

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

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

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9 **Education Committee Meeting**

10 Wednesday, May 21, 2014

11 4:00 P.M.

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13
14 Golden Leaf Commons Community Facility
15 Emporia, Virginia

1 **APPEARANCES:**

2 The Honorable Frank M. Ruff, Chairman

3 Ms. Gayle F. Barts

4 Mr. Burgess "Butch" H. Hamlett, III

5 Mr. Donald W. Merricks

6 Mr. Dale Moore

7 Dr. Todd Pillion

8 Mr. Kenneth O. Reynolds

9 Ms. Cindy M. Thomas

10 The Honorable Gary D. Walker

11 The Honorable Thomas C. Wright, Jr.

12

13 COMMISSION STAFF:

14 Mr. Timothy S. Pfohl – Interim Executive Director & Grants
15 Program Administration Director

16 Mr. Ned Stephenson – Deputy Executive Director

17 Ms. Sara G. Williams – Grants Program Administrator,
18 Southwest Virginia

19 Ms. Sarah K. Capps – Grants Program Administrator,
20 Southside Virginia

21 Ms. Stephanie S. Kim – Budget Director

22 Ms. Carolyn Bringman – Performance Data Analyst

23 Ms. Suzette Patterson – Grants Office Manager

24 Ms. Stacey Richardson – Executive Assistant

25

1 SENATOR RUFF: I'm going to call the
2 meeting of the Education Committee to order. We've got to get
3 back on schedule so let's get started. Tim, would you call roll?

4 MR. PFOHL: Ms. Barts?

5 MS. BARTS: Here.

6 MR. PFOHL: Mr. Hamlett?

7 MR. HAMLETT: Here.

8 MR. PFOHL: Mr. Merricks?

9 MR. MERRICKS: Here.

10 MR. PFOHL: Mr. Moore?

11 MR. MOORE: Here.

12 MR. PFOHL: Mr. Reynolds?

13 MR. REYNOLDS: Here.

14 MR. PFOHL: Senator Ruff?

15 SENATOR RUFF: Here.

16 MR. PFOHL: Dr. Pillion?

17 DR. PILLION: Here.

18 MR. PFOHL: Senator Stanley can't be
19 with us today. Ms. Thomas?

20 MS. THOMAS: Here.

21 MR. PFOHL: Mr. Walker?

22 MR. WALKER: Here.

23 MR. PFOHL: Delegate Wright?

24 DELEGATE WRIGHT: Here.

25 MR. PFOHL: You have a quorum, Mr.

1 Chairman.

2 SENATOR RUFF: Thank you. We last
3 met on January 7th, 2014 and the minutes have been sent to
4 you. Do we have a motion to approve the minutes? The
5 minutes have been moved and seconded. All those in favor
6 say aye. (Ayes.) Opposed? (No response.) All right, the
7 minutes are approved. Tim, do you want to lead us through
8 the summary?

9 MR. PFOHL: Your Committee meeting
10 agenda is on page six and in there is a staff report that we
11 mailed to you late last week. The primary content of the staff
12 report is a summary and update on the Advanced
13 Manufacturing Centers of Excellence process and we're
14 underway with that for more than eighteen months now. Very
15 quickly to bring those of you who are perhaps a little bit newer
16 to this process.

17 In 2012, the Commission and the
18 Commonwealth Center for Advanced Manufacturing joined
19 forces to commission a study by the Boston Consulting Group
20 to take a look at the needs for workforce training within the
21 Tobacco Region in order for the Region to be competitive in
22 attracting advanced manufacturing. The Boston Consulting
23 report was provided to the Commission January 2013. It
24 recommended the creation of three Advanced Manufacturing
25 Centers of Excellence in southern Virginia and one in

1 Southwest Virginia. It recommended focusing on mid-level
2 skills and programs for welders and industrial maintenance
3 mechanics and machinists. It provided numbers within each
4 of those three career fields that were needed and would meet
5 the pending retirements with existing positions in the region
6 but also to have an adequate pool of trained and certified
7 candidates to attract local manufacturers.

8 In the fall of 2013, the Commission,
9 CCAM acted on the recommendation of the BCG report. One
10 of the recommendations of the BCG report was to convene
11 workgroups on curriculum, resources and career marketing
12 efforts. Those three workgroups met through the second half
13 of 2013.

14 In January the Commission and CCAM
15 published a request for proposals calling for folks that were
16 interested in submitting to be designated as an Advanced
17 Manufacturing Center of Excellence. The Commission had
18 \$10 million budgeted specifically for this effort in the current
19 fiscal year. In the current fiscal year there's an additional
20 budget recommendation to be acted on in the upcoming fiscal
21 year tomorrow. On April 11th, the Commission received four
22 responses for that call for proposals and those are listed on
23 page seven. The applicants are the Southwest Virginia
24 Alliance for Manufacturing based in Abingdon. The second
25 one was from the New College Foundation based in

1 Martinsville working with a number of partners and different
2 sites. The third is Southern Virginia Higher Education Center
3 based in South Boston, working with multiple sites as well.
4 And the fourth was Scott County Economic Development
5 Authority. The total requested amount from the four
6 applications is \$16 million and change. I remind you we
7 currently have available \$10 million in the current fiscal year
8 budget. What we did in this report and this was very detailed,
9 complex and very thorough proposals. We tried to give you a
10 snapshot so we gave you side by side comparisons and
11 requested budget amounts for each. You can see the
12 personnel services ranked across those three proposals from
13 zero to more than \$1.3 million. We have contractual services
14 ranging from zero to nearly \$1.2 million and on down. I won't
15 read each one to you.

16 CCAM and the Commission used a team
17 of reviewers to take a look at these proposals. You can see on
18 page eight a list of the scoring items that the panel used.
19 About two-thirds of those dozen or so reviewers who read
20 these things and provided score are from Virginia industries
21 and other organizations including educational providers from
22 outside the Tobacco Region even though they didn't have a
23 dog in this fight so to speak. You can see the scores from
24 three projects at the bottom of page eight.

25 On page nine, it begins to summarize

1 each of these and without going through all of this for instance
2 in Southwest the Alliance for Manufacturing proposal, mid-
3 skill to advanced level training, which is in bold will take place
4 at the main campus headquarters. Then there's a number of
5 other partners that will provide pre-requisite or entry level or
6 foundational level training across the region. We use some
7 bold lettering to help you kind of hone in on those mid-skill
8 levels, which is the core and trust of what we're trying to do
9 and accomplish here. Without going through all four of those,
10 you can see from the mid to advanced level training is taking
11 place for each of the three disciplines I talked about earlier.
12 And you can see where some foundational training is taking
13 place.

14 I would be remiss if I didn't point out
15 Bruce Sobczak, Commonwealth Center for Advanced
16 Manufacturing and Bruce has been a tremendous resource for
17 the Commission and a key player with his vast industry
18 experience. Bruce is probably far more familiar with the
19 intimate details with every one of these proposals than I am.
20 If the Committee members have any questions for myself or
21 Bruce, we'll do our best to address those.

22 SENATOR RUFF: First, Bruce do you
23 want to make some opening remarks before we get into the
24 questions?

25 MR. SOBCZAK: Thank you for having us

1 here and I want to tell you that these proposals are quite
2 impressive. We asked for nineteen different categories of a
3 very highly technical base proposal process and there's been a
4 lot of hours of work put into this. I want to tell you that the
5 term mid-skill level is very deceiving and this is a very
6 advanced level. You might say well the community colleges
7 are already producing this, no, make no mistake about it.
8 We're adding a level of training and competency for advanced
9 manufacturing that we don't currently have. We're wrapping
10 his around industry recognized credentials and very clear and
11 measurable results that would depend on those certifications.

12 All in all I want to tell you it's been a
13 great process and the proposals we have are high quality.

14 UNIDENTIFIED: The people that vetted
15 these of the independent group, were they the same people
16 that did all of them or are these different people?

17 MR. SOBCZAK: The same people did all
18 the proposals. It was quite a cross-section. We had eleven
19 total independent readers, seven from industry, four who were
20 not industry and I could give you some of their job titles if
21 you'd like.

22 MR. MERRICKS: They all saw the same
23 thing?

24 MR. SOBCZAK: That's correct. They
25 scored each individual proposal in nineteen different

1 categories. So what you're seeing is a summary of the
2 possible four hundred.

3 MR. PFOHL: Bruce and I also had face to
4 face meetings with Sarah Capps and Sara Williams and they
5 joined us for those and each of the applicant teams so we were
6 able to talk to them about their proposals and so forth.
7 One other note of thanks to Carolyn Bringman. She's been a
8 tremendous resource through this whole process and she
9 helped us set up a customized application for the proposals
10 and helped us getting all the materials ready for independent
11 reviewers and giving them the ability to log in and register
12 their scores and so forth. Carolyn, thanks for your work on
13 this and we pulled her away from a lot of her other duties.
14 She happily came along for the ride.

15 SENATOR RUFF: In the Boston
16 Consulting study, two in southern Virginia and one in
17 Southwest Virginia. We have two in Southwest Virginia, does
18 anybody want to talk about that?

19 DELEGATE KILGORE: I'd like to and the
20 reason why we have two in Southwest Virginia is that and
21 representing the far south and this is a big area, a big
22 geographic area. I haven't talked to anyone in the group from
23 Abingdon, I just feel like a Lee County, Scott County, Wise
24 County and Dickenson and those counties might get left out
25 and that's the counties that will need this the most. I'm going

1 to encourage everybody to back off addressing the Southwest
2 Virginia issues at this meeting. I'm not sure that they're ready
3 to go and I know I'm not ready to go on it. I'm just concerned
4 we might be jumping too quick and I'd encourage a meeting
5 with the folks in the far corners there to try to address those
6 issues. I think they could be addressed.

7 SENATOR RUFF: So, if I understand you
8 correctly, you want us to delay a little bit on Southwest until
9 we figured it out?

10 DELEGATE KILGORE: Yes.

11 SENATOR RUFF: We only have \$10
12 million to spend and \$16 million in requests and I hope
13 they're listening, any delays could cause problems. Now,
14 going into the issue of money, how are we going to divide \$10
15 million and you all have proposals and you're going to have to
16 shave some. If all three or I'll say three or four, or two at this
17 point and there's a discrepancy, if you look at personal
18 services, salaries, wages, benefits et cetera and look at
19 contractual services, there's a vast difference between those
20 three. You're Highlands, you're up first.

21 DELEGATE KILGORE: But what's the
22 difference here?

23 SENATOR RUFF: We'll get that when we
24 come back. Just hold that point.

25 DR. ADAMS: What's your question?

1 Would you state it again?

2 SENATOR RUFF: You're showing two
3 and a half times more for personnel services and contractual
4 services.

5 DR. ADAMS: Let me talk first of all, our
6 proposal the distributed model. We're proposing that there
7 will be three central hubs located at the two community
8 colleges on either side of us and in South Boston that would
9 cover a lot of the county regions. So by virtue of that distance,
10 that will cause a need for more personnel to manage. Also, we
11 have focused on rather than honoring a curriculum for each of
12 the three areas, we think it's important we bring in special
13 project team leaders, people that are technically proficient in
14 each of those areas so we spent more money on them in our
15 budget. These people would not just teach the classes, they
16 would develop the curriculum or they would help implement
17 the curriculum. In our proposal because we would be working
18 with the community colleges and sharing the facilities, they
19 will have to help coordinate and facilitate that. They'll also be
20 helping in determining what equipment will be installed and
21 where.

22 I would also say that regarding the
23 contractual services, I think most of our costs are associated
24 with the Blue Drop learning technologies computer aided
25 instruction. Our latest question that we received in our

1 they are charging and the \$500,000 in-kind contribution.

2 The other point I'd make and this was
3 another question that we were asked and we discussed it in
4 our interviews in Roanoke, I think this is the only way to go on
5 this that it makes a lot of sense for the three or four centers
6 however many there are that we come together and share the
7 cost of common needs. For example, equipment purchase, the
8 computer aided instruction, the marketing and advertising
9 and that's the other contractual services that we have
10 included in our proposal. VMA's program, which is
11 outstanding and excellent. I think once we come together and
12 decide which items can be shared, I think those numbers will
13 go down because they're going to be spread across all three or
14 four centers. I'd also say that with regard to the cost of
15 personnel, the Southern Virginia Higher Education Center has
16 a track record of rolling out new and innovative programs and
17 we have a track record and we've done it before and it is labor
18 intensive. What this program involves is doing something very
19 different. That's what makes it exciting to us but I'd caution
20 us not to try to do it on a shoestring. When you talk about
21 marketing, you're talking about changing attitudes and
22 perceptions. That's very difficult to do. It takes doing it over
23 and over and over.

24 SENATOR RUFF: The computer
25 modeling system, is that limited to the number of locations?

1 DR. ADAMS: No.

2 SENATOR RUFF: Would you do that in
3 every high school in Virginia?

4 DR. ADAMS: Yes.

5 SENATOR RUFF: In southern Virginia?

6 DR. ADAMS: The way I understand it is
7 that this will be located on landing page, Center of Excellence
8 landing page connected to the VMA's career information
9 system. Students will be able to log into that and determine
10 what programs they want to go in to register and then have
11 access to these models.

12 SENATOR RUFF: Is there a charge for
13 that person in that program or do you write one check for how
14 many actually use it?

15 DR. ADAMS: I think it's one charge.

16 SENATOR RUFF: Have you discussed
17 this with the other schools, the possibility of you could be
18 using this in the whole Tobacco footprint?

19 DR. ADAMS: I haven't talked to the other
20 groups that have submitted proposals.

21 MR. SOBCZAK: Yes, we did have face to
22 face in Roanoke and Betty is absolutely right. I think the way
23 to do this budgetary wise is combine some of these forces.
24 This Blue Drop learning platform is a great distance learning
25 tool and that helps us reach out all the way across this region.

1 Senator Ruff, one of these software paid by the, it can be
2 shared universally. There's going to be a big emphasis as part
3 of these proposals for distance learning. So there's going to be
4 some boot camp style of learning and we do online modules
5 and then bring people in for labs. We're going to reach out all
6 the way to the far corners of these counties. But you are right
7 and apply this across the area. I would in Roanoke we came
8 back and said we need to unite on four areas. That includes
9 curriculum development including distance learning and we're
10 together on that. Equipment purchases because obviously we
11 want to leverage all the buying power we can and instructor
12 development as well. The instructors is the thing that gives
13 me heartburn and keeps me up in the middle of the night
14 because we don't have the instructors that we need right now.

15 As far as the CCAM partnership and the sustainability to
16 start training and developing instructors. If we can come
17 together in the four areas of equipment, curriculum
18 development including the distance learning, instructor
19 recruitment development and the marketing. I think we can
20 save a lot of money there and unify efforts and that will parade
21 us together better and then later on the academy at CCAM.

22 SENATOR RUFF: With those comments,
23 were those your figures prior to the comments?

24 DR. ADAMS: Yes.

25 UNIDENTIFIED: One Southwest partner

1 does have an agreement to share the costs of Blue Drop and
2 pay for some of the personnel costs in developing the
3 curriculum. We have reached out to one group in Southwest
4 and that's in there with the Memorandum of Understanding or
5 letter I should say.

6 SENATOR RUFF: Bruce, you talked
7 about equipment. Is there any option as far as discounts from
8 the manufacturers who say you train on our equipment, we'll
9 loan you the equipment?

10 MR. SOBCZAK: Yes, some of these
11 companies like HASS, they do support education. Getting
12 deals on equipment, we are buying in bulk so I think we can
13 try to do that. They normally do not because they have a
14 waiting list for this equipment. What they do deal with is their
15 technicians training you. What I think as far as lacing these
16 Centers of Excellence together, we will use that to train
17 instructors and we had some seven community colleges in this
18 collaboration that really are pushing the collaborative part of it
19 and we're creating an ecosystem where the community
20 colleges are getting the prerequisites done, the COEs and
21 they've done a magnificent job of setting up the partnerships.
22 Shared equipment is going to be very important and there's no
23 getting around getting equipment because advanced
24 manufacturing is not about what we manufacture, it's how
25 you manufacture it. So we need the best equipment we can

1 get. You're right, there are opportunities for deals but I'm
2 primarily interested in sharing the training and our CCAM
3 partners, makers of these high precision tools, they will help
4 and others. They said they'd give us all the free training we
5 wanted so that's what you're going to get in addition to these
6 COEs, we would be able to do the training, train the trainer
7 seminars at these facilities once they're up and going.

8 SENATOR RUFF: Have you sized the
9 numbers enough to see how much overlap is there where you
10 could say what it would be across the region?

11 MR. SOBCZAK: No, that's the next step.
12 We've agreed to have you come out, we're going to do one list
13 of equipment and then we'll see where we can make those
14 cuts. I think the \$10 million and the three in July, I think
15 there's ample money there to fund three great Centers of
16 Excellence across the region.

17 MR. MERRICKS: This is a one-time
18 infusion? I can see this becoming a continual thing and that's
19 what I was trying to drive at. Are the students going to be
20 paying tuition or are the operations going to be self-sufficient
21 over a period of time? I guess somebody's done all this
22 analysis?

23 MR. PFOHL: Trying to respond to that by
24 the proposals and we got a variety of responses. It's certainly
25 a challenge. The three highest proposals all ask for three

1 years of operation support. Whatever we can do for them over
2 the next few months will carry them forward for a few years.
3 Years four and beyond are still fuzzy.

4 MR. SOBCZAK: If I could interject, in the
5 past experience I've had on the west coast, we had a
6 magnificent new sand box to play in, which is known as the
7 fee-based after credit training. This is specific industry
8 training on specific equipment. New College training
9 specifically on machines and methods they want to do. I have
10 found companies are willing to pay you for those services if
11 they get intense training that specifically adds value to their
12 shop floor. After this three years, though, there will be an
13 opportunity where the revenue stream and the customized
14 training to go on. It's a model that we plan on taking around
15 from CCAM out to the region north and central, too. We
16 pictured that CCAM would be the hub and all of these COEs
17 to be the spokes. The reason we asked for such explicit
18 proposals from these areas is to really shape up the
19 partnerships and they've come up with a lot of great ideas for
20 revenue sharing with the community colleges to supply the
21 foundational levels and then advance to the more higher
22 levels. Don't forget the COEs do not get credit for the lower
23 foundational ones and we're adding something new so it will
24 take a while to get up to speed. I think the sustainability with
25 CCAM as well and we're going ahead with the apprentice

1 academy there and more Centers of Excellence to follow that.
2 There is a tapestry of other funding, which this funding will be
3 used as matching. The good news is that CCAM and with the
4 funding is in all three budgets.

5 SENATOR RUFF: Rachel and William, do
6 you all believe you can produce a good product that you're
7 willing to put your faith in it?

8 SENATOR WAMPLER: Yes.

9 SENATOR RUFF: If we were to fund this
10 partially with direct salaries and partially based on the
11 outcome product you produce, you'd be agreeable?

12 DR. ADAMS: Absolutely.

13 SENATOR WAMPLER: Yes.

14 SENATOR RUFF: Everybody's nodding
15 their head yes. We've got witnesses here.

16 MR. SOBCZAK: If I could indulge you for
17 a moment. This is NIMS and the National Institute for
18 Metalworking Skills. You can see that hockey stick there,
19 anybody would love to have an increase in productivity with
20 what that line represents. My background is manufacturing,
21 engineering management. NIMS when I was working in this
22 field stood for Not In My Shop because I wasn't going to have
23 somebody come in here and verify the skills of my people and
24 you'll see that line is pretty flat now. Come to the early 2000s
25 when I outsourced jobs to India and Malaysia and Indonesia,

1 have all the confidence that we're going to be able to deliver
2 you those numbers and you're going to see something you
3 haven't had before.

4 SENATOR WAMPLER: Mr. Chairman and
5 members of the Committee, William Wampler New College
6 Institute. I think Mr. Chairman, the time to assess the non-
7 verbal communication of Commission members and when I
8 sat on that side of the table, I had to read so much and tried
9 to process so much and I think that's where this Committee
10 finds themselves today as to how we're going to make
11 decisions on something that is transformational and I'd liken
12 it to something close to what the broadband was and those
13 decisions and investments.

14 In addition to what Betty Adams said,
15 you have two pots of money that you asked for in the
16 application, one for operating and one for equipment. What I
17 do know is the COEs must receive that designation so we can
18 get on with the business not leaving another semester trying
19 to tie down faculty and the people that are going to be
20 teaching these courses and develop that and those faculty and
21 enroll the students. It's for the students and also for the
22 benefit of the Kilgore industries of the world and for European
23 prospect number two, three, four. I would be fearful if we
24 continue to postpone, we might lose that momentum and
25 southern Virginia will not enjoy the rights of the Kilgore

1 industries and 27.7 million capital investment and 155 jobs.
2 Kilgore came to this region because CCAM was going to
3 produce a workforce. It's just about that simple. We went to
4 the head of the pack in southern Virginia because we were
5 able to convince them we were going to do that.

6 So, Mr. Chairman and members of the
7 Committee, if your application following the BCG guidelines
8 and in our case we asked for \$600,000 of cash from the
9 Tobacco Commission from the operating side for three years.
10 You asked a question, Mr. Chairman and Mr. Merricks about
11 how you sustain the operation. I'd say there's probably four
12 pots you ought to go after. Number one would be industry
13 investment. I believe the industries that participate and hire
14 the students will be willing to pay the bill and there is an
15 opportunity to grab student tuition if you will on top of some
16 of that after year three. I'll say in our case we have raised
17 \$2.2 million of cash, not in-kind but in cash to match what I
18 believe the Tobacco Commission asked us to do that is out
19 there if you find yourself oriented in the right posture. There
20 are no less than four federal agencies that have committed
21 funding for this Center of Excellence. I can tell you the United
22 States Department of Commerce, specifically the economic
23 development industry, they're ready to put more money into
24 the entire footprint if we produce the students and generate
25 the investment that we all have projected in all of our

1 MR. HAMLETT: Apparently you were
2 very involved heavily in the Kilgore industries recruitment?

3 MR. SOBCZAK: I was not. Well, CCAM
4 was. I've only been here since October.

5 MR. HAMLETT: Give the success of the
6 recruitment of Kilgore industries, remove the funds and these
7 and get folks hired and this is a lot of horsepower for you to go
8 out and recruit the next Kilgore.

9 MR. SOBCZAK: Absolutely.

10 MR. HAMLETT: Just as strong as it gets,
11 the recruitment of Kilgore is what we believe will happen.
12 When you can go out with solid, concrete programs and that's
13 as big as it gets in the recruitment of the next Kilgore.

14 MR. SOBCZAK: I couldn't agree with you
15 more. It's the reason I absolutely believe in this and I
16 relocated to this wonderful state because you've got something
17 special here. You have something very good to work with,
18 you've got great raw material with the people in the region.
19 The trainability of these people and a great network of
20 community colleges. There's a lot of folks aligned here. I
21 could not agree with you more. That's the last thing and when
22 you look at what Virginia has, a business friendly environment
23 and if you have that workforce and a research center that kind
24 of rides herd over that and we keep up and there's
25 sustainability and we have to make sure that we're rushing to

1 fill a gap that 22 other states are filling. There's no big secret
2 about this gap. It's estimated that 500,000 and 600,000 jobs
3 across this country right now that are vacant because people
4 don't have the skills to fill them, they just do without. These
5 are the people that we're talking about training. These are the
6 people that 22 other states are talking about. We can be the
7 first. We can start turning that around and that's a valuable
8 selling point.

9 DELEGATE WRIGHT: Observing this
10 entire subject we're discussing and hoping that it will pay off
11 and the effect on some of the counties I represent in southern
12 Virginia like Lunenburg, Nottoway, Amelia, Cumberland, what
13 will this program mean to them? When I'm asked to explain
14 and it looks like it's going to cover this entire footprint, the
15 question is how do these counties benefit from and
16 considering the Higher Education Center in Southside and the
17 satellites that are listed here, how does that help people that
18 are trained for these jobs in this area? It looks like to me
19 we're kind of left out.

20 MR. SOBCHAK: It is a tough region and
21 I've spent a lot of miles traveling it and I've talked to every
22 college president out there. A lot of people cannot get to these
23 locations to finish the traditional community college courses.
24 If we had this platform, these COEs to play with and we're
25 going to try and refine and develop a great online working

1 mechanism that can reach out everywhere. The other thing
2 we've got to get to is the multipliers with dollars and the most
3 conservative estimates that manufacturing \$1.44 to \$1.60 to
4 assessment. That has to do with the auto industry and
5 textiles and all those. So all these regions can start getting
6 involved in that. One thing about advanced manufacturing,
7 there's an evolution as part of this change. The evolution is
8 that we're putting something and we're learning something
9 that we don't have. These Centers that are going to be the
10 highest levels of training. The evolution is that you're bringing
11 in all of these people, these distance learning strategies and
12 boot camps. There's things at CCAM to have people to come
13 in and stay at the Richard Bland College. They come in and
14 stay in the dorms and work on equipment and do instructor
15 training, those kind of boot camps. We could make the same
16 model at these COEs. We can have them do the online
17 modules and come in and train. And I've seen this work.
18 We've done it on the west coast. Automation, which is one of
19 the things we're going to get into, SMC makes great
20 automation and training with all these controls. It's online so
21 you don't get the benefit of hands-on but what you do is bring
22 that person in to do boot camps. They know what their labs
23 are and they have to put these circuits together and actually
24 learn that. What we put in these proposals are those business
25 learning strategies.

1 Getting to our supply chain and it used
2 to be send everything overseas, everything's about cheap labor
3 and now businesses are talking to their supply chains and
4 they want it shorter. In my travels, General Dynamics, which
5 is one of the proposing ones out there in Abingdon, they would
6 love to have their suppliers closer to them. That means we
7 could get people trained to provide these services. All these
8 folks like Kilgore and these other prospects and nowadays
9 with digital information, or I call it digital manufacturing now,
10 everything is based on the solid model, we can do it from
11 anywhere in the world now. We can stretch out and reach out
12 to these far places. Young people are very entrepreneurial by
13 spirit but you have to train them. Those are the kind of
14 opportunities that are there.

15 When you hear about manufacturing, I
16 want to just say that community colleges will really be
17 involved in these things and that will be in conjunction with
18 some of the COEs. Those skills and I don't care where you
19 work, those skills will be translatable. That's still is part of
20 advanced manufacturing and those would reach out to those
21 regions. I could go on all night.

22 MR. WALKER: Betty, when you
23 mentioned the Alberta campus in Keysville, did you mention
24 that there were eleven counties? Your map has three
25 counties, I'm assuming you'd help Delegate Wright in these

1 other counties to cover that training?

2 DR. ADAMS: The counties in our area or
3 region for our Center of Excellence include the service areas
4 for Southside Virginia Community College, Halifax County and
5 Danville Community College within the footprint. The initial
6 work under the distributive model, each of the three
7 instructional hubs, Southside would be a welding hub and
8 they'll focus on doing the advanced and specialty training for
9 welding but they will also continue to offer precision
10 machining and industrial maintenance. Under our proposal
11 we have built in equipment that will go into some of those
12 counties that Bruce just mentioned that will begin building a
13 foundational pipeline. One of the things we didn't talk about
14 was advanced specialty training but we also in conjunction
15 with other proposals are building a high school to community
16 college to the COE pipeline by establishing some of these
17 foundational labs in some of these outlying areas.

18 One of the other things I wanted to mention
19 and this is kind of out in left field, joining if you will and we
20 haven't asked for any funding for this, I feel personally that as
21 a native Southsider, it affects our ability to build our economy
22 is a lack of transportation and we spent quite a bit of time
23 looking at what it would cost to get a bus system in place with
24 federal grants. We believe that over time we'll be able to with
25 the help of localities develop a transportation system that

1 would be able to help some of those folks on the outer ends of
2 our region get to some of these hubs where the advanced
3 training will be happening. The information I have was
4 provided to me, the question was why hasn't this been done
5 before because the reality based on our search is there is
6 federal and state funding that will cover I think eighty or
7 seventy percent of just about everything so we'd have to come
8 up with in the localities with about thirty percent of the
9 operating fund. Separate and apart from the COEs I'm
10 dedicated to working with the folks of the localities in those
11 counties to try to make that happen.

12 SENATOR RUFF: Any further questions? All
13 right. The staff recommendation for three highest scoring
14 proposals be conducted prior to the September Commission
15 meeting and that seems like it might interfere with the startup
16 program. Would you all be able to move forward if we
17 committed this week and then held the rest to come to terms
18 on these things that Bruce has raised and other things?

19 SENATOR WAMPLER: What is most important
20 to my application is to have a designation as I tried to say as
21 plainly as I could, we need operating dollars to show a firm
22 match so that we don't have to renegotiate and/or lose cash
23 match. Any affirmative action on the part of the Commission
24 relative to our application in terms of being designated and
25 staff being able to work out the line items that we designated

1 in our application puts us in a favorable posture to move
2 forward to try to address the question in the student pipeline
3 and capacity could begin classes, if that answers your
4 question.

5 SENATOR RUFF: One answer. Betty?

6 DR. ADAMS: I would agree with William that
7 we need designations because we have a number of federal
8 grants for the equipment purchases that we need to move
9 forward on and we won't be able to do that if we haven't been
10 designated as a Center of Excellence. That to me is one of the
11 most important decisions that comes out of this meeting
12 today. I don't know how to pose what you have suggested
13 about cutting out with \$2 million but I do think we need to
14 know whether or not we're designated as a Center of
15 Excellence.

16 DELEGATE WRIGHT: I guess I had a follow-up
17 statement or question that I asked a while ago because I got a
18 little information from both speakers and I appreciate that. I
19 guess my concern is the location of one of the COEs and if it
20 had been at the Southside Virginia Community college at
21 Charlotte, it really wouldn't matter and that would have been
22 driving distance for a lot more people being in Halifax or
23 whatever it is it's going to eliminate a large area of Southside
24 Virginia due to driving distance and that's my concern.

25 MR. PFOHL: Delegate Wright, I think this just

1 may have been an issue of the application but the Higher Ed
2 Center put in and listing all the Tobacco Region localities and
3 indicating how many they'll reach with their program. If you
4 look down at four it's very clear that they're going to be
5 operating in South Hill and they're probably a little
6 conservative and it's indicates it's a smaller impact area than
7 it really is. But if I could also very quickly get to your point
8 about with some of the northern Southside counties if that's
9 too confusing a term. If you look at the 460 corridor starting
10 at Bedford and running all the way over to 360 and so forth,
11 you've got three community colleges serving that area and I
12 think that's one of the logistical challenges, starting with
13 Bedford, Appomattox, then you've got John Tyler and that
14 could serve Amelia with machining. I think that all in all
15 that's something we would look to and try to expand the
16 program. It's going to take time to bring the colleges together
17 as far as what each one's role would be.

18 SENATOR RUFF: I would also add that a
19 couple of the communities, there might be construction of a
20 building that's required and if there isn't existing space in
21 some of the colleges, there'd have to be a building and
22 community college construction takes three times as long to
23 get done.

24 DELEGATE WRIGHT: I appreciate the
25 comments that have been made. I thought my area might be

1 unrepresented.

2 DELEGATE KILGORE: Before we get into the
3 designation, in Southwest I do have some concerns and I'm a
4 little bit worried that \$2 million out there but I feel like having
5 the base in Abingdon that puts us at odds in other parts of the
6 region. If you put too many dollars out there and then leave
7 the counties that I represent and Delegate Chafin represents
8 and that leaves us with a problem.

9 SENATOR RUFF: I appreciate that. Now, is
10 there consensus that Martinsville, Henry County and
11 Southern Virginia Higher Ed Center are designated as Centers
12 of Excellence?

13 DELEGATE KILGORE: They'd be designated
14 with Commission funds.

15 SENATOR RUFF: All right, we have a motion
16 and a second. Is there any further discussion? All those in
17 favor say aye. (Ayes.) Opposed?

18 DELEGATE WRIGHT: No.

19 SENATOR RUFF: I'm sorry, all those in favor
20 say aye? (Ayes.) Opposed?

21 DELEGATE WRIGHT: Opposed.

22 SENATOR RUFF: Is there a motion to but \$2
23 million into the budgets of those two centers of Excellence,
24 New College and Southern Virginia Higher Education Center?

25 MR. HAMLETT: So moved.

1 SENATOR RUFF: We have a motion and a
2 second. All those in favor say aye. (Ayes.) Opposed?

3 DELEGATE WRIGHT: No.

4 SENATOR RUFF: That will leave money on the
5 table for the staff to continue to negotiate and if there's a need
6 after Bruce looks at what can be put together and so I'd ask
7 that there be a special meeting to discuss or designate that
8 money if necessary.

9 DELEGATE KILGORE: What we'll probably
10 need to do, maybe we could get this issue for Southwest
11 Virginia resolved before September and maybe a motion
12 tomorrow to authorize us to designate a component in
13 Southwest Virginia to designate X amount of dollars to cover
14 them and whatever else is needed.

15 SENATOR RUFF: Does the Committee agree
16 with that? If that's the case, then I'd ask staff to prepare that
17 motion.

18 MR. SOBCZAK: It will present more difficulties
19 or technical difficulties particularly the equipment if we don't
20 have that third designation.

21 SENATOR RUFF: Well, I'm hopeful maybe
22 some more negotiations.

23 DELEGATE KILGORE: I haven't talked to
24 anybody about it and there's a bunch of us that represent the
25 folks in Southwest Virginia and we'd like to have more input

1 on it. Now, if we say okay, we'll put some money in Abingdon.

2 MR. SOBCZAK: I don't see any opposition to
3 that but I'd like to expedite this and I'm willing to go out there
4 right away to start this process. Maybe we can expedite it and
5 have a special meeting. I'll go out there and gather some
6 information. We set up a lot of this in Roanoke when we
7 talked face to face and I'm hoping we can get to some
8 agreement.

9 SENATOR RUFF: We'll have to tie up the loose
10 ends and then have a meeting. All right, the next issue, John
11 Tyler Community College.

12 MR. PFOHL: We have one new proposal out of
13 cycle that was conducted earlier this year and John Tyler
14 passed on that opportunity because at that point they felt they
15 had sufficient grant funds to carry them through the
16 upcoming school year. Subsequently the popularity of the
17 precision machining program and the expansion of that
18 program to students in two additional tobacco counties and
19 that's Dinwiddie and Sussex Counties and that has created
20 some more demand on the financial needs. So John Tyler is
21 requesting just shy of \$100,000 for financial aid for precision
22 machining students and STEM-H enrolled students for the
23 2014-15 school year. The staff is supportive of this. The
24 foundation was previously eligible to apply for this and they
25 declined at that time and we now know there is greater

1 demand so the staff has supported this request.

2 DELEGATE WRIGHT: I move we accept the
3 staff recommendation.

4 SENATOR RUFF: It's moved and seconded,
5 any further discussion?

6 MS. THOMAS: The grants that are awarded
7 from this scholarship are they to Tobacco Region students?

8 SENATOR RUFF: Yes, they're required to be
9 either from Amelia, Dinwiddie or Sussex.

10 MS. THOMAS: Thank you.

11 SENATOR RUFF: Any further discussion? All
12 in favor say aye. (Ayes.) Opposed? (No response.) Any other
13 business or any public comments?

14 MR. PAUL: I'd just like to give you an update
15 on the grant that was given to the Virginia or the I-3 grant the
16 U.S. Department of Education. I placed two documents on
17 every person's covering the programs as well as one specific to
18 the rural areas south. I'd like to point out that we're towards
19 the end of the three-year program that you all have approved
20 and I'd like to say in keeping with what we've just been talking
21 about because one of the things we're finding as we're working
22 with the K-12 schools in southern Virginia that are part of this
23 grant, students are very much unaware of the opportunities
24 that come for careers and there's a definite gap between what
25 they see and what they're taking in school as far as career.

1 That gap is nowhere greater than with math. As you look at
2 the program, you'll see one of the things that we've done with
3 the program is to do an analysis of the advanced
4 manufacturing healthcare, IT, energy technicians what they're
5 saying their math skills are. We talked to community colleges
6 in the region like Patrick Henry Community College and
7 Southside and we asked those instructors what are you seeing
8 as the problems of the students coming in from the high
9 schools even though they graduated and passed SOL tests.
10 They're coming in with a definite lack of math and so many of
11 them need remediation and not seeing the opportunity
12 available through these careers. We developed this math gap
13 analysis and took the skills they asked for. There were 43 of
14 those technicians we talked to over a period of several
15 Saturdays and with math teachers involved in the process.
16 Math teachers teach theoretically and they need practical
17 applications of what they'd be using the math for. Another
18 thing we'd found was many of the math skills that are needed
19 are taught at elementary and middle schools and some are not
20 taught at all. One they needed by all these technicians is
21 metric conversion and that's found in the SOLs at fifth grade
22 and not taught after the fifth grade. You can imagine the
23 students will have forgotten that before they go through. We
24 have built resources for the students to be able to continue to
25 be engaged with those. There's a personal learning platform

1 the students will be able to work with 24 hours a day. We're
2 investing this in tablets and opportunities through internet
3 access in the home for students to be able to engage. The idea
4 is to continue to build those to make sure they not only have
5 the career information and I'm referring to the Dream It, Do It
6 and the other types of career information available through
7 the platform but also the math skill applications platform.
8 There's a specific goal of making sure the students
9 understand this so that they graduate with some clear picture
10 of what careers are available. A lot of those components are
11 tied in with the three Centers of Excellence. Also having the
12 understanding of what it takes to be prepared for those
13 careers. I'll leave you with that material and in two more
14 years we'll be training teachers this summer as how to
15 implement the videos and how to implement the opportunities
16 available. Reaching out as Delegate Wright mentioned in
17 those counties like Cumberland, Prince Edward, Amelia and
18 the other areas would be able to use and increase that
19 understanding of the skills all the way. The project is working
20 very well. I'll be available to answer questions.

21 SENATOR RUFF: Any questions? All right, we
22 appreciate that, thank you. Any further public comment?
23 Hearing none, then we're adjourned.

24

25

PROCEEDINGS CONCLUDED.

1 CERTIFICATE OF THE COURT REPORTER

2
3 I, Medford W. Howard, Registered Professional
4 Reporter and Notary Public for the State of Virginia at large,
5 do hereby certify that I was the court reporter who took down
6 and transcribed the proceedings of the **Virginia Tobacco**
7 **Indemnification and Community Revitalization**
8 **Commission Education Committee meeting when held on**
9 **Wednesday, May 21, 2014 at 4:00 p.m. at the Golden Leaf**
10 **Commons Community Facility in Emporia, Virginia.**

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

14 Given under my hand this 10th day of June,
15 2014.

16
17 _____
18 Medford W. Howard

19 Registered Professional Reporter

20 Notary Public for the State of Virginia at Large

21
22 My Commission Expires: October 31, 2014.

23 Notary Registration Number: 224566