

Senate Finance Committee Education Subcommittee

Samuel E. Jones, Vice President for Finance, College of William and Mary

M. Dwight Shelton, Jr., Vice President for Finance and Chief Financial Officer, Virginia Tech

Michael Strine, Executive Vice President and Chief Operating Officer, University of Virginia

Tuesday, January 24, 2011, 3:30 p.m.

MANAGEMENT AGREEMENT

Dwight Shelton

*Vice President for Finance and Chief Financial Officer
Virginia Tech*

Restructuring of Higher Education

- The *Restructured Higher Education Financial and Administrative Operations Act* was passed in 2005 to address both institutional needs and Commonwealth goals for higher education. The act:
 - Provides institutions autonomy to make business decisions quickly and efficiently,
 - Improves accountability through targeted post-audit review, and
 - Empowers institutional Boards of Visitors to act locally and create long-term visions to meet institutional needs and address Commonwealth concerns.
- Level III restructured status, the highest level of autonomy, was awarded to Virginia Tech, the University of Virginia, and the College of William & Mary on July 1, 2006.

Management Agreements

- In addition to the requirements of the restructuring act, the Commonwealth established additional specific “asks” of Level III institutions, including the expansion of financial aid.
- The Management Agreements of each Level III institution included the requirement that they demonstrate :
 - *“a commitment to provide need-based grant aid for middle- and lower-income Virginia students in a manner that encourages student enrollment and progression without respect to potential increases in tuition and fees.”*
- This commitment was to be funded through “*the full range of resources*”, including institutional support.
- Though each institution crafted unique solutions to address the specific challenges faced at that institution, all three institutions share programming goals to promote and encourage access and success.

FINANCIAL AID PROGRAMS

Dwight Shelton, Virginia Tech's Funds for the Future Program

Sam Jones, Gateway William and Mary

Michael Strine, AccessUVa

Virginia Tech's Financial Aid Overview

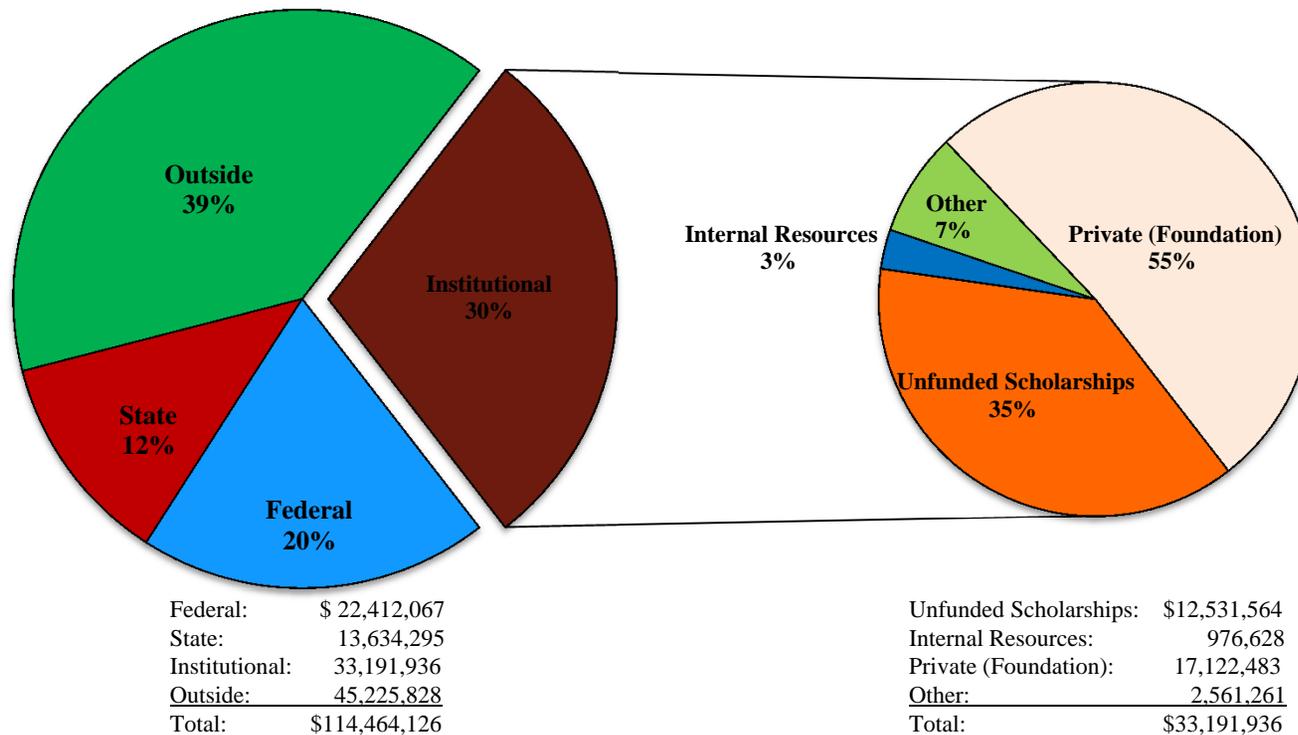
- In 2010-11, Virginia Tech educated 10,390 undergraduate students with financial need, including 7,456 Virginia undergraduates. This represents approximately 43% of all Virginia undergraduates.
- The university's comprehensive financial aid strategy utilizes multiple resources and programs, including:

Financial Aid Resources	2010-11
Grants and Scholarships	\$174.2 million
Loans	\$147.0 million
Employment	\$69.5 million

- The university is committed to maintaining the level of existing aid while strengthening programming that addresses the Management Agreement requirement.

Virginia Tech Financial Aid Resources

Undergraduate Grants and Scholarships 2010-11



Institutional resources provided \$33.2 million of financial aid to 9,176 undergraduate students in 2010-11; an average of \$3,617 per student.

Virginia Tech Addresses the Management Agreement

- Committed to three strategies to meet the Management Agreement requirements:
 - Ensure access to Virginia students regardless of financial need,
 - Mitigate the impact of tuition increases on current students, and
 - Methodically reduce overall unmet need over time.
- A key component of Virginia Tech's strategy to address the commitments of the Management Agreement was the creation of the university's Funds For the Future financial aid program.

Virginia Tech

Funds For the Future

- Funds For the Future (FFF) directly addresses the requirements of the Management Agreement.
- FFF provides aid during a student's academic progression to offset all or a portion of tuition increases based upon demonstrated financial need.
- FFF strategically addresses the Commonwealth's interests in ensuring that authorized tuition increases do not adversely impact access and affordability.

Virginia Tech

How does Funds For the Future Work?

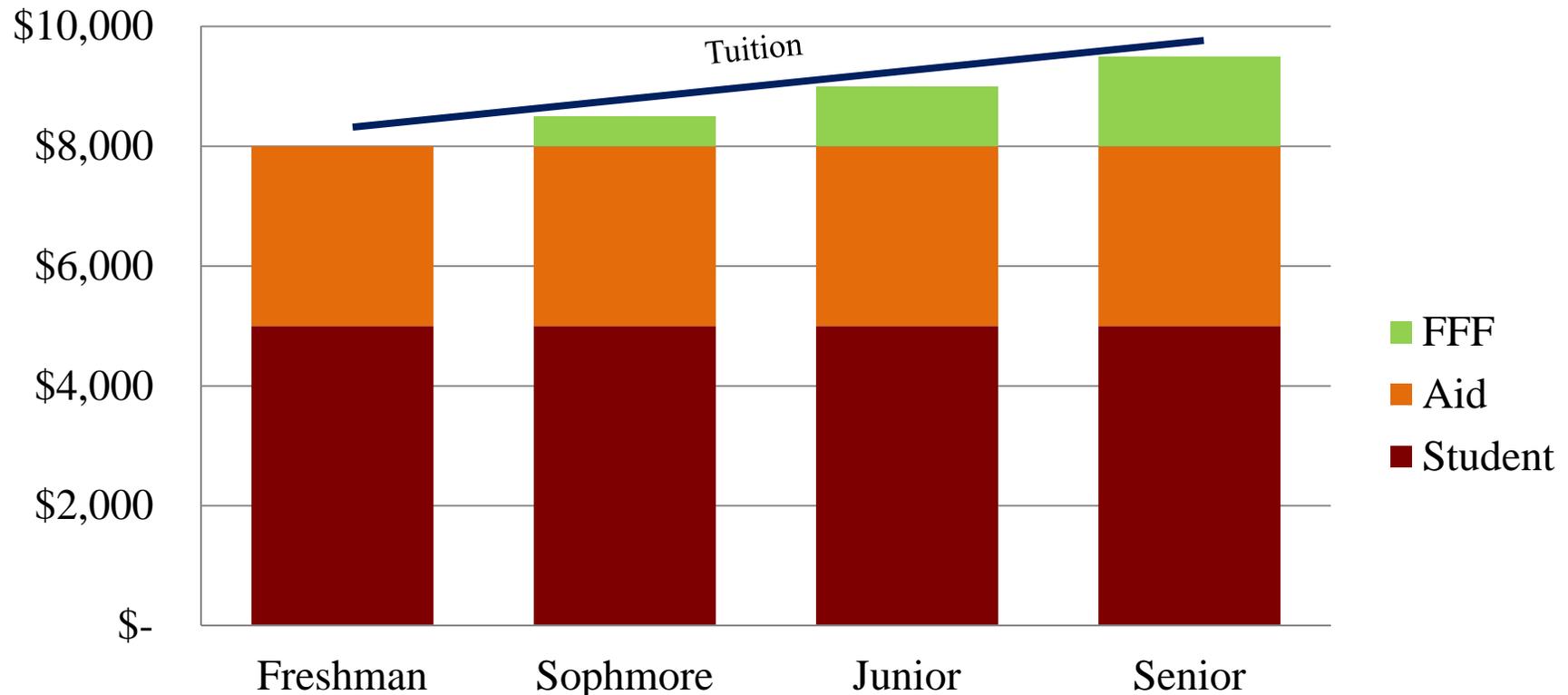
- FFF ensures that existing levels of financial aid are maintained and retain their value over a student's four-year academic progression.
- FFF works on a sliding scale of family responsibility for coverage of tuition and fee increases.

Family Income Range	Tuition Increase Mitigation
\$0-\$29,999	100%
\$30,000-\$49,999	75%
\$50,000-\$74,999	30%
\$75,000-\$100,000	20%

Virginia Tech

Funds For the Future, An Example

As tuition increases, FFF provides relief to the student, ensuring that the student's resources and existing financial aid maintains its buying power.



Example student: resources by year of attendance.

Virginia Tech Funds For the Future

Distribution by Income
Virginia Resident Recipients, 2010-2011

<u>Income Range</u>	<u>Protection Level</u>	<u>Students</u>	<u>Award</u>
\$0-\$29,999	100%	973	\$1,310,634
\$30,000-\$49,999	75%	618	609,700
\$50,000-\$74,999	30%	803	313,548
\$75,000-\$100,000	20%	686	178,503
Grand Total		3,080	\$2,412,385

Impacts of Virginia Tech's Funds For the Future Program

- Funds For the Future has increased a family's ability to project and plan for the four-year costs of attending Virginia Tech.
- Since inception of Funds For the Future:
 - Freshman to sophomore retention increased 4% in the first year of the program.
 - The 4-year graduation rate has increased by 10%.
 - More than 10,000 low and middle-income Virginia residents have received Funds For the Future assistance.
 - The total percentage of unmet need of Virginia residents at the university has decreased.

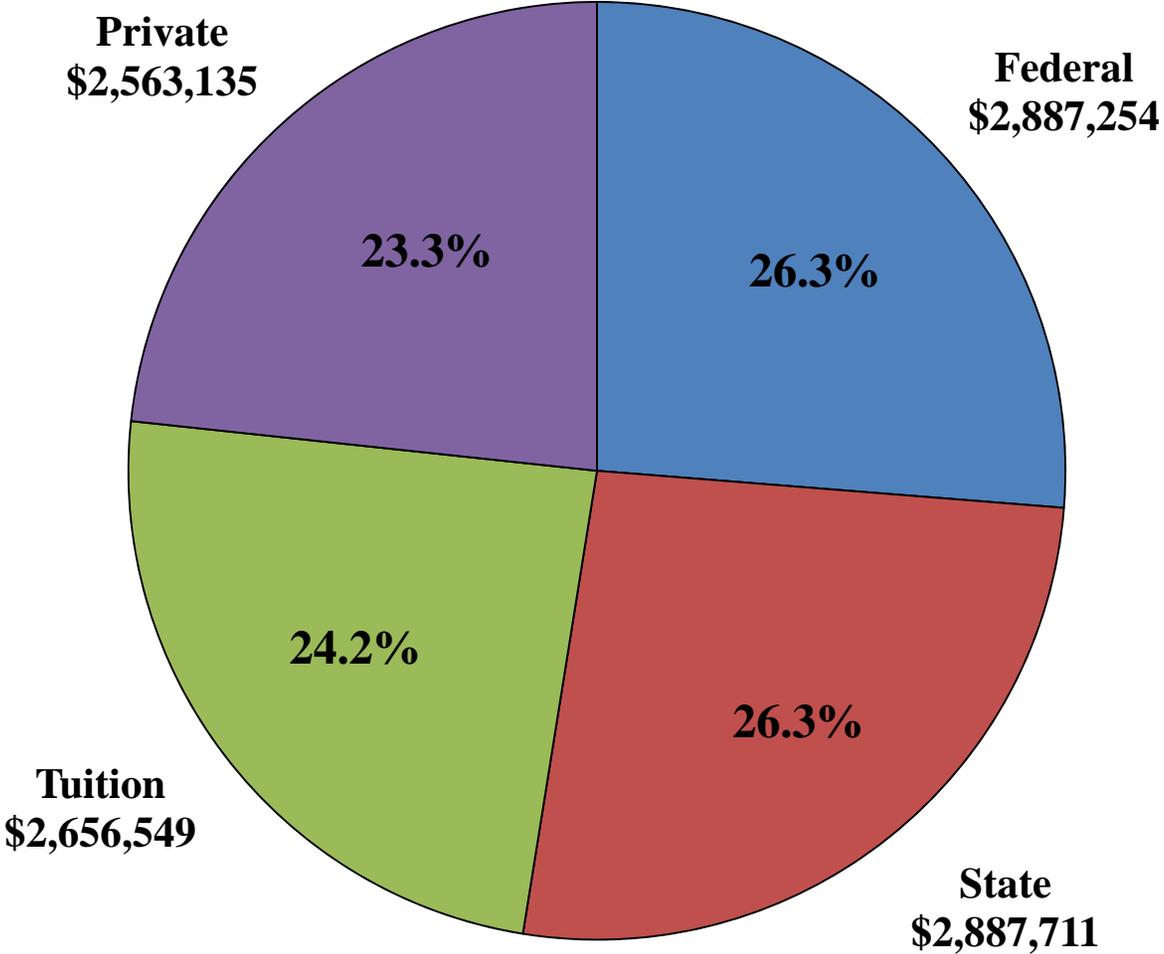
College of William and Mary

Need-Based Aid for Virginia Undergraduates

- Provide access for Virginia students regardless of ability to pay
- Balance affordability and access
- Meet 100% of need for Virginia undergraduates through grant, loan, and work
- Eliminate loans for low-income students and their families; Limit debt for middle-class

The College of William and Mary

Need-Based Aid for Virginia Undergraduates [FY 2011]



GATEWAY *William and Mary*

ELIGIBILITY: Virginia undergraduates

Family income < \$40,000

Full-time freshman

Transfer students

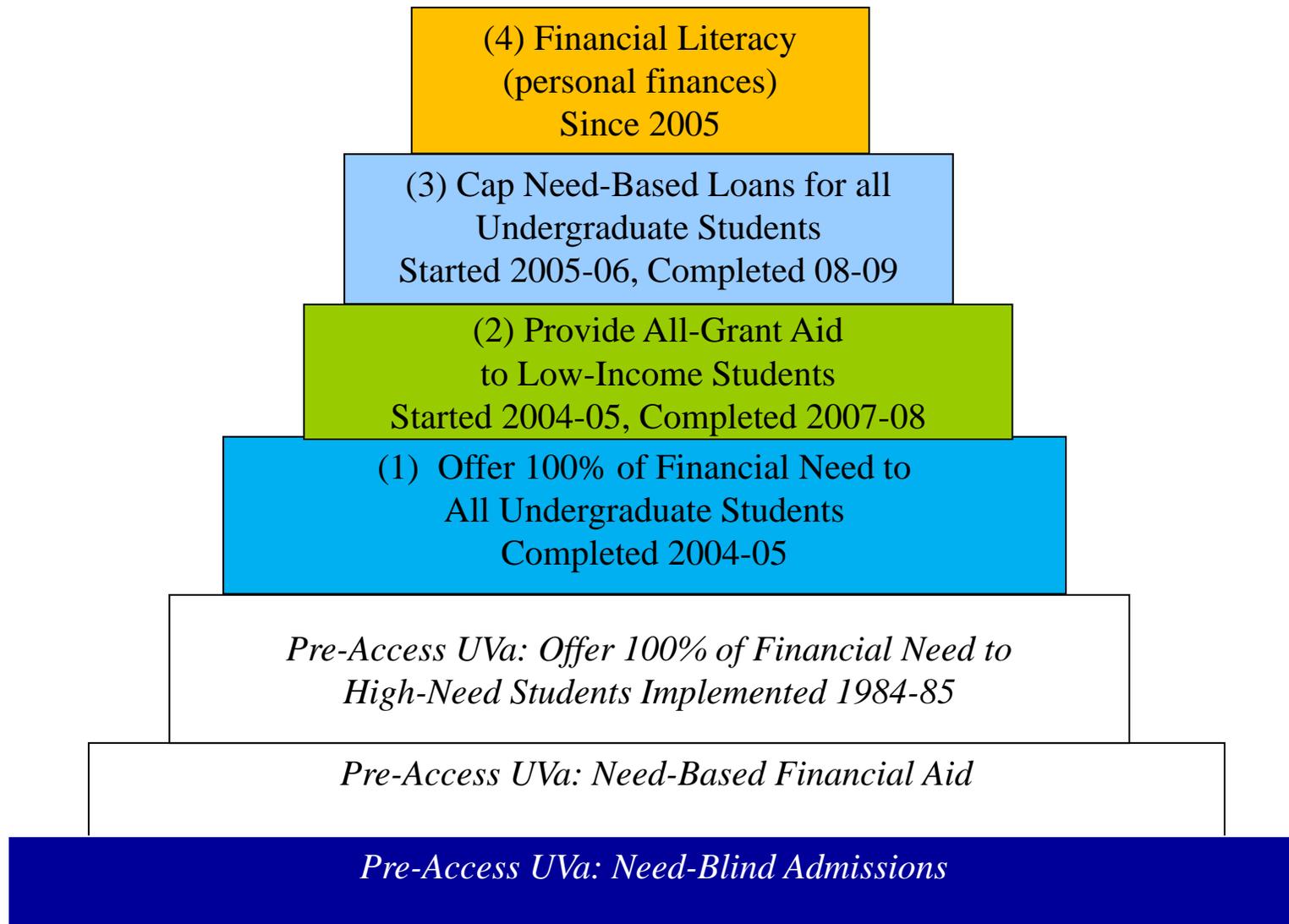
GATEWAY *William and Mary*

PROGRAM: Covers tuition, fees, room, board books, transportation and other expenses

Provides up to 8 semesters of support

An average of 230 Gateway students receive \$4.1 million in grant support

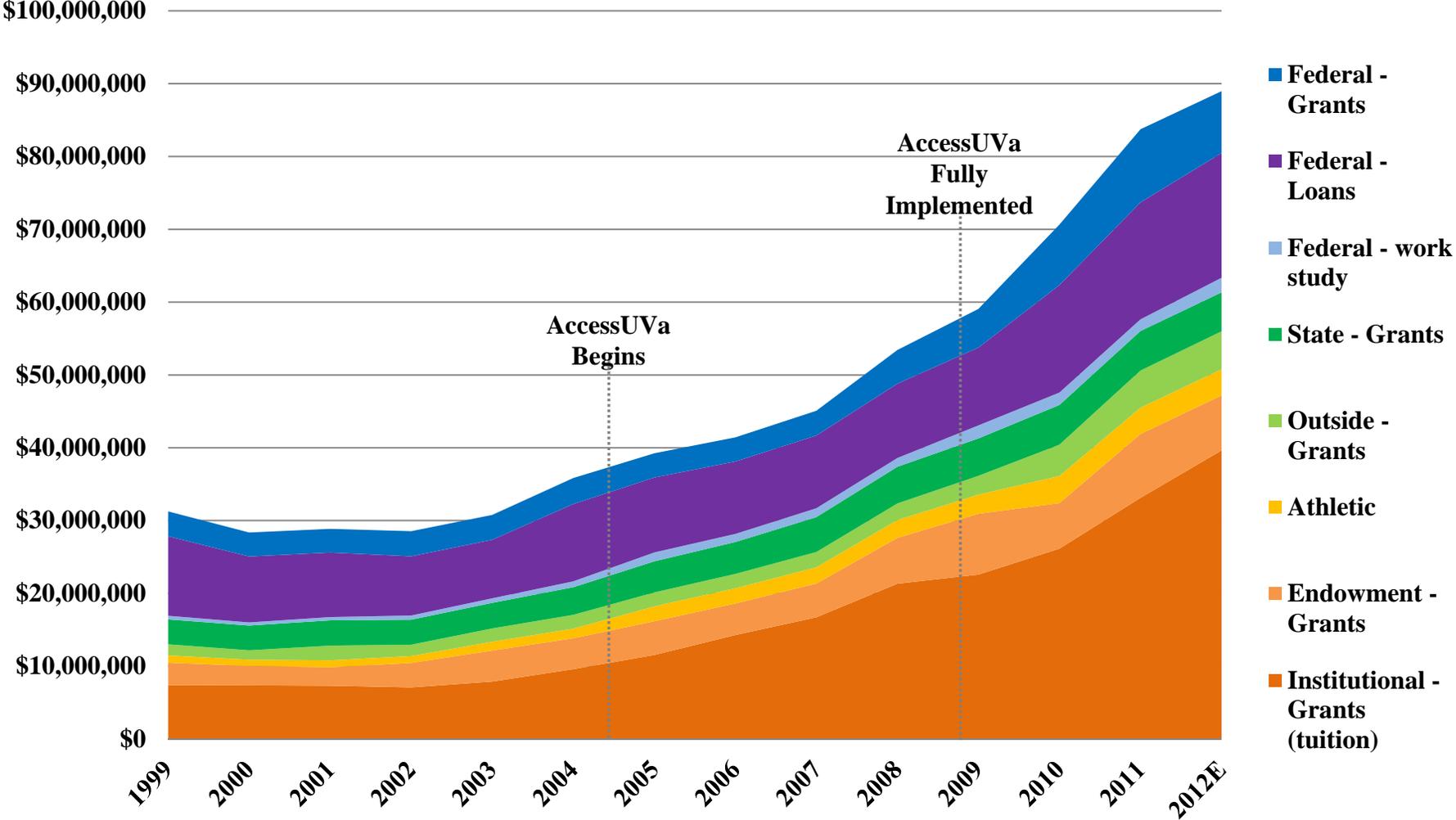
Financial Aid at UVa – AccessUVa



AccessUVa

Sources of Funds

Years Ending June 30



CHALLENGES

Michael Strine

*Executive Vice President and Chief Operating Officer
University of Virginia*

Challenges

- Current Context:
 - Net price vs. gross price
 - Financial capacity of national peers
 - Fundraising for financial aid
- Impact of language:
 - Financial stability of aid program
 - Hinder capacity to ensure diverse racial and socio-economic populations
 - Less competitive positioning

Current Response

- Examining current program in order to better optimize use of existing resources without sacrificing access and diversity.
- Results could be instructive for the state and other public institutions of higher education.

Conclusion

- Restrictions on the ability to generate incremental institutional financial aid resources will:
 - Curtail our ability to continue our financial aid programs
 - Impact access to and affordability of a Virginia Tech, William & Mary and University of Virginia education for thousands of Virginia residents, and
 - Limit our ability to honor our commitment to the Management Agreement.
- Recognize concern about using tuition to fund financial aid.
- Ask to engage in larger discussion and study before actions are taken which could result in unintended consequences.