

GROWTH4VA Proposes \$880 Million Investment in Higher Education

*Governor, General Assembly urged to seize
the once-in-generations opportunity to make
Virginia the Top State for Talent and Improve
College Affordability*



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FULL TEXT OF REMARKS PREPARED FOR DELIVERY, OCTOBER 14, 2021

DENNIS TREACY:

Good morning. I am Dennis Treacy, chairman of the Virginia Business Higher Education Council and our Growth4VA program.

I am joined by my colleagues Nancy Agee, Cliff Fleet, and George Martin, who will assist in this presentation.

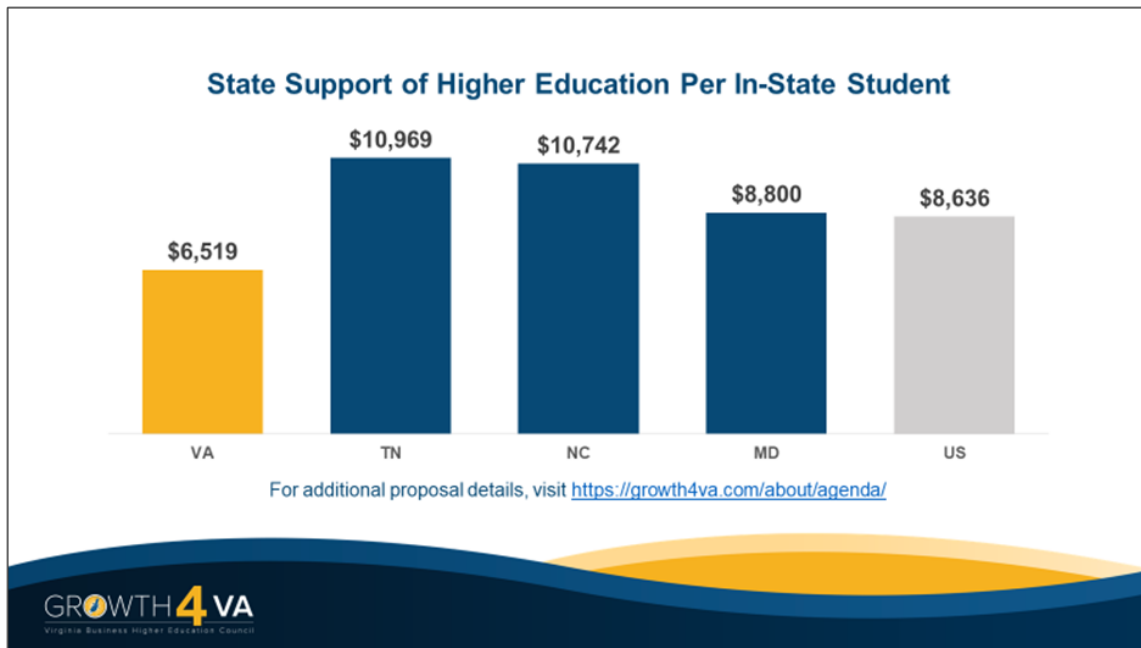
Here's how we will proceed today: (1) Nancy, Cliff, George, and I will make the presentation on behalf of VBHEC and Growth4VA; (2) President Makola Abdullah, chair of the Council of Presidents, and Jared Calfee, executive director of the Virginia 21 student organization, then will have brief comments in response; and (3) there will be two ways for members of the news media to pose questions. You can use the Q&A feature at the bottom of your screen, identify yourself and your question, and the moderator will pose those questions for us at the end of the presentation. Or, if you prefer to talk to one of us after the program, we will have contact information on screen at the end.

So let's get started: **We are here today to talk about a once-in-generations opportunity to invest in higher education and make *Virginia the Top State for Talent*.**

Ten years ago, the General Assembly unanimously adopted legislation establishing the policy that the state would pay 2/3 of the cost of education at our public higher education institutions, so that Virginia students and their families pay only 1/3.

With recent investments — *for which we in the business community are most grateful* — the state is now paying approximately 1/2 of that cost.

State funding not only remains well short of the Commonwealth's own 2/3 commitment. As this chart shows, Virginia today provides thousands less per student than our competitors in neighboring states.



Despite this underfunding, we have the top-ranked higher education system in the country based on return on investment and graduation rates.

Our colleges are a powerful economic engine: creating more than 167,000 Virginia jobs ... returning nearly 2 dollars to the state treasury for every 1 dollar invested ... and giving us a competitive advantage in attracting business investment like Amazon's big HQ2 project and in winning top rankings like the best-state-for-business honors from CNBC.

The people of Virginia know our higher education system sets Virginia apart, and they want our leaders to invest in it:

- Large majorities in both parties say our higher ed institutions are “well run” and “a sound place to invest public dollars.”
- Nine out of 10 say that providing every Virginian the level of education that suits their aspirations and abilities is the “*most important investment* our state can make.”

Our elected leaders have a unique opportunity in the next several months to make this “*most important*” of all investments.

Because of the state surplus, federal relief funds, and growing revenues, they have the resources to transform the lives of thousands of Virginians and, in the process, make Virginia the undisputed **talent leader** for the nation.



Here's our vision:

- We want to give every young Virginian access to an **affordable talent pathway** that provides a marketable degree or credential through our top-ranked higher education system and the path to a great first job, resilient career, and fulfilling life here in Virginia.
- Along these pathways from learning to earning, we want every Virginian to have the opportunity for a paid internship or other work-based learning experience with a Virginia employer.
- And we want to open these pathways of opportunity for everyone: for young people who may be the first in their family to go to college ... for unemployed and under-employed adults who need to new skills to find their place in the new economy ... for students and families who face financial hardships ... and so many others.

By investing in affordable talent pathways, we can give every Virginian the education and skills, practical experience, mentoring and connections they need to succeed.

And not just any pathways, but pathways that lead to full-time employment *right here in Virginia*:

- That's how we reverse the troubling outflow of Virginia's talent to other states.
- That's how we provide an ample supply of well-prepared workers so Virginia businesses can grow and well-prepared leaders so Virginia communities can thrive.
- And that's how we make Virginia a magnet for talent and for talent-focused business investments from across the country and around the world.

I'd now like to introduce my colleague, Nancy Howell Agee, who is vice chair of the Virginia Business Higher Education Council and a key partner in Growth4VA.

NANCY AGEE:

As Dennis said, we have truly a once-in-generations opportunity before us — an opportunity to transform lives and transform our Commonwealth.

We'd like to take a few moments now to describe the investments that can make this vision a reality. I'll be joined in this part of the presentation by my fellow VBHEC board member, Cliff Fleet.

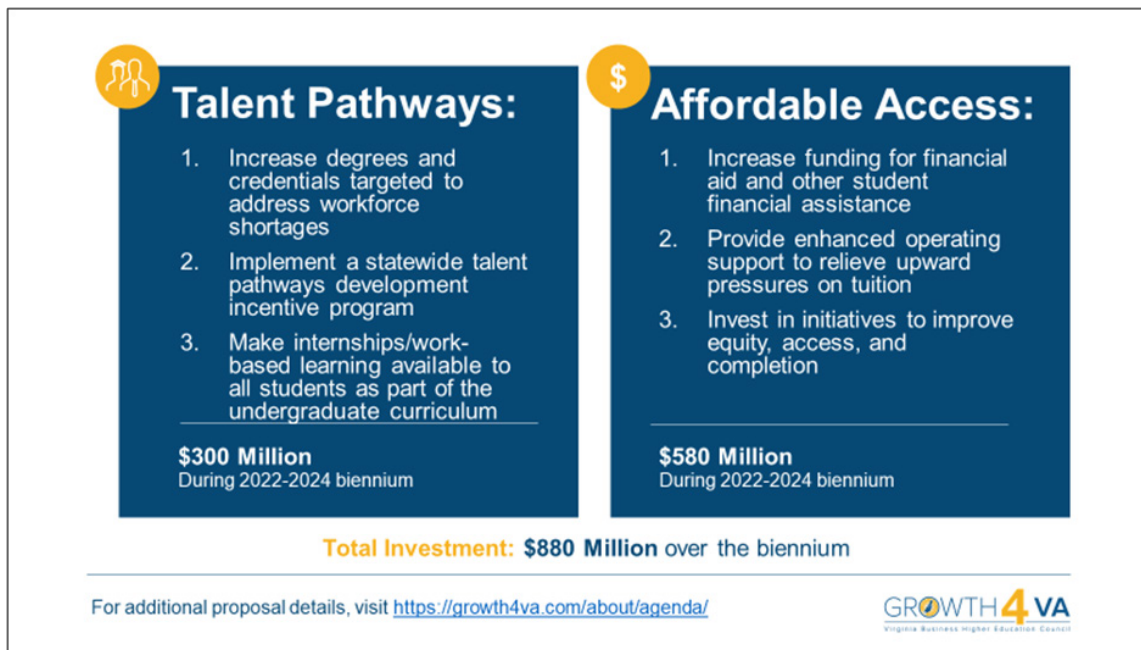
I want to stress that what Cliff and I are presenting today is a big-picture, order-of-magnitude estimate of the investment needed to achieve this vision.

We offer this framework to *begin a conversation* with the Governor and General Assembly — and in a few weeks with our new Governor-elect — about what it will take to make Virginia the Top State for Talent and, most important, what the people of Virginia will have to show for such an investment.

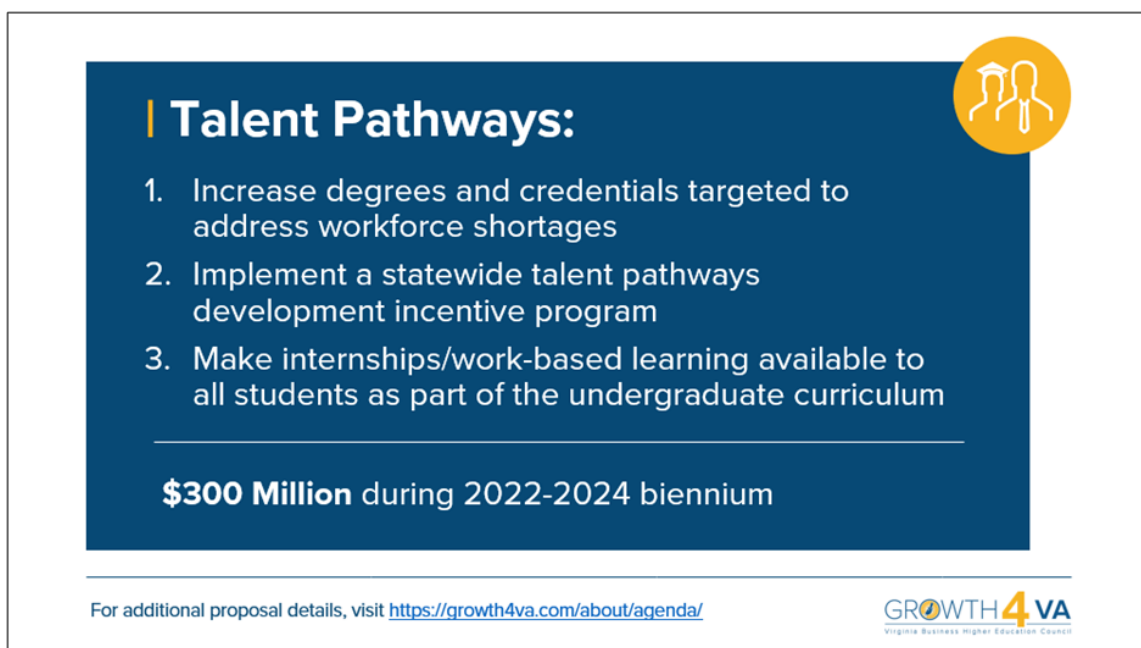


We look forward to working with our elected leaders and educational partners between now and the 2022 legislative session to flesh out the particulars and develop an actual investment plan that will earn broad, bipartisan support.

The chart you are looking at groups our investment recommendations under two major headings, Talent Pathways and Affordable Access.



I will discuss the Talent Pathways recommendations, and then Cliff will take you through the Affordable Access recommendations. We will highlight several of the major items in each category, but for more details on our policy recommendations, please consult the Agenda document on our website.





For Talent Pathways and talent development generally, our proposal calls for an investment of about \$300 million during the 2022-2024 biennium.

It contains several major components, all of which tie the new funding directly to performance, and that's a fundamental feature of our proposals.

Let me highlight three major items for you:

1. First, we propose an initiative to *address existing and projected workforce shortages in Virginia by increasing degrees and credentials awarded in those fields.*

A few years ago, Virginia embarked on a long-term initiative to increase our output of graduates with technology and computer science degrees required by Amazon and other tech companies. It's time to take that performance-based model and use it to address other workforce needs: Think teachers. Think nurses and other health care workers. Think data sciences and other business sectors that right now are held back by the lack of qualified workers.

We are recommending targeted investments to help get Virginians into those waiting jobs and increase the supply of well-qualified workers where they are needed most.

This, of course, includes young Virginians who are preparing to enter the workforce for the first time. But it also includes unemployed and under-employed adults, veterans, and others who need to gain new skills and credentials to qualify for in-demand jobs in the new economy.

2. Second, we propose a statewide *talent pathways development program that incentivizes collaboration between educators and employers with three goals in mind: (i) to align curriculum with workforce needs; (ii) to provide internships and other work-based learning; and (iii) to enable students to move efficiently through education and training into Virginia-based jobs.*

Here is where the federal relief funds and surplus state funds can make a real difference. Through an initial infusion of funding from those sources, we can provide the resources to cover multiple years of incentive grants to qualifying pathway programs.

As we have seen with GO Virginia and experiences in some other states, incentive funding like this is a way to jump-start development of talent pathways — in regions and industry clusters — throughout the Commonwealth.

3. Third, we propose to broadly, and as rapidly as possible, scale up the availability of *paid internships and other employment-based applied learning opportunities with Virginia employers.*



The goal here is to provide at least one significant internship opportunity to every Virginia student who wants one as a standard part of the undergraduate curriculum.

The resources will be used primarily to incentivize employers, assist students who have financial need, and enhance internship placement services on each campus.

Why are internships, and the pathways that include them, so important for Virginia's economy? The most obvious benefits are that they produce better-prepared students and give employers a pipeline of potential full-time employees. But that's just part of the story.

In recent years, an increased number of graduates from our colleges and universities have left the Commonwealth for better job opportunities in other states. This is a disturbing trend that we must work to reverse.

It hurts businesses that are looking for workers. It separates families. It harms rural communities whose vitality depends on the next generation coming back home after graduation.

We believe one of the best ways to keep talented young graduates here is to connect them with Virginia-based employers while they are still in school. When they make those connections through an internship or other work-based experience, they are much more likely to be offered and accept a full-time position with a Virginia employer after graduation.

So, for a lot of reasons, internships are a win for everyone. And that's why having educators and employers collaborate on pathways that include work-based learning is among our highest priorities.

For all of the investments we propose, it is important to have a clear sense of what success looks like. As business people, we want each of these initiatives to have specific goals and measurable outcomes, with funding tied to performance. And we will be working on those details with our elected leaders and educational partners in the weeks ahead.

But let me list for you just some of the significant and measurable outcomes we believe will flow from these investments and the related initiatives in our policy agenda:

- An increase in the availability of well-prepared workers to fill waiting jobs and reduce workforce shortages across our state.
- An increase in the number of college graduates who have had internships with Virginia employers.
- A reversal of recent outmigration trends, with more graduates remaining in the Commonwealth for full-time jobs.
- An increase in the number of adults gaining industry-recognized credentials, including veterans, other career switchers, and adults with partial college credit.



- A broadening of the talent pool in Virginia to include more graduates who are first-generation Americans, the first in their family to go to college, or from other under-represented communities.
- And a national brand as the *Top State for Talent*, the Best Educated State, and the best state for talent pathways that turn education into great jobs and fulfilling careers.

The opportunities these investments create must be equitable and accessible for all Virginians, and to be equitable and accessible they must be affordable

So we'll turn now to our Affordable Access recommendations, and my colleague Cliff Fleet will discuss these proposals.


CLIFF FLEET

Most of the elements of the Affordable Access package are familiar to everyone, so I will be brief and point you to some particular things of note.

First, the combined price tag of what we recommend on affordability is \$580 million.

If you are following these things, you know that the State Council (SCHEV) released its preliminary funding recommendations a couple of weeks ago, and will meet again later this month to refine its recommendations.

What we propose here is very consistent with what SCHEV is considering, and it builds on it.



Affordable Access:

1. Increase funding for financial aid and other student financial assistance
2. Provide enhanced operating support to relieve upward pressures on tuition
3. Invest in initiatives to improve equity, access, and completion

\$580 Million during 2022-2024 biennium

For additional proposal details, visit <https://growth4va.com/about/agenda/>

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1. First, we propose \$225 million during the next biennium for all forms of student financial assistance.

This includes financial aid at public institutions, TAG grants at nonprofit private colleges, and workforce credential grants, transfer grants, and G3 assistance for community college students.

This proposal adds to SCHEV's preliminary financial aid recommendation by roughly \$50 to \$75 million, and here's why: We see this as a once-in-generations opportunity to lower student debt payments for young people who are just starting out in the workforce.

Young graduates are better able to align their interests and talents with job and career opportunities if they are not buried under a mountain of student loan obligations.

This proposal could reduce the debt burden for Virginia students by as much as 10 percent.

2. Second, we propose a \$280 million biennial investment in tuition moderation.

These funds will be used to help the higher ed institutions cover operating costs, attract and retain talented faculty, and address other priorities in their six-year plans, thereby relieving some of the key factors that push tuition upward.

This approach works: Over the last several years, it has produced the lowest tuition growth in decades. And it does it the Virginia way: It leaves the tuition decision to the governing boards of the colleges, and it creates a strong incentive to economize.

Given the challenges facing so many students and their families during the ongoing pandemic and economic dislocation, it just makes good sense to hold the line on tuition to the extent possible.

It also helps ensure that the talent pathways we stand up over the next few years will indeed be *affordable* talent pathways.

3. Third, the remainder of our Affordability investment recommendations are grouped under the "Equity, Access, and Completion" heading, and they total roughly \$75 million.

Here the key point is that *completing a degree makes all the difference*. Those who fail to complete not only miss out on the increased earnings that go with a degree; they often are saddled with a lot of student loan debt and no easy way to repay it.

Our recommendations in this category include targeted additional funding for higher education institutions that provide access to larger percentages of students who qualify for federal Pell grants. This includes our highly regarded HBCUs in Virginia, and it includes other institutions that extensively serve under-represented students.



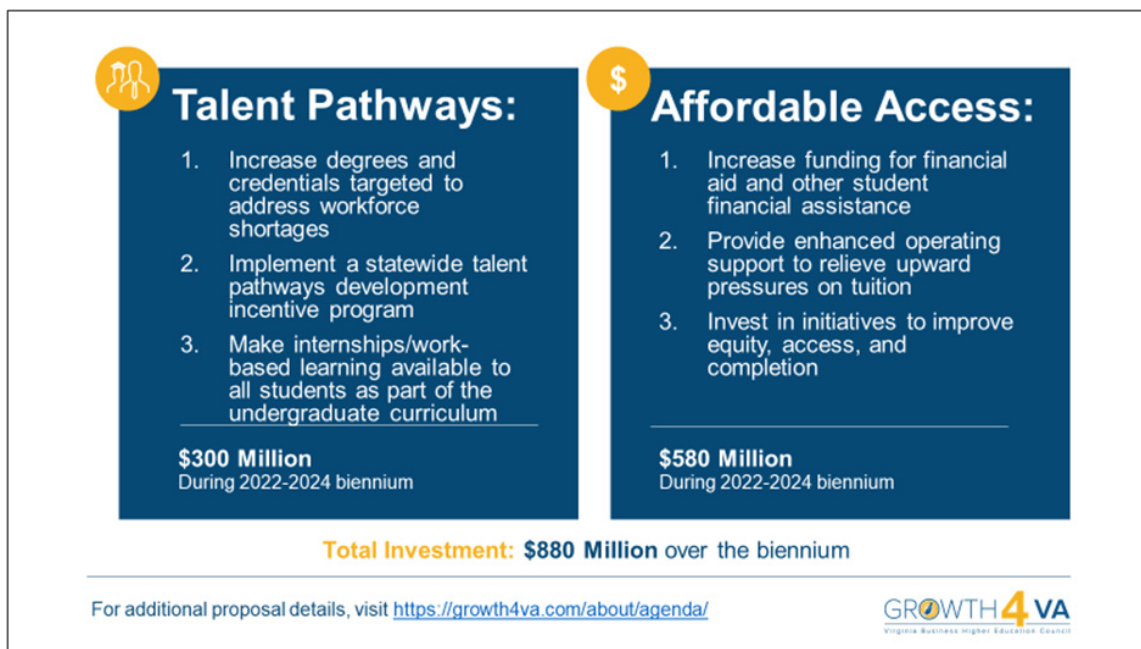
Our recommendations also include direct state support for student health and mental health services, and for tutoring, mentoring, and other support services aimed at enhancing academic success and completion. Rather than putting the burden on students to fund these services with higher fees, the state can enhance both affordability and student success by making direct investments.

Let me stress that our agenda also places significant emphasis on collaboration, efficiency, and cost savings.

There are a number of these strategies that you will find in the policy agenda on our website, including standing up centers of excellence that reduce duplication via shared services ... expanding the Online Virginia Network and other curriculum-sharing technology ... developing repeatable curricula for use across institutions ... and using new cost-saving technologies, just to name a few innovations.

Virginia's higher education institutions are among the most cost-efficient in the country, spending less per degree than comparable systems. And that cost per degree has gone down over the past decade. With our help and support, they can continue to reduce costs and deliver more value.

So, here on the screen you see our total proposed investment for both Talent and Affordability is **\$880 million over the biennium**.



Nancy explained that these are order-of-magnitude estimates. When Virginians choose their next governor in a few weeks, we will work with him, with Governor Northam, and with our legislative leaders to flesh out specific proposals. And we will include measurable outcomes that Virginians will have to show for these investments.

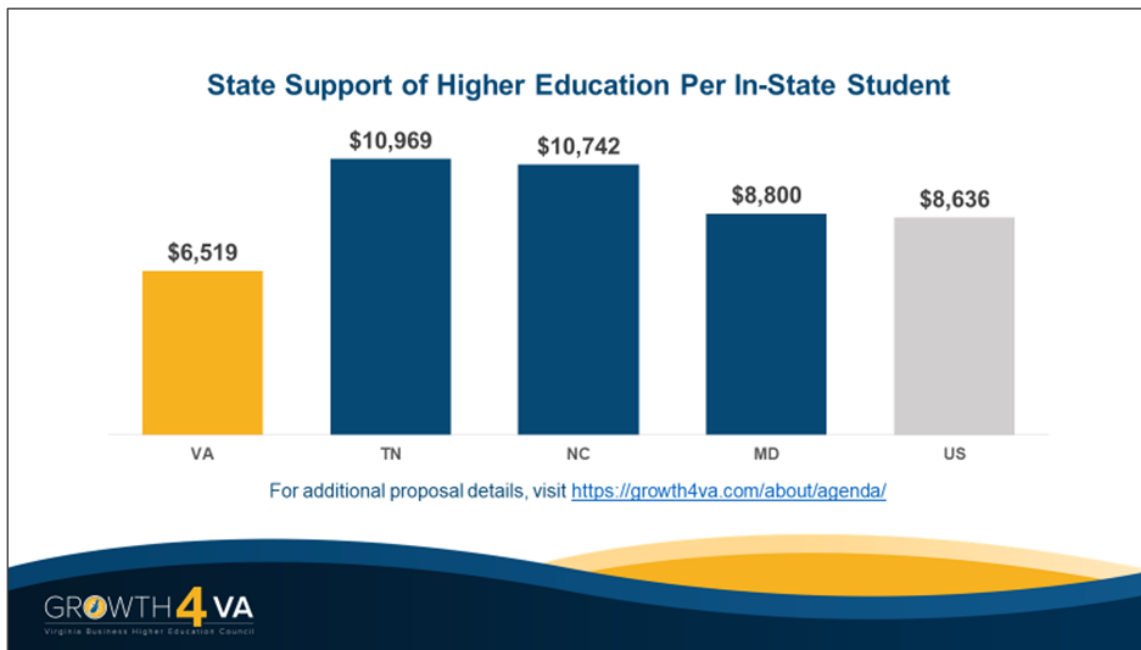


Nancy highlighted some of those outcomes, and let me mention a few more that are tied to these affordability initiatives:

- A quantifiable decrease in the average student debt burden for Virginia graduates and an increase in average lifetime earnings.
- A significant increase in the number of low-income, first-generation, and under-represented students who enroll *and complete* college and get on pathways to great Virginia-based jobs.
- A measurable increase in the number of students who gain degrees and credentials through nontraditional paths, including dual enrollment, community college transfers, and online programs.
- Tangible progress toward fully achieving the Commonwealth's declared goal of having the state pay for 2/3 of the cost of education at our public higher education institutions.

To give you an indication, a \$384 million increase in state operating support over the last four years was correlated with a 5-point improvement — from 45% to 50% — in the share of the cost of education paid by the state rather than by students and their families.

- And, finally, a significant improvement in this chart ...



... so that we are meeting the challenge from neighboring states, preserving our competitive advantage as the nation's best higher education system, and doing right by our young people and their families, who deserve so much better than what is shown on this chart.

With that summary of our investment proposals, let me call on George Martin, VBHEC board member and secretary, who is batting clean-up.



GEORGE MARTIN:

You've heard about Talent and Affordability from my colleagues. The "4" in Growth4VA refers to 4 strategies: Talent, Affordability, Innovation, and Opportunity. And while we are not making investment proposals today on Innovation and Opportunity, we do want to comment on them because they likewise are vital for our Commonwealth's future.

First, with respect to Innovation, we look forward to working with the current administration and incoming governor, our other elected leaders, and various public and private stakeholders to develop investment strategies that will increase federal and privately sponsored university-based research here in Virginia.

Our emphasis is on expanding opportunities to commercialize research and start up new businesses. And the goal with these efforts is the same as for our employment-related pathways: We want to keep this talent in Virginia, supporting business growth and creating more opportunity for our fellow Virginians.

Research, of course, advances our Commonwealth in many ways. And just as we want our research universities to be hubs for entrepreneurship, we need them also to be hubs for resilience. We face an ever-growing array of potential crises and threats, both natural and man-made, and our research universities are uniquely positioned to develop innovations that will make us better prepared.

So, Talent, Affordability, and Innovation are 3 of the "4" in Growth4VA, and the fourth is the really the purpose and goal of the other three: Opportunity.

There is more detail on our website, but I will leave you with this thought: Opportunity is about a chance for financial success, of course, but it is about more than that. What a great liberal arts education does is help prepare you to live a fulfilling and productive life as a contributing member of a flourishing community — an inclusive community of diverse souls who are drawn together by shared values and common purpose.

In Virginia we call it a "Commonwealth." It's an expression not only of what we are but who we aspire to be.

And that's really what our proposals for *affordable talent pathways* are all about: They're about creating a Commonwealth of Opportunity in which we give everyone the chance to go as far as their aspirations and abilities take them.

There's no greater cause or calling, and we urge all Virginians to join with us and help make this vision a reality.

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About Growth4VA

Growth4VA is a broad-based bipartisan coalition of business, education, and political leaders and Virginians from all walks of life who believe that higher education is a crucial economic engine for our Commonwealth. Our coalition is founded by the Virginia Business Higher Education Council and supported by all 16 public colleges and universities in Virginia, the Virginia Community College System, and Virginia's non-profit private institutions. We are promoting investment and innovation in the Virginia higher education system.

About the Virginia Business Higher Education Council

The Virginia Business Higher Education Council (VBHEC) was founded in 1994 by Virginia business leaders on the principle that the prosperity of Virginia and the well-being of its citizens is fundamentally tied to access to a strong system of public colleges and universities. A nonprofit, nonpartisan partnership between Virginia's business community and higher education leadership, VBHEC's mission is to enhance the performance of Virginia's public colleges, universities, and community colleges and their funding by state government so they can produce the greatest possible positive impact on Virginia's economy. VBHEC is committed to educating the public about higher education's crucial role in Virginia's economy, and it strives to secure the support needed for the Commonwealth's colleges, universities, and community colleges to rank among the nation's best.

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