

# *Issue Paper*

## *Building a Better Virginia*

General Obligation Bond Referendum

for

Virginia's Community Colleges,  
Public Four-Year Colleges,  
Universities, and  
Museums

-- FINAL VERSION --

June 12, 2002

10:00 a.m.

**TABLE OF CONTENTS**

1. A Case Statement ..... 3

2. Themes, Facts and Talking Points ..... 9

    Ensuring Education Excellence ..... 9

    Record Student Enrollments Expected This Decade ..... 10

    Campuses Have Pressing Needs ..... 11

    New Jobs Require a Well-Educated Workforce ..... 12

    Strengthening Science, Technology, and Research Activities ..... 13

    Positive Impact for Virginia’s Economy ..... 15

    Bonds are Fiscally Responsible ..... 16

    Elected Officials and Community Leaders Support ..... 18

## A CASE STATEMENT

On November 5, 2002, Virginians will have the opportunity to build a better Virginia for themselves and their families by voting "Yes" on the following question that will be on the ballot:

**Shall Chapter 859, Acts of the General Assembly of 2002, authorizing the issuance of general obligation bonds of the Commonwealth of Virginia in the maximum amount of \$900,488,645 pursuant to Article X, Section 9(b) of the Constitution of Virginia for capital projects for educational facilities, take effect?**

Passage of this referendum for community colleges, public four-year colleges, universities, and museums is vitally important to Virginia's future – and *yours*.

Voting "Yes" will pay for urgently needed upgrades, renovations, modernizations, and new construction on Virginia's public college and university campuses, and necessary improvements at state museums, historic sites, and cultural attractions.

*[NOTE: Higher Education portion is \$846 million + Museums/etc. portion is \$55 million = \$900 million total.]*

Every community college, public four-year college, and university in every region of Virginia will benefit from passage of the educational facilities bond referendum.

At its core, however, the issue is not entirely about buildings or bricks and mortar. What's really at stake in this education referendum is so very much more.

Among the implicit questions to be answered by Virginians on November 5:

- Are we willing to make sure that access to educational opportunities continues to be available for all Virginians?
- Are we going to be able to provide students of all ages with the knowledge and skills necessary to live, work, and succeed in today's dynamic information age?
- And are we ready to take action toward fostering an environment in every region of Virginia that's conducive to economic growth and development, more jobs, greater prosperity, and a better quality of life?

By passing the educational referendum, Virginians will be responding to these questions with a resounding “Yes” and, at the same time, laying a firm foundation upon which to build a better Virginia.

Education is the key that unlocks and opens wide the doors of opportunity that lead to a better life for everyone. Throughout our history, Virginians have shared a bedrock belief in support of education's positive and transforming power. Today, excellence in education requires world-class facilities and world-class faculty to accommodate our best and brightest and, indeed, everyone who aspires to fulfill the richness of their potential. Yet, the buildings that Virginia's community colleges, public four-year colleges, and universities need to modernize – now and in the immediate future – on average are 50 years old. Fortunately, more than half of the projects – 68 out of the 122 total – paid for by the bond referendum will modernize existing classrooms, laboratories, and other educational facilities. In addition, another 13 projects will make Virginia's campuses increasingly accessible to persons with disabilities.

On November 5, Virginians will have the chance to ensure that the doors of educational opportunity remain open and lead into modern facilities. Virginians also can help ensure a place for the rapidly increasing number of college-bound students. By the end of this decade, an additional 32,000 qualified high school graduates are expected to enroll at Virginia's community colleges, public four-year colleges, and universities. That's on top of the 325,000 students these institutions now serve.

Education is key not only to personal advancement, but also to Virginia's economic competitiveness. Companies want to locate or expand near colleges and universities to take advantage of a well-educated and well-trained workforce. Fortunately, the bond issue provides \$159 million for community college projects, including 5 new Workforce Development Centers. This and other funding will help meet the increasing demands placed on colleges and universities by people seeking career-expanding and life-long learning opportunities. Without additional space, moreover, Virginia's ability to produce world-class research will suffer – adversely impacting Virginia's economic competitiveness and people's quality of life. It's no coincidence, therefore, that almost one third – or \$200 million – of the funding provided by the bond issue is for science, engineering, medical, and other types of campus research activities.

On November 5, Virginians will have the chance to increase the Commonwealth's competitive position with other states and the world by strengthening our community colleges, public four-year colleges, and universities – all of which are powerful engines contributing to progress, discovery, and prosperity. Indeed, improving education through this referendum will boost economic activity, help attract more businesses to Virginia, and create new jobs. The estimated economic impact through 2008 of the educational facilities bond referendum is \$1.5 billion. The estimated increase in state tax revenue through 2008 from this more robust economic activity is \$51 million. Better still, through 2008 an estimated 13,865 new jobs will be created – benefiting the lives and livelihoods of even more Virginians.

Virginia has long prided itself as being financially prudent with taxpayer dollars. General obligation bonds first were issued at the urging of Governor Godwin in 1968. During Governor Godwin's second term, another G.O.B. issue was approved. The third and most recent bond issue was approved by the Commonwealth's citizens a decade ago. In 1992, Virginians were asked to approve bonds paying for capital projects at Virginia's community colleges, public four-year colleges, universities, and other facilities. That measure passed with an overwhelming 74% of Virginians supporting it.

On November 5, Virginians have another golden opportunity to again strengthen the backbone of their public higher education system – in a fiscally responsible and cost-effective manner, and without raising state taxes. This measure is not a tax increase. What we're talking about in the educational referendum is investing in our future.

Consistent with Virginia's fiscally conservative philosophy, this year's G.O.B. issue is prudent, reasonable, and responsible. It is only the fourth time in Virginia history that a general obligation bond issue has even been placed on the ballot. And during the economic and budgetary times currently challenging our Commonwealth and others across the nation, Virginia possesses two resources upon which many states cannot capitalize: one of the best credit ratings in the country, and ample debt capacity.

The referendum's passage would not affect Virginia's coveted "Triple A" bond rating that signifies its standing as one of the most fiscally sound states in the nation. Only 8 other states and Virginia have earned this coveted rating. If passed, the referendum still will leave Virginia well below its capacity to repay debt. And with interest rates so relatively low, it makes practical sense to capitalize on these assets.

Voting "Yes" on the educational facilities referendum will send a powerful message that Virginians understand and value the return on investment provided by our community colleges, public four-year colleges, and universities.

As Virginians, we take great pride in the fact that our higher education system is widely regarded as one of the best in the country. But continued excellence isn't ensured. The needs of our community colleges, public four-year colleges, and universities are real, and they require our immediate attention.

Granted, buildings are impersonal structures – when looked at from the *outside*. But looking closer and seeing what goes on *inside* of them – the teaching, learning, and research – gives a far more accurate and truly meaningful view. With this perspective, it becomes abundantly clear why this referendum is so important for Virginia's future. It's not about the buildings. It's about students – who must acquire valuable knowledge, skills, and training that's facilitated by modern classrooms and laboratories. It's about faculty – who fire imaginations and inspire students to excel within safe and supportive learning environments. And it's about the families throughout Virginia – who stand to benefit from medical research and other scientific discoveries that take place there.

In recent years, Americans in North Carolina, Maryland, and states across the country have been taking into their own hands the decisions that lead to improved education, economic growth, good jobs, a better quality of life, and a brighter future. Virginia is blessed with great people, resources, and the potential to enter this competition, and win. In today's increasingly competitive and rapidly changing world, however, Virginia cannot sit back and rest upon its laurels – or prior investments – without losing ground. Other states have and will continue taking steps and acting to increase their advantage. If Virginia is to not just survive, but thrive and move forward, how will we respond?

An enormous opportunity for lasting progress presents itself on November 5. By voting “Yes” on the \$900 million educational facilities bond referendum, Virginians will be advancing Virginia through higher education – a partnership that includes our community colleges, public four-year colleges, universities and museums in every region.

In conclusion, it has been said, "the future is purchased by the present."

If we don't stand up and act responsibly in preparation for Virginia's future – then who will, and when?

For world-class community colleges, public four-year colleges, and universities that open the doors of educational opportunity for our children and grandchildren to cross the threshold to personal advancement and economic prosperity — the time to purchase the future is *now!*

On November 5, go to the polls and unite with thousands of other supporters who will be rolling up their sleeves and, with their own hands, building a better Virginia.

## **ENSURING EDUCATIONAL EXCELLENCE**

Virginians benefit from having access to colleges and universities that are recognized as being among the best in the nation. However, they cannot uphold their high standards of quality and excellence without maintaining and improving their buildings through upgrades, renovations, modernizations, and new construction.

- There are 122 projects included in the educational referendum that will benefit every community college, and public four-year college, and university in every region of Virginia. An additional 10 projects will benefit many of Virginia's most popular museums and cultural attractions.
- Now, more than ever, excellence in education requires world-class facilities and world-class faculty to accommodate our best and brightest and everyone who aspires to fulfill the richness of their potential through Virginia higher education.
- It's critically important that Virginia's campuses have better classrooms in which students can learn and more state-of-the-art laboratories in which to experiment, discover, and advance knowledge.

By voting "Yes" on the educational bond referendum, Virginians will help ensure continued excellence at our community colleges, public four-year colleges, universities, and museums. Passage of the referendum not only will maintain, but perhaps more importantly, increase the level of access to high-quality, educational opportunities that Virginians justly demand and so rightly deserve. Its passage also will help Virginia higher education meet the increasing number of students and demands being placed upon our community colleges, public-four year colleges, and universities.

## **RECORD STUDENT ENROLLMENTS EXPECTED THIS DECADE**

Virginia's public colleges and universities need more space for more students.

The number of college-bound students is rapidly increasing. Almost 32,000 more qualified high school graduates are expected at Virginia's public colleges and universities over the next eight years.

By 2010, public four-year colleges and universities need to make room for 19,000 more students, while our community colleges must find spaces for an additional 13,000. Existing facilities will not accommodate these students – who may be your family's sons, daughters, or grandchildren.

Without additional funding for renovations and new buildings, these students will be forced to forgo a college education or go out of state – at a higher cost to families – to earn their degree.

- Fifty-four (54) of the projects paid for by the bond issue will provide new classrooms, laboratories, research, library, and related academic facilities.
- Currently, Virginia has the 9<sup>th</sup> largest student enrollment in the nation – with its community colleges, public four-year colleges, and universities serving 325,000 students. In the 1990s, enrollment grew by 6%.
- Virginia's investments in educational facilities at its colleges and universities have not kept pace with this growth. As a result, Virginia's students too often have been placed in overcrowded or inefficient classrooms not conducive to the kinds of learning and instruction now required for a world-class education.
- During this decade, the number of students wanting to attend Virginia's public two- and four-year colleges and universities is projected to rise by 10%.

By voting “Yes” on the educational bond referendum, Virginians will help provide sufficient space and facilities needed to educate Virginia's students this decade and beyond.

## **CAMPUSES HAVE PRESSING NEEDS**

In today's technology driven and information-age economy, Virginia's students need modern facilities to receive quality instruction and the best education possible.

Time takes its toll on buildings, and expenditures for capital projects on campuses have been inconsistent and inadequate over the last decade. The result: too many classrooms as well as science and technology labs are woefully outdated.

From personal experience, people realize that most aging homes require periodic repairs, and houses with growing families often need additions to maintain an acceptable quality of life. Virginia's community colleges, public four-year colleges, and universities are no different. If we choose to ignore the capital needs at our colleges and universities, we only increase the ultimate cost of taking the necessary actions later on.

- The average age of the buildings that Virginia's public colleges and universities need to modernize now and in the immediate future (i.e., over the next 6 years) is 50 years old.
- More than one-half – 68 out of 122 – of the projects paid for by the bond issue will modernize existing classrooms, labs and other educational facilities.
- Another 13 projects will address urgently needed improvements – such as the replacement of heating and air conditioning systems in older buildings, and the need to make campuses increasingly accessible to persons with disabilities.

By voting “Yes” on the educational bond referendum, Virginians will help ensure that critically needed upgrades, renovations, modernizations, and new construction take place on every campus in every corner of the Commonwealth.

## **NEW JOBS REQUIRE A WELL-EDUCATED WORKFORCE**

Economic growth, new job creation, and the retention of high-paying jobs in business and industry in every region of Virginia depend upon access to the education and training facilities necessary for a knowledgeable and highly productive workforce.

- Many of the bond issue projects will help community colleges, public four-year college, and universities accommodate the large influx of traditional-age students who will be new workers this decade, as well as a less traditional, older population of adults in need of additional education and training to upgrade their skills and abilities.
- The bond issue provides \$159 million for community college projects. This support includes funding for Workforce Development Centers in Chesapeake, Culpeper, the Eastern Shore, Frederick County, and Henrico County.
- Without these projects, community colleges will be limited in their ability to provide the business services and workforce training needed to promote the growth and development of communities throughout Virginia.
- In critical workforce fields (including nursing, health technologies, information technologies, and advanced manufacturing), Virginia's business and industries depend particularly upon community colleges, as well as four-year colleges and universities, to produce well-trained workers demanded by their bottom line.
- Workforce Development Centers, new laboratories and technologically up-to-date classroom space help ensure that Virginia higher education will be able to continue meeting that need.

By voting “Yes” for the educational bond referendum, Virginia's workforce will be in a more advantageous position to receive the training and retraining required to get and keep good, high-paying jobs in the 21<sup>st</sup> century.

## **STRENGTHENING SCIENCE, TECHNOLOGY & RESEARCH ACTIVITIES**

Virginia's colleges and universities must maintain state-of-the-art research, technology, and training facilities and capabilities to prepare students to effectively compete in and contribute to the knowledge-based economic and workforce environment.

A recent report by the State Council of Higher Education for Virginia (SCHEV) finds that Virginia is not keeping pace with other states that are making long-term investments in focused areas of research, and promoting effective collaboration among colleges and universities, businesses, and government.

A key challenge highlighted in the SCHEV report is the need to foster a statewide environment in Virginia that is conducive to academic research. Over the last decade, the Commonwealth's implicit and explicit message has been: teaching and learning are a higher priority than research and discovery; undergraduate students are a priority over graduate students; and investments that produce immediate returns and are low risk are preferable to longer-term initiatives that are potentially more risky. As a result, Virginia colleges and universities have not been able to gain ground in the competition with the nation's premier research institutions. Too often in the past, choices have been framed and decisions made as if Virginia can excel either at instruction or at research. While this "either-or" phenomenon could be explained in part by limited resource, rarely has Virginia considered the benefit – indeed, the synergy – of being national leaders in both.

Top research states include Maryland, North Carolina, California, Michigan and Pennsylvania. Other states – such as Georgia, Florida, Ohio, and New York – already have taken or are well on their way to taking steps to increase their research capabilities. Virginia cannot afford to stand still – which will mean losing ground – in this vital area.

A serious impediment to progress for Virginia's colleges and universities is the shortfall in the amount of research space available to support their *current* – let alone future – research activities. Without the ability to modernize older buildings and campus spaces, Virginia's capacity to produce world-class research in fields such as medicine, biotechnology, science, and engineering will suffer – to the detriment of all Virginians.

Fortunately, the educational facilities bond referendum will increase Virginia's academic research activities.

- Almost one-third – \$200 million – of the funding provided by the educational bond referendum is for science, engineering, medical and other types of critically needed research.
- The funding for these projects provides half of the additional research space considered necessary by SCHEV for Virginia's public colleges and universities.
- Increased college and university science, technology and research capabilities create co-operative ventures with private industry, and higher-paying jobs.
- High-profile academic R&D improves the state's ability to attract businesses and industry to Virginia. Research also brings more jobs. According to the U. S. Department of Commerce, \$1 million of research produces 36 new jobs.

By voting “Yes” for the educational bond referendum, Virginians will strengthen and advance research efforts at Virginia's colleges and universities. That's good news because the benefits of research accomplished at institutions of higher education have touched the lives of almost everyone. For example, university research promotes better health and saves lives through the creation of new vaccines, drugs, procedures, and medical equipment. Academic research also has contributed to advances in agriculture that produce and sustain crops more effectively. It has helped improve our environment through cleaner energy sources. University research also laid foundations for many successful industries – including aeronautics, electronic components, plastics, computers and software, and telecommunications hardware and services.

## **POSITIVE IMPACT FOR VIRGINIA’S ECONOMY**

The many benefits associated with the projects paid for by the educational bond referendum include providing a positive economic impact for Virginia’s economy.

Applying what economists term a “multiplier effect,” the \$900 million in bond funding for upgrades, renovations, and new construction projects will result in a beneficial impact that’s multiplied throughout Virginia.

- The estimated economic impact through 2008 of the educational facilities bond referendum is \$1.5 billion.
- This significant stimulus will be realized through material purchases, plus the retention and creation of jobs in construction and related industries.
- The estimated increase in state tax revenue through 2008 from more robust economic activity that would accompany passage of the bond referendum is \$51 million.
- Better still, an estimated 13,865 new jobs will be created through 2008 – benefiting the lives and livelihoods of even more Virginians.

By voting “Yes” for the educational bond referendum, Virginians will be giving a boost not only to higher education’s vigor, but also to Virginia’s economic vitality.

## **BONDS ARE FISCALLY RESPONSIBLE**

Consistent with Virginia's fiscally conservative philosophy, the educational bond referendum is prudent, fiscally responsible, and will be repaid in 25 years or less – without raising state taxes.

Despite tough economic times currently affecting state budgets here and across the nation, Virginia possesses two resources upon which many other states cannot capitalize: one of the best credit ratings in the country, and ample debt capacity.

- The educational facilities bond referendum does not affect Virginia's coveted "Triple A" bond rating, which signifies its standing as one of the most fiscally sound states in the nation. Only 8 other states and Virginia have this rating.
- This bond referendum will still leave Virginia well below its capacity to repay debt. The General Assembly's estimate of the interest on the bonds over their life is \$515 million. Fortunately, Virginia has used debt in such a limited way in the recent past that 85 cents in debt will be paid off in future years at the same time every new dollar in debt is being assumed.
- Passage of this bond referendum does not require any tax increase, because a revenue stream is already provided in the state budget for the payment of the debt on this bond package. In fact, the State Treasurer anticipates that the issuance of these bonds will actually strengthen the Commonwealth's bond rating – already one of the highest in the nation.
- With prevailing interest rates so relatively low, Virginia will be able to acquire significant funding for its capital requirements at a very affordable cost.

The combination of available debt capacity, low interest rates, and a “Triple A” bond rating provide Virginia a “window of opportunity” to finance the construction of educational facilities for the benefit of ourselves and generations of Virginians.

By voting “Yes” on the educational bond referendum, Virginians will help our colleges, universities, community colleges, and museums meet the challenges of the future – without raising state taxes.

## **ELECTED OFFICIALS AND COMMUNITY LEADER SUPPORT**

The state's elected officials and community leaders have examined the needs of Virginia's community colleges, public four-year colleges, universities, and museums. They are convinced of the benefits and believe the projects to be voted on in the educational facilities referendum deserve serious consideration by every Virginian.

Supporting the college, university, community college, and museum bond referendum is not a partisan issue.

- Governor Warner, Lieutenant Governor Kaine, Attorney General Kilgore all supported a major capital improvement program for Virginia's public colleges, community colleges and universities during their election campaigns.
- An overwhelming majority (97%) of the members of the General Assembly – Republicans, Democrats, and Independents – voted for the general obligation bond issue.
- Many chambers of commerce and other business organizations in all regions of Virginia already have endorsed a major capital improvement program for our community colleges, public four-year colleges, and universities.
- The number of endorsements is expected to grow as more people come to understand the pressing needs that will be addressed through the educational facilities bond referendum on the ballot in November.

## **BUSINESS SUPPORT**

In 2001, the following 28 business organizations from across the state encouraged the Governor and General Assembly to provide state funding to provide for the capital improvement needs of Virginia's public colleges, community colleges and universities.

### **Statewide Organizations**

Virginia Agribusiness Council  
Virginia Business Council (Does not endorse specific dollar amounts)  
Virginia Chamber of Commerce (Does not endorse specific dollar amounts)  
Virginia Economic Developers Association  
Virginia Forward  
Virginia Manufacturers Association

### **Chambers of Commerce**

Bath County • Bedford Area • Eastern Shore • Emporia-Greenville  
Fairfax County (Does not endorse specific dollar amounts) • Farmville Area  
Greater Richmond • Herndon Dulles • Lexington-Rockbridge County  
Prince William Regional • Radford • Roanoke Regional  
Williamsburg Area • Vienna Regional

### **Technology Councils**

Greater Richmond • Hampton Roads • New Century  
Northern Virginia • Region 2000  
Shenandoah Valley • Southern Piedmont

### **Other Business Organizations**

Greater Norfolk Corporation

More recently, the Coalition for Virginia’s Future, an organization of 16 business groups, has specifically endorsed passage of the General Obligation Bond Issue for educational facilities passed overwhelmingly by the 2002 General Assembly and signed by Governor Warner. The members of the Coalition are:

Virginia Business Council  
Virginia Chamber of Commerce  
Virginia Economic Developers Association  
Virginia Forward  
Virginia FREE  
Virginia Manufacturers Association  
Virginia Retail Merchants Association  
Virginia Business Higher Education Council  
Fairfax County Chamber of Commerce  
Hampton Roads Chamber of Commerce  
Greater Richmond Chamber of Commerce  
Hampton Roads Partnership  
Northern Virginia Roundtable  
Northern Virginia Technology Council  
REGION (Northern Virginia)  
Roanoke Regional Chamber of Commerce

On November 5, you can unite with these and thousands of other supporters who will be rolling up their sleeves and, with their own hands, building a better Virginia.

For Virginia’s future – for your future and that of your children and grandchildren – let’s make the right choice.