

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                                       Monday, December 17, 2018

11   12:30 P.M.

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14                                       Homewood Suites by Hilton

15                                       700 East Main Street, Second Floor

16                                       Richmond, Virginia 23219

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1    **APPEARANCES:**

2    The Honorable Frank M. Ruff, Chairman

3    Ms. Becky Coleman, Vice Chairman

4    Ms. Gayle F. Barts

5    Mr. Joel Cunningham

6    Dr. Alexis I. Ehrhardt

7    The Honorable Franklin D. Harris

8    Ms. Sandy Ratliff

9    Mr. Cecil E. Shell

10   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. Andy Sorrell – Deputy Director

5 Mr. Timothy S. Pfohl – Grants Director

6 Ms. Sarah K. Capps – Grants Program Administrator,  
7 Southside Virginia

8 Ms. Sara G. Williams – Grants Program Administrator,  
9 Southwest Virginia

10 Ms. Stacey Richardson – Administration Supervisor

11 Ms. Stephanie S. Kim – Director of Finance

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13 COUNSEL FOR THE COMMISSION:

14 Ms. Elizabeth B. Myers, Assistant Attorney General  
15 Richmond, Virginia.

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1 SENATOR RUFF: Good afternoon  
2 everyone, welcome to the Education Committee meeting. I'm  
3 going to ask Evan to call the roll.

4 MR. FEINMAN: Thank you, Mr.  
5 Chairman. Ms. Barts?

6 MS. BARTS: Here.

7 MR. FEINMAN: Mr. Cunningham?

8 MR. CUNNINGHAM: Here.

9 MR. FEINMAN: Senator Chafin?

10 SENATOR CHAFIN: [No response.]

11 MR. FEINMAN: Ms. Coleman?

12 MS. COLEMAN: Here.

13 MR. FEINMAN: Dr. Ehrhardt?

14 DR. EHRHARDT: Here.

15 MR. FEINMAN: Mr. Harris?

16 MR. HARRIS: Here.

17 MR. FEINMAN: Ms. Ratliff?

18 MS. RATLIFF: Here.

19 MR. FEINMAN: Senator Ruff?

20 SENATOR RUFF: Here.

21 MR. FEINMAN: Mr. Shell?

22 MR. SHELL: Here.

23 MR. FEINMAN: Senator Stanley?

24 SENATOR STANLEY: [No response.]

25 MR. FEINMAN: Delegate Wright?

1 DELEGATE WRIGHT: Present.

2 MR. FEINMAN: You have a quorum, Mr.  
3 Chairman.

4 SENATOR RUFF: Next item on the  
5 agenda is to approve the minutes of May 21<sup>st</sup>, 2018.

6 MR. SHELL: I so move.

7 DELEGATE WRIGHT: Second.

8 SENATOR RUFF: We have a motion and  
9 a second, all those in favor say aye. (Ayes.) Opposed? (No  
10 response.) The minutes are approved. All right, Tim, you're  
11 up next.

12 MR. PFOHL: Thank you, Mr. Chairman.  
13 On Friday afternoon, we emailed to you a four page chart that  
14 describes the use of the workforce financial aid in the current  
15 school year. As you recall, we funded a year by year basis for  
16 a specific school year. And that chart summarizes the use in  
17 the fall of 2018 semester. For most of the community colleges,  
18 there are three in that chart who start their financial aid year  
19 in the summer semester so their numbers are summer and  
20 fall. We do this to let you know that just by and large all of  
21 the recipients' workforce financial aid in the current fiscal year  
22 our contract in the usage of their funds, number of students  
23 they had projected to serve in their applications.

24 Shifting to the awarding of their money at  
25 their institution toward the priorities that the Committee

1 adopted a couple of years ago, which is those students that  
2 can complete a credential in six to twelve months and those in  
3 STEM-H and advanced manufacturing crafts and so forth.  
4 This is for information purposes only to give you an update of  
5 where the recipients in the current fiscal year are at in terms  
6 of use of their funds.

7 SENATOR RUFF: Are there any  
8 questions of Tim, which he sent out and just described?  
9 Hearing none, all right thank you. Ted, I think you're next.

10 MR. ABERNATHY: Thank you, Mr.  
11 Chairman, for inviting me here today. About a year ago, we  
12 started doing a series of research projects for the Danville  
13 Regional Foundation, especially around rural workforce. What  
14 will come out next week on best practices and workforce itself  
15 around the country and rural areas. Late this summer we  
16 finished one, incentives for talent, and what people were doing  
17 around the country to attract talent and in different areas that  
18 were having trouble doing that.

19 I want to show you some of the highlights  
20 from that and I want to go through this. It will take about  
21 fifteen minutes and I know some of you heard me talk before  
22 and I'll do the fifteen minute variety today and everybody just  
23 relax. We have a manual clicker over there, so if you'll click  
24 when I say so that will be fine.

25 Around the country today, our firm does

1 three things and we're based in Raleigh. We do competitive  
2 analysis for places and we compare every city and every  
3 county and the states around the country with each other.  
4 We get hired by companies and by government to show people  
5 how they stack up against each other and what their  
6 competitive factors are. We also do trend analysis for the  
7 future and we tell people where things are headed and we do a  
8 great deal of best practice work. And we're involved with six of  
9 the state chambers and manufacturing group, including  
10 Virginia manufacturers. And we do survey work throughout  
11 the year. All of that and a quick way of saying that  
12 everywhere I go this is the only issue and we talk talent  
13 everywhere.

14                                 Just finished a big survey in Wisconsin  
15 and in West Virginia and eighty percent of the businesses in  
16 most states say it's the top issue. There's a lot of other issues  
17 people care about in the business community and they care  
18 about costs and they care about regulations but everybody  
19 says talent is the top thing. It involves two issues. It's  
20 quantity and quality.

21                                 So coming out of the recession about  
22 seven years ago, everybody talked about the mismatched  
23 skills that we couldn't find workers with the right skills and  
24 that's still and in fact it's more true than ever. Over the last  
25 three years, the conversation's switched to the quantity of

1 people. So please click.

2 Now, what we learned over the years  
3 looking at competitiveness, a lot of things have driven this  
4 over time. It used to be you'd mark your calendar with  
5 natural resources of timber and coal or silicon if you  
6 happened to be, but today talent is what differentiates places  
7 and we've seen that nationally with a lot of discussions and  
8 the big superstar relocation. Firms are having more trouble  
9 and they're having more trouble holding their own employees  
10 today. Trying to figure out how to have the right people is the  
11 overwhelming discussion that we have. Click.

12 There are a couple of reasons. We are as  
13 a country growing much slower than anytime we have in our  
14 history. And coming out of World War II baby boom and our  
15 labor force is growing at two and a half to three percent a year  
16 and our labor force now is barely growing at all. Especially as  
17 the last of the baby boomers, the latter years of the baby  
18 boomers and as we start to retire, what you end up with is a  
19 country that is fighting for the labor it has rather than growing  
20 labor overall. Click.

21 Coming out of this recession, a second  
22 trend started impacting that and is that large cities ended up  
23 growing at a much faster rate than everybody else and this is  
24 an employment thing just since the recession, ten years  
25 employment change and it's pretty much a straight line. The



1 bigger place you are the faster percentage growth you have.  
2 The largest cities are growing the fastest. The middle cities  
3 are growing next. All the way down to what they call not  
4 adjacent, we would call remote places growing slow. So jobs  
5 have concentrated much more than they ever have in our  
6 history. Click.

7                                   These two charts, which actually came  
8 out of the University of Virginia, out of the public policy area,  
9 this is 2000-2005 and these are the 3100 counties across the  
10 United States. Every color on the map except either blue or  
11 periwinkle and I'm told I don't actually have a good eye for  
12 colors or whatever color that is, it's blue-ish. The parts of the  
13 country that weren't growing. What that means is that if your  
14 color up there or your county was adding workers, this is  
15 2000-2005. Ten years later. Click.

16                                   Most of the counties that were growing  
17 stopped growing. And if you start mapping those places up  
18 there, you'll see in Virginia what happened. Now if you go  
19 back once, look at Virginia, look at North Carolina, everybody  
20 basically growing. And if you look forward, you can see now is  
21 the big picture or actually it's the big cities where everybody  
22 went. In America what happened, we got taken by surprise.  
23 We're going along and everybody is growing and a massive  
24 recession hits. We come out of it and we expect things to get  
25 back to normal and they're never going to be and they are not

1 going to not in our current realm of going back to normal.  
2 They're going back to concentrations in places. Click.

3                   Now, in this economy and we've been in  
4 recovery now for 98 straight months and we've added private  
5 sector jobs and that's the longest time in American history but  
6 just twenty of the counties established now account for half of  
7 all new business. In every state we go to, there's two or three  
8 metros that account for more than half of all the growth in  
9 those states regardless of how big the states are. If you're in  
10 Atlanta, there's more growth in Atlanta than the rest of  
11 Georgia combined. If you're in Raleigh and Charlotte, more  
12 growth in those two places than the other 98 counties in North  
13 Carolina. The same thing is true in Virginia. It's 3100  
14 counties but it's just uneven. Click.

15                   We're also fighting a new trend, which his  
16 because of two income families and housing markets the way  
17 they are, people are stickier and they don't move as much. In  
18 the sixties and seventies about three percent of our population  
19 changed states every year and now it's about half that rate as  
20 far as changing states. The states competing for new  
21 employees and especially skilled employees are having a much  
22 harder time because fewer people are in the market for  
23 actually moving at all. You know your stats but we track  
24 them also and over the last five years, if you look at the dark  
25 green counties are growing above your state average of 3.5%

1 and the lighter green growing and the red counties are  
2 shrinking and that's population loss over a period of time.  
3 Click.

4 If you look going forward, this is of the  
5 ages 25 to 44, this is a predictor of your workforce sort of  
6 reaching maturity, pretty much the diagonal that you talk  
7 about across the middle of the state. There are parts of the  
8 state including parts you all deal with that have real specific  
9 acute needs and the need to grow its workforce. Click.

10 You know these numbers and we did  
11 some of the data analysis for Go Virginia and there are places  
12 in this state that have very high percentages of college degree  
13 people and there are places in the middle and some places  
14 that are pretty low and those numbers are relatively stable.  
15 Across America we graduate more people from high school  
16 and more people from college than ever before. But the  
17 differentials have remained. We have not closed the gap  
18 between places very much. Part of that is just where the jobs  
19 are and even if you get a college degree and say you're from  
20 Pittsylvania County since I've been doing some work there  
21 now, the odds are that you might leave and move to northern  
22 Virginia because there are more jobs for people with a degree  
23 at that location. You might stay but it's harder and harder.  
24 Click.

25 So, when we look at economic strategy

1 around the country now, more and more economic  
2 development places are looking at what it is to train and retain  
3 smart people. That has changed from an industrial  
4 recruitment model when I started in the business almost forty  
5 years ago. You have places that do really well and we know  
6 what happened to Amazon and we know Raleigh Durham  
7 ended up in this concentration, in this brain concentration.  
8 We've also done a report for Danville for the foundation that  
9 talks about every metro, every county or every metro in  
10 America, the ability to attract and draw brain drain or loss to  
11 see where you can compare as far as different places.

12                   It's interesting because when people  
13 move they don't say it's because there is a nice Starbucks or  
14 they have a good night scene. They say it's because they can  
15 afford and the cost of living and the housing costs and there is  
16 housing availability. Those are things that rural America does  
17 just fine in, not as often with housing choice but at least the  
18 cost of houses and the cost of living is pretty low. Now,  
19 healthcare has become more difficult but we think the key  
20 factor is the depth of the marketplace for spouses. If I move,  
21 can my wife find a job? Those things are tough. But also it's  
22 proximity to family and you can see here how high that is.  
23 That actually gets people that want to move somewhere that  
24 are probably from there or have ties to there. Click.

25                   MR. FEINMAN: Is that just people's

1 ranking out of ten with those numbers there?

2 MR. ABERNATHY: Yes. That's the ten  
3 point scale. So, when we looked around the country where  
4 financial incentives were being used, it fell into a few buckets.  
5 The first overwhelming is healthcare. There are programs all  
6 over America geared toward recruiting, especially doctors and  
7 specialty nurses. They include cash bonuses and loan  
8 repayments and scholarships. There are specific rules in the  
9 report and it talks about exactly what each program design  
10 looks like. But it needs to be pretty significant and this is one  
11 of the findings we found all around the country is that people  
12 that nibble were not being successful. So ten thousand to  
13 twenty thousand a year are medical professionals. That's the  
14 going rate and you've got to have something that's significant  
15 enough to make people actually pay attention. One of our  
16 takeaways right away, everyone who had a few thousand here  
17 and a few thousand there, they would throw their money away  
18 because people weren't moving and weren't making decisions  
19 for that. Click.

20 If you came from rural America, you were  
21 a whole lot more likely to go to rural America. If you had  
22 never lived and did not have roots anywhere in rural America,  
23 the odds of you moving to rural America is very low. It just  
24 doesn't work. A midlevel professional, sort of the physician's  
25 assistant or nurse practitioner, if you attract them, they tend

1 to put down roots better. Doctors tend to be a little more  
2 mobile and will probably go somewhere else in the short run.  
3 Those in the middle, they usually build those roots and stay.

4                   There are pieces and programs that work  
5 that are more than the cash. That's another lesson we learned  
6 across the country. If you build a professional development  
7 program and leadership program, get rooted in the community  
8 program, you have a much better chance of keeping the  
9 person for a long time than if you just write a check. The  
10 money is great and it will motivate people but if you want to  
11 keep them past the money, you have to build the roots. Click.

12                   There are a lot of teacher incentives and  
13 it's widespread across the country, especially for specialty type  
14 teachers. There are programs that pay bonuses and there are  
15 programs that involve repayments but they have to be  
16 significant. We found that incentivizing teachers at the end of  
17 their schooling was actually better than giving them a program  
18 as they were entering as freshman. And they appear to be  
19 more effective and at that point where they are actually  
20 making a decision about where to live and work it was clear.

21                   There are also programs that are more  
22 effective that had teacher incentives with working conditions  
23 around the school. Teachers are more likely to move if they  
24 think there is a system that's been changed and that has a  
25 real upside to it. We also found that it can be difficult in some

1 places. There are a lot of superintendents and school boards  
2 that do not like incentives for their teachers and it creates a  
3 differentiation and they don't like it. So communities have  
4 gone headlong into that. Where they can make it work, it  
5 seems to work. But if Stacey is the new teacher there and  
6 she's got a bonus and everybody hates her and the school  
7 board thinks that's terrible and they don't want any of that.  
8 Replacing a new math teacher for the high school that nobody  
9 can find but even then it proves difficult.

10                   The one thing that's really been around a  
11 long time and works well is engineering. The state of  
12 Oklahoma actually has been doing this in some version for a  
13 while but they have a large aerospace program and they have  
14 workforce engineer tax credits. A five year credit or the  
15 company gives and the individual gets something. So the  
16 company is motivated heavily to help you recruit and the  
17 individual gets something. Over time they've recruited over  
18 four thousand people and the average salary around \$80,000.  
19 The engineering employment in the state is up about  
20 seventeen percent and has become a big part of their  
21 economic development program. They target a very narrow  
22 band of jobs and they respond to that by having more capacity  
23 at the universities. So overall what we would refer to as an  
24 occupational cluster strategy for the economic development,  
25 which is working quite well. Click.

1                   Around the country people do all sorts of  
2 things like Baltimore and New Haven do home purchase  
3 incentives. They will help you with your new home. When I  
4 was in Prince Georges County in the 1980s in Maryland, we  
5 had a new teacher program where we went out, had a whole  
6 package of things for new teachers. And the banks gave you  
7 differential loans and apartments at lower cost and local  
8 restaurants would give you discounts. So this is not a new  
9 concept but it's gaining a lot of momentum.

10                   In Detroit, they have downtown  
11 incentives and a different rent. Dayton has a whole program  
12 encouraging immigrants to come and start a new business  
13 with differential loan programs. Kansas is using their rural  
14 opportunity zones for income tax waivers using land and  
15 housing. A lot of people have found that targeting someone  
16 with a family is also a good way and if they uproot and move  
17 their family, they're likely not to want to do it again. It creates  
18 some stickiness. Click.

19                   Vermont has gotten a lot of attention  
20 recently. They agreed to pay anybody that would move to the  
21 state five thousand dollars a year for two years if they would  
22 just move. And they had to have a job in another state. And  
23 think about that for a minute. If you have a job in another  
24 state, we'll pay you ten thousand dollars just to live in our  
25 state. That's how desperate some places are. Vermont



1 doesn't sound like a desperate part of the world but ten  
2 thousand just to come and live there. It's been interesting  
3 because you're starting to get some real traction around it.  
4 And I think New Hampshire now has a program like that and  
5 Wisconsin is considering one. Eastern Michigan has one. If  
6 you already live there and you come home like a coming home  
7 program, they have money for you. They pay a fair amount of  
8 money especially if you are in the STEM field. And it's built  
9 around college debt and a lot of the money is used to pay that  
10 college debt. St. Clair, Michigan has this come home where  
11 they target all the people who used to be there and went to  
12 college.

13                   Or I'll give you a different example. In  
14 northwest Arkansas, we're doing work there now, they did a  
15 big thing to find people that had connections to their  
16 community but in LinkedIn, you can't figure out the high  
17 school people. They got some fancy IT person to do a walk  
18 over between LinkedIn and Facebook, which has a high school  
19 thing. Figuring out all the people who were LinkedIn and  
20 graduated from college who had a high school from their area  
21 and they do direct marketing with incentives request directly  
22 to those people and coming back to the community. There's  
23 quite a bit of sophistication over time. Click.

24                   Our takeaway is that overall is that  
25 money matters in trying to get people to certain places.

1 Money does matter and it's a key compensation factor.  
2 Incentives can be targeted but have more impact. Those with  
3 rural or small city backgrounds are much more likely to want  
4 to come. Midcareer professionals especially from local metros  
5 are more likely to come. These are not broad statements.  
6 They are much better when they are targeted. Click.

7 Don't waste your money on small things.  
8 Concentrate your money and try to have impact where you  
9 can. The number targeted is around ten percent annually  
10 compensation in the form of something whether it's cash or  
11 whatever and make it over several years and that helps you  
12 increase your retention and pair it with nonfinancial  
13 programmatic things. So just don't give people money. Have  
14 a local program that works with them. Click.

15 We think that if you look at your  
16 individual communities and find out whatever it is that's the  
17 hardest to fill occupations, healthcare, engineering.  
18 Portsmouth, Arkansas is currently developing a program  
19 around machinists because that's what they need. If you are  
20 in Gulfport, Mississippi, you have a program around  
21 industrial welders because of the shipbuilding industry.  
22 You've got to understand what really is in demand in your  
23 community and then target that demand. Click.

24 We think flexible around either cash  
25 bonuses or loan repayments work. There is a survey out

1 today about the percentage of workers that would commit to  
2 an employer for five years if they help them with a loan and  
3 this is some of the recommendations to Danville that it's got to  
4 be at least ten thousand dollars per person and spread out  
5 over multiple years. Click.

6 We've said you've got to work with your  
7 local companies to figure out their hiring needs and what can  
8 you priorities. Firms need the best community information for  
9 prospects. With hospitals, they're recruiting multiple people  
10 each year and the question is how do you work with them to  
11 make it work. Click.

12 And then finally, if you're going to run  
13 any program, you've got to have some minimum. So what we  
14 recommended to Danville was at least 25 per year that mix of  
15 ten to fifteen thousand over three years and that adds up  
16 pretty quickly. Over a five year period, you're looking at two  
17 and a half million from them and up to four million if they run  
18 over seven years to try to keep it. Click.

19 In the end, around America the  
20 competition for talent has taken on a bunch of different tracks  
21 and everybody is getting better with the data and you're seeing  
22 a lot of communities look very narrowly at the data and you're  
23 seeing a lot of new certifying and quantifying credentials  
24 around the country. Everybody is on sector strategies and  
25 how do get better in the local marketplace. The newest one

1 and the most exciting one to us and we're coming out with a  
2 report this week on all of these trends and that's the  
3 upskilling of existing workers and really to try to head off  
4 automation. If we're all working somewhere and we're about  
5 to get displaced with automation, the companies know us and  
6 we've already demonstrated we're good workers and we know  
7 the culture. So how do we find money? A lot of governors  
8 around the country are putting some of their discretionary  
9 money into letting companies upskill their existing workforce  
10 before they get laid off and become unemployed. Public  
11 awareness about what jobs actually exist and the fact that  
12 every job does not need a four year degree. In most of rural  
13 America, the number is about a quarter that need a four year  
14 degree. Another fifty percent need more than the high school,  
15 less than a four year degree. And people call this middle skills.  
16 And we're not good at making parents understand that or  
17 guidance counselors or anybody else. Place making is a real  
18 key for people that you want to attract and they have to want  
19 to live in that community. The incentives are broadening and  
20 getting more specialized and moving all over the country.

21                   So as you all look at how to use your  
22 money best, we would say that look for what's effective and  
23 what has the impact and what it is that makes people do the  
24 things that you want them to do, forego anything that's not  
25 very effective because there's competition out there that other

1 people are getting pretty good at.

2 That's the report we did for them and I  
3 hope that, I hope this has provided a little extra information  
4 and I'll be happy to answer questions as long as you want and  
5 I'll also stay here for your discussion in case something comes  
6 up. Thank you.

7 SENATOR RUFF: Thank you, that was  
8 very enlightening and it raises a couple of questions about  
9 some of the things we've been doing and dealt with in the  
10 past. The question came out of this was in Southwest, that  
11 was the Return to Roots, did that produce anything that we  
12 know of? I haven't seen any numbers.

13 MR. PFOHL: I haven't seen anything that  
14 says it was particularly effective. There were a couple of  
15 anecdotal stories. You may have some. Sandy, you may have.

16 MS. RATLIFF: I don't think that the  
17 organization that was running it, they went out, I don't know  
18 that there's enough time and depth in it but I don't see great  
19 success in it.

20 SENATOR RUFF: Was that similar to  
21 what Ted was talking about?

22 MR. PFOHL: I don't believe there are any  
23 particular financial incentives attached to that. It was mostly  
24 just a marketing effort.

25 SENATOR RUFF: Might need to go back

1 over that a little bit again. The Return to Roots concept,  
2 reaching out to people who went to various high schools in the  
3 region, was there any incentive money connected with that?

4 MR. ABERNATHY: That report was  
5 mostly on money issues. Around the country, lots of people  
6 are doing awareness, which is a different category and making  
7 people aware of what's available. I don't know the program  
8 specifically that you're talking about but there are a lot of  
9 programs to market opportunity and awareness is a key thing.  
10 For example, one of our clients is the state of Wisconsin and  
11 they currently have a seven million dollar program targeted at  
12 two neighborhoods in Chicago for professionals. Seven million  
13 dollars just to try to get professionals in those two  
14 neighborhoods to want to move back to Wisconsin. The  
15 awareness money around the country is rising and it's a  
16 different strategy but one that a lot of people are trying to get,  
17 what can I do. There's also people marketing costs and  
18 availability of housing and lifestyle and those kinds of things  
19 for less urban areas. We work in about a dozen states and  
20 there is states that don't like the word rural and some states  
21 don't like the word remote. Whatever you all call it, the part of  
22 the state that doesn't have a lot of people in it and whatever  
23 that is. And I'm from Dallas, North Carolina, if anybody  
24 knows where that is, it's one of those places we think we're  
25 rural. In North Carolina we don't use the word rural anymore

1 and who knows why for some of these things but I do think  
2 that a lot of people are spending money and time on that and  
3 whether they are being effective or not. As a researcher, I'm  
4 not saying this to be self-serving but if you're not evaluating  
5 your effectiveness then how do you know what you should  
6 spend your money on. I would encourage you strongly to  
7 figure out if it has any impact.

8 SENATOR RUFF: Any other questions for  
9 Ted? All right, thank you.

10 MR. ABERNATHY: I'll say that if  
11 something comes up, I'll be sitting right here.

12 SENATOR RUFF: Thank you, appreciate  
13 it. Stephanie, you're up next.

14 MS. KIM: Right here. I just want to give  
15 you some background because many of you were not on the  
16 Commission from the very beginning to let you know what we  
17 have done since we started awarding four year scholarships  
18 back in 2001/2002. Over the last seventeen years, we have  
19 awarded over \$71 million in loans and scholarships. To  
20 administer those programs, we paid over \$4 million in  
21 administrative costs. Southwest has awarded scholarships  
22 until the 2017 academic year when it changed to loans. And  
23 Southside from the very beginning has a loan forgiveness  
24 program through 2011 or '12 when it turned to scholarships.

25 So also from 2012 through '17, we

1 converted both programs to a scholarship program with a  
2 back end incentive payment. So they would apply for the  
3 scholarships and receive \$2700 in a school year with a  
4 promise that if they returned to the region to work, they would  
5 receive \$2,000 for each year that they worked in the region.

6                   During that time, we awarded 13,370  
7 scholarships to 6,600 students totaling about \$33 million and  
8 that was basically during that five year period. Some of that  
9 was grandfathered in and when we converted back to a loan  
10 program. So far, 337 students have returned to work and  
11 claimed \$836,000 of incentive payments. There have not been  
12 a whole lot of returns and some may or may not have  
13 graduated yet but there's not really enough time, especially  
14 the later ones who graduated and returned to work.

15                   In 2017/18, we converted both programs  
16 back to a loan forgiveness program and they can receive up to  
17 \$2,000 per year of a loan.

18                   The Southside loan forgiveness program,  
19 if we look at the last five years where it was a loan program  
20 and not scholarships and that goes back to 2007 and '08  
21 through 2012, we made over 5200 loans totaling over \$16  
22 million to about three thousand students. The impact of  
23 those that chose to return, their loans would be forgiven and  
24 every year they came back to work full time, their loan was  
25 forgiven one year. Approximately half of them returned and



1 had loans forgiven. The others that did not, about 22%  
2 defaulted, bankrupt, so we currently have about \$1.8 million  
3 in student loan collections with the AG's office.

4           The Southwest scholarship program over  
5 that same period, we awarded five and a half million dollars to  
6 about 1300 students and we don't know what the outcome  
7 was and we gave them scholarships and maybe some  
8 returned, we just really don't know because of the way the  
9 program is run, the scholarship program, they get their money  
10 and they go to college.

11           Our current loan forgiveness was just  
12 started in 2017/18 for both regions. They are eligible for a  
13 loan up to \$2,000 per year and they have to be enrolled in at  
14 least nine credit hours but if they return to the region to work  
15 and live, one year of loan will be forgiven for one year of full  
16 time employment. If they do not graduate or do not return, it  
17 remains a loan and they have to start making payments.

18           The problems we're having right now with  
19 the loan forgiveness program is that \$2,000 a year for a loan is  
20 not really enough money to cause a student to go to college  
21 that wasn't going to go to college already. It's not enough to  
22 bring them back to the region if they weren't planning to move  
23 back already. And there's no guarantee they can find a job in  
24 the region in their area of study and it's not based on financial  
25 need at all. We may have some very wealthy people who have

1 family businesses to know their child is going to go get  
2 educated and come and return to the region. They could be  
3 getting a loan as well as other lower income families.

4                   There is no credit check or income  
5 verification. We don't know if they have the ability to pay it  
6 back and it's a huge administrative burden to track down  
7 students after graduation or after they drop out of college and  
8 try to start repayments and billing and verify their  
9 employment if it's to be forgiven. If they don't pay as agreed  
10 upon in their note, we have to go after them. The Tobacco  
11 Commission through the AG's office that's suing the students  
12 and garnishing their wages.

13                   The issue with our loans because they  
14 are not part of the federal student loan program, our loans  
15 can't be consolidated with other student loans. The federal  
16 student loans have repayment options based on your ability to  
17 pay. Ours are based on the promissory note and I believe it  
18 can be spread out over ten years and it's not income based  
19 and there are no provisions in our notes for disability, death  
20 or special circumstances, which there are for federal loans.

21                   With the scholarship program, we don't  
22 know the outcome so we can't measure how effective it was  
23 and it's not enough money to cause somebody to go to college  
24 and not enough money to cause them to return and it's not  
25 based on financial need and they may not find full time

1 employment. And honestly, for scholarships, we don't have  
2 enough money in our endowment to pay for as much money  
3 as people would like to have for scholarships.

4 So the issue today is the Education  
5 budget is nearly half of our total annual budget now. We set  
6 aside \$2 million for competitive projects and \$8 million for  
7 financial aid and that includes workforce development. If we  
8 were to level fund workforce financial aid at \$2.82 million that  
9 leaves less than \$5.2 million for the four year aid and last year  
10 we awarded six and a half million.

11 The pot of money available for four year  
12 financial aid is shrinking. As you can see from the graph, the  
13 percentage of the budget or the darker part is the education  
14 budget. As far as the percentage of our total budget, you can  
15 see that education is continuing to be funded about the same  
16 amount each year, it's a much larger percentage of our  
17 budget.

18 College costs, which I am instantly  
19 familiar with, my daughter just started at Virginia Tech  
20 College of Engineering, so I'm quite familiar with a lot of the  
21 financial aid and cost of college. For the state of Virginia,  
22 average tuition fee for room and board for a four year public  
23 institution is \$24,000. Tuition and fees are only about  
24 \$13,000. If they are living at home, that saves them. The  
25 community colleges, the average tuition and fees is \$4600.

1 The average debt for 2017 Virginia grads public and private at  
2 a four year institution is close to \$30,000. So the FAFSA, in  
3 case you're not familiar or it's been a while since you filled it  
4 out, it calculates an expected family contribution based on a  
5 lot of factors including the student's and parents' income,  
6 your savings and your assets and they factor in how large  
7 your family is, what other students you have in your  
8 household that are in college. There is a lot of different factors  
9 that you have an expected family contribution. It's quite easy  
10 to fill it out now because everything is online and they tie it to  
11 the IRS tax database. You can pull in everything from your  
12 tax returns and fill out a few more things about assets and  
13 you're done.

14 For financial aid, the lower income  
15 households generally not a problem getting financial aid.  
16 There's a lot of programs including Pell grants. With the Pell  
17 grant, even a household income of sixty or seventy thousand  
18 can receive some Pell grant. The Pell grant is a grant and not  
19 a loan and other things like the supplemental education  
20 opportunity grants and work studies and there's direct loans  
21 and subsidized. The parent loans actually covers everything  
22 else, while the direct student loans are limited to the amount  
23 per year. The parent loans are almost the cost of attendance  
24 minus any other aid received. That would cover anything else  
25 that the federal student loans or any other financial aid does

1 not cover.

2                   Then of course, there are private loans  
3 you can get from banks and private lenders. I've mentioned  
4 all the benefits of using federal student loans because of the  
5 payment options and deferrals or having discharged upon  
6 disability or interest rate reduction and there's a lot of other  
7 lower payment programs.

8                   There's a lot of scholarships available and  
9 these are just some of the state grant programs and what they  
10 offer. When you talk about the cyber security student loan  
11 payment grant up to \$20,000 per year, renewable for up to  
12 three years. So if you were to get upon graduation and getting  
13 a job in cyber security in Virginia, you could receive this grant.  
14 It cancels the loan repayment but you can pay off loans and  
15 do whatever you want with that. There are a lot of teaching  
16 scholarships and a two year college transfer grant from  
17 community college to a four year college and other  
18 scholarships. There is other financial aid available both  
19 federally and privately and there is a public service loan  
20 forgiveness program and a teacher grant program and a  
21 teacher retainment program. Institutions also often have  
22 endowments and other scholarship funds that they offer.  
23 There are a ton of local businesses and civic organizations,  
24 including churches that offer scholarships based on the list  
25 that the guidance office provided my daughter and applied for

1 every one she was eligible for. She received eight scholarships  
2 and paid for her first year. It is a matter of having to apply  
3 and often you can repeat those over and over because they  
4 ask the same thing. She didn't do any national scholarships,  
5 just all the local credit union and PTA and all the civic  
6 organizations and foundations.

7                   There is another program in Maine called  
8 the Maine educational opportunity tax credit, which I found  
9 pretty interesting. They want a recent college graduate living  
10 or working in Maine and they can receive a tax credit for their  
11 student loan payment. On their tax return they would put  
12 how much in loan payments they have made in the tax year  
13 and it would be subtracted from their state taxes. It is non-  
14 refundable except if they are a STEM major. They will actually  
15 refund more than the state taxes that you paid. If you're a  
16 STEM major, they will actually refund the amount.

17                   MS. MYERS: Do they allow a deduction  
18 for loan repayment?

19                   MS. KIM: I think for the Maine one, it's  
20 just the state tax credit. But for some of the other loan  
21 repayment programs, in theory if they are –

22                   MS. MYERS: Deducted from your federal  
23 tax.

24                   MS. KIM: I think they still can be paying  
25 their loan to get the tax deduction. It's all taxable as far as

1 the loan forgiveness or loan repayment anyway. So either  
2 way.

3                   The options that we're considering today  
4 is continue the way we've been going with \$2,000 a year loan  
5 forgiveness and we'll chase the people down and try to collect.  
6 And option three, we could get on the state tax credit program  
7 similar to Maine, which would be tax free because it's not  
8 taxed like the bonuses are but it does require legislation. I  
9 looked at Maine's loans and they're pretty simple and filling  
10 out tax returns, they do have to fill out an extra form and  
11 subtract their bottom line taxes owed any student loans they  
12 paid for that year.

13                   Then the other option is to convert the  
14 loan forgiveness program to a loan repayment program, so  
15 we're no longer in the loan making business but we are  
16 offering incentives for them to come back to the region to live  
17 and/or work and then we can help them either repay their  
18 student loans or just give them a bonus to return to the area  
19 to work.

20                   One program we're trying to recommend  
21 something similar to what Ted was talking about, targeting  
22 students who are from the area or similar rural areas and give  
23 them significant incentives to come back to the region,  
24 probably over three years and probably allocate them by  
25 region or areas, some method to make sure they don't all go to

1 one locality and offer them a loan repayment program or  
2 incentives to come back to the region to work for twelve  
3 months and then renew it for a couple of years after that.

4 SENATOR RUFF: So we have three  
5 options in reality the same. We can only deal with two. We  
6 don't ever say as a group mistakes. Two is something we can  
7 go with. Evan, did you want to weigh in?

8 MR. FEINMAN: Yes, Mr. Chairman. We  
9 left option two in there because it is our view that would be a  
10 tremendous multiplier for us. If the General Assembly were to  
11 pursue some kind of tax credit program, those folks that were  
12 new or newly attracted to the region call it revenue neutral so  
13 that you weren't going to get otherwise, you weren't going to  
14 get taxes from them anyway so pay them, give them a break  
15 on their state taxes for a couple years after they move to the  
16 area with a declining population I think would be a very  
17 positive event for us. Across the footprint, I don't think there's  
18 a single locality in our footprint that wouldn't benefit from a  
19 program like that. But given that it's a new idea, it might not  
20 be a good study bill for somebody this year if any of you were  
21 so moved.

22 Speaking just about the options before  
23 us, I've been frustrated with this four year program for a while  
24 and you've all seen that because I've brought forward a bunch  
25 of different changes to it just trying to get it closer to making



1 sure that we were expending resources in a way that pursued  
2 this Committee's goals. You all have before you today our first  
3 how to make that breakdown between workforce financial aid,  
4 which is our community college support program and our four  
5 year program and that's decision number one. And we need  
6 you all to make that decision today because we've got to let  
7 our institutions know how much they're going to have to work  
8 with the following year.

9                   The second decision is whether to make  
10 changes to our four year program. So taking them one at a  
11 time, it's our view that our workforce financial aid program is  
12 very successful and we've got good metrics and we've worked  
13 very hard to get the community colleges to start really working  
14 with priorities this body set forth. And after a couple of years  
15 and some stern talking to, we've actually got our community  
16 college partners following the priorities that you all laid out.  
17 So it's a pretty high impact program. So our staff  
18 recommendation is recognizing that there is a decline in the  
19 amount of the education budget, we ought to hold the  
20 workforce financial aid level and then fund our four year  
21 program out of the remainder. But there exists the total  
22 budget and you all can do that breakdown in whatever fashion  
23 you would like and then we can implement it.

24                   The second decision is whether to  
25 restructure the four year program.

1                   SENATOR RUFF: You've heard what the  
2 recommendation is to hold the workforce program whole and  
3 you've seen the data represented here and we're  
4 accomplishing them. The state has committed to put more  
5 money into that program statewide. Any thoughts on that?

6                   DELEGATE WRIGHT: Mr. Chairman?

7                   SENATOR RUFF: Delegate Wright.

8                   DELEGATE WRIGHT: With the  
9 community college in that situation, they think they should be  
10 increasing the funding for that program, something that they  
11 could justify before we just move past that. I'd like to hear  
12 from them. Evan has already said it's been successful and I  
13 think we ought to take a strong look at increasing that  
14 program and hear from the community colleges to see what  
15 they have to say about it and justify it.

16                  SENATOR RUFF: Do we have one  
17 volunteer spokesman? Come on down.

18                  DR. ROBERTS: We are grateful for the  
19 recommendation and the support you've maintained for us  
20 with the level funding but it goes without saying that we could  
21 support more individuals with more dollars. A perfect  
22 example is like tomorrow we have our ninth power line  
23 workers that are graduating and 36 students, the largest  
24 cohort that we've had to date. We have lots of opportunities  
25 and certainly would benefit or be able to benefit more

1 individuals and create more workforce credentials and  
2 hopefully more jobs across Southside Virginia. I'm sure I  
3 speak for all of the community colleges that are represented  
4 here today.

5 SENATOR RUFF: Would you state your  
6 name for the record?

7 MR. ROBERTS: I'm Al Roberts and I'm  
8 president of Southside Virginia Community College.

9 SENATOR RUFF: Dr. Roberts, I think the  
10 goal was going to be at the state level to increase the amount  
11 for the individual student so that we can get more people that  
12 can afford to do it. Would that require more additional money  
13 for you all to change the equation? Would you offer more  
14 classes, different type of classes? Where would you go if you  
15 had the extra money?

16 DR. ROBERTS: I think we would try to  
17 develop more programs to increase the number of credentials  
18 that we presently offer rather than to necessarily increase the  
19 number of folks in the existing credentials. We would like to  
20 add or one of the big issues that we deal with is the cost of  
21 starting up a new program. So I think any additional money  
22 that would come to Southside, we'd be able to use to expand  
23 our offerings.

24 SENATOR RUFF: Delegate Wright, does  
25 that answer your question?

1 DELEGATE WRIGHT: Mr. Chairman,  
2 that's really a very important point because that's really our  
3 goal. Our goal as I've understood it, is to shift somewhat from  
4 community colleges offering courses that would go to a four  
5 year degree and concentrate more on credential programs and  
6 I think they've done a good job of that. Frankly, I think it's  
7 more important for us to start back in even in grade schools  
8 and certainly the middle schools and a lot of school divisions  
9 want to start this, start encouraging students to look for jobs  
10 for the future, jobs in the community. In Southside, we've got  
11 jobs at Microsoft and hospitals that need workers. I'd feel  
12 better about spending money to promote students that are  
13 already there than spending money in areas that would not be  
14 as beneficial. I think that's a very good program and we've  
15 already got the community colleges set up and running and  
16 it's not something we have to wonder how it's going to work.  
17 That would be my comment.

18 DR. ROBERTS: One of the things that  
19 we've been successful in doing is transforming some of our  
20 credit based programs that were longer term into shorter term  
21 credential based programs to get folks in and out and into the  
22 workforce sooner. Certainly if there were additional funds  
23 available, we could look to take other credentials as well and  
24 move them out of our credit based programs and provide some  
25 short term credential based programs.

1                   We certainly appreciate all your support  
2 in the past and looking forward to working with you in the  
3 future and in time to come.

4                   SENATOR RUFF: Any other comments?  
5 Ms. Coleman, I won't say you disagree with that.

6                   MS. COLEMAN: Well, there's a whole  
7 list. I think a significant incentive to someone that has  
8 completed a four year degree to come back to this region  
9 would be an effective way to go. By significant, we're talking  
10 ten to fifteen thousand dollars per individual with a budget for  
11 the four years, put every dime into the four year program. For  
12 a ten thousand dollar incentive, that's attracting 518 people,  
13 college graduates back to this region. And if it's a fifteen  
14 thousand dollar incentive, that's attracting 345 people and  
15 educated people back to this region. So I would be reluctant  
16 to put every dime into or significantly more money into the  
17 workforce training if we're contemplating doing that.

18                   If however we're planning to contribute,  
19 dribbling out a thousand or two thousand a year for the four  
20 year program, then I would say that's ineffective and I would  
21 much rather see us go through the community colleges. The  
22 four year program needs to be discussed before I can vote on  
23 the two year program.

24                   SENATOR RUFF: Thank you. Ms.  
25 Adams?

1 DR. ADAMS: Thank you, Mr. Chairman,  
2 Executive Director of the Southern Virginia Higher Education  
3 Center. I just want to remind the Committee that not only are  
4 the community colleges receiving the workforce financial aid  
5 and the higher ed centers are as well. Last year, we produced  
6 almost five hundred workforce credentials and we have a  
7 completion rate of 89% and a placement rate of 87%, so we  
8 were very grateful for that. We're working with our community  
9 colleges to make sure we have an articulation agreement that  
10 when students in our program complete, they can at some  
11 time in the future transfer into a community college program.  
12 I just didn't want you to forget that. And again, thank you so  
13 much.

14 SENATOR RUFF: Delegate Wright?

15 DELEGATE WRIGHT: Mr. Chairman,  
16 there were two questions and I kind of got them confused on  
17 the confirmation of them. The first question, or what was the  
18 second point you made?

19 MR. FEINMAN: We didn't get all the way  
20 into that but the question and I think they are interrelated as  
21 Ms. Coleman outlined it but the question is what are we going  
22 to do with our four year program. As I telegraphed in my  
23 letter to you all at the front of your packets and I think pretty  
24 clearly and bringing Mr. Abernathy here today is that I think  
25 that switching to a higher dollar carefully targeted

1 geographically disbursed talent attraction program is the most  
2 sensible use of however much money you all decide that you'd  
3 like to put into our quote unquote four year program.

4           The issue has been for a long time our  
5 old program was not high dollar enough to change somebody's  
6 behavior. An incentive that doesn't incentivize your behavior  
7 is no good and it's just giving somebody some money. I also  
8 think that we have long identified without having a good  
9 thought about how to address it, a leadership problem across  
10 our communities. When we go look at boards of supervisors  
11 and go look at charitable organizations and civic  
12 organizations, there is this huge lack or the whole leadership  
13 of older folks and there is this huge gap of young folks and  
14 part of that is the big macro trends. Also part of that is that  
15 we changed the way people funded higher education and so  
16 whole generations of young people have mortgages without  
17 houses and they have to focus on that and they don't have as  
18 much time or energy and in addition, they have to chase the  
19 most lucrative career they can get, wherever it may be because  
20 they've got to pay this debt off.

21           My thought is, what if we kill both of  
22 those birds with one stone. You can get about I think \$12,000  
23 per year, a thousand dollars a month, which would allow you  
24 to service a very high student loan balance in excess of the  
25 average at least. Payment to people who would come to the

1 footprint and do two things. One is to live in one of our  
2 communities and what I would propose doing is however  
3 many slots we have I think we should distribute them kind of  
4 like the House of Delegates or House of Representatives seats  
5 across the country. So even if you're Delaware but maybe for  
6 us and I couldn't say exactly but our lowest population  
7 county, we've got a few of those but everybody gets at least  
8 one. So we distribute these slots by population. But every  
9 single one of our localities receiving at least one of these slots  
10 for folks to come and live there and we'd actually have two  
11 requirements.

12                   First, they have a degree or be working in  
13 a field that is in demand or is an in demand field for our  
14 footprint. And the second is that they be civically engaged.  
15 It's not enough just to come and live here. We want you to do  
16 something that this of value here in the community. That  
17 could be volunteering on the rescue squad. That could be  
18 serving on a charitable board and saying I'm going to take on  
19 a leadership role in the rotary. It could be coaching high  
20 school basketball. There's a number of things you could do to  
21 be civically engaged. What we would do is look at it almost  
22 like a scholarship award and we'd have folks write us a letter,  
23 describing what they wanted to do in their community and we  
24 would select them.

25                   If we do a smaller program, I think we



1 can make those recommendations at the staff level. And if we  
2 do a large program with hundreds of folks, I'd probably ask  
3 Senator Ruff to designate a subcommittee of this group to help  
4 us review the applications that we get. But if we go that route,  
5 what we can do between now and the May meeting, we can  
6 work with experts to figure out specifically how we validate  
7 that public service component and what specific careers are in  
8 demand in our localities and what the properly calibrated  
9 dollar repayment amount is to get maximum impact without  
10 having to do maximum spend on a per person basis.

11                   If indeed we could wind up with every  
12 four years 400 new civically engaged community leaders  
13 coming back to our localities that would be tremendously  
14 impactful. I think every one of you would know one or two  
15 bright young people who would move back to a Southside or  
16 Southwest community and I can't tell you how many times I  
17 hear if we had four more of them or five more of that person,  
18 we could really get a lot done. We're talking about a couple  
19 hundred now that we could scatter across our region that  
20 would be very high impact.

21                   My recommendation is to at least pilot it  
22 and I think we could go all the way to this program and unveil  
23 it in May ahead of people graduating from college and we'd be  
24 able to get an awful lot of folks to move back to the footprint or  
25 to move into the footprint. I don't think we should restrict it

1 to only folks that are from these communities. We want to be  
2 representing communities where people want to move there.  
3 And I think that would be a good think.

4 The program is designed to get us more  
5 talented people in our part of the world. We somehow got  
6 caught up on the process and we wind up at the wrong end of  
7 the pipeline. We were giving money to people to enter the  
8 pipeline. Instead, we should have been taking people as they  
9 came out at the other end.

10 So my recommendation would be as I  
11 outlined in my letter, level our workforce financial aid \$2.82  
12 million and use the remaining \$5.18 million to do a targeted  
13 loan forgiveness or loan repayment and civic engagement  
14 program.

15 SENATOR RUFF: Let me interrupt you at  
16 that point. You're talking dollars but let's talk people for a  
17 minute. Of the money and you had a lot of what ifs and  
18 maybes. Do we have any guesstimate of how many people are  
19 coming back with a four year degree?

20 MS. KIM: As far as the back end  
21 incentive payment that we were offering, we haven't had that  
22 many return. I think it was like \$800,000 spent on the back  
23 end of the incentive, like \$2,000 or \$2500 that may or may  
24 not be effective.

25 SENATOR RUFF: Effectively, we could

1 spend less money but achieve more of our goal with those  
2 dollars?

3 MS. KIM: Right. Over a five year period,  
4 when we are doing Southside, 3,000 students received loans  
5 and then I think a return rate of about fifty percent.

6 SENATOR RUFF: About 1500, you're  
7 talking about theoretically four to five hundred. We're not  
8 talking about a big deal or a big number difference. Thank  
9 you. Delegate Wright?

10 DELEGATE WRIGHT: I asked the  
11 question about what the second part was and the direction I  
12 thought the discussion was going, would it be a good idea to  
13 increase the WFA and that's not the recommendation that  
14 Evan is making but that did explain the second question. But  
15 I don't want to get away from that first part. With regard to  
16 the community colleges and higher education center, I think  
17 we need to put more money into that and then as a second  
18 question and you did bifurcate the two, I think we should  
19 answer that first question first how much we think we should  
20 increase the workforce training that we're doing and then have  
21 a separate discussion on whether it's a good idea or not to go  
22 with the loan repayment. That's what I'd like to see us do.

23 First to decide is there an amount to  
24 increase and then to see if anybody else had any other  
25 comments on that as far as our working relationship with the

1 community colleges and what we're doing.

2 MR. FEINMAN: For purposes of easy  
3 math, the Committee in its noncompetitive budget has eight  
4 million dollars and the staff recommendation was \$2.82 and  
5 \$5.18. And as you think about how you want to divvy up that  
6 money, any division of eight million dollars is what you've got  
7 to work with.

8 SENATOR RUFF: Tommy, you may be  
9 exactly right that we should put more money in. But I feel  
10 comfortable that the state is going to put more money into  
11 that and we don't want to over-enrich this process. I don't  
12 know if we should wait and see what develops in terms of  
13 before we decide to put in more.

14 DELEGATE WRIGHT: Mr. Chairman, I  
15 see your point. As we hear from the community colleges this  
16 morning and the higher education center, they can use this  
17 money. We don't know what the General Assembly is going to  
18 do as you just said. I don't think there will be too much  
19 money to increase it, I don't think there is any way even if the  
20 state comes in with more money. But I just think we  
21 definitely ought to consider that.

22 I also have some reservations about this  
23 on some of the points Evan was making, bringing people in  
24 and getting them involved in civic activities. That's fine but  
25 that's not our job. Then, they have to have a job when they

1 move here and in a lot of areas of Southside that's a problem.  
2 In the footprint jobs aren't there. That's why we're doing this  
3 training and trying to get people that are here to fill those jobs.

4 But my point of view, that would be the  
5 wrong direction. I think we ought to be taking the money and  
6 preparing students in our area to be eligible for jobs and if we  
7 want to get away from these four year degree like liberal arts  
8 where you can't find a job. What we're talking about doing is  
9 paying loans for people who get four year degrees and in a lot  
10 of cases those people can't get a job or find a job and then  
11 you're going to go outside the footprint and bring people in  
12 and I think there is some problems there. So I think maybe  
13 that proposal needs a lot more study and a lot more thought  
14 when we're talking about loan forgiveness for people they're  
15 going to tell us what they're going to do as far as civic  
16 activities. We've got to help provide jobs. That's our main  
17 thing, I think.

18 I'm not making a motion for the amount  
19 of increase but I would like to have some discussion if people  
20 agree that that's what we should do and first increase  
21 something that is working and then consider something else.  
22 I think that's the first step. If there is a recommendation, do  
23 they agree on the amount of increase and I don't think there's  
24 any question about the success that we've had in the past and  
25 then there's other programs and that's been the whole

1 emphasis. The last several years it's training people for jobs  
2 that don't require a college education. So why do we want to  
3 pay loan forgiveness for people to come from out of the  
4 footprint, except for teachers. That would be the only ones,  
5 the teachers.

6 SENATOR RUFF: I know all the school  
7 systems are running short and using substitutes at the  
8 beginning of the school year.

9 DELEGATE WRIGHT: I'd like to see if  
10 we're going to do this with the workforce and financial aid and  
11 then when you consider teachers that's one thing. Give them  
12 a helping hand. We used to have a scholarship program that  
13 if they came back to the community and taught that they  
14 could be considered for the loan forgiveness. I'd like to hear –

15 SENATOR RUFF: Evan?

16 MR. FEINMAN: Two quick clarifications.

17 First of all, I was remiss knowing that this Committee also  
18 controls the competitive education budget, so were you to  
19 want to move some money into there, you'd be able to do so  
20 and that is a pot from which the capital costs, for example,  
21 setting up a new program or acquiring equipment necessary to  
22 start something additional can be funded. So that's another  
23 option for where to distribute funds. And that goes to the four  
24 year and two year schools and the higher ed centers across  
25 the footprint. So keep that in mind.

1                   Secondly, any talent attraction program  
2 we get would be focused on in addition to the civic  
3 engagement having an in demand degree or working in an in  
4 demand field. And you need to be employed when you came  
5 back to the footprint. We would not necessarily require that  
6 you be employed in the community in which you live. For  
7 example, if somebody were to live in Halifax but work in  
8 Danville, I think we could agree that would be fine or live in  
9 Amelia and commute into Richmond as long as you're paying  
10 property taxes and buying groceries and civically engaged in  
11 Amelia, I think we could agree or I would say Amelia would  
12 benefit thereby and good for our region to have somebody  
13 living out there even if they weren't necessarily, couldn't find a  
14 job in that county.

15                   DR. EHRHARDT: Yes, I think we need to  
16 continue to focus on, we need a healthy balance of both and  
17 as I'm sitting here thinking about I could be the poster child  
18 for the forgiveness program. I was living in the region and not  
19 from the region, got my Master's at UVA with the loan in part  
20 and nineteen years later, I'm still in the region, contributing to  
21 the region. I love the idea of civic engagement because I think  
22 if you lose that, frankly you won't have citizen members of this  
23 Commission or any others. I think that's where it starts  
24 getting involved in the community.

25                   My concern with pulling too much from

1 the four year is putting all our eggs into one basket and I  
2 think we still need to promote four year where there are jobs  
3 available. That said, and Ted may have better data than I do  
4 but in the recent Chimera study end of October, 2,000 jobs  
5 available in Danville, Pittsylvania County, the majority of them  
6 were retail, predominantly at Food Lion. So we don't have a  
7 ton of jobs that require a four year degree in our region. But  
8 I'd love to see us focus and to your point teachers and  
9 physicians and target it and maybe you're not targeting the  
10 Latin American studies major and I appreciate that. Although  
11 I think she's doing okay and she may not be the primary focus  
12 but a physician's assistant and jobs like that. Doing the  
13 research to know what those jobs are. We know in our area,  
14 we know there's a couple of dozen whether it's healthcare or IT  
15 and maybe we focus it there or what is it in other parts of the  
16 footprint.

17 I'd like to continue to see a healthy  
18 balance really focusing on the areas of need.

19 MR. HARRIS: I would ditto that and just  
20 say that I have two youngsters just graduating. One  
21 graduating from UVA-Wise and grew up in the footprint and  
22 he has now moved to northern Virginia. That's the area he's  
23 in and he's in cyber security. And the other one has entered  
24 into a community college in a certificate program. He doesn't  
25 feel like that's where, a four year degree at this point. But he



1 does want to get some credential that will allow him to get a  
2 fairly decent job and it just so happens he will be attending  
3 the community college system, Southside Community College.  
4 I don't think you ought to get rid of the program but I think  
5 the community colleges are doing very good at this point and  
6 I'd like to see that continue. I have a young lady that teaches  
7 the surgical technician program and those people are getting  
8 hired at Johnston Willis and local hospitals simply because  
9 they have come through that program. I think the community  
10 colleges have done good.

11 MS. RATLIFF: This all sounds great and  
12 agree. But the one thing I will caution you about is putting  
13 too much weight on bringing someone in because I think we  
14 have some talented people and if they had an opportunity  
15 where I could get an extra twelve thousand a year and maybe  
16 I'm working at a lower job now and I have a family, this would  
17 incentivize me to finish my four year degree. I'm thinking of  
18 some dislocated miners or someone like a Bristol compressor  
19 that's losing their job that this might incentivize me to get my  
20 four year degree. In the rating of applicants if we went this  
21 route, I would grade more on people that are within our  
22 community within the Tobacco footprint than those coming  
23 from outside.

24 MR. FEINMAN: Just to clarify, we would  
25 never discriminate against folks from our localities. We would

1 simply say it's open to folks if you want to come in, even if  
2 you're not from here. Of course, we're going to read if you're  
3 from Tazewell and you want to go back to Tazewell, we think  
4 you're probably a good bet as long as we can make the  
5 numbers work for you.

6 MR. SHELL: I would just like to say that  
7 I think with the workforce program that we have and the way  
8 that the community colleges have been going, we really don't  
9 want to cut back because they might be able to increase and  
10 still keep our workers in this area. Then as far as what  
11 Delegate Wright was saying about teachers and there is a lack  
12 of teachers, especially the ones that would stay in the  
13 footprint. I think we really need to extend to the ones that we  
14 can keep here or get them to come back. I have two  
15 grandchildren and both of them just graduated and one is in  
16 Raleigh and one is going to northern Virginia. I was hoping  
17 we'd have something that would maybe help keep the  
18 students to come back into the area. We don't want to take it  
19 out of the workforce and then maybe give it to someone that's  
20 not in the area, which you don't want to not include them.  
21 But I think we need to keep it as much in the Tobacco  
22 footprint as we can.

23 MS. COLEMAN: Stephanie, check me out  
24 on this but in terms of the division of money between  
25 workforce and four year and as our overall budget drops and

1 we level fund workforce than in the past, a greater percentage  
2 of our money is going to workforce in the coming years if we  
3 level fund as in the past.

4 MS. KIM: If we change this to a loan  
5 repayment program, the money going out is going to change  
6 from being on the front end to being on the back end. So you  
7 could over the course of two years increase that four year  
8 program or come up with enough money for the four year  
9 program to implement it because it will be at least a year out  
10 say from May when they graduate and then they have to work,  
11 it's still another year before you pay anything out.

12 MR. FEINMAN: The actual funds left  
13 right now.

14 MS. KIM: That's right.

15 SENATOR RUFF: We don't want to get  
16 too creative.

17 DELEGATE WRIGHT: From the  
18 discussion I heard, I'd like to put in a suggestion. It seems  
19 like there's a will to continue the four year program and for  
20 people in our communities like this lady was talking about in  
21 Southwest Virginia and there's a need for having the loan  
22 repayment, I think it should be targeted for the positions that  
23 are critical in our areas and limited to the footprint. I can't  
24 think of any reason to go outside the footprint and I think  
25 that's a bad thing for us to start. And the Tobacco

1 Commission should be for people in the footprint.

2                   So I think we should increase the funding  
3 for the workforce financial aid and the community colleges  
4 and the higher education center and then have some money  
5 for the four year program that we currently have. Then it  
6 would be better than a pilot, whatever money is left go toward  
7 the loan repayment targeted areas. I think civic engagement  
8 is fine but we're worried about economic development and I  
9 think most of these people will become involved in the  
10 community but I don't think we need to put as much  
11 emphasis on that but more on their work ethic. Leaders are  
12 associated with work ethic. I wish the Committee would  
13 consider increasing the money for the workforce financial aid  
14 and then maintaining the four year program. And then with  
15 the balance of the money having a loan repayment targeted to  
16 careers that are critical, like teaching positions and hospital  
17 employees, Microsoft, even if there are cybersecurity jobs  
18 available in our area and things of that nature.

19                   MR. CUNNINGHAM: I agree with  
20 Delegate Wright. Are we targeting the people in the footprint  
21 that are likely to stay in the footprint and do we know what  
22 the statistics are for those people that benefit from this  
23 workforce training and that actually stay?

24                   SENATOR RUFF: It's hard to weigh  
25 perfectly but I can give you a couple of examples and my kids,

1 one of them is an engineer and had to get a job in Richmond  
2 and he's paying his loan. My daughter ended up being a  
3 teacher but Hopewell offered more money and that interested  
4 her and that's the direction she went. So she'll pay back the  
5 money. And those are the driving factors.

6 MR. CUNNINGHAM: I'm new to the  
7 community but in the past have they offered incentives? And  
8 this may be outside the box but for family members or  
9 spouses. What I'm getting at, young people often have to  
10 battle between what my wife and what she's going to do. That  
11 ends once I'm not young anymore. That's the question and  
12 that's the problem I see, bringing workforce back to the  
13 footprint. You don't work for yourself. People from the  
14 footprint have been here and are inclined to stay and if they're  
15 not from the footprint, the odds are they're not going to stay  
16 and get involved in the civic activities that you mentioned.

17 MR. FEINMAN; There's some pretty good  
18 evidence that when people move to an area after school and  
19 stay there for a period of years, your chances of keeping them  
20 are pretty good. It is true that somebody from Manhattan  
21 moved to Charlotte, that's going to be a culture shock and if  
22 there's not a good reason for them to stay there, they may not  
23 stay there. We saw that in Ted's presentation. But if  
24 somebody from say outside of Winchester or somebody from  
25 Greene County, which are not footprint counties but still rural

1 parts of Virginia found enough money and a good job in  
2 Amelia or a community that they liked and where they could  
3 commute, there's good odds they would stay. It's more about  
4 culture than it is about that specific soil. If you've got deep  
5 family roots, cousins and uncles and other folks from around  
6 that helps. When you look at why people go places, high on  
7 that list to make it work from a dollars and cents perspective.

8                   The core takeaway for today is we at the  
9 staff level just cannot recommend continuing to spread four  
10 year dollars as thinly as we have. The outcomes look the  
11 same because nobody is changing their behavior based on a  
12 two or three thousand dollar payment, then we're just giving  
13 people two or three thousand to do exactly what they were  
14 going to do anyhow. And that's our real concern.

15                   MR. CUNNINGHAM: I agree with  
16 Delegate Wright, we know what's working and perhaps the  
17 emphasis should be on workforce training and that's what's  
18 working.

19                   SENATOR RUFF: Thank you. Gayle?

20                   MS. BARTS: I've done some research  
21 about teachers and we definitely have a shortage in Southside  
22 and Southwest. I think an incentive program to help teachers  
23 with the loan repayment once they have moved here and could  
24 give resource personnel something to go to when they are  
25 recruiting to help bring these people and encourage them to

1 come into our area. And they're educated and they can come  
2 from all over Virginia. And that certainly is a big need for this  
3 area and for teachers. Specifically, the state of Pennsylvania  
4 graduates more teachers and they have positions where they  
5 start them off in the range of sixty to seventy thousand a year.  
6 It's difficult to come here and take a forty or fifty thousand  
7 dollar job. This may be just a little bit of incentive that would  
8 help bring them here and once they get connected in the  
9 community, they can be a good contributor. I have three  
10 children, each doing one thing and I have a son that's a  
11 teacher in Pennsylvania. And these are just examples. There  
12 are more jobs that have come available, they are thinking  
13 about leaving teaching and they have loans to pay off. So I  
14 just think we should do something for these teachers.

15 SENATOR RUFF: Let me propose  
16 something and see how this goes. How about if we increase  
17 the workforce to three million and we withhold a decision on  
18 four year until we come back at a later meeting in January or  
19 May and set a criteria on what specialties we will accept and  
20 the priorities, who lives in the region and the jobs that are  
21 available, distribution throughout the region and lastly  
22 anybody from outside the region that might consider coming.

23 DELEGATE WRIGHT: Would you be  
24 willing to consider increasing the amount of the workforce  
25 training because I think if you are talking about \$2.8 to \$3

1 million –

2                                 SENATOR RUFF: Well, I think we can  
3 come back after the session and see what happens and if the  
4 General Assembly does not do anything, then we can meet  
5 and –

6                                 DELEGATE WRIGHT: That makes sense.

7                                 MR. FEINMAN: There is an issue with  
8 our partners at the higher ed centers that are helping with the  
9 four year school program. If we don't indicate what we're  
10 going to do today, at least in a conceptual way, it will be a  
11 challenge for the program implementation's standpoint.

12                                 MS. KIM: As long as there's an  
13 agreement that they're going to retain the program, then they  
14 don't have to have that necessarily at the January meeting. If  
15 it's going to remain a loan forgiveness program and those  
16 applications go out in March or people start applying in  
17 March. If it's going to become a back end payment, then we  
18 have a little more time. The agreement is that we will go to a  
19 repayment program whether it's targeted or general, we can  
20 come up with more details before May but as long as they  
21 have an indication from us that we're not going to the loan  
22 forgiveness, so you don't have to target that in March.

23                                 SENATOR RUFF: Is that a motion? All  
24 right. The motion is that we would at the May meeting, set the  
25 criteria but that will be based upon a repayment plan until



1 after graduation.

2 DELEGATE WRIGHT: Mr. Chairman, I  
3 believe you had an increase to three million.

4 SENATOR RUFF: No, I'm just talking  
5 about the four year program, not talking about dollars, just  
6 concept. It's moved and seconded that we change the four  
7 year program over from a loan forgiveness to a payment. Any  
8 further discussion?

9 UNIDENTIFIED: Will there be a special  
10 committee or will staff do some research to help us determine  
11 what those areas are just so we can articulate it more fully in  
12 May?

13 MR. FEINMAN: If we change it to a loan  
14 repayment and do nothing else with the program, it will look  
15 similar to what we're doing now except rather than getting a  
16 letter and a check from us, they'll get a letter from us saying  
17 you're eligible on doing X, Y, Z and then a year hence we  
18 would help them pay their loan. If we go to the higher dollar  
19 targeted approach, what I would envision doing is and I didn't  
20 want to do this if you guys came in here and wanted to go to  
21 something else, we would work with our partners in the  
22 localities to use the scholarships and data that exist being  
23 informed by other state practices and come forward with a  
24 fully fleshed out set of program guidelines that would describe  
25 the program.

1 SENATOR RUFF: Are you ready to vote?

2 DELEGATE WRIGHT: One thing I'd like  
3 to add and I hope I'm not taking up too much time, I think in  
4 the consideration of the details we ought to make sure this is  
5 targeted for teachers and things like that.

6 SENATOR RUFF: This is just the overall  
7 plan. In the interim whether it be January or May staff would  
8 be tasked one through Z.

9 DELEGATE WRIGHT: I understand. I  
10 just wanted to put that in when they do get to work on that.

11 SENATOR RUFF: Ready for a vote. All in  
12 favor say aye. (Ayes.) Opposed? (No response.) All right.  
13 Now the next question would be the dollar amount for  
14 workforce. I honestly believe there will be significantly more  
15 money put in statewide. If we would agree three million at this  
16 point, we would keep it open that after session if we feel like  
17 we needed to add more money, we would take that money  
18 from the competitive education money.

19 DELEGATE WRIGHT: Based on your  
20 comment just then, any possibility of increasing the amount, I  
21 make the motion we increase to three million.

22 MR. CUNNINGHAM: Second.

23 SENATOR RUFF: It's been moved and  
24 seconded. Any discussion? Hearing none, all in favor say aye.  
25 (Ayes.) Opposed? (No response.) We know where we're

1 going, staff knows what they're going to do and we'll come  
2 back in May.

3 MR. FEINMAN; Mr. Chairman, if I find  
4 that during the holidays people are responsive and I can  
5 discover a perfect model, I'm not going to drag my feet, but I  
6 think being realistic, a fully fleshed out program by the  
7 January meeting will be tough given the reality of people's  
8 attendance to their email inbox over the next two weeks.

9 SENATOR RUFF: When is the plan for  
10 competitive education?

11 MR. PFOHL: That's typically the spring  
12 application cycle and a May funding decision. You have  
13 workforce financial aid proposals and competitive education  
14 coming in simultaneously, maybe mid-March applications.

15 SENATOR RUFF: That's what I wanted to  
16 hear. All right, any other business? Anyone in the audience  
17 that would like to make a comment? Thank you for your  
18 comments. I appreciate it. The meeting is adjourned.

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20 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 Monday, December 17, 2018 at 12:30 p.m. at Homewood Suites, Richmond, 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 \_\_\_\_\_ day of December, 2018.

\_\_\_\_\_

Medford W. Howard  
CCR #0313137