

Higher Education

Chapter 781 of the 2009 Acts of Assembly contained general fund reductions totaling \$214.6 million in FY 2010 for public institutions of higher education and directly affiliated agencies. HB/ SB 29 proposes additional reductions of \$46.7 million GF, or a total of \$261.3 million GF. This is partially offset by proposed federal stimulus funding of \$75.0 million GF in FY 2010. These amounts differ from what was originally proposed in the Governor's September 2009 Budget Reduction Plan. Those actions would have required a waiver from the federal stimulus funding stipulations and that waiver was withdrawn. Additional GF reductions of \$2.7 million GF are proposed for other higher education centers and agencies.

For the 2010-2012 biennium, the proposed amendments for all higher education agencies result in a GF decrease of \$301.0 million GF or 8.8 percent when compared to the original appropriation. This results in a biennial general fund budget of \$3.1 billion compared to \$3.4 billion in Chapter 781. General fund reductions of \$46.7 million in FY 2011 and \$196.8 million in FY 2012 are recommended for public colleges and universities and directly affiliated agencies for the biennium. Federal stimulus funding of \$198.3 million is included for FY 2011, and more than offsets reductions in that year. However, no stimulus funding is proposed for FY 2012 leaving GF reductions of 13 to 15 percent. This is in addition to several rounds of GF reductions since FY 2008, leaving higher education with cumulative GF reductions of almost 25 percent during this five year period.

Major GF Actions		
(FY 2010 and the 2010-12 biennium, \$ in millions)		
	<u>HB/SB29</u>	<u>HB/SB 30</u>
Colleges and Universities & Directly Affiliated Agencies		
Across-the-Board Reductions	(\$46.7)	(\$243.5)
Technical Base Adjustments	0.0	(39.4)
Remove One-Time Support for IT Procurement and Equipment	0.0	(2.3)
Other Reductions	0.0	(1.5)
Other Higher Education Centers & Agencies		
Across-the-Board Reductions	(\$2.7)	(\$5.5)
Technical Base Adjustments	0.0	(0.3)
Remove One-Time Support for Jefferson Labs	0.0	(9.0)
Other Reductions	<u>0.0</u>	<u>(1.0)</u>
Reductions Total	(\$49.4)	(\$302.4)
Increase Interest Earnings and Credit Card Rebate	0.1	0.1
Various Program Enhancements	<u>0.0</u>	<u>1.3</u>
Spending Total	\$0.1	\$1.4
Proposed Federal Education Stimulus Allocation	\$75.0	\$198.3

HB/SB 29

- *Across-the-Board Reductions to Colleges and Universities and Directly Affiliated Higher Education Institutions.* Recommends an additional \$46.7 million GF reduction on top of the initial reductions contained in Chapter 781. Table HE-I summarizes the reduction actions and use of stimulus in Chapter 781 based on approved legislative actions. Stimulus allocations were based on the change in reductions imposed on higher education institutions from FY 2010 over FY 2009 or about \$130.1 million GF. Stimulus funds totaling \$126.1 million were used to offset 97.4 percent of those reductions at each institution.

In HB/SB 29, the Governor proposes both additional general fund reductions and changes to the amount and allocation of federal stimulus dollars. This is summarized in Table HE-II. The Governor proposes additional reductions totaling \$46.7 million GF in FY 2010 bringing the total reduction impact on higher education to \$176.8 million GF. The Governor then limits the allocation of stimulus to higher education to \$75.0 million. This change is due in part to the revocation of the waiver application by the Governor to the federal government. Federal stimulus legislation limits the GF reductions to higher education to FY 2006 funding level unless a waiver is sought and approved. Because the waiver application was withdrawn, higher education reductions through FY 2011 are essentially capped at levels proposed in HB/SB 29. This action required the Governor to propose greater reductions in K-12 education areas which he then decided to offset with additional stimulus dollars previously allocated to higher education.

The initial FY 2010 reductions were about 15 percent for most of the four-year institutions and 10 percent for the community colleges and Richard Bland College. The additional proposed reductions for FY 2010 are about 4 percent for all institutions. Directly affiliated higher education institutions originally received reductions of 10 percent in FY 2010; the proposed reductions in HB/SB 29 would represent an additional 4 percent.

Table HE-I
Chapter 781 Higher Education Reductions
and Use of Stimulus

<u>Institution</u>	<u>Chapter 781 FY 10 Reduction Increase Over FY 09</u>	<u>Chapter 781 Stimulus Allocation</u>
Christopher Newport University	(\$3,584,531)	\$3,492,779
College of William & Mary	(3,915,957)	3,815,722
George Mason University	(11,199,089)	10,912,431
James Madison University	(7,493,414)	7,301,608
Longwood University	(3,252,932)	3,169,668
University of Mary Washington	(2,450,364)	2,387,643
Norfolk State University	(4,341,824)	4,230,688
Old Dominion University	(13,123,727)	12,787,803
Radford University	(5,626,480)	5,482,461
University of Virginia	(11,004,328)	10,722,655
University of Virginia at Wise	(1,661,039)	1,618,522
Virginia Commonwealth University	(21,081,348)	20,541,737
Virginia Military Institute	(1,275,152)	1,242,513
Virginia State University	(1,340,033)	1,305,733
Virginia Tech	(17,777,647)	17,322,599
Richard Bland College	(352,442)	343,420
Virginia Community Colleges	<u>(19,916,534)</u>	<u>19,406,739</u>
Subtotal Colleges & University	(<u>\$129,396,841</u>)	\$126,084,721
Virginia Institute of Marine Science	(677,590)	660,246
Virginia Tech Extension	0	0
Virginia State Extension	<u>0</u>	<u>0</u>
Subtotal Directly Affiliated	(<u>\$677,590</u>)	\$660,246
Grand Total	(<u>\$130,074,431</u>)	\$126,744,967

Table HE-II
HB/SB 29 Higher Education Reductions and Revised Use of Stimulus

<u>Institution</u>	<u>Chapter 781 FY 10 Reduction Increase Over FY 09</u>	<u>Proposed HB/SB 29 GF Reduction</u>	<u>FY 2010 Total GF Reduction</u>	<u>FY 2010 Proposed Stimulus Allocation</u>
Christopher Newport Univ	(\$3,584,531)	(\$851,385)	(\$4,435,916)	\$2,531,692
College of William & Mary	(3,915,957)	(1,442,974)	(5,358,931)	2,188,188
George Mason University	(11,199,089)	(4,171,140)	(15,370,229)	6,203,142
James Madison University	(7,493,414)	(2,347,055)	(9,840,469)	4,648,818
Longwood University	(3,252,932)	(836,798)	(4,089,730)	2,221,989
Univ of Mary Washington	(2,450,364)	(715,197)	(3,165,561)	1,579,107
Norfolk State University	(4,341,824)	(1,241,942)	(5,583,766)	2,826,052
Old Dominion University	(13,123,727)	(3,375,864)	(16,499,591)	8,965,969
Radford University	(5,626,480)	(1,521,624)	(7,148,104)	3,761,002
University of Virginia	(11,004,328)	(4,569,031)	(15,573,359)	5,559,100
Univ of Virginia at Wise	(1,661,039)	(460,396)	(2,121,435)	1,097,609
Va Commonwealth Univ	(21,081,348)	(5,973,081)	(27,054,429)	13,798,668
Virginia Military Institute	(1,275,152)	(422,553)	(1,697,705)	765,001
Virginia State University	(1,340,033)	(799,869)	(2,139,902)	397,690
Virginia Tech	(17,777,647)	(5,185,234)	(22,962,881)	11,479,961
Richard Bland College	(352,442)	(162,291)	(514,733)	155,539
Va Community Colleges	<u>(19,916,534)</u>	<u>(10,861,417)</u>	<u>(30,777,951)</u>	<u>6,836,891</u>
Subtotal Colleges & Univ	(\$129,396,841)	(\$44,937,851)	(\$174,334,692)	\$75,016,418
Va Inst. of Marine Science	(677,590)	(662,682)	(1,340,272)	0
Virginia Tech Extension	0	(1,074,931)	(1,074,931)	0
Virginia State Extension	<u>0</u>	<u>(25,748)</u>	<u>(25,748)</u>	<u>0</u>
Subtotal Directly Affiliated	(677,590)	(1,763,361)	(2,440,951)	0
Grand Total	(\$130,074,431)	(\$46,701,212)	(\$176,775,643)	\$75,016,418

- *Across-the-Board Reductions to Other Higher Education Agencies.* Chapter 781 reductions for FY 2010 were \$7.0 million GF. The Governor’s budget recommends additional reductions in funding of \$2.7 million GF in FY 2010.
- *Higher Education Research Initiative Funding.* Chapter 781 replaced \$1.0 million GF in the second year for the Commonwealth Technology Research Fund with \$1.0 million of federal stimulus funding. These actions were administratively eliminated during the Governor’s actions related to the stimulus funding and are not restored in HB/SB 29.
- *Higher Education Auxiliary Enterprises Interest Earnings.* Proposes to withhold interest earnings on auxiliary enterprises balances of \$5.4 million NGF in FY 2010.
- *Higher Education Restructuring Financial Incentives.* Recommends an increase for FY 2010 of \$132,692 GF. This was one of the incentives under restructuring that institutions were granted if they successfully met stated performance benchmarks.

HB/SB 30

- **Higher Education Institutions and Directly Affiliated Agencies**

- *Across-the-Board Reductions to Public Institutions of Higher Education and Directly Affiliated Agencies.* Because of the previously noted limitations imposed by federal stimulus legislation, the FY 2011 reductions are identical to those proposed in HB/SB 29. Table HE-III summarizes the impact of across-the-board general fund reductions and proposed stimulus allocations in FY 2011. A total of \$ 198.3 million in stimulus funding is proposed for FY 2011 which offsets the across-the-board reductions in FY 2011.

Table HE-IV shows the proposed \$196.8 million GF reduction in FY 2012 when compared to Chapter 781. This proposed reduction, when added to the FY 2010 base reductions of \$130.1 million results in total reductions to higher education institutions of \$326.9 million GF since FY 2009. There are no federal stimulus funds to offset these reductions in FY 2012.

Table HE-III
HB/SB 30 FY 2011 Higher Education Reductions
and Proposed Use of Stimulus

<u>Institution</u>	<u>Continue Chapter 781 Reductions</u>	<u>HB 30/ SB 30 Proposed FY 2011 Reduction</u>	<u>Total FY 2011 GF Reduction Impact</u>	<u>Proposed FY 2011 Stimulus Allocation</u>
Christopher Newport Univ	(\$3,584,531)	(\$851,385)	(\$4,435,916)	\$3,505,271
College of William & Mary	(3,915,957)	(1,442,974)	(5,358,931)	6,884,042
George Mason University	(11,199,089)	(4,171,140)	(15,370,229)	19,894,643
James Madison University	(7,493,414)	(2,347,055)	(9,840,469)	11,292,799
Longwood University	(3,252,932)	(836,798)	(4,089,730)	3,305,208
Univ of Mary Washington	(2,450,364)	(715,197)	(3,165,561)	3,406,157
Norfolk State University	(4,341,824)	(1,241,942)	(5,583,766)	3,915,635
Old Dominion University	(13,123,727)	(3,375,864)	(16,499,591)	12,664,227
Radford University	(5,626,480)	(1,521,624)	(7,148,104)	6,060,300
University of Virginia	(11,004,328)	(4,569,031)	(15,573,359)	21,892,717
Univ of Virginia at Wise	(1,661,039)	(460,396)	(2,121,435)	1,702,856
Va Commonwealth Univ	(21,081,348)	(5,973,081)	(27,054,429)	23,160,921
Virginia Military Institute	(1,275,152)	(422,553)	(1,697,705)	1,940,755
Virginia State University	(1,340,033)	(799,869)	(2,139,902)	3,314,396
Virginia Tech	(17,777,647)	(5,185,234)	(22,962,881)	20,892,536
Richard Bland College	(352,442)	(162,291)	(514,733)	701,736
Va Community Colleges	<u>(19,916,534)</u>	<u>(10,861,417)</u>	<u>(30,777,951)</u>	<u>45,796,200</u>
Subtotal Colleges & Univ	(\$129,396,841)	(\$44,937,851)	(\$174,334,692)	\$190,330,399
Va Inst. of Marine Science	(677,590)	(662,682)	(2,905,657)	3,076,343
Virginia Tech Extension	0	(1,074,931)	(3,382,925)	4,756,374
Virginia State Extension	<u>0</u>	<u>(25,748)</u>	<u>(52,290)</u>	<u>140,205</u>
Subtotal Directly Affiliated	(\$677,590)	(\$1,763,361)	(\$6,340,872)	\$7,972,922
Grand Total	(\$130,074,431)	(\$46,701,212)	(\$180,675,564)	\$198,303,321

Table HE-IV
HB/SB 30 FY 2012 Higher Education Reductions and Total GF Impact
Since FY 2010

<u>Institution</u>	<u>Continue Chapter 781 Reductions</u>	<u>Additional FY 2012 Reduction</u>	<u>Total GF Reduction Impact</u>
Christopher Newport University	(\$3,584,531)	(\$3,587,102)	(\$7,171,633)
College of William and Mary	(3,915,957)	(6,079,615)	(9,995,572)
George Mason University	(11,199,089)	(17,574,072)	(28,773,161)
James Madison University	(7,493,414)	(9,888,736)	(17,382,150)
Longwood University	(3,252,932)	(3,525,641)	(6,778,573)
University of Mary Washington	(2,450,364)	(3,013,308)	(5,463,672)
Norfolk State University	(4,341,824)	(5,232,617)	(9,574,441)
Old Dominion University	(13,123,727)	(14,223,369)	(27,347,096)
Radford University	(5,626,480)	(6,410,987)	(12,037,467)
University of Virginia	(11,004,328)	(19,250,486)	(30,254,814)
University of Virginia at Wise	(1,661,039)	(1,939,766)	(3,600,805)
Virginia Commonwealth University	(21,081,348)	(25,166,106)	(46,247,454)
Virginia Military Institute	(1,275,152)	(1,780,323)	(3,055,475)
Virginia State University	(1,340,033)	(3,370,052)	(4,710,085)
Virginia Tech	(17,777,647)	(21,846,706)	(39,624,353)
Richard Bland College	(352,442)	(683,772)	(1,036,214)
Virginia Community Colleges	<u>(19,916,534)</u>	(45,761,904)	(65,678,438)
Subtotal Institutions	(\$129,396,841)	(\$189,334,562)	(\$318,731,403)
Virginia Inst. of Marine Science	(677,590)	(2,792,047)	(3,469,637)
Virginia Tech Extension	0	(4,528,956)	(4,528,956)
Virginia State Extension	<u>0</u>	<u>(108,484)</u>	(108,484)
Subtotal Directly Affiliated Higher Ed.	(\$677,590)	(\$7,429,487)	(\$8,107,077)
Grand Total	(\$130,074,431)	(\$196,764,049)	(\$326,838,480)

- *Across-the-Board Reductions to Other Higher Education Agencies.* The Governor's budget recommends reductions in funding of \$2.7 million GF in each year. The reductions to the other higher education agencies were generally 10 percent. The proposed reductions to EVMS were slightly less at 6 percent.

**Other Higher Education
FY 2011 and FY 2012 Across-the-Board Reductions**

<u>Institution</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>2010-12 Biennial Amount</u>
Southwest Virginia Higher Education Center	(200,546)	(200,546)	(401,092)
Southern Virginia Higher Education Center	(212,675)	(212,675)	(425,350)
Roanoke Higher Education Center	(124,655)	(124,655)	(249,310)
Institute for Advanced Learning & Research	(306,948)	(306,948)	(613,896)
New College Institute	(151,571)	(151,571)	(303,142)
Jefferson Labs	(63,883)	(63,883)	(127,766)
State Council for Higher Education in Virginia ¹	(1,004,861)	(1,004,861)	(2,009,722)
Eastern Virginia Medical School	(<u>\$671,298</u>)	(<u>\$671,298</u>)	(<u>\$1,342,596</u>)
Total	(\$2,736,437)	(\$2,736,437)	(\$5,472,856)

Note (1): The reduction base for SCHEV excludes funding for Tuition Assistance Grants, the Va. Women's Institute for Leadership and Virtual Library of Virginia.

- *Additional Targeted Reductions.* The proposed HB/SB 30 budget includes other targeted reduction actions in higher education in addition to the across-the-board reductions. The table below summarizes the targeted reductions by year.

**Higher Education Targeted Reductions
FY 2011 and FY 2012 Across-the-Board Reductions**

<u>Institution</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>2010-12 Biennial Amount</u>
Colleges and Universities & Directly Affiliated Agencies			
George Mason University	(\$300,000)	(\$300,000)	(\$600,000)
University of Virginia at Wise	(<u>461,359</u>)	(<u>461,359</u>)	(<u>922,718</u>)
Total	(\$761,359)	(\$761,359)	(\$1,522,718)

**Higher Education Targeted Reductions
FY 2011 and FY 2012 Across-the-Board Reductions (cont'd)**

<u>Institution</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>2010-12 Biennial Amount</u>
Other Higher Education Centers & Agencies			
Inst. for Advanced Learning & Research	(\$306,948)	(\$306,948)	(\$613,896)
Jefferson Labs	(63,883)	(63,883)	(127,766)
State Council for Higher Education in Virginia	(35,582)	(35,582)	(71,164)
Hampton Proton Beam	(90,000)	(90,000)	(180,000)
Total	(\$496,413)	(\$496,413)	(\$992,826)

- *Proposals for Eastern Virginia Medical School (EVMS).* Recommends \$568,910 GF in FY 2011 and FY 2012 transferred from the Tuition Assistance Grant (TAG) program to EVMS for graduate financial aid. Students at EVMS will have access to these funds as student financial aid and will therefore no longer be eligible for the TAG program. In addition, language is proposed under SCHEV to treat EVMS like the other two medical schools for funding calculations.
- *Virginia State University: Expand Manufacturing and Logistics Technology Funding.* Proposes \$300,000 GF in each year of the biennium to support the University's manufacturing and engineering and logistics technology programs.
- *Longwood University: Expand Nursing Program Funding.* Proposes funding of \$185,673 GF in FY 2011 and \$289,991 GF in FY 2012 for additional support to the Bachelor of Science in nursing program.
- *Higher Education Research Initiative Funding.* Proposes phase out of funding initiative for Jefferson Lab with a \$3.0 million GF reduction in FY 2011 and a \$6.0 million GF reduction in FY 2012. This phase out was anticipated and part of the initial request to match federal funding.
- *Higher Education Restructuring Financial Incentives.* Recommends \$8.4 million GF and \$2.1 million NGF for FY 2011 (to be transferred from Central Accounts) for estimated interest earnings from tuition and fees and other nongeneral fund E&G revenues and a rebate on certain credit card purchases. The increase in FY 2011 is \$132,692 GF, the same as the proposed increase for FY 2010. This was one of the incentives under restructuring that institutions were granted if they successfully met stated performance benchmarks. No funding is proposed for FY 2012.

- *Transfer from Higher Education Auxiliary Enterprises.* Proposes a transfer of \$18.8 million NGF to the general fund from auxiliary enterprises at higher education institutions by taking five percent of auxiliary balances. The table below summarizes the proposed cash transfer. Nearly 60 percent of the proposed transfer will impact four institutions - the University of Virginia, James Madison University, George Mason University and Radford University.

**Higher Education Institutions
Auxiliary Enterprise Reduction Proposal**

<u>Institution</u>	<u>Balance *</u>	<u>5% of Balance</u>	<u>Percent of Total</u>
University of Virginia*	\$73,342,134	\$3,667,107	19.50%
James Madison University	57,873,313	2,893,666	15.40%
Radford University	46,162,019	2,308,101	12.30%
George Mason University	45,077,562	2,253,878	12.00%
Longwood University	30,944,993	1,547,250	8.20%
Virginia State University	23,935,435	1,196,772	6.40%
Old Dominion University	24,024,741	1,201,237	6.40%
Virginia Commonwealth University	20,327,545	1,016,377	5.40%
Norfolk State University	15,491,760	774,588	4.10%
Virginia Polytechnic Institute and State University*	11,870,484	593,524	3.20%
Christopher Newport University	9,334,049	466,702	2.50%
Virginia Military Institute	6,428,109	321,405	1.70%
College of William and Mary*	6,022,795	301,140	1.60%
Richard Bland College	1,704,628	85,231	0.50%
University of Virginia's College at Wise*	2,004,036	100,202	0.50%
University of Mary Washington	639,878	31,994	0.20%
Virginia Community Colleges	<u>243,448</u>	<u>12,172</u>	<u>0.1%</u>
Totals	\$375,426,930	\$18,771,346	

* For schools as indicated, balances are as of June 30, 2007. This was the last time Level III balances were reflected on the Commonwealth's accounting and reporting system (CARS).

- *Higher Education Auxiliary Enterprises Interest Earnings.* Proposes to withhold interest earnings on auxiliary enterprise balances of \$7.2 million NGF in each year.