

GOVERNOR'S COMMISSION

ON

**HIGHER EDUCATION
REFORM,
INNOVATION
and
INVESTMENT**



Overview of the Governor's Commission Report and “Top Jobs” Legislation

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Commission Chair
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“Preparing for the Top Jobs of the 21st Century”

The Virginia Higher Education Opportunity Act of 2011

- Commits the Commonwealth to national and international leadership in college degree attainment and personal income.
- Puts Virginia on a focused and sustainable path of higher education reform, innovation, and investment.
- Establishes a clear state policy that will serve as a roadmap and catalyst for priority investment as the economy and revenues rebound.
- Provides the framework for developing and funding specific initiatives promoting economic opportunity, reform-based investment, and affordable access.



“Preparing for the Top Jobs of the 21st Century”

The Virginia Higher Education Opportunity Act of 2011

1. ECONOMIC OPPORTUNITY –

Fueling economic growth and preparing Virginians for the top job opportunities in the knowledge-based economy

2. REFORM-BASED INVESTMENT –

Maintaining excellence and achieving global leadership through sustained, reform-based investment and innovation

3. AFFORDABLE ACCESS –

Providing all capable Virginians with access to a college degree at an affordable cost



Outline of Major Recommendations

1. ECONOMIC OPPORTUNITY

a) 100,000 More Degrees

- i. Enrolling more Virginia students**
- ii. Degree completion by Virginians with partial credit**
- iii. Improving retention and graduation rates**

b) STEM and Other High-Demand Degrees

- i. Economic opportunity metrics**
- ii. STEM degree initiative**

c) Research and Development Initiative

- i. Statewide R&D strategic roadmap**
- ii. Creation of Virginia Innovation Fund**
- iii. R&D income tax credit**



Outline of Major Recommendations

2. REFORM-BASED INVESTMENT

a) Year-Round Utilization

b) Technology-Enhanced Instruction

- i. “Virtual Departments” initiative**
- ii. Innovative course redesign**
- iii. Expansion of online course offerings**
- iv. Electronic textbooks and online curriculum**

c) Degree Path Initiatives

- i. Dual enrollment and advanced placement**
- ii. Community college transfer program**
- iii. Accelerated degree completion**
- iv. College readiness initiatives**

d) Restructuring Refinements

e) Community College “Reengineering”



Outline of Major Recommendations

3. AFFORDABLE ACCESS

a) Codified Funding Model

- i. Four-part framework**
- ii. Restoring predictable state support**
- iii. Reducing reliance on tuition**
- iv. Higher education rainy day fund**

b) Per-Student Funding

- i. Tuition assistance grants (TAG)**
- ii. Enrollment growth incentive funding**

c) Need-Based Financial Aid

- i. Targeting low- and middle-income families**

d) Incentives for Economic Impact and Innovation



Recommendations on
(1) Economic Opportunity



Recommendations on (1) Economic Opportunity

a) Degree Attainment

- ✓ ***Adopt the McDonnell/NCHEMS goal for additional college degree attainment as a state policy priority.***
 - o Gov. McDonnell's 100,000-degree proposal addressed cumulative number of additional associate (2YR) and bachelor's (4YR) degrees to be conferred by Virginia public colleges on Virginia students over next 15 years.
 - o Under NCHEMS analysis, those public degrees would be matched by like percentage increase in the number of private undergraduate degrees (currently 30% of all degrees are conferred by privates).
 - o Combined public-private goal over next 10 years is about 70,000 cumulative additional degrees—and twice that by 2025.



Recommendations on (1) Economic Opportunity

a) Degree Attainment

- ✓ *Enroll more Virginia students at the state's public and private colleges by stabilizing base funding, rewarding enrollment growth, and establishing institution-specific Virginia-student enrollment targets.*
 - o Include incentives for Virginia-student enrollment growth in the new public higher education system funding model.
 - o Collaboratively set increased Virginia-student enrollment targets for public colleges and universities.
 - o Increase Tuition Assistance Grants (TAG) to students attending not-for-profit independent colleges in Virginia.
 - o Increase options and incentives for community-college transfers resulting in four-year degree completion.



Recommendations on (1) Economic Opportunity

a) Degree Attainment

- ✓ *Encourage and facilitate degree completion by more Virginians with partial college credit.*
 - o 900,000 Virginians (21% of working-age population) have some credit toward a college degree.
 - o Various initiatives targeting this population are underway, and a comprehensive study is needed to determine how many are close to completion and how best to assist them.
 - o Increased online course offerings are an essential part of the strategy; a consortium of public and private colleges can help provide instructional content for online access.



Recommendations on (1) Economic Opportunity

a) Degree Attainment

- ✓ *Establish targeted policies and incentives to promote improved retention and graduation rates throughout the Virginia higher education system.*
 - o Recent report by American Institutes of Research documented that Virginia taxpayers spent more than \$177 million over 5 years (2003-2008) on more than 35,000 students who did not return after their first year in college.
 - o New funding model should provide incentives for improved completion rates, with an emphasis on meeting or exceeding the graduation rate of designated peer institutions.
 - o Collaborative annual process by Commonwealth and public colleges should result in increased targets for conferral of undergraduate degrees on Virginia students.



Recommendations on (1) Economic Opportunity

b) STEM and Other High-Demand Degrees

- ✓ *Establish a set of “economic opportunity metrics” that will enable everyone in the higher education enterprise, including students and parents, to understand the economic impact and earning potential of particular degree programs at particular institutions.*
 - o Instead of a single metric, a range of measures should be developed, including various gauges of marketplace demand, earnings potential, employer satisfaction, etc.
 - o NCHEMS has developed a “cost per degree” assessment that is weighted based on degree holders’ median earnings.



Recommendations on (1) Economic Opportunity

b) STEM and Other High-Demand Degrees

- ✓ *Establish a public-private collaborative effort that engages the business, non-profits, higher education and K-12 communities in the development and implementation of a comprehensive plan to increase STEM degree attainment in Virginia.*
 - o Public-private partnership/foundation will integrate business and educational efforts on STEM study/research on statewide and regional basis—both for near-term strategic planning and ongoing execution.
 - o Strategy will support additional STEM enrollment/capacity at post-secondary institutions, bring greater focus/innovation to public-private K-12 STEM initiatives, and assess/align efforts with marketplace demand.



Recommendations on (1) Economic Opportunity

c) Research and Development Initiative

- ✓ *Develop a statewide strategic roadmap that catalogs all R&D assets and activities, particularly those related to federally funded research, and aligns Virginia's economic development initiatives with additional R&D investments.*
- ✓ *Establish an emerging technologies fund as a vehicle for strengthening R&D-related programs, including recruitment of eminent faculty, acquisition of research-related equipment, intellectual property commercialization and seed-stage funding.*
- ✓ *Create a new state income tax credit to promote private investment in R&D activities.*



The High Economic Return on Investment

RETURN ON INVESTMENT IN VIRGINIA'S PUBLIC HIGHER EDUCATION

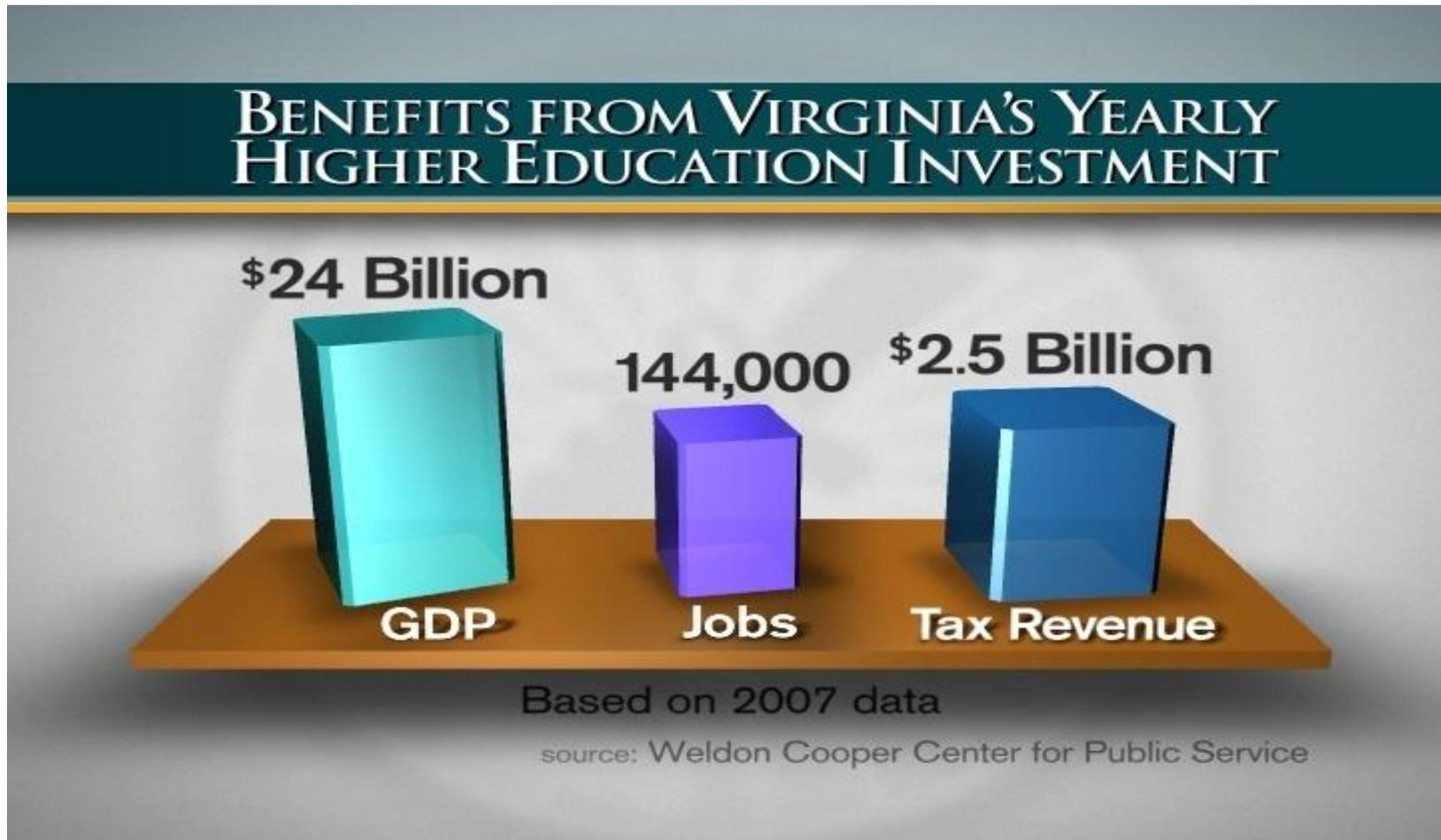


Based on 2007 data

source: Weldon Cooper Center for Public Service



The High Economic Return on Investment





How 100,000 Additional College Degrees By 2025 Will Impact Virginia's Economy

COOPER CENTER STUDY FINDINGS:

- Impact of 100,000 additional undergraduate degrees by 2025:
 - \$39.5 billion more in Virginia GDP
 - \$36.0 billion in increased personal income for Virginians
 - \$4.1 billion in new tax revenues for state government



Recommendations on
(2) Reform-Based Investment



Recommendations on (2) Reform-Based Investment

a) Year-Round Utilization

- ✓ *Engage each public higher education institution in the expedited development of a plan for optimal year-round utilization of its physical and instructional assets.*
 - o Models for successful year-round utilization can be found across the U.S. and internationally.
 - o Using untapped seasonal capacity promises multiple benefits, from enabling institutions to increase enrollment cost-effectively to enhancing timely or expedited degree completion.
 - o A one-size-fits-all approach is unworkable; optimal utilization will mean different things at different institutions. But each institution should promptly conduct an assessment and adopt a plan.



Recommendations on (2) Reform-Based Investment

b) Technology-Enhanced Instruction

- ✓ *Provide infrastructure and incentives for institutions to participate in “Virtual Departments” that leverage instructional resources across the Virginia higher education system.*
 - o New “distance learning” technology lends itself to expanded applications, especially in large-lecture, introductory level courses and in high-value courses for which demand is inadequate to justify in-person instruction on each campus.
 - o State should support acquisition of needed infrastructure; new funding model should provide incentive for institutions to participate in resource-sharing; and each institution should develop plan for participation consistent with its resources and mission.



Recommendations on (2) Reform-Based Investment

b) Technology-Enhanced Instruction

- ✓ *Promote innovative course redesign initiatives that enhance instructional quality and reduce cost by incorporating new technologies into courses provided at Virginia colleges and universities.*
 - o Best practices should be leveraged throughout the Virginia higher education system. For example, the “math emporium” at Virginia Tech is a successful innovation that blends online and in-person instruction, enhances instructional quality, and has reduced the cost per student (e.g., from \$91 to \$21 per student for linear algebra)
 - o The Commonwealth should enter into a relationship with the Center for Academic Transformation to advise and assist Virginia colleges in development, implementation and assessment of course redesign.



Recommendations on (2) Reform-Based Investment

b) Technology-Enhanced Instruction

- ✓ *Enhance the availability, quality and affordability of online course offerings, especially for non-traditional students with partial college credit.*
 - o Online courses often are only practical option for many non-traditional students who have work, family, military or other obligations that prevent attending classes in person when offered.
 - o Degree completion by those with partial college credit is a key strategy for increasing number/percentage of Virginians with degrees.
 - o Commonwealth should conduct comprehensive assessment of online course availability and demand, and encourage consortia of public and private colleges to provide instructional content for use in developing more online course/degree offerings.



Recommendations on (2) Reform-Based Investment

b) Technology-Enhanced Instruction

- ✓ *Encourage expanded use of electronic textbooks and other online curriculum.*
 - o High cost of traditional textbooks contributes to the financial burden on students and their families.
 - o Students are comfortable receiving information in electronic format, and use of electronic textbooks and online curriculum appears to be accelerating on campuses.
 - o Institutions should explore ways to encourage this transition (e.g., through partnerships like the one for instructional use of “Kindles” between Amazon and the Darden School of Business at U.Va. and VSU’s School of Business online portal through which the content for nine of their integrated core where the textbooks are available for free download.



Recommendations on (2) Reform-Based Investment

c) Degree Path Initiatives

- ✓ *Increase the statewide availability of dual enrollment and advanced placement options that can help reduce the time required to complete college study.*
 - o Availability of Advanced Placement (AP), International Baccalaureate (IB) and dual enrollment options vary by school and by school division. Broadening availability statewide without compromising quality should be a priority for the Commonwealth.
 - o Programs that combine pre-college credits with student support services increase the likelihood of college enrollment and success, especially among low-income, first-generation and minority students.



Recommendations on (2) Reform-Based Investment

c) Degree Path Initiatives

- ✓ *Enhance incentives and aggressively promote options for obtaining a bachelor's degree by enrolling first in a community college and then completing study at a four-year institution.*
 - o Community colleges provide more affordable pathways to both two-and four-year degrees.
 - o Commonwealth should fund and promote the Two-Year College Transfer Grant program.
 - o Commonwealth should promote the new Uniform Certificate of General Studies, which allows students to obtain a one-year certificate and transfer all those credits to a public senior institution.



Recommendations on (2) Reform-Based Investment

c) Degree Path Initiatives

- ✓ *Establish economic incentives for timely and expedited completion of bachelor's degree programs.*
 - o Independent colleges and proprietary career colleges have achieved successes in timely and expedited degree completion that should be examined and, in appropriate cases, emulated.
 - o Public institutions should develop enhanced opportunities for expedited degree completion (e.g., three-year bachelor's and four-year master's degree programs).
 - o Financial incentives for timely completion of bachelor's degree programs should be developed with due regard for circumstances beyond the student's control that may delay completion.



Recommendations on (2) Reform-Based Investment

c) Degree Path Initiatives

- ✓ *Develop a comprehensive college readiness plan that phases out reliance on developmental (remedial) programs at the college level by accomplishing necessary diagnostic and remedial action at the high school level.*
 - o In 2008, nearly half of all recent high school graduates enrolled in the Virginia Community College System required at least one developmental education course.
 - o Remedial courses are expensive for the student, the institution and the Commonwealth; they postpone advancement and often have a discouraging effect, leading to dropouts.
 - o Improving the college readiness of Virginia high school graduates must be a high priority in K-12. It has a major impact on college affordability and completion rates.



Recommendations on (2) Reform-Based Investment

d) Restructuring Refinements

- ✓ *Establish an effective consultative process for the development, refinement and endorsement of institutional performance plans with appropriate participation by executive, legislative, and institutional representatives.*
- ✓ *Revise performance metrics and corresponding incentives to make the incentives more robust and tailored to specific outcomes on state policy priorities, especially those related to economic impact and innovation.*
- ✓ *Form an executive-legislative-institutional working group to identify additional ways to reduce costs and enhance efficiency by increasing managerial autonomy with accountability at the institutional level.*



Recommendations on (2) Reform-Based Investment

e) Community College “Re-engineering”

- ✓ *Support progress on the VCCS Re-engineering Task Force’s ten major strategies for reform and innovation.*
 - o Re-engineering Task Force commenced in November 2009 and has advanced ten “Big Ideas” for major improvement:
 - Redesign developmental education
 - Implement shared services
 - Strengthen/diversify the system’s resource base
 - Articulate learning outcomes to enhance student success
 - Foster a culture of high performance
 - Reposition workforce services to meet employer needs
 - Automate student success solutions (public-private partnerships)
 - Expand the teaching faculty employment spectrum
 - Conduct credit audit of academic programs
 - Continue re-engineering efforts



Recommendations on
(3) Affordable Access



Recommendations on (3) Affordable Access

a) Codified Funding Model

- ✓ *Codify in the Top Jobs legislation a funding model that supports sustained long-term effort to achieve the priority policy goals outlined in this report related to economic opportunity, reform-based investment, and affordable access.*
 - o Four-part framework that provides:
 - (i) stable and predictable base funding;
 - (ii) incentives for increased enrollment of Virginia students;
 - (iii) increased need-based financial aid; and
 - (iv) incentives for economic impact and innovation.
 - o Will not be “fully funded” immediately—will serve as roadmap for additional investment over time as state revenues rebound.
 - o Model will reduce reliance on tuition correspondingly as state support for higher education increases.



Incentives for Economic Impact and Innovation

Need-Based Financial Aid

Per-Student Enrollment-Based Funding

Basic Operations and Instruction



Recommendations on (3) Affordable Access

a) Codified Funding Model

- ✓ *Provide stable and predictable base funding for each institution using objective peer-based methodology that reduces the influence of ad hoc considerations, such as lobbying.*
 - o Key principles and policies to be expressed in statute; funding model details to be fleshed out collaboratively during 2011 by representatives of executive and legislative branches and colleges.
- ✓ *As growth revenues become available, deposit funds in a higher education reserve (“rainy day fund”) so that state investment in the Top Jobs priorities can be sustained over time and sudden surges in tuition can be avoided during future economic downturns.*



Recommendations on (3) Affordable Access

b) Per-Student Funding

- ✓ *Restore and enhance funding of the tuition assistance grants (TAG) for students attending Virginia’s independent colleges.*
- ✓ *Make a ‘promise’ to every Virginia student that a significant increment of state funding will follow the student to the public or private (not-for-profit) college of their choice.*
 - o “Virginia Promise” funding would go to the institution, supplying an incremental incentive to increase enrollment of Virginia students.
 - o Per-student amount would be same as TAG. Would result in no new funding initially since it would be funded as part of the public institutions’ existing base funding, but over time added funding would follow increased enrollments.



Recommendations on (3) Affordable Access

c) **Need-Based Financial Aid**

- ✓ *Provide additional need-based financial aid—including grants and low-interest loans, if feasible—to enhance college affordability for low- and middle-income students and their families.*
 - o Key goal is to help more middle-income families hit by rising tuition costs but ineligible for federal aid.
 - o Commission recommends systematic assessment of financial aid eligibility and practices at the higher ed institutions, including the impact of recent federal program changes, as a first step in enhancing consistency across the system and expanding availability of financial aid to middle-income Virginians.
 - o A guaranteed loan program at the state level could help fill the gap by providing loans at lower interest rates and incentivizing degree completion and beneficial post-college activities.



Recommendations on (3) Affordable Access

d) Incentives for Economic Impact and Innovation

- ✓ *Provide performance-based incentive funding tied to key policy outcomes related to economic impact and innovation.*
 - o Performance-based funding elements would correspond to some or all of the major initiatives recommended by the Commission, including:
 - Increased enrollment of Virginia students;
 - Increased degree completion by returning students;
 - Improved retention and graduation rates;
 - STEM and health-related degree production;
 - Public-private research partnerships;
 - Optimal year-round utilization of resources and other efficiency reforms;
 - Technology-enhanced instruction and resource sharing; and
 - Community college transfer grants and other degree path programs.



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The Virginia Higher Education Opportunity Act of 2011

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Fueling economic growth and preparing Virginians for the top job opportunities in the knowledge-based economy

2. REFORM-BASED INVESTMENT –

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Budget Proposal-465.10.

- Consistent with the Governor's goals of achieving 100,000 additional degrees over fifteen years, increasing access to higher education, and reducing the growth rate of tuition, this Item includes \$50,000,000 the second year from the general fund in incentive funding intended to support activities in public higher education institutions leading to increases in student graduation, student retention, student enrollment, and the number of students graduating with science, technology, engineering, math (STEM) and health care degrees. **Within the \$50,000,000, funding of \$13,000,000 is provided for undergraduate financial aid, \$1,000,000 for academic transformation through the use of technology, \$3,000,000 to enhance availability of on-line courses, and \$33,000,000 dedicated to specific proposals to enhance student enrollment, retention, and graduation, with a focus on growing the number of students majoring in STEM and health care, as well as appropriately strengthening the base operations of the higher education institutions***



Legislation Components

- Adds a new chapter to Title 23-Chapter 4.9.1- before the Restructuring Act
- Outlines and defines the four components of the funding model identified by the Higher Education Commission
- Creates a streamlined and consolidated six-year planning process
- Provides for the creation of the Higher Education Revenue Stabilization Fund



Legislation Components

- Allows for an institutional revenue stabilization fund
- Establishes tuition parameters based on cost of education and level of state (GF) support
- Provides for the creation of a STEM public-private partnership
- Creates an executive/legislative/institutional Higher Education Advisory Committee to refine funding model criteria and other policies