

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
COUNCIL MEETING
OCTOBER 26, 2010
MINUTES**

Ms. Magill called the meeting to order at 1:00 p.m. in the SCHEV main conference room, James Monroe building, 9th floor, Richmond, Virginia. Council members present: Whittington Clement, Joann DiGennaro, James Dyke, Mimi Elrod, Jacob Lutz, Susan Magill, G. Gilmer Minor, and Julious Smith.

Council members absent: Gilbert Bland, Mary Haddad, and Katharine Webb

Staff members present: Lee Andes, Tom Daley, Alan Edwards, Joe DeFilippo, Dan Hix, Carmen Johansen, Kirsten Nelson, Monica Osei, Lee Ann Rung, and Diane Vermaaten. Jake Belue from the Office of the Attorney General (OAG) was also present.

PUBLIC COMMENT

No requests for public comment were received.

APPROVAL OF MINUTES

One change was requested to the minutes of September 21 by Ms. DiGennaro. On page 3, insert Ms. DiGennaro's name in the first paragraph in the sentence "...question raised by one of the members..." On motion by Mr. Dyke and seconded by Mr. Minor the Council minutes were unanimously approved as revised.

INTERIM DIRECTOR'S REPORT

Dr. Fogarty provided an overview of the follow-up items from the October 20 meeting with the Council of Presidents, SCHEV's ongoing commitments, and new initiatives.

Ms. Magill expressed the Council's gratitude to SCHEV staff for taking on additional work to assist the Commission.

Mr. Lutz was thanked for his work in planning the October 20 Board of Visitors' (BOV) orientation. Mr. Lutz expressed his appreciation to the presenters and staff and informed the members that it was a very interactive session with good questions raised by the attendees.

BRIEFINGS AND DISCUSSION

Presentation of Academic Affairs Program Approval Process

Ms. Magill reminded members that at the July meeting it was suggested that the process for program approvals be reviewed to help the Council better understand the staff work that is done before items are brought to the Council for approval.

Dr. Monica Osei reviewed the program proposal components and explained the work that is done by staff when proposals are received from the institutions.

Dr. Osei and Dr. Carmen Johansen answered questions from Council members. Dr. Susan Wood from the Virginia Community College System (VCCS) was called on to answer a question related to the community colleges. Staff agreed to further explore a question raised about a connection with K12 and Advanced Placement (AP) courses. It was felt that this could be relevant in the ongoing Joint Legislative and Review Commission (JLARC) study if collaborations between K12 and higher education could be demonstrated.

There was some discussion about the discontinuation of programs and whether budget cuts necessitate the closure of any programs. Mr. Dyke felt that if an institution is discontinuing a program that has great job potential, this information should be shared with the Commission. Ms. Magill reminded members that the Academic Affairs Committee has been reinstated and that many of the items discussed should be reviewed by the Committee. She commended staff for the very detailed work being done in the program approval process.

Dr. DeFilippo reminded the Council that the last program viability review of the four-year institutions was done in spring 2008. As a result of that review, 37 programs were eliminated. Mr. Dyke solicited comments from institutional representatives about how the institutions view the process and Mr. Lockridge from the University of Virginia said he has received good comments about the relationship between the institution and SCHEV staff with regard to the program approval process.

Update on Outstanding Faculty Awards (OFA) Process

Dr. Elrod distributed an update of this year's process and briefly explained the history of the program, as well as the criteria and selection process. She reported that 117 submissions were received last year and 106 have been received this year. The 2011 timeline was reviewed and the number of submissions in each award category was reviewed. Dr. Elrod encouraged members to participate in the selection process and thanked staff for their efforts.

The chair called for a break at 2:15 p.m. The meeting reconvened at 2:20 p.m.

ACTION ITEMS

Action on 2010-12 Systemwide Operating Budget Amendment Items

Base Adequacy

Mr. Hix indicated that individual resolutions for each item were not prepared. Instead, one resolution will encapsulate the entire package. He reviewed the growth in the actual student FTE enrollment and the percentage of change from 2008-09 to 2009-10. It was agreed that a working group would be established to provide an analysis of the VCCS full-time/part-time faculty ratios before the 2012 General Assembly session.

Faculty Salaries

Mr. Hix presented the revised charts that were updated after new information was received from the institutions.

Operation and Maintenance of New Facilities Coming On-Line

Mr. Hix informed the Council that the Finance Advisory Committee (FAC) reviewed the information presented.

Commonwealth Graduate Engineering Program (CGEP) Online Course Development Proposal

Ms. Diane Vermaaten introduced attendees representing the CGEP program including Sharon Caraballo, Dr. Donald Gantz, Linda Valhala, Rosalyn Hobson, Bill Pfister, and Dr. Donald Leo. As requested at the September meeting, Ms. Vermaaten provided a breakdown of the expenditures requested in the proposal by institution. She also indicated that the use of the funds would vary by institution.

Undergraduate and Graduate Student Financial Aid

Mr. Andes indicated that because this item was reviewed in September he provided only a brief overview. As requested by Ms. DiGennaro at the last meeting, the charts included a breakdown of need-based students by income brackets.

Mr. Andes also provided brief comments about graduate student financial aid.

Summary of Budget Amendments & Priorities

Mr. Hix prioritized the order of requests and indicated that after surveying the FAC, the list was prioritized in this order (on average): base adequacy, faculty salaries, operation and maintenance of new space coming online, and financial aid.

A proposed resolution was distributed and reviewed by Dr. Fogarty. He indicated that the proposal provides a shorter list in the near term and was deemed appropriate in order to recognize the yet-to-be-determined recommendations from the Higher Education Commission that will be forthcoming in this fiscal year and the next. Mr. Clement felt the proposed resolution was well done but asked how well the recommendations were aligned with the work of all of the commissions. Dr. Fogarty

indicated that the wording was chosen so as to advocate for higher education while keeping a realistic approach given the financial times. There was some discussion and a few minor edits. On motion by Mr. Lutz and seconded by Mr. Minor the following resolution was unanimously approved as revised:

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

Budget Addendum Language

The policies and goals contained in the individual budget amendment items reviewed by the Council at its October 26, 2010 meeting are critical to the quality, affordability, and sustainability of our system of higher education. However, the current economic conditions make it necessary to continue to distinguish between the Council's long-term and short-term funding goals for higher education in the Commonwealth.

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

1. 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, strengthen our research efforts, and enhance economic development. Also included in this category is our steadfast support for the Tuition Assistance Grant (TAG) program, designed to make private non-profit colleges in Virginia a more affordable option for Virginia residents thus increasing the level of student choice and access to higher education.
2. 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.
3. Reaching full funding under the base adequacy funding guidelines.
4. The acquisition of new and replacement equipment for both instruction and research through the Higher Education Equipment Trust Fund.
5. Raising average faculty salaries to the 60th percentile.

Five consecutive years of general fund budget reductions have put the affordability and accessibility of Virginia's nationally acclaimed system of public higher education at serious risk. Measurements of the student cost share of education and the cost as a percent of per capita disposable income at Virginia institutions have both surpassed their highest historical levels. Without the help of the State Fiscal Stabilization (SFSF), part of the American Recovery and Reinvestment Act of 2009 (ARRA), the reductions and risk

would be much greater. This funding, which is provided over a two-year period, will not be available after September 2011.

In order to preserve our nationally acclaimed system of higher education and ensure the well being of our citizens, the continued pursuit of these long-term goals is a necessity. However, the weak economy and its impact on current state revenues, make it necessary to recommend strategies for higher education in Virginia that focus on the following short-term goals for the 2011 legislative session:

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 since our public institutions must rely more and more on revenue raised through tuition increases and additional students to support their basic operating needs and there is currently no increase in financial aid budgeted for this biennium.
 - 1.1. We recommend an additional appropriation of \$29.8 million from the general fund in FY2012 and each year thereafter in order to phase-in to a minimum of 70 percent of the Partnership Model guidelines for in-state undergraduate students over a five-year period. The system is currently funded at about 55 percent of guidelines.
 - 1.2. We also recommend an additional appropriation of \$5.3 million from the general fund in FY2012 and each year thereafter in order to return to the 1995 award proportionate level (about 13 percent of the cost of tuition and fees) for the Virginia Graduate Commonwealth Award over a five-year period. The primary purpose of this program is to help our institutions attract the best possible graduate 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 \$5.8 million from the general fund in FY2012 in order to restore funding levels and attain an undergraduate and graduate maximum annual award of \$2,700.
2. We recommend funding for the incremental resources needed by the institutions to operate new facilities. As new E&G and Research facilities come online, incremental resources are needed to provide general maintenance, housekeeping, supervision, grounds maintenance, preventive maintenance, utilities and service contracts expenses. Specifically, we recommend an additional appropriation of

\$33.9 million from the general fund and \$46.2 million from nongeneral funds for a total of \$80.1 million for the 2010-12 biennium.

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 contribute to a healthy economy within the state. We applaud the Governor's Commission on Higher Education Reform, Innovation and Investment for seeing the value in implementing such a long-term financial plan and look forward to working with the Commission to accomplish this goal.

In addition to providing a transmittal of the resolution to the Governor and House Appropriations and Senate Finance committees, staff was asked to provide a copy of the resolution to the chair of the Higher Education Commission. A copy of the systemwide operating calculations used to inform SCHEV's deliberations and final recommendations will also be included with the transmittals. Mr. Hix thanked his staff for their good work in preparing the budget amendment recommendations.

Action on Institutional Performance Standards Targets

In Mr. Bland's absence, Mr. Alessio reviewed the requirements of the Council in this process and indicated that this was the third time that Council has approved targets and thresholds for the Restructuring measures. Mr. Alessio also provided a timeline and reviewed the charts, which for the first time, included targets/thresholds for Level II institutions. He reported that the Restructuring Subcommittee had reviewed all of the measures. On motion by Mr. Minor and seconded by Mr. Lutz the following resolution was unanimously approved by the Council:

BE IT RESOLVED that the State Council of Higher Education for Virginia approves the institutional targets and thresholds for 2010-11 through 2015-16.

Action on Financial Aid Study

Mr. Andes reviewed the report that was requested by the 2010 Acts of Assembly directing SCHEV to conduct a study on state financial aid. He indicated that the study process was very inclusive and a series of meetings with institutions were conducted. Due to the timing of the Council meeting, staff requested an extension of the October 1 deadline for completion of the study. On motion by Mr. Dyke and seconded by Dr. Elrod the following resolution was unanimously approved by the Council:

BE IT RESOLVED that the State Council of Higher Education for Virginia approves the report on the Review of the Funding Model for Student Financial Assistance and recommends that it be transmitted to the Chairmen of the

**House Appropriations and Senate Finance Committees and the Director,
Department of Planning and Budget.**

Action on Auxiliary Enterprise Capital Outlay Guidelines for 2-year Institutions

Mr. Daley explained the process and what was included in the recommendations. Ms. Donna VanCleave expressed the consent of the VCCS. On motion by Mr. Lutz and seconded by Mr. Minor the following resolution was unanimously approved by the council:

BE IT RESOLVED that the State Council of Higher Education modifies its Fixed Asset Guidelines to include the proposed language related to Auxiliary Enterprise Facilities at Two-Year Institutions.

CONSENT AGENDA

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

Dr. DeFilippo highlighted the four schools seeking certification and indicated that all institutions have been reviewed by staff. On motion by Mr. Minor and seconded by Mr. Dyke the following resolutions were unanimously approved by the Council:

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies The Bodywork Institute to operate a postsecondary institution in the Commonwealth of Virginia, effective October 26, 2010.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Kaplan College to operate a postsecondary institution in the Commonwealth of Virginia, effective October 26, 2010.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Boston University Metropolitan College to operate a postsecondary institution in the Commonwealth of Virginia, effective October 26, 2010.

BE IT RESOLVED that the State Council of Higher Education for Virginia certifies Virginia Allied Health Careers School to operate a postsecondary institution in the Commonwealth of Virginia, effective October 26, 2010.

Action on Programs at Public Institutions

Dr. DeFilippo indicated that the three programs were listed as consent agenda items due to the fact that they are below the doctoral level. Representatives from each of the institutions were welcomed and asked to introduce themselves. On motion by Mr. Lutz and seconded by Mr. Minor the following resolutions were unanimously approved by the Council:

BE IT RESOLVED that the State Council of Higher Education for Virginia grants approval to John Tyler Community College to initiate an Associate of Science (A.S.) degree program in Information Systems (CIP: 11.0103) effective spring 2011.

BE IT RESOLVED that the State Council of Higher Education for Virginia grants approval to James Madison University to initiate a Bachelor of Science (B.S.) degree program in Sport and Recreation Management (CIP: 31.0504), effective spring 2011.

BE IT RESOLVED that the State Council of Higher Education for Virginia grants approval to Virginia Polytechnic Institute and State University to initiate a Bachelor of Science (B.S.) degree program in Applied Economic Management (CIP: 45.0602), effective spring 2011.

ITEMS DELEGATED TO STAFF

Dr. DeFilippo reported the following program actions and organizational changes/off-campus instructional sites. As required, this information is included as part of these minutes:

Program Actions:

- Virginia Polytechnic Institute and State University
- Germanna Community College

Organizational Changes / Off-campus Instructional Sites:

- University of Mary Washington

OLD BUSINESS

Mr. Dyke was asked to provide a brief report from the COLA subcommittee which met prior to the Council meeting. The subcommittee recommended that staff work with institutions employing full-time faculty in Northern Virginia in an effort to develop a plan that would include the importance of a cost of living adjustment (COLA) as the Commonwealth strives to achieve the 60th percentile goal for faculty salaries.

It was further agreed that while the economic climate does not warrant moving forward with a recommendation at this time, the issue of COLA as well as other factors that affect faculty salaries should be considered now so that a plan is ready and can move forward once the economic environment improves.

A meeting will be scheduled after the General Assembly session to allow new Council members an opportunity to be well informed about this issue.

ADJOURNMENT

The meeting was adjourned at 4:25 p.m.

G. Gilmer Minor
Secretary

Lee Ann Rung
Manager for Council and 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

Institution	Degree/Program/CIP	Effective Date
Virginia Polytechnic Institute and State University	Spin-off Program Approved: Bachelor of Science in Agribusiness (01.0102) from the existing Bachelor of Science in Agricultural and Applied Economics (01.0103).	Spring 2011
Germonna Community College	New Program Approved: Associate of Applied Science in Technical Studies (CIP Code: 15.0612).	Spring 2011

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
University of Mary Washington	Create the University of Mary Washington Dahlgren campus. The site will be located along U.S. 301 north of State Route 206 in King George County, Virginia.	January 1, 2011