

Higher Education

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$1971.4	\$8,746.2	\$2,004.2	\$8,835.2
Proposed Increases	1.0	119.6	1.6	267.9
Proposed Decreases	(29.6)	(8.7)	(100.9)	(531.3)
\$ Net Change	(28.6)	110.9	(99.3)	(263.4)
HB 1500/SB 900, as Introduced	\$1,942.8	\$8,857.1	\$1,904.9	\$8,571.8
% Change	(1.5%)	1.3%	(5.0%)	(3.0%)
Central Account Reversions	(\$8.0)	(\$1.0)	(\$4.0)	(\$1.0)

Proposed 2016-18 GF Actions		
	<u>FY 2017</u>	<u>FY 2018</u>
Adopted Spending:		
Higher Education Institution Spending		
Two-Year Transfer Grant Enrollment Growth	\$ 0	\$ 699,667
New Economy Workforce Credentials	1,000,000	0
VMI – Out-of-State National Guard – In-State Tuition	<u>0</u>	<u>900,000</u>
Subtotal:	\$1,000,000	\$1,599,667
Higher Education Reductions		
VRS Prepayment Savings Recovery – GF Equivalent of NGF	(\$24,219,902)	(\$16,146,602)
Higher Education Institution Across-the-Board	0	(76,063,527)
Other Higher Education (Centers, EVMS, Jeff. Lab)	(800,296)	(1,768,920)
State Council of Higher Education for Virginia	(623,206)	(886,328)
Higher Education Research Initiative	<u>(4,000,000)</u>	<u>(6,000,000)</u>
Subtotal:	(\$29,643,404)	(\$100,865,377)

Proposed 2016-18 GF Actions

	<u>FY 2017</u>	<u>FY 2018</u>
Total:	(28,643,404)	(99,265,710)
Central Accounts Interest Earnings & Credit Card Rebate Reduction	\$(4,000,000)	\$(4,000,000)
Central Accounts HE Institution/Inova Research Reduction	\$(4,000,000)	\$0

- **Reductions/Savings Actions**

- *Recover Nongeneral Fund Cost of the Virginia Retirement System Payment.* Proposes a general fund 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 FY 2018 general fund reduction amounts are one-time and would not be included in the base for the next biennium. The extension agencies, the Virginia Institute for Marine Science and the VCU and UVA hospitals were exempted under this proposal.

Proposed 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 Virginia	5,048,921	3,365,948
UVA at Wise	117,388	78,259
VA Commonwealth	3,210,947	2,140,631

**Proposed Recovery of Savings Related to
VRS Prepayment**

VA Military Institute	288,536	192,357
Virginia State	477,961	318,641
Virginia 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
VIMS	0	0
VT-Ext.	0	0
VSU-Ext.	<u>0</u>	<u>0</u>
Total	\$24,219,902	\$16,146,602

- ***Higher Education Across-the-Board Reductions.*** The introduced budget proposes that higher education institutions be exempt from across-the-board reductions for FY 2017. For FY 2018, the majority of the higher education institutions would receive a 5 percent reduction on general fund appropriations excluding financial aid. The Governor recommends that Virginia State University and Norfolk State University be exempt from the FY 2018 reductions. Recommended additional exemptions include: new veterans and workforce funding at George Mason University and the Virginia Community College System, at least partial exceptions at the extension agencies to match federal land grant funds at 100 percent, and Melcher’s Monroe Museums under the University of Mary Washington. The entire general fund reduction is shown under Educational and General Programs. However, language allows the institutions to distribute reductions to other general fund supported programs except financial aid.

**Proposed Higher Education Institution
FY 2018 Reductions**

<u>Institution</u>	<u>FY 2018</u>
Christopher Newport	\$1,423,060
William & Mary	2,183,886
George Mason	6,937,504
James Madison	4,152,407
Longwood	1,380,536
Mary Washington	1,378,890
Norfolk State	0
Old Dominion	6,243,124
Radford	2,525,221
University of Virginia	7,036,035
UVA at Wise	776,390
VA Commonwealth	9,603,574
VA Military Institute	709,189
Virginia State	0
Virginia Tech	8,588,385
Richard Bland	328,532
VCCS	<u>19,716,711</u>
Subtotal	\$72,983,444
VIMS	1,039,390
VT-Ext.	2,040,693
VSU-Ext.	<u>0</u>
Total	\$76,063,527

- *Other Higher Education Reductions.* Proposes that higher education centers implement a 5 percent across-the-board reduction each year of the biennium. Eastern Virginia Medical School is exempted from a reduction in FY 2017 under this proposal and financial aid and indigent care amounts are exempted in their calculation in FY 2018.

**Proposed 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	\$935,583
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	\$1,768,920

- *State Council of Higher Education for Virginia (SCHEV)*. Proposes 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 proposed reductions.

**State Council of Higher Education for Virginia Proposed
Reductions in FY 2017 and FY 2018**

<u>Strategy</u>	<u>FY 2017</u>	<u>FY 2018</u>
Hold Positions Vacant	\$0	\$303,722
Reduce Excellence & Innovation Program (7.5%)	0	50,000
Reduce VA Woman's Leadership Program (7.5%)	0	23,092
Reduce Virtual Library of VA (VIVA) (5%)	0	412,701
Reduce Wage Staff Expenses	0	30,000
October Savings Strategies for FY 2017	623,206	0
Eliminate Internship Program	0	40,000
Reduce Support for Long. Data System (VLDS)	<u>0</u>	<u>26,813</u>
Total	\$623,206	\$886,328

- ***Higher Education Research Initiative.*** Recommends 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). The proposed actions would leave \$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.
- ***Higher Education Research Funding Partnerships with Global Genomics and Bioinformatics Research Institute.*** Proposes a reduction of \$4.0 million GF in the first year, a 50 percent reduction. In Chapter 780 of the 2016 Acts of Assembly, \$8.0 million GF was provided under Central Accounts for partnerships between higher education institutions (George Mason University, Old Dominion University, the University of Virginia, Virginia Commonwealth University, Virginia Tech and the College of William and Mary) and the Global Genomics and Bioinformatics Research Institute (INOVA).

Proposed Spending

- **Higher Education Institution Allocations:**

- ***Two-Year College Transfer Grant Program.*** Proposes 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.*** Proposes an increase of \$1.0 million GF the first year for higher than expected demand. Funding passed during the 2016 Session provided \$4.0 million GF in FY 2017 and \$8.5 million GF 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.
- ***Tuition Backfill for Out-of-State Virginia National Guard Members.*** Proposes \$900,000 GF the second year to backfill lost tuition revenue from legislation proposed for the 2017 Session that would allow out-of-state Virginia National Guard members to receive in-state tuition. The funding is provided at the Virginia Military Institute where most of the out-of-state guard members currently attend.

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 would be 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).** Language allows the Commonwealth to delegate authority to the Community College System. Once that approval occurs, then the language would allow the System to delegate authority to the shared services center and other community colleges (Section 4-9.02, paragraph d.).
- **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.