

SOUTHWEST VIRGINIA ECONOMIC DEVELOPMENT COMMISSION

The joint subcommittee studying measures to improve and enhance economic development in Southwest Virginia, pursuant to SJR 111

November 3, 2004
Dublin, Virginia

Meeting Summary

The Southwest Virginia Economic Development Commission ("Commission") held its third meeting at New River Community College (NRCC) in Dublin, Virginia on November 3, 2004. Dr. Jack M. Lewis, President of the NRCC, welcomed the Commission, noting that economic development is a critically important topic. The New River Valley would benefit from a knowledge-based economy and must find ways to stem the export of talent from the region.

Senator Puckett noted that there had been a review of the Lacy Commission and the Rural Virginia Prosperity Commission at the first Commission meeting. The second meeting focused on a review of local and regional initiatives. The Commission will continue to focus on such initiatives as its work continues.

Presentations

Cathy Greenberg, Executive Director of the Center for Regional Strategies and Research Coordinator for the Chartered University Initiative, and Ryan Lanham, a doctoral student at Virginia Tech, analyzed the "New Century Region" (NCR) in Southwest Virginia against a series of benchmarks identified in other communities across the country that had characteristics similar to the NCR in 1990 but no longer are similar. The intention was to determine why those communities had outperformed the NCR over the past decade. Their presentation is available at the Commission's legislative website at <http://dls.state.va.us/SJR111.HTM>.

Additional study will focus on regional leaders, Virginia Tech's ability to drive development, the elderly, and the retention of university graduates. To examine regional leadership, the study would survey leaders to assess the closeness of their relationships. A key question is in how the network operates to create new economic development and community development initiatives. One specific example of such network operation is the way in which local and regional leaders were able to help bring about the transformation and rejuvenation of the Hotel Roanoke.

The study is examining other universities in the region to see what those universities may be doing differently from Virginia Tech to help drive development in their regions. Delegate Kilgore asked what kinds of initiatives the university could undertake, in a role as a driver of development in the region, to help entrepreneurs start and grow. A key aspect of that issue is immigrant talent, and what the schools can contribute to the region's effort to retain businesses rather than having trained entrepreneurs depart after their education is complete.

One reason for lower numbers of retirees in the area may be the lack of a major teaching hospital. The study will assess what is needed to attract retirees, and why, given the low cost of living and attractive climate, the NCR is attracting fewer retirees than might be expected.

Dr. Wilkin asked whether there was a positive correlation between high scores on education and high scores in other areas, such as attracting population and retaining talent. There is such a correlation; the question then becomes which came first: does education drive the other social indicators, or vice versa? Chairman Puckett emphasized the "chicken or egg" nature of the question, and noted that improvements in education worked both to help draw people and as an attraction to help them stay.

Richard Settle noted the importance of examining the links between higher education attainment and higher education spending: are concentrations of higher educated persons generally found where there is a correspondingly high level of educational opportunities, or is there no relationship (suggesting that more highly educated people migrated into a given area for other reasons than educational opportunity)? This issue would be examined in the study.

Richard Settle asked why cluster analysis (which focuses on cluster growth areas) was not included in the study. One reason is that there have been some cluster analysis studies already, for example studies by the Progressive Policy Institute examining "geographic" clusters, or the study of movement of population. Such studies identify natural population clusters under the theory that it may be most cost-effective and successful to target economic development efforts at areas that already have some intrinsic advantages that are drawing populations.

Chairman Puckett was advised in response to his question that there is no one factor responsible for the NCR's underperformance. Dr. Wilkin was advised in response to his question that most economic development initiatives are aimed at manufacturing as opposed to knowledge-based opportunities. Chairman Puckett cited the benefits generated by the Appalachian School of Law and UVA -Wise as powerful factors in bringing in both manufacturing and knowledge-based opportunities.

Reports from the Taskforces

Sim Ewing, chairman of the taskforce Building Regions of Prosperity noted that he had met with staff in the morning and obtained a listing of names from which other members of the taskforce would be selected. The first meeting will take place in December.

Richard Settle, chairman, Enabling Economic Growth, noted that the taskforce will focus on infrastructure. A total of 37 prospective participants have been identified. These individuals will be contacted in November, and their input solicited.

Kendall Clay, chairman, Promotion of the Southwest Region, noted that members will be identified and meetings held within schedule. Mr. Clay then referenced his letter to the chairman. Mr. Clay focused on the issue of community banks,

specifically a suggestion that legislation be proposed requiring that any state funds on deposit be held in banks in the Commonwealth to facilitate greater community-based lending. The potential benefit from such deposits is a multiple of 2.5 times the deposit (such that \$1 billion in state deposits could have an effect of \$2.5 billion in the lending area).

John Kilgore, chairman, Traditional Industries, noted that a list of potential participants had been prepared. Participants would be contacted for a possible meeting in December, at which time taskforce goals and objectives would be developed.

Preliminary Commission Report

Chairman Puckett noted that the Commission is proposing to present an interim report to the General Assembly in the 2005 regular session. A draft of the report will be prepared for review at a later date.

Carl Mitchell, Virginia Economic Bridge, stated that the report will capture what was learned from the Lacy Commission; identify already existing regional initiatives; and identify the process that will be used to go forward. The report will be published and distributed with private funding. The report is intended to help the Commission come out of the 2005 General Assembly session prepared for a productive final year.

Richard Settle encouraged the Commission to look at regional cooperation on a larger scale. Smaller regional organizations may lack a truly regional focus, and training for members of regional boards sometimes is not effective.

Chairman Puckett noted that the time is long past for individual regional initiatives; that now it is essential that Southwest Virginia cooperate on a truly regional basis. Development that is not supported through such cooperation results in isolated benefits. It will be critical to link those communities having certain resources and advantages with those of their neighbors in need.

Legislation

Chairman Puckett noted that possible legislation might include legislation addressing Kendall Clay's community bank initiative, extending and modifying the enterprise zone act, and a possible budget amendment to support the Commission's work.

There being no additional discussion or public comment, the Commission adjourned.

The Honorable Phillip P. Puckett, Chairman
The Honorable Terry G. Kilgore, Vice Chairman
Ellen Bowyer, Staff Attorney, Division of Legislative Services