

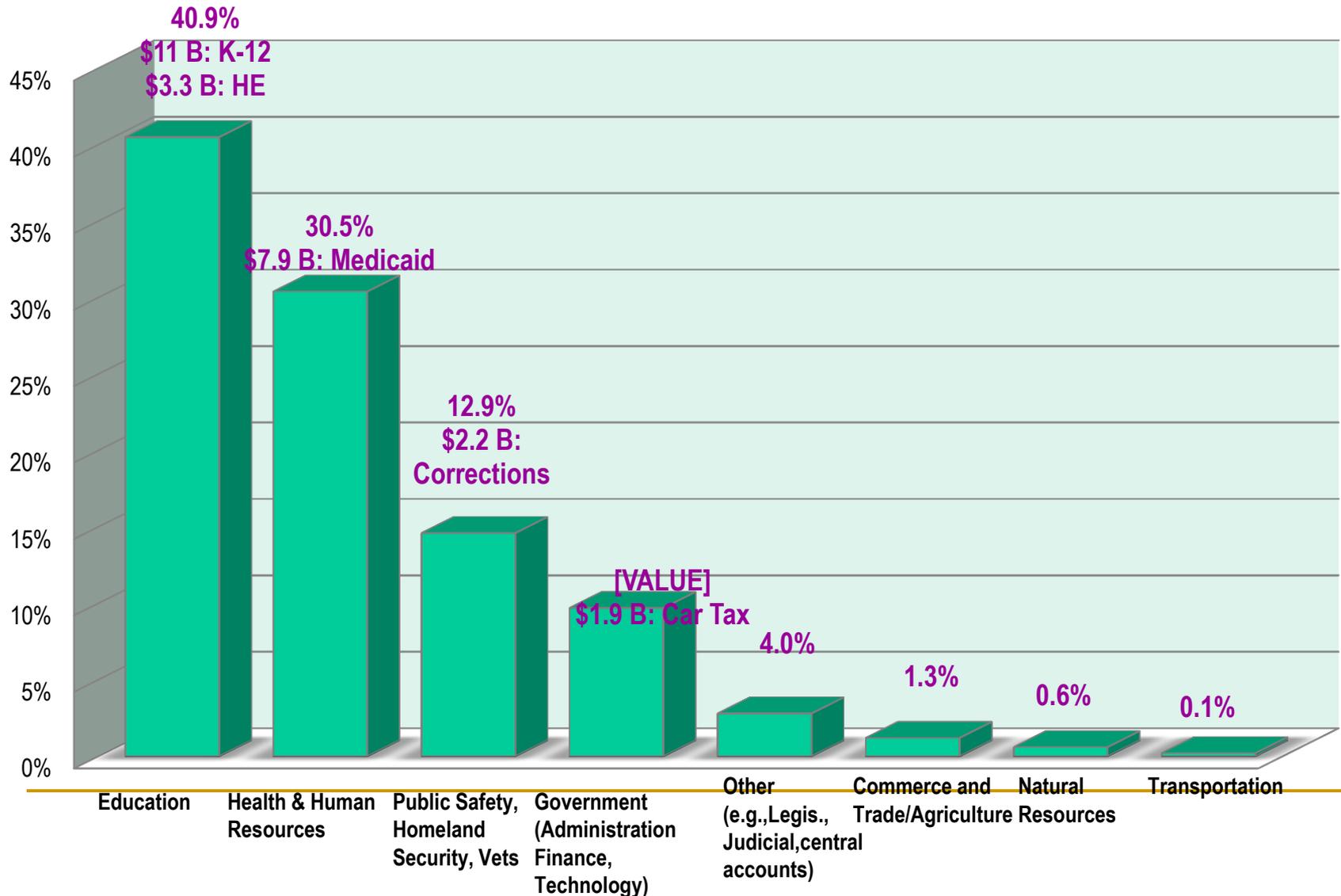
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# Financing Public Higher Education: Impacts of Changing Demographics and Revenue Uncertainties on Affordability, Costs, Tuition and Aid

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SCHEV Orientation for New Board of Visitors' Members  
October 19, 2016

# Where the state operating money goes- General Fund 2016-2018



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# Budgetary authorization for higher education involves several major programs

## 1 Educational and General (E&G)

- General fund (GF) and nongeneral fund (NGF) sources (tuition and fee revenue)

## 1 Student Financial Assistance

- General fund and nongeneral fund (federal assistance and tuition revenue)

## 1 Sponsored Programs (Research)

- General fund and nongeneral fund (federal and private grants)
- Institution specific initiatives

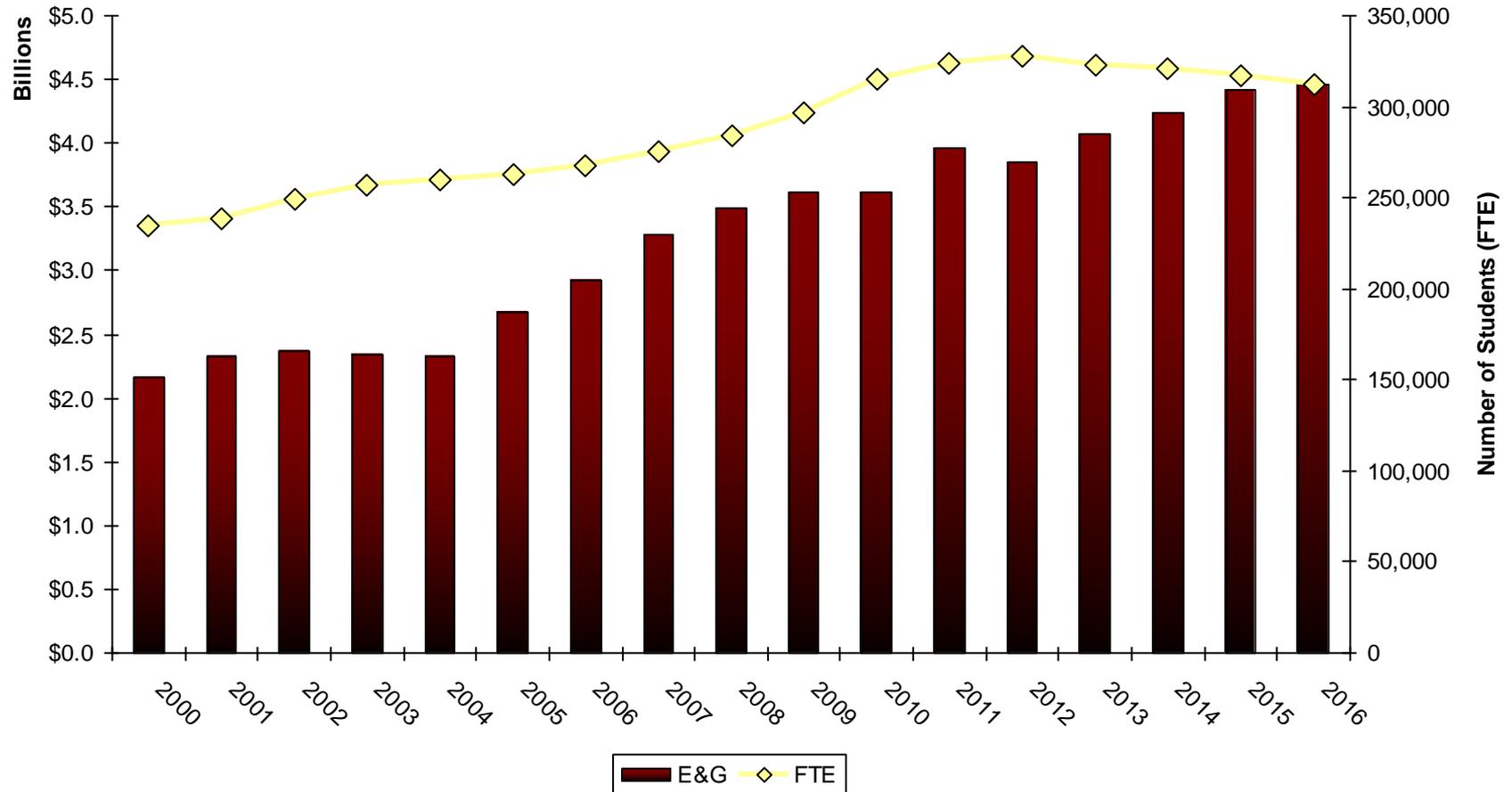
## 1 Auxiliary Enterprises

- Nongeneral fund only (self-supporting activities such as residential facilities, dining halls, and parking)

# Support for educational and general is a shared cost

<b>Institution</b>	<b>GF Share</b>	<b>NGF Share</b>
Richard Bland College	65%	35%
Virginia Community College System	64%	36%
Longwood University	63%	37%
Radford University	62%	38%
Christopher Newport University	61%	39%
University of Virginia at Wise	61%	39%
University of Mary Washington	60%	40%
Norfolk State University	57%	43%
Old Dominion University	56%	44%
Virginia State University	54%	46%
George Mason University	51%	49%
Virginia Commonwealth University	49%	51%
James Madison University	48%	52%
College of William and Mary	40%	60%
Virginia Tech	39%	61%
Virginia Military Institute	39%	61%
University of Virginia	35%	65%

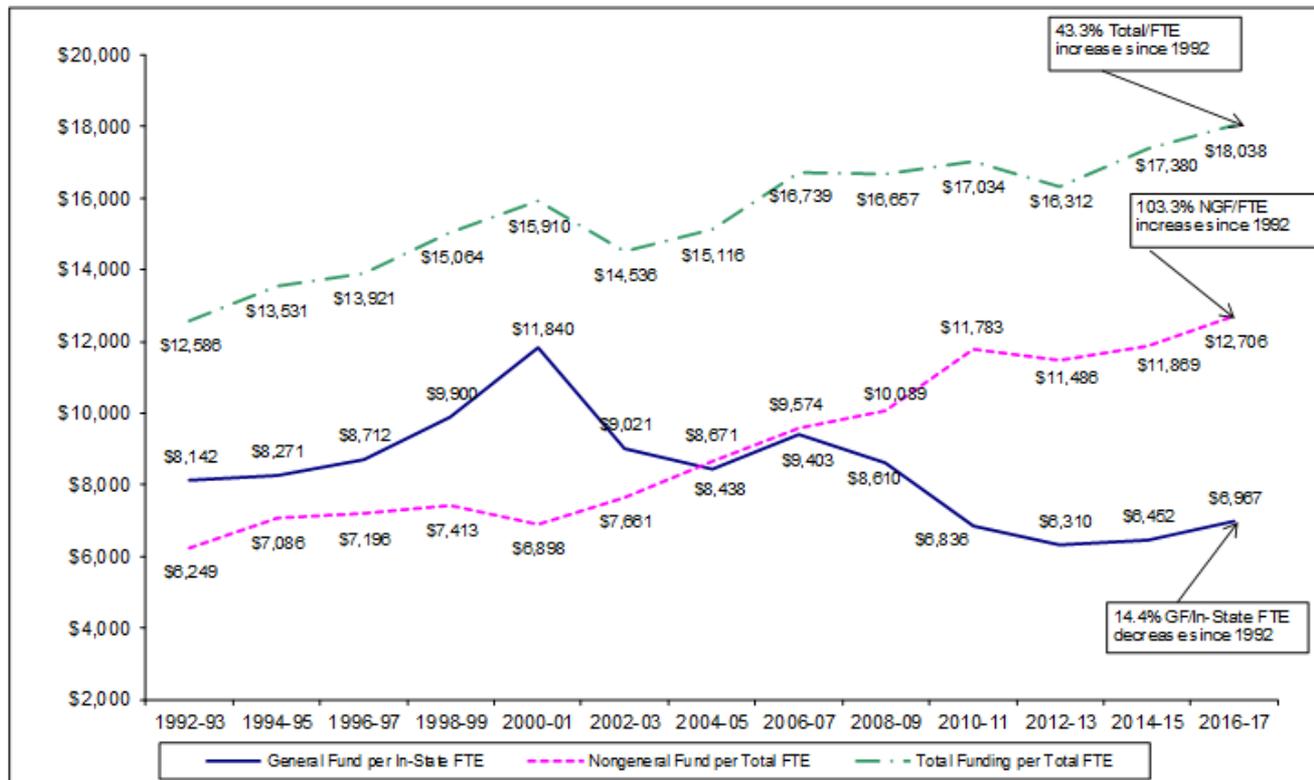
# Both E&G support and FTE students have grown



Notes: Data includes E&G appropriation for 17 institutions, VIMS and extension services.

FY 2010-11 includes SFSF appropriation.

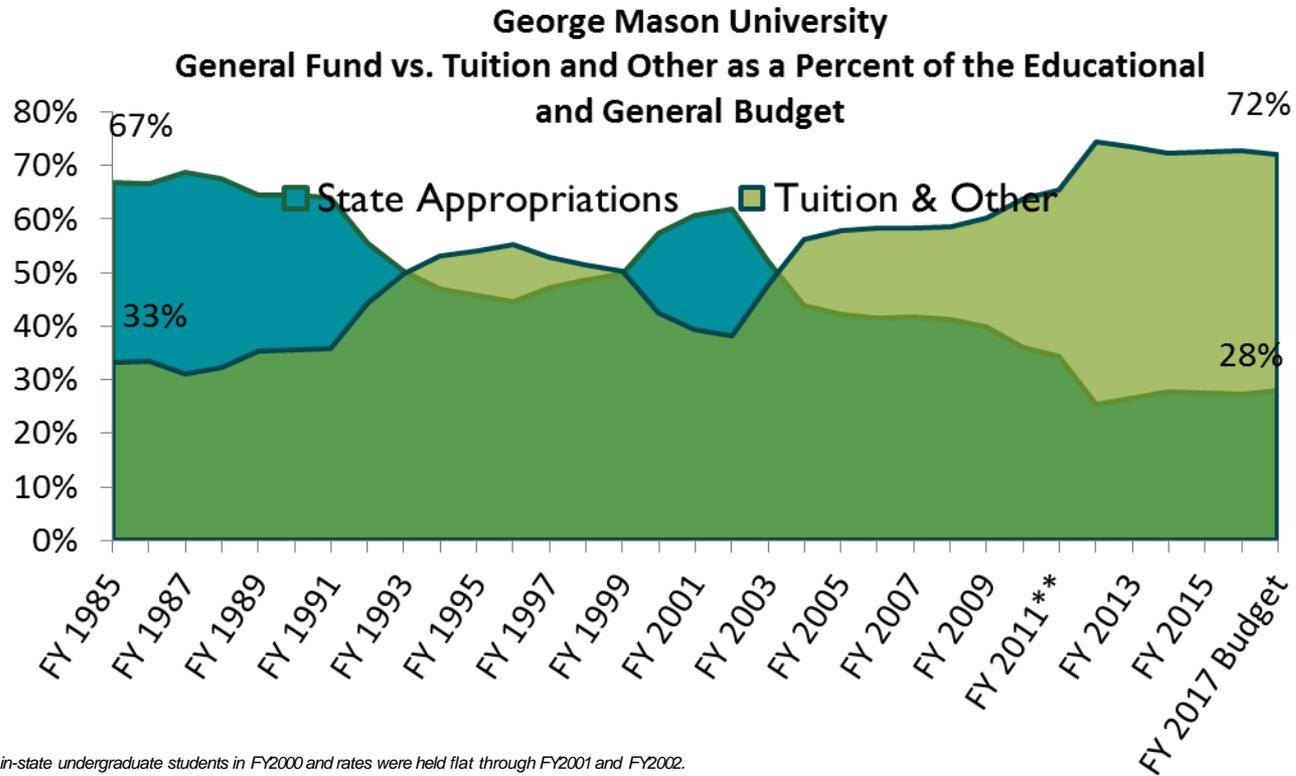
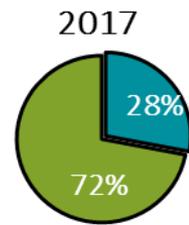
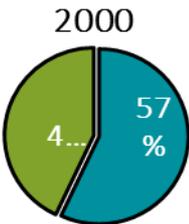
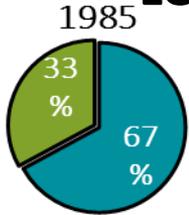
# Average Funding per FTE Student at Four-Year Institutions (in 2016-17 Constant Dollars)



**Notes:**

- (1) Total Funding per Total FTE is not the sum of General Fund per In-State FTE and Nongeneral Fund per Total FTE.
- (2) FY16 and FY17 are based on projected enrollments. All other years are based on actual enrollments.
- (3) Funding by fund comes from Chapter 780, 2016.
- (4) FY10 and FY11 Nongeneral Fund per Total FTE include funding from the American Recovery and Reinvestment Act of 2009.
- (5) General fund per in-state FTE has decreased by 41.2% from the peak year of FY2001 to FY2017.

# LONG TERM FINANCIAL SHIFT FROM TAXPAYER TO STUDENT



\*State imposed 20% tuition reduction for in-state undergraduate students in FY2000 and rates were held flat through FY2001 and FY2002.

\*\* ARRA included in General Fund

Data Source: FY1985-FY2013 Institutional Research Fact Book, FY2014-FY2016 Budget Office

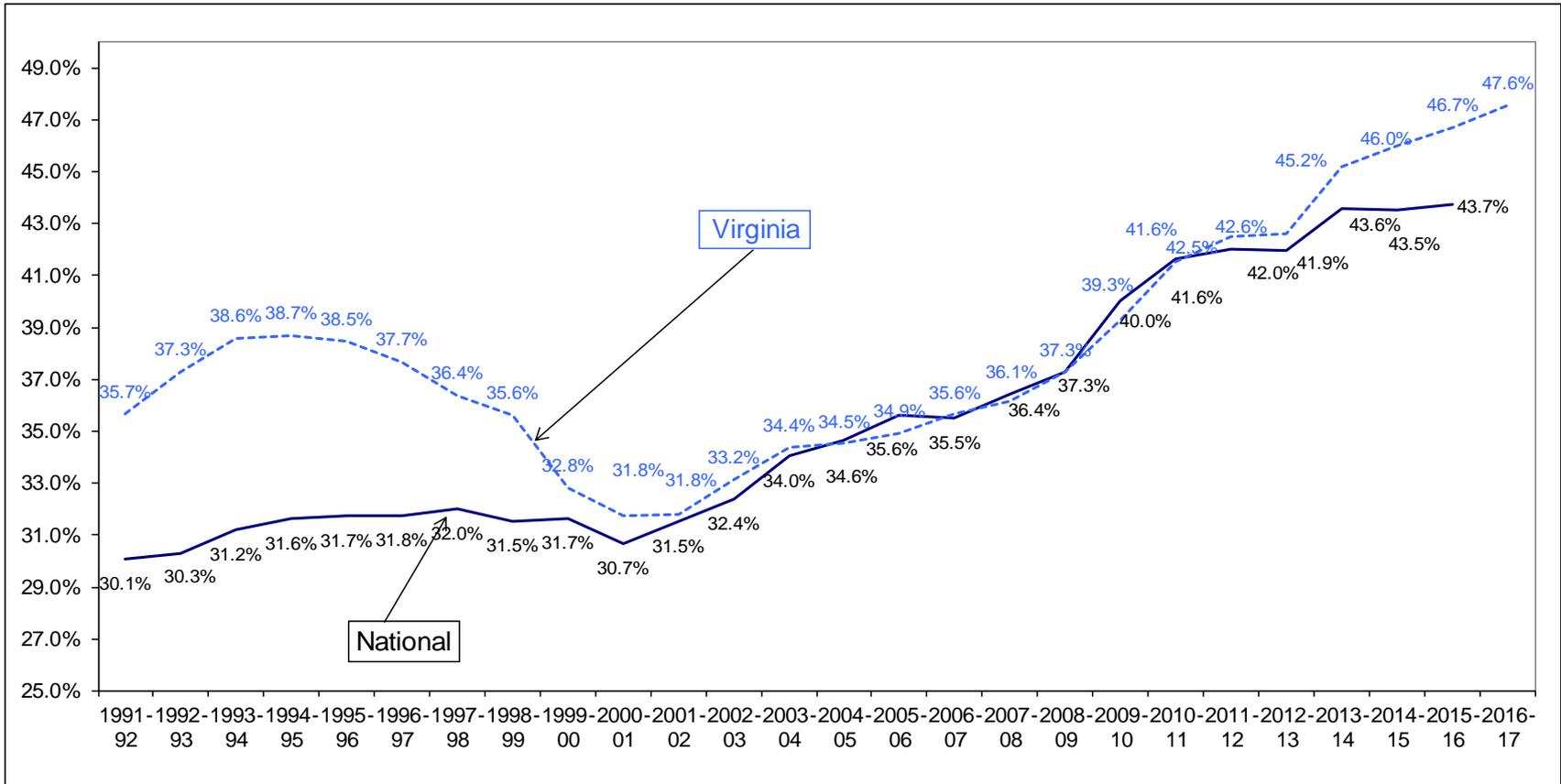
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# How do we compare nationally?

Based on 2015 State Higher Education Executive Officers (SHEEO) data, Virginia:

- 1 Ranks 25th among all states in total funding per FTE.
- 1 Ranks 17th among all states in tuition and fee revenue per FTE.
- 1 Ranks 44<sup>th</sup> among all states in general fund and local appropriation per FTE.

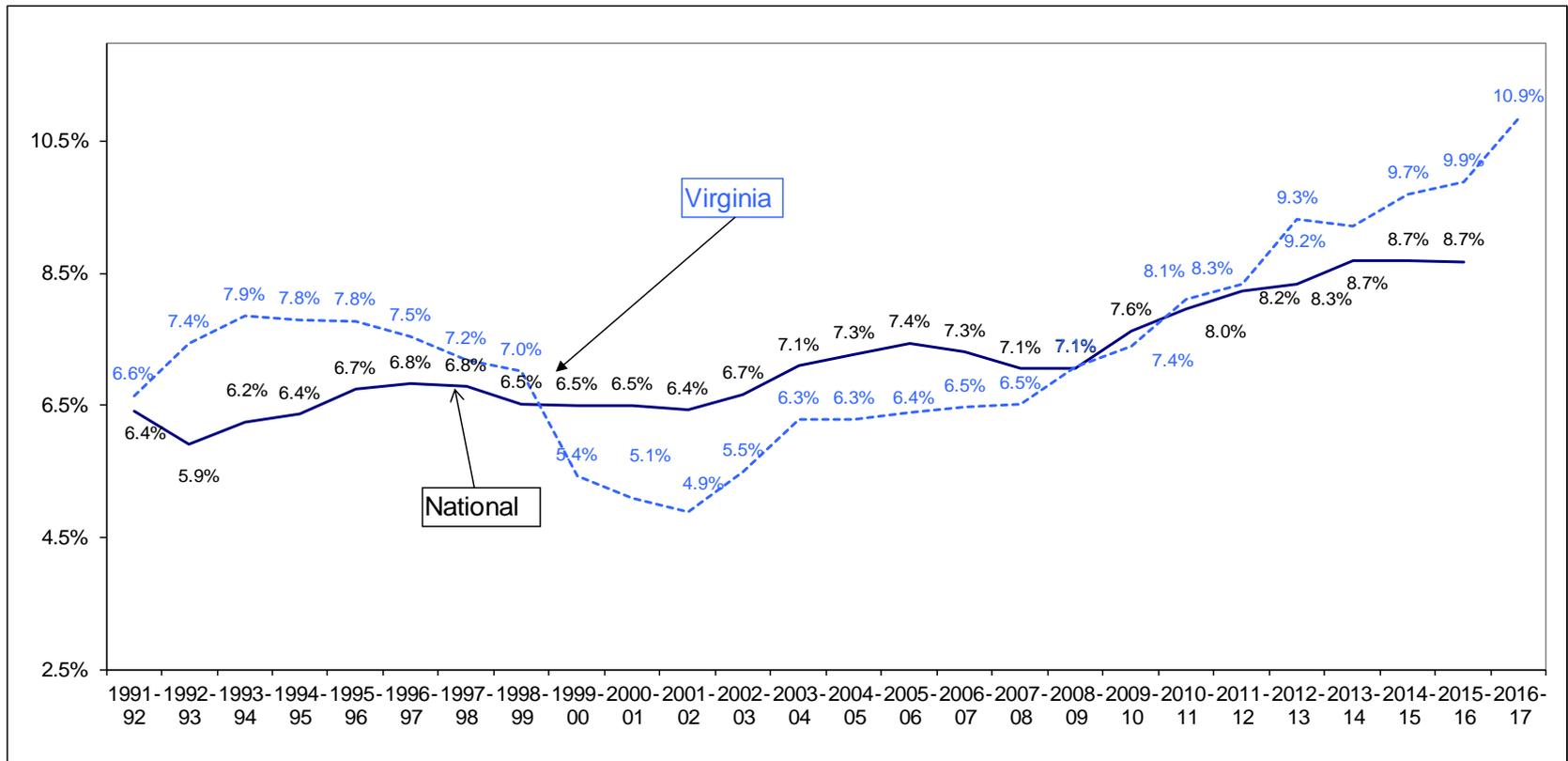
# Average Total In-State Undergraduate Charges at Public Four-Year Institutions As a Percent of Per-Capita Disposable Income



Note: Cost includes tuition and mandatory fees, and room and board.

Source: College Board, US Bureau of Economic Analysis, and SCHEV.

# Average Total In-State Undergraduate Charges at Public Two-Year Institutions As a Percent of Per-Capita Disposable Income



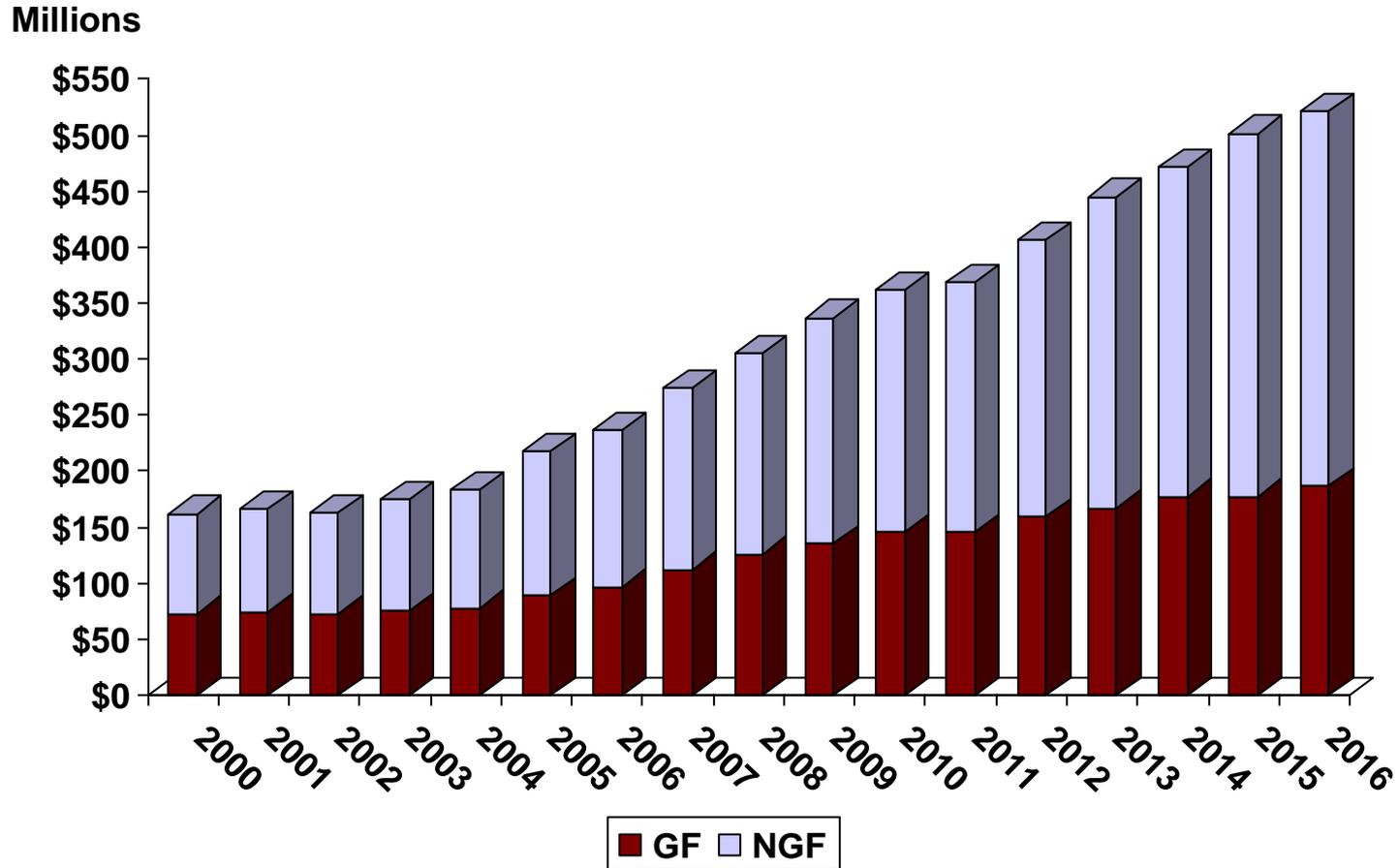
Notes:

(1) Cost includes tuition and mandatory fees.

(2) Virginia public 2-year charges include the Richard Bland College commuter student charges and Virginia Community College System charges.

Source: College Board, US Bureau of Economic Analysis, and SCHEV.

# Since FY 2000, general fund and tuition and fees support for student financial assistance has grown



Notes: Data includes financial aid appropriation for 17 institutions and VIMS.

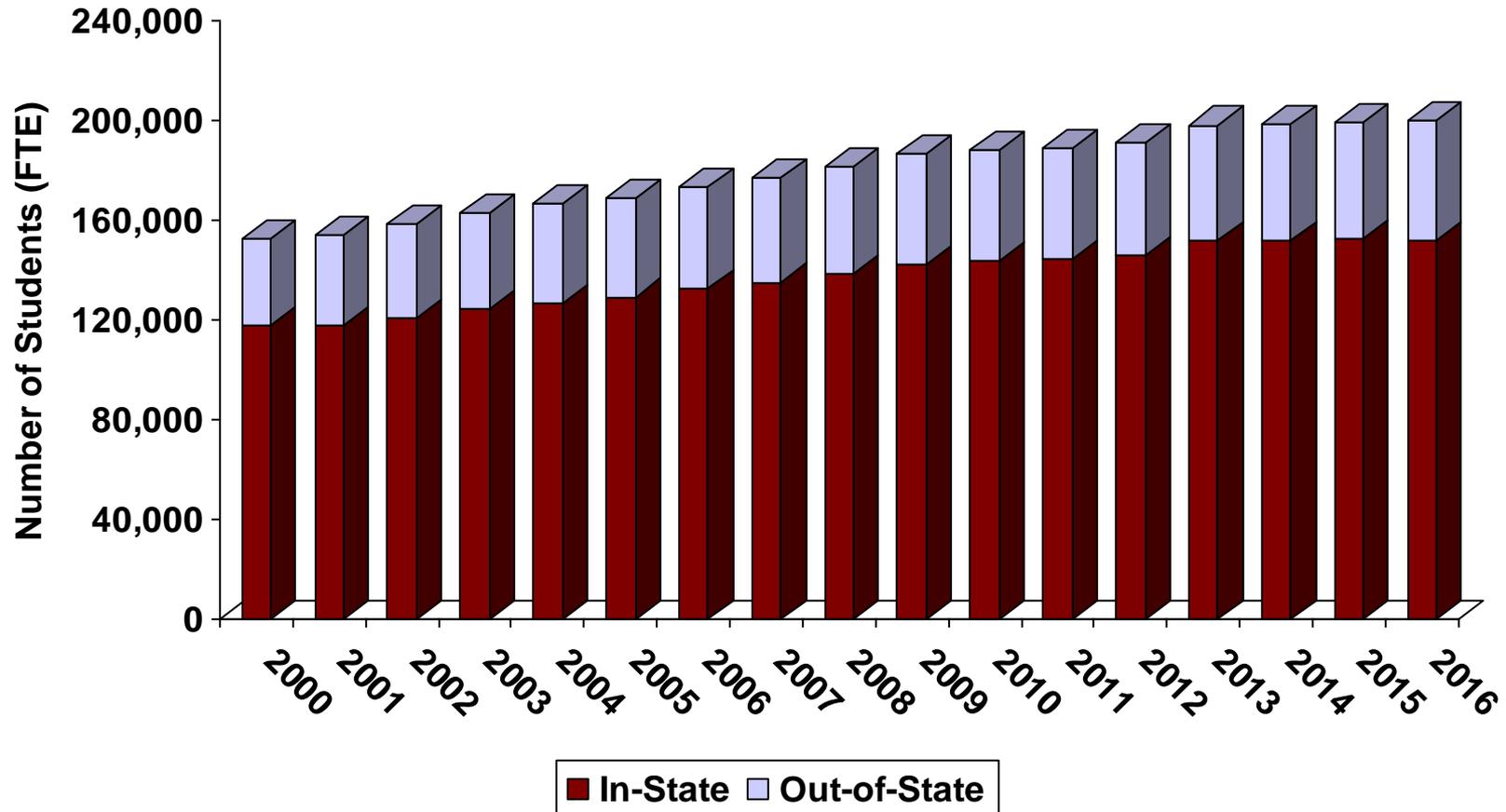
VCCS nongeneral fund financial aid appropriation not included.

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## Despite increase in financial aid...

- 1 The number of students eligible for need-based financial aid has grown from 115,059 in FY2006 to 219,491 in FY2015.
- 1 During the same time period, the percentage of students eligible for need-based financial aid has grown from 39% to 56%, while the percentage of Pell eligible students has increased from 17.6% to 26.5%.

Since FY 2000, the student mix for 4-year institutions has been stable at roughly 76% in-state and 24% out-of-state



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# Funding challenges include:

- 1 Variability of state support
- 1 Diversity between institutions
- 1 Relying more on tuition and fees (access)
- 1 Reductions disproportionate to state support
- 1 Ability to raise tuition
  - How much is needed; should we limit the increases?
- 1 Financial need of student population
  - Are we increasing access?
- 1 Balancing in-state and out-of-state students
- 1 Getting high productivity from our investments
  - Should we link funding to outcomes?

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# We have the capacity, but how do we graduate the students we currently have?

- 1 Virginia graduated 52 percent in four years, 67 percent in five years, and 70 percent in six years from the 2008 freshman cohort group.
- 1 The most cost-effective approach in generating additional associate and bachelor's degrees over the next 15 years may be to dedicate resources to retain students.