

Outlook for higher education in a time of declining resources

- Higher education is an important part of the quality of life in a state.
 - It provides training for tomorrow's employees in a diverse number of areas, is an instrument of economic development, and also a large employer itself.
 - Higher education moves the Commonwealth forward through research and with an environment that spurs creativity.
- Enrollments are projected to continue to rise while resources are likely to be scarce, making available funding a concern for Virginia higher education.
- Now may be a good time for the Commonwealth to reexamine its policies regarding tuition, financial aid, and how to fund higher education in the future.

Higher education in Virginia – current status

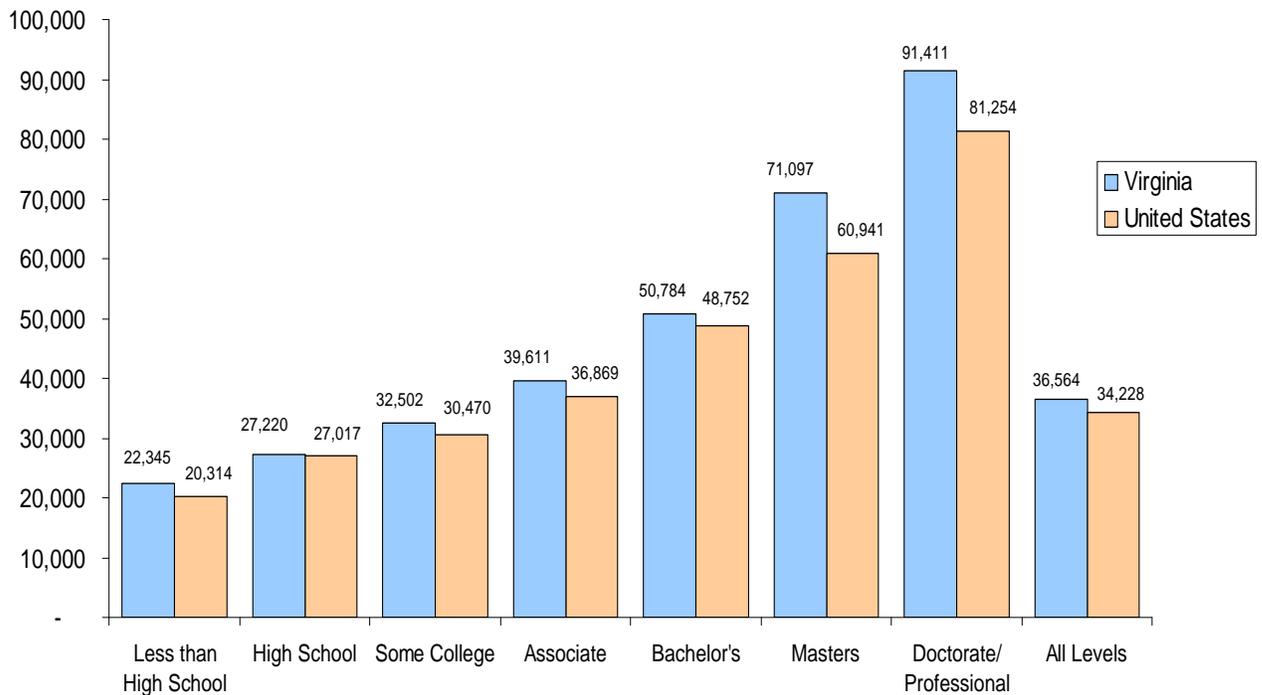
- Virginia's public higher education system is the 12th largest in the country based on enrollments. The system includes:
 - 15 four-year institutions;
 - 23 community colleges with 40 campuses;
 - One two-year college;
 - Four regional higher education centers;
 - One institution focused mainly on research and graduate education; and
 - Over 370,000 students and about 49,544 FTE salaried and wage employees (includes GF and NGF) or about 42.7 percent of the State employee workforce.

- In Virginia, out of 100 high school freshman:
 - 75 will graduate high school on time,
 - 47 will enroll in post-secondary education, and
 - 25 will get a two- or four- year degree within 150 percent of normal completion time.

The importance of higher education to the Commonwealth

- One of the most compelling arguments for higher education in financial terms is that an educated citizenry provides a more lucrative tax base.
- For example, the difference in Virginia between earnings for a high school diploma and a Bachelor's degree per year is \$23,564. (Over the course of a lifetime the difference in lifetime earnings may equal as much as one million dollars.)

Median Earnings by Degree Level - 2006



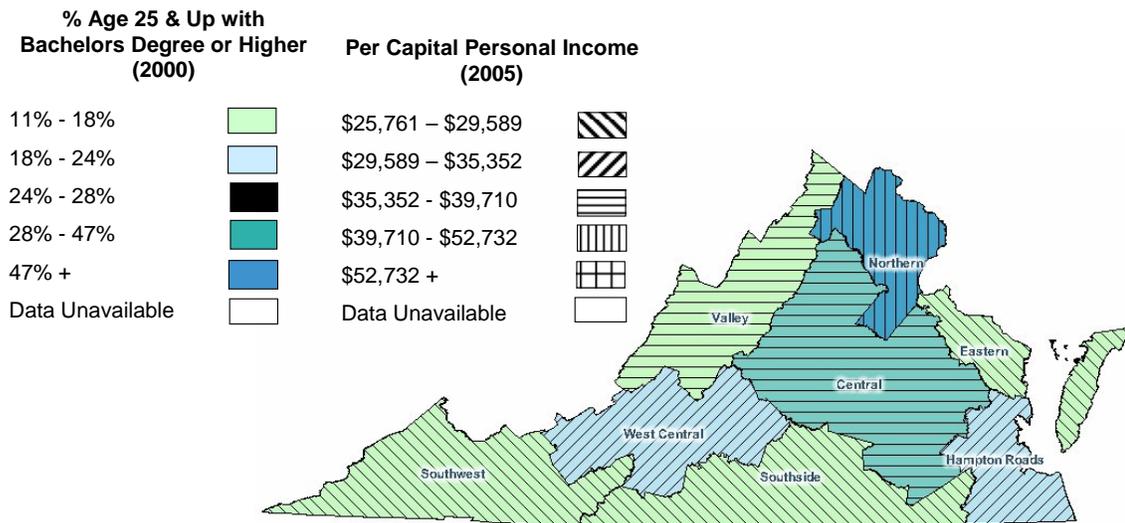
Note: Earnings based on persons age 18-64 reporting positive wages working 35+ hours per week. Earnings adjusted to July 2006 dollars.

Source: U.S. Census Bureau, 2006 ACS PUMS File.

Higher education provides higher earnings potential

- Virginia exceeds the average earnings of all educational levels when compared to the averages for the entire United States.
- The chart below shows per capita income and the percentage of those 25 and older that have a bachelor's degree or higher in Virginia.
 - Although it is not a perfect correlation, for most regions, lower earnings are coupled with lower educational attainment. Other factors such as geography may play a role. However, improving the educational attainment in those areas would be an attractive lure for employers as the state looks toward economic development opportunities.

Virginia Per Capita Income and Percentage of Age 25 and Up with a Bachelors Degree or Higher



Source: Virginia Performs Mapping and Reporting, November 2008.

Higher education provides a skilled workforce

- The availability of a highly trained workforce and the ability to provide additional training to that workforce are attractive tools in the economic development arena.
 - Two recent initiatives that were supported by the General Assembly and where a skilled workforce and world-class higher education institutions were factors included SRI (Harrisonburg) and Rolls Royce (Prince George County).

- Higher education can help plan for the jobs that will be needed in the future. Several job areas are projected to grow, and Virginia will need more people trained/educated in those fields.
 - According to data from the Virginia Workforce Connection, the following are the projections of jobs needed from 2006 to 2016 with the greatest positive change by category:
 - 146,166 in the professional, scientific, and technical services (includes STEM areas),
 - 107,503 in health care and social assistance,
 - 65,749 in educational services,
 - 47,911 in waste management/remediation, and
 - 33,212 accommodation and food services.

Higher education research provides future benefits

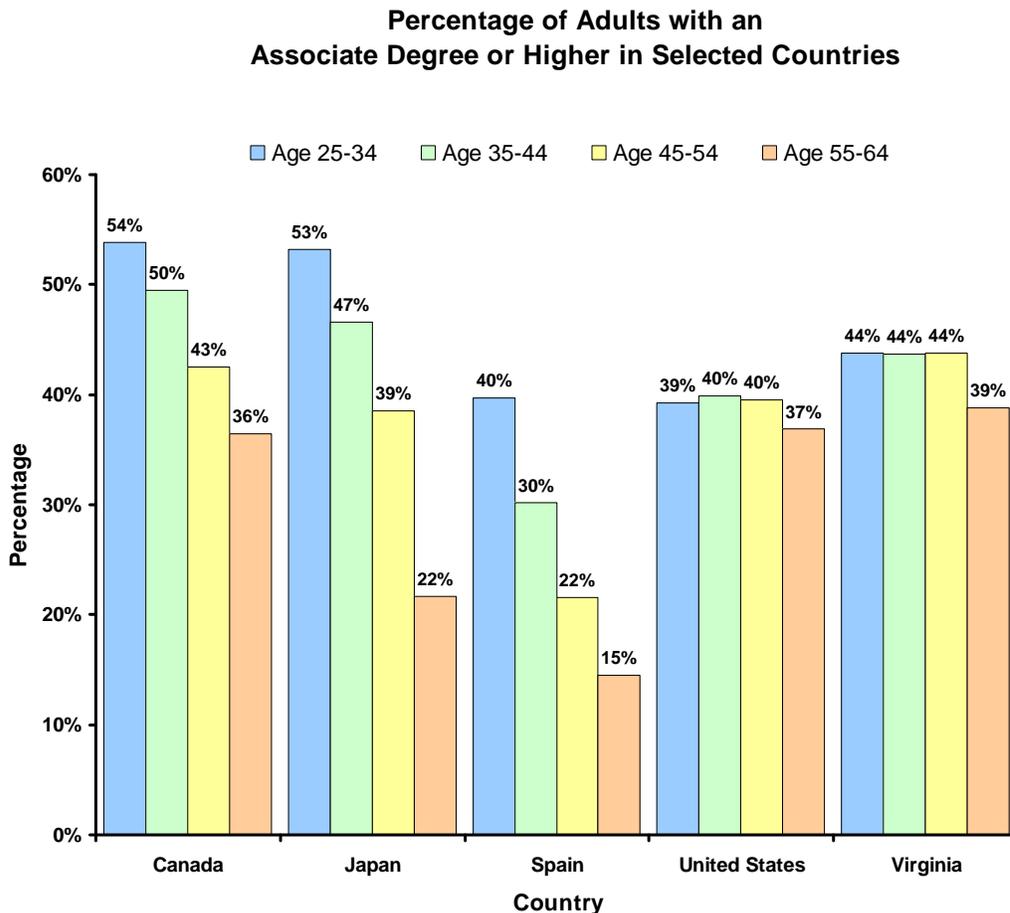
- Higher education also contributes through the research conducted at our public colleges and universities.
 - Institutions are often on the cutting-edge of breakthroughs in many areas including medicine, and technology.
 - We look to our college and universities to solve current crisis (i.e. alternative energy sources to reduce our reliance on oil).
 - Virginia Coastal Energy Research Consortium
 - Funding at individual institutions
- State investments in Higher Education have resulted in a strong Research and Development base at Virginia's Universities. Nationally, Virginia ranks:
 - 2nd in Federal R&D Spending & SBIR awards (NSF 2005),
 - 12th in Total R&D Spending (NSF 2005), and
 - 14th in University R&D (NSF 2005).
- The Commonwealth has seen a return on its investment of approximately \$2.72 for every \$1 invested in direct federal and industry matching funds (UVA CRI report).
- When accounting for the total economic impact of individual salaries, consumption, and general economic activity; the State has the potential to realize returns between \$7 and \$8 for every \$1 invested.

Virginia is sharpening its focus on educational attainment

- The Council on Virginia's Future has taken on educational attainment as an issue for their 2008 workplan given the link with long-term economic competitiveness.
- This focus complements national interest in maintaining and expanding productivity in the number of high school and college graduates in an effort to remain competitive globally.
- According to the Council:
 - *A business community survey identified K-12 and higher education as highest priorities of business.*
 - *Virginia's high school graduation rate is above the national average but has remained relatively constant over the last 10 years.*
 - *Virginia ranks 12th nationally for high school graduation and 11th for bachelor's degrees earned within six years.*
 - *Virginia's rank among the top five states in the percentage of adults with advanced degrees is due in part to its success attracting well-educated residents (including immigrants) to the state.*
- Despite Virginia's rankings, changing demographics and global competitiveness remain an issue for the future.

Student Pipeline and Global Competitiveness

- The United States lags behind other countries in the number of college degrees attained by young adults in the workforce.



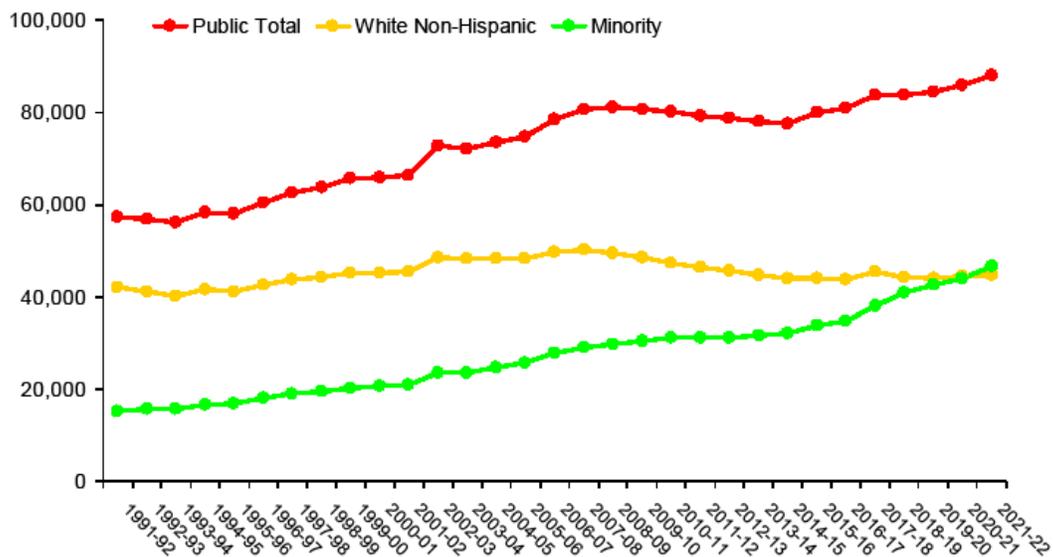
Source: *Education at a Glance 2007*, Organisation for Economic Co-operation (OECD).

- Virginia does better than the United States average, but lags behind several countries in this measure. This situation will be exacerbated by a growing population of students who historically trail behind in high school and college graduation rates.

Student Pipeline and Global Competitiveness (continued)

- The chart below shows actual Virginia public high school graduates from 1992 through 2005 and projected graduates from 2006 through 2022.

Virginia Public High School Graduates by Race/Ethnicity, 1992-2005 (Actual) and 2006-2022 (Projected)



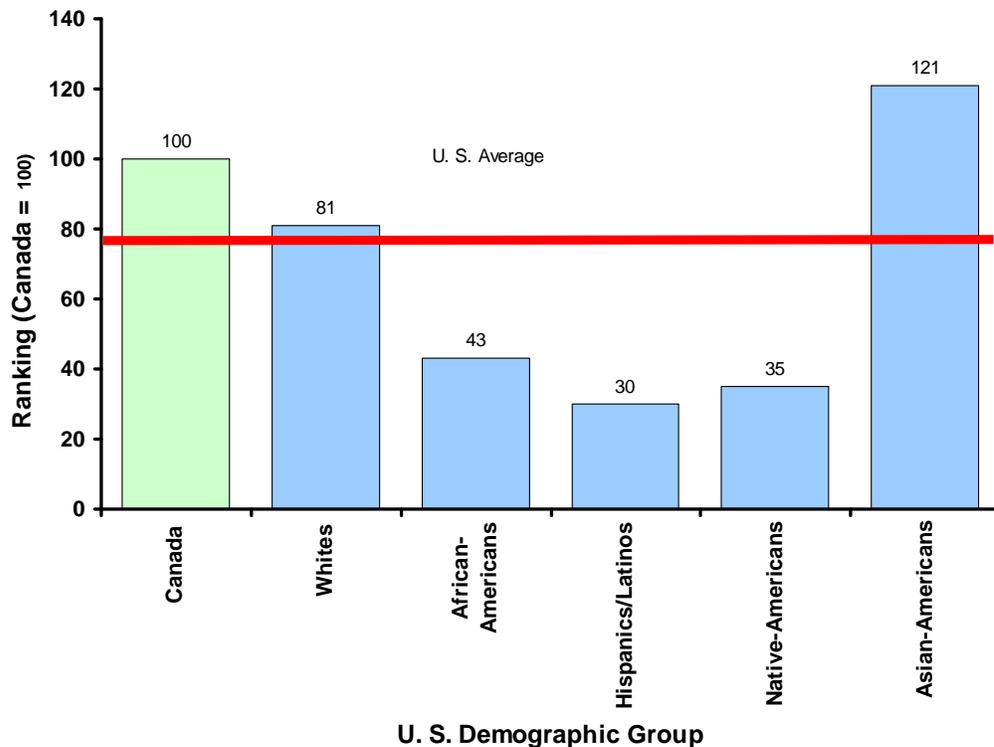
Source: Western Interstate Commission for Higher Education (WICHE), 2007

- The largest future gains in high school graduates will be among minority populations.
- Fast-growing minority groups in Virginia tend to have a much lower college participation rate, requiring the Commonwealth to focus on efforts to encourage post-secondary participation.

Student pipeline presents challenges

- Virginia's institutions will have to increase college participation in these populations to maintain the current standard of living and to compete globally.
- If not, projections suggest an increase in the percentage of people without high-school diplomas and college degrees, which may lead to a decline in personal per capita income.
- Virginia supports several programs that address getting nontraditional students into college (Career Coaches, Gear Up, and Dual enrollment programs).

Index of Higher Education Attainment



Sources: Organisation of Economic Co-operation and Development (OCED), *Education at a Glance*, 2003; U.S. Census Bureau, 2000 Census; and National Center for Public Policy and Higher Education, Policy Alert, November 2005.

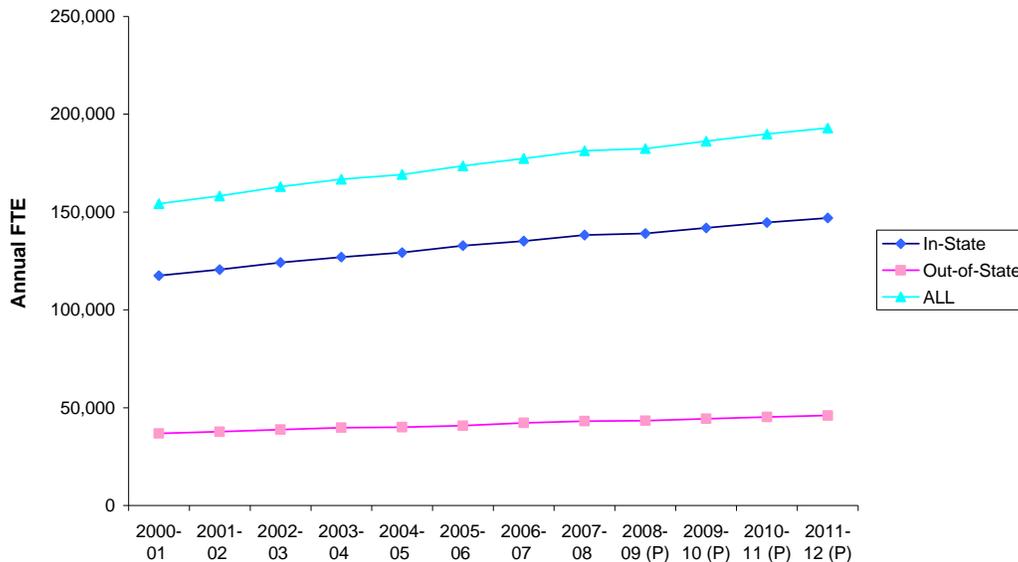
Needed Virginia actions to meet global competitiveness

- In 2007-08 Virginia produced 42,485 associate and bachelors degrees.
- According to the National Center for Higher Education Management Systems (NCHEMS), an additional 2.3 million degrees will be needed to match top performing countries by 2025.
 - Of the additional 2.3 million degrees needed:
 - About 889,000 degrees would be produced based on current rates of production.
 - About 740,000 individuals between the ages of 25-44 already have degrees.
 - About 343,000 individuals in this age range will migrate to Virginia.
 - Therefore, about 283,000 degrees will be needed – or over 14,000 per year.

Enrollment growth continues at Virginia's institutions of higher education

- Enrollment growth of 9.2 percent (23,894 students) occurred between 2003-2004 and 2007-2008 at all public higher education institutions in Virginia.
 - Since 2001, enrollment has increased over 19 percent or about 46,000 students.
 - The chart below illustrates this growth for the in-state and out-of-state student populations as well.
 - The current ratio of in-state to out-of-state students is 82.8 percent to 17.2 percent (varies by institution).

**Four-Year Public Colleges and Universities
Full-Time Equivalent Enrollment
FY 2001 - FY 2012**



Source: SCHEV T6 and E5T6 Reports - November 2008

Enrollment targets may lead to increased participation

- The State Council of Higher Education for Virginia (SCHEV) and the institutions of higher education meet every two years to negotiate enrollment targets that are used for budget and capital outlay planning; this process is collaborative.
- In 2007, SCHEV projected that demand between Fall 2006 and Fall 2013 will increase by 14 percent or 42,436 students.
- Virginia's public universities and colleges submitted enrollment growth targets of 19 percent or 58,303 students during that same time period, a difference of 15,867.
- The institutions have set targets that are more aggressive than what SCHEV projected.
- Based on this information, access system-wide does not appear to be an issue, and there could be an increase in college participation if the higher education institutions are successful in meeting their submitted enrollment targets.
- This increase in participation is what will be necessary if Virginia is to reach the same level of graduates as top performing countries.

Quality rankings of Virginia higher education

- National rankings are one measure of perceived quality for Virginia's higher education institutions.
- The following table highlights selected rankings of Virginia's public colleges and universities according to the *US News and World Report*.

US News and World Report - Selected College Rankings (2008)		
College/University	Ranking - all Colleges	Ranking - Public Colleges
University of Virginia	23rd	2nd
William and Mary	32nd	6th
Virginia Tech	71st	30th
		Ranking – Southern Peers
James Madison University		1st
Mary Washington University		3rd

- *Measuring Up 2006* – a national higher education “report card” for states -- suggests that Virginia does well in preparing students for college and in college completion.
 - Improvements could be made in affordability and in getting more high school graduates to go to college.

Rankings on Affordability

- Affordability can be difficult to assess. Virginia could improve in this area but has demonstrated value to in-state and out-of-state students.
- The table below provides a snapshot of state rankings with regard to affordability in the *Measuring Up 2006* report.

State Name	Grade	Family Ability to Pay			Need-Based Financial Aid	Student Borrowing
		Community Colleges	Public 4-year Colleges	Private 4-year Colleges		
Utah	C-	18%	18%	22%	6%	\$3,100
California	C-	26%	33%	76%	53%	\$4,089
Hawaii	D	17%	21%	43%	3%	\$3,862
Idaho	D	18%	21%	25%	3%	\$3,192
Minnesota	D	22%	26%	54%	78%	\$3,234
New Jersey	D	26%	37%	58%	95%	\$3,639
Washington	D-	27%	31%	68%	86%	\$3,801
Virginia	F	21%	27%	52%	38%	\$3,836
Georgia	F	22%	23%	67%	0%	\$3,648
North Carolina	F	23%	26%	73%	39%	\$3,752
Tennessee	F	23%	26%	66%	16%	\$3,463

- Few states scored favorably on affordability.
- Virginia ranked 13th of 50 with a score of F for this category.
- According to College Board data, Virginia's annual in-state tuition and fees ranked 16th highest in the United States for FY 2007 at \$6,556. (The average was \$5,807.)

Quality and Affordability (continued)

- *Kiplinger's Personal Finance* ranked the best **values** in public colleges for 2008-2009.
 - Methodology included measures for academic quality (about 2/3rds weight) and cost (about 1/3 weight).
 - This provides a ranking of value for in-state and out-of-state students for public universities.
 - Virginia had six of the top 100 colleges in both categories.
 - The following table provides the institutions with their in-state and out-of-state ranking:

In-State Rank	Out-of-State Rank	School	Admission Rate	In-State Total Costs	In-State Costs After Aid	Out-of-State Total Costs	Out-of-State Costs After Aid	% Met by Aid	Avg. Debt at Grad.
3	8	UVA	35%	\$18,460	\$4,284	\$38,760	\$24,584	100%	\$16,847
5	9	CWM	34%	\$19,156	\$6,272	\$38,236	\$25,352	86%	\$15,602
15	24	VT	67%	\$14,698	\$9,847	\$27,325	\$22,474	68%	\$20,209
23	16	UMW	71%	\$14,814	\$9,814	\$25,982	\$20,982	56%	\$12,665
28	34	JMU	64%	\$15,298	\$8,879	\$26,792	\$20,373	50%	\$16,546
46	80	GMU	56%	\$15,772	\$10,428	\$30,736	\$25,392	66%	\$16,705

- These conflicting rankings suggest a mixed message in Virginia. Some ratings rank Virginia high for a value and affordability while others present an opposite view.
 - As this presentation examines how higher education is funded in Virginia, it will be clear that there is a mixed message there as well.

Higher Education appropriations approach \$7.6 billion

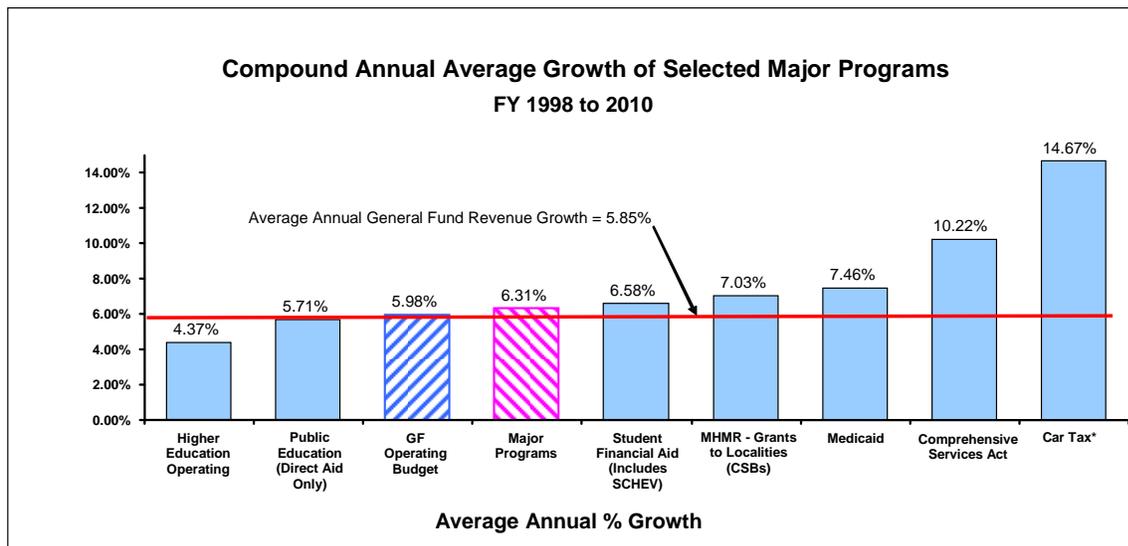
- In FY 2010, total appropriations for four-year and two-year institutions (including VIMS and the Extensions) will reach almost \$7.6 billion (prior to budget reductions).

FY 2010 Appropriations - All Programs by Institution Type			
(\$ Millions)			
Institutions	General Fund	Nongeneral Funds	Total All Funds
Four-year Institutions	\$1,358.5	\$5,174.6	\$6,533.1
Two-year Institutions	\$428.2	\$659.2	\$1,087.4
Total: All Institutions	\$1,786.7	\$5,833.8	\$7,620.5

- Between 1998 and 2010, GF higher education operating funding has grown by \$692.5 million or 4.37 percent.
 - This rate is less than the average annual general fund revenue growth of 5.85 percent over this period.
 - Large investments had been made in the area of higher education but they have been less than that of the revenue growth over this period.

Shifts in general fund support reflect growth in mandatory state programs

- Mandatory spending items (K-12 education, Medicaid, and Corrections) have consumed a growing share of the general fund budget.
- Higher education often lags behind other major general fund budget drivers in relative growth over time.
- Student financial aid has fared slightly better.

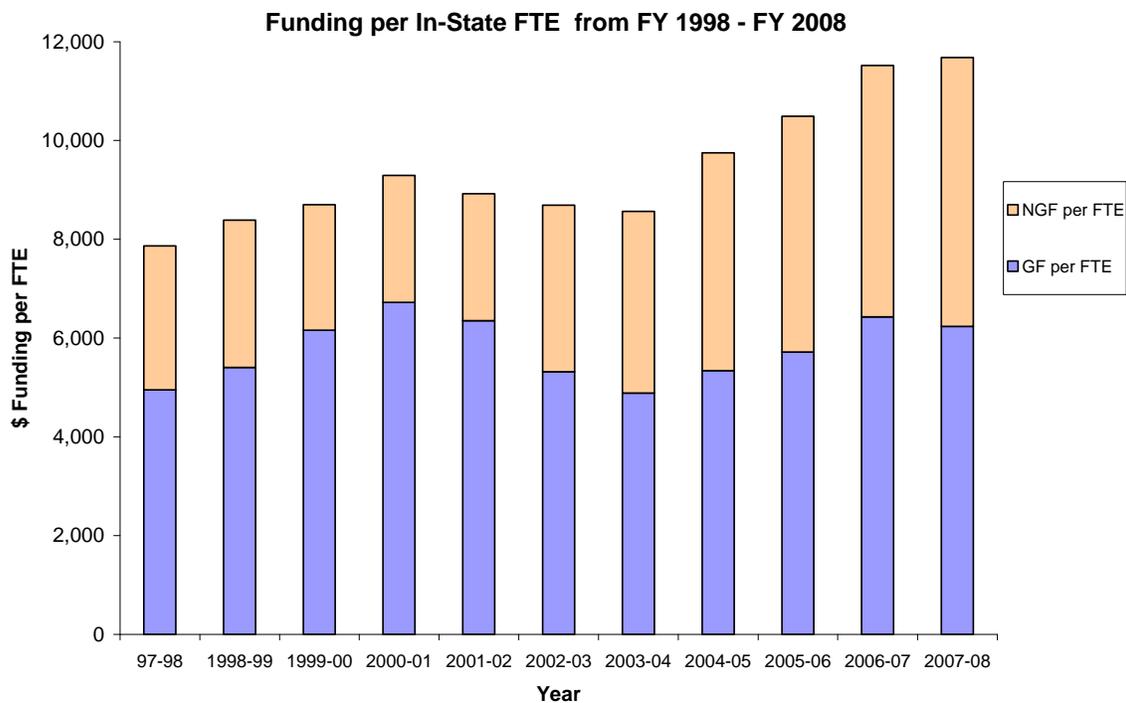


Note: *Growth for the car tax program starts in FY 1999, at the start of the program.

Source: Senate Finance staff analysis, November 2008.

E&G growth reflects increased reliance on nongeneral fund revenues

- For all institutions, total Educational and General (E&G) funding per FTE has increased 48 percent since FY 1998.
 - Total funds have increased on a per student basis, but general fund support per FTE declined from the peak in FY 2001.
- Nongeneral fund revenues have grown as students have assumed a greater share of E&G costs through tuition and fees.



Source: SCHEV data files 2008.

Virginia's allocation of resources to higher education lags behind other states

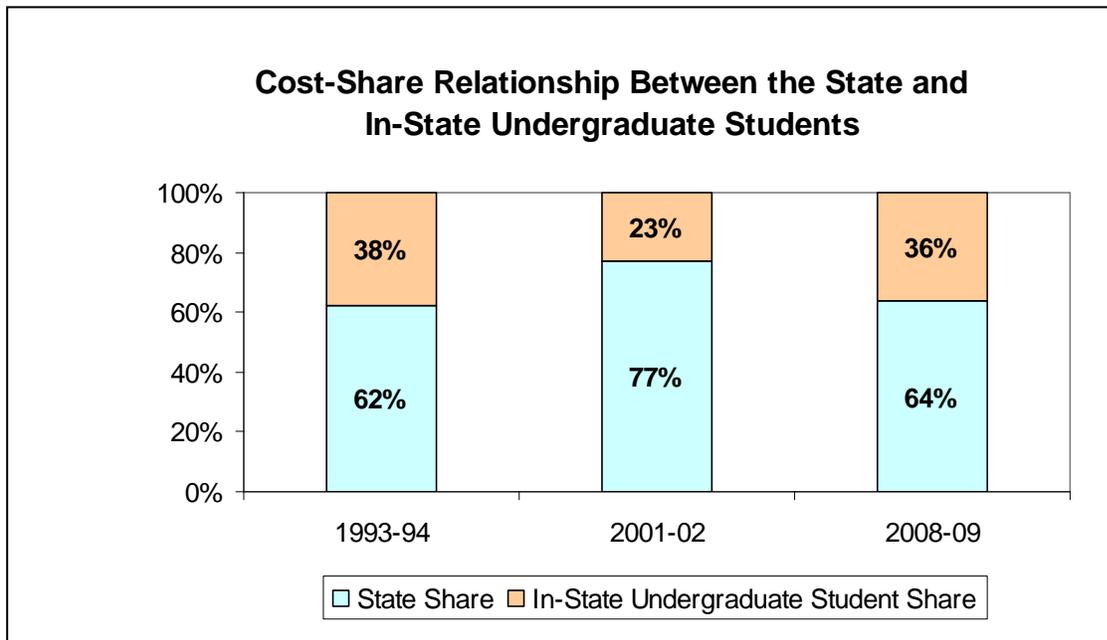
- Although Virginia values higher education, funding has not kept pace with many other states.
- Virginia ranks 29th out of the 50 states based on appropriations of state tax funds for operating expenses of higher education per capita for 2008 (Grapevine Data).
- Virginia ranks 36th out of the 50 states based on appropriations per \$1,000 of personal income for operating expenses of higher education for 2008 (Grapevine Data).
- Allocation of resources to higher education impacts tuition and fees.

Tuition and Fees – Rankings Among the States					
	1989-90	1993-94	2000-01	2007-08	2008-09
Major Public Universities	8 th	5 th	18 th	11 th	10 th
University of Virginia					
Public Colleges and State Universities	2 nd	2 nd	11 th	10 th	10 th
George Mason University					
Old Dominion University					
James Madison University					
Longwood University					
Radford University					
Public Community Colleges	28 th	19 th	41 st	30 th	27 th

Source: SCHEV Tuition and Fee report, July 2008. Cites a survey conducted by the Washington State Higher Education Board.

General fund support also reflects evolution of state tuition policy

- The general fund share of E&G funding also reflects explicit policy decisions over time.
- Until the early 1990s, the general fund covered 60 to 70 percent of E&G costs at four-year institutions. Student tuition supported the remainder of costs.
- Faced with a recession, the legislature abandoned a cost-sharing policy for in-state students in the early 1990s and required out-of-state students to pay their full cost.
 - From 1993 to 2003, in-state tuition was subject to mandated caps, freezes, and a 20 percent rollback.



Source: SCHEV Tuition and Fee Report, July 2008.

Note: In 1993-94, tuition policy required out-of-state students to pay 100% of their costs. In 2001-02, the tuition policy goal was that in-state undergraduate students would pay 25%. In 2008-09, the tuition policy goal was that in-state undergraduate students would pay 33%. The percentages for 1993-94 and 2001-02 are based on the average appropriated cost of education and 2008-09 is based on the average guideline calculated cost of education.

Funding and Tuition Policy Inconsistent

- In 2004, the General Assembly reinstated an E&G cost-sharing goal for in-state students, under which the state would cover 67 percent of the costs, with tuition revenues supporting the remaining 33 percent.
 - Because the state share of cost applies only to in-state students, the general fund target varies by institution based on the mix of in-state and out-of-state students.

- Even with major investments in base adequacy and enrollment growth funding, GF appropriations have not kept pace with tuition revenue.
 - As a result, tuition revenue now accounts for 58 percent of costs while the GF covers 42 percent.

Overview of General Assembly Actions Regarding Funding and Tuition Policy

Policy Question	Legislative Session	Action
How much funding is needed?	1999, 2000	Joint Subcommittee Studying Higher Education Funding Policies established
	2000, 2001	Base adequacy funding guidelines adopted
Who should pay?	2002, 2003, 2004	Tuition caps loosened and tuition setting authority returned to Boards
	2004	Cost-sharing policy for in-state students advanced
Will incentives moderate tuition?	2007, 2008	Tuition Incentive Fund (2007, \$7.2 million GF) and the Tuition Moderation Incentive Fund (2008, \$35 million) created

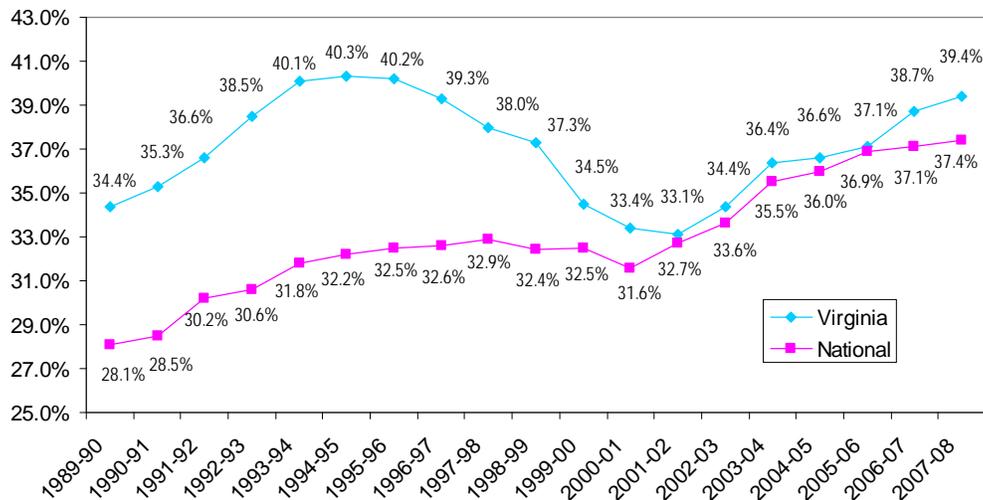
Funding and Tuition Policy Inconsistent

- In 2005, the Higher Education Restructuring Act was enacted with the promise of increased institutional autonomy with the promise of meeting state goals, including the reaffirmation of the Boards of Visitors' ability to set tuition rates.
- Although Restructuring has given institutions more autonomy, the General Assembly has used the "carrot" to try to moderate tuition increases during the last two Sessions.
- The Tuition Incentive Fund was created in 2007. Access to these funds was contingent on institutions limiting tuition increases to six percent, unless additional revenue was used to increase financial aid.
 - All institutions were able to meet the parameters of this fund and access the funds.
- The Tuition Moderation Incentive Fund was established in 2008 with \$35 million GF for the biennium (Appendix A). Access to these funds is contingent on institutions limiting tuition increases to three percent, an additional one percent can be used to increase financial aid.
 - Eleven institutions were able to meet the parameters of this Fund.
 - Approximately 75 percent of in-state undergraduate students did not benefit from this policy.

Financial aid will continue to be an issue if tuition rates continue to rise

- College costs continue to out-pace inflation and funding for financial aid has not kept pace, increasing the reliance on debt financing for students and parents.
 - It has also increased the percent of per capita disposable income necessary to pay total resident undergraduate charges.

Average Public Four-Year Total Resident Undergraduate Charges as a Percent of Per Capita Income



Note: Charges included tuition, mandatory fees, and room and board.

Source: College Board, US Bureau of Economic Analysis, and SCHEV Tuition and Fee Report, July 2008.

- Virginia has tried to minimize cost uncertainty through the institutional requirement to develop six-year academic, financial, and enrollment plans under restructuring.
 - The plans require the institutions to have strategies for providing sufficient financial aid and minimizing the impact of increases on students and families.

Financial aid will continue to be an issue if tuition rates continue to rise (continued)

- Level III institutions were required to develop their own financial plans under restructuring. These plans appear to be making progress.
- However, due to continued unpredictability in economic markets higher education support will likely further decline during this biennium.
 - Tuition rates will likely increase making support for financial aid important.

Recent gains in higher education have been lost due to budget reductions

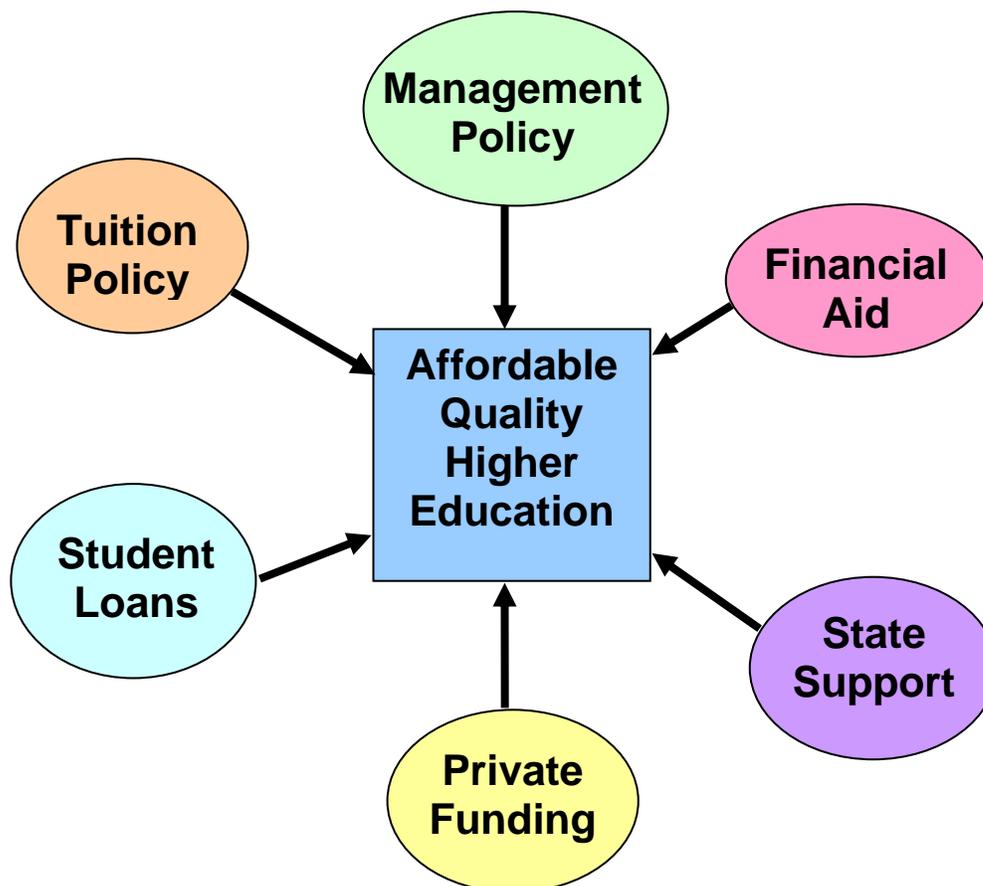
- FY 2008 budget reductions were \$82.9 million GF (5-6.25 percent).
- In October 2008 (FY 2009), the Governor was forced to make additional budget reductions.
- Of the \$279.0 million in budget reductions, higher education accounted for \$93.7 million. Colleges and universities (\$86.1 million) received a five or seven percent reduction to their GF appropriation (after exemptions) based mainly on two criteria: level of base adequacy funding and percentage of students filing for financial aid.
 - Higher education institutions that had less than 93 percent of their base adequacy requirement funded or more than 50 percent of their students filing for financial aid were given a five percent reduction.
 - Two-year institutions only received a five percent reduction based on their lower tuition rates.
 - Colleges will be hard pressed to turn to tuition to erase their general fund reductions because parents and students are feeling the effects of current downturn as well, with less access to home equity lines and higher prices for food and fuel.

Funding base adequacy has been the objective

- In 1999, the General Assembly established a joint subcommittee on higher education to develop guidelines to reestablish a benchmark for determining funding adequacy and to evaluate higher education institutions' future requests for additional funding.
- The subcommittee recommended guidelines that estimate the funding needed to support the institutions' Educational and General (E&G) programs.
- Since the guidelines were adopted in 2001, they have not been consistently employed to allocate funding to institutions of higher education.
- The General Assembly appropriated \$468 million for base adequacy between 2004 and 2008.
- Some of these gains have been reduced by budget cuts.
- Prior to the 2009 Session, average funding for institutions is estimated to be at approximately 91 percent of guidelines, ranging from 86 to over 100 percent.
- Base adequacy recommendations from SCHEV project additional needs of \$350.2 million – \$181.8 million GF and \$168.4 NGF for the 2008-10 biennium.

Moving forward – questions to be answered

- Funding public colleges and universities will continue to be an issue, especially during a time of declining resources.
 - Are there incentives that could prompt higher education institutions to do more with less?
 - Institutions have become increasingly reliant on nongeneral fund resources, as tuition revenues and other E&G nongeneral funds continue to grow faster than general fund support. Can this continue?



Moving forward – questions to be answered (continued)

- Providing affordable, high-quality higher education is a multi-faceted issue that will require complex solutions.
- Can we continue to support funding goals?
 - Even with the actions of the last several General Assembly Sessions, funding for Virginia’s public institutions continues to fall short of base adequacy guidelines, faculty salary goals, and demonstrated student financial need.
- Recent progress has not been maintained due to budget reductions.
- Growing enrollments will continue to strain institutional resources.
- Even during better financial times, continued growth in other areas of the state budget will require higher education to compete for limited state resources.
- Virginia has already begun to realize the importance of higher education attainment through long-term planning actions of several organizations.

Planning for the future of higher education should be a deliberate process

- Virginia has already begun to realize the importance of higher education attainment through long-term planning actions of several organizations.
- SCHEV and other groups have begun to examine affordability and ways that this can be improved for future generations of students.
 - This is important for the growing number of minority and first-generation students who will lack the resources that they need to attend college.
 - Virginia needs these non-traditional students to attend college to maintain our standard of living.
- Institutions will also need to struggle with the cost of education during this challenging financial time.
 - Endowments are declining, parents access to home equity lines has greatly decreased,
 - having the potential to decrease enrollments at some institutions if they have tuition rates that price them out of the market.
- How Virginia continues to fund higher education (in light of budget reductions) and plan for the future should be a deliberate process that takes into account a multitude of factors and has stakeholders at the table, in order to lessen any unintended consequences to future generations of students in the Commonwealth.

Appendix A: Tuition Moderation Incentive Fund

Preliminary Compliance with the Tuition Moderation Incentive Fund

Institution	Tuition & E&G Fees	% Increase	\$ Increase
CNU	\$4,207	4.0%	161
CWM	6,183	9.7%	546
GMU	5,526	9.8%	491
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
UVA	7,498	9.9%	677
UVA-Wise	3,589	3.0%	104
VCU	4,992	10.3%	467
VCCS	2,570	7.5%	180
VMI	5,262	4.0%	200
VSU	3,313	4.0%	127
VT	6,895	11.9%	735
Ave. All Inst.	\$4,506	6.5%	\$275

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
CWM	610,000	0	610,000	0	0
GMU	1,620,000	0	1,620,000	0	0
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
UVA	1,580,000	0	1,580,000	0	0
UVA-Wise	120,000	120,000	0	152,121	272,121
VCU	1,330,000	0	1,330,000	0	0
VCCS	4,910,000	0	4,910,000	0	0
VMI	120,000	120,000	0	152,121	272,121
VSU	250,000	250,000	0	316,919	566,919
VT	2,500,000	0	2,500,000	0	0
Total	\$17,500,000	\$4,950,000	\$12,550,000	\$6,275,000	\$11,225,000

Appendix B: FY 2009 Budget Reductions

Agency	Appropriation	Reduced Base	Reductions	% Base	% Exempt
CWM	52,367,154	48,949,460	(3,428,482)	7.0%	7%
UVA	161,025,383	151,707,908	(10,619,554)	7.0%	8%
VT	200,329,079	177,776,468	(8,888,823)	5.0%	11%
VMI	14,759,655	14,037,893	(982,653)	7.0%	5%
VSU	38,088,910	25,231,133	(1,261,557)	5.0%	34%
NSU	52,905,178	40,882,896	(2,044,145)	5.0%	23%
LU	31,466,723	27,137,529	(1,356,876)	5.0%	14%
UMW	25,140,551	23,657,336	(1,656,014)	7.0%	8%
JMU	84,284,917	77,821,713	(5,447,520)	7.0%	8%
RU	58,395,453	49,926,410	(2,496,321)	5.0%	15%
ODU	127,327,412	112,917,966	(5,645,898)	5.0%	11%
VCU	221,143,304	202,728,980	(10,136,449)	5.0%	8%
RBC	6,308,344	5,907,944	(295,397)	5.0%	6%
CNU	32,393,538	28,619,548	(1,430,977)	5.0%	12%
UVA-W	16,783,866	15,089,181	(754,459)	5.0%	10%
GMU	153,017,813	139,988,610	(9,799,203)	7.0%	9%
VCCS	421,930,677	397,498,192	(19,874,910)	5.0%	6%
VIMS	21,351,165	21,112,838	(1,477,885)	7.0%	1%
VPI-Ext	67,004,888	46,159,888	(2,307,994)	5.0%	31%
VSU-Ext	4,785,161	530,837	(26,542)	5.0%	89%
EVMS	17,124,658	10,966,550	(500,000)	4.8%	38%
RHEC	1,318,390	1,318,390	(131,839)	10.0%	0%
SOVHEC	1,941,665	1,941,665	(194,166)	10.0%	0%
NCI	1,484,809	1,484,809	(100,000)	6.7%	0%
SWVHEC	2,154,992	2,154,992	(215,499)	10.0%	0%
IALR	6,235,585	6,235,585	(623,558)	10.0%	0%
Research	2,600,000	2,600,000	0	0.0%	0%
TMIF	17,500,000	6,275,000	(6,275,000)	100.0%	64%
SCHEV	82,786,741	16,918,696	(1,771,455)	10.5%	80%
Jefferson Labs	1,503,126	1,503,126	(225,469)	15.0%	0%
Subtotal Institutions	1,697,667,957	1,539,879,167	(86,117,218)	5.6%	9%
Subtotal Affiliated	227,791,180	119,202,176	(13,849,407)	11.6%	48%
Total Higher Education	1,925,459,137	1,659,081,343	(99,966,625)	6.0%	14%

Higher Education Budget Reductions for FY 2009

Appendix C: SCHEV Budget Amendment Summaries

Summary of SCHEV's Latest Calculated Funding Needs by Budget Category

Attachment 1

Estimated 2007-08 Base Adequacy Funding

Institution	Calculated	Available	%	Funding	GF	Incremental Funding		
	Need ^{1,2}	Resources ^{3,4}	to Guideline	Shortfall	Share	GF	NGF	Total
Christopher Newport University	54,947,434	51,119,910	93%	(3,827,524)	64%	2,457,270	1,370,254	3,827,524
College of William and Mary	132,415,393	127,681,835	96%	(4,733,558)	42%	2,007,029	2,726,529	4,733,558
George Mason University	338,843,477	332,884,827	98%	(5,958,650)	53%	3,152,126	2,806,524	5,958,650
James Madison University	216,002,127	200,960,580	93%	(15,041,547)	47%	7,024,402	8,017,144	15,041,547
Longwood University	54,241,444	48,775,228	90%	(5,466,216)	62%	3,367,189	2,099,027	5,466,216
University of Mary Washington	58,769,170	56,516,165	96%	(2,253,005)	53%	1,189,587	1,063,418	2,253,005
Norfolk State University	62,550,479	70,294,744	112%	0	54%	0	0	0
Old Dominion University	234,516,214	206,099,105	88%	(28,417,109)	57%	16,197,752	12,219,357	28,417,109
Radford University	102,682,746	97,454,464	95%	(5,228,282)	61%	3,184,023	2,044,258	5,228,282
University of Virginia	490,534,410	462,097,394	94%	(28,437,016)	39%	11,061,999	17,375,017	28,437,016
University of Virginia at Wise	20,292,656	22,047,898	109%	0	63%	0	0	0
Virginia Commonwealth University	498,150,242	431,379,221	87%	(66,771,021)	52%	34,654,160	32,116,861	66,771,021
Virginia Military Institute	22,940,513	29,991,236	131%	0	39%	0	0	0
Virginia State University	49,906,316	55,513,334	111%	0	48%	0	0	0
Virginia Tech	538,323,033	470,766,310	87%	(67,556,723)	42%	28,508,937	39,047,786	67,556,723
Richard Bland College	8,001,945	8,963,085	112%	0	66%	0	0	0
Virginia Community College Sys	806,051,624	689,588,571	86%	(116,463,053)	59%	68,946,127	47,516,925	116,463,053
Total, All Institutions	3,689,169,223	3,362,133,907	91%	(350,153,704)	51%	181,750,602	168,403,102	350,153,704

Notes

- (1) Based on actual FY08 student FTE and FY06-FY08 3-year average discipline credit hours.
- (2) The cost including blended salary is based on the 2008-10 activity-based budget (ABB).
- (3) Include Chapter 879 FY09 appropriations, October budget reduction, and Tuition Moderation Incentive Fund.
- (4) Excludes funding for OCR at NSU and VSU, VCU Qatar campus, and VCCS central office.

Attachment 2

**Additional Salary Increases and Funding Need
For Teaching and Research Faculty in 2009-10
Effective July 1, 2009**

Institution	Salary Increase ^{1,2}	Additional Funding Need ³		
		GF	NGF	Total
CWM	4.4%	1,039,857	1,412,635	2,452,492
UVa	4.6%	2,755,460	4,327,985	7,083,445
VT	4.4%	3,424,847	4,690,904	8,115,751
VMI	6.7%	225,581	346,960	572,541
VSU	5.1%	418,825	461,059	879,885
NSU	3.0%	356,913	306,494	663,406
LU	2.8%	257,435	160,479	417,914
UMW	1.3%	145,635	130,189	275,825
JMU	4.8%	1,735,918	1,981,251	3,717,169
RU	6.7%	1,304,500	837,536	2,142,036
ODU	5.2%	1,973,268	1,488,605	3,461,873
VT-extension	4.4%	1,030,830	54,254	1,085,084
VSU-extension	5.1%	103,226	5,433	108,659
VCU ⁴	4.6%	3,483,726	3,130,670	6,614,395
RBC	0.9%	14,093	7,228	21,321
CNU	5.6%	715,707	399,101	1,114,808
UVAW ⁵	0.0%	0	0	0
GMU	5.1%	3,582,441	3,039,446	6,621,887
VCCS	7.1%	6,994,381	4,820,452	11,814,833
VIMS	4.4%	260,216	13,696	273,912
Total Funding		29,822,858	27,614,378	57,437,236
Average Increase	4.5%			

Notes:

- (1) Salary increase rate is in addition to the budgeted 2% increase in FY2010.
- (2) Assuming peer salary increase by 3% annually.
- (3) Fund amounts are derived based on the FY08 base adequacy fund share.
- (4) Includes funding for family practice program.
- (5) Already at or above the 60th percentile goal.

Attachment 3

SCHEV Survey of Operation and Maintenance Costs for New E&G and Research Facilities Coming On-Line in FY2009 and FY2010

Institution	Building Name	Building E&G Percent	Building Research Percent	FY 09 Months	FY 10 Months	SCHEV GF Recommendation FY 2009	SCHEV NGF Recommendation FY 2009	SCHEV GF Recommendation FY 2010	SCHEV NGF Recommendation FY 2010
CNU	McMurrin Hall	100%	0%	0	7	\$0	\$0	\$189,390	\$105,610
CWM	1306 Mt Vernon** ++	100%	0%	5	12	\$6,653	\$9,038	\$27,588	\$38,254
CWM	1310 Mt Vernon**	100%	0%	5	12	\$0	\$0	\$0	\$0
CWM	1312 Mt Vernon**	100%	0%	5	12	\$0	\$0	\$0	\$0
CWM	Phase V (Swem Plant for ISC)	100%	0%	11	12	\$32,454	\$44,088	\$37,174	\$50,501
CWM	New School of Business	100%	0%	2	12	\$116,832	\$158,715	\$736,041	\$999,904
CWM	Small Hall Addition	100%	0%	0	10	\$0	\$0	\$101,656	\$138,098
CWM	Main Power Plant Addition	48%	0%	0	3	\$0	\$0	\$17,085	\$23,209
CWM	New School of Education	100%	0%	0	2	\$0	\$0	\$88,200	\$119,819
GMU	Academic VI/Research I	64.0%	36.0%	5	12	\$326,426	\$276,949	\$783,422	\$664,678
GMU	PE Building	100.0%	0.0%	5	12	\$93,796	\$79,579	\$225,110	\$190,990
GMU	Academic V	100.0%	0.0%	3	12	\$97,529	\$82,746	\$390,115	\$330,985
GMU	Surge Space Building	100.0%	0.0%	0	5	\$0	\$0	\$127,789	\$108,420
GMU	Regional Biomedical Lab	100.0%	0.0%	0	5	\$0	\$0	\$133,735	\$113,465
GMU	Arlington II *	96.0%	0.0%	0	3	\$0	\$0	\$297,577	\$252,473
GMU	Fairfax Performing Arts	100.0%	0.0%	0	3	\$0	\$0	\$20,883	\$17,717
GMU	Public Safety Building	100.0%	0.0%	0	3	\$0	\$0	\$53,613	\$45,091
JMU	Center for the Arts	100%	0%	0	4	\$0	\$0	\$195,308	\$222,911
JMU	Music Recital Hall	100%	0%	0	4	\$0	\$0	\$90,790	\$103,621
LU	Comm & Theater Bldg	100%	0%	6	12	\$123,200	\$76,800	\$246,400	\$153,600
NSU	Marie V. McDemmond	60%	40%	12	12	\$376,600	\$323,400	\$489,580	\$420,420
NSU	Police Building	100%	0%	12	12	\$107,600	\$92,400	\$121,050	\$103,950
NSU	New Library	100%	0%	0	12	\$0	\$0	\$333,560	\$286,440
ODU	Central Cooling Plant	100%	0%	12	12	\$167,580	\$126,420	\$177,270	\$133,730
ODU	Physical Sciences, Phase II	100%	0%	6	12	\$205,485	\$155,015	\$432,630	\$326,370
ODU	Recreation Center	70%	0%	6	12	\$283,290	\$213,710	\$594,909	\$448,791
ODU	Village Arts Building (New VAB)	100%	0%	0	4	\$0	\$0	\$70,680	\$53,320
RBC	No Request			0	0	\$0	\$0	\$0	\$0
RU	The Covington Center for Visual and Performing Arts	100%	0%	9	12	\$122,433	\$78,607	\$163,244	\$104,809

Attachment 3 (cont.)

SCHEV Survey of Operation and Maintenance Costs for New E&G and Research Facilities Coming On-Line in FY2009 and FY2010

Institution	Building Name	Building E&G Percent	Building Research Percent	FY 09 Months	FY 10 Months	SCHEV GF Recommendation FY 2009	SCHEV NGF Recommendation FY 2009	SCHEV GF Recommendation FY 2010	SCHEV NGF Recommendation FY 2010
UMW	Lee Hall Addition	100%	0%	7	12	\$73,920	\$66,080	\$126,720	\$113,280
UMW	1201 William Street	100%	0%	10	12	\$39,600	\$35,400	\$47,520	\$42,480
UMW	1004 College Avenue	100%	0%	6	12	\$20,064	\$17,936	\$40,128	\$35,872
UVA	Claude Moore Medical Education Building	100%	0%	0	2	\$0	\$0	\$80,808	\$126,925
UVA	SEAS Projects Building (on O Hill)	100%	0%	0	10	\$0	\$0	\$48,949	\$76,884
UVA	South Lawn	100%	0%	0	6	\$0	\$0	\$457,814	\$719,086
UVA	Bavaro Hall	100%	0%	0	2	\$0	\$0	\$67,005	\$105,245
UVA	Claude Moore Nursing Education Building	100%	0%	12	12	\$206,160	\$323,815	\$227,800	\$357,804
UVA	Carter-Harrison Research Bldg (MR-6)	50%	50%	4	12	\$482,184	\$757,363	\$1,619,946	\$2,544,440
UVA	South Chiller Plant Addition	100%	0%	9	12	\$147,681	\$231,962	\$211,203	\$331,735
UVA	Ruffin Hall	100%	0%	11	12	\$287,886	\$452,181	\$345,642	\$542,897
UVA	Campbell Hall Additions	100%	0%	11	12	\$151,617	\$238,144	\$180,641	\$283,731
UVA	480 Ray C. Hunt Drive Annex (LiSA)	0%	100%	9	12	\$243,328	\$382,194	\$357,254	\$561,137
UVA	Montesano	100%	0%	2	12	\$6,042	\$9,490	\$39,165	\$61,516
UVA-W	Drama Building	100%	0%	3	12	\$71,297	\$41,515	\$285,545	\$166,267
VCCS	Maintenance Building, DCC	100%	100%	10	12	\$34,256	\$23,609	\$41,107	\$28,330
VCCS	Health Sciences - DCC	100%	100%	3	12	\$37,269	\$25,685	\$149,074	\$102,741
VCCS	Business Development and Workforce Training Center, ESCC	100%	100%	9	12	\$141,856	\$97,766	\$189,142	\$130,354
VCCS	Maintenance Building, GCC	100%	100%	10	12	\$34,547	\$23,810	\$41,457	\$28,571
VCCS	Construct Workforce Training and Technology Center, JSRCC	100%	100%	0	7	\$0	\$0	\$82,242	\$56,680
VCCS	Midlothian Phase II - JTCC	100%	100%	0	10	\$0	\$0	\$266,061	\$183,366
VCCS	Science Laboratory Building, LFCC	100%	100%	11	12	\$211,849	\$146,004	\$231,108	\$159,277
VCCS	LFCC	100%	100%	0	6	\$0	\$0	\$77,732	\$53,572
VCCS	Maintenance Building, MECC	100%	100%	11	12	\$40,899	\$28,187	\$44,617	\$30,749
VCCS	Maintenance Building, NRCC	100%	100%	12	12	\$39,776	\$27,414	\$39,776	\$27,414
VCCS	Computer Services Expansion, NRCC	100%	100%	11	12	\$11,050	\$7,616	\$12,055	\$8,308
VCCS	Addition to HVAC Building (Woodbridge), NVCC	100%	100%	12	12	\$74,732	\$51,505	\$74,732	\$51,505
VCCS	Phase III and Renovate Phase I & II, Alexandria, NVCC	100%	100%	11	12	\$447,742	\$308,579	\$488,446	\$336,632
VCCS	Phase III Academic Building, NVCC-Manassas	100%	100%	0	6	\$0	\$0	\$171,149	\$117,954
VCCS	Science and Technology Building, PVCC	100%	100%	0	6	\$0	\$0	\$95,742	\$65,984
VCCS	Maintenance Building, SWVCC	100%	100%	6	12	\$14,954	\$10,306	\$29,908	\$20,612
VCCS	Learning Resources Building, SWVCC	100%	100%	6	12	\$177,784	\$122,527	\$355,568	\$245,054
VCCS	District Administrative Facility, TCC*	100%	100%	12	12	\$340,341	\$234,559	\$340,341	\$234,559
VCCS	Regional Automotive Technology/Workforce Development Center, TCC	100%	100%	11	12	\$139,318	\$96,016	\$151,983	\$104,745
VCCS	Portsmouth Campus Relocation - TCC	100%	100%	0	10	\$0	\$0	\$637,110	\$439,089
VCCS	Regional Health Professions Center - TCC	100%	100%	0	3	\$0	\$0	\$76,219	\$52,529
VCCS	Acquire Hampton III Building, TNCC*	100%	100%	12	12	\$205,737	\$141,791	\$205,737	\$141,791
VCCS	Historic Triangle Campus, TNCC	100%	100%	3	12	\$151,983	\$104,745	\$607,932	\$418,980
VCCS	Snyder Auditorium - WCC	100%	100%	0	8	\$0	\$0	\$20,120	\$13,867

Attachment 3 (cont.)

SCHEV Survey of Operation and Maintenance Costs for New E&G and Research Facilities Coming On-Line in FY2009 and FY2010

Institution	Building Name	Building E&G Percent	Building Research Percent	FY 09 Months	FY 10 Months	SCHEV GF Recommendation FY 2009	SCHEV NGF Recommendation FY 2009	SCHEV GF Recommendation FY 2010	SCHEV NGF Recommendation FY 2010
VCU	School of Engineering2 - Life and Health Sciences	0%	100%	8	12	104,008	\$96,392	217,409	\$201,491
VCU	Medical Sciences Building II	19%	81%	6	12	350,104	\$324,470	714,013	\$661,734
VCU	School of Dentistry Addition	67%	33%	0	12	0	\$0	200,853	\$186,147
VMI	Kilbourne (Bldg 45/Infill)	100%	0%	12	12	15,760	\$104,240	17,467	\$ 115,533
VMI	Kilbourne (Main ROTC)	100%	0%	10	12	13,790	\$28,210	16,548	\$ 25,452
VMI	Mallory Hall	100%	0%	12	12	8,865	\$36,135	8,865	\$ 36,135
VMI	Leadership Center	100%	0%	8	12	74,335	\$208,665	121,746	\$ 187,254
VSU	No Request			0	0	\$0	\$0	\$0	\$0
VT	Cowgill Hall Renovations - HVAC & Power	100%	0%	12	12	\$59,840	\$81,961	\$59,840	\$81,961
VT	Agnew Hall Renovations	100%	0%	11	12	\$6,158	\$8,434	\$6,718	\$9,201
VT	Henderson Hall Renovations/Black Box Theater	100%	0%	1	12	\$11,225	\$15,375	\$84,905	\$116,292
VT	Campus Heat Plant	100%	0%	6	12	\$163,246	\$223,594	\$328,603	\$450,077
VT	Hazardous Waste Facility	100%	0%		1	\$0	\$0	\$7,124	\$9,758
VT	Institute for Critical Technologies and Applied Sciences II	0%	100%		1	\$0	\$0	\$52,118	\$71,384
VT	Hampton Roads Classroom Addition	100%	0%	8	12	\$3,895	\$5,335	\$3,100	\$4,245
VIMS	No Request					\$0	\$0	\$0	\$0
Grand Total						\$6,704,975	\$6,856,476	\$16,549,604	\$16,835,803

Please note: Both FY 2009 and FY 2010 are stated in dollars incremental to the base.

Attachment 4

**2009-10 Virginia Undergraduate
Student Financial Assistance Program
Funding Calculations
(Based on Maintaining the FY09 Percent of Need Met)**

Institution	Incremental Funding to Maintain the FY2009 Percentage
Christopher Newport University	\$501,239
College of William and Mary	\$407,916
George Mason University	\$1,232,425
James Madison University	\$844,827
Longwood University	\$451,456
University of Mary Washington	\$170,395
Norfolk State University	\$622,822
Old Dominion University	\$1,286,358
Radford University	\$788,245
University of Virginia	\$942,429
University of Virginia at Wise	\$250,935
Virginia Commonwealth University	\$1,656,074
Virginia Military Institute	\$103,509
Virginia State University	\$467,154
Virginia Tech	\$1,719,365
Richard Bland College	\$37,507
Virginia Community College System	\$2,332,162
Total, All Institutions	\$13,814,818

Note:

(1) Based on FY07 student financial aid data, an assumed tuition and fees increase of 7%, and an indirect cost increase of 5% in FY10.

(2) All numbers are based on state funding calculations. Student need calculated by each institution will vary.

Attachment 5

2009-10 Virginia Graduate Commonwealth Award Funding Calculations¹

Institutio	Year One of a Three-Year Phase-In ²
Christopher Newport University	\$14,586
College of William and Mary	\$242,721
George Mason University	\$748,104
James Madison University	\$582,592
Longwood University	\$17,430
University of Mary Washington	\$24,422
Norfolk State University	\$226,124
Old Dominion University	\$636,251
Radford University	\$379,781
University of Virginia	\$1,300,142
Virginia Commonwealth University	\$1,037,670
Virginia State University	\$128,293
Virginia Tech	\$714,515
Total, All Institutions	\$6,052,631

Notes:

(1) Assumptions:

- (a) All calculations based on fall 2007 full-time enrollment.
- (b) Goal -- increase average awards to FY95 levels per institution -- with 8 percent minimum affecting CNU, LU, and UMW.
- (c) 2009-10 tuition and fees based on annual increase of 7 percent.

(2) Approximately \$6.1 million needed per year over three years to reach the goal.