

Remarks to the Higher Education Advisory Committee  
June 30, 2011  
Laura Fornash, Deputy Secretary of Education

Good morning, and welcome to the first meeting of the Higher Education Advisory Committee established under the Top Jobs, or TJ21, legislation that will take effect tomorrow.

Secretary Robinson has designated me as chair of the Committee, and I want to thank him for that designation.....

I thought it would be useful at the outset of our work for me to provide some context for our discussions, and to review a suggested work plan. We have a great deal to accomplish in a relatively short time, so it will take everyone's effort – and not only at these meetings, but between them as well.

First, let me just review some of the events that led up to today.

We know a great deal of positive work has been done in the area of higher education over many years. The decentralization pilots – development of the base adequacy model – the restructuring act – the research initiative of a few years ago – the capital outlay legislation adopted in 2008 – just to name a few.

Most recently, Governor McDonnell's Commission on Higher Education Reform, Innovation and Investment presented a comprehensive report last year that became the basis for the landmark legislation adopted unanimously by the General Assembly this past session.

The TJ21 legislation recognizes the excellence and diversity of the existing higher education system in Virginia. It builds on past reforms and innovations. And it brings into sharp focus the relationship between the Virginia higher education system and our state's economy. And in that regard, it commits the Commonwealth to some major objectives:

- 100,000 more degrees at public institutions and a like increase at private colleges;
- greater degree attainment in science, technology, engineering, math and healthcare;
- greater attention to research and to economic impact and return on investment;
- innovations, especially in the areas of technology-enhanced instruction and resource-sharing, affordable new pathways for degree attainment, and optimal year-round utilization of facilities and resources;
- a new collaborative six-year planning process and public-private partnerships;

- affordable access for all Virginians;
- and a new funding model that provides a framework for reinvestment after a decade of economic downturns and disinvestment.

The sense of the Commission and the General Assembly was that the TJ21 legislation should establish these policy goals in law and provide a framework for working out key details collaboratively over the course of this year, in time for the new funding model and other policies to be fully implemented in the upcoming biennial budget.

And thus was born this Advisory Committee, with representation from both policymaking branches of state government, from the higher education institutions, from the State Council, and of course from the business community, which has been such an important partner in these efforts.

It's because of that impending biennial budget process that this Committee's work is so important and also time-sensitive.

The Governor, of course, has to assemble that budget in the first instance, and that process will be underway before the summer is out. It was with that process in mind that Secretaries Brown and Robinson late this spring distributed a guidance memo that established certain responsibilities and timelines related to some of this Committee's work. In particular, for the Governor's budget to implement the four-part funding model mandated under TJ21, this Committee needs to deliver its recommendations related to the key funding model components this fall.

By now, we are all familiar with the four colored boxes that have been used to illustrate the funding model. Some may find some of these colored boxes to be more interesting or promising or worthy than others. But that's not our job. It's important that we begin our work by stressing that all four of these components are now embedded in the law of the Commonwealth, and all four will be addressed in the executive budget.

So we need to deliver timely recommendations with regard to all four components, and the work plan we follow will be designed to accomplish that.

Last week, Delegate Cox made a presentation to the Governor's Commission in which he laid out the major tasks of the Advisory Committee, and since we collaborated with him on that presentation, I have taken the liberty of using his slides again here this morning. I think they succinctly capture the work before us.

There are six specific responsibilities assigned to the Committee that need to be addressed in connection with preparation of the biennial budget because they bear directly on implementation of the new funding model. And there are also a couple of other duties that the Committee shares to some extent with SCHEV.

First, there is the enrollment growth incentive. The legislation calls for this Committee to look at the Virginia Promise concept and other variations on that theme. What is clear in the statute is that there is to be significant, incremental enrollment growth funding established as part of the overall funding model, and also that this incremental funding is to correspond, as nearly as practical, with the per-student TAG funding amount for private nonprofit institutions. That is the way the legislation gets at the goal of having significant funding follow the student to the public or private nonprofit institution of their choice. And that's important because, in order to achieve the Act's ambitious goals for conferring more degrees, both public and private institutions to play a part.

Second is the focus on providing some relief to hard-pressed middle-income students and their families. While providing ample aid for low-income families remains a priority, the legislation provides for extending eligibility to middle-income families as well. The Advisory Committee is charged with recommending a definition of "middle-income" and funding policies to address that need. To facilitate that, TJ21 calls for a comprehensive assessment by SCHEV of existing aid programs, and that work is underway.

Third, and a topic we will begin to address today, is fleshing out the financial incentives and outcome measures that will help achieve the reforms and innovations called for in the legislation. This includes things like incentives for increased STEM degree production and research, improving retention and graduation rates, using technology to enhance instruction, year-round utilization of facilities, more online learning options, dual enrollment and other innovative pathways to obtaining degrees, and so forth.

A fourth task is the development of metrics related to the value of particular degree programs in the marketplace. The Governor's Commission and the TJ21 legislation reference a variety of measures, such as marketplace demand, earning potential and employer satisfaction. There may be financial incentives tied to these measures, too – that's an issue for this Committee. But whether or not there are financial rewards, the point here is to inform consumers and decision-makers about the value of particular degree programs in the economy.

The TJ21 bill also provides for the revision – and in some cases, replacement – of the existing Institutional Performance Standards, or IPS, and the incentive funding tied to them. Those measures and incentives were put in place under the Restructuring Act, and in enacting the Top Jobs Act, the Governor and General Assembly did not want to just add another layer of incentives, measures, and reporting requirements. They wanted to streamline the process and focus the measurement and incentives in the places where they would have the greatest economic and educational impact. So that process of revising and replacing the existing IPS is a fifth area where the Committee will need to develop recommendations.

Sixth, throughout the Act are various policy goals that relate to all of our institutions of higher education, not just the public colleges and universities. So the Advisory

Committee is charged with making recommendations about wherever and however there should be some form of private participation, responsibility and/or support.

Seventh, the Act directs this Committee to work with SCHEV in developing a Rainy Day Fund proposal. We don't know at this point whether that will require only legislation or will necessitate a constitutional change, but the Committee will need to make a recommendation on that. As set out in their guidance memo, the Secretaries of Finance and Education will be consulting with representatives of the money committee and others and will be bringing us an initial Rainy Day Fund proposal to consider.

And, finally, SCHEV has responsibility for calculating base funding, including making recommendations about institution-specific adjustments to the formula. The TJ21 law gives the Advisory Committee a consultative role on that aspect of the funding model.

And, if all those immediate tasks are not enough, you will be happy to know there are various additional things the Advisory Committee is responsible for doing every 5 years. They include periodic reviews of financial aid policies, ongoing restructuring reforms, assessment of the overall progress in meeting the TJ21 statutory objectives, and looking at all of the funding model elements and how they are being implemented.

In your packets is a document in that provides a meeting schedule and an indication of what you can expect to be on the agenda for each meeting. We welcome comment on this work plan, and we will adjust as needed along the way, but this represents our current thinking as to how this Committee can systematically move over the next 90-120 days to a conclusion on the key recommendations that relate to the funding model and biennial budget process.

One thing that is clear is that this Committee will not just function as a committee of the whole, with all the work getting done in the full committee meetings. To the contrary, we will need to have various work groups engaged actively along the way.

For example, beginning today with the presentation by Dr. Rose, we will get the benefit of the public college presidents' initial thinking on how the various incentive components of the funding model might be structured. Secretaries Robinson and Brown asked the college presidents to begin that work before this Committee was formed, so that we can hit the ground running – and we appreciate those efforts.

After Dr. Rose makes his presentation and gets some feedback today, members of the Advisory Committee will be asked to channel additional feedback and suggestions to him between meetings. He and the presidents will do some additional work, seek input from other members of this Committee, and bring us a set of recommendations to consider at our August 22 meeting.

We likewise will be establishing informal groups and sub-groups to work on other issues between meetings. If you have a particular area of interest or ideas you want to share, please let me know, and we will plug you in.

Rather than just throwing topics open for discussion, our plan is to have presentations at these meetings that serve as a focal point for discussion and that help keep us on pace toward the timely completion of this year's work. If at any point you feel that matters are moving too fast and you have not had adequate opportunity to give input, I am counting on you to speak up so that we can remedy that and get the full benefit of your comments and suggestions.

Some of you have asked whether the Committee will be operating by consensus or will be taking votes. Ultimately, that is a matter for this Committee to decide, but I will offer my own take on it.

The legislation denominates this Committee as an "advisory" committee. We don't make decisions. Rather, this mechanism has been created as a way to have all the key players around the table – or at least represented by persons around the table – for the purpose of crystallizing recommendations to the Governor and General Assembly in certain specified areas, most notably the funding model.

Sometimes those recommendations may be a matter of consensus. At other times, we may succeed in fleshing out multiple options for the Governor and General Assembly to consider. I view our task primarily as scoping out the options – agreeing where we can; crystallizing multiple alternatives where we must – so that the Governor and Legislature have well-conceived approaches in front of them when they address the budget.

If we can accomplish that without ever taking a vote per se, so much the better. I think operating by consensus is the preferred approach. But it's the Committee's call.

Before proceeding to our scheduled presentations, let me ask if there are other members of the Committee who wish to make introductory comments.....