

Remarks by Speaker Kirk Cox

2019 Workforce and Education Conference

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Good morning. Thank you so much for the opportunity to be here today.

I appreciate the crucial work that both of the sponsoring organizations (VBHEC and Chamber) are doing to drive talent development and economic growth in VA. I think one of the things that sets VA apart is we have a real partnership between business, education, and the Commonwealth to address these issues.

That is due in large part to the excellent leadership of both the Council and the Chamber. I specifically want to thank Chairman Gil Minor, Vice-Chairman Dennis Treacy, President Don Finley, and the full board, which includes many of our college presidents as well as numerous business leaders. Of course, I also want to thank Chamber Board Chair Charlie Meyer, my good friend Barry DuVal, and the many business leaders who contribute to the Chamber's good work every day.

The focus of this conference is creating more seamless pathways from learning to earning in the Commonwealth. And the key to that, of course, is continuing to improve alignment of education and business.

This is something I have been passionate about for a while. I know I have spoken to many of you in this room about the topic. I appreciate everyone engaging in this ongoing discussion. I believe, and you all believe as well I hope, that there are very few things as important as this when it comes to Virginia's long-term economic success.

Our work together on this alignment between education and the growth of our economy is absolutely the key to the future of our state and to the opportunities our young people will have in the years ahead.

Today, I want to talk specifically about some things the Virginia General Assembly has done in this space, working with many of you.

And I want to talk about what we need to do in the future—especially, the need to focus on TALENT and AFFORDABILITY in our upcoming legislative and budget actions.

Progress Report

As a 30-year classroom teacher, I love giving progress reports.

I mean - what could be better than that, right? You can imagine handing out report cards every nine weeks.

The students are ALWAYS grateful.

The parents NEVER complain.

No one EVER gets mad at you.

I'm not a particularly funny guy, but hopefully it's now obvious that I'm joking. Trust me, I know progress reports can sometimes be painful. But it's important to measure our progress.

Fortunately, Virginia has earned some high marks when it comes to aligning our education system to the needs of our economy.

Amazon's decision to locate its new headquarters and 25,000 jobs here was a ringing endorsement of our higher education system and our ability to generate tech talent.

And then more recently, CNBC ranked Virginia the #1 state for business. Look at the reasons why: Ranked #1 in Education; Ranked #1 in Workforce; Ranked #1 in Business Friendliness

Let me read you specifically what CNBC said:

“The state offers the best workforce in the country.... Nearly 38% of adults have a bachelor's degree or higher, according to the U.S. Census Bureau, placing Virginia in the top 10 for educational attainment. And per the U.S. Bureau of Labor Statistics, Virginia has the nation's fourth highest concentration of crucial science, technology, engineering and math (STEM) employees, making up 9% of the workforce in 2018. All of this in a right-to-work state with a minimal union presence — something companies prize.”

That is high praise - and something I think we should all be proud of.

How We Got Here

If you look back at the things Virginia has done to get here, you can connect the dots fairly easily.

Let's start with higher ed and the Top Jobs Act of 2011 - This really was the beginning of a concerted effort to produce more degrees in high-demand fields, and to make the corresponding state investments. We've come a long way since then, but looking back, it's clear this was a watershed moment.

Next, you can look at the Workforce Credential Grant – This program, created in 2016, has proven very successful. We are providing people with industry-recognized credentials that lead to good jobs, and we are addressing skills gaps in the economy. This year, the General Assembly added \$4 million in increased funding for this program.

Let me tell you about a young woman named Christina McKenzie.

Christina was working as a personal care aide in Southside Virginia. She was a single mom, struggling to pay the bills.

She enrolled in a Certified Medical Assistant program with the help of Virginia's Workforce Credential Grant program.

After several months of classroom instruction and clinical rotations, McKenzie graduated at the top of her class and began a full-time position with Martinsville Urgent Care on July 9, 2016. As a result of McKenzie's training and certification as a CMA, she now earns 60% more than she did as a personal care aide.

Of course, there's also the GO Virginia Program – In 2016, we passed the GO Virginia legislation, which provides incentives for collaboration in each region among local governments, business, and all levels of education, including K-12 school systems, community colleges, and four-year institutions.

So far, this program has funded more than 50 projects in all 9 regions with an estimated impact of more than 10,000 jobs. And the majority of the funded projects have addressed workforce development.

Maybe the best news is that GO Virginia is producing a level of collaboration on economic and workforce development like we've never before seen in the Commonwealth.

And, most recently, we have the 2019 Tech Talent Investment package - A huge investment for Virginia.

We created the Tech Talent Investment Fund, and included a \$16 million down payment on 25,000 new degrees.

Overall, this is part of a nearly \$1 billion investment in higher education that helped bring Amazon to Virginia.

And this is the kind of long-term alignment that produces results. Another quote, this time from an article quoting Amazon's Vice President for Public Policy.

"We were really excited by Virginia, what it had to offer," said Brian Huseman, Amazon's vice president for public policy and part of the core site selection team, in an interview with CNBC. "Probably the most important thing was the attraction of this place to talent, and particularly tech talent."

Also this year, we have the Innovative Internship Fund (2019) – We all know that talent development requires real-world experience. That's why internships and workplace learning are such a crucial part of the pathway from learning to earning. The benefits are big for both the students and the employers. And they also are a way to help keep talent in the Commonwealth, because the data shows a student is more likely to stay in Virginia after graduation if they intern with a Virginia employer.

This year, we took a big step in laying the foundation for a concerted statewide push in this space.

I was pleased to join with Senator Sibohan Dunnavant in sponsoring the bill to create the new Internship Fund – and the General Assembly added \$500,000 in new funding.

Most important, this is a vehicle for getting our higher education institutions and employers to partner on a much broader basis, so we can scale up internship programs all across the Commonwealth.

And, finally, we have Institutional Partnership Performance Agreements (2019) – I was also pleased to patron this legislation because the IPPA (partnership agreement) concept gets directly at this crucial business-education alignment issue.

One reason Virginia’s higher ed system wins top rankings and has such a high ROI for students is our institutions have grown up *entrepreneurially*—and as a result they have different missions and strengths, and the ability to contribute to the economy in different ways.

To take advantage of those individual strengths, we need a real working partnership between the individual school, the state, and other key players, like employers.

The agreements provide a way to do this. They will be very specific about what each partner will provide, and the expected results will likewise be specific and measurable.

Here’s a simple example: Say our economy needs more degrees in a certain field, and a college steps up and says we will produce 100 of those new degrees. The college would find business partners to help provide 100 new internships as part of the pathways to those degrees. And the state would come in with funding to support that degree program.

That’s just one example; there are many other applications: addressing affordability, creating apprenticeships, producing high-demand degrees, supporting state and regional economic development – in other words, aligning efforts to address our biggest economic needs, all while recognizing the reality that one size does not fit all and that partnerships require mutual, reliable commitments.

Summing up the progress we’ve made in higher ed: Top Jobs Act, the Virginia Workforce Credential Grant Program, GO Virginia, Innovative Internship Fund, Institutional Partnership Performance Agreements...

And, these initiatives are supported by key investments that stress both talent development and affordability.

No doubt there is a direct connection between these actions and Virginia recapturing status as #1 state for business.

The story of our progress in K-12 is similarly encouraging.

As a 30-year school teacher, I am very proud of what Virginia has accomplished in education ... and the commitment the General Assembly has shown.

Starting with Early Childhood... Looking back a decade ago, our early childhood system was basically nonexistent.

We have built a mixed-delivery system that is meeting the needs of thousands of Virginians. Especially proud of the mixed-delivery model: brings business, faith-based providers, private providers, and public providers together

At the primary and secondary level...

Our On Time Graduation Rate is 91.6%. On National Standardized Test Scores, Virginia students are ahead of national peers in math, science and reading at the 4th and 8th grade levels.

College Entrance Exams, Virginia students far ahead of the national average on ACT and SAT scores

Since the Great Recession, Virginia has invested over \$3 billion in public education.

A recent study by the CATO Institute measured states based on their per pupil spending and a variety of educational factors – It found Virginia to be the 7th most “efficient” state in the country - meaning we get a very good bang for our buck.

This is all great. But we all know what kind of world we live in. It’s a ‘what have you done for me lately?’ kind of place.

Looking to the Future

Our economic success in the future requires us to build on this foundation and continue the progress.

What can we do?

I have talked a lot over the past year about the need to align our education system – at all levels – with the needs of our economy, and the need to focus on talent development and affordable access.

If there is one thing we know about economic competition in the 21st century, it is that the future belongs to those who win the talent race.

Attracting talent. Developing talent. Retaining talent in the Commonwealth for education AND employment.

In short, creating affordable, accessible pathways from learning to earning for talented Virginians, young and old.

In this talent competition, we know that we have some great assets and advantages — I've just talked about them — but we also have some obvious challenges:

First, our economy is still too dependent on federal spending, and we need to keep working to diversify it.

Second, we have a very disturbing four-year track record of losing talent to other states – a net out-migration, especially among well-educated young people.

Third - Despite a lot of efforts, especially recently, we still have a major misalignment problem. Let me give you an illustration that comes from right here in RVA, according to the local Chamber's research:

Economists project that over the next decade there will be 14,000 new construction jobs and 367 new marketing jobs here in this Richmond metro area.

But in the Richmond metro area, there currently are 23 marketing-related CTE programs to pick from and just 12 construction-related CTE programs.

Similarly mismatches exist in every region, and that's a big issue.

Another of our major challenges – maybe one of our greatest -- is our very serious teacher shortage, which threatens the ability of many of our communities to develop their local talent.

There are more than 1,000 unfilled teaching positions across Virginia and one of the highest turnover rates we have ever experienced.

We took several important steps this year, including making it easier for teachers to get licensed, and providing a 5% teacher pay raise – our fourth pay raise in 6 years. But we need to do more.

And we also know that the competition for faculty talent in higher education is intense, particularly in high-demand fields like tech talent.

Finally, we have a college affordability problem that for many Virginia families is a college affordability crisis.

Virginia students borrow over \$1 billion per year. I am pretty sure my kids are responsible for about half that.

Julie and I know what it's like for middle-class families to put their kids through school.

And for a lot of middle-class families like ours, it's not all that great for your kids to get that well-paying job if all they can do with the money is pay down a mountain of student loan debt.

This year we in the General Assembly took a major positive step, providing \$58 million to enable our public higher ed institutions to freeze tuition. I'm very pleased that the boards of every one of our public colleges and universities made the choice to freeze tuition.

We also made investments in financial aid, TAG grants, and workforce credential grants. But we all have to do more, and not only on the funding side but also on the cost side of the equation.

We also need to be prepared for the next economic downturn, so that we don't again have tuition spikes that hit low and middle income families hardest when they can least afford it.

Priorities for the Coming Session

There are other challenges, too, and we could spend the day discussing all of them—in fact, that is what you're here to do today.

But in the time I have remaining, let me turn to the subject of solutions and mention several of the things I hope we can accomplish in the 2020 session and beyond.

First, on college affordability: Providing incentive funding for a tuition freeze worked well this year, and as I announced this summer, I want us to provide the resources to do that again next year.

I also have always been a strong supporter of financial aid and TAG grants, and I want us to keep making progress there.

Both low and middle income students and their families need the help, and it actually reduces the upward pressure on tuition for everyone if we can do more at the state level on student aid instead of the colleges having to meet so much of the financial need through tuition revenues.

Second on my agenda is talent development in our higher education system, here I have three key priorities:

- (i) I want us to sustain our performance-based approach by continuing to invest specifically in high-demand degree programs – including but not limited to tech talent. These are degrees that lead to well-paying jobs, and support sectors of the Virginia economy with high growth potential.
- (ii) I also want to see the IPPA, or partnership agreement, concept really take hold and begin to bear fruit. That means several things.

It means concluding some of the more promising agreements soon and approving them in this upcoming budget.

It means continuing to refine the process and increase the number of authorized agreements from the current cap of 6. We already have twice that many proposed agreements, so we should not artificially limit the number.

And it means working with the schools to improve the quality and focus of the partnership proposals themselves. Specifically, I want to see more business partners being brought to the table, and more collaboration among higher ed institutions and with local school systems.

- (iii) Last but certainly not least on my higher ed agenda will be scaling up internship opportunities across the Commonwealth. This will require a strong working partnership between the employer community and the education community in every region of the state, and so it is good that you will be spending a good deal of the program today on this topic. I look forward to working with you on that effort.

Turning from higher ed affordability and talent development to K-12, another area I will be focusing on is tackling the teacher shortage.

I recently proposed that we make a major commitment in this regard: That we set the goal of raising teacher pay in Virginia to the national average within four years.

We have shown that when we set goals in Virginia, we achieve them – whether it was dramatically increasing STEM-H degree production or regaining the #1 ranking as the top state for business.

One thing we know for sure: If we do NOT set the goal, we will never achieve it – and the teacher shortage will get worse, not better.

Also on my K-12 agenda will be working to create partnerships with business on key priorities like (1) increasing the number and alignment of career and technical education programs, (2) providing streamlined, more affordable pathways to secondary and postsecondary credentials, and (3) providing internship and apprenticeship opportunities that begin in high school.

The need for much better alignment between education programs and the needs of our economy is every bit as much a K-12 imperative as it is a higher ed imperative.

In this regard, I am very encouraged that the Virginia Chamber is launching an initiative to create a strong business-K12 coalition and policy/advocacy effort like currently exists for pre-K and higher ed.

You are fortunate to have two very accomplished and widely respected former secretaries of education—from administrations of differing parties—co-leading that effort: Jim Dyke and Laura Fornash.

And I look forward to supporting this effort and working with you.

Let me tell you why it is so important to have the business voice regularly heard in policy discussions and legislative deliberations on K-12, just as you have made sure it is heard in pre-K and higher education.

First, these pathways from learning to earning have to be seamless, and they must begin at least in high school, if not sooner. This will only happen if there is active collaboration between business and local schools in every community.

Second, crucial choices are made every day in Richmond among competing K-12 policies and priorities. You cannot expect those decisions to be good ones that improve the alignment between education and the economy, and that promote effective business-education partnerships, if business is AWOL during the legislative process on K-12. You need to be at the table.

And, third, the truth is that those of us who have been working hard on these crucial talent and economic priorities need your help and support as much in the K-12 context as we do in the pre-K and higher ed settings.

The fact is, some people have very different perspectives and priorities when it comes to Virginia's business climate and education policies, and they pose a clear threat and obstacle to continuing the progress we have made.

Closing

Want to close by sharing why this is so important to me.

It's election season - which means TV ads for some of us in tough races.

My team filmed an ad recently at Shepherd Stadium in Colonial Heights.

Picked this because it's a special place for me. I love baseball.

I loved coaching baseball. Just like I loved teaching.

What I loved about it was the opportunity it gave me to shape the next generation.

And more than anything I do here in the General Assembly, I want to lay the foundation for success for future generations.

I've described an ambitious agenda focused on talent and affordability, and I am confident that together we can accomplish it.

The challenges are great, but our assets and opportunities far exceed them.

And the biggest asset we have is folks like you—from business and education—committed not only to the success of your own enterprises and institutions, but to the greater good for our Commonwealth and greater opportunities for our people.

Thank you for taking the time to be here today to work on these crucial issues together.

Thank you to our hosts—the Chamber and Business Higher Ed Council—for all the good work that you do.

And thank you for giving me the opportunity to share my ideas with you this morning.