

## Higher Education

The Governor's recommended amendments for higher education provide a net increase of \$9.0 million GF for the biennium when compared to the original appropriation. Major general fund increases include \$12.8 million for faculty salary increases, \$6.5 million to fund enrollment growth in the second year of the biennium, and \$5.8 million to increase support for student financial aid.

<b>Major General Fund Adjustments</b>	
	<u>\$ in mil.</u>
<b>Increases:</b>	
Faculty Salaries	\$12.8
Enrollment Growth	\$6.5
Financial Aid	\$5.8
Institution-Specific Initiatives	\$1.9
<b>Decreases:</b>	
Management Savings	(\$18.6)

Institution-specific recommendations include: \$400,000 GF each for technology and program enhancements at Norfolk State University and Virginia State University; \$890,385 GF as the state match to federal funds for the Cooperative Extension program at VSU; and \$200,000 for economic education at Virginia Commonwealth University.

The Governor's amendments recommend general fund savings of \$18.6 million, to be realized primarily through targeted budget reductions, administrative savings, and a reduction in the retirement contribution rate for faculty.

- **Faculty Salaries.** Provides \$5.9 million GF the second year to maintain faculty salaries at the 60<sup>th</sup> percentile of each institution's respective peer group, assuming national salary increases of about 2 percent. Increases range from 0.3 percent to 3.4 percent, with an average increase of 1.3 percent.

Six institutions – Virginia State University, Norfolk State University, Longwood College, Radford University, Richard Bland College, and the Virginia Community College System – are estimated to be at or above the

60<sup>th</sup> percentile for their peer groups. No funds are provided for instructional salary increases at these institutions.

Another \$6.9 million GF is provided in the second year for a 3.5 percent cost-of-living salary increase for administrative faculty, part-time faculty, and graduate teaching assistants at each institution.

<u>Institution</u>	<u>Instructional Faculty</u>		<u>GF for 3.5% Increase for Admin., Part-time and GTAs</u>
	<u>Percent Increase</u>	<u>GF</u>	
Christopher Newport Univ.	0.3%	\$ 20,464	\$ 113,422
College of William & Mary	1.4	320,606	259,091
Richard Bland College	-	0	18,049
Va. Institute of Marine Science	1.4	36,224	43,920
George Mason University	0.3	113,800	606,051
James Madison University	0.3	76,121	320,333
Longwood College	-	0	73,244
Mary Washington College	1.0	75,341	103,555
Norfolk State University	-	0	123,857
Old Dominion University	0.8	203,050	459,094
Radford University	-	0	179,314
University of Virginia	3.4	2,061,191	888,489
Univ. of Va. at Wise	0.7	14,509	37,803
Virginia Commonwealth Univ.	1.5	932,114	666,683
Va. Community Colleges	-	0	1,971,154
Virginia Military Institute	2.3	77,053	71,434
Virginia Tech	2.3	1,638,649	615,444
VPI - Cooperative Ext.	2.3	312,572	322,364
Virginia State University	-	<u>0</u>	<u>65,416</u>
<b>Average Increase/Total</b>	<b>1.3%</b>	<b>\$5,881,694</b>	<b>\$6,938,717</b>

- Enrollment Growth.** Provides \$6.5 million GF the second year to fund enrollment increases at 15 institutions. The methodology used to calculate the additional funding provides 50 percent of the average total instructional funding per full-time-equivalent student, based on the institutional type (doctoral, comprehensive, two-year, or community colleges). The methodology then subtracts estimated tuition and fee revenue from the total funding to arrive at the general fund cost.

<b>Enrollment Growth</b>		
<u>Institution</u>	<u>FTE Growth</u>	<u>GF FY 2002</u>
Christopher Newport Univ.	62	\$ 110,546
Richard Bland College	6	9,615
George Mason University	190	485,640
James Madison University	34	53,618
Longwood College	134	225,924
Mary Washington College	56	92,568
Norfolk State University	14	11,916
Old Dominion University	157	383,394
Radford University	63	133,686
University of Virginia	46	90,942
Univ. of Va. at Wise	15	28,035
Virginia Commonwealth Univ.*	248	1,115,914
Virginia Tech	21	17,334
Virginia State University	138	305,118
Va. Community Colleges	<u>2,777</u>	<u>\$3,464,807</u>
<b>Total</b>	<b>3,931</b>	<b>\$ 6,529,057</b>

\* Includes \$515,596 Year 1 and \$600,318 Year 2.

The introduced budget bill in the 2000 Session used this methodology for funding enrollment growth. The General Assembly left the funding for the first year of the biennium but removed the second year funding, pending development of new enrollment growth funding guidelines. The Governor's recommended amendments restore the second year funding, with adjusted calculations for enrollment at the VCCS and for VCU.

- **Financial Aid.** Provides \$5.8 million GF the second year to fund one-third of the estimated unfunded “true need” calculation for financial aid. Minimum funding of \$50,000 is provided for each institution already meeting the need calculation.

<b>Financial Aid</b>	
<u>Institution</u>	<u>GF FY 2002</u>
Christopher Newport Univ.	\$386,874
College of William & Mary	50,000
Richard Bland College	50,000
George Mason University	162,724
James Madison University	485,657
Longwood College	124,717
Mary Washington College	50,000
Norfolk State University	603,771
Old Dominion University	968,182
Radford University	246,689
University of Virginia	50,000
Univ. of Va. at Wise	86,970
Virginia Commonwealth Univ.	1,410,646
Va. Community Colleges	50,000
Virginia Military Institute	50,000
Virginia Tech	495,164
Virginia State University	<u>510,247</u>
<b>Total</b>	<b>\$ 5,781,641</b>

The financial aid methodology used in the proposed amendment differs from that used by the General Assembly to allocate financial aid funding. The General Assembly has attempted to provide funding to meet 50 percent of the “remaining need” for each student, after subtracting grants, scholarships, and family contributions from the total cost of education. The estimated remaining need for all institutions in FY 2002 under this methodology is \$147.5 million. The general fund currently meets about 42 percent of remaining need. It would cost an additional \$12.5 million to meet 50 percent of remaining need.

The proposed new methodology, recommended by the State Council of Higher Education, assumes that students should meet a portion of the remaining need through loans. Based on this methodology, the estimated financial need for all institutions in FY 2002 is \$68.4 million. It would cost about \$16.7 million to meet 100 percent of this calculation of need. The recommendation in the introduced budget provides funding for about one-third of that amount.

- **Management Savings.** Reduces general fund appropriations for college and university operations by \$18.6 million for the biennium. The reductions include:
  - \$8.2 million from the use of on-line recruitment and procurement, reductions in long-distance telecommunications rates, and reductions for one-time expenditures.
  - \$7.2 million from reductions of 1 percent (year 1) and 2 percent (year 2) of the general fund portion of institutional support and student services budgets at each institution.
  - \$3.2 million from reducing the retirement contribution rate from 10.4 percent to 9.24 percent for faculty in Optional Retirement Plans (ORP). Under this proposed policy change, the ORP rate would be tied to the VRS contribution rate.

### General Fund Management Savings

<u>Institution</u>	<u>FY 2001</u>	<u>FY 2002</u>
Christopher Newport Univ.	\$ (65,481)	\$ (261,103)
College of William & Mary	-	(602,874)
Richard Bland College	(15,623)	(60,148)
Va. Institute of Marine Science	-	(75,525)
George Mason University	(59,724)	(1,291,289)
James Madison University	(120,472)	(795,954)
Longwood College	(61,107)	(192,384)
Mary Washington College	(142,907)	(176,573)
Norfolk State University	(122,888)	(338,077)
Old Dominion University	(233,244)	(942,007)
Radford University	(102,997)	(408,838)
University of Virginia	(324,447)	(2,008,579)
Univ. of Va. at Wise	(35,728)	(112,423)
Virginia Commonwealth Univ.	(266,333)	(1,579,149)
Va. Community Colleges	(1,906,687)	(3,086,998)
Virginia Military Institute	(62,854)	(129,538)
Virginia Tech	(295,149)	(2,165,397)
VPI - Cooperative Ext.	(9,081)	(233,363)
Virginia State University	(76,371)	(248,976)
VSU - Cooperative Ext.	(365)	(1,148)
<b>Total</b>	<b>\$ (3,901,458)</b>	<b>\$ (14,710,343)</b>

- **Norfolk State University**
  - **Technology Enhancements.** Provides \$400,000 GF the second year for completion of the student information system and to continue other technology enhancements.
- **Virginia State University**
  - **Academic Program Enhancements.** Provides \$400,000 GF the second year for enhancements to academic programs in computer sciences, mass communications, and criminal justice.
  - **Cooperative Extension – Match of Federal Funds.** Provides \$154,993 GF, \$154,993 NGF and 1.0 FTE position the first year, and \$735,392 GF, \$154,993 NGF and 1.0 FTE position the second year to provide a 100 percent state match of federal funds under the federal Cooperative Extension and Agricultural Research Program.
- **Virginia Commonwealth University**
  - **Council on Economic Education.** Provides \$200,000 GF the second year for the development of courses and curricula to train K-12 teachers and students in entrepreneurship. This increase would bring funding for the council to \$1.0 million for the biennium.
- **State Council of Higher Education for Virginia**
  - **Tuition Assistance Grants.** Provides \$212,146 GF the first year to maintain grants at \$2,850 per student, and \$249,984 GF the second year to maintain grants at \$3,000 per student, to accommodate anticipated increases in the number of eligible TAG recipients.
  - **State Match for GEAR UP Grant.** Provides \$1.1 million GF the second year as a state match for the GEAR UP grant, a program designed to prepare students for college. A nongeneral fund appropriation of \$2.0 million in federal funds and 3.0 FTE positions also is provided to support the grant.
  - **Management Savings.** Reduces appropriation by \$133,246 GF the first year and \$268,546 GF the second year to reflect targeted reductions of 3 percent in FY 2001 and 6 percent in FY 2002. The reductions are to be realized through agency management actions such as technology enhancements, operational efficiencies, and elimination of per diems for board members.