

On December 20, 2023, Governor Youngkin proposed his budget for the 2024-26 biennium. This email includes staff's overview and summary of the relevant higher-education components of the Governor's proposals.

The introduced budget added \$111 million in new general fund for higher education; reduced appropriations for existing programs and initiatives by \$60.1 million in the 2024-26 biennium; and made notable language changes. It also included \$399 million in central account distributions as part of institutions' base budgets.

Major new general fund increases include the following:

- \$16.6 million in FY 2025 for campus safety and security. Language directs institutions to coordinate with the Virginia Fusion Center, a partnership between the Virginia State Police and Virginia Department of Emergency Management to improve the Commonwealth of Virginia's preparedness against terrorist attacks and to deter criminal activity.
- \$100 million in FY 2025 to fund for the Virginia Biotechnology, Life Sciences, and Pharmaceutical Manufacturing Network, a partnership between the authority, the University of Virginia, Virginia Tech, and Virginia Commonwealth University. These funds are appropriated through the Virginia Innovation Partnership Authority,
- \$3.2 million per year to increase interest earnings and credit card rebates, which are allocated to institutions based on institutional performance standards.
- \$21 million in FY 2025 and \$16 million in FY 2026 for the Eastern Virginia Medical School provided as additional general fund support for ongoing operations of the Eastern Virginia Health Sciences Center (EVHSC) at Old Dominion University. One-time funding in FY 2025 supports costs associated with the merger of Eastern Virginia Medical School and Old Dominion University.
- For James Madison University, \$997,816 per year to launch "Fast Flex". a new non-traditional Bachelor of Science in Nursing (BSN) program to accelerate the number of nursing graduates each year.
- For Virginia Community Colleges System, \$3.9 million per year to establish regional career placement centers.
- Increased funding for the Workforce Credential Grant program, \$3.9 million in FY 2025 and \$5.25 million in FY 2026. This increase reflects SCHEV staff recommendations.
- Increased funding for the Virginia Military Survivors and Dependent Education Program Stipend: \$2 million per year. There is no additional funding for the tuition waiver of the program, which accounts for a significantly higher cost.
- Increased funding for student mental health services: \$3 million per year.
- Increased funding to support Virtual Libraries of Virginia collections: \$325,000 in FY 2025 and \$650,000 in FY 2026. The funding is provided to address unavoidable cost increases to maintain access to online databases and journals.

- Increased funding for the Earn to Learn Nursing Education Acceleration Program: \$4 million per year for partnerships between educational and health institutions to increase the number of nursing graduates receiving necessary clinical training to achieve certification. This program is administered by the Department of Health.

The introduced budget increased funding for the Innovative Internship Program and Fund by \$9 million in the first year and reduced funding by \$9 million in the second year.

In other actions, the introduced budget proposed reducing or eliminating funding for the following programs:

- Eliminated Pell Initiative funding: \$37.5 million in FY 2026. Language was added that directs SCHEV to report on the outcomes and effectiveness of FY 2024 and FY 2025 funding by October 1 each year.
- Reduced Two-year college transfer grant: \$800,000 per year.
- Eliminated funding for Office of Qualified Education Loan Ombudsman \$126,800 in FY 2025 and \$174,000 in FY 2026.
- Eliminated Fund for Excellence and Innovation (\$225,000 in each year).
- Eliminated funding for grants to schools and colleges of optometry students (\$20,000 in each year).
- Eliminated funding for the Online Virginia Network (\$4 million in each year).
- Eliminated funding for New College Institute in the second year; and requires a comprehensive business plan and customer recruitment and expansion strategy to the Governor, the Chair of the Senate Finance and Appropriations Committee, and the Chair of the House Appropriations Committee no later than October 1, 2024.
- Transferred appropriation for the Grow Your Own Teacher Program from SCHEV to the Department of Education.

The Governor's introduced budget also included additional language that may be noteworthy to Council:

Affordable Access: The enrolled FY 2024 budget included \$75 million to support operations at public colleges and universities and directed that “funds shall be ongoing and incorporated into each institution's base budget for the next biennium.” The Governor's introduced budget did not include these funds in the base, but rather appropriated the \$75 million separately in each year of the biennium. The Governor also added language in the second year that directs SCHEV and the Secretary of Education to establish a set of performance standards and targets tailored to each institution that are informed by the institution's most recent six-year plan for institutions to receive funding. To receive its share of the \$75 million in the second year, institutions must:

- 1) Keep tuition and E&G fee increase less than 2.5% or the change in the U.S. Average Consumer Price Index for All Urban Consumers (CPI-U), as published by the U.S. Bureau of Labor Statistics, for the most recent 12 months at the time of approval by the Board of Visitors, whichever is lower, and,
- 2) Submit to the Secretary of Education by August 1, 2025, an updated plan and progress toward performance targets.

Capital Outlay: The introduced budget included language changes to capital outlay for higher education institutions requiring institutions that have a management agreement with the Commonwealth to support 25% of new construction, major renovation, and acquisition of E&G projects. "Tier III" are those institutions that have a management agreement under the Restructured Higher Education Financial and Administrative Operations Act. Those institutions are the University of Virginia, the College of William and Mary, Virginia Tech, George Mason University, Virginia Commonwealth University and James Madison University (The Virginia Institute of Marine Science, the University of Virginia's College at Wise and the Virginia Tech extension are exempt.).

The introduced budget also included language that indicates annual general fund-supported capital appropriation amounts shall not exceed one percent of general fund revenue plus debt capacity and any prior-year general fund appropriation balances that were not reappropriated. At least one percent of general fund revenue shall be targeted to address maintenance needs of existing state facilities.

Institutional Performance Standards: The introduced budget transitioned SCHEV's certification of Institutional Performance Standards (IPS) from an annual to a biannual process. This reflects the biennial cycle of enrollment and degree projections. Staff included this as an option to improve the IPS in the September Council meeting.

The following provides a more detailed description of the Governor’s introduced budget in General Fund in 2024-26 Biennium

Item	Governor
Systemwide Institutional Funding	
Campus safety and security initiative	\$16.6 million in FY 2025. Provides one-time funding for campus safety and security initiatives in coordination with the Virginia Fusion Center.
Research	\$100 million in FY 2025 to fund the new Virginia Biotechnology, Life Sciences, and Pharmaceutical Manufacturing Network, a partnership between the authority, the University of Virginia, Virginia Tech, and Virginia Commonwealth University. These funds are appropriated through the Virginia Innovative Partnership Authority.
Higher education credit card rebates and interest earnings	\$3.2 million per year to increase the current appropriations for higher education credit card rebates and interest earnings. Credit card rebates and interest earnings are being level funded at the 2023 actual levels.
Bonus	Provides funding for two bonus payments, each equal to one percent of salary for full-time state employees and state-supported local employees, effective December 1, 2024 and December 1, 2025.
Salary increase	Provides funding for a one percent salary increase effective June 10, 2025 for state employees. Adjunct faculty and graduate teaching assistants at public institutions of higher education are also eligible for the salary increase. State-supported local employees will receive a one percent salary increase effective July 1, 2025.
Institution-Specific Budget	
JMU	\$997,816 per year to launch “Fast Flex”. a new non-traditional Bachelor of Science in Nursing (BSN) program to accelerate the number of nursing graduates each year. The new program will allow students to complete their core nursing coursework in one calendar year, as opposed to two academic years.
UVA	<ul style="list-style-type: none"> • (\$110,583) per year in the 2024-26 biennium to transfer funds supporting Cardinal Education centralized services to Southern Virginia Higher Education Center. • (\$7.5 million) research allocation in HEETF in FY 2024 was removed as a result of the new Biotech research initiative in 2024-26.
UVAW	Continues the institution's authority to suspend the transfer of the recovery of the full indirect cost of auxiliary enterprise programs to the educational and general program.

VCCS	\$3.9 million per year to establish regional career placement centers.
VIMS	\$150,000 in FY 2025 to study innovative ways to utilize facilities and space on campus, including opportunities to renovate existing space to meet programmatic needs.
VSU extension	\$1.8 million per year to increase funding for state match of federal funds.
EVMS	\$21 million in FY 2025 and \$16 million in FY 2026 to support for ongoing operations of the Eastern Virginia Health Sciences Center (EVHSC) at Old Dominion University, pursuant to Chapters 756 and 778, 2023 Acts of Assembly. One-time funding in FY 2025 supports costs associated with the merger of Eastern Virginia Medical School and Old Dominion University. Total additional support for EVHSC is \$35 million in FY 2025 and \$30 million in FY 2026 and future years.
NCI (New College Institute)	(\$3.1 million in FY 2026) to recognize savings and requires NCI to provide a comprehensive business plan and customer recruitment and expansion strategy to the Governor, the Chair of the Senate Finance and Appropriations Committee, and the Chair of the House Appropriations Committee no later than October 1, 2024.
OVAN (Online Virginia Network Authority)	(\$4 million) per year to remove funding for this program.
SCHEV Budget	
Virginia Military Survivors and Dependent Education Program (VMSDEP)	\$2 million per year to provide additional funding to maintain the VMSDEP stipend at the full amount for qualifying students based on a projected increase in the number of eligible students.
Virtual Library of Virginia (VIVA)	\$325,000 in FY 2025 and \$650,000 in FY 2026 for unavoidable cost increases to maintain access to online databases and journals.
Workforce Credential Grant Program (WCG)	\$3.9 million in FY 2025 and \$5.3 in FY 2026 to provide additional funding to support the increasing demand for this program.
Virginia Innovative Internship Program and Fund (VTOP)	Increase of \$9 million in FY 2025 and a reduction of \$9 million in FY 2026, which includes funds previously budgeted under central appropriations.
Student mental health services	\$3 million per year to provide additional support for student mental health services at institutions of higher education participating in a statewide contract. Requires an institutional nongeneral fund match for state funds.

Grow Your Own Teacher	(\$340,000) per year to transfer appropriation for the Grow Your Own Teacher and a program to assist public school teachers taking college courses to be credentialed to teach dual-enrollment high school courses from SCHEV to the Department of Education.
Fund for Excellence and Innovation (FFEI)	(\$225,000) per year to eliminate this fund.
Grants to schools and colleges of optometry students	(\$20,000) per year to eliminate this fund.
Two Year College Transfer Grant	(\$800,000) per year to recognizes savings under this Program based on actual program demand.
Funding for Pell initiative	(\$37.5 million in FY 2026) to eliminate funding for Pell grant assistance at public institutions of higher education. Requires SCHEV to report on the outcomes and effectiveness of FY 2024 and FY 2025 funding by October 1 each year.
Student loan ombudsman office	(\$126,811 in FY 2025) and (\$174,000 in FY 2026) to reduce funding for the office of the student loan ombudsman.
Language	
Affordable Access	Language directs SCHEV and the Secretary of Education to establish a set of performance standards and targets tailored to each institution that are informed by the institution's most recent six-year plan for institutions to receive funding in the first year. To receive its share of the \$75 million in the second year, an institution must: <ul style="list-style-type: none"> • Keep tuition and E&G fee increase less than 2.5% or the change in the U.S. Average Consumer Price Index for All Urban Consumers (CPI-U), as published by the U.S. Bureau of Labor Statistics, for the most recent 12 months at the time of approval by the Board of Visitors, whichever is lower; and, • Submit to the Secretary of Education by August 1, 2025, an updated plan and progress toward performance targets.
Tuition Assistance Grant (TAG)	Modifies TAG language to allow SCHEV to use some of the mandatory balances in the program to automate the TAG application/approval process. Also increases the maximum award for distance education to 75% of the standard award, up from 50% currently.
State financial aid policies to address the Free Application for Federal Student	Amends existing language for policies regarding higher education financial aid to address changes resulting from implementation of the federal <i>FAFSA Simplification Act</i> , which introduces new terminology, need calculations, and reduced

<p>Aid (FAFSA) Simplification Act</p>	<p>requirements. Changes include: addressing potential negative student aid index (SAI) calculations; authorizing consideration of continued aid for students currently receiving financial assistance based on expected family contribution (EFC); and technical provisions regarding the change from EFC to SAI.</p>
<p>State capital funding policies</p>	<p>Provides language in Section 4-4.02 establishing state capital funding policies. Policies provide that annual general fund-supported capital appropriation amounts shall not exceed one percent of general fund revenue plus debt capacity and any prior-year general fund appropriation balances that were not reappropriated. At least one percent of general fund revenue shall be targeted to address maintenance needs of existing state facilities. Additionally, institutions of higher education with Tier III operational authority shall fund 25 percent of new construction, major renovations, and acquisition project costs in support of their Educational and General Programs from their own nongeneral fund resources, with exceptions for several institutions with limited nongeneral fund revenues.</p>
<p>Institutional Performance Standards</p>	<p>Transitions SCHEV certification of Institutional Performance Standards from annual to biannual, reflecting biennial cycle of enrollment and degree projections.</p>

Table 1

New General Fund for E&G

Institution	2024-25			2025-26
	Campus Safety	Inst specific	Total	Inst specific
CNU	\$331,950		\$331,950	
GMU	\$2,462,100		\$2,462,100	
JMU	\$1,597,275	\$997,816	\$2,595,091	\$997,816
LU	\$302,475		\$302,475	
NSU	\$388,650		\$388,650	
ODU	\$1,410,000		\$1,410,000	
RU	\$526,350		\$526,350	
UMW	\$249,450		\$249,450	
UVA	\$2,005,050	(\$110,583)	\$1,894,467	(\$110,583)
UVAW	\$150,000		\$150,000	
VCU	\$1,974,450		\$1,974,450	
VMI	\$150,000		\$150,000	
VSU	\$335,025		\$335,025	
VT	\$2,914,275		\$2,914,275	
WM	\$700,800		\$700,800	
RBC	\$150,000		\$150,000	
VCCS	\$1,000,000	\$3,900,000	\$4,900,000	\$3,900,000
Interest Earnings		\$3,236,002	\$3,236,002	\$3,236,002
Inst Total	\$16,647,850	\$8,023,235	\$24,671,085	\$8,023,235
Affiliates				
VIMS		\$150,000	\$150,000	\$150,000
VSU ext		\$1,786,289	\$1,786,289	\$1,786,289
EVMS		\$21,000,000	\$21,000,000	\$16,000,000
NCI				(\$3,101,809)
OVAN		(\$4,000,000)	(\$4,000,000)	(\$4,000,000)
SVHEC		\$110,583	\$110,583	\$110,583
DOH nursing accelerate pgm		\$4,000,000	\$4,000,000	\$4,000,000
Affiliates Total		\$23,046,872	\$23,046,872	\$14,945,063
Grand Total	\$16,647,850	\$31,070,107	\$47,717,957	\$22,968,298

Table 2

SCHEV New General Fund In the Governor's 2024-26 Budget

Item	2024-25	2025-26
VMSDEP	\$2,000,000	\$2,000,000
WCG	\$3,950,000	\$5,250,000
VTOP	\$9,000,000	(\$9,000,000)
Student Mental Health Service	\$3,000,000	\$3,000,000
VIVA	\$325,000	\$650,000
Grow Your Own Teacher	(\$340,000)	(\$340,000)
Fund for Excellence & Innovation	(\$225,000)	(\$225,000)
Optometry Grant	(\$20,000)	(\$20,000)
Two-Year College Transfer Grant	(\$800,000)	(\$800,000)
Student loan ombudsman	(\$126,811)	(\$174,000)
Pell Initiative		(\$37,500,000)
Total	\$16,763,189	(\$37,159,000)

The Governor’s Introduced Budget for Capital Outlay Funding in General Fund in 2024-25

(a) 2024-25 Maintenance Reserve Funding (C-46)

Agency Name/Code	FY2023	FY2024	FY2025	FY2026
The College of William and Mary (204)	\$3,707,638	\$4,645,004	\$9,354,663	\$0
University of Virginia (207)	\$15,923,093	\$16,491,939	\$29,708,083	\$0
Virginia Polytechnic Institute and State University (208)	\$17,462,174	\$18,446,361	\$37,770,915	\$0
Virginia Military Institute (211)	\$1,819,682	\$1,818,888	\$5,839,218	\$0
Virginia State University (212)	\$4,608,602	\$5,754,434	\$7,648,841	\$0
Norfolk State University (213)	\$4,304,699	\$5,283,981	\$5,989,472	\$0
Longwood University (214)	\$1,942,384	\$1,826,752	\$3,284,483	\$0
University of Mary Washington (215)	\$2,085,758	\$2,183,958	\$4,254,087	\$0
James Madison University (216)	\$5,012,314	\$5,229,944	\$10,024,628	\$0
Radford University (217)	\$2,359,758	\$2,361,843	\$4,446,804	\$0
Old Dominion University (221)	\$4,409,529	\$5,534,807	\$9,883,398	\$0
Virginia Commonwealth University (236)	\$10,983,722	\$12,496,559	\$31,948,872	\$0
Richard Bland College (241)	\$547,238	\$546,973	\$801,094	\$0
Christopher Newport University (242)	\$1,704,133	\$1,988,615	\$5,403,701	\$0
University of Virginia’s College at Wise (246)	\$781,393	\$2,960,394	\$1,122,371	\$0
George Mason University (247)	\$5,927,380	\$6,510,861	\$8,332,872	\$0
Virginia Community College System (260)	\$18,046,684	\$19,594,706	\$50,876,269	\$0
Virginia Institute of Marine Science (268)	\$846,886	\$2,843,079	\$1,573,533	\$0
Eastern Virginia Medical School (274)	\$2,408,313	\$1,237,613	\$4,360,424	\$0
Institute for Advanced Learning and Research (885)	\$335,675	\$232,614	\$125,892	\$0
Roanoke Higher Education Authority (935)	\$406,181	\$389,328	\$576,768	\$0
Southern Virginia Higher Education Center (937)	\$306,956	\$212,712	\$219,685	\$0
New College Institute (938)	\$306,956	\$212,712	\$0	\$0
Southwest Virginia Higher Education Center (948)	\$326,220	\$252,782	\$473,910	\$0
Total	\$106,563,368	\$119,056,859	\$234,019,983	\$0

(b) Central Reserve for Capital Equipment Funding (C-47), \$81,341,000

Inst	Project
GMU	Construct Life Sciences and Engineering Building/ Renovate Bull Run Hall (18000)
JMU	Renovate and Expand Carrier Library (18485)
VSU	Demolish/Replace Daniel Gym and Demolish Harris Hall, Phase I (18333)
VCCS	Replace Diggs/Moore/Harrison Complex, Hampton, Thomas Nelson (18341)
VCCS	Renovate Seefeldt Building, Woodbridge Campus, Northern Virginia (18162)

(c) Planning Pool for Capital Projects (C-48)

Inst	Project
University of Virginia - Wise	Renovate Darden Hall

Governor's Introduced Budget for Capital Outlay in 2024-25
(VCBA)

(a) Deferred Maintenance

Institution	FY2025
George Mason University	\$12,000,000
Old Dominion University	\$12,000,000
Radford University	\$8,000,000
University of Mary Washington	\$5,500,000
University of Virginia	\$12,000,000
University of Virginia - Wise	\$1,500,000
Virginia Commonwealth University	\$12,000,000
VCCS	\$24,000,000
Total	\$87,000,000

(b) Other Capital Outlay Projects

Inst	Project	FY2025
NSU	Improve Campus Infrastructure	\$14,064,327
VSU	Improve South Entrance and Campus Security	\$12,000,000
VT	Improve Campus Accessibility	\$8,000,000
Total		\$34,064,327

(c) 2024 Public Educational Institution Capital Account (C-50), \$79,860,700

Inst	Project
CNU	Replace Integrated Science Center Fume Hoods & Pressurization Valves and Controls
JMU	Improve East Campus Infrastructure Phase 3 (18738)
LU	Replace Steam Distribution Systems To Four Campus Buildings
VMI	Replace Windows in Old and New Barracks (18604)
WM	Renovate Historic Campus (18678)
RBC	Replace HVAC System for Statesman Hall