HB/SB 5003 Introduced Budget
Higher Education Funding
2014 – 2016 Biennium

Briefing for FOCUS

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Virginia Department of Planning and Budget
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Continuing to implement the TJ21 Legislation

<table>
<thead>
<tr>
<th>Buckets</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>Biennial Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Aid &amp; Operations</strong></td>
<td>$75,000,000</td>
<td>$75,000,000</td>
<td>$150,000,000</td>
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<tr>
<td>-base operations</td>
<td>30%</td>
<td>$22,500,000</td>
<td>$45,000,000</td>
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<tr>
<td>-undergraduate financial aid</td>
<td>30%</td>
<td>$6,750,000</td>
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<tr>
<td>-graduate financial aid</td>
<td>63%</td>
<td>$14,175,000</td>
<td>$28,350,000</td>
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<tr>
<td></td>
<td>7%</td>
<td>$1,575,000</td>
<td>$3,150,000</td>
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<tr>
<td><strong>Performance</strong></td>
<td>70%</td>
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<td>$105,000,000</td>
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<tr>
<td>-enrollment</td>
<td>20%</td>
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<td>$21,000,000</td>
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<tr>
<td>-degree incentives</td>
<td>60%</td>
<td>$31,500,000</td>
<td>$63,000,000</td>
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<tr>
<td>-performance-based initiatives</td>
<td>20%</td>
<td>$10,500,000</td>
<td>$21,000,000</td>
</tr>
</tbody>
</table>
Funding Recommendations

• Increase base funding for operational costs ($13.5 million)

✓ For institutions at less than 92 percent of the funding guidelines, the goal is to phase-in funding over four years or less to get the institutions to 92 percent of guideline funding. The following institutions are below the 92 percent goal:

  ▪ Old Dominion University is currently the lowest in terms of base funding to guidelines at 84 percent. Funding is recommended to bring the institution to 88 percent.

  ▪ Eastern Virginia Medical School is currently at 89 percent of guideline funding. Funding is recommended to bring the medical school to 90 percent.

  ▪ Norfolk State University is currently at 90 percent of base funding to guidelines. Funding is recommended to bring the institution to 92 percent.
Funding Recommendations (cont.)

• Provide for degree incentives ($63.0 million)
  ✓ Funding is distributed using the model circulated by the college presidents to the 2011 Higher Education Advisory Committee, which rewards institutions for their efforts to graduate students, especially those who are STEM majors, graduate in less time, or are considered part of an underrepresented group.
  ✓ The model was revised to incorporate incentives for access and retention, as well as for completion and efficiency.
  ✓ Degree incentives is the single largest component of the higher education funding package – recognizes and rewards institutions for performance.
Funding Recommendations (cont.)

• Provide funding for enrollment growth ($21.0 million)
  ✓ Supports the provisions of the TJ21 legislation.
  ✓ For four-year institutions, amount provided equals amount proposed for the Tuition Assistance Grant (TAG) Program for private institutions ($3,300).
  ✓ For two-year institutions, amount provided is $2,300.
  ✓ Calculations based on the projected enrollment growth between FY 2014 and FY 2016.
  ✓ Amount prorated among institutions showing growth by the second year.
Funding Recommendations (cont.)

• **Increase undergraduate financial aid support ($28.4 million)**
  - Intent is to enhance affordability for both low-income and middle-income students and their families.
  - Funding is also intended to support work-study programs.
  - Distribution based on SCHEV’s Partnership Model.
  - The financial aid funding was floored at $100,000 per year; those institutions below 40 percent of the Partnership Model were provided additional funding to help close the gap in achieving 40 percent.

• **Increase graduate financial aid support ($3.2 million)**
  - Provides funding to attract and retain high caliber graduate students to assist at Virginia’s research universities.
  - Amounts prorated similar to SCHEV’s recommendation for graduate aid.
Funding Recommendations (cont.)

• **Support higher education research ($14.6 million)**
  
  - Continues support of Virginia’s publicly recognized research programs.
  
  - Eight different research programs targeted, including cancer treatment, addressing movement disorders, exploring the use of electrical fields, and understanding the brain.

• **Specific operating initiatives ($7.2 million)**
  
  - Nineteen operating initiatives at eleven institutions funded to primarily enhance student retention and graduation.
Other Higher Education Funding

• Other higher education-related funding ($32.4 million) includes:

  ✓ Virtual Library of Virginia (VIVA) to provide access to STEM e-books and maintain existing contracts ($3.1 million)

  ✓ Provide support for workforce development under VCCS ($2.1 million)

  ✓ Establish veterans consortium ($1.6 million)

  ✓ Expand 4-VA initiative ($915,000)

  ✓ Expand Commonwealth Center for Advanced Logistics ($438,750)

  ✓ Establish Virginia Higher Education Procurement Cooperative ($259,000)
Other Higher Education Spending

• Higher Education Equipment Trust Fund
  ✓ $64.2 million each year for the biennium to support replacement of computers and specialized research equipment.
  ✓ 2014 HEETF reimbursement

• Continue funding for interest earnings and credit card rebates
  ✓ Interest earnings ($3.7 million each year)
  ✓ Credit Card Rebates ($1.8 million each year)

• Two percent salary increase beginning April 1, 2015
  ✓ Total funding of $30.9 million provided for the biennium.
Capital Outlay Recommendations

- Provides funding for maintenance reserve for institutions of higher education and higher education centers to address critical maintenance needs in state-owned facilities ($39.2 million).

- Provides funding in central accounts to be disbursed to agencies and institutions of higher education for equipment purchases related to previously authorized capital projects ($20.6 million).

- No major capital outlay package for higher education proposed for the 2014-2016 biennium.
Major budget drivers: 2004-2014

The net change in general fund spending on budget drivers from FY 2004 to FY 2014 ranges from 24 percent to 105 percent.

All programs 44.5%