

Higher Education

The Governor’s proposed 2006-08 budget includes a biennial increase of \$451.3 million GF or about 14.2 percent when compared to the adjusted base appropriation. Almost 90 percent of the proposed increases for higher education are recommended in four major areas: 1) continued support for “base adequacy” to recognize anticipated enrollment growth; 2) support for a new higher education research initiative; 3) continued progress in returning average faculty salaries to the 60th percentile of peer institutions nationally; and 4) enhancements in undergraduate student financial aid at public and private colleges and universities.

| Major GF Increases (2006-08 Biennium, \$ in millions) | |
|---|----------------------------|
| Enrollment Growth and Base Adequacy | \$202.7 |
| Higher Education Research Initiative | 102.4 |
| Average 3.65% Faculty Salary Increase in FY 2007 | 44.0 |
| Undergraduate Student Financial Aid | 40.0 |
| Operation and Maintenance of New E&G Facilities | 9.7 |
| VCCS Middle College Program | 9.4 |
| Basic Operations Adjustments | 9.1 |
| Eastern Virginia Medical School | 8.4 |
| New College Institute (Martinsville) | 4.5 |
| Academic, Research, and Institutional Support at Norfolk State University | 4.2 |
| VIMS Chesapeake Bay Assessment | 2.9 |
| Replace and Update Computing Systems | 2.6 |
| Nursing Clinical Simulation Labs | 2.2 |
| Virtual Library of Virginia | 1.5 |
| Select Research and Public Service Centers | 1.5 |
| Eminent Scholars | 1.3 |
| Regional Higher Education Centers | 1.2 |
| Unique Military Activities at VMI and Va. Tech | 1.1 |
| ODU Rolling Road Test Module | <u>1.0</u> |
| Total | \$449.7¹ |

¹ Figures reflect only those items that are proposed at \$1 million or more for the biennium. In total, the proposed 2006-08 biennial budget increases higher education funding \$451.3 million over the biennium.

- Enrollment growth and base adequacy.** Proposes \$101.4 million GF and \$47.6 million NGF each year to recognize the additional base adequacy costs associated with FY 2007 projected enrollment and to recognize the progress institutions have made in awarding an increased number of degrees since 2000.

| Enrollment Growth (Proposed 2006-08 GF \$ Increases) | | | |
|--|----------------------|----------------------|-----------------------|
| <u>Institution</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>Biennial Total</u> |
| CNU | \$859,300 | \$859,300 | \$1,718,600 |
| CWM | 1,167,300 | 1,167,300 | 2,334,600 |
| GMU | 17,077,900 | 17,077,900 | 34,155,800 |
| JMU | 3,423,900 | 3,423,900 | 6,847,800 |
| LU | 1,493,700 | 1,493,700 | 2,987,400 |
| NSU | 284,500 | 284,500 | 569,000 |
| ODU | 9,823,200 | 9,823,200 | 19,646,400 |
| RU | 1,649,300 | 1,649,300 | 3,298,600 |
| UMW | 1,960,400 | 1,960,400 | 3,920,800 |
| UVA | 3,917,100 | 3,917,100 | 7,834,200 |
| UVA-Wise | 1,833,500 | 1,833,500 | 3,667,000 |
| VCU | 16,456,500 | 16,456,500 | 32,913,000 |
| VMI | 297,700 | 297,700 | 595,400 |
| VSU | 2,496,300 | 2,496,300 | 4,992,600 |
| VT | 1,765,900 | 1,765,900 | 3,531,800 |
| RBC | 657,700 | 657,700 | 1,315,400 |
| VCCS | <u>36,195,800</u> | <u>36,195,800</u> | <u>72,391,600</u> |
| Total | \$101,360,000 | \$101,360,000 | \$202,720,000 |

- Higher education research.** Proposes \$87.1 million GF and \$58.7 million NGF the first year, and \$15.3 million GF and \$57.7 million NGF the second year in operating support for higher education research and development initiatives.

Major Components of Research Package

(2006-08 Biennium, \$ in millions)

| <u>Component</u> | <u>FY 2007</u> | <u>FY 2008</u> | Biennial <u>Total</u> |
|--|----------------|----------------|----------------------------------|
| Biomedical research and biomaterials engineering | \$56.5 | \$0.5 | \$57.0 |
| Modeling and simulation | 13.5 | 2.9 | 16.4 |
| Debt service for HEETF research supplement | 0.0 | 4.6 | 4.6 |
| Institute for Advanced Learning and Research | 2.1 | 2.3 | 4.4 |
| Research Commercialization | 10.0 | 0.0 | 10.0 |
| Graduate Financial Aid | <u>5.0</u> | <u>5.0</u> | <u>10.0</u> |
| Total | \$87.1 | \$15.3 | \$102.4 |

A description of each of the major general fund components follows:

- **Biomedical research and biomaterials engineering.** Includes \$57.0 million GF over the biennium, of which \$56.0 million is proposed as start-up funds to attract faculty in biomedical research and biomaterials engineering at Virginia Tech, the University of Virginia, Virginia Commonwealth University, and George Mason University. The remaining \$1.0 million is provided for the training of additional biomedical laboratory technicians through the Virginia Community College System (VCCS).
- **Modeling and simulation research.** Includes \$16.4 million GF over the biennium to enhance the Commonwealth’s modeling and research capabilities in the Tidewater region. Of this amount, \$11.0 million GF is proposed as one-time costs to Old Dominion University, Eastern Virginia Medical School, and the Virginia Economic Development Partnership. The remaining \$5.2 million is provided for on-going costs, training, and instructional development at the Virginia Modeling Analysis & Simulation (VMASC) Center, ODU, and the community colleges.
- **Debt service for Higher Education Equipment Trust Fund (HEETF) research supplement.** Includes \$4.6 million GF the second year for the debt service on \$26.5 million authorized for the

purchase of research-related equipment at Virginia Tech, the University of Virginia, Virginia Commonwealth University, George Mason University, Old Dominion University, and the community colleges. As proposed, the debt service would be paid over a five-year period. This funding would be provided in addition to \$9.2 million GF appropriated in the Treasury Board for debt service on the \$103.4 million proposed biennial HEETF authorization for the on-going replacement and renewal of technology across all public colleges and universities.

- **Institute for Advanced Learning and Research (IALR).** Proposes \$2.1 million GF the first year and \$2.3 million GF the second year to support the on-going expansion of research programs at the Institute in Danville.
- **Research Commercialization Grants.** Re-establishes funding for the Commonwealth Technology Research Fund (CTRF) by providing \$10.0 million GF in the first year for the commercialization of higher education research. As proposed, the one-time funding will be awarded using a competitive grant process and will require at least a one-for-one match of nongeneral funds.
- **Graduate Student Financial Aid.** Increases state support for graduate aid by \$5.0 million GF each year or 40 percent over current FY 2006 appropriations of \$12.3 million GF. The additional funds would be targeted to graduate students at Virginia's six doctoral institutions.
- **Interest Earnings.** Proposes the allocation of \$7.8 million NGF in the first year and \$8.8 million NGF in the second year for the estimated interest earnings on sponsored program grant and indirect cost recovery fund balances. Unlike other parts of the proposed initiative, the additional funds are not limited to the research institutions but would be allocated to every institution of higher education. The proposed action would reduce general fund revenues by a like amount.
- **Faculty Salary Increases.** Includes \$15.4 million GF and \$12.8 million NGF the first year and \$28.6 million GF and \$23.5 million NGF the second year for an average 3.65 percent increase to sustain progress on raising average salaries for teaching and research (T&R) faculty to the 60th percentile of peer institutions nationally. Proposed salary increases vary by institution, ranging from 2.0 to 4.0 percent based on institutions'

current rankings relative to peer institutions. In addition, funding is provided for a 3.0 percent salary increase for administrative faculty, part-time faculty, and graduate assistants. All salary increases would be effective November 25, 2006.

| FY 2007 Faculty Salary Increases (Proposed 2006-08 Increase, GF State Share) | | | | |
|--|---------------------------------------|-------------------------------|---|--------------------------|
| <u>Institution</u> | Avg. % Incr. for T&R Faculty | <u>FY 2007 Allocation</u> | FY 2008 Annualization <u>Cost</u> | Biennial <u>Total</u> |
| CNU | 3.30 | \$263,400 | \$486,200 | \$749,600 |
| CWM | 4.00 | 569,600 | 1,051,500 | 1,621,100 |
| GMU | 3.70 | 1,540,300 | 2,843,700 | 4,384,000 |
| JMU | 3.50 | 765,400 | 1,413,000 | 2,178,400 |
| LU | 4.00 | 236,400 | 436,400 | 672,800 |
| NSU | 3.10 | 281,700 | 520,100 | 801,800 |
| ODU | 3.60 | 852,100 | 1,573,100 | 2,425,200 |
| RU | 2.00 | 282,700 | 521,900 | 804,600 |
| UMW | 4.00 | 211,800 | 391,000 | 602,800 |
| UVA ¹ | 4.00 | 1,663,900 | 3,071,800 | 4,735,700 |
| UVA-Wise | 4.00 | 106,700 | 197,000 | 303,700 |
| VCU ¹ | 4.00 | 2,147,200 | 3,964,100 | 6,111,300 |
| VMI | 4.00 | 90,500 | 167,100 | 257,600 |
| VSU | 3.50 | 190,300 | 351,300 | 541,600 |
| VT | 4.00 | 1,870,400 | 3,453,000 | 5,323,400 |
| RBC | 2.00 | 27,400 | 50,600 | 78,000 |
| VCCS | 4.00 | 3,446,700 | 6,363,000 | 9,809,700 |
| VIMS | 4.00 | 151,700 | 280,000 | 431,700 |
| VT-Ext | 4.00 | 734,300 | 1,355,600 | 2,089,900 |
| VSU-Ext | 3.50 | <u>36,400</u> | <u>67,200</u> | <u>103,600</u> |
| Average/Total | 3.65 | \$15,468,900 | \$28,557,600 | \$44,026,500 |

¹ Includes salaries for faculty affiliated with the medical family practice programs.

- **Undergraduate Student Financial Aid.** Includes \$40.0 million GF over the biennium for increases in undergraduate aid at public and private institutions.
 - *Need-Based Undergraduate Aid.* Of this amount, \$10.9 million GF is provided each year for need-based student aid at Virginia's public colleges and universities. If adopted, the additional funding would provide a 12.9 percent increase over the current \$84.2 million GF appropriated annually for this purpose.

| Undergraduate, Need-Based Student Aid at Virginia's Public Colleges and Universities (Proposed 2006-08 GF \$ Increases) | | | |
|---|---------------------|---------------------|-----------------------|
| <u>Institution</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>Biennial Total</u> |
| CNU | \$250,000 | \$250,000 | \$500,000 |
| CWM | 181,000 | 181,000 | 362,000 |
| GMU | 1,213,300 | 1,213,300 | 2,426,600 |
| JMU | 415,000 | 415,000 | 830,000 |
| LU | 253,100 | 253,100 | 506,200 |
| NSU | 439,200 | 439,200 | 878,400 |
| ODU | 1,254,600 | 1,254,600 | 2,509,200 |
| RU | 570,600 | 570,600 | 1,141,200 |
| UMW | 96,900 | 96,900 | 193,800 |
| UVA | 336,500 | 336,500 | 673,000 |
| UVA-Wise | 147,400 | 147,400 | 294,800 |
| VCU | 1,375,900 | 1,375,900 | 2,751,800 |
| VMI | 51,200 | 51,200 | 102,400 |
| VSU | 373,800 | 373,800 | 747,600 |
| VT | 840,400 | 840,400 | 1,680,800 |
| RBC | 19,400 | 19,400 | 38,800 |
| VCCS | <u>3,048,700</u> | <u>3,048,700</u> | <u>6,097,400</u> |
| Total | \$10,867,000 | \$10,867,000 | \$21,734,000 |

- ***Tuition Assistance Grant (TAG) Program.*** Includes \$4.4 million GF the first year and \$8.9 million GF the second year to increase undergraduate TAG awards from \$2,500 to an estimated \$2,750 in FY 2007 and an estimated \$3,000 in FY 2008, using 2005-06 enrollments. Maintains graduate awards at their current estimated level of \$1,900. Actual awards will depend on the number of eligible students who participate in the program.
- ***Tuition Waivers for Military Dependents.*** Includes \$2.5 million GF each year to continue the 2004 General Assembly's efforts to offset anticipated losses in tuition revenue associated with providing in-state tuition rates to military dependents and spouses, as provided in §23-7.4:2, Code of Virginia, and extends the eligibility period to two years.
- **Operation and Maintenance (O&M) of New Facilities.** Proposes \$3.1 million GF and \$3.1 million NGF the first year and \$6.6 million GF and \$5.3 million NGF the second year to support the operation and maintenance of 43 educational and general (E&G) facilities coming on-line in FY 2007.
- **VCCS Middle College Program.** Includes \$3.5 million GF the first year and \$5.9 million GF the second year to expand the Middle College program to all community colleges in the state. Currently, five community colleges are piloting this program, which provides high school dropouts with career coaches and encourages them to earn their General Equivalency Diploma (GED).
- **Base Operations Adjustment.** Of the \$32.4 million GF proposed statewide in adjustments to base operations, \$9.1 million GF is proposed at institutions of higher education. Base adjustments include funding to support eVA surcharges, increases in property insurance premiums and workers' compensation, and anticipated VITA-related charges.
- **Eastern Virginia Medical School.** Includes \$4.2 million GF each year to strengthen academic programs and to address accreditation recommendations. Using the "base adequacy" guidelines adopted by the Joint Subcommittee Studying Higher Education Funding, the proposed increase would bring funding for the School to 98 percent of the recommended guideline level for undergraduate medical education.
- **New College Institute.** Proposes \$2.1 million GF the first year and \$2.4 million GF the second year for the creation of a new higher education entity in Southside Virginia. Through separate legislation, the Governor

recommends the creation of the New College Institute to serve initially as a broker between the community colleges and existing four-year degree programs in providing increased access to higher education in the region. The Governor's proposal would allow for the Institute to confer its own degrees with future approval by the State Council of Higher Education for Virginia (SCHEV).

- **Academic, Research, and Institutional Support at Norfolk State University (NSU).** Includes \$1.0 million GF and \$560,600 NGF the first year and \$1.0 million GF and \$567,600 NGF the second year for curricular and professional development, expansion of the University's library holdings, and improvements in campus safety and facilities. Proposes an additional \$0.8 million GF each year to increase support for the university's Center for Materials Research. Also, recommends \$0.2 million GF and \$0.3 NGF the first year and \$0.4 million GF and \$0.4 million NGF the second year to expand NSU's nursing program.
- **VIMS Chesapeake Bay Assessment.** Includes \$1.1 million GF the first year and \$1.8 million GF the second year to monitor and verify Virginia's efforts to clean up the Chesapeake Bay in accordance with the 2010 deadline set by the United States Environmental Protection Agency.
- **Replace and Update Computing Systems.** Proposes \$1.3 million GF the first year and \$1.4 million GF the second year to upgrade or replace academic, administrative, or financial computing systems at Longwood, Norfolk State, Radford, and Virginia State University (VSU). Includes funding to improve information technology infrastructure at Richard Bland College and VSU.

| GF for Computing System Replacements and Upgrades | | | |
|--|-----------------------|-----------------------|------------------------------|
| <u>Institution</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>Biennial Total</u> |
| LU | \$125,000 | \$125,000 | \$250,000 |
| NSU | 198,000 | 198,000 | 396,000 |
| RU | 350,000 | 840,800 | 1,190,800 |
| RBC | 109,300 | 109,300 | 218,600 |
| VSU | <u>473,500</u> | <u>99,500</u> | <u>573,000</u> |
| Total | \$1,255,800 | \$1,372,600 | \$2,628,400 |

- **Nursing Clinical Simulation Laboratories.** Includes \$1.4 million GF the first year, \$762,400 GF the second year and nine positions to establish two new nursing training laboratories. One of the proposed labs would be set up in the New River Valley and the other in the Roanoke Valley. As proposed, funding would be provided to Radford University’s School of Nursing to develop the laboratories collaboratively with the region’s other nursing schools, the Roanoke Higher Education Center, and interested private health care providers in the region.
- **Virtual Library of Virginia.** Includes \$766,300 GF each year to expand access to the virtual library among Virginia’s two-year institutions and to acquire additional technical and engineering journals.
- **Selected Research and Public Service Centers.** Proposes \$848,900 GF the first year and \$657,000 GF the second year for existing research and public service centers at Longwood, the University of Virginia, Virginia Commonwealth University, and the Virginia Community College System.
- **Eminent Scholars.** Includes an additional \$438,900 GF the first year and \$877,800 GF the second year to assist institutions in leveraging private funds to attract and retain top teaching and research faculty in the Commonwealth. The state currently provides \$6.3 million for this purpose.
- **Regional Higher Education Centers.** Proposes increased funding totaling \$572,200 GF the first year and \$633,900 GF the second year for the three regional higher education centers as shown in the table below.

| Regional Higher Education Centers | | | |
|--|------------------|------------------|-----------------------|
| <u>Institution</u> | <u>FY 2007</u> | <u>FY 2008</u> | <u>Biennial Total</u> |
| Southwest Va. Higher Education Center | \$316,600 | \$316,600 | \$633,200 |
| Roanoke Higher Education. Center | 193,900 | 193,900 | 387,800 |
| Southern Va. Higher Education Center | 61,700 | 123,400 | 185,100 |
| Total | \$572,200 | \$633,900 | \$1,206,100 |

Proposed funding increases for the Institute for Advanced Learning and Research (IALR) in Danville are included separately in the Governor's research initiative. Language is included directing IALR and the Southern Virginia Higher Education Center to work collaboratively with the proposed New College Institute to avoid unnecessary duplication in the region.

- **Unique Military Activities.** Includes \$438,000 GF the first year and \$657,000 GF the second year in Virginia Military Institute's (VMI) budget to support costs associated with the military training provided to the Corps of Cadets. Of this amount, \$308,000 GF the first year and \$247,000 GF the second year is provided for the Corps at Virginia Tech.
- **Old Dominion University's "Rolling Road" Test Module.** Proposes \$1.0 million GF the first year to leverage nongeneral fund resources for the purchase of "rolling road" test equipment. With this purchase, the University would be able to use its wind tunnel to provide state-of-the art aerodynamic testing on automotive vehicles.