



Overview of the Governor's Proposed Amendments to the 2020-22 Budget (SB 1100) for Higher Education

January 12, 2021, Subcommittee on Higher Education

Outline

1

Fall 2020

2

2020 Special Session Actions

3

Proposed Amendments to the 2020-22 Budget

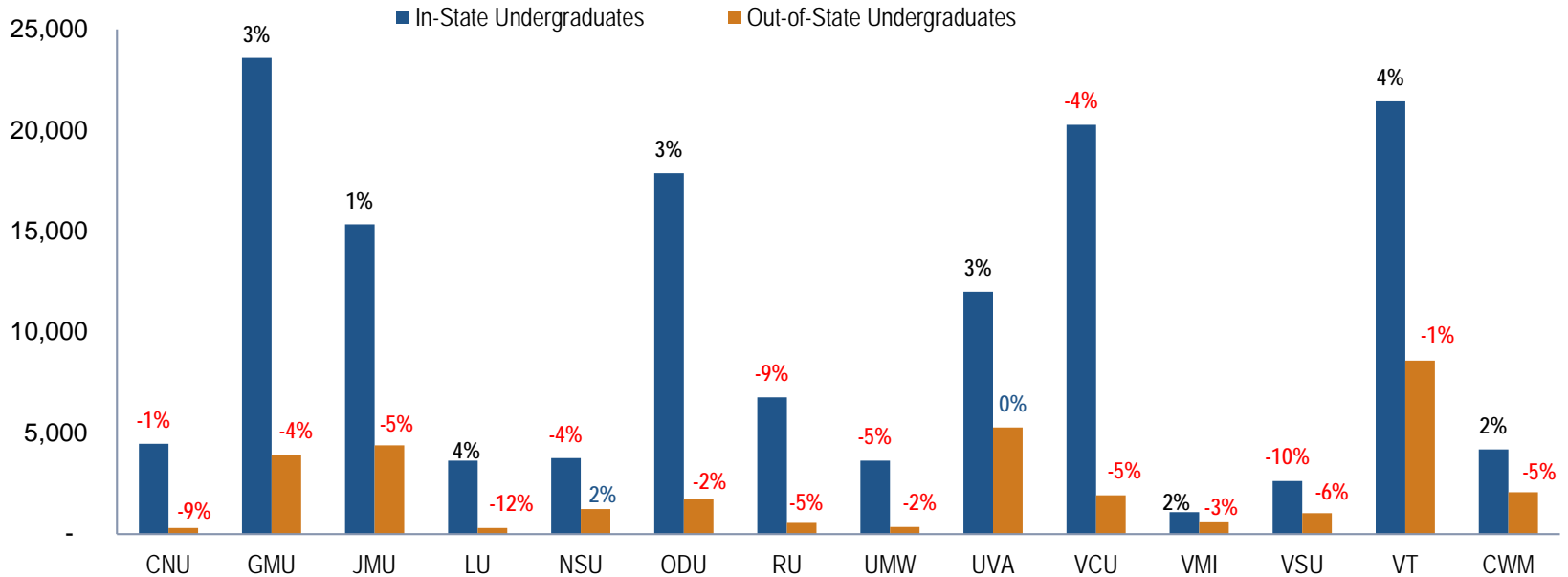


Fall 2020

Learning, Enrollment, and Financial Impacts

Fall 2020 Enrollment – Public Four-Year Institutions

Statewide the net decrease of 0.3 percent undergraduate students (Fall 2020 compared with Fall 2019) reflects an increase of 0.3 percent in-state students and a decrease of 2.6 percent out-of-state students.

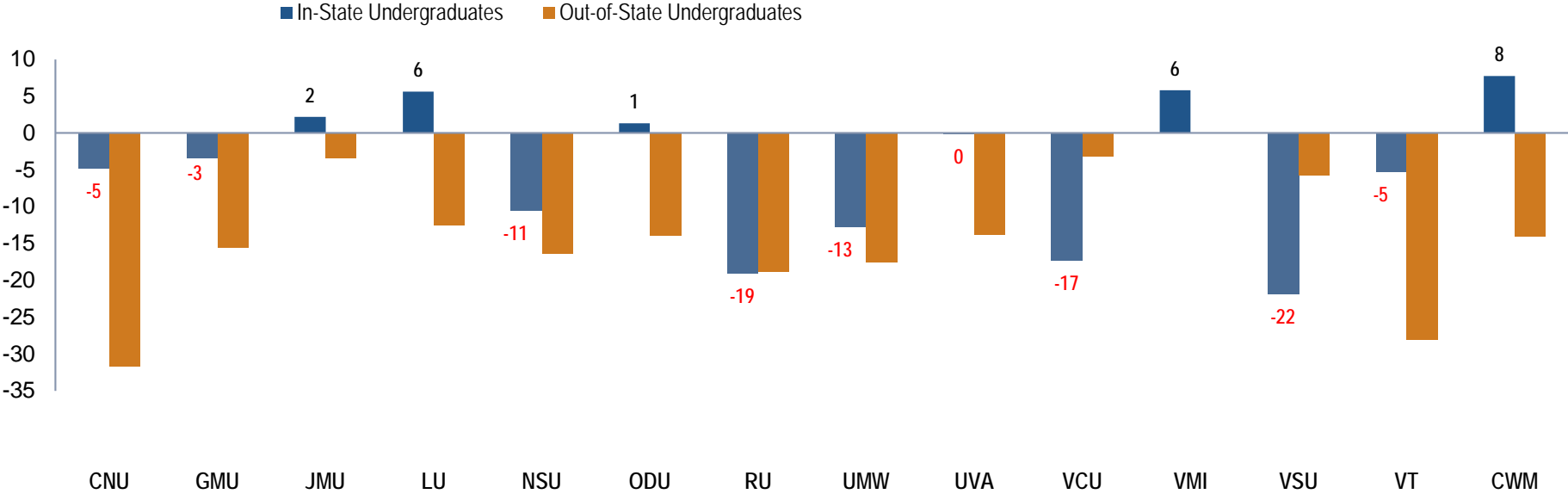


Source: SFAC Staff Analysis of SCHEV Data, as of November 16, 2020.

UVA-Wise, not shown above, reported 7% decrease in-state and 20% increase out-of-state, for total enrollment of 1,906 students.

First-Time-In-College Enrollment Decrease was Larger

Statewide there was a net decrease of 8.0 percent in the number of first-time-in-college undergraduate students, reflecting a decrease of 5.5 percent in-state and 16.0 percent out-of-state.



Source: SFAC Staff Analysis of SCHEV Data, as of November 16, 2020, UVA-Wise, not included above, reported a 16% decrease in-state and a 16% increase out-of-state.

2020-21 Tuition and Fees (Full-Time In-State Undergraduate)

12 Out of 17 Institutions Froze Tuition Rates

Institution Type*	Charges	Amount Increase	Percent Increase
<u>Baccalaureate Institution Average</u>			
Tuition and Mandatory E&G Fees	\$9,385	\$111	1.2%
Mandatory Non-E&G Fees	4,517	92	2.1%
Room and Board	<u>11,210</u>	<u>209</u>	<u>1.9%</u>
Total Charges**	\$25,112	\$413	1.7%
<u>Virginia Community College System</u>			
Tuition and Mandatory E&G Fees	\$4,606	\$0	0.0%
Mandatory Non-E&G Fees	<u>14</u>	<u>0</u>	<u>0.0%</u>
Total Charges	\$4,620	\$0	0.0%

*Richard Bland, a two-year college not included above, did not increase tuition of \$6,000, mandatory non-E&G fees of \$2,100, and room and board of \$12,103.)

**Average charge for most of students at each type of institution, excluding tuition differentials – extra charges to students attending some specialized programs.



2020 Special Session Actions

2020 Special Session State Budget Actions

- **Ch. 1289:** The originally adopted budget included a net increase of \$284.4 million over the biennium, nearly all of which was unallotted in April and not restored in October, including for:
 - Last-dollar plus community college workforce initiative (“G3”); undergraduate need-based financial aid; Tuition Assistance Grants; and a tuition moderation incentive funding pool.
- **Special Session Conference Report:** Provides \$94.0 million GF for funding to public institutions of higher education and additional temporary flexibility to support Auxiliaries (excluding Athletics) while considering financial health measures.
 - Most of the new FY 2021 funding amounts were related to providing at least 40 percent of the mid-point of the institutions’ summer estimates of their FY 2021 in-state undergraduate revenue shortfall, or other adjustments such as a minimum percentage of their total in-state undergraduate tuition revenue.
 - Also, an additional \$120 million in federal Coronavirus Relief Funds were allocated for higher education.
 - After the Conference Report, the Administration announced \$30 million for a VCCS initiative and \$22 million for private colleges.

Along with the Temporary Flexibility, Budget Language Also Addressed Measures of Institutional Financial Health

- § 23.1-1001 sets out certain minimum administrative and financial management standards for public institutions of Higher Education.
- In addition, the Auditor of Public Accounts compiles a comparative report of certain other financial health indicators (reserves, viability, composite measure, auxiliaries), including comparisons to other states.
 - Some measures were below benchmark in the last report (2017).
 - Institutions vary based on specific mission as well as based on age, location, and size that can have a significant impact on the comparison of such measures.

2020 Special Session Budget Language

During the 2020-2022 biennium, the Council (SCHEV) shall coordinate:

- (i) the dissemination to the institutions the measures of financial status included in the most recent Auditor of Public Accounts Higher Education Comparative Report, and
- (ii) collection of institutions' resulting financial sustainability reviews and possible action plans, to include if warranted discussion of a full range of potential structural options to improve long-term financial health.

The six-year plan review group identified under § [23.1-306](#) shall review such submissions.



Governor's Proposed Budget Actions in SB 1100

Overview of Higher Education in SB 1100

(\$ in millions)	FY 2021 GF	FY 2021 NGF	FY 2022 GF	FY 2022 NGF
Chapter 56	\$2,474.2	\$9,982.1	\$2,385.0	\$10,115.6
Proposed Increases	6.5	32.0	114.3	57.8
Proposed Decreases	(148.8)	(0.0)	(146.5)	(0.0)
Net Change	<u>(142.3)</u>	<u>32.0</u>	<u>(32.2)</u>	<u>57.8</u>
SB 1100, as Introduced	\$2,328.9	\$10,014.1	\$2,352.8	\$10,173.5
Percent Change over Chapter 56	(5.8%)	0.3%	(1.4%)	0.6%

Overview of Higher Education

- Proposed amendments result in a net decrease of \$142.3 million GF the first year and \$32.2 million GF the second year, compared with Chapter 56 of the 2020 Acts of Assembly, Special Session I.
 - Distributes the Chapter 56 budget reductions from Central Appropriations, reducing funding in the higher education agency budgets by \$148.8 million GF the first year and \$146.5 million GF the second year.
 - Chapter 1289 of the 2020 Acts of Assembly had “unallotted” the majority of the new funding of \$284.4 million GF provided during the 2020 Regular Session for the 2020-22 biennium.
 - Chapter 56 then converted the “unallotments” to reductions (within Central Appropriations), and also provided some limited restorations and some new FY 2021 funding, including \$60.0 million GF for operations, financial aid, or other purposes to address the impact of the COVID-19 pandemic, as well as allocations from the federal Coronavirus Relief Fund (CRF).
 - Reflects additional restorations of \$111.2 million GF and new spending of \$9.6 million GF.

Proposed Amendments Related to Financial Aid Restorations

GF Actions for 2020-22 Biennium (\$ in millions)	FY 2021	FY 2022	Total
Restore Virginia Community College System (VCCS) – “G-3” Last-Dollar Plus Workforce Initiative (cost of tuition, fees, and textbooks for low- and middle-income students in select high demand workforce pathways; plus additional incentive for full-time full Pell-eligible students)	\$0.0	\$36.0	\$36.0
Restore Undergraduate Need-Based Financial Aid (<i>See next slide.</i>)	0.0	30.3	30.3
Restore Tuition Assistance Grant (TAG) (SCHEV)	0.0	7.9	7.9
Restore Virginia College Affordability Network (VCAN) Last Dollar Plus Pilot Programs at Norfolk State University	0.0	4.9	4.9
Restore Virginia College Affordability Network (VCAN) Last Dollar Plus Pilot Programs at Virginia State University	<u>0.0</u>	<u>4.9</u>	<u>4.9</u>
Total of Proposed GF Changes - Financial Aid Restorations	\$0.0	\$84.0	\$84.0

Financial Aid Restorations By Institution

	FY 2022		FY 2022
Christopher Newport	\$249,600	University of Virginia	320,300
William & Mary	133,000	University of Virginia at Wise	402,700
George Mason	6,944,900	Virginia Commonwealth	4,638,400
James Madison	1,279,400	Virginia Military Institute	26,700
Longwood	787,400	Virginia State	1,477,000
Mary Washington	470,300	Virginia Tech	1,623,200
Norfolk State	1,632,200	Richard Bland	154,300
Old Dominion	5,337,000	VCCS	2,271,000
Radford	2,538,400	University of Virginia	<u>320,300</u>
Total			\$30,285,800

Proposed Amendments Related to Other Restorations

GF Actions for 2020-22 Biennium (\$ in millions)	FY 2021	FY 2022	Total
Restore Massey Cancer Center (Virginia Commonwealth)	\$5.0	\$5.0	\$10.0
Fully Restore George Mason Univ. - Enrollment Growth	0.0	5.0	5.0
Fully Restore Old Dominion Univ. - Enrollment Growth	0.0	5.0	5.0
Restore Norfolk State Previously Restored for FY 2021	0.0	3.5	3.5
Restore Virginia State - Extension Item Previously Restored	0.0	1.5	1.5
Restore Virginia State Previously Restored for FY 2021	0.0	1.3	1.3
Restore Richard Bland - Compliance Findings	0.0	0.5	0.5
Restore Earth System Scholars (SCHEV)	0.0	0.2	0.2
Restore Longwood Univ. - Early Childhood Degree	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>
Total of Proposed GF Changes - Other Restorations	\$5.0	\$22.1	\$27.1

Other Proposed Amendments

GF Actions for 2020-22 Biennium (\$ in millions)	FY 2021	FY 2022	Total
Norfolk State Univ. - Connected Campus Initiative	\$0.0	\$4.5	\$4.5
Jefferson Lab	1.5	1.5	3.0
University of Virginia - Focused Ultrasound Center	0.0	1.0	1.0
Va. Community College System - Pre-Hire Immersion Program	0.0	0.5	0.5
Richard Bland - Revert Dorm to Classrooms	0.0	0.3	0.3
Va. Inst. of Marine Sci. - Shellfish Aquaculture/Seagrass Research	0.0	0.2	0.2
New College Institute - IT Integration Position	<u>0.04</u>	<u>0.1</u>	<u><0.2</u>
Total of Proposed GF Changes - New Spending Items	\$1.5	\$8.1	\$9.6

Federal Relief Updates

CARES Act/Coronavirus Relief Fund

- SB 1100 proposes to adjust the Coronavirus Relief Fund (CRF) allocation for higher education to \$116.3 million.
 - VCCS allocation for REV program at \$30.0 million.
- UVA Medical Center at \$3.4 million, and VCU Hospital at \$11.3 million (both for capital, PPE, testing, and education).
- \$22.0 million for payments to private institutions of higher education.

Consolidated Appropriation Act (CAA)

- *Compared with an estimated grand total for higher education of \$567 million (publics, privates, and for-profits) in the CARES Act, the CAA is estimated to include another \$564 million.*
 - ***Allocations by sector and by institution will be different and are not yet fully known.***

Other Actions in SB 1100 Related to Higher Education

- Includes funding for faculty and staff salary bonus of \$1,500 effective September 1, 2021, and \$750 for adjunct faculty.
- Adjusts funding via Central Appropriations for premiums for health insurance, Line of Duty Act, and workers compensation.
- Makes various Nongeneral Fund adjustments.
- Adds \$500,000 GF in the Virginia Economic Development Partnership to create an Office for Labor Market and Education Alignment.

Language Amendments:

- Recommends approval for George Mason University to operate under Level III authority.
- Clarifies conflicting timelines and reporting dates related to Tech Talent.
- Includes VCCS sum sufficient authority in certain areas consistent with other institutions.

Potential Maximum Relief From Proposed Debt Restructuring, Related to SB 1134

(\$ in millions)	Total Outstanding (as of Sept. 2020)	FY 2021	FY 2022	FY 2023	Total
9(c) General Obligation Bonds	\$823.0	\$59.9	\$52.2		\$112.1
9(d) Virginia College Building Authority – Educational Facilities Revenue Bonds	<u>1,522.5</u>	<u>4.8</u>	<u>97.9</u>	<u>95.2</u>	<u>197.9</u>
Total	\$2,345.5	\$64.7	\$150.1	\$95.2	\$310.0

Source: September 1, 2020, Treasury Department analysis.