GOVERNOR KAINE’S REMARKS AS PREPARED FOR DELIVERY TO THE VIRGINIA SUMMIT ON ECONOMIC COMPETITIVENESS AND HIGHER EDUCATION

RICHMOND – Governor Timothy M. Kaine today addressed the Virginia Summit on Economic Competitiveness and Higher Education. The text of his remarks as prepared for delivery follows:

“I am honored to be here at the Summit on Economic Competitiveness and Higher Education. I have enjoyed working with our higher education community and business supporters during my time as Governor. It has been a most challenging time, but Virginia is coming through the toughest economy since the 1930’s in a strong and resilient way. Each of you get credit for that.

I want to make three points today. First, Virginia now has a solid claim to be the leading state in this nation because of our strong economy, excellent education system and pro-innovation mindset. This claim is remarkable given where this state was just 50 years ago. Our higher education system has played a major role in our current success and we have worked together over the last few years to advance the quality of our system.

Second, there are storm clouds on the horizon for Virginia and for this nation. A flat to declining higher education attainment rate will consign us to second tier status if we do not check the alarming trends we see. Even in a state like Virginia—where so much is going well—there are challenges that have to be addressed if we are to compete with those around the world who are learning from our example and striving to surpass us.

Third, to stay on top we have to be willing to innovate more and invest more. In particular, while we have made great strides in funding capital expansion of our higher education system, the last few years have been tough on the operating funding side. As the economy improves, there has to be an effort to target more dollars toward greater higher education attainment. And, to be sure, these dollars must be focused—not just more dollars but also more innovative use of the dollars on our campuses.

I. VIRGINIA’S REMARKABLE COMEBACK

The scholar Susan Dunn, in her recent book ‘Dominion of Memories,’ basically asked the question ‘What happened to Virginia?’ After being the leading state in the nation at the time of
our nation’s founding, Dunn points out the significant decline in Virginia’s economic, educational and political leadership from the 1820’s forward, largely due to the state’s position on matters of racial segregation and an economic insularity that cut against the grain of our previous success. A key feature in that decline was a mindset which devalued the primacy of education in public policy.

Well, Virginia has now come back to vigorous life as an economic, educational and political force. Beginning in the 1950’s, when our per capita income languished deep in the bottom half of the nation, we have experienced a remarkable resurgence. Our public schools were integrated, women and minorities were allowed full access to higher education, we created a remarkable community college system and courageous leaders recognized that investments in a comprehensive system of education were the best public policy for economic renewal.

It is hard to fathom just how far Virginia has come in the last 50 years. We have gone from a poorly educated, economically insular, low median income state to a highly educated, economically thriving, high median income state. Just in the area of median income, no state has improved its position more than Virginia—from 36th in 1957 to top 10 today (5th to 7th depending upon the measure). And, while there are many causes for the dramatic acceleration we have experienced, the single most powerful accelerator for our state has been the commitment to educational excellence.

During the past few years, the strength of Virginia has been recognized again and again. Just in my term in office, we have been named the nation’s best state for business eight times, including four years in a row by Forbes.com. All of the rankings have focused on our high quality k/12 schools, our excellent higher education institutions and a strong workforce development system. We have been accorded the title ‘best managed state in America’ by Governing Magazine in 2005 and 2008—in the 2008 ranking, our strongest asset was our people. We have been called, by Education Week, “the state where a child born today is most likely to have a successful life.” And, if you look at educational data—AP scores, NAEP performance, SAT scores, the percentage of our students taking advanced coursework in high school, data about narrowing achievement gaps for minority students, national rankings of college quality—you will see why Virginia is the place to be born right now.

In 16 years in public life, I have made education my top priority. It was partly a selfish motive—I have three kids and I wanted them to get a great education in great public schools.

As a local official, I figured out how to finance and build 4 new schools in Richmond—our first new construction in a generation. I conceived and promoted the idea of the Maggie L. Walker Governor’s School—part of Virginia’s unique network of regional academic magnet schools—that has repeatedly been listed among the nation’s 20 best public schools since it opened in 2001.

And I worked with my hometown college—Virginia Commonwealth University—to build an engineering school, create a biotechnology research park and dramatically expand its medical campus. I saw a renaissance of Richmond’s economy during my time in local office and the growing power of VCU has been the single most important factor in that renaissance in my 25 years in this city.
My observation of VCU’s effect on the Richmond economy made me a believer. Educational investments grow the economy by conferring greater skills on individuals. But, there is an additional effect on the entire community that is generated by the collective power of an institution that brings knowledge, innovation, spin-off commercial activity, research and—yes—student and faculty spending—into the heart of a region.

And, if you multiply that effect over and over again around the Commonwealth — through our great network of public and private colleges, including our remarkable community college system—you get tremendous economic vitality as a result.

I have worked hard to carry that lesson forward in my time in state office. I co-chaired the 2002 bond campaign that produced $900 million for expansion of our higher education system. I championed the creation of the New College Institute in Martinsville to bring more access to higher education into that region. I worked with all of you on our 2008 bond package—nearly $1.9 billion of capital construction on our campuses. Many initially opposed the package on the ground that the economy was bad—we argued that a bad economy was exactly the time to do this expansion and the results are bearing that out. These investments, especially in the last few years when we have all lived through the toughest economy since the 1930’s, have maintained our progress and kept Virginia in a position of leadership in this country. You should each feel very proud of that.

II. THE CHALLENGE AHEAD

But, there is much more work to do and some of the signs on the horizon are pretty troubling. I have just bragged about Virginia partly to set up the magnitude of the challenge we face. Even being best in the nation is not sufficient anymore. Today, we are not primarily competing against neighboring states. Instead, we are competing against nations that have studied us, learned what we are up to and are determined to beat us in the level of educational investments. And, many of them are beating us now.

So now let’s be candid about the challenges. Out of 100 high school freshmen in Virginia today, only 28 of them will go on to receive a 2 or 4 year degree within 150% of normal completion time. This is unacceptably low.

58 out of those 100 high school freshmen will graduate and then enroll in a 2 or 4 year program. But, of those 58 who enroll, 30 will drop out before getting a degree. This lack of educational persistence once enrolled is one of the most vexing problems we face and differs markedly from the experience of other nations. It is particularly acute among minority students and recent immigrants. Since those students make up an increasing percentage of Virginia’s school age children, the failure to eliminate achievement gaps will have growing negative consequences going forward.

Today, 42% of Virginians aged 25- 54 have an associate’s degree or higher. Nationwide, only 39% hold degrees. This percentage would have been world-class two decades ago, but today many nations in the world educate a higher percentage of their adult populations. In fact, the top
nations in the world are now educating nearly 60% of their population with post-secondary degrees.

What is even more alarming is that degree attainment has dropped among the younger cohort of 25-34 year olds than the two previous cohorts (35-44 and 45-54 year olds). We are seeing our current generation settling for less education than their parents—that has never happened before!

It is not hard to realize that our economic prospects for our Commonwealth and Country are tough if we do not escalate the higher education attainment rate of the Virginia population. A high school degree is just not enough anymore. A recent analysis by the National Center for Higher Education Management Systems (NCHEMS) indicates that Virginia will need to produce an additional 70,000 degrees or more over the next 15 years to meet the current international attainment benchmark for its adult population aged 25-64 years old. We need to set our sights on being best in the world, not just best in the nation.

III. HOW TO GET THERE

Today you are gathering to talk about this problem and figure out how to solve it. My earlier bragging about Virginia is also meant to serve a purpose here. We have already shown that we can move from a low-education state to a high-education state. We can tackle the current challenges just as well if we demonstrate the same courage and resolve.

To dramatically grow our higher education degree attainment rate, we need to do a couple of things.

First, we have to commit to keep striving for increased rigor and performance of our public schools. Our kids have to be better prepared when they get to college so that they can stick it out and succeed.

During my time in office, our k/12 efforts have all revolved around the notion of ‘competence to excellence.’ We have expanded pre-kindergarten programs by 40% statewide, pushed early reading and middle school algebra initiatives, dramatically grown our career and technical programs, created more advanced diploma options and pushed all our high schools to expand their offerings of more challenging college-level courses. One of our most exciting advances is a new requirement that, beginning next year, every 7th grader in Virginia will work with school personnel and parents to create a personal career and academic plan. The effort to focus a student’s attention earlier in life on career direction should also help improve academic performance. Education is not a one-sized fits all endeavor anymore and we need to foster in each child a sense of curiosity, relevance and self-direction. The business community needs to stay engaged in k/12 reforms and continually ask whether we are settling for competence or pushing for excellence in our schools.

Second, we need to focus on the community college system and see it for the tremendous value that it creates. As Chancellor Dubois is fond of saying, our community colleges are the “on ramp to opportunity.” They exist in all our communities with local boards that are responsive to local need. They educate the greatest number of our students. They do it the most efficiently in terms
of public cost. They do it most economically in terms of student and family cost. They provide the majority of the workforce training in the state. When President Obama recently spoke about the Administration’s strategy for growing higher education attainment, he focused his remarks on the community colleges of this nation as the place where the majority of this work will happen. The growing importance of the community colleges is one reason why our 2008 bond package increased their share of the total package over what had been done in earlier bond issues.

Articulation agreements that guarantee transfer of credit to four year colleges are very important. The community college transfer grant program that subsidizes associate degree holders so that they can continue to a four year school is smart and cost-effective public policy. And, we need to focus on getting our kids to complete community college once they start. The completion rate in community colleges in America is low and Virginia has been no exception. Chancellor Dubois has worked with his board to make completion rate his top priority and he needs support to make this happen.

Third, we have to push greater and greater innovation at all our colleges. Some of our schools have really pushed the envelope in delivering course content in new and exciting ways and using technology to enhance student learning experiences. Others have stuck to the tried and true. Higher education needs to innovate if we are going to expand educational attainment. We won’t just get there by doing more of what we are already doing. We will only hit our 70,000 extra degree target if we come at the problem from some new directions.

What are some of those new directions? More course offerings on line as part of every student’s learning experience will promote technological literacy and affordability—thereby helping more students attain degrees. The success of proprietary, for profit colleges—where students are valued customers and drop out rates are low—should be studied by our public schools so that their best practices can be adapted to the public college setting. In a student body that is increasingly diverse, a commitment to greater faculty diversity is very important so that all students find a comfortable fit on our campuses.

Our current system is conducive to innovation in many ways. Our decentralized system of higher education—where each institution has its own board and can chart its own path in terms of expertise—encourages strong leadership and flexibility. The great Virginia private colleges also contribute to a broad network of educational opportunities that are differentiated for the unique interests of our students. But, we also need to look at areas where we impede innovation and do better. After 6 years under the Virginia Higher Education Restructuring Act, I am not convinced that the promise of greater flexibility has materialized for the majority of our schools. Our public schools have to be accountable for the public dollars invested, but we have to critically examine whether current reporting and other requirements help us get to higher degree attainment or consume time and energy that could be better directed toward students.

Fourth and finally, there is the matter of money. It’s not just about money. But, if I have a regret about my four years as Governor in relation to our colleges and universities, it is this: We have done great things in expanding the capital budget, but our operating commitment has declined. Of course, the economy has been our enemy here. I did not run to cut more out of the general
fund budget than any Governor in Virginia history—nearly $7 billion cut out of an $80 billion budget already—but that has been what the times required. There’s no glory in it, but there’s a right and wrong way to do it and our continued accolades for fiscal management tell me that we have done it as well as we could. But, I acknowledge that the cuts to higher education have been significant.

Here’s some good news. I see positive economic signs and evidence down the road. Both CNBC and Forbes.com have recently noted that Virginia seems best poised to come out strong as the national economy turns around. With the 5th lowest unemployment rate in the nation and with an ongoing stream of notable economic development announcements, I can see good prospects for state revenues in fiscal years 2011 and 12. I believe that I will have to write the biennial budget in a fairly austere way. But, I think the likelihood of an economic pick-up that will produce greater revenues in those years is significant. And, if you come up with a smart plan, higher education should be in a great position to make the case that the dollars resulting from economic growth should be directed your way.

Let me offer a very specific warning in this regard. I twice met with college presidents and associated business leadership during my time as Governor to seek your vigorous support for the notion that we should find new dedicated revenue to fix our transportation infrastructure challenges. I told you then that, if we could not find new revenue, the pressure to use money from the general fund for roads would become very intense. For a variety of reasons, most of you decided that transportation was not your battle and that you would stand on the sidelines. Today, the basic transportation infrastructure challenges remain and the debate is now poised simply and clearly for the next Administration and General Assembly—do we fix our transportation system by finding new money or do we take money from the general fund to do it?

I have a very strong opinion about this. The recent history of this Commonwealth tells me that it is our educational investments that have moved us from back of the pack to front of the line. The current data tells me that the global competition will require greater levels of investment—not lesser investment—in human capital. I think it would be deeply irresponsible to the future of Virginia to decide that the general fund we need for funding our wonderful and comprehensive education system should become the source for ongoing and sizable transportation investments. As you are preparing your case for innovation and investment in the higher education system, don’t stand on the sidelines and watch the available dollars go in a different direction.

Let me close by thanking you all for your civic commitment to this Commonwealth. I have often said that if a state could be known for anything, the best title would be ‘The Education State.’ I am proud to tell you that there is no state in this country that has a better claim to this title today than Virginia. The issue before us is a simple one—can we hold onto what we have built and take it even further?”

Audio of the Governor’s speech is available at http://www.governor.virginia.gov/MediaRelations/MediaLibrary/audio/speeches.cfm.