

RURAL ECONOMIC DEVELOPMENT STRATEGIC PLAN

2006



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RURAL ECONOMIC DEVELOPMENT STRATEGIC PLAN 2006 Submission

Introduction

Pursuant to the Code of Virginia, § 2.2-2238.1, this is the second report prepared in an effort to develop and implement a rural economic development strategic plan for Virginia. As mandated by the legislation, this plan is to address:

- I. Education, including pre-K, primary, secondary, and post graduate resources/workforce development programs, as they may pertain to the Workforce Investment Act;
- II. Infrastructure, including capital for water and sewer upgrading, waste management, law enforcement, housing, primary and secondary roads, and telecommunications;
- III. Traditional industrial development and industry retention programs, including assistance in financing and workforce training;
- IV. Recreational and cultural enhancement and related quality of life measures, including parks, civic centers, and theaters;
- V. Agribusiness incentives to promote the use of new technologies, and the exploration of new market opportunities; and
- VI. Revolving loan funds or loan guarantee programs to help start or expand entrepreneurial activities, especially small business activities in rural communities.

The Act requires the entities listed below to jointly develop and implement the plan:

- Virginia Economic Development Partnership
- Center for Rural Virginia
- Virginia Department of Housing and Community Development
- Virginia Resources Authority
- Virginia Department of Business Assistance
- Virginia Tobacco Indemnification and Community Revitalization Commission
- Virginia Employment Commission
- Virginia Tourism Corporation
- Virginia Community College System
- Institutions of higher education located in rural regions (University of Virginia, Radford University, UVA-Wise, Virginia Tech, James Madison University, Longwood University, Virginia State University)
- Virginia Department of Agriculture and Consumer Services

Process

The 2005 report highlighted initiatives implemented by the Commonwealth to spur economic development in rural Virginia and made recommendations about additional measures that would contribute to rural economic development. Participating agencies developed a description of the various programs under their purview that assisted in rural economic development. A working group comprised of representatives of participating agencies reviewed the existing programs and Governor Warner's economic development strategic plan adopted during the first year of his term and surveyed the attainment of the plan's goals and objectives. Finally, based on the Governor's objectives and current agency efforts, the workgroup suggested additional recommendations for future rural economic development efforts.

To prepare this second report it was decided not to repeat the same process used to develop the 2005 Plan submission. Instead an effort was made to develop a process that built upon work completed for the Plan submitted in 2005. A working group composed of representatives from the entities listed above was assembled to review the existing 2005 recommendations and offer updates to these recommendations and develop new recommendations for the 2006 submission. In preparation for this session these entities were asked to submit:

1. Relevant items from the organization's strategic plan that pertain to the six topical areas outlined in the enabling legislation,
- or
2. A short narrative description (bullets or short paragraph) on how the organization assists in these six areas.
3. Any suggested changes/amendments to the Recommendations from the 2005 Plan.

Problems and issues confronting rural Virginia are well documented. A review of existing legislative studies pertaining to rural economic development and pertinent regional economic development strategic plans was conducted prior to the work group session by the Virginia Economic Development Partnership. This review included the final report of the Southwest Virginia Economic Development Commission. At the request of the President and CEO of the Virginia Economic Bridge, Inc., recommendations endorsed for action following the final meeting of this Commission are included in the Appendix.

A "discussion draft" of recommendations based on this review and components of Governor Kaine's newly released economic development strategic plan, *Virginia Leading the Way*, was developed around the six areas. The work group convened in Roanoke on October 17, 2006, following the 2006 Virginia Rural Summit. The following recommendations represent the deliberations of the work group. New program information submitted by the work group participants has been included as an appendix to the 2006 submission.

Goals and Strategies

The Rural Economic Development Strategic Plan submitted in 2005 developed a series of goal statements as the elements of the plan. This practice has been continued for the 2006 submission. Listed below is a proposed goal recommended by the working group that is in addition to the minimum areas outlined in Section 2.2-2238.1 of the Code of Virginia that are to be addressed in the plan.

Goal: *Establish the Center for Rural Virginia as the lead organization in the development of the Rural Economic Development Strategic Plan.*

Since the Center for Rural Virginia (CRV) has employed a full-time Executive Director, the CRV is now a full partner in formulating the rural economic development strategic plan. Because the CRV is charged by the General Assembly (§2.2-2720) with coordination of rural development efforts, and with duties including preparation of a detailed analysis of rural Virginia economies and appropriate alternatives to sustain economic growth, it was the original legislative intent that in future years the CRV should be identified as the entity responsible for leading development and implementation and that sufficient resources to accomplish that role be allocated to the CRV. Therefore, legislation in the 2007 Session should establish CRV's leadership in and coordination of this plan prospectively.

Strategies:

- Seek legislation in the 2007 Session of the General Assembly that establishes the Center for Rural Virginia's leadership and coordination of this plan and provides the necessary resources to accomplish this coordination.
- Develop leadership capacity throughout rural Virginia in such a way to enhance the diversity of Virginia.

Goals and strategies related to the areas outlined in the Code of Virginia, Section 2.2-2238.1 follow.

I. Education, including pre-K, primary, secondary, and post graduate resources/workforce development programs, as they may pertain to the Workforce Investment Act.

The composition of Virginia's workforce by industry is changing with the fastest growing occupations projected to be computer specialists, persons working in business and financial operations, and workers in health care support occupations. The skills and education required for entry into these and other new jobs in Virginia are increasing while jobs for those with less than a high school diploma are dwindling. Furthermore, many of those who do earn a high school diploma are unprepared for rigorous post-secondary education or skilled work. The education and skills of the labor force, particularly in rural areas, critically affects the ability of regions to attract emerging industries that provide good wages.

Goal: *Implement VEDP/Virginia Community College System Industry/Occupational Web Tool - RESolution.*

VEDP and the Virginia Community College System (VCCS) are working together to provide tools so regional information on industries and occupations can be shared by all involved. In Fall 2006, the two organizations will launch RESolution (Regional Employment Solutions) a new interactive web-based tool which will provide the economic development community, local and regional leaders, and the educational community with the means to expedite better labor force planning and support demand based curricula and training programs to meet regional needs.

RESolution will provide access to all of the underlying data from the recent statewide *Industry and Occupational Cluster Analysis*, including all necessary updates. At a regional level, any industry can be explored to view recent trends in the industry, occupations required for the industry (or related occupations), wages paid to those occupations and skills, training, and tools required for a given occupation. The beta edition of the tool is already helping VEDP in developing responses for prospect site selection by validating regional labor attributes needed by companies. It will also help regions and communities assess the viability of their regional workforce assets for their business recruitment targets. This product also gives workforce development and economic developers a viable tool to aide in the alignment of workforce development and economic development strategic plans and initiatives. Specific

to the Virginia Community College System, this tool assists in identifying key areas to develop new instructional programs and revise existing instructional programs to meet the workforce needs of the Commonwealth.

Goal: Increase the amount of occupation-specific training delivered by Virginia Community College System colleges by 30% over the next three years by providing additional state support for non-credit instructional courses and services.

The Virginia Community College System administers, markets, and delivers occupational and career-focused non-credit courses and services both for a specific business or company and to the general public in support of community-wide workforce development. Non-credit courses can be more flexible than credit offerings and tailored to specific workforce needs. Additional funding will allow community colleges to develop and deliver additional courses and services to raise the skill level of incumbent workers, provide entry-level training to newly hired workers, and raise the overall occupation-specific skills in a community.

Goal: Support community college programs that prepare students for entrance into postsecondary education and workforce training.

The Virginia Community College System “Dateline 2009” initiative aims to increase enrollment in the VCCS, increase participation in workforce programs, increase the number of graduates transferring to four-year institutions, and increase the number of high school students taking college courses and receiving college credits. Through programs such as Tech Prep, the community colleges also work closely with high schools to align programs and curricula with workforce needs. These types of programs are valuable in providing the skilled workforce needed to enhance VEDP’s recruitment activities.

Goal: Continue funding and supporting existing programs to aid high school dropouts, and expand the pipeline for potential recipients of services designed to enhance basic and specialized workforce skills.

Governor Kaine’s Economic Development Strategic Plan calls for a quality statewide education system from pre-kindergarten through post-graduate programs, including affordable access to post-secondary education for all Virginians; the establishment of tuition reimbursement or loan forgiveness for students in critical fields who agree to work in an area in Virginia in need of those skills for a required period; and parity in skills development in areas of the state where individual skill levels do not meet economic demand.

Several programs offered through the Virginia Community College System and the Virginia Department of Education are beneficial in providing workforce training and transitional programs that allow individuals to advance to higher levels of education and employment. These programs include Middle College, Apprenticeship Related Instruction, Career Readiness Certificate, and Adult Education. Programs that raise educational levels and workforce preparedness also contribute to meaningful long-term economic benefits for a community: children of adults who have mastered basic skills, completed higher levels of education, and had stable employment are more likely to succeed academically and economically than those who have not.

Currently, the Career Readiness Certificate program is not funded. Last fiscal year the Virginia Community College System received about \$100,000 from WIA funds for marketing and database management of the program. This funding was not continued this fiscal year.

Goal: Lead the development and implementation of the state workforce system.

Governor Kaine's Economic Development Strategic Plan calls for reforming the local Workforce Investment Boards (WIBs) and local infrastructure to improve the efficiency and effectiveness of the Virginia Workforce Network. This reform is to provide a world-class workforce system that is responsive to employer and worker needs and creates a well-trained, well-educated and globally competitive workforce. Specifically the plan calls for sustaining business involvement and ensuring that workforce development and training are responsive to labor markets, commuting patterns, economic cluster data, educational attainment data, job projection data, existing higher education infrastructure and other strategic economic demands.

Governor Kaine's Economic Development Strategic Plan also recommends focusing the use of more corporate incentives on workforce training, retraining and education, including increasing opportunities for apprenticeship, co-operative education, and internships to develop skills required by businesses now and in the future. The Governor's Strategic Plan for Workforce Development, due for release in late fall 2006, will provide more specific directions and strategies on this topic.

A well-prepared, skilled, and available workforce is among the most critical factors in economic growth. By developing a seamless and integrated workforce development system, the Virginia Employment Commission (VEC) will utilize and leverage its resources through a one-stop career center network that provides a single point of entry for employers, workers and job seekers. Additionally, the workforce development system will eliminate duplication of services, enhance participation, accommodate the demand needs of employers and improve customer satisfaction.

The VEC will serve as liaison among agencies and local workforce investment boards to implement statewide workforce policies, integrate workforce service administration at the state level and workforce service delivery at the local level, promote workforce and economic development collaboration and leverage resources to promote economic growth and the provision of quality workforce services.

The VEC also provides additional services or activities relevant to this point including:

- **Rapid Response Activities:** Provide immediate assistance to dislocated workers as a result of plant closures and mass layoffs.
- **Trade Act Training:** Provide training and other services to employees who face losing employment as a result of transfer of positions "off-shore."
- **National Emergency Grants:** Provide additional WIA funds to workforce areas to assist employees in obtaining re-training to increase their employability.

Strategies:

- Focus the use of Workforce Investment Act (WIA) funds for more corporate incentives on workforce training, retraining and education.
- Seek maximum flexibility in WIA regulations within the confines of federal law.
- Increase the number of participants who can proceed through the Career Readiness Program at one time.
- Continue to implement alternative ways for adults to learn and earn academic credit in rural areas, as through distance learning which allows students to connect to courses and programs from work, home, local library, community center, or local elementary and high schools.

- Create opportunities for additional instruction through the utilization of skills of retired teaching professionals and other qualified individuals.
- Increase promotion of available educational and workforce development opportunities in rural areas to assure that citizens are aware of their existence. Consideration should be given to postings at daycare centers, grocery stores and other retail establishments, as well as radio station announcements as a means to publicize these incentives.
- Create awareness of entrepreneurialism in school age children in coordination with outside groups such as 4-H, FBLA, Junior Achievement, and other similar organizations, as well as with the VCCS for older students.
- Establish a regional approach using VCCS service areas and Small Business Development Centers to allow non-credit students to participate or access programs across jurisdictions.
- Allocate additional state funding to support non-credit secondary and post-secondary technical courses through VCCS to compete more effectively with North Carolina. This will also require removing structural disincentives to offering non-credit courses that are critical to businesses and industries in the region.
- Create better record-keeping to enable data analysis and sharing on students who drop out of school. Develop methods to track and identify these former students and trends that would assist in remediating the problem.

II. Capital investment in infrastructure, including capital for water and sewer upgrading, waste management, law enforcement, housing, primary and secondary roads, and telecommunications.

While the importance of infrastructure is unquestioned, the type of infrastructure required within different regions remains diverse. While broadband is deficient in many rural areas of Virginia, Northern Virginia struggles with transportation needs. Therefore, overarching goals for Virginia do not adequately address specific needs within Virginia's rural areas. These goals for infrastructure seek to address these deficiencies.

Goal: Develop and implement a coordinated water policy for the Commonwealth that will ensure that every Virginian has access to clean, safe drinking water.

Water and sewer infrastructure continue as important components of a quality living environment, especially in rural communities. Deficiencies in this infrastructure are apparent in at least two different ways; substandard housing stock and inadequate public water systems. Grant programs implemented by the DHCD are addressing these inadequacies by providing grant funding to improve substandard housing through Community Development Block Grants and Indoor Plumbing Rehabilitation, which are primarily targeted to rural areas. Likewise, public water systems are being upgraded through similar efforts utilizing Community Development Block Grants, the ARC and Self-Help programs that help improve local water and sewer capacity. All of these programs should continue.

The Virginia Resources Authority (VRA) can also play a major role in the effort to develop and implement a coordinated water policy that ensures that every Virginian has access to clean, safe drinking water. VRA was created in 1984 to provide affordable financing alternatives for the Commonwealth's local governments, originally for drinking water and wastewater treatment projects. Today, VRA offers a host of financing programs for a variety of infrastructure projects: drinking water, wastewater treatment, storm water drainage, solid waste management, aviation, brownfields remediation and development, public safety, transportation projects and projects at federal and former federal facilities.

VRA serves as financial administrator for several revolving loan funds that include the Virginia Water Facilities Revolving Fund (Wastewater RLF) and the Virginia Water Supply Revolving Fund (Drinking Water RLF). In each of these programs, VRA serves as financial manager while its state agency partners, the Department of Environmental Quality and the Department of Health, perform the programmatic functions, such as project prioritization for each fund. In these funds, some combination of federal grant monies, state match monies, investment earnings, and/or loan repayments are loaned to local governments for their capital projects. The loan repayments and investment earnings create a self-perpetuating financing vehicle.

VRA's Drinking Water Revolving Loan Fund (Fund) was created to provide grants and subsidized loans for drinking water projects to Virginia's local governments and providers. In Fiscal Year 2006, the Fund financed 18 projects totaling \$16,855,288 for 15 rural localities. Included in the total are grants in the amount of \$4,178,580, which were awarded to five localities.

Since 1998 when the program began receiving federal monies, the Fund has made loans and grants totaling \$147,810,952 for 145 projects throughout rural Virginia.

Strategy:

- Continue funding support of programs providing water and sewer infrastructure.
- Remove statutory barriers to revenue sharing among localities to encourage the joint regional development of infrastructure, sites and the sharing of resulting revenues across political boundaries.

Goal: The Commonwealth should establish a dedicated source for economic development infrastructure funds in order to be competitive in attracting "mega projects."

Virginia's ability to assemble a large pool of funds to secure a strategically significant project, such as an automotive or information technology assembly plant, is difficult with current incentive program offerings. These current programs are an important "baseline" for Virginia and help improve Virginia's general competitiveness for small and medium sized projects. However, these standard programs alone are insufficient in the current environment for Virginia to successfully attract a "mega" project.

In 2005, the Virginia Tobacco Commission charged a consultant team to critically evaluate Virginia's competitive position for attracting a major auto assembly plant, with particular emphasis on the Tobacco Region. Many of the consultants' conclusions about Virginia's business environment were very favorable, a fact recently borne out by *Forbes.com's* #1 ranking of Virginia as the Best State for Business. However, the challenges the consultants cited for Virginia continue to be issues. The first is our inability to identify, assemble and deliver a 1,500-2,000 acre site that meets the industry's needs. The second is the ability to arrange the financing necessary to deliver the site and to provide an incentive package competitive with other states' recent automotive announcements.

During 2006, some progress has been made in terms of a mega site. Although we still face local hurdles within some communities about the attractiveness or need for such a site (and aligned industry), a consultant independent of the Tobacco Commission has identified a site within the Tobacco Commission region as a potential mega site and the VEDP is working with both the consultant and the locality to effectuate the steps necessary to assemble the site. Major hurdles remain in the financing necessary to develop the infrastructure needed to bring this site up to readiness standards.

The challenge of the financing and incentives package remains because the delivery of a site is not viewed as an incentive—it is a given. Therefore, the mechanisms for training programs, infrastructure upgrades, interstate and other highway improvements are where the commensurate \$120-\$175 million

spent in other states is required. These monies should be viewed as a comprehensive undertaking involving multiple resources from not only state agencies, but should encompass regional and local entities, plus private sector partners including rail and utilities companies and the federal government.

Goal: Further broadband development throughout Virginia, but especially in rural areas where it is needed most.

Telecommunications in general, and broadband capabilities in particular, are as essential for the modern business model as is electricity. Manufacturing, data processing, government services and finance are all equally dependent on the flow of information and progress has been made.

The Mid-Atlantic Broadband Cooperative, Inc.'s Regional Backbone and Roots of Progress Initiative (RBI) was completed in 2006 and is already expanding. Through this initiative, 700-miles of new 144 fiber optic cable has been installed in Southside Virginia that connects 5 cities, 20 counties, and 56 industrial parks and provides high-speed internet access to nearly 700,000 citizens and more than 19,000 businesses throughout Virginia. The \$37 million network, backed by money from the U.S. Department of Commerce's Economic Development Administration and the Virginia Tobacco Indemnification and Community Revitalization Commission, will continually expand as other communities want to be included and as funds are available to fulfill the requests. Phase II is currently underway to connect Emporia to Wallops Island on the Eastern Shore.

The Virginia Tobacco Commission has also funded more than \$28 million since 2003 toward projects to establish backbone and last mile infrastructure in large portions of the LENOWISCO and Cumberland Plateau Planning Districts and part of the Mt. Rogers Planning District. As seen by the recent announcements by CGI-AMS and Northrop Grumman, availability of telecommunications services can stimulate positive locality-altering business locations. Yet, many rural areas in Virginia remain handicapped by the lack of affordable, and in many cases, the lack of accessibility to broadband communications.

Regulatory and tax reform is required to stimulate the accelerated deployment of broadband services in rural areas. While the Tobacco Commission investments have had a positive impact on economic development in rural areas, more focus is necessary on stimulating public-private partnerships to help build the last mile. It is also recommended that the Center for Innovative Technology's Broadband Program be continued to assist communities across Virginia with broadband planning and development. Additionally, recent action by the General Assembly has targeted modest funding to the Department of Housing and Community Development (DCHD) for engineering and permitting related costs to expand a broadband network to the Eastern Shore and other rural Tidewater areas in the Northern Neck and Middle Peninsula; feasibility studies of best last-mile solutions for other rural areas; and to support the extension of broadband infrastructure from the Crossroads Institute in the City of Galax to business and customer locations in Carroll and Grayson Counties, the City of Galax, and the Town of Independence. This funding should be expanded so that additional underserved areas may benefit from service improvements.

Strategies:

- Initiate regulatory and tax reform to stimulate the accelerated deployment of broadband services in rural areas.
- Expand broadband funding to underserved areas.

Goal: Continue to improve transportation infrastructure so that speed-to-market is available for all regions in Virginia.

Nearly all transportation has an economic development component. It promotes economic renewal and allows economic expansion by providing access to markets, resources and jobs. Virginia has the third largest state-maintained highway system in the nation, 12 rail companies with 2 class-1 carriers, more than 50 commercial and general aviation airports and major interstates and 4-lane highways criss-crossing the state. The economic impact of this infrastructure translates to tens of billions of dollars annually. Unfortunately, with a third of our highway infrastructure deficient in terms of capacity, our aging transportation infrastructure in general, and not all regions sharing alike in prosperity, additional funding for multi-modal transportation projects is required. This is especially important so that rural Virginia can fully leverage the benefits of the ongoing expansion of facilities at the Ports of Virginia.

One program targeted specifically for economic development is the Transportation Partnership Opportunity Fund (TPOF) adopted by the General Assembly in 2005. This program sets aside \$50 million for grants and loans for publicly owned transportation needs. The financial assistance may be used for on and off site transportation capacity development encompassing road, rail, mass transit or other transportation access costs beyond the funding capability of existing programs. Studies of transportation projects including, but not limited to environment analysis, geotechnical assessment, survey, design and engineering, advance right-of-way acquisition, traffic analysis, toll sensitivity studies, financial analysis, or any other transportation development activity permitted by law are also eligible. Monies may be used for any mode of transportation development activity or combination thereof. It is recommended that the TPOF funding continue on an annual basis.

Virginia's traditional programs for economic development are also still viable for rural areas. The programs include the Revenue Sharing Program, the Economic Development Access Program (previously known as the Industrial Access Road Program), the Rail Access Program, the Rail Preservation Program and the Rail Enhancement Program.

Strategies:

- Continue the Transportation Partnership Opportunity Fund appropriation on an annual basis.
- Continue funding Virginia's traditional road and rail programs for economic development.

Goal: Leverage Virginia's new energy plan so that new technologies are developed stimulating investment in rural localities.

Virginia is fortunate to have maintained a competitive advantage in electrical energy cost and availability of excess capacity that has encouraged new investment in manufacturing and nontraditional heavy electrical energy users like data processing centers and financial services. These latter business sectors represent a new opportunity that often wants to locate outside of traditional metropolitan areas. Recent announcement by CGI-AMS and Northrop Grumman illustrate this trend.

General Assembly action in 2004 and 2006 encouraged new base-load plant development in rural areas (2004) and created the Virginia Energy Policy (2006). The stimulus of the 2004 legislation is paying off for Southwest Virginia with the recent announcement by Dominion Power that they are beginning the permitting process for a new technology coal-fired base-load plant. Although early in the developmental stage, if approved by the SCC and Dominion Power, the construction phase will employ more than 800 people and subsequent plant operation will employ 75 paying very high wages. Aside from the direct tax benefits to the locality derived from such a facility, the use of Virginia coal will further extend the multiplier effect of this multi-hundred million dollar facility.

In tandem with this legislation is the new Virginia Energy Policy, Title 67 in the Code of Virginia. This legislation identifies a direction Virginia can take to be a leader in the energy market, both from a provision and conservation perspective. While the policy encourages current and new technologies such as clean coal, solar, biofuels, natural gas, wind and others by offering a grant incentive of \$.0085 per kilowatt hour of electricity produced by using these fuels, the legislature did not appropriate funds to implement the program. At a minimum, the General Assembly must appropriate grant funds for the Solar Photovoltaic and Wind Energy Utilization Grant Programs so that the economic incentive is in place to stimulate the investment. The fortunate inherent attribute of energy production is that it is rural-centric in its location. Appropriate funding of the Energy Policy, both in the Grant program and expanded technology research, could lead to hundreds of millions of dollars invested in rural Virginia via the production of fuels and energy.

Strategies:

- Establish appropriate funding levels for initiatives outlined within the new Virginia Energy Policy including appropriations for grants under the Solar Photovoltaic and Wind Energy Utilization programs.
- Reevaluate and align service areas for various state and local programs so that the regions make more sense.
- Ensure state programs collaborate/coordinate with federal rural development programs.

III. Traditional industrial development and industry retention programs, including assistance in financing and in workforce training.

Virginia has an array of existing financial incentives that have effectively attracted businesses to locate and remain in rural areas of the state. Over the life of the Governor's Opportunity Fund, rural areas have received twice the amount of grants as urban and suburban areas when measured on a dollar amount per new job. In the 2004-05 period a total of about \$24 million in GOF grants were awarded. Approximately \$14 million, or 58 percent, was used to attract projects in Southwest, Southside and the Valley region of Virginia. Recent changes in the Enterprise Zone Act further target truly distressed areas, many of which are rural. The Tobacco Commission's funds are limited to the tobacco producing region, a mostly rural area in major transition.

These traditional incentive programs have served Virginia well and should continue to be important tools in Virginia's business attraction efforts in rural Virginia, as long as they are adequately funded. Recent years have seen reductions in funding for these critical programs which need to be restored so that rural areas, and Virginia as a whole, can reach their potential.

Goal: Increase funding to existing state incentive programs to more effectively compete for business locations and retention.

In recent years the Virginia Enterprise Zone Program has not been able to fully meet qualified businesses grant application amounts. In fiscal year 2006, Enterprise Zone grants were prorated at 61 percent. Virginia must fulfill delivery of "promised" incentives to companies which have delivered on jobs and investments. Failure to fully meet incentive obligations carries negative consequences for Virginia's business climate.

With the demand for Workforce Services program funds increasing (for both training and retraining purposes), funding resources have been decreasing. Forecasting demand for this program has always been difficult because business training and employment needs are greatly impacted by economic conditions. The economic downturn in the early part of this decade lessened program demand just about

the time resources were reduced. However, with the economic upturn, funding has not increased to keep pace with demand.

The Workforce Services Jobs Investment Program (WSJIP), established in 1965, has historically been one of the major, value-added economic development incentives sought by companies. Virtually every project worked by VEDP inquires about this incentive because it reduces the human resource development costs of new and expanding companies that are creating jobs.

In FY 2006, WSJIP assisted 575 companies involving 13,252 jobs and over \$7.5 billion in new capital investment. The program targeted state and Workforce Investment Act funding for several economic development projects in distressed communities with a declining manufacturing base. Across the Commonwealth, the program funded jobs averaging \$17.67 per hour or \$36,754 annually – generating approximately \$1,770 per job in annual state tax revenues. This economic development incentive is performance based and no funding is expended until the capital investment has been made and the company creates the jobs. WSJIP's goal is to recover its investment within one year. With an average \$577 per job funded, the program's return on investment was achieved in less than 4 months.

Strategies:

- Fully fund state Enterprise Zone grant incentives to avoid pro-ration of awards to eligible companies.
- Increase funding for the Governor's Opportunity Fund (GOF), which is a proven tool to enhance rural economic development.
- Increase funding for the Workforce Services Jobs Investment Program in its efforts to provide customized recruiting and training services to companies that are creating new jobs and are in need of these services.
- Propose the elimination of the Major Business Facility Job Tax Credit and transfer use of the "savings" associated with this elimination to the Governors Opportunity Fund (GOF) or Virginia Workforce Services Jobs Investment programs.
- Seek a legislative sales and use tax exemption for computers and peripheral equipment that are used in data centers. This will have a major impact on attracting high tech services projects similar to CGI to rural areas.
- Increase revenue sharing among localities and encourage the joint development of infrastructure, sites, and the sharing of resulting increased revenues across political boundaries by removing state statutory barriers.
- Foster economic problem-solving across political boundaries by restoring funding to the Regional Competitiveness Program.

IV. Recreational and cultural enhancements and related quality of life measures, including parks, civic centers, and theaters.

In 2005, Virginia hosted 54.8 million domestic visitors who spent a record \$16.5 billion. Nearly 207,000 Virginians are employed in tourism jobs with a payroll of \$4.1 billion. Tourism is the fifth largest private-sector employer in the Commonwealth.

In 2005, tourism in Virginia generated \$1.2 billion in federal taxes, \$675.4 million in state taxes, and \$474 million in local taxes. Further, on an average day in Virginia, tourism generates \$45.1 million in spending. Tourism expenditures on lodging, food, entertainment and recreation, and general tourism retail all showed increases over past years.

As Virginia's population and economy diversifies, rural areas of the state are strategically placed to enter the tourism industry with vigor. New tourism initiatives should be developed to highlight the rich cultural heritage of many of our communities including the African-American, Native American, and Appalachian populations. Several initiatives, such as the Civil Rights in Education Trail and the Crooked Road – Virginia's Heritage Music Trail, are providing opportunities for rural areas to capitalize on new products and new jobs for Virginia. Although tourism will not replace lost manufacturing jobs, the tourism industry can be a major contributor to these new regional economies.

Human capital is vital to continued economic growth of a region. One of the challenges that rural areas have faced is one of "brain-drain," where talented individuals move away from rural areas. By enhancing the quality of life of an area, the area is positioned to lure back talented people who left in the past, and attract new residents. Educated and talented people live where they can enjoy life and engage in social and cultural interests. This is especially true of younger individuals who are most likely to pursue entrepreneurial ventures. Enhancing the tourism product and programs not only makes Virginia rural destinations more attractive to visitors but also serves to enhance the quality of life for the citizens.

Goal: Promote the development of new, and the expansion of existing, tourism businesses.

The Virginia Tourism Corporation (VTC) partners with other agencies to host workshops specific to the needs of the community. An example is the Enterprise Express series of workshops that focuses on entrepreneurial development in rural areas. The Enterprise Express workshops are a partnership among the Virginia Tourism Corporation, the Virginia Department of Business Assistance, and Virginia Cooperative Extension.

The VTC Seminar Series is a series of workshops, seminars, and training opportunities that focuses on topics important to the Virginia travel industry. Topics include group tour preparedness, media relations, marketing, customer service, and other issues facing tourist destinations and businesses.

Strategies:

- Develop workshops and incentives that target entrepreneurs, especially displaced workers, to encourage the development of new tourism-related business.
- Assist with training efforts, such as in the area of hospitality training, to assure the tourism industry has a vibrant, effective workforce.

Goal: Promote the development of new community tourism programs.

The VTC Tourism Development Division offers technical assistance to communities interested in starting new tourism programs, and/or in developing new tourism products. Recent examples include assistance with the development of tourism programs in Grayson County, Appomattox, and Scottsville. VTC offers micro-grants, based upon availability, to communities for the purpose of strategic planning and other technical assistance.

Strategies:

- Identify key players in rural communities and regions and work with these groups to develop a tourism strategic plan and marketing plan for their communities.
- Restore funding for regional partnerships for tourism marketing and development to encourage regional efforts.

- Promote the development of regional tourism marketing initiatives and cooperation among existing tourism organizations.

Goal: *Support the development of new tourism product.*

The Virginia Tourism Corporation (VTC) is currently coordinating the development of the Wilderness Road Trail, the Coal Heritage Trail, and rails-to-trails conversions in Southwest and Southside Virginia. VTC's Tourism Development Director is serving on the Management Team for the Southwest Virginia Artisan Center under development in Abingdon.

Strategies:

- Expand state technical assistance and marketing initiatives for projects such as the Crooked Road – Virginia's Heritage Music Trail, artisan centers, and trail development.
- Provide state assistance in the development of new tourism product, such as the Wilderness Road Trail, the Round the Mountain—Southwest Virginia Artisan Network Trails, the Coal Heritage Trail, and rail-to-trail conversions.
- Provide VTC assistance to the Virginia Department of Housing and Community Development's efforts to develop two artisan centers in Staunton and Abingdon.

Goal: *Market the rural areas of Virginia to the traveling public.*

Rural areas of Virginia offer many of the drivers – the reason people visit Virginia. Among these are history and heritage, small town America, and outdoor recreation.

The Virginia Tourism Corporation offers the following marketing services:

- Free listings on www.Virginia.org, the primary consumer website promoting Virginia destinations. The Virginia.org website includes listings for attractions, accommodations, shopping, outdoor recreation, and events.
- Opportunities for low cost advertising through the VTC Cooperative Advertising program. VTC buys down the cost of advertising in publications, thereby allowing partners to have ad placements in publications that otherwise they would not have been able to afford.
- Access to VTC services through the www.vatc.org, the Virginia travel industry website. This website offers descriptions of the many VTC services, and links to other resources.
- Access to extensive research on the impact of travel and tourism in Virginia, including data specific to Virginia communities.

In addition to current cooperative marketing programs, VTC offers, based upon availability, market leveraging funds that are matched by Virginia travel partners to further promote Virginia destinations. This program is particularly important to small, rural destinations who have limited marketing dollars. By partnering with other groups in their area – and applying for the market leveraging funds – the rural areas can maximize their marketing dollars.

Strategies:

- Continue and expand programs to leverage marketing dollars through partnerships with community tourism programs and the Virginia travel industry.
- Focus state park funds where there is a documented need for recreational activities and accommodations due to the absence of such private amenities.

Goal: *Identify funding mechanisms for tourism-related business and marketing initiatives.*

The Virginia Tourism Corporation works to assist in the identification of funding sources, such as grants and loan programs. Recent examples include the application for, and awarding of, a \$438,000 grant to promote the Blue Ridge Parkway as an All-American Road as part of the America's Byways program.

Strategy:

- Work with other agencies, such as the Virginia Department of Business Assistance and the Virginia Small Business Development Centers, to identify funding and capital for tourism businesses and research grant funding for tourism infrastructure development.

V. Agribusiness incentives to promote the use of new technologies, and the exploration of new market opportunities.

Virginia farms produce more than \$2.4 billion in agricultural product sales. They employ more than 48,000 full-time and part-time workers, and contribute more than \$400 million to Gross State Product (GSP). When economic linkages with inputs, processing, and distribution are considered, the agriculture and agriculture-related sectors contribute more than 11 percent of GSP, and employ approximately 10 percent of the state's work force.

Farms cover 8.5 million acres in the Commonwealth, nearly 34 percent of the total land area. Integrated agri-businesses, combining production, processing, and distribution, have become more important to agricultural and to rural Virginia. Production of the state's broiler (young chicken) industry is ranked 9th among US states, while Virginia turkey production is ranked 5th. Other large agricultural sub-sectors that contribute many jobs and large sales to the rural economy include the greenhouse/nursery industry, tobacco, beef cattle, and dairy. Virginia Christmas tree production is ranked 10th in the U.S., and is increasingly important in southwestern and southern counties.

An increasing number of small rural producers market food products directly to urban consumers, or produce for four state-sponsored regional farmers' markets. The volume and sales of such production and marketing channels is difficult to measure, but it is clearly more important to rural areas on the fringe of urban communities.

Virginia agricultural businesses require access, education, and capital to profitably adopt and incorporate new technologies into their businesses. New technology is critical to seek profitable new market opportunities.

Goal: *Build upon Virginia's strong agricultural heritage by identifying new markets and new ways to capitalize on agriculture.*

The Virginia Tourism Corporation (VTC) is working with entities in Southside and Southwest interested in establishing a tobacco farm museum on a working tobacco farm, as well as peanut museum and farm-related tours. VTC is working with the Virginia Department of Agriculture and Consumer Services

(VDACS) to assist with marketing farm products through demonstrations at Virginia Welcome Centers, and promoting the farms and products on www.Virginia.org. Also, VTC is working with Virginia Cooperative Extension in the development of a Community Kitchen in Southside for use by local entrepreneurs interested in producing new products, and also for use as a culinary arts training facility.

The equine industry in Virginia is a major agricultural and economic engine contributing many jobs, directly and indirectly, in the Commonwealth. Nearly half of the equine use is for trail and pleasure riding. VTC is working with representatives in Grayson County to study equine economies in other areas and is providing a community tourism micro-grant to assist in the study.

Strategies:

- Encourage the use of rural land resources to produce bio-fuel feed stocks and integrate such production into the growing bio-fuel processing sector.
- In order to encourage agricultural industry retention, assist new technology adoption for more efficient production processing and distribution in existing agricultural sub-sectors.
- Encourage the use of natural and human resources in new ways, as well as in multiple ways. Examples include agri-tourism where visitors are invited to the farm to experience first-hand the working of the farm.
- Promote farms for agri-tainment through such ventures as corn mazes, petting farms, pumpkin picking, Christmas tree selection, hay rides.
- Identify new marketing opportunities for farm operations and products.
- Enhance Virginia's dairy operations by including options for natural and organic milk production and marketing.
- Promote and enhance Virginia raised source and process verified animal and plant production and marketing.
- Integrate Tourism activities with existing natural resource programs, such as the Virginia Birding and Wildlife Trails, as well as the Virginia Department of Game and Inland Fisheries and the Virginia Department of Conservation and Recreation.
- Investigate and develop cooperative value added beef processing and marketing system in central, northern, southwest and Shenandoah Valley areas of Virginia.
- Enhance Virginia's equine industry.

VI. Revolving loan funds of loan guarantee programs to help start or expand entrepreneurial activities, especially small business activities in rural communities

“Without better access to capital, rural entrepreneurs have little hope of helping rural areas grow.”

Rural Virginia Prosperity Commission (2002)

In 2005, 54.6 percent of the Virginia businesses registered with the Virginia Employment Commission had fewer than five employees, and more than 97 percent of all employers in Virginia had fewer than 50 employees. This entrepreneurial, small business engine of economic prosperity could bolster rural areas of Virginia.

As numerous commissions and studies have pointed out, Virginia needs vigorous programs that expand opportunities for access to capital by entrepreneurs—statewide. While availability of seed and start up funding is a national challenge, Virginia has very limited public programs to mitigate the problem within

its boundaries. This is a point of comparative weakness for Virginia and applies to both equity and debt capital financing infrastructure.

Governor Kaine's Economic Development Strategic Plan promotes early-stage and venture capital financing in Virginia and calls for the establishment of a significant fund that will focus on investing in Virginia-based companies in seed/early stage life science and other emerging technology sectors.

Goal: Continue to fund and focus existing state financing programs that have a stated mission of providing access to capital to Virginia's small businesses and entrepreneurs.

The statewide community development bank, Virginia Community Capital, Inc. (VCC), provides business financing to spur economic and community development in underserved areas of the state. This rural economic development initiative provides a variety of credit and debt options to enhance economic and community development activity in distressed areas. The bank was initially financed through the transfer of state housing and economic development loan portfolios to a restructured community development organization that is designated as a Community Development Financial Institution (CDFI). These resources are being leveraged to establish a comprehensive community development bank. The bank will provide loans and technical assistance to finance small business, economic development and housing projects for economically disadvantaged communities and individuals. The bank's focus is on supporting local ownership of assets and will provide critical access to credit and technical assistance concentrating investment in distressed communities.

Strategy:

- Continue to focus the financing programs of the Community Development Bank on a variety of new community, economic and entrepreneurship development activities in rural areas.

Goal: Provide state funding for seed capital programs that helps entrepreneur's access capital at critical business development stages or develop and fund programs that attract private capital for early-stage entrepreneurial businesses.

Strategies:

- Authorize creation of a \$50-\$100 million "fund of funds" as a source of limited partnership capital to invest in Virginia-based Venture Capital funds.
 - Provide state funding and oversight based on fiscal impact analysis of state fund utilization and return on investment expectations.
 - Require professional advisors to help select and monitor fund partnerships.
 - Direct that investment of these funds be in Virginia-based venture funds with a history of seed/early stage investing in Virginia companies and which commit to deploy capital on a best efforts basis in Virginia.
- Amend the Virginia Angel Investment Tax Credit enabling legislation to eliminate any statewide cap on the annual allowable tax credit and increase the individual qualified investment up to a maximum of \$100,000 (presently capped at \$50,000) per investor.
- Increase annual state funding to the Center for Innovative Technology, specifically to allow for growth of the Growth Acceleration Program (GAP). Urge CIT to market its GAP programs in rural areas of Virginia.

- Establish a marketing program to banks in rural Virginia urging them to take advantage of Virginia Capital Access Program (VCAP) programs and the Virginia Small Business Financing Authority (VSBFA) program.

Goal: *Support or fund existing state programs that provide grassroots business-specific assistance to entrepreneurs and small businesses.*

The Department of Business Assistance (DBA) plans over 50 events in FY 2007 that will cover accounting, marketing and legal formation topics and will provide aspiring entrepreneurs an opportunity to network with service providers. In FY 2006, DBA assisted in delivering over 37 training sessions that helped over 3,500 companies.

SBDC professionals assist with access to capital, and business start-up, business planning, marketing, and financial analysis as requested. In 2005, over 4,600 business owners and managers received one-on-one counseling and more than 8,700 attended a SBDC training program. And companies report successes and impact as a result of their SBDC relationship--over \$52 million in loans obtained, \$91 million in total capital formation, 3500 jobs created or retained, and an increase in sales of \$68.9 million was reported in 2005.

The Virginia SBDC network is the most extensive business development program in the Commonwealth. The network is a strategic alliance between the U.S. Small Business Administration, George Mason University-Mason Enterprise Center in the School of Public Policy and local sponsors throughout Virginia. These vital partners include universities, community colleges, chambers of commerce, municipalities, economic development organizations and private companies. The SBDC network is made up of 30 incubators and houses over 250 businesses that employ over 725 full-time employees and 125 part-time employees. Twenty-eight percent of these businesses are minority-owned and 27 percent are women-owned.

Strategies:

- Implement the Virginia Department of Business Assistance's (DBA) calendar of workshops to support an entrepreneurship culture in areas negatively impacted by the reduction of manufacturing jobs in rural Virginia.
- Support Virginia's 29 Small Business Development Centers (SBDCs) which work at the grassroots level to promote small business development and entrepreneurship.
- Support the Virginia small business incubator network which helps entrepreneurs and start-up business firms survive their early years and grow and prosper.
- Replenish state funding to the Economic Development Loan Fund, managed by the Virginia Small Business Financing Authority (VSBFA), to enable the VSBFA to continue to serve start-up and small business needs across all of Virginia's communities. This program has a proven track record of financing businesses in rural areas.
- Foster the establishment of pools of various types of insurance to help smaller enterprises in tourism and other fields.
- Continue to help small, women, and minority-owned (SWAM) businesses sell more products to the state through training sessions, one-on-one counseling sessions and matchmaking opportunities.

Appendix

Virginia Department of Business Assistance Program Submission–2006

The following programs administered by the
available to assist businesses and communities

Virginia Department of Business Assistance are
in rural Virginia.

I. Workforce Services Jobs Investment Program

The Workforce Services Jobs Investment Program (WSJIP) is a business development incentive supporting economic development efforts throughout Virginia since 1965. WSJIP assists local, regional, and state economic development organizations to promote the Commonwealth to business prospects who are considering new site locations or expanding existing operations. The program reduces the human resource development costs of new and expanding companies that are creating new jobs throughout the Commonwealth. WSJIP is an integral component of the State's economic development marketing efforts. This incentive is offered by all of Virginia's competitor states.

Eligibility for assistance in any of the programs offered by WSJIP is limited to projects that create basic employment for the Commonwealth and only for-profit companies in the following business sectors will qualify:

- Manufacturing
- Distribution Centers
- Corporate Headquarters for Companies with Multiple Facilities
- Call Centers
- Information Technology Services for Businesses

II. Economic Development Loan Fund - Virginia Small Business Financing Authority

With funding from the U.S. Economic Development Administration, the Economic Development Loan Fund (EDLF) is designed to fill the financing gap between private debt financing and private equity. Funds are available to localities, economic development authorities, and qualifying new and expanding businesses that are creating new jobs or saving "at risk" jobs in qualified underserved and distressed areas of Virginia as defined by the EDA. Funds are also available to Virginia businesses which derive 15 percent or more of their revenues from defense-dependent activities and can demonstrate economic hardship related to defense downsizing.

Funds can be used for the acquisition of land and buildings, construction or improvements to facilities and the purchase of machinery and equipment. Funds can also be used to assist defense-dependent businesses transition to private sector markets. The maximum loan available from the EDLF for each project is limited to \$1,000,000 or 40 percent.

III. Industrial Development Bond Program-Virginia Small Business Financing Authority

Small Manufacturers or 501 (c) (3) non-profits seeking to finance qualifying fixed assets can obtain long-term financing at favorable interest rates through the use of industrial development bonds (IDBs). An industrial development bond is a form of tax-exempt private activity bond issued by a state or local government entity to finance the acquisition, construction or equipping of a facility.

Today IDBs continue to provide qualifying companies and non-profits with an important alternative to conventional financing. Some of the benefits of IDBs are:

- Sub-prime pricing. Since interest earned on IDBs is exempt from federal income taxes, IDBs provide lower interest rates than conventional financing.
- 100 percent project financing. IDBs enable companies to finance virtually all the costs of a project, including site preparation, capitalized interest during construction and most issuance costs, up to \$10 million.
- Long-term financing. IDBs can have an average maturity of up to 120 percent of the economic life of the assets financed.

IV. Loan Guaranty Program (LGP)-Virginia Small Business Financing Authority

Through the Loan Guaranty Program, the Virginia Small Business Financing Authority will guarantee a portion of a loan or line of credit extended by a commercial bank to a qualified Virginia business. With a guaranty from VSBFA, the bank benefits by reducing its risk in lending to the Virginia business, and the business benefits by accessing financing it would not otherwise have been able to obtain.

The maximum guaranty under the program is 75 percent of the loan or line of credit up to a maximum guaranty of \$500,000. The program can be used to provide a guaranty for a short-term line of credit or a term loan of up to five years in duration.

V. Virginia Capital Access Program (VCAP)-Virginia Small Business Financing Authority

VCAP provides access to capital for qualifying businesses by encouraging banks to make loans that they would otherwise not make due to a borrower's riskier profile. Unlike government guaranty programs which provide a guaranty of a specific loan, VCAP utilizes an insurance concept on a portfolio of loans. VCAP establishes a loan loss reserve account at each participating bank which is funded by enrollment premiums paid by the Borrower/Bank and VSBFA. Because the participating bank determines what loans to enroll without Sofa's involvement, VCAP is a flexible, non-bureaucratic tool to assist banks in meeting the financing needs of small businesses and entrepreneurs statewide.

VI. Southside Tobacco Capital Access Program (TCAP)-Virginia Small Business Financing Authority

The Virginia Tobacco Indemnification and Community Revitalization Commission (VTICRC) and the Virginia Small Business Financing Authority (VSBFA) have partnered to provide the Southside Region Tobacco Capital Access Program (TCAP) to banks for the benefit of businesses headquartered or operating in the Southside Tobacco Region¹. TCAP provides access to capital for qualifying businesses by encouraging banks to make loans that they would otherwise not make due to a borrower's riskier profile. Unlike government guaranty programs which provide a guaranty of a specific loan, TCAP utilizes an insurance concept on a portfolio of loans. TCAP establishes a loan loss reserve account at each participating bank which is funded by enrollment premiums paid by the Borrower/Bank and VSBFA. Because the participating bank determines what loans to enroll

¹ The borrower must be authorized to conduct business in the "Southside Tobacco Region," defined as the counties of Amelia, Appomattox, Bedford, Brunswick, Buckingham, Campbell, Charlotte, Cumberland, Dinwiddie, Franklin, Greensville, Halifax, Henry, Lunenburg, Mecklenburg, Nottoway, Patrick, Pittsylvania, Prince Edward, Sussex, and cities of Bedford, Danville, Emporia, and Martinsville; and the proceeds of the loan must be used for an endeavor related to industrial, commercial or other business enterprise within the Southside Tobacco Region.

without Sofa's involvement, TCAP is a flexible, non-bureaucratic tool to assist banks in meeting the financing needs of the Southside Tobacco Region businesses.

VII. Existing Business Services Entrepreneur Development

The Existing Business Services (EBS) staff actively develops the small business community by organizing in market events that introduce small businesses to resources. Our seminar offering ranges from a ½ day program covering key business success drivers (accounting, marketing, etc) to after hours, business resource fair. This program demonstrates the supportive climate in Virginia to start and grow a business. In rural areas, this program is particularly contributes to building a culture of entrepreneurship in rural areas. In many cases, other state agencies and local assistance providers are included on the agenda thereby leveraging all assets. The EBS expects to host over 25 events in FY 2007.

VII. Procurement Assistance Program

This program helps businesses understand the process of selling to the state. Through a series of hands-on workshops held across the state, educational materials and one-on-one counseling resources, businesses are trained on the state's Small, Women and Minority Certification Program and eVa Registration. The curriculum includes how to identify state market's for their product, how to find the purchasing officers and how to find upcoming business opportunities. Individual assistance for developing an electronic catalogue or a specific sales strategy is also provided. Networking opportunities are included in the seminars to facilitate introductions between buyer and business. This feature of the program really brings the decision makers directly to the rural markets. This program significantly expands a business's potential to grow revenues by selling to the state even though the business may be located in a small, rural market.

IX. Virginia Business Information Center (VBIC)

The Virginia Business Information Center (VBIC) is the central portal of state information for businesses. VBIC is a toll free, e-mail or live chat service through which existing businesses and entrepreneurs can ask a wide variety of questions. Information about business formation and expansion and about business resources is provided. Information ranges from the possible 26 state agencies that can impact a business to referrals to federal and local allies. VBIC is currently handling approximately 350 contacts per week. To provide additional access to sound business planning and development in markets with limited resources, VBIC also can provide an interactive CD which can take an entrepreneur from product concept to market development to fulfillment and financial projections. These CDs are particularly useful in markets where counseling resources are limited or for people who are more computer savvy.

To augment the call center experience, VBIC staff has also developed the state's central business portal and staff the live chat function. These electronic tools further leverage limited resources and provide access to critical information to rural entrepreneurs.

**Department of Housing and Community Development (DHCD)
Program Submission-2006**

Highlighted below are descriptions of DHCD administered or related programs that assist in addressing the legislatively-required rural economic development issue areas.

I. Education, including pre-K, primary, secondary, and post graduate resources/ workforce development programs, as they may pertain to the Workforce Investment Act;

Regional Workforce Consortia

The Department of Housing and Community Development (DHCD) is administering the Regional Workforce Consortia grants. The activities of regional workforce consortia are targeted toward anticipating and addressing workforce training needs critical to the region's future economic growth. The funding is intended to enhance local workforce development and education investment by supporting activities that specifically advance the region's overall strategy to prepare its citizens for the jobs of the 21st Century. Using a region's identified workforce development and education investment strategy as a framework, the program seeks to increase the literacy and readiness skills of the workforce; provide for the seamless and uniform management of workforce development resources and programs; and enhance the integration of education and training resources in a region. There are currently two consortia, Lake Country Regional Workforce Consortia (Halifax and Mecklenburg Counties) and the Smyth-Washington Regional Workforce Consortia engaged in workforce development and educational initiatives in their respective regions.

II. Infrastructure, including capital for water and sewer upgrading, waste management, law enforcement, housing, primary and secondary roads, and telecommunications;

DHCD provides funding for water projects through such programs as the Community Development Block Grants (CDBG), Appalachian Regional Commission (ARC), Indoor Plumbing and Rehabilitation (IPR) and Self-Help programs that strive to develop the local capacity needed to address community needs. Highlighted below is additional information on each of these programs.

A. Water and Waste Water Projects

Community Development Block Grant

DHCD administers the CDBG Non-entitlement Program in Virginia. The program provides grants to eligible units of local government in the State's 284 non-metropolitan localities to address community development needs. Activities must meet one of the following three national objectives: activities benefiting low- and moderate-income people; activities which aid in the prevention or elimination of slums or blight; and activities designed to meet community needs having a particular urgency. The State sets aside \$3 million of the total CDBG allocation in the Community Economic Development fund specifically for economic development as well as \$1 million of the Local Innovation Fund for small-scale projects that represent new, creative approaches. These funds are open to all eligible localities.

Self-Help Virginia Program

The Self-Help Virginia Program is a resource for small communities to meet the challenge of creating viable and affordable water and wastewater systems. The program operates within Virginia's Community Development Block Grant Program and uses a problem-solving, dollar-saving approach that is outcome oriented. The goal is to tap neighborhood talent, manpower

and creativity to provide water and sewer services in areas where those services are difficult to provide through conventional means. In the process, the program stretches limited financial resources to assist more communities than would be otherwise possible. The most common examples of Self-Help Virginia activities include neighborhood residents acting as their own project managers, laying water and sewer lines, and operating leased or donated excavation equipment.

Appalachian Regional Commission

The purpose of Virginia's Appalachian Regional Commission program is to foster economic development and to improve the quality of life for Appalachian citizens. DHCD is a state partner in the 13 state regional commissions. The program provides assistance in the longer-term development of a chronically depressed region which encompasses 23 counties and seven independent cities in Virginia. Special efforts are made to provide assistance to designated distressed counties (Dickenson). Virginia's ARC program provides up to \$500,000 for construction projects and up to \$100,000 for non-construction projects. In the past year, ARC has provided funding for projects in three programs emphasizing community and economic development: the Area Development Program, the Appalachian Asset-Based Development Program, and the Appalachian Telecommunications Program.

Indoor Plumbing Rehabilitation Program

The Indoor Plumbing Rehabilitation (IPR) Program provides zero-interest, forgivable loans in eligible localities for the installation of indoor plumbing to owners of substandard housing where indoor plumbing does not exist, or where the existing water delivery or waste disposal systems have failed. Loan repayments are determined by the homeowner's ability to make payments. The program also provides for the general rehabilitation of these units and for accessibility improvements to units occupied by persons with disabilities or where overcrowded conditions exist.

B. Telecommunications

Rural Broadband Planning Initiative (VRBPI)

The Virginia General Assembly, through the 2007 Appropriations Act, has committed to expanding rural access to broadband technology. Part of this commitment involves the funding of feasibility studies of best last-mile solutions for rural areas. To this end, the Virginia Department of Housing and Community Development has created the Virginia Rural Broadband Planning Initiative (VRBPI). VRBPI is a comprehensive telecommunications planning effort that will allow communities to identify and develop all elements necessary to a successful community broadband network.

The primary objective of the Virginia Rural Broadband Planning Initiative is to ensure community sustainability and competitiveness in the global marketplace via comprehensive planning for broadband deployment. Community sustainability requires the availability of adequate healthcare, quality education, reliable emergency services, competitive service-sector businesses (banks, insurance, etc.), and connectivity at speeds necessary for entrepreneurs to engage and compete globally. Additionally, this effort may help address needs and opportunities for residential users to have universal access at high speed with competitive prices.

III. Recreational and cultural enhancement and related quality of life measures, including parks, civic center, and theaters;

Virginia Artisan Centers

Two artisan centers are being developed in western Virginia to serve as gateway tourist destinations. These centers will capture tourism traffic from both north and south and then help disperse it off the interstate corridor. One center will be located in Staunton on Interstate 81 and will include a variety of attractions – visitor information, displays, regional museums, food service and a theatre in addition to the artisan retail center.

IV. Revolving loan funds of loan guarantee programs to help start or expand entrepreneurial activities, especially small business activities in rural communities.

Community Development Bank - Virginia Community Capital

This rural economic development initiative established a community development bank to provide a variety of credit, debt and equity, options to spur economic and community development activity in distressed areas. The bank was initially financed through the transfer of State economic development loan and equity portfolios to a restructured community development organization that is designated as a Community Development Financial Institution (CDFI). These resources are being leveraged to establish a comprehensive community development bank. The bank will provide loans, equity investments and technical assistance to finance small business, economic development and housing projects for economically disadvantaged communities and individuals. The bank's focus is on supporting local ownership of assets and will provide critical access to credit and technical assistance concentrating investment in distressed communities.

Virginia Enterprise Initiative

Virginia Enterprise Initiative (VEI) grants are available through a competitive application process. A selected community-based nonprofit can request up to \$53,000 in grant funding to use towards administrative or credit enhancement activities. Each VEI program site must offer the four program components to their clients. The four program components are training (business plan development training and business skills training), one-on-one technical assistance, micro-loans, and follow-up or post loan technical assistance.

Virginia Main Street

Since 1985, Virginia Main Street has been helping localities revitalize the economic vitality of downtown commercial districts using the National Main Street Center's successful Main Street Approach™. Main Street is a comprehensive, incremental approach to revitalization built around a community's unique heritage and attributes. Using local resources and initiatives, Main Street helps communities develop their own strategies to stimulate long term economic growth and pride in the traditional community center -- downtown.

The program is designed to address the need for revitalization and on-going management of smaller downtowns, but aspects of the Main Street Approach™ may be applied successfully in other commercial settings. Community's just starting downtown revitalization and those with more experience are creating lasting economic impact with the Main Street Approach™.

**Longwood University
Program Submission-2006**

Longwood's primary economic development focus has been on **Small Business Development**. Our services focus on the following areas:

1. Assistance with business plan preparation
2. Financial analysis
3. Marketing
4. Locating sources of capital
5. Pre-export research
6. Assistance with recordkeeping issues
7. Economic and market research
8. Analysis of management issues
9. Referrals to other service providers

There is no charge for counseling and technical assistance provided by the representatives of the LSBDC. Fees may be collected, however, to recover specific client approved charges for such items as printing and postage. A nominal fee may be charged for training workshops. Our SBDC offices, which serve all of Virginia's Southside tobacco counties, are located in Farmville, Petersburg, Danville, South Boston and Martinsville.

Other Economic Development Initiatives

Longwood University, the University of Virginia, and Virginia Tech are collaborating on a project for the Southside Virginia area (the 22 Southside counties served by the Tobacco Commission). This initiative is looking at how research activities could be brought to areas in the Region to enhance economic development. The concept is that research initiatives at the patent stage could be moved into centers across the region for the production phase, thus creating jobs and encouraging the development of support businesses.

This initiative started in December 2005 with a three-day meeting of local officials, education, and business folks to discuss this concept. A mission statement and core strategies were developed at that meeting. The three universities then hired Chmura Economics & Analytics to assist in developing a strategic plan. Because the region is so large and diverse, it was divided into five sub-regions, based primarily on commuting patterns. Six focus group meetings have been held, with at least one in each sub-region. Based on those focus group meetings and additional research and study by the consulting firm, a draft strategic plan has been developed that includes separate strategic plans for each of the sub-regions. These sub-regional plans include research areas that have been identified as possibilities for the sub-regions, based on the availability of exiting higher education and/or training centers, current businesses located in the sub-regions and the work skills available in the region. The draft plan will be vetted in early November by an Advisory Group. After the plan has been finalized, the next phase will be to take it to legislators, local officials and business leaders in each of the sub-regions and work with them to gather support for the implementation of the plan.

Radford University Programs and Offices Supporting Rural Economic Development Program Submission-2006

Business Assistance Center

Each business that succeeds and grows in Western Virginia makes the region's economy stronger. At Radford University, we consider fostering a healthy regional economy to be an appropriate mission for a public university. In fact, we see it as a responsibility.

Programs at Radford University's Business Assistance Center share one goal: to support businesses throughout Western Virginia. From international expansion to software certification, the Business Assistance Center's professional staff work together to provide in-depth, hands-on services and programs.

New River Valley Small Business Development Center

The mission of New River Valley Small Business Development Center is to increase jobs in small business by providing access to high quality counseling, referral and training and to improve the economy of the region and the quality of life for the residents of the New River Valley.

Experienced business owners or managers can get assistance to:

- Expand a business
- Solve business problems
- Develop new ideas for products or services
- Investigate new business opportunities
- Expand into international markets

Those planning to start a new business can get assistance to:

- Understand the requirements for going into a business
- Find sources of business financing
- Learn about marketing
- Discover business opportunities in Virginia
- Comprehend business registration, structure and taxes

New River Valley Small Business Development Center offers the following services:

- Business Planning and Assistance
- Loan Packaging Assistance
- Sources of Business Financing
- Marketing Assistance
- Census, Economic and Business Data
- Financial Analysis
- Small Business Training Workshops
- Business Consulting
- Environmental Management Assistance Program
- Minority Business Program

International Trade Center

For small and medium sized businesses, expanding into foreign markets can be a daunting task. The International Trade Center (ITC) based in Radford University's Business Assistance Center, provides knowledge and resources required to grow and thrive in the international marketplace.

Our mission is to assist in increasing international trade in Virginia through collecting and disseminating information, advising business owners and managers, providing training and education, facilitating regional trade initiatives and assisting with the development of trade strategies.

Established in 1997, the ITC serves as an interface between businesses and organizations pursuing or active in international trade and the knowledge, expertise and resources of Radford University. Additionally, the ITC works with a network of State and Federal international trade programs and private service providers to bring the latest information and expertise to our clients. Through the international connections and relationships of Radford University, the ITC also works with foreign companies who want to establish businesses in the United States and are willing to invest in the long-term creation of jobs.

The Leadership Development Center

The Leadership Development Center seeks to provide the region with economic development opportunities by developing the leadership capabilities within organizations. Additionally, the LDC provides opportunities for RU students to gain valuable business experience and increase their marketable skill set.

To achieve these goals, the LDC designs comprehensive leadership development programs, provides interactive training workshops, offers consulting services for an assortment of area profit, nonprofit and governmental organizations, and actively solicits the participation of RU students and faculty. The focus of the LDC is to develop leadership capabilities that enable organizations to meet tomorrow's challenges with today's people.

Governmental and Nonprofit Assistance Center

The primary mission of the Governmental and Nonprofit Assistance Center (GNAC) is to provide quality professional education, technical assistance, research assistance and current information to governmental and nonprofit organizations. The links below direct you to the various programs and services available through the GNAC.

Nonprofit Development Program

The goal of the Nonprofit Development Program is to provide an affordable, high quality training program that will result in better managed non-profits serving the communities of southwest Virginia.

Examples of Specific Initiatives/Actions Related to Economic Development

Radford University partners with several businesses and agencies to support economic development in the local area and the region. Through numerous formal and informal partnerships with business, agencies and organizations, RU faculty, staff, and students are engaged in a variety of economic development efforts in the region, the Commonwealth of Virginia and throughout the Mid-Atlantic region. Academic Colleges, The RU Business Assistance Center, The RU Small Business Development Center, the RU Leadership Development Center, and the RU Governmental, and Nonprofit Assistance Center provide

ongoing assistance to new and existing businesses in the New River Valley. Some specific actions currently underway include:

- ***New College Institute***, recently established in Martinsville-Henry County, has three main goals. They are to contract with public and private institutions to provide degree programs beyond the associate-degree level that meet the needs of the Southside area, as well as the entire Commonwealth; work to change the culture of the region so that education at all levels is valued and there is an increase in the college-going rate; and promote economic development, both through the degrees and training offered and interaction with economic development agencies. Radford University is an important partner with NCI in accomplishing all three of these goals. Radford already is providing its RN to BSN program in the region through partnership with NCI. Other programs will be added in the next academic year (2007-08) and beyond. The effect long-term will be a better-educated citizenry and one that is better- equipped to attract new business to the area as well as retain existing ones. The partnership between NCI and Radford University is one that is very much valued by both agencies.
- ***CGI in Lebanon, Virginia*** – CGI, and more specifically CGI-AMS, is partnering with the Commonwealth of Virginia to locate a large Information Technology shop in Lebanon Virginia. As part of this effort, faculty in the College of Information Science and Technology (CIST), the dean of the College, and the development officer of the College have been fully engaged in a variety of meetings, workshops, and ongoing efforts to develop and recruit sufficient IT workforce for this project. Representatives from the College have made several trips to the region including accompanying CGI executives on high school visits throughout the region. The dean of the College also sits on the Workforce Development Task Force for this project as well. Several recent RU IT graduates have joined the CGI team and the manager of the CGI-Federal operation in Lebanon, Chris Flor, is a 2000 graduate of one of RU's IT programs.
- ***Northrup Grumman in Lebanon, Virginia*** – Like CGI, Northrup Grumman is partnering with the Commonwealth of Virginia to locate a large IT operation in Lebanon Virginia. Northrup Grumman is working on a somewhat slower timetable. While CGI already has more than 100 employees on the ground in Lebanon, Northrup Grumman is still in the planning phase of their development. The dean of the College and the development officer for the College met with Mike King, who is managing the Northrup Grumman move into Lebanon. While the College already has outstanding relationships with several Northrup Grumman divisions, it was useful to meet with Mike to make him aware of the strong partnership already developed with CGI and with the opportunities that the College provides for recruiting, staff development, and other partnerships.
- ***Project-Based Partnerships*** – IT courses provide a fertile ground for the introduction of live projects from local industry. For example, Radford University information technology students, under the direction of Professor Joe Derrick, designed and built a touch screen kiosk for The Roanoke Valley - Alleghany Regional Commission (RVARC) to research public opinion about local transportation issues (<http://www.radford.edu/NewsPub/July06/0727kiosk.html>). Similar partnerships have been completed or are ongoing with several regional partners.
- Over the past three years, Radford University and selected members of the College of Information Science and Technology (CIST) Office of Distance Education have been members of the New River Valley Telecommunications Committee. The membership is comprised of regional community and academic institution members addressing the community need for identification of academic and R & D telecommunication fiber needs as well as identification of local initiatives for fiber Access. The committee is examining both independent and collaborative partnerships that will organize a regional entity to pursue development of broadband for the New River Valley. The NRV Telecommunications group has stated that network and broadband access will be critical for economic competitiveness—both keeping companies that are here and generating

and attracting new ones. The citizen access to the NRV-speed network will improve quality of life in other ways—including increased community connectedness and access for education and telemedicine healthcare.

- As a contributing member of the Virginia Telehealth Network committee members of the Waldron College of Health and Human Services faculty and the Office of Distance Education work with state committee members to develop and explore funding sources and resources to expand the delivery of health services through telecommunications and web based portals. RU is working with the committee to build a telecommunication resource database for access by state agencies, businesses, hospitals, and educational intuitions to identify potential telemedicine sites.
- The RU International Trade Center supports and promotes the New River Valley Port and Foreign Trade Zone, identifying needs and issues to be addressed related to economic development and international trade in the region. Currently, the ITC is working with Montgomery County Economic Development to pursue an intermodal rail facility in the region that will provide a hub for international shipping. This effort will generate additional employment and economic development opportunities for the region. The Foreign Trade Zone provides customs services for international trade as well as for the Roanoke Regional Airport Authority.
- The RU Leadership Development Center (LDC) works with many agencies to develop leadership management skills among top managers and executives. Among its most extensive projects is a long-term partnership with the City of Roanoke. Through this partnership, the LDC provides innovative, custom leadership training to city executives, builds customized, long-term leadership curricula for management and other leadership positions, designs training workshops based on client needs, provides certification training programs in executive leadership, facilitates focus groups to identify training needs, and provides a blend of e-learning and classroom training.
- RU Governmental and Nonprofit Assistance Center (GNAC): The GNAC sponsors a leadership and management certificate program for nonprofit organizations in this region of the state. The program requires participants to take 80 hours of training. During 2004-2006, participants from 50 organizations and/or localities, unduplicated, participated in joint certificate programs (list available). In addition, the GNAC in conjunction with the Virginia Government Finance Officer's Association sponsor a joint training certificate program for accounting and finance personnel from local governments. During 2004-2006, participants from 70 organizations and/or localities, unduplicated, participated in the joint certificate program (list available).

Examples of Initiatives/Actions Supporting K-12 Education in Rural Areas

Radford University enjoys a close relationship with our regional K-12 partners. Building on its historical roots as a normal school, RU has been and remains a vital player in strengthening K-12 education in Southwest Virginia and the Commonwealth. RU is involved in a plethora of cooperative actions with K-12. From this list, we have selected the following for this target.

Each academic year, eighty Radford University students, eighteen high school teachers, and 160 students from eight Southwest Virginia high schools participate in a program called **Appalachian Arts and Studies in the Schools (AASIS)**. The AASIS program, funded by a private benefactor, was designed to achieve two goals: the first---to encourage promising young Southwest Virginia students to pursue higher education; the second---to give these students an opportunity to learn more about the culture of the Appalachian region. **To date, the post-secondary education attendance rate among AASIS participants is 53 percent, up from 0 percent before these students entered the AASIS program.**

The high school teachers participating in AASIS collaborate to prepare lessons for their classrooms on Appalachian Studies. Each teacher also chooses ten AASIS Scholars, high school students identified by their teachers as “college-able but not college-bound.” Each Radford University student participating in

AASIS becomes a mentor to two or three AASIS Scholars. Mentors visit their AASIS Scholars' schools at least twice during the year to make presentations about college life and about Appalachian Studies. They also act as hosts and tour guides for their AASIS Scholars during two field trips to the Radford University campus. Mentors and AASIS Scholars get to know each other and keep in touch throughout the year via letters and e-mail. The AASIS Scholars finish up the year by making presentations in their schools and communities about their learning experiences in the AASIS program.

Each year is busy for AASIS program participants and coordinators alike, but the benefits of the program make all the hard work worthwhile. The teachers welcome the opportunity to include Appalachian Studies in their curriculum and the chance to give a few students that extra push they need to consider their options for higher education. The RU Mentors find that acting as role models for younger students, and just being there to answer questions, is a highly rewarding experience. The AASIS Scholars benefit from the chance to learn more about their Appalachian heritage and how it can be a source of pride for them. They receive encouragement from their teachers and Mentors to explore their interests and talents. Through their trips to the RU campus and their contact with their Mentors, the AASIS Scholars come to see higher education as an attainable goal, as one way to cultivate their interests and talents into skills that can shape their careers and their lives, and as their own chance to make a difference in the world. AASIS Scholars who have never considered college as an option for themselves begin to think about it as a reality after participating in the AASIS program.

The AASIS program celebrates its tenth anniversary during the 2006-2007 school year. Once again, 18 teachers from eight high schools in seven counties, 160 high school students, and 80 Radford University students are participating. The AASIS staff organizes, coordinates, and implements plans. On the sidelines are dozens of others who cooperate to make the program work: RU faculty, staff, and administrators; high school principals, staff, and county superintendents; the Radford Foundation, and the donor who helps to fund the program. Together, these hundreds of individuals work to teach, to learn, and to make a difference for Southwest Virginia.

The **Leadership Development Program** is conducted in collaboration with the School Division of Giles County. The 2005-2006 cohort had thirty-two participants. The College's Professional Development Center has been awarded a grant to conduct another program for 2007-2008. Eight schools divisions are joining the College in this project and we expect to have another thirty-five participants. Thirty-one of the 2006-2007 cohort passed the new state licensure exam for principals. Participants and superintendents have been pleased with the program and have offered commendations regarding the opportunity and the success of the program.

The mission of the **Training and Technical Assistance Center (T/TAC)**, housed in the College of Education and Human Development, is to improve educational opportunities and contribute to the success of children and youth with disabilities (birth-22 years). The Centers provide quality training and technical assistance in response to local, regional, and state needs. T/TAC services increase the capacity of schools, school personnel, service providers, and families to meet the needs of children and youth. The Center currently services thirty-six school divisions in superintendents' regions six and seven in southwest Virginia.

**Southside Higher Education Coalition
Program Submission-2006**

Education, including pre-K, primary, secondary, and post graduate resources/workforce development programs

Entity: The Southside Higher Education Coalition (the “Coalition”) - coordinates the activity and leverages the assets of three regional organizations in Southside Virginia united by the mission of preparing an educated citizenry and workforce for the innovation economy. The Coalition’s partner institutions are the Southern Virginia Higher Education Center (HEC), the Institute for Advanced Learning and Research (IALR), and the New College Institute (NCI).

Program: Seamless educational pathway degree programs that align with the region’s strategic economic sectors.

Description: Seamless educational pathways enable students to transition easily from high school dual enrollment, advanced placement, and International Baccalaureate programs to associate degree programs, and then on to bachelor degrees and graduate degrees that align with current and emerging economic sectors in the region. This sector-based education strategy also includes high school technical certificate courses, and terminal associate degrees that align with the targeted economic sectors. The Coalition seeks to attract partnerships with accredited higher education providers and coordinate degree offerings to be marketed and delivered at learning centers across the region. Delivery methods will consist of a combination of resident faculty teaching and distance learning technology that leverages the Commonwealth’s investment in the Regional Backbone Infrastructure.

Program: Community outreach programs that align with the region’s strategic economic sectors.

Description: The Coalition will underpin its degree offerings with community outreach programs, such as educational summer camps for students and teachers, entrepreneurship training, and community computer classes. The outreach programs will create a sustainable pipeline of students prepared to enroll in the Coalition’s degree programs, provide the existing workforce with requisite innovation economy skills, reset cultural expectations around life-long learning, and cultivate an atmosphere in which educational achievement is desired and believed to be personally attainable.

Benefit to Rural Economic Development: Studies demonstrate (1) 90 percent of the fastest growing jobs in the innovation economy require some form of postsecondary education, and (2) the factor that correlates most highly with economic prosperity is adults with baccalaureate degrees. Raising the percentage of the Southside population with a baccalaureate degree to meet or exceed the state average is an overarching, long-range objective of the Coalition.

Entity: The Southside Higher Education Coalition (the “Coalition”) - coordinates the activity and leverages the assets of three regional organizations in Southside Virginia united by the mission of preparing an educated citizenry and workforce for the innovation economy. The Coalition’s partner institutions are the Southern Virginia Higher Education Center (HEC), the Institute for Advanced Learning and Research (IALR), and the New College Institute (NCI).

**Tobacco Indemnification and Community Revitalization Commission
Program Submission-2006**

Mission

The Tobacco Indemnification and Community Revitalization Commission...is established for the purposes of determining the appropriate recipients of moneys in the Tobacco Indemnification and Community Revitalization Fund...including using moneys in the Fund to (i) provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota and (ii) revitalize tobacco-dependent communities.

Section 3.1-1107, *Code of Virginia*

Vision

Communities and citizens throughout the Southside and Southwest regions of Virginia continue to experience significant economic distress as a direct consequence of historical dependence on tobacco production, textile and furniture manufacturing and coal production. In today's environment, where markets are largely global and employment is increasingly knowledge-based, the Commission seeks to accelerate regional transformation so that all residents enjoy expansive opportunities for education, employment and cultural enrichment, while communities benefit from economic diversification and prosperity.

The Commission recognizes that a culture of self-reliance and the strong work ethic characteristic of the labor force combine with long-standing traditions associated with family and community values to provide the cornerstone upon which positive change is possible. We seek to harness these collective strengths to provide a more diverse and sustainable array of goods and services that meet global market demand.

The Commission further recognizes that investments should reflect and directly advance local, regional and state priorities as established by elected and appointed officials, representatives from institutions of higher education, and other community leaders. To maximize the positive impacts of its investments, the Commission acknowledges the critical importance of collaboration with a broad array of financial partners including public and private non-profit organizations, the educational community, local, state and federal governmental entities and the private sector.

The Commission will be supported by a small professional staff to include regional representatives for both the Southside and Southwest regions. Staff will provide annual assessments of investment outcomes based upon measures adopted by the Commission in the strategic plan.

Tobacco Commission Spending Plan

Adopted April 28, 2005

<u>Source of Funds</u>	<u>Use of Funds</u>	<u>Spending Limit</u>
MSA payments received	Indemnification Administration Education Innovation	All MSA payments & Unrestricted Earnings
Endowment Corpus and Earnings		
73% to be allocated to Southside	Southside Economic Development or Technology Projects	maximum corpus invasion: 4% / yr*
27% to be allocated to Southwest	Southwest Economic Development or Technology Projects	maximum corpus invasion: 10% / yr*

* Each region may invade only its share of the corpus upon recommendation by the Technology or Economic Development Committee and majority vote of the Commission.

The following sections provide the rationale, objectives, strategies, and outcome measures for each category and general funding policies.

Indemnification

Rationale

- Section 3.1-1107, *Code of Virginia*, establishes the Fund and requires distribution of moneys to tobacco farmers as compensation for the adverse economic effects resulting from losses associated with declines in and subsequent elimination of quota.

Objective

- Indemnification for tobacco producers and quota holders

Strategy

- Payments upon substantiation of claims in accordance with schedules established by the Commission

Outcome Measure

- Percentage of eligible claims paid in relation to eligible claims submitted

Goal

- 100 percent of eligible claims paid

Building Technology Infrastructure

Rationale

- Advances in information technology have altered social, political and economic market structures. To become and remain competitive today, people involved in all aspects of community life must understand the network economy in order to leverage its potential. Regions must have critical technology infrastructure components in order to fully participate in an increasingly networked environment including: 1) advanced communications and network services; 2) advanced computer and information technology; and 3) learning resources relevant to today's economy.

Objectives

- Create an integrated optical fiber network that spans the Commission service area, with connectivity to the national and global infrastructure
- Create Multimedia Service Access Points at strategic aggregation points throughout the Commission service area
- Support deployment of optical fiber and wireless technologies capable of serving business, community institution and citizen needs throughout the Commission service area

Strategies

- Deployment of optical network infrastructure
- LMDS and other wireless deployment that reflect the best technical and economical choices available
- Public utility and public-private partnerships
- Monitoring of state and federal policies with potential to advance or constrain deployment of affordable broadband capacity

Outcome Measure

- Percentage increase year-over-year

Goal

- Increase access to affordable broadband services by five percent annually

Building Human Infrastructure

Rationale

- Education and training are prerequisites for full citizen participation in the highly competitive global economy and in a networked society. In order to advance productivity, innovation and entrepreneurship, knowledge workers are vital to the process of transforming the Southside and Southwestern regions.

Objectives

- Enhance workforce readiness through support for proven and/or innovative GED programs
- Maintain scholarship programs that enable Commission service area citizens to realize their educational goals
- Encourage scholarship recipients to establish careers in the Commission service area
- Establish programs that integrate technology across educational content areas
- Focus Commission resources in relation to “gaps” between education supply and occupational demand

Strategies

- Establish and support quality workforce training/re-training programs
- Technology enriched learning and research “centers of excellence”
- GED initiatives
- Scholarships, which may incorporate repayment requirements if recipients elect to find employment outside the Commission service area
- Establish and support programs for the professional development of instructors’ credentials in critical vocations and in the use of technology

Outcome Measure

- Percentage successfully completing GED and certified programs

Goal

- 100 percent completion

Building Conditions for Innovation

Rationale

- Innovation is itself an engine of economic growth that is essential for revitalization. Encouraging entrepreneurial activity requires the establishment of conditions that support risk-taking and creative approaches to economic revitalization. Emerging industry clusters that offer significant prospects for higher wage and skill employment and private sector capital investment should be targeted. Key ingredients in establishing conditions for innovation include: 1) establishing incentives that increase experimentation and applied research activity; 2) developing a process for identifying and evaluating new business initiatives; 3) supporting early stage business formation; and, 4) allocating Commission resources in situations where risk effectively precludes private sector investment. In addition, the Commission must remain vigilant to satisfy the interests of larger, developed businesses that complement and enhance innovative developments.

Objectives

- Establish financing mechanisms that support entrepreneurial initiatives
- Facilitate collaboration and networking between entrepreneurs and angel or institutional venture capital investors
- Provide venues for regional exchange of ideas and projects that capitalize upon competitive advantages, and showcase local initiatives and available resources
- Encourage technology-assisted community activities and entrepreneurial efforts consistent with the objectives of local leadership
- Support value-added agricultural research and implementation

Strategies

- Tobacco Region Capital Access Fund, Tobacco Region Opportunity Fund and other financing vehicles that support development of small, medium and large businesses
- Regional marketing initiatives, with emphasis on business development, cultural tourism, and as a retirement destination
- Feasibility assessments linked to potential Commission sponsored entrepreneurial development projects
- Entrepreneurial development programs, with emphasis on technology-assisted business development
- Existing industry initiatives to support business innovation and expansion or workforce readiness
- Showcase innovative business activities
- Dedicated financial resources for agribusiness

Outcome Measure

- Percentage of the goal realized during the current funding cycle

Goal

- \$100 million of private sector capital investment committed annually

Building Regional Development Capacity

Rationale

- Southside and Southwest Virginia each have unique revitalization needs that reflect factors such as topography and differing political and social economies. One region or locale may face distinct challenges not present elsewhere that may require particular solutions not deemed appropriate for the entire Commission service area. Establishing conditions in which a revitalized economy develops requires ensuring that fundamental building blocks are present and support the underlying strengths of the regions.

Objectives

- Increase water, wastewater and other basic infrastructure capacity
- Increase the inventory of fully served industrial sites
- Increase the inventory of small business incubators and multi-tenant facilities
- Support workforce development center construction
- Increase employment opportunities

Strategies

- Southside and Southwest Economic Development Funds
- Investments directly support one or more of the Commission's overarching priorities. These include: 1) technology utilization; 2) workforce readiness; 3) business development and diversification; and, 4) innovation
- TROF investments directly linked to employment

Outcome Measure

- Percentage of goal attained

Goal

- 3,000 new or retained private sector jobs within three years after the current funding cycle

General Funding Policies

The enabling legislation provides that the first goal of the Commission is the indemnification of tobacco farmers. To that end, a significant portion of these funds are being set aside for indemnification. The following general funding policies apply to the remaining four categories.

- Commission funds should not be used to supplant other state or federal funds for which an applicant is eligible, or to obviate applicant financial participation.
- Commission funds should not be used to finance endowments.
- Commission funds should not be used for operations costs.
- Commission funds should be invested in projects that generate substantial new economic activity in a region, and should not be used for projects that indirectly affect economic revitalization (e.g. community, childcare and wellness centers, 4H, YMCA, YWCA or recreation initiatives, airports, local arts and cultural activities, historic preservation, and retail development) unless it is demonstrated that the investment will produce economic impacts from outside the Commission service area.
- Commission funds should not be used for regularly recurring local responsibilities (e.g. comprehensive plans).
- Commission funds should not be used for project administration or indirect project costs.
- Priority should be given to projects that leverage significant other public and private financing.
- Priority should be given to projects that are regional (i.e. governance, direct financial participation or service area).
- Priority should be given to projects that can be replicated throughout the Commission service area.
- Priority should be given to projects demonstrating that all financing necessary to complete the project is available.
- Applicants should clearly describe the operational sustainability of the activity for which Commission financing is being requested.
- Applicants should describe the anticipated ROI (e.g. private sector capital investment, employment and wage outcomes, tax benefits) in relation to proposed Commission investments.

Applications should be submitted in accordance with guidelines and deadlines established by the Commission, and should be reviewed by designated program staff.

**The University of Virginia
Program Submission- 2006**

The University of Virginia is committed to working with the Coalfield Region of Virginia, leveraging University resources to help stimulate economic development in that area. Our efforts will be focused on improving access to health care, K12 education, and business support. An action plan is being developed, which will be submitted to the state by the end of the year. Our partners on this initiative will be the Virginia Coalfield Economic Development Authority and UVA's College at Wise.

**The University of Virginia at Wise
Program Submission- 2006**

Education, including pre-K, primary, secondary, and post graduate resources/ workforce development programs, as they may pertain to the Workforce Investment Act.

UVA-Wise does not have projects funded through the Workforce Investment Act; however, several new College initiatives are focused on current and future workforce needs in Southwest Virginia. The College will be working to expand and improve these initiatives during the next several years.

Technology

Academic programs in Computer Science, Management Information Systems, and Software Engineering (only undergraduate software engineering program in the Commonwealth).

The Technology Partnership Program develops and sustains substantial partnerships with high tech corporations. For example, the recently announced Northrop Grumman partnership includes opportunities for faculty/student research and internships; a direct IT connection to Northrop Grumman's planned facility in Lebanon; and significant monetary support.

A recently signed contract with Russell County Industrial Development Authority to operate the Russell County Technology Development Center, a one-stop education and training center for CGI-AMS, Northrop Grumman, and the other tenants of the Russell Regional Business Technology Park. UVA-Wise will broker and coordinate educational offerings from partner higher educational institutions from around the Commonwealth. The state-of-the-art facility will include nine classroom laboratories, a small auditorium, faculty workspace, a student lounge, a coffee shop, and a large contiguous conference center.

The Math/Science Initiative with Wise County provides tuition and textbook support for high school juniors and seniors enrolling in Calculus I, II, and III, Introduction to Computer Programming, and Physics. The Wise County Board of Supervisors has invested \$200,000 over the last two years. Twenty-eight students are enrolled this fall, with an additional 12 expected next spring.

Healthcare

UVA-Wise is growing its nursing program (both four-year generic program and Associate to B.S.N.) to fulfill Virginia's need for skilled healthcare workers, as identified through the Higher Education Restructuring Act.

The Graduate Medical Education Consortium improves access to high quality primary care for citizens of Southwest Virginia by forming educational partnerships between communities, local physicians, and primary care residency programs in Virginia, Tennessee North Carolina, Kentucky, and West Virginia.

GMEC creates and supports medical residency preceptor sites in rural and underserved communities in Southwest Virginia.

K-12

UVA-Wise houses, supports, or coordinates over 30 K-12 programs, projects and events, with several focused on mathematics and science. Besides the Math/Science Initiative mentioned above, math/science projects include the Appalachian Math/Science Partnership and the Coalfield Rural Systemic Initiative, both funded by the National Science Foundation; the Powell River Project in partnership with Virginia Tech; the Southwest Virginia Public Education Consortium; the Center for Teaching Excellence; and the Wetlands project.

Formal Partnership with University of Virginia

The College and the University are developing a formal partnership to assist Planning Districts 1 and 2 in the areas of Economic Development, K-12, and Healthcare. Details of this partnership will be available by late November.

Traditional industrial development and industry retention programs, including assistance in financing and workforce training.
See above.

Recreational and cultural enhancement and related quality of life measures, including parks, civic center, and theaters.

Construction will begin next spring on an expanded drama, fine arts, and music center - an \$11.475 million project (\$4 million of which is a private gift).

The Virginia Community College System Program Submission- 2006

Dateline 2009: Aligning Community Colleges with the Dateline Vision

“Dateline 2009” is the strategic plan adopted by the State Board for Community Colleges in November 2003. Since then, the individual colleges have developed annual plans, which are now aligned with the seven major “Dateline 2009” goals:

- 1) Enrollment
- 2) Workforce Training
- 3) Graduation, Retention, and Job Placement Rates
- 4) Transfer
- 5) Affordable Tuition
- 6) Dual Enrollment with High Schools
- 7) Private Funding.

Virginia's community college system is one of the most diverse in the nation. The goals aspired to reflect that diversity.

- VCCS Goals - <http://www.vccs.edu/magazine/index.htm>
- VCCS Goals and Results - <http://www.vccs.edu/vccsasr/Research/Dateline09.htm>

Virginia’s community colleges are a gateway to quality higher education and workforce services in the commonwealth – for all Virginia’s citizens. With 23 community colleges on 40 campuses in virtually every corner of the state, Virginia’s community colleges create a natural network that promotes economic development, and better quality of life for all Virginians. Virginia’s community colleges engage their students, setting them on a path where they can excel.

The department of Workforce Development Services aligns education with economic development by preparing a skilled labor force. Through its 23 colleges, the Virginia Community College System (VCCS) extends workforce development courses and transitional programs into the community – serving employers, special populations, and the general public. The colleges focus on the employer and the workplace, offering instructional programs that prepare incumbent, upcoming and displaced employees for jobs in current and emerging occupations.

Workforce development courses are short-term and career focused. During FY 2005, 118,223 individuals completed workforce courses. More than 700 employers paid for 53,294 of these individuals to complete a course that was customized for their specific companies.

During that same time period, 52,076 individuals participated in transitional programs to help them advance to higher levels of education and employment. These programs include Middle College, Apprenticeship Related Instruction, Career Coach, Tech Prep, Career Readiness Certificate, and other related programs.

Virginia Economic Bridge, Inc.
Program Submission-2006

The following recommendations were endorsed for action following the final meeting of the Southwest Virginia Economic Development Commission.

RECOMMENDATIONS OF THE TASKFORCE ON BUILDING A REGION OF PROSPERITY

Recommendation: Foster Entrepreneur Growth in the Region.

The Commission recommends that the School Board superintendents of the region together with their local chambers of commerce and economic development officers develop entrepreneur programs for middle school students in the region.

Recommendation: Create an Environment Supporting Knowledge Jobs

The Commission recommends the creation of a network of internships for high school and college students to be placed in high-technology positions in the region and requests the Chancellor of the Virginia Community College System to develop a plan for creating 100 such internships by the 2007.

The Commission recommends providing \$100,000 in grant funds to support faculty for the creation of online technology related specialty and/or training courses to be shared amongst the Southwest Virginia Community Colleges.

Recommendation: Create a Regional Intellectual Properties Development Fund.

The Commission recommends the creation of a revolving loan program to provide low interest loans to enable the creation and expansion of intellectual property-based companies in the region.

Recommendation: Engage the Region in the Global Economy

The Commission recommends the development of a specific international commerce strategy for Southwest Virginia to enable the region to deal with the challenges and opportunities of globalization.

Such a strategy should:

- Support development of new export markets for Southwest Virginia agricultural commodities, notably forest products. One example is the Christmas tree exports to Mexico project undertaken by VDACS with the strong support of the Higher Ed Center (and grant support from the Virginia Tobacco Commission).
- Target international tourism and support for arts/crafts exports from Southwest Virginia as part of new tourism promotion efforts. The recently announced tourism initiatives for the region could be expanded to address this market opportunity. I would note that for the last two years, the Higher Ed Center has been working with the William King Regional Art Center to develop an on-line store to market higher-end arts and crafts to international and domestic customers. This project will go live early next year.
- Target smaller international high tech firms to locate in Southwest Virginia business incubators. The region's emerging broadband capabilities, expanding critical mass of information technology workers, and lower cost structure could be marketed to smaller international firms. The Higher Ed Center plans to host a meeting to address this subject.
- Request the Secretary of Education for the Commonwealth to formally study globalization and our secondary schools/higher education institutions. What do we need to be doing to prepare young people for the continuing impact of globalization on Southwest Virginia? Several other neighboring states have begun similar efforts. The Higher Education Center has

taken a major lead on this subject via a grant from the U.S. Dept. of Education's Business and International Education program. Globalization and global competitiveness should also be important topics for workforce training programs in Southwest Virginia.

- Encourage funding of a dedicated international study abroad program for college students in Southwest Virginia. The Higher Ed Center has developed such a program for a consortium of: Emory & Henry College, University of Virginia's College at Wise, Virginia Intermont College, and Virginia Highlands Community College. International education should not be viewed as a frill or fringe topic. It is now arguably a critical component in the development of Southwest Virginia graduates who can help our existing businesses remain competitive and encourage new ones to locate here.
- Support a Southwest Virginia international business strategy conference with the Port of Virginia and other key public sector agencies. This could include a special tour of the Port and targeted meetings on how to expand international trade linkages between the Port and Southwest Virginia. Area legislators and public officials would be key attendees.
- Fund a new international business mentoring and internship program for Southwest Virginia college students. Such programs are virtually non-existent at the smaller higher education institutions in the region, notwithstanding the large number of exporters in our region. The lack of these types of programs creates a disconnect between our business and higher education communities.
- Encourage appropriate linkages with the Tennessee side of the Tri-Cities area re joint marketing and business development strategies. For example, in March 2006 the Higher Ed Center will team with East Tennessee State University to offer a four-part introduction to international trade program for area business managers.

RECOMMENDATIONS OF THE TASKFORCE ON ENABLING ECONOMIC GROWTH THROUGH INFRASTRUCTURE DEVELOPMENT

The ongoing deficiencies in the infrastructure available in Southwest Virginia continue to impede the progress of the region. While Northern Virginia and Hampton Roads struggle with over-crowded roads, Southwest Virginia must confront an underdeveloped network of highways – and a lack of essential broadband services.

Recommendation: Develop Programs to Support Infrastructure Needs

The Commission recommends the development of programs to support the following specific critical Infrastructure needs:

Transportation

Interstate Highways

- I81 – Continue development of plans to relieve congestion and improve safety along entire corridor
- I77 – Improve interchange with I81
- I26 – Accelerate development of corridor in Virginia

Primary Corridors

- US 58 – Continue development of connect fully
- US23 – Upgrade to I26
- US460 – Complete the 460 connection in Buchanan county
- Coalfield Expressway– Partner with the coal and timber industries to use mineral extraction and harvesting techniques to offset construction costs

Local Connectors to Primaries

- Local access roads to serve individual industrial/business parks
- Require that solution for a connection of industrial/business parks to a primary highway be considered in all major park planning.
- Require a plan to be evaluated for all existing major parks.

Mass Transit

- Passenger Rail – fully explore Passenger Rail service for the region
- Fast Freight – Fully explore feasibility of rail providing relief to I81 traffic problems

Airport Improvements

General Aviation – for corporate and charter

- Look at measures, which will not only develop the physical facilities, but will create an environment that will encourage their use. Examine regulations governing charter services that may be disincentives for developing these businesses.
- Explore methods of cooperation with Tennessee to improve scheduled airline services to Virginia destinations
- Encourage airport development that can be directly associated with a particular economic development activity by relaxing requirements for matching of state and federal monies.

Traditional non-commercial [municipal] development¹

- Water
- Wastewater
- Solid Waste

Traditional commercial development

- Healthcare²

Telecommunications

- Wired – Voice, Video, and Data [Broadband]³
- Wireless – Voice, Video, and Data⁴

¹ Fund only studies focusing on “regional solutions” and fund only projects that have a regional focus and impact multiple jurisdictions.

² Some Counties in the region do not have hospital facilities within their boundaries, nor is it practical to build them in all instances. However, there is almost no timely access to emergency healthcare in many situations. While emergency [Medivac] transport to regional facilities is sometimes available, weather, topography and other considerations frequently preclude its use.

³ Regulatory and tax reform is needed to stimulate the accelerated deployment of broadband services in the rural areas. While investments by the Tobacco Commission and others have had a positive impact on the economic development of the region by making multiple providers available in some locations, there is little widespread impact felt from these projects. These investments are substantial, but do not approach the level of commitment that will be necessary to have the impact needed. More focus is needed on the “public-private partnership” opportunities that might be possible. Much greater and timelier impact will be realized if the “public funds” are used to leverage greater investments on the part of the private sector.

⁴ Wireless last-mile solutions have proven to be faster-to-market and more cost effective deployments in many trials and actual cases, and should be encouraged as “bridge technology”. This solution, while it is not the sole answer to our problem will allow the development of a market that can make the much more capital-intensive solutions practical for the private sector the much more capital-intensive solutions practical for the private sector the much more capital-intensive solutions practical for the private sector provider community.

Energy

- Electricity
Regulatory and other reforms are necessary to stimulate investment in “clean coal-fired” generating facilities in the region. We should encourage the location of these facilities near the source of the fuel.
- Natural Gas¹

Housing

- Regional banks and other lending institutions should pursue policy and/or regulatory reforms designed to increase private home ownership and spur the increase in private sector development activity needed to make housing more available and affordable. Local regulatory reform to accommodate housing development, especially when this development can be linked specifically to economic development activities.

Commercial/Industrial Sites

- Make sure that the development of these sites is consistent with the overall economic development strategies developed in the long range planning process for the individual localities, PDCs, and the wider region.

Recommendation: Develop a process and program to continually identify avenues to address infrastructure issues.

The Commission recommends the appointment of a known entity to develop a process and program to continually identify and address infrastructure issues throughout the Southwest Virginia region.

RECOMMENDATIONS OF THE TASKFORCE ON THE PROMOTION OF OUR REGION

Recommendation: Create a Regional Economic Development Plan

The Commission recommends that the Governor direct the Secretary of Commerce and Trade, the Secretary of Agriculture, the Secretary of Natural Resources, the Executive Director of the Virginia Economic Development Partnership together with the region’s existing economic development alliances, higher education institutions, Virginia Economic Bridge and other similar organizations form a permanent working alliance, which we have called the Southwest Virginia Economic Development Alliance, for the promotion of the region and the development of the region’s economy chaired by private sector leadership in the region.

The Commission further recommends that the Governor create a working taskforce to work with this Southwest Virginia Economic Development Alliance and that \$150,000 be appropriated as a one time appropriation for the research, development and implementation of a specific regional strategy for economic growth of the region, the assessment of available research on the region and the undertaking of needed research on the demographics and qualities of the region that support or challenge economic growth, and the development of a plan for the future funding of such an effort.

¹ Regulatory reform that will encourage the distribution and consumption of natural gas resources existing in the region should be pursued.

Recommendation: Create a Regional Internet Gateway.

The Commission believes that one website should be developed and promoted as a gateway to the region and that \$ 75,000 should be appropriated to support the initial development and maintenance of this website. The Commission recommends that the Board of Directors of the Virginia Economic Bridge convene a meeting of the marketing representatives of the regional economic development alliances to develop such a website and institute a plan for the continue maintenance of such a website.

RECOMMENDATIONS OF THE TASKFORCE ON TRADITIONAL INDUSTRIES

Recommendation: Maintain a Focus on the Importance of Agriculture to the Region's Economy.

I. *Focus on Creating a Self-Sustaining Regional Network for Agriculture.*

The Commission recommends that the Governor's Secretary of Agriculture convene at least two forums in Southwest Virginia during FY2007 to discuss topics of importance to the region's farming community with the goal of creating a self-sustaining regional network that will continue the forums in the future.

II. *Focus on Continued Research and Development for Farming.*

The Commission supports the development of The Specialty Crop Demonstration and Implementation Center of Southwest Virginia.

III. *Support the Expansion of the Region's Growing Equine Industry*

The Commission recommends further study on the development and growth and the equine industry in Southwest Virginia and requests Virginia Tech, in cooperation with regional industry representatives to prepare a report by December 2007 on a strategy for the growth of the equine business in Southwest Virginia.

Virginia Resources Authority Program Submission-2006

Created to provide financing infrastructure needs of the Commonwealth, the Virginia Resources Authority is well positioned to assist Virginia's rural localities in meeting their economic development needs. VRA's purpose is to encourage the investment of both public and private funds and to make loans, grants, and credit enhancements available to local governments to finance a variety of projects, including:

- Water
- Wastewater
- Solid waste and recycling
- Public safety
- Transportation
- Airport
- Brownfields remediation and redevelopment
- Federal facilities development and redevelopment

Focused on customer service and custom-tailored financing while offering the lowest cost of financing, VRA has provided over \$2.6 billion to 285 Virginia localities and authorities to finance over 700 projects over the last 21 years. This investment has created 3,692 jobs. These programs, designed to meet the infrastructure needs of rural Virginia, are described below:

Drinking Water Revolving Loan Fund

Created to provide grants and subsidized (0%-3.25%) loans for drinking water projects to Virginia's local governments and providers. In Fiscal Year 2006, the Fund financed 18 projects totaling \$16,855,288 for 15 rural localities. Included in the total are grants in the amount of \$4,178,580, which were awarded to five localities.

Wastewater Revolving Loan Fund

Established in 1987, the Wastewater RLF funded 17 loans totaling \$80.1 million in FY 06. Proceeds of the loans were used to fund upgrades, expansions, and new construction for wastewater treatment plants, pumping stations, water pollution control plants, force mains, and inflow/infiltration and correction systems. Loan rates range from 0% to a ceiling rate of 1.00% below market (current ceiling rate is 3.10%). Loans are made for 20-year terms.

Pooled Financing Program (VPFP)

The VPFP provides custom-tailored financing with flexible repayment options. Through the VPFP, borrowers may finance projects for water, wastewater, public safety, solid waste, transportation (including airports, roads, parking facilities), brownfield remediation and redevelopment, storm water and federal facilities. Bonds were issued under the VPFP two times in FY 06. The Fall Pool consisted of \$61,715,000 in loans for six localities in December 2005 and in June 2006; nine localities borrowed \$88,785,000 through the Spring Pool.

Borrowers in the fall 2005 and spring 2006 VPFP issues financed a variety of projects including drinking water, wastewater treatment, solid waste projects, transportation, and public safety projects.

Virginia Airports Revolving Fund

Provides a below-market alternative for financing governmental airport improvements. In its five-year history, the Airports RLF has financed 20 projects totaling over \$78 million.

Virginia Tech Program Submission-2006

Business Technology Center

The Pamplin School's Business Technology Center is a resource available to emerging and evolving technology-based businesses throughout Virginia. It is part of Virginia Tech's statewide economic development support activities; and it provides confidential strategic planning and business development assistance to individual entrepreneurs and businesses seeking to enhance their competitive position.

Center for Forest Products Marketing & Management

A cooperative between the Department of Wood Science and Forest Products and its industry partners that seeks to help companies remain competitive through its marketing of products as well as its management of people and production.

Center for High Performance Manufacturing

CHPM works to help manufacturing firms research, develop, and implement new processes, methods, and technologies in order to stay competitive in today's dynamic manufacturing environment.

Center for Organizational and Technical Advancement

COTA plays a vital role by providing innovative educational programs that build the capacity of professionals from around the commonwealth and beyond.

Center for Transportation Policy

Part of the Virginia Tech Transportation Institute, the CTP conducts research on transportation related issues facing rural Virginia.

Community Design Assistance Center

The CDAC assists communities, neighborhood groups, and non-profit organizations in improving the natural and built environments through design, planning, policy, and research. Through the integration of the learning and working environments, the Center will execute projects that link instruction and research and share its knowledge base with the general public.

Rural Economic Analysis Program, Department of Agricultural and Applied Economics

REAP provides students, public officials, and the private sector with the education and knowledge needed to make sound economic decisions about agricultural and business competitiveness, rural and community development, and natural resources and environment.

Institute for Advanced Learning & Research, Danville

Virginia Tech provided the leadership for the establishment of the Institute for Advanced Learning & Research to help transform the Southside economy from tobacco and textiles to high technology. So far the Institute has established research programs in polymers, robotics, motor sports, and horticulture.

Institute for Community Health

ICH has helped communities throughout Virginia assess their health needs, implement community-based programs, and evaluate "healthy community" outcomes.

Institute for Governance and Accountabilities

IGA is a research center at Virginia Tech's School of Public and International Affairs that conducts social science research on effective leadership, governance, accountability and management of nonprofit and public organizations. The Institute also provides research-driven programming directly to civil society organizations, foundations, public agencies and global multilateral institutions.

Office of Economic Development

OED links the intellectual and physical assets of the university with the performance improvement needs of rural Virginia. As an EDA University Center (formerly known as the Economic Development Assistance Center), OED has a mandate conducts market-based, results-driven, proactive applied research and technical assistance, working with communities, companies, and agencies across Southwest and Southside Virginia.

Sloan Center

The Sloan Center for Forest Resources is a collaboration between the Virginia Tech College of Natural Resources and College of Business to develop new products and marketing techniques for forest-based products. The Center received a prestigious Sloan Foundation grant for its work; this was the only Sloan Foundation grant made in the are of natural resources.

Southwest Virginia Center

Through the Southwest Higher Education Center, Virginia Tech provides Southwest Virginia residents with access to Virginia Tech's Research, Outreach, and Graduate programs.

Virginia Center for Housing Research

VCHR has a mission to serve as "an interdisciplinary study, research, and information resource on housing for the Commonwealth of Virginia." The Center also plays a role in the state's housing policy and research network by addressing research needs identified in the State's Comprehensive Housing Affordability Strategy (CHAS) which is the official housing plan for Virginia.

Virginia Cooperative Extension

Virginia Cooperative Extension is an educational outreach program of Virginia's land grant universities: Virginia Tech and Virginia State University, and a part of the USDA Cooperative State Research, Education, and Extension Service. VCE extension agent and campus faculty deliver educational programs in the four broad areas of agriculture and natural resources, family and consumer sciences, and 4-H youth development in both rural and urban areas. VCE cooperates directly with citizens from its offices in 107 jurisdictions across the Commonwealth.

Virginia Tech Broadband Initiatives

Ever since the founding of the Blacksburg Electronic Village in 1990, Virginia Tech has provided leadership for communities in the development of broadband initiatives. From Danville to Lenowisco to the original concept of e58, Virginia Tech has pushed for affordable broadband access in rural areas and provided technical expertise to communities at their request.

Virginia Tech Corporate Research Center

Established in 1985 by the Virginia Tech Foundation with no state funding, the CRC has grown to host more than 120 small high-tech companies with approximately 1,800 employees.

VT Knowledgeworks

VT Knowledgeworks is a newly created incubator for high technology businesses. Located at the Virginia Tech Corporate Research Center, Knowledgeworks opened this fall with six small companies looking to move from concept to reality.