

**SENATE OF VIRGINIA**

# **Senate Finance Committee**

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## **Preliminary Tuition and Fee Actions at Virginia's Public Colleges and Universities**

May 23, 2013



SENATE FINANCE COMMITTEE

# Recent History for Tuition and Fee Actions

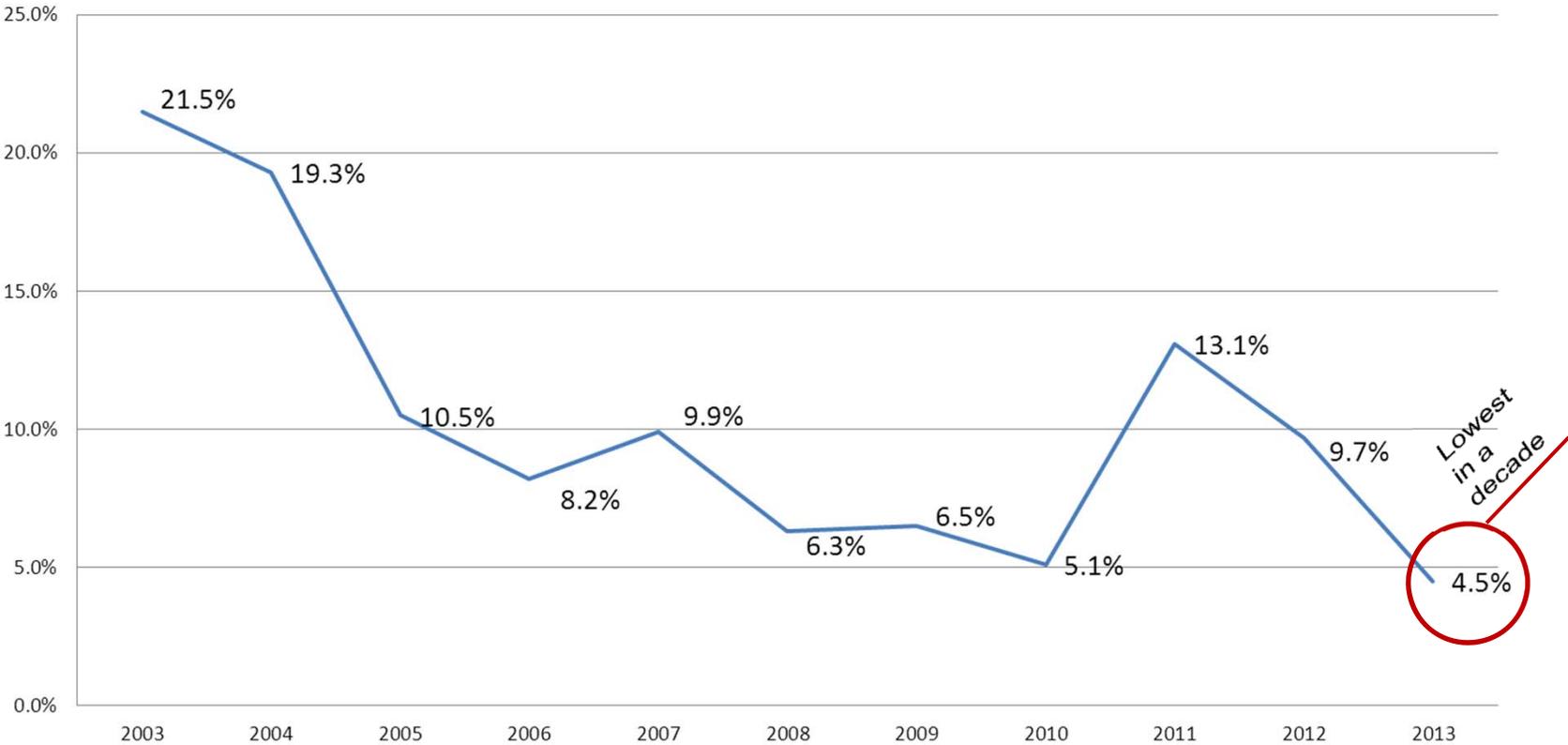
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- The increase for Tuition and Mandatory E&G Fees was on average 4.5 percent in FY 2013.
- Increases have been substantially higher during recessions when general fund support has declined.
- The Virginia Higher Education Opportunity Act of 2011 (TJ21) included goals related to access and affordability.
  - The Administration has emphasized the importance of lower tuition and fee increases.
  - Boards of Visitors for the institutions have responded to this request.



# Tuition Increases Have Declined

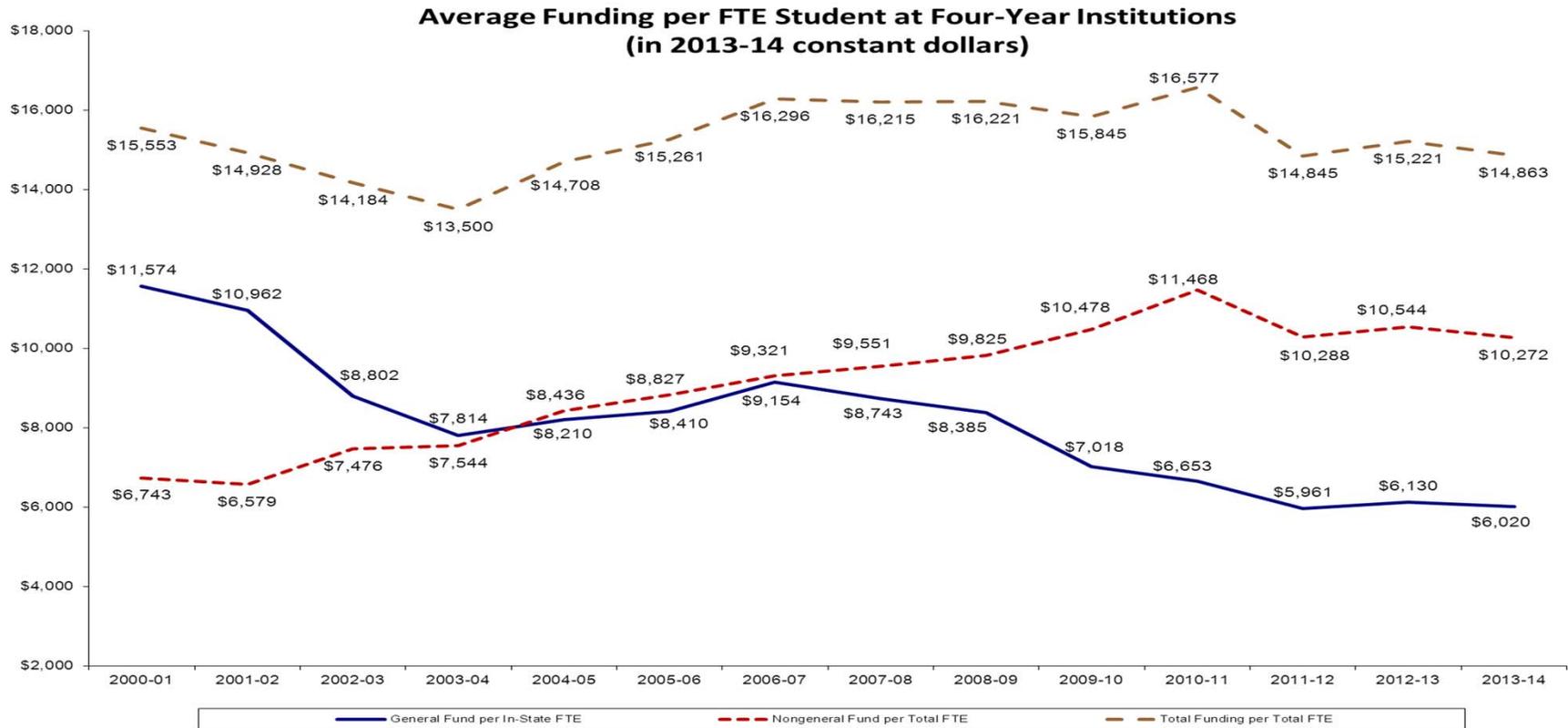
Average Annual Increases  
Tuition and E&G Fees for In-State Undergraduate Students  
2003-2013



Source: SCHEV's 2012-13 Tuition and Fees at Virginia's State-Supported Colleges and Universities.



# Average Total Funding per FTE is Relatively Constant



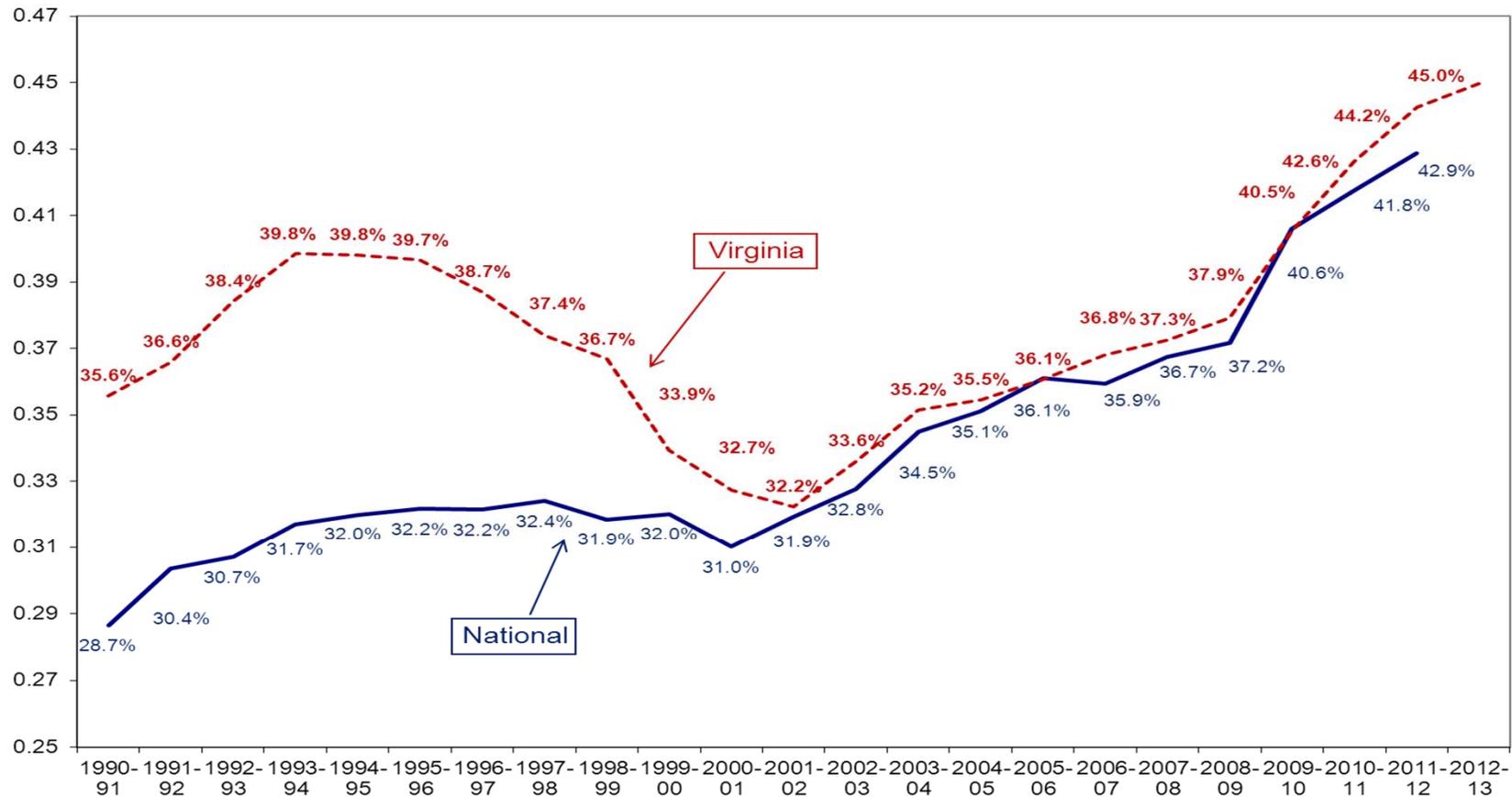
Source: SCHEV data, 2012.

- The declining GF per FTE support and the corresponding increase in the NGF per FTE demonstrates the shift in cost from the state to students and families.



# Disposable Income Needed to Pay for College is Rising

Average Public 4-Year Total Undergraduate Charges  
As a Percent of Per Capita Disposable Income



Note: Cost includes tuition and mandatory fees, and room and board.

Source: College Board, US Bureau of Economic Analysis, and SCHEV.



# Recent Funding Actions for Higher Education

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- Chapter 806 provides about \$44.9 million GF of new funding over the biennium for higher education (including funding in central appropriations).
- The majority of the new funding, \$29.4 million in FY 2014, is included to support the goals of the Higher Education Opportunity Act of 2011.
  - The new funding is allocated mainly in five areas:
    - base adequacy/base operations (\$11.0 million),
    - enrollment/new seats (\$3.4 million),
    - initiatives (\$1.9 million),
    - financial aid (\$8.6 million), and
    - research (\$4.5 million).
- The other significant funding item is an additional one percent faculty salary increase (\$7.3 million). This addition brings the total faculty salary increase to three percent in the second year.



# State Funding Decisions and Fund Split Targets Impact Tuition Rates

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- In 2004, the General Assembly reinstated an E&G cost-sharing goal for in-state students under which the state would cover 67 percent of the costs, with tuition revenues supporting the remaining 33 percent.
  - Because the state share of cost applies only to in-state students, the general fund target varies by institution based on the mix of in-state and out-of-state students.
  - The actual cost-share relationship between the state and in-state undergraduates is based on the average guideline calculated cost of education.
    - In 2012-13, this relationship was at 52 percent for the state share and 48 percent for the in-state undergraduate student share (an individual institution's general fund target would vary based on the mix of in-state and out-of-state students).
- Therefore, state funding decisions directly impact tuition rates as a result of these splits.
  - For example, general fund increases to items such as faculty salaries and health insurance rates will have a resulting requirement for additional tuition revenue.



# Preliminary Tuition and Fee Actions and Trends

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- After eliminating some potential outliers, the preliminary increase for Tuition and Mandatory E&G Fees is estimated to be on average 4.6 percent for FY 2014 (with a range from 3.0 to 7.9 percent).
  - THIS INFORMATION IS BASED ON PRELIMINARY DATA AND WILL CHANGE.
- Virginia Commonwealth University and the College of William and Mary are not included in these preliminary estimates, average increases will likely be higher once this data is incorporated.
  - State Council of Higher Education for Virginia staff and institutional representatives are working on incorporating their increases into a format for the *Tuition and Fee Report* (due in August).
  - Representatives from these institutions and the University of Virginia are here today to talk about tuition actions that were considered and taken at those institutions.

