



State Council of
Higher Education for Virginia

Agenda Book

November 19, 2012

Location:

Monroe Building
Richmond, VA



State Council of Higher Education for Virginia
Advancing Virginia through Higher Education

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
AGENDA**

VCCS Offices
101 N. 14th Street, 15th floor
November 19, 2012
10:00 – 11:30 a.m.

Budget Recommendations Task Force

1. Call to Order
2. Approval of Minutes (September 24, 2012) [Page BR1](#)
3. Action on 2012-2014 Systemwide Operating Budget Amendment Items [Page BR4](#)
4. Action on 2012-2014 Maintenance Reserve Budget Amendment [Page BR27](#)
5. Action on Institutional Performance Measures [Page BR30](#)
6. Action on Higher Education Advisory Committee Recommendations [Page BR33](#)
7. New Business
8. Adjournment

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
BUDGET RECOMMENDATIONS TASK FORCE
SEPTEMBER 24, 2012
MINUTES**

Mr. Haner called the meeting to order at 2:10 p.m. in Lee Hall, Room 411, University of Mary Washington, Fredericksburg, Virginia. Council members present: Stephen Haner, G. Gilmer Minor, and Katharine Webb.

Council members absent: Whittington Clement, and Gary Nakamoto.

Staff members present: Lee Andes, Peter Blake, Alan Edwards, Kirsten Nelson, Lee Ann Rung, and Yan Zheng. Ron Forehand from the Office of the Attorney General was also in attendance.

BRIEFINGS AND DISCUSSION

Mr. Blake reminded members that the preliminary budget recommendations were being provided to members in September so that staff could receive and incorporate Council input into the final recommendations to be brought to the Council for action in October. He informed members that Dr. Edwards would be heading the Finance Policy section until Mr. Hix returns from medical leave. Dr. Zheng and Mr. Andes of the Finance Policy staff were introduced.

Mr. Blake explained that Part 1 of the budget recommendations included the total amounts of funding needed to address all items required by the formulas mandated in the TJ21 legislation, while Part 2 offered an alternative approach representing lower amounts based on reasonable expectations of funding availability.

Discussion of 2012-2014 Systemwide Operating Budget Amendment Items

Mr. Blake reviewed each of the categories and explained the differences between the various options for consideration. Mr. Haner noted that in the 2012 legislative session, the General Assembly showed a propensity for approving categorical appropriations rather than across the board appropriations.

The faculty salary recommendation received some discussion. Ms. Webb expressed concerns about stating the needs of the system while still taking a realistic approach. She felt that when communicating the needs of the system to the Governor and General Assembly, the Council should state the amount of funding needed to comply with the TJ21 legislation, but should also indicate that the proposed recommendations have been adjusted to align with current economic circumstances.

Mr. Haner stated that need-based financial aid was his first priority. Mr. Minor felt that the private institutions are critical to improving the academic standard and preferred to place more emphasis on the TAG allocation.

Mr. Haner requested that staff prepare a chart on the TAG grants showing dollars adjusted in 2013 and looking back 20 years, similar to the charts on page 32 and 33.

Ms. Webb felt it was important to look at graduate financial aid by program.

Mr. Blake asked the Council to consider including VCCS workforce training programs in the HEETF recommendation to allow some community colleges to use HEETF funds to update their non-credit instructional laboratories. The Committee agreed to explore the possibility and advised staff to include this item in the proposal that will be brought to the Council for action in October.

Additional information regarding incentive funding will be brought to the Committee in October, once the HEAC has provided input.

Mr. Blake reinforced staff's recommendation of taking a 60/20/20 approach to the budget amendments; with 60% for base operations, 20% for financial aid, and 20% for performance funding.

Mr. Minor asked that staff provide an update to the chart on page 34 to reflect prior years in order to determine whether Virginia has advanced in the national ranking for total revenue support per student.

Discussion of 2012-2014 Maintenance Reserve Budget Amendment

Mr. Blake suggested that this item be kept before the General Assembly because it constitutes a critical component of the Commonwealth's capital outlay support for the institutions.

ACTION ON 2012-2014 SYSTEMIC ITEMS IN SCHEV'S BUDGET

Tuition Assistance Grant (TAG)

Mr. Blake introduced Mr. Andes who presented historical data on the TAG program's funding, award amounts, and awardee totals. Mr. Andes indicated that staff's recommendation had been developed following consideration of numerous factors, including prior year recipients, prior funding, and the number of high school graduates in previous years. He reported that, even during times of economic distress, students have tended to continue to enroll in college at rates similar to better economic times. Mr. Haner requested input from Lisa Ghidotti from the Council of Independent Colleges in Virginia (CICV). Ms. Ghidotti thanked the Council for its 40 years of support for the TAG program and said that, while the award amount has slowly increased in recent years, CICV would like the Council to consider proposing a funding increase that would allow the per-student award amount to be moved to \$3200.

Mr. Haner expressed concern about equity, but indicated that he was comfortable with the recommendation. Ms. Webb asked when staff would know the number of TAG

recipients, and Mr. Andes indicated that preliminary numbers could be provided in November. On motion by Mr. Minor and seconded by Ms. Webb, the following resolution was approved unanimously (3-0):

BE IT RESOLVED that the State Council of Higher Education for Virginia affirms its commitment to increase the undergraduate and graduate maximum annual award for the Virginia Tuition Assistance Grant (TAG) program to \$3,500 and, ultimately, to \$3,700 as originally recommended for the 2008-10 biennium. The Council also recognizes the Commonwealth's current financial constraints and, therefore, recommends that funding be increased by \$3.9 million in FY2014 in order to achieve maximum annual awards of \$3,100 for undergraduate and \$1,500 for graduate students. Council further emphasizes its priority in keeping TAG balances within the TAG program by recommending that this increase be achieved by reappropriating the projected FY2013 surplus of \$3.8 million to FY2014 and appropriating an additional \$154,000 to the program. To the extent TAG balances and actual enrollment permit, Council recommends that the undergraduate award be increased to \$3,200.

College Scholarship Assistance Program (CSAP)

Mr. Andes provided a brief overview of the program and of an opportunity to redesign it following changes at the federal level. On motion by Mr. Haner and seconded by Mr. Minor, the following resolution was approved unanimously (3-0):

BE IT RESOLVED that the State Council of Higher Education for Virginia supports assigning funds currently used as a state match for the College Scholarship Assistance Program to institutional efforts to improve student retention and completion. Council directs staff to continue working with institutional representatives, including financial aid directors, and others to develop the criteria for distributing the funds and the means to evaluate the success of students receiving the funds.

The meeting was adjourned at 3:30 p.m.

Steve Haner
Chair

Lee Ann Rung
Manager, Executive & Council Affairs

State Council of Higher Education for Virginia Agenda Item

Item: Budget Recommendation Task Force Item #3 – Action on 2012-14 Systemwide Operating Budget Amendments

Date of Meeting: October 30, 2012

Presenter: Peter Blake, SCHEV Director
PeterBlake@schev.edu

Most Recent Review/Action:

- No previous Council review/action
 Previous review/action

Date: September 25, 2012

Action: The council reviewed and discussed staff preliminary calculations and proposed operating budget amendments for 2013-14.

Summary of Major Elements:

The 2012 General Assembly provided over \$258 million in additional general fund support to higher education in the 2012-14 biennium for base operations, faculty salaries, enrollment growth, STEM degrees, incentives to support legislative initiatives, student financial aid and research. The general fund appropriations for Educational and General programs (E&G) increased by 7 percent (5.5 percent in FY2013 and 1.4 percent additional increase in FY2014) and the support for undergraduate financial aid increased by 5.9 percent in FY2013. The additional funding represents a measured step toward a reinvestment in Virginia's public higher education system.

Other than appropriations to support a 2 percent salary increase for state employees, including faculty, in FY2014, the approved biennial budget level funds public higher education in the second year of the biennium. It provides no additional funds for core operations, enrollment growth, financial aid and legislative initiatives.

Last fall, facing concerns over the sluggish economy and cloudy state budget picture, the Council adopted a phased approach in making the 2012-14 budget recommendations. These proposals represented a combination of funding strategies and priorities designed to meet the goals of the Higher Education Opportunity Act of 2011, also known as TJ21. Taken together, the Council's recommendations provided a balanced approach to improving quality, expanding access, and incentivizing change and improvement.

The 2012 General Assembly required institutions to reallocate portions of existing resources to support institutional programs and initiatives outlined in each six-year academic plan and the goals of TJ21. The required reallocations total \$17.3 million, or

1.5 percent, in FY2013 and \$23.1 million, or 2 percent, in FY2014. In recent responses to the state review panel's questions about institutions' 2012 six-year plans, most reported meeting or exceeding the reallocation requirements for FY2013 and being on track for similar performance in FY2014. This year, the reallocated resources are being used primarily to support TJ21 initiatives, such as increasing retention and graduation, expanding STEM and health-care programs, and reducing time to degree.

SCHEV staff presents the following budget recommendations with the assumption that institutions take resource reallocations as high priority and continue to make efforts to manage cost. The total recommended additional general fund for FY2014 is targeted around \$100 million, which is consistent with the annual amounts appropriated in the 2012 General Assembly session. Staff estimates that a general fund increase in this range would help institutions continue to have moderate tuition and fee increases in FY2014.

Base Adequacy/Cost of Education

- The 2012 General Assembly provided additional general fund support of \$65 million in FY2013 and \$83 million in FY2014 for E&G programs to help address enrollment growth, faculty salaries, STEM degrees, TJ21 initiatives, and mitigate the need for tuition increases. The additional general fund increase from FY2013 to FY2014 is the funding for the 2 percent salary increase of all state employees in FY2014.
- This additional general fund and nongeneral fund support enables institutions to meet core operating budget functions and improves their standing relative to the Commonwealth's base adequacy/cost of education funding model. Without any additional appropriations in FY2014, the system average for the funding model is 95 percent, excluding those institutions above 100 percent.
- Institutions' base adequacy shortfalls are addressed in other ways in the Council's budget recommendations. Specifically, these recommendations include funding for an additional faculty salary increase, operation and maintenance of new facilities, and enrollment growth. As a means to address the institutions' core functions, as envisioned in the Commonwealth's funding model, the Governor and General Assembly should consider funding these items first as a way to address base adequacy. These items would result in an additional \$36 million in general fund \$20 million from nongeneral funds, for a total of \$56.3 million.
- In addition to these recommendations for base operating funding, Council also recommends providing additional funds to institutions that are below full funding such that they gain an additional one percentage point toward 100 percent. Council also recommends additional funds for Old Dominion University and the Virginia Community College System, as they remain lower than other institutions in the funding model. The total recommended additional funding is \$23.8 million in general fund and \$19.9 million from nongeneral funds, for a total of \$43.7 million in FY2014. This additional funding would move the system average for base adequacy/cost of education to 96 percent, excluding those institutions above 100 percent.

- Item 218.E in the 2012 Appropriation Act reads: “Resources determined by the State Council of Higher Education for Virginia to be uniquely military shall be excluded from the base adequacy funding guidelines.” SCHEV staff has worked with the Finance and Administration leadership at VMI to identify activities and resources within Educational and General (E&G) programs that can be defined as uniquely military. While a separate program known as Unique Military Activities was created for VMI by the General Assembly in the mid-1980's by combining certain E&G functions with certain Auxiliary Enterprise functions, the thinking was that a fresh review of current E&G activities would yield further evidence of military activities within E&G programs that are unique to VMI. Based on an analysis of the VMI actual spending pattern by program, such as instruction, student services and institutional support, in the past three years and a comparison with the calculated funding need for each program in VMI's base adequacy calculation, SCHEV staff identified 20 percent of VMI E&G resources, or about \$6.8 million, that are tied directly to VMI's mission. The VMI's base adequacy calculation presented in this item reflects this adjustment. Staff will continue to work with VMI to determine whether to move this amount of funding out of E&G programs to the Unique Military Activities program.

(a) Faculty Salaries

- The 2012 General Assembly provided a 3 percent bonus in FY2013 and a 2 percent salary base increase in FY2014 for all state employees, including faculty at public institutions.
- Virginia state employees, including faculty, will have gone five years without a salary increase since the economic downturn of 2008. Although most states and all walks of life are experiencing the similar economic situation, the American Association of University Professors reports that faculty salaries have continued to increase moderately over these years. Thus, the gap to reach the 60th percentile of peers' salaries, the state's now-codified goal, has widened. The average teaching and research faculty salary at our four-year institutions ranked at the 31st percentile in FY2012. The average for the VCCS ranked at the 42nd percentile, while RBC ranked at the 69th percentile in FY2012.
- Including the state-authorized 2 percent salary increase in FY2014 and assuming a 2 percent annual salary increase for peers in FY2013 and FY2014, the average teaching and research faculty salary at our four-year institutions is estimated to rank at the 26th percentile of peers in FY2014. The average for the VCCS will rank at the 40th percentile while RBC will be at the 65th percentile in FY2014. The gap to reach the goal for Virginia institutions is further widened.
- Institutions contend that the absence of significant faculty salary increases for nearly half a decade is the greatest threat to the recruitment and retention of faculty. The Governor and the General Assembly made an important investment in salaries for all state employees in the 2012 legislative session. SCHEV staff believes that

an additional commitment to faculty salaries in the 2013 General Assembly session is critical to meeting the goals outlined in the Higher Education Opportunity Act.

- Staff recommends an additional 2 percent salary increase for teaching and research faculty in FY2014 to keep up with the estimated peer salary increase. The total recommended additional funding is \$10.8 million in general fund and \$10.8 million from nongeneral funds for a total of \$21.6 million in FY2014.
- While administrative faculty, part-time faculty and other support staff (classified employees) are not included in this recommendation, the institutions and, ultimately, the Commonwealth will need to address the appropriate level of compensation needed to attract and retain high-performing employees.

(b) Undergraduate and Graduate Student Financial Aid

(i) *Undergraduate Student Financial Aid*

- The 2012 General Assembly provided additional funding of \$8.4 million in the 2012-14 biennium. For FY2014, over \$149.5 million in general fund currently is appropriated for the undergraduate Virginia Student Financial Assistance program. The funds are awarded to Virginia residents demonstrating financial need at public institutions.
- The amount of need met through state funds, however, continues to decline due to an increasing number of eligible students, higher tuition charges, and other cost increases. Assuming an average tuition and fee increase of 5 percent for the 2013-14 academic year, the total additional general fund needed simply to maintain the FY2013 percent of need met in FY2014 is \$26.9 million; however, we note that the percent of need met by state financial aid has steadily declined from 60.9 percent in FY2010 to just 40.8 percent in FY2013. The \$26.9 million in recommended funding would arrest the steady decline in the ability of state need-based aid to mitigate increased educational costs and decreased family resources and help maintain affordability.
- The additional funds will help meet the need of more than 117,000 eligible students, a 15.6 percent increase in students demonstrating need following a previous 27 percent increase for FY2013. The increase in educational costs coupled with decreasing family resources following the economic recession in 2008 have combined to create a 19.4 percent rise in projected unmet need for student financial aid in FY2014.
- Council's September financial-aid discussion included questions regarding the use of aid to reward or incentivize desirable student behavior, such as majoring in science, technology, engineering and math (STEM) fields. Currently, the Appropriation Act outlines the criteria under which need-based financial aid can be awarded. No provisions exist currently for awarding state financial aid for program of study. Colleges and universities, however, can use institutional aid to make awards for special categories of students, including those in a specific program of study. Other state policy and funding also give priority to STEM programs:

- The graduate-level Virginia Student Financial Assistance program, under which institutions may award graduate financial aid not only on the basis of need but also as scholarships and work stipends. Approximately 35 percent of graduate financial aid is awarded to students in STEM disciplines;
 - The graduate Tuition Assistance Grant (TAG), which is only available to STEM graduate students in the health professionals field at eligible private non-profit institutions;
 - The Two-Year College Transfer Grant, which has a need component and which is \$2,000 (rather than the standard \$1,000) for students transferring in science, engineering, math, teaching and nursing programs; and
 - The Advantage Virginia Incentive program, a non-need based program established in the Code of Virginia in 2000 but never funded.
- A focus on STEM and other high-demand programs continues to be a priority for the Commonwealth. Tailoring student financial aid programs might help in that effort if the programs can be shown to change behavior rather than award aid for existing choices. Policy makers also should be careful in creating new “carve outs” for financial aid because of the potential precedent they could set for other interests.
 - As a means to advance STEM education, the Council could consider the following strategies:
 - Establishing a separate financial aid program that would be limited to students in high-demand programs, including STEM;
 - Authorizing institutions to use a portion of their existing financial-aid allocations for specific high-demand programs, including STEM;
 - Providing funds for the existing Advantage Virginia Incentive program;
 - Studying the feasibility of these and other options to meet policy goals for financial aid, including STEM.
 - Council also expressed interest in work-study programs. These programs provide funds as payment for part-time employment, usually on-campus, for students with demonstrated financial need. A federal program exists, as do some institutional programs; the Commonwealth offered a state-funded program until the mid-1990s. No provisions exist currently for awarding state financial aid for work-study.
 - Students generally use funds earned from work-study to cover daily expenses during the academic term or to help with future tuition or expenses. Work-study has a marginal impact on affordability as the award is not subtracted from the institution’s bill in the same way as a grant. As a result, a work-study “dollar” is less valuable as a grant “dollar.”

- Potential benefits of work-study programs including greater student engagement and improved academic performance. Work-study also provides a student with experience in the work place, which helps build a resume for post-graduation employment.
- Given these potential positive effects of work-study programs the Council could consider the following strategies:
 - Undertaking a comprehensive review of federal, state and institutional work-study programs, including the feasibility of re-initiating a state program; or
 - Changing in the Code of Virginia or the Appropriation Act to allow public institutions to use a portion of their existing financial-aid allocations for existing or new campus-based work-study programs.

(ii) Graduate Student Financial Aid

- The 2012 General Assembly provided additional funding of \$1.8 million in FY2014 for the graduate Virginia Student Financial Assistance program. This is the first time in funding increase to the program since FY2007. By FY2014, there will be just under \$18.9 million in general fund appropriated for this purpose. Institutions may award graduate financial aid 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.
- SCHEV staff recommended restoration of graduate financial aid to FY1995 levels of funding last year. However, as the program received its first increase in FY2014 (from \$17.1 million to \$18.9 million) since FY2007, SCHEV will defer recommending further increases until the next biennium.
- Note that it is estimated an annual additional funding of \$6.2 million will be needed in order to return to FY1995 levels of funding over a six-year period, beginning in FY2014.

(iii) Tuition-based financial aid

- For many years, colleges and universities have set aside a portion of general tuition revenue to be used for student financial aid. Based on information submitted on institutions' six-year plans, institutions have directed tuition revenue of over \$140 million to undergraduate and graduate student financial aid. This represents less than 6 percent of total estimated tuition revenue collections for 2012-13.
- These funds complement the nearly \$150 million in need-based financial aid currently appropriated for undergraduate financial aid and \$19 million for graduate financial aid. Taken together, these sources of student financial aid contribute materially to meeting the Commonwealth's goal of adding 100,000 degrees by 2025.

- Last year, SCHEV recommended that the Governor and the General Assembly “establish the means by which SCHEV and the colleges and universities can assess the extent of the practice; evaluate its effectiveness; and establish criteria for a fair and equitable allocation of resources.” Following the General Assembly Session, the Governor asked the Higher Education Advisory Committee to evaluate the practice. Secretary of Education Laura Fornash convened a work group, which has presented some of its findings to the advisory committee. The recommendations that follow have been among the issues discussed within the work group.
- SCHEV staff recommends that the Governor and the General Assembly refrain from constraining this practice. Given the growth in the number of students eligible for need-based financial aid, this approach is a prudent way for institutions to balance tuition increases for all students with institutional financial aid for low- and middle-income students, as described in the Higher Education Opportunity Act of 2011. It also gives institutions flexibility in making awards that will increase student retention and meet specific state and institutional priorities.
- SCHEV recommends that the Governor and the General Assembly permit institutions to use general tuition revenue for student financial aid under the following policy parameters:
 1. In-state student tuition will not subsidize out-of-state students.
 2. Students receiving this aid must be making satisfactory academic progress.
 3. Awards made to students should be based primarily on financial need.
 4. Institutions should make larger awards to students taking the number of credit hours necessary to complete a degree in a timely manner.
 5. SCHEV and institutions should work cooperatively to refine and improve the reporting of this approach to providing financial aid.

(c) Operation and Maintenance of New Facilities Coming Online

- On average, spending for operation and maintenance (O&M) of facilities represents about 10 percent of the total E&G spending at institutions. This level of spending is comparable to the national average. Though the base adequacy funding guidelines address an institution’s need for O&M funding, institutions are currently underfunded relative to the calculated cost of education. Without additional funding targeted to maintain new space coming online, institutions will be required to divert money from their existing budgets to support these needs. The 2012 General Assembly did not provide targeted O&M funding for institutions in the 2012-14 biennium.
- All but three public institutions have submitted requests to SCHEV for additional funding to operate and maintain new facilities coming online in FY2014. Compared with institutions’ requests for O&M funding in past years, the total funding request of this year is less than that in previous years.
- The total additional funding recommended for O&M is \$10.2 million in general fund and \$10.6 million from nongeneral funds in FY2014.

(d) Fund Share Equity/Affordability

- The base adequacy/cost of education calculation reveals that five institutions currently are at or above 100 percent of guidelines. These institutions reached full funding primarily through tuition increases. Like other institutions, they also have a funding shortfall in terms of the general fund share.
- SCHEV staff recommends that additional general fund be provided to these institutions to address their fund share equity/affordability issues, which will allow these institutions to mitigate short-term tuition increases. An additional general fund appropriation of \$1.8 million is estimated to be required to reduce these institutions' general fund shortfall by 1 percent in FY2014. No matching increase in tuition would be required or allowed for this additional state support. This additional state support will reduce the size of tuition increases in FY2014.

(e) Higher Education Equipment Trust Fund

- The Council recommended an additional appropriation of \$13 million from the general fund for the debt service necessary to finance \$164.8 million in equipment for the 2012-14 biennium, including \$36.4 million for sponsored research equipment, through the HEETF last year.
- The 2012 General Assembly provided a \$118.3 million authorization in the 2012-14 biennium, including an additional \$6.2 million for sponsored research equipment in FY2013, based on the same methodology used in the SCHEV recommendations, and provided \$9.7 million in general fund for debt service in FY2014.
- A consistent level of support is needed to replace current eligible equipment inventories as necessary and remain technologically competitive. SCHEV staff proposes to provide additional funding of \$30.6 million in FY2014 to make up the difference between SCHEV's original recommendation and the funding provided by the 2012 session. As financing for debt service usually begins in the second year of the funding, the estimated cost of the \$4.1 million debt service in general fund will not be required until FY2015.
- The Virginia Community College System provides a comprehensive program of workforce development services. As part of that effort, VCCS and SCHEV engaged in a review of equipment needs for workforce development training facilities. Staff recommends expanding the Higher Education Equipment Trust Fund to allow the purchase of equipment for designated workforce development centers to meet technology training needs, including those of the advanced manufacturing industry. The recommended funding is for purchasing workforce-training equipment at four community colleges designated by the VCCS and totals at \$4 million. In addition, staff recommends that: (a) the language of Item 254 of the Appropriation Act be amended to add "workforce training" as a descriptor of the types of eligible HEETF equipment; (b) the Commonwealth develop an appropriate fund share policy on the debt service associated with this type of equipment based on industry

contributions; and (c) the VCCS be encouraged to explore the possibility of collaboration with local school districts on the use of these state-of-the-art laboratory facilities.

(f) Projected Per-Student Enrollment-Based Funding

- Per-student enrollment-based funding is provided in the TJ21 legislation to incentivize colleges and universities to enroll in-state undergraduate students. The amount is to be tied to the per-student award of the Tuition Assistance Grant (TAG). Based on enrollment projections and the amounts recommended by Council for TAG (\$3,100 in FY2014), SCHEV staff recommends a general fund appropriation for per-student enrollment funding of \$15.1 million in FY2014. This estimate reflects a lower per-student amount for students at VCCS and RBC (\$2,100 in FY2014).
- In order to allow institutions to plan efficiently, SCHEV staff recommends that projected enrollment growth funds be made available to institutions at the beginning of the fiscal year, subject to certification after the census date for fall enrollments.
- Enrollment growth derives from three major factors: “first time in college” students, transfer students, and retained students. This funding recommendation recognizes all students equally, on the basis that all factors contribute to the ultimate outcome: graduation.

(g) Economic and Innovation Incentives

- The 2012 General Assembly provided over \$21.3 million in each year of the biennium to support activities consistent with the Economic and Innovation Incentives component of the TJ21 legislation’s four-part funding model. The Council’s original recommendation was over \$52 million per year for the 2012-14 biennium. Given the Council’s 2012-13 priorities of student success, academic quality and productivity, and institutional efficiency, SCHEV staff recommends an additional \$20.0 million from the general fund in FY2014 for additional state investment to further support student persistence and degree attainment and to encourage institutional collaboration, efficiency and effectiveness, as follows:
 - As in public institutions’ 2011 six-year plans, improving student success is a clear theme in their 2012 plan updates. This year’s submissions contain dozens of similar but institutionally-tailored strategies aimed at ensuring more and better student outcomes. This explicit attention on student success demonstrates institutions’ appreciation of the challenges of demographic change, worldwide competition and fiscal constraints. Because student success is a high priority for the Council, the state, and the nation, SCHEV staff recommends that the Governor and the General Assembly increase funding to efforts to improve student transition, retention, and completion. SCHEV staff recommends an additional \$18 million from the general fund in FY2014 with a corresponding increase of nongeneral funds to support this initiative. These funds should be allocated based on past institutional performance or as an incentive to achieve certain levels of institutional performance in the future.

- Institutional collaboration and instructional-resource sharing also are priorities of the state, as reflected in last year's support for the 4-VA technology partnership. Additional collaborative arrangements between and among institutions can further leverage existing investments and technological resources. They can extend faculty reach, thereby serving more Virginia students, reducing time to degree, and addressing the needs of specific regions, student populations and workforce sectors for high-demand courses and programs. To expand system capacity to produce 100,000 additional degrees by 2025 while increasing quality and efficiency, SCHEV recommends \$1.25 million in FY2014 to establish a competitive program to encourage additional institutional collaboration and instructional-resource sharing, particularly in high-demand programs that serve competitive workforce needs. The competitive program would support efforts to transform courses into online formats, encourage instructional resource sharing, and facilitate public-private partnerships. Funding also would support assessment of student learning, evaluation of improvements in access and cost, and program administration.
- To stimulate change, innovation and quality improvement in the areas of expedited degree completion, optimal use of facilities, and other efficiency reforms designed to reduce total instructional cost, SCHEV staff recommends the creation of a small incentive fund in the SCHEV budget for allocation to public and private institutions on a competitive basis. Consistent with the Council's 2012-13 priority regarding clear and measureable goals and results, these funds would also be used for evaluation and reporting. SCHEV staff recommends a total of \$750,000 from the general fund in FY2014 to support this Fund for Excellence and Innovation.

Financial Impact: See tables below.

Timetable for Further Review/Action: None.

Recommendations and Resolution:

BE IT RESOLVED that the State Council of Higher Education for Virginia recommends additional operating budget appropriations in FY2014 totaling \$108.9 million from the general fund and \$41.3 million in nongeneral funds to be allocated in the following way:

- **Base Adequacy/Cost of Education, \$23.8 million from the general fund and \$19.9 million in nongeneral funds. These funds would be provided to support base operating needs, additional faculty and staff, library and other instructional and research materials, and efforts to increase the number of degrees;**
- **Faculty salaries, \$10.8 million from the general fund and \$10.8 million in nongeneral funds for an additional 2 percent salary increase for teaching and research faculty;**

- Undergraduate student financial aid, \$27 million from the general fund;
- Operation and maintenance of new facilities, \$10.2 million from the general fund and \$10.6 million in nongeneral funds;
- Fund share equity/affordability, \$1.8 million from the general fund;
- Higher Education Equipment Trust Fund, \$30.7 million allocation to be financed through debt service payments beginning in 2014-16 biennium;
- Projected per-student enrollment-based funding, \$15.1 million from the general fund;
- Economic and innovative incentives, \$20 million from the general fund.

BE IT FURTHER RESOLVED that the State Council of Higher Education for Virginia recommends that the Governor and the General Assembly permit institutions to use general tuition revenue for student financial aid under the following policy parameters:

1. In-state student tuition will not subsidize out-of-state students.
2. Students receiving this aid must be making satisfactory academic progress.
3. Awards made to students should be based primarily on financial need.
4. Institutions should make larger awards to students taking the number of credit hours necessary to complete a degree in a timely manner.
5. SCHEV and institutions should work cooperatively to refine and improve the reporting of this approach to providing financial aid.

Budget Comparison of SCHEV, Governor, and Conference for 2012-14 Biennium
(in General Fund)
(In Millions)

Item	2012-13			2013-14			Biennial Total		
	SCHEV	Governor	Conference	SCHEV	Governor	Conference	SCHEV	Governor	Conference
Cost of Education	\$51.2	\$25.5	\$25.5	\$102.5	\$25.5	\$25.5	\$153.7	\$51.0	\$51.0
Base Adequacy	\$4.6			\$9.2			\$13.8		
Fund share equity/affordability			\$2.5			\$2.5			\$5.0
New in-state undergraduate seats	\$7.2	\$16.2	\$11.8	\$15.8	\$16.2	\$11.8	\$23.0	\$32.4	\$23.6
Actual/Projected Enrollment Growth Funding	\$63.0	\$41.7	\$39.8	\$127.5	\$41.7	\$39.8	\$190.5	\$83.4	\$79.5
Sub-total of Cost of Education	\$6.4			\$18.2		\$17.5	\$24.6		\$17.5
Faculty salaries	\$18.0	\$6.4	\$8.4	\$35.9	\$6.4	\$8.4	\$53.9	\$12.8	\$16.8
Undergraduate financial aid	\$3.6			\$7.1		\$1.8	\$10.7		\$1.8
Graduate financial aid	\$4.9			\$11.6			\$16.5		
Operation and maintenance of new facilities				\$13.0	\$8.8	\$9.7	\$13.0	\$8.8	\$9.7
Higher Education Equipment Trust Fund (debt service)									
Subtotal for Operating Budget	\$74.2	\$41.7	\$39.8	\$170.3	\$50.5	\$67.0	\$244.5	\$92.2	\$106.7
Subtotal for Financial Aid	\$21.6	\$6.4	\$8.4	\$43.0	\$6.4	\$10.2	\$64.6	\$12.8	\$18.5
Student Success, Institution Efficiency and Effectiveness ¹	\$12.8	\$5.1	\$7.0	\$14.9	\$5.1	\$7.0	\$27.7	\$10.2	\$14.1
Total Recommendation in SCHEV Resolution	\$108.6	\$53.2	\$55.2	\$228.2	\$62.0	\$84.2	\$336.8	\$115.2	\$139.4
Recommended Items in SCHEV Budget ²									
Virtual Library of Virginia (VIVA)	\$2.7	\$2.8	\$1.4	\$2.9	\$2.8	\$1.4	\$5.6	\$5.6	\$2.8
Tuition Assistant Grant (TAG)	\$6.4	\$5.8	\$5.8	\$14.7	\$5.8	\$5.8	\$21.1	\$11.6	\$11.6
Transfer Grant		\$0.0	\$0.6			\$0.6			\$1.2
Subtotal	\$9.1	\$8.6	\$7.8	\$17.6	\$8.6	\$7.8	\$26.7	\$17.2	\$15.6
Degree Incentives	\$40.0	\$20.4	\$14.3	\$40.0	\$20.4	\$14.3	\$80.0	\$40.8	\$28.6
Higher Education Research Support		\$18.9	\$8.2		\$18.9	\$8.3		\$37.8	\$16.5
Other ³	n/a	\$19.4	\$28.8	n/a	\$20.2	\$29.8	n/a	\$39.6	\$58.5
Grand Total	\$157.7	\$120.5	\$114.3	\$285.8	\$130.1	\$144.3	\$443.5	\$250.6	\$258.6

Notes:

(1) Includes institutional initiatives for STEM, retention and graduation, and economic development.

(2) Included in SCHEV September recommendations.

(3) Includes items such as interest earnings, central account adjustments, institution-specific funding like EVMS medical education and VCCS noncredit education and SCHEV budget etc.

SCHEV Operating and Financial Aid Recommendations for 2013-14
(In Millions)

Item	2013-2014		
	GF	NGF	Total
Cost of education	\$23.8	\$19.9	\$43.7
Faculty salaries	\$10.8	\$10.8	\$21.6
Operation and maintenance of new facilities	\$10.2	\$10.6	\$20.8
Projected per-FTE enrollment-based funding	\$15.1	\$0.0	\$15.1
Fund share equity/affordability	\$1.8	\$0.0	\$1.8
Higher Education Equipment Trust Fund (debt service) ¹	\$0.0	\$0.0	\$0.0
Economic and Innovation Incentives	\$20.0	\$0.0	\$20.0
Sub-total Operating Budget	\$81.7	\$41.3	\$123.0
Undergraduate financial aid	\$27.0	\$0.0	\$27.0
Tuition Assistant Grant ²	\$3.9	\$0.0	\$3.9
Retention and Completion Fund ³	\$4.4	\$0.0	\$4.4
Sub-total Financial Aid	\$35.3	\$0.0	\$35.3
Total Recommendations⁴	\$108.9	\$41.3	\$150.2

Notes:

(1) An additional \$30.6 million allocation including \$4 million for VCCS workforce training equipment is recommended for FY2014. The required general fund for debt service will not begin until FY2015.

(2) All but \$154,000 is included in the 2012-14 appropriations.

(3) Funding for this item would be redirected from the current appropriation.

(4) Excludes \$3.8 million for Tuition Assistant Grant and \$4.4 million for Retention and Completion Fund as these amounts are already in the current appropriations.

**Base Adequacy/Cost of Education
Recommended Incremental Funding in 2013-14**

Inst	Calculated Need ^{1,2}	Available Resources ^{3,4,5}	Recommended Additions in FY14 ⁶	Total Resources	% Funding to Guide	Funding Shortfall	GF Share	Incremental Funding ⁷			
								2013-14			New % to Guide
								GF	NGF	Total	
CNU	\$61,911,608	\$60,053,832	\$1,473,263	\$61,527,095	99%	(\$384,513)	61%	\$233,784	\$150,729	\$384,513	100%
CWM	\$141,087,245	\$155,592,507	\$1,346,082	\$156,938,589	>100%	\$0	39%	\$0	\$0	\$0	>100%
GMU	\$414,865,863	\$434,496,655	\$4,629,996	\$439,126,650	>100%	\$0	50%	\$0	\$0	\$0	>100%
JMU	\$244,934,876	\$240,839,130	\$3,056,668	\$243,895,798	100%	(\$1,039,078)	48%	\$499,796	\$539,281	\$1,039,078	100%
LU	\$58,595,759	\$56,413,955	\$617,974	\$57,031,929	97%	(\$1,563,830)	63%	\$359,871	\$210,448	\$570,319	98%
NSU	\$73,074,052	\$67,961,659	\$1,342,369	\$69,304,028	95%	(\$3,770,024)	56%	\$387,410	\$305,631	\$693,040	96%
ODU	\$278,525,857	\$232,854,202	\$2,934,864	\$235,789,066	85%	(\$42,736,791)	56%	\$7,082,303	\$5,678,603	\$12,760,906	89%
RU	\$108,239,327	\$102,037,070	\$2,044,365	\$104,081,435	96%	(\$4,157,892)	62%	\$645,305	\$395,509	\$1,040,814	97%
UMW	\$62,131,762	\$60,732,965	\$608,824	\$61,341,788	99%	(\$789,974)	58%	\$353,329	\$260,089	\$613,418	100%
UVA	\$485,767,502	\$601,576,781	\$4,565,523	\$606,142,304	>100%	\$0	36%	\$0	\$0	\$0	>100%
UVAW	\$21,951,763	\$21,145,539	\$205,673	\$21,351,212	97%	(\$600,551)	63%	\$134,726	\$78,786	\$213,512	98%
VCU	\$532,806,658	\$502,195,235	\$6,134,052	\$508,329,287	95%	(\$24,477,371)	50%	\$2,541,646	\$2,541,646	\$5,083,293	96%
VMI ⁸	\$25,941,670	\$27,138,098	\$320,558	\$27,458,656	>100%	\$0	40%	\$0	\$0	\$0	>100%
VSU	\$67,392,286	\$67,614,679	\$958,972	\$68,573,651	>100%	\$0	46%	\$0	\$0	\$0	>100%
VT	\$573,394,532	\$541,653,360	\$10,141,531	\$551,794,891	96%	(\$21,599,641)	41%	\$2,245,805	\$3,272,144	\$5,517,949	97%
RBC	\$10,043,154	\$9,745,203	\$85,451	\$9,830,653	98%	(\$212,501)	66%	\$64,686	\$33,621	\$98,307	99%
VCCS	\$948,489,571	\$860,561,891	\$15,836,797	\$876,398,688	92%	(\$72,090,882)	62%	\$8,410,194	\$5,089,315	\$13,499,509	94%
Total	\$4,109,153,482	\$4,042,612,759	\$56,302,961	\$4,098,915,719	100%	(\$173,423,048)	51%	\$22,958,856	\$18,555,803	\$41,514,658	>100%
System Average ⁹					95%						96%
EVMS	\$65,259,793	\$57,202,413		\$57,202,413	88%	(\$8,057,380)	40%	\$890,412	\$1,348,119	\$2,238,531	91%
Grand Total	\$4,174,413,275	\$4,099,815,172	\$56,302,961	\$4,156,118,132		(\$181,480,428)		\$23,849,268	\$19,903,922	\$43,753,189	

Notes:

- (1) Based on actual FY 12 student FTE and FY 10-FY 12 3-year average discipline credit hours.
- (2) All cost factors in the calculation continued to be those used in the October 2011 calculation.
- (3) Available resources are FY 14 GF from Chapter 3, FY 13 NGF from the 6-year plan excluding tuition revenue associated with General Assembly-required capital fee revenue.
- (4) GF adjustments are OCR funding at NSU and VSU, and VCCS central office (FY 12 adjustment).
- (5) NGF includes required funding for programs 101-40, 102 and 103 made in October 2009.
- (6) Includes recommended additional funding for O&M, 2% faculty salary increase and per-FTE enrollment funding in FY 14.
- (7) Presents a one percent increase for all institutions below 100% and additional funds for ODU and VCCS based on their comparatively low percent of guidelines funding.
- (8) Available resources are adjusted for "uniquely military" mission.
- (9) Excludes institutions above 100% of funding to guidelines.

**Estimated Required Additional Funding
for Teaching and Research Faculty Salary Increases to Reach the 60th Percentile^{1,2,3}
Effective August 1, 2013**

Institution	2013-14 Appropriated Sal	Va ranking to Peers in FY14	Additional 2% Increase in FY14			
			Incr Rate	GF	NGF	Total
CWM	\$95,406	16%	2.0%	420,872	652,780	1,073,652
UVA ⁴	\$98,081	21%	2.0%	1,155,972	2,026,394	3,182,367
VT	\$92,200	19%	2.0%	1,491,484	2,173,095	3,664,579
VMI	\$75,178	26%	2.0%	68,925	105,569	174,494
VSU	\$66,985	29%	2.0%	170,771	197,270	368,041
NSU	\$68,392	46%	2.0%	149,608	118,027	267,635
LU	\$70,053	31%	2.0%	173,222	101,298	274,519
UMW	\$75,375	17%	2.0%	221,728	163,216	384,944
JMU	\$76,483	34%	2.0%	725,651	782,979	1,508,630
RU	\$69,275	21%	2.0%	331,777	203,347	535,125
ODU	\$77,235	22%	2.0%	609,633	488,805	1,098,437
VT-extension ⁵	\$92,200	19%	2.0%	394,125	20,743	414,868
VSU-extension ⁵	\$66,985	29%	2.0%	32,158	1,693	33,851
VCU ⁴	\$85,470	20%	2.0%	1,214,450	1,209,345	2,423,794
RBC	\$59,675	65%	2.0%	24,286	12,623	36,908
CNU	\$71,312	24%	2.0%	203,607	131,273	334,880
UVAW	\$71,367	66%	2.0%	64,748	37,864	102,612
GMU ⁶	\$82,693	1%	2.0%	1,107,656	1,094,444	2,202,100
VCCS	\$62,910	40%	2.0%	2,110,530	1,277,159	3,387,689
VIMS ⁵	\$95,406	16%	2.0%	108,051	5,687	113,737
Total Funding			2.0%	10,779,252	10,803,610	21,582,862

Notes:

- (1) Based on IPEDS SA 2011 data to calculate required annual salary increase rate to reach the goal.
- (2) Assuming peer salary increases by 2% annually for FY2012, FY2013 and FY2014.
- (3) Fund amounts are derived based on the FY11 base adequacy fund share.
- (4) Includes funding for family practice program.
- (5) These agencies do not have their own national peers. Their salary increases follow the parent agencies of VT for VT-extension, VSU-VSU extension and CWM for VIMS.
- (6) Appropriated salary without COLA.

Virginia Student Financial Assistance Program - Undergraduate Funding

Institution	FY2013 Funds	FY2014 Funding Need	Additional Funds Needed to Maintain FY2013 Percent Met*	Recommended FY2014 Funding Level	New FY2014 Percent Need Met
Christopher Newport University	4,329,490	9,543,605	563,156	4,892,646	51.3%
College of William & Mary	3,060,552	5,157,565	203,990	3,264,542	63.3%
George Mason University	14,694,596	43,053,938	3,313,884	18,008,480	41.8%
James Madison University	7,017,267	16,092,174	942,843	7,960,110	49.5%
Longwood University	3,950,375	9,617,339	586,843	4,537,218	47.2%
Norfolk State University	7,390,404	19,712,192	949,350	8,339,754	42.3%
Old Dominion University	15,789,229	43,415,564	3,185,001	18,974,230	43.7%
Radford University	7,014,929	15,287,006	1,326,999	8,341,928	54.6%
University of Mary Washington	1,723,020	5,420,616	445,226	2,168,246	40.0%
University of Virginia	5,463,367	7,518,003	273,168	5,736,535	76.3%
University of Virginia's College at Wise	1,986,202	4,640,878	368,379	2,354,581	50.7%
Virginia Commonwealth University	20,024,260	53,105,376	3,677,187	23,701,447	44.6%
Virginia Military Institute	823,760	1,719,617	149,351	973,111	56.6%
Virginia State University	5,681,554	16,093,653	1,276,444	6,957,998	43.2%
Virginia Tech	14,298,848	30,429,218	2,606,059	16,904,907	55.6%
Four-Year Institution Totals	113,247,853	280,806,744	19,867,880	133,115,733	47.4%
Richard Bland College	429,511	2,292,570	154,892	584,403	25.5%
Virginia Community College System	35,834,861	148,667,647	6,935,053	42,769,914	28.8%
Two-Year Institution Totals	36,264,372	150,960,217	7,089,945	43,354,317	28.7%
Totals	149,512,225	431,766,961	26,957,825	176,470,050	40.9%

Using 2010-11 financial aid data file to pull student characteristics and enrollment patterns.

FY2014 tuition and fees estimated by adding 5% to FY2013 institution tuition and fees; other costs derived by adding 4% to reported FY2013 indirect costs.

* Funding recommendations bring all institutions to their FY2013 percent of need met, with a minimum 40 percent of need met at senior institutions and minimum increase of 5 percent increase per institution.

SCHEV Survey of Operation and Maintenance Costs for New E&G and Research Facilities Coming On-Line in FY 2014							
Institution	Building Name	Building E&G Percent	Building Research Percent	FY 14 Months	GF Share	SCHEV GF Recommendation FY2014	SCHEV NGF Recommendation FY2014
CNU	Luter School of Business	100%	0%	12	0.61	\$333,230	\$214,846
CNU	Forbes Hall - Phase II	100%	0%	12	0.61	\$255,243	\$164,564
Total						\$588,473	\$379,410
CWM	Tucker Hall (17435 nsf)	100%	0%	12	0.39	\$12,191	\$18,909
CWM	Brafferton Hall	100%	0%	12	0.39	\$4,312	\$6,688
Total						\$16,503	\$25,597
GMU	Science & Tech II	100.0%	0.0%	12	0.50	\$276,650	\$273,350
GMU	Point of View Phase I	100.0%	0.0%	6	0.50	\$62,121	\$61,380
GMU	Prince William Life Science Lab Building	0.0%	100.0%	12	0.50	\$185,104	\$550,896
Total						\$523,875	\$885,626
JMU	Duke Hall - Renovation/Expansion	100%	0%	6	0.48	\$149,657	\$161,481
Total						\$149,657	\$161,481
LU	University Technology Center*	100%	0%	5	0.63	\$58,781	\$34,374
Total						\$58,781	\$34,374
NSU	New Nursing and General Classroom Building	100%	0%	2	0.56	\$91,304	\$72,030
Total						\$91,304	\$72,030
ODU	New Arts Building (New VAB)	100%	0%	6	0.56	\$59,551	\$47,748
ODU	Diehn Fine & Performing Arts Building, Phase II	100%	0%	6	0.56	\$40,708	\$32,639
ODU	Systems Research Building (SRAB)	100%	0%	6	0.56	\$101,720	\$81,559
Total						\$201,979	\$161,947
RBC	No New Request	0%	0%	0	0.66	\$0	\$0
Total						\$0	\$0
RU	Construct New Computational Sciences Building	100%	0%	3	0.62	\$136,177	\$83,464
Total						\$136,177	\$83,464
UMW	No New Request	0%	0%	-	0.58	\$0	\$0
Total						\$0	\$0
UVA	Thrust Theater	100%	0%	12	0.36	\$134,576	\$240,287
UVA	SEAS Student Projects/Facilities Management Shop Bldg	100%	0%	12	0.36	\$106,309	\$189,816
UVA	New Cabell Hall (new systems incremental value)	100%	0%	1	0.36	\$21,288	\$38,011
UVA	Jordan Hall (new systems incremental value)	100%	0%	12	0.36	\$35,613	\$63,587
UVA	Blandy Field Lab	100%	0%	12	0.36	\$22,175	\$39,595
UVA	East Chiller Plant (building shell)	100%	0%	9.8	0.36	\$46,383	\$82,817
Total						\$366,344	\$654,113
UVA-W	No New Request				0.63	\$0	\$0
Total						\$0	\$0

SCHEV Survey of Operation and Maintenance Costs for New E&G and Research Facilities Coming On-Line in FY 2014 (cont.)							
Institution	Building Name	Building E&G Percent	Building Research Percent	FY 14 Months	GF Share	SCHEV GF Recommendation	SCHEV NGF Recommendation
						FY2014	FY2014
VCCS	Academic Building Phase III, Woodbridge, NVCC	100%	0%	12	0.62	\$583,145	\$352,882
VCCS	Support Services Building, Woodbridge, NVCC	100%	0%	12	0.62	\$59,809	\$36,193
VCCS	Construct Higher Education Center, Loudoun, NVCC	100%	0%	6	0.62	\$274,128	\$165,885
VCCS	Motorsports/Workforce Development Center, PHCC	100%	0%	11	0.62	\$191,405	\$115,826
VCCS	Learning Resource Center- Phase I, Va Beach, TCC	100%	0%	12	0.62	\$580,191	\$351,095
VCCS	Academic Services Building, GCC	100%	0%	12	0.62	\$444,246	\$268,830
VCCS	Brault Building, Annandale, NVCC	100%	0%	2	0.62	\$152,339	\$92,186
VCCS	Replace Tyler Academic Building, Alexandria, NVCC	100%	0%	3	0.62	\$701,007	\$424,205
VCCS	Science and Technology Building, VWCC	100%	0%	12	0.62	\$547,508	\$331,317
VCCS	Academic Services Building, Chesapeake	100%	0%	12	0.62	\$348,115	\$210,657
VCCS	Learning Resources Building, SSVCC	100%	0%	1	0.62	\$261,202	\$158,063
VCCS	Workforce Develop. Center, Woodbridge, NVCC	100%	0%	6	0.62	\$374,401	\$226,564
Total						\$4,517,498	\$2,733,702
VCU	Massey Laboratory Support	0%	100%	12	0.50	\$14,470	\$43,411
VCU	Construct West Grace South Housing and Parking	100%	0%	12	0.50	\$19,318	\$19,318
VCU	West Grace Street Housing - North	100%	0%	11	0.50	\$17,876	\$17,876
VCU	New School of Medicine	85%	15%	12	0.50	\$740,000	\$860,000
VCU	General Classroom Building	100%	0%	12	0.50	\$382,500	\$382,500
Total						\$1,174,164	\$1,323,104
VMI	Post Hospital Renovation	100%	0%	12	0.75	\$15,000	\$5,000
VMI	Renovate Science Building	100%	0%	10	0.40	\$23,042	\$35,291
Total						38,042	40,291
VSU	Gateway Residence Hall II	1%	0%	12	0.46	\$731	\$125,319
VSU	Quad Phase II	1%	0%	10	0.46	\$731	\$125,319
VSU	Hunter-McDaniel	100%	0%	12	0.46	\$6,032	\$6,968
VSU	MT Carter Hall	0%	100%	12	0.46	\$2,320	\$7,680
VSU	Multipurpose Center	100%	0%	6	0.46	\$34,800	\$40,200
Total						\$44,614	\$305,487
VT	Academic and Student Affairs	100%	0%	12	0.41	\$117,828	\$171,675
VT	VTC Research Institute	0%	100%	12	0.41	\$374,001	\$1,463,843
VT	Veterinary Medicine Instruction Addition	100%	0%	12	0.41	\$110,698	\$161,288
VT	Davidson Hall Renovation	100%	0%	5	0.41	\$80,222	\$116,883
VT	Performing Arts Center	100%	0%	8	0.41	\$307,814	\$448,486
VT	Signature Engineering Building	50%	50%	3	0.41	\$562,647	\$1,280,587
VT	Chiller Plant, Phase 1	100%	0%	12	0.41	\$61,122	\$89,056
Total						\$1,614,333	\$3,731,817
VT-Ext.	Human and Agricultural Biosciences Building 1	100%	0%	5	0.95	\$651,214	\$34,274
Total						\$651,214	\$34,274
VIMS	No New Request	0%	0%	0	0.95	\$0	\$0
Total						\$0	\$0
Grand Total						\$10,172,956	\$10,626,718

Please note: Both FY 2013 and FY 2014 are stated in dollars incremental to the base.

Fund Share Equity

Inst	Calculated Funding Need			Available Resources			Funding Shortfall			% of Funding	Reduce GF Shortfall*
	GF	NGF	Total	GF	NGF	Total	GF	NGF	Total	to Guidelines	2013-14 GF
CWM	\$55,246,694	\$85,840,550	\$141,087,245	\$38,142,085	\$118,796,504	\$156,938,589	(\$17,104,609)	\$32,955,954	\$15,851,344	>100%	\$171,046
GMU	\$208,780,475	\$206,085,388	\$414,865,863	\$116,472,679	\$322,653,972	\$439,126,650	(\$92,307,796)	\$116,568,584	\$24,260,788	>100%	\$923,078
UVA	\$174,494,284	\$311,273,218	\$485,767,502	\$119,307,457	\$486,834,847	\$606,142,304	(\$55,186,827)	\$175,561,629	\$120,374,802	>100%	\$551,868
VMI	\$10,252,997	\$15,688,673	\$25,941,670	\$6,675,409	\$20,783,247	\$27,458,656	(\$3,577,588)	\$5,094,574	\$1,516,986	>100%	\$35,776
VSU	\$31,294,326	\$36,097,960	\$67,392,286	\$22,774,736	\$45,798,915	\$68,573,651	(\$8,519,590)	\$9,700,955	\$1,181,365	>100%	\$85,196
Total	\$448,774,450	\$618,887,830	\$1,067,662,280	\$280,597,629	\$949,068,570	\$1,229,666,199	(\$168,176,821)	\$330,180,740	\$162,003,920	>100%	\$1,766,964

Note: Institutions at or above 100% of guidelines will receive additional state support to reduce their general fund shortfall by 1% in FY2014.

Higher Education Equipment Trust Fund (HEETF)
Comparison of SCHEV Recommendations to Appropriations
(2013-14)

Institution	Traditional Guideline	Research Initiative	Total	Traditional Guideline	Research Initiative	Total	Total Appropriation As Percentage of	Recommended Additional Funding ⁽¹⁾
	Recommendation	Recommendation	Recommendation	Appropriation	Appropriation	Allocation	Total	Funding ⁽¹⁾
GMU	\$ 3,817,405	\$ 629,612	\$ 4,447,017	\$ 3,181,598	\$ 145,000	\$ 3,326,598	75%	\$ 1,120,419
ODU	\$ 5,443,379	\$ 402,318	\$ 5,845,697	\$ 4,043,427	\$ 135,000	\$ 4,178,427	71%	\$ 1,667,270
UVA	\$ 11,216,388	\$ 6,503,158	\$ 17,719,546	\$ 8,430,318	\$ 1,970,000	\$ 10,400,318	59%	\$ 7,319,228
VCU	\$ 6,939,967	\$ 3,701,137	\$ 10,641,104	\$ 5,524,380	\$ 1,190,000	\$ 6,714,380	63%	\$ 3,926,724
VT	\$ 11,112,045	\$ 6,261,621	\$ 17,373,666	\$ 8,328,077	\$ 2,295,000	\$ 10,623,077	61%	\$ 6,750,589
W&M	\$ 2,261,810	\$ 722,915	\$ 2,984,725	\$ 1,854,370	\$ 250,000	\$ 2,104,370	71%	\$ 880,355
W&M-VIMS ⁽²⁾	\$ 291,880	\$ 596,963	\$ 888,843	\$ 410,000	\$ 25,000	\$ 435,000	49%	\$ 453,843
CNU	\$ 709,395	\$ -	\$ 709,395	\$ 608,154	\$ -	\$ 608,154	86%	\$ 101,241
UVA-Wise	\$ 222,219	\$ -	\$ 222,219	\$ 202,068	\$ -	\$ 202,068	91%	\$ 20,151
JMU	\$ 2,048,081	\$ -	\$ 2,048,081	\$ 1,861,748	\$ -	\$ 1,861,748	91%	\$ 186,333
LU	\$ 614,670	\$ -	\$ 614,670	\$ 599,263	\$ -	\$ 599,263	97%	\$ 15,407
UMW	\$ 578,822	\$ -	\$ 578,822	\$ 528,581	\$ -	\$ 528,581	91%	\$ 50,241
NSU	\$ 1,092,910	\$ -	\$ 1,092,910	\$ 967,377	\$ -	\$ 967,377	89%	\$ 125,533
RU	\$ 1,796,118	\$ -	\$ 1,796,118	\$ 1,406,595	\$ -	\$ 1,406,595	78%	\$ 389,523
VMI	\$ 881,197	\$ -	\$ 881,197	\$ 714,250	\$ -	\$ 714,250	81%	\$ 166,947
VSU	\$ 1,343,463	\$ -	\$ 1,343,463	\$ 1,081,905	\$ -	\$ 1,081,905	81%	\$ 261,558
RBC	\$ 147,805	\$ -	\$ 147,805	\$ 129,092	\$ -	\$ 129,092	87%	\$ 18,713
VCCS ⁽³⁾	\$ 16,848,118	\$ -	\$ 16,848,118	\$ 9,765,909	\$ -	\$ 9,765,909	58%	\$ 7,082,209
SWVHEC	\$ 81,109	\$ -	\$ 81,109	\$ 64,575	\$ -	\$ 64,575	80%	\$ 16,534
RHEA	\$ 68,531	\$ -	\$ 68,531	\$ 62,570	\$ -	\$ 62,570	91%	\$ 5,961
IALR	\$ 221,003	\$ -	\$ 221,003	\$ 221,003	\$ -	\$ 221,003	100%	\$ -
SVHEC	\$ 177,917	\$ -	\$ 177,917	\$ 77,214	\$ -	\$ 77,214	43%	\$ 100,703
New College	\$ 27,799	\$ -	\$ 27,799	\$ 27,799	\$ -	\$ 27,799	100%	\$ -
TOTAL	\$ 67,942,031	\$ 18,817,724	\$ 86,759,755	\$ 50,090,273	\$ 6,010,000	\$ 56,100,273	65%	\$ 30,659,482

Notes:

(1) Debt service for the additional funding won't begin till FY15. The estimated debt service need is about \$4.1 million in FY15.

(2) Equipment was reclassified after the SCHEV recommendation of 2011. \$232,612 was reclassified from traditional guideline to research initiative, and adding more research equipment to accurately account for the equipment usage.

(3) Recommendation includes \$4 million for workforce training equipment.

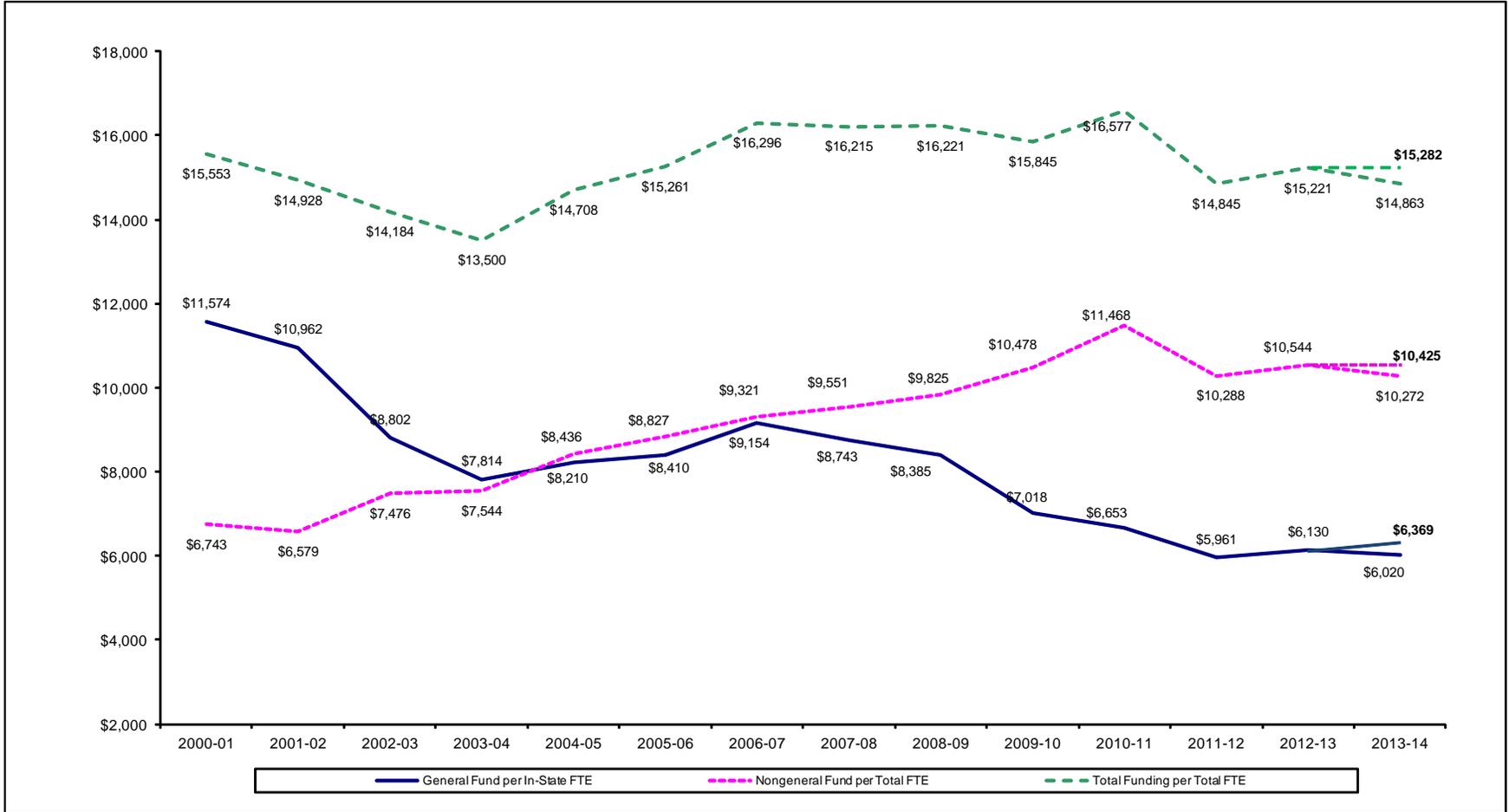
Projected Per-Student Enrollment-Based Funding

Inst	In-State Undergraduate ¹		FTE Change	Est. GF Need
	FY2012	FY2014	FY12-FY14	FY2014 ²
CNU	4,491	4,546	55	\$170,500
CWM	3,955	4,029	74	\$230,330
GMU ³	16,344	16,673	329	\$1,018,395
JMU	12,975	13,374	399	\$1,236,900
LU ³	4,017	4,098	81	\$250,299
UMW ³	3,593	3,665	72	\$223,880
NSU	4,529	4,823	294	\$911,400
ODU	15,313	15,788	475	\$1,472,500
RU	7,841	8,257	416	\$1,289,600
UVA	10,499	10,616	117	\$362,700
UVAW ³	1,654	1,687	33	\$103,061
VCU ³	19,467	19,858	391	\$1,212,989
VMF ⁴	1,087	1,109	22	\$67,731
VSU ⁴	3,623	3,696	73	\$225,749
VT ⁴	18,148	18,513	365	\$1,130,802
RBC ⁴	1,150	1,173	23	\$48,542
VCCS ⁴	123,144	125,619	2,475	\$5,197,908
Total	251,830	257,524	5,694	\$15,153,285

Notes:

- (1) FY2012 is the actual enrollment and FY2014 is projected FTE approved by SCHEV in 2011.
- (2) Four-year institutions are priced at \$3,100 per FTE and two-year at \$2,100 per FTE.
- (3) FY14 FTE is increased by 1% from FY12 annually because institution's actual FY12 FTE is higher than both projected FY12 and FY14 FTEs.
- (4) FY14 FTE is increased by 1% from FY12 annually because institution's actual FY12 FTE is lower than projected FY12, implying their FY14 FTEs were overprojected.

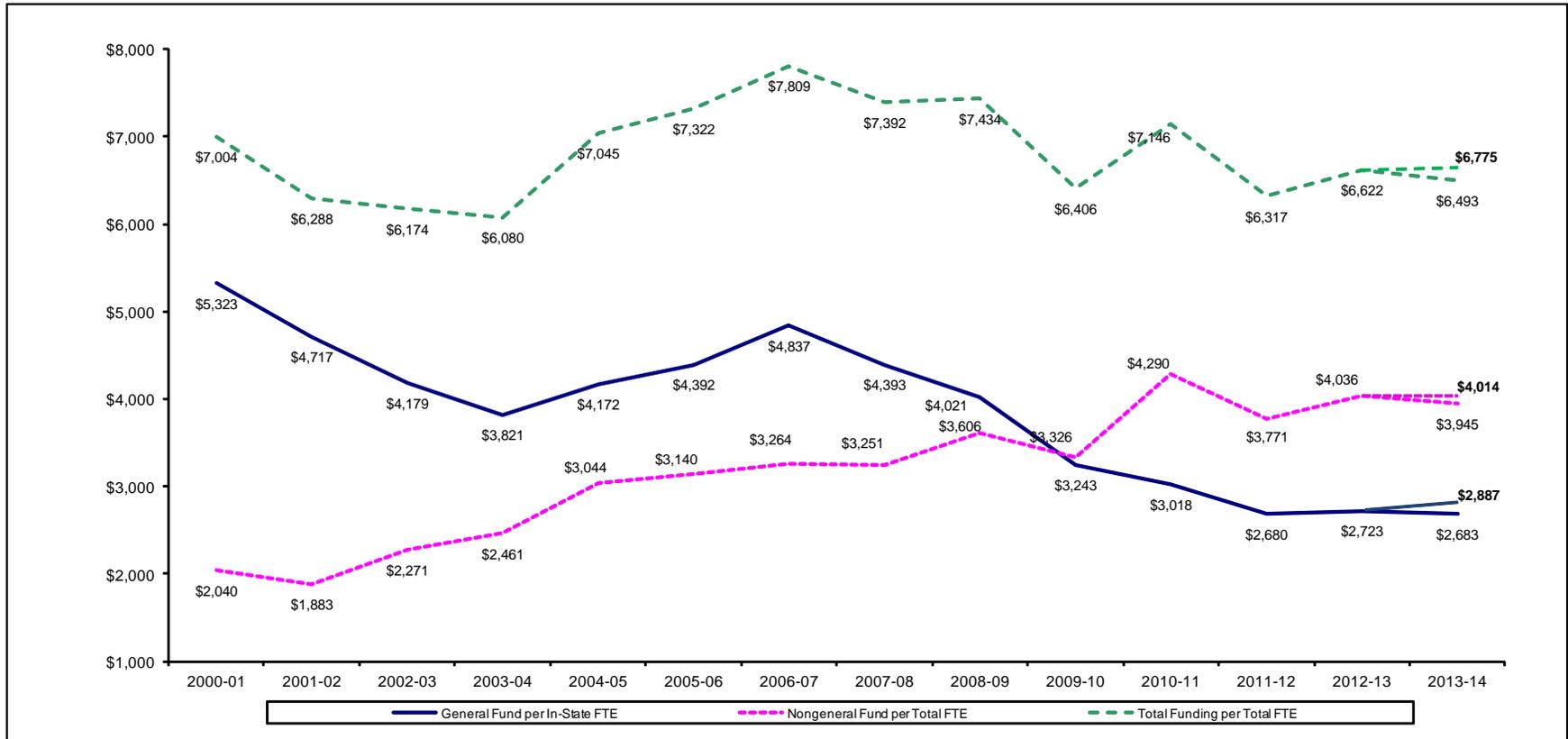
Average Funding per FTE Student at Four-Year Institutions
(in 2013-14 constant dollars)



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) FY12-FY14 are based on projected enrollments. All other years are based on actual enrollments.
- (3) General fund and nongeneral fund are based on the appropriations in Chapter 3.
- (4) FY10 and FY11 Nongeneral Fund per Total FTE include funding from the American Recovery and Reinvestment Act of 2009.
- (5) FY14 bold-faced figures include the council recommended additional funding in FY14.

Average Funding per FTE Student at Virginia Community Colleges
(in 2013-14 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) FY13 and FY14 are based on projected enrollment by increasing FY12 actual enrollment by 1% annually. All other years are based on actual enrollments.
- (3) General fund and nongeneral fund are based on the appropriations in Chapter 3.
- (4) FY10 and FY11 Nongeneral Fund per Total FTE include funding from the American Recovery and Reinvestment Act of 2009.
- (5) FY14 bold-faced figures include the council recommended additional funding in FY14.

State Council of Higher Education for Virginia Agenda Item

Item: Budget Recommendation Task Force #4 – Action on 2012-14 Maintenance Reserve Budget Amendment

Date of Meeting: October 29, 2012

Presenter:

Most Recent Review/Action:

- No previous Council review/action
 Previous review/action

Date: September 25, 2012

Action: The council reviewed staff proposal of additional funding for this program in FY14.

Background Information/Summary of Major Elements:

Funding provided through the Maintenance Reserve Program constitutes a critical component of the Commonwealth's capital outlay support for its public colleges and universities. In fact, the Department of Planning and Budget requires that institutions make Maintenance Reserve requests their highest capital outlay priority. These requests address the needs for facilities renewal and replacement that are not addressed in the institutions' operating budget but which are generally too small to qualify for capital outlay funding as stand-alone projects. Examples of typical Maintenance Reserve projects are roof repair and replacement, boiler and chiller replacement, major electrical system upgrades, etc.

In order to allow SCHEV to develop meaningful budget recommendations, institutions submit to SCHEV on a regular basis detailed information regarding the condition of their buildings and infrastructure assets. These data include the current replacement value and the dollar value of the existing backlog of deferred maintenance. Using this information, staff prepared and Council adopted a ten-year Maintenance Reserve funding formula beginning with the 2004-06 Biennium. The goal of this funding program was to allow each institution to achieve a campus-wide Facility Condition Index (FCI) of "Good" over a ten year period through a series of scheduled appropriations. The Facility Condition Index articulates the dollar value of deficiencies as a percentage of current replacement value. The "Good" designation applies to assets whose deferred maintenance requirements are five percent or less of the asset value.

Since the inception of this ten year phased approach to achieving a target FCI, actual funding has fallen far short of Council's recommendations. The cumulative shortfall through four biennia is approximately \$501 million.

The 2012 General Assembly provided \$67.5 million in general fund for institutions through the Maintenance Reserve Program in the 2012-14 biennium. This funding is 10% of the council's original recommendation for maintenance reserve. SCHEV staff proposes additional funding of \$18.3 million in general fund in 2013-14 to facilitate the reduction of the cumulative deferred maintenance. The additional funding is derived from 3% of the remaining unfunded SCHEV original recommendation.

Materials Provided:

- SCHEV 2013-14 Maintenance Reserve Funding Recommendation

Financial Impact: See attached table.

Timetable for Further Review/Action: None.

Resolution:

BE IT RESOLVED that the State Council of Higher Education for Virginia approves the recommendation to appropriate \$18.3 million in 2013-14 for Maintenance Reserve funding for Higher Education.

SCHEV Maintenance Reserve Funding Recommendation for 2013-14

Institution	2012-14 Appropriations		SCHEV Orig Recomm.	Remaining Unfunded	Additional Funding*
	Annual MR	Biennial MR			
CNU	\$254,107	\$508,214	\$1,182,000	\$673,786	\$20,214
CWM	\$1,412,817	\$2,825,634	\$52,177,917	\$49,352,283	\$1,480,568
GMU	\$2,779,273	\$5,558,546	\$31,652,040	\$26,093,494	\$782,805
JMU	\$2,132,460	\$4,264,920	\$51,466,530	\$47,201,610	\$1,416,048
LU	\$930,273	\$1,860,546	\$18,617,397	\$16,756,851	\$502,706
NSU	\$2,751,748	\$5,503,496	\$8,451,000	\$2,947,504	\$88,425
ODU	\$1,166,856	\$2,333,712	\$27,159,234	\$24,825,522	\$744,766
RBC	\$52,489	\$104,978	\$156,000	\$51,022	\$1,531
RU	\$957,422	\$1,914,844	\$14,905,785	\$12,990,941	\$389,728
UMW	\$562,604	\$1,125,208	\$1,246,000	\$120,792	\$3,624
UVA	\$5,026,531	\$10,053,062	\$172,196,396	\$162,143,334	\$4,864,300
UVA-W	\$105,349	\$210,698	\$1,913,631	\$1,702,933	\$51,088
VCCS	\$4,035,833	\$8,071,666	\$83,570,727	\$75,499,061	\$2,264,972
VCU	\$2,592,132	\$5,184,264	\$55,226,376	\$50,042,112	\$1,501,263
VMI	\$790,123	\$1,580,246	\$25,334,428	\$23,754,182	\$712,625
VSU	\$2,544,815	\$5,089,630	\$39,573,580	\$34,483,950	\$1,034,519
VT	\$5,649,158	\$11,298,316	\$93,718,031	\$82,419,715	\$2,472,591
VIMS	\$193,060	\$386,120	\$4,996,978	\$4,610,858	\$138,326
Total	\$33,743,990	\$67,487,980	\$683,544,051	\$611,059,093	\$18,331,773

Note: Additional funding is 3% of remaining unfunded amount.

State Council of Higher Education for Virginia Agenda Item

Item: Budget Recommendation Task Force Item #5 – Action on Institutional Performance Measures

Date of Meeting: October 29, 2012

Presenter: James Alessio
jamesalessio@schev.edu

Most Recent Review/Action:

- No previous Council review/action
 Previous review/action

Date: September 25, 2012

Action: The Council reviewed draft performance measures.

Background Information:

The Higher Education Opportunity Act of 2011 created the Higher Education Advisory Committee (HEAC) with the responsibility to develop and review at least every five years:

- state goals and objectives each public institution of higher education should be expected to achieve, and
- objective criteria for measuring educational-related performance with regard to those goals and objectives, including incentive performance, and
- the benefits or consequences for meeting or not meeting those goals and objectives, including incentive performance benefits.

At its November 7, 2011, meeting, HEAC asked SCHEV staff to form a workgroup to address these objectives. The workgroup developed revised state- and institution-level objectives, new Institutional Performance Standards (IPS) that will replace existing measures, and evaluation criteria/standards. The recommendations were presented to HEAC on September 24 and reviewed by Council on September 25.

Materials Provided: None.

Financial Impact: None.

Timetable for Further Review/Action: None

Resolution:

BE IT RESOLVED that the State Council of Higher Education for Virginia accepts the recommendations of the Higher Education Advisory Committee and the Performance Measures Workgroup and recommends the following to the Governor and General Assembly:

Institutional Performance Measures to replace the education-related measures outlined in §4-9.02 ASSESSMENT OF INSTITUTIONAL PERFORMANCE of the 2012 Appropriation Act:

1. Institution meets 95 percent of its State Council-approved biennial projections for in-state undergraduate headcount enrollment.
2. Institution meets 95 percent of its State Council-approved biennial projections for the number of in-state associate and bachelor degree awards.
3. Institution meets 95 percent of its State Council-approved biennial projections for the number of in-state STEMH (Science, Technology, Engineering, Mathematics, and Health professions) associate and bachelor degree awards.
4. Institution meets 95 percent of its State Council-approved biennial projections for the number of in-state, upper level - sophomore level for two-year institutions and junior and senior level for four-year institutions - program-placed, FTES.
5. Maintain or increase the number of in-state associate and bachelor degrees awarded to students from under-represented populations.
6. Maintain or increase the number of in-state two-year transfers to four-year institutions: total, those with an associate degree, and those with a guaranteed admission agreement.

In general, institutions are expected to achieve all performance measures in order to be certified by SCHEV, but it is understood that there can be circumstances outside of an institution's control that may prevent achieving one or more performance measures. The Council shall consider, in consultation with each institution, such factors in its review.

- Institutions meeting all performance measures will be certified by the Council and recommended to receive the financial benefits.

- Institutions that do not meet all performance measures will be evaluated by the Council and the Council may take one or more of the actions listed below:
 - Request the institution provide a remediation plan and recommend that the Governor withhold release of financial benefits until Council review of the remediation plan.
 - Recommend that the Governor withhold all or part of financial benefits.

It is recommended that the Council perform its review biennially instead of the current annual certification. The review should be completed no later than October 1 of odd numbered - biennial budget development - years. Institutions will be eligible for financial benefits for a two-year period.

State Council of Higher Education for Virginia Agenda Item

Item: #6 - Action on Higher Education Advisory Committee Recommendations

Date of Meeting: October 30, 2012

Presenter: Jim Alessio, Director of Higher Education Restructuring
jamesalessio@schev.edu

Most Recent Review/Action:

No previous Council review/action

Previous review/action

Date: October 2011 and November 2011

Action: Approved resolutions relative to recommendations received from Higher Education Advisory Committee

Background Information/Summary of Major Elements:

The 2011 General Assembly passed the Higher Education Opportunity Act. The Act creates a Higher Education Advisory Committee and assigns to it a number of responsibilities relating to making recommendations on funding, performance criteria, nonpublic institutions, administrative restructuring, six-year plans, and student financial aid, among others.

The Act directs the advisory committee to submit its recommendations to the Council, "which shall review the recommendations and report its recommendations" to the Governor and the General Assembly.

To date, in 2012, the advisory committee submitted recommendations relating to performance measures used to certify a college or university to be eligible for limited financial benefits. Those recommendations are part of a separate agenda item.

The advisory committee meets October 22. Should any additional action items result from the meeting, Council staff will present them with a staff recommendation at the Council's October 30 meeting.

Materials Provided:

A copy of the agenda for the October 22 Higher Education Advisory Committee is enclosed.

Financial Impact:

To be determined.

Timetable for Further Review/Action:

The Council will review and make recommendations as needed.

Resolution:

SCHEV staff will review the final recommendations from the advisory committee and prepare recommendations and a resolution for consideration by the Council at its October 30 meeting.



COMMONWEALTH of VIRGINIA

Office of the Governor

Laura W. Fornash
Secretary of Education

HIGHER EDUCATION ADVISORY COMMITTEE MEETING

OCTOBER 22, 2012

1:00P.M.-3:00P.M.

WEST READING ROOM, PATRICK HENRY BUILDING

1. ***Opening Remarks*** – Ms. Laura Fornash, Secretary of Education
2. ***Update on Virginia's Independent Colleges*** – Dr. Bob Lindgren, President, Randolph-Macon College
3. ***Aligning Virginia's Research Investments with Commonwealth Priorities*** – Ms. Nancy Verona, Vice President for Research Investment, Center for Innovative Technology
4. ***Diminishing Funding and Rising Expectations: Trends and Challenges for Public Research Universities*** – Dr. Charles Steger, President, Virginia Tech and Dr. Teresa Sullivan, President, University of Virginia
5. ***Models for Guaranteed Tuition Increases*** – Mr. Richard Pearce, Vice President for Administration and Finance, University of Mary Washington
6. ***SCHEV's Budget Recommendations*** – Mr. Peter Blake, Executive Director, State Council for Higher Education for Virginia

NEXT MEETING:

TUESDAY, NOVEMBER 27TH – 1:00P.M.

PATRICK HENRY BUILDING, WEST READING ROOM

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
AGENDA**

SCHEV Offices
101 N. 14th Street, 9th floor
November 19, 2012
10:00 – 11:30 a.m.

Academic Affairs Committee

1. Call to Order
2. Approval of Minutes (September 24, 2012) [Page A1](#)
3. Liaison Report
4. Action on Private and Out-of-State Post-secondary
Education Institutional Certifications [Page A7](#)
5. Discussion of Proposal for Ph.D. in Constructed
Environment [Page A13](#)
6. New Business
7. Adjournment

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
ACADEMIC AFFAIRS COMMITTEE
SEPTEMBER 24, 2012
MINUTES**

Ms. Haddad called the meeting to order at 2:00 p.m. in Lee Hall, Room 412, University of Mary Washington, Fredericksburg, Virginia. Committee members present: Johanna Chase, Joann DiGennaro, Mary Haddad, Gene Lockhart, and Julious Smith. Council chair, Gilbert Bland, was also in attendance.

Staff members present: Beverly Covington, Joseph DeFilippo, Monica Osei, and Linda Woodley.

APPROVAL OF MINUTES

Minutes from the July 16, 2012 meeting were approved unanimously.

LIAISON REPORT

Ms. Haddad asked Dr. DeFilippo to give his liaison report; he reported as follows:

- I. ACT College Closing
 - Proper server has been retrieved from USED, and notice provided to students that SCHEV will provide transcripts upon request.

- II. Military Education Advisory Committee
 - Priority registration guidelines are in final stages of being developed; Council agenda item anticipated in October or January.
 - Data has been collected from institutions regarding credit acceptance. Development of credit acceptance guidelines will pick up again once that data has been analyzed.
 - Dr. DiGennaro asked why only three Virginia institutions have received a “military-friendly” designation in a recent ranking. Dr. DeFilippo and Ms. Covington responded that there are multiple rankings, and there can be many reasons why an institution wouldn’t appear in one of them. Dr. DeFilippo agreed that staff would investigate the particular ranking referred to and report back to Council.

- III. Digital Learning Resources Meeting
 - RFP/Announcement will be distributed this week for the meeting, which will occur in March 2013 at the University of Mary Washington.
 - Mr. Lockhart requested a follow-up presentation at the October Council meeting, and staff agreed to arrange this.

- IV. GEAR UP

- USED has approved SCHEV's No Cost Extension proposal; the program is operating with 1.5 staff at fifteen GEAR UP schools this year, using funds carried over from previous years.
- Council members requested a follow-up discussion in October on possible further grant opportunities related to access.

V. OFA

- Initial round reviewers have been identified, nominations due October 1.

DISCUSSION OF COUNCIL'S ACADEMIC PROGRAM AND ORGANIZATIONAL CHANGE APPROVAL DUTIES

Program Approvals

Dr. DeFilippo introduced the discussion of academic program approvals. At the July meeting, committee members requested clarification regarding the range of options available to Council when considering staff recommendations on new academic programs, and possible process revisions. Dr. DeFilippo confirmed that actions are entirely up to Council, which can, regardless of a particular staff recommendation, approve, disapprove, table, and/or impose qualifications on any program brought for action. Moreover, to facilitate more in-depth Council consideration of program proposals, a variety of adjustments can be made, such as producing agenda items further in advance of meetings, and providing supplemental information in response to Council questions. Mr. Lockhart asked whether SCHEV would be constrained by any deadlines in requesting further information about programs. Dr. DeFilippo explained that procedurally, staff put new proposals in a queue as they arrive; there is no general constraint on the timing of approvals, though staff does try to accommodate institutional needs when possible. Dr. Osei pointed out that staff generally tries to get programs on the Council agenda six months before implementation. Mr. Smith commented that Council consideration of process should be driven by what the policy asks institutions to provide; Dr. DeFilippo agreed to distribute the policy to committee members. Ms. Haddad solicited input from institutional staff in attendance. Dr. Laura Moriarty, Vice Provost at VCU, described the process new programs go through on campus at VCU, and answered questions from committee members. Committee members expressed interest in seeing more information about the financial aspects of new programs.

Ms. Haddad brought the discussion back to possible process options. She raised the possibility of getting agenda information to the committee earlier, and including more budget information in agenda items. The possibility of having a "Letter of Intent" type of notice before proposals are submitted was raised. Given that logistical considerations would have to be worked out, Ms. Haddad requested Dr. DeFilippo to broach these topics with IPAC and return to the Academic Affairs Committee with appropriate process suggestions.

Organizational Changes

Dr. DeFilippo explained that the question arose at the July Council meeting whether SCHEV approval authority extends to parts of public institutions beyond instructional units such as departments, colleges, and branch campuses. He referred to language in the Code of Virginia (§23-9.6:1.7), which references “departments, schools, colleges, branches, divisions and extensions, whether located on or off the main campus of the institution in question.” According to staff research, there is no legislative record that explicitly rules out Council’s authority extending to non-instructional units of an institution. There is indirect evidence, however, that the General Assembly did intend such a limit. For instance, this same section of the Code states that “if any organizational change is determined by the Council to be proposed solely for the purpose of internal management and the institution’s *curricular offerings remain constant*, the Council shall approve the proposed change” (emphasis added). This is most reasonably interpreted to imply that Council’s approval authority does not extend to organizational structures that do not affect curriculum.

Mr. Lockhart expressed appreciation for the interpretation offered, and indicated that he felt non-academic administrative arrangements should be the purview of Boards of Visitors. Dr. DeFilippo assented and remarked that this section of the code provides a good example of how the General Assembly has viewed the scope of Council’s authority as importantly focused on the academic missions of the institutions.

ACTION ON PROGRAMS AT PUBLIC INSTITUTIONS

Dr. DeFilippo described one program under consideration for approval, a new PhD in Mechanical and Nuclear Engineering at VCU. Ms. Haddad introduced VCU staff in attendance and received confirmation that needed resources specified in the external review report could be obtained.

Dr. DiGennaro moved approval of the resolution, which was seconded and approved unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia grants approval to Virginia Commonwealth University to initiate a Doctor of Philosophy (Ph.D.) degree program in Mechanical and Nuclear Engineering (CIP: 14.9999), effective spring 2013.

ACTION ON PRIVATE AND OUT-OF-STATE POST-SECONDARY EDUCATION INSTITUTIONAL CERTIFICATIONS

Five private institutions were presented for certification to operate in Virginia:

- Alliance Medical and Health Sciences
- American School of Nursing and Allied Health
- Hampton Roads Skills Center
- ICA Language Services, Inc.
- Professional Academy of Health Care Reimbursement Specialist, LLC.

Dr. DeFilippo pointed out that of the five institutions under consideration, the resolutions conferring certification on Alliance Medical and Health Sciences and American School of Nursing and Allied Health depart from the standard resolution format in certain respects having to do with licensure and accreditation requirements.

Alliance Medical and Health Sciences

Alliance Medical and Health Sciences will be a freestanding associate-level school for training Physical Therapy Assistants, and as such will have to pursue institutional and programmatic accreditation simultaneously. The institutional accreditor will be the Accrediting Bureau of Health Education Schools (ABHES) and the programmatic accreditor will be the Commission on Accreditation in Physical Therapy Education (CAPTE). CAPTE accreditation is necessary for licensure requirements in Virginia, and ABHES accreditation is necessary because of CAPTE requirements. In order to ensure that the institution is on schedule for its accreditation benchmarks, the resolution stipulates that Alliance Medical will develop an accreditation plan and submit annual reports to SCHEV on its progress toward candidacy and then full accreditation. Dr. DiGennaro asked whether it is unusual for an institution to operate for a time without accreditation. Dr. DeFilippo explained that this is not unusual; new institutions have three years to gain candidacy and six to gain full accreditation. In response to a question from Mr. Lockhart, Dr. DeFilippo explained that the institution can begin operating immediately. Mr. Smith asked what would happen if the school should fail to meet its reporting deadlines. Dr. DeFilippo explained that staff would first communicate with the school; if such failure became chronic, revocation might be called for, in which case APA processes would have to be followed. Ms. Haddad asked school representatives to comment, and they assured her of their intention to pursue accreditation immediately as specified in the resolution.

The following resolution was moved by Mr. Smith, seconded by Dr. DiGennaro and passed unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Alliance Medical and Health Sciences to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012, subject to the following conditions:

According to 8 VAC 40-31-180, Alliance Medical and Health Sciences must attain candidacy towards accreditation by December 31, 2015 and full accreditation by December 31, 2018 with an accrediting body recognized by the U.S. Department of Education. The State Council of Higher Education for Virginia stipulates, as a condition of certification, that Alliance Medical and Health Sciences shall:

- 1) consult with ABHES and CAPTE at the earliest feasible date to develop an agreed-on accreditation plan and timeline which the institution will follow to achieve candidacy and full accreditation from both organizations simultaneously;**
- 2) provide Council staff with a copy of the above referenced accreditation plan and timeline by December 31, 2012;**
- 3) provide Council staff with annual reports attesting to steps accomplished toward candidacy and/or full accreditation, due by**

December 31 of each year, until full accreditation has been achieved with ABHES and CAPTE.

American School of Nursing and Allied Health

Dr. DeFilippo explained that the next institution on the agenda, American School of Nursing and Allied Health, is receiving qualified approval for its two nursing certificate programs, pending Board of Nursing approval. The Board of Nursing is now requiring nursing schools to receive certification from SCHEV before it will approve nursing programs as such. Accordingly, the resolution has been written to make the school's Practical Nursing and Nursing Aide Certificates provisional on the Board of Nursing's approval. Dr. DiGennaro asked about the difference between Nursing Aide and Practical Nursing. Ms. Woodley explained that Practical Nursing programs train LPN's and are a higher level than Nursing Aide programs.

The following resolution was moved by Dr. DiGennaro, seconded by Mr. Lockhart and passed unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies the American School of Nursing and Allied Health to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012. Approval of the school's Practical Nursing and Nursing Aide programs is contingent upon provisional approval from the Virginia Board of Nursing.

Hampton Roads Skill Center

The following resolution was moved by Mr. Smith, seconded by Ms. Chase, and passed unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies the Hampton Roads Skills Center to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012.

ICA Languages

The following resolution was moved by Dr. DiGennaro, seconded by Ms. Chase, and passed unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies the ICA Language Services, Inc. to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012.

Professional Academy of Health Reimbursement Specialists

The following resolution was moved by Mr. Smith, seconded by Mr. Lockhart, and passed unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies the Professional Academy of Health Care Reimbursement Specialist,

LLC. to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012.

NEW BUSINESS

Ms. Haddad addressed the committee to assess members' interest in looking at students with disabilities as a specific group facing difficulties in attrition. She cited figures according to which 11% of students entering college have a disability, 7% have a learning disability, and only half of those graduate. It was the consensus of committee members that it would be worthwhile pursuing this topic further. Ms. Haddad indicated that she would consult with staff and get back to the committee at a future time.

Ms. Haddad adjourned the meeting at 3:30 PM.

Mary Haddad
Chair, Academic Affairs Committee

Beverly Covington
Policy Analyst

State Council of Higher Education for Virginia Agenda Item

Item: Academic Affairs Committee Item #4 – Action on Private and Out-of-State Post-secondary Education Institutional Certifications

Date of Meeting: October 29, 2012

Presenter: Dr. Joseph G. DeFilippo
Director of Academic Affairs & Planning
JoeDeFilippo@schev.edu

Linda H. Woodley
Director, Private and Out-of-State Postsecondary Education
LindaWoodley@schev.edu

Most Recent Review/Action:

- No previous Council review/action
 Previous review/action

Date:

Action:

Background Information/Summary of Major Elements:

Two postsecondary institutions, Assured Training, and Morrison Dental Assistant School, are seeking certification to operate in Virginia.

Materials Provided:

- Assured Training application summary
- Morrison Dental Assistant School application summary

Financial Impact:

The institutions have submitted the required certification fee to operate a postsecondary educational institution in Virginia.

Timetable for Further Review/Action: N/A

Resolutions:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Assured Training to operate a postsecondary institution in the Commonwealth of Virginia, effective October 30, 2012.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Morrison Dental Assistant School to operate a postsecondary institution in the Commonwealth of Virginia, effective October 30, 2012.

Assured Training **Application Summary**

School Overview

Assured Training is a private postsecondary institution that will focus its instruction in the Information Technology field. The institution will prepare students to complete various Microsoft Certifications, an industry standard that is recognized worldwide.

School Officer

President – Augustine Arthur

School Mission Statement

The school's mission statement is as follows:

Form competent Information Technology (IT) professionals in a self-affirming, safe, and inclusive setting through multimedia experiences, hands-on exercises, and self-paced independent projects leading to sustainable and rewarding employment.

Proposed Educational Programs and Credentials Conferred

Certificate – CompTia A+
Certificate – CompTia Network +
Certificate – CompTia Security +
Certificate – Cisco Certified Network Associate
Certificate – MCITP: Enterprise Desktop Administrator
Certificate – MCITP: Enterprise Desktop Support Technician
Certificate – MCITP: Server Administrator
Certificate – MCITP: Enterprise Administrator
Certificate – MCITP: SharePoint Administrator

Proposed Location

Assured Training will operate from the following address:

471 James Madison Highway, Suite 102
Culpeper, VA 22701

Financial Stability Indicator

Assured Training submitted the Projected Accounting Budget developed by SCHEV staff. Using the information provided by the school, SCHEV staff calculated the school's financial composite score as 3.0 out of a possible 3.0, which indicates that the institution demonstrates overall financial health, as defined by the U.S. Department of Education.

Guaranty Instrument

Assured Training submitted a \$5,000 surety instrument, which is adequate to provide refunds to students for the unearned non-Title IV portion of tuition and fees for any given enrollment period in the event of the school closure, pursuant to 8 VAC 40-31-160 (I).

Evidence of Compliance

Assured Training provided the appropriate evidence to demonstrate compliance with each of the following requirements of the *Virginia Administrative Code*.

<u>Virginia Administrative Code Citation</u>	<u>Area of Compliance</u>
8 VAC 40-31-30	Advertising/Publications
8 VAC 40-31-160 (E) (5)	Maintenance of Student Records
8 VAC 40-31-140 and 150	Faculty Qualifications
8 VAC 40-31-160	Student Services
8 VAC 40-31-160 (M)	Library Resources and Services
8 VAC 40-31-160 (E)	Student Admissions Standards

Staff Recommendation

Assured Training has demonstrated compliance with § 23-276.3 (B) of the *Code of Virginia*, which outlines the minimal standards for operating a postsecondary institution in the Commonwealth of Virginia. Accordingly, staff recommends that the Academic Affairs Committee adopt the following resolution and transmit it to the full Council:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Assured Training to operate a postsecondary institution in the Commonwealth of Virginia, effective October 30, 2012.

Morrison Dental Assistant School **Application Summary**

School Overview

Morrison Dental Assistant School is a private postsecondary institution that will provide training in the fundamental knowledge and skills needed to work as a dental assistant. The institution, incorporated under the name Merf & Mouse, LLC, will operate out of the Morrison Dental Group – Williamsburg office

School Officer

President & Owner – Dr. Robert F. Morrison, DMD

Mission Statement

The school's mission statement is as follows:

Morrison Dental Assistant School is dedicated to helping students achieve their educational goals and providing opportunities in the dental assisting field to those who wish to pursue a career in this field.

Proposed Educational Programs and Credentials Conferred

Certificate – Dental Assistant

Proposed Location

Morrison Dental Assistant School will operate from the following address:

7151 Richmond Road, Suite 305
Williamsburg, VA 23185

Financial Stability Indicator

Morrison Dental Assistant School submitted the Projected Accounting Budget developed by SCHEV staff. Using the information provided by the school, SCHEV staff calculated the school's financial composite score as 3.0 out of a possible 3.0, which indicates that the institution demonstrates overall financial health, as defined by the U.S. Department of Education.

Guaranty Instrument

Morrison Dental Assistant School submitted a \$5,454 surety instrument, which is adequate to provide refunds to students for the unearned non-Title IV portion of tuition and fees for any given enrollment period in the event of the school closure, pursuant to 8 VAC 40-31-160 (I).

Evidence of Compliance

Morrison Dental Assistant School provided the appropriate evidence to demonstrate compliance with each of the following requirements of the *Virginia Administrative Code*.

<u>Virginia Administrative Code Citation</u>	<u>Area of Compliance</u>
8 VAC 40-31-30	Advertising/Publications
8 VAC 40-31-160 (E) (5)	Maintenance of Student Records
8 VAC 40-31-140 and 150	Faculty Qualifications
8 VAC 40-31-160	Student Services
8 VAC 40-31-160 (M)	Library Resources and Services
8 VAC 40-31-160 (E)	Student Admissions Standards

Staff Recommendation

Morrison Dental Assistant School has demonstrated compliance with § 23-276.3 (B) of the *Code of Virginia*, which outlines the minimal standards for operating a postsecondary institution in the Commonwealth of Virginia. Accordingly, staff recommends that the Academic Affairs Committee adopt the following resolution and transmit it to the full Council:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Morrison Dental Assistant School to operate a postsecondary institution in the Commonwealth of Virginia, effective October 30, 2012.

State Council of Higher Education for Virginia Agenda Item

Item: Academic Affairs Committee, Item #5 – Discussion of Proposal for Ph.D. in Constructed Environment

Date of Meeting: October 29, 2012

Presenter: Dr. Joseph G. DeFilippo
Director of Academic Affairs & Planning
JoeDeFilippo@schev.edu

Most Recent Review/Action:

- No previous Council review/action
 Previous review/action

Date:

Action:

Background Information/Summary of Major Elements:

The University of Virginia (UVA) has proposed to initiate a PhD in Constructed Environment. The program would be administered through the School of Architecture. UVA has four departments—architecture, architectural history, landscape architecture, and urban and environmental planning—that would contribute to the Constructed Environment PhD. The program would admit approximately six students per year; upon reaching maturity, planned enrollment in the program would be 23 students, with four graduates per year. The primary purpose of the program is to produce university faculty.

SCHEV staff analysis concluded that the submitted proposal does not provide sufficient evidence in response to current needs, employment demand, and student demand to support a stand-alone PhD degree program in Constructed Environment. Of relevance in this regard are recent reports of the challenging employment market in architecture (e.g., <http://economix.blogs.nytimes.com/2012/01/05/want-a-job-go-to-college-and-dont-major-in-architecture/>).

University officials are exercising the option, according to SCHEV policy, to come before the Academic Affairs committee to make a presentation about the proposed program.

Materials Provided:

UVA will provide materials in conjunction with its presentation.

Financial Impact: N/A

Timetable for Further Review/Action: TBD

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
AGENDA**

SCHEV Offices
101 N. 14th Street, 9th floor
November 19, 2012
12:30 p.m. – 2:30 p.m.

Meeting Agenda

1. Call to Order and Announcements 12:30 p.m.
2. Public Comment Period
3. Approval of Minutes:
 - January 10, 2012 Executive Committee meeting [Page E1](#)
 - September 24, 2012 Economic Opportunity Metrics Task Force [Page EOM1](#)
 - September 24, 2012 Council meeting [Page 1](#)
4. Remarks from President John Downey, Blue Ridge Community College 12:40 p.m.
5. Director's Report 1:00 p.m.
6. Discussion of Enrollment Projection Process for 2014-2020 1:15 p.m. [Page 11](#)
- BREAK**
7. Report from Budget Recommendations Task Force 1:40 p.m. (See BRTFagenda)
 - a. Action on 2012-2014 Systemwide Operating Budget Amendment Items [Page BR4](#)
 - b. Action on 2012-2014 Maintenance Reserve Budget Amendment [Page BR27](#)
 - c. Action on Institutional Performance Measures [Page BR30](#)
 - d. Action on Higher Education Advisory Committee Recommendations [Page BR33](#)
8. Report from Academic Affairs Committee: 2:00 p.m. (See Acad. Affairs Agenda)
 - a. Action on Private and Out-of-State Post-secondary Education Institutional Certifications [Page A7](#)
 - b. Discussion of Proposal for Ph.D. in Constructed Environment [Page A13](#)
9. Report on Boards of Visitors Orientation 2:15 p.m. [Page 13](#)

- | | | |
|---------------------------------|-----------|-------------------------|
| 10. Items Delegated to Staff | 2:20 p.m. | Page 14 |
| 11. New Business/Other Business | 2:25 p.m. | |
| 12. Adjournment | 2:30 p.m. | |

Next meeting: January 14-15, 2013, SCHEV Offices

NOTE: All meeting times are approximate and may vary slightly.

NOTE:

Materials contained in this Agenda Book are in draft form and intended for consideration by the Council at its meeting (dated above), and may not reflect final Council action. For a final version of any item contained in these materials, please visit the Council's website at www.schev.edu or contact Lee Ann Rung at LeeAnnRung@schev.edu.

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
EXECUTIVE COMMITTEE MEETING
JANUARY 10, 2012
MINUTES**

Ms. Magill called the meeting to order at 8:30 a.m. in the SCHEV main conference room, James Monroe building, Richmond, Virginia. Committee members present: Gilbert Bland, Jim Dyke, Susan Magill, and G. Gilmer Minor. Other Council members present: Johanna Chase, Joann DiGennaro, Stephen Haner, Julious Smith, and Katharine Webb.

Committee member absent: Whittington Clement

Staff members present: Peter Blake and Lee Ann Rung. Ron Forehand from the Office of the Attorney General was also in attendance.

APPROVAL OF MINUTES

The October 25, 2011 Executive Committee meeting were unanimously approved at the full Council meeting.

CLOSED SESSION

A motion was made by Mr. Minor, seconded by Mr. Bland, and unanimously approved to convene in closed session pursuant to § 2.2-3711(A1) for discussion of personnel matters, specifically the contract of the Interim Director.

The Executive Committee reconvened in open session at approximately 9:20 a.m. A roll call vote was taken on a motion certifying that only public business matters lawfully exempted from open meeting requirements and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the executive session. The certification was unanimously approved by a vote of 9-0 and is attached to these minutes.

ADJOURNMENT

The meeting was adjourned at 9:20 a.m.

G. Gilmer Minor
Secretary

Lee Ann Rung
Manager for Council and Executive Affairs

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
ECONOMIC OPPORTUNITY METRICS TASK FORCE
SEPTEMBER 24, 2012
MINUTES**

Mr. Smith called the meeting to order at 1:00 p.m. in Lee Hall, Room 412, University of Mary Washington, Fredericksburg, Virginia. Council members present: Joann DiGennaro, Stephen Haner, Julious Smith, and Katharine Webb.

Other Council member present: G. Gilmer Minor

Staff members present: Peter Blake, Alan Edwards, Tod Massa, Kirsten Nelson, and Lee Ann Rung. Ron Forehand from the Office of the Attorney General was also in attendance.

APPROVAL OF MINUTES

On motion by Ms. DiGennaro and seconded by Ms. Webb, the minutes from the July 16, 2012, meeting were approved unanimously.

REPORT FROM THE TASK FORCE

Mr. Blake thanked the Committee members for their guidance in preparing for the rollout of the data, and noted that their suggestions have been incorporated. Mr. Blake also reported that staff was receptive to the suggestion of extending its outreach efforts. Ms. Nelson reminded members that the Committee requested staff to reach out to specific higher education reporters to provide a preview of the data, rather than sending a press release. To date, she has met with higher education reporters from the *Washington Post*, the *Virginian Pilot*, the *Richmond Times-Dispatch*, and the *Charlottesville Daily News Record*, and meetings have been scheduled with the *Daily News Record* in Harrisonburg and the *Roanoke Times*. Ms. Nelson explained that in the meetings with reporters, she is providing a sample of the information that is currently embargoed. Additional outreach efforts include meetings with staff from the Public/Community Relations departments of each public and non-profit private institution, as well as from the two-year institutions. Ms. Nelson will also reach out to the Information Officers at the Virginia Department of Education and the Virginia Employment Commission.

Ms. Webb asked for information on how many institutions were represented. Mr. Mass reported that he has conducted more than a dozen webinars with staff from each institution, and Mr. Blake said he was certain that the information has been provided to every institution.

Mr. Massa said he has provided three different sessions for community college presidents. In addition, he is working to provide the information to staff from the

Senate Finance Committee, House Appropriations Committee, the Secretary of Education, and others.

Mr. Massa demonstrated a preview of the website highlighting the post-completion wage data of graduates, and reported that the current release date is scheduled for Friday, September 28. He highlighted a list of frequently asked questions, which was included with the agenda materials.

Mr. Massa distributed a copy of an article from the *Chronicle of Higher Education* about a federal bill introduced this year that would create a state-based, individual-level data system to link information on college costs, graduation rates, and student debt with data on employment and earnings. The bill is referred to as the "Student Right to Know Before You Go Act." Mr. Massa informed the Committee that if approved, the bill would provide the same information that SCHEV has developed.

Mr. Massa reviewed a sample of data by program at several institutions and said it is important to understand that most of the top earners are people already in the workforce. Ms. DiGennaro requested that as part of what she referred to as the "three-legged stool," emphasis should be placed on critical thinking, problem solving, and communication, to strengthen liberal arts. Mr. Massa agreed to change the reference at the top of page 7 to reflect all three of these areas.

Mr. Massa indicated that while everything is in place to go live with the data on September 28, technical problems could arise and would need to be addressed before the data could be released.

Ms. Webb asked if staff requested a presentation of the data to the money committees. Mr. Blake indicated that was a possibility and informed members that Delegate Stolle and other legislators have been made aware of the project. Ms. DiGennaro complimented staff for a good product and for taking into consideration the suggestions made by members. Mr. Smith echoed those sentiments and expressed his appreciation to Mr. Massa and the SCHEV staff.

Members were asked to provide any additional comments to Ms. Nelson by September 27.

Mr. Smith thanked members for serving on the task force and reported that this was the final meeting of the group. The meeting was adjourned at 1:50 p.m.

Julious Smith
Chair

Lee Ann Rung
Manager, Executive & Council Affairs

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
COUNCIL MEETING
SEPTEMBER 25, 2012
MINUTES**

Mr. Bland called the meeting to order at 9:00 a.m. in Lee Hall, Room 411, University of Mary Washington, Fredericksburg, Virginia. Council members present: Gilbert Bland, Johanna Chase, Joann DiGennaro, Mary Haddad, Stephen Haner, Gene Lockhart, G. Gilmer Minor, Gary Nakamoto, Julious Smith, and Katharine Webb.

Council members absent: Whittington Clement

Staff members present: Jim Alessio, Lee Andes, Peter Blake, Joseph DeFilippo, Alan Edwards, Tod Massa, Kirsten Nelson, Monica Osei, Lee Ann Rung, and Yan Zheng. Ron Forehand from the Office of the Attorney General was also in attendance.

President Atwater was in attendance and recognized.

PUBLIC COMMENT

No requests for public comment were received in advance of the meeting.

APPROVAL OF MINUTES

On motion by Ms. Webb and seconded by Mr. Lockhart, the minutes from the August 15, 2012, planning meeting and the July 17, 2012, Council meeting were approved unanimously.

REMARKS BY PRESIDENT HURLEY

Mr. Bland introduced Mr. Hurley and thanked him for hosting the Council meetings as well as the joint meeting with the Council of Presidents. Mr. Hurley informed the Council that the room in which the meeting was held was originally the gymnasium, and pointed out the architectural features of the gymnasium that were maintained. The University of Mary Washington is over 100 years old and has seen several name changes during that time. Mr. Hurley shared other key dates in the history of the university, including its affiliation with the University of Virginia in 1944. Mr. Hurley included in his presentation a review of the three campuses (Stafford, Fredericksburg, and Dahlgren). The university currently is leading the region to determine ways to increase economic development. President Hurley provided a snapshot of the university's total headcount of 5,170; of which 86% are in-state students. The student ratio is 35/65 male/female. Sixty-five percent of full-time

students live on campus. President Hurley also reviewed the new buildings that are currently under construction and reviewed the university's strategic plan goals.

DIRECTOR'S REPORT

Mr. Blake distributed a copy of his report and highlighted the following items:

Tuition and Fee report – Staff completed the report and the Governor celebrated the fact that tuition and fee increases were the lowest in 10 years at a press conference. Council members in attendance at the press conference were Gil Bland, Mary Haddad, Steve Haner, and Katie Webb.

Outstanding Faculty Awards – He reminded members of the event that is scheduled for February 12, 2013 and reported that institutions are preparing their nominations for this year's program.

Marketing Virginia partnership – Staff is working out details with the Virginia Economic Development Partnership (VEDP) and the Governor's office to schedule a public event to announce the partnership.

Joint Legislative Audit and Review Commission (JLARC) study of higher education – Mr. Blake informed the Council that JLARC is undertaking a two-year study of the cost efficiency of higher education (HJR108). Mr. Smiley and the team from JLARC were recognized.

License plate program – The Department of Motor Vehicles reported that it disbursed \$666,255 to Virginia's colleges and universities from license plate sales last year.

Legislative meetings – Mr. Blake and Ms. Nelson continue to meet with legislators and others to hear their concerns about higher education in Virginia and to discuss the SCHEV priorities.

BRIEFINGS AND DISCUSSION

Presentation from the Virtual Library of Virginia (VIVA)

Mr. Blake introduced VIVA Director, Kathy Perry, and Ms. Perry introduced VIVA officers, Gene Damon and John Ulmschneider. Ms. Perry demonstrated the ways in which the program reduces costs through group purchases. Mr. Damon spoke about how technology has impacted the program. One example he noted was that in 2009 the cost to download articles was twenty nine cents; today the cost is approximately ten and a half cents. Mr. Damon informed the Council that VIVA is looking to bring the same type of cost benefit to the electronic book market, but indicated that publishers place more restrictions on how e-books can be used. The primary goal of VIVA is to provide equitable information to students in real time,

anytime, in a cost effective manner. Mr. Blake reminded members that funding for VIVA is typically included in the SCHEV budget.

Update on the Higher Education Advisory Committee (HEAC)

Mr. Alessio attended the HEAC meeting on September 24 and reported on the discussion. Mr. Alessio distributed a resolution that was approved at the HEAC meeting regarding institutional performance measures. He reported that institutions were in favor of the HEAC recommendations as well as the reduction of the number of measures. Members were asked to consider the HEAC resolution so that the Council's recommendation can be approved at the October meeting. President Atwater from Norfolk State University was present and indicated that he felt the performance measures were reasonable overall. He did indicate that one issue for NSU relates to the number of juniors and seniors in the pipeline. He indicated that many of these students may perform well but are forced to put their education on hold because they have exceeded their limit for financial aid.

Members were asked to think about ways to handle the enrollment projections that will need to be done next year.

Follow-up from August 15 Planning Meeting

Mr. Blake reviewed the items discussed in the August 15 special planning session and the Council's priorities that resulted from that meeting. Ms. Webb suggested that Council re-examine its list of priorities to better align with the presidents' priorities that were shared at the joint meeting on September 24. It was suggested that the Council have a further discussion of its priorities prior to or at the October regular meeting. Ms. Webb suggested that staff include certain key words in the Council priorities that would include the priorities mentioned by the presidents. There was also interest in including collaboration among institutions on research and other recommendations that can be achieved using current resources.

BREAK

The chair called for a break at 11:10 a.m. The meeting resumed at 11:20 a.m.

ACTION ON COUNCIL MEETING SCHEDULE FOR CALENDAR YEAR 2013

Mr. Blake reminded members that this item had been discussed at the planning session. Staff confirmed that Old Dominion University and Radford University could host meetings in 2013. On motion by Ms. Haddad and seconded by Mr. Nakamoto the following resolution was approved unanimously. Staff was asked to distribute the schedule to all members:

BE IT RESOLVED that the State Council of Higher Education for Virginia approves the following meeting schedule for calendar year 2013 and requests that staff distribute the information to all Council members:

Committee meetings and any Council briefings on Monday Afternoon – Council meetings on Tuesday

- **January 14-15 – SCHEV Offices (Richmond)**
- **March 18-19 – travel to public institution (Old Dominion University)**
- **May 20-21 – travel to private institution (TBD)**
- **July 15-16 – SCHEV Offices (Richmond)**
- **September 16-17 – travel to public institution (Radford University)
(September 16 would include a meeting with college and university presidents)**
- **October 28-29 – SCHEV Offices (Richmond)**

REPORT FROM ECONOMIC OPPORTUNITY METRICS TASK FORCE

Mr. Smith provided an update from the September 24 task force meeting. He reported that the task force asked that staff reach out individually to constituents to review the wage data prior to its release. Staff provided a report to the task force of the number of meetings and webcasts that have been held with media and other constituencies. Mr. Smith indicated that the task force was proud of the final product and is hopeful that it will be well received when the data becomes public on September 28. He thanked members for serving on the task force and indicated that the task force has concluded its work.

REPORT FROM BUDGET RECOMMENDATIONS TASK FORCE

Mr. Haner chaired this newly created task force and said that the task force allowed for a free discussion about budget recommendations and how dollars are allocated and spent. He indicated that the recommendations prepared by staff are divided into two parts. The first part addresses the amount needed to address all of the items proposed in the TJ21 legislation. The second part provides an estimate of what the task force considers more reasonable given the economic climate. The recommendations were discussed and will be brought to the Council for approval in October. Mr. Blake explained each of the charts provided. In response to a discussion about work study programs, Mr. Blake agreed to explore the possibility of restarting a statewide program. Mr. Haner was thanked for his leadership of the task force.

Action on Tuition Assistance Grant (TAG)

Mr. Haner explained that this item was approved by the Budget Recommendations Task Force. The Task Force motion was seconded by Ms. Chase and the following resolution was approved unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia affirms its commitment to increase the undergraduate and graduate maximum annual award for the Virginia Tuition Assistance Grant (TAG) program to \$3,500 and, ultimately, to \$3,700 as originally recommended for the 2008-10 biennium. The Council also recognizes the Commonwealth's current financial constraints and, therefore, recommends that funding be increased by \$3.9 million in FY2014 in order to achieve maximum annual awards of \$3,100 for undergraduate and \$1,500 for graduate students. Council further emphasizes its priority in keeping TAG balances within the TAG program by recommending that this increase be achieved by reappropriating the projected FY2013 surplus of \$3.8 million to FY2014 and appropriating an additional \$154,000 to the program. To the extent TAG balances and actual enrollment permit, Council recommends that the undergraduate award be increased to \$3,200.

Ms. Ghidotti from the Council of Independent Colleges in Virginia (CICV) was asked to comment and she expressed the appreciation of the Council in supporting the TAG program for forty years. She indicated that the CICV supported the resolution but asked that Council consider increasing the total award to \$3200.

Action on College Scholarship Assistance Program (CSAP)

Mr. Haner provided background information on the program recommended by the task force. The task force recommendation was seconded by Mr. Nakamoto and the following resolution was approved unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia supports assigning funds currently used as a state match for the College Scholarship Assistance Program to institutional efforts to improve student retention and completion. Council directs staff to continue working with institutional representatives, including financial aid directors, and others to develop the criteria for distributing the funds and the means to evaluate the success of students receiving the funds.

REPORT FROM ACADEMIC AFFAIRS COMMITTEE

Action on Programs at Public Institutions

Dr. DeFilippo briefly reviewed his liaison report to the Committee.

Ms. Haddad said the Committee suggested that academic program proposals be submitted sooner to staff to enable the Committee to review what is in the pipeline. She indicated that Dr. Moriarty from Virginia Commonwealth University (VCU) provided input to the Committee. Gary Tepper from VCU was in attendance and was introduced. Dr. DeFilippo provided a brief overview of the program. The following motion was approved unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia grants approval to Virginia Commonwealth University to initiate a Doctor of Philosophy (Ph.D.) degree program in Mechanical and Nuclear Engineering (CIP: 14.9999), effective spring 2013.

Action on Private and Out-of-State Post-secondary Education Institutional Certifications

Ms. Haddad provided a brief introduction and Dr. DeFilippo explained the reason for establishing a special reporting requirement in the resolution conferring certification on Alliance Medical and Health Sciences. The following resolutions were approved unanimously:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Alliance Medical and Health Sciences to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012, subject to the following conditions:

According to 8 VAC 40-31-180, Alliance Medical and Health Sciences must attain candidacy towards accreditation by December 31, 2015 and full accreditation by December 31, 2018 with an accrediting body recognized by the U.S. Department of Education. The State Council of Higher Education for Virginia stipulates, as a condition of certification, that Alliance Medical and Health Sciences shall:

- 1) consult with ABHES and CAPTE at the earliest feasible date to develop an agreed-on accreditation plan and timeline which the institution will follow to achieve candidacy and full accreditation from both organizations simultaneously;
- 2) provide Council staff with a copy of the above referenced accreditation plan and timeline by December 31, 2012;
- 3) provide Council staff with annual reports attesting to steps accomplished toward candidacy and/or full accreditation, due by December 31 of each year, until full accreditation has been achieved with ABHES and CAPTE.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies the American School of Nursing and Allied Health to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012. Approval of the school's Practical Nursing and Nursing Aide programs is contingent upon provisional approval from the Virginia Board of Nursing.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies the Hampton Roads Skills Center to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies the ICA Language Services, Inc. to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies the Professional Academy of Health Care Reimbursement Specialist, LLC. to operate a postsecondary institution in the Commonwealth of Virginia, effective September 25, 2012.

Ms. Haddad thanked Dr. DeFilippo and staff for answering very specific questions from the members at the Academic Affairs Committee meeting.

UPDATE ON BOARD OF VISITORS (BOV) ORIENTATION

Ms. DiGennaro provided an update on the upcoming orientation session to be held on October 23 at the Capitol. She reported that the Governor will be in attendance to provide closing remarks, and provided information about other confirmed speakers. Council members were encouraged to attend. Staff will provide a list of additional readings and a list of higher education acronyms on the SCHEV website for BOV members unable to attend the orientation. Ms. DiGennaro thanked staff for their efforts in preparing a significant agenda for this important event. Ms. Fran Bradford from the College of William and Mary was also thanked for her assistance in planning the event. Mr. Blake indicated that staff was reworking the agenda to accommodate the Governor's schedule and will send the final agenda and other materials to attendees the first week of October.

ITEMS DELEGATED TO STAFF

Mr. Blake noted the categories of recent actions taken by staff as delegated by the Council. As required, a copy of these actions is attached to the minutes.

NEW BUSINESS/OLD BUSINESS

None.

ADJOURNMENT

Mr. Bland reminded members that the next meeting is scheduled for October 29-30 at the SCHEV offices.

The meeting was adjourned at 12:30 p.m.

Katharine Webb
Secretary

Lee Ann Rung
Manager for Executive and Council Affairs

Items Delegated to Director/Staff

Pursuant to the Code of Virginia, Section 23-9:6:1 and Council’s “Policies and Procedures for Program Approval and Changes,” the following items were approved as delegated to staff:

Program Actions

Institution	Degree/Program/CIP	Effective Date
Germanna Community College	New Program Approved: Associate of Applied Science degree program in Physical Therapist Assistant (51.0806).	Fall 2013
Germanna Community College	New Program Approved: Associate of Applied Science degree program in Emergency Medical Services-Paramedic (CIP code: 51.0904).	Fall 2012
Mountain Empire Community College	New Program Approved: Associate of Applied Science degree program in Energy Technology (15.0901).	Fall 2012

Pursuant to the Code of Virginia, Section 23-9:6:1 and Council’s “Policies and Procedures for Program Approval and Changes,” the following item was reported:

Institution	Degree/Program/CIP	Effective Date
Radford University	Initiate Undergraduate Certificate program in Sustainability and Environmental Studies (30.3301).	Fall 2012

Pursuant to the Code of Virginia, Section 23-9:6:1 and Council’s “Policies and Procedures for Internal and Off-Campus Organizational Changes,” the following item was reported:

Organizational Changes / Off-campus Instructional Sites

Institution	Change / Site	Effective Date
Longwood University	Close the Retail Merchants Association of Greater Richmond site located at 5101 Monument Avenue, Richmond, VA 23230.	August 1, 2012

Pursuant to the Code of Virginia, Section 23-9:6:1 and Council’s “Policies and Procedures for Internal and Off-Campus Organizational Changes,” the following items were approved as delegated to staff:

Organizational Changes / Off-campus Instructional Sites

Institution	Change / Site	Effective Date
Radford University	Reorganize the School of Environmental and Physical Science to create the Department of Anthropological Sciences , the Department of Geology , the Department of Geospatial Science , and the Department of Physics .	September 1, 2012
Virginia State University	Rename the Reginald F. Lewis School of Business to the Reginald F. Lewis College of Business .	September 1, 2012
Virginia State University	Rename the School of Graduate Studies to the College of Graduate Studies .	September 1, 2012

Institutional Student Financial Aid Plans

Pursuant to §4-5.01 b. of the annual Act of the Appropriation, staff has reviewed each individual institution's plan for expenditure of its appropriation for undergraduate student financial assistance and assumptions and calculations for determining the cost of education and student financial need. The institutions' reports have been received and reviewed in accordance with the Appropriation Act.

Two-Year College Transfer Grant Regulations

Staff made revisions to the Two-year College Transfer Grant regulations, bringing the regulations into conformity with new state law and with the 2012 budget bill’s definition of “financial need.” Statute requires that regulations be updated within 90 days of legislative changes.

State Council of Higher Education for Virginia Agenda Item

Item: #6 – Discussion of Enrollment Projection Process for 2014-2020

Date of Meeting: October 30, 2012

Presenter: Tod Massa, Policy Research and Data Warehousing
todmassa@schev.edu

Most Recent Review/Action:

- No previous Council review/action
 Previous review/action

Date: September 2011

Action: The Council approved the current set of enrollment projections

Background Information/Summary of Major Elements:

The Code of Virginia, through Section 23-9.6:1.4, requires SCHEV to review and approve or disapprove the enrollment projections (technically these are “enrollment targets”) proposed by each public institution of higher education. The Council undertakes this activity each biennium, in odd-numbered years, prior to the “long” session of the General Assembly.

As specified in the Code of Virginia, the enrollment targets provided for Council action are for budgetary and fiscal planning purposes only. Actual institutional enrollments may vary from these targets based on many factors outside of institutional control.

Beginning July 1, 2011, the Code of Virginia, [§ 23-38.87:14, requires each private nonprofit institution of higher education eligible to participate in the Tuition Assistance Grant Program shall submit to the Council its Virginia student enrollment projections.] We use the same data structure for these projections; Council’s action on private college enrollment projections is limited to adopting the projections as part of the Council’s planning materials.

In past years the Council has not established an overall enrollment goal for the Commonwealth. Instead, the Council has either viewed the enrollment projections as institutional targets (particularly so because of their use in the Institutional Performance Standards) or as part of an equation of supply and demand for post-secondary enrollment. Staff recommends to the Council the adoption of an overall goal for in-state enrollment and then asking the institutions to develop enrollment targets that work toward that target. Prior to adoption, staff will provide Council with

a gap estimate describing any difference between the enrollment goal adopted by Council and the sum of the targets presented by the institutions. Council would then have opportunity to direct staff to develop solutions to close any gap.

Materials Provided:

Current projections extend to Fiscal Year 2017-18, the next round will in 2019-20.

Total In-State Enrollment, All Levels								
Fall Headcount	Actual	EEE*	Projected (2011)					
	Fall 2011	Fall 2012	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
Public Four-years	167,333	167,677	169,187	171,542	173,982	176,429	178,735	180,814
Public Two-years	189,861	182,353	194,371	196,300	197,272	198,251	199,235	200,224
Total Publics	357,194	350,030	363,558	367,842	371,254	374,680	377,970	381,038
Private Four-years	47,400	44,950	48,749	50,264	51,736	53,349	54,615	55,661
Grand Total	404,594	394,980	412,307	418,106	422,990	428,029	432,585	436,699

* EEE – Early Enrollment Estimates provided in September 2012. VCCS estimates typically exclude the second-half semester enrollments and thus traditionally are well under the final actual enrollments reported.

During the meeting, staff will present an array of options and their possible implications for discussion.

Financial Impact: Student enrollment is the key driver of the funding model used by the Commonwealth, thus targets set by Council may have a significant impact, if they are achieved, on future budget recommendations.

Timetable for Further Review/Action: The enrollment projection and degree estimate process begins in late January. Institutional submissions traditionally have been due on April 1 when only the public institutions were required to submit projections. With the inclusion of the private sector, staff suggests May 1 to be a more appropriate due date with Council action planned for July 2013. This schedule should allow time for staff to prepare a gap analysis for the May meeting.

Resolution: N/A

State Council of Higher Education for Virginia Agenda Item

Item: #9 – Report on Boards of Visitors Orientation

Date of Meeting: October 29, 2012

Presenter: Peter Blake
peterblake@schev.edu

Most Recent Review/Action:

- No previous Council review/action
 Previous review/action

Date: September 25, 2012

Action: The Council received an update at the September meeting. Since that time, the orientation session was held.

Background Information: On October 23, 2012, SCHEV hosted the annual Board of Visitors Orientation as charged by the General Assembly in the Code of Virginia.

Staff coordinated this year's orientation with the Governor's Office, the Secretary of Education, representative Council members, and others. Approximately 40 attendees are expected to attend. This number includes new members, rectors, and vice rectors from each institution.

Materials Provided:

- The orientation session is scheduled to take place after the agenda books are distributed. Therefore, a final recap will be provided at the meeting.

Summary of Major Elements: N/A

Financial Impact: While there are no specific funds appropriated to support the orientation, SCHEV does incur costs associated with planning and executing the event. The final cost of the event will be provided at the meeting.

Timetable for Further Review/Action: N/A

Staff Recommendation: N/A

Resolution: N/A

State Council of Higher Education for Virginia Agenda Item

Item: #10 – Items Delegated to Staff

Date of Meeting: October 30, 2012

Presenter: Peter Blake, Director
peterblake@schev.edu

Most Recent Review/Action:

- No previous Council review/action
 Previous review/action

Date: March 20, 2002, July, 2002, September 2006

Action: The Council approved delegation of certain items to staff

Background Information/Summary of Major Elements:

Council delegated certain items to staff for approval and reporting to the Council on a regular basis.

Materials Provided:

- Program Actions reported:
 - University of Virginia
- Organizational Changes / Off-campus Instructional Sites:
 - University of Virginia
- Governor's STEM Academy:
 - Region 2000 CTE STEM Academy

Financial Impact: N/A

Timetable for Further Review/Action: N/A

Resolution: N/A

Items Delegated to Director/Staff

Pursuant to the Code of Virginia, Section 23-9:6:1 and Council’s “Policies and Procedures for Program Approval and Changes,” the following items were reported:

Program Actions

Institution	Degree/Program/CIP	Effective Date
University of Virginia	Initiate a Graduate Certificate program in Procurement and Contracts Management (52.0202).	September 11, 2012
University of Virginia	Discontinue the Master of Arts degree program in Bioethics (30.1501). [Program Approved: Date: May 9, 2005].	Spring 2013

Pursuant to the Code of Virginia, Section 23-9:6:1 and Council’s “Policies and Procedures for Internal and Off-Campus Organizational Changes,” the following item was reported:

Organizational Changes / Off-campus Instructional Sites

Institution	Change / Site	Effective Date
University of Virginia	Close the site located at 291 Independence Boulevard, Pembroke Four, Suite 418, Virginia Beach, VA 23462.	October 1, 2012

Governor’s STEM Academies

One (1) Governor’s STEM Academy proposal was reviewed and approved as delegated to staff:

Title of Academy	Region 2000 CTE STEM Academy
Location	Lynchburg, VA (Region 2000)
Name of Lead Entity	Virginia’s Region 2000 Technology Council
Date of Approval	September 11, 2012
Academy Initiation	2012-13