

**STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
SPECIAL RESOURCES AND PLANNING COMMITTEE MEETING
ALL-VIRTUAL MEETING
November 21, 2023**

DRAFT MINUTES

Ms. O'Holleran called the all-virtual meeting to order at 9:45 a.m. Committee members virtually: Ken Ampy; John Broderick; Walter Curt; Scott Fleming; William Harvey; Thadeus Holloman; John Jumper; Delceno Miles; Cheryl Oldham; Jennie O'Holleran and Doug Straley.

The following Committee members were absent: Victoria Harker and Jason El Koubi.

Staff members present: Tom Allison; Lee Andes; Peter Blake; Alan Edwards; Grace Covello Khattar; Tod Massa; Laura Osberger; Kristin Whelan; and Yan Zheng.

DISCUSSION OF BUDGET AND POLICY RECOMMENDATIONS FOR THE 2024-26 BIENNIUM

Ms. O'Holleran asked Mr. Allison to facilitate a discussion of staff's proposed budget and policy recommendations for the 2024-26 biennium. He reviewed the process of submitting the recommendations to the General Assembly and to the Governor's team.

Mr. Allison began with the proposed policy recommendations. He noted that the enrollment recommendations included initiating a student-level data collection process to better understand where students are admitted and where they enroll. In addition to the data collection, staff also proposed flexibility for selective institutions to enroll more out-of-state students and flexibility on the cost to out-of-state students. Ms. Oldham inquired about the out-of-state enrollment recommendations and the conversations that occurred during the six-year plan process. Mr. Allison reviewed the budgetary and statutory language that prohibit out-of-state student growth, such as the requirement that non-resident students pay at least the full cost of their education, as well as the policy that caps each institution's proportion of out-of-state students. Regarding the institutional performance standards' 95% threshold for projections, Gen. Jumper expressed interest in the remediation plans of institutions that do not meet their projections. Mr. Broderick commented on capital outlay being important to achieving projections. Mr. Curt noted that times are different from when Mr. Broderick was a university president, and that enrollment has changed significantly.

Regarding the proposed affordable-talent-pathways recommendation, Gen. Jumper commented on current efforts to build student pathways to success between community colleges and four-year institutions, and he expressed his belief that the analytical power of SCHEV staff could be used to improve affordability.

Regarding proposals related to the Virginia Military Survivors and Dependent Education Program (VMSDEP), which has grown dramatically in cost and scope over the last five years, Mr. Allison said that the recommendations were designed to mitigate the

program's costs without impacting the benefits to veterans and their families, and he reviewed various options. Gen. Jumper inquired about the verification process for certifying that a veteran is in fact eligible. Mr. Allison and Mr. Andes responded that the Department of Veterans Services verifies veterans' VMSDEP eligibility, noting that SCHEV does not have an administrative role in this process. Gen. Jumper commented that the suggested "guardrails" seemed appropriate.

Mr. Allison and Mr. Andes also reviewed a series of proposals to change state financial-aid programs, including the consolidation of Virginia's two need-based aid programs and possible enhancement of award distributions. Mr. Fleming observed that the two programs operate under different calculations and inquired whether the formulas were under consideration. Staff responded that the formulas' differences were negligible and that institutions determine how the awards are distributed. Gen. Jumper voiced support for including some of staff's proposals in Council's recommendations and requested that the recommendations provide appropriate guardrails and track results. Mr. Andes noted that staff had worked closely with institutions' financial aid offices, the Youngkin administration and the General Assembly, expressing confidence that the proposed recommendations involved changes necessary to ensure that state financial aid is simplified; easier for students to understand; and more transparent. Ms. Miles inquired about the potential impacts on Virginia HBCUs. Staff responded that potential negative impacts on HBCUs are checked-for regularly when making such considerations.

Staff noted a series of aid-related changes recently at the federal level, including a change from calculation and use of Expected Family Contribution (EFC) to Student Aid Index (SAI), as well as the treatment of Selective Service registration for financial aid. Noting dual enrollment as another policy consideration, staff advised of a 2022 study conducted by the Joint Legislative Audit and Review Commission (JLARC) suggesting that SCHEV could have a more significant role in dual enrollment.

Mr. Allison reviewed multiple policy considerations regarding the set of institutional performance standards (IPS) that the Restructuring Act requires public institutions to meet to be eligible for certain, limited benefits. Gen. Jumper offered suggestions for making the IPS process more precise and specific, and Mr. Curt requested that Gen. Jumper's ideas be included in the proposals brought forward at the January meeting. Chair O'Holleran agreed that staff should include more specific information in January. Gen. Jumper advised that performance measurement year-over-year will look different given current enrollment trends, and he suggested that Council's recommendations should address the current demographic shifts and enrollment changes.

Regarding campus safety as a policy consideration, staff reviewed how institutions' security-related requests are funded and also advised of the involvement of SCHEV staff on an inter-agency threat assessment task force, recommendations from which are forthcoming in a late-2023 report to the General Assembly. Gen. Jumper commented that SCHEV should assist in ensuring that safety costs are not passed on to students and that staff should identify how institutions currently cover these costs so that Council can be more informed and active on these matters.

Staff reviewed new budget language from the 2023 Special Session that permits a public institution to use a portion of its state financial-aid appropriation for emergency

assistance programs for students. Mr. Andes advised that the concept of emergency assistance was not new, but that implementation at the state level was. He explained that, for a student, the amount of such assistance is usually minimal (\$500 or less), assisting with “emergency” situations such as food insecurity, automobile repairs and similar unexpected circumstances that can jeopardize a student’s continued enrollment. Gen. Jumper and Ms. Miles expressed concerns about abuse of such assistance and sought assurance of eligibility guardrails and close monitoring to ensure the program’s integrity and longevity. Mr. Broderick commented that an emergency fund not only can help a student stay enrolled, but also can help them avoid losing funds if they must withdraw. In response to Mr. Curt’s question of what specifically staff was asking of Council regarding this matter, Mr. Allison responded that in balancing specificity with more detail, staff were asking Council to direct staff to take responsibility for developing policies around emergency aid.

Regarding the policy consideration of institutions’ recruitment and retention of talent, staff explained that the item was not a proposal of increases in specific institutional staff, but rather a recommendation of continued efforts to provide competitive salaries and increases thereof statewide to faculty and staff. Staff also proposed consideration of the creation of a funding pool to support the recruitment and retention of talent in public higher education as a personnel strategy other than across-the-board salary-increase mandates, which require nongeneral fund (i.e., tuition) shares from institutions (students). As a result, such a fund also could mitigate the need for tuition increases on in-state undergraduates. Mr. Curt requested consideration of ways to encourage institutions to restructure their organization charts and mid-level staffing to reduce costs. Gen. Jumper suggested that Council investigate whether mid-level staffing numbers are increasing and, if so, verify where and how increases have occurred.

Chair O’Holleran turned the discussion to staff’s proposed budget recommendations. Mr. Allison reviewed budget line-items/programs within three general categories: (i) improving student success and labor market outcomes; (ii) affordability and access; and (iii) institutional operations. He advised that the proposals sought increases of \$157.3 million in the first year (or 4.8% above the FY 2024 baseline) and \$225.3 million in the second (or 6.8% above the FY 2024 base), totaling \$382.6 million in additional general funds over the biennium.

The first category of proposals -- improving student success and labor market outcomes – included: a funding increase for the Workforce Credential Grant (WCG) program; a codification of the mental health workforce (now) pilot program and a funding increase to expand the program to all public institutions; a reiteration of Gov. Youngkin’s 2022 recommendation of funding to secure a common vendor for mental health programs; a funding increase for graduate education in support of economic development; and new funds for near-peer and high-touch college advising, counseling and coaching. Gen. Jumper inquired how WCG-program outcomes compare to other states. He also asked whether the foci of the mental health workforce pilot program are on the greatest needs. Gen. Jumper suggested an examination of graduate aid to ensure that funds target institutions that perform best and results are documented. Ms. Oldham asked how the state ensures that the WCG program is focused on the most-needed credentials. Mr. Allison responded that staff could provide more information on how demand is tracked and compare credentialing with growth of occupations. Mr. Blake noted that staff

prepares a report annually on the Workforce Credential Grant program, which would be provided to members. Ms. Oldham and Gen. Jumper noted a need to track data for the graduate-aid recommendation and labor market outcomes.

The second category of proposed recommendations – affordability and access – included: undergraduate need-based financial aid; the Virginia Military Survivors and Dependent Education Program (VMSDEP) waiver and stipend; and the Virginia Tuition Assistance Grant (TAG) program. Mr. Allison reviewed each item, with the associated budget recommendation proposed by staff. Chair O’Holleran advised that all recommendations associated with VMSDEP should be associated with the previously-discussed policy considerations.

Gen. Jumper inquired of the feasibility of converting the Tuition Assistance Grant program from a residency-based assistance program into a need-based aid program, suggesting that the time might be right for exploration of such a concept. Ms. Oldham agreed. Chair O’Holleran suggested that more time to study the issue was needed prior to deciding what, if any, alterations to the TAG program be recommended to the 2024 General Assembly. Ms. Oldham commented that Council should state an intent to look further into the matter, with a goal of producing a thoughtful policy recommendation. Mr. Broderick suggested that staff work with representatives of the private institutions to get a better sense of the impacts and consequences of making TAG need based. Mr. Harvey observed the total proposed budget increase for TAG and asked how Council’s past recommendations have fared with prior governors and legislatures. Mr. Allison noted variable uptake, with some items being adopted as recommended, but with other items being revised significantly or not addressed. Mr. Blake noted that Council’s most recent recommendations were smaller amounts than the actual totals adopted in the state budget.

The final category of proposed recommendations – institutional operations – included: tuition mitigation; funding disparities; operation and maintenance (O&M) for new facilities; Virtual Library of Virginia; Virginia Sea Grant; and Virginia Space Grant Consortium. Mr. Allison reviewed these items in detail and described the upshot of the proposals as “leveling the playing field.” Mr. Curt asked about institutions like Radford, where state funding has not decreased proportionally to its enrollment decline, and whether its ongoing funding was part of staff’s “leveling” characterization. Mr. Allison described staff’s identification of three institutions operating below the 30th percentile and said that such identifications are part of staff’s assessments in proposing budget and policy recommendations. Dr. Harvey suggested the use of zero-based budgeting. Gen. Jumper suggested that it was time for SCHEV to reevaluate these processes and to determine a new spending goal. Staff responded that they would adjust the language in the recommendation to reflect Council’s input and desires. Gen. Jumper asked about tuition mitigation and funding disparities, stating that institutions are not incentivized to limit their budget requests. He inquired about the existence and effectiveness of a “dampening mechanism.” He also requested that the budget recommendations be crafted in ways that ensure that the institutions have “skin in the game.”

Gen. Jumper also asked whether the Sea Grant and Space Grant programs received funds other than state funds. Dr. Edwards advised that both are federal programs, and that the Sea Grant receives no direct state funds. Gen. Jumper advised that he

preferred to not include these programs' requests in Council's recommendations. Dr. Harvey observed that while other sources can support these programs, he was not opposed to supporting them. Mr. Holloman also voiced support.

Mr. Curt observed that staff's proposals constituted a 43.8% increase in general funds through 2026. He asked for the totals of Council's recommendations for FY 2024, which staff agreed to provide. Mr. Curt asked how staff justified the proposed increase. Mr. Allison advised that staff's recommendation of an additional \$157.3 million in the first year and \$225.3 million in the second year represented, respectively, a 4.8% increase and a 6.8% increase over the state budget's FY 2024 baseline. Mr. Blake noted most of staff's proposed increases were in need-based undergraduate financial aid and VMSDEP. Gen. Jumper stated that Council and staff must monitor the outcomes of the recommendations, with the confidence to defend them to external constituencies. He stated that the recommendations need to be "airtight" to justify such allocations of taxpayer money.

Chair O'Holleran adjourned the committee meeting at 11:54 a.m.

Jennie O'Holleran
Committee Chair

Grace Covello Khattar
SCHEV Staff