

Higher Education

Adopted Amendments (\$ in millions)				
	FY 2017 Adopted		FY 2018 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Chapter 780, 2016 Session)	\$1971.4	\$8,746.2	\$2,004.2	\$8,835.2
Increases	2.0	119.6	43.8	267.9
Decreases	<u>(6.7)</u>	<u>(8.7)</u>	<u>(108.5)</u>	<u>(531.3)</u>
\$ Net Change	(4.7)	110.9	(64.7)	(263.4)
Chapter 836 (HB 1500, as Adopted)	\$1,966.7	\$8,857.1	\$1,939.4	\$8,571.8
% Change	(0.2%)	1.3%	(3.2%)	(3.0%)
Central Account Reversions	(\$4.0)	(\$1.0)	(\$4.0)	(\$1.0)

2016-18 GF Actions – Chapter 836 (HB 1500, as Adopted)		
	<u>FY 2017</u>	<u>FY 2018</u>
Adopted Spending:		
Higher Education Institution and Center Spending		
State Council of Higher Educ. for VA (SCHEV) - Operations	\$0	\$250,000
SCHEV - Two-Year Transfer Grant Enrollment Growth	0	699,667
SCHEV - New Economy Workforce Credentials	1,000,000	(1,000,000)
UMW – Regional Economic Development/Adult Learners	0	250,000
UVA – Foundation for the Humanities – HB 2296	0	100,000
UVA-Wise – Campus Planning	0	50,000
VCCS – Mechatronics Pilot VWCC and Botetourt County Schools	0	310,000
NCI – Five-Year Plan Funding		100,000
Online VA Network (OVN)	<u>1,000,000</u>	<u>2,000,000</u>
Subtotal:	\$2,000,000	\$2,759,667

2016-18 GF Actions – Chapter 836 (HB 1500, as Adopted)

	<u>FY 2017</u>	<u>FY 2018</u>
Higher Education Reductions		
Transfer VA Degree Completion Network to OVN	(\$1,000,000)	(\$2,000,000)
Higher Education Institutions Across-the-Board	0	(56,063,527)
Other Higher Education (Centers, EVMS, Jeff. Lab)	(800,296)	(1,581,804)
SCHEV - Across-the-Board	(607,811)	(813,236)
SCHEV – Eliminate Cyber Scholarships *	0	(500,000)
SCHEV – Reduce Efficiency/Pathway Fund	0	(275,000)
VCCS – Eliminate Cyber Initiative	(280,000)	(152,000)
VCCS – Reduce Workforce Outreach		(100,000)
Higher Education Research Initiative	<u>(4,000,000)</u>	<u>(6,000,000)</u>
Subtotal:	(\$6,688,107)	(\$67,485,567)
Total:	(\$4,668,107)	(\$64,725,900)
Other Actions Related to Higher Education:		
Central Accounts Interest Earnings & Credit Card Rebate Reduction	\$(4,000,000)	\$(4,000,000)
2% Faculty Salary Increase Plus Additional 1% for Institutions Not Taking FY 17 Salary Actions	\$0	\$18,414,836
VRS Prepayment Recovery – NGF – Part 3	\$26,064,305	\$17,376,204

* *The amendment was vetoed by the Governor.*

Reductions/Savings Actions

- ***Recover Nongeneral Fund Cost of the Virginia Retirement System Payment.*** Reduction of an amount equivalent to the nongeneral fund portion of the prepayment made to the Virginia Retirement System (VRS) to reduce VRS rates per employee. This action was taken in the 2016 Session. The extension agencies and the Virginia Institute for Marine Science were exempted under this action. This action is a transfer under Part 3.

Recovery of Savings Related to VRS Prepayment

<u>Institution</u>	<u>FY 2017</u>	<u>FY 2018</u>
Christopher Newport	\$390,307	\$260,205
William & Mary	1,020,946	680,630
George Mason	1,935,422	1,290,281
James Madison	1,551,829	1,034,553
Longwood	326,500	217,667
Mary Washington	314,079	209,386
Norfolk State	486,295	324,197
Old Dominion	1,002,931	668,621
Radford	517,096	344,731
University of VA	5,048,921	3,365,948
UVA at Wise	117,388	78,259
VA Commonwealth	3,210,947	2,140,631
VA Military Institute	288,536	192,357
VA State	477,961	318,641
VA Tech	4,110,195	2,740,130
Richard Bland	42,715	28,476
VCCS	<u>3,377,834</u>	<u>2,251,889</u>
Subtotal	\$24,219,902	\$16,146,602
UVA Health System	\$1,072,236	\$714,824
VCU Health System	772,167	514,778
VIMS	0	0
VT-Ext.	0	0
VSU-Ext.	<u>0</u>	<u>0</u>
Subtotal	\$1,844,403	\$1,229,602
Total	\$26,064,305	\$17,376,204

- **Higher Education Across-the-Board Reductions.** Higher education institutions were exempted from across-the-board reductions for FY 2017. For FY 2018, the adopted budget minimizes the overall impact on each institution's total educational and general (E & G) budget by \$20.0 million and limits the impact on total E & G to 1.5 percent or less for all institutions not otherwise exempted from budget reductions for a savings of \$56.1 million in FY 2018. In addition to Virginia State University, Virginia State Extension, and Norfolk State University, Virginia Tech Extension and the Virginia Institute for Marine Science were exempted in the adopted budget from the FY 2018 reductions. Additional exemptions include new veterans and workforce funding at George Mason University and the Virginia Community College System, as well as, the Melcher's Monroe Museums under the University of Mary Washington. Financial aid programs were also exempt from reductions.

Higher Education Institution FY 2018 Reductions	
<u>Institution</u>	<u>FY 2018</u>
Christopher Newport	\$757,606
William & Mary	2,183,886
George Mason	5,819,760
James Madison	3,253,127
Longwood	719,868
Mary Washington	806,997
Norfolk State	0
Old Dominion	3,196,139
Radford	1,334,488
University of VA	7,036,035
UVA at Wise	57,218
VA Commonwealth	8,018,515
VA Military Institute	543,346
VA State	0
VA Tech	8,588,385
Richard Bland	20,526
VCCS	<u>13,727,631</u>
Subtotal	\$56,063,527
VIMS	0
VT-Ext.	0
VSU-Ext.	<u>0</u>
Total	\$56,063,527

- **Other Higher Education Reductions.** The higher education centers are required to implement a 5 percent across-the-board reduction in each year of the biennium resulting in reductions of \$2.5 million over the biennium. Eastern Virginia Medical School (EVMS) is exempted from a reduction in FY 2017 and financial aid and indigent care amounts are exempted in their calculation in FY 2018. In addition, during the Reconvened Session an amendment was adopted to reduce the reduction to EVMS by approximately one percent.

Reductions to the Other Higher Education Agencies in FY 2017 and FY 2018		
<u>Institution</u>	<u>FY 2017</u>	<u>FY 2018</u>
Eastern Virginia Medical School	\$0	\$748,467
New College Institute	86,409	102,412
Inst. for Adv. Learning & Research	321,862	321,856
Roanoke Higher Educ. Authority	73,300	73,301
So. VA Higher Education Center	143,544	160,582
Southwest VA Higher Educ. Center	108,053	108,058
Jefferson Lab	<u>67,128</u>	<u>67,128</u>
Total	\$800,296	\$1,581,804

- **State Council of Higher Education for Virginia (SCHEV).** Provides a reduction of 5 percent the first year and 7.5 percent the second year to all programs/appropriations except for the Virtual Library of Virginia (VIVA) which maintains a 5 percent reduction in the second year. Financial aid programs are also exempt from reductions in each year of the biennium. The following table provides for a more detailed explanation of the reductions including additional targeted reductions.

**State Council of Higher Education for Virginia
Identified Across-the-Board Reductions and Additional Targeted
Reductions for FY 2017 and FY 2018**

	<u>FY 2017</u>	<u>FY 2018</u>
Hold Positions Vacant	\$0	\$303,722
Reduce Excellence & Innovation Program	0	275,000
Eliminate Cyber Scholarships (<i>vetoed by Gov.</i>)	0	500,000
Reduce Virtual Library of VA (VIVA) (5%)	0	412,701
Reduce Wage Staff Expenses	0	30,000
October Savings Strategies for FY 2017	607,811	0
Eliminate Internship Program	0	40,000
Reduce Support for Long. Data System (VLDS)	<u>0</u>	<u>26,813</u>
Total	\$607,811	\$1,588,236

- *VCCS - Eliminate Cyber Initiative.* Defers funding for a new cybersecurity program and curriculum approved in the 2016 Session, a reduction of \$280,000 GF in FY 2017 and \$152,000 GF in FY 2018.
- *VCCS - Reduce Workforce Outreach.* Defers \$100,000 GF in FY 2018 for workforce program outreach efforts approved in the 2016 Session.
- *Higher Education Research Initiative.* Includes a reduction of \$4.0 million GF the first year (a 50 percent reduction) and a reduction of \$6.0 million GF the second year (a 43 percent reduction). This action leaves \$12.0 million over the biennium in the Virginia Research Investment Fund (VRIF). The actions taken during the 2016 Session provided \$22.0 million GF over the biennium to offer incentive packages to attract high-performing researchers with a history of commercialization and to create centers of excellence which would allow collaboration and support of research (i.e. biosciences and cyber security), a process identified under Chapter 775 of the 2016 Acts of Assembly.

Spending

- **Higher Education Allocations:**
 - *Two-Year College Transfer Grant Program.* Includes funding of \$699,667 GF the second year for projected enrollment growth in the two-year college transfer-grant program. Additional language allows flexibility to use any remaining unspent funds at year end within all two-year transfer grant programs.

- ***New Economy Workforce Credential Grant Program.*** Transfers \$1.0 million GF from the second year to the first year for higher than expected demand. Funding passed during the 2016 Session provided \$4.0 million GF (new total \$5.0 million) in FY 2017 and \$8.5 million GF (new total \$7.5 million) in FY 2018 under SCHEV for high-need certification programs for two-year college students under the New Economy Workforce Credential Grant Program in accordance with Chapters 326 and 470 of the 2016 Acts of Assembly. Under the program, students pay one-third of the cost of the program. The specified two-year college receives one-third of the cost when the student completes the program and the final one-third when the student receives the certification.
- ***State Council of Higher Education for Virginia – Virginia Women's Institute for Leadership (VWIL).*** Includes funding of \$15,395 GF in FY 2017 and \$23,092 GF in FY 2018 for the VWIL program at Mary Baldwin. Students in this program are not eligible for Tuition Assistance Grants (TAG) and this funding takes the place of those grants. This action restores funding to the level in Chapter 780 of the 2016 Acts of Assembly.
- ***State Council of Higher Education for Virginia – Operations Funding.*** Provides \$250,000 GF in FY 2018 for operations at the Council in order to support additional activities and duties needed to assist the Joint Subcommittee on the Future Competitiveness of Virginia Higher Education.
- ***University of Mary Washington – Regional Economic Development/Adult Education Courses.*** Includes \$250,000 GF in the second year to enhance regional economic development initiatives by establishing high quality programs to meet the needs of the adult education population in the region including veterans, first-generation, and other non-traditional students.
- ***University of Virginia – Foundation for the Humanities.*** Provides \$100,000 GF in FY 2018 to the Virginia Foundation for the Humanities to support provisions of Chapter 647 of the 2017 Acts of Assembly (HB 2296), a bill that directs the Foundation to identify the history of formerly enslaved African Americans in Virginia and determine ways to preserve the history for educational and cultural purposes.
- ***University of Virginia - Wise Campus Planning.*** Includes \$50,000 GF in FY 2018 for the development of a plan regarding the University's desire to expand enrollment. The plan also requires the University to report on how these plans will impact the capital outlay needs of the campus.
- ***VCCS – Mechatronics Pilot VWCC and Botetourt County Schools.*** Provides \$310,000 GF in the second year for faculty accreditation and equipment for a pilot mechatronics technician program in partnership with Virginia Western Community

College, Botetourt County Public Schools, and local industry partners. The goal of this program is to prepare 100 Mechatronic Engineering Technicians over five years using established career pathways with Botetourt County Public Schools and Virginia Western Community College.

- ***Online Virginia Network (OVN).*** Transfers \$3.0 million GF over the biennium from the Virginia Degree Completion Network under SCHEV to OVN and additional language provides funding and policy guidance for the Online Virginia Network Authority established under Chapter 686 of the 2017 Acts of Assembly (HB 2262). The Authority is to coordinate the online delivery of courses to facilitate the completion of degrees at George Mason University and Old Dominion University and requires the Authority to be governed by a 15-member board.
- ***New College Institute – Five-Year Plan.*** Includes \$100,000 GF in FY 2018 for the Institute to research and develop a five-year plan.
- ***Faculty Salary Increase.*** Provides \$18.4 million GF under Central Accounts for faculty salary increases in FY 2018. Within this amount, almost \$17.0 million is allocated for a 2 percent salary adjustment for faculty (Teaching and Research Faculty, Administrative Faculty, and Appointed Officials) at public institutions of higher education, effective July 10, 2017. An additional \$1.4 million GF is provided for an additional one percent salary adjustment for faculty members at institutions that did not provide their own compensation adjustment in FY 2017 (CNU, RBC, JMU, NSU, RU, VSU, VSU-Ext., and VMI). Graduate teaching assistants and part-time faculty were not included in this increase.

Other Higher Education Actions

- **Distribute Second Year Financial Aid Funding from SCHEV to Individual Institutions.** Moves the \$24.1 million GF in FY 2018 that was under SCHEV for need-based undergraduate financial aid to the individual public higher education institutions. The allocation is the same as provided to each institution under FY 2017. The Joint Subcommittee on the Future Competitiveness of Virginia Higher Education recommended that no changes be made unless additional funding was to be provided for this purpose in FY 2018.
- **Procurement Language for the Virginia Community College System (VCCS).** Allows for additional procurement authority for the community colleges subject to review and approval by the Department of General Services.
- **VCCS – Dual Enrollment.** Language directs the VCCS, the Department of Education, and SCHEV to recommend certain changes to the structure of dual enrollment. For the 2017-18 school year, the language also requires the VCCS to allow school divisions and local community colleges that offer dual enrollment courses to negotiate different costs for dual

enrollment courses held at the local community college where a previous agreement had existed and where there would be no loss of revenue based on the previous agreement.

- **Joint Subcommittee on the Future Competitiveness of Virginia Higher Education.** Additional language directs the Joint Subcommittee to conduct a focused review of Virginia public higher education's access, affordability, transparency, and autonomy issues.
- **Eliminate Interest Earnings and Credit Card Rebates.** Reduces funding by \$4.0 million in each year under Central Accounts for incentives promised under higher education restructuring to the higher education institutions. Part 3 language allows for the transfer to the general fund the interest earnings on tuition and fees from Educational and General Revenues from the Level III institutions in each year of the biennium.
- **Virginia Research Investment Committee Assessment.** Language authorizes the Committee to conduct a study of Virginia's research assets using previously appropriated funds.