

SENATE OF VIRGINIA

# Senate Finance Committee

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## **Report on 2008-2009 Tuition and Fees Actions at Virginia's Public Colleges and Universities**

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# Tuition Moderation Incentive Fund

- The Tuition Moderation Incentive Fund (TMIF) contains \$35 million GF for the biennium (see chart to the right for potential allocations).
- To receive an allocation from the Fund, institutions must **limit tuition and mandatory educational and general (E&G) fees to an increase of three percent for in-state undergraduate students.**
- An additional one percent increase is allowed for financial aid for those students.
- The Fund is not mandatory.

Institution	FY 2009	FY 2010	Biennial Total
CNU	\$570,000	\$570,000	\$1,140,000
CWM	610,000	610,000	1,220,000
GMU	1,620,000	1,620,000	3,240,000
JMU	1,000,000	1,000,000	2,000,000
LU	615,000	615,000	1,230,000
UMW	440,000	440,000	880,000
NSU	200,000	200,000	400,000
ODU	1,090,000	1,090,000	2,180,000
RU	500,000	500,000	1,000,000
RBC	45,000	45,000	90,000
UVA	1,580,000	1,580,000	3,160,000
UVA-Wise	120,000	120,000	240,000
VCU	1,330,000	1,330,000	2,660,000
VCCS	4,910,000	4,910,000	9,820,000
VMI	120,000	120,000	240,000
VSU	250,000	250,000	500,000
VT	2,500,000	2,500,000	5,000,000
<b>Total</b>	<b>\$17,500,000</b>	<b>\$17,500,000</b>	<b>\$35,000,000</b>

# Tuition Moderation Incentive Fund (continued)

- In addition, increases above 12 percent in tuition and mandatory E&G fees in FY 2009 will render an institution ineligible for either year.
- For institutions electing not to participate, 50 percent of their funding will be returned to the General Fund and the other 50 percent will be redistributed to the institutions meeting the requirements of the Fund.
- The State Council of Higher Education for Virginia (SCHEV), in conjunction with the Department of Planning and Budget (DPB), shall determine whether the institutions have met the requirements of the TMIF.
- The Fund was an attempt to help moderate tuition increases by rewarding institutions that stayed within the proposed limits.

# Background

- During the 2007 Session, \$7.1 million GF was provided in FY 2008 for a Tuition Incentive Fund. Access to these funds was contingent on institutions limiting tuition increases to **six percent, unless additional revenue was used to increase financial aid for in-state undergraduate students.**
  - *All institutions met the requirements for the Tuition Incentive Fund for FY 2008.*
  - The average increase in tuition and mandatory E&G fees was 6.3 percent for FY 2008.
- The Tuition Moderation Incentive Fund (TMIF) was included in the House budget for the 2008-10 biennium.
  - The House proposed \$40.7 million GF for the biennium.
  - To receive an allocation from the Fund, colleges and universities would not increase **tuition and mandatory educational and general (E&G) fees for in-state undergraduate students.**

# Preliminary Compliance with the TMIF

- The chart to the right provides the preliminary results of the SCHEV tuition and fee survey.
- **Six institutions did not participate in the Fund.**
  - These institutions are highlighted in light blue.

Institution	Tuition & E&G Fees	% Increase	\$ Increase
CNU	\$4,207	4.0%	161
<b>CWM</b>	<b>6,183</b>	<b>9.7%</b>	<b>546</b>
<b>GMU</b>	<b>5,526</b>	<b>9.8%</b>	<b>491</b>
JMU	3,556	4.0%	136
LU	4,509	3.9%	171
UMW	4,711	4.0%	181
NSU	2,781	3.0%	81
ODU	4,203	4.0%	161
RU	4,187	4.0%	161
RBC	2,612	3.9%	98
<b>UVA</b>	<b>7,498</b>	<b>9.9%</b>	<b>677</b>
UVA-Wise	3,589	3.0%	104
<b>VCU</b>	<b>4,992</b>	<b>10.3%</b>	<b>467</b>
<b>VCCS</b>	<b>2,570</b>	<b>7.5%</b>	<b>180</b>
VMI	5,262	4.0%	200
VSU	3,313	4.0%	127
<b>VT</b>	<b>6,895</b>	<b>11.9%</b>	<b>735</b>
<b>Ave. All Inst.</b>	<b>\$4,506</b>	<b>6.5%</b>	<b>\$275</b>

# Potential TMIF Allocation for FY 2009

Institution	Available Approp.	Initial Payout	Foregone Approp.	Remaining TMIF 50% Allocation	Total Payout
CNU	\$570,000	\$570,000	0	\$722,576	\$1,292,576
<b>CWM</b>	<b>610,000</b>	<b>0</b>	<b>610,000</b>	<b>0</b>	<b>0</b>
<b>GMU</b>	<b>1,620,000</b>	<b>0</b>	<b>1,620,000</b>	<b>0</b>	<b>0</b>
JMU	1,000,000	1,000,000	0	1,267,677	2,267,677
LU	615,000	615,000	0	779,621	1,394,621
UMW	440,000	440,000	0	557,778	997,778
NSU	200,000	200,000	0	253,535	453,535
ODU	1,090,000	1,090,000	0	1,381,768	2,471,768
RU	500,000	500,000	0	633,838	1,133,838
RBC	45,000	45,000	0	57,045	102,045
<b>UVA</b>	<b>1,580,000</b>	<b>0</b>	<b>1,580,000</b>	<b>0</b>	<b>0</b>
UVA-Wise	120,000	120,000	0	152,121	272,121
<b>VCU</b>	<b>1,330,000</b>	<b>0</b>	<b>1,330,000</b>	<b>0</b>	<b>0</b>
<b>VCCS</b>	<b>4,910,000</b>	<b>0</b>	<b>4,910,000</b>	<b>0</b>	<b>0</b>
VMI	120,000	120,000	0	152,121	272,121
VSU	250,000	250,000	0	316,919	566,919
<b>VT</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>\$17,500,000</b>	<b>\$4,950,000</b>	<b>\$12,550,000</b>	<b>\$6,275,000</b>	<b>\$11,225,000</b>

# Summary of 2008-10 Biennial Actions

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<b>Major GF Actions for the 2008-10 Biennium - (\$ in millions)</b>	
<b>Increases/Decreases</b>	<b>Total</b>
Tuition Moderation Incentive Fund	\$35.0
Base Adequacy	22.1
Continuation of Research at Colleges/Universities	20.8
Higher Education Research Initiative	10.2
Undergraduate Student Financial Aid	18.2
Various Program Enhancements	4.4
Tuition Assistance Grant (TAG)	1.1
Nursing Workforce Funding	1.0
VCU Tier 3 Operating Efficiencies	(1.2)
Reduce Eminent Scholars Program - SCHEV	(0.5)
<b>Total</b>	<b>\$111.1</b>

# GF Actions Impacting Tuition

- Institutions are required to meet their share of funding associated with base adequacy and faculty salaries.
  - **Base Adequacy-**
    - \$22.1 million GF was provided for base adequacy and enrollment growth over the biennium (placing the average at approximately 94 percent of base adequacy).
  - **Faculty Salaries-**
    - \$9.6 million GF in FY 2009 and \$27.4 million GF in FY 2010 was provided for a two percent salary increase in each year.
- Funding for the operation and maintenance of new facilities was not provided for the 2008-10 biennium. SCHEV had recommended \$24.9 million GF for the biennium.
- Budget reduction strategies announced by the Governor in October 2007 (\$80.9 million GF per year) were continued in the base budget for the 2008-10 biennium.
- \* *An institution reports that they had to raise tuition three percent to cover their share of the faculty salary increase alone.*
- \* *An institution stated that on-going campus security costs are one of many factors that made a three percent increase in tuition unlikely.*

# Next Steps

- Evaluate the success of the Tuition Moderation Incentive Fund.
- Determine if there are other options for meeting goals related to access and affordability.
  - SCHEV's strategic plan includes a measure on affordability.
    - SCHEV has an Ad Hoc Committee on Affordability.
    - SCHEV has developed an affordability measure related to the affordability goal under the Restructuring Act.