

State Council of Higher Education for Virginia Agenda Item

Item: Resources and Planning Committee #4 – Action on 2016-18 Systemwide Operating Budget

Date of Meeting: October 26, 2015

Presenter: Dan Hix, Finance Policy Director
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Most Recent Review/Action:

- No previous Council review/action
 Previous review/action

Date: September 21, 2015

Action: The council reviewed and discussed the erosion of funding update and the preliminary operating budget calculations for the 2016-18 biennium.

Summary of Major Elements:

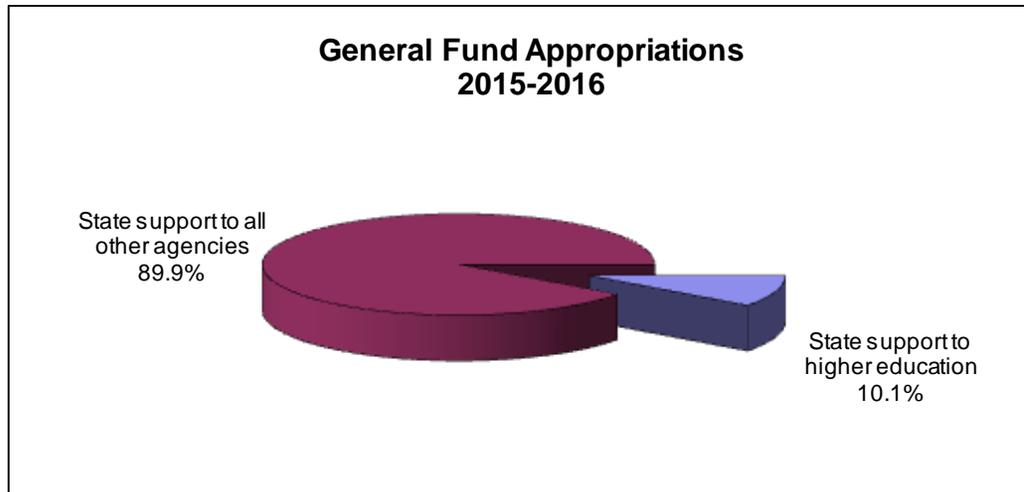
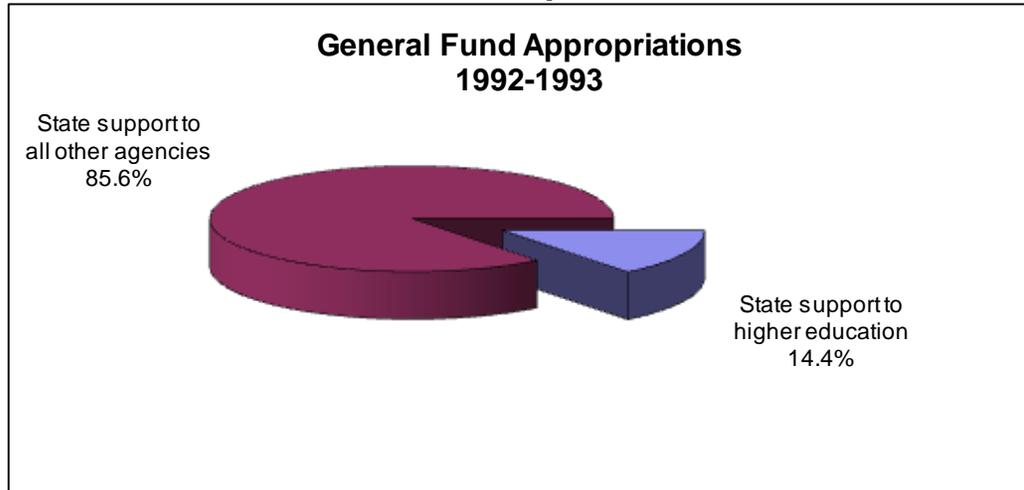
A Structural Problem: Fluctuations in state funding that result from cyclical economic conditions in Virginia present a tremendous challenge to the well-being of our public higher education institutions and the state's students and families. However, an even greater challenge to Virginia's public higher system is emerging as both internal and external data indicate an aggregate decline in state support over the past 20 years. Further, based on the most recent national data, Virginia is ranked 44th in the country in terms of general fund support for higher education on a per student basis. All but one state in the Southern Regional Education Board (SREB) ranked above us.

- Between 1992 and 2016, general fund appropriations to public higher education in Virginia fell from 14.4% to 10.1% of total state appropriations based on the Appropriation Act of 2015. This aggregate decline in state funding has been masked by increases in funding when the economy is doing well followed by decreases in funding when the economy contracts.
- On a per student basis, general fund appropriations declined by 17.9% at four-year institutions and by 15.8% at the VCCS between 1992 and 2016 based on the budget for FY16. In contrast, tuition revenues from all sources increased by 90.1% for four-year institutions and 94.3% for the VCCS during the same time period. This means Virginia's students and their families are shouldering an increasing portion of college costs.
- Based on the nominal data that states submitted to the State Higher Education Executive Officers (SHEEO) in 2014, Virginia ranked 43rd for state and local

appropriations per student. Our neighboring states to the north and south ranked substantially higher— North Carolina ranked 9th and Maryland ranked 12th.

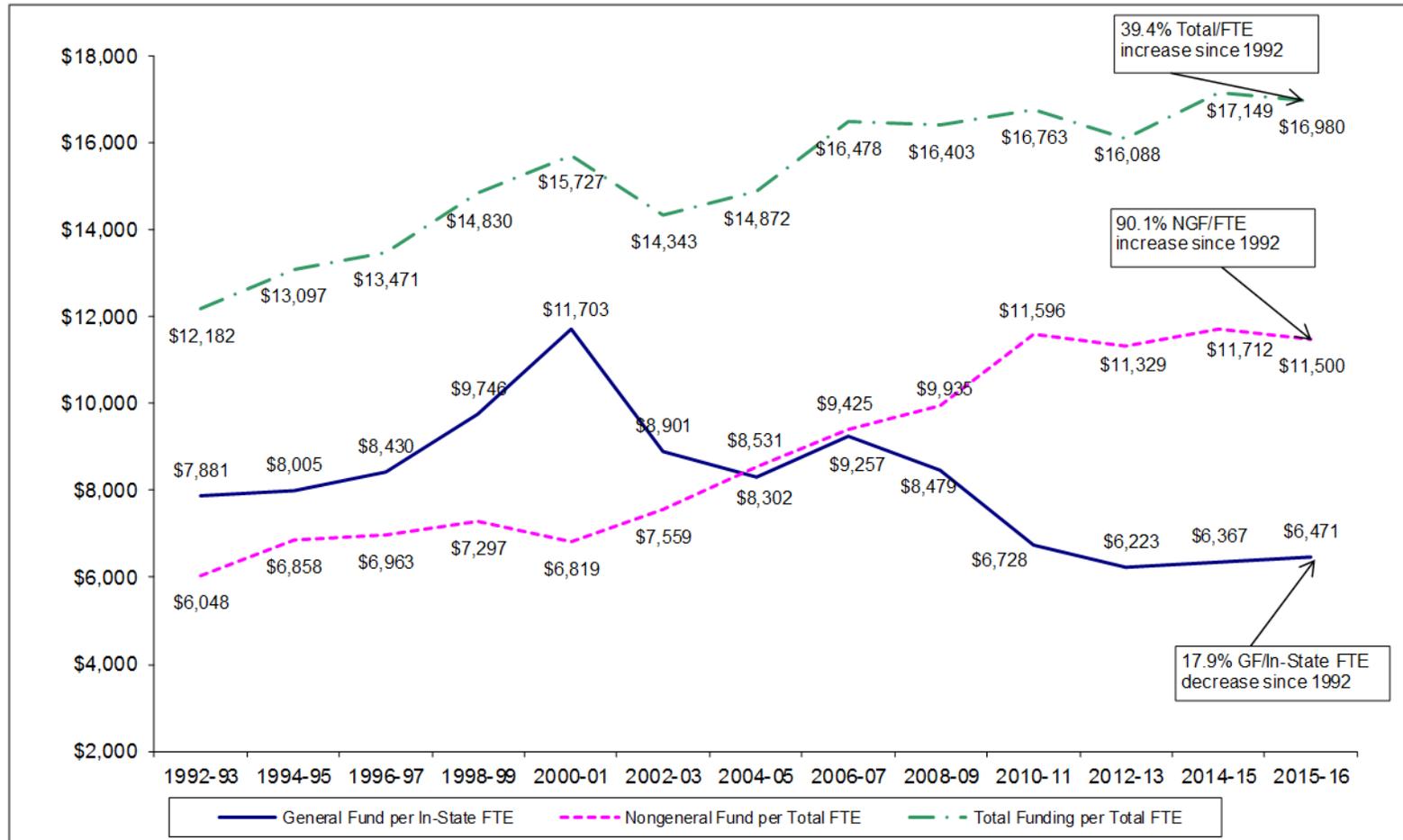
- While the national average for state and local appropriations was \$6,552 in 2014 based on the same data, Virginia's appropriation per student was \$1,781 lower at \$4,771. North Carolina's appropriation per student was \$7,798 for the same time period. Maryland's appropriation per student was \$7,372.
- Virginia lags behind regionally as well for 2014. Of the 16 Southern Regional Education Board (SREB) states, only South Carolina provided less state support on a per student basis than Virginia at four-year public institutions.

Erosion Update*



*The appendices to the 2009 staff report, "The Erosion of State Funding for Virginia's Public Higher Education Institutions," have been updated to reflect the latest available data.

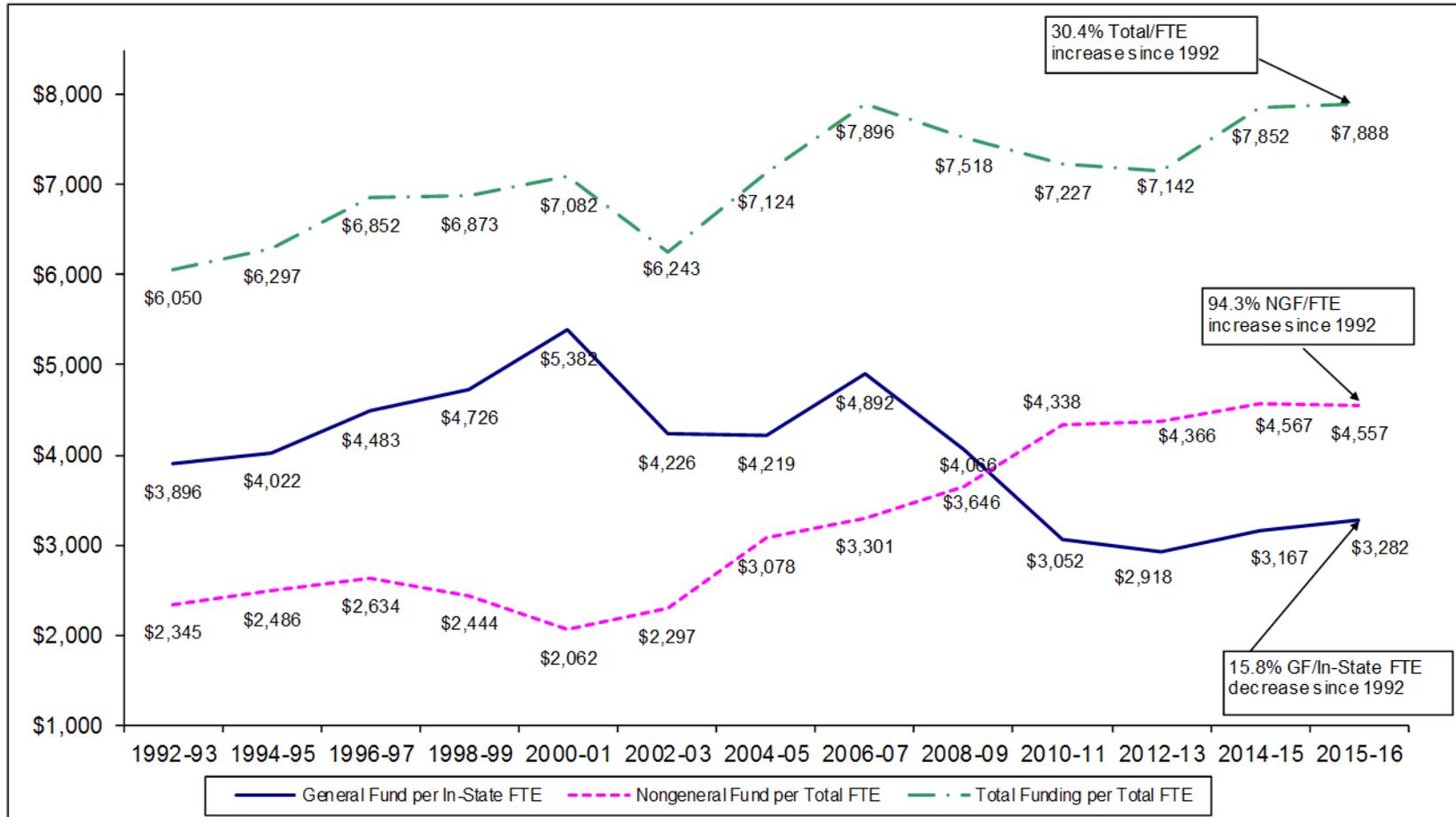
Average Funding per FTE Student at Four-Year Institutions (in 2015-16 Constant Dollars)



Notes:

- (1) Total Funding per Total FTE is not the sum of General Fund per In-State FTE and Nongeneral Fund per Total FTE.
- (2) FY 16 is based on projected enrollments. All other years are based on actual enrollments.
- (3) Funding by fund comes from Chapter 665, 2015.
- (4) FY 10 and FY 11 Nongeneral Fund per Total FTE include funding from the American Recovery and Reinvestment Act of 2009.
- (5) General fund per in-state FTE has decreased by 44.7% from the peak year of FY2001 to FY2016.

Average Funding per FTE Student at Virginia Community Colleges (in 2015-16 Constant Dollars)



Notes:

- (1) Total Funding per Total FTE is not the sum of General Fund per In-State FTE and Nongeneral Fund per Total FTE.
- (2) FY16 is based on projected enrollments. All other years are based on actual enrollments.
- (3) Funding by fund comes from Chapter 665, 2015.
- (4) FY10 and FY11 Nongeneral Fund per Total FTE include funding from the American Recovery and Reinvestment Act of 2009.
- (5) General fund per in-state FTE has decreased by 39% from the peak year of FY2001 to FY2016.

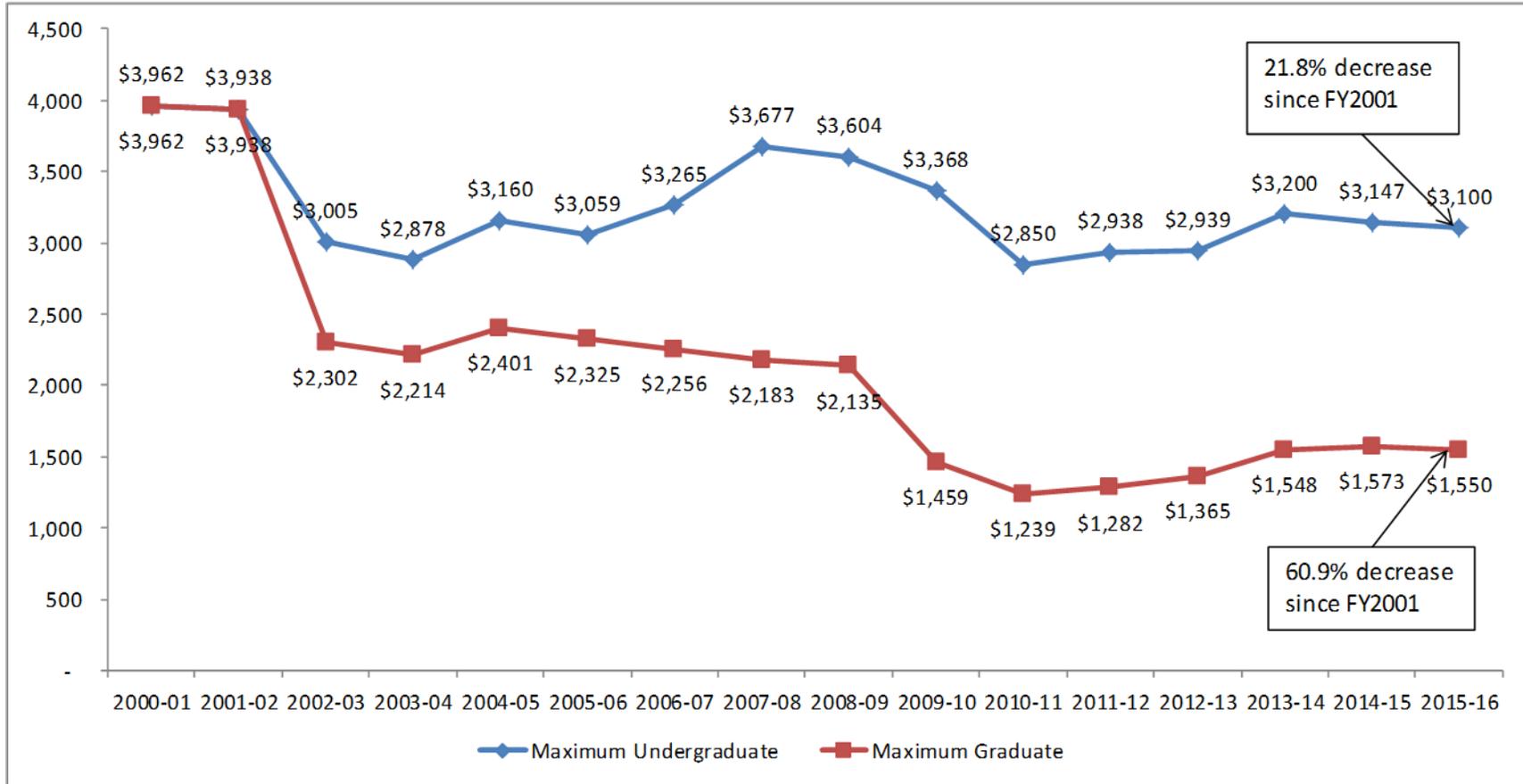
FY2014 Public Higher Education Support per Student¹

State and Local Approp.			Tuition and Fee Revenue			Total Revenue		
State	Per FTE	Ranking	State	Per FTE	Ranking	State	per FTE	Ranking
Alaska	\$17,153	1	Delaware	\$16,645	1	Alaska	\$23,267	1
Wyoming	\$13,615	2	Vermont	\$14,540	2	Delaware	\$22,681	2
Illinois	\$12,414	3	Rhode Island	\$12,043	3	Illinois	\$18,699	3
Hawaii	\$11,004	4	Michigan	\$11,733	4	Connecticut	\$18,324	4
New York	\$9,329	5	New Hampshire	\$10,995	5	Vermont	\$17,199	5
Connecticut	\$8,820	6	Pennsylvania	\$10,245	6	Rhode Island	\$17,191	6
North Dakota	\$8,734	7	Connecticut	\$9,504	7	Michigan	\$16,833	7
Nebraska	\$8,282	8	New Jersey	\$9,259	8	Hawaii	\$16,684	8
North Carolina	\$7,798	9	Colorado	\$9,032	9	North Dakota	\$16,210	9
California	\$7,728	10	Alabama	\$8,990	10	Wyoming	\$15,998	10
New Mexico	\$7,725	11	Maine	\$8,707	11	New Jersey	\$15,609	11
Maryland	\$7,372	12	Iowa	\$8,541	12	Maine	\$15,188	12
Massachusetts	\$7,293	13	South Dakota	\$8,208	13	Maryland	\$14,857	13
Georgia	\$7,027	14	Virginia	\$7,697	14	New York	\$14,595	14
Texas	\$6,943	15	South Carolina	\$7,663	15	Pennsylvania	\$14,297	15
Arkansas	\$6,794	16	Indiana	\$7,631	16	Iowa	\$14,154	16
Nevada	\$6,693	17	Ohio	\$7,548	17	Nebraska	\$13,987	17
Maine	\$6,481	18	Minnesota	\$7,490	18	New Hampshire	\$13,628	18
Idaho	\$6,434	19	Maryland	\$7,485	19	Alabama	\$13,549	19
Tennessee	\$6,384	20	North Dakota	\$7,476	20	Indiana	\$13,346	20
New Jersey	\$6,350	21	Oregon	\$6,903	21	Massachusetts	\$13,213	21
Kentucky	\$6,324	22	Illinois	\$6,729	22	Minnesota	\$13,100	22
Oklahoma	\$6,272	23	Arizona	\$6,720	23	Colorado	\$12,396	23
Delaware	\$6,079	24	West Virginia	\$6,257	24	Virginia	\$12,390	24
Wisconsin	\$5,999	25	Alaska	\$6,114	25	South Dakota	\$12,279	25
Washington	\$5,903	26	Massachusetts	\$5,920	26	Kentucky	\$12,188	26
Utah	\$5,892	27	Kansas	\$5,912	27	Ohio	\$11,982	27
Indiana	\$5,714	28	Kentucky	\$5,864	28	Tennessee	\$11,788	28
Kansas	\$5,673	29	Montana	\$5,813	29	North Carolina	\$11,729	29
Iowa	\$5,613	30	Nebraska	\$5,705	30	Arizona	\$11,691	30
Minnesota	\$5,611	31	Hawaii	\$5,680	31	Wisconsin	\$11,617	31
Mississippi	\$5,549	32	Wisconsin	\$5,618	32	Kansas	\$11,585	32
Florida	\$5,456	33	Missouri	\$5,543	33	South Carolina	\$11,486	33
Arizona	\$5,331	34	Tennessee	\$5,542	34	Texas	\$11,362	34
Missouri	\$5,296	35	Washington	\$5,442	35	Washington	\$11,345	35
Montana	\$5,215	36	New York	\$5,266	36	New Mexico	\$11,343	36
Alabama	\$5,149	37	Utah	\$5,211	37	Oregon	\$11,326	37
Rhode Island	\$5,149	38	Oklahoma	\$4,742	38	Georgia	\$11,322	38
Louisiana	\$5,127	39	Texas	\$4,420	39	Utah	\$11,103	39
Michigan	\$5,100	40	Arkansas	\$4,395	40	Montana	\$11,029	40
South Dakota	\$4,870	41	Georgia	\$4,302	41	Oklahoma	\$11,014	41
West Virginia	\$4,795	42	Louisiana	\$4,177	42	Missouri	\$10,839	42
Virginia	\$4,771	43	North Carolina	\$3,931	43	Nevada	\$10,504	43
South Carolina	\$4,447	44	Idaho	\$3,914	44	Arkansas	\$10,413	44
Ohio	\$4,434	45	Nevada	\$3,811	45	Idaho	\$10,348	45
Oregon	\$4,423	46	Mississippi	\$3,776	46	West Virginia	\$10,344	46
Pennsylvania	\$4,052	47	New Mexico	\$3,618	47	California	\$9,872	47
Colorado	\$3,364	48	Florida	\$2,937	48	Mississippi	\$9,325	48
Vermont	\$3,162	49	Wyoming	\$2,416	49	Louisiana	\$9,305	49
New Hampshire	\$2,632	50	California	\$2,144	50	Florida	\$8,393	50
US	\$6,552		US	\$5,777		US	\$12,266	

Note: (1) Data includes tax appropriations, state funded endowment earnings, and financial aid but excludes enrollment and revenue related to agricultural, medical and research funding.

Source: SHEF Report 2014 by the State Higher Education Executive Officers (SHEEO).

Tuition Assistance Grant Funding by Student Type (2015-16 constant dollars)



An Opportunity to Reinvest in Virginia's System of Higher Education

Since FY2008 and the beginning of the great recession, Virginia public higher education institutions have experienced seven general fund reductions over nine fiscal years. Institutions increased tuition revenue to help offset the budget cuts in order to assure adequate instructional delivery to students. As a result, the share of the general fund appropriations for E&G programs reduced from 44% in FY2008 to 31% in FY2016.

Students and their families are shouldering a much larger share of their college costs now. Although the state has increased funding for student financial aid, the increase in financial aid has not kept up with the increase in the cost of education and student financial need. Therefore, the percent of need met has been reduced from 61% to 31% during this period. College access and affordability is in jeopardy.

Virginia remains heavily dependent on federal contract spending and potential cutbacks on military spending and sequestration is still a significant concern. However, there are signs that Virginia's economy is improving. Virginia's unemployment rate of 4.5 percent is the lowest rate of any state in the Southeast and we have had 16 consecutive months of positive year-over-year job growth. In the housing market, Virginia experienced its strongest second quarter since the 2008 recession. We have also maintained our triple-A bond rating through both recessions this century.

In his August 27 address to the General Assembly Money Committees, Governor McAuliffe spoke of having the opportunity to make major investments in long-term infrastructure that will make our Commonwealth more competitive for decades to come—and that infrastructure is the system on which we rely to prepare the next generation of Virginians. Our diverse system of higher education can certainly help in building Virginia's new economy.

A recovering economy will allow the Commonwealth to reinvest substantially in higher education. Mindful of competing demands for resources, the plan below offers a balanced approach to state and institutional priorities. To keep the package within a range that can be supported by a stronger economy, the recommendations focus primarily on the first year of the next biennium. Continued growth in the economy will allow the Commonwealth to invest further in the second year of the biennium. SCHEV staff recommends an increase of about \$110 million from the general fund in the first year for a combination of operating expenses (\$74.3 million) and student financial aid (\$35.9 million).

With this in mind, SCHEV staff presents the following 2016-18 budget recommendations for the Council's consideration. The recommended funding items are grouped into three categories: educational and general program, student financial aid, and systemic budget items within the SCHEV budget.

(A) Educational and General Programs

(A.1) Base Operations Funding

(a) Cost of education and institutional priorities

Colleges and universities use operating funds for the core academic enterprise: faculty, staff, library materials, instructional equipment, laboratory supplies, technology and facilities maintenance, among others. It is the learning environment that distinguishes higher education from other enterprises, and appropriate support of it allows for broad access to a high-quality educational experience at an affordable price.

In previous years, the Council has made separate and discreet recommendations in various categories of funding. This year, SCHEV staff recommends a general appropriation increase based on three categories. Those categories are described below. The institution would have discretion to use the additional appropriation for the priorities that improve affordable access, enhance student success, foster change and improvement and promote economic and cultural prosperity – the four goals of The Virginia Plan for Higher Education.

SCHEV staff also believes that the price of higher education continues to put a strain on Virginia families. Affordable access is achieved through a combination of state general fund support, student financial aid and institutional efficiencies. To mitigate the need for tuition increases in the 2016-2018 biennium, SCHEV staff recommends that funding for base operations derive predominately from state general fund. If the Governor and the General Assembly support this recommendation, SCHEV staff estimates that tuition increases in 2016-17 will be the lowest in 15 years.

Based on these broad parameters, which provide resources for core services and institutional flexibility to apply them to high priorities, SCHEV staff recommends a total of \$94.7 million from the general fund and \$30.5 million from nongeneral funds for the 2016-18 biennium for base operations.

i. Faculty Salaries

- The 2015 General Assembly provided a 2% salary increase to all state employees including teaching and research faculty in FY2016 and allowed institutions to provide up to 2.5% additional faculty salary increase through E&G resource reallocations. As a result, the ranking of average teaching and research faculty (T&R) salary at 4-year institutions to national peers increased to the 41st percentile in FY2016. Nationally the average faculty salary increase was 2.2% in FY2015.
- Institutions stated in their 2015 six-year plans that faculty salaries falling behind those of their peer institutions represent the greatest threat to faculty recruitment and retention. SCHEV staff believes that maintaining the commitment to faculty salaries is critical to meeting the goals outlined in the Virginia Plan, including the ability to foster faculty excellence, scholarship and diversity.

- **Salary increases for faculty should be based on merit and provided as an incentive for meeting state and institutional priorities.**
- While administrative faculty, part-time faculty and other support staff (classified employees) are not included in this recommendation, the institutions and the Commonwealth ultimately will need to address the appropriate level of compensation needed to attract and retain high-performing employees.
- A total of \$57.6 million in the 2016-18 biennium, all from the general fund, would give institutions the flexibility to provide at least a 2% faculty salary increase in FY 2017. Institutions also have the option to apply tuition revenue to provide a greater increase to remain competitive with peer institutions.
- Should the Governor and the General Assembly decide to provide a general salary increase to faculty and other state employees, these funds could be allocated specifically for that purpose.

ii. Operation and Maintenance of New Facilities Coming Online

- The 2015 General Assembly provided additional funding to support college and university base operations, some of which will be used to support O&M. However, targeted funding for this item has not been provided since 2011.
- As noted in the Capital Outlay recommendations, staff believes that the Commonwealth should place a higher priority on maintaining its facilities. This applies to both capital appropriations and for operating appropriations, which is why the Council continues to recognize the need for additional support for O&M.
- A total of \$27.7 million from the general fund and \$22.2 million from nongeneral funds in the 2016-18 biennium would give institutions the flexibility to provide for the operation and maintenance of new educational facilities without placing an undue burden on students and families.

iii. Cost of Education

- The 2015 General Assembly provided \$34 million in additional general fund for E&G programs in FY2016. But this addition did not offset the prior budget reduction for FY2016. The total general fund support for E&G programs in FY2016 is still 0.8% below the original budget.
- The Base Adequacy/Cost of Education calculation provides a funding benchmark for public institutions' basic operation. The model is sensitive to changes in enrollment (which results largely from student retention and progression) by student level and discipline. Following the base adequacy guidelines, SCHEV staff used the actual FY2015 student enrollment and institutions' 2016-18 activity-based budget (ABB) to calculate the funding need, and compared with institutions' ABB budget. The result showed that five

institutions are below full funding. The average percent of funding to guidelines for these institutions is 97%.

- A total of \$9.4 million from the general fund and \$8.3 million from nongeneral funds would provide Old Dominion University and Eastern Virginia Medical School that fall well below the Base Adequacy/Cost of Education calculation with the resources needed to address core operating expenses.

(b) Higher Education Equipment Trust Fund

In 2000, the Council established an equipment allocation methodology for the HEETF based on institutional needs for (1) regular inventory replacement and (2) technology upgrades. A 9-year replacement cycle, issued for instructional and research equipment, is applied to the current institutional equipment inventories in the Educational and General programs of Instruction, Research and Academic Support. Staff has provided a summary table of 2015-16 HEETF allocations by institution for information purposes.

The HEETF addresses half of the identified need and institutional operating funds cover the other half. To continue the progress made in the 2014-16 biennium with updating institutional equipment inventories, the annual replacement need to be covered by the HEETF will be \$62.3 million per year or \$124.6 million for the 2016-18 biennium.

The HEETF model also includes funding for computers for student use. The Council established a goal of providing 7% of the full-time equivalent students with a microcomputer. In 2000, this rate was considered adequate to accommodate students' need for access to computer resources. Since then, allocations have been sufficient to maintain this level of coverage. To continue supporting the 14:1 students-to-computer ratio at a cost of \$1,800 per computer, an additional allocation of \$13.6 million per year is needed. This policy allows for computer replacement approximately once every three years.

For the 2014-16 biennium, the Council recommended the allocation of over \$19 million a year in support of research equipment through HEETF. This year, SCHEV staff recommends that the Commonwealth establish a pooled bond authorization to finance, as needed and over time, new or renovated facilities and equipment for research activities. The funding for research equipment in 2016-18 biennium is presented in Section (d) –Research Competitiveness.

Estimated debt service payments by institution total \$11.8 million from the general fund for the traditional HEETF recommendation in FY2018.

(A.2) Virginia Plan Initiatives

(c) Performance Allocation for Student Success

The Virginia Plan for Higher Education is the statewide strategic plan for higher education developed by SCHEV and endorsed by the General Assembly. It sets four goals that include affordable access, student success, change and improvement, and economic and cultural prosperity in order to establish a framework to guide higher education in the Commonwealth. The Plan identifies strategies for achieving the goals and measures to determine if progress is being made over time.

SCHEV staff has compiled examples and documentation of institutional initiatives for affordable pathways and student success (a few of which are included below) submitted in the recent six-year plans that would:

- Cultivate affordable, efficient and effective pathways for students in all parts of the state;
 - George Mason University proposes an initiative to support accessible student pathways. It includes providing access to non-traditional populations by (1) creating additional community college pathways; (2) serving adult students, active—duty military and veterans; (3) serving underrepresented populations; and (4) serving international students.
- Improve the college completion rate and especially increase the enrollment and completion rate of students from under-represented populations;
 - Richard Bland College in partnership with IBM-Portal is developing predictive analytics services, which will identify at-risk students before they begin to miss class or do poorly on graded material.
- Increase undergraduate degree awards and workforce credentials, especially in high-demand occupations;
 - Norfolk State University proposes increasing the number of online degree programs in high demand fields and careers by targeting nontraditional students and military personnel. NSU identified nursing, cyber security, and health services management as the initial areas of focus for online program development and enhancement.
- Provide effective academic and student services infrastructures focused on persistence and completion;
 - Virginia Commonwealth University, Norfolk State University, Radford University, Christopher Newport University and others seek to improve student success by providing students with common experiences inside and outside of the classroom, such as experiential learning, co-curricular activities and research.

SCHEV staff believes that institutional performance is a cornerstone and expectation of higher education funding. Therefore, staff recommends three options for the Virginia Plan initiatives as follows:

- Option 1 provides funding based on individual institutional initiatives in the six-year plan. The advantage of this option is the initiative was initiated by the institution. The disadvantage is some institutions will miss this funding opportunity if they did not mention plans for affordable pathways or student success in their six-year plans.
- Option 2 provides pooled fund. Funds will be distributed based on an allocation strategy tied to performance, such as the percent of under-represented student enrollment and graduates. The advantages of this option are institutions are treated equitably and it provides targeted incentives to institutions. The disadvantage is each institution may not get sufficient funds for its initiative as the funding is spread among institutions.
- Option 3 establishes an incentive fund. Funds will be allocated based on institutional proposals and subject to criteria that encourage lower-cost educational pathways, student success, and collaboration among school divisions, community colleges and universities. The advantage of this option is all institutions would have an opportunity to participate. The disadvantage is some institutions' proposals may not be funded as funding is limited.

Staff recommends (option 2) that the Governor and the General Assembly establish a performance allocation based on student retention and graduation, high-demand degrees and other student-success performance metrics (\$15 million a year). Staff also recommends (option 3) creating a targeted fund that would be used to incentivize institutions to work in collaboration with others to create and expand affordable student pathways from secondary school, to community college and to university (\$5 million a year).

(d) Research Competitiveness

In June 2014, SCHEV hosted a summit on academic research. One of the recommendations that emerged from the summit was the need for long-term investments in the core elements of research success: faculty, students, equipment, and facilities. In particular, institutional leaders identified challenges in recruiting and retaining outstanding research talent and in having access to matching funds for substantial federal grants. This is an area of opportunity for the Commonwealth to help its research institutions to help Virginia.

Virginia ranks 14th nationally in annual expenditures on research and development (R&D) in higher education; this position has remained relatively unchanged since the mid-2000s even as our total dollar amount has doubled. SCHEV does not believe that state policy and funding decisions should be driven simply by desires to improve our comparative status; however, we do believe, as does the National Governors Association, that increases in academic R&D have meaningful consequences for the health and well-being of states' citizens and economies.

Within higher education, public investment in the academic-research enterprise expands institutions' research capacity, which aids in their abilities to recruit research talent (faculty, graduate students and staff), to acquire research equipment (basic-to-highly specialized), to advance strategic research priorities (of the Commonwealth) and strengths (of each institution), and to improve students' educational experiences. Institutions can also use (unrestricted) state dollars as matching funds to secure and leverage large federal and private grants.

Beyond higher education, public investment in R&D at colleges and universities spurs development of scientific and medical discoveries, new medicines and treatments, and all types of innovations and inventions, which lead to patents, licenses and the commercialization of results. People benefit, and the economy benefits, from targeted investment in a state's research strengths, priorities and needs.

For several years, the Council has recommended and the Governor and the General Assembly have endorsed funding for research equipment through the Higher Education Equipment Trust Fund. In 2014-16, the Appropriation Act included debt authorization for over \$12 million for research equipment at six institutions.

Institutions also regularly seek new and improved laboratories and other research space through the Virginia College Building Authority and other public sources. Institutions requested 17 new research facilities totaling \$938 million in FY2016-FY2022.

Equipment and facility funding begins to give Virginia institutions an edge both in recruiting and retaining top talent but also in providing matching funds for federal and private grants. To make Virginia more competitive requires innovative ways to access significant funding beyond what Virginia currently provides.

Unlike planning for major capital outlay projects, a university often cannot predict the timing of opportunities to compete for top research talent or an important grant or contract. Therefore, the specific opportunity often cannot be anticipated and considered in the budget approval and appropriation process.

To give Virginia an edge in situations like these, SCHEV staff recommends that the Commonwealth establish a pooled bond authorization to finance, as needed and over time, new or renovated facilities and equipment. Under such a program, institutions would access funds only as needed, outside of the routine budget and appropriation process. Funds would be restricted to meet specific opportunities for recruitment and retention and as part of required matching funds. The Governor and the General Assembly could define other eligibility criteria, such as minimum awards, specific research disciplines or collaboration among institutions.

If this recommendation advances, the Governor and the General Assembly would want to establish an administrative structure that ensures accountability and trust that funds are used effectively and efficiently.

The size of the pooled fund should be substantial but will be limited by the Commonwealth's debt capacity limit. It should become a permanent feature of the Commonwealth's long-term strategy to improve research outcomes. For the 2016-18 biennium, SCHEV staff recommends a pooled bond authorization of \$50 million in FY 2017 and \$100 million in FY 2018, and \$5.7 from the general fund in FY2018 to pay the first year of debt service. For planning purposes, approximately one-half of the authorized debt would be used for equipment and one-half for facility improvements.

Should the Governor and the General Assembly wish to allocate HEETF funds for research directly to institutions, SCHEV staff recommends the following allocation:

**Research Competitiveness
in 2016-18 Biennium**

Institutions	Research Equipment Allocation FY2017	Research Equipment Allocation FY2018	Estimated Debt Service FY2018
GMU	\$957,693	\$1,915,387	\$153,231
ODU	\$576,456	\$1,152,912	\$92,233
UVA	\$8,746,921	\$17,493,843	\$1,399,507
VCU	\$4,490,950	\$8,981,901	\$718,552
VT	\$8,712,194	\$17,424,388	\$1,393,951
CWM	\$723,314	\$1,446,628	\$115,730
VIMS	\$792,470	\$1,584,941	\$126,795
TOTAL	\$25,000,000	\$50,000,000	\$4,000,000

(e) Workforce Credentials

VCCS published the report of "Workforce Credentials: The Pathway to Virginia's New Middle Class" in September 2015. In response to the General Assembly directive, the report identified four gaps in the Virginia workforce development and provided solutions to address each of the gaps. The report called for implementing a performance-based funding model for industry certifications and licenses by placing priority on the regional needs of business high-demand and in-demand occupations. The report also called for creating a fund -- for customized workforce training and credentialing -- that releases public funds only when matched by private investment and only when resulting in the creation of new jobs or the up-skilling of incumbent workers.

Last year, SCHEV recommended and the Governor and General Assembly approved funding for need-based financial aid for students taking non-credit course work that leads to an industry credential. This landmark program is unlike most federal and state financial aid programs and will assist more Virginia residents to seek job-specific training related to in-demand jobs.

To further the progress on workforce development services in Virginia, SCHEV staff recommends additional state support to expand the capacity of the VCCS to offer non-credit coursework at a more affordable price for individuals and businesses. Whether it is done specifically as the VCCS proposes in its study or through an amount that is added to the VCCS' base appropriation and allocated to colleges based on performance is a matter for the Governor, the General Assembly and the VCCS to determine.

SCHEV staff recommends an increase of \$10 million from the general fund in FY 2017 and \$15 million in FY 2018 from the general fund to increase the capacity of the VCCS to offer non-credit coursework leading to high-quality, in-demand industry certifications. Staff further recommends that the VCCS retain the authority to carry over these funds from year to year to ensure that they meet demand in the most efficient way.

(B) Student Financial Aid

(B.1) Institution-Based Financial Aid

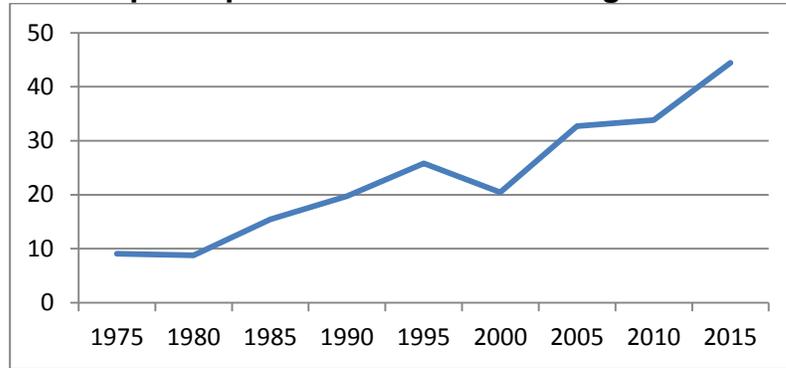
(f) Undergraduate Student Financial Aid

The undergraduate Virginia Student Financial Assistance program (VSFAP) is awarded to Virginia residents demonstrating financial need at public institutions. The Commonwealth allocates financial aid funds to institutions based on a funding model, called the Partnership Model, which assumes a shared responsibility between the state, the student, and other stakeholders and projects the amount of need for an upcoming year. For 2015-16, VSFAP funding is meeting 30.8 percent of the projections under the Partnership Model.

Student financial need rose over the past few years due to an increasing number of students (both new and returning) demonstrating financial need, reduction in student financial resources, higher tuition charges, and other cost increases. With these cost increases and the slow recovery of the economy, the number of students demonstrating financial need under the Partnership Model increased by 78 percent from over 71,043 students to over 126,700 students between 2010-11 and 2013-14 respectively and financial need increased by over 109 percent over the same period. As a reminder, when projecting need for a target year, the most recently available student data is utilized, so 2010-11 projections used data from the 2007-08 award year, reflecting source data from immediately prior to the recession.

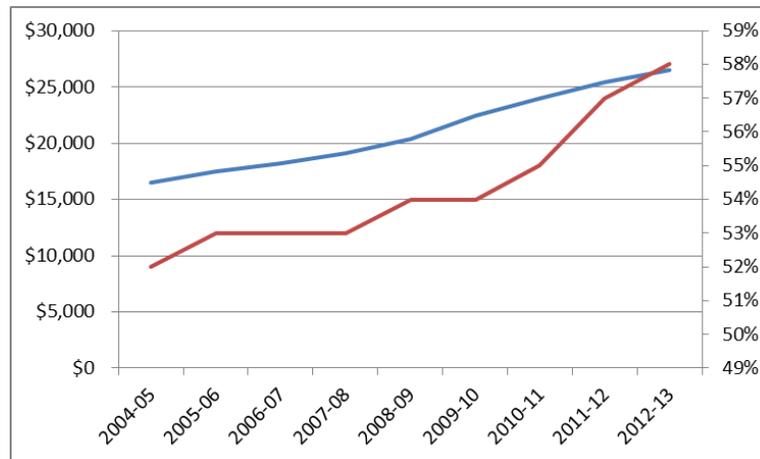
The increase in student need is becoming more problematic as students' ability to fill the gap through "self-help" has decreased. "Self-help" represents financial aid in the form of work and student loans. Student employment – whether work-study or other – during a period of enrollment has lost its ability to cover the average in-state undergraduate tuition and fees significantly since 1975. In 1975 a student needed to work 9.9 hours per week for 36 weeks (the academic year) to cover 100% of the average in-state undergraduate tuition and non E&G fees at four-year public institutions. By 2015, the total hours required per week rose to 44.4 (2015 minimum wage applied to 2015-16 average tuition and non E&G fees).

Hours Required per Week to Cover Average Tuition/Fees



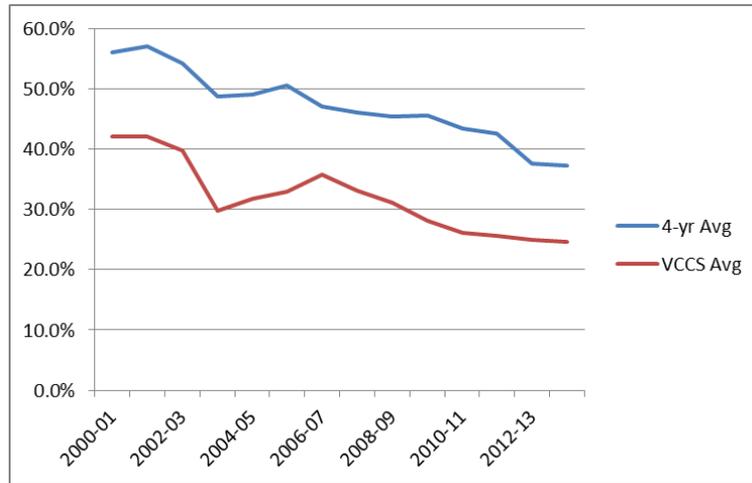
Reliance on student loans is also problematic. The average debt upon graduation has steadily risen but more dramatic is the increase in the percent of graduates who borrow. The maximum federal borrowing for an undergraduate student over four years is just \$27,500 and the federal lifetime limit for that student is \$31,000. For independent students, the federal maximums are higher: \$45,000 over four years and \$57,500 lifetime. This dependence on loans has long-term consequences not only for students. Students who carry significant debt are less able to invest in areas that contribute to economic and cultural prosperity, such as home ownership, new businesses, charitable organizations, and retirement accounts.

Average Debt upon Graduation and Percent of Graduates Who Borrowed



The top line is the average debt upon graduation (left axis) and the bottom line is percent of graduates who borrowed (right axis).

At the same time, the ability of state need-based assistance to cover tuition and fees has also declined. Due to increases in the number of students demonstrating need, the average state award is covering a progressively smaller percentage of the average tuition and non E&G fees. The average VSFAP award at a four-year institution (\$2,216) was approximately 56 percent of the average tuition and non E&G fees (\$3,883) in 2000-01 but has fallen steadily to just 37.3 percent (\$3,870 / \$10,387) in 2012-13. Similarly, the average award at a VCCS college has fallen from 42 percent to 24.5 percent of tuition and non E&G fees over the same period of time.



Utilizing the 2016-17 tuition projections reported on the institutional six-year plans, the total projected need as calculated under the Partnership Model now exceeds \$571 million in 2016-17. If no new funding is provided, the percent of the partnership model met would drop below 30 percent to 29.0 percent systemically.

Year	Projected Number of Students Demonstrating Need	Projected Need Under the Partnership Model	VSFAP Appropriation	Percent of Projected Need Met	Percent Increase in Students w/Need	Percent Increase in Need	Percent Increase in Funding
2008-09	64,404	195,153,152	118,017,023	60.5%	2.6%	8.5%	8.5%
2009-10	66,103	210,108,256	127,819,523	60.9%	2.6%	7.7%	8.4%
2010-11	71,043	233,376,286	127,819,523	54.9%	7.5%	11.1%	0.0%
2011-12	80,044	295,501,432	141,206,151	47.8%	12.7%	26.6%	10.3%
2012-13	101,636	361,462,825	149,517,224	41.4%	27.0%	22.3%	5.9%
2013-14	117,628	431,766,961	158,078,595	36.6%	15.7%	19.4%	5.7%
2014-15	126,716	489,437,861	158,078,595	32.3%	7.7%	13.4%	0.0%
2015-16	128,485	539,158,258	165,889,206	30.8%	1.4%	10.2%	4.9%
2016-17	129,760	571,445,516	165,889,206	29.0%	1.0%	6.0%	0.0%
2017-18	131,534	613,394,806	165,889,206	27.0%	1.4%	7.3%	0.0%

2016-17 and 2017-18 percent of need met pending consideration of additional VSFAP funding.

To maintain 2015-16 funding levels for all senior institutions with a minimum floor of 38 percent for six selected institutions and minimum of 33 percent floor for all others, and to increase total appropriations for two-year colleges by 8 percent, staff recommends that appropriations increase by \$24.1 million for 2016-17. To maintain the respective minimum funding levels and to otherwise provide minimal funding increases for all institutions, staff recommends that appropriations increase by \$32.1 million for 2017-18.

Nationally and within the Commonwealth, there is increased interest in using financial aid programs as a means to encourage and facilitate progression and completion. The Governor and the General Assembly may wish to analyze existing state financial aid

programs – the Virginia Guaranteed Assistance Program in particular – to determine if appropriate student-sensitive modifications would incentivize students to progress and complete in a timely manner.

(g) Graduate Student Financial Aid

Institutions may provide graduate Virginia Student Financial Assistance program awards as need-based grants, merit-based scholarships, or awards for duties that require work. Graduate student financial aid is a key ingredient in institutional and student success for graduate education and research.

The program last received new funding subsequent to the 2012 session of the General Assembly, which provided an additional \$1.8 million in 2013-14 to bring total funding to just under \$19 million.

SCHEV staff has previously recommended restoration of graduate financial aid to 1994-95 levels of funding. Utilizing the 2016-17 and 2017-18 tuition projections reported on the institutional six-year plans, returning to 1994-95 levels of funding would require an average of approximately \$10 million increase per year over a four-year phase-in. As a more modest increase, staff recommends that appropriations increase by \$4 million and \$6 million for 2016-17 and 2017-18, respectively.

(B.2) Systemic Financial Aid

(h) Virginia Military Survivors and Dependent Education Program

The children and spouses of Virginia's military members who paid the ultimate price in the service of our country – killed in action, POW, missing in action, or 90% or more disabled – are able to receive a full waiver of tuition and fees at Virginia public institutions under the this program.

Beginning in 2007-08, these students were also provided a stipend to cover a portion of other educational expenses such as books, transportation, etc. Based upon available funding, students were able to receive up to \$1,500 until 2013-14 when the maximum was increased to \$1,800.

Staff has assumed an increase of 75 students per year to 1,300, 1,375, and 1,450 students for 2015-16, 2016-17, and 2017-18 respectively. These numbers require appropriations of \$1,980,000 for 2016-17 and \$2,088,000 for 2017-18. Since there is a current funding base of \$1,930,000, staff recommends that appropriations increase by \$50,000 for 2016-17 and \$158,000 for 2017-18.

(i) Two Year College Transfer Grant

The Two Year College Transfer Grant (CTG) program was adopted in 2007 and began awarding students as of 2008-09. The program encourages utilization of Virginia's two-year colleges by rewarding students who complete their Associate degree at a two-year college before then transferring to a participating Virginia four-year public or private

non-profit college or university within one year. The program also requires full-time enrollment, maintenance of a 3.0 grade point average, and a maximum federally calculated Expected Family Contribution of 12,000.

Eligible students receive \$1,000 annually for up to three years. An additional \$1,000 is awarded to students enrolled into a STEM program of study.

The CTG program has grown by roughly 200 to 400 students annually.

	Unique Students	# Change	% Change
2010-11	576	336	
2011-12	799	223	38.7%
2012-13	812	13	1.6%
2013-14	1,013	201	24.8%
2014-15	1,395	382	37.7%

To determine trend lines, SCHEV obtained data from the community colleges reflecting the numbers of students completing an Associate degree with a 3.0 grade point average. Not all of the students would be eligible for the CTG as the report does not control for a maximum EFC of 12,000 and for transferring to a participating four-year institution within one year.

Graduation Semester	Graduates	Total Prior Year Graduates	Total Following Year CTG	Percent
Fall 2010	805			
Spring 2011	2,212			
Summer 2011	835	3,852	799	20.7%
Fall 2011	1,159			
Spring 2012	2,825			
Summer 2012	977	4,961	812	16.4%
Fall 2012	1,200			
Spring 2013	3,093			
Summer 2013	1,020	5,313	1,013	19.1%
Fall 2013	1,449			
Spring 2014	3,347			
Summer 2014	1,418	6,214	1,395	22.4%
Fall 2014	2,089			
Spring 2015	5,142	8,849	2,124	24.0%

Note that the pool of potential program recipients – “Graduates” – has taken a dramatic jump as well as has the percent of those students receiving the Transfer Grant in the following year. The highlighted cells are projected (the number of summer 2015 graduates is not yet available), not actual.

Based on current information, staff projects total CTG participation could reach 2,100 for 2015-16 requiring \$2.6 million to fully fund all eligible students. Current

appropriations for 2015-16 are \$2,250,000 less \$60,000 administratively reverted to 2014-15 to cover prior year shortage, for a total available appropriation of \$2,190,000.

The CTG program can play an important role in higher education affordability by encouraging students to enroll for the first two years into one of the lower cost Virginia two-year colleges. In 2015-16, the average cost differential between a VCCS college and a four-year institution is about \$7,500. This means that students can save \$15,000 on average over a two year period before entering a senior institution where they can receive an additional \$1,000 to \$2,000 in CTG grant aid. Students can thus save approximately \$19,000 over the course of a four year degree simply by delaying entry into a four-year institution. The savings that result in lower student debt are also beneficial to the state's economy by allowing for financially stronger consumers that are better prepared to invest further in their future. The Commonwealth also realizes a benefit as the per student general fund appropriation at a two-year college is substantially less than at a four-year institution, which can allow for increased enrollments or meeting other higher education priorities. Finally, the institutions realize a benefit by enrolling students with a demonstrated academic ability and commitment to complete their degree, thus having a greater probability of completing their degree within four to six years.

Projections for 2016-17 and 2017-18 are tentative but staff recommends that appropriations increase by \$1.7 million for 2016-17 and \$3.7 million for 2017-18.

(j) Two Year College Transfer Grant – Incentive

To support the Two Year College Transfer Grant (CTG) program and to incentivize students and selected institutions to increase CTG participation, the General Assembly created a CTG Incentive award of \$1,000 for all CTG-eligible student enrolling into one of six institutions: Norfolk State University, Old Dominion University, Radford University, University of Virginia – Wise, Virginia Commonwealth University, and Virginia State University.

\$600,000 was appropriated to fully fund a combined target of 600 CTG-eligible students transferring to one of the six selected institutions. The six institutions combined for a total of 180 new students in fall 2014 and 49 new students in spring 2015. Assuming that the institutions double those numbers for 2015-16, the CTG Incentive award will spend approximately \$409,000 in 2015-16.

Assuming the institutions successfully increase those numbers by 50 percent each of the next two years, staff recommends that appropriations increase by \$300,000 in 2016-17 and \$500,000 in 2017-18. Updated information and an improved projection will be available following submission of the fall participation reports.

SCHEV staff also recommends that the Governor and the General Assembly combine the two transfer grant appropriation line items into a single program.

(k) Regional Grants and Contracts

The Commonwealth of Virginia participates in a program offered by the Southern Regional Education Board (SREB) to provide qualified students with financial aid sufficient to cover the costs of pursuing a doctoral degree. In Virginia, this program is referred to as the Stephen J Wright Scholars program but is otherwise referred to as the SREB Doctoral Scholars program.

Under this program, the students secure funding for their tuition and fees from the institution. Appropriations to SCHEV are then awarded to individual students to cover living expenses and the costs of an intensive SREB program providing mentoring, professional meetings, and networking opportunities.

The program is subject to periodic cost increases (the SREB sets the award amount) and is currently at \$25,000 per year per student. Since appropriations are set at \$170,000, the program is unable to award the maximum number of students each year unless an eligible student does not utilize their full award in a prior year; therefore, staff recommends that appropriations increase by \$5,000 for both 2016-17 and 2017-18.

(l) Virginia Tuition Assistance Grant Program (TAG)

TAG was established in 1973 and will provide over \$64.8 million of assistance to over 22,700 students enrolled into 30 institutions in 2015-16. The maximum annual undergraduate awards are expected to be \$3,100 while graduate/professional students are expected to receive \$1,550.

Actual maximum undergrad and graduate awards for the previous ten years:

Fiscal Year	Annual Award Amount
2006-07	\$2,750 / \$1,900
2007-08	\$3,200 / \$1,900
2008-09	\$3,190 / \$1,890
2009-10	\$3,000 / \$1,300
2010-11	\$2,600 / \$1,130
2011-12	\$2,750 / \$1,200
2012-13	\$2,800 / \$1,300
2013-14	\$3,100 / \$1,550
2014-15	\$3,100 / \$1,550
2015-16	\$3,100 / \$1,550 projected

Considering recent trends, staff is projecting a participation growth rate for undergraduate students of no more than 2 percent. Adjusting for the increased growth of graduate students, the projected number of TAG-eligible students for fall 2016 is approximately 23,331.

If no new funding is provided for TAG, the projected award amounts for 2016-17 are \$3,020 for undergraduate students and \$1,510 for graduate students. These projections are subject to change and will not solidify until following receipt of the spring 2016 TAG participation numbers. Alternatively, maintaining awards at current levels of

\$3,100 / \$1,550 would require \$1.4 million in additional funds. Increasing the undergraduate award beyond current levels would require approximately an additional \$2.1 million per \$100.

In years past, the Council has reaffirmed its commitment to increase the TAG award to \$3,700, and the staff recommends that the Council reaffirm that commitment. The Council also recognizes the Commonwealth's fiscal condition, competition for resources and the need to balance several interests in making its budget recommendations.

For 2017-18, staff is projecting nearly 24,000 TAG recipients and an additional \$3 million needed to maintain awards of \$3,100 and \$1,550. To raise the maximum undergraduate award to at least \$3,300 first year and \$3,350 in the second year, (larger awards might be possible if participation is lower than projected) staff recommends that appropriations increase by \$5.7 million and \$8.5 million for 2016-17 and 2017-18, respectively.

(C) Systemic Budget Items with SCHEV Budget

(m) Virtual Library of Virginia

The Virtual Library of Virginia (VIVA) is the consortium of the nonprofit academic libraries within the Commonwealth of Virginia. Members include all of Virginia's public colleges and universities, as well as 33 private, nonprofit institutions and the Library of Virginia. SCHEV receives the appropriation to support VIVA and, as such, SCHEV makes requests to support VIVA's operations.

Staff recommends total additional funding general fund of \$1,354,000 in FY2017 and \$1,421,000 million in FY2018 to support VIVA resources to avoid potential cancellation of core collections.

(n) Fund for Excellence and Innovation

The 2015 General Assembly established the Joint Subcommittee on the Future Competitiveness of Virginia Higher Education and tasked the committee to conduct a series of reviews of higher education practices and make recommendations for improvements. Of the review areas, some focus on "(c) identify best practices to make the system more efficient, including shared services, institutional flexibility, and easily accessible academic pathways; (d) evaluate the use of distance education and online instruction across the Commonwealth and appropriate business models for such programs;"

SCHEV staff recommends the creation of a small incentive fund in the SCHEV budget for allocation to institutions on a competitive basis. The fund would advance the

Governor's and the General Assembly's interests, as expressed in recent legislative changes, to stimulate change and improvement at and among institutions that enhance quality and obtain greater operational efficiencies and collaborations. These funds would also be used for evaluation and reporting of best practices to the higher education community. SCHEV staff recommends a total of \$500,000 from the general fund in FY2017 and \$1,000,000 in FY2018 to support this Fund for Excellence and Innovation.

This proposed incentive fund will encourage innovative reform and efficiency initiatives, thereby creating measurable cost reductions across the system of higher education. In awarding the funds on a competitive basis and then documenting the outcomes, SCHEV will determine (and then monitor) the most strategic, impactful, and cost-effective uses of the funds toward the goals of the Virginia Plan, which will enhance SCHEV's ability to promote the strategic management of higher education in the Commonwealth.

(o) Virginia Longitudinal Data System

To fully realize the potential of the Virginia Longitudinal Data System (VLDS), SCHEV seeks general fund support to build system infrastructure, obtain outside funding and secure executive leadership. This request includes additional staffing to support a VLDS director, cross-agency research activities, portal support and ongoing communications; and costs related to technical development of an executive portal. VLDS provides the technology and supports the infrastructure for agencies to work together on research projects that improve educational and workforce outcomes.

(p) SCHEV Staffing

SCHEV requests additional staff to support to fulfill its mission "to advocate and promote the development and operation of an educationally and economically sound, vigorous, progressive and coordinated system of higher education." The additional staff support will enable SCHEV to meet increased expectations around data analysis, state and national educational policy, the intersection of education and workforce development, academic and student success within the context of a large and dynamic system, and operational aspects of colleges and universities and how they are affected by state and national policies.

Financial Impact: see tables.

Timetable for Further Review/Action: None.

Recommendations and Resolution:

Whereas, higher education, in all its forms, has transformative powers and is both a public and a private good, and

Whereas, the erosion of state funding has resulted in students and their families shouldering an ever increasing portion of the financial burden through tuition increases and,

Whereas, Goal #1 of the Virginia Plan for Higher Education is to provide affordable higher education access for all, with the alignment of state appropriations, financial aid, and tuition and fees being critical to attaining this goal and thereby enabling our graduates to compete in the global market place and to contribute to a healthy economy with the state, now therefore,

BE IT RESOLVED that the State Council of Higher Education for Virginia recommends that additional operating budget appropriations be provided in the 2016-18 biennium for:

- **Cost of education and institutional priorities, \$44.3 million from the general fund and \$12.7 million in nongeneral funds for a total of \$57.0 million in FY2017 and \$50.4 million from the general fund and \$17.9 million in nongeneral funds for a total of \$68.3 million in FY2018;**
- **Higher Education Equipment Trust Fund, \$11.8 million from the general fund for debt service in FY2018;**
- **Performance allocation for student success, \$15 million from the general fund per year;**
- **Research competitiveness, \$5.7 million from the general fund for debt service in FY2018;**
- **Workforce credentials, \$10 million from the general fund in FY2017 and \$15 million from the general fund in FY2018;**
- **Undergraduate student financial aid, \$24.1 million from the general fund in FY2017 and \$32.1 million from the general fund in FY2018;**
- **Graduate student financial aid, \$4.0 million from the general fund in FY2017 and \$6.0 million from the general fund in FY2018;**
- **Virginia military survivor and dependent education program, \$50,000 from the general fund in FY2017 and \$158,000 from the general fund in FY2018.**
- **Two-year transfer grant, \$1.7 million from the general fund in FY2017 and \$3.7 million from the general fund in FY2018.**
- **Two-year transfer grant - incentive, \$300,000 from the general fund in FY2017 and \$500,000 from the general fund in FY2018.**
- **Regional grants and contracts, \$5,000 from the general fund per year.**

- Tuition Assistance Grant, \$5.7 million from the general fund in FY2017 and \$8.5 million from the general fund in FY2018; and reaffirm the council's commitment to increase the TAG award to \$3,700.
- Virtual Library of Virginia, \$1.4 million from the general fund per year.
- Fund for excellence and innovation, \$500,000 from the general fund in FY2017 and \$1.0 million from the general fund in FY2018;
- Virginia longitudinal data system, \$1.3 million from the general fund per year;
- SCHEV staffing, \$300,000 from the general fund in FY2017 and \$400,000 from the general fund in FY2018.

BE IT FURTHER RESOLVED that the State Council of Higher Education for Virginia recommends that additional funding for cost of education and institutional priorities recommended here come primarily from the general fund, thereby mitigating the need for institutions to increase tuition revenue.

BE IT FINALLY RESOLVED that the State Council of Higher Education for Virginia recommends that institutions would have discretion to use the additional appropriations for priorities that improve affordable access, enhance student success, foster change and improvement and promote economic and cultural prosperity – the four goals of The Virginia Plan for Higher Education.

Summary of SCHEV Budget Recommendations for 2016-18 Biennium

(in millions)

Va Plan Goals*	Item	2016-17			2017-18			Biennial Total		
		GF	NGF	Total	GF	NGF	Total	GF	NGF	Total
	(A) Educational and General Programs									
	(A.1) Base Operations Funding									
All	Cost of education and institutional priorities	\$44.3	\$12.7	\$57.0	\$50.4	\$17.9	\$68.3	\$94.7	\$30.5	\$125.2
1,3,4	Higher Education Equipment Trust Fund (debt service)				\$11.8		\$11.8	\$11.8		\$11.8
	Subtotal	\$44.3	\$12.7	\$57.0	\$62.2	\$17.9	\$80.1	\$106.5	\$30.5	\$137.0
	(A.2) Virginia Plan Initiatives									
All	Performance allocation for student success	\$15.0		\$15.0	\$15.0		\$15.0	\$30.0		\$30.0
4	Research competitiveness (debt service)				\$5.7		\$5.7	\$5.7		\$5.7
4	Workforce credentials	\$10.0		\$10.0	\$15.0		\$15.0	\$25.0		\$25.0
4	Competitive fund for affordable pathways	\$5.0		\$5.0	\$5.0		\$5.0	\$10.0		\$10.0
	Subtotal	\$30.0		\$30.0	\$40.7		\$40.7	\$70.7		\$70.7
	(B) Student Financial Aid									
	(B.1) Institution-based financial aid									
1,2	Undergraduate financial aid	\$24.1		\$24.1	\$32.1		\$32.1	\$56.2		\$56.2
1,2	Graduate financial aid	\$4.0		\$4.0	\$6.0		\$6.0	\$10.0		\$10.0
	Subtotal	\$28.1		\$28.1	\$38.1		\$38.1	\$66.2		\$66.2
	(B.2) Systemic financial aid									
1,2	Military survivor and dependent program	\$0.05		\$0.05	\$0.16		\$0.16	\$0.21		\$0.21
1,2	Two-year college transfer grant	\$1.7		\$1.7	\$3.7		\$3.7	\$5.4		\$5.4
1,2	Two-year college transfer grant - incentive	\$0.3		\$0.3	\$0.5		\$0.5	\$0.8		\$0.8
1,2	Regional grants and contracts	\$0.005		\$0.01	\$0.005		\$0.005	\$0.01		\$0.01
1,2	Tuition Assistance Grant (TAG)	\$5.7		\$5.7	\$8.5		\$8.5	\$14.2		\$14.2
	Subtotal	\$7.8		\$7.8	\$12.9		\$12.9	\$20.6		\$20.6
	Total for Operating Budget	\$74.3	\$12.7	\$87.0	\$102.9	\$17.9	\$120.8	\$177.2	\$30.5	\$207.7
	Total for Financial Aid	\$35.9		\$35.9	\$51.0		\$51.0	\$86.8		\$86.8
	Total	\$110.2	\$12.7	\$122.8	\$153.9	\$17.9	\$171.7	\$264.0	\$30.5	\$294.5
	(C) Systemic Budget Items within the SCHEV Budget									
1,2,3	Virtual Library of Virginia (VIVA)	\$1.4		\$1.4	\$1.4		\$1.4	\$2.8		\$2.8
3	Fund for Excellence and Innovation	\$0.5		\$0.5	\$1.0		\$1.0	\$1.5		\$1.5
2	Virginia Longitudinal Data System	\$1.3		\$1.3	\$1.3		\$1.3	\$2.6		\$2.6
All	SCHEV staffing	\$0.3		\$0.3	\$0.4		\$0.4	\$0.7		\$0.7
	Subtotal	\$3.5		\$3.5	\$4.1		\$4.1	\$7.6		\$7.6
	Grand Total	\$113.6	\$12.7	\$126.3	\$158.0	\$17.9	\$175.8	\$271.6	\$30.5	\$302.1

***Virginia Plan for Higher Education**

Goal 1: Provide Affordable Access for All

Strategies:

- 1.1 Expand outreach to PK-12 and traditionally underserved populations
- 1.2 Improve the college readiness of all students
- 1.3 Cultivate affordable postsecondary education pathways for traditional, non-traditional and returning students
- 1.4 Align state appropriations, financial aid and tuition and fees such that students have broader access to postsecondary education opportunities regardless of their ability to pay

Goal 2: Optimize Student Success for Work and Life

Strategies:

- 2.1 Strengthen curricular options to ensure that graduates are prepared with the competencies necessary for employment and civic engagement
- 2.2 Provide effective academic and student services infrastructures focused on persistence and completion
- 2.3 Increase on-time completion of certificates and degrees
- 2.4 Engage adults and veterans in certificate and degree completion and lifelong learning

Goal 3: Drive Change and Improvement through Innovation and Investment

Strategies:

- 3.1 Identify and implement public funding strategies to sustain long-term planning and responsiveness
- 3.2 Cultivate innovations that enrich quality, promote collaboration and improve efficiency
- 3.3 Foster faculty excellence, scholarship and diversity
- 3.4 Enhance higher education leadership, governance and accountability

Goal 4: Advance the Economic and Cultural Prosperity of the Commonwealth and its Regions

Strategies:

- 4.1 Build a competitive, future-ready workforce for all regions
- 4.2 Become a catalyst for entrepreneurship and a model for business incubation
- 4.3 Target funding, resources and partnerships to support research and development
- 4.4 Expand participation and engagement in public service and institutional service to the community
- 4.5 Demonstrate the impact of higher education on state and regional economic development

**Estimated Cost of 2% Salary Increase
for Teaching and Research Faculty in FY2017**

Effective July 1, 2016

Inst.	%ile to Peers in FY2016	Salary Increase	%ile to Peers in FY2017¹	Funding (GF)²
CNU	44	2%	44	\$461,466
CWM	39	2%	39	\$1,428,671
GMU	5	2%	5	\$3,756,352
JMU	42	2%	42	\$1,990,131
LU	53	2%	53	\$397,294
NSU	61	2%	61	\$497,347
ODU	38	2%	38	\$1,723,882
RU	33	2%	33	\$859,808
UMW	28	2%	28	\$474,683
UVA	38	2%	38	\$4,102,037
UVAW	85	2%	85	\$164,922
VCU	40	2%	40	\$3,474,772
VMI	35	2%	35	\$171,458
VSU	40	2%	40	\$563,217
VT	36	2%	36	\$4,079,609
RBC	80	2%	80	\$61,531
VCCS	50	2%	50	\$3,945,131
VIMS		2%		\$122,207
VSU-Ext		2%		\$61,166
VT-Ext		2%		\$452,456
UVA FP		2%		\$8,974
Total				\$28,797,115
4-yr Avg	41		41	

Notes:

(1) Peer salaries were assumed a 2% increase in FY2017.

(2) Faculty base salary is from institutions' 2016-18 activity-based budget.

SCHEV Survey of Operation and Maintenance Costs for New E&G and Research Facilities Coming On-Line in FY 2017 and FY 2018

Institution	Building Name	Building E&G Percent	Building Research Percent	FY 17 Months	FY 18 Months	GF Share	SCHEV GF Recommendation FY2017	SCHEV NGF Recommendation FY2017	SCHEV GF Recommendation FY2018	SCHEV NGF Recommendation FY2018
CNU	No New Request	N/A	N/A	N/A	N/A	61.0%	N/A	N/A	N/A	N/A
Total							\$0	\$0	\$0	\$0
CWM	Tyler Hall	100%	0%	12	12	39.6%	\$15,217	\$23,211	\$15,217	\$23,211
CWM	Integrated Science Center 3	100%	0%	12	12	39.6%	\$504,942	\$770,163	\$504,942	\$770,163
CWM	Law School Addition	100%	0%	11	12	39.6%	\$27,977	\$42,672	\$30,521	\$46,551
CWM	Thermal Storage Unit	100%	0%	12	12	39.6%	\$14,641	\$22,331	\$14,641	\$22,331
Total							\$562,777	\$858,377	\$565,320	\$862,257
GMU	Fenwick Addition	100%	0%	12	12	50.8%	\$1,251,228	\$1,211,820	\$1,307,534	\$1,266,351
GMU	Central Heat/Cooling Plant Addition	40%	0%	12	12	50.8%	\$26,556	\$104,134	\$27,751	\$108,820
GMU	Life Science Lab PPEA (Institute for Adv Biomed Research)	0%	100%	12	12	50.8%	\$310,164	\$910,955	\$324,122	\$951,948
GMU	Point of View Center (new facility)	100%	0%	12	12	50.8%	\$215,657	\$208,864	\$225,361	\$218,263
GMU	Potomac Science Center	100%	0%	12	12	50.8%	\$416,199	\$403,090	\$434,928	\$421,229
GMU	Academic VII	81%	19%	0	11	50.8%	\$0	\$0	\$1,182,504	\$1,389,610
GMU	Hylton Performing Arts Addition	100%	0%	9	12	50.8%	\$88,956	\$86,155	\$115,154	\$111,527
Total							\$2,308,761	\$2,925,017	\$3,617,353	\$4,467,749
JMU	Cancer Center (Madison Hall) Renovation	100%	0%	6	12	48.3%	\$234,108	\$250,587	\$388,037	\$415,353
JMU	East Tower (formaly RMH) Health Facility	100%	0%	12	12	48.3%	\$859,563	\$920,071	\$796,290	\$852,344
Total							\$1,093,671	\$1,170,658	\$1,184,328	\$1,267,696
LU	Blackwell	100%	0%	12	12	63.0%	\$69,011	\$40,530	\$71,081	\$41,746
LU	University Technology Center	100%	0%	12	12	63.0%	\$514,200	\$301,990	\$529,625	\$311,050
LU	Bedford Hall Addition (unanticipated safety costs)	100%	0%	12	12	63.0%	\$45,675	\$26,825	\$42,179	\$24,772
Total							\$628,886	\$369,345	\$642,885	\$377,567
NSU	New Nursing and General Classroom Building	100%	0%	12	12	56.9%	\$517,506	\$391,995	\$517,506	\$391,995
NSU	Replace Brown Hall	100%	0%	0	12	56.9%	\$0	\$0	\$231,014	\$174,986
Total							\$517,506	\$391,995	\$748,520	\$566,981
ODU	ODU Systems Research and Academic Building - Main Campus	100%	0%	12	12	56.4%	\$301,877	\$233,366	\$316,971	\$245,034
ODU	Performing Arts / Fine Arts Building Phase 2 - Main Campus	100%	0%	12	12	56.4%	\$91,851	\$71,006	\$96,444	\$74,556
ODU	New Arts Building - Main Campus	100%	0%	12	12	56.4%	\$160,143	\$123,799	\$168,150	\$129,989
ODU	New Art Studio Building - Main Campus	100%	0%	12	12	56.4%	\$119,160	\$92,117	\$125,118	\$96,723
ODU	New Education Building - Main Campus	100%	0%	11	12	56.4%	\$557,494	\$430,970	\$585,368	\$452,519
Total							\$1,230,526	\$951,257	\$1,292,052	\$998,820
RBC	Ernst Hall	100%	0%	12	12	65.0%	\$128,327	\$69,099	\$134,744	\$72,554
Total							\$128,327	\$69,099	\$134,744	\$72,554
RU	New Academic Building, Phases I and II	100%	0%	12	12	61.8%	\$478,111	\$295,531	\$478,111	\$295,531
Total							\$478,111	\$295,531	\$478,111	\$295,531
UMW	Woodard Hall	100%	0%	12	12	59.6%	\$54,236	\$36,764	\$54,236	\$36,764
UMW	Mercer Hall	100%	0%	12	12	59.6%	\$23,840	\$16,160	\$23,840	\$16,160
UMW	Seacobeck Hall	100%	0%	12	12	59.6%	\$102,512	\$69,488	\$102,512	\$69,488
UMW	Jepson Science Center Addition	100%	0%	0	7	59.6%	\$0	\$0	\$69,136	\$46,864
UMW	Technology Convergence Center	100%	0%	12	12	59.6%	\$190,720	\$129,280	\$190,720	\$129,280
Total							\$371,308	\$251,692	\$440,444	\$298,556

SCHEV Survey of Operation and Maintenance Costs for New E&G and Research Facilities Coming On-Line in FY 2017 and FY 2018 (cont.)

Institution	Building Name	Building E&G Percent	Building Research Percent	FY 17 Months	FY 18 Months	GF Share	SCHEV GF Recommendation FY2017	SCHEV NGF Recommendation FY2017	SCHEV GF Recommendation FY2018	SCHEV NGF Recommendation FY2018
UVA	FM Shop Support & Office Building	100%	0%	12	12	35.0%	\$65,835	\$122,265	\$65,835	\$122,265
UVA	Newcomb Road Chiller Plant (building shell)	100%	0%	12	12	35.0%	\$11,970	\$22,230	\$11,970	\$22,230
Total							\$77,805	\$144,495	\$77,805	\$144,495
UVA-W	New Library	100%	0%	12	12	60.8%	\$662,488	\$0	\$662,488	\$0
Total							\$662,488	\$0	\$662,488	\$0
VCCS	NVCC(Loudoun) - Higher Education Ctr.	100%	0%	12	12	63.5%	\$346,479	\$199,157	\$346,479	\$199,157
VCCS	NVCC (Annandale) Expand Brault Building	100%	0%	12	12	63.5%	\$172,182	\$98,970	\$172,182	\$98,970
VCCS	NVCC (Woodbridge) Workforce Development Center	100%	0%	12	12	63.5%	\$560,431	\$322,138	\$560,431	\$322,138
VCCS	JTCC (Midlothian) - Phase III Academic Bldg.	100%	0%	12	12	63.5%	\$485,023	\$278,793	\$485,023	\$278,793
VCCS	PHCC - Motorsports/Workforce Development Ctr. Phase II	100%	0%	6	12	63.5%	\$13,722	\$7,887	\$27,443	\$15,775
VCCS	SSVC(Christianna) - Student Support and Learning Ctr	100%	0%	0	0	63.5%	\$0	\$0	\$0	\$0
VCCS	BRCC - New Academic Bldg.	100%	0%	12	12	63.5%	\$340,629	\$195,795	\$340,629	\$195,795
VCCS	DCC-Expand Workforce Development Center	100%	0%	5	12	63.5%	\$19,163	\$11,015	\$45,992	\$26,436
Total							\$1,937,629	\$1,113,755	\$1,978,179	\$1,137,064
VCU	Information Commons	100%	0%	12	12	48.5%	\$276,208	\$293,293	\$276,208	\$293,293
Total							\$276,208	\$293,293	\$276,208	\$293,293
VMI	Cormack	100%	0%	12	12	39.3%	\$76,054	\$117,467	\$77,955	\$120,404
VMI	CPTF	80%	0%	10	12	39.3%	\$132,790	\$289,569	\$163,331	\$356,171
Total							\$208,843	\$407,037	\$241,287	\$476,574
VSU	Multipurpose Center	60%	0%	12	12	54.2%	\$302,715	\$0	\$302,715	\$0
VSU	20712 Fourth Avenue	100%	0%	12	12	54.2%	\$25,913	\$0	\$25,913	\$0
VSU	MT Carter Addition	0%	100%	0	12	54.2%	\$0	\$0	\$21,057	\$0
VSU	Lockett Hall	100%	0%	12	12	54.2%	\$69,186	\$0	\$69,186	\$0
Total							\$397,814	\$0	\$418,871	\$0
VT	Classroom Building	100%	0%	11	12	39.3%	\$309,943	\$478,716	\$348,054	\$537,580
VT	Academic Building Renovations	100%	0%	3	12	39.3%	\$22,511	\$34,770	\$92,696	\$143,171
VT	Address Fire Alarm Systems and Access	100%	0%	12	12	39.3%	\$14,934	\$23,066	\$14,934	\$23,066
Total							\$347,388	\$536,552	\$455,684	\$703,817
VT-Ext.	Improve Kentland Facilities	0%	100%	4	12	95.0%	\$86,547	\$95,657	\$267,367	\$295,511
Total							\$86,547	\$95,657	\$267,367	\$295,511
VIMS	Consolidated Scientific Research Facility	85%	15%	0	12	95.0%	\$0	\$0	\$236,421	\$32,621
VIMS	Facilities Management Building	100%	0%	0	12	95.0%	\$0	\$0	\$57,475	\$3,025
VIMS	Research Vessel	70%	30%	0	11	95.0%	\$0	\$0	\$309,545	\$73,792
							\$0	\$0	\$603,441	\$109,439
Please note: Both FY 2015 and FY 2016 are stated in dollars incremental to the base.						Total	\$12,450,227	\$9,873,760	\$15,277,362	\$12,367,904

Calculation of the Cost of Education in the 2016-18 Biennium

Inst	Calculated Need ^{1,2}	Available Resources ^{3,4,5}	Recommended Additions in FY17 ⁶	Total Resources	% Funding to Guide	Funding Shortfall	GF Share	Incremental Funding for 95% of Funding to Guidelines over Four Years						
								2016-17			2017-18			
								GF	NGF	Total	GF	NGF	Total	
CNU	\$69,859,672	\$69,962,062	\$461,466	\$70,423,528	>100%		61%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CWM	\$153,510,153	\$191,646,348	\$2,849,825	\$194,496,174	>100%		40%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GMU	\$450,107,614	\$482,117,349	\$8,990,130	\$491,107,479	>100%		51%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
JMU	\$274,144,848	\$289,479,867	\$4,254,460	\$293,734,327	>100%		48%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LU	\$66,424,294	\$67,877,593	\$1,395,525	\$69,273,118	>100%		63%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NSU	\$72,043,630	\$73,404,413	\$1,406,847	\$74,811,261	>100%		56%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ODU	\$306,204,612	\$273,056,187	\$3,905,665	\$276,961,852	90%	(\$29,242,760)	62%	\$2,378,476	\$1,470,191	\$3,848,667	\$4,756,952	\$2,940,381	\$7,697,334	
RU	\$123,834,561	\$121,055,231	\$1,633,450	\$122,688,681	99%	(\$1,145,880)	60%	\$0	\$0	\$0	\$0	\$0	\$0	
UMW	\$59,649,313	\$70,862,342	\$1,097,683	\$71,960,025	>100%		57%	\$0	\$0	\$0	\$0	\$0	\$0	
UVA	\$509,450,322	\$624,292,719	\$4,324,337	\$628,617,056	>100%		35%	\$0	\$0	\$0	\$0	\$0	\$0	
UVAW	\$25,324,228	\$25,167,492	\$1,254,539	\$26,422,031	>100%		61%	\$0	\$0	\$0	\$0	\$0	\$0	
VCU	\$572,789,287	\$580,962,735	\$4,044,272	\$585,007,007	>100%		49%	\$0	\$0	\$0	\$0	\$0	\$0	
VMI ⁷	\$30,460,977	\$29,962,797	\$787,338	\$30,750,136	>100%		39%	\$0	\$0	\$0	\$0	\$0	\$0	
VSU	\$61,770,180	\$62,412,967	\$1,669,535	\$64,082,503	>100%		54%	\$0	\$0	\$0	\$0	\$0	\$0	
VT	\$629,901,008	\$646,199,722	\$4,963,549	\$651,163,271	>100%		39%	\$0	\$0	\$0	\$0	\$0	\$0	
RBC	\$9,820,983	\$11,013,859	\$258,957	\$11,272,816	>100%		65%	\$0	\$0	\$0	\$0	\$0	\$0	
VCCS	\$928,954,353	\$921,758,339	\$6,996,516	\$928,754,855	99.98%	(\$199,499)	64%	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$4,344,250,034	\$4,541,232,022	\$50,294,096	\$4,591,526,118	105%	(\$30,588,138)	51%	\$2,378,476	\$1,470,191	\$3,848,667	\$4,756,952	\$2,940,381	\$7,697,334	
System Average ⁷					97%									
EVMS	\$77,945,880	\$66,337,369	\$0	\$66,337,369	85%	(\$11,608,511)	37%	\$770,216	\$1,302,695	\$2,072,911	\$1,540,431	\$2,605,390	\$4,145,821	
Grand Total	\$4,422,195,914	\$4,607,569,391	\$50,294,096	\$4,657,863,487		(\$42,196,649)		\$3,148,692	\$2,772,886	\$5,921,577	\$6,297,383	\$5,545,771	\$11,843,155	

Notes:

- (1) Based on actual FY15 student FTE and FY13-FY15 3-year average discipline credit hours.
- (2) The blended salary is from 2016-18 Activity-Based Budget (ABB)
- (3) Available resources are from 2016-18 ABB.
- (4) GF adjustments are OCR funding at NSU and VSU, and VCCS central office (FY16 adjustment).
- (5) NGF includes required funding for programs 101-40, 102 and 103 made in October 2009.
- (6) Includes recommended additional funding for faculty salaries and O&M in FY2017.
- (7) Available resources are adjusted for "uniquely military" mission.

2015-16 HEETF

Institution	Traditional Allocation
GMU	\$3,763,163
ODU	\$4,782,526
UVA	\$9,971,297
VCU	\$6,534,182
VT	\$9,850,368
W&M	\$2,193,331
W&M-VIMS	\$345,233
CNU	\$719,319
UVA-Wise	\$239,004
JMU	\$2,202,057
LU	\$708,802
UMW	\$625,200
NSU	\$1,144,204
RU	\$1,663,707
VMI	\$844,808
VSU	\$1,279,667
RBC	\$152,689
VCCS	\$11,916,602
SWVHEC	\$76,379
RHEA	\$74,007
IALR	\$261,400
SVHEC	\$91,328
New College	\$32,880
EVMS	\$500,000
TOTAL	\$59,972,153

**2016-18 Higher Education Equipment Trust Fund Recommended Allocation
(Traditional HEETF Guidelines)**

<u>2016-17</u>				<u>2017-18</u>			
Institutions	9-Year Cycle, Annual Replacement	Microcomputers	Total	Institutions	9-Year Cycle, Annual Replacement	Microcomputers	Total
	Need				Need		
GMU	\$3,434,154	\$1,149,390	\$4,583,544	GMU	\$3,434,154	\$1,149,390	\$4,583,544
ODU	\$4,150,887	\$847,575	\$4,998,462	ODU	\$4,150,887	\$847,575	\$4,998,462
UVA	\$12,168,816	\$1,025,235	\$13,194,051	UVA	\$12,168,816	\$1,025,235	\$13,194,051
VCU	\$7,243,444	\$1,197,765	\$8,441,209	VCU	\$7,243,444	\$1,197,765	\$8,441,209
VT	\$11,207,097	\$1,389,105	\$12,596,202	VT	\$11,207,097	\$1,389,105	\$12,596,202
W&M	\$1,491,212	\$354,600	\$1,845,812	W&M	\$1,491,212	\$354,600	\$1,845,812
W&M-VIMS	\$271,327	\$3,240	\$274,567	W&M-VIMS	\$271,327	\$3,240	\$274,567
CNU	\$552,089	\$228,870	\$780,959	CNU	\$552,089	\$228,870	\$780,959
UVA-Wise	\$161,261	\$76,995	\$238,256	UVA-Wise	\$161,261	\$76,995	\$238,256
JMU	\$1,453,836	\$868,455	\$2,322,291	JMU	\$1,453,836	\$868,455	\$2,322,291
LU	\$593,717	\$206,910	\$800,627	LU	\$593,717	\$206,910	\$800,627
UMW	\$716,567	\$189,450	\$906,017	UMW	\$716,567	\$189,450	\$906,017
NSU	\$870,672	\$262,080	\$1,132,752	NSU	\$870,672	\$262,080	\$1,132,752
RU	\$1,526,478	\$425,160	\$1,951,638	RU	\$1,526,478	\$425,160	\$1,951,638
VMI	\$1,008,586	\$80,640	\$1,089,226	VMI	\$1,008,586	\$80,640	\$1,089,226
VSU	\$869,724	\$241,650	\$1,111,374	VSU	\$869,724	\$241,650	\$1,111,374
RBC	\$104,136	\$44,730	\$148,866	RBC	\$104,136	\$44,730	\$148,866
VCCS	\$12,479,599	\$5,020,110	\$17,499,709	VCCS ⁽²⁾	\$12,479,599	\$5,020,110	\$17,499,709
SWVHEC	\$97,279	\$0	\$97,279	SWVHEC	\$97,279	\$0	\$97,279
RHEA	\$73,827	\$0	\$73,827	RHEA	\$73,827	\$0	\$73,827
IALR	\$246,131	\$0	\$246,131	IALR	\$246,131	\$0	\$246,131
SVHEC	\$190,992	\$0	\$190,992	SVHEC	\$190,992	\$0	\$190,992
NCI	\$56,737	\$0	\$56,737	NCI	\$56,737	\$0	\$56,737
EVMS	\$1,389,133	\$0	\$1,389,133	EVMS	\$1,389,133	\$0	\$1,389,133
TOTAL	\$62,357,699	\$13,611,960	\$75,969,659	TOTAL	\$62,357,699	\$13,611,960	\$75,969,659

**2016-18 Higher Education Equipment Trust Fund
Estimated Debt Service Payments⁽¹⁾**

Institutions	HEETF Estimated Debt Service
GMU	\$721,568
ODU	\$784,489
UVA	\$2,068,795
VCU	\$1,327,045
VT	\$1,975,092
W&M	\$289,516
W&M-VIMS	\$43,001
CNU	\$122,301
UVA-Wise	\$37,208
JMU	\$366,703
LU	\$126,193
UMW	\$140,692
NSU	\$173,170
RU	\$222,524
VMI	\$170,884
VSU	\$169,715
RBC	\$23,509
VCCS	\$2,715,842
SWVHEC	\$15,238
RHEA	\$11,564
IALR	\$38,554
SVHEC	\$29,917
NCI	\$8,887
EVMS	\$217,594
TOTAL	\$11,800,000

(1) Assumes a 7year period of debt service with the first payment made in the second year of the biennium. Estimated payments are based on the institutions' share of the recommended total allocation for 2016-17.

**Virginia Student Financial Aid Program – Undergraduate Funding
2016-08 Funding Recommendation**

Institution	FY16 PM % Met	FY16 Funds	2016-17					2017-18				
			Full Funding Goal	Total Funds Needed	Increase Needed	% Inc.	FY17 %	Total Funds Needed	Total Funds Needed	Increase Needed	% Inc.	FY18 %
Christopher Newport University	37.9%	4,677,403	13,128,189	4,981,000	303,597	6.5%	37.9%	14,497,056	5,031,000	353,597	7.6%	34.7%
College of William & Mary	55.8%	3,335,804	6,248,150	3,483,669	147,865	4.4%	55.8%	7,579,607	3,533,669	197,865	5.9%	46.6%
George Mason University	31.8%	16,789,270	59,245,244	19,550,931	2,761,661	16.4%	33.0%	63,299,932	20,888,978	4,099,708	24.4%	33.0%
James Madison University	35.8%	7,519,088	23,137,320	8,294,329	775,241	10.3%	35.8%	25,535,886	8,394,329	875,241	11.6%	32.9%
Longwood University	33.6%	4,276,583	13,817,848	4,637,111	360,528	8.4%	33.6%	14,990,032	4,946,711	670,128	15.7%	33.0%
Norfolk State University	36.6%	8,213,592	25,372,809	9,641,667	1,428,075	17.4%	38.0%	27,464,863	10,436,648	2,223,056	27.1%	38.0%
Old Dominion University	33.2%	17,293,350	58,470,222	22,218,684	4,925,334	28.5%	38.0%	63,121,626	23,986,218	6,692,868	38.7%	38.0%
Radford University	34.8%	7,516,618	24,869,469	9,450,398	1,933,780	25.7%	38.0%	26,918,593	10,229,065	2,712,447	36.1%	38.0%
University of Mary Washington	38.1%	3,049,066	9,096,644	3,468,383	419,317	13.8%	38.1%	9,846,842	3,518,383	469,317	15.4%	35.7%
University of Virginia	75.2%	5,876,211	13,025,472	6,346,308	470,097	8.0%	48.7%	14,832,983	6,446,308	570,097	9.7%	43.5%
University of Virginia - Wise	42.8%	2,199,938	5,994,710	2,565,576	365,638	16.6%	42.8%	6,463,420	2,766,172	566,234	25.7%	42.8%
Virginia Commonwealth University	32.7%	22,220,891	71,995,762	27,358,390	5,137,499	23.1%	38.0%	76,803,378	29,185,284	6,964,393	31.3%	38.0%
Virginia Military Institute	49.5%	970,928	2,139,452	1,058,719	87,791	9.0%	49.5%	2,396,285	1,108,719	137,791	14.2%	46.3%
Virginia State University	39.1%	7,056,890	18,764,786	8,274,766	1,217,876	17.3%	44.1%	19,652,289	8,621,489	1,564,599	22.2%	43.9%
Virginia Tech	40.2%	15,217,631	39,292,394	15,807,919	590,288	3.9%	40.2%	42,511,447	15,907,919	690,288	4.5%	37.4%
Four-Year Institution Totals	36.3%	126,213,263	384,598,471	147,137,851	20,924,588	16.6%	38.3%	415,914,239	155,000,891	28,787,628	22.8%	37.3%
Richard Bland College	21.0%	579,107	2,656,111	625,436	46,329	8.0%	23.5%	2,860,339	673,525	94,418	16.3%	23.5%
Virginia Community College System	20.7%	39,096,836	184,190,934	42,224,583	3,127,747	8.0%	22.9%	194,620,228	42,274,583	3,177,747	8.1%	21.7%
Two-Year Institution Totals	20.7%	39,675,943	186,847,045	42,850,018	3,174,075	8.0%	22.9%	197,480,567	42,948,108	3,272,165	8.2%	21.7%
Totals	30.8%	165,889,206	571,445,516	189,987,869	24,098,663	14.5%	33.2%	613,394,806	197,948,999	32,059,793	19.3%	32.3%

2016-17: maintains 2015-16 funding level, but with minimum floor of 33 percent of funding; 38 percent for six selected institutions; 8 percent overall increase for two-year colleges.

2017-18: maintains "minimum 33 and 38 percent floor" funding levels and also provides minimum funding increases for all other institutions above those levels and two-year colleges.

Virginia Student Financial Aid Program – Graduate Aid

	FY2016 Graduate Aid Funding	2016-17		2017-18	
		Proposed Funding Increase	Total Funding	Proposed Funding Increase	Total Funding
PUBLIC 4-YEAR INSTITUTIONS					
Christopher Newport University	3,704	10,537	14,241	15,805	19,509
College of William & Mary	748,007	163,602	911,609	245,403	993,410
George Mason University	1,886,190	797,932	2,684,122	1,196,898	3,083,088
James Madison University	541,870	344,001	885,871	516,002	1,057,872
Longwood University	6,259	18,359	24,618	27,538	33,797
Norfolk State University	406,072	104,098	510,170	156,147	562,219
Old Dominion University	2,237,734	434,907	2,672,641	652,361	2,890,095
Radford University	670,612	228,170	898,782	342,255	1,012,867
University of Mary Washington	6,199	13,732	19,931	20,599	26,798
University of Virginia	4,498,154	763,026	5,261,180	1,144,538	5,642,692
Va. Institute of Marine Sciences	241,540	4,103	245,643	6,154	247,694
Virginia Commonwealth University	2,899,292	483,396	3,382,688	725,094	3,624,386
Virginia State University	256,344	94,451	350,795	141,677	398,021
Virginia Tech	4,490,716	539,686	5,030,402	809,529	5,300,245
TOTAL 4-YEAR INSTITUTIONS	18,892,693	4,000,000	22,892,693	6,000,000	24,892,693

Virginia Tuition Assistance Grant Program

Incremental Cost of Increasing the Maximum Annual TAG Award
 2015-16 Base Appropriation = \$64,812,665

Projected TAG Award	2016-17	
	Appropriations Needed	Change in FY2016 Appropriations
\$3,020 / \$1,510	\$64,812,665	\$0
\$3,100 / \$1,550	\$66,247,063	\$1,434,398
\$3,200 / \$1,600	\$68,384,065	\$3,571,400
\$3,300 / \$1,650	\$70,521,067	\$5,708,402
\$3,400 / \$1,700	\$72,658,069	\$7,845,404
\$3,500 / \$1,750	\$74,795,071	\$9,982,406
\$3,700 / \$1,850	\$79,069,075	\$14,256,410

Projected TAG Award	2017-18	
	Appropriations Needed	Change in FY2016 Appropriations
\$2,960 / \$1,480	\$64,812,665	\$0
\$3,100 / \$1,550	\$67,797,713	\$2,985,048
\$3,200 / \$1,600	\$69,984,736	\$5,172,071
\$3,300 / \$1,650	\$72,171,759	\$7,359,094
\$3,350 / \$1,680	\$73,273,425	\$8,460,760
\$3,400 / \$1,700	\$74,358,782	\$9,546,117
\$3,500 / \$1,750	\$76,545,805	\$11,733,140
\$3,700 / \$1,850	\$80,919,851	\$16,107,186

Recommended Incremental General Fund for E&G Programs in 2016-18 Biennium

Inst.	FY2016	FY2017				FY2018			
	GF Appropriations for E&G	Base Operations Funding	Virginia Plan Funding	Total Additions	Percent Increase over FY2016	Base Operations Funding	Virginia Plan Funding	Total Additions	Percent Increase over FY2016
CNU	\$25,999,214	\$461,466	\$354,850	\$816,316	3.1%	\$461,466	\$354,850	\$816,316	3.1%
CWM	\$39,580,549	\$1,991,448	\$375,180	\$2,366,628	6.0%	\$1,993,992	\$375,180	\$2,369,172	6.0%
GMU	\$122,374,571	\$6,065,113	\$1,567,930	\$7,633,043	6.2%	\$7,373,705	\$1,567,930	\$8,941,635	7.3%
JMU	\$73,936,032	\$3,083,802	\$1,176,820	\$4,260,622	5.8%	\$3,174,458	\$1,176,820	\$4,351,278	5.9%
LU	\$25,112,973	\$1,026,179	\$275,120	\$1,301,299	5.2%	\$1,040,179	\$275,120	\$1,315,299	5.2%
NSU	\$42,592,139	\$1,014,853	\$323,060	\$1,337,913	3.1%	\$1,245,867	\$323,060	\$1,568,927	3.7%
ODU	\$109,279,431	\$5,332,884	\$1,317,600	\$6,650,484	6.1%	\$7,772,886	\$1,317,600	\$9,090,486	8.3%
RU	\$46,088,141	\$1,337,919	\$588,860	\$1,926,779	4.2%	\$1,337,919	\$588,860	\$1,926,779	4.2%
UMW	\$22,269,273	\$845,991	\$327,110	\$1,173,101	5.3%	\$915,127	\$327,110	\$1,242,237	5.6%
UVA	\$118,742,460	\$4,179,842	\$986,400	\$5,166,242	4.4%	\$4,179,842	\$986,400	\$5,166,242	4.4%
UVAW	\$13,835,062	\$1,254,539	\$119,290	\$1,373,829	9.9%	\$1,254,539	\$119,290	\$1,373,829	9.9%
VCU	\$163,015,325	\$3,750,979	\$1,612,810	\$5,363,789	3.3%	\$3,750,979	\$1,612,810	\$5,363,789	3.3%
VMI	\$8,990,148	\$380,302	\$83,140	\$463,442	5.2%	\$412,745	\$83,140	\$495,885	5.5%
VSU	\$31,483,098	\$1,669,535	\$254,930	\$1,924,465	6.1%	\$1,747,235	\$254,930	\$2,002,165	6.4%
VT	\$148,915,090	\$4,426,998	\$1,640,070	\$6,067,068	4.1%	\$4,535,294	\$1,640,070	\$6,175,364	4.1%
RBC	\$5,886,045	\$189,858	\$72,250	\$262,108	4.5%	\$196,274	\$72,250	\$268,524	4.6%
VCCS	\$356,195,534	\$5,882,760	\$13,924,590	\$19,807,350	5.6%	\$5,923,311	\$18,924,590	\$24,847,901	7.0%
Total	\$1,354,295,085	\$42,894,469	\$25,000,000	\$67,894,479	5.0%	\$47,315,818	\$30,000,000	\$77,315,828	5.7%

Note: Total additions do not match the recommendations due to exclusion of funding for affiliates.

Recommended Total Incremental Funding for E&G Programs in 2016-18 Biennium

Inst.	FY2016	FY2017				FY2018			
	E&G Appropriations	Base Operations Funding	Virginia Plan Funding	Total Additions	Percent Increase over FY2016	Base Operations Funding	Virginia Plan Funding	Total Additions	Percent Increase over FY2016
CNU	\$64,463,408	\$461,466	\$354,850	\$816,316	1.3%	\$461,466	\$354,850	\$816,316	1.3%
CWM	\$181,749,251	\$2,849,825	\$375,180	\$3,225,005	1.8%	\$2,856,248	\$375,180	\$3,231,428	1.8%
GMU	\$455,709,679	\$8,990,130	\$1,567,930	\$10,558,060	2.3%	\$11,841,454	\$1,567,930	\$13,409,384	2.9%
JMU	\$278,635,081	\$4,254,460	\$1,176,820	\$5,431,280	1.9%	\$4,442,155	\$1,176,820	\$5,618,975	2.0%
LU	\$62,227,959	\$1,395,525	\$275,120	\$1,670,645	2.7%	\$1,417,746	\$275,120	\$1,692,866	2.7%
NSU	\$77,245,821	\$1,406,847	\$323,060	\$1,729,907	2.2%	\$1,812,847	\$323,060	\$2,135,907	2.8%
ODU	\$256,607,373	\$7,754,332	\$1,317,600	\$9,071,932	3.5%	\$11,712,088	\$1,317,600	\$13,029,688	5.1%
RU	\$115,267,918	\$1,633,450	\$588,860	\$2,222,310	1.9%	\$1,633,450	\$588,860	\$2,222,310	1.9%
UMW	\$63,730,518	\$1,097,683	\$327,110	\$1,424,793	2.2%	\$1,213,683	\$327,110	\$1,540,793	2.4%
UVA	\$594,542,769	\$4,324,337	\$986,400	\$5,310,737	0.9%	\$4,324,337	\$986,400	\$5,310,737	0.9%
UVAW	\$23,508,080	\$1,254,539	\$119,290	\$1,373,829	5.8%	\$1,254,539	\$119,290	\$1,373,829	5.8%
VCU	\$538,769,737	\$4,044,272	\$1,612,810	\$5,657,082	1.0%	\$4,044,272	\$1,612,810	\$5,657,082	1.0%
VMI	\$35,983,906	\$787,338	\$83,140	\$870,478	2.4%	\$889,319	\$83,140	\$972,459	2.7%
VSU	\$74,222,662	\$1,669,535	\$254,930	\$1,924,465	2.6%	\$1,747,235	\$254,930	\$2,002,165	2.7%
VT	\$593,692,709	\$4,963,549	\$1,640,070	\$6,603,619	1.1%	\$5,239,111	\$1,640,070	\$6,879,181	1.2%
RBC	\$10,371,985	\$258,957	\$72,250	\$331,207	3.2%	\$268,829	\$72,250	\$341,079	3.3%
VCCS	\$911,327,072	\$6,996,516	\$13,924,590	\$20,921,106	2.3%	\$7,060,374	\$18,924,590	\$25,984,964	2.9%
Total	\$4,338,055,928	\$54,142,763	\$25,000,000	\$79,142,773	1.8%	\$62,219,154	\$30,000,000	\$92,219,164	2.1%

Note: Total additions do not match the recommendations due to exclusion of funding for affiliates.