

Higher Education

The adopted 2002-04 GF budget for Higher Education totals \$2.9 billion, a net decrease of \$275.0 million for the biennium when compared to the adjusted appropriation for current operations.

Biennial budget reductions of \$290.7 million GF were allocated to institutions of higher education. Budget reductions totaling \$15.9 million, representing 7 percent the first year and 8 percent the second year, were applied to the affiliated higher education agencies, such as the Virginia Institute of Marine Science and Cooperative Extension Programs.

To offset a portion of the budget reductions, institutions of higher education will be allowed to raise tuition for the 2002-04 biennium. Tuition policy adopted by the General Assembly calls for the boards of visitors of each institution to develop tuition and fee rates for each year of the biennium, with the provision that the boards minimize the impact on undergraduate Virginia resident students.

Other significant spending decreases include a reduction of \$6.8 million GF for the Tuition Assistance Grant (TAG) program, and a reduction of \$6.8 million GF for elimination of the former Office of Civil Rights programs, which is replaced by program and facility enhancement funding at Norfolk State University and Virginia State University. In addition, the adopted phases-out support of \$3.8 million GF for research and special purpose centers at the colleges and universities, and replaces the funds with a nongeneral fund appropriation.

New spending initiatives were limited to a few key items, such as \$8.2 million GF in additional financial aid to mitigate the impact of tuition increases on students (an additional \$2.0 million is included in Central Appropriations), and \$9.0 million GF for the operation and maintenance of new facilities coming on-line in the new biennium.

The budget as adopted also provides equipment allocations of \$35.0 million in each year from the Higher Education Equipment Trust Fund. In addition, college faculty would be eligible to participate in the bonus provided in the first year.

Beyond these system wide initiatives, the adopted budget includes \$7.5 million GF for academic programs and instructional equipment at Norfolk State University and \$5.0 million GF for academic programs and instructional equipment at Virginia State University. As noted above, amounts represent funding required under the new Office of Civil Rights (OCR) Accord.

Major GF Increases and Decreases	
Increases	<u>In Millions</u>
Operation of New Facilities	\$9.0
Additional Student Financial Aid*	8.2
New Programs at Norfolk State University	7.5
New Programs Virginia State University	5.0
Decreases	
GF Reductions for Institutions of HE	(\$290.7)
GF Reductions for Affiliated HE Agencies	(15.9)
Tuition Assistance Grant	(6.8)
Eliminate Former OCR Programs	(6.8)
Reduce GF Support for Research Centers	(3.8)
* Additional \$2.0 million GF provided in Central Appropriations.	

- **Operation and Maintenance of New Facilities.** Provides \$3.7 million GF the first year and \$5.3 million GF the second year to support the additional costs of lighting, heating, cooling, and maintaining new educational buildings that are scheduled to open in the 2002-04 biennium.

Operation and Maintenance of New Facilities		
	<u>FY 2003</u>	<u>FY 2004</u>
College of William and Mary	\$ 347,357	\$ 315,557
University of Virginia	2,425,007	2,519,027

Virginia Tech	110,562	602,185
Mary Washington College	70,875	97,350
James Madison University	14,517	14,517
Christopher Newport University	63,900	68,900
Univ. of Virginia's College at Wise	130,016	132,128
Va. Community College System	499,413	1,511,266
Southwest Va. Higher Ed. Center	<u>45,000</u>	<u>55,000</u>
Total	\$3,706,647	\$5,315,930

- Student Financial Assistance.** Provides an additional \$2.7 million GF the first year and \$5.5 million GF the second year for student financial assistance. The additional funding is provided to maintain the current percent of “financial aid need” that is met by the institutions of higher education, assuming a 5 percent tuition increase in each year of the biennium. The tuition policy language also directs the institutions of higher education to consider allocating a portion of additional tuition revenue for financial aid. Another \$2.0 million GF the first year is provided in the Central Accounts for financial aid, to be distributed to the institutions of higher education.

Student Financial Assistance		
	<u>FY 2003</u>	<u>FY 2004</u>
Christopher Newport University	\$ 71,229	\$ 147,568
College of William and Mary	70,828	147,312
George Mason University	269,731	556,661
James Madison University	96,697	198,076
Longwood College	63,214	130,330
Mary Washington College	29,859	60,897
Norfolk State University	102,078	211,549
Old Dominion University	234,996	483,142

Radford University	103,692	215,142
Richard Bland College	11,790	24,130
University of Virginia	133,892	274,951
University of Virginia's College at Wise	25,328	52,378
Virginia Commonwealth University	352,825	723,649
Virginia Community College System	527,420	1,088,222
Virginia Military Institute	20,745	43,096
Virginia State University	63,577	131,362
Virginia Tech	<u>494,640</u>	<u>1,022,719</u>
Total	\$2,672,541	\$5,511,184

- **Higher Education Equipment Trust Fund (HEETF).** Includes \$35.0 million each year from the Higher Education Equipment Trust Fund for new instructional and computing equipment, an amount that is about \$30.0 million less than the HEETF allocation for the 2000-02 biennium. The budget includes \$7.9 million GF in FY 2004 in the Treasury Board's budget as the first lease payment on the new HEETF bonds.

Higher Education Equipment Trust Fund		
	<u>FY 2003</u>	<u>FY 2004</u>
Christopher Newport University	\$ 489,670	\$ 489,670
College of William and Mary	1,084,696	1,084,696
George Mason University	2,016,731	2,016,731
James Madison University	1,616,040	1,616,040
Longwood College	422,771	422,771
Mary Washington College	470,348	470,348
Norfolk State University	709,617	709,617
Old Dominion University	2,392,209	2,392,209

Radford University	909,293	909,293
Richard Bland College	98,350	98,350
University of Virginia	5,466,377	5,466,377
University of Virginia's College at Wise	163,801	163,801
Virginia Commonwealth University	4,295,481	4,295,481
Virginia Community College System	7,639,133	7,639,133
Virginia Military Institute	376,860	376,860
Virginia State University	651,151	651,151
Virginia Tech	5,513,452	5,513,452
Virginia Institute of Marine Science	279,020	279,020
Southwest Va. Higher Education Center	280,000	280,000
Roanoke Higher Education Authority	<u>125,000</u>	<u>125,000</u>
Total	\$35,000,000	\$35,000,000

- Faculty Salaries.** Includes faculty in those employees eligible for the 2.5 percent of pay bonus provided in the first year of the biennium. Funding for the bonus was calculated on the base salaries for full time teaching and research faculty, administrative faculty, part-time faculty, and graduate teaching assistants. Institutions would have flexibility in how they allocated the funds to assist in retention of faculty. In the second year, funds are provided in the Central Appropriations for a statewide compensation package.
- Educational and General Program (E&G) Budget Reductions.** Reduces the Educational and General (E&G) budgets of the institutions of higher education by \$124.3 million the first year and \$166.4 million the second year. The budget reductions average 5.4 percent the first year and 7.0 percent the second year; however the same percent reductions were not applied across-the-board. Instead, each institution was evaluated based on 1) current funding measured as a percent of the higher education funding guidelines, 2) the institution's potential to restore a portion of the budget reductions through modest tuition increases, and 3) other factors such as size or unique mission.

Under this approach, the budget reductions range from about 2.3 percent to 7.6 percent in the first year. In the second year, the budget reductions range from 3.0 percent to 9.6 percent.

No specific tuition offsets were assumed in the budget reduction actions. Instead, the specified tuition policy provides the boards of visitors with flexibility to set appropriate tuition and fee rates with the intent of minimizing the impact on in-state, undergraduate students. It was also expected that institutions could manage the reductions with a tuition increases of not greater than 9 percent per year. The net impact of the budget reductions, assuming a 9 percent tuition increase, ranges from less than 1 percent to 3.6 percent in the first year.

The boards of visitors also are directed to consider a variety of factors related to the cost of education, and are directed to consider allocating a portion of the tuition revenue for additional financial aid. Further, the language directs that those institutions where nonresident enrollment exceeds 25 percent should not increase the proportion of nonresidents for the 2002-04 biennium.

Institutions of higher education are directed to report their tuition and fee rates each year to the Secretary of Education, the State Council of Higher Education, and to the chairmen of the Senate Finance and House Appropriations committees.

Educational and General Reductions - Institutions of Higher Education		
	<u>FY 2003</u>	<u>FY 2004</u>
Christopher Newport University	\$ 1,511,694	\$ 2,057,471
College of William and Mary	6,205,648	8,105,751
George Mason University	13,047,777	16,598,768
James Madison University	4,715,465	7,289,619
Longwood College	1,646,523	2,133,298
Mary Washington College	2,401,343	3,026,163
Norfolk State University	1,797,577	2,572,213
Old Dominion University	6,226,703	8,706,658

Radford University	2,756,640	3,801,206
Richard Bland College	156,150	210,126
University of Virginia	25,383,306	33,328,623
UVA at Wise	439,762	581,097
Virginia Commonwealth University	18,175,515	24,669,146
Va. Community College System	13,204,931	18,299,569
Virginia Military Institute	1,156,726	1,582,013
Virginia State University	1,301,885	2,198,880
Virginia Tech	<u>24,220,544</u>	<u>31,255,909</u>
Total	\$124,348,189	\$166,416,510

- Budget Reductions for Affiliated Higher Education Agencies.** For agencies affiliated with the institutions of higher education, budgets will be reduced 7 percent the first year and 8 percent the second year. These amounts are budgeted in the Central Accounts.

General Fund Reductions in Higher Education-Related Agencies		
	<u>FY 2003</u>	<u>FY 2004</u>
Virginia Tech Cooperative Extension	\$4,260,968	\$4,869,678
Virginia Institute of Marine Science	1,262,450	1,404,872
State Council of Higher Education	1,135,083	1,297,238
Medical College of Hampton Roads	509,314	582,076
Southwest Va. Higher Education Center	113,134	122,825
Southeastern University Research Assoc.	57,490	65,703
Roanoke Higher Education Authority	46,375	53,000
Melchers-Monroe Memorials	36,703	41,946
Virginia State Cooperative Extension	<u>0</u>	<u>0</u>
Total	\$7,421,517	\$8,437,338

- Funding for Research and Special Purpose Centers.** Reduces general fund support for research and special purpose centers at institutions of higher education by \$1.8 million GF the first year and \$2.0 million GF the second year and replaces the funding with nongeneral funds. Language in the adopted budget indicates that it is the intent of the General Assembly that general fund support for the centers not be continued indefinitely, but that institutions secure nongeneral funds for such activities.

General Fund Reductions – Special Purpose and Research Centers		
	<u>FY 2003</u>	<u>FY 2004</u>
Christopher Newport University	\$ 22,200	\$ 22,200
College of William and Mary	139,296	153,425
George Mason University	171,250	171,250
Longwood College	119,916	121,316
Norfolk State University	36,000	36,000
Old Dominion University	137,074	137,074
University of Virginia	449,037	454,037
UVA at Wise	30,000	30,000
Virginia Commonwealth University	454,400	577,400
Va. Institute of Marine Science	10,000	10,000
Virginia State University	86,416	86,416
Virginia Tech	<u>165,000</u>	<u>238,750</u>
Total	\$1,820,589	\$2,037,868

- State Council of Higher Education for Virginia**

 - Tuition Assistance Grant Program.** Subjects funding for the Tuition Assistance Grant to the 7 and 8 percent budget reductions applied to other education agencies. Funding was reduced by \$3.2 million GF in the first year, and by \$3.6 million GF in the second year. Language included in the budget directs that SCHEV attempt to

minimize any reductions to the grants for undergraduate students while avoiding significant impact on the award for graduate students.

- ***GEAR UP Grant.*** Provides \$2.1 million GF the first year, and \$2.0 million NGF and 3.0 FTE positions in each year as the state match to the federal Gaining Early Awareness and Readiness for Undergraduate Programs grant. The first year amount represents a match of \$1,050,000 per year for both FY 2002 and FY 2003. The grant is designed to prepare middle and high school students for higher education opportunities.
 - ***Reduced Funding for the Virginia Virtual Library (VIVA) Program.*** The budget, as adopted, reduces general fund support for VIVA by \$126,000 in each year of the biennium.
 - ***Educational Opportunity Programs.*** The Commonwealth of Virginia and the Office of Civil Rights recently negotiated a new agreement, thereby replacing the former OCR agreement. The budget, as adopted, reduces funding by \$3.4 million GF in each year to reflect elimination of the former agreement.
- **Norfolk State University**
 - ***Academic Programs and Instructional Equipment.*** Provides \$3.1 million GF and 75 FTE positions the first year and \$4.4 million GF and 75 FTE positions the second year to support six new undergraduate and graduate programs (B.S. in Electronics Engineering, B.S. in Optical Engineering, M.S. in Electronics Engineering, M.S. in Optical Engineering, M.S. in Computer Science, and M.A. in Criminal Justice). This amount also includes debt service to purchase \$1.2 million in instructional equipment. The new programs are part of a recent accord between the Governor and Attorney General with the U.S. Office for Civil Rights and the U.S. Department of Education regarding equal educational opportunities.
 - **University of Virginia**
 - ***Health Care Cost Increases.*** Provides \$781,500 GF each year to cover the state's share of the increases in employer premiums for employees participating in the university's self-insured health plan.

- **Virginia Commonwealth University**
 - ***VCU Programs in Qatar.*** Provides \$6.2 million NGF the first year and \$6.5 million NGF the second year to support the university's branch campus in Qatar. The funding represents payments by the Qatar Foundation to the university. The university offers academic programs and provides staffing for the Qatar School of Arts.
- **Virginia Community College System**
 - ***Medical Education Campus.*** Provides \$200,000 GF and 5 positions in each year to staff the newly completed Medical Education Campus of Northern Virginia Community College.
- **Virginia Military Institute**
 - ***Strategic Business Plan for Academic Excellence.*** Authorizes Virginia Military Institute to use tuition revenues to support a strategic planning process.
- **Virginia State University**
 - ***Academic Programs and Instructional Equipment.*** Provides \$2.3 million GF and 22 FTE positions the first year and \$2.7 million GF and 22 FTE positions the second year to enhance current academic programs, complete the implementation of five newly approved undergraduate programs, and develop a new doctoral program in education. This amount also includes debt service to purchase \$3.6 million in instructional equipment. The academic enhancements and new programs are part of a recent accord between the Governor and Attorney General with the U.S. Office for Civil Rights and the U.S. Department of Education regarding equal educational opportunities.
- **Virginia State University Cooperative Extension and Agricultural Research Services Division**
 - ***State Match for Federal Funds.*** Provides \$200,000 GF and 2.0 FTE positions the first year and \$400,000 GF and 4.0 FTE positions the second year to make progress toward providing a 100 percent state match of federal funds under the Federal Cooperative Extension and Agricultural Research Program.