

Higher education is Virginia's top competitive asset ...

INVEST IN TALENT AND AFFORDABILITY

For our young people ... for our economy ... for our future.

Why We're Here to Visit

Thank you for your time today, and thank you for your support of higher education.

Our #1-ranked higher ed system is Virginia's top competitive asset in promoting business investment and job creation, a fact confirmed by Amazon's HQ2 decision and CNBC's recent award of top business honors. ***As business leaders, we in the Virginia Business Higher Education Council (VBHEC) encourage the General Assembly to make the most of this competitive asset by investing significantly in talent development and college affordability in the 2020 Session.***

GOVERNOR'S INITIATIVES. We applaud the higher education investments in Governor Northam's proposed budget, including ground-breaking initiatives on community college affordability, financial aid, equity and access, and investments to remedy chronic underfunding and produce more high-demand degrees and industry-recognized credentials.

INVEST IN COMPETITIVENESS. In addition to the Governor's proposed investments, we urge the General Assembly to act now to make Virginia more competitive economically and educationally by taking these **7 key actions** to enhance talent and affordability:

- 1. BASE FUNDING TO EASE TUITION PRESSURES.** *Provide additional annual base operating funds to enable all higher ed institutions to cover rising costs and improve student success while keeping tuition increases low.* As last year's tuition initiative again demonstrated, greater state General Fund support enables Virginia's higher ed institutions to mitigate tuition increases that otherwise would be needed to address key cost drivers, like providing more competitive compensation for faculty and staff and better serving first-generation, under-represented, and nontraditional student populations. Easing tuition pressures by increasing state support helps all students gain access to marketable degrees and credentials while avoiding excessive student loan debt.
- 2. COMPETITION FOR TALENT.** *Support initiatives by the institutions to recruit talented Virginia resident students and out-of-state students for high-demand degree programs that meet Virginia workforce needs.* For several consecutive years, Virginia has experienced a net out-migration of well-educated young people. Higher ed institutions in other states also are aggressively targeting and poaching Virginia high school graduates. These adverse talent trends put Virginia's economic future at risk. To attract business investment and job creation in key growth sectors, we must attract and retain top talent from Virginia and around the country.
- 3. HIGH-DEMAND DEGREES.** *Restore full funding for the Commonwealth Cybersecurity Initiative (CCI).* CCI is off to a strong start, leveraging important collaboration among universities and with the private sector and positioning for major grant support. Like the Tech Talent Investment Program, CCI will increase production of high-demand degrees and make Virginia more competitive in a key economic growth sector.
- 4. JOB PATHWAYS AND INTERNSHIPS.** *Increase Innovative Internship Fund grants (to \$2 million annually) to promote large-scale development of internship and apprenticeship opportunities in collaboration with Virginia employers.* Broad-based internships will help Virginia employers access needed talent while creating "sticky pathways" that encourage college graduates to stay and work in the Commonwealth.
- 5. PHILANTHROPIC SUPPORT.** *Preserve private foundations' ability to maximize donations that enhance college affordability and educational quality.* Virginia relies heavily on private philanthropy, often from anonymous donors, to fund our higher education institutions and keep costs down for students and taxpayers. Impairing foundations' performance will directly hurt students who can least afford the cost of attending college.
- 6. TUITION ASSISTANCE GRANTS (TAG).** *Fund the proposed TAG award increases without changing eligibility.* Independent colleges play a vital role in meeting Virginia's talent needs, and we support the increased TAG awards recommended by the Governor. However, TAG eligibility should remain unchanged absent a full analysis and recommendation by SCHEV. Among other unintended consequences, abrupt policy changes related to online programs could unfairly impact existing students and reduce opportunity for veterans and other nontraditional student populations.
- 7. COMPREHENSIVE COST ANALYSIS.** *Direct the State Council to review and update its systemwide cost-of-education analysis to quantify cost drivers, promote efficiency, and improve funding allocation.* SCHEV's recent study found that Virginia's higher education system is efficient, spending less per degree on average than neighboring states and peer institutions. The next step is to drill down on cost drivers that impact institutional performance and provide equitable funding that will increase educational attainment by diverse populations.

smartasset™

TOP-RANKED HIGHER EDUCATION SYSTEM IN THE UNITED STATES

As with SmartAsset's #1 ranking for the past 3 years, Virginia's higher education system consistently earns top rankings for quality, value, and return on investment—branding Virginia as a talent leader.



WINNING AMAZON'S HQ2 INVESTMENT ... THE RIGHT WAY

Amazon and state officials credit Virginia's standout higher education system and resulting tech talent pipeline as the reason Virginia won the Amazon HQ2 investment despite offering less financial incentives than other states.



REGAINING TOP HONORS AS BEST STATE FOR BUSINESS

Our best-in-the-nation education system and workforce were the main reasons cited by CNBC for returning Virginia to the #1 spot as the Top State for Business in 2019.



A HIGHER EDUCATION SYSTEM THAT MORE THAN PAYS FOR ITSELF

Each tax dollar invested in our public higher ed system generates \$21 in Gross State Product (GSP) and returns \$1.92 in revenue to the State Treasury. The system each year contributes more than \$36 billion to GSP, supports 167,000 jobs, and generates \$3.2 billion in state revenue.

THE TALENT AGENDA

OUR GOAL: *Aligning innovative higher education instructional programs and student experiences with expected job opportunities and workforce needs, so talent develops and stays in Virginia and employers have the well-prepared workforce needed for growth*

Talent development and recruitment/retention require a multifaceted strategy, including these higher education investments that will address workforce priorities, drive economic growth, and create better job opportunities for Virginians:

- ✓ **HIGH-DEMAND DEGREES.** Strategic investments in high-demand two- and four-year degrees and industry-recognized credentials
 - Technology and other high-growth sector initiatives (e.g. *Tech Talent Investment Program; Commonwealth Cybersecurity Initiative; life sciences and bio sciences*)
 - Programs to address identified workforce shortages and regional skills gaps (e.g. *teaching and healthcare positions; skilled trades*)
 - Initiatives to keep talented Virginians in state for education and employment, and to attract top talent from outside the Commonwealth, especially for high-growth, high-demand sectors
- ✓ **EXPERIENTIAL LEARNING.** Internships and work-based learning initiatives
 - Using the new Innovative Internship Fund to create a major state-supported collaboration (among employers and business groups, higher ed institutions, and K-12 school systems) to establish learning-to-earning pathways and significantly expand systemwide access to internships and other experiential-learning opportunities
 - Innovative initiatives that integrate experiential learning in liberal arts curriculum to prepare resilient, well-rounded graduates ready for workplace success and active citizenship
- ✓ **INSTITUTIONAL PARTNERSHIP AGREEMENTS.** Using the new Institutional Partnership Performance Agreement (IPPA) statute to develop institution-specific initiatives and business-education partnerships that capitalize on schools' distinctive strengths in addressing state and regional economic priorities
- ✓ **EXPANDING ACCESS.** Initiatives that increase access to talent development and employment pathways for first-generation and under-represented students, working adults with partial college credit, and veterans.
 - Enhanced online educational options, community college transfer programs, and other alternative pathways to marketable degrees and credentials
- ✓ **RESEARCH AND INNOVATION.** Strategic investments in university-based research and collaborative entrepreneurial ecosystems
- ✓ **TALENT FOR TALENT.** Increased state support for attracting and retaining key instructional and research faculty talent, especially to support talent development in high-demand, high-growth disciplines

THE AFFORDABILITY AGENDA

OUR GOAL: *Enhancing affordable access for low- and middle-income Virginians to marketable degrees and credentials and good Virginia-based jobs; making sustained progress in moving Virginia away from its current status as a low-state-support, high-tuition system*

No single strategy can make postsecondary education accessible for all Virginians; progress on college affordability will require investment and reform, including some or all of the following approaches:

- ✓ **STUDENT FINANCIAL ASSISTANCE.** Improve affordability for low- and middle-income Virginians by increasing state support for financial aid at public higher education institutions, tuition assistance (TAG) grants at nonprofit private colleges, and workforce credential grants through the community college system
 - Greater state resources devoted to student financial assistance also helps moderate tuition by reducing the need for higher ed institutions to pay for financial aid through tuition revenues
- ✓ **TUITION MODERATION INCENTIVES.** Provide increased base funding that institutions can access through discretionary tuition moderation actions by their governing boards
- ✓ **EXPANDING ACCESS.** Initiatives that increase affordable access for low-income, first-generation, and under-represented students through community colleges, minority-serving institutions, and other access-focused programs
- ✓ **INTERNSHIPS AND WORK-STUDY.** Using the new Innovative Internship Fund to leverage employer investment and significantly expand internships and other experiential-learning opportunities that help students defray the cost of college
- ✓ **INSTITUTIONAL PARTNERSHIPS AGREEMENTS.** Using the new Institutional Partnership Performance Agreement (IPPA) statute to support institution-specific initiatives that promise longer-term affordability and predictability actions in exchange for sustained financial and regulatory commitments from the Commonwealth
- ✓ **AFFORDABLE PATHWAYS.** Expanding alternative pathways to more affordable degree and credential attainment, including increased dual enrollment, advance placement, community college transfers, online programs, and streamlined courses of study that enable expedited completion
- ✓ **CONTROLLING COSTS.** Improving institutional performance through reforms that bend the cost curve, including increased institutional and business collaboration, upgrading systems using new technology, and state regulatory reforms that emphasize managerial autonomy and outcome-focused accountability
- ✓ **STATE SUPPORT STABILIZATION.** Preventing tuition spikes during economic downturns and state revenue shortfalls through state and institutional reserves and/or a dedicated and reliable state funding source for higher education
- ✓ **TRANSPARENCY AND CHOICE.** Empowering students and their families to make more informed choices through enhanced academic and career advising and improved data and transparency regarding net price, likely student debt levels, and the return on investment (ROI) of particular degree and credential programs



VIRGINIANS SEE OUR HIGHER EDUCATION SYSTEM AS A SOUND PLACE TO INVEST

Large majorities of Virginians in both parties say we should be proud of our top-performing higher education system. 88% say our higher education system is a “valuable asset” of the Commonwealth and describe it as “well run” and a “sound place to invest public dollars.”



VIRGINIA'S TOP GRADUATION RATES PRODUCE A STRONG RETURN ON INVESTMENT FOR STUDENTS

With the 2nd highest graduation rates in the nation (more than 70%), Virginia's higher education system delivers a strong ROI for students. *SmartAsset* puts the average 20-year ROI of a 4-year degree from Virginia's higher education system at \$413,544.



LAST YEAR'S ZERO TUITION INCREASE SHOWS THAT WHEN STATE LEADERS INVEST, STUDENTS BENEFIT

Virginia is among the bottom 15 states in state support for higher education and among the highest 15 states for tuition. So when state leaders step up and invest, it makes a big impact on affordability for students. In 2019, all of Virginia's public colleges voluntarily froze tuition in response to a \$58 million state investment.

**Thanks again! We appreciate your support for higher education.
Now is a crucial time for Virginia to invest in talent and affordability.
We in the business community are eager to partner in this effort.**

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Preston White (chief executive officer, Century Concrete)
John O. Wynne (former president and CEO, Landmark Communications)
Dr. Donald J. Finley (president, Virginia Business Higher Education Council)

VIRGINIA'S TOP-PERFORMING HIGHER EDUCATION SYSTEM BY THE NUMBERS

#1 - Virginia higher education system's national ranking by SmartAsset based on graduation rates and return on investment

\$21 - generated in the Virginia economy by every \$1 of state investment in higher education

\$1.92 - revenue returning to the State Treasury for every \$1 of state investment in higher education

167,000 - jobs the public higher education system supports

\$36 billion - the Virginia higher education system's annual contribution to Virginia's economic output

93% - Virginians who say we should be proud of our top-performing higher education system

87% - Virginians who believe higher education is a good investment because it leads to higher incomes and a stronger economy

88% - Virginians who say our colleges and universities "are well run" and "are a sound place to invest public dollars"

BOTTOM 15 & TOP 15 - among the 50 states, Virginia now ranks in the bottom 15 for state support of higher education. Virginia relies more heavily on tuition, ranking in the top 15 highest tuition states



QUESTIONS OR COMMENTS?

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