2012 Special Session I

Budget Bill - HB1301 (Introduced)

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Item 4-10

§ 4-10.00 HIGHER EDUCATION FUNDING

§ 4-10.01 IMPLEMENTING VIRGINIA HIGHER EDUCATION OPPORTUNITY ACT OF 2011

This delineates the principles for providing funding to higher education institutions consistent with the funding elements identified under the Virginia Higher Education Opportunity Act of 2011:

a. ENROLLMENT GROWTH:

Consistent with the provisions of the Virginia Higher Education Opportunity Act of 2011 (TJ21), each institution of higher education shall receive an amount per student associated with enrollment growth of undergraduate Virginians. For four-year institutions, the amount provided per student shall equal the amount awarded to students under the Tuition Assistance Grant (TAG) Program for private institutions. For two-year institutions, the amount provided per student shall be 50 percent of the TAG grant award. The difference in enrollment between the two most recent years for which there is final actual enrollment data shall be used to calculate enrollment growth.

b. BASE AND INCENTIVE FUNDING:

1. For any general fund support provided to institutions of higher education beyond the general fund base used for the most recent calculation of base adequacy in the education and general program, approximately 50 percent shall be directed to base operations, instruction, and financial aid to help maintain affordability at the institutions, and approximately 50 percent to incentive funding and initiatives to help achieve the goals and objectives of TJ21. Within this broader framework, the following allocation percentages shall be used:

a) approximately forty percent for base operations support;

b) approximately ten percent for financial aid;

c) approximately thirty-two percent for incentive funding;

d) approximately ten percent for research activities and initiatives; and,

e) approximately eight percent for other activities and initiatives.

2. For base funding support, the allocation shall be spread among institutions based on the most recent iteration of the base adequacy model, as calculated by the State Council of Higher Education for Virginia, as follows:

a) For institutions at less than 85 percent of the funding guidelines, funding equal to a two percent increase on the model's scale.

b) For institutions between 85 and 90 percent of the funding guidelines, funding equal to a one percent increase on the model's scale; and,

c) For institutions at 91 percent or higher of the funding guidelines, funding equal to a one-half percent increase on the model's scale.

For institutions above 91 percent, the emphasis should be on equity in state support and reduced reliance on Virginia student tuition and fee payments to fund the Cost of Education, while taking into account the distinctive missions and conditions of the institutions as provided in TJ21.

3. For financial aid funding, the intent is to enhance affordability for both low-income and middle-income students and their families. Financial aid funding shall be spread among the institutions of higher education based on the State Council of Higher Education for Virginia's Partnership Model. The funding provided shall be distributed proportionately among the institutions based on each institution's percentage of the shortfall, as calculated between the immediate fiscal year and the following fiscal year goal. For purposes of this funding, the Advisory Committee recommended the use of the federal percent-of-poverty index to define income bands for use in defining low and middle income families. Low income would fall below 200 percent and middle income would be in the range of 200 to 400 percent. Institutions shall report annually on their implementation of this policy via the six-year planning process established under TJ21.

4. For incentive funding, the model circulated by the college presidents to the 2011 Higher Education Advisory Committee (Advisory Committee) shall be used to distribute the allocated funding. This model distributes funding proportionately to those schools that graduate the most students, and which have a greater percentage of students that graduate with science, technology, engineering, math or health care majors, as well as graduating more underrepresented students. The Advisory Committee may identify improvements and modifications to this model from time to time.

5. For research funding, the allocation shall be for efforts included in an institution's six-year plan, that will result in matching grant or investment funding equal to at least two times the amount of state support over a three-year period, or which will result in the commercialization of a product. The Secretary of Education, in collaboration with the Secretaries of Finance, Technology, and Commerce and Trade, shall establish a methodology upon which research grants may be allocated. Such methodology should reflect the goals of the Virginia Higher Education Opportunity Act of 2011. Institutions receiving funding shall also provide an annual report being submitted to the Governor, Secretaries of Finance, Education, Technology and Commerce and Trade, as well as the Chairmen of the House Appropriations and Senate Finance Committees, and the Director, Department of Planning and Budget, to identify the institution's research accomplishments and document the return on the Commonwealth's investment.

6. For other activities and initiatives, funding shall be directed towards efforts identified by institutions of higher education in their six-year plans that best meet the goals and objectives of the TJ21 legislation. These activities and initiatives should be vetted through the six-year plan process as delineated in TJ21, and should be requested as discrete decision packages through the budget development process.

7. Pursuant to TJ21 and its provisions promoting partnership between public and private institutions in the achievement of stated policy goals, the Commonwealth's higher education investment strategy and funding policy may include the provision of financial incentives to private non-profit institutions of higher education where such incentives will support the goals of economic growth, reform-based investment and affordable access specified in TJ21. The Secretary of Education shall consult with the Attorney General and the Secretary of Finance to identify appropriate methods for the provision of such incentives and shall make recommendations to the Higher Education Advisory Committee related thereto on or before October 1, 2012.