



COUNCIL ON VIRGINIA'S FUTURE

Council on Virginia's Future Meeting Summary

May 21, 2009

House Room 3 – State Capitol

Richmond, VA

10:30 am – 12:30 pm

Meeting Overview: The meeting was designed to (1) provide an update on the evolution of Virginia Performs, (2) continue discussions about accelerating progress on educational attainment, and (3) review examples of progress on productivity and outcomes from an agency perspective.

Opening Remarks

- Governor Kaine welcomed members and guests. He noted that the meeting would continue the focus on educational attainment that began in earnest at the November meeting. The meeting would also focus on the evolution of Virginia Performs and examples of progress on productivity and outcomes from an agency perspective.
- Vice Chair Dubby Wynne made introductory comments:
 - He noted that the Council would hear about the Productivity Investment Fund, which will deliver a 480 percent return in just three years, a result of which any business would be proud. He mentioned that the Fund was likely to develop many more cost savings opportunities in the future.
 - Mr. Wynne congratulated the Governor on the progress made by his team in implementing the performance leadership and accountability system throughout the agencies. When the Council was founded, the system did not exist. Now, agencies have a clearer picture of what is expected of them.
 - He also urged the legislators to promote the idea of regional efforts along the lines of Hampton Roads Performs, which required committed leadership at the local level.

Meeting Objective 1: Overview and Update

Topic 1: Workplan and Organizational Framework – Ms. Jane N. Kusiak, Executive Director

- Highlights included:
 - The high-level workplan includes an ongoing emphasis on the evolution of Virginia Performs and educational attainment.
 - The organizational framework is key to the success of the Council's efforts. Partners, such as the Weldon Cooper Center at UVA, are vital to the work accomplished.
 - Virginia Performs continues to evolve with improved integration of agency and societal level content, enhanced navigation, and improved views of agency strategic plans, measures, and budget information.

- Examples of improvement to data integration and the presentation of data were provided, including the core elements of the integrated performance measurement system.
- The first regional prototype, Hampton Roads Performs, was launched in February 2009.

Meeting Objective 2: Educational Attainment

Topic 1: Current Climate and Initiatives

- Vice Chair Dubby Wynne
 - Previous presentations on educational attainment have provided information on the challenges facing Virginia. For example:
 - The 25 to 35-year-old cohort is less educated than their parents. Competing with the rapidly advancing skill sets in other countries will require significant effort.
 - The Northern Virginia region and, to a less extent the military, exerts a strong upward influence on Virginia statistics. In many categories of attainment, once the Northern Virginia region is removed, averages for the rest of the state are below the national average.
 - The Business Higher Education Council is allocating resources to make the public more aware of the need for increasing public commitment to higher education. Polling has found that the public feels strongly about higher education attainment.
 - A goal is to encourage the next Governor to form a commission that would work on education attainment. It is important to have a strong analytical framework and deep understanding of the issues – and this is an area to which the Council on Virginia's Future should contribute.
 - The educational attainment issue is gathering greater attention at the national level, and Virginia may be in a position to work with national foundations to take advantage of the building momentum in Virginia and the U.S.
- The Honorable Whittington W. Clement, Chair of the State Council of Higher Education for Virginia (SCHEV), also commented on the current climate and initiatives:
 - SCHEV's strategic focus goes beyond attainment as a goal to include access, affordability, and retention as key elements that lead to completion and higher rates of attainment.
 - Two years ago, SCHEV updated its six-year plan to include a focus on access and affordability.
 - SCHEV has a long-term commitment to increasing financial aid. Much of the aid is need-based but does include support for students going to private institutions (including the Tuition Assistance Grant (TAG) Program), for students concentrating in high-need/high-wage degree categories, and for students participating in the two-year college transfer grant program.
 - Many students face more than financial hurdles because they are first-generation college-goers and are perhaps not as well prepared for the academic, cultural, or administrative challenges of college.

- SCHEV has recently published a study on college affordability in Virginia. (<http://www.schev.edu/reports/reportsindex.asp>)
 - Creating connections at all levels in the pipeline, including higher education, is important for improving college and career readiness.
 - There are a number of successful regional efforts to increase access by mobilizing financial aid for needy students, e.g. Patrick County and the Hampton Roads and Greater Richmond areas.
 - SCHEV supports the P-16 Council's efforts to align curricula and strengthen college readiness standards. As recently announced by the Governor, Virginia is participating in a National Governors Association project, Common Core State Standards.
 - SCHEV is also working on retention and completion at the public institutions. The Restructuring Act calls for SCHEV to oversee the target setting and assessment process around 14 key goals, including retention and graduation.
- It was suggested that the conversation should also include a discussion on youth perceptions around higher education. Many do not feel it is relevant – or at least relevant to them – and do not commit to the long-term process.
 - Governor Kaine said that the clear relationship between higher attainment and higher incomes was one measure of relevance, and that the Council should return to the issue.

Topic 2: Discussion of Opportunities and Options for Increasing Educational Attainment

- Dennis P. Jones and Patrick J. Kelly of the National Center for Higher Education Management Systems presented a student flow model developed for Virginia.
- Mr. Jones noted that the purpose of the model is to give policy-makers a tool to help them understand where the high-value leverage points in the student pipeline might be. Other comments:
 - Overall, U.S. higher education rates have remained flat for the last 30 years while every other country except Germany has improved. Now the younger cohorts in more than nine countries exceed the U.S. in educational attainment for that age group. Germany is the only other industrialized country in which the younger adult population is less educated than their parents.
 - The U.S., like Virginia, has benefitted significantly by importing talent from overseas. Virginia also imports talent from other states. Economic trends, visa issues, and competition from growing economies like China and India are factors that might reduce the availability of highly trained professionals.
 - Every state and many nations are having the same discussion: how do we retain our best students and increase the educational attainment and skill level of our workforce.
- Mr. Kelly briefly described the model's parameters, inputs, and outputs:
 - The model is programmed into Excel spreadsheets. Data were provided by SCHEV – Mr. Kelly expressed his thanks to Tod Massa of SCHEV for providing the cohort data that form the underpinnings of the model.
 - The model projects the effects of changing key variables (through the “Dashboard” feature) – items such as the college-going rate of high school seniors or retention rates at four-year institutions – on degree production. The goal is to help policy-makers view different scenarios in order to decide where the greatest return on investment might be – that is, for a given change, what effect is produced in outcomes. The model provides data on the degree gap between Virginia and the best-performing countries by 2020, and the necessary annual and overall increase in degrees needed to bridge the gap.

- The model generously assumes current levels of in-migration of highly educated professionals. It would be better to drive growth through improvements in the pipeline.
- The model presents the changes in comparison to an international benchmark – educational attainment in Canada. This does not necessarily represent a good target but does present a useful way to gauge impacts.
- The model also presents cost estimates based on existing costs before productivity gains, etc.

Discussion:

- A question was asked about whether the model could account for the different values of various degrees. Is it sheer numbers that matter most (e.g., from a taxpayer's perspective) or are countries surpassing us in the production of certain high-value degrees? In other words, does it matter which degrees are produced?
- Mr. Wynne noted that there could be high returns from a broad strategy in terms of significant cost avoidance if students needed less remediation and finished their degrees in a timely fashion. He noted the difficulty of judging the value of degrees because, for instance, many business and other leaders have a wide diversity of liberal arts degrees.
- Council Member Harrison N. Miller noted that the United States had a different perspective on STEM (science, technology, engineering, and math) and career education. College students do not take many career or skill-enhancing courses in the first years of college. The U.S. devotes significantly more class time to liberal arts classes.
- Mr. Jones noted that there wasn't enough data to compare degree types country by country. He did note, however, that a labor economist (Anthony Carnevale) is currently examining the relationship between specific degree programs and occupation types.
- Mr. Kelly described how the model was used for target setting in Kentucky ("Double the Numbers" campaign) and Arizona ("2020 Vision" campaign). Both Arizona and Kentucky are aspiring to meet national averages. The Arizona plan has set tiered targets (Bronze/Silver/Gold) for college-going, retention, graduation, transfers, and research expenditures. For instance, Arizona, like Nevada, has imported many lower-skilled workers for their rapidly expanding construction industries. Age and growing diversity are also issues. Virginia is in a better position to aspire to international benchmarks, especially at the four-year degree level and above.

Discussion:

- Mr. Wynne noted that the state targets are generic and that it is very important to develop specific and well-considered strategies and plans to accomplish the targets.
- Mr. Kelly was asked how Virginia compares to other states. Virginia is 'pretty good' at the baccalaureate level, but below average at the two-year/community college level. Nationally, graduation rates at two-year colleges are low.
- Mr. Miller noted that those rates might be overstated due to methodological issues.
- A question was asked about whether this type of comparison was meaningful since many students who go to community colleges are not seeking a degree.
- Mr. Jones mentioned that studies have shown that completing at least one year of post-secondary education and earning an educational or workforce-related certification are necessary to produce an appreciable increase in personal income. This has

- commonly been referred to as the “tipping point”; based on original research findings of the Washington State Community College System.
- It is important to do a better job of communicating the value of getting a degree rather than just building skills. Mr. Miller made a point about engaging students with progressive challenges, e.g. Nurse Aide Certificate to LPN to RN.
 - It was also noted that about 70 percent of VCCS students are first generation college-goers. In addition, perhaps not understanding the full value of a degree, they might be intimidated by the challenges of college.
 - Mr. Jones noted that, while the cost of higher education may be thought of as higher than it really is, students do have to pay a higher proportion of growing costs.
 - Mr. Jones was asked if there were examples of states successfully working to keep students in college. He mentioned Kentucky and Ohio. Ohio has been offering what he called ‘stackable’ certificates with progression to a degree tied to regional workforce needs. This appears successful at keeping students interested while giving them a better sense of the value of continued education.
 - 95 percent of students go to college to get a better job but career-oriented material was given only later in the coursework.
 - Mr. Jones indicated that the one area that may yield the most benefit in terms of educational capital, benefits to society, and increases in personal income is boosting the associate degree and certificate award segments of the educational pipeline. Related to this is the recommendation of changing curricular structures and delivery models to students’ strengths. Many states and institutions have found that many students fail to progress to their major courses due to academic deficiencies (and eventually drop out) while in general education courses early in their post-secondary education. An approach more focused on skills attainment and certification may partially mitigate these trends.
 - It was suggested that high schools that focus on career-oriented subjects might prove effective. For instance, an arts and communications magnet school in the Hampton Roads area has a high graduation rate, presumably because the students were working on things of specific interest to them.
 - Mention was made of the problem of engaging students who are stuck in an underachieving high school setting or class.
 - The Governor asked why persistence in higher education was low in this country.
 - Mr. Jones suggested that culture and expectations might be factors. He gave Britain as an example. Before Mrs. Thatcher, only about 20 percent of British students were admitted to their highly selective institutions and the graduation rate averaged around 94 percent. Now, participation rates are closer to international averages and the graduation rate has dropped to 84 percent, very high by U.S. standards but considered a scandal in Britain. Schools with graduation rates of 70 percent are threatened with closure.
 - The Governor asked for more information on why students are not completing their associate’s degrees.
 - Mr. Jones said that, on average, about 70 percent of first-year students place into developmental math or English, with the majority needing math remediation. Only 20 percent of that 70 percent get out of remediation.
 - Mr. Jones mentioned Washington as an example of a state that was combining vocational and ‘general education’ in the same course. For instance, a blueprint reading class might include math and English lessons – not for their own sake, but to help the student read blueprints.
 - A question was asked about whether any states were considering financial incentives for students who successfully complete credits with above average grades. Mr. Jones

noted that states were considering direct payments, including payments for completing a BA with less than 120 credit hours.

- Mr. Miller suggested that one reason persistence was low at public two-year institutions was the level of personal attention that the community colleges are able to offer. He noted that only 57 percent of community college students eligible for Pell Grants took advantage of them. The number for private institutions was close to 99 percent of eligible students. He also noted that students who missed classes at a private school or were falling behind got a call and, if necessary, other support.
- Mr. Jones noted that some states are considering 'case managers' to help students navigate their way through college and to deal with both academic and career issues along with other problems that often arise for poorer students, including TANF, etc.
- One member asked if there was good data to evaluate the real impact of financial issues on college dropout rates.
- Mr. Jones said that there was no empirical evidence but that an exemplary program in Indiana had generated positive results. Students in Indiana are told that if they maintain 'good' (not necessarily excellent) grades, the state will guarantee that they will be able to afford college.

Meeting Objective 3: Moving the Meter: Agencies Respond

Topic 1: Strategic Planning and Productivity Improvement at DMV

- Karen Chappell, Deputy Director for Operations, started the presentation and detailed how DMV had undertaken a recent strategic planning process that included not only internal staff, but also stakeholders and customers. This process led the organization to rethink its approach vis-à-vis its customers and stakeholders. It identified seven core functions, including:
 - Issue credentials,
 - Provide transportation safety services,
 - Provide information to customers,
 - Enforce monitoring and tax-related laws,
 - Collect transportation-related revenues,
 - Manage data and disseminate information, and
 - Serve as a portal for other government agencies and services.
- Tully Welborn, Project Manager, CS³I Systems Redesign discussed this major project for DMV. The project represents a good example of team-based re-engineering driven by customer and stakeholder needs. Team members worked with employees on process redesign initiatives – these efforts generated more than 790 “Process Improvement Opportunities” submitted by employees. Mr. Welborn provided two examples:
 - Automation of Audit Compliance Services will save more than \$88K per year.
 - Court System changes will allow management to reassign 1.5 FTEs to customer service centers.
- The team expects to have a contract for the new system by August 2010.

Topic 2: Foster Care

- Raymond R. Ratke, Special Advisor on Children’s Services, reported on progress in improving foster care outcomes in Virginia. Transforming Virginia’s Children’s Services System is helping at-risk children and their families achieve:
 - Success in life,
 - Safety for children and communities,
 - Life in the community,
 - Family-based placements, and
 - Life-long family connections.
- A partnership of 13 diverse localities is focused on building a Practice Model and implementation of the “Building Blocks” of Transformation. The Anne E. Casey Foundation is providing support.
- Mr. Ratke reported that significant progress is being made.
 - For instance, localities participating in the CORE project increased their discharges to permanent placement from 60.96 percent in fiscal year 2008 to 68.94 percent in fiscal year 2009.
 - Statewide, there has been a 26.85 percent decrease in the group care population.
 - Entries into Foster Care and the total foster care population have decreased over the last 15 years.

Meeting Attendees: Governor Timothy M. Kaine; Speaker William J. Howell; Delegate Lacy E. Putney; Delegate H. Morgan Griffith (by telephone); John O. “Dubby” Wynne; Harris N. Miller; Dr. Edward G. Murphy; Secretary of Finance Richard D. Brown; Jane N. Kusiak, Executive Director, Council on Virginia’s Future.

Legislative Advisory Committee: Delegate Phillip A. Hamilton; Delegate Albert C. Pollard, Jr.; Delegate M. Kirkland Cox; Delegate Christopher B. Saxman.

Panelists: Dennis P. Jones (NCHEMS); Patrick J. Kelly (NCHEMS); The Honorable Whittington W. Clement (Chair, SCHEV); Raymond R. Ratke (Special Advisor for Children’s Services); Karen Chappell (DMV); Tully Welborn (DMV).