Senate Finance Committee Meeting
Education Subcommittee
December 6, 2007

Higher Education Restructuring

Jim Alessio
Director of Higher Education Restructuring
State Council of Higher Education for Virginia
Higher Education Restructuring

Interrelated Elements of Restructuring Act

- Six-Year Academic and Financial Plan
- Performance Standards
- SCHEV Statewide Strategic Plan
## Higher Education Restructuring

### Restructuring Timeline

<table>
<thead>
<tr>
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Higher Education Restructuring

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- **Goal Addition (2005)**: BOV commits to six-year plans.
- **Target Submission (2007)**: Institutions submit six-year plans.
- **Financial Aid Reporting (2006-07)**: Annual Enrollment/ Graduates/ Financial Aid Reporting.

**SCHEV** (Strategic Cooperative Education in Higher Education) is committed to development and implementation of strategies for higher education restructuring.
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Higher Education Restructuring

The Challenge of Restructuring

Affordability
Student as Consumer
Controlling Costs
Affordability

- What does it cost?
- Who pays and how much?
- What do student actions tell us about affordability?
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Planned Tuition and Fee Increases

- Institutions built in increases for Base Adequacy and Faculty Salaries in both scenarios.
- The full-funding scenario (GF Split) would require a 6% to 7% increase.

Source: Six-Year Financial Plans (2007)
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Total Budget

- $0
- $5,000
- $10,000
- $15,000
- $20,000

On-/Off-Campus

- At Home

Four-Year

- T&F (E&G)
- Fees (non-E&G)
- Room & Board
- Books & Supplies
- Personal Expenses
- Transportation

Two-Year

- On-/Off-Campus
- At Home
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Total Budget

![Bar Chart showing total budget for Four-Year and Two-Year programs, including T&F (E&G), Fees (non-E&G), Room & Board, Books & Supplies, Personal Expenses, and Transportation costs.](chart.png)
Higher Education Restructuring

Total Budget

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Legend:
- T&F (E&G)
- Fees (non-E&G)
- Room & Board
- Books & Supplies
- Personal Expenses
- Transportation
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Total Budget

Source: Tuition and Fees Reports, SCHEV (www.schev.edu/reports/reports)
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Student Actions

Full-Time In-State Undergraduates
Fall 2006 Credit Hours - Four-Year Institutions

- Registered Hours
  - <15: 38%
  - At least 15: 17%
- Earned Hours
  - At least 15: 45%

Source: Course Enrollment Data File, SCHEV
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Why?

• Some students earned credit (AP and dual enrollment) before entering college - a semester or more is possible, but unusual at most institutions
• Allows more time for the social experience
• Earn better grades
• Weak preparation
• Work – but is it worth it?
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Cost Implications

- **Student**
  - Significant cost implications to students – every additional year costs the student between $10,000 and $18,000!

- **Commonwealth**
  - Direct cost is minimal – support the credit hours when taken - now or later
  - Some additional costs to financial aid
  - Support for hours not earned – 11% of total in-state undergraduate credit hours at four-year institutions
Student as ‘Consumer’

- 1990’s saw a fundamental change in thinking about the student
- Today, the student is treated as a consumer and the product is education
- Student as consumer places more demands on the institution
- Students have higher expectation of services – housing, food, access, and other accommodations
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Controlling Costs

Percentage of Expenditures for Instruction and Academic Support
Public Four-Year Institutions - 2005-06

Source: Finance Data, Fiscal Year 2006, IPEDS

Virginia Ranked 6th
Controlling Costs

Percentage of Expenditures for Administration
Public Four-Year Institutions, 2005-06

Virginia
Ranked 43rd

Source: Finance Data, Fiscal Year 2006, IPEDS
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Going Forward with Concepts Contained in the Restructuring Act

• Meet demands of SCHEV’s coordinating function
  – Organize and implement reporting schedule and guidelines
  – Serve as resource to institutions and executive and legislative branches
  – Improve communication process – answer “How are we doing?”
    ▪ Boards of Visitors meetings
    ▪ Newsletters
    ▪ Advisory committee briefings
    ▪ Council meeting reporting

• Keep priority goals in focus – connections to other state initiatives
  – Access and the P-16 Council
  – Student retention/degree awards and economic development
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Going Forward with Restructuring

• Develop remaining measures
  – Measure 4 – define affordability
  – Assess impact of tuition and fees net of financial aid on applications and enrollment
  – Access to 100- and 200-level courses
  – Refine reporting on goal 12 – campus safety

• Integration of Higher Education Strategic Plan with six-year planning process
  – Access
  – Alignment
  – Investment
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Going Forward with Six-Year Planning

• Review institutional progress toward state goals and performance gaps with policy leaders
  – Legislative retreats
  – Reports to the General Assembly, the Secretary of Education and the Governor
  – SCHEV advisory committees
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Measuring Success with Restructuring

• Demonstration of measurable success on performance indicators and benchmarks related to the 12 state goals
  – Annual certification process
  – Council member and staff involvement

• Use of institutional mission distinctions in setting performance standards – dialog between institutions and Council members and staff

• Reliance on the importance of institutional growth and development, all the while contributing to state goals
  – Economic development in rural, transitional areas
  – Commonwealth Education Roundtable goals for K-12 leadership development
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Measuring Success with Restructuring

• More public confidence in higher education performance and investment
• View restructuring as “work in progress”
  – Develop remaining measures and performance standards
  – Strengthen process with 2\textsuperscript{nd} cycle of certification
  – Determine impact of tuition and fees on access
  – Value of increased freedoms and increased alignments to the state and the institutions