

SENATE OF VIRGINIA

Senate Finance Committee

Higher Education Base Adequacy Policy Questions

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Education Subcommittee

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Recent Discussions on the Model

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- Institutions are requesting that the State Council of Higher Education for Virginia (SCHEV) run the model with:
 - FY 2008 enrollments,
 - FY 2008 averages for faculty salaries,
 - updated operating plans,
 - updated rates for fringe benefits, and
 - percentage of general fund guideline attainment and nongeneral fund guideline attainment.

SCHEV Recommendations

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- SCHEV provided recommendations for base adequacy prior to the Session.
- The amounts recommended to place all institutions at or above 100% of the base adequacy guidelines were \$96.3 million GF and \$70.3 million NGF.
- SCHEV's calculations included FY 08 projected FTE and FY 06 salaries.
- Historically, faculty salary increases have not been included until further updates.
 - This was based on the goal of keeping faculty salaries as a separate initiative.
 - Striving to be more than “adequate” by reaching the 60 percentile.

Recent Actions and Recommendations

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- During the previous session, an additional \$332.5 million -- \$237.3 million GF and an estimated \$95.2 million NGF -- was provided for base adequacy and enrollment growth.
- With this funding, all institutions of higher education made significant progress toward reaching 100% of base adequacy guidelines. Average funding for institutions is currently estimated at 96.2 percent, ranging from 88 to over 100 percent.
- The table to the right also contains SCHEV's recommendations.

Annual Funding Gap to Reach 100% of Base Adequacy Guidelines

Update for 2006-08 Biennium, \$ in Millions

Institution	Current Funding as % of Guidelines		FY08 Annual Funding Gap (All Funds)	Annual GF Share to Close the Gap
	FY06	FY08		
CNU	92%	96%	(\$1.7)	\$1.1
GMU	89%	99%	(4.3)	2.4
JMU	92%	107%	0.0	0.0
LU	84%	102%	0.0	0.0
UMW	87%	108%	0.0	0.0
NSU	100%	116%	0.0	0.0
ODU	79%	91%	(18.8)	10.5
RU	84%	96%	(3.9)	2.3
UVA	91%	99%	(5.9)	2.4
UVA-W	82%	101%	0.0	0.0
VCU	83%	91%	(38.9)	20.8
VMI	100%	142%	0.0	0.0
VSU	86%	94%	(3.1)	1.4
VT	94%	101%	0.0	0.0
W&M	96%	101%	0.0	0.0
RBC	82%	98%	(0.2)	0.1
VCCS	85%	88%	(89.8)	55.3
Total	89%	96%	(\$166.6)	\$96.3

Guidelines

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- The guidelines include total funding needed (GF plus NGF) and the total funding shortfall.
- The fund split is applied to this shortfall.
 - Fund splits are based on an institution's proportion of in-state students, nongeneral fund activities, and mix of programs.
 - Range from 35 – 65 percent GF.
- Institutions want the percentage of general fund guideline attainment and nongeneral fund guideline attainment to be calculated.
- Again, the guideline calculations have been based on total resources and total need.

Policy Questions

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- How often should the model be run?
 - Yearly?
 - Once a biennium?
 - Longer?
- What should be included?
 - Actual/projected enrollments
 - Faculty salary adjustments
 - Fund splits
 - Staff mix changes
 - Other adjustments

Scenarios

- Based on just looking at whether to include actual or projected enrollment and whether to include faculty salary updates – here are some scenarios with those options for this year.
- Attached to the presentation is a table that shows costs for “fixing the base” and the scenarios.
- “Fixing the base” scenario costs range from \$218.0 – \$348.8 million GF.
 - The other side of this is for institutions on NGFs – should tuition be lowered?

Additional Funding with Fund Split (in millions)			
Scenarios	GF	NGF	Total
FY 06 Actual FTE FY 06 Salaries	\$31.4	\$26.2	\$57.6
FY 06 Actual FTE FY 08 Salaries	80.4	68.2	148.6
FY 08 Projected FTE FY 06 Salaries	96.3	70.3	166.6*
FY 08 Projected FTE FY 08 Salaries	154.7	118.3	273.0

*SCHEV recommendation.

Moving Forward

- The Subcommittee may wish to consider these policy questions with regard to the model during this Session through any potential budget recommendations.

or

- The Subcommittee may wish to consider these policy questions during the summer by reconvening the Joint Subcommittee on Higher Education Funding Policies, convening a different group, or focusing on the issue during off-session Subcommittee meetings.