



THE CANNABIS EQUITY REINVESTMENT FUND: EQUITABLE WORKFORCE DEVELOPMENT FOR VIRGINIA

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Executive Summary

The criminalization of marijuana in Virginia has placed a disproportionate burden on its most marginalized communities. From 2010 to 2018, Black residents were 3.4 times more likely to be arrested for misdemeanor possession, and 3.9 times more likely to be convicted. The General Assembly decriminalized possession in 2020 by reducing the penalty to a \$25 civil fine. Black residents were still targeted at a rate 4 times higher than their white counterparts.

Interacting with the criminal justice system can be devastating. An arrest or conviction on a person's record can result in jail time, difficulty in obtaining and maintaining a job, lost earnings, and the inability to receive financial aid for education. There are consequences for families in the form of poorer health outcomes and financial stability. There are impacts on the wider society via lost productivity and budget expenditures.

The prospect of legalization crystallized in November of 2020, when Governor Ralph Northam announced his support for legalization. That announcement came after the endorsement of legalization by members of the Virginia Legislative Black Caucus and civil rights organizations like the ACLU of Virginia. Social and racial equity were listed as priorities for Governor Northam in any potential legislation, citing disproportionate arrest rates between Black and white residents. SB 1406 and HB 2312 were introduced in the Senate and House, respectively, at the beginning of the 2021 General Assembly Session. Both bills would result in the legalization of marijuana, with a focus on social equity.

The Cannabis Equity Reinvestment Fund (CERF) is one of the tools that the General Assembly has decided to use in its attempt to remedy the injustices previously described. The fund will be supported by taxes on the sale of marijuana and go towards a number of policies and programs thought to be important to the revitalization of impacted communities. This report will focus on the fund's potential to contribute to workforce development training programs. Three alternatives are examined:

1. Fund K-12 CTE programs,
2. Fund Community College programs, and
3. Fund Partnerships

Each alternative is evaluated using the following criteria: (1) equity, (2) effectiveness, and (3) administrative feasibility. The analyses conducted in this report suggest that funding both K-12 CTE programs and Community College programs is the most promising option of those considered. In implementation, it will be important to work with school districts and colleges across the state in order to ensure an equitable distribution of funds.

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Mandatory Disclaimer

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Problem Statement

Simply legalizing marijuana and expunging records of low-level drug offenses is not enough to remedy the harm experienced by marginalized communities at the hands of Virginia's criminal justice system. The loss of economic opportunity during and after involvement in the system continues to have second and third order consequences that are fundamentally unjust.

Client Overview

Delegate Alex Q. Askew has represented Virginia's 85th District in the Virginia General Assembly, which encompasses part of Virginia Beach, since 2019. One of his primary interests is public education, specifically: advocating for universal pre-k, affordable college tuition, and fair teacher pay to recruit and retain quality educators." Equity in government is also an interest of the Delegate. In the General Assembly 2021 Special Session, the Delegate sponsored HB 1993, which requires that state agencies establish and maintain a comprehensive diversity, equity, and inclusion plan in coordination with the Governor's Director of Diversity, Equity, and Inclusion (State Agencies and Their Appointing Authorities; Diversity, Equity, and Inclusion Strategic Plans., 2021).

Delegate Askew's formal authority lies in the ability introduce legislation, vote on legislation, and provide oversight of state agencies. He possesses informal authority with his ability to advocate on behalf of workforce development training providers in Virginia Beach and the greater Hampton Roads area.

The Delegate has the opportunity to use both his formal and informal authority to significantly impact the ability of local providers to serve the communities that have been disproportionately impacted by the criminalization of marijuana. The Commonwealth of Virginia is at an inflection point when it comes to the legalization of marijuana. It will occur, but the question remains of how the associated tax revenue will be spent. The Delegate can use his ability to introduce legislation and provide oversight to influence the amount of money that is spent, and how it is spent, on equity related issues. Once the legislative question is decided, he can work with Virginia Beach stakeholders to advocate the money be granted to the area for use on equity related programs.

A Tale of Two States: The Disproportionate Impact of Marijuana Criminalization in Virginia

There were 6.1 million arrests across the United States related to marijuana between 2010 and 2018 (ACLU, 2020). 9 in 10 of those arrests were for possession.

In 2019, Virginia law enforcement agencies reported 74,219 drug and equipment violations (Settle, 2020). There were 44,700 arrests for drug and equipment violations in the same period. 26,470 of those arrests were for marijuana violations, down from 28,866 in 2018. Marijuana-related arrests represented 57 percent of all drug-related arrests recorded in 2019. 49% of those arrested for cannabis violations were age 24 or younger.

Marijuana arrests disproportionately affect the Black community. According to the ACLU, Black Virginians are 3.4 times more likely to be arrested for marijuana related offenses, despite similar usage rates to their White counterparts. The difference in arrest rate varies across the state – in Hanover County a black individual is 24x more likely to be arrested, in Greenville County they have even odds. Overall, 52 out of 95 (55%) Virginia counties have a disparity that is higher than the national average.

These policies had devastating and wide-ranging consequences for those impacted. Individuals arrested for possession could face jailtime, exclusion from the workforce, and a loss of educational opportunities. Families can experience economic and social instability, with children experiencing higher rates of absenteeism and mental health issues. The aggregate of these issues is then faced by entire communities.

Consequences

The consequences of marijuana criminalization can be divided into two categories: consequences to the individual and consequences to the community. Costs to the individual are those that are faced by a person who was subject to an arrest or conviction related to marijuana. Costs to the community are those born by families of the individuals, their neighbors, and the wider society.

Costs to the Individual

Prior to decriminalization of possessing up to 1 oz. in 2020, the maximum penalty for a first-time conviction was 30 days in prison and a \$500 fine. A defendant's driver's license was also revoked for 6 months by the DMV for a conviction or deferred disposition of a drug offense. A first time offender represented by court-appointed council could expect to pay \$400 to \$800 in court costs and fees (*Decriminalization of Marijuana*, 2017).

Courts are not required to determine a person’s ability to pay fines and fees before they are assessed, which can result in a downward spiral of consequences for those who can’t pay out of pocket. For those who can’t pay immediately, there is the option to enter an installment payment plan for an additional fee, which can require a mandatory down payment. If no installment plan is made, interest begins to accrue after 40 days. If no payment is received within 90 days of sentencing, an account is considered delinquent and sent to collections, with another 17% increase in the total sum owed (Hernandez, 2020).

Prior to 2019, failure to pay court costs and fees could result in the suspension of a driver’s license (*Virginia Department of Motor Vehicles*, 2021). License suspension often leads to incarceration for driving on a suspended license. From 2011-2015, individuals driving on a license suspended for failure to pay fees were sentenced to 1.74 million jail days – an average of 348,000 per year (Ciolfi, 2018).

People who spend time in prison experience an average reduction in wages of 52% after release (Craigie et al., 2020). Those convicted of felony but not imprisoned see an average reduction of 22%. Those convicted of a misdemeanor see a reduction of 16%. Individuals in the ages 18-24 cohort, the largest group arrested for marijuana possession in Virginia, could see lifetime earnings losses of hundreds of thousands of dollars. Per capita personal income in 2016 was \$52,806 (*Personal Income*, 2017). An 18-year-old convicted of possession could lose as much as \$421 thousand without adjusting for inflation and overall wage growth.

<i>Aggregate Annual Earnings Lost Due to Criminal Justice System Involvement (2017)</i>			
	<i>Formerly Imprisoned People</i>	<i>People With Felony Convictions</i>	<i>People with Misdemeanor Convictions</i>
Average earnings	\$6,700	\$23,000	\$26,900
Average earnings of peers	\$13,800	\$29,400	\$32,000
Earnings effect	-51.70%	-21.70%	-16.00%
Size of group	7.7 million	12.1 million	46.8 million
Annual earnings lost	\$55.2 billion	\$77.1 billion	\$240.0 billion

(Craigie et al., 2020)

Costs to the Community

The national average cost for marijuana possession arrest is \$1,650 (Bradford, 2013). According to JLARC, Virginia made an average of 22,000 arrests per year for marijuana possession from 2010-2019 (*Key Considerations*, 2020). That means the state spent around \$327 million on arrests alone for marijuana possession during that 9-year period.

It is also costly to house individuals upon conviction, should their sentence require it. Virginia spent \$1.13 billion operating state prisons that held 25,00 inmates in 2016. (Clinton & Raphael, 2016). In 2017, the average cost per-day to house an inmate was \$79.28 (Ingraham, n.d.). Taxpayers spent \$10,000 per day on housing individuals in jail on a marijuana charge. Using the 2017 cost-per-day to house an inmate, driver's license suspension cost taxpayers as much as \$27.6 million

The families of those incarcerated are also affected. Family income over the years a father and/or partner is incarcerated is 22 percent lower than the year after a father is incarcerated (McLaughlin et al., 2016). Even when that father comes home, it is 15 percent lower than the year before incarceration. The children in that family are more likely to suffer long-term emotional and behavioral challenges, to experience homelessness or poverty, and to go to prison. They are more likely to be expelled from school (23 percent compared to 4 percent).

Change has come periodically in the form of decriminalization and legalization by select states. Decriminalization is when a state removes the criminal penalty for possession, making it a civil infraction instead. Legalization is when possession is permitted by law, and there is no criminal or civil penalty attached to it. Typically, states will enforce penalties for amounts of marijuana in excess of an ounce.

Decriminalization has been utilized since the mid 70's, when a dozen states decriminalized offenses involving small amounts of marijuana by making the maximum penalty a fine (Schlassel, 2020). After a multi-decade hiatus, following the War on Drugs, an additional dozen states followed suit. Some of these newer laws include provisions that allow people to petition the courts to seal or expunge their records of these convictions.

The issue has come to the political forefront in Virginia as a wave of progressive democrats were elected to the General Assembly in 2019, giving the party control of both the House and Senate for the first time in decades. Governor Northam signed a 2020 bill into law that reduced the penalty for simple possession to a civil fine of \$25.

The Virginia Legislative Black Caucus included legalization as one of its priorities for the 2020 Special Session. Gubernatorial candidate, and former Delegate, Jennifer Carroll Foy introduced a bill that would legalize possession of marijuana entirely. The Virginia House and Senate approved bills that would allow for expungement. They then failed to reach a compromise in conference committee.

The Joint Legislative Audit & Review Commission released a report on how the state could achieve legalization on November 16, 2020. It discussed how a legal cannabis market could be set up, what it could contribute in terms of tax revenue, and how social equity could be involved. Governor Ralph Northam quickly followed the release of the report by announcing that he supported legalization efforts (Schneider & Weiner, 2020), saying “We are going to move forward with the legalization of marijuana in Virginia. I support this, and I’m committed to doing it the right way.”

SB 1406 and HB 2312 were the legislative vehicles for legalization in the 2021 General Assembly Session. Notable provisions in the bills include 1) the creation of an independent agency to oversee the regulation of the marijuana market, 2) requiring prospective social equity business to have 66% minority ownership in order to qualify for special licensing pathways, and 3) requiring localities to opt-out of the market instead of opting in. Revenue from the new state tax would go toward funding pre-k education (40 percent), the Cannabis Equity Reinvestment Fund (30 percent), substance misuse and treatment programs (25 percent) and public health initiatives (five percent).

The Cannabis Equity Reinvestment Fund (CERF) is an outgrowth of the twin themes of this project: disproportionate impact and legalization with indemnification. The core mission of CERF is to build up communities that have disproportionately impacted by criminalization. It does that by putting substantive amounts of money into the following categories:

1. Making whole again families and communities historically and disproportionately targeted and affected by drug enforcement;
2. Providing scholarships for youth from historically marginalized communities, particularly those who have been directly impacted by marijuana criminalization;

3. Awarding grants to support workforce development, youth mentoring programs, job training and placement efforts, and reentry services that serve persons residing in areas disproportionately impacted by drug enforcement;
4. Contributing to the Virginia Indigent Defense Commission; and
5. Contributing to the Virginia Cannabis Equity Business Loan Fund.

The fund provides the opportunity to support workforce development programs that address the needs of communities most impacted by the criminalization of marijuana. The sale of marijuana is expected to bring in hundreds of millions of dollars in additional tax revenue once the market matures. The rates being discussed are either a 20 or 25 percent marijuana tax plus the standard 5.3 percent per sale. That could mean \$31-62 million in the first year of sales and \$154-308 million by the fifth year of sales, depending on demand.

Thirty percent of that revenue will go towards CERF. That means there could be between \$5.7-15.9 million in its first year and \$42.6-89.7 million in its fifth year after accounting for the Authority's administrative costs, which are estimated to be between \$9-12 million dollars. Funds that are left over after each year will be kept in CERF, and not reverted back to the General Fund.

The amount of revenue CERF could see each year would put it in the upper echelon of foundations. Foundation Source, which provides support services for private foundations, estimates that 98 percent of independent foundations in the United States have assets of less than \$50 million (*Foundation Source*, 2018). That level of funding will give CERF the ability to give grants ranging in size from tens of thousands to millions of dollars.

Workforce Development: Providing the Right Skills for the Right Job

Virginia employers are currently experiencing significant “barriers to business growth” in the form being unable to find workers with the skills and experience necessary to meet their needs (Webber, 2021). The workforce development programs tasked with training job-seekers do not appear to currently be providing participants with the education necessary to make them desirable to employers (*Virginia’s Workforce Development Programs*, 2015).

Black and Hispanic Virginians consistently face higher than average rates of unemployment. In 2019, the unemployment rate for Black Americans was twice (6.3%) that of white Americans (*Report 1088*, 2020). That is also the case when looking at differences between racial groups with the same educational attainment. The unemployment rate (12.5%) for Black Virginians without a high school degree was almost double the average for that overall group (Webber, 2021).

The workforce development system in the United States has one of the longest-running performance measurement systems of any federal program. Data has been systematically collected since the 1970’s, more than a decade before other similar sized programs. Academic studies of that data have consistently shown positive returns to participants, taxpayers, and the society.

Analyses of Workforce Investment Act (WIA) programs, the primary federal legislation funding workforce development training in the United States, consistently show a positive impact on earnings, particularly for women. The increase in wages per year was \$2,400 for women, compared to \$1,700 for men (King & Heinrich, 2021). Wages increases for training program participants may be negative in the first year, but typically turn positive in 2nd and 3rd years.

Research shows that individuals who enroll in training programs benefit from greater wage increases than those who just utilize employment services (Heinrich et al., 2008). Those who underwent job training can see wage increases from \$500 to \$800 per quarter after 10 quarters. Conversely, those who just use employment services saw their earnings boost decrease to \$200 to \$300 after a similar period of time.

There are limits to impact of job training to certain subgroups. For disadvantaged youth, short term training has been shown to be ineffective at best, and counter-

productive at worst (Holzer, 2008). Heinrich et al. showed that the continued positive wage impacts discussed earlier decrease for nonwhite adults over time.

Virginia's workforce development system can serve the goals of CERF by providing members of marginalized communities with the training necessary to obtain well-paying jobs. According to the U.S. Bureau of Labor Statistics, the median wage of a person with just a high school diploma is \$34,464 (*The Economics Daily*, 2017). The table above shows that more than 70% of graduates from VCCS CTE programs exceed that wage within 18 months of completion.

Grand Total, All Reporting Institutions, Associate's Degree (Occupational/Technical Credit)		
Earnings in 2018	Median Wage	Percentage of Graduates w/ Reported Wage
10 Years (2007-08 graduates)	\$51,292	61%
8 Years (2009-10 graduates)	\$50,570	60%
5 Years (2012-13 graduates)	\$45,076	63%
3 Years (2014-15 graduates)	\$42,916	68%
18 Months (2016-17 graduates)	\$40,086	72%

Only years/programs meeting disclosure rules will be displayed to protect individual confidentiality.

(*Wage Outcomes*, 2019)

Alternatives

Alternative One: Fund K-12 CTE Programs

The CERF will solicit grant proposals from K-12 CTE programs. Proposals can be submitted by an individual school or school system. Emphasis should be placed on proposals for programs that result in a credential for positions that are in demand by regional employers. Applicants should be able to demonstrate how their program aligns with the mission of the fund.

Career and technical education (CTE) programs offered by middle and high schools train students in a wide variety of careers. The programs are of low-to-no cost for the student, and are widely accessible, as there is a school system associated with every community in the state. The programs offered vary depending on the school and school division. Students can be eligible to sit for certifications that qualify them for jobs in high-need industries after completing these courses.

Project Lead the Way (PLTW) is a non-profit that develops curriculum and training for school divisions. School divisions partnering with PLTW are required to sign a contract and send teachers to specialized training for the courses they will teach. There are subject areas offered by PLTW, and Virginia currently participates in the biomedical science and engineering programs.

There are currently 29 school divisions under contract with PLTW for the engineering program. Those 29 school divisions represent 12 out of 15 LWIAs. Referencing data from the JLARC report on marijuana criminalization, Black residents are 5.08 times more likely to be arrested for marijuana possession in the localities represented by the school divisions under contract.

Secondary CTE programs offer a number of courses in the fields of business and STEM/IT. Those fields consistently represent a large portion of the state's job openings. High school CTE programs do not, according to a 2015 JLARC report on Virginia's workforce development system, consistently offer courses with the greatest potential for employment. For example, few courses in the health sciences are offered, though that is a field where many jobs are available and employers report difficulties with filling openings. However, many courses in the arts are offered, which is a field with limited job openings. The mismatch is in part due to an emphasis on student interest, and a lack of communication with employers on industry needs. CTE

administrators appear to be aware of the need for additional and more relevant coursework, but report that resource constraints prevent them from offering these courses. The costs associated with purchasing new equipment and difficulties finding qualified instructors are the factors that most commonly prevent schools from offering courses in these fields.

These programs are overseen by the Virginia Department of Education (VDOE) and rely on general funds, based on the Standards of Quality formula, to pay the salaries of CTE teachers. General funds also cover the costs of credential tests, and the CTE Resource Center, which assists local school divisions with curriculum development. The costs associated with technology and equipment are paid for by federal funds and state lottery funds. School divisions report their CTE expenditures to VDOE through multiple mechanisms. However, they do not differentiate general fund expenditures from other expenditures. The VDOE allocates federal funding for secondary CTE to local school divisions based on the number of students enrolled in the school system and child poverty rates.

Alternative Two: Fund Community College Programs

The CERF will solicit grant proposals from members of the Virginia Community College system. The proposals can be either from individual colleges or groups of colleges. Emphasis should be placed on proposals for programs that result in a credential for positions that are in demand by regional employers. Applicants should be able to demonstrate how their program aligns with the mission of the fund.

The 23 community colleges that comprise the Virginia Community College System (VCCS) are a key player in Virginia's workforce development system. Research shows that community colleges are a strong and affordable option for individuals looking to move into high-skill, high wage jobs (Heinrich et al., 2008). Their workforce development offerings fall under two categories: Non-credit training/instruction and Institutes of Excellence.

Non-credit training and instruction programs are administered by a college's workforce services department. There are two types of courses offered in this category. The first are customized courses developed in consultation with an employer to address that particular employer's needs. The second are open-enrollment courses that are available to all students and are not tailored to specific

employers. Open enrollment courses cover topics such as information technology, healthcare, and the trades.

Institutes of Excellence are specialized programs based at individual colleges throughout the state and vary depending on the needs of the region in which the college is located. The programs are primarily non-credit and target high-growth industries. The programs typically last 6-12 weeks and are a mixture of book work and hands-on skills demonstrations. Students then sit for the industry exam in order to earn their certification.

An example of a recently created Institute of Excellence is the Virginia Solar Workforce Initiative at Southside Virginia Community College (SVCC) (Buttersworth, 2018). The program was part of a larger commitment by VCCS in 2018 to invest \$4 million to support the development of programs in utility-scale solar energy and heavy construction. Funds will go towards supporting curriculum development and subsidizing program costs for students. Graduates from the program will be eligible for jobs that have a starting salary of \$42,00 - 50,000.

The funding for community college CTE programs comes from a mixture of federal, state, and other sources. VCCS distributes funds to its member colleges by formula based on non-credit contact hours, as well as through a competitive grant system. The VCCS does not require colleges to report how they spend their portions of state general funds for either non-credit training and instruction of the Institutes of Excellence.

Alternative Three: Fund Partnerships

The CERF will solicit grant proposals from partnerships between multiple types of workforce development stakeholders. An example of a partnership could be a group comprised of a local high school, a local community college, and several business leaders. The proposals should result in an industry credential and be able to demonstrate how their programs align with the goals of CERF.

Partnerships allow for workforce development entities to pool resources and accomplish work that they may not be able to individually. They can be comprised of any combination of the five local or regional entities that typically provide workforce development services in Virginia: Workforce Investment Boards, Virginia Employment Commission Local Offices, Community Colleges, K-12 Public School Systems, and

Economic Development Agencies. There is no set template for who they are comprised of what goal(s) they address, or how long they exist.

An example of a partnership is the Blue Ridge Career Pathways Consortium (*Career Pathways Consortium*, 2019). The consortium is a partnership between the school systems of Augusta, Highland, and Rockingham counties, and Harrisonburg, Staunton, and Waynesboro cities; Virginia School for the Deaf and Blind; Blue Ridge Community College; and area employers. It operates an academic and technical training program for high school students. Representatives from each of the parties form a steering committee that meets monthly and advises the program on the needs of the business community and its areas of focus.

Criteria

Equity

Equity measures the degree to which a given alternative has the potential to be utilized by the communities most affected by the criminalization of marijuana. In other words, will individuals who have been charged or convicted with marijuana-related convictions be able to access the programs? Will the family members or the communities of these individuals be able to access the program?

Effectiveness

The effectiveness criterion will evaluate the ability of the alternative to provide workforce development opportunities that result in employment for the target population. Does the provider have the necessary personnel, facilities, relationships and other resources necessary to provide the desired opportunities? Will they have the ability to secure those resources with CERF funding? The ideal alternative would have the infrastructure necessary to conduct a program already in place and the ability to use that infrastructure properly.

Administrative Feasibility

This criterion will assess the ability of the Cannabis Equity Reinvestment Fund (CERF) to partner with the stakeholder on a potential grant. It takes into consideration the dynamic of working with an entity that is under the supervision of another state agency. The ideal alternative would be one in which the CERF can partner with the provider without violating established law, rules, or norms.

Evaluation

Alternative One: Fund K-12 CTE Programs

Equity

Only 6 percent of arrests for marijuana possession involve those under the age of 18 (Settle, 2020). That means that the vast majority of individuals directly impacted by the criminalization of marijuana would not be able to benefit from this alternative.

However, the children and grandchildren of those incarcerated and those in the community at large would be able to benefit from this program. Research shows that children of incarcerated parents are more likely to suffer long-term emotional and behavioral challenges, to experience homelessness or poverty, and to go to prison (Western & Pettit, 2010). A program that addresses this population, which one could argue is the most vulnerable of all stakeholders, would accomplish CERF's mission to benefit those disproportionately impacted by criminalization.

Effectiveness

K-12 CTE education can be woven into the standard curriculum or developed as a separate suite of elective courses. Training can take place solely in the classroom or include work-based learning. The programs can lead to industry certification or the attainment of skills that will qualify completers for certain jobs in industries where certification may not be necessary. In addition to technical skills, they also can cover "soft skills" like professionalism and time management.

Funders have varied the size of grants they award and the types of programs they fund. The Loudon Education Foundation was awarded a competitive grant by GO Virginia in 2019 for over 2.4 million dollars. The money will go towards establishing the grades 6-12 portion of the Virginia K-12 Computer Science Pipeline initiative (LCPS, 2019) in Loudon and Chesapeake Counties. Specifically, it will support the following items:

1. The creation and implementation of an education model for teaching computer science and computational thinking skills,
2. The provision of computer science electives in middle school
3. An Experiential Learning program in high school that includes internships for students,
4. Purchase of equipment,

5. Program operations, and
6. Personnel.

CTE courses are offered in every school district in Virginia. The number of CTE courses offered in each school district can vary greatly. The Crater Area LWIA - which includes Greensville, Sussex, Dinwiddie, and Prince counties - offered 563 courses in 2013 (*Virginia's Workforce Development Programs*, 2015). That same year, Hampton Roads area - which includes Southampton, Isle of Wight, Surry, Suffolk, Chesapeake, Portsmouth, Norfolk, and Virginia Beach - offered four times the number of courses at 2230.

The Virginia Department of Education is required each year by the Perkins Act to report on 7 measures related to K-12 CTE program performance (*Perkins*, 2017). Among those measures is Transition Rate, which reflects the number of individuals who complete a CTE program and move into full time employment. They also track the number of individuals who complete a program, sit for an industry credential exam, and pass that exam. Tables 1 and 2, shown below, illustrates these metrics.

Table 1:

<i>Enrollment/Completion/Credential</i>				
<i>Year</i>	<i>Students Enrolled</i>	<i>Completers</i>	<i>Exams Attempted</i>	<i>Exams Passed</i>
2012-13	576,454	40,753	97,445	66,220
2013-14	575,426	41,916	138,683	103,599
2014-15	586,836	39,291	166,974	128,850
2015-16	631,373	42,417	183,072	137,248
2016-17	642,165	40,496	213,086	157,490

(*Virginia's Credentialing Performance Trends*, 2018)

Table 2:

<i>FT Job Placement for Completers</i>			
<i>Year</i>	<i>Completers</i>	<i>Transition</i>	<i>Transition Rate</i>
2012-13	32,042	30,068	93.84
2013-14	31,461	29,940	95.17
2014-15	33,068	31,546	95.4
2015-16	31,120	29,781	95.7
2016-17	33,673	32,415	96.26

(*Statewide Annual Performance Reports, 2012-2017*)

The federally mandated performance standard for transition rate during the 2016 - 2017 school year was 93%. There is not a standard for exams attempted vs. exams passed. However, there is a performance standard for “Completers passing credentialing tests” of 72% (APR, 2017). The pass rate for that standard was 93.36% during the 2016 - 2017 school year. Based off those metrics, Virginia’s K-12 CTE programs exceed performance expectations.

There is a mismatch between some of the courses offered by high schools and the needs of employers (*Virginia’s Workforce Development Programs*, 2015). For example, courses in the arts, communications, and human services made up 20% of classes in the 2012-2013 school year but accounted for only 5% of job openings. That is partly because school divisions emphasize student interest in selecting the courses that they offer. Administrators also cited the prohibitive cost of new equipment and difficulty finding instructors for fields with high demand from employers.

Only 15% of CTE administrators say labor market data was the most influential factor in adding or dropping a course. 46% report that local employers are involved in deciding what courses to offer, with 8% reporting that employer feedback was the number one factor in those deliberations.

Administrative Feasibility

Experience working with outside grant making organizations on CTE related matters appears to be widespread throughout Virginia, as evidenced by the prevalence Project Lead the Way program. However, there is not a consistent mechanism or pattern in which school systems in Virginia interact with those grant making partners. Some districts have independent foundations that seek out grant partners on their behalf (Henrico Education Foundation, 2021). Others work through the district office or school leadership (FCPS, 2021). Inexperience on the part of some school districts may require more robust technical assistance from Authority staff to ensure that the districts submit a proper proposal and are able to fulfill the reporting requirements of their grant once their proposal is accepted.

Alternative Two: Fund Community College Programs

Equity

The vast majority of individuals directly affected by criminalization would be able to access this alternative. The largest share of Virginians arrested for marijuana possession, 43 percent, is in the 18-24 age range (Settle, 2020). The next largest cohort is 25-34 years old, and the two combined make up 75 percent of marijuana arrests. The average age of credit-seeking students in the VCCS system is 24 years old (*Fact Sheet*, 2020).

Adult community members and family members certainly would be able to benefit. Those two groups are likely to be in the workforce already and seeking to gain more skills, or they are not in the workforce but looking to be so. The children of individuals directly impacted would not be able to access these programs immediately, depending on their age.

These programs are located in communities that have been disproportionately impacted by marijuana criminalization. There are VCCS campuses in 38 different localities across the state. Of those 38 localities, there was sufficient data to determine arrest rates for marijuana possession in 34 (*Key Considerations*, 2020). The difference in arrest rate for Black Virginian's was higher than the state average of 3.5 in 29 of those localities. Wythe County, home of Wytheville Community College, had the highest rate with Black residents being 12 times more likely to be arrested than their white counterparts. Accomack county, home of Eastern Shore Community College, had the lowest difference in arrest rate at 2.017. The average for all localities in the VCCS system was 4.58.

Effectiveness

One of the primary ways that VCCS conducts its workforce development training is through the FastForward program. FastForward is a short-term program that trains Virginians for industry credentials and certifications in the Commonwealth's most in demand jobs (*FastForward*, 2018). Specific program offerings vary from college to college due to the different workforce needs in each school's community. Most programs take 6-12 weeks and are primarily in-person, though online training is becoming increasingly available.

FastForward participants go through five different steps as they move through the program:

1. Meet your FastForward Coach,
2. Find Grants and Other Funding
3. Register for Training
4. Take the Course, and
5. Pass Your Credential.

The average out of pocket cost for a FastForward course is \$1,100. They can be much cheaper depending on student eligibility for financial aid. Funding for the program comes from the Workforce Innovation and Opportunity Act, VirginiaReady, and Financial Assistance/Aid for Noncredit Training leading to Industry Credential (FANATIC).

The Virginia Foundation for Community College Education (VFCCE) is the primary foundation associated with the VCCS system. The foundation solicits grants and donations of varying sizes for the purpose of expanding student opportunity by funding programs, scholarships, and fellowships. The ten largest contributions to the foundation in fiscal year 2019 ranged from \$34,531 by Newport News Shipbuilding to \$1,103,031 by the Andrew W Mellon Foundation .

An example of a grant awarded to the VFCCE is the \$450,000 it received in July of 2020 from Sentara Health Care, Optima Health, and the ECMC Foundation (Buttersworth, 2020). The grant will go towards funding a new Healthcare Pathways program at 6 different colleges in the VCCS system. Select students will be eligible for the program, which will aide them in creating “strategic course enrollment guides” tailed towards their career goals. The goal of Healthcare Pathways is to provide structure and support that will allow students to complete programs more efficiently, saving time and tuition.

Virginia’s community colleges generally appear to better match their course offerings to employer demand (*Virginia’s Workforce Development Programs*, 2015). In certain regions of the state, schools lack coursework for occupations with the largest demand from local employers. Similar to their k-12 counterparts, administrators cite resource constraints when looking to expand their offerings in certain industries.

Schools do not consistently involve employers in decisions related to the courses they offer. VCCS does not have a standardized process for soliciting employer input and

incorporating it into decision making. Individual community colleges do have advisory committees, but the composition of those committees can vary, along with how they are utilized. Some colleges reported to JLARC that their committees meet regularly and were integral to decision making. Others reported their committees being less influential, meeting less often, and having poorer attendance.

Administrative Feasibility

The VCCS and its member institutions have the experience and processes in place to administer grants of varying size. The VCCFE routinely solicits grants in the tens of thousands to millions of dollars on behalf of the entire system. In addition, individual colleges will often have Grant Program Managers or institutional guidelines for how staff and faculty should pursue grant opportunities (*Grants Pre-Award Management*, 2016).

Alternative Three: Fund Partnerships

Equity

The potential for equity in this alternative depends on the specifics of the partnership. If it is a program that is geared towards high school students, then it will be less equitable towards individuals directly impacted by criminalization and the adults in their community. If it is geared towards adults, then it will be less equitable for children of those directly impacted. The Authority would need to examine each proposal from a partnership to ensure it meets set standards for equity, whenever those standards are decided on.

Effectiveness

It is difficult to judge the effectiveness of partnerships overall due to their individual nature. The partnerships that were contacted either did not respond or said that they did not track outcomes. On the subject of partnerships, JLARC has said that “when entities do not have a defined strategy for coordinating workforce development activities, they are less likely to share resources and best practices, and they contribute to perceptions that the programs are fragmented and duplicative (*Virginia’s Workforce Development Programs*, 2015).” It goes on to say that formal and informal partnerships appear to exist in all regions, but do not typically include all key stakeholders, often offer temporary solutions, and are duplicative due to a lack of coordination.

Administrative Feasibility

The amount and type of experience working with grant making organizations may depend on the partnership. Some may have organizations with grant coordinators, while other may have individuals with experience applying to grants on their own. Even if a stakeholder does have experience or a formal grant office, it is not certain that person will be the main point of contact or manager for the partnership.

Outcomes Matrix

<i>Alternatives and Criteria</i>	<i>Equity</i>	<i>Effectiveness</i>	<i>Administrative Feasibility</i>
Alternative 1: Fund K-12 CTE Programs	Not equitable for majority of directly impacted individuals or the adult members of their community. Equitable for school- aged children of the individuals and those in the wider community.	Effective at preparing those who complete the program to pass industry certifications and obtain fulltime employment. Courses offered do not always match labor market demand, and employers are not adequately involved in curriculum decision making.	The ability of school districts to work with grantmaking partners varies. Some districts have independent foundations, and others work through the district office, school leadership, or individual teachers, if at all.
Alternative 2: Fund Community College Programs	Equitable for the majority of directly impacted individuals, their adult family members, and the adults in their wider community. Not equitable for school-aged children.	Effective at enabling graduates to obtain higher paying jobs than those with just a high school degree. Courses offered better match employer demand, and employer involvement is also inconsistent across colleges.	Community colleges are experienced at working with grant partners and often have formal internal structures set up to facilitate those relationships.
Alternative 3: Fund Partnerships	Equity of the alternative would depend on the specific partnership	Effectiveness of partnerships is difficult to assess. They do have the potential for inconsistency and duplication of efforts.	Depends on the internal dynamics of a partnership and capacity of individual stakeholders.

Recommendation

Alternatives 1 and 2 are recommended. Funding both alternatives is the most equitable solution. It would enable all individuals impacted by the criminalization of marijuana to access and benefit from programs funded by CERF. The inconsistency in the experience different K-12 school districts have in dealing with grant makers will have to be addressed.

VCCS and its member institutions appear to be the most effective at offering CTE programs in high-demand fields with compensation that is above the national median wage for someone with a high school degree. They also are experienced in working with grant makers at an institutional level and have formalized processes and dedicated staff for doing so. In regard to equity, Alternative 2 would be accessible to the vast majority of those who are arrested for marijuana possession, as well as their adult family and community members.

K-12 CTE programs are a major component of the workforce development system. They are effective at preparing those who complete the program to pass industry certification exams. There can be inconsistency between the courses offered at a school and the surrounding job market. However, CERF can require prospective grantees to demonstrate in their applications how their programs align with the local and regional job markets. This alternative ensures equity for the children of individuals who have been arrested or convicted due to marijuana-related offenses by allowing them to access CERF funded programs.

Implementation

Creating a clear and thorough process for program implementation will be important as inconsistent and opaque practices can lead to an ineffective and inequitable program that lacks public trust. Past commissions with similar objectives, like the Tobacco Indemnification and Community Revitalization Commission (TICR), have fallen short of their aims because proper attention was not given to how those bodies were to operate (see Appendix A) (*Review of the Tobacco Indemnification and Community Revitalization Commission*, 2011). They were too big, did not have the right expertise, and did not adhere to consistent and transparent processes.

The Cannabis Equity Reinvestment Fund (CERF), with its size and intentions, has the ability to be a transformative institution in the Commonwealth of Virginia. For the fund to achieve its potential, careful thought and consideration must be paid to the processes by which grant opportunities are advertised and rewarded. Similarly, grantees will need to be regularly evaluated against their stated objectives and the aims of CERF. Lastly, there should be a process by which CERF itself is regularly evaluated by members of the General Assembly and their staff.

Another program that CERF can learn from in this regard is GO Virginia, which is located within the Department of Housing and Community Development. Its purpose is to “created more higher-paying jobs through incentivized collaboration, primarily through out-of-state revenue, which diversifies and strengthens the economy in every region (*GO Virginia*, n.d.).” It divides the state into nine regions, which each region having a council responsible for strategically applying the GO Virginia funding available to them. This decentralized approach can lead to misalignment between stated purpose of GO Virginia and the priorities of each regional council. It also results in the uneven adoption of best practices and funds not being maximized to address barriers to business growth and strengthen the regional workforce (Webber, 2021).

CERF, taking the challenges faced by GO Virginia and TICR into account, should elect to take a centralized approach by which regulatory staff work with a social equity advisory committee to select which projects to fund (*Key Considerations*, 2020). There is currently a similar arrangement with the Virginia Retirement System board, which is required by law to appoint an investment advisory committee to provide it with expert advice. JLARC recommends a board of seven to eleven members that excludes elected officials and includes individuals with “needed expertise who are not subject to pressure or outside influence.” The expertise of these individuals should be consistent with the types of programs CERF is seeking to fund.

Process of Implementation

1. Request for Proposal (RFP) is released

RFPs should be made available to the public through all available means of communication. That includes email listservs, government websites, and social media channels. There should also be active outreach to underserved communities. Technical assistance in the form of workshops, one-on-one appointments, email correspondence, and documents explaining different aspects of the application process will also be important. Certain urban and rural school districts may not have a robust grant management infrastructure. Similarly, there may be community colleges in areas with high levels of need but are not normally targets for grant programs. Engaging in active outreach and the provision of technical assistance to these communities will help mitigate disparities in the quality of submissions.

2. Applications are reviewed

Proposals should be reviewed by a committee of subject matter experts. That includes criminal justice practitioners, community stakeholders, and individuals formerly involved in the justice system. The size and composition of the board reviewing the proposals are key to the success of CERF. Similar commissions in the past have suffered poor performance from being too large and not having individuals with the expertise necessary to properly evaluate applications (*Review of the Tobacco Indemnification and Community Revitalization Commission*, 2011).

The process by which the committees review applications is just as important. There should be a transparent and systematic review and scoring process in order to promote fairness and transparency. The state of California makes its rubric available through the Office of Business and Economic Development's website (Koch, 2020). It clearly states the questions that applicants will be asked along with the point values associated with level of response. It also clearly outlines the review process where applications are first scanned to make sure they have all the required information and those that do are then evaluated and scored based off the rubric.

3. Grants are awarded

Applications should be selected using a consistent standard that is based on the scoring process that occurs during the evaluation stage. Doing so bolsters public confidence by displaying transparency and fairness. It also enables evaluation of

progress and oversight on the part of the Authority and General Assembly. In the case that grants are not achieving the aims of CERF, having consistent selection criterion will allow stakeholders to better understand what is behind the poor performance.

4. Grantees are evaluated

The progress and effectiveness of grants should be evaluated through periodic quantitative and qualitative reviews. Doing so will ensure that grants are accomplishing the goals of the fund. It will also enable the committee to make educated decisions about which grants deserve reauthorization.

The findings of these reviews should be made publicly available in the form of an online performance indicators dashboard and written report. Publishing the information in both forms will enable stakeholders with different objectives and levels of data literacy to understand program performance.

Further Considerations

A consistent and transparent process is key to public confidence and effectiveness. What is required of applicants, how they are scored, and the basis on which decisions are made should be documented and made publicly available. That will enable accountability to be effectively performed by members of the public and General Assembly.

Members of the General Assembly can exercise oversight through two different avenues. The first is requesting that the Joint Legislative Audit and Review Commission (JLARC) conduct an audit of the fund and its practices. These reviews are beneficial due to their thoroughness and objectivity. However, to get a study conducted requires a request to be submitted via legislation each time that study is desired. Members would then need to wait until JLARC is able to do the research and writing necessary to produce the report.

The second avenue is to pass legislation that requires CERF to submit yearly reports to the General Assembly. This is the recommended approach, as it allows Members to regularly evaluate CERF's impact. It also leaves open the opportunity to request a more thorough review by JLARC.

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Appendix A

In 2011, the Joint Legislative Audit and Review Commission published a review of the Tobacco Indemnification and Community Revitalization Commission (TICR). The TICR was established by the General Assembly in 1999. It came after Virginia was awarded \$4.1 billion in the 1998 Master Settlement Agreement between 46 state Attorneys General and large tobacco manufacturers. The purpose of TICR is to use the settlement funds to indemnify growers and revitalize tobacco-dependent communities.

JLARC released an evaluation of the TICR in 2011 at the direction of the General Assembly. At the time of the report, TICR's economic revitalization mission was defined as creating "a more stable, diversified, and growing economy that leads to higher living standards" for the 41 localities that made up Virginia's tobacco region. The tobacco region was defined by production levels in 1998 and included much of the southwestern part of the state. The region had been in economic decline for at least 40 years prior due to industry change and other factors.

The TICR looked to accomplish its mission by awarding grants to local governments, governmental entities, and non-profit organizations working in economic and workforce development. Grantmaking began in 2007, with a total of \$756 million dispersed in the first five years. The largest share, \$366 million, went towards construction and renovation, property acquisition, water and sewer infrastructure, and other on-site work. Next was broadband infrastructure at \$125 million. Lastly, \$64.1 million was awarded to workforce training and higher education.

There are several lessons that can be learned from the way in which the TICR approached its grantmaking from 2007 to 2011. The first of which is that there was not a deliberate and focused revitalization strategy. The JLARC report references that TICR staff charged with evaluating proposals knew that a strategic plan existed, but did not reference it when making decisions on which projects to recommend for

funding. According to the report, one staff member said that the plan was so broad that “almost anything can be justified.”

The Commission also did not identify and accurately tracking metrics associated with the success or failure of a project are crucial. Many of the early rewards that the TICR made did not track outcomes like number of jobs created and retained or new capital investment. Instead, the Commission focused on broad economic trends in the region, which made it difficult to evaluate the exact impact of specific projects.

Lastly, the process by which TICR evaluated proposals was inefficient and ineffective. The Commission itself was too large, made up of 31 members, with only two of the members required to have expertise related to their role as grant makers. There was no limit on the number of proposals that could be submitted, limited staff to review those proposals, and no preliminary screening process to determine whether or not proposals met minimum requirements and deserved further evaluation.

The way in which the TICR conducted itself illustrates the need for careful consideration and planning to take place prior to CERF beginning its own operations. There should be a focused grant making strategy tied directly to its mission, which should then be reflected in the application and evaluation process. Expertise related to that mission should be prioritized when selecting the board that will be charged with making decisions on those applications. Lastly, metrics pertaining to the success or failure of a project should be identified and tracked with regularity.