

Higher Education Update and Overview for the 2019 Session

Annual Meeting
November 16, 2018

Topics:



Virginia Higher Education Overview

HE Joint Subcommittee/Strategic Finance Plan

Trends and Six-Year Plans

Next Steps - 2019 Session

Higher Education Overview

Virginia's Higher Education Landscape

119,683

DEGREES & CERTIFICATES AWARDED 2018

2nd

PUBLIC 4-YEAR GRADUATION RATE IN
THE NATION

521,444

ENROLLMENTS IN 2017-18

\$46,409

MEDIAN WAGE 5-YEARS OUT

\$9 billion

IN PUBLIC HIGHER EDUCATION EXPENDITURES

\$26,720

MEDIAN DEBT OF DEGREE GRADUATES

Source: SCHEV staff; November, 2018.

Virginia's Institutions

15 PUBLIC
UNIVERSITIES

300+ FOR-PROFIT, OUT-OF-
STATE OR VOCATIONAL
SCHOOLS

24 PUBLIC 2-YEARS
(23 COMMUNITY COLLEGES, 1
TRANSFER COLLEGE)

30 VIRGINIA PRIVATE
NONPROFIT COLLEGES
& UNIVERSITIES

5 HIGHER EDUCATION
CENTERS

1 PUBLIC/PRIVATE
MEDICAL SCHOOL

Source: SCHEV staff; November, 2018.

Higher Education Joint Subcommittee & Statewide Strategic Finance Plan

Goals: Best-Educated State by 2030 &
Meeting Workforce Demands

HE Joint Subcommittee/Strategic Finance Plan

- Part of the continuing work of the HE Joint Subcommittee is to develop a state strategic finance plan for higher education.
 - Access/Affordability
 - Sustainability
 - Quality
 - Completion/Retention
 - Autonomy/Restructuring/Efficiencies
 - Alternative Tuition & Fee Structures
 - Online Programs/Adult Completers
 - Changing Demographics
 - Transfer/Pathways/Dual Enrollment
 - **Cost of Education**
 - Need-Based Financial Aid Models
 - Review of JLARC Recommendations
- How much does postsecondary education cost in Virginia and what will it cost (from all sources) to meet goal/demand?
- 67% of jobs in Virginia will require postsecondary education by 2020.
- Mix of credentials/degrees will affect cost.
- A detailed analysis is being undertaken as part of the work with HCM/Lumina on workforce demand planning efforts.
 - Working with SCHEV, Money Committee staffs, DPB, SOE, SOF, & other stakeholders.
- What resources are or will be available to fund the goal?

Timeline for Resource Map/Strategic Finance Plan

PHASE 1 Goal Assessment & Methodology



- Review of statewide goal and identification of gaps in attainment.
- Identify methodology to assess degrees and credentials needed, demand, costs, and resources.

PHASE 3 How to Finance Who Pays



- Review of resources and identify strategies of how to finance.
- Initiate stakeholder input.
- Identify process alignment strategies.



PHASE 2 Assessment of Cost & Degree Needs



- Initial review of costs, gaps in attainment, demand.
- Discuss existing resources.



PHASE 4 Investment Strategies & Recommendations

- Determine strategies.
- Align processes.
- Final report with recommendations.

Source: *Virginia Postsecondary Strategic Finance Planning*, October 23, 2018, Jt. Sub. on the Future Competitiveness of Virginia Higher Education.

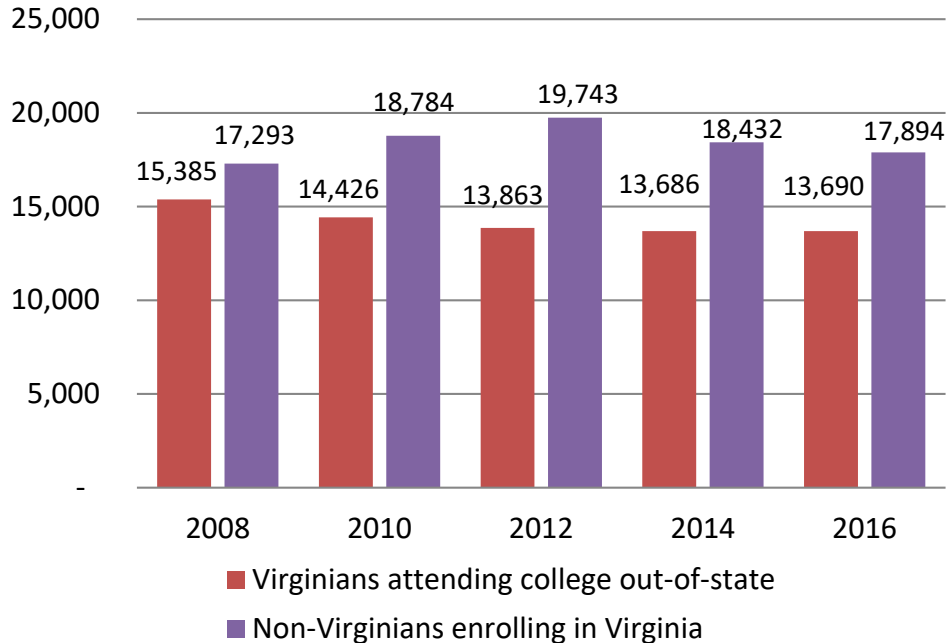
Best-Educated State Rankings

	Lumina Associates or Certificate or Higher (ages 25-64)	Census Associates Degree or Better (ages 25-64)	Census Associates Degree or Better (ages 25-34)
Massachusetts	1	1	1
Colorado	2	4	12
Connecticut	3	3	10
Minnesota	4	2	2
Washington	5	11	17
Virginia	6	8	11
New Jersey	7	6	4
Maryland	8	7	7
Illinois	9	14	6
Kansas	10	18	19

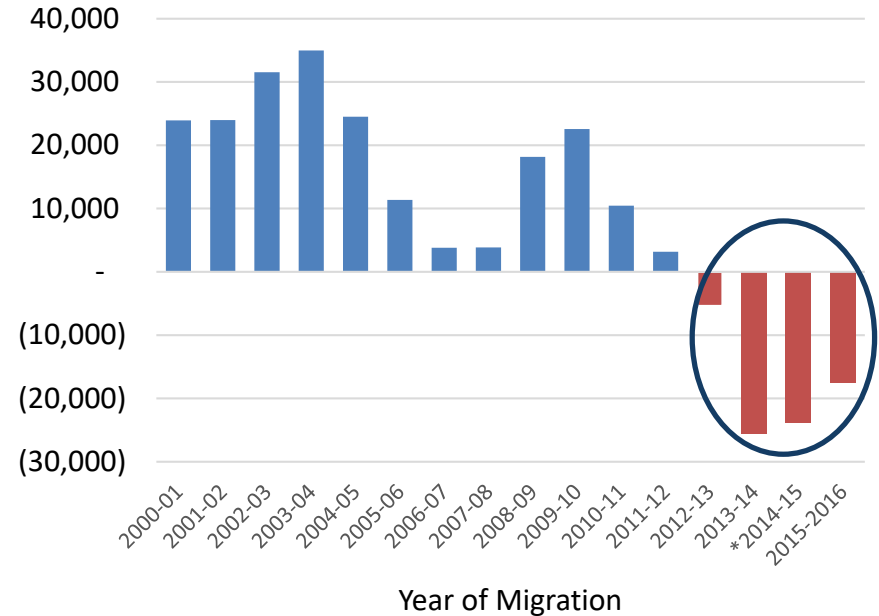
Source: SCHEV staff analysis of US Census data and Lumina Foundation, 2016.

Student and Net Migration

Migration of FTIC Students into and from Virginia



Virginia Net Migration of Individuals (Exemptions), 2000-2016



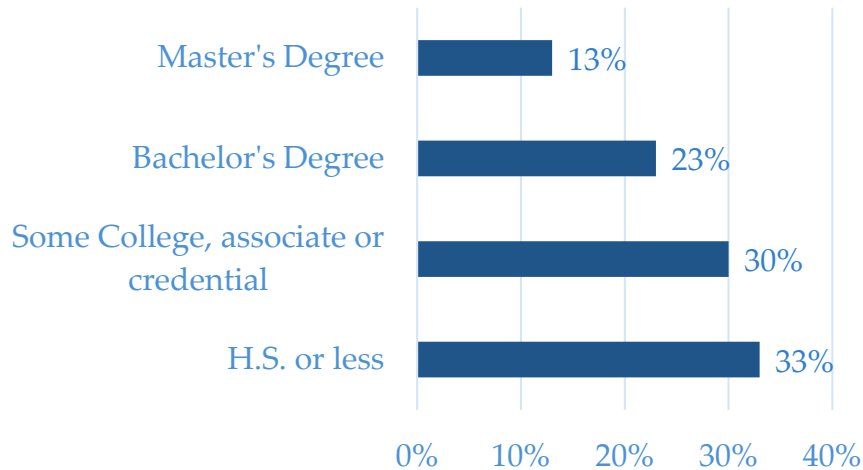
Source: IPEDS, SCHEV Staff Analysis; March 2018.

Source: Weldon Cooper Ctr. for Public Service, Demog. Res. Group, December 2017.

Defining Demand and Meeting Workforce Needs

- 67% of jobs in Virginia will require some postsecondary education by 2020.

Job Growth & Education Requirements in Virginia by 2020



Source: Georgetown Center on Education and the Workforce, Projections of Jobs through 2020 and VA Postsecondary Strategic Finance Planning, HE Joint Subcommittee, October 2018 and presentation by the Deputy Chief Workforce Development Advisor.

- The Office of the Chief Workforce Development Advisor is currently looking at high priority demand occupation planning.
- Phase I:
 - Consensus Approach.
 - Wage Quality - (MIT Living Wage for VA – Tier 1 \$13.86 & Tier 2 \$24.81).
 - Annual Openings Short-Term and Long-Term (>150 statewide).
 - Occupational Growth Rate (> statewide avg).
 - Opportunity to petition/amend within the process.
 - Evaluate ALL occupations at ALL education levels.
- Phase II:
 - Testing the relationship between supply and demand.
 - Only for jobs that meet the criteria in Phase I.
 - Workgroup to agree on methodology.
 - Outside experts to review and contribute.
 - Instructional Program to Occupation Crosswalk.

How Much does Postsecondary Education Cost in Virginia?

2006-2015 Virginia average:

\$5.8 billion education & related expenditures



108,000 degrees

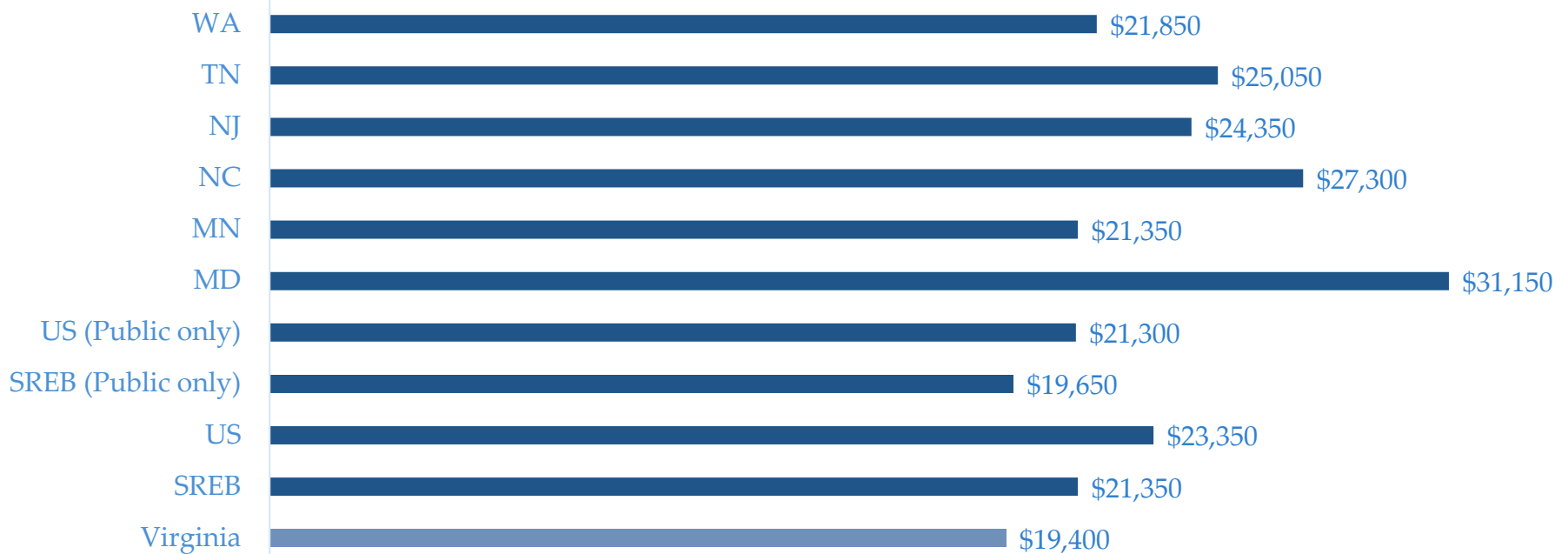
= \$54,000 unadjusted cost per degree.

- Cost adjusted for standard time to degree
 - Cost per FTE (\$13,200) is 68% of cost per “degree year” (\$19,400).
 - There isn’t a 1:1 relationship between FTE and Degree (e.g., dropouts, longer time to degree).
 - Alternative methods of calculation yield similar costs.

Source: *Virginia Postsecondary Strategic Finance Planning*, October 23, 2018, Jt. Sub. on the Future Competitiveness of Virginia Higher Education.

Virginia's Average Costs are Lower Than Those in Most Comparison States

2006-2015 E&R Cost Per Year Degree Equivalent



Source: *Virginia Postsecondary Strategic Finance Planning*, October 23, 2018, Jt. Sub. on the Future Competitiveness of Virginia Higher Education.

Defining Cost and Sources of Payment

Cost to:	Definition
Students (total cost of attendance)	What a student pays to attend a higher education institution in Virginia. Total cost of attendance includes tuition, fees, room & board, books & supplies, & other expenses.
Institutions (cost per student)	What an institution spends to educate its student population. Cost to an institution includes instruction, student financial aid, student support services, and operations and maintenance of campus buildings. Institutions also spend resources on running auxiliary enterprises (bookstores, athletic programs) and sponsored programs (supported at least in part by external funds, but these costs have dedicated streams of revenue).
Commonwealth of Virginia (funding)	What the Commonwealth spends to support the education of in-state students at Virginia's public institutions of higher education, student financial aid, and research.

Student/Family Sources:
Income, Loans, Other Benefits

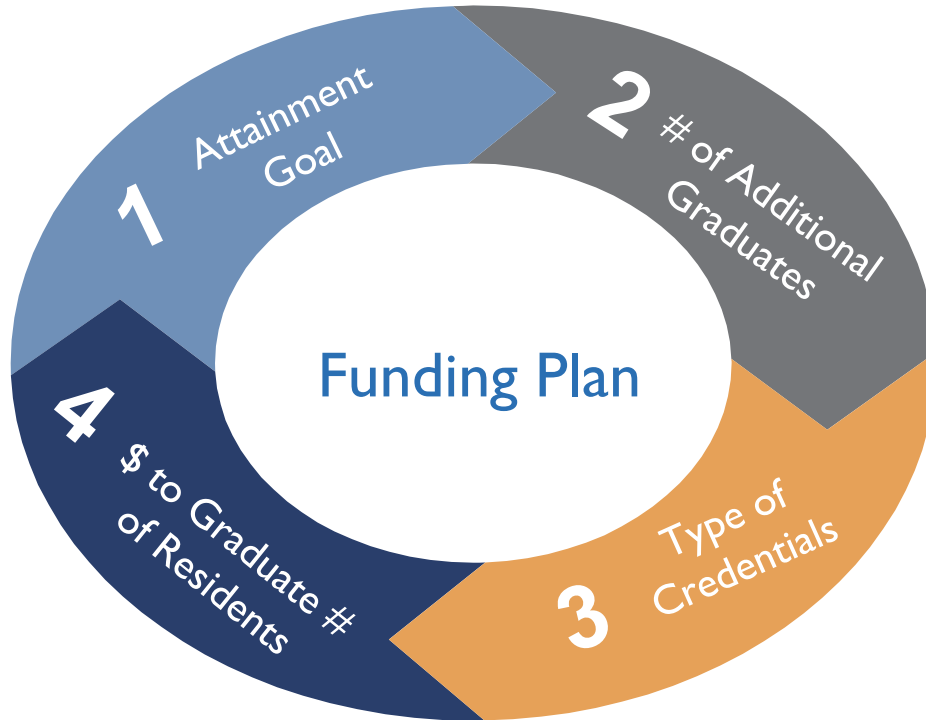
External Sources:
Fed. Gov., Grants, Tax Subsidies

Institutional Sources:
Redesign, Pathways

Private Sources:
Employers, Philanthropy

State/Taxpayer Sources:
HE App., Fin. Aid, Workforce

Next Steps – Funding Plan Outline & Alignment



What levers do Virginia policy makers have to guide behavior?

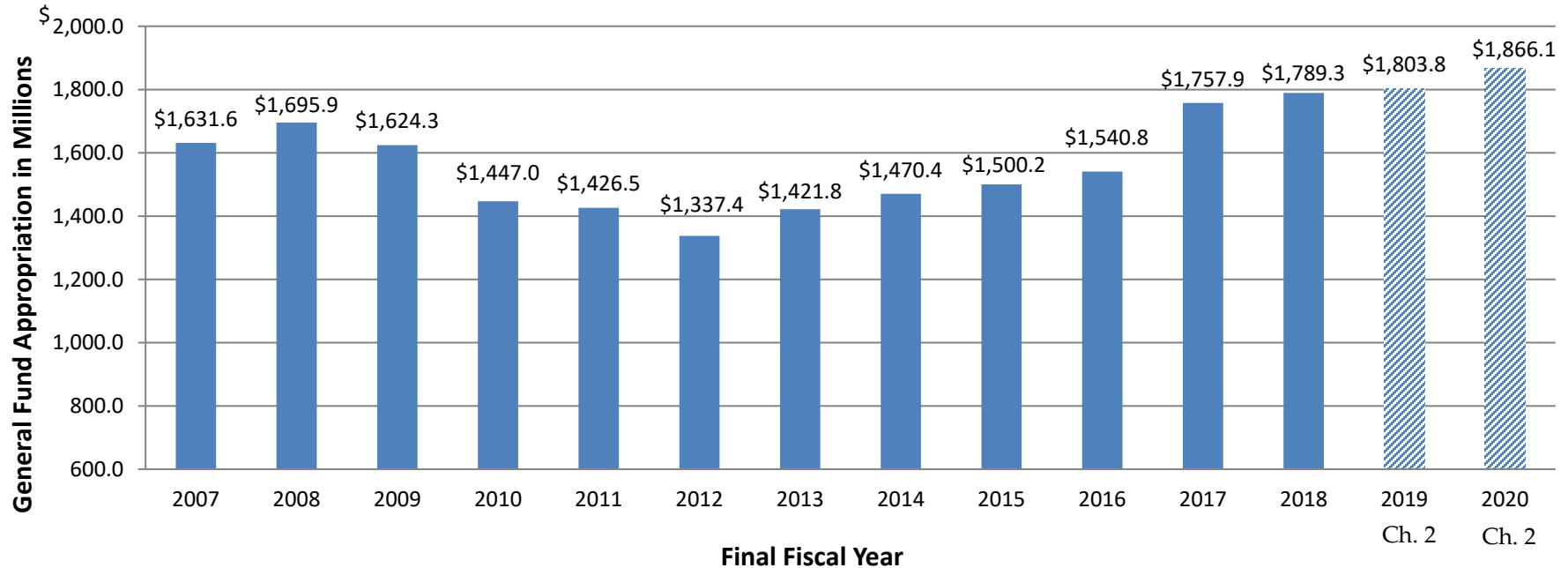
- Autonomy and “Asks”: Restructuring (2005) and Higher Education Act (2011)
- Measures: Institutional performance measures
- Planning: Enrollment and degree production process
- Vision: Virginia Plan for Higher Education
- Influence: Governor, legislators, SCHEV, Op-six, media, students and parents
- Budgeting: Appropriation Act, six-year plans

Source: *Virginia Postsecondary Strategic Finance Planning*, October 23, 2018, Jt. Sub. on the Future Competitiveness of Virginia Higher Education.

Trends and Six-Year Plans

Higher Education General Fund Appropriations – Final FY 2007 – FY 2020

Higher Education Operating General Fund Appropriations

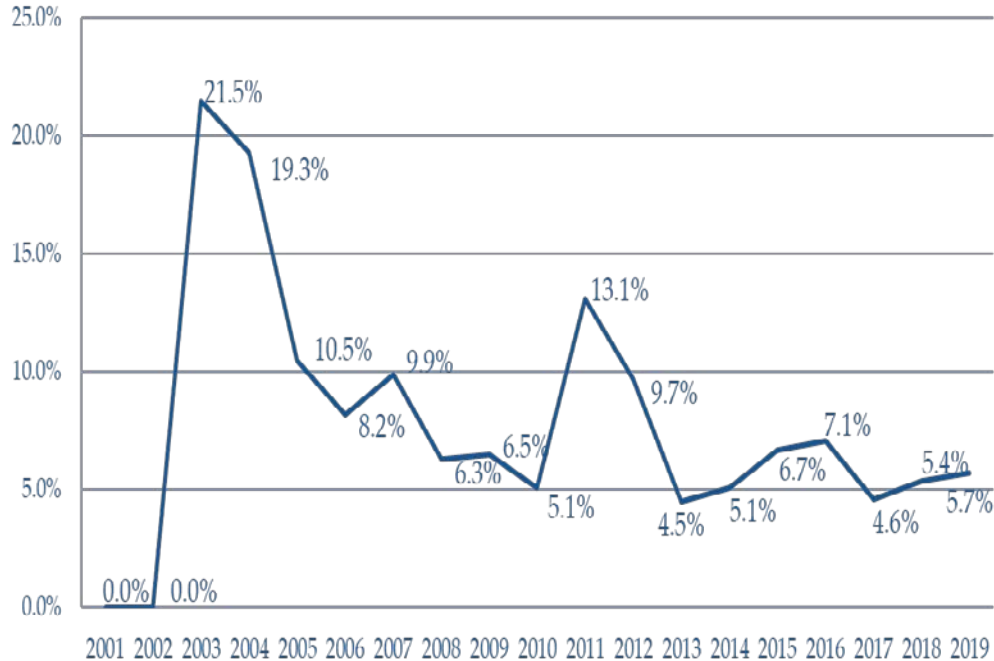


Note: These amounts do not include GF student financial aid amounts appropriated under the institutions.

Source: SFC staff analysis; November 2018.

Tuition and Educational & General (E&G) Fees Fluctuate

Tuition and Educational & General (E&G) Fees
Annual % Change – In-State Undergraduate Students



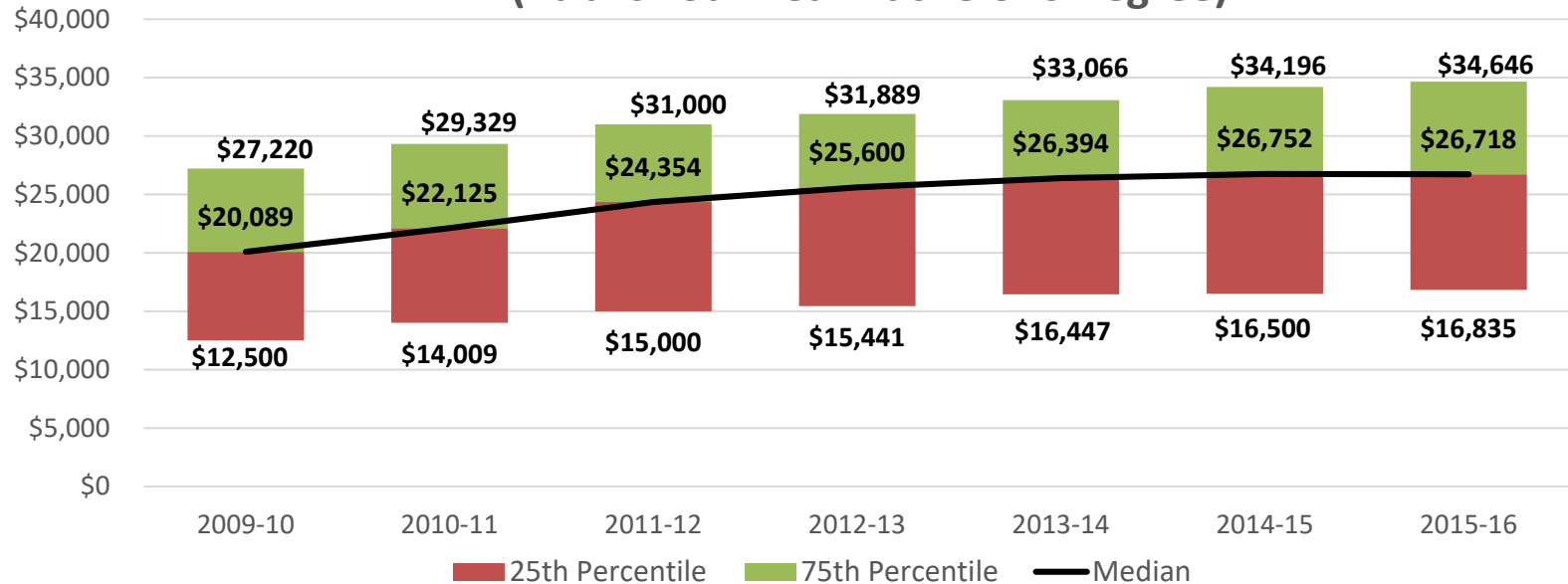
Rank – Doctoral/Research Institutions

Rank	State	Tuition and Fees
1	N. Hampshire	\$18,609
2	Vermont	\$18,272
3	Pennsylvania	\$17,077
4	New Jersey	\$15,663
5	Connecticut	\$15,326
6	Massachusetts	\$15,120
7	Virginia	\$14,921
13	South Carolina	\$12,950
16	Kentucky	\$11,951
42	N. Carolina	\$8,314

Source: SCHEV 2018-19 Tuition and Fees at Virginia's State-Supported Colleges and Universities; August, 2018.

Virginia Student Debt Continues to Increase

Known Debt at Graduation of Student Borrowers (Public Four-Year Bachelor's Degree)



Source: SCHEV Research Data; October 2018.

Note: The four-year bachelor's degree mean and median debt levels reported on the SCHEV research site may differ from that reported by individual institutions. Many institutions report indebtedness based on the Common Data Set definition, which limits the indebtedness level reported to include only those students who entered the institution as first-time in college (FTIC) students. See the SCHEV website for additional notes. Also, 41% of associates and 63% of bachelor's graduates have debt.

Six-Year Plan Summary

The Higher Education Opportunity Act of 2011 included the requirement that institutions annually submit six-year plans.

- Enrollment
- Academic
- Financial

A six-person advisory committee (OPSIX) was established to review the plans and provide feedback to the institutions.

- Secretaries of Finance & Education
- Directors of DPB & SCHEV
- Directors of SFC & HAC

Note: *Additional NGF salary increases can be for either year of the biennium. **Tuition and mandatory fee amounts represent incoming freshmen rates.

Institution	NGF Salary Increase*	FY19 T&F Inc.	FY 20 T&F Inc.
CNU	✓	10.0%	6.0%
CWM**		6.4%	6.4%
GMU	✓	4.5%	5.0%
JMU**	✓	16.0%	13.8%
LU		4.2%	4.5%
NSU		5.0%	5.0%
ODU	✓	6.0%	3.0%
RU		7.0%	3.0%
UWM	✓	4.5%	4.5%
UVA**	✓	2.4%	3.0%
UVA-Wise		3.0%	3.0%
VCU	✓	6.7%	4.0%
VMI	✓	4.5%	3.3%
VSU		4.0%	3.0%
VT	✓	2.9%	2.9%
VCCS	✓	2.5%	6.2%
RBC		3.6%	3.0%

Next Steps – 2019 Session

Recap of 2018 Session Budget Actions:

Approx. 4% GF Increase in FY 2020

- Chapter 2 includes \$13.3 million in FY 2019 and \$54.6 million in FY 2020 for base operations, O&M, financial aid, and STEM degree production.
 - Plus \$29.2 million in FY 2020 for faculty salaries.
 - For FY 2020, this represents over a 4 percent increase above the base budget.
- Other key items, several of which reflect strategic work of the Joint Subcommittee, include:
 - \$20.0 million for Commonwealth Cyber Initiative (CCI)
 - Workforce Credential Grant
 - Added VCCS to Online Virginia Network
 - State Strategic Finance Plan expected Spring 2019
 - Student Loan Ombudsman (hired by SCHEV)
 - Dual Enrollment
 - Mason innovative joint ventures
 - Optional retirement (ORPHE) plan surcharge

SCHEV Budget Recommendations – FY 2020

Recommendation	FY 2020 GF (\$ in millions)
Support to keep tuition & fees low, support faculty retention, and align with the needs of VA	\$50.0
Undergraduate need-based financial aid	15.4
Graduate Commonwealth Award (Graduate Aid)	6.0
Tuition Assistance Grant (TAG)	5.0
New Economy Workforce Credential Grant Program	4.0
Higher Education Equipment Trust Fund (+\$20.7 million allocation; debt service in FY 21)	0.0
One-time funds for maintenance reserve (GF cash)	38.3
Commonwealth Graduate Engineering Program	0.2
SCHEV staffing, one-time study on graduate outcomes, and improved reporting	2.0
Access and completion support for Virginians	1.5
TOTAL	\$122.4

Higher Education Innovation:

Proposals will come forward that may not fit within the traditional view of higher education or within existing funding models.

- Different designs that will likely serve adult learners.
- Legislation slated to come before the General Assembly.
- How do the proposals fit within State goals?

RU/Jefferson College Merger Proposal

- Planned merger between Jefferson College of Health Sciences (private, non-profit) and Radford University.
- The 152 faculty/employees at Jefferson will remain with the merged institution and become state employees.
- Tuition at what was “Jefferson College” will remain substantially higher and the experience will remain a hands-on experience in a clinical setting.
- Some degree overlap and three associate degrees will likely need to be transitioned to Virginia Western Community College.
- Request for an amount equal to what the Jefferson students previously received under the tuition assistance grant (TAG); \$1.7 million GF per year.

	<u>Jefferson</u>	Radford	
		<u>In-State</u>	<u>Out-of-State</u>
Undergraduate (Annual)			
Tuition	\$26,416	\$7,922	\$19,557
Technology Fee	470	58	58
Capital Fee	-	-	447
Subtotal Tuition & E&G Fees	\$26,886	\$7,980	\$20,062
Comprehensive Fee	-	3,230	3,230
Total Undergraduate - Mandatory	\$26,886	\$11,210	\$23,292
Room - Standard Double	-	5,281	5,281
Board - 19 Meal Plan	-	4,229	4,229
Total Undergraduate	\$26,886	\$20,720	\$32,802

Source: Proposed Radford University / Jefferson College of Health Sciences Merger (Current Undergraduate Costs), October 23, 2018, Jt. Sub. on the Future Competitiveness of Virginia Higher Education.

George Mason University Joint Venture Request

- Budget language adopted in Chapter 2 (2018 Special Session I) outlines the potential participation of George Mason University (GMU) in a joint venture or innovation agreement related to collaborative distance learning and technology-based instruction programs for traditional or nontraditional students.
- The language would allow the Board of Visitors to operate an entity for these purposes.
- **Requires GMU to seek and receive approval from the majority of the members of the Joint Subcommittee on the Future Competitiveness of Virginia Higher Education prior to the execution of any joint venture or innovation agreement.**
- GMU must also report on whether there will be any impact on current or future operations of the Online Virginia Network Authority.

2019 Session Potential Recommendations

Cost/Affordability:

- Incentives to reduce the time to degree
- Expansion of internship programs
- Online Virginia Network
- Evaluating financial aid options
- State Strategic Finance Plan

Autonomy/Other:

- Universal portal
- License student loan servicers
- Change high school financial literacy requirements to include more on financing college
- Six-year plan enhancements