

Higher Education

The proposed amendments for higher education result in an increase of \$216,501 GF in FY 2011 and \$80.2 million GF in FY 2012. The FY 2012 increase includes \$50.0 million GF in the Central Accounts to address access, affordability, increased use of technology and STEM (Science, Technology, Engineering and Mathematics) program initiatives under consideration by the Governor's Higher Education Commission. The recommended budget amendments also include an additional \$3.4 million in federal stimulus funding in the FY 2011.

Major FY 2010-12 GF Actions

Reductions:	<u>FY 2011</u>	<u>FY 2012</u>
Colleges and Universities & Directly Affiliated Agencies		
SCHEV Targeted Reduction	(\$22,000)	(\$244,025)
Other Higher Education Centers & Agencies		
Jefferson Labs Targeted Reduction	(11,499)	(11,499)
Total Reductions	(\$33,499)	(\$255,524)
 Spending:		
Colleges and Universities & Directly Affiliated Agencies		
Old Dominion University Base Funding and TELETECHNET	\$0	\$5,060,527
VCU Massey Cancer Center	0	5,000,000
VCCS Workforce Development	0	3,000,000
UMW Dahlgren Center	0	1,000,000
VSU Extension Services	0	530,000
VT Extension Services	0	494,410
Other Higher Education Centers & Agencies		
TAG Program	\$0	\$2,500,000
EVMS Increase for Instruction	0	5,000,000
SWVHEC Pond Repair	250,000	0
Central Accounts		
Higher Education Commission Access, Affordability and STEM Initiative	\$0	\$50,000,000
Interest Earnings and Credit Card Rebate	0	7,863,990
Total, Spending	\$250,000	\$80,448,927
 Grand Total	 \$216,501	 \$80,193,403
 Federal Stimulus Funding	 \$3,431,113	 \$0

Reductions

- ***State Council of Higher Education for Virginia.*** Recommends additional reductions to the State Council in the amount of \$22,000 GF in FY 2011 and \$244,045 in FY 2012. The proposed reductions include \$22,000 GF per year for the optometry grant program. In addition, the budget amendments propose a \$222,025 GF reduction in FY 2012 or about a 6 percent reduction of the Council’s remaining administrative appropriation. This results in the elimination of three positions which is more than a 30 percent staffing reduction since FY 2009.
- ***Jefferson Labs.*** Proposes a \$11,499 GF or 1 percent reduction in each year for operating support at Jefferson Lab’s free electron laser.

Increases

- ***Higher Education Commission Initiatives.*** Proposes funding of \$50.0 million GF in FY 2011 in Central Accounts to support access and affordability initiatives under consideration by the Governor’s Higher Education Commission. The proposed funding includes:
 - \$33.0 million for proposals for enhancing student enrollment, retention and graduation, base operations, and increasing the number of STEM (Science, Technology, Engineering and Mathematics plus Health) graduates;
 - \$13.0 million for undergraduate student financial assistance;
 - \$3.0 million for online course availability and enhancements; and
 - \$1.0 million for academic transformation through the use of technology.

No specific allocations of these funds are contained in the proposed budget. Instead, the proposed budget outlines a process where each institution would submit proposals to the Secretary of Education for use of the funding. The proposals would include productivity and innovation strategies which are expected to generate savings. The overall objective is to redirect funding from low-priority to high-priority programs in order to improve access, increase the number of degrees awarded, and reduce tuition increases. Performance and reporting requirements would be implemented along with each proposal.

- ***Tuition Assistance Grant Program: Increase Funding.*** Proposes \$2.5 million GF in FY 2012 for the tuition assistance grant (TAG) program. Actions in the 2010 General Assembly reduced the GF appropriation by \$5.0 million in each year of the biennium.
- ***Old Dominion University: Base Adequacy Funding.*** Recommends funding of \$5.0 million GF in FY 2012 for additional base adequacy support. According to base funding guidelines, Old Dominion University currently has the lowest percentage

of support among the higher education institutions. This funding will provide an increase of about two percentage points.

- ***Old Dominion University: Expand Distance Learning Center.*** Recommends funding of \$60,527 GF in FY 2012 to expand coursework offerings to provide a bachelor's degree program rather than the associate degree at the Lord Fairfax Community College's Luray-Page Center under the TELETECHNET program.
- ***University of Mary Washington: Dahlgren Center Funding.*** Recommends \$1.0 million GF in FY 2012 to support the Dahlgren Education and Research Center. This funding will allow the University to operate the facility without charging rent. A separate amendment proposes reclassifying this funding to a non-educational and general program.
- ***Virginia Cooperative Extension Program Funding.*** Recommends \$494,410 GF in FY 2012 to support the restructuring plan required by the 2010 General Assembly.
- ***Virginia State University Extension Services Funding.*** Recommends \$530,000 GF in FY 2012 to match federal grant funds for extension services at Virginia State University.
- ***Virginia Commonwealth University: Increase Funding for Cancer Research.*** Proposes additional funding of \$5.0 million GF in FY 2012 for the Massey Cancer Center. This objective of the funding is to strengthen the Center's research to meet the National Cancer Institute's requirements for designation as a comprehensive cancer center.
- ***Virginia Community College System: Workforce Development Funding.*** Proposes \$3.0 million GF in FY 2012 to support non-credit courses at the Virginia Community College System to enhance workforce development. The funding would be utilized based on recommendations of the Governor's Commission on Economic Development and Jobs Creation and the Special Advisor to the Governor for Workforce Development.
- ***Eastern Virginia Medical School (EVMS): Instructional Funding.*** Proposes \$5.0 million GF in FY 2012 to increase funding to support instruction for medical and health professions students.
- ***Southwest Virginia Higher Education Center: Repairs.*** Recommends \$250,000 GF in FY 2011 to repair a cracked retention pond used to contain water run-off.
- ***Higher Education Restructuring Financial Incentives.*** Recommends \$7.9 million GF in FY 2012 for estimated interest earnings from tuition and fees and other nongeneral fund E&G revenues, and a rebate on certain credit card purchases (to be transferred from Central Accounts). FY 2011 contained \$8.4 million GF and \$2.1 million NGF for the same purpose. This was one of the incentives under

restructuring that institutions were granted if they successfully met stated performance benchmarks.

Federal Stimulus Funding

- ***Adjust Federal Stimulus Allocation in FY 2011.*** Recommends an additional appropriation of \$3.4 million NGF in FY 2011 due to technical adjustments between the allocation to higher education and K-12. When combined with previous allocations, stimulus funding offset approximately 88.3 percent of higher education budget reductions.

FY 2011 Federal Stimulus Amended Distribution			
<u>Institution</u>	<u>Total Previous Stimulus Allocations</u>	<u>Additional FY 2011 Stimulus Allocation</u>	<u>Total</u>
Christopher Newport University	\$6,036,963	\$58,823	\$6,095,786
College of William & Mary	9,072,230	59,384	9,131,614
George Mason University	26,067,785	178,993	26,276,778
James Madison University	15,941,617	97,594	16,039,211
Longwood University	5,527,197	59,933	5,587,130
University of Mary Washington	4,985,264	77,439	5,062,703
Norfolk State University	6,741,687	81,551	6,823,238
Old Dominion University	21,630,196	107,020	21,737,216
Radford University	9,821,302	90,297	9,911,599
University of Virginia	27,451,817	542,279	27,994,096
University of Virginia at Wise	2,800,465	144	2,800,609
Virginia Commonwealth University	36,959,589	411,299	37,370,888
Virginia Military Institute	2,705,756	28,918	2,734,674
Virginia State University	3,712,086	87,583	3,799,669
Virginia Tech	32,372,497	233,127	32,605,624
Richard Bland College	857,275	18,833	876,108
Virginia Community Colleges	<u>52,633,091</u>	<u>1,095,297</u>	<u>53,728,388</u>
Subtotal Colleges & Univ	\$265,346,817	\$3,431,113	\$268,575,331
Virginia Institute of Marine Science	\$3,076,343	\$0	\$3,125,094
Virginia Tech Extension	4,756,374	0	4,905,773
Virginia State Extension	<u>140,205</u>	<u>0</u>	<u>144,654</u>
Subtotal Directly Affiliated	\$7,972,922	\$0	\$8,175,521
Grand Total	\$273,319,739	\$3,431,113	\$276,750,852

E & G Nongeneral Fund Appropriation

- *Adjust Nongeneral Fund to Reflect FY 2011 Tuition and Fee Actions.* Recommends \$201.7 million NGF in FY 2011 and \$184.4 million NGF in FY 2012 to account for tuition actions taken by the Boards of Visitors in the Spring of 2010. The proposed adjustments are based on requests for all institutions except VCU. The proposed second year adjustment for VCU reflects 50 percent of the FY 2011 level in order to allow VCU to re-evaluate its Spring, 2010 tuition increase of 32 percent.

Proposed E & G NGF Adjustments		
<u>Institution</u>	<u>FY 2011</u>	<u>FY 2012</u>
Christopher Newport University	\$ 617,900	\$ 380,100
College of William & Mary	15,600,000	15,600,000
George Mason University	17,608,130	17,608,130
James Madison University	12,632,226	12,632,226
Longwood University	3,131,808	3,131,808
University of Mary Washington	1,500,000	1,500,000
Norfolk State University	120,000	120,000
Old Dominion University	0	0
Radford University	4,098,641	4,098,641
University of Virginia	0	0
University of Virginia at Wise	0	0
Virginia Commonwealth University	34,350,798	17,175,399
Virginia Military Institute	2,300,000	2,300,000
Virginia State University	0	0
Virginia Tech	24,000,000	24,000,000
Richard Bland College	300,000	300,000
Virginia Community Colleges	<u>85,442,180</u>	<u>85,442,180</u>
Grand Total	\$201,701,683	\$184,416,484

Other Actions Impacting Higher Education

- *State Employee Optional Retirement Plan Contributions.* Reduces the amount budgeted for state employee optional retirement plan (ORP) contributions by \$7.1 million GF in FY 2012. These savings result from application of the new 8.5 percent ORP contribution rate to participants hired before July 1, 2010. Chapters 737 and 738 of the 2010 Acts of Assembly had established 8.5 percent as the maximum state contribution for participants hired on or after July 1, 2010. The contribution rate for employees hired before this date remained at the 10.4 percent rate established by the *Code of Virginia*.

- ***Research and Technology Investment Fund.*** Proposes \$25.0 million GF in FY 2012 to be deposited in the Virginia Research and Technology Investment Fund under the Secretary of Commerce and Trade. Legislation will be proposed to establish this fund to foster the development and commercialization of research-based technologies. This is a recommendation of the Governor’s Commission on Economic Development and Job Creation.

- ***Reduce or Eliminate Organizational Memberships.*** Captures savings of \$14,022 GF in FY 2012 from SCHEV by eliminating state contributions for the State Higher Education Executive Officers organizational membership.