Ms. Milliken called the meeting to order at 9:10 a.m. in Salons 1 and 2, University Student Commons, Virginia Commonwealth University, Richmond, Virginia. Council members present: Bob Ashby, Gilbert Bland, Whittington Clement, Jim Dyke, Mimi Elrod, Susan Magill, Christine Milliken, G. Gilmer Minor, Katharine Webb.

Council members absent: Mary Haddad, Alan Wurtzel

Staff members present: Jim Alessio, Lee Andes, Tom Daley, Joe DeFilippo, Alan Edwards, Dan Hix, Daniel LaVista, Kirsten Nelson, and Lee Ann Rung.

PUBLIC COMMENT

No requests for public comment were received.

APPROVAL OF MINUTES

The following minutes were unanimously approved as submitted:

September 15, 2009 Restructuring Task Force
September 15, 2009 Council meeting

The September 10, 2009 Restructuring Task Force minutes were unanimously approved with one correction: Kathy Hornsby is a CWM Board member.

REMARKS BY PRESIDENT RAO

Ms. Milliken introduced President Rao and thanked him for hosting the Council.

Dr. Rao spoke about the importance of higher education and his perspectives on Virginia, saying that Virginia is a relatively progressive state with a great history of public higher education. He stressed the importance of leveraging the positive aspects of Virginia higher education as we go forward.

Dr. Rao said the U.S. once held the #1 spot of 20-29 year olds with a college education. Currently, the U.S. ranks 14th. In order to catch up to Canada and
Japan, the U.S. would need to increase degree production to 2 to 3 million by 2025.

He indicated that institutions should focus on their mission and diversify revenues in order to emerge from the economic downturn stronger and more independent.

Dr. Rao thanked the Council for its role in advancing Virginia’s system of higher education and answered questions from members. He stressed the importance of focused advocacy, including the voice of the Council with executive and legislative bodies. He stressed that the best way to make a difference would be to focus on three important messages that are echoed by all parties involved and to keep the long-term goals of higher education at the forefront.

EXECUTIVE DIRECTOR’S REPORT

Dr. LaVista gave a presentation on access to higher education and spoke about the relationship between funding and access. The Council has continued to be a strong advocate in enhancing access to higher education in Virginia. This includes the Virginia College Access Best Practices Toolkit, which was developed with funding through the College Access Challenge Grant. He briefly described each of the two toolkits and the information contained in them, stressing that the information is an invaluable resource to local communities.

A pilot access program is being considered for the Southside region, with Dr. Ashby as the lead Council member working with staff on the study. Dr. LaVista updated the Council on what staff has done and the key findings of the early work toward the pilot program. Dr. Ashby said he is grateful for the focus in Southside and indicated that conversations will begin next week with community leaders.

The U.S. Department of Education will offer grants next year to promote new and existing access programs. Access programs could do more with new federal grants, as grants hold a promise for programs that will be enhanced and initiated from the access toolkits. Dr. LaVista reported that this is exciting news and builds on past actions of the Council.

ACTION ITEMS

Action on 2010-12 Systemwide Operating Budget

Mr. Hix distributed a chart showing public higher education support per student by state for FY2008. At the last meeting, staff was asked to compare Virginia to states in the mid-Atlantic region, and the chart included seven of these states. While these findings were not significantly different than the national
comparisons, Mr. Hix indicated that staff will continue to use this comparison, along with Southern Regional Education Board (SREB) and the national data.

Base Adequacy

Mr. Hix reported that staff incorporated the latest numbers into the model, after discussions with the Finance Advisory Committee (FAC) at its last meeting. He distributed two options for estimated 2009-10 base adequacy funding, which includes American Recovery and Reinvestment Act (ARRA)/Stimulus funding. The Council was informed that a special resolution will include all of the budget recommendations and will be discussed and presented for approval once each item received a brief introduction.

Faculty Salaries

Mr. Hix provided data on funding that would be required to reach the 60th percentile. This would average 5.5% per year for a total of $140M if fully funded, but he indicated that no increases are expected in faculty salaries.

Higher Education Equipment Trust Fund (HEETF)

Mr. Hix reminded the Council that this item is funded through bond sales and is used by institutions in attracting and retaining faculty when no salary increases are forthcoming.

Operation and Maintenance of New Facilities Coming Online

Mr. Hix explained that the chart which was provided illustrated the amount of funding that is needed to maintain new space coming online. This includes incremental resources needed for general maintenance, housekeeping, etc. He explained that this item has not been funded in recent years and said that if the base adequacy guidelines were fully funded, there would be no need to show this item separately, as it would be included. There is no expectation that this item will be funded this biennium.

Undergraduate and Graduate Student Financial Aid

Mr. Andes reviewed the additional information that the Council requested at the last meeting, i.e., how the recommendations affect low income students. He surveyed the institutions and found that the percentage of financial aid applications and the number of Pell-eligible students has increased significantly over just one year ago. Mr. Andes indicated that institutions make the
determination on whether they wish to reach more students with smaller financial aid amounts, or provide fewer students with a higher amount of state aid. He reported that most institutions have chosen to serve a greater number of students.

In response to a request from Ms. Milliken, staff agreed to review the latest demographic data for Virginia and analyze the potential impact on student financial aid need.

Staff was also asked to personalize the financial statistics to better illustrate to legislators and others the effects on students and faculty of not funding certain programs. In putting together this story, Council asked that staff work with the institutions to get vignettes that put a human face on the budget reductions and illustrates the hardship students are facing, even while enrollments are increasing. This information should be prepared prior to the December 1 meeting.

After some discussion, on motion by Ms. Magill and seconded by Mr. Minor, the following revised resolution was unanimously approved by the Council:

WHEREAS, Virginia’s system of higher education has traditionally been recognized for its excellence, with many of our institutions ranked nationally in a variety of categories and

WHEREAS, the strength of Virginia's higher education system has been a major component of the Commonwealth’s economic development efforts, as witnessed by the recent establishment of corporate locations in Virginia by Science Applications International Corporation (SAIC), Hilton Worldwide, Rolls Royce, Volkswagen and others who were attracted, in part, because of the superb quality of the higher education system in Virginia and our skilled workforce, and

WHEREAS, we recognize that the Commonwealth, like the rest of the nation, is experiencing an economic crisis that has resulted in unprecedented budget reductions, especially in the higher education arena. For example:

- Between 1992 and 2010, general fund appropriations to Virginia public higher education fell from 14% to 11% of total state appropriations. The net general fund reductions to higher education institutions were $320 million in FY2010, equivalent to a 22% reduction over the amended FY2008 funding level.
• On a per student basis, general fund appropriations declined by 18% at four-year institutions and 9% at the VCCS between 1992 and 2010.

• Virginia ranks 40th for state and local appropriations for higher education. In comparison, Maryland ranked 14th, and North Carolina ranks 7th (Based on data provided by SHEEO’s State of Higher Education Funding 2008 Final Report).

• The national average for educational appropriation per student was $7,059 in 2008, Virginia’s appropriation per student was $5,805.

WHEREAS, students and their families have been forced to shoulder an ever increasing portion of the financial burden through tuition increases, and between 1992 and 2010, tuition revenues have increased by 90% for four-year institutions and by 86% for the VCCS, and

WHEREAS, these fluctuations in state funding present a tremendous challenge to the well-being of our public higher education institutions and the state’s students and families, and

WHEREAS, it is essential that a long-term financial plan for the future funding of public higher education in Virginia be developed and implemented to ensure that Virginia’s world-class system of colleges and universities remain affordable, accessible, sustainable, and vibrant. Doing so will ensure that Virginia’s students have an opportunity to obtain an education that enables them to compete in the global marketplace and to contribute to a healthy economy within the state, and

WHEREAS, a recent study by the Weldon-Cooper Center estimates that for every dollar spent on higher education, Virginia receives a $1.39 in tax revenue, now therefore,

BE IT RESOLVED that the State Council of Higher Education approves the following addendum to its 2010-12 budget recommendations:

**Budget Addendum Language**

It is essential that a long-term financial plan for the future funding of public higher education in Virginia be developed and implemented to ensure that Virginia’s world-class system of colleges and universities remain affordable, accessible, sustainable, and vibrant. Doing so will ensure that Virginia’s students have an opportunity to obtain an education that enables them to compete in the global marketplace and to contribute to a healthy economy within the state.
To that end, the policies and goals contained in the individual budget items (see list below) reviewed by the Council at its October 27, 2009 meeting, are critical to the quality, affordability, and sustainability of our system of higher education, but the current economic conditions necessitate that the Council distinguish between the its long-term and short-term goals for higher education in the Commonwealth.

Long-term goals that have been supported strongly and consistently by the Council include:

1. Reaching full funding under the base adequacy funding guidelines.
2. Raising average faculty salaries to the 60th percentile.
3. Acquiring new and replacement equipment for both instruction and research through the Higher Education Equipment Trust Fund.
4. Securing the funds needed to properly operate and maintain new facility space, address deferred maintenance needs through the Maintenance Reserve program, and construct new academic and research facilities based on guideline-calculated needs.
5. Providing sufficient financial aid to needy in-state undergraduate students based on the Partnership model and adequate financial aid to graduate students to ensure competitiveness and strengthen our research efforts.

In order to preserve our nationally acclaimed system of higher education and ensure the well being of our citizens, the continued pursuit of these goals is a necessity. However, the economic crisis in the nation and the Commonwealth makes it necessary to recommend the following strategies for higher education in Virginia that focus on the following short-term goals for the 2010-12 biennium:

1. We recommend that need-based financial aid for in-state undergraduate students and Virginia Commonwealth Awards for graduate students be identified as the highest priority for any additional funding that may be available.

1.1. We recommend raising the current level of guideline support (60.9%) provided for in-state undergraduate students to at least 70% over a four-year phase-in under the Partnership Model. This level of support would require an additional $19.9 million in FY2011 and $38.8 million in FY2012. This detailed calculation, along with two other options—including one that would attain
full funding of the Partnership Model goal over four years—will be submitted to the Governor and General Assembly for consideration.

1.2. We also recommend additional funding of $5.9 million in FY2011 and $11.8 million in FY2012 for the Virginia Graduate Commonwealth Award. These funds would represent the first two years of a four-year phase-in to the goal of returning to 1995 student award levels which represented about 13 percent of the cost of tuition and fees. The primary purpose of this program is to help our institutions attract the best possible students by providing competitive financial packages—which is particularly important in the research-intensive departments.

1.3. We further recommend that funding for the Tuition Assistance Grant (TAG) program, established to assist Virginia residents attending accredited nonprofit independent institutions in Virginia be increased by $7.5 million in FY2011 and $9.0 million in FY2012 in order to maintain an undergraduate and graduate maximum award of $3,200 and $1,900 respectively.

2. We recognize that our institutions should be given the flexibility needed to increase tuition appropriately to help offset necessary general fund reductions provided that, as in many states, institutions be encouraged and strongly urged to dedicate at least 5% of such tuition increases (depending on their circumstances) to need-based financial aid for in-state students. This recommendation could very well adversely impact the affordability of our institutions in the short-term, but such flexibility may be necessary in order to preserve an acceptable level of service to our students and their families. Without this flexibility, access to essential course offerings and timely graduation could be at risk. Further, we recommend to the institutions that tuition increases be structured so as to minimize—as much as possible—the impact on Virginia students, particularly in-state undergraduates.

3. Finally, we recommend a total appropriation of $12.2 million in FY2012 for debt service on Virginia College Building Authority (VCBA) revenue bonds necessary to finance $148.2 million in equipment, including $27.8 million for a new research equipment initiative through the Higher Education Equipment Trust Fund (HEETF). Given the current fiscal constraints that preclude salary increases, the Council sees the HEETF as an effective, targeted investment that supports our institutions and faculty.
While the above short-term goals are set as our funding priorities in the 2010-12 biennium, the Council would like to underscore its commitment to the long-term goals, in particular on the issue of faculty salaries. We are concerned that the average salary of Virginia teaching and research faculty has fallen behind that of their national peers due to two consecutive years of no salary increases. We recognize the Commonwealth is currently having a very difficult budget situation. The Council will monitor the state economic development closely and would like to see the faculty salary issue be addressed as one of the first funding priorities when the state economy grows.

The Council commended Ms. Magill for her work in revising the resolution, which better reflected the Council’s views on items of importance. Ms. Magill suggested that at its meeting on December 1, the Council discuss ways in which members can engage the Governor and General Assembly in these recommendations.

**Action on 2010-12 Systemwide Capital Outlay Budget Items**

**Maintenance Reserve**

Mr. Daley presented information from the charts that were distributed. There was some discussion about the Office of Civil Rights (OCR) agreement and staff was asked to distribute language from the agreement showing the amounts that have been awarded over time. Council also asked for clarification on SCHEV’s role in the OCR agreement. Additionally, Council members were interested in knowing the difference between what the institutions submitted and what is being recommended. Staff agreed to get this information from the Department of Planning and Budget (DPB). On motion by Ms. Magill and seconded by Mr. Minor, the following resolution was unanimously approved by the Council, with a friendly amendment stating that information received from DPB regarding the difference between what was submitted by the institutions and what is being approved will be shared with the Council at the December 1 meeting:

**BE IT RESOLVED that the State Council of Higher Education for Virginia recommends the appropriation of $301,588,613 from the general fund to the Maintenance Reserve Program for higher education institutions in the 2010-12 Biennium.**

**New Capital Outlay**

Mr. Daley presented and discussed the capital outlay requests from institutions. Ms. Milliken stated that she preferred the term “intelligent use of technology” to
“distance learning.” On motion by Mr. Clement and seconded by Ms. Magill the following resolution was unanimously approved by the Council:

The Council of Higher Education has assigned priorities to or made recommendations on the capital outlay requests of the state-supported institutions of higher education and their affiliated agencies. The priority groups to which the projects have been assigned are:

**Priority Group “S” (Six-Year Plan)** – these are projects which are included in the legislatively mandated Commonwealth Six-Year Plan (Virginia Acts of Assembly Chapters 46 and 696) and which have the support of the Governor and General Assembly.

**Priority Group 1** – these are projects which are fully justified under Council’s Fixed Asset Guidelines.

**Priority Group 1.B** – these are projects which address critical state wide capital outlay needs and which meet some but not all of the space need and space utilization criteria in the Council’s Fixed Asset Guidelines.

**Priority Group “C” (Cost Overruns)** – Council supports the pooled approach to authorizing project supplements. This approach provides for an appropriation to a central account with release of the funds based on an independent review by the Department of General Services to insure that all steps necessary have been taken to complete projects within budget while maintaining the programmatic intent of the project.

<table>
<thead>
<tr>
<th>2010-12 SCHEV Capital Outlay Recommendations</th>
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<tbody>
<tr>
<td><strong>Priority Group</strong></td>
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<tr>
<td>Priority Group “S”</td>
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<tr>
<td>Priority Group 1 (Equipment)</td>
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<tr>
<td>Priority Group 1</td>
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<tr>
<td>Priority Group 1.B</td>
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<tr>
<td>Priority Group “C”</td>
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<tr>
<td>Included in Resolution Amount</td>
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</tbody>
</table>
BE IT RESOLVED that the State Council of Higher Education for Virginia recommends the authorization of $2,574,087,000 from the general fund and $232,747,000 from nongeneral funds to support the capital outlay needs of the Commonwealth’s system of public higher education.

Action on Recommendations from the Restructuring Subcommittee

Mr. Bland reminded the Council that at its June meeting, the Council requested that the rector and presidents of the Board of Visitors of the College of William and Mary, the University of Virginia, and Virginia State University, along with the President of Richard Bland College, and the Chancellor of the University of Virginia’s College at Wise, meet with Council staff and the certification workgroup of the Council to discuss the adoption and implementation of remedial plans for these institutions and the roles that the College of William and Mary and the University of Virginia can play to ensure full compliance by Richard Bland College and the University of Virginia’s College at Wise with future certification processes. He was pleased to report that this meeting took place and that there was an exceptional level of cooperation by all four institutions.

Mr. Alessio summarized the reports and indicated that Richard Bland College has instituted new programs over the last few years that have not yet been evaluated. The subcommittee asked for an evaluation of the programs to determine how well students are progressing and the effects of the new program. The subcommittee’s recommendation was seconded by Mr. Dyke and the following resolution was unanimously approved by the Council:

WHEREAS, Richard Bland College and the University of Virginia’s College at Wise met with the Council’s Restructuring Subcommittee and submitted acceptable remediation plans;

NOW, THEREFORE, IT BE RESOLVED, that the State Council of Higher Education for Virginia recommends to the Governor the release of financial benefits set forth in Virginia Code Section 2.2-5005 to Richard Bland College and the University of Virginia’s College at Wise for 2009-10.

CONSENT AGENDA

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

No requests were made to discuss the consent agenda items and on motion by Dr. Elrod and seconded by Ms. Magill the following items were approved by consent in block:
BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Chamberlain College of Nursing to operate a postsecondary institution in the Commonwealth of Virginia, effective October 27, 2009.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Dental Assisting School of Virginia to operate a postsecondary institution in the Commonwealth of Virginia, effective October 27, 2009.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Dental Assisting Training Program of Virginia to operate a postsecondary institution in the Commonwealth of Virginia, effective October 27, 2009.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Internet Marketing Training Center to operate a postsecondary institution in the Commonwealth of Virginia, effective October 27, 2009.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies PeopleNTech Institute of Information Technology to operate a postsecondary institution in the Commonwealth of Virginia, effective October 27, 2009.

Action on Programs at Public Institutions

BE IT RESOLVED that the State Council of Higher Education for Virginia grants approval to George Mason University to initiate a Bachelor of Applied Science (BAS) degree program (CIP: 24.0102), effective spring 2010.

BE IT RESOLVED that the State Council of Higher Education for Virginia grants approval to Radford University to initiate a Bachelor of Science (B.S.) degree program in Athletic Training (CIP: 51.0913), effective spring 2010.

ITEMS DELEGATED TO STAFF

The following items had been reviewed and/or approved by staff, as delegated by the Council. As required, this information is included as part of these minutes:
• Program Actions at George Mason University, University of Mary Washington, and Virginia Commonwealth University
• Organizational Changes/Off-campus Instructions Sites – September – October 2009

OTHER BUSINESS

Ms. Milliken informed the Council that Dan Hix is approaching his 30th anniversary with SCHEV. She complimented and thanked him for his ability to provide financial data to the Council in a useful and informative way that helps members analyze what the data really mean. She said the students in Virginia are lucky to have him in this role. Mr. Hix received a round of applause.

NEW BUSINESS

The next meeting will be held with the Virginia Community College System (VCCS) on December 1. The agenda will be developed over the next few weeks, but Council members requested that community college presidents be allotted time at the beginning of the meeting to discuss the issues considered important to them. There will be a short Council meeting following the meeting with the VCCS.

Ms. Milliken reported that the January policy discussion will focus on productivity (including new technology).

ADJOURNMENT

The meeting was adjourned at 11:45 p.m.

______________________________
Gilbert T. Bland
Secretary

______________________________
Lee Ann Rung
Manager for Council & Executive 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

<table>
<thead>
<tr>
<th>Institution</th>
<th>Degree/Program/CIP</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>George Mason University</td>
<td>Change the CIP Code of the Master of Science (M.S.) and the Doctor of Philosophy (Ph.D.) degree programs in Biodefense (30.0101) to (26.0599)</td>
<td>Fall 2009</td>
</tr>
</tbody>
</table>

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

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<thead>
<tr>
<th>Institution</th>
<th>Degree/Program/CIP</th>
<th>Effective Date</th>
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</thead>
<tbody>
<tr>
<td>University of Mary Washington</td>
<td>Assistive Technology Certificate (CIP: 13.1001)</td>
<td>Fall 2009</td>
</tr>
<tr>
<td>Virginia Commonwealth University</td>
<td>Discontinue the Master of Science in Recreation, Parks and Sport Leadership (CIP Code 31.0101)</td>
<td>Fall 2009</td>
</tr>
</tbody>
</table>
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**
**September – October 2009**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Change / Site</th>
<th>Effective Date</th>
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<tbody>
<tr>
<td>Radford University</td>
<td>Create the Department of Biology and Chemistry from a merge of the existing separate Departments of Biology and Chemistry. The Department of Biology and Chemistry will be located in the College of Science and Technology.</td>
<td>September 2009</td>
</tr>
<tr>
<td>Radford University</td>
<td>Move the Department of Recreation, Parks, and Tourism to the College of Education and Human Development from the Waldron College of Health and Human Services.</td>
<td>September 2009</td>
</tr>
<tr>
<td>Radford University</td>
<td>Create the School of Environmental and Physical Sciences from the elimination of three departments: the Department of Chemistry and Physics, the Department of Geology, and the Department of Geography.</td>
<td>September 2009</td>
</tr>
<tr>
<td>Radford University</td>
<td>Create the School of Theatre and Dance from the elimination of the Department of Theatre and the Department of Dance.</td>
<td>September 2009</td>
</tr>
</tbody>
</table>