

1 **TOBACCO REGION REVITALIZATION COMMISSION**

2 701 East Franklin Street, Suite 501

3 Richmond, Virginia 23219

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9 **Education Committee Meeting**

10 Tuesday, September 20, 2016

11 11:00 A.M.

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Inn at Wise

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Wise, Virginia

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1 **APPEARANCES:**

2 The Honorable Frank M. Ruff, Chairman

3 The Honorable Donald W. Merrick, Vice Chairman

4 Ms. Gayle F. Barts

5 The Honorable A. Benton Chafin, Jr.

6 Ms. Becky Coleman

7 The Honorable Franklin D. Harris

8 Mr. A. Dale Moore

9 Mr. Cecil E. Shell

10 The Honorable William M. Stanley, Jr.

11 The Honorable Thomas C. Wright, Jr.

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1 **APPEARANCES (cont'd):**

2 COMMISSION STAFF:

3 Mr. Evan Feinman – Executive Director

4 Mr. Chris E. Piper – Deputy Executive Director

5 Mr. Timothy S. Pfohl – Grants Program Administration

6 Director

7 Ms. Sarah K. Capps – Grants Program Administrator,

8 Southside Virginia

9 Ms. Michele Faircloth – Grants Assistant, Southside Virginia

10 Ms. Sara G. Williams – Grants Program Administrator,

11 Southwest Virginia

12 Ms. Jessica Stamper – Grants Assistant, Southwest Virginia

13 Mr. Jordan L. Butler – Public Relations Coordinator

14 Ms. Stacey Richardson – Executive Assistant

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16 COUNSEL FOR THE COMMISSION:

17 Ms. Elizabeth Myers, Assistant Attorney General

18 Richmond, Virginia.

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1 SENATOR RUFF: Good morning, we're
2 back on schedule. I'll ask Evan to call the roll.
3 MR. FEINMAN: Ms. Barts?
4 MS. BARTS: Here.
5 MR. FEINMAN: Senator Chafin?
6 SENATOR CHAFIN: Here.
7 MR. FEINMAN: Ms. Coleman?
8 MS. COLEMAN: Here.
9 MR. FEINMAN: Mr. Harris?
10 MR. HARRIS: Here.
11 MR. FEINMAN: Mr. Merrick?
12 DELEGATE MERRICK: Here.
13 MR. FEINMAN: Mr. Moore?
14 MR. MOORE: Here.
15 MR. FEINMAN: Senator Ruff?
16 SENATOR RUFF: Here.
17 MR. FEINMAN: Mr. Shell?
18 MR. SHELL: Here.
19 MR. FEINMAN: Senator Stanley?
20 SENATOR STANLEY: Here.
21 MR. FEINMAN: Delegate Wright?
22 DELEGATE WRIGHT: Here.
23 MR. FEINMAN: You have a quorum, Mr.
24 Chairman.
25 SENATOR RUFF: The first action is to

1 approve the minutes from May 24th, 2016. Is there a motion?

2 DELEGATE WRIGHT: So moved.

3 SENATOR RUFF: We have a motion and
4 a second, all in favor say aye. (Ayes.) Opposed? (No
5 response.) The minutes are approved. Evan, if you would go
6 through the updated financial aid policy.

7 MR. FEINMAN: Certainly, Mr. Chairman.
8 I'd say we're working on what unfortunately will have to be a
9 next year change to getting us closer to truly being the last
10 dollar award. But in the meantime, we'd like to make some
11 adjustments to the way we do four year scholarships and two
12 year scholarships.

13 We did our best to summarize that in a
14 handout that was set at your set and was not included in the
15 original meeting book but if I may I'll just run through them.

16 The first is on the four year scholarships.
17 What we'd like to do is convert our grant awards four year
18 scholarships to loan repayment promises subject to the safety
19 valve that we have created for a resident who was living in the
20 district or in the footprint but working outside the footprint
21 and I would be happy to extend that to the disability question
22 as well. If the Committee recalls, the nature of that safety
23 valve was simply to instruct the director to make a decision on
24 an ad hoc basis whether or not we were going to count
25 somebody as having met the forgiveness mark. There was a

1 our friends at the Higher Ed Center that they can handle the
2 resumption of a traditional loan program when we make loans
3 out and there is some view that folks do need some cash up
4 front to get to school and we'll leave that to the Committee to
5 determine that policy question. I'll just say we can make it
6 work either way. It's a lot easier from the staff's perspective to
7 simply do loan repayment of student loans that they get. At
8 some point, I'll ask the staff to take on more duties at virtually
9 every meeting over my tenure here but at some point that
10 leeway runs out.

11 Moving forward from there, we would
12 reprioritize our four year scholarships.

13 SENATOR RUFF: Let's stop at that point.
14 Are there any questions or any thoughts on that?

15 MR. MERRICK: Does that mean we're
16 going back to a loan program versus a scholarship program?

17 MR. FEINMAN: In essence, yes. Whether
18 or not we're repaying somebody else's loan or we're paying the
19 loan ourselves, what we would stop doing is quit making a
20 scholarship within an award. Partial scholarship and then we
21 give you a bonus if you come back. I'll tell you that the
22 primary motivating factor and this recommended change is a
23 frustration of mine with the scholarship program since I got
24 here. Everything we do on this Commission ought to be
25 focused on growing the economy and growing the skills of the

1 workforce here. When we give somebody a scholarship and
2 they don't come back, not only did we not help the region
3 we've hurt the region because we've literally funded exodus of
4 a bright person who no longer is contributing to our economy.
5 While the bonus we give people to come back is some
6 enticement, there's still a set of people we gave money to to
7 leave the footprint and that drives me nuts. It's like you've got
8 one part of one program going one way. So I strongly
9 recommend we condition all receipts of these loans. We can
10 give a loan out or we can do the loan repayment but either
11 way, the money has come out from our pockets until
12 someone's back in the footprint working or living. That's an
13 important piece of it.

14 SENATOR RUFF: We started out that
15 way and then we got away from it because of problems of how
16 do we collect that money and this makes a challenge. I think
17 this way will solve that problem.

18 MR. MERRICK: So what you're saying is
19 that we're not going to get into that boat we were in before,
20 we're just going to be repaying a loan that the student may get
21 if they come back into the region?

22 MR. FEINMAN: Yes. The student still
23 applies at the outset for their education and they get a
24 promise from us that says if you come back to the region, for
25 each year you undertook student loans to get educated then

1 when you'll come back, we'll pay some of those loans down for
2 you, if you come back and you're living and working in the
3 region.

4 DELEGATE WRIGHT: I didn't exactly
5 understand it but I think you've answered my question.

6 SENATOR STANLEY: I know the answer
7 to this and just to follow-up on what you said, what is our
8 position in terms of because getting loans sometimes can be a
9 challenge in itself, what participation would the Commission
10 have? You say okay if you give a loan and you stay in the
11 footprint, we'll pay a portion or all of it back but the challenge
12 is still up to that student, the potential student although she
13 may have a promise of getting some money back and still
14 obtaining that loan. They may or may not qualify for a loan.

15 MR. FEINMAN: Just to be clear, they
16 receive their education outside of the footprint and the only
17 question do they return to the footprint. It's not our
18 understanding at this point that there is significant difficulty
19 with this. The federal government, and there is plenty of
20 policy points to be talked about, the way the federal
21 government does these student loans. What we've determined
22 in our investigation right now it is not tremendously difficult
23 for a student to receive their full tuition plus fees and possibly
24 living expenses on loans right now between the federal
25 government subsidized and unsubsidized loans and they are

1 heavily backed programs. Every student is entitled to receive
2 loans, essentially all the time. If I'm incorrect and we have a
3 number of folks that do an awful lot from higher ed sitting in
4 the audience right now. Please let me know if I'm misleading
5 anyone, I don't believe I am.

6 SENATOR RUFF: Generally that is true
7 and the colleges can tell you what the federal government is
8 willing to do and not do.

9 SENATOR STANLEY: We have no
10 involvement in that process. I guess that's what I was trying
11 to get to. The challenge of going through the motions and
12 filling out the forms and qualify, all of those things, we have
13 some good colleges and community colleges here and we'll
14 help support that. This is another application trying to get
15 loans.

16 MR. FEINMAN: The major challenge,
17 particularly for first generation students, is navigating through
18 the paperwork and that's not something we've supported in
19 the past.

20 MR. CARMACK: I'm Duffy Carmack and
21 we have folks that work with the scholarship program in the
22 Southside. In administering the program for Southwest and
23 Southside, we're in daily contact with students and
24 applicants. And I have a folder here Senator Ruff that belongs
25 to the Commission and we got this recently talking about

1 scholarships. We constantly hear and get information on
2 financial aid. We commonly hear and students can generally
3 get financial aid. The Tobacco Scholarship certainly helped
4 and when you consider the combined family income. When
5 you talk about combined family income say \$150,000 down
6 and students have difficulty obtaining a hundred percent
7 financial aid and they often say that. Gosh, we need that
8 money up front. There's pros and cons to it and we hear this
9 discussion all the time.

10 MR. FARRAR: Good morning, I'm Paul
11 Farrar, I work in the Southside region particularly with the
12 Tobacco Scholarship Program and part of the job I do is going
13 to these college fairs around the area and basically promote
14 the program for scholarships and loans and forgiveness or
15 whatever. I hear a lot from students that say and parents
16 especially who say if it wasn't for the money you loaned us, we
17 couldn't qualify because our EFC is too high for any kind of
18 federal aid. Now, I know there's loans and even from my
19 personal experience and my wife, her parents are factory
20 workers, one made nineteen a year and the other one 23,000
21 a year and her EFC came out to be five thousand dollars that
22 she had to take out loans for and her mother had to take a
23 federal loan and those payments start thirty days after the
24 money is dispersed and that left a hardship on her family to
25 try to make that payment. These traditional student loans,

1 they come due after school but this loan came due while the
2 student was still in school and that's a hardship on families
3 making a low income.

4 Right now, my wife's got about \$40,000
5 in student loan debt and when we went to buy a house they
6 counted that as part of our debt/loan ratio, which made it
7 kind of hard to get a mortgage. She's in the federal repayment
8 program and her payment was zero, they were still coming
9 back to us saying you still have this \$40,000 debt out here.
10 In the end, we were able to get the mortgage but it took some
11 time and we had to jump through some hoops. I do get things
12 all the time and people who have been in my office
13 Martinsville, the upfront payments help out tremendously for
14 the middle class and the people in the middle who are caught
15 in the middle between don't have an extra ten thousand
16 dollars laying around to pay for college compared to ones that
17 they have the ESE at zero but can get a lot of Pell Grants and
18 those type of things. A lot of people in the middle,
19 schoolteachers and nurses, they can't qualify for some of
20 those grants. Our scholarship has really helped out that
21 niche, especially in Southside.

22 SENATOR RUFF: We appreciate your
23 remarks but I would point out that when we had it as a loan
24 program, we were able to satisfy anybody that applied. And
25 the last couple of years we've been only able to satisfy the

1 upper class and those going to the STEM-H program. We've
2 left some folks in that area.

3 MR. PETERS: We've left some but I think
4 last year in Southside we were able to help three or four
5 hundred freshman and that was –

6 SENATOR RUFF: Out of how many?

7 MR. PETERS: Out of seven hundred.
8 There was some left behind on that. It was based on the GPA.

9 MR. FEINMAN: I'd just remind the
10 Committee that we reduced the Education Committee's budget
11 somewhat substantially and effectively every Committee
12 budget across the board. But the way we can maximize our
13 impact and loans certainly do that and that's an option we can
14 use. The downside is loan repayment versus extending our
15 own loans and we're transferring our money that way as
16 opposed to getting it back. The upside is, is that it's a far
17 smaller headache, certainly if the Committee decides to go
18 back to the extension of capital ourselves and it sounds like
19 the Higher Ed Centers can take that on and we can minimize
20 the burden and there might be a meltdown right now but I'm
21 sure that's something we want to avoid. That might be the
22 thing that solves this problem.

23 SENATOR STANLEY: Just so we're clear,
24 these scholarships we gave were not based on your economic
25 ZIP Code or your poverty level or below, it is the footprint's ZIP

1 Code, middle class or lower class.

2 MR. FEINMAN: Yes, that's what we're
3 hoping to tackle in the coming year but it's proved to be a little
4 more complex than we had hoped. We had a number of
5 discussions to bring to you the true last dollar targeting
6 incentive here and that's proven to be a real challenge. I think
7 if you look across the board at the scholarships and the other
8 programs trying to make sure you're benefitting folks that
9 need the money to go to school first, it's a far greater challenge
10 than I initially thought it would be.

11 SENATOR STANLEY: We don't have the
12 understanding of those that get those scholarships and those
13 various economic strata, which ones are staying here and
14 which ones are leaving.

15 MR. FEINMAN: We have only in less
16 than a year had the services of Michael, who we brought on to
17 build us a more robust data program, but we will be able to
18 track metrics like that in the future for all our different
19 programs in the relatively near future. But the ability to go
20 back and harvest that data from our old grants is not
21 available. We might be able to get some interns to go through
22 at some point.

23 SENATOR STANLEY: Thank you.

24 MR. CARMACK: It might be helpful to
25 know that on the collection basis, we've collected about \$1.4

1 million back from the loan repayment.

2 SENATOR RUFF: That is roughly what
3 percentage that goes out?

4 MR. CARMACK: Last year we funded
5 \$7,268,000 but that \$1.4 million is cumulative coming back
6 over ten years. We're not comparing apples to apples. There
7 is a revenue stream from collections.

8 SENATOR RUFF: That will continue
9 because we did it for at least a decade. No matter what we do
10 that will come back.

11 MS. HODGES: My name is Cathy
12 Hodges, I'm speaking more now as a Southside parent. One
13 thing true enough is the, but there are subsidized loans and
14 unsubsidized loans. The middle class students and many of
15 those are finishing college with so much student loan debt. If
16 this money is not awarded up front, then it potentially ends
17 up being an unsubsidized loan that in fact adds to their debt
18 when they come out of college. True enough, they can qualify
19 for these loans but if the Tobacco Scholarship is not awarded
20 up front, then it will actually add to the debt that these
21 students will have to pay when they get out.

22 I can tell you that the EFC that he was
23 speaking about, and if you're not familiar with the process
24 that means Expected Family Contribution. I can tell you from
25 my experience from my child the expected family contribution

1 is over half of my yearly income. I've got four children, three
2 of which who have college loans and a high school senior who
3 will go next year. They are the ones that get left out. Two
4 working parents and anything else if it's need based they get
5 Pell Grants. It doesn't matter that they're honor students or
6 an A plus average, they don't get the scholarships and this is
7 the one scholarship that has truly been advantageous. If it's
8 not awarded up front and as you say and tapped onto their
9 loans and paid later, then in essence they will end up paying
10 more on a student loan debt because they couldn't get the
11 money up front.

12 MR. FEINMAN: The solution that may
13 work best not the initial loan repayment process but rather
14 the resumption of our extending a loan up front with a
15 repayment requirement that could be waived if they move
16 back into the footprint to work. But if they don't then we
17 require repayment of that loan and that accomplishes our goal
18 and dragging folks back to the region and not subsidizing the
19 exodus of trained people.

20 MR. MERRICK: Is that not what we used
21 to do in the Southside?

22 SENATOR RUFF: Correct.

23 MR. MERRICK: We started that way in
24 Southside doing loans and then you moved back, you have so
25 much to give them. I must admit I've had some people contact

1 me and there seems to be a lot of questions about what they
2 owed and where they worked and I'm sure we've got that
3 ironed out now.

4 MR. FARRAR: There was difficulty four
5 years ago and then resolved. And we have reports on all that
6 for you but it is resolved.

7 MR. FEINMAN: I would say further that
8 if it turns out that the administration of the loan program
9 becomes more complex than can be handled by staff that it is
10 now, a relatively small grant one or two more people would be
11 more than offset by the collections we would get back by
12 return of our loan money by those that leave the footprint. I
13 still think it would be a net positive for the Commission. As I
14 said before, meeting our goals funding the skills for our
15 citizens but not for folks outside the footprint.

16 MR. CARMACK: One other thought, it
17 would be easier to control better by reducing the total grant
18 amount by a million dollars, which is going to reduce the
19 amount the award gives and you won't get as near as many
20 phone calls if you took it away and paid it back. We get a lot
21 of calls. The second thing is that you could also adjust the
22 amount per credit hour that you pay. Right now on average
23 we pay \$90 to \$100 per credit hour depending on which
24 program they're in. That's kind of an easy way to extend the
25 money. I think your consumer is still going to be satisfied

1 because they're getting a scholarship. The one thing I'd like to
2 mention though is that repayment based on if you live and
3 work in the Tobacco Region or not.

4 MR. FEINMAN: That goes to the safety
5 valve I proposed in the front end. If someone lives and works
6 in the region, then they qualify. It might be tough for those
7 that straddle the line so send me a letter and I'll make a
8 decision as to whether or not what they're doing meets the
9 letter in furtherance of what our goals are.

10 MR. CARMACK: We run into that a great
11 deal.

12 SENATOR RUFF: To go back to the
13 original plan that was worked out with Virginia Tech, a
14 director of financial aid lived in the Tobacco footprint and we
15 worked that out purposely to bring them back and reestablish
16 the roots. You take a kid that leaves and they get out of
17 college and go where the job offer is but we can give the
18 motivation one year for one year to come back to get the loan
19 paid down and then leave or they might reestablish their roots
20 and decide that's where they want to stay. Any further
21 questions or discussion on this?

22 UNIDENTIFIED: On the original and
23 paying back the loan and after they graduate and have a job
24 out of the region, work two years and get established and then
25 came back to the region, would that affect the loan?

1 SENATOR RUFF: Generally the loan
2 repayment period is at least ten years. That first two years
3 would be over the dam and if they come back and qualify for
4 repayment, we could consider that.

5 MS. KIM: [by telephone] The loan
6 repayment begins thirteen months after they're no longer
7 enrolled at least half time. If they drop out of school for one
8 semester, the clock starts ticking on repayment. If they come
9 back to the region after a couple of years, graduate and come
10 back after a couple of years or three or four years or even five
11 years, they are already in repayment. The timeframe they
12 have to graduate and work in the region for that thirteen
13 month grace period, one year to work. If they move away for a
14 few years and then come back, there is not a provision to
15 forgive their loan from the past. I don't know what the
16 percentage and maybe Duffy can provide that of how many
17 that actually come back to the region and work and what the
18 percentage is but I think it was roughly about half. Then the
19 other half goes into repayment. And over half of those
20 generally go into default because we are not giving credit,
21 they're given to everyone and it's not necessarily based on
22 need because we don't go through the tax process, the
23 financial aid process and it's not final dollar and it's not based
24 on need. There's a very high default rate.

25 SENATOR RUFF: Thank you, Stephanie.

1 Any questions for Stephanie? We need to make sure that
2 somebody does move back, that they do qualify then for
3 forgiveness four years, four years.

4 MR. MERRICK: Provided they finished or
5 whether they finished or not? If they drop out, are we
6 required to then –

7 MR. FEINMAN: - That's all up to the
8 Committee.

9 MS. COLEMAN: Currently, they need to
10 graduate.

11 MR. MERRICK: If you don't graduate, I
12 think you need to pay it back.

13 MR. FEINMAN: That's what we're buying.

14 MS. KIM: If they do graduate and they go
15 somewhere else to work, their payment starts thirteen months
16 after graduation. It may be a few years and then they come
17 back to the region but by then they've already been in
18 repayment for a couple of years. We don't refund money for
19 what's already paid and they would have to work a year after
20 returning before we'd even consider forgiveness. Logistically it
21 doesn't really work once they're in repayment and often they're
22 in default and they come back to work and they say now I
23 want my loan forgiven after three years because after three
24 years not paying on my loan I'll come back to the region to
25 work.

1 SENATOR RUFF: I think we can adjust
2 that. Once the water is over the dam, those years they paid
3 that's a done deal but they could after that point get credit. If
4 they are in default, I think that issue three years, that's an
5 issue for the Attorney General's office at that point.

6 MR. FEINMAN: If that's the sense of the
7 Committee, we can rebuild that program. My priority will be
8 and I guess I'm getting nods from the Higher Ed Center, the
9 vast majority of that administrative work will stay out of house
10 at the Higher Ed Centers and don't come back and ask for
11 another position. We don't want to do it. If you need another
12 position, figure it out.

13 MR. CARMACK: Let us figure it out.

14 MR. FEINMAN: Moving forward, I'd like
15 to talk about some prioritization for who will be the recipients
16 of our loans. We don't have enough to give to everybody that
17 asks us, so we need to prioritize. The way we've described
18 doing it with the four year scholarship is: number one,
19 students that apply and received assistance last year to
20 reapply and are in good standing with his or her college or
21 university. We've had a lot of back and forth in Southwest of
22 whether or not we were going to throw the door open for
23 everybody or focus on tobacco families. There's been a push
24 to give preference to families that used to have tobacco quotas
25 in Southwest. I can tell you administratively that's become

1 incredibly difficult in trying to find out who had a quota
2 seventeen years ago for instance. From a staff and an
3 administrative standpoint, while I know it will cause some
4 heat and did last year, strike that and make it easier for us to
5 administer but that means you'll all be getting phone calls and
6 myself. So we'll do our best to make it work if the Committee
7 decides in Southwest if you need to continue to give
8 preference to tobacco families, but that's a real challenge.

9 MR. CARMACK: I want to add to that
10 that last year was the first year in the Southwest region that
11 you did not have to be in a tobacco family and it was a little
12 bit of a learning curve and it was a shock to some of the folks.
13 We probably received 25 calls and I know others received four
14 or five but put that against 5,000 awards it's not many really.
15 It's much easier to administer if you have the same criteria.

16 SENATOR RUFF: I'd ask the folks from
17 Southwest to weigh in.

18 SENATOR CHAFIN: Mr. Chairman, it's
19 my preference to have it weighted in favor of those families
20 that have a history of ownership of the tobacco quota or
21 allotments. Those families have been impacted and that's one
22 of the reasons we're here. I think the old way of doing things
23 is a good way.

24 SENATOR RUFF: Do you believe we need
25 to look back seventeen years or should they be active growers?

1 SENATOR CHAFIN: I don't know if
2 there's many active growers at this time. My family had a
3 history of growing tobacco and that was my whole life when we
4 were producing tobacco and that's very hard work but there's
5 a lot of families that used to grow tobacco and it was quite an
6 impact in our local economy. So I prefer looking back at those
7 people that had participated in the settlement. All these
8 people that participated in the settlement in some way unless
9 they simply didn't sign up for it.

10 MR. FEINMAN: Mr. Chairman, we'll do
11 what we're instructed to do but there are still likely people
12 that will say I had a quota but if they can't show us some
13 documentation then we cannot award it based on their word.
14 There are folks I believe who really did have their card but
15 haven't hung on to it for a decade. I'll just say it's been a
16 challenge.

17 MR. MERRICK: But it ought to be getting
18 to the point where those college age children or families are
19 getting to a time where unless they're Abraham and --- they're
20 not going to keep it if there's no need, there's no reason for it.
21 I think the proof is on the person, then yes, but I wouldn't
22 spin my wheels.

23 SENATOR CARRICO: I know I'm not on
24 the Committee but a lot of it has to do in Southwest Virginia
25 where you have students that go to school together and you

1 have some who've never had any dealings with the tobacco
2 industry or never had a tobacco allotment receiving the award.

3 And this fellow student might be a close personal friend
4 whose family did have and didn't get a Tobacco Commission
5 grant and I think that's where families are saying you have
6 these allotments and quotas for such a long time and getting
7 pushed out of the picture and I don't think that's fair. The
8 onus will be on them to prove it but if they can prove it, I
9 think they ought to have priority.

10 DELEGATE KILGORE: It used to be you
11 could get that at the --- and you could go get a farm number
12 and I agree with Don, don't spend a lot of time on it. And the
13 onus is on whoever is trying to prove their case to prove it and
14 have the information.

15 MR. CARMACK: You can put that
16 requirement on the application and when you're close to
17 selecting your criteria I think and then work out a combined
18 household income because there's so many people that make
19 three to four hundred thousand and their children, they're
20 getting consideration compared to a family that's making sixty
21 or eighty thousand. But I think that can bring some more
22 equality to the program that will help you all.

23 SENATOR CHAFIN: It seemed like a lot
24 of people that have these tax returns, some people keep that
25 information for a lot of years and that would be an indication

1 that they participated in the program and indicating that they
2 received compensation and a tax return would be a good
3 reference.

4 SENATOR RUFF: Anyone from
5 Southwest that will want to weigh in? Are you all agreeable
6 with the way Don described it that they have to prove it.

7 MS. NELSON: The previous criteria said
8 you had to have a notarized statement from the person that
9 grew the tobacco and had the quota. If we could get the
10 notarized statement signed. We needed to get a death
11 certificate from the student all the way back to prove that
12 lineage.

13 MR. FEINMAN: If I could suggest an
14 alternative. If you look at somebody and they're bringing
15 documents and you're persuaded, that's enough.

16 MS. NELSON: If an auditor came, we'd
17 have to have the proper documentation.

18 MR. FEINMAN: Another thing I think
19 that would be sufficient whoever the director of the program is
20 signing his name and you know to the best of my ability this
21 family held a quota, a production quota. That's good enough
22 for me.

23 MR. CARMACK: We may need to make
24 sure that the policy for the Commission as far as what we're
25 doing.

1 MR. FEINMAN: With the stipulation that
2 we will give preference in each of these categories to folks in
3 Southwest to former tobacco families. Number one is folks
4 who received this last year and in good standing and that
5 makes sense and they've already made a plan and they're in
6 school and we'll keep funding as we were funding. The second
7 are upperclassmen who have declared a major in STEM fields
8 and STEM-H fields including community college transfer folks.
9 The third would be applicants who are college juniors and
10 seniors but who are not in STEM fields. The fourth would be
11 sophomores by GPA and the fifth would be freshman by GPA
12 and moving forward folks that are closest to the finish line and
13 the folks that have gotten money from us before.

14 The two year scholarship is moving in a
15 different direction. The state has made a new push that we
16 think may impact the award, support of credentials. The state
17 will be providing two-thirds of all funding for non-degree
18 attainment. We propose that we match the student
19 investment. That would mean that rather than paying a third
20 of the way toward it, the students in our footprint would only
21 pay a sixth of the way toward it. We go half and half with
22 them on the one-third that's remaining. We'd still have some
23 skin in the game but that should be an achievable amount of
24 money for folks that are doing these degree programs.

25 SENATOR RUFF: The Southside

1 Community College has tested that in the last month or two
2 and they found it's a fair way of doing it and it means the
3 student has some skin in the game and all participants seem
4 to be happy with that.

5 MR. FEINMAN: That's the way we would
6 treat those and then we'd still award scholarships for two year
7 folks according to the following conditions. The first priority
8 would be certifications that can be completed in six months or
9 fewer. The next would be identified programs, target program
10 applicants that can get a degree or certificate within one year.
11 Each community college identifies priority programs for their
12 region. It doesn't do much good for us to sit up here and here
13 is the things across the whole footprint that makes the most
14 sense. They're on the ground and know what they're doing
15 and let them identify their target programs with coordination
16 with business leaders in a region and we'll support that part of
17 the program. The next would be STEM-H or advanced
18 manufacturing applicants who are working their way toward a
19 three-year certificate and next would be everybody else who
20 can attain their degree within one year. That last category
21 might not reach in a given year.

22 SENATOR RUFF: Please.

23 MS. NELSON: I would ask the
24 Commission to consider that the new credential workforce
25 grant program has the Higher Ed Centers listed as recipients

1 for those funds and that there be some way for the
2 Commission to offer a fifty percent match to the trainees.

3 SENATOR RUFF: Those centers were
4 listed in the legislation as well as the community college to do
5 the workforce programs. Is there a motion to add that? So it's
6 been moved and seconded that the Higher Ed Center be added
7 to that.

8 MS. NELSON: Will we have funds for our
9 trainee grant from the Tobacco Commission? I don't
10 remember exactly how it's referred to but both that our IT
11 academy or is that the way we should use those funds or –

12 SENATOR RUFF: Only if they were
13 included in the group that shared that SHEVC approved. You
14 will have to go back and look at that approved course of work.

15 MS. NELSON: They are all approved.

16 MR. FEINMAN: That covers the changes
17 in the policy.

18 MS. COLEMAN: How does the proposal
19 for the two-year scholarship impact the amount of money
20 available to the community colleges from the –

21 SENATOR RUFF: They will be the last
22 criteria. The third and fourth categories. You're going to see
23 some money going to the non-credit hours but you're going to
24 have a significant amount still for the for credit programs.

25 MS. COLEMAN: My question is this

1 comes out of the allocation that the community colleges
2 receive once a year?

3 SENATOR RUFF: Correct.

4 MS. COLEMAN: So this year we're going
5 to have a cap on that amount, not increased but keep up the
6 cost of tuition this year, is that correct?

7 SENATOR RUFF: There will be no
8 adjustment for tuition this year.

9 MS. COLEMAN: I know it's a wonderful
10 program paying two-thirds by the state is a fabulous thing but
11 now we're asking the community colleges to take or to give
12 fewer scholarships with less money because we've had the cap
13 we're giving them from the allocation. Now we're asking them
14 to take additional funds out of this pot of money traditionally
15 used for full credit and now for non-credit?

16 SENATOR RUFF: I think if you go back
17 and break it down and analyze it, there will be savings. Let's
18 say the community college is offering a welding program at full
19 credit associate degree and the program is over two years and
20 the person gets scholarship money all four semesters. If that
21 program is changed to a six week welding program, it will save
22 the college quite a bit of money. You have to do an equation
23 considering what is being offered and what is being saved.
24 You cannot say it's so linear, the equation, because there is
25 multiple parts.

1 MR. FEINMAN: Mr. Chairman, we moved
2 that but we didn't take a vote.

3 SENATOR RUFF: Let's finish this and
4 then we'll go back to that.

5 MS. COLEMAN: Fair enough but that is
6 an unknown. I know enough about this to be dangerous. It's
7 my understanding that VCCS will be providing for students
8 that have financial needs. The other third of the funding to
9 complete, two-thirds from the state and one-third from VCCS,
10 am I right about that? Need based. Some community colleges
11 will need more and some will need less. For some students,
12 the entire cost will be covered and for others the entire cost
13 will not be covered. Some colleges will have to take more of
14 their for credit money to use for the non-credit people.

15 SENATOR RUFF: I'll respond and say
16 there are many working parts. The reason that the two-year
17 programs exist is for financial reasons for the community
18 college. Part of that is the Pell Grant money. Currently you
19 cannot have a program that's less than sixteen weeks and
20 qualify for the Pell Grants. There's an effort on the federal
21 level to try to shorten that to six weeks to eight weeks, I
22 believe. So there's moving parts. I don't know that you can
23 get a clear answer on that question.

24 MS. COLEMAN: Given that, I don't
25 understand why we're doing that.

1 SENATOR RUFF: The money that they're
2 using for scholarships now, we haven't told them they have to
3 do this, that or the other. They've made decisions, some I
4 agree with some I don't agree with, and that's the way we've
5 done it. We're not trying to do anything more than to
6 encourage students to go into programs that they will be
7 successful in and be able to maintain a family household
8 rather than taking programs that are dead end. I know I'm
9 going to offend somebody but for somebody to take the first
10 two years of a psychology program so they can go to a four
11 year college and then not be able to get a job and become an
12 airline steward is not a winning solution.

13 MR. FEINMAN: One other thing I'd point
14 out is that under our current budget structure it is probably
15 not a great idea. If you look at the chart, last year our
16 financial aid incentives were \$11,518,000. The total
17 education budget for this Committee, \$11,154,000. So we're
18 going to need to trim across the board because there's been a
19 reduction in the amount of available resources we have. That
20 is what it is. I recognize that this will be spread a little more
21 thinly but if you go back and look at the BCG report and look
22 at other folks, these certificate programs are going to be the
23 biggest bang for our buck particularly when our resources
24 decline and I think it's important we get the highest impact
25 per dollar that goes out the door and the matching funds

1 seems to be a great way to make sure that that happens both
2 on the leveraged side and because of the results.

3 SENATOR RUFF: Any further discussion.

4 We have a motion, we didn't vote on whether to add the
5 Higher Ed Centers to the two year programs.

6 MR. FEINMAN: Do we include the New
7 College Institute in that?

8 SENATOR RUFF: I think all three Higher
9 Ed Centers are included. All in favor say aye. (Ayes.)
10 Opposed? (No response.) All right, the motion is do we
11 approve the guidelines even though we've changed them a
12 little bit. We've got a motion, is there a second? Anybody
13 care? All right, it's been properly moved and seconded. Any
14 further discussion? All in favor say aye. (Ayes.) Opposed?

15 MS. COLEMAN: No.

16 SENATOR RUFF: Record the nos. Now
17 that we're significantly behind on schedule, let's go ahead and
18 knock out the extension. Grant #2411, Tim.

19 MR. PFOHL: We got a request from
20 Virginia Advanced Study Strategies or VASS Rural Math Excel
21 Partnership Project #2411. It's a million dollar grant approved
22 in September of 2011. VASS secured a \$2.7 million federal
23 Department of Education I3 grant to establish a rural math
24 excel partnership project, which is working with seven high
25 schools and seven middle schools and all that information is

1 in your report. Professional development for math teachers,
2 the bottom line is the U.S. Department of Education has
3 extended the I3 grant through September of 2017 and VASS
4 requests that the remaining funds under grant 2411, which is
5 \$162,688 which is currently set to expire in December 2016
6 be extended for a similar timeframe to align with the federal
7 grant extension. Staff recommends a sixth year extension for
8 grant 2411 through September 30, 2017.

9 SENATOR RUFF: Well, it's been moved
10 and seconded that we grant this extension. Any further
11 discussion? All those in favor say aye. (Ayes.) Opposed? (No
12 response.)

13 MR. PFOHL: The second request is a
14 little unusual and I'll tell you why. In the last competitive
15 education cycle, Bluefield College submitted a request for a
16 \$400,000 grant to add a third floor to the College of Science
17 Center that was tabled by your Committee in May of 2016.
18 Staff was contacted by Bluefield College representatives last
19 month and the unusual aspect was that they indicated an
20 interest in pursuing a loan through the VRA loan program.
21 And they're asking that the loan be larger than the original
22 grant request. So Bluefield is requesting a VRA loan of \$1
23 million so they can stay on a timeline for accreditation of the
24 program. Due to the unusual nature and the fact that this
25 project was tabled by the Committee staff and we'll talk in

1 more detail about what the project entails and there's some
2 representatives here.

3 SENATOR RUFF: Bluefield, do you want
4 to come up?

5 MR. PFOHL: I'll just say that a year ago
6 the Commission set aside \$5 million to the initial batches of
7 loans and we haven't had a completed loan package yet so the
8 \$5 million is available and that's set aside for VRA projects.
9 Otherwise, the money is not here in the Education budget.

10 SENATOR RUFF: Why the difference?

11 UNIDENTIFIED: The difference in the
12 amount is because at the time of our application, we only had
13 \$600,000 at that time, which is a \$2.2 million project. The
14 College's regional foundation and we were tabled to late fall
15 and that would have been a half million dollars, which would
16 have put us at \$1.1. The Board of Trustees met this summer
17 and they committed that half million dollars for the fifty
18 percent towards the cost of the project and that's why we're
19 coming back and asking to be considered to move forward for
20 a VRA loan consideration and to help us stay on our timeline.
21 We're trying to move into a Masters of Nurse Practitioner
22 program in January of '17. We received approval from the
23 Southern Association of Colleges and Universities to proceed
24 with this new program in January. To do that, we're being
25 given permission to work with area hospitals and other

1 healthcare providers. By April of 2018 when the Commission
2 on Nursing Education visits us for their certification, we need
3 an actual facility on our campus. So we need to stay on our
4 timeline for construction to start in 2017.

5 SENATOR RUFF: Any questions? Do we
6 have a motion?

7 SENATOR CHAFIN: I so move.

8 SENATOR RUFF: The motion is to use
9 the loan money \$1.1 million, if there's a second. It's been
10 moved and seconded, any further discussion? All those in
11 favor say aye. (Ayes.) Opposed? (No response.) All right,
12 Bruce, come on up. Bruce Sobczak. I'm told we're kind of on
13 a rush timeline and you have a very significant role today.

14 MR. SOBCZAK: Thank you, Mr.
15 Chairman. I forwarded a report prior to this meeting and it
16 represented a summary from all of the COE sites, quarterly
17 and annual report. In that report is the data, the summary
18 from fiscal year 2015 with my observations. I'm prepared to
19 speak to the highlights of that. It will take about inside of ten
20 minutes to get through, if it pleases the Committee, or I could
21 do highlights of the highlights.

22 SENATOR RUFF: You need to bring
23 everybody up to speed.

24 MR. SOBCZAK: The uniqueness about
25 the Network of Advanced Manufacturing has been very

1 creative with the implementation of the Advanced
2 Manufacturing Centers of Excellence project.

3 The Network consists of three COEs,
4 Centers of Excellence and technologically with advanced
5 machinery, four satellite sites, seven distant learning sites or
6 centers and eight community colleges and the Commonwealth
7 Center for Advanced Manufacturing. The Network reaches
8 across the vast area of the tobacco region and in some cases
9 brings in advanced manufacturing training to communities
10 and employers for the first time. It offers flexible, responsive,
11 advanced training with innovative online, which focuses on
12 nationally recognized certification. It has the flexibility to
13 provide training to transitioning workers, transitioning
14 military and incumbent workers and employers seeking to
15 upgrade skills.

16 I'm happy to report significant training
17 results for fiscal years 2015/16. That includes training in
18 foundational industry certifications with 253 students
19 completing and 292 credentials awarded at partner colleges.
20 212 students completing 271 credentials at COE sites. In
21 addition, 130 students completing custom training sessions
22 by the COE sites. It's important to note that these numbers
23 were achieved with the COE network operating in less than
24 full capacity in the fiscal years 2015/16. We can reasonably
25 expect that training numbers more than double in fiscal year

1 16/17.

2 Another area that's very well known that
3 instructors in high technology fields are in short supply. The
4 COE network has made a considerable contribution in
5 improving the situation for advanced manufacturing in the
6 region. The COEs have invested in training to over 24 full
7 time faculty and training required by our targeted industry
8 certifications. Our strategy includes providing training in
9 advanced manufacturing technologies to professional
10 educators and recruiting and training industry practitioners to
11 teach in a formal setting. They work in collaboration with
12 professional educators and industry resulting in some
13 increasing capacity for delivering that training.

14 The COEs are also facilitating training
15 sessions, specifically for instructors and this is the training
16 instructors for both the COE site and our partner sites. Some
17 of them include CCAM members such as SAMBIG,
18 MITCHITOYA, also Machine Tool Manufacturers, Maytag,
19 Cobb and others. This is a rare and valuable activity that can
20 make a difference in the Tobacco Region's ability to deliver
21 advanced manufacturing training.

22 There is a focus in sustainability and the
23 network is uniquely positioned for state and federal grants.

24 The COE leadership has developed a
25 strategy to continuously pursue grant opportunities.

1 Collectively CCAM, the COEs and partners cover a significant
2 area of the Commonwealth. Resources as a group represent
3 an impressive pool of equipment, staff, educators, industry
4 partners, state and local government agencies that are well
5 suited for the large scale grant opportunities that have been
6 offered in recent years.

7 Starting with a collaborative effort that
8 included the Deloitte consulting groups, CCAM and the COE
9 leadership, we submitted our first grant application as a
10 network for regional considerations. This not only resulted in
11 a grant application but also in the creation of a playbook
12 where we have all the resources and information related to
13 grant submissions in one place and clearly documented to
14 make future grant applications easier. Pursuing grant
15 opportunities large and small will remain high priority for us.
16 We pursued the Department of Labor Tech Hire Program and
17 submitted a grant for \$4.6 million. Awards were announced
18 in June of 2016 out of 215 applicants, 39 were awarded a
19 grant. Unfortunately, we were among the 176 that were not.

20 Spinning off of that, we did submit to the
21 Department of Labor America's Promise and submitted our
22 grant in August asking for \$3 million in funding and the
23 results are pending. In July, we're seeking \$70,000 in
24 scholarships and we were successful in using funding from
25 the Workforce Industrial Board.

1 Fee based custom contract training is
2 and will continue to contribute to the COEs sustainability.
3 130 students were trained, multiple companies in fiscal year
4 2015/16 with negotiation for more in fiscal year 2016/17.

5 Industry recognition is increasing
6 steadily with our efforts to pursue grants, our contract
7 training and other activities. We have over twenty companies,
8 manufacturing companies committing to provide letters of
9 support for grant opportunities, training our employees at our
10 centers and considering students for employment.

11 Now, speaking to the pipeline, which I
12 think is important, when you look at the pipeline and the
13 certification, the COE network has been able to greatly
14 improve that. Career pipeline or foundational certification
15 training partners, 252 students, 292 credentials. The COE
16 delivered another 212 and 271 credentials. Bringing the total
17 number of foundational certifications up to 563. In order for
18 the COEs to completely shift and do advanced certifications,
19 we need a minimum pipeline of 700 plus of these foundational
20 certifications. The good news here is that we have two more
21 COEs that will be contributing to the total. There are five new
22 programs at partner colleges that are expected to start in fiscal
23 year 2016/17. If they start according to plan and enrollments
24 are good, that should greatly improve that number of these
25 foundational certifications. Reaching a goal of 700 plus in

1 fiscal year 2016/17 will require foundational training at the
2 COE sites but it is certainly possible. In order to train toward
3 advanced industry certification, there must be a base or a
4 pipeline at the entry level. These certifications were identified
5 by the Boston Consulting Group and the report that was
6 published in January of 2013. A case could be made that the
7 BCG report overlooked the degree of readiness capacity for
8 existing training centers to deliver a sufficient base or pipeline
9 of these foundational certifications. In launching the COE
10 project, we've had to devote a greater amount of time and
11 resources to bolster the region's capacity to produce these
12 foundational certifications. This in no way discredits the
13 recommendation in the BCG report because that strategy is
14 sound. It's a challenge for us but one that the COE network is
15 uniquely equipped to overcome. We have and will continue to
16 improve the region's capacity to produce these foundational
17 certifications in fiscal year 2016.

18 Reporting systems are in place and we
19 have in place solid methods for quarterly and annual
20 reporting. Total number of enrollment of students and
21 certifications awarded and making sure they are reported
22 accurately. We will be making efforts to have more of the data
23 collections such as students that achieve multiple advanced
24 certifications and employment outcome, new jobs filled, new
25 technologies implemented by employers and so on. And this

1 will help with the quantified success in future planning.

2 Some other recent developments that
3 leads to greater success in fiscal year 2016/17. We've had our
4 Southwest Virginia Alliance for Manufacturing COE, we have
5 Stephanie here, our director. When I submitted my report, we
6 were still waiting on the State Council of Higher Education to
7 give the SCHEV report and as of yesterday it's official; they'll
8 contribute greatly to that.

9 The other bright spot is that the New
10 College Institute after over a year is searching for the right
11 person in the critical position as coordinator for advanced
12 manufacturing, I'm pleased to report we've hired an
13 outstanding person for that position. August 22nd, 2016 your
14 report, I'm sorry, September 22nd, but with all that said, I
15 want to introduce you to the newest member of our COE
16 leadership team. She is a U.S. Army veteran where she
17 worked as a truck mechanic and other things. She has a
18 Bachelor of Science degree in mechanical engineering, a
19 Master's certification in program management and a Master of
20 Science degree in Finance. She also has over twenty years'
21 experience in manufacturing leadership. So I want to
22 introduce you to Pamela Carter-Taylor. (Applause.)

23 Then we have the executive director for
24 the Southern Virginia Higher Education Center, Patty Nelson.
25 Collectively, this is the leadership team and we'll be firing on

1 all cylinders coming into next year. All things considered,
2 fiscal year 2015 represents a good start for us and is really the
3 first year that we have all the equipment and staff in place to
4 deliver training so we're very optimistic for outcome for the
5 next year.

6 On behalf of the leadership team, we
7 want to thank you all for your support and we're here to field
8 any questions.

9 SENATOR RUFF: Patty, could you come
10 up and address that.

11 MS. NELSON: The Southern Virginia
12 Higher Education Center COE was asked by Siemens to
13 develop a non-credit Siemens level three training program.
14 Currently that program is embedded in engineering programs
15 throughout the U.S. and one in South Korea. They have
16 engineers around the world that want to get that Siemens level
17 three credential but they don't want to re-enroll in an
18 engineering program. We're working with them and we did go
19 to Berlin in August and spent two and a half days with the
20 staff over there and we're working toward developing that non-
21 credit training program and what it would look like and
22 working with the University of Tennessee that had in their
23 engineering program.

24 We're hoping that by next fall we will
25 have a non-credit training program that engineers from

1 anywhere in the world could enroll and get the Siemens level
2 three certification. The goal of that level of credential is to
3 design build advanced manufacturing equipment. That would
4 be something that many manufacturers need that skill set
5 with the engineers to make hires. So we'll add that to our
6 credentials.

7 SENATOR RUFF: Where is the next
8 closest location?

9 MS. NELSON: Right now, no one is really
10 doing a non-credit level three anywhere in the world. I expect
11 maybe India may try to do it but I'd say probably no one else
12 is considering it. That would be unique.

13 SENATOR RUFF: That's a very good
14 report. Thank you all. (Applause.) Anything else we need to
15 know about?

16 MR. SOBCZAK: No, if you'll have us back
17 next year we'll have more good news.

18 SENATOR RUFF: You better have a lot
19 more good news.

20 MS. NELSON: We would also like to
21 thank the legislators that got the Higher Ed Centers into the
22 new economy working towards this and I've got to come up
23 with an easier word. That would help significantly with our
24 trainees being able to afford the training around our region.
25 Thank you.

1 SENATOR RUFF: Any questions? Thank
2 you all, appreciate it.

3 Do we have any public comment?
4 Anyone wish to address the Committee?

5 MS. MARTIN: I'm from Floyd County
6 from the Next Community College. Do you know when the
7 next community college financial aid round will be? We
8 haven't been able in Floyd County to benefit from that
9 program and we're awaiting the next grant deadline.

10 MR. PFOHL: Mr. Chairman, we are
11 anticipating we're going to announce the deadline in perhaps
12 early November and the funding decisions will be made at the
13 January meeting 2017, early part of 2017, how much will be
14 available for a number of programs.

15 SENATOR RUFF: All right, does that
16 answer your question?

17 MS. MARTIN: Yes.

18 SENATOR RUFF: Thank you. Any other
19 member in the audience? Any further public comment?
20 Hearing none, meeting is adjourned.

21

22 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 **Tobacco Region Revitalization Commission Education Committee meeting when held on Tuesday, September 20, 2016 at 11:00 a.m. at the Inn at Wise in Wise, Virginia.**

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 15th day of October, 2016.

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

My Commission Expires: October 31, 2018.
Notary Registration Number: 224566