

Higher Education

Adopted Adjustments (\$ in millions)				
	FY 2013 Adopted		FY 2014 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2012-14 Base Budget, Ch. 890	\$1,558.7	\$6,914.8	\$1,558.7	\$6,914.8
Technical Adjustments	11.6	18.4	11.8	18.4
Increases	90.8	380.1	110.1	475.1
Decreases	<u>(1.9)</u>	<u>0.0</u>	<u>(1.9)</u>	<u>0.0</u>
\$ Net Change	100.5	398.5	120.0	493.5
Chapter 3 (HB 1301, as Adopted)	\$1,659.3	\$7,313.4	\$1,678.7	\$7,408.3
% Change	6.5%	5.8%	7.2%	7.1%
FTEs	17,507.42	37,672.18	17,511.62	37,861.98
# Change	(144.64)	2,453.64	(143.64)	2,621.64

Approved Major FY 2012-14 GF Actions

	<u>FY 2013</u>	<u>FY 2014</u>
Approved Reductions and Reallocations:		
SCHEV Eliminate the Eminent Scholars Program	(\$1,707,499)	(\$1,707,499)
SCHEV Reductions to Agency Operations	(149,135)	(149,135)
Higher Education Institution Reallocations	0*	0*
CA: Interest Earnings and Credit Card Rebate	<u>(4,629,707)</u>	<u>(3,976,130)</u>
Total Reductions & Reallocations	(\$6,486,341)	(\$5,832,764)
Approved Spending:		
<i>TJ 21 Related Spending</i>		
Base Operating Support	\$25,474,554	\$25,474,554
Enrollment Growth and Retention	21,315,288	21,315,288
Incentive and Initiatives	14,317,276	14,317,276
Undergraduate Financial Aid	8,361,073	8,361,073
Research	5,250,000	5,250,000
<i>Other Higher Education Spending</i>		
Faculty Salary Increase	0	17,472,352
Tuition Assistance Grant (TAG) Program	5,856,432	5,856,432
EVMS Increase for Base Support	3,562,682	3,562,682
Graduate Financial Aid	0	1,774,841
Virtual Library Research Database Acquisition	1,400,000	1,400,000
UMW Dahlgren Funding	650,000	500,000
Institute for Advanced Learning and Research	600,000	600,000
VCCS Workforce Development	500,000	500,000
Virginia Institute of Marine Science (VIMS) Faculty Positions	525,000	525,000
VCU School of Pharmacy	0	500,000
GMU Additional Operating Support	500,000	500,000
SCHEV Transfer Grant Expansion	600,000	600,000
VT Extension	500,000	500,000
UVA - Wise Scholars Program	275,000	275,000
Biotechnology Park Operating Funds	250,000	250,000
VCU Plan Replacement of VA Treatment Center For Children	250,000	0
Southern VA Higher Education Center Operations	225,000	225,000
NSU Retention and Graduation Aid for Upper Classmen	220,000	220,000
SCHEV Agency Operations	200,000	200,000
VMI Unique Military Funding	155,000	155,000
VT Unique Military Funding	150,000	150,000
SCHEV Space Grant	100,000	100,000
VIMS Sea Rise Study	<u>50,000</u>	<u>0</u>
Total Spending	\$91,287,305	\$110,587,511
Grand Total	\$84,800,964	\$104,754,747

* Higher education institutions are required to reallocate \$17.3 million in FY 2013 and \$23.1 million in FY 2014 to support initiatives identified in the approved budget and to address programs and strategies that serve to advance the objectives of the Higher Education Opportunity Act (TJ 21).

** Funding in Central Accounts reflects the elimination of the \$10.0 million GF reversion pool assigned to higher education institutions.

Approved Reductions and Reallocations

- ***Eliminate Eminent Scholars Program.*** Eliminates the Eminent Scholars program, a decrease of \$1.7 million GF each year. The program was established in 1964 and designed to match endowment earnings on a dollar-for-dollar basis with funds used to supplement faculty salaries and attract eminent faculty. The fund is meeting less than 25 percent of eligible funding levels with about two-thirds of the funding allocated to the University of Virginia and the College of William and Mary.
- ***Phase-out the Virginia Women's Institute for Leadership (VWIL) Program at Mary Baldwin College.*** The introduced budget recommended the phase-out of direct general fund support to the VWIL program, a decrease of \$76,975 the first year and \$153,950 the second year. The program was established prior to the Virginia Military Institute's policy change to allow admission of women. An accompanying language amendment would have allowed the students to become eligible for the tuition assistance grant program (this funding previously excluded eligibility). The adopted budget reversed both actions and restored the program to the level in the previous biennium.
- ***State Council of Higher Education for Virginia (SCHEV).*** The introduced budget contained a reduction of \$149,135 GF each year in operating support, a reduction equivalent to 4 percent. The adopted budget provides \$200,000 GF per year to offset this reduction and to provide additional funding for responsibilities added under the Virginia Higher Education Opportunity Act of 2011.
- ***Internal Higher Education Institution Reallocations.*** Stipulates internal reallocations for institutions of higher education of \$17.3 million in FY 2013 and \$23.1 million in FY 2014 will go towards the goals of the Virginia Higher Education Opportunity Act of 2011 or those goals stated in the adopted budget language for each institution. The reallocation is based upon a percentage of FY 2012 Educational and General (E & G) general fund appropriation for colleges and universities. In FY 2013 the reallocation would be 1.5 percent of the FY 2012 E & G amount and in FY 2014 the reallocation would be 2 percent. Language approved through an Executive Amendment during the Reconvened Session stipulates that the institutions will report the amounts and specific purposes for which they were used in their six-year plan submissions in the fall of 2012 and 2013.
- ***Higher Education Restructuring Financial Incentives.*** Adjusts the estimated interest earnings from tuition and fees and other nongeneral fund E&G revenues and rebates on certain credit card purchases by about \$4.6 million GF in FY 2013 and \$4.0 million GF in FY 2014 reflecting lower interest rates. This was one of the incentives under restructuring that institutions were granted if they successfully met stated performance benchmarks.

Approved Spending

- **Higher Education Legislation: Virginia Higher Education Opportunity Act of 2011 (TJ 21).** Chapters 828 and 869 of the 2011 Acts of Assembly established the Virginia Higher Education Opportunity Act of 2011 with the intent of fueling economic growth in the Commonwealth and preparing Virginians for top job opportunities. The approved funding of \$74.7 million GF each year supports the goals of the legislation of affordable access, reform-based investment and increased degree production. Specific spending items are as follows:
 - **Base Adequacy.** Provides funding of \$25.5 GF million each year toward base adequacy/operations.
 - **Enrollment.** Provides \$21.3 million GF each year to address in-state undergraduate enrollment at Virginia’s public colleges and universities. This includes: a) \$11.8 million GF per year for projected growth in transfer students and new enrollment especially at the VCCS; b) \$2.5 million GF per year to continue the growth toward 1,700 new in-state undergraduate seats at the College of William and Mary, University of Virginia, Virginia Tech, and James Madison University; and, c) \$7.0 million GF per year to improve retention and graduation across the system.
 - **Institution-Specific Initiatives and Incentives/Six-Year Plans.** Provides \$14.3 million GF each year for institution-specific initiatives and incentives related to TJ 21 goals and institution priorities as referred to in their six-year plans with a focus on STEM-related programs and initiatives.
 - **Research.** Provides \$10.5 million GF over the biennium to fund: cancer research at Virginia Commonwealth University (\$1.5 million per year) and cancer research at the University of Virginia (\$1.5 million per year); the Center for Bioelectrics at Old Dominion University (\$750,000 per year); the non-invasive surgery research at the University of Virginia (\$750,000 per year); and brain disorder research at Virginia Tech (\$750,000 per year).
 - **Financial Aid.** Allocates almost \$8.4 million GF each year for additional financial assistance for in-state undergraduates. The distribution of funding is based on the partnership model and the difference between the appropriation in FY 2012 and the need in FY 2013.

Higher Education TJ 21 Annual Allocations

<u>Institution</u>	<u>Base Adequacy</u>	<u>Enrollment</u>	<u>Incentives/ Initiatives</u>	<u>Research</u>	<u>Financial Aid</u>
Christopher Newport	\$751,663	\$255,673	\$440,847	\$0	\$159,470
William & Mary	416,352	193,080	487,758	0	69,003
George Mason	1,838,892	1,478,839	1,174,753	0	788,669
James Madison	1,647,698	1,820,338	991,683	0	277,596
Longwood	543,557	202,614	372,592	0	171,117
Mary Washington	443,115	211,038	467,402	0	106,787
Norfolk State	309,825	935,467	353,672	0	389,011
Old Dominion	3,539,864	1,709,439	1,593,927	750,000	785,629
Radford	962,943	866,958	666,535	0	226,546
University of Virginia	1,760,311	691,207	1,018,724	2,250,000	156,040
UVA at Wise	146,268	266,537	475,641	0	74,714
VA Commonwealth	3,565,354	2,916,627	684,120	1,500,000	960,003
VA Military Institute	328,589	84,330	243,812	0	24,528
Virginia State	328,814	962,789	440,187	0	288,084
Virginia Tech	1,725,992	685,667	1,475,420	750,000	445,420
Richard Bland	28,199	73,535	189,860	0	47,775
VCCS	<u>7,137,118</u>	<u>7,961,150</u>	<u>3,240,343</u>	<u>0</u>	<u>3,390,681</u>
Total	\$25,474,554	\$21,315,288	\$14,317,276	\$5,250,000	\$8,361,073

Other Higher Education Spending Proposals

- *Faculty Salary Increase.* Provides almost \$17.5 million GF for a 2 percent salary increase effective on July 10, 2013 (August 1st paycheck) for all groups of faculty and staff. Additional funding for the same pay increase is provided in Central Appropriations for classified staff.

**Higher Education 2 Percent Faculty Salary
Increase - FY 2014**

<u>Institution</u>	<u>Faculty Salary</u>
Christopher Newport	\$299,885
William & Mary	626,769
George Mason	1,663,143
James Madison	937,447
Longwood	266,211
Mary Washington	277,268
Norfolk State	234,873
Old Dominion	981,382
Radford	567,181
University of Virginia	1,661,447
UVA at Wise	116,390
VA Commonwealth	2,205,048
VA Military Institute	103,374
Virginia State	231,294
Virginia Tech	1,944,313
Richard Bland	46,244
VCCS	4,382,284
VIMS	198,915
VT-Extension	692,764
VSU-Extension	<u>36,120</u>
Total	\$17,472,352

- ***Tuition Assistance Grant Program.*** Provides \$5.9 million GF each year to increase undergraduate awards from \$2,650 to about \$2,800 and provides for enrollment growth in the tuition assistance grant (TAG) program.
- ***Eastern Virginia Medical School (EVMS): Instructional Funding.*** Provides \$3.6 million GF each year to increase funding to support instruction for medical and health professions students.
- ***Graduate Financial Aid.*** Allocates \$1.8 million GF in FY 2014 to increase financial aid for graduate students based on SCHEV recommendations.
- ***State Council of Higher Education for Virginia (SCHEV): Increased Funding for the Virtual Library of Virginia (VIVA).*** Allocates \$1.4 million GF each year to support a major new academic e-books initiative and sustain current databases.

- ***University of Mary Washington – Dahlgren Center.*** Provides \$650,000 GF in FY 2013 and \$500,000 GF in FY 2014 for the Dahlgren Education and Research Center. Initially, the Center’s operations will be funded primarily through general fund support until nongeneral funds are generated from it’s operation.
- ***Institute for Advanced Learning and Research (IALR).*** Provides \$600,000 GF each year for the expansion of research in polymer and chemical manufacturing.
- ***VCCS Workforce Development Funding.*** Allocates \$500,000 GF each year for non-credit courses to enhance workforce development at the Virginia Community College System.
- ***VIMS Faculty Positions.*** Provides four additional faculty positions and \$525,000 GF each year consistent with the objectives of the TJ 21 legislation at the Virginia Institute of Marine Science.
- ***Virginia Commonwealth University – School of Pharmacy.*** Allocates \$500,000 GF in FY 2014 for support to the Center for Compounding Practice and Research at the School of Pharmacy.
- ***George Mason University – Additional Operating Support.*** Provides \$500,000 GF each year for additional operating support at the University to support enrollment growth and new facilities.
- ***Two-Year Transfer Grant.*** Provides \$600,000 GF each year to expand the two-year transfer grant program to students with an expected family contribution (EFC) of up to \$9,000.
- ***Virginia Tech Extension.*** Allocates \$500,000 GF each year for additional general fund support for Extension services.
- ***University of Virginia-Wise – Wise Scholars Program.*** Provides \$275,000 GF each year to fund the Wise Scholars Program which will increase the recruitment and retention of students in the service region especially in STEM-related programs.
- ***Virginia Biotechnology Research Park Operating Support.*** Allocates \$250,000 GF each year for operating support at the Virginia Biotechnology Research Park under Virginia Commonwealth University’s budget.
- ***Virginia Treatment Center for Children Planning Funds.*** Provides \$250,000 GF in the first year to plan for the replacement of the Virginia Treatment Center for Children under Virginia Commonwealth University’s budget. The funding would be transferred from the University to the Health System.
- ***Southern Virginia Higher Education Center Operating Funds.*** Allocates \$225,000 GF and 5.0 FTE positions each year for operational funding and staffing of the new Innovation Center and the Research and Development Center for Advanced

Manufacturing and Energy Efficiency. The funding also includes support for the Workforce Services program.

- ***Norfolk State University - Retention and Graduation Aid for Upper Classmen.*** Provides \$220,000 GF each year for financial aid to encourage retention and graduation of juniors and seniors at the University.
- ***Virginia Military Institute - Unique Military Funding.*** Allocates \$155,000 in each year for additional operating support for the Unique Military program.
- ***Virginia Tech - Unique Military Funding.*** Provides \$150,000 GF in each year for additional operating support for the Unique Military activities and enrollment growth in the Corps of Cadets.
- ***State Council of Higher Education for Virginia (SCHEV) - Space Grants.*** Allocates \$100,000 GF each year to support additional grants under the Virginia Space Grant Consortium to increase participation in STEM programs by existing undergraduate and entering students.
- ***VIMS - Sea Rise Study.*** Provides \$50,000 GF in FY 2013 to fund a study of the sea level rise in Tidewater Virginia.

Other Higher Education Actions

- ***Fund Higher Education Equipment Trust Fund.*** Provides an allocation of \$62.2 million in the first year (an extra \$6.1 million for research equipment) and \$56.1 million in the second year to support the replacement of computers and specialized research equipment. Debt service for the program is \$9.7 million GF and begins in FY 2014.
- ***Remove \$10.0 Million Reduction for Higher Education in Central Appropriations.*** Reflects the elimination of the \$10.0 million GF reversion pool assigned to higher education institutions in Central Appropriations in previous budgets.
- ***Increase Out-of-State Capital Outlay Fee.*** Increased the capital outlay fee by \$1.50 per credit hour, providing additional revenue of almost \$2.8 million per year. This brings the total fee to \$16.50 per credit hour.
- ***Implement Life Sciences Initiative.*** Under incentive payments in Commerce and Trade, provides \$2.5 million GF each year for a new research consortium to be comprised of UVA, VCU, VT, GMU and EVMS. The consortium will contract with private entities, foundations and other government sources for research in the biosciences.
- ***Virginia Military Institute Language.*** Language states that resources determined by SCHEV to be uniquely military may be excluded from the base adequacy calculations.

- *Language Prohibiting an Increase in Financial Aid Funds from Tuition and Fee Revenue.* The adopted budget eliminated a proposed limit on the tuition and fee revenue generated from in-state students to support financial aid to the level proposed in the 2012-14 biennium.
- *Language on Nongeneral Fund Administrative Appropriations.* Requires reporting in June and December of each year on adjustments made to higher education operating funds in the Educational and General Program items for each public college and university in the budget. The reporting also requires justifications for these adjustments.
- *Language Permitting a Third Area of Authority for Level II Institutions.* Language permits Level II institutions to separately negotiate for a third area of authority as long as they have (1) successfully completed at least three years of effectiveness and efficiencies operating under the original memorandum of understanding (MOU); and (2) successfully renewed an additional MOU for a five year term for the original two areas. As part of the request for the third area, the institution shall be required to adopt new education-related measures for the new area.
- *Hampton Proton Therapy.* Funding provided under the Higher Education Research Initiative has been transferred to the Department of Health (\$1.5 million GF in FY 2013).