

*Report of the
House Appropriations
Subcommittee*

on

Higher Education



House Bill 1650

February 4, 2007

REPORT OF THE SUBCOMMITTEE

on

HIGHER EDUCATION

Mr. Chairman and Members of the Committee:

On behalf of the Higher Education Subcommittee, I offer budget recommendations that address our common priority of making higher education affordable.

Mr. Chairman, last year we made a historic investment in higher education by providing nearly \$550 million in new general funds representing an increase of over 16 percent, the second highest increase in state support nationally. In fact, Virginia's percentage increase in state support over the last ten years is seventh nationally. In terms of our funding guidelines, colleges and universities are now at 99 percent of their base funding requirements, with many institutions in excess of 100 percent. When one considers that only three years ago our higher education system was about 85 percent of its calculated funding need with many institutions below 80 percent, the progress we have made is phenomenal.

Unfortunately, this has not translated into a level of affordability that this Subcommittee expected when it recommended increased general funds. At the request of college and university presidents, the tuition cap was lifted in 2002 and since that time our institutions have increased tuition and fees for undergraduate Virginians by more than 90 percent. In fact, just last year when the Commonwealth was providing record increases in state support, the colleges and universities were increasing tuition and fees by nearly 10 percent, or more than 40 percent greater than they indicated they would do in their six-year financial plans. Virginia ranked among the top ten highest states in terms of tuition and fee increases. Mr. Chairman, this is simply unacceptable.

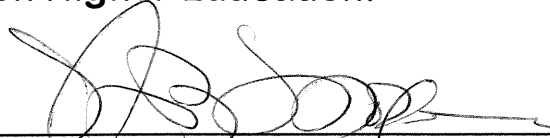
So, in order to assist those in-state students that are affected by these increases, the Subcommittee recommends \$9.5 million in general funds for need-based undergraduate student financial aid. This represents a 10 percent increase, on top of the 13 percent increase we provided last year. This will bring undergraduate financial aid to about \$105 million annually. In addition, the Subcommittee has recommended an additional \$2.5 million for the Tuition Assistance Grant (TAG) program. The additional funding will increase the annualized TAG award for undergraduate students to \$3,250 by the second year of the biennium.

Finally, we are pleased that the Chairman has agreed to earmark \$38.3 million from the revenue reserve for two higher education purposes. First, we have recommended \$34.0 million to create a Tuition Moderation Incentive Fund. Since providing general funds directly to colleges has not led to affordability, perhaps this approach will yield better results. The Fund provides general fund allocations to public colleges and universities provided that tuition and fee increases for in-state undergraduates are no more than 2.25 percent above the level needed to pay for faculty and staff salary increases. We expect that average tuition and fee increases will be about 5 percent. Let me be clear, this is not mandatory nor is it a tuition cap. Institutions have a choice; their Boards of Visitors can set tuition and fees to levels that they deem necessary. However, we recommend that the Commonwealth focus its limited resources to encourage institutions to keep increases reasonable.

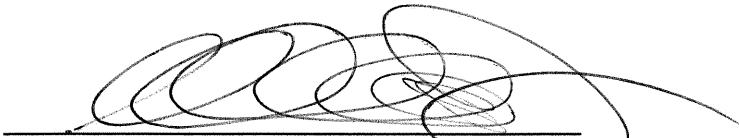
The remaining \$4.3 million in the revenue reserve is set aside for an additional one percent increase for teaching and research faculty.

Mr. Chairman, details of our Subcommittee recommendations are attached, and I hope that it will be the pleasure of the Committee to adopt them.

Respectfully Submitted by the House Appropriations Subcommittee
on Higher Education:




Harvey B. Morgan, Chairman



S. Chris Jones



Lacey E. Putney



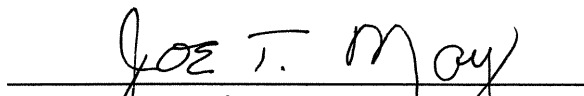
Clarence E. Phillips



Riley E. Ingram



Lionell Spruill, Sr.



Joe T. May



Algie T. Howell, Jr.

House Bill 1650
Amendments

2006-08 BIENNIAL TOTAL		
General	Nongeneral	
<u>Fund</u>	<u>Fund</u>	<u>FTE</u>

State Council Of Higher Education For Virginia

Increase TAG Award to \$3,250	2,450,000	0	0.00
Virginia Military Survivors	25,000	0	0.00
Optometry Slots	Language	0	0.00
Virginia Space Grant Internships	142,000	0	0.00

Christopher Newport University

Faculty Salaries Funding Technical Adjustment	13,744	0	0.00
Remove Proposed Base Operating Increase	(299,323)	0	0.00
Financial Aid Technical Adjustment	(145,600)	0	0.00
Fund 2nd Year VECTEC	250,000	0	0.00

The College Of William And Mary In Virginia

Faculty Salaries Funding Technical Adjustment	(218,153)	0	0.00
O & M Technical Adjustment	(342,406)	0	0.00
Financial Aid Technical Adjustment	(123,500)	0	0.00

Richard Bland College

Faculty Salaries Funding Technical Adjustment	6,655	0	0.00
Remove Proposed Base Operating Increase	(59,038)	0	0.00
Financial Aid Technical Adjustment	(500)	0	0.00

Virginia Institute Of Marine Science

Faculty Salaries Funding Technical Adjustment	31,526	0	0.00
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George Mason University

Housing Policy Research Center	100,000	0	0.00
Faculty Salaries Funding Technical Adjustment	105,102	0	0.00
Nursing Faculty Salaries Technical Adjustment	9,831	0	0.00
Remove Proposed Base Operating Increase	(2,480,795)	0	0.00
Financial Aid Technical Adjustment	(384,500)	0	0.00

James Madison University

Faculty Salaries Funding Technical Adjustment	(186,084)	0	0.00
Financial Aid Technical Adjustment	(254,000)	0	0.00

Longwood University

Faculty Salaries Funding Technical Adjustment	13,844	0	0.00
Financial Aid Technical Adjustment	(144,100)	0	0.00

Norfolk State University

Faculty Salaries Funding Technical Adjustment	(57,207)	0	0.00
Nursing Faculty Salaries Technical Adjustment	4,916	0	0.00
Financial Aid Technical Adjustment	(174,900)	0	0.00

Old Dominion University

Nursing Faculty Salaries Technical Adjustment	19,663	0	0.00
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House Bill 1650 Amendments	2006-08 BIENNIAL TOTAL		
	General Fund	Nongeneral Fund	FTE
Faculty Salaries Funding Technical Adjustment	16,009	0	0.00
Remove Proposed Base Operating Increase	(1,171,935)	0	0.00
Financial Aid Technical Adjustment	(392,200)	0	0.00
Radford University			
Faculty Salaries Funding Technical Adjustment	45,074	0	0.00
Remove Proposed Base Operating Increase	(587,633)	0	0.00
Financial Aid Technical Adjustment	(253,200)	0	0.00
University Of Mary Washington			
Faculty Salaries Funding Technical Adjustment	6,444	0	0.00
Financial Aid Technical Adjustment	(63,000)	0	0.00
University Of Virginia			
O & M Technical Adjustment	98,700	382,600	0.00
Blandy Farm / State Arboretum	150,000	0	0.00
Faculty Salaries Funding Technical Adjustment	(638,367)	0	0.00
Remove Proposed Base Operating Increase	(1,681,839)	0	0.00
Financial Aid Technical Adjustment	(198,200)	0	0.00
University Of Virginia's College At Wise			
Nursing Faculty Salaries Technical Adjustment	24,578	0	0.00
Faculty Salaries Funding Technical Adjustment	26,429	0	0.00
Financial Aid Technical Adjustment	(67,600)	0	0.00
Virginia Commonwealth University			
Palliative Care Program Supplement	150,000	0	0.00
Autism Offices	100,000	0	0.00
Commonwealth Educational Policy Institute Su	30,000	0	0.00
Faculty Salaries Funding Technical Adjustment	(151,409)	0	0.00
Nursing Faculty Salaries Technical Adjustment	29,494	0	0.00
Remove Proposed Base Operating Increase	(2,313,375)	0	0.00
Remove New Harris Institute	(100,000)	0	0.00
Financial Aid Technical Adjustment	(505,200)	0	0.00
Virginia Community College System			
Faculty Salaries Funding Technical Adjustment	1,581,439	0	0.00
Remove Proposed Base Operating Increase	(4,531,724)	0	0.00
Financial Aid Technical Adjustment	(855,200)	0	0.00
Virginia Military Institute			
Faculty Salaries Funding Technical Adjustment	(30,135)	0	0.00
Financial Aid Technical Adjustment	(6,000)	0	0.00
Change Fund Source Proposed New Scholarshi	(448,000)	448,000	0.00
Virginia Polytechnic Institute And State University			

House Bill 1650 Amendments	2006-08 BIENNIAL TOTAL		
	General Fund	Nongeneral Fund	FTE
Faculty Salaries Funding Technical Adjustment	(766,314)	0	0.00
Remove Proposed Base Operating Increase	(1,924,208)	0	0.00
Financial Aid Technical Adjustment	(568,200)	0	0.00
Virginia Cooperative Extension And Agricultural Experiment Station			
Extension Staffing Initiative	370,000	0	6.00
Faculty Salaries Funding Technical Adjustment	261,794	0	0.00
Virginia State University			
Faculty Salaries Funding Technical Adjustment	(63,875)	0	0.00
Remove Proposed Base Operating Increase	(244,790)	0	0.00
Financial Aid Technical Adjustment	(139,100)	0	0.00
Cooperative Extension And Agricultural Research Services			
Faculty Salaries Funding Technical Adjustment	3,484	0	0.00
New College Institute			
Remove Proposed New NCI Funding	(500,000)	0	0.00
Institute For Advanced Learning And Research			
Remove New IALR Funding	(500,000)	0	0.00
Southern Virginia Higher Education Center			
Southern Virginia HEC Faculty	Language	0	0.00
Remove New SoVHEC Funding	(500,000)	0	0.00
Southwest Virginia Higher Education Center			
Southside Loan Program	0	2,800,000	0.00
Increase MEL for O & M	0	0	10.00
Higher Education Research Initiative			
Virginia Coastal Energy Research Consortium	1,000,000	0	0.00
Virginia College Building Authority			
Equipment for IALR	Language	0	0.00
GRAND TOTAL	<u>(17,005,884)</u>	<u>3,630,600</u>	<u>16.00</u>
Part IV Language			
Research Operating Policy	Language	0	0.00
Decentralized Authority	Language	0	0.00
Performance Standards	Language	0	0.00
Part IV Conflict with Management Agreements	Language	0	0.00

Education: Higher Education	FY 06-07	FY 07-08	
State Council of Higher Education for Virginia	\$0	\$2,450,000	GF

Language:

Page 174, line 7, strike "\$66,062,281" and insert "\$68,512,281".

Page 175, line 12, strike "\$3,100" and insert "\$3,250".

Explanation:

(This amendment provides general funds for the Tuition Assistance Grant program to increase the undergraduate award in fiscal year 2008 to \$3,250 per student.)

Education: Higher Education	FY 06-07	FY 07-08	
State Council of Higher Education for Virginia	\$0	\$25,000	GF

Language:

Page 174, line 7, strike "\$66,062,281" and insert "\$66,087,281".

Page 174, after line 9, insert:

"Virginia Military Survivors and Dependents Program (10830).....\$0.....\$1,025,000".

Page 176, strike line 45 through 52 and insert:

"H. 1. Out of this appropriation, \$1,025,000 the second year from the general fund is designated for the Virginia Military Survivors and Dependents program, § 23-7.4:1, Code of Virginia, to provide a \$1,500 annual stipend to offset the costs of room, board, books and supplies for qualified survivors and dependents of military service members.

2. The amount of the stipend is an estimate depending on the number of students eligible under § 23-7.4:1, Code of Virginia. Changes that increase or decrease the grant amount shall be determined by the State Council of Higher Education for Virginia."

Page 176, line 52, strike "2." and insert "3."

Page 177, after line 3, insert:

"4. Each institution of higher education shall report the number of recipients for this

program to the State Council of Higher Education for Virginia by April 1 of each year. The State Council of Higher Education for Virginia shall report this information to the Chairmen of the House Appropriations and Senate Finance Committees by May 15 of each year.

5. The Department of Veterans Services shall consult with the State Council of Higher Education for Virginia prior to the dissemination of any information related to the financial benefits provided under this program. The State Council of Higher Education for Virginia shall contact the Department of Veterans Services and inform them of this requirement."

Explanation:

(This amendment clarifies that each qualified survivor and dependent of military service members under Virginia Military Survivors and Dependents program will receive a \$1,500 annual stipend to offset the cost of room, board, books and supplies.)

Higher Education Subcommittee

Item 143 #11h

Education: Higher Education

State Council Of Higher Education
For Virginia

Language

Language:

Page 175, line 1, after ".", insert:

"The State Council of Higher Education shall determine if the number of contract slots with schools and colleges of optometry meets the State's optometric needs. Additionally, the State Council of Higher Education shall determine the cost effectiveness and benefits of contracting directly with schools and colleges of optometry for contract slots for Virginia students rather than through the Southern Regional Educational Board."

Explanation:

(This amendment is self-explanatory.)

Higher Education Subcommittee

Item 247 #1h

Education: Higher Education

Southern Virginia Higher
Education Center

Language

Language:

Page 252, after line 35, insert:

"D. Notwithstanding the provisions of § 23-231.27, Code of Virginia, the Executive Director of the Southern Virginia Higher Education Center shall be authorized to hire faculty and staff into positions with the same authority as those positions designated in § 2.2-2905, Code of Virginia. Such positions shall be exempt from the Virginia Personnel Act (§ 2.2-2900 et seq, Code of Virginia.)."

Explanation:

(This amendment would authorize the Executive Director of the Southern Virginia Higher Education Center to hire faculty and staff into positions exempt from the Virginia Personnel Act similar to other institutions of higher education. This exemption is necessary in order to recruit and retain highly qualified individuals.)

Higher Education Subcommittee

Item 250 #1h

Education: Higher Education

FY 06-07

FY 07-08

Higher Education Research Initiative

\$0

\$1,000,000 GF

Language:

Page 253, line 40, strike "\$2,800,000" and insert "\$3,800,000".

Page 254, strike line 16 through 34 and insert:

"3. a. Out of this appropriation, the Director, Department of Planning and Budget shall transfer \$1,000,000 the second year from the general fund to the University of Virginia to support cancer research.

b. 1. Out of this appropriation, \$1,500,000 the second year from the general fund is designated for the Virginia Coastal Energy Research Consortium (VCERC) to implement research and development of Virginia's marine renewable energy resources, with an initial focus on offshore winds, waves, and marine biomass. These funding amounts are necessary for (but not limited to) energy resource assessment, characterization of extreme storm survival conditions and sea floor anchoring and foundation properties, identification of potential environmental concerns, new technology research and development to enable project installations in deeper offshore waters "over the horizon," and realistic evaluation of economic benefits and new business opportunities for Virginia's maritime industry. These funds also are necessary to support VCERC's close engagement of the Mineral

Management Service (MMS) to ensure that the new MMS rules for alternative energy uses of the outer continental shelf, as well as the 2007-2012 offshore leasing program now being formulated, are well-supported by data and have the best possible terms for Virginia.

The distribution of funds to VCERC member institutions shall be as follows:

Old Dominion University	\$875,000
Virginia Tech Advanced Research Institute	\$250,000
James Madison University	\$150,000
Virginia Institute of Marine Science	\$150,000
Norfolk State University	\$75,000

The above funds shall be used to support the following VCERC activities:

- 1) Characterization of offshore wind environment and extreme wave and current conditions and sea floor anchoring and foundation properties (ODU and VT-ARI).
- 2) Estimate of economic benefits and identification of workforce training and entrepreneurial development needs to support a marine renewable energy industry in Tidewater region (ODU, NSU, and industry partner)
- 3) GIS development to map other uses of Virginia's outer continental shelf, including military, shipping, and commercial fishing, and identify areas with minimal potential conflict (ODU and JMU).
- 4) GIS development to map flyways of migratory shore birds, pelagic birds, and potential storm impacts on migratory patterns, as well as baseline assessment of offshore benthic communities (VT, VIMS and JMU)
- 5) Assessment of potential environmental effects of commercial offshore wind power development (ODU and VIMS)
- 6) Engineering studies of innovative technology for deep-water moorings and platforms, integration of hybrid project concepts, and long-distance submarine power cable transmission (VT-ARI and Industry Partner)
- 7) Engagement with MMS rulemaking and leasing program development for Virginia's outer continental shelf, to ensure favorable regulatory environment and promote federal revenue sharing with state (VT-ARI)

- 8) Investigation of potential offshore solar energy applications (NSU)
- 9) Independent validation of emerging technology innovations that minimize ocean space requirements for offshore wind energy (JMU ,VT-ARI and Industry Partner)
- 10) Extension of existing undergraduate curriculum in renewable energy to include coastal energy topics (JMU)
- 11) Measurement program and pre-feasibility study of wave-powered desalination application to recharge coastal aquifers threatened by sea level rise (VT-ARI and ODU)
- 12) Literature review and preliminary planning to conduct long-term research on marine biomass as a source of liquid and/or gaseous fuels (ODU and JMU)
- 13) Assessment of the VT Agricultural Extension and research Center as an anchor and field laboratory for VCERC studies related to the nearby access to deepwater and offshore research projects.

2. Out of this appropriation, \$500,000 the second year from the general fund is designated for cost-sharing on proposals submitted in response to federal R&D funding opportunities from the Department of Energy, the National Science Foundation, and other federal agencies. These cost-sharing funds shall be allocated by the VCERC Board of Directors on a competitive basis, and only proposals involving at least three VCERC institutions working together shall be eligible for such cost-sharing. ODU will fund the support for the VCERC organization as required and provide industry sub-contracting as appropriate to support research and industry collaboration.

3. It is intended that VCERC shall operate following the administrative model of the Virginia Space Grant Consortium, employing Old Dominion Research Foundation as its fiscal agent.

4. Funding contained in b.1. and b.2. is contingent on the Virginia Coastal Energy Research Consortium (VCERC) and / or the member institutions being able to document existing financial investments in such research activities of at least \$2,000,000 from other federal or private funds.

c. Out of this appropriation, the Director, Department of Planning and Budget shall

\$1,000,000 the first year from the general fund to the State Council of Higher Education for Virginia in support of research efforts related to House Bill 2238.

d. Out of this appropriation, \$1,000,000 the first year from the general fund is designated for the Commonwealth Technology Research Fund pursuant to § 2.2-2233.1., Code of Virginia. These funds shall be used primarily to enhance the capability of institutions of higher education to commercialize technologies developed through their research. Specifically, these funds shall support collaborative, translational research aimed at commercialization of discoveries, including pre-investment funding to support prototyping and proof-of-concept testing. Awards from the Fund shall be matched on at least a dollar-for-dollar basis by the respective institutions of higher education with institutional funds, private funds, local funds or combinations thereof."

Page 254, strike line 35 and insert:

"e. Out of this appropriation, \$3,000,000 is designated the".

Explanation:

(This amendment provides funding in support of cancer research at the University of Virginia, alternative and renewable energy, and research coordination efforts throughout the Commonwealth.)

Higher Education Subcommittee

Item 463.10 #5h

Central Appropriations

FY 06-07

FY 07-08

Central Appropriations

\$0

\$50,000,000 GF

Language:

Page 506, after line 7, insert:

"463.10. Revenue Reserve

\$50,000,000

Fund Sources: General

\$50,000,000."

"A. Out of this appropriation, \$38,340,000 from the general fund the second year is provided to compensate for downward revisions of the official 2006-2008 general fund revenue estimates reflected in Enactment No. 1, § 3 of this act and prepared subsequent to December 15, 2006 for the fiscal years 2006-07 and 2007-08.

B. Upon certification by the Governor that the general fund revenue estimates referenced in subparagraph A have been met for the fiscal year ending June 30, 2007 and upon certification by the Governor on October 1, 2007 that the general fund revenue estimates referenced in subparagraph A for the fiscal year ending June 30,

2008 will be met, \$34,040,000 shall be used to create the Higher Education Tuition Moderation Incentive Fund within item 145 of this act with potential allocations to public colleges and universities as follows:

Institution	Expected T&F	
	Amount	Increase
Christopher Newport University	675,000	4.45%
College of William and Mary	1,340,000	5.15%
George Mason University	3,200,000	4.25%
James Madison University	4,200,000	4.25%
Longwood University	420,000	4.45%
University of Mary Washington	550,000	5.25%
Norfolk State University	250,000	4.65%
Old Dominion University	1,250,000	3.95%
Radford University	2,930,000	4.25%
University of Virginia	1,900,000	4.85%
University of Virginia at Wise	150,000	5.25%
Virginia Commonwealth University	4,010,000	4.45%
Virginia Military Institute	345,000	5.15%
Virginia Polytechnic Institute & State University	5,500,000	4.85%
Virginia State University	1,240,000	5.05%
Richard Bland College	80,000	4.25%
Virginia Community College System	6,000,000	4.75%
Total	34,040,000	

C. Upon certification that the requirements have been met in subparagraph B., \$4,300,000 shall be used to provide the general fund share of an additional one percent salary increase for full-time and part-time teaching and research faculty and graduate teaching assistants at public colleges and universities effective November 25, 2007. This increase is addition to the increase already provided in item 461 of this act.

D. Eligibility for allocations listed in subparagraph B. of this item shall be made only to those institutions who limit in-state undergraduate tuition and fee increases in fiscal year 2008 to no more than 2.25 percent above the level calculated as required for the nongeneral fund share of state-approved salary increases and which are listed in subparagraph B. The State Council of Higher Education for Virginia (SCHEV), in consultation with staff from the Senate Finance and House Appropriations Committees, shall determine whether each public college and university has met the

tuition requirements of this fund. SCHEV shall report its findings to the Governor and Chairman of the Senate Finance and House Appropriations Committees by August 15, 2007.

E. Upon certification that the requirements in subparagraph B. have been met, the Director, State Council of Higher Education for Virginia may transfer the amounts listed above to each institution that has met the eligibility criteria for allocations from this fund. Any institution that has increased in-state undergraduate tuition and fees above the level that is necessary to meet the requirements of this fund shall not receive any allocation from this fund.

F. Any funds in paragraph E. not utilized pursuant to the requirements of paragraph D. shall revert to the Literary Fund."

Explanation:

(This amendment is self-explanatory.)

Higher Education Subcommittee

Item 4-9.01 #2h

Higher Education Restructuring

Approval of Management Agreement for Virginia Polytechnic Institute and State University Language

Language:

Page 659, strike line 42 through 45 and insert:

"Except for institutions covered under Chapters 933 and 943 of the 2006 Acts of Assembly and notwithstanding the provisions of the Alternative Authority for Covered Institutions (§ 23-38.91 et seq), no institution of higher education may request or receive additional decentralized authority granted under Chapters 933 and 945 of the 2005 Acts of Assembly without the expressed approval of the General Assembly."

Page 660, delete lines 1 through 16.

Explanation:

(This amendment eliminates obsolete language regarding decentralization and clarifies the expansion of further decentralized authority.)

Higher Education Subcommittee

Item 4-9.02 #1h

Higher Education Restructuring

Approval of Management Agreement for the University of Virginia Language

Language:

Page 663, strike lines 19 through 21.

Explanation:

(This amendment strikes proposed language which would subordinate the Appropriations Act to the Management Agreements enacted in Chapters 933 and 943 of the 2006 Acts of Assembly.)

Higher Education Subcommittee

Item 4-9.03 #1h

Higher Education Restructuring

Resolution of Conflict with Enacted Management Agreements Language

Language:

Page 663, strike line 27 through 36.

Explanation:

(This amendment eliminates proposed technical changes in the introduced budget.)
