

Ladies and gentlemen: good afternoon.

It's a pleasure to be with you today to discuss some of the community colleges priorities for the legislative session, and some of the projects being considered for a bond package.

Virginia's Community Colleges were created 50 years ago to do what no one else would: to address Virginia's unmet needs in higher education and workforce training. The heart of that mission remains constant. The way we pursue it, however, the way we execute it must remain, and is, flexible and focused on the needs of the individuals, businesses and communities we serve.

We are grateful for, and encouraged by, the partnership we enjoy with our legislative leaders and the administration in our work. And, specifically, by a number of items included in the budget to help us better serve Virginians.

The budget includes several priority investments in key areas:

- More than \$10 million dollars to educate and graduate more U-R-P students, individuals hailing from under-represented populations. We know that it is not enough to be Virginia's leading provider of higher education to African-American, Latino and other first-generation students. We must do more to ensure that they leave our colleges with a credential in-hand;
- A little more than \$2 million dollars to enhance the services we can offer to military veterans at the seven community colleges that serve the majority of those students. Our veterans represent an under-developed pool of talent and promise. The more we can do to help them translate their service in uniform to postsecondary credentials and transition into private sector careers, the better off we all are;
- \$1.6 million dollars to expand our ability to offer cyber security training. Two of our colleges are now Cyber Security Centers of Excellence. Virginia's interest are best served by having more of its community colleges earn that status;
- And the budget includes \$500,000 for our Rural Virginia Horseshoe Initiative. This would not only help the effort to ensure that all of Virginia is preparing for the opportunities of

the new economy, but it also sends a powerful signal to the private and corporate partners who are investing in our rural horseshoe work that the state is invested too.

Facilities

I also want to stress how important the capital projects are that have been included in the introduced budget. The VCCS is celebrating its 50th anniversary this year, and we're still operating in some original structures built with a 20-30 year life expectancy. With your support, we have invested in new buildings on many of our campuses. However, on most of our 40 campuses, our faculty and staff serve students in classrooms and labs that are between 35 and 50 years old.

The capital projects in the introduced budget addresses the priority capital needs of our system. It includes construction authorization for seven projects currently under design and would provide planning funds to move forward with 11 new capital projects that are vital to the communities we serve. Your continued support will ensure we have modern, state of technology instructional space to educate and train our students for today's workforce.

Virginia's Credentials Shortage

I'd like to turn now to our biggest item in the budget and one that is vital to Virginia's economic competitiveness.

Virginia's shortage of industry-recognized, postsecondary certifications, and the short-term training programs that lead to them, are the higher education issue of our time.

The shortage of these credentials is costing all of us real money right now. The company Burning Glass produced a report indicating there were more than 175,000 job vacancies last year in Virginia in what's called "middle skill" occupations.

The jobs we're talking about paid more than \$28 an hour, or more than \$58,000 dollars a year – a figure that is just shy of Virginia's median household income (\$63,000). This is the kind of money that can support a family.

Well, those jobs each sat vacant for nearly a month – several days longer than the national average. That means Virginia businesses lost more than 36 million hours of productivity. That means Virginia families lost more than \$1 billion in wages. And Virginia, which depends on income tax withholdings more than any other state save one, lost more than \$54 million in tax revenue.

Looking forward only highlights just how important this challenge is to our future.

Over the next decade as many as two-thirds of the 1.5 million jobs that must be filled in Virginia's workforce will require more than a high school diploma but less than a bachelor's degree. They will demand community college associate's degrees and industry-recognized credentials.

If businesses can't find those credentials to hire people in Virginia, they'll go elsewhere.

Today, 19 other states are funding the community college training programs that lead to industry-recognized certifications. That includes many of our neighbors like Maryland, Kentucky and both Carolinas. In fact, North Carolina is investing more than \$92 million a year on their non-credit programs.

For the sake of comparison, Virginia's has never had a funding formula for the short-term training programs we're talking about. These resources just don't exist today for our colleges. Changing that is a critical step in boosting Virginia's competitiveness.

The Community College Plan

At the direction of the General Assembly, we spent most of 2015 studying this issue. We held 22 town hall meetings across Virginia that engaged more than 1,500 business leaders.

Accordingly, we have created a workforce credentials plan to move Virginia forward and boost its competitiveness. Our plan is bipartisan, innovative and performance-based.

We are proud to share with you that the plan has the backing of virtually every major business organization in the state including the Virginia Chamber of Commerce, Virginia Business Council, Virginia Manufacturers Association and Northern Virginia Technology Council.

From a budget perspective, the plan calls for an investment of \$24.6 million, over the next two years, in our community colleges to deliver some 10,500 credentials to meet businesses demand across Virginia. In doing so, we will build the processes and infrastructure needed to meet our long-term challenges in this area.

While I understand that you have a number of budget challenges and issues to balance – keeping this level of funding in the budget is extremely important in order to create a viable statewide program that is both high-quality and financially affordable for our students.

Legislatively, Senator Ruff – who has been a champion in this area for many years - is carrying the enabling legislation for the program. We are currently working with interested parties to fine-tune several aspects of the legislation, and we look forward to briefing you on this in the very near future.

Community Colleges: A Workforce Training Legacy

In summary, we are at one of those ‘moments in time’ requiring a new approach to meet our future workforce needs. While there will always be a need for degree and graduate programs, the business community is emphatically telling us that we don’t have enough people with the skills that align with their needs – and the needs are different by region. The exciting thing about this credentials program is we have an opportunity to bring solid, good-paying middle class jobs back to the Commonwealth in large numbers. It’s all about giving our students the skills – embodied in the credentials – to make it happen.