Higher Education Six-Year Plans
2018-2024

House Appropriations Committee Retreat
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The Higher Education Opportunity Act of 2011 included the requirement for institutions to submit six-year plans:
- Enrollment
- Academic
- Financial

A six person advisory committee (OPSIX) was established to review the plans and provide feedback to the institutions:
- Sec Finance & Education
- Director SCHEV & DPB
- HAC Staff Director
- SFC Staff Director

Plans would be approved by each Board of Visitors after feedback from the OPSIX:
- Plans generally assume no new general fund & reflect tuition & fee increase requirements

General Assembly & Governor would have this information available prior to Session to inform their funding decisions.
Six-Year Plans

- Three sections:
  - Enrollment
  - Academic
  - Financial

- Academic / Financial sections are merged together and encompass the programmatic and resource requirements for enrollment growth assumptions, new initiatives, and institution operating issues
  - In addition, the current six-year plan also addressed capital outlay, & restructuring issues
ENROLLMENT
4-Year Institution Enrollment Plans

- Actual college enrollments at 4-year institutions grew by about 10% for the ten-year period from 2008 to 2017 or almost 19,000 students
  - An average annual growth of about 1.1%
- Going forward 4-Year institutions project growth of about 13,500 from 2017 to 2024 or slightly less than 7%
  - A projected average annual growth of less than one percent
- About 80% or almost 10,300 of the projected growth is attributable to undergraduate students with about 85% or almost 8,700 coming from in-state students
  - Four institutions comprise about 3/4 or about 6,400 of the projected growth in in-state undergraduates – GMU, JMU, Radford & VT
- Improvements in student retention are primary growth driver
  - Retention accounts for about 80% of the projected growth
  - Overall retention improved by about 1.5% from 2008 to 2016 with CNU, GMU, NSU, VCU, VSU & VT leading the way
  - New first-time students (about 14%) & increased transfers (about 6%) make up about one-fifth of the overall growth
Four-Year College Actual & Projected Enrollment (Annual FTE)

- Actual: Average annual growth of about 1.1%
- Projected: Projected average annual growth of about 0.9%

From 2008 to 2017, actual enrollment grew by about 10%.
Projected growth from 2017 to 2024 is slightly less than 7%.
2-Year Institution Enrollment Plans

- Actual college enrollments at 2-year institutions grew by about 6% for the ten-year period from 2008 to 2017 or almost 6,000 students
  - Enrollment continues to decline since the 2012 enrollment spike
- Going forward 2-Year institutions project a continuing decrease of about 1,300 from 2017 to 2024
  - This assumes some enrollment recovery beginning in 2021
- The two-year enrollment projections are somewhat uncertain as it is driven by VCCS which is open enrollment and subject to the economic cycles
From 2008 to 2017, actual enrollment grew by about 6%. However, since the 2012 peak enrollment has dropped about 17%.

Continued decline through most of the projection period with slight recovery beginning in 2021.
Enrollment Growth Policy Questions / Concerns

- How will expected leveling of K-12 population impact higher education enrollment estimates?
- Does projected growth at some institutions truly impact ability of other institutions to meet projected enrollment?
  - VT is projecting to grow by about 3,000 undergraduates primarily in engineering & neuroscience which does not necessarily compete with enrollment growth goals at other Virginia institutions
  - Some anecdotal evidence that students not getting first choice of Virginia schools are heading out-of-state
- Impact of recent policies by neighboring states that are now offering in-state tuition to out-of-state students
  - Ohio, Alabama, South Carolina & Georgia for example
Enrollment Growth Policy Questions / Concerns

- Desire on the part of institutions to increase enrollment of out-of-state students, i.e. “Enrollment Management”
- Should all institutions grow by increasing incoming classes?
  - House budgets have targeted enrollment growth funding to incentivize new first-time students at higher graduate rate institutions and new transfer students at other institutions
  - Room for greater improvement in retention & graduation at several institutions. About two-thirds of new first-time enrollment is occurring primarily at those institutions with higher graduation rates
  - Similarly, almost two-thirds of projected new transfer growth is occurring at those institutions identified last session for increased transfer funding as well as transfer grant incentive funding
FINANCIAL / ACADEMIC PLANS
Financial / Academic Plans

- Institutions continue to not treat 6YP funding guidance assumption consistently
  - Some assumed new GF others assumed no new GF in their calculations
  - We will focus on the total plan cost amounts as opposed to tuition only
- Institutions outlined spending proposals totaling about $634 million for the biennium
- The top two priorities continue to be salary / compensation for faculty & other staff & increasing financial aid
- I/S Undergraduate Tuition & Fee increases range from 2.9% at VT to about 9.8% at RBC
  - Most institutions are in the 3% to 5% range
  - RBC plan increase would generate less than $600,000
Six-Year Plans Biennial Total = $633.6 million

- The top two priorities for most institutions (salary & financial aid) represent about 40% of the total 6-Year Plans
  - This proportion varies by institutions ranging from a zero percent at RBC to 80 percent at the VCCS

- Operating support reflects requests for enrollment growth, new faculty & staff, library, technology and O&M costs

- New / Expanded Initiatives reflect requests for student success, research, workforce & online programs
HIGHER EDUCATION
SALARY ACTIONS
Salary Increases & Compensation

- Institutions identify faculty & staff salary increases as a high, if not the highest, priority for new spending.
- Proposed teaching faculty salary increases range from a non-percentage based pool at Longwood to 4.8% at UVA:
  - The funding pool approach identifies salary needs to meet recruitment, retention, equity & compression issues.
  - Most institutions are in the 3% to 4% range with a slightly lower range for admin faculty.
- Only about half of the institutions propose classified employee increases with ranges slightly lower than admin faculty.
- Most institutions fund all or some portion of the proposed increases under their tuition only revenue assumptions.
VIRGINIA’S FACULTY SALARY PROCESS
Current Peer Group Process

- Process initiated in 1987
  - Updated every ten years
  - Mostly statistical process on front end with a negotiation process that is both quantitative and qualitative on the back end – A consensus process
- Data is compiled from over 3,000 public and private colleges and universities nationwide
- “Cluster analysis” process using 17 to 19 characteristics to determine most similar institutions to each Virginia institution
  - Yields a list of 75 institutions for each Virginia institution
- List is narrowed to the top 25 institutions during the meetings / negotiations with each Virginia institution
  - Virginia colleges may supplement original data with other metrics, filters or information that they bring to the table
    - Retention & Application Acceptance Rates (IPEDS)
    - % Living On-Campus (US News)
    - Change thresholds on research, enrollment, grad rates, % Bach / Masters etc.
  - This is the subjective part of the process
- While attempting to be blind to salary, the process essentially becomes an exercise in justifying peer lists which generally yield higher salary goals
Potential Flaws In Current Process

- The current process has moved beyond simply a means to objectively allocate funds.
- Institutions are using the salary goal derived from the process in absolute terms and as justification for tuition increases.
- However, the salary goal derived from the process is impacted by several flaws that may make its use problematic.
Faculty Rank Distribution

- Generally, full & associate professors are higher paid faculty
  - National data from the AAUP indicates that Full Prof can make as much as 75% more than Ass’t Prof at a Doctoral inst

- The five states noted in the chart to the left have institutions that comprise about 25% of the overall peer groups
  - They also have a disproportionate mix of full & associate professors relative to Virginia

- This may skew salary goal calculations

Source: SREB Data Exchange & IPEDS (2013-14)
Discipline Mix

- Staff utilized aggregated data from SREB & Chronicle of Higher Education for 2014-15
  - No institution-specific data was available
  - Not every institution participates in the various surveys
- Chart at right shows Virginia public institutions compared to the nation in terms of faculty discipline mix
- As the chart shows, Virginia has a higher percentage of faculty in the social sciences & humanities than the US but a lower percentage in terms of STEM-H disciplines
  - STEM-H faculty typically have higher salary levels
- This may skew salary goals derived from selected peer schools
ARE VIRGINIA INSTITUTIONS COMPETITIVE?
HIGHEST RESEARCH CARNEGIE INSTITUTIONS – GMU, UVA, VCU & VT
IPEDS Actual Faculty Salary – All Ranks

National Avg

IPEDS Actual Faculty Salary – All Ranks

![Graph showing the trend of faculty salaries from 2004-05 to 2015-16, with a comparison between National Avg and National 60th.](image-url)
IPEDS Actual Faculty Salary – All Ranks

- National Avg
- GMU
- VT
- UVA

Salary Levels:
- 60,000
- 70,000
- 80,000
- 90,000
- 100,000
- 110,000
- 120,000

Years:
- 2004-05
- 2005-06
- 2006-07
- 2007-08
- 2008-09
- 2009-10
- 2010-11
- 2011-12
- 2012-13
- 2013-14
- 2014-15
- 2015-16
Highest Research Carnegie Classification

- Highest research category is heavily influenced by private institutions and institutions from northeast and west coast
- UVA exceeds national average and 60\textsuperscript{th} percentile while GMU & VT are within 10%
- VCU lags national data, however VCU data may be impacted by increased new hires
HIGHER RESEARCH
CARNEGIE INSTITUTIONS –
CWM & ODU
IPEDS Actual Faculty Salary – All Ranks


National 60th
National Avg
CWM
ODU
Higher Research Carnegie Classification

- Virginia’s two higher research institution match up well compared to similar Carnegie class institutions nationally.
- CWM exceeds both national average and 60th percentile.
- ODU is within 10% of the national figures.
LARGE MASTERS CARNEGIE INSTITUTIONS – JMU, RADFORD & UMW
IPEDS Actual Faculty Salary – All Ranks

National Avg
JMU
RU
UMW
National 60th

50,000 55,000 60,000 65,000 70,000 75,000 80,000

Large Masters Carnegie Classification

- Virginia’s three large masters institutions have consistently maintained a very competitive position nationally
- All exceed or are within a percentage point or two to both national average and 60th percentile figures
MEDIUM MASTERS
CARNEGIE INSTITUTIONS – NSU, VSU & LONGWOOD
IPEDS Actual Faculty Salary – All Ranks

![Graph showing IPEDS Actual Faculty Salary for various years and ranks.](image-url)
Medium Masters Carnegie Classification

- Virginia’s three medium masters institutions have also consistently maintained a very competitive position nationally.
- All exceed both national average and 60th percentile figures in recent years.
MOVING FORWARD
Salary Increase Policy Questions / Concerns

- Colleges assert that they face competition to recruit & retain faculty especially given that faculty are mobile
  - Narrow group is used without consideration for other major factors such as faculty rank, discipline, or cost of living
  - National, Regional or Peer Competition?

- Institutions have staked a claim on the authority to provide faculty and/or staff salary increases absent a statewide initiative
  - Over the last ten years institutions have provided increase to their teaching & admin faculty even in the absence of a statewide initiative
Salary Increase Policy Questions / Concerns

- Should those institutions, that have indicated a willingness and ability to provide salary increases to their faculty & university staff be required to continue to do so when a statewide salary increase is authorized:
  - Every 1% faculty salary increase costs about $22.2 million (all funds) of which $11 million is GF - this includes admin faculty & the university staff category.
  - Every 1% classified employee increase costs $6.9 million (all funds) of which $3.7 million is GF.

- Recall that in the 2017 Session, the House budget provided general fund for salary increase to those institutions that had not implemented increases on their own in FY 2017:
  - The Conference budget provided GF for an additional 1% for the eight institutions that did not implement salary actions on their own in FY 2017.
Salary Increase Policy Questions / Concerns

- How should the state treat the “Haves” vs. the “Have-nots”?
  - Providing increases is cost prohibitive at some colleges
  - Some institutions will not be able to provide increases to all employee groups

- Who is responsible for the impact of any increase on other budget items?
  - VRS & other fringe benefits
  - Higher base on future increases
Questions