Higher Education

The Governor's proposed 2004-06 budget provides a net increase of $125.9 million GF, or 4.8 percent, for higher education compared to the adjusted base budget. In addition to funds appropriated directly to the higher education institutions and agencies, the Governor's proposed budget includes $12.0 million GF in central accounts for a three percent salary increase for faculty (effective November 25, 2005) and $11.4 million GF in the Treasury Board for lease payments through the Higher Education Equipment Trust Fund. In total, the Governor's proposed budget contains $149.3 million in additional general fund support for higher education.

Almost three-fourths of the Governor's proposed increases for higher education are contingent on the passage of his tax proposal.

Major GF Increases
(2004-06 Biennium, $ in millions)

Contingent on Governor's Tax Proposal	
Base Operating Needs:	
Base Adequacy	$35.5
Enrollment Growth	35.1
Instruction/Research Supplement	11.5
3% Faculty Salary Increase in FY 2006	12.0
Tuition Assistance Grants (TAG)	4.5
Institute for Advanced Learning & Research (incl. HEETF lease payments)	3.1
Virtual Library of Virginia	2.9
Advanced Communications Network	2.4
Military Tuition Waivers	2.0
High-Value Crops Initiative	1.4
TOTAL	**$110.4**

The major items included in the Governor's proposed budget that are not contingent on passage of his tax proposal are identified below:

Major GF Increases
(2004-06 Biennium, $ in millions)

Not Contingent on Governor's Tax Proposal	
Equipment Trust Fund Lease Payments	$11.3
Student Financial Aid	9.1
NVCC Medical Education Campus	7.0
Operation of New Facilities	4.6
Program Enhancements at NSU and VSU	2.7
VSU – Extension 100% State Match	1.4
UVA Health Insurance Premiums	1.2
Tidewater CC Norfolk Admin. Office Lease	0.9
Private College Transfer Grants	0.3
Student Participation Initiative	0.3
Restore Space Grant Consortium	0.3
TOTAL	**$39.1**

- **Base Operating Needs.** The Governor has proposed increasing base operating funds for the institutions' Educational and General (E&G) programs to support three key initiatives:

  - ***Base Adequacy.*** Proposes $11.8 million GF and $9.2 million NGF the first year and $23.7 million GF and $18.5 million NGF the second year as part of a multi-year phase-in to increase base support at public colleges and universities to 95 percent of the targeted funding levels identified by the Governor.

  - ***Enrollment Growth.*** Proposes $17.6 million GF each year for the estimated marginal costs associated with enrollment growth between FY 2002 and FY 2003. The 2002-04 biennial budget included no general fund support for enrollment growth.

- ***Instruction and Research Supplement.*** Proposes $10.0 million GF the first year and $1.5 million GF the second year to supplement existing academic and research programs. Of the $10.0 million provided in the first year, $8.4 million is intended as one-time "seed" money to expand institutions' research capabilities in targeted program areas by attracting prominent research faculty.

Proposed Base Operating Increases
(Biennial $ Amounts, GF Share)

Institution	Base Adequacy	Enrollment Growth	Instr/Research Supplement
Christopher Newport Univ.	$1,193,000	$533,000	$0
College of Wm. & Mary	431,000	0	636,000
George Mason University	1,137,000	6,528,000	886,000
James Madison University	2,033,000	1,424,000	305,000
Longwood University	596,000	696,000	0
Mary Washington College	0	819,000	0
Norfolk State University	0	0	251,000
Old Dominion University	6,064,000	4,731,000	406,000
Radford University	2,090,000	183,000	0
Richard Bland College	0	0	126,000
University of Virginia	665,000	0	3,005,000
UVA – Wise	0	442,000	0
Virginia Commonwealth Univ.	759,000	2,901,000	1,979,000
Va. Community Colleges	19,146,000	16,243,000	0
Va. Institute of Marine Science	0	0	976,000
Virginia Military Institute	0	0	694,000
Virginia State University	0	638,000	102,000
Virginia Tech	1,390,000	0	2,105,000
TOTAL	**$35,504,000**	**$35,138,000**	**$11,471,000**

- **Faculty Salary Increases.** Provides $12.0 million GF in the second year for a three percent salary increase for faculty, effective November 25, 2005. The increase is contingent upon approval of the Governor's tax proposal.

3% Faculty Salary Increases (FY 2006, GF Share)	
Christopher Newport Univ.	$190,000
College of William and Mary	380,000
George Mason University	1,066,000
James Madison University	533,000
Longwood University	145,000
Mary Washington College	139,000
Norfolk State University	239,000
Old Dominion University	649,000
Radford University	302,000
University of Virginia	1,210,000
UVA – Wise	66,000
Virginia Commonwealth Univ.	1,538,000
Va. Community Colleges	3,166,000
Virginia Institute of Marine Science	232,000
Virginia Military Institute	56,000
Virginia State University	139,000
VSU – Cooperative Extension	32,000
Virginia Tech	1,273,000
VT – Cooperative Extension	595,000
TOTAL	**$11,950,000**

- **Tuition Assistance Grants.** Recommends $1.8 million GF the first year and $2.7 million GF the second year to increase the maximum undergraduate award to $2,400 in FY 2005 and $2,450 in FY 2006 and the maximum graduate award to $1,900 in FY 2005 and $1,950 in FY 2006. The increased funding is contingent upon passage of the Governor's tax proposal.

- **Institute for Advanced Learning and Research.** Provides $1.5 million GF each year to support operating costs associated with the Institute for Advanced Learning and Research in Danville and establishes the Institute as an authority of the Commonwealth. The Institute is currently operating in conjunction with Virginia Tech and is being supported through grants from the Tobacco Indemnification and Community Revitalization

Commission. The increased funding is contingent upon passage of the Governor's tax proposal.

- **Advanced Communications Network.** Includes $2.4 million GF the first year to provide Virginia's six doctoral institutions with access to advanced national communication networks as part of the Governor's initiative to enhance the universities' research capacity. The proposed funding is contingent upon passage of the Governor's tax proposal.

- **Military Tuition Waivers.** Provides $2.0 million GF the first year to offset a portion of the revenue loss at public colleges and universities that provide in-state tuition rates to military dependents who would otherwise be considered out-of-state students as provided in §23-7.4:2, *Code of Virginia*. Because previous estimates have placed the potential revenue loss at $8 to $9 million per year, language in the Appropriation Act has overridden this Code provision since 1998. The Governor proposes to remove that language in the introduced bill. The proposed funding is contingent upon passage of the Governor's tax proposal.

- **Equipment Trust Fund.** Authorizes the Virginia College Building Authority to acquire $52.2 million of new academic computers and equipment each year through the Higher Education Equipment Trust Fund. Amendments in the Treasury Board provide $11.4 million GF in FY 2006 to support the lease payments on those purchases. The allocation for the Institute for Advanced Learning and Research is contingent on the passage of the Governor's tax proposal.

Equipment Trust Fund
(Biennial Authorization)

Christopher Newport Univ.	$1,180,000
College of William and Mary	3,096,000
George Mason University	5,785,000
James Madison University	4,029,000
Longwood University	1,094,000
Mary Washington College	1,269,000
Norfolk State University	2,048,000
Old Dominion University	6,965,000
Radford University	2,269,000
University of Virginia	18,720,000
Richard Bland College	251,000
UVA – Wise	535,000
Virginia Commonwealth Univ.	14,291,000
Va. Community Colleges	20,777,000
Va. Institute of Marine Science	957,000
Virginia Military Institute	1,635,000
Virginia State University	2,159,000
Virginia Tech	16,061,000
Southwest Va. Higher Education Ctr.	110,000
Roanoke Higher Education Ctr.	110,000
Institute for Adv. Learning & Research	1,000,000
TOTAL	**$104,341,000**

- **Student Financial Aid.** Provides $4.5 million GF each year for student financial assistance to offset anticipated tuition increases and to begin phasing-in support for the Commonwealth to meet at least 50 percent of remaining student need.

- **Northern Virginia Community College Medical Education Campus.** Adds $3.5 million GF and $1.9 million NGF each year to support the hiring of faculty and staff needed to accommodate enrollment demand in nursing and allied health training programs in Northern Virginia.

- **Operation of New Facilities.** Provides $1.7 million GF and $1.7 million NGF the first year and $2.7 million GF and $2.3 NGF the second year for new E&G facilities coming on-line in FY 2005.

- **Program Enhancements at Norfolk State and Virginia State.** Includes funding to enhance academic programs identified in the Accord between the Commonwealth of Virginia and the U.S. Office of Civil Rights (OCR). Provides Norfolk State University with $517,000 GF in FY 2005 and $952,000 GF in FY 2006 for new academic programs in engineering and computer science. Provides Virginia State University with $568,000 GF in FY 2005 and $615,000 GF in FY 2006 to support the accreditation of its business and education programs and to upgrade the campus telecommunications network.

  The Governor proposes additional funding in support of the OCR Accord through stand-alone capital appropriations for maintenance reserve at both institutions and for a supplement to a technology infrastructure project at Norfolk State University.

- **VSU – Cooperative Extension.** Provides $374,000 GF in FY 2005 and $1.1 million GF in FY 2006 to meet 100 percent of federal funding through state matching funds.

- **UVA Health Insurance Premiums.** Provides $600,000 GF and $829,000 NGF in each year to cover the increased employer premiums for employees participating in the university's self-insured health plan.

- **Private College Transfer Grants.** Proposes $160,000 GF in each year to establish a pilot program for in-state students wishing to transfer from a community college to a private four-year institution. The pilot program would provide up to 40 students with $4,000 transfer grants to defray the cost of attending a private four-year institution. Students participating in this program would not be eligible for the TAG award.

In addition to changes in funding, the Governor proposes several policy changes through language amendments, including:

- **Fund Split Policy.** Establishes a cost-sharing policy under which the Commonwealth would be responsible for 60 percent of the educational costs of in-state students at all public institutions, except for the community colleges where the general fund share of the cost would be 70 percent for in-state students.

Language in the proposed budget replaces previous language which set a goal that the state should support 75 percent of the educational costs of in-state students at public four-year institutions and 80 percent of the cost at the Virginia community colleges. The Governor proposes no change to the existing policy that out-of-state students cover at least 100 percent of the cost of their education.

The Governor has applied this fund split in the proposed increased funding for base adequacy, faculty salaries, and operating support for new facilities coming on-line.

- **Tuition and Fee Restrictions.** Returns authority for setting tuition and fees to the institutions' boards of visitors, removing all caps on the rate at which institutions can increase tuition, student technology fees, and mandatory non-E&G fees used to support auxiliary enterprises.

- **Melchers-Monroe Memorials.** Consolidates Mary Washington College and Melchers-Monroe Memorials. The College currently administers the Melchers' estate and gallery, and the James Monroe museum and library. The Governor proposes merging the two agencies to improve the efficiency of the museum administration.

- **NGF Maintenance Reserve Fund.** Authorizes the University of Virginia to establish a reserve fund from tuition and other nongeneral fund operating revenues to support major maintenance and repair work for E&G facilities constructed with nongeneral fund funds.