

Manufacturing Development Commission
(<http://dls.state.va.us/manufacturing.htm>)

April 7, 2009

First Meeting

The first meeting in 2009 of the Manufacturing Development Commission was held in the General Assembly Building in Richmond. The members of the Commission are Senators Frank W. Wagner (Chairman), W. Roscoe Reynolds, and Ralph K. Smith; Delegates Watkins M. Abbitt, Jr., Kathy J. Byron, Daniel W. Marshall, III, David E. Poisson, and Harry R. "Bob" Purkey; Secretary of Commerce and Trade Patrick O. Gottschalk, ex officio; and Mr. Brett A. Vassey, Ms. Joyce W. Waugh, and Mr. Robert L. Williams. Following opening remarks by Chairman Wagner, presentations were made on skills training needs, VCATS certification system, technical diploma status, SAPCB potential plans and actions for EPA greenhouse gas reporting and proposed EPA regulation of carbon dioxide, COBRA and unemployment insurance requirements under ARR Act of 2009, and the utility ratemaking process and quantifying the fiscal impact of rate changes on customers.

Presentations

Skills Training Needs for Employees of Manufacturers -

Mr. Robin Sullenberger, Executive Director of the Shenandoah Valley Partnership, and Virginia Workforce Council member, discussed the need to retain manufacturing employees and to train them to deal with the changes in manufacturing, especially with regard to technology skills. Such training is costly and funding assistance is always needed. Mr. Sullenberger's materials suggested that the Virginia Council on Advanced Technology Skills (VCATS) should submit a proposal to the United States Department of Labor for funding the skills gap assessments and skills certification training for up to 75% of the displaced manufacturing workers. The remaining 25% could be provided the same assessment and training through funding that the Virginia Workforce Council should be encouraged to request as a special appropriation of the Governor's Discretionary funding under the Workforce Investment Act. Preferably, the training would take place in six to eight of Virginia's community colleges.

Delegate Bryon suggested that a letter be sent supporting the Virginia Workforce Council proposal and Chairman Wagner agreed to do so on behalf of the Commission.

Virginia Council on Advanced Technology Skills (VCATS) -

Next was Ms. Sheryl Bryan, Director of the public/private partnership, VCATS, who talked about the future of skill development. VCAT's solution to developing a skilled workforce consists of three parts: certification standards (3 levels), assessments instruments to indentify the skill gaps, and online and Action Learning Lab tools to help close those gaps. The three levels of VCATS specialization are Manufacturing Technician (Level 1), Intermediate Manufacturing Technician (Level 2), and Advanced Manufacturing Technician (Level 3). Thus far, Level 1 certification and assessment are complete with the Level 1 on-line technical skills curriculum completed. The Action Learning Lab design (short cycle) is complete and Level 2 competencies have been defined. The biggest tool for parents, students and school counselors is the Dream It, Do It Virginia Marketing Solution, a free on-line program to connect individuals to jobs in their area. VCATS continues to work on its programs that will prepare individuals for the types of technical jobs needed in manufacturing.

Technical Diploma and Advanced Technical Diploma Update -

Ms. Michelle Vucci, Director of Policy for the Virginia Department of Education, updated the Commission members on the Technical Diploma program. She made a presentation on the same topic during the Commission's August 2008 meeting.

During the Virginia Board of Education's February 2009 meeting, final changes to accreditation of public school regulations were approved. The requirements for the Standard Technical Diploma and the Advanced Technical Diploma were included. A major change to these technical diplomas is to require one standard credit in economics and personal finance. A student must earn four standard credits in career and technical education in a career concentration approved by the VA BOE for the Standard Technical Diploma (22 total credits). For the Advanced Technical Diploma (26 total credits), students must earn three standard credits in career and technical education and they have the option to take one additional credit in career and technical education or one credit in the arts.

These proposed regulations must go through final stages of regulatory process and will be effective once reviewed and approved by the Governor. Final regs for changes relative to graduation requirements will be effective Fall, 2010.

State Air Pollution Control Board Plans for EPA Greenhouse Gas Reporting and for Proposed EPA Regulation of Carbon Dioxide -

The Honorable David K. Paylor, Director of the Virginia Department of Environmental Quality, gave an update on the rapidly changing greenhouse gas issues in Washington. In March, a proposed rule was signed for greenhouse gas mandatory reporting. However, no update of state plans is required. There is an attempt to capture mobile emissions by monitoring and calculating emissions in 2010 and reporting in 2011 directly to the EPA, not to the state. DEQ will wait to respond until after the final rule is adopted.

The current thinking is the Clean Air Act would apply to greenhouse gas emissions but the act is seen as an imperfect tool. The White House would like a separate law from Congress to deal with greenhouse gases but none are on the horizon, according to Mr. Paylor.

The EPA is discontinuing the National Environmental Performance Track Program. The program allows companies to develop independent audit management systems which lead to better environmental performers. The negative view by the EPA of the Program will not affect Virginia's Environmental Excellence Program which will continue to provide programs to allow companies to create ways to improve their emissions.

COBRA and Unemployment Insurance Requirements under the American Recovery and Reinvestment Act of 2009 -

The Commissioner of the Virginia Employment Commission, The Honorable Dolores Esser, discussed the unemployment benefits portion of the federal Economic Stimulus Legislation, H.R. 1. Of the total \$7 billion appropriated for the purpose of enacting specific policies that increase access to unemployment benefits, \$188 million is allocated to the Commonwealth. This amount is based on Virginia's share of federal unemployment taxes. Currently, Virginia qualifies for \$62.5 million (one-third of its potential distribution) due to its alternative base period. To receive the additional \$125.5 million, Virginia must enact at least two of four requirements. Two of the requirements were proposed by the Governor as amendments to legislation in the most recent Reconvened Session but the General Assembly did not adopt the amendments. It remains to be seen whether a compromise can be worked out before the time period expires for meeting the federal requirements.

There are extended benefits that are available to the states if the seasonally adjusted unemployment exceeds 6.5 % for three consecutive months. Virginia met that in February but it is unknown if it will be met in March and April. The unemployment benefits would be extended by 20 weeks and are paid

for totally by the federal government. Such benefits would remain in effect until 3 weeks prior to the last week for which federal money is authorized.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for premium reductions and additional election opportunities for health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA gives employees who lose their jobs and health benefits, the right to buy group health insurance provided by the employer under certain circumstances. The changes under ARRA allow eligible individuals to pay only 35% of their COBRA premiums with the remaining 65 percent being reimbursed to the coverage provider through a tax credit. This premium reduction applies to periods of health coverage beginning on or after February 17, 2009, and lasts for up to nine months.

Companies should review records to determine which employees were involuntarily terminated since September 1, 2008; update COBRA materials to comply with new requirements; review severance policies; notify individuals of new rights and responsibilities under ARRA; and keep up with the status of the upcoming model forms and regulations.

Utility Ratemaking Process and Quantifying Fiscal Impact of Rate Changes on Customers -

Mr. Cody Walker, Assistant Director of the SCC's Division of Energy Regulation, addressed two topics--utility rate design and economic impact statements. The SCC is reactive with regard to utility rate design. The utility makes an application for a rate increase and a hearing follows. Many different things are examined when considering a rate increase. They consider revenue responsibilities, capital costs and energy costs. And there's always lots of argument about how to allocate those costs. The SCC looks at all the parties and attempts to allocate as fairly as possible.

With regard to economic impact statements, the SCC looks at each bill on a stand-alone basis, not on how one might affect another. They do the best they can within the time allotted. Senator Wagner suggested that the Commission discuss at a later meeting providing for an extended evaluation period during which the impact of SCC legislation could be better determined. In addition, the processes that other states follow could be examined at the same time.

Future Meetings

The Commission meeting was adjourned without setting a date for its next meeting.