

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

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

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8 **Education Committee Meeting**

9 Wednesday, April 10, 2013

10 10:30 o'clock a.m.

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14 Hotel Roanoke and Conference Center
15 Roanoke, Virginia

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1 APPEARANCES:

2 The Honorable Frank M. Ruff, Chairman

3 Ms. Linda P. DiYorio, Vice Chairman

4 Ms. Gayle F. Barts

5 Mr. Burgess "Butch" H. Hamlet, III

6 The Honorable Joseph P. Johnson

7 The Honorable Donald W. Merricks

8 Ms. Cindy M. Thomas

9 Mr. Gary D. Walker

10 The Honorable Thomas C. Wright, Jr.

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13 COMMISSION STAFF:

14 Mr. Neal Noyes, Executive Director

15 Mr. Ned Stephenson, Deputy Executive Director

16 Mr. Timothy S. Pfohl, Grants Program Administration Director

17 Ms. Sarah K. Capps, Grants Coordinator - Southside Virginia

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

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1 April 10, 2013

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SENATOR RUFF: I want to welcome everyone here this morning. My concern was that we are planning to take some major steps in workforce training throughout the Tobacco Commission. We received a number of applications that could affect how we go about this. I believe that it's important that this Committee better understand where we want to go before we go too far down the road, better be correct to start off, so I'll stop there and ask Neal to call the roll.

11

MR. NOYES: Ms. Barts.

12

MS. BARTS: Here.

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MR. NOYES: Ms. DiYorio.

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MS. DiYORIO: Here.

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MR. NOYES: Mr. Hamlet.

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MR. HAMLET: Here.

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MR. NOYES: Mr. Harwood.

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MR. HARWOOD: (No response).

19

MR. NOYES: Delegate Johnson.

20

DELEGATE JOHNSON: Here.

21

MR. NOYES: Delegate Merricks.

22

DELEGATE MERRICKS: Here

23

MR. NOYES: Mr. Reynolds.

24

MR. REYNOLDS: (No response).

25

MR. NOYES: Senator Ruff.

1 SENATOR RUFF: Here.

2 MR. NOYES: Senator Stanley.

3 SENATOR STANLEY: (No response).

4 MR. NOYES: Ms. Thomas.

5 MS. THOMAS: Here.

6 MR. NOYES: Mr. Walker.

7 MR. WALKER: Here.

8 MR. NOYES: Delegate Wright.

9 DELEGATE WRIGHT: Here.

10 MR. NOYES: Mr. Chairman, we have a quorum.

11 SENATOR RUFF: Thank you.

12 We have the approval of our minutes of January 17th
13 published on our website. Does anyone have any corrections?

14 DELEGATE JOHNSON: I move that we accept the
15 minutes of January 17th.

16 SENATOR RUFF: We've got a motion and a second to
17 accept the minutes, which are on the website. All those in favor,
18 say aye. (Ayes). Opposed? (No response). The minutes are
19 accepted.

20 MR. NOYES: I hope you all have received the
21 information that was sent out, I drafted this. Twenty-eight new
22 applications seeking nearly \$14 million were received for the
23 upcoming competitive funding cycle. Most rely on this
24 Committee's policy of providing 90 percent of eligible project
25 costs while permitting in-kind contributions as match. The

1 available balance will be approximately three-and-a-half-million
2 dollars, so by having 28 applications of nearly 14 million, and you
3 have 3.5 million available. Staff believes that the Committee
4 may choose to modify the existing grant rate policy in an effort
5 to encourage applicants to provide a substantial share of costs.
6 We have to change, or I'm suggesting that we modify our
7 existing grant rate policy. And as I said, the applicants have to
8 provide a substantial share of the costs.

9 The highly successful Reserve Program required a
10 dollar-for-dollar match. The Commission does this now with the
11 R&D Program, and increasingly your staff is seeing applications
12 not for R&D projects that demonstrate that it is possible for
13 applicants to secure larger amounts of matching funds. Staff is
14 seeing more and more applicants come in with more than a 10
15 percent match. If you want to have an impact of \$7 million in
16 the competitive round, we can set the grant rate at 50 percent.
17 Applicants don't have to work very hard to come up with 10
18 percent, this Committee almost in all cases sets the match with
19 some kind of in-kind contribution.

20 The Commission's endowment balance is slightly less
21 than 400 million. Limiting the grant rate may or may not extend
22 the life of the endowment, but it most certainly would sustain
23 higher levels of impact in relation to invasions for educational
24 purposes.

25 The recommendation is that: The grant rate for

1 competitive cycle applications to the Education Committee shall
2 be 50 percent, effective for Fiscal Year '13.

3 DELEGATE WRIGHT: Under the current policy of grant
4 applications, how is this going to be affecting it?

5 MR. NOYES: Having a match of 50 percent, at that
6 level. My thought was that we would defer action on this until
7 the application round in July and then your Committee could hear
8 those staff recommendations in the competitive round. The ones
9 that don't already meet the requirements, that could be decided
10 in September in effect you passing some projects that have less
11 than a 50 percent grant.

12 DELEGATE WRIGHT: How would this affect the
13 community colleges, if we make a decision, probably we need to
14 consider the applications from them? How does all of this affect
15 that? I would think we should consider the applications from
16 them. If we go through this, how does that really affect them is
17 my question?

18 MR. NOYES: They need more than a 10 percent.

19 DELEGATE WRIGHT: But what I'm saying is that, is
20 there any thought or study given to the community colleges or
21 getting their input as far as meeting that kind of match? Are we
22 cutting them out here or, that's my concern? It seems like it
23 might, more or less, put them in a position where they won't be
24 eligible for grants because they couldn't raise the 50 percent.
25 That's pretty high.

1 MR. NOYES: It is pretty high, and I really can't
2 answer the question. We haven't really done a study.

3 DELEGATE MERRICKS: I think most of them, I
4 shouldn't say most of them, but some of them have foundations
5 now that assist them in fundraising for projects. I haven't heard
6 of any that do not have that or don't have some sort of, there,
7 again, you really have to look at project by project.

8 MR. NOYES: The point I'm trying to make is that you
9 have a limited number of dollars with a big number of requests
10 and trying to spread it out as far as you can. I know some have
11 a problem raising those funds. We've used the Reserve Program,
12 and it's been very, very beneficial directly from the Reserve
13 Program, which we raised the balance. We don't know, Delegate
14 Wright, until we have a round or two, but there are a lot of
15 places that people can go, and some are not doing it, not making
16 an effort.

17 DELEGATE WRIGHT: The reason I raise the question
18 is because I know people don't realize that or how good a job
19 these community colleges do in our area as far as working
20 towards developing employment and all these programs, but I
21 think there are several in our area would like to have some
22 information before we make these decisions like this and talk
23 about it and look into it and also what the effect is going to be
24 overall in the community college system standpoint. I'd like
25 to know these kind of things before I vote on something like

1 this.

2 I think there are other grant applications coming in
3 and certainly available, as well, but I know in my area, the
4 community colleges need to know where they stand, and we
5 have to be sure that they have some input or we get some input
6 from them. We should know what the effect is going to be from
7 their standpoint before anything like this goes into effect.

8 SENATOR RUFF: I'm sure you probably wouldn't get
9 comments from all of them, might say keep it the way it is
10 because everyone is feeling comfortable. Some of the
11 applications that came out this time probably at 10 percent,
12 some might be at 50 percent, I think that certainly if you get
13 them to address that question, they'd be more than happy, but I
14 think if you were to ask them, they probably would say let's keep
15 the status quo.

16 DELEGATE WRIGHT: The only thing I would say is
17 that I was thinking of several people that may have, if I were to
18 say give me some examples or some backup before we do this,
19 hearing the effects of this, how it would administratively affect
20 everyone, this could have an adverse effect, and that's what I'm
21 getting at. This is the kind of information I know I would like to
22 have and I know others would like to have before we put it into
23 effect, this is very important to our area.

24 SENATOR RUFF: I understand that, Tommy, everyone
25 is concerned, and there is only so many dollars.

1 DELEGATE WRIGHT: I think they should have an
2 opportunity to address this.

3 MR. NOYES: A couple of weeks, that's going to be
4 pretty tight, but we have two other rounds coming up for the
5 May meeting, if we're going to move the Education Committee
6 meeting closer to the board meeting at the end of May.

7 MR. PFOHL: The Education Committee is about three
8 weeks away. We don't want to put people behind the eight ball,
9 why don't we move it to late May, certainly give everyone some
10 more time.

11 SENATOR RUFF: I have some concerns about coming
12 together on the 2nd, we need to come up with some more, some
13 more money.

14 MR. WALKER: I would agree with Tommy about the
15 importance of the community colleges. I like the proposal, and
16 we're not out of anything by, we can try it and take a look at it
17 and see if it needs fixing, but if they can come up with something
18 positive to make the money go further, I think it would be worth
19 looking into.

20 DELEGATE JOHNSON: Mr. Chairman, how is that
21 requirement, is the in-kind going to change in any way?

22 MR. NOYES: The staff is not recommending
23 changing it as such, but when you speak about in-kind, it's
24 always part of the match, I guess, but we've accepted that in the
25 past. At the end of the day if you're talking about a piece of

1 equipment or salary for someone, that all costs real money.
2 What I've seen or the staff has seen, we have to pay 100 percent
3 of that, but it boils down to real money, and that's what I'm
4 trying to say.

5 DELEGATE THOMAS: When you look at an
6 application, are any of them around a 50 percent match?

7 SENATOR RUFF: Some of them --

8 DELEGATE WRIGHT: -- I thought it wasn't that much.

9 MR. PFOHL: Mr. Chairman, I think one of the
10 questions is what constitutes a match? On many occasions in the
11 past, people ask for 90 percent of the startup costs for both
12 equipment and facilities and maybe two or three years of
13 operating funds. In this round, we have a couple of applications
14 and if we help them with equipment and facilities and a match
15 and maybe two or three years of operating funds, and we've had
16 some call for as much as 90 percent for both.

17 In the past, one of the considerations might be to a
18 single applicant asking for an operating budget, we're asking
19 them for outcome measures in terms of improvement is what's
20 going to happen over a three-year period. In other words, if
21 they came to the table with some operating funds, or one-time
22 facilities, but not everything.

23 DELEGATE JOHNSON: Mr. Chairman, this does not in
24 any way affect the scholarship money, does it?

25 MR. NOYES: No, sir. This is competitive round

1 applications, and that's a separate piece. We may need to
2 address that going forward, but that's not today. If we got into
3 that, we might have to get a hotel room.

4 DELEGATE WRIGHT: That gives me some relief here.

5 MR. STEPHENSON: The question about whether this
6 would affect the scholarships or not, and I think the distinction
7 between the four-year programs which I don't believe it would
8 affect some of the other various scholarship programs, that's one
9 thing, but I think in time it could affect those, but I'm not sure if
10 Delegate Johnson was asking about all the scholarships or only
11 the four year.

12 MR. NOYES: I was not thinking about any of the
13 financial aid support that this Committee recommended, that's
14 not part of this.

15 SENATOR RUFF: Any other questions?

16 DELEGATE JOHNSON: I think the proposal, I don't
17 know if this is the proper time to make a motion that we adopt
18 this recommendation, I do make that motion.

19 SENATOR RUFF: You've heard the motion, is there a
20 second?

21 DELEGATE WRIGHT: Second.

22 SENATOR RUFF: All right, we have a motion and a
23 second. You don't have to, but if anyone feels compelled out
24 there to say anything, you're welcome to.

25 MR. RALEIGH: I'm Buddy Raleigh, VP, with Averett

1 University in Danville. You mentioned the May 2nd date, if
2 anyone has an application to you maybe in the next few weeks,
3 coming back to the staff, if we come up with the 50 percent
4 match, would that still be considered?

5 SENATOR RUFF: I think there's a consensus on the
6 best way to deal with that.

7 MR. RALEIGH: Yes, sir.

8 SENATOR RUFF: We've got a motion and a second
9 that we approve Recommendation Number 1. Any further
10 discussion? All those in favor, say aye. (Ayes). Opposed? (No
11 response).

12 MR. NOYES: Several applicants submitted multiple
13 requests, or a single application for multiple distinct projects. To
14 be sure, there will always be a variety of needs related to
15 workforce development, but it clearly is beyond the ability of the
16 Commission to be responsive to every perceived need at the
17 same time. At issue here is whether or not this Committee
18 should expect applicants to clearly prioritize requests for
19 Commission support, to include distinct elements within an
20 application or applications.

21 We all understand that this time around there's about
22 3.5 million, and this Committee doesn't have the resources to
23 fund all of these. Whether everyone has a number one, two,
24 three, four, whatever, the question is prioritization. This is a
25 resource question, has nothing to do with the merits of the

1 projects. I think whether or not this Committee expects the
2 applicants to clearly prioritize their requests for Commission
3 support, that's an important factor to consider and clarify
4 elements within an application.

5 Our recommendation: Staff is directed to consider
6 applicants' first priority ahead of lesser priorities.

7 MR. HAMLET: Is this to say that the staff is going to
8 insist on in terms of these applications and recommendations,
9 or is the Committee going to vote on a particular portion of an
10 application? In other words, the applications that, and many
11 of them have many elements, should we pull one piece out of
12 it?

13 MR. NOYES: It's a matter of time that the staff has to
14 go through these applications, it's not at all that simple. The
15 staff will be working with an applicant on one piece, we can't say
16 we recommend this or that unless we have the full application,
17 and then maybe another piece we can't recommend. For the
18 staff, it's time, calling people and saying of these four or five
19 items, you tell me, the applicant, you tell me what's the most
20 important. Then if we have 28 applications and we're looking at
21 28 priorities or 28 number ones before we look at the number
22 two activity or priority.

23 DELEGATE MERRICKS: I don't see any reason why we
24 can't, I don't know, I can see the applicant's position to prioritize
25 one, but if they can't get this one in, then we try for this one, but

1 we're putting the burden on the staff here. If I don't get a
2 proposal here, I can pick one here, maybe I'm missing
3 something.

4 MR. NOYES: I don't think you're missing that,
5 someone comes in with an application, isn't happy, it's simply a
6 matter of prioritizing and making that decision, not negotiating
7 Project 1, 2, 3, or 4, and so forth. You have the applicant's
8 packet or package and it's not just one applicant that does it, it's
9 several. As you know, some of these applications have many
10 elements, and one is equipment, and maybe there's a second or
11 a third location. So, we're saying it's important to pick or to
12 prioritize these applications.

13 DELEGATE JOHNSON: Suppose there is three, and
14 the one that you pick is not the one the applicant picks?

15 MR. NOYES: It likely wouldn't receive a staff
16 recommendation. Maybe the merits of the project are not there,
17 strictly prioritizing, first priority.

18 DELEGATE JOHNSON: Well, I think that the staff or
19 you look at the mission of the Tobacco Commission and getting
20 away from the way that we've done it in the past, but it's been
21 very successful in the past. If you can't get in the front door,
22 you try to get in the back door, but I don't think that's likely.

23 SENATOR RUFF: A lot of times in the past, the staff
24 has spent time calling applicants, telling them we're not going to
25 be able to do everything, what do you consider the most

1 important, let's take some good faith effort and understanding.
2 It boils down to making the best proposal you can.

3 MR. WALKER: Maybe we should combine his
4 suggestion with the recommendations, if you don't have one
5 application, you try to get application and you have it prioritized
6 and you won't have four or five applications, I don't think that's
7 really productive, and I see what you're saying.

8 DELEGATE MERRICKS: If you had a lot of money,
9 that would be one thing, and more applications, of course, the
10 more money you have, the more applications you'll get. To me,
11 it makes more sense, it puts the burden on the applicant to come
12 up with what they feel is important. I don't know if we can do
13 this or not, but when you have multiple applications, we look and
14 the staff looks at them and says, well, this one looks better than
15 that one, which one would you have as a priority? The staff may
16 call and say we don't like this one but like this one better, I don't
17 know if that has happened or not.

18 MR. NOYES: It's happened, yes, it's happened. We
19 can modify the recommendations the way that Mr. Walker
20 suggested, looking at the various elements, one application as
21 opposed to three, we can ask right upfront which has the top
22 priority, which is your top priority, because when some of those
23 applicants go out to you, go out to every one of you for your
24 review, to see what the rationale is.

25 SENATOR RUFF: Sometimes it takes time to work

1 through these proposals and separate these proposals.

2 MR. PFOHL: We try to look through each one of these
3 elements, especially these multiple projects by just working
4 through them, just classify them.

5 MR HAMLET: Is it more as an advocate for the
6 applicant, all or nothing, if you will, and somehow puts the
7 burden on the staff to go inside each application and say this
8 piece makes sense and we like the feel of this, and this other
9 piece over here not so much so? I would rather not put the
10 burden on the staff, but put the burden on the applicant to
11 evaluate what they want and what they're asking for, but we're
12 not going to go in and put the burden on the staff or the
13 Commission to pull out certain elements or approve certain
14 pieces, kind of like an all or nothing. If there's another element
15 that they want to be considered to have it in a separate
16 application.

17 SENATOR RUFF: I understand your thought process,
18 but most of the proposals and considering the limited amount of
19 money that we have, considering how we're going to fill that
20 requirement.

21 DELEGATE WRIGHT: I want to add to what Mr.
22 Hamlet said. It's my understanding that the staff has a pretty
23 good dialogue or these people have a good dialogue with Tim and
24 his staff. Applicants can confer with the staff at all times,
25 receiving suggestions. I would expect that would continue and

1 even into another round if it isn't possible to do it at the time.

2 MR. PFOHL: We encourage that, and that doesn't stop
3 people from coming in and how, but we encourage it.

4 DELEGATE WRIGHT: Maybe that's a better way to
5 approach it, rather than --

6 MR. PFOHL: -- We encourage that, they can always
7 submit another application.

8 SENATOR RUFF: Well, maybe the question is do we
9 want to do separate applications, I think that's what you're
10 saying, or is that your motion?

11 MR. HAMLET: I'd be willing to do that. Each separate
12 application that's, if you want to put in three, in other words,
13 they put in the one that they consider the most important and
14 indicate that. That could be the second piece. I'd rather see the
15 application stand on its own merits and can be voted up or down
16 on its merits in the application, whether or not it has multiple
17 elements inside of it or not.

18 SENATOR RUFF: You mean not so many elements
19 within it, but if you want to put in two different proposals, you
20 say to put a priority or we're not asking them to prioritize, which
21 one?

22 MR. HAMLET: I would agree with that concept, if
23 there are multiple applications, let the staff know which has the
24 higher priority, but each one stands on its own merits, that's
25 what I'm saying.

1 MR. NOYES: Multiple applications from a single
2 applicant, but we have to have an indication which is the top
3 priority, is that what you're saying?

4 MR. HAMLET: Yes.

5 MR. NOYES: Everyone understands that.

6 DELEGATE MERRICKS: That's what you're
7 recommending.

8 DELEGATE WRIGHT: Suppose the application
9 has more than one component to it, one facility, and you
10 want --

11 MR. NOYES: -- That's a different case, that's one
12 project. It might have personnel or equipment or it might have
13 facilities, personnel, equipment, each with all three elements,
14 then there's no indication which is the most important.

15 DELEGATE WRIGHT: But the staff has the ability to
16 cover all or nothing on one proposal, suppose the staff agrees
17 with two or three, but doesn't agree with all of it?

18 MR. NOYES: Then we have to talk to the applicant
19 and see if he can't come up with some agreement and
20 considering the staff's view with how that application could be
21 handled.

22 DELEGATE WRIGHT: But that proposal would be
23 considered, is that what you're saying?

24 MR. HAMLETT: I would agree with Neal with how the
25 application would be treated --

1 DELEGATE WRIGHT: -- But the staff would have the
2 right to say this needs more work or go to the county or overrule
3 the entire application?

4 MR. NOYES: No, we'd make a staff
5 recommendation like we do now, but if we don't have any idea
6 what's most important, if we just have one application for
7 everything and --

8 DELEGATE WRIGHT: -- I think it boils down to a good
9 common sense proposal, and I think the staff can have the
10 application to inquire.

11 SENATOR RUFF: Tommy, that's the point. If this is
12 something you're interested in and the staff wants to help them,
13 we want to help the people in the region, we want it to be
14 consistent, we want to do it in the most efficient way, and we
15 want our staff to be clear and be helped, lay it on the table for
16 the staff.

17 Let me just ask, does anyone feel compelled to speak,
18 want to join in this conversation? All right.

19 We have a motion and a second.

20 DELEGATE JOHNSON: On this particular item, non-
21 Commission funds in hand, does that also include in-kind?

22 MR. NOYES: Delegate Johnson, that's just our policy.

23 SENATOR RUFF: We have a motion and a second. All
24 those in favor of approving that recommendation, say aye.
25 (Ayes). Opposed? (No response).

1 MR. NOYES: Several applications in the current cycle
2 seek Commission support for administrative or consultant
3 positions directly linked to large “bricks-and-mortar” initiatives
4 that are as yet unfunded. Curriculum development and
5 managing the accreditation process are typical project objectives.
6 While staff certainly acknowledges that these activities are
7 important, the extent to which the larger projects may anticipate
8 and rely on substantial Commission investments is not clear in
9 the current requests. If we assume that Education Committee
10 budgets for competitive cycles remain about the same in coming
11 years (less than \$4 million) and that no single project should
12 anticipate more than 50 percent of the available funds, it is
13 clearly unlikely that multiple large requests can be
14 accommodated. If this is the case, is it the desire of the
15 Committee to support multiple major projects in early phases?
16 Shall applicants submitting early phase requests be required to,
17 one, provide substantial detail regarding future financial
18 commitments expected from the Commission, and, two, provide
19 a detailed timeline showing non-Commission funds in-hand or
20 expected for project implementation?

21 We do that now, we’re helping people with projects.
22 We come to the Committee with recommendations. It’s up to the
23 Committee to decide what projects going forward. If you have
24 \$4 million a year, and what I’m saying is that without having
25 information on how we are going to fund these projects and you

1 calculate the 50 percent match, what you're doing is the money
2 is tied up for five years, let's say.

3 What the recommendation is saying is that people
4 need to be upfront with members of the Committee in terms of
5 what their expectations are going to be from you. I don't see
6 how far along these commitments can be and spending so much
7 money here and there when you get a request say for \$15 million
8 worth of implementation for a particular project and you have
9 less than \$4 million, I just don't think that's what we should be
10 doing when it comes to these projects, how we can deal with
11 these requests when we don't have all the information.

12 DELEGATE MERRICKS: In my opinion, I don't see the
13 fact that there's a commitment why wouldn't you have all the
14 information as far as the commitment of funds?

15 UNIDENTIFIED: What happens if the money is
16 awarded in advance of the actual or if something happens
17 and --

18 MR. NOYES: Then you won't get the result that you're
19 hoping for.

20 DELEGATE WRIGHT: Do we have this clawback
21 protection or provision there?

22 MR. PFOHL: There is no clawback.

23 MR. NOYES: This recommendation doesn't address
24 the clawback.

25 DELEGATE WRIGHT: Maybe it's something to think

1 about.

2 MR. NOYES: Suggesting that by definition it must
3 happen and if you're relying on the Commission for \$10 million to
4 get something done and you can't provide that \$10 million, that's
5 exactly what I've been talking about, dead money.

6 DELEGATE WRIGHT: We can't allow that to happen.

7 SENATOR RUFF: I don't know that we should let it
8 happen. Got to be more difficult to qualify.

9 MR. WALKER: What's the recommendation?

10 MR. NOYES: Where more than \$1 million will be
11 requested from the Commission for full project implementation,
12 applicants shall be required to demonstrate that more than 50
13 percent of the needed non-Commission financing is committed
14 and available when seeking early stage Commission support.

15 If you've got a \$10 million project, you have to come
16 up with the other half for what you're asking from the
17 Commission. If you've got a \$25 million project that was began
18 three-and-a-half years ago and that project is not ready to be
19 complete, but you're tying up additional administrative
20 resources. Having the resources available and applying for them,
21 as you know, is another thing. That's why we need a
22 commitment. The staff needs to know about that. If this
23 recommendation passes, that will not totally solve the problems
24 that I identified.

25 SENATOR RUFF: I would say if you would hold that

1 thought.

2 DELEGATE WRIGHT: At this point, I am still not in
3 favor of this limitation.

4 SENATOR RUFF: If they came up with 50 percent of
5 the money, then this event could change, if they don't come up
6 with the other 50 percent. That's what we're talking about. How
7 do we solve the problem, maybe we should be thinking about
8 this before --

9 DELEGATE JOHNSON: -- If an applicant requests
10 \$2 million, do they expect the Commission to give \$1 million?

11 MR. NOYES: If an applicant said we need \$250,000
12 and they want the Commission to come up with \$750,000, that's
13 treated differently or separately, that's a separate case.

14 What this recommendation does is limits, it's like risk
15 management, just like if there's no follow-through with the
16 implementation. It's risk management.

17 DELEGATE JOHNSON: All right, I'll make the motion.

18 SENATOR RUFF: Any further discussion? Anybody in
19 the audience want to comment? All right.

20 I believe we have a motion.

21 MS. THOMAS: Second.

22 SENATOR RUFF: All those in favor? (Ayes).
23 Opposed? (No response).

24 MR. NOYES: Several applications seek awards for
25 advanced manufacturing equipment, and they reference the

1 Boston Consulting Group study. Notwithstanding the integrity of
2 the requests, the Boston Consulting Group very specifically
3 directed that there should be three ad hoc committees to advise
4 the Education Committee regarding curriculum, resources, and
5 marketing. All of these applications have come before you in
6 advance of the ad hoc committee reports, each seeking
7 equipment investments without clearly articulated and agreed
8 upon guidance from the private sector.

9 The entire rationale for engaging the Boston
10 Consulting Group to develop recommendations on how to move
11 forward with a workforce initiative tailored to certain advanced
12 manufacturing skills, certifications, and advanced manufacturing
13 degrees was predicated upon private sector participation in the
14 development of policy recommendations. Is it the view of this
15 Committee that pending applications seeking Commission
16 support for advanced manufacturing equipment should be passed
17 by for the current competitive cycle?

18 Projects designed to support foundational learning for
19 STEM-H (including advanced manufacturing) would continue to
20 be eligible in the current cycle. Please note that the next round
21 for the Education Committee will be in July and will presumably
22 focus on "standing-up" the three centers of excellence. That
23 said, requests for "satellite" projects would be welcomed as well,
24 with Commission decisions at your September meeting.

25 The Boston Study said we should hear from the ad

1 hoc committee regarding the curriculum, resources and
2 marketing.

3 Our recommendation was: Pending applications for
4 advanced manufacturing equipment should be deferred until the
5 July application round.

6 So, what I'm looking for from the Committee is your
7 permission --

8 SENATOR RUFF: -- I think the staff wants to hear
9 from the Committee.

10 DELEGATE WRIGHT: I'll make the motion that we
11 accept the proposal.

12 SENATOR RUFF: It's been moved and seconded, any
13 pending applications for advanced manufacturing equipment be
14 deferred until the July application round.

15 MS. THOMAS: What about the community colleges
16 that may be looking for some of this, would they be applying for
17 this anyway were it not for this advanced manufacturing activity,
18 looking at this upfront or some of this?

19 MR. NOYES: This would apply to the three areas that
20 the Boston Consulting Group are focused on, so, yes, it could.
21 You'll hear from the ad hoc committee and it's not saying we will
22 not do them, it's actually like a four-month delay.

23 SENATOR RUFF: It's very possible we could move this
24 forward. We have some concerns from these companies that
25 make this stuff, maybe they'll give us a discount. There's a lot of

1 work to be done here.

2 DELEGATE WRIGHT: But we're not, this isn't set in
3 stone.

4 MR. NOYES: That's correct, during the application
5 cycle, if we're not ready for some reason, then hope that this
6 Committee would have heard from the curriculum and resources
7 and marketing in time for this to take place.

8 MS. THOMAS: Are there other applicants in addition
9 to the ones that we already have that are to be considered with
10 this one or all of them have some component of that?

11 SENATOR RUFF: Tim, do you know?

12 MR. PFOHL: We have a number of health care
13 projects, education, regional projects.

14 SENATOR RUFF: Further out or past the July round,
15 that would be money from the full meeting or --

16 MR. NOYES: -- The new budget, that's the new year,
17 that'll be like \$4 million at the May meeting though.

18 SENATOR RUFF: Does anyone from the public want to
19 speak to that? All right.

20 Hearing none, we have a motion and a second. Any
21 further discussion?

22 MS. THOMAS: If we're going to push these dates back
23 for the Committee meeting, would they have a chance to
24 resubmit another application or is this the time and that's it?

25 SENATOR RUFF: They could modify and then put in

1 for it. I don't know that we'd just open it up. All right.

2 All those in favor of this recommendation, say aye.
3 (Ayes). Opposed? (No response).

4 MR. NOYES: Staff believes it would be helpful to
5 begin a discussion about potential projects that involve multi-
6 year recurring investment. The Commission has been
7 exceedingly reluctant to become involved in such initiatives
8 beyond tuition support for four-year scholarships, your financial
9 aid partnerships with our community colleges, and GED testing.
10 The Boston Consulting Group recommended funding for
11 apprenticeships and internships, and it is very likely that you will
12 hear requests on an ongoing basis for outreach activities, such as
13 career counselors, remediation, specialists, and so forth. Given
14 that the Commission has offered support only on a limited basis
15 and only when there has been an assurance that the effort would
16 be sustained beyond the point of Commission support, some
17 discussion today would be helpful in guiding the marketing and
18 resources ad hoc groups as they develop recommendations for
19 you to consider.

20 The recommendation is that: Any application to the
21 Commission for operational funding shall demonstrate how
22 operations are to be sustained beyond 36 months without
23 ongoing Commission involvement.

24 DELEGATE MERRICKS: How do you do that, how do
25 you do that long term?

1 MR. NOYES: Do you have a perfect situation, no.
2 Never is.

3 DELEGATE MERRICKS: How can you get money from
4 X Y Z and put it over here, how do you do that?

5 MR. NOYES: The Commission for some period of time
6 has provided some operational support for limited periods of
7 time, but not just ongoing indefinitely. I'm not suggesting that
8 at all. We don't do it, and we can't do it. I think all of the
9 committees have done that from time to time, but there at
10 Southside or Southwest, but what the staff wants to see, what
11 I'm sure the members of the committees want to see is that in
12 these applications that you see is information on how this is
13 going to be sustained. If you've got a situation where you're
14 talking about 600,000 and you get 200,000 a year each for the
15 next three years, we want to know how they're going to sustain
16 that.

17 SENATOR RUFF: Well, health care projects, in
18 particular, that makes it much more clear, the need that they
19 work with the hospitals, there has to be some anticipation and
20 we need to know that in time that's going to be the end of it, we
21 can't go on forever.

22 MR. NOYES: Most of them come to us for support
23 for three years and continue with their program beyond that, so
24 it's not really a bad experience, but we don't have the applicant
25 for -- support.

1 MS. THOMAS: Then it's not a commitment.

2 MR. NOYES: No.

3 DELEGATE JOHNSON; Mr. Chairman, so the
4 recommendation is the applicant shall demonstrate how the
5 operations are to be sustained beyond 36 months without
6 ongoing Commission support and not willing to do it beyond that,
7 that's in the policy?

8 MR. NOYES: You voted for it.

9 MS. THOMAS: You're saying that's an informal policy?

10 SENATOR RUFF: At the time it would come before us.
11 All right, do we have a motion?

12 MS. THOMAS: So moved.

13 SENATOR RUFF: It's been moved and seconded. Any
14 further discussion? All those in favor, say aye. (Ayes).
15 Opposed? (No response).

16 DELEGATE WRIGHT: At this time, I'd like to go back
17 to Recommendation Number 2, administrative support is not the
18 same as operational funding, but maybe there's some way for
19 the staff to request or if the staff is comfortable with the
20 recommendation on that, it's not the same as the last one, but it
21 seems to me there needs to be some information, some sort of
22 feeling on how to put it currently --

23 SENATOR RUFF: -- Tim.

24 MR. PFOHL: We've had some of these present
25 requests on numerous occasions, higher administrative costs,

1 and some of these programs, some of these new medical
2 programs, especially when you consider in terms of funding
3 people in these applications, we'd have to have more information
4 on which program.

5 MR. WRIGHT: But I thought there had been some
6 problems with this issue as far as spending money for
7 administrative fees and funding certain positions. So what
8 happens if the project doesn't go forward?

9 MR. NOYES: That's the reason that no matter what
10 we do we have to be very specific. It has to be agreeable with
11 everyone. I think everybody would agree with that.

12 MS. THOMAS: Yes.

13 SENATOR RUFF: Just so we're clear on that.

14 All right, we've got one more here, and we have to be
15 out of this room at a certain time.

16 MR. NOYES: The staff asks the Committee to put in
17 place new requirements that would apply to all advanced
18 manufacturing awards.

19 Applicants shall be required to align curricula to meet
20 national certification and degree standards except that non-credit
21 training may be exempted from this requirement at the
22 discretion of the Commission. If somebody comes to us and they
23 want something or more money to do something, this is to be
24 done, there is a national certification.

25 SENATOR RUFF: This is referring to the advanced

1 manufacturing.

2 MS. BARTS: This is a college degree.

3 MR. NOYES: This is a type of training certification,
4 and there's non-credit type of training, too. I don't know if you
5 have to get an application for that, but it seems to me logical to
6 be some sort of certification.

7 DELEGATE MERRICKS: Are you referring to a college
8 degree or a non-degree? There are national certifications, if you
9 have a certification, it doesn't mean you to have to have a
10 college degree.

11 MR. NOYES: Certification, you don't have to have a
12 college degree.

13 MS. BARTS: If you have certification, it's not your
14 intent that that be a college degree.

15 MR. NOYES: No.

16 SENATOR RUFF: Any further discussion on that one?
17 All right.

18 MR. NOYES: The second one is: Applications shall be
19 required to include written reviews from at least two private
20 sector employers that address the value proposition involved in
21 the training for which Commission funds are being requested.
22 Most of these applicants will have conversations with these
23 people and there'll be letters that can be available for review.
24 That shouldn't be difficult at all.

25 DELEGATE WRIGHT: From the applicant or from the

1 applications?

2 MR. NOYES: If we can't get that or a letter, you've
3 got to have it because you need to know that. That information
4 shouldn't be difficult to get. All right.

5 The next bullet point: Annual grantee reports shall be
6 required to include detailed information about the number of
7 persons enrolled in a program, the number that completed the
8 program, and the number receiving certification and/or degrees.
9 We don't require that.

10 SENATOR RUFF: The reason for this we have
11 training programs, and each one of those training programs,
12 we're not telling them how many people have to enter or telling
13 people to get a degree, we're not telling them to take this kind of
14 major.

15 DELEGATE MERRICKS: I think it's a good idea, and
16 we could carry it one step further. Some people start out
17 wanting to be a physician or something, but doesn't mean that
18 they'll end up doing that, and how are you going to keep up with
19 all of this, and also reporting the outcomes to the Commission,
20 certainly if that's possible?

21 SENATOR RUFF: Keeping that information current can
22 be a problem.

23 MS. BARTS: That's certainly a problem trying to keep
24 track of all that. Who would do the reporting?

25 MR. NOYES: Keeping track of the information and

1 making sure that it's accurate and it's available to the staff, that
2 would be the staff having to get all that information and keep it
3 current.

4 SENATOR RUFF: But they would know who's in the
5 program and who's coming out of it.

6 MS. BARTS: But if say 50 enrolled and three
7 completed, one's got a degree and graduates the next year, then
8 what?

9 MS. THOMAS: I guess getting certified, and that
10 would be going in the right direction.

11 MR. NOYES: All right. The next one: Applications
12 shall be required to determine distances to other locations where
13 similar programs are being offered and to document the capacity
14 of those programs to serve residents of the Commission's service
15 area.

16 DELEGATE WRIGHT: One thing that can come of this
17 rather than the applicants down the road doing the same thing,
18 it'll probably make them look at this program and try to tailor it
19 to fit our needs just so we wouldn't continue to do the same
20 thing if it wasn't advantageous to us. It's the same thing. They
21 may try to get another or something else that makes it better.

22 MR. NOYES: It speaks to the issue of capacity.

23 DELEGATE WRIGHT: Trying to tailor it to what our
24 needs would be.

25 MR. NOYES: And the issue of over-capacity and

1 utilization. We want to be very clear about the numbers in
2 Southside and Southwest in terms of training. There's no reason
3 not to do that. We need to know.

4 SENATOR RUFF: When we receive federal money for
5 retraining our workforce, we're training a lot of people to do one
6 thing. We have some firms, companies that need them, and
7 we're training them to move out of the area. That's happened
8 before, and it's happening now, that doesn't serve any purpose.
9 And that's the type of thing we're trying to avoid.

10 DELEGATE JOHNSON: Are we restricting this to the
11 Commonwealth of Virginia, but does North Carolina have the
12 same program as the Commonwealth of Virginia?

13 SENATOR RUFF: People from in town and out of town,
14 people might come here and stay here. Let's say the training
15 might be the same thing. I wouldn't think it would make any
16 sense to have a welding program, one in Virginia, and maybe
17 there should be an alternative. Maybe others have a thought on
18 that.

19 MR. NOYES: I'd just say that all of these
20 recommendations that you consider here today, we can always
21 adjust it to meet our goals. The answer really is that some
22 people do many of these things, but not everyone does all of
23 these things, and not everyone has the same set of rules or
24 obligations.

25 DELEGATE JOHNSON: Some of these are already

1 providing, is there any obligation currently to provide all this?

2 SENATOR RUFF: Some people, letters from employers
3 about this particular training.

4 All right, any further discussion from the Committee?

5 MR. HAMLET: I move that we accept these.

6 SENATOR RUFF: It's been moved and seconded that
7 we accept these. Any further discussion from anyone? Anyone
8 in the audience? I'm trying to better prepare you. The reporter
9 can't record the nods of your heads, but is there anyone that
10 would like to speak? I guess it's unanimous.

11 MS. HODGES: I'm Kathy Hodges from Franklin.
12 Partnered before and some of the applications that have been
13 submitted, some of the things that we have in Rocky Mount and
14 also Martinsville is that the population that we serve, that many
15 people are unemployed, and some are underemployed. When
16 people have to go these campuses or the community colleges or
17 wherever, sometimes it's 60 miles. What I'm saying is that when
18 you look at the costs of all this transportation, that's a problem
19 for many people. When you have to go to these classes and the
20 particular training in the Southside region, the cost of that
21 transportation and the distance is a real problem for us.

22 The other reason is that you just can't afford to travel
23 and to attend all these programs, especially a two-day program.
24 That's just one of the problems we have.

25 We submitted a letter from employers in Rocky Mount

1 about the need for training, and that's why we made the request
2 for it. The population we serve, it cannot afford all this, and I
3 don't mean to be repetitive, they just can't travel that far to get
4 this training.

5 Just to remind you that the, that in terms of follow-up
6 for employment, a lot of times the population that we serve,
7 numbers change constantly, and they may not have a stable
8 homeplace to stay. People can try, and in the past, some have,
9 but over time, it's hard to even get phone numbers where we do
10 all this in order to follow up and to make this happen. I just
11 bring that up to you because of our particular population and the
12 area that we serve. Thank you.

13 SENATOR RUFF: You make a good point, thank you.

14 UNIDENTIFIED: We have some people that
15 communicate with each other, and that's how they're better
16 served, tell people to do that, that helps everyone. I know that
17 keeping data current is very important as far as who's doing
18 what. I know we've had something like 1,300 GED tests that
19 people passed. I just want people to know that we have been
20 successful with the money we do have in our budget. I think
21 some of these requirements are a good suggestion.

22 SENATOR RUFF: All right. We've got a motion and a
23 second on Number 4. All those in favor? (Ayes). Opposed? (No
24 response).

25 Well, that takes us through that. I'll ask at this time if

1 there's any further comments from anyone about anything that
2 we've talked about this morning?

3 SENATOR WAMPLER: Good morning, Mr. Chairman,
4 and members of the Committee, nice to see you. I'll be very
5 brief.

6 It makes me wonder and being completely new to all
7 of this process, but we are in the process of getting \$1.5 million
8 advanced manufacturing equipment from other than the Tobacco
9 Commission. My point is that coordination, we want to make our
10 equipment in our facility available to all in developing this
11 training with regard to going forward with advanced
12 manufacturing. I think it's important to set some standards.

13 We are also working in conjunction with Virginia State
14 University, but it seems to me very important, and I know it's
15 important to the Tobacco Commission as we go down this path,
16 we want to make sure we have competitive negotiations
17 throughout the Tobacco Commission footprint. Mr. Chairman and
18 members of the Committee, thank you very much.

19 SENATOR RUFF: All right, thank you. It seems to me
20 we have to have a clear set of facts of exactly what we're going
21 to do and keep that in mind as we go forward.

22 MR. STEPHENSON: Mr. Chairman, our proposed
23 schedule of May 2nd for the Education Committee, I think it
24 would be helpful to have or if we can pick a time today and it
25 may be helpful to everyone concerned that if we can move that

1 date.

2 MR. NOYES: Stacey has the schedule.

3 MS. RICHARDSON: Looking at the schedule, we have
4 a two-day meeting on the 22nd and 23rd of May at Roanoke. We
5 could move the Research and Development back to May 23rd and
6 we could start at 10:30, the day before the Full Commission.
7 You could look at 1:30 for the Education Committee; 3:30, 4:30
8 Southwest and the Executive.

9 SENATOR RUFF: Any objection to doing that? The
10 location has been determined.

11 MR. NOYES: We can do that, Mr. Chairman. Some
12 people are going to be there for the Southside meeting, but we
13 can do that.

14 MR. PFOHL: Then for the benefit of everyone in the
15 room, we'll postpone the advanced manufacturing.

16 MR. NOYES: Are you suggesting removing all
17 advanced manufacturing?

18 SENATOR RUFF: That's fine, I believe we can move
19 everything to a different date.

20 MR. NOYES: We can move that until the July round.
21 That would be a competitive round, and just for members of the
22 Committee, there's a line item for advanced manufacturing in the
23 budget that is proposed.

24 SENATOR RUFF: Then Education will have a meeting
25 on the 22nd, and the May 2nd meeting is cancelled.

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All right, any other comments from the public? If not,
I'll entertain a motion to adjourn. We're adjourned.

PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at Large, do hereby certify that I was the Court Reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission, Education Committee Meeting**, when held on Wednesday, April 10, 2013, at 10:30 o'clock a.m., at the Hotel Roanoke and Conference Center, Roanoke, Virginia 24016.

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

Given under my hand this _____ day of May, 2013.

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

MY COMMISSION EXPIRES: October 31, 2014.