



## 2022-24 SYSTEMWIDE OPERATING AND FINANCIAL AID BUDGET RECOMMENDATIONS FOR HIGHER EDUCATION IN VIRGINIA

November 2021

### Executive Summary

Each year, SCHEV provides budget and policy recommendations for higher education. These recommendations are intended to serve as an overview of the system needs and to provide options for the Governor' and General Assembly's consideration to meet statewide needs.

For the 2022-24 biennium, SCHEV recommends approximately \$700 million in new state general fund. The following are key highlights of the funding proposal. Full details and assumptions are included in the remaining sections.

- **\$208 million in financial aid programs to improve student success and funding for low- and middle-income students.** This includes a \$130 million request in the second year for undergraduate need-based aid, with an expected increase in the average award of \$960. While funding benefits all institutions, the primary increase is at six institutions with the highest percentages of low-income students and student financial need (GMU, NSU, ODU, RU, UVA-Wise and VSU). Average awards at these institutions would increase by as much as \$1,500 to nearly \$2,000 and potentially lower debt. It also includes funding to support expansion of financial aid through the tuition equity and aid provision that was passed in the prior session and increases the Tuition Assistance Grant program from a current level of \$4,000 to \$4,250 in the first year and \$4,600 in the second year.
- **\$224 million for recruitment and retention of talent.** In addition to aid, recruitment and retention of faculty was a primary topic of discussion during meetings with institutions during the six-year plan process. Funds in this area could be used to improve quality and availability of faculty by: increasing the number of classes available, reducing class sizes, addressing salary compression and inequities, recruiting diverse and competitive faculty, and meeting student demand for new academic programs.
- **\$60 million to address equity and fairness in funding among institutions.** This funding would support matters related to potential funding inequities based on enrollment, institutional mission and other factors. Funding would be set aside in a central account, pending the recommendations of the cost and funding need study approved in the 2021 General Assembly session. The final report is expected by July 1, 2022.



- **\$20 million to bring work-based learning and paid internships to scale.** This would expand the existing Virginia Talent and Opportunity Partnership (V-TOP) program by increasing employer awareness and capacity to offer paid internships, providing support programs to students to ensure they are work-ready and supporting institutional planning to better assist students in finding and completing an internship.
- **\$85 million for institution-specific initiatives that support student success, talent pathways and inclusive excellence.** This funding provides flexibility to the Governor and General Assembly to support the unique funding requests of institutions. SCHEV recommends prioritizing institution requests for initiatives that increase student success, completion, program development in high-demand areas and inclusion initiatives on campus.

Other funding initiatives include investments in cost increases in non-personal services, enrollment growth at institutions below the state general-fund-per-student average, research, community outreach, collaborative initiatives and SCHEV agency requests.

For the biennial budgeting, the funding recommendations in the second year build on increases in the first year and recognize the full impact of the budget over the two years. This allows institutions to plan for more than one year, which leads to improved tuition predictability for students and families. In addition, for several investment areas, SCHEV recommends an institutional match totaling \$130.7 million for the biennium.

In addition, to address ongoing concerns regarding the well-being and mental health of students, SCHEV requests budget language to review critical issues in student-support and to provide recommendations to improve student persistence and completion. SCHEV also seeks funding and budget language to support the implementation of the cost and funding need study authorized during the 2021 General Assembly session and to review state support of equipment, capital and maintenance.

Finally, SCHEV identified several other areas of consideration to support student access, success and completion over the last year that do not include a formal recommendation. SCHEV will continue to seek input in these areas for later consideration. These areas primarily focus on aid to better support and attract low-income students and include: need-based aid to private institutions, support to institutions seeking to increase endowment funds for low-income students and aid to support enrollment of more low-income students at public institutions.



**Higher Education General Fund Recommendations for the 2022-2024 Biennium (in millions)**

<b>AREA</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Total</b>
<b>Operations</b>			
<b>Base operations growth</b>			
Non-personal cost increases and operations and maintenance of new buildings in the first year*	\$15.18	\$29.28	\$44.46
Enrollment growth for institutions funding below the general fund average per student	\$4.84	\$4.84	\$9.68
<b>Talent, degrees and internships</b>			
Recruit, retain and diversify faculty talent	\$73.92	\$150.02	\$223.94
Cost and funding study: Institutional equity adjustments based on recommendations	\$30.00	\$30.00	\$60.00
Institution-specific operation requests: Student success, talent pathways, inclusive excellence*	\$35.00	\$50.00	\$85.00
Internship expansion: Virginia Talent + Opportunity Partnership (V-TOP)	\$5.00	\$15.00	\$20.00
<b>Collaborative initiatives, research, community outreach</b>			
Institution-specific: Research and community outreach	\$15.00	\$15.00	\$30.00
Collaborative initiatives: SCHEV, Virtual Library of Virginia and other system support	\$10.00	\$10.00	\$20.00
<b>Total Operations</b>	<b>\$188.94</b>	<b>\$304.14</b>	<b>\$493.08</b>
<b>Financial aid</b>			
Undergraduate need-based financial aid	\$20.00	\$130.00	\$150.00
Tuition Assistance Grant (TAG)	\$1.30	\$7.64	\$8.94
Tuition equity and aid provision: Undergraduate aid	\$8.00	\$8.80	\$16.80
Tuition equity and aid provision: TAG	\$0.40	\$0.88	\$1.28
Other equity and affordability initiatives	\$5.00	\$5.00	\$10.00
Graduate aid: Recruitment of students into high-need programs	\$4.00	\$6.00	\$10.00
Military Survivors Program: Stipends for eligible students	\$5.40	\$5.40	\$10.80
<b>Total Aid</b>	<b>\$44.10</b>	<b>\$163.72</b>	<b>\$207.82</b>
<b>Total Higher Education Funding</b>	<b>\$233.04</b>	<b>\$467.86</b>	<b>\$700.90</b>

\*Cost estimates do not include expected nongeneral fund match, estimated to be \$45.7 million for non-personal and operations and maintenance of new building and \$85 million for institution-specific requests.