

THE VIRGINIA PLAN FOR HIGHER EDUCATION 2016 REPORT HIGHLIGHTS

With the objective of becoming the best-educated state by 2030, The Virginia Plan for Higher Education provides a framework for achieving this objective through goals, initiatives and measures of progress. The 2016 Report on the Plan's first year of implementation, as well as a weekly series (The Virginia Plan for Higher Education Update), highlight and discuss important focus areas for higher education in the Commonwealth.

Introduction

Virginia faces a future in which its citizens will need deeper and broader knowledge and skills to be engaged, productive participants in the Commonwealth and its evolving economy. At the same time, the state's demographics are changing, with an increasing share of our citizens from populations that historically have been underrepresented in higher education. These changes transpire at a time when the cost of attending Virginia's colleges and universities has increased.

Jobs and the Economy

New jobs require more than a high-school diploma, making necessary our aim to achieve best-educated-state status by 2030. Research from the Georgetown Center for Education and the Workforce shows that 99% of the new jobs since the great recession required some postsecondary education. In addition, the U.S. economy has shifted to a service economy in which the pathway to a good job no longer ends with high school but does not necessarily require a degree.



Of the 11.5 million new jobs created since the great recession, 99% require workers with more than a high-school education. Only 80,000 jobs created since the recession required a high-school diploma or less.

Credentials and degrees add value to the Commonwealth. An educated population and well-trained workforce increase economic competitiveness, improve the lives of individuals and support greater community engagement.

Source: Georgetown Center on Education and the Workforce

Reaching Best-educated State Status

In response to changing job demands and to support prosperity for individuals and communities across the Commonwealth, The Virginia Plan for Higher Education’s objective is for Virginia to become the best-educated state by 2030. Current estimates show Virginia ranking sixth compared to other states, with 51% of its working population (ages 25-64) with a workforce credential or degree. The estimated rate to reach best-educated status by 2030 is 70%.

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For Virginia to achieve best-educated status, SCHEV estimates higher-education institutions will need to grant 1.5 million awards by 2030. In 2015–2016, Virginia’s public and private nonprofit institutions issued 90,326 undergraduate degrees and certificates. Including all awards, the year marked a record high for the Commonwealth at 119,934 awards.

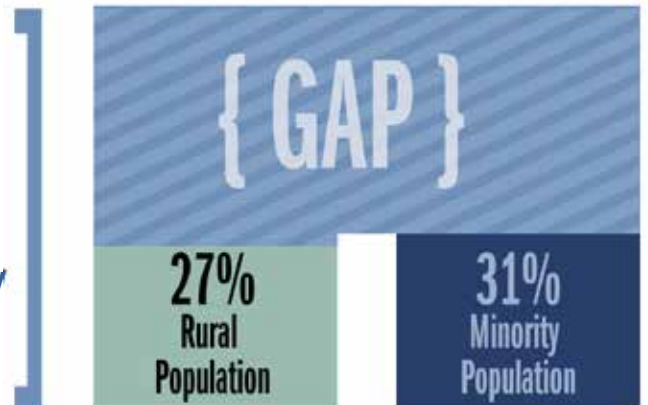
Gaps in Educational Attainment

While awards are high and completion rates have increased over the past several years, gaps remain in attainment and completion rates for underrepresented populations – those who are low-income, minority race, age 25 and older, or from areas of the state with low education-attainment rates. Currently, educational attainment varies by 20 percentage points for residents of Virginia’s urban and rural areas and 19 percentage points for non-Hispanic whites and non-Asian minorities.

Closing these gaps through targeted pathways programs and partnerships will help the Commonwealth reach best-educated status by 2030 by increasing successful transition to postsecondary education and completion rates. These strategies will be particularly important at a time when projections show the average increase in the number of high school graduates through 2030 is expected to be less than 0.1%.

51%

of Virginians with a postsecondary credential or degree



Note: Percentages provided for rural and minority individuals (non-Asian) are based on those with an associate degree or higher.

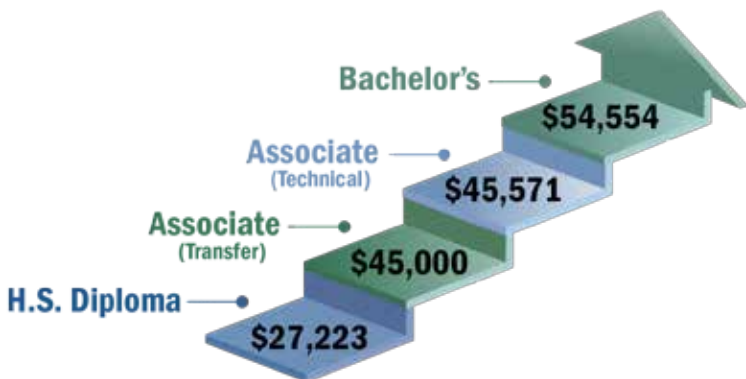
Sources: Lumina Foundation, Stronger Nation 2016; SCHEV staff analysis.

Closing the gaps in education attainment will increase successful transitions to postsecondary education and improve completion rates.

Wages

Achieving best-educated-state status will help more Virginians experience better wage outcomes. After graduation, individuals with degrees experience better wage outcomes over time than those with high school diplomas alone. Median wages for students 10 years post-graduation are about \$18,000 greater for an associate degree and \$25,000 greater for a bachelor's degree when compared to workers with a high-school diploma.

Median wages, 10 years post-graduation



Sources: http://research.schev.edu/EOM/EOM18_Report.asp for degree wages, U.S. Census Personal Income tables.

Workforce credentials such as industry certifications and state licensures produce an earnings premium as well. According to the Bureau of Labor Statistics, individuals with an industry certification or state licensure earn one-third more than those without: \$1,007 per week versus \$747, respectively.

Median wages for students 10 years post-graduation are about \$18,000 greater for an associate degree and \$25,000 greater for bachelor's degree recipients compared to workers with a high school diploma.

Affordability and Debt

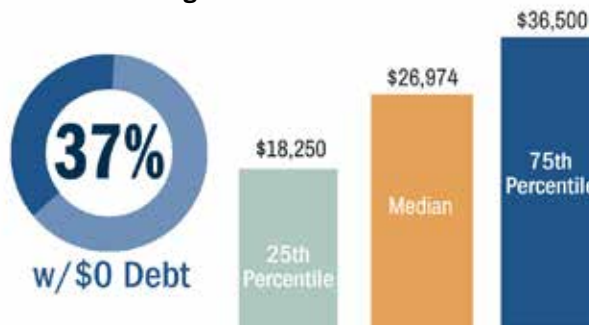
Affordability of higher education remains a concern in achieving best-educated state status. It is affected by the cost of attendance (expenses including tuition and fees, room and board, transportation costs, books and supplies), state support, the availability of state and federal financial aid, and the ability of students and families to contribute.

Debt continues to grow but remains similar to the national average. Median debt in Virginia remains under \$15,000 for an associate degree and \$30,000 for a bachelor's degree. Fifty-nine percent of associate students and 37% of bachelor's students graduate with no debt.

Associate degree debt of student borrowers



Bachelor's degree debt of student borrowers



Source: SCHEV staff analysis of debt

**59% percent of
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General Assembly and gubernatorial support for higher education in the 2016 legislative session resulted in an investment of more than \$316 million, leading to the lowest tuition increases in 15 years. It also supported efforts to reduce cost through the development of institutional efficiencies and increased pathway programs through the Fund for Innovation and Excellence. Recently announced budget reductions will make more difficult Virginia's progress on its higher-education goals.

Research and Economic Prosperity

Research expenditures in the Commonwealth as a percentage of total U.S. research expenditures have remained flat over the last several years. Targeted research investments, such as those through the newly created Virginia Research Investment Fund, support opportunities to grow and expand research. Increased investment in building the Commonwealth's research capacity will help generate new innovations, attract and retain quality faculty, establish business and create new jobs.

Considerations for 2017

In the fall of 2016, SCHEV Council members reviewed the findings discussed above and recommended a continued focus on six key priority initiatives to support efforts to achieve best-educated-state status. These include:

- Supporting programs that increase successful transitions to postsecondary education and increase completion rates.
- Identifying sustainable funding strategies.
- Implementing and supporting greater efficiencies within institutions.
- Ensuring quality in education.
- Increasing communications to improve public knowledge of the value of higher education.
- Supporting research and economic development.