

Prepared Remarks to SCHEV  
October 30, 2018

Good morning.

Thank you all for having me. It's an honor to be, as I understand it, the first Speaker to address the State Council for Higher Education at one of its regular meetings. I appreciate that opportunity as well as your continued service to the Commonwealth and its future.

Today I want to continue to elaborate on a theme you may have already heard or read about. I call it a new partnership for Virginia's future that focuses on talent, affordability and performance-based accountability.

This is a vision that fits very well with your Virginia Plan for Higher Education. I believe the steps I see for higher education in the Commonwealth will undoubtedly contribute to making Virginia the best educated state in the country by 2030, if not sooner. Hopefully, after we're done talking today -- and I do plan to leave about 20 minutes for questions -- you all, as higher education leaders, will be willing to be part of this new partnership.

**A New Partnership for Talent, Affordability & Performance-based Accountability**

Let's start with this new partnership. A few weeks ago I had the opportunity to speak to the Go Virginia Foundation Board where I first shared the idea of this partnership. Now, you might be thinking... why would the Speaker give a higher education speech to GO Virginia? And that would be a very good question.

But the answer is indicative of what I think is different about this partnership. And why I think it's very important to bring business, higher education and government all to the same table as we think about our future. So, this partnership is not a single partnership organization, but a whole new way of working together to get things done for Virginians ...

- A partnership with business, education, and government collaborating on our most important economic priorities, especially the talent pipeline.
- A partnership to ensure affordable access for all Virginians to a great education, a great work-study experience, and a great job.
- A partnership based on performance, with public funding tied to measurable outcomes, with transparency and accountability to the owners of Virginia's government, and with a business standard of performance.

If we are really going to move the needle on talent, affordability, and performance-based accountability ... then we need to take it to the next level and get business throughout Virginia actively engaged, contributing both their know-how and financial resources.

This is something I'm very passionate about. You don't teach young people for 30 years and then lose interest in them when you retire as a teacher. You don't serve as chair of the higher

education subcommittee of Appropriations and accomplish all we have together, and then turn it off like a switch.

I believe deeply that education is good work ... noble work ... and there's no higher calling than giving all young Virginians the chance to develop their talents and pursue their dreams.

As Speaker, I will always be one of education's biggest advocates. And on higher education, which is the passion of many of you here, I will always be your committed partner.

But part of being a committed partner is being a candid partner. And so I'm going to very direct with you today, and I hope you will help me deliver an equally candid and direct message to our friends on college campuses. Because here's the truth: If our colleges and their leaders don't recognize the shift in public opinion on higher education ... if they don't understand how the populist message is resonating ... and if they don't come to the table seriously on the points of greatest concern—affordability and accountability—then it is very likely that the criticism will reach critical mass, and it will be impossible to maintain the progress we have made.

I believe higher education in Virginia is at a pivotal moment. We have never needed our higher ed system more than we do now ... because it is the key to the talent pipeline, and the talent pipeline is the key to our future. But, at the same time, higher ed's political position has never been shakier. At least in my recollection, the bond of trust between the people and our educational institutions—and the trust between our colleges and elected officials—has never been more at risk.

Unfortunately, this comes at a time when - as I said - we need higher ed more than ever to build a new talent pipeline for a state. And I think talent is critical to our future.

For many years, we've been what I call a "build it and they will come" state. We design and fund our K-12 programs over here. We set up our higher ed programs and curriculum over there. We do a little bit on early childhood over that way. And we have dozens of different workforce programs tucked away in all sorts of places.

Much of this is very good work, but it occurs in silos. The educational leaders at these different levels rarely work together, let alone partner productively with business.

We are building the talent in hope the jobs will come, and it is just not working well. At least it is not working well enough, and here's the proof:

- For several years now, we've been among the slower growing states in the country. And what we hear from Virginia businesses, large and small, is this: The main reasons their business is not growing is they can't find the qualified workers.
- SCHEV points out in its 2030 plan that we are well short of our goal of having 70% of the population with some kind of postsecondary credential.
- There's also the disastrous brain drain we're experiencing. Many of the young people we've educated are not finding good jobs here, so they're leaving for better opportunities elsewhere.

- Think about it: Something that never happened before in Virginia (at least not since they started collecting the data) now has happened here for 4 straight years: a net loss of talent to other states.

The “build it and they will come” approach is not only ineffective. It costs too much ... is too resistant to innovation ... moves too slowly to keep up with the fast-changing economy ... and, frankly, is too old-school and uncool to appeal to eager, creative, tech-savvy young people.

Instead of the “build it and they will come” state, we need to be:

- The “build strong bridges from school to jobs” state ...
- The “prepare resilient graduates for lifelong success and service” state ...
- The “provide an affordable pathway for everyone in a growing economy” state.

Or, to put it even more simply: Virginia needs to deliver an affordable education that leads to a good-paying job in a growing economy.

We can be that kind of state—the Top State for Talent—only if we forge a real partnership among business, education, and government all across the Commonwealth.

How do we accomplish this? I’ve proposed four pathways that I believe will foster a robust talent pipeline in Virginia:

First, we need to take seriously the competition for talent -- and we need to start early. Our universities should be marketing to talented in-state, as well as out-of-state students. Once we’ve attracted these students, we need to retain them through work-study opportunities, such as internships, that ultimately lead to jobs.

Second, and closely related, we need to align our talent to job opportunities. This includes:

- Getting businesses to work with high schools and colleges on curriculum alignment so that graduates emerge job-ready; and,
- Creating and marketing industry-specific pathways from school to the workplace.

Third, we need to create partnerships for talent development in high-demand sectors. This means working with public and private providers of education and training to remedy critical existing shortages, such as in healthcare and IT, that are constraining growth in key sectors.

Lastly, our fourth pathway centers around capitalizing on our underdeveloped and underutilized talent here in Virginia. Veterans, Adult Learners, early childhood, career and technical education -- all areas where we have untapped talent.

The key to bringing these pipelines to life, is crafting institutional partnership agreements with each school on important initiatives related to talent, the economy, and student outcomes.

As I said last year to both the Council of Presidents and the Higher Education Summit, a core strength of our higher ed system is that individual institutions have grown up entrepreneurially, developed their own strengths, created their own niches in the marketplace, cultivated their own strategic partnerships with business, and so forth.

Some stress liberal arts preparation, which helps develop critical-thinking, problem-solving leaders and good citizens. Others focus more on specific job-skills preparation. And many serve both of those vital missions in creative ways.

In much the same sense that every region is different, each of our higher ed institutions is different—and each has the ability to contribute something different to Virginia’s major talent and economic development initiatives.

These partnership agreements should not be “boil-the-ocean” comprehensive agreements. They should focus instead on big-ticket, high-impact items, especially those related to the talent pipeline and to state and regional economic development.

They should reflect a realistic and practical partnership, which means they should spell out (1) what the school is going to commit, (2) what the state is going to invest, and (3) how identified business partners are going to contribute.

These agreements also should be vehicles for improving college affordability in a tangible and meaningful way, and for measuring and rewarding performance, the two other core elements I want to address today.

And, as we all know, higher education clearly has an affordability problem. There is a combination of causes: institutional operating models and spending practices; state budget reductions and unpredictability; federal subsidies; the student appetite for amenities; market forces—the list goes on.

I’ll be the first to say we don’t need more people playing politics with the price of education, but we also don’t need people with their heads in the sand, pretending the problem doesn’t exist. We need people partnering in practical ways to bring the price of education down!

This is why I say some “tough love” is needed in our dealings with the colleges.

The answer plainly is not one-size-fits-all freezes, caps, or other unfunded mandates. Those are political slogans, not solutions. And our higher education system is far too valuable an asset to this Commonwealth for us to endanger it with such superficial and shortsighted approaches.

But, if the higher education institutions do not come together with the state government and the business community to address affordability in a meaningful and tangible way ... if they do not support common-sense reforms like the bill passed by the House of Delegates last session to allow public comment before raising tuition ... then I fear soon there will be little anyone can do to stop a wave of policy proposals along those very lines.

The truth—and we all know it—is that there is no silver bullet or quick fix on college affordability. We need to move forward on a range of solutions: alternative pathways; transfer programs; online options; cost-saving innovations; more efficient collaboration among institutions; more help for students through financial aid, TAG grants, and work-study opportunities; and so on.

This is where the institutional differences come in.

In the institutional partnership agreements that I envision, each college or university and the Commonwealth will agree, not just on the talent development and other key economic initiatives we just discussed, but also on key outcomes for students.

Specifically, in return for a financial commitment from the Commonwealth, each school will make transparent commitments concerning the four-year net cost of attendance for in-state undergraduates, the internship and work-study opportunities that will be provided, and the maximum student loan debt levels that any Virginia student may incur.

These plans will vary by school. Some may offer a fixed-price guarantee while others may peg prices to an index or even roll back recent increases. Some will find new and better ways to bend the cost curve, and others will find new revenue-generating services to offer. Some will offer coop programs and internships while others stress forgivable loans and even income-sharing agreements. And some—*many*, I hope—will find businesses ready to partner entrepreneurially in ways that boost our Virginia economy and help Virginia students stay and succeed here.

**But the point is, each school will make a transparent, measurable commitment to affordable access for all Virginia undergraduate students.**

Notice that I said each of our schools would make these commitments “in return for a financial commitment from the Commonwealth.” We have to be talking about a real partnership here. The reality is, we cannot expect tuition predictability and restraint at the campus level if we do not provide adequate, reliable funding at the state level. So we need to tackle both simultaneously.

Coming up with these plans will not be easy. The net price charged to students is always a function of local cost-saving and revenue-generating efforts, state operating support, and state and locally funded financial aid. And the schools are in different places in terms of the state support they receive, the business partners they can attract, their ability to attract higher-paying students from out of state, and other factors. One size really does not fit all.

But I am committed to having a college affordability and predictability plan for each school that provides real relief to students and their families and is backed by a reliable funding commitment from the Commonwealth.

The people in this room have a key role to play in making this happen, and I will be asking for your help and support.

Finally, in all of these initiatives, we need to follow the example of the private sector by measuring and rewarding results.

An important part of this is empowering students and families as consumers. That means being transparent on graduation rates and time to completion. It means tracking student job success after graduation and reporting the numbers. It means telling students and families up-front not only on what it costs to attend an education or training program and what the resulting debt level will be, but what return on investment can be expected.

The return-on-investment information is absolutely crucial. On the one hand, the 30,000 average debt that students incur seems intolerably high, and it is. On the other hand, the average price of a new car today is about \$32,000; and most folks buy multiple cars over their lifetimes. So it matters a lot what you get for that college investment:

- If you don't graduate, you get a lot of debt and no way to pay it back.
- If you get a degree that no one needs, you graduate into the proverbial parents' basement and a big financial hole.
- But if what you get is an in-demand degree or credential that leads to a good job and strong lifetime earnings, then the investment can pay for itself many times over.

That is the kind of information consumers need and many currently do not have.

By the way, we are not writing on a clean slate when it comes to this kind of transparency and performance funding. The Higher Ed Commission I helped lead in 2010 recommended performance funding, and the funding model in the 2011 Top Jobs Act authorized it. But we simply haven't utilized it. I think it's time for that to change.

The bottom line is I believe that with performance-based accountability, meaningful steps on affordability, and then an emphasis on talent-oriented partnerships, Virginia can and will be the best educated state by 2030 - a key goal that SCHEV has set for our Commonwealth.

### **SCHEV's Role**

And make no mistake, SCHEV will play a pivotal role in all of this. For more than half a century SCHEV has been at the forefront of Virginia's advancement in higher education, and I know that will continue.

Obviously, your work is integral right now to the six-year planning process for higher education and the performance review processes for our institutions.

We will need the input and guidance of this group as we begin to take institutional agreements from concept to legislative reality, something I expect to be doing in the next few months. There is no doubt in my mind that SCHEV will play some role in evaluating these agreements. In fact, I expect the agreements would be developed in close coordination with the six-year strategic planning process with which you are already deeply involved.

While much of that is still to be decided, but what is clear to me is that everyone needs to come to table to get this done for our Commonwealth.

It is critical that we recognize the challenges of the moment, especially when it comes to public sentiment - perhaps I should say political sentiment -- and higher education, but also the opportunity to create a game-changing partnership.

There simply is no more important work we can do in this Commonwealth than developing our talent pipeline, ensuring that every Virginian has affordable access to it, and producing measurable results for the people of Virginia.

Wouldn't it be great if, every year, you knew that a pipeline of skilled talent existed here in Virginia that you could tap into? Think about it from the perspective of students and parents. We're offering you an affordable in-demand degree, an internship in your field, and a high likelihood of employment -- all in Virginia.

It's a win-win.

And it's something that I am fully committed to making a reality, but I can't do it alone.

I will need your support -- both individually and collectively -- for this initiative to be successful.

Thank you. I'm happy to take questions.