serious about a degree. Six is pretty  
22 standard for people who are nontraditional.

23 MR. STEPHENSON: That's the historical four  
24 and that's unchanged.

25 MS. THOMAS: What kind of condition might

1 be put there if somebody gets money for the first semester and  
2 they take a full 15 credit hours and then come back for the  
3 second semester and find out they dropped three classes from  
4 the first semester, are we going to look at that? Think they're  
5 going to get the full credit hours and they wouldn't get –

6 DR. FOWLKES: Exactly. Typically the colleges  
7 still ask for student tuition and they wait until that drop out  
8 period is over before they bill us. If a student fails a course or  
9 didn't show progress, we would not be favorable to granting  
10 them money for another semester.

11 SENATOR RUFF: You would change all your  
12 paperwork to say not have that \$2,750 handout rather –

13 DR. FOWLKES: The dollar amount per credit  
14 hour, that's what we recommend. That makes it budgeting for  
15 a family much simpler and it's a flat rate. It's also easier for  
16 the colleges when they get ready to bill us and they look at the  
17 number of credit courses or hours for which the student  
18 registered and they bill us for that rather than saying is it part  
19 time or full time category. If you're taking 6 hours and you're  
20 making or you're part time which is essentially \$1,350. If you  
21 took 6 hours and divided that into the amount of money, you  
22 can see what I'm talking about and they get a lot more per  
23 credit hour than the student who's taking 15 credits. We're  
24 just trying to get it all equal. I know that's confusing without  
25 a blackboard to mark it down.

1 SENATOR RUFF: Anyone want to make that  
2 motion?

3 MS. THOMAS: I would move that we proceed  
4 as proposed.

5 DELEGATE JOHNSON: Second.

6 MR. NOYES: Payment is on the credit hour  
7 basis.

8 SENATOR RUFF: All right, you've heard the  
9 motion. All in favor say aye. (Ayes) Opposed. (No response).

10 MR. STEPHENSON: Thank you Mr. Chairman.

11 SENATOR RUFF: All right, next is Stale Grant  
12 Report.

13 MR. STEPHENSON: Mr. Chairman, you have  
14 before you on the table what we call a Stale Grant Report.  
15 Just to refresh you, the Commission's policy is that most all of  
16 our grants are awarded with a three year expiration date and  
17 your Executive Director has the authority to extend an  
18 additional year. We have certain grantees who have received  
19 grants in earlier years that they have not used and we lay this  
20 information before you in case you want to have that  
21 information, influence your approval going forward or whether  
22 you want to direct staff with respect to stale grants. We bring  
23 no particular recommendation, just to let you know to be  
24 aware that this is happening.

25 DELEGATE JOHNSON: Mr. Chairman, I

1 noticed on page two, three lines down, Washington County,  
2 Washington County Public Library \$100,000. They have  
3 broke ground for their new building and they haven't drawn  
4 that money down.

5 MR. PFOHL: Mr. Chairman, just to follow on,  
6 if you look at that list, basically anyone that was approved in  
7 2007 is at their four year mark. There's a significant balance  
8 in some of these. There's a minor balance in a handful. As  
9 Ned said the policy is if you reach your four year anniversary  
10 since the date of the original approval and the grantee, if they  
11 wish to continue using the funds, they have to come back.  
12 You can direct the staff to work with these applicants, many of  
13 whom have received one or more subsequent grants to close  
14 out these balances. To close out these balances, we can meet  
15 with you next time and probably in a report we can capture  
16 some of these funds that were awarded in 2007.

17 MR. STEPHENSON: There are before you two  
18 additional grant proposals that were tabled at the last meeting  
19 we did not have the funds.  
20 Neither of these programs has really met the current  
21 standards that we have. Unless there is some question, I  
22 would ask that you thank the two universities for their  
23 applications and we'll try to work with them in the future and  
24 also with a new round and hopefully they can match up with  
25 our standards a little closer.

1                   SENATOR RUFF: All right, any public  
2 comments. All right.

3                   MR. NOYES: There doesn't seem to be a  
4 public.

5                   MR. WALKER: Going back to the grants, the  
6 scholarship program, the old scholarship grants the  
7 scholarships we've given out with a loan provision, are we  
8 going to continue to try to collect those?

9                   MR. STEPHENSON: Yes.

10                  SENATOR RUFF: That was a contract they  
11 have to live up to including my son.

12                  MR. NOYES: Mr. Walker, at some point we  
13 may wish to sell that portfolio and have somebody else handle  
14 things like delinquent notices on the door and turn that over  
15 to them for collection. That's not a motion today.

16                  MR. WALKER: Thank you.

17                  SENATOR RUFF: Does anyone else have any  
18 comments? Seeing that there's no public, thank you all for  
19 coming, I appreciate it.

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21 PROCEEDINGS CONCLUDED

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