

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 Thursday, September 4, 2014

10 11:00 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 The Honorable Donald W. Merricks, Vice Chairman

4 Ms. Gayle F. Barts

5 Mr. A. Dale Moore

6 Dr. Todd E. Pillion

7 Mr. Kenneth O. Reynolds

8 The Honorable William M. Stanley, Jr.

9 The Honorable Gary D. Walker

10 The Honorable Thomas C. Wright, Jr.

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13 COMMISSION STAFF:

14 Mr. Timothy S. Pfohl, Interim Executive Director

15 Grants Program Administration Director

16 Mr. Ned Stephenson, Deputy Director

17 Ms. Sarah K. Capps, Grants Program Administrator -

18 Southside Virginia

19 Ms. Carolyn Bringman, Performance Data Analyst

20 Ms. Stacey Richardson, Executive Assistant

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1 September 4, 2014

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3 SENATOR RUFF: Good morning, everyone, thank you
4 for coming. I'm going to call the meeting to order of the
5 Education Committee. I'll ask Mr. Pfohl to call the roll.

6 MR. PFOHL: Ms. Barts.

7 MS. BARTS: Here.

8 MR. PFOHL: Ms. Rebecca Coleman, new member of
9 the Committee isn't here, she can't be with us here this morning.

10 Mr. Merricks.

11 MR. MERRICKS: Here.

12 MR. PFOHL: Mr. Moore.

13 MR. MOORE: Here

14 MR. PFOHL: Dr. Pillion.

15 DR. PILLION: Here.

16 MR. PFOHL: Mr. Reynolds.

17 MR. REYNOLDS: Here.

18 MR. PFOHL: Senator Ruff.

19 SENATOR RUFF: Here.

20 MR. PFOHL: Senator Stanley.

21 SENATOR STANLEY: Here.

22 MR. PFOHL: Mr. Walker.

23 MR. WALKER: Here.

24 MR. PFOHL: Delegate Wright.

25 DELEGATE WRIGHT: Here.

1 MR. PFOHL: You have a quorum, sir.

2 SENATOR RUFF: Next we have the minutes from May
3 21st, 2014, and are available on the website. Do I hear a
4 motion? A motion is made and seconded. All those in favor say
5 aye. (Ayes). Opposed? (No response).

6 All right, the minutes are approved.

7 SENATOR RUFF: Next we'll hear about the Tobacco
8 Regional Scholarship Programs. Ned, I believe you're going to
9 take the lead on that one.

10 MR. STEPHENSON: Thank you, Mr. Chairman, and
11 members of the Committee. Most of you all know that we have
12 operated a four-year College Scholarship Program since the
13 Commission began, and it has become recognized as one of your
14 signature programs. It is operated or administered by the
15 Southwest Higher Education Center and the Southern Virginia
16 Higher Education Center. It has been a good success and a very
17 valuable program.

18 I'm before you today asking you to consider extending
19 that program yet for one more year. Over recent years, we have
20 made small changes to the scholarship rules as we learned what
21 works better. At this particular time, we don't have any changes
22 we wish to make to make to the scholarship rules except for two.

23 The first change we're recommending to you is that
24 you raise the amount of money available to these four-year
25 scholarships. I'll give you the numbers in a moment. We have

1 indexed our recommendation for you and for this increase to
2 share the index for the higher education costs. Over several
3 years in the early part of the Commission's life, the amount of
4 money stayed the same sometimes for two or three years
5 running. In recent years, we have tried to click it up according to
6 our index, so we're looking for a 5.2 percent increase in the gross
7 amount of the scholarships approval for the new year over last
8 year.

9 The numbers for the increase of the Southwest
10 scholarship for the 2014-'15 school year was \$2,117,000, and a
11 five percent increase on that number would take you to
12 \$2,227,910 for the Southwest scholarships.

13 The amount of money you approved last year for the
14 Southside scholarships was \$4,713,000, and a 5.2 percent
15 increase would take you \$4,958,896. That's a five percent
16 increase.

17 The total obligation for the new school year for the
18 2015-'16 would be \$7,186,806.

19 Mr. Chairman, I'm bringing this information to you
20 with the staff's recommendation that you approve that for a
21 recommendation to the Full Commission.

22 SENATOR RUFF: Any questions? How do you start
23 splitting dollars, can't you get to an even dollar amount?

24 MR. STEPHENSON: We certainly can.

25 SENATOR RUFF: Is there a motion for approval?

1 DELEGATE WRIGHT: Mr. Chairman, I move that we
2 accept the staff's recommendation.

3 SENATOR RUFF: It's been moved and seconded that
4 we approve the staff recommendation. Any further discussion?
5 All those in favor, say aye. (Ayes). Opposed? (No response).

6 MR. STEPHENSON: Mr. Chairman, the second change
7 that the staff is recommending has to do with the eligibility of a
8 student applicant. If you will recall in the early days of the
9 scholarships, we had different programs in Southside and
10 Southwest, we had a different program in Southwest Virginia
11 than we had in Southside Virginia, different eligibility criteria.

12 In particular, the Southside Virginia scholarships were
13 available to any resident. Southwest Virginia scholarships were
14 available only to Tobacco families. We are in a position this
15 particular year where there is a quantity of leftover money in the
16 Southwest fund because there were not enough Tobacco family
17 applicants to take up all the funds that were available. We have
18 talked with the scholarship administrator, Rachel Fowlkes, and
19 her group, who are here today, and the staff and the
20 administrator both are recommending that we strike the Tobacco
21 family eligibility criteria and make the Southwest scholarships
22 available to Southwest residents just in the same way as
23 Southside dollars are available to Southside residents. We are
24 bringing that recommendation to you today.

25 And if Dr. Fowlkes would like to speak to that and

1 correct anything I told you that might be wrong, we would like
2 for her to do that.

3 DR. FOWLKES: You said it right. We've given you a
4 handout to illustrate money that is left on the table that could go
5 to eligible recipients in Southwest Virginia if the Tobacco
6 requirement was eliminated. This would bring both programs
7 into sync with each other, which we feel like is a good thing to
8 do. It's very difficult for all of the colleges and universities to
9 have two different sets of criteria that they're dealing with when
10 the students arrive at Virginia Tech or Longwood or wherever
11 they go, and this would put all of them just alike and put the
12 scholarships perfectly together.

13 So we really recommend that we eliminate that and
14 provide more scholarship opportunities for the residents of
15 Southwest Virginia.

16 SENATOR RUFF: We've talked about this in the past,
17 about Southwest doing that, and if there's any concerns, I'd like
18 to hear them. I think our mission as a Commission was to serve
19 and benefit the regions, not just growers.

20 MR. REYNOLDS: Mr. Chairman, I'd make a motion we
21 adopt the recommendation.

22 MR. STEPHENSON: Just for clarity, Mr. Chairman, the
23 recommendation is that this change be effective from this day
24 forward, which would capture the tail end of the existing school
25 year, the spring applicants, and there's money left in the pot that

1 otherwise can't get out of it, so this would be effective for the
2 current school year and also going forward.

3 SENATOR RUFF: If I understand it correctly, fall
4 students that are already here?

5 MR. STEPHENSON: It's already happened.

6 SENATOR RUFF: Any further discussion?

7 DR. PILLION: You said there's money left in
8 Southwest? Would Southside money be fully utilized then?

9 DR. FOWLKES: Absolutely. In fact, one of the
10 challenges with Southside, we have more applicants typically
11 than we have funding, but what that does because the awards
12 are based on students' grade point average, students are some
13 of the very best students that are receiving these funds, and the
14 same rules would apply in Southwest, they're awarded based on
15 the applicant's grade point average. Also, the awards are based
16 on the year that they are in school. For example, awards are
17 made first to college seniors, graduating seniors, then juniors,
18 and then sophomores, and then if we ever get down to the
19 freshmen, it's rare we can get to the freshmen level in Southside.

20 In Southwest, we've been able to go, we go all the
21 way down to freshmen because we have so few applicants that
22 qualify now as growers of Tobacco.

23 DR. PILLION: No preference with regard to Tobacco
24 growers at this time.

25 DR. FOWLKES: No, it would be open to anyone that

1 met the grade point average requirement.

2 DELEGATE WRIGHT: I think it might be important for
3 the record, that since the Tobacco allotment with everything that
4 the number of tobacco growers has been reduced substantially,
5 although there is still a lot of tobacco grown by very few people.
6 This is really going to improve it for Southwest Virginia, but
7 there's just not that many tobacco families out there in
8 Southside, also.

9 MR. PFOHL: Mr. Chairman, if I could clarify something
10 on Delegate Wright's comment. We were relying on
11 documentation from growers from 1998 to the 2004 timeframe.
12 Federal documentation is now a decade old, difficult to verify,
13 and is not reliable, and may not even exist anymore. So I think
14 this is a risk management strategy on our part.

15 SENATOR RUFF: Any further discussion? All in favor,
16 say aye. (Ayes). Opposed? (No response).

17 MR. STEPHENSON: Mr. Chairman, the Scholarship
18 Program operates somewhat silently during the year except for
19 the occasions when we discuss it, but there's a lot going on
20 behind the scenes. There are some significant results. I'm going
21 to ask Carolyn Bringman to present a little report to bring to you,
22 to show you a little bit about what the results of these
23 scholarship programs are.

24 MS. BRINGMAN: Yes, this just gives you some data.
25 Today, you have provided 5,700 recipients in Southside and

1 we've paid over \$30 million for those scholarships. In
2 Southwest, you have about 2,300 recipients and nearly \$12
3 million, and that is significant. Any questions?

4 SENATOR RUFF: Thank you, Carolyn. The original
5 program in Southside, how are we doing in that process as far as
6 recovering the money?

7 DR. FOWLKES: We're doing fine on all of the
8 recipients that are paying back their loans. Many of them have,
9 as you know, over a ten-year payback period, they pay a
10 monthly payment. We have some recipients that owe money
11 that pay it one lump sum and they're done with it.

12 Students that default on their loans, we turn them
13 over to the Commission and the staff, and if they cannot collect
14 them, it goes to the Attorney General's Office for collection. A
15 fewer and fewer percentage come back to the Commission, but
16 hopefully with the new incentive payment, which is the back end
17 payment, we just begun that this past semester or past summer
18 paying back a few students that qualify for that. That's going to
19 eliminate the issue over the loan, but we'll be in the loan
20 business or the payback business, I should say, for quite a while
21 to come. Does that answer the question?

22 SENATOR RUFF: Ned?

23 MR. STEPHENSON: That's accurate.

24 MR. PFOHL: Mr. Chairman, I'd like to recognize a
25 team that works on this program every day, on a daily basis, and

1 the administration and the marketing and the phone calls and the
2 emails, some of which are not always pleasant, and those folks
3 are all here today. I'd ask all of you to please stand and be
4 recognized, and please accept our thanks for all the work you
5 have done (applause).

6 SENATOR RUFF: One of the things I wanted to do
7 before we get too far along is recognize some new members.

8 DR. PILLION: I'm Todd Pillion, and I'm resident of Lee
9 County, and I'm from a family of tobacco growers, and I'm a
10 dentist in Bristol.

11 SENATOR RUFF: Well, welcome to the Tobacco
12 Commission.

13 MR. PFOHL: Ms. Becky Coleman, who received a
14 recent appointment to the Commission, cannot be with us today,
15 but she is a former Scott County school teacher. I'm very much
16 looking forward to her serving on the Committee, as well.

17 SENATOR RUFF: All right, I think you're up next, Tim.

18 MR. PFOHL: In July, the Committee received nine
19 proposals for the Annual Community College Financial Aid
20 Funding Cycle. Before we get into that, Carolyn has some results
21 about the actual use of funds for the past couple of school years,
22 and she'll give you an overview of how the money has been
23 used.

24 MS. BRINGMAN: The results from the community
25 college of 2012-2013 school year and 2013-2014 school year

1 Community College Financial Aid, and they were compiled
2 yesterday, so here they are for you. The 2012-2013 school year,
3 \$1.9 million spent of our dollars spent, and we're able to
4 leverage \$3.8 million in matching funds. They're in the 2012-
5 2013 school year, and we had 1,300 students served, and of
6 those, 68 were diplomas, 272 were certificates, and 371 were
7 associate degrees, and almost 500 were transfers to four-year
8 schools.

9 SENATOR RUFF: What's the difference between the
10 diploma and the associate degree?

11 MS. BRINGMAN: It's based on the length of study.
12 So I believe a diploma is one year, one and two years of study,
13 and there are certainly requirements, and a certificate is shorter.

14 Then for the 2013-'14 school year, you have \$2.4
15 million of Tobacco money and able to leverage \$3.7 million of
16 matching funds.

17 Sixteen hundred students were served, 102 seeking
18 diplomas, 274 certificates, 504 associate degrees, and 510
19 transfers to four-year schools.

20 Are there any questions?

21 SENATOR RUFF: What do these other numbers match
22 up, do you know?

23 MS. BRINGMAN: There are some students that maybe
24 take one class, some students didn't follow through with
25 transferring.

1 SENATOR RUFF: If there's no other questions, then
2 thank you.

3 MR. PFOHL: Carolyn is our performance analyst, and
4 these are very important numbers to report, and things like
5 JLARC studies and general studies, and it's been said we didn't
6 do enough tracking, but now we have very good tracking of
7 scholarship results as you just heard. We're working on
8 implementing and attracting actual results on all of our
9 programs, she's spearheading those up.

10 At the risk of dragging on a little bit about what we
11 were asking for this year in the community college financial aid
12 proposal. Much like the four-year Scholarship Program, several
13 years ago, the Committee decided each year we would index the
14 amount available to each college based on the average increase
15 approved by the community college system each year. VCC, 4.6
16 increase this spring in tuition and mandatory fees across the
17 system, so we took last year's \$420,000 cap on request and
18 indexed that to 4.6 percent rounded, with \$412,000.

19 Also, in the past three years, much like the four-year
20 Scholarship Program, we've asked the colleges to refine their
21 request to one specific school year. And as you heard from
22 Carolyn, we have results for 2012-'13 and '13-'14 and so forth.
23 These requests are submitted to serve students within the 2015-
24 '16 school year. This gives the colleges sometime to know what
25 their availability of financial aid is and they began marketing

1 these programs for students that'll come in a year from now in
2 the fall of 2015. There's always some exceptions to the
3 program, and back in the very early stages of the Commission,
4 we asked the community colleges to provide this aid as a flat
5 dollar assistance after eligible state and federal sources have
6 been exhausted.

7 In more recent years, we've asked them to focus the
8 funds on full-time program placed students enrolled in STEM-H
9 studies, so we could get the academic credentials Carolyn just
10 talked about, which is the primary objective of the education
11 funding. The applications were to provide the expected number
12 of academic credentials, and as you just saw, diplomas and
13 degrees and transfers to four-year institutions and break out
14 sub-elements for different student target populations, the
15 Tobacco families, veterans, and STEM-H enrolled students and so
16 forth. You can see some of those breakouts in the summary
17 that's on the screen and that have been emailed to you.

18 Lastly, we have the report on matching funds and
19 state and federal funds that are used before our dollars are put
20 to work.

21 The request we received seek a total of \$3,730,000.
22 The overview is that they anticipate assisting 2,100 students,
23 resulting in 1,500 credentials and transfers to four-year schools
24 and leveraging financial aid of nearly 6.3 million. Staff has
25 reviewed each of the proposals and finds that all the proposals

1 meet the published guidelines.

2 You can see more of a breakout and talk through how
3 the funds are to be used, specifically for each of the schools, if
4 you'd like. The staff does recommend approval of all nine
5 proposals for the 2015 school year as submitted.

6 MR. WALKER: Do you have any explanation for the
7 wide range of the number of students, 144 to 426? I'm sure
8 there's an easy answer.

9 MR. PFOHL: I think one of the answers is the amount
10 per student varies from college to college. Some colleges are up
11 for providing substantially more, substantially less. Why that's
12 the case, I can't really tell you, but I think there are factors in
13 terms of need and eligibility for federal and state funds and so
14 forth. Some of the colleagues from the community college might
15 be able to get into that better than me, there's wide variation
16 there.

17 SENATOR RUFF: Would any of the community college
18 representatives care to address that?

19 MR. MATLOCK: Mr. Chairman, I'm David Matlock,
20 Virginia Highlands Community College. I believe the question
21 was the difference in the number of students served and the
22 numbers being close and I cannot give you a very accurate
23 answer. At some institutions, they may choose to capture an
24 award at 12 credit hours, and some may choose the actual credit
25 hours taken by the students. For example, if we say full-time

1 students at the Virginia Highlands Community College, and my
2 average is 15.4 credit hours per student, and pay full, my money
3 is not going to serve as many students as if I were to stop at 12
4 credit hours. I hope that answers the question.

5 MR. WALKER: That answers the question, but I'm not
6 sure why.

7 SENATOR RUFF: Simply don't want to give someone
8 not taking full credit hours. I do have a question about students
9 as far as foundation, or is there any advantage or disadvantage,
10 what's the answer to that?

11 MR. MATLOCK: At Virginia Highlands Community
12 College, we do use foundation bonds. When I'm out in the
13 community and talking to folks and trying to raise funds, and
14 especially our Tobacco program. They are very familiar with our
15 AIMS Program. I explain to them that this is a population with
16 students from our community have been leveraged toward
17 matching funds. We choose to use foundation funds at Virginia
18 Highlands. I couldn't address the two schools you're talking
19 about.

20 SENATOR RUFF: Mountain and Southwest continue
21 to, are you doing something that the others don't?

22 MS. MORRISON: I'm Nikii Morrison, Mountain Empire
23 Community College. I believe your question is related to
24 whether the college actually applies for funds through the
25 foundation, not whether we match with them. That's really an

1 internal decision by each college in terms of how to manage
2 certain funds, and that's internally. If our community college
3 applies for funds, then they're awarded to the college. But we do
4 also contribute foundation funds to match the Tobacco
5 Commission funds. If they don't apply through the foundation, it
6 doesn't mean they're not contributing.

7 Now, the variation in the numbers also relate directly
8 to financial aid or financial need. We serve a very high need
9 area, which means a large portion of our students' financial aid is
10 covered by federal aid. So we have certain students that may
11 come one year and they have a higher need to qualify for more
12 federal and state aid, and, therefore, our Tobacco Commission
13 funds can be distributed to more students. The next year, that
14 figure may be lower, so they qualify for less federal financial aid,
15 being if that the demand is higher, then we might be able to
16 serve fewer students. It depends on the funding level, and that
17 varies.

18 SENATOR RUFF: Thank you. You heard the staff
19 proposal. Is there a motion?

20 DELEGATE WRIGHT: I move we accept the staff
21 recommendation.

22 SENATOR STANLEY: Second.

23 SENATOR RUFF: Any further discussion on the
24 motion? All those in favor, say aye. (Ayes). Opposed? (No
25 response).

1 MR. MERRICKS: Mr. Chairman, that means a total of
2 almost 11 million.

3 MR. PFOHL: A very significant investment. I would
4 point out that the challenge down the road for us is that as
5 tuition goes up and we index these numbers up each year in
6 balancing that against a decreasing endowment each year, we
7 need to think about how to resolve that funding conflict in the
8 coming years, and that's certainly something we'll take a look at
9 in future meetings and the strategic planning processes.

10 MR. MERRICKS: Mr. Chairman, I don't know how the
11 other members feel, but when I go out in my community and
12 always have somebody come up to me and thank me for the
13 Tobacco Commission scholarship they received to work on their
14 education. Personally, and I'm speaking for me as a member, I
15 strongly feel that's where we're getting the most bang for our
16 buck. With all the Commission monies, whether TROFF, this,
17 that, or the other, I think the education dollars we're getting the
18 best bang for the buck.

19 DR. PILLION: Mr. Chairman, there's a press release,
20 and I'm hoping these folks will look to a press release.

21 SENATOR RUFF: I think we have a good relationship
22 with the public schools in the region to make sure the guidance
23 counselors has that information.

24 MR. PFOHL: One last note, Mr. Chairman, we apply
25 these to a specific school year, and funds that are not used at the

1 end of that school year, they're returned to the Commission
2 budget, we've been able to capture some funds back to your
3 committee each year, and that's the benefit of confining it to a
4 single school year, as opposed to some of these grants going on
5 for year after year.

6 SENATOR RUFF: Thank you. Let's move on to the
7 Centers of Excellence.

8 MR. PFOHL: Again, not to dwell on history too much,
9 but the Committee hopefully knows about some of our initiatives
10 to establish the Advanced Manufacturing Workforce Training
11 Centers of Excellence. In 2013, the Commission received a
12 report from the Boston Consulting Group that called for the
13 creation of three Advanced Manufacturing Centers of Excellence
14 focused on three particular skill sets. Bruce Sobczak who is the
15 Workforce Development Director for the Commonwealth's Center
16 for Advanced Manufacturing or CCAM, will give you some of the
17 details.

18 Fast-forward to this past May when the Education
19 Committee met and looked at the four proposals that the
20 Commission received to establish those centers. Those proposals
21 came in, in April, and in May, your Committee recommended the
22 Commission approve a designation, the first two of the three
23 Centers we expect to establish.

24 The first was the Southern Virginia Higher Education
25 Center based on South Boston, serving Southern Virginia.

1 The second was the New College Institute Foundation
2 based in Martinsville, which would serve the western half, so to
3 speak, of Southern Virginia.

4 There were two other proposals, one from the
5 Southwest Science Alliance for Manufacturing, based in
6 Abingdon, and serving much of Southwest Virginia.

7 And the fourth proposal was from Scott County
8 Economic Development Authority.

9 We're able today to share some updates from the two
10 designated centers on how they intend to use the \$2 million in
11 funding that was approved by the Commission back in May. The
12 principal task today we're hoping to accomplish is having a
13 Committee recommendation to establish the third Center of
14 Excellence serving Southwest Virginia.

15 Bruce will be able to give you some of the details on
16 the work that's been happening since May to establish some
17 collaboration between the two applicants in Southwest Virginia.
18 So, with that, I'm going to turn it over to Bruce Sobczak, and
19 thank him for all the work he's been doing to get us to this point.
20 Bruce.

21 MR. SOBCZAK: Mr. Chairman and members of the
22 Committee, thank you so much for this opportunity. What I want
23 to do for you today is I want to take you through some of the
24 highlights of all the work that's been going on and done at this
25 point. I don't believe it'll reflect all of the hours and all of the

1 trips and all of the tours and the interviews we've done in this,
2 but I feel it's important to look back at this long history of this
3 project and doing it in a very timely manner.

4 This is a very unique project, so I want to hit on those
5 high points, I want to tell you the milestones that we've hit, and
6 then I want to talk about the current state and where we're at
7 and then offer up our recommendation.

8 This project, it'll be two years this January that the
9 Boston Consulting Group published their report. This study
10 focused to bring Advanced Manufacturing to Southern Virginia
11 and Southwest Virginia. This was a very comprehensive study,
12 and I can also tell you that backed up a lot of the data that has
13 been collected in other states. The findings in this have been
14 documented in other studies.

15 The major recommendation, and this is to establish to
16 provide three Centers of Excellence that provide hands-on
17 training in three main skilled areas. That is machinists or what I
18 call machine professionals, the welding professional, the
19 industrial maintenance mechanics. These Centers are going to
20 be responsible for certifying 70 to 80 students each, I'll talk
21 about that. The industry-recognized certifications are the
22 measures of success, and we're going to be very specific in that.
23 That 70 to 80 number will be split 50 percent machine
24 professionals, and 28 percent of those are welding, and the other
25 22 percent will be made up of the industrial mechanics.

1 What I want you to understand is that these Centers
2 alone are not going to solve our problems, but these Centers will
3 sit at the top of the eco system of training, if you will. So it will
4 start with all of these companies or all of these organizations
5 submitted proposals here, that partner organization all the way
6 down to K-12, high school, that are going to supply the
7 foundational skills and create the interest and career path, and
8 the community colleges are involved in this. All the proposals
9 that the community colleges are involved in, they're going to
10 provide the foundational skills and some of the certifications that
11 we're having.

12 It's important to know that the Centers of Excellence
13 are established in a new level that we do not have at the present
14 time. These are the highest levels of these certifications, that I'll
15 explain more fully. With these clear objectives and measurable
16 results, I'm confident that we are going to be relatively
17 impressed to deliver these numbers. We've landed on these
18 organizations like NIMS, National Institute of Metalworking Skills,
19 the machining area, American Welding Society for Welding
20 Professionals. SIEMENS and NIMS in their new factory
21 maintenance, mechanics. These are widely recognized by
22 industry and those are the organizations that we'll deal with.

23 Now, this is not just our idea, this is not new. If you
24 look at NIMS here, and I think I showed this chart before, if you
25 look at 1996 to 2008, there's a fairly flat line with these

1 certifications, but look at that spike from 2008 to 2013, that's
2 because of localization, that's because of a need out there that
3 people get certified and quantified, and your workforce
4 readiness. So these certifications are just going up at an
5 incredibly fast pace. Where does Virginia stand? Virginia stands
6 right now or last year, 2013, we are 16th in the country.

7 Remember I mentioned 70 to 80 of these
8 professionals and 50 percent from the COEs, but also the
9 community colleges, and that will help them with these
10 certifications. That's a small number, but we can realistically
11 triple or quadruple those numbers. And what that does for us, as
12 you can see, it gets us into the top five.

13 My counterpart, Joe Anwyl, in London, he's ready to
14 start talking about this as soon as we get into the top five,
15 because now we've got qualified numbers from the third party
16 verification of skills here. Being in the top five is great, but look
17 at the states we leap-frog over like North Carolina, South
18 Carolina, Tennessee. When they come shopping for a place to
19 set up a manufacturing company, and we know they're kicking
20 the tires of the other states, that would give us a great
21 advantage here.

22 I know this is a nice chart, and I don't expect you to
23 read this, but this is a breakdown of the certifications that we're
24 asking for. There's 53 NIMS certifications. What I want you to
25 see here is that those 70 to 80 certifications that we require of

1 the COEs are only denoted there in blue and red. The green they
2 do not get credit for, those are foundational, and those that are
3 working with community colleges and sometimes high schools to
4 get those certifications. The high level in blue and red. The blue
5 are absolutely mandatory and have to offer those certifications.
6 The red is specialty items, each COE has to offer at least two,
7 and that's driven by regional demand in the industries around,
8 and we're very specific in that.

9 SENATOR RUFF: Can I get you to go back to that one
10 and read off, because I can't read them from here, just so
11 everybody can hear that.

12 MR. SOBCZAK: In the green category here, the
13 higher levels that were requirements CNC milling skills 2, CNC
14 turning fields 2; CNC turning fields 3; and CNC milling skills 3. If
15 you get specialty items, we go down to some of the grinding
16 skills, and all this in here is specialty machines that not
17 everybody has, but I have that.

18 Press Break Level 2 and 3, and that's the sheet metal
19 testing that everybody is familiar with, and the stamping and
20 bending of sheet metal parts that go into cabinets. Tool and die
21 making, there's a Level 2 and 3, and that's some of the
22 specialties like molding, the sanding dies in that area. And that's
23 a specialty.

24 Then we have screw machines that there is a demand
25 for. It's a balance to get, to have certifications, you have to have

1 some flexibility. We feel our system that we've proposed will get
2 us that, and we're not duplicating or competing with anybody
3 from the community colleges or other training centers because
4 that area in green is where they are, and the COEs will not go
5 there, will have to work with their partner on these to achieve
6 those.

7 In August through November, we had what I call high
8 level meetings, we had a curriculum committee meeting, and a
9 marketing committee meeting, a resource committee meeting,
10 and we got input from there, but we didn't stop there. All of this
11 input was taken and added to, all of these different training
12 centers through here. There's a combination of industry and
13 community colleges, and we went out and not only talked to the
14 presidents and vice presidents, but we talked to faculty and staff,
15 talked about curriculum and instruction and employer needs
16 around them, different programs.

17 Rolls Royce has an academy in England, and the
18 ALRC, which is in Sheffield, England, is a great model for this
19 whole CCAM network, and it's very simple. We talked about
20 various educational programs around the world, certainly
21 leveraged that, and we have a meeting set up with them in
22 October. We're going to continue our work with all of the
23 community colleges. Every proposing organization here has
24 alliances with them, and I'm very proud of that collaboration.

25 DELEGATE WRIGHT: Bruce, I have one question. I

1 see where you have one institution listed there that you received
2 input from, and that's John Tyler Community College. In my
3 district or my counties not in the VCC service area, John Tyler,
4 what can they expect to receive as far as training at John Tyler
5 that would help them? I'm sold on your concept and idea, and I
6 want to include everybody that we possibly can, and I'm glad to
7 see John Tyler was one of the institutions you got input from.
8 I'm interested in how that would affect Amelia County in that
9 service area.

10 MR. SOBCZAK: Kim and I are focused on the Tobacco
11 Region obviously, but part of my role at CCAM is getting closer
12 and closer to the funding for our academy there. This is a
13 network we're putting together. The reason I went to John Tyler
14 is because it's a great program there. We're doing some best
15 practices, and we have to talk to these folks. And I think your
16 question is what would the benefit of that be?

17 In this network, and one of the things that keeps my
18 up at night and gives me heartburn and I'll tell you right now and
19 I'm not belittling this process of setting up these Centers, and it's
20 a considerable project, but we can do this. I am more worried
21 about having instructors for these training centers than anything
22 else. So with this network and with this academy and the CCAM
23 element of this, we're going to have leverage in trying to get
24 enough instructors to be shared across these areas and the
25 COEs. We're going to provide workshops and resources, and that

1 would be one advantage. The other advantage is, and you'll see
2 it in the next slide.

3 The CCAM partners, they're industry experts, and they
4 are willing and able to offer as much time, and they're fine
5 technicians to come out and train our trainers. That's something
6 I've been working on since I hit the ground here and will be a
7 primary focus on this project and play a major role.

8 DELEGATE WRIGHT: Just as a follow-up, my
9 question, anything that can be done to improve the opportunity
10 for people in Amelia County through John Tyler or not, I know
11 they're not in the service area, but are a VCC, and Amelia County
12 is in the footprint and I feel some responsibility trying to see
13 that, what can be done or that this process can be successful, so
14 I'll just leave you with that.

15 MR. SOBCZAK: I appreciate that. I'd like to see
16 Virginia be the Silicon Valley of manufacturing, that's why I
17 relocated and came here, to be a part of this, this is a good
18 chance to do this. Our focus in in South and Southwest, but
19 we're going to take an approach and look at all of the training of
20 Southside and Southwest.

21 DELEGATE WRIGHT: I want to say that we've had an
22 outstanding working relationship with Betty Adams from
23 Southside Virginia, Higher Education, and two or more of my
24 counties are in that service area, which are a pretty good
25 distance, and we've had a very good relationship so far and

1 making process. And I want to see that everyone possibly be
2 included in this. I know she's done all she can do with the
3 resources she's has. I still want to mention Amelia County.

4 MR. SOBCZAK: Duly noted.

5 Leveraging this and getting the input of industry, as
6 you know, and academia in industry and government, they're
7 different worlds, and we're bringing that together here with this,
8 and we're balancing all of this and the needs of this, and we're
9 going to come up with resources. All of these inputs that we've
10 gathered up here and it all culminated into a document which is
11 with our request for a proposal. We've published it January 10th,
12 2014. We had 19 different categories for these organizing
13 organizations to speak to in their proposals.

14 Let me tell you this, it was a lot of work and very
15 specific from organizational structures and facilities and
16 equipment and instructors all the way down to very specific
17 items, budget items and measures, and the partnership and
18 collaboration was huge in all of this. So, the 19 categories were
19 really fantastic.

20 We look to, and I assembled 15 experts and went out
21 there and talked with 15 experts at a cross section of industry,
22 be readers and evaluators and people that could run through the
23 gauntlet and there was a fantastic job done in making these
24 determinations, and that's the kind of support you're getting
25 from industry for all this training. And when you consider all

1 these proposals, it's really a lot of work.

2 Now, there were three proposals in all of this that
3 stood out, and the scoring and grading were pretty consistent,
4 but we didn't stop there. We took all of that information and we
5 reviewed it. Tim, I, the staff, and other people, and we sat down
6 and we went through everything and every single proposal. We
7 went through the readers' comments and went through the
8 readers' scores, and we talked to many people.

9 We went out there and went through the tweaking we
10 wanted to do, had face-to-face meetings right here in Roanoke,
11 and I can't tell you the number of visits that I had the pleasure of
12 going out and talking with, staffs across the area, and these
13 organizations from the far, far west all the way down to South
14 Boston. We had quite a few visits and talked about
15 standardization.

16 In May of 2014, in Emporia, the Committee and Full
17 Commission, the actions they designated there at that meeting
18 were to designate the Southern Virginia Higher Ed Center and
19 the New College Institute as two Centers of Excellence, with
20 \$2 million each in funding for start-up.

21 They further asked or recommended that we vett the
22 SVAM and the Scott County proposal further. Then this started
23 another round of preparation.

24 Senator Ruff asked for a Special Advisory Committee
25 be assembled, and we did that. This membership on this

1 committee was made up of Tobacco Commissioners, SVAM,
2 CCAM people, the Governor's Office, so there were quite a few
3 good prospects or a great cross-section.

4 Tim and I gave a much more in-depth presentation
5 and we had lengthy discussions on this progress of this up to that
6 point. At that time, the Tobacco Commission and the CCAM
7 staff, we recommended that the SVAM site be designated the
8 third COE, along with Southern Virginia Higher Ed Center and
9 New College, and the New College Institute, further
10 recommended by us that we work out an agreement with Scott
11 County on a more robust satellite out there, which serve their
12 needs.

13 This was after a lot of trips out there, a lot of work by
14 the SVAM group. We talked with Joy Mining Company, and we
15 talked with various people out there. So at the end of this
16 meeting, I think the group reached a consensus they were
17 supported by the recommendations, provided an agreement with
18 Scott County could be reached.

19 We also recommended they do adjustments to their
20 budgets and submit new budget revisions that would support the
21 first \$2 million recommendation for start-up. We also said we
22 would continue to seek standardization and best practices across
23 all COEs and the proposed CCAM Academy and the following
24 categories. The equipment, the curriculum, instructors,
25 development, and recruiting, and the marketing. As a matter of

1 fact, we had a 9:00 o'clock meeting just here to have the
2 Curriculum Committee to look at this. So I'll say that is ongoing
3 and still ongoing, and a lot of that work has been done.

4 Now, let's go to the current state right now.

5 Happily, the status of the SVAM, the Scott County
6 proposal and by Scott County's request, they reviewed the
7 original proposal by the SVAM, and on July 13th, they expressed
8 interest in a satellite much like the Duffield one, like the Tazewell
9 one, was included in their original proposal. A lot of work went
10 into these proposals, and the SVAM group did a great job in
11 talking to Mountain Empire Community College Training Center,
12 the employers. On August 20th, they presented their proposal for
13 a robust satellite there in Scott County, and I'm happy to say
14 that it was agreed upon. So I think we have a go there.

15 As we stand here today, ladies and gentlemen, New
16 College Institute, Southern Virginia Higher Ed Center, the
17 Southwest Virginia Alliance for Manufacturing are ready to be
18 designated as Centers of Excellence if you so choose and ready
19 to start purchasing equipment. Details have been identified,
20 suppliers have been identified, floor layouts are done, and facility
21 needs are identified and addressed. Partner alliances are as
22 strong as they've ever been and growing. They can start
23 supplying the pipeline to the COEs whenever we're ready and
24 budget revisions are arranged, all prepared, and ready to submit
25 to the Tobacco Commission.

1 Our recommendations today to ask the Commission to
2 please consider designating Southern Virginia Higher Education
3 Center, New College Institute, and the Southwest Virginia
4 Alliance for Manufacturing as the three Centers of Excellence
5 sites and, as recommended, we would like at least \$2 million
6 each for initial funding be made available to them. And perhaps
7 most importantly to allow us to operate efficiently, I would ask
8 you to give the interim director, executive director of the Tobacco
9 Commission, in consultation with the director of Workforce
10 Director at CCAM, the ability and authority to approve spending.
11 We can leverage this buy and implement this plan. I know that
12 was a lot.

13 SENATOR RUFF: Thank you for your presentation.
14 Any questions? You're hoping to get 70 to 80 through the
15 Centers each, Centers of Excellence. To accomplish that, what
16 we're going to have to have in that middle section at the
17 Community College level, how many bodies are you going to
18 have to have in order to create that 70 to 80?

19 MR. SOBCZAK: Well, the pipeline, we expect within
20 the third year to have been developed 70 to 80. It'll take about
21 100 students enrolled to get to that. Your question is very hard
22 to answer because we don't need to depend on the traditional
23 pipeline of students coming from K-12 or high school. We've got
24 incumbent workers and we've got some contract employees at
25 these companies. They're going to rack up numbers just from

1 certifying employees that exist out there and some that are
2 ready to get their certification or upgrading their skills. There's
3 many pathways to these certifications, and that's kind of the
4 beauty of the certification. We can take somebody with a lot of
5 history of experience in industry and give them something to
6 condense focused training, and then they're ready to pass the
7 exam to get the certifications. So, the question alone is hard to
8 answer.

9 SENATOR RUFF: I'm trying to make the point that we
10 have a great responsibility in all the community colleges in this
11 process, and we also have a great responsibility in our schools to
12 have people ready to go to the colleges, community colleges. If
13 we don't get young people coming out of high school with any
14 idea what they can do, we're going to lose a couple of years. So,
15 we've got to do it as a community and do a far better job
16 explaining what the value is of gaining these skills. So, getting
17 the word out into these high schools.

18 Currently, the state requirement is if you're not a, or
19 what I'm saying is you have to have a second year of some
20 skilled training. We need to make sure these people understand
21 what their opportunities are, but as Commission members, that's
22 a responsibility we have. In that process, and, Betty, you called
23 it blue something, and I think you said Blue Drop. Can one of
24 you tell us how that is going and that would be available for what
25 schools, what education facilities?

1 MR. SOBCZAK: Senator, Blue Drop is a company that
2 provides distance learning. You hear Blue Drop, and that's a
3 brand name of a distance learning platform. With the geographic
4 challenges of the region, and distance learning is in those 19
5 categories that we laid out here.

6 So, Blue Drop is a very successful company in creating
7 these customized learning platforms. They're animated, they're
8 interactive, and you can argue all day long it doesn't take the
9 place of the hands-on experience, but the virtual world and the
10 quality of the learning, they've done really well.

11 So what that does is give somebody way out in the far
12 corner in one of these counties, that gives them the chance to
13 view a lot of this work online and then come into Mountain
14 Empire or the COEs or some other training center and do some
15 lab work associated with that.

16 Distance learning has to be a big part of this whole
17 thing, and it's a major part of the COEs. That involves right now
18 the high schools and these COEs are going to be a resource that
19 helps all of these people. There will be distance learning
20 platforms, and that will be shared across the board.

21 SENATOR RUFF: The rights to that information when
22 we get to each of the organizations, will that go to each of the
23 organizations, does each organization have to pay to use it?

24 MR. SOBCZAK: Betty can speak to that.

25 DR. ADAMS: Before I answer that question, I would

1 add that the learning platform or Blue Drop Educational Solution
2 still provides records management. It provides an administrative
3 function, so these are driven to that platform and they pick which
4 COE they're going to be part of and they register. It also
5 provides the communication platform and does a lot of things.

6 The Blue Drop folks are here today, and they gave us
7 a presentation at 9:00 o'clock. They have a proposal in that
8 offers to provide solutions for about \$900,000 for all three COEs,
9 and that includes about a \$1.2 million match from SVAM and it's
10 very impressive. We've already included it in our proposal.

11 NCI has some concern, and not sure if they want to
12 participate in that, but I think that'll be the next discussion that
13 we have with the Curriculum Committee.

14 MR. SOBCZAK: That's the proposal at this time, and
15 we do have the curriculum team here, instructor, the recruitment
16 development team, Equipment Team, and the Marketing Team.

17 DELEGATE WRIGHT: Are the COEs available to high
18 schools in the footprint?

19 MR. SOBCZAK: The availability and the goal is to all
20 COEs and their partners, Blue Drop. So, yeah, it would be
21 universal, something we could share across the region.

22 SENATOR RUFF: Would it be available to Randolph
23 Henry High School in Charlotte County, would it be available to
24 John Doe, who goes to Randolph Henry at his home, or does he
25 have to, would it be strictly at his school?

1 MR. SOBCZAK: Keep in mind that we're training at
2 the highest Advanced Manufacturing level. There are plenty of
3 other programs out there. We can set it up for the other level, a
4 lot of that exists right now. I think it's important to remember
5 the COEs are focused on, although they call it mid-skills under an
6 engineer. The type of training in that blue and red zone that I
7 showed you up here, it wouldn't be for the novice to come in out
8 of nowhere but get them engaged and get them the training and
9 this platform would be available for them to look and see the
10 prerequisites I needed to do this. When they sign up for CNC
11 Level 3, they will be told wait a minute, in order to do this,
12 you've got to do this, that, and the other thing. It'll point them
13 to community colleges and high schools and training programs
14 near them to help with that. Part of the record-keeping that
15 Betty mentioned is part of that.

16 DR. ADAMS: The answer to your question is that
17 class-based application, so you can go anywhere and have access
18 to this, and the other thing is that COEs won't have to buy any
19 special software. That's another selling point.

20 SENATOR RUFF: The Blue Drop, the response that
21 student at Randolph Henry was taking, say a prep class for all
22 this, could he do it from home?

23 DR. ADAMS: Yes.

24 MR. SOBCZAK: We could link it up to other training
25 programs.

1 DELEGATE WRIGHT: This is going to be a program
2 that's completely new to the high school students, so how are
3 you going to go about making this known to the public, getting it
4 off the ground, getting the information out and so forth?

5 MR. SOBCZAK: Each COE will be responsible for, and
6 they have submitted marketing plans. We have a marketing
7 team together to get out and do this. The VMA and some of
8 these will get those, and we've got to get to the kids and have a
9 hands-on camp, learning camps, but we are doing these things.
10 John Tyler does a great job of this, some other ones we talked
11 about with this.

12 I've met with hundreds of CGEs from various technical
13 centers, Richmond City Tech Center, and we've got to get those
14 hands-on camps there, get the kids involved with that. We also
15 have to overcome what I call not-my-kid syndrome, I want my
16 kid to be a lawyer or doctor or something. These are careers
17 that can be done quickly with certification, and marketing is a
18 huge proposal concerning this. We've got to come together on
19 this, and these folks that have done a lot of work on their own,
20 and now we come together and we're doing more work. We took
21 advantage of being here in Roanoke to have that Blue Drop do
22 their presentation, and we haven't made any commitment to
23 that, but we're doing everything to get these groups together
24 and designate teams from all the COEs to work with us and do
25 the very best.

1 I've been involved with manufacturing and
2 manufacturing training for more years than I care to admit to,
3 but we're doing a good job of vetting all this stuff, and we're
4 combing through this and coming up with some solutions
5 together. It's a balancing act because we have to balance the
6 needs of the region. What works at one COE might not work at
7 another one, and there's some differences, and we have to have
8 flexibility and have standards that bring everybody up.

9 Yeah, we've got to get out to these high schools, and
10 I've given presentations hundreds of times. I was just at the
11 Richmond Technical Center encouraging them to go, and I'm
12 going down to the Petersburg School. I enlist you all to be
13 ambassadors and I need you to go forth and be ambassadors of
14 Advanced Manufacturing and these types of careers. It's going
15 to take a lot of leveraging and VMA and organizations like that
16 and expanding on that and having new solutions into our
17 website.

18 So we need to get out there through all the social
19 media, and all of that will be part of the COEs, and that we really
20 need a presence for the work that's being done here and all we
21 do together makes this work. Just like in manufacturing,
22 Advanced Manufacturing, we're going to be practicing Kaizen, is
23 the Japanese word for continuous improvement, in our quest for
24 perfection, and we'll never, ever achieve perfection, but we're
25 going to go at it and become excellent.

1 SENATOR RUFF: For some strange reason, I see
2 Senator Wampler standing up. Is there something you want to
3 address?

4 SENATOR WAMPLER: Mr. Chairman, members of the
5 Committee, I'm William Wampler, New College Institute, and my
6 comments will be very brief. I had my first briefing on Blue Drop
7 this morning, very interesting and intriguing. I asked for a
8 proposal and I appreciate the work of Dr. Adams and her
9 colleagues for bringing that before us. I haven't had a chance to
10 review it, but my observations, I think it's, I'll share with you all
11 at the lower level is what happens to your academic partners, are
12 they able to use that, also, does that bypass unnecessarily the
13 Virginia Community College system, that they have to perform
14 their assessments, which is work teams and other prerequisite
15 courses and try to determine the feasibility that student has.

16 Look, I'm interested in it. It's an option, but I don't
17 have \$330,000 in the budget to enact that. That would conclude
18 my comments, Mr. Chairman.

19 SENATOR RUFF: Any further questions. All right,
20 Southwest Virginia Alliance for Manufacturing, is there a motion
21 for that?

22 MR. REYNOLDS: I so move.

23 SENATOR RUFF: We have a motion and a second.
24 Any further discussion? Any further discussion? Then the motion
25 is that we recommend to the Full Commission that location be at

1 the Southwest site. All those in favor, say aye. (Ayes). All
2 opposed? (No response). All right.

3 The next action we need to take is the proposal to or
4 we agreed for \$2 million for each of the three, and we agreed to
5 advance money to the first two?

6 MR. PFOHL: We have agreed to approve \$2 million of
7 funding for each of the first two.

8 SENATOR RUFF: So, we just need a recommendation
9 of \$2 million for Southwest. It's been properly moved and
10 seconded, that request is \$2 million for Southwest.

11 MR. PFOHL: Which is Proposal Number 2881.

12 SENATOR RUFF: Any further discussion? All those in
13 favor, say aye. (Ayes). Opposed? All opposed? (No response).

14 Is there any other action we need to take today?

15 MR. PFOHL: No, sir, I think that Bruce mentioned in
16 the budgeting approval and talked about three work groups that
17 are meeting to establish as much specificity as we can across the
18 three Centers, but also give them the flexibility to accommodate
19 the needs of their specific targeted manufacturers. Each of these
20 folks asked for substantially more money, so they're having to
21 revise their budgets to get them out of the gate and up and
22 running for the \$2 million that is approved for each of them.

23 So, rather than reconvening the Education Committee,
24 we're simply asking for an endorsement that the executive
25 director of the Commission can authorize them to move ahead on

1 the budgeted activities in consultation with Bruce who has the
2 technical expertise. I don't think we're going too far afoul of the
3 normal policies that we reimburse for eligible project expenses.
4 Any real significant material changes in the budget, we could
5 potentially bring back to the Committee, but we're basically
6 looking for an endorsement for our standard policies that the
7 executive director of the Commission be able to approve the
8 budget. This is for the \$2 million.

9 MR. MERRICKS: The request will be coming from the
10 Centers themselves?

11 MR. PFOHL: It's coming from them, yes. The first
12 two pretty much have or a good handle on how they're proposing
13 to spend the first \$2 million. The Southwest Alliance for
14 Manufacturing folks have, those tasks will be placed on them, as
15 well, so they've been working towards coming up with the \$2
16 million budget.

17 Rather than trying to reconvene the Committee, we'll
18 have those revisions in hand, so we're asking to enable the staff
19 to authorize those expenses so we can move ahead.

20 SENATOR RUFF: Do we need to take any action for
21 that?

22 MR. PFOHL: That might be a question for our lawyer
23 who's not here today.

24 SENATOR RUFF: Let's have a motion that we
25 empower the executive director to sort through those

1 expenditures as requested.

2 All right, we have that motion and we have a second.
3 Any further discussion? All those in favor, say aye? (Ayes).
4 Opposed? (No response).

5 One final point that we discussed when we were in
6 CCAM in July is that as we bring this expensive equipment in,
7 how can we get the best usage as we ramp up and how we
8 market through these various industries, and I'm speaking about
9 the expenses and certify some people on the equipment and
10 maybe opportunities to create a little income, not only for the
11 Centers. All right.

12 MR. SOBCZAK: We have Anita and the SVAM group,
13 and they came out. Just want them to stand up and be
14 recognized. They did a lot of work, two and three times over, if
15 you guys could just stand and be recognized. These are
16 community colleges, and they're from the community colleges.

17 SENATOR RUFF: Thank you all for coming.
18 (Applause).

19 Next, we have Sarah Capps, who's going to talk about
20 the proposal for the IT Academy.

21 MS. CAPPS: Mr. Chairman and members of the
22 Committee, we have one out of cycle request and this is from the
23 Southern Virginia Higher Education Center proposing an IT
24 academy. The original request was for \$735,000, and staff has
25 met with the Higher Education Center working. The proposal is

1 requesting 440,000. This is to support the IT jobs, funded to
2 support the IT jobs that are needed by 15 employers. HP and
3 Microsoft and other companies that need these and actively
4 trying to attract others to the area.

5 The funding will go into certifications and network,
6 plus certification. The project has matching funds from Mid-
7 Atlantic Broadband, \$170,000, as well as \$300,000 each from HP
8 and Microsoft. The Higher Education Center plans to set up a
9 lab. The staff is generally supportive of this request out of cycle,
10 and, therefore, it's referred to the consensus of the Committee in
11 terms of funding recommendations. This training program is due
12 to run the three to four months rather than two to three months,
13 and they're pretty quick to get certification. There are many
14 letters of support from this indicating the need.

15 SENATOR RUFF: Betty, would you like to address
16 this?

17 DR. ADAMS: I'm Betty Adams, director of the
18 Southern Ed Center, and this is Ms. Patty Nelson, she's an
19 operating officer. She'll answer any questions about our budget.

20 Senator Ruff, I may have misspoken about Microsoft
21 as part of our budget, so I want to make sure we get it right.
22 Sarah has done a good job explaining what our project is. Much
23 like we found with the BCG Report, identifying the middle skills
24 gap in manufacturing, we also have discovered that there is a
25 middle skills gap across most of this industry, and IT is one of

1 those industries, and we're identifying a workers' skills gap that
2 is critical if we're going to continue supporting the day warehouse
3 that we have in Boydton and in Clarksville.

4 About a year ago, I was approached by Tad, he's with
5 Mid-Atlantic Broadband, and you may know he has an effort
6 going on, on the West Coast, to encourage IT firms to locate here
7 in Southern Virginia. He's heard from them, as well as from
8 Microsoft and HP data centers, what they really need our third
9 party industry-approved credentials from their workforce. He
10 came to us and asked us with a sense of urgency because these,
11 unlike our COEs, these jobs exist now. The Microsoft and HP
12 folks are going out of state and going out of the region to try to
13 recruit people. Microsoft is in its third build-out in Boydton, so
14 this is the sense of urgency and why we brought it out of cycle.
15 These are well paid jobs, \$40,000 to \$50,000 a year each. I
16 think it's great we've been able to get industry to put forth
17 support both for the trainers and for scholarships and equipment.

18 Senator Ruff, you may be aware that of an item that I
19 was not aware of as far as Microsoft. We have not received their
20 letter of support, and you explained to me why, and that is
21 because the gentleman that we have been doing business with at
22 the Data Center has gone to another job, and I don't know if you
23 want to speak to that.

24 SENATOR RUFF: I will. I was there Friday, and they
25 anticipate having 575 employees in their plants without any

1 further discussion. You talked about 40 to 60, but I think some
2 call them wiring experts, people that can make these
3 connections, are making up to \$100,000. A lot of what Microsoft
4 does is subcontract, and the fellow in charge of that, that was
5 Mike, and he was transferred or he got a promotion, but I
6 understand there'll be opportunities, but I think they understand
7 there is a need. I believe Tad was in California last week. He
8 was talking to one of the major data centers, and they're very
9 interested in Virginia. It's not just Microsoft and HP, but there
10 may be a number of other data centers, and also in San
11 Francisco there's a marketing opportunity.

12 DR. ADAMS: I want to address the staff comment
13 about the community college involvement. I see this as actually
14 an opportunity for us to get an IT program, one and two-year
15 degree programs on our campus. Prior to this, the community
16 colleges have not offered that. Perhaps with the new equipment
17 and new facilities. I have had conversations with the community
18 college.

19 Overall, we see this as an opportunity to continue
20 building that pipeline.

21 SENATOR RUFF: Any questions?

22 DELEGATE WRIGHT: I think this program, along with
23 the Advanced Manufacturing Program, is something that will go a
24 long ways towards the statement I hear so often is that we'd like
25 to have jobs available in our communities that will prevent our

1 children from having to leave to get better paying jobs. This
2 before us right now is talking about jobs in the \$40,000 to
3 \$60,000 annually range and talking about jobs available now.
4 The recruitment of other companies that will benefit from this
5 and having both these programs going on at the same time will
6 really send a good message to Southside and Southwest Virginia.
7 I think it would really be something if the Tobacco Commission
8 could be doing so. So at the proper time I'd like to make a
9 motion.

10 SENATOR STANLEY: I know it's out of cycle, Mr.
11 Chairman, but we have been on the cutting edge, and I know the
12 staff has looked at this very carefully. This is one of these
13 opportunities, Mr. Chairman, and members of the Committee,
14 that we can go forward on. And when you're talking about being
15 on the cutting edge, and we're involved in something now that
16 can really go a long way. I urge every member of this
17 Committee to give their approval as quickly as possible.

18 MS. BARTS: Mr. Chairman, what is the reason for the
19 out-of-cycle request?

20 MS. CAPPs: Because we did not have a competitive
21 education meeting last spring.

22 SENATOR RUFF: I assume there's going to be a
23 motion, and I'll ask that it be conditional in that we understand
24 what Microsoft is going to do as we go forward, and I don't want
25 to go forward and find out they're not going to live up to it.

1 DR. ADAMS: What we've been told here today, we've
2 read the Microsoft report, but even if it does not materialize, we
3 are ready to move forward now.

4 MR. WALKER: Mr. Chairman, we're talking about
5 MBC, they funded \$170,000 or they have a commitment of
6 \$170,000.

7 SENATOR RUFF: Any action we take or any
8 committed money or matching money will have to be out there
9 as we move forward. So as far as the money part of it, I'm not
10 as concerned as I am the moral commitment that they're going
11 to be active players and encourage people to adapt to work with
12 us.

13 DR. ADAMS: Explain that, please, does that mean
14 that we have between now and the Tobacco Commission meeting
15 to confirm with Microsoft what their contribution will be and
16 would be voted in September? Can we do that?

17 SENATOR RUFF: That's probably fair, if they had not
18 come to terms to address this.

19 MS. NELSON: Initially when we submitted our
20 application on the 735, we showed Microsoft as a \$300,000
21 commitment for equipment, and that's what HP did, and that's
22 how the conversation was going.

23 When I resubmitted the application for the lower
24 \$440,000 request, the match was \$50,000 in equipment from
25 Microsoft and some cash of \$20,000 a year for scholarships. We

1 have not had a chance to really talk about that with them, so
2 they had declined to give a cash commitment in verbal
3 conversation.

4 My concern is that we have to have a very specific
5 letter from Microsoft by the end of September, but if we could
6 get a general letter of commitment, they will work with us and
7 provide a match as they can identify and if that would be
8 sufficient to allow to have the Academy move forward.

9 SENATOR RUFF: Each Commission member will look
10 at that differently, but they have to buy into the whole process.

11 As far as the server part or the equipment part, they
12 will be rotating out and, but the scholarship money, I think if
13 there's existing employees they want to recruit, the best
14 commitment we can get.

15 DELEGATE WRIGHT: Would you be a little clearer on
16 that motion or your comments about what you expect from
17 Microsoft, which was what was said about a letter of intent?

18 SENATOR RUFF: I think I would be satisfied with the
19 letter of intent. I'd like to see them push Microsoft harder.

20 DR. ADAMS: I have been and will continue to do so.

21 DELEGATE WRIGHT: Dr. Adams, do you see any way
22 that this could endanger the timing of this?

23 DR. ADAMS: If we can get the okay in September, at
24 the 25th, in the meeting, I think would be all right.

25 SENATOR STANLEY: Just to concur with Delegate

1 Wright's motion, what if the letter of intent is not received by
2 you? Just to elaborate on Delegate Wright's motion, what would
3 be, if the letter of intent is not received by you, what happens
4 then?

5 SENATOR RUFF: Then I'd have a tough time with a
6 straight face asking for support from the Full Commission, and
7 that's part of the discussion. If we can't get the biggest one on
8 the block to play, I'm not sure how all this plays out. If they're
9 not satisfied that this serves their industry, why is Company K
10 going to be talking and serve their needs? We may have to go
11 back and say how can we make the proposal stronger and better
12 for the users, user-friendly?

13 SENATOR STANLEY: There may be many reasons why
14 they're not participating, and I know what you're saying, if
15 they're not supporting it, then what?

16 SENATOR RUFF: That would not be the only scenario.
17 I guess my point is I want to see them push as hard as they can
18 for this.

19 DR. ADAMS: I assure you we will.

20 DELEGATE WRIGHT: In your dealings with Microsoft
21 up to this point, do you have any reticence about this being
22 included in the motion if we have this letter of support?

23 DR. ADAMS: I'm fine with what we're proposing.

24 MR. MERRICKS: Did they approach you about this?

25 DR. ADAMS: Yes.

1 MS. NELSON: They agreed with this.

2 DR. ADAMS: We developed a curriculum based on HP
3 and Microsoft, what their needs were and what Tad was telling us
4 that was being told to him at the West Coast company. I think
5 Microsoft might gain more from this than HP does, so they should
6 be putting some money in the pot, I think they will, and we'll
7 pressure them and push them. I'm sure this is a changeover in
8 accordance with Mike, but that slowed things down.

9 SENATOR RUFF: The actual entity that they're dealing
10 with and the contract, but they're the ones that do all the
11 technical wiring. People coming out school that service this
12 equipment, and that skill is toughest to find.

13 DELEGATE WRIGHT: Mr. Chairman, I move we
14 approve Grant Number 2944, with the pendency of the letter of
15 intended support from Microsoft be approved subject to the Full
16 Commission vote.

17 SENATOR RUFF: Can I get you to say Microsoft or
18 contract for support?

19 DELEGATE WRIGHT: Microsoft or contract.

20 SENATOR RUFF: All right, we've got a motion and a
21 second. Any further discussion? All those in favor, say aye.
22 (Ayes). Opposed? (No response).

23 Any other business to come before the Committee?

24 MS. CAPPS: Mr. Chairman, there's one other, we
25 have an existing grant with the Virginia Advanced Studies

1 Strategies, Grant Number 2411. This was dated September,
2 2011, and that's when it was approved. Last year at this time,
3 you all approved a re-focusing request to allow funds to be used
4 to support a rural map Excel partnership project. That
5 partnership project is being leveraged with a federal matching
6 fund of \$2.7 million, and that's a grant program referenced as
7 the I-3 grant. Your approval of the re-focus from last year and
8 conditioned on our executive director's approval. We've received
9 information from them and the revised budget does run through
10 December of 2016 for the extension of the grant.

11 So the staff is supportive of this project and
12 recommending the project's extension through December 31st,
13 2016.

14 DELEGATE WRIGHT: I move we accept the staff
15 recommendation.

16 SENATOR RUFF: It's been moved and seconded that
17 we approve the Grant Number 2411 for the extension request.
18 It's been moved and seconded. Any further comment? All those
19 in favor, say aye. (Ayes). Opposed? (No response).

20 SENATOR RUFF: Now, any public comment?

21 DR. GARREN: Senator Ruff, and members of the
22 Commission, thank you for an opportunity to come back and
23 thank you some more for what you did back in the year of 2009.

24 I'm president of Lynchburg College, and with me is Dr.
25 McCue, a senior vice president and chief of nursing. It was in

1 2009 that this Committee in this very building awarded \$200,000
2 to Lynchburg College for establishment of the Central Virginia
3 Regional Simulation and Virtual Learning Center. The
4 partnership exhibited between Lynchburg College, Central, and
5 Central Virginia Community College.

6 In May of 2013, we held a dedication ceremony, and a
7 15,000 square foot facility was created with the funds that you
8 gave us. At that time, Delegate Kathy Byron was there to give
9 the major address. We got some good publicity from the
10 *Washington Post* and picked up the fact that we had established
11 one of the finest regional facilities for simulation in Central
12 Virginia.

13 A little bit about the usage. Our simulation center is
14 138 students in our school of nursing, and 49 of them are from
15 the Tobacco Region. We have students who are obtaining a
16 Doctor of Physical Therapy degree program, and we've started
17 some other programs. And next year, we'll start physician
18 assistant programs.

19 I'd just like to say that up to 6.7 percent of that
20 \$3 million that you gave to us and you helped plant the seed and
21 we've provided from Lynchburg College 36 percent of our nursing
22 students are from the Tobacco Commission region.

23 So I just want to thank you for your belief in us and
24 what we do there, and we've increased a 14-fold increase in
25 financial support to create that facility, along with your funds.

1 So I just want to thank you again and Mr. Tim Pfohl and Ms.
2 Sarah Capps, and you, Senator Ruff, for your leadership and your
3 kindness during that whole process.

4 At this point, I'd ask Dr. Patti McCue to speak.

5 DR. McCUE: I know she's passed out some more
6 information. Thank you so much. I'm not going to recite to you
7 about the actual simulation center itself, and we do operate it
8 jointly with Lynchburg College, and we include Central Virginia
9 Community College on our board. They certainly have a voice in
10 how we operate the center. This has been a wonderful
11 public/private partnership.

12 I'd point out that Dr. Garren mentioned that the
13 *Washington Post* picked up on our center. We are the only
14 simulation center in the entire Commonwealth of Virginia that
15 offers the complete venue of simulation experience. What I
16 mean by that is that in addition to your typical hospital room and
17 birthing center, primary care exam room, we also offer the
18 simulation experiences with first responders in our community.
19 We actually have a helicopter in this center and an ambulance.
20 The paramedic and EMT students from the Central Virginia
21 Community College are very proud of this and in addition to the
22 workforce.

23 We are also in the process now with a wrecked
24 automobile in the rear of the building so that paramedics and
25 EMTs can practice extracting people from a vehicle. We have

1 roughly half of the 15,000 square feet built out and in use today.
2 And Phase 2 is planned, and hopefully we'll budget appropriate
3 money to complete that in 2015.

4 We have eight high fidelity mannequins, and your
5 grant money of \$200,000, helped us to purchase several of these
6 mannequins. They are state of the art, and they are so life-like.
7 They blink, they cough, they breathe, and cough, and throw up,
8 and do a lot of other interesting things. And they involve body
9 fluids, but I won't go into that.

10 Since we opened in June of last year, we've had over
11 1,000 hours of simulation and almost half of these include
12 students, as well as Central workforce.

13 On the back of your handout, there is an accounting of
14 our programs and how we work with communities. We're just
15 now beginning to get into the community and work with the
16 rescue squads and EMTs and in the rural areas with the EMS
17 system. I can give you an example that in Farmville, we're
18 working to try to equip all the EMS units there, the 12 EKG
19 machines, so we can recognize specific types of heart attacks.
20 The first responders relay that information to the emergency
21 department, and we get the helicopter there at a certain time
22 and get the patient back to Lynchburg and they can be in a lab in
23 less than 90 minutes.

24 Again, I want to thank you, and for anyone that's
25 responsible for patient care in today's ever changing health care

1 arena. You gave us a phenomenal gift several years ago, and
2 there's an awful lot of people who are extremely grateful for that
3 support. Thank you again.

4 SENATOR RUFF: Thank you.

5 DR. McCUE: If you're ever in Lynchburg, please come
6 on, glad to give you a tour.

7 SENATOR RUFF: Thank you all.

8 Any further public comments? All right, nothing
9 further, then we're adjourned.

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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 Thursday, September 4, 2014, at 11:00 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 September, 2014.

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

MY COMMISSION EXPIRES: October 31, 2014.