

1 **APPEARANCES:**

2 The Honorable Kathy J. Byron, Committee Chairperson

3 The Honorable Thomas C. Wright, Jr., Vice Chairman

4 Mr. Stephen S. Banner

5 The Honorable Richard Brown, Secretary of Finance

6 The Honorable Patrick O. Gottschalk, Secretary of Commerce & Trade

7 Mr. L. Jackson Hite

8 The Honorable Daniel W. Marshall, III

9 Ms. Connie Lee Greene Nyholm

10 The Honorable Phillip P. Puckett

11 Mr. Kenneth O. Reynolds

12 The Honorable W. Roscoe Reynolds

13 The Honorable Frank M. Ruff

14 The Honorable William C. Wampler, Jr.

15

16 COMMISSION STAFF:

17 Mr. Neal Noyes, Executive Director

18 Mr. Ned Stephenson, Deputy Director

19 Mr. Timothy S. Pfohl, Grants Program Administration Manager

20 Ms. Britt Nelson - Manager of Program Assessments

21 Ms. Sara Williams - Grants Coordinator, Southwest Virginia

22 Ms. Sarah Capps - Grants Coordinator, Southside Virginia

23 Ms. Stephanie Wass - Director of Finance

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1 **APPEARANCES: (Cont'd.)**

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3 OFFICE OF THE ATTORNEY GENERAL

4 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for the
5 Commission

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1 DELEGATE BYRON: I'll just call this meeting to
2 order. Neal, would you call the roll?
3 MR. NOYES: Mr. Banner?
4 MR. BANNER: Here.
5 MR. NOYES: Secretary Brown?
6 SECRETARY BROWN: Here.
7 MR. NOYES: Delegate Byron?
8 DELEGATE BYRON: Here.
9 MR. NOYES: Secretary Gottschalk?
10 SECRETARY GOTTSCHALK: Here.
11 MR. NOYES: Mr. Hite?
12 MR. HITE: Here.
13 MR. NOYES: Delegate Marshall?
14 DELEGATE MARSHALL: Here.
15 MR. NOYES: Ms. Nyholm?
16 MS. NYHOLM: Here.
17 MR. NOYES: Senator Puckett?
18 SENATOR PUCKETT: Here.
19 MR. NOYES: Mr. Reynolds?
20 MR. REYNOLDS: Here.
21 MR. NOYES: Senator Reynolds?
22 SENATOR REYNOLDS: Here
23 MR. NOYES: Senator Ruff?
24 SENATOR RUFF: Here.
25 MR. NOYES: Senator Wampler?

1 SENATOR WAMPLER: Here.

2 MR. NOYES: Delegate Wright?

3 DELEGATE WRIGHT: Here.

4 MR. NOYES: You have a quorum, Madam
5 Chairperson.

6 DELEGATE BYRON: I want to thank all the
7 Committee members for being here today and for those of you in the
8 audience who are here today.

9 We have two policy considerations that we're going to look at
10 today. The first one is private universities, whether or not private university
11 applications will be considered on the same basis as other institutions. The
12 second one deals with early childhood education, should early childhood be
13 considered as part of the eligible education programs or not.

14 So, let's go ahead and start with number one first. I believe at
15 our last Education meeting we had a number of requests from colleges and
16 universities across the Commonwealth. I remember at least one of those was
17 actually moved to the Education Committee from Southwest, and that was
18 discussed during the Education Committee meeting. I don't believe any of
19 those requests were funded. Recommendations were made to be funded by
20 the Staff. So, we didn't get into the reasons about why they were not funded,
21 but all of them were good projects. Three of those were out my way, as I
22 understand it. It seems to me there was some question as to whether we
23 were going to continue to do that. As a result of that I believe the Special
24 Projects Committee even looked at one of those to see if this was really in
25 concert with our mission. Maybe we've done it different in the past, but

1 anyway, these are the things we need to look at. I, for one, thought it would
2 be appropriate for Long Range Planning to look at it and say yes or no and
3 whether we should be doing this or not. It's actually a policy issue, and
4 that's why we're here.

5 SENATOR PUCKETT: Well, I just want to say
6 that we had an Education meeting and we had a lengthy discussion of this,
7 and I think we had five, and there may be more, but at least that many
8 requests about scholarships throughout these universities across the
9 Commonwealth, and since then one of those has actually been moved from
10 the Education Committee to the Southwest Economic Development. The
11 question I raised at the Education Committee meeting, are we, and let me
12 back up and say that one of the reasons that caused me concern was the fact
13 that none of these requests were funded by our Staff's recommendations,
14 those that are provided by the Staff. We didn't get into reasons why they
15 were not funded. I'm sure all of them were good. Three of those were out
16 our way, or out my way, and I would have liked to have seen them funded.

17 It seems to me there is some question as to where we are going.
18 Are we going to continue to do this, or should we be doing it? As a result
19 of that, I'd like it explained to me that we ought to take a look at this and see
20 if it's consistent with our mission and what we want to do. It has nothing to
21 do with the fact that we've done it in the past, or we haven't done it in the
22 past, or we've done something different. We're in a different situation now, I
23 think, than we have been in quite some time from a funding aspect. I
24 thought it was appropriate that the Strategic Planning Committee take a look
25 at it and say yea or nay as to where we should be as far as the policy issue is

1 concerned.

2 DELEGATE BYRON: Senator Ruff.

3 SENATOR RUFF: I think it's good we have an
4 open discussion about how we spend the money and the forum for it.
5 Traditionally, the Education Committee would take a look at it. What is
6 important is our young people and how do we get what they need to them
7 and do it in the most economical way. As far as I'm concerned, particularly
8 when we get to the scholarships and the forgivable loan program, it makes
9 no difference to us where they went to school, whether it's in-state or out-of-
10 state or private school. It's most important that they get the education.

11 I believe the Staff has the ability to look at these proposals,
12 whether they come from a state college or a private college, then analyze the
13 proposals and choosing those that can best enhance the education of our
14 young people. I hope this Committee sees fit to allow the applications from
15 private colleges in the future.

16 DELEGATE BYRON: I think one of the things
17 that prompted this more so is that we all understand the budget constraints
18 that we're starting to have. We have to address that in the General Assembly
19 and nationwide. As people start looking at other venues for funding certain
20 projects, I've heard from some of the members that we want to ensure that
21 we're not just a stopping ground for additional funding. That we continue to
22 look at each project and go through the normal review process that we have
23 set up for the Staff to do to ensure that it fits within the guidelines and
24 parameters. If we have to go back at some point and maybe address those to
25 cut down the work load or more or less refine it a little bit for certain

1 committees that are going to get heavier grant applications, maybe we
2 should do that.

3 As far as whether or not who delivers the services and whether
4 or not it's a service that will revitalize our communities and enhance the
5 workforce training that needs to be done to help people get employment and
6 re-employed, then we should look at the merits of each application, as we
7 have in the past.

8 Is there anyone else who wants to comment on this, or has a
9 different feeling?

10 DELEGATE WRIGHT: I take the opposite side. I
11 think we've had the recommendations from the Blue Ribbon Commission,
12 and we've looked at expanding things that we're doing in Education, and I
13 think we've discussed that thoroughly. Frankly, if we can keep up with what
14 we're doing now, as far as the community colleges and other things that
15 we're funding, the scholarships and so forth, I think that's very challenging in
16 and of itself. With the economic conditions we're in now, I think we're
17 going to really have to watch our dollars very closely. Each one of these
18 recommendations here were turned down by the Staff, and we had a very
19 long deliberation before the Education Committee concerning these. I don't
20 think there is much support for any of these types of proposals. I would
21 think at this time that we need to focus on what we're doing. I think we've
22 done a good job, but to send a message that we're going to expand this
23 further, I don't think we should be doing that at this time.

24 SENATOR RUFF: I don't see this as an
25 expansion. We have accepted applications from private colleges pretty

1 much from the very beginning. I believe we had an \$11 million request four
2 or five years ago, so it's not new territory. I think we need to evaluate
3 prospects, as the Chairman said, on the merits of that particular proposal. If
4 it comes from A, B or C, it really doesn't make any difference. If we can't
5 say no, then I think we have a problem to start with, and some projects are
6 better than others. One year a project may rank number four and the next
7 year number twenty, and that's the way the process works. We should
8 always strive to get the best prospects.

9 DELEGATE MARSHALL: Madam Chairman, I'd
10 like to ask the Education Committee Chairman a question. As a new
11 member here, in the past the money that the Education Committee has
12 endorsed for private colleges, have they met the mission of what the
13 Tobacco Commission is doing, or could you expand a little bit on some of
14 what the money has been spent for in the past?

15 SENATOR RUFF: I know that we've had
16 applications for, and without them being in front of me I don't know if we
17 approved any.

18 MR. PFOHL: Generally, nearly half of our
19 grantees in Education have been non-profits, broadly defined as private
20 independent IRS-designated non-profits. That would include not only
21 private institutions but private foundations affiliated with community
22 colleges and four-year public schools and independent profits. We have
23 funded a number of non-profit organizations, including some of the private
24 institutions that are here today and some that are not here today.

25 To the extent have they fulfilled our mission, yes, and we have

1 attempted to make sure that they have accomplished what the Commission
2 authorized them to do with the funds. In Education principally by measuring
3 the number of academic credentials that are granted as a result of the
4 Commission's funding program.

5 DELEGATE BYRON: Senator Ruff, would you
6 say, as Chair of the Education Committee that, and I understand you've made
7 a recommendation in the Committee with regard to the scholarship program
8 and if we decide to increase or decrease some funding, is that correct?

9 SENATOR RUFF: And what is that?

10 DELEGATE BYRON: What I'm getting at, there
11 are a lot of Education needs, and of course we're not going to be able to fund
12 all of them, and some of those will simply not apply to what our mission is.
13 But if some of these projects fall within the policy decisions, then you want
14 to have the flexibility to be able to see things that might be in demand in the
15 region that you have an opportunity to help fund.

16 SENATOR RUFF: The reality is, that would take
17 the community college out of the equation if we have no fourth year colleges
18 out of the communities. In Danville we've worked directly with encouraging
19 folks in Danville, if we could work with them to make them offer a degree
20 for particular training, and that would enhance education down there, rather
21 than trying to go to the expense of Virginia Tech or Longwood to bring
22 professors down. I'd like to stay as flexible as possible.

23 DELEGATE BYRON: Any other comments from
24 the members? Has the Staff thought of a good explanation which would
25 basically address bringing before us that private institutions requests would

1 be considered and that they'll be considered on the same basis as all other
2 institutions' requests.

3 MR. STEPHENSON: I think that's well stated,
4 Madam Chairman, or perhaps no statement at all means that they are eligible
5 along with everyone else who applies. Unless you choose to restrict it, I'm
6 not sure that a statement is necessary.

7 SENATOR RUFF: If we're going to have a
8 statement, I would prefer that it say that this Committee endorses continuing
9 the policy of allowing those applications to be received.

10 SENATOR PUCKETT: Madam Chair, I agree
11 with Frank, because I'm not sure we need a statement unless you want to
12 change something.

13 DELEGATE BYRON: Either in the record or in
14 the Minutes that in any event referring back, or we need something that
15 clarifies it, or maybe not.

16 MR. PFOHL: One way to tighten up the
17 guidelines a little bit, and subject to the druthers of the Staff, we have invited
18 applications from non-profits, and the Staff has interpreted that to mean non-
19 profits that receive an IRS tax exemption designation. That's something
20 we've done on our own to ensure that some scrutiny as to the mission of
21 these organizations has been accomplished by the IRS to determine that they
22 are an educational institution. If we could add that it would be required that
23 a 501(C) determination has been issued by the IRS, that would help tighten
24 it up a little bit.

25 MR. HITE: I'd like to ask Mr. Ferguson if you

1 have any thoughts on that?

2 MR. FERGUSON: Madam Chairman, I guess my
3 observation in the time that I've been here has been that all private non-profit
4 organizations that meet IRS requirements or the 501(C)(3) or similar
5 qualifications have been received and viewed on the same basis. The fact
6 that it happened with the educational institutions as opposed to some other
7 501(C)(3) museums, we've also considered that, and I'm not sure that would
8 be any different than what the Commission has done in the past. I don't
9 know of any legal prohibition against that. The question has come up a
10 couple of times, and the only qualification on that is the qualification of the
11 applicant. There are certain kinds of things that we can't fund with public
12 money, and religious programs is one that comes to mind, in connection
13 with institutions of higher education. Just because they're religious affiliated
14 doesn't stop that, but the program requested has to be scrutinized along with
15 other kinds of discrimination or anything of that sort.

16 I would suggest that whether there is a policy statement or
17 merely a statement by the Chair to which there is a consensus of the
18 Committee in the Minutes probably would be sufficient, and if that creates a
19 document of record of the position of the Committee. Again, I'm not sure
20 that applications from private institutions of higher education necessarily
21 come to the Education Committee. The ones we had in October happened to
22 be because all educational programs of one sort or another were sought to be
23 funded, but I can imagine one might go to Agribusiness or Technology,
24 dependent on what the grant application concerned. Again, I don't see this
25 as being any different from any other private, non-profit organization that

1 we might consider awarding a grant to. It's a matter of whether it fits the
2 goal of the Commission or the statutory mandate of the Commission, the
3 priority of the Commission established through this Committee for its
4 funding activities.

5 DELEGATE WRIGHT: I would agree with that a
6 hundred percent. I think we'd be breaking new ground if we singled out or
7 invited applications. I think a statement not at all would be preferable.

8 DELEGATE BYRON: Ned, were you working on
9 anything?

10 MR. STEPHENSON: Just to help the Chair out,
11 the Strategic Planning Committee affirms the eligibility of all organizations
12 with the 501(C)(3) designation by the IRS. And, if you choose, to add
13 including private colleges and universities. I think the idea is that we affirm
14 all 501(C)(3)s.

15 MR. NOYES: I think what Counsel is suggesting
16 is that we don't, the policy statement you're saying all 501(C)(3)s, whether
17 the application goes to Technology or Economic Development or here or the
18 Agribusiness Committee. So I would recommend that we add that last piece
19 that Ned has suggested across the board.

20 DELEGATE BYRON: Would you repeat that,
21 Ned?

22 MR. STEPHENSON: The Committee affirms the
23 eligibility of all organizations with a 501(C)(3) designation by the IRS
24 period.

25 SENATOR PUCKETT: So moved.

1 DELEGATE BYRON: It's been moved and
2 seconded by Delegate Marshall. Any further discussion? Is there anybody
3 in the audience who would like to speak on this topic that we've been
4 discussing?

5 MR. GARREN: My name is Kenneth Garren, and
6 I'm President of Lynchburg College. The Executive Vice President, Dr.
7 Barry Moore from Liberty University, is passing out some material. I'll keep
8 this very brief. I would just like to mention this very briefly, no more than
9 six minutes compared to six hours.

10 DELEGATE BYRON: Please cut it down to four.

11 MR. GARREN: There are five points I would like
12 to bring to your attention. One has to do with speaking on behalf of the
13 private colleges. I'm President of Lynchburg College but I'm a Southwest
14 Virginia educated person. I graduated from high school in Roanoke,
15 Roanoke College and William & Mary. I worked for NASA in the Apollo
16 Program, and a Ph.D. in Math from Virginia Tech.

17 Speaking on behalf of private colleges, let me talk about
18 numbers. We have over 50,000 students that we educate in private colleges
19 and universities, and almost half of those are Virginia residents. I'd like you
20 to look at the data in terms of being Pell-eligible. About 28 percent of the
21 students in the private colleges and universities are Pell-eligible; compared
22 to the flagship universities in Virginia, somewhere between 8 and 10 percent
23 of those students are Pell-eligible. Looking on the impact, particularly in the
24 Southside areas, I would note that many of the private colleges are located in
25 areas not well served by public institutions. In fact, 15 of the 27

1 independent colleges in Virginia are located in rural areas, twenty-seven
2 compared to twenty-five. Liberty University joined us this year, as did
3 Virginia College of Osteopathic Medicine in Blacksburg.

4 The last point has to do with how the private colleges are doing
5 relative to quality. There is some national data from Indiana University that
6 says that students in private colleges are generally greater engaged than the
7 ones from public. The other item had to do with preparing people for the
8 workplace, and the privates come out very high and the percentage in
9 community service, compared with 76 to 60 percent. This study was done at
10 Indiana University, a public institution that is well regarded for its research
11 in private education and public education.

12 Going to the next page, that will address some of the comments
13 that I heard this morning, relative to certain factors that might be important
14 in this one and future funding decisions. Look at how many of these are
15 cooperative projects between the private and the publics. Second,
16 considering the economic impact of these projects, particularly in the
17 Southside area. The next is delivery of service and what actually happens to
18 people in Southside as a result of the projects that were funded. The next
19 one, look at the leveraging aspects from these other institutions that are
20 making requests. Next, looking at the long-lasting impact of these projects
21 in terms of seed money after they're given from one year, and you see what
22 comes out of that. The last is a request on the merits of the proposal and
23 how these proposals are all considered.

24 I know you have a very difficult job in terms of funding and
25 how the funds are going to be used. I want to thank you on behalf of the

1 private colleges for your consideration. Thank you.

2 MS. KELLER: I'm Theresa Keller, and I'm here
3 on behalf of Emory & Henry College, and I'd like to emphasize a point that
4 has already been made. We would appreciate if you considered all the
5 applications, public and private institutions, with their variety of strengths
6 and weaknesses. If the organization considers all of those proposals, you
7 would maintain more flexibility and get more applications that could meet
8 different needs. So we appreciate that point.

9 We also have a little bit of trouble with what would exclude
10 private institutions when you do fund other private organizations. We
11 appreciate the comments about including everyone who is 501(C)
12 applicable. Because money is tight, that would be more of a reason to open
13 up the process for possible funding for the best proposals, no matter who
14 they come from.

15 Thank you.

16 DELEGATE BYRON: The Committee has a
17 motion that has been seconded. All those in agreement with the motion and
18 the statement that Ned made say aye? (Ayes.) Opposed? (No response.)

19 Now, let's move on to position number two. The question was
20 that we already have in our policy that education, K through 12, was the
21 responsibility of the state government and that it was not going to be
22 addressed by the Tobacco funds. We felt like there were many other needs
23 that the Tobacco Commission was going to be able to use their funds to
24 revitalize the communities and economic development such that the
25 Education Committee was not going to address K through 12. Is that

1 correct?

2 MR. NOYES: That's correct.

3 DELEGATE BYRON: However, it has been
4 brought to our attention that we talked about K through 12 we were not clear
5 on the education initiative with reference to pre-K. That's what we're going
6 to discuss today. I'll open the floor now to anyone who would like to make a
7 comment.

8 SENATOR RUFF: As we began this process
9 several years ago, the discussion of K through 12 came up, and the reality is
10 that with 30-odd school divisions within the tobacco region, that would eat
11 up the money very, very quickly, and we wouldn't have resources for other
12 projects we felt were more important to economic development type
13 projects. I believe we decided that was the state's responsibility. We felt it
14 was best that we stay away from that. When we met in October the issue of
15 pre-school came up, and I think all of us had mixed emotions and different
16 thoughts on it. I guess we all still have some mixed emotions. We know the
17 federal government has some fingers in it, and the state government has
18 some fingers in it, and some of the localities. It's a vast area that is not being
19 dealt with. There are a lot of problems in our regions that are getting
20 overlooked because the counties are choosing to look the other way because
21 the state and federal is not. Given a clear policy of who should and should
22 not be served, that's the reason this is before us today.

23 DELEGATE WRIGHT: Again, this was
24 considered by the Strategic Planning Committee, and a recommendation
25 from the Blue Ribbon Commission didn't necessarily mention pre-K or early

1 childhood, but it mentioned the expansion of the role of services that we
2 provided through education. I don't know that a vote or statement is
3 necessary, or it may be, but I think we should go along with the policy we
4 had in the past and not get involved in K through 12. I think that's the
5 proper way we should approach this.

6 SENATOR RUFF: There are some folks here
7 from the early childhood; I think maybe we should have them speak to this.

8 MR. DAVENPORT: My name is Ben Davenport.
9 The Tobacco Commission chose to get into the expansion of our wiring
10 system throughout Southside and Southwest Virginia because basically there
11 was not a funding source, and now you've come along with a lot of great
12 projects. Because of that, Southside and Southwest really have been set
13 apart as unique areas for economic development, and we're all getting the
14 benefit of that. What we're talking about here today is something that the
15 Federal Reserve measures. We don't have, or those of you in the General
16 Assembly know that funds are just not there to do a great deal of this. All of
17 us in our rural areas have lost population, and most of that has been the best
18 and brightest of our population, so we're left with a lot of parents who are
19 not educated, and out of that they're raising children who unfortunately are
20 exposed to their upbringing. We know that in the first few years of their life,
21 from birth to age four, is the time that the mind gets wired. You can
22 dramatically impact the IQ of somebody during that time.

23 I'm an employer, and those of you who are here who have seen
24 what I have seen, I can tell you the employees that we hire today are not the
25 same level that they were 20 and 30 years ago. If we're going to be

1 successful in economic development, we need to work on this, and we need
2 a workforce that can be employable. If they do not have the basic skills to
3 be able to do the difficult or the new manufacturing requirements, that also
4 requires computer knowledge and a lot of other skills. If they're not able to
5 deal with that, then companies are going to say they can't come to our area
6 because we don't have a workforce that is capable of doing their work. I'm
7 trying to talk about how to figure out a way in Southside and Southwest to
8 get an edge on areas that do not do this. I think this is a great investment.
9 We've got a local foundation in Danville that's putting \$100,000 into this
10 because we believe in it. We're not talking about anything specific as far as
11 money today. You said that you wanted to set our part of Virginia apart, and
12 you wired it, and you've got a chance to set our part of Virginia apart as
13 being one that is addressing the employees for the next generation.

14 Scott Hepert is here, and he heads up the early childhood
15 development. A lot of you have seen this report, the Federal Reserve puts it
16 out, and it talks about what the return on investment is on this.

17 MR. HEPERT: Thank you, Ben. K through 12
18 education, every district has a school board that provides leadership and
19 direction as far as what's happening in K through 12 education. With early
20 childhood around Virginia there is very little local leadership taking place
21 right now. What we need to do is build an early childhood infrastructure
22 across the state and in particular in Southside and Southwest Virginia. There
23 really isn't any right now. We have to have an infrastructure that is ready to
24 deliver on the programs that are coming out of the state and out of the
25 federal government. Certainly the resources that the Early Childhood

1 Foundation is putting into this, that is the Smart Beginnings Initiative, and
2 that doesn't go into specific programs. It's creating an early childhood
3 delivery system at the local level where one is not currently in existence.
4 We feel it's really important to do that, especially now, not only because of
5 what Ben has talked about, but it's critical for young children to start out
6 with a stimulant to learn so that they'll better understand, when they start
7 they'll do better. They'll graduate from high school and be able to apply for
8 better jobs. But as far as what's happening in the national economy right
9 now, an article from the *New York Times* talks about the Obama
10 Administration wants to put \$10 billion into the stimulus package to invest
11 in early childhood education at the local level. There have been
12 conversations about America's success, but business people across the
13 country led by Ross Dugger, and he's from Alexandria, their total focus is
14 early childhood education. They had a conversation with a former
15 economist from the Bush and Clinton administrations. They're putting
16 together dollars to go into the recovery plan after the stimulus plan and
17 talking perhaps 50 billion additional dollars going into early childhood
18 education across the country. They're saying those dollars will go into those
19 communities where there is infrastructure and boots on the ground to deliver
20 on those services and to make sure that the parents have the resources to take
21 care of their children and to know what it takes to stimulate the economy and
22 know what they can do to stimulate their children's brains.

23 In Virginia we want, in Southside and Southwest, the
24 infrastructure that we know isn't in place yet. We want them to be eligible
25 for the funds when they become available. This is the time for it. What we

1 hope to do is we're already investing in these initiatives across the state, and
2 we have limited resources to do that, some money from the General
3 Assembly and some money from private resources. The urgency is here
4 right now, and we need to jump start these efforts so we can take advantage
5 of the stimulus dollars that might be coming down.

6 Thank you.

7 MS. COLLINS: I'm Linda Collins. I'm from Big
8 Stone Gap, but I can't add too much to what's already been said, except that
9 we see so many children in our schools who are unprepared. If we were able
10 to give them the tools they need before they get here, we could help with the
11 workforce of the next generation. Please consider the early childhood
12 development program. Thank you.

13 DELEGATE BYRON: I'd just like to remind the
14 Committee that we're certainly not looking at the merits of pre-K in general.
15 We're looking at a policy issue as far as what we can fund and what we
16 consider to be a priority as far as funding goes.

17 Senator Ruff and I work on the Workforce Council, and have
18 for many years. We have issues with dropouts, GED, the dislocated worker.
19 There are so many workforce training needs. When we talk about early
20 childhood, and this is a very critical area that needs some addressing, but I
21 think that by getting this generation better trained and ready to get out in the
22 workforce and meet the demands of today, that we will then address the next
23 generation's needs by getting the parents in a better situation. What we've
24 done so far by investing our dollars into workforce training and making sure
25 that we do everything that we're capable of doing and that is brought to us

1 that will better equip the workforce, and ultimately we can address these
2 things by doing the scholarship program and having loan forgiveness and
3 seeking some immediate results from that. This is another one of those
4 things that there is just not enough money to address everything. When you
5 start looking at pre-school, some of those families may not be here in 15
6 years if you don't address their parents' needs in getting the workforce on
7 their feet. When you look at the job situation and when you look at what
8 jobs we've lost, like manufacturing, I just think this may be something that
9 we just are not capable of doing, with all the other things we have on our
10 plate.

11 SENATOR RUFF: I can't disagree with what you
12 just said. My wife made the decision she wanted to stop teaching the fifth
13 grade and do pre-school this year, so maybe I'm a little more sensitive to it
14 than I would be in another case. The parents she does have, you might get
15 them a job, but their parenting skills are so challenging that that group of
16 kids she's working with, if they don't get some outside influence they're
17 coming into the school system in pretty bad shape, as far as their ability to
18 work in the mainstream, and there's a real concern there.

19 I'm going to ask how does this all fit in with Head Start and all
20 those programs, because here the federal government said, we've got these
21 problems, and they throw money at problems and they throw money at
22 different groups, trying to get solutions from different angles and trying to
23 get it to all these targets, and my question is how does all this fit together?

24 MR. HEPERT: You're right, sometimes there's a
25 lot of money, but we don't know what's happened. That's what we're trying

1 to remedy and get under control. Head Start is federally funded, and those
2 dollars come from the federal government. The Virginia Pre-School
3 Initiative has the Governor's support this year. It is a separate project from
4 what we're talking about. What we're trying to do is put in place local
5 infrastructure so that programs like Head Start, the Pre-School Initiative,
6 private daycare, family daycare, faith-based centers, non-profits that offer
7 parenting classes, those are all working together in the system to make sure
8 that children are being stimulated and allowed to learn at a very young age,
9 whether they're home with their parents, in a Head Start center or daycare
10 center, or wherever they might be.

11 In Virginia there are two things going on right now. At the
12 state level we have a new offer of early childhood development that's getting
13 early childhood servicing at the state level, and they're all working together
14 as far as data collection, home visitation from health and social services
15 working together for the first time. What needs to take place at the local
16 level is for all those services to be aligned. What we're trying to do is focus
17 on all these early childhood activities taking place and get them lined up so
18 the system is ready to deliver quality early childhood education. We're
19 trying to bridge the gap between the family at the state level and be able to
20 deliver at the local level and take advantage of any federal dollars that might
21 be coming in as part of the stimulation recovery plan.

22 DELEGATE BYRON: Senator Reynolds.

23 SENATOR REYNOLDS: I move that the policy
24 be that applications for grants for early childhood programs be eligible for
25 consideration.

1 MR. HITE: I'll second the motion.

2 DELEGATE BYRON: Any discussion?

3 SECRETARY GOTTSCHALK: I think the
4 projections are directly from the numbers in the third grade reading test.
5 Now, the information that I have as far as children and the third grade
6 reading test, the inclination, if you go back a few years earlier, sort of bound
7 if you will, to succeed or fail sometimes as far as how you start out. It's
8 really from birth to age four, which are the pre-K years. What I'm trying to
9 do is draw a line and connect the dots and if this information can be pointed
10 out by data. If you participate in pre-K you're more likely than not to
11 succeed in the third grade reading. Then you can extrapolate from that that
12 not only can you succeed in the third grade reading test, but they'll graduate
13 from high school and become productive members of the workforce and also
14 a taxpayer. Whereas, if you go off the path, and about 20 percent fail the
15 third grade reading test, you may be one of the statistics that ends up in
16 prison. I'm sure it's not so black and white. When I heard that for the first
17 time, that alone I think would be compelling evidence for pre-school. I think
18 it's more complicated than that and a better story. What I mean by that is
19 I've always looked at pre-K from the first time I heard about it as a
20 workforce issue. Someone who comes into the pre-K system, their cognitive
21 skills are a little better, a little further along and is indeed a little better
22 prepared to enter into the first grade and passes the third grade reading test
23 and does well and goes on as well through the other tests, then graduates
24 from high school and becomes a productive member of society and the
25 workforce, and they're better prepared.

1 I agree with Mr. Davenport in the sense that why not stake that
2 out as a claim in this region like we have with the Broadband. Why not
3 show some leadership in this area on the pre-K front where we can kind of
4 stake out a claim and we can sell that to our economic development
5 prospects. We've done it in Broadband; why can't we do it in this? So, I
6 speak in favor of this motion.

7 DELEGATE MARSHALL: I'll second it. Senator
8 Reynolds and I served on the new College Board. We had a Board meeting
9 last week. Martinsville and Henry County has the highest unemployment in
10 the State of Virginia. We were told at the meeting last week that there are
11 500 jobs in Henry and Martinsville going unfilled because the workforce is
12 not qualified for the jobs. I think from one standpoint we should certainly
13 try to rectify this.

14 My question is the \$900,000 that was proposed was to come
15 from the Tobacco Commission, and if we did the whole tobacco region,
16 what's it going to cost?

17 MR. HEPERT: The way the request is structured
18 that we made last October, a dollar-for-dollar match from the Tobacco
19 Commission and the Early Childhood Foundation, and because of the way
20 we give out our grants to the local communities there are some matching
21 requirements. It comes out to about \$2.1 million initiative totally in this first
22 phase. Keep in mind that during this first phase there is a lot of strategic
23 planning going on, and that involves implementation, and this is probably a
24 five to seven year period. I believe the structure was laid out in the matrix
25 over a five to seven year period. It was right around \$4 million that the

1 Early Childhood Foundation would contribute, and matching funds from the
2 Tobacco Commission; a smaller amount of dollars would come from local
3 communities.

4 DELEGATE MARSHALL: After that, what
5 would be the funding that you would come to the Tobacco Commission and
6 ask for?

7 MR. HEPERT: What we try to do over this five to
8 seven years, we work with a sustainability plan with each one of these
9 communities. Once the infrastructure is in place it doesn't cost as much
10 money to keep it in place. We hope to get it in place during that period of
11 time, but we'll also work on a sustainability plan which includes working
12 with the communities on a fund-raising plan for the future. Individual
13 communities may come back to the Tobacco Commission, or they may go to
14 their local Legacy Foundation, they may apply to ART, they might find local
15 donors. Hopefully, what will happen is the federal and state dollars we'd get
16 from this economic stimulus will be coming down the pike and the
17 infrastructure will be in place and we can deliver on this. The goal is
18 sustainability down the road and federal and state dollars once the economy
19 improves.

20 MR. DAVENPORT: I just want to say that in our
21 areas of the state we're trying to figure out how we could become a certified
22 community, and we didn't have a clue how to do it. I remember how the
23 Commonwealth helped us and laid out a plan, and out of that I think we all
24 got pretty good at economic development or what it took. A lot of this is
25 just teaching people how to take care of themselves and their communities to

1 do this and bringing an awareness that's not there now. If you don't deal
2 with this, you're not going to get this type of thing.

3 SENATOR PUCKETT: Delegate Marshall's
4 question, I think, is probably addressed in the application process, at least in
5 the part which the Staff recommended its award in the meeting. I'll quote
6 from that. "This request is proposed to be a first step for multi-year funding
7 collaboration by the Tobacco Commission and the VECF." In parentheses,
8 "future Tobacco Commission requests could total three million." I'd just say
9 that whatever comes in the future has to pass this Committee and has to pass
10 the Commission. If it's not worthy or not working, then we don't have to do
11 it again. I think it's certainly worth a comprehensive chance to see if we can
12 make it work. When you see the typical information that's out there for this
13 childhood development and what it might mean to youngsters who don't
14 have the opportunity that many of us have had or our children have had, it
15 certainly could be valuable dollars spent. So, I do support the motion that is
16 on the floor.

17 DELEGATE BYRON: Tim, I have a question,
18 and that's on this particular recommendation, and it's not what we're looking
19 at right now, but we're considering where this would go. The first
20 application is talking about setting up implementation and setting up
21 councils, so there wouldn't actually be any children that would be served in
22 that time period.

23 MR. HEPERT: There would be, because we have
24 different phases. We have already begun funding Smart Beginning
25 Initiatives in the Lynchburg area and several counties surrounding there,

1 Martinsville and Danville and Franklin and Patrick Counties. So, we've
2 already been through the planning period in some of these regions where
3 they've submitted implementation plans to us, but they're out there in a
4 different level, and we're implementing some programs that will actually
5 impact the children. In other areas there is no infrastructure, and we have to
6 go in there and form these leadership councils, and they can determine what
7 the needs are, then come back in about a year or 18 months with a
8 comprehensive plan.

9 In the respect of coming back to you for future funding,
10 communities need to come back to us. If the communities don't deliver
11 during this planning period, then we wouldn't consider funding them again,
12 either. We'd go out and find somebody else to fund that would do a better
13 job. Our job is to hold their feet to the fire and make this work.

14 DELEGATE BYRON: I'll have to speak to the
15 motion, and I do oppose the motion. That's some of my concerns. First of
16 all, I understand, I have two children who teach special education, and I've
17 gotten an earful on the subject, too. They don't support necessarily that
18 there's convincing evidence that there's a lot of additional information that
19 goes into just setting up a program like this and then convincing that it has a
20 long-term effect. A lot of our problems go much deeper than that. If we're
21 going to start using Tobacco Commission money to help parents be parents,
22 then some of the other things that we know are a direct result of our
23 children's problems in education, I certainly believe that we're going down
24 the wrong path.

25 As far as the merits of the program for early childhood, and

1 there certainly may be some more convincing evidence in the future, but I
2 think for right now that this is best in the educators' hands. This is
3 something the state should be responsible for. As we know, the state has
4 decided not to put an investment in there, and if it's such an important
5 priority for the Commonwealth of Virginia, then why aren't they funding it?
6 Then you say, we'll go to the Tobacco Commission to talk to a group of
7 legislators and folks to make this same decision and use tobacco funds to go
8 out and try to educate young children. I think we really need to think hard
9 about where we're putting our money, and it's slipping through our fingers
10 faster than some of us realize. We're going to have some healthy grants
11 come up in this next year, and I just don't think we should be going in this
12 direction.

13 DELEGATE WRIGHT: If everyone else has had a
14 chance to speak, because I've spoken once already, and I don't want to take
15 everybody's time.

16 DELEGATE BYRON: Go ahead.

17 DELEGATE WRIGHT: I just feel like we've got
18 enough on our plate already. Our mandate through the legislation was
19 indemnification for the farmers and economic development in these
20 distressed communities. If we start down this path, then how many other
21 worthy causes will we be called upon to consider? We just can't do that.
22 We're not nearly through with our Broadband and putting the cable in the
23 ground, and there's a lot of parts of Southside that still don't have the
24 Internet. My constituents are starting to ask about that; it's supposed to be
25 one of our priorities. There are many areas, as I say, that haven't even had

1 this available yet. I just think we've got enough going on and enough to do
2 that we should stick to what we're already doing. This is a government
3 responsibility and not something that we should be dealing with. I would
4 agree it's a good thing to do, but that's a local decision, and that's something
5 the government should be handling and not us.

6 SENATOR RUFF: Could we get the motion re-
7 read?

8 DELEGATE BYRON: Senator Reynolds.

9 SENATOR REYNOLDS: I move that the
10 application for a grant to fund the early childhood program be eligible for
11 consideration.

12 DELEGATE BYRON: It's been moved and
13 seconded. Any further discussion? All in favor say aye? (Ayes.) Opposed?

14 DELEGATE WRIGHT: No.

15 DELEGATE BYRON: No.

16 MR. NOYES: The motion carries.

17 DELEGATE BYRON: All right. Is there anyone
18 in the audience who would like to say anything else before we adjourn?

19 SENATOR RUFF: Madam Chairman, before we
20 adjourn, the Education Committee will be meeting at 8:00 tomorrow
21 morning. We will consider any applications that are carryovers; those will
22 be addressed at the meeting.

23 DELEGATE BYRON: We're only recommending
24 to the full Commission, so everything we've done today will not be in place
25 until the full Commission meeting.

1 I, Medford W. Howard, Registered Professional
2 Reporter and Notary Public for the State of Virginia at large, do hereby
3 certify that I was the court reporter who took down and transcribed the
4 proceedings of the **Virginia Tobacco Indemnification and Community**
5 **Revitalization Commission Strategic Planning Committee Meeting**
6 **when held on Monday, January 12, 2009 at 1:30 p.m. at the Richmond**
7 **Marriott Hotel, Downtown, Richmond, Virginia.**

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

10 Given under my hand this 20th day of February,
11 2009.

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22 My Commission Expires: October 31, 2010.

23 Notary Registration Number: 224566