

## Higher Education

Chapter 781 of the 2009 Acts of Assembly contained general fund reductions totaling \$214.6 million in FY 2010 for public institutions of higher education and directly affiliated agencies. HB 29 provides additional reductions of \$46.7 million GF, or a total of \$261.3 million GF. This is partially offset by proposed federal stimulus funding of \$75.0 million GF in FY 2010. These amounts differ from what was originally proposed in the Governor's September 2009 Budget Reduction Plan. Those actions would have required a waiver from the federal stimulus funding stipulations and that waiver was withdrawn. Additional GF reductions of \$2.7 million GF are incorporated for other higher education centers and agencies.

For the 2010-12 biennium, the amendments for all higher education agencies result in a GF decrease of \$324.0 million GF or 9.5 percent (excluding the two-year college transfer grant) when compared to the original appropriation. This results in a biennial general fund budget of \$3.1 billion compared to \$3.4 billion in Chapter 781. General fund across-the-board reductions of \$46.7 million in FY 2011 and \$196.8 million in FY 2012 are incorporated for public colleges and universities and directly affiliated agencies for the biennium. Federal stimulus funding of \$198.3 million is included for FY 2011, and more than offsets reductions in that year. However, no stimulus funding is available for FY 2012 leaving GF reductions of 13 to 15 percent. This is in addition to several rounds of GF reductions since FY 2008, leaving higher education with cumulative GF reductions of almost 25 percent during this five year period.

<b>Major GF Actions</b>		
(FY 2010 and the 2010-12 biennium, \$ in millions)		
	<u>HB 29</u>	<u>HB 30</u>
<b>Colleges and Universities &amp; Directly Affiliated Agencies</b>		
Across-the-Board Reductions	(\$46.7)	(\$243.5)
Technical Base Adjustments	0.0	(39.4)
Remove One-Time Support for IT Procurement and Equipment	0.0	(2.3)
Other Reductions	0.0	(3.0)
Reversion Clearing Account	0.0	(10.0)
<b>Other Higher Education Centers &amp; Agencies</b>		
Across-the-Board Reductions	(\$2.7)	(\$5.5)
Technical Base Adjustments	0.0	(0.3)
Remove One-Time Support for Jefferson Labs/Second Year for Hampton Proton Beam Therapy	0.0	(9.2)
Tuition Assistance Grant Program	0.0	(10.0)
Other Reductions	<u>0.0</u>	<u>(4.2)</u>
<b>Reductions Total</b>	<b>(\$49.4)</b>	<b>(\$327.4)</b>

**Major GF Actions** (cont'd)  
(FY 2010 and the 2010-12 biennium, \$ in millions)

Increase Interest Earnings and Credit Card Rebate	0.1	0.1
Various Program Enhancements	<u>0.0</u>	<u>3.3</u>
<b>Spending Total</b>	<b>\$0.1</b>	<b>\$3.4</b>
<b>Proposed Federal Education Stimulus Allocation</b>	<b>\$75.0</b>	<b>\$198.3</b>

**HB 29 (Chapter 872)**

- *Across-the-Board Reductions to Colleges and Universities and Directly Affiliated Higher Education Institutions.* Imposes an additional \$46.7 million GF reduction on top of the initial reductions contained in Chapter 781. Table HE-I summarizes the reduction actions and use of stimulus in Chapter 781 based on approved legislative actions. Stimulus allocations were based on the change in reductions imposed on higher education institutions from FY 2010 over FY 2009 or about \$130.1 million GF. Stimulus funds totaling \$126.1 million were used to offset 97.4 percent of those reductions at each institution.

In HB 29, there are additional general fund reductions and changes to the amount and allocation of federal stimulus dollars. This is summarized in Table HE-II. The additional reductions total \$46.7 million GF in FY 2010 bringing the total reduction impact on higher education to \$176.8 million GF. The allocation of stimulus dollars to higher education is limited to \$75.0 million in FY 2010. This change is due in part to the withdrawal of the waiver application by the Governor to the federal government. Federal stimulus legislation limits the GF reductions to higher education to FY 2006 funding level unless a waiver is sought and approved. Because the waiver application was withdrawn, higher education reductions through FY 2011 are essentially capped at levels contained in HB 29.

The initial FY 2010 reductions were about 15 percent for most of the four-year institutions and 10 percent for the community colleges and Richard Bland College. The additional instituted reductions for FY 2010 are about 4 percent for all institutions. Directly affiliated higher education institutions originally received reductions of 10 percent in FY 2010; the reductions in HB 29 would represent an additional 4 percent.

**Table HE-I**  
**Chapter 781 Higher Education Reductions**  
**and Use of Stimulus Funds**

<u>Institution</u>	<u>Chapter 781 FY 10 Reduction Increase Over FY 09</u>	<u>Chapter 781 Stimulus Allocation</u>
Christopher Newport University	(\$3,584,531)	\$3,492,779
College of William & Mary	(3,915,957)	3,815,722
George Mason University	(11,199,089)	10,912,431
James Madison University	(7,493,414)	7,301,608
Longwood University	(3,252,932)	3,169,668
University of Mary Washington	(2,450,364)	2,387,643
Norfolk State University	(4,341,824)	4,230,688
Old Dominion University	(13,123,727)	12,787,803
Radford University	(5,626,480)	5,482,461
University of Virginia	(11,004,328)	10,722,655
University of Virginia at Wise	(1,661,039)	1,618,522
Virginia Commonwealth University	(21,081,348)	20,541,737
Virginia Military Institute	(1,275,152)	1,242,513
Virginia State University	(1,340,033)	1,305,733
Virginia Tech	(17,777,647)	17,322,599
Richard Bland College	(352,442)	343,420
Virginia Community Colleges	<u>(19,916,534)</u>	<u>19,406,739</u>
<b>Subtotal Colleges &amp; University</b>	<b>(<u>\$129,396,841</u>)</b>	<b>\$126,084,721</b>
Virginia Institute of Marine Science	(677,590)	660,246
Virginia Tech Extension	0	0
Virginia State Extension	<u>0</u>	<u>0</u>
<b>Subtotal Directly Affiliated</b>	<b>(<u>\$677,590</u>)</b>	<b><u>\$660,246</u></b>
<b>Grand Total</b>	<b>(<u>\$130,074,431</u>)</b>	<b>\$126,744,967</b>

**Table HE-II**  
**HB 29 Higher Education Reductions and Revised Use of Stimulus**

<u>Institution</u>	<u>Chapter 781 FY 10 Reduction Increase Over FY 09</u>	<u>Adopted HB 29 GF Reduction</u>	<u>FY 2010 Total GF Reduction</u>	<u>FY 2010 Stimulus Allocation</u>
Christopher Newport Univ	(\$3,584,531)	(\$851,385)	(\$4,435,916)	\$2,531,692
College of William & Mary	(3,915,957)	(1,442,974)	(5,358,931)	2,188,188
George Mason University	(11,199,089)	(4,171,140)	(15,370,229)	6,203,142
James Madison University	(7,493,414)	(2,347,055)	(9,840,469)	4,648,818
Longwood University	(3,252,932)	(836,798)	(4,089,730)	2,221,989
Univ of Mary Washington	(2,450,364)	(715,197)	(3,165,561)	1,579,107
Norfolk State University	(4,341,824)	(1,241,942)	(5,583,766)	2,826,052
Old Dominion University	(13,123,727)	(3,375,864)	(16,499,591)	8,965,969
Radford University	(5,626,480)	(1,521,624)	(7,148,104)	3,761,002
University of Virginia	(11,004,328)	(4,569,031)	(15,573,359)	5,559,100
Univ of Virginia at Wise	(1,661,039)	(460,396)	(2,121,435)	1,097,609
Va Commonwealth Univ	(21,081,348)	(5,973,081)	(27,054,429)	13,798,668
Virginia Military Institute	(1,275,152)	(422,553)	(1,697,705)	765,001
Virginia State University	(1,340,033)	(799,869)	(2,139,902)	397,690
Virginia Tech	(17,777,647)	(5,185,234)	(22,962,881)	11,479,961
Richard Bland College	(352,442)	(162,291)	(514,733)	155,539
Va Community Colleges	<u>(19,916,534)</u>	<u>(10,861,417)</u>	<u>(30,777,951)</u>	<u>6,836,891</u>
<b>Subtotal Colleges &amp; Univ</b>	<b>(\$129,396,841)</b>	<b>(\$44,937,851)</b>	<b>(\$174,334,692)</b>	<b>\$75,016,418</b>
Va Inst. of Marine Science	(677,590)	(662,682)	(1,340,272)	0
Virginia Tech Extension	0	(1,074,931)	(1,074,931)	0
Virginia State Extension	<u>0</u>	<u>(25,748)</u>	<u>(25,748)</u>	<u>0</u>
<b>Subtotal Directly Affiliated</b>	<b>(677,590)</b>	<b>(1,763,361)</b>	<b>(2,440,951)</b>	<b>0</b>
<b>Grand Total</b>	<b>(\$130,074,431)</b>	<b>(\$46,701,212)</b>	<b>(\$176,775,643)</b>	<b>\$75,016,418</b>

- *Across-the-Board Reductions to Other Higher Education Agencies.* Chapter 781 reductions for FY 2010 were \$7.0 million GF. Additional reductions in funding of \$2.7 million GF are incorporated for FY 2010.
- *Higher Education Auxiliary Enterprises Interest Earnings.* Interest earnings on auxiliary enterprises balances will be withheld in FY 2010. The amount is projected to be \$5.4 million NGF.
- *Higher Education Restructuring Financial Incentives.* Provides an increase for FY 2010 of \$132,692 GF. This was one of the incentives under restructuring that institutions were granted if they successfully met stated performance benchmarks.

### **HB 30 (Chapter 874)**

- **Higher Education Institutions and Directly Affiliated Agencies**

- *Across-the-Board Reductions to Public Institutions of Higher Education and Directly Affiliated Agencies.* Because of the previously noted limitations imposed by federal stimulus legislation, the FY 2011 reductions are identical to those contained in HB 29. Table HE-III summarizes the impact of across-the-board general fund reductions and proposed stimulus allocations in FY 2011. A total of \$198.3 million in stimulus funding is provided for FY 2011 which offsets the across-the-board reductions in FY 2011.

Table HE-IV shows the \$196.8 million GF reduction in FY 2012 when compared to Chapter 781. This reduction, when added to the FY 2010 base reductions of \$130.1 million results in total reductions to higher education institutions of \$326.9 million GF since FY 2009. There are no federal stimulus funds to offset these reductions in FY 2012.

**Table HE-III**  
**HB 30 FY 2011 Higher Education Reductions**  
**and Proposed Use of Stimulus Funds**

<u>Institution</u>	<u>Continue Chapter 781 Reductions</u>	<u>HB 30 Proposed FY 2011 Reduction</u>	<u>Total FY 2011 GF Reduction Impact</u>	<u>FY 2011 Stimulus Allocation</u>
Christopher Newport Univ	(\$3,584,531)	(\$851,385)	(\$4,435,916)	\$3,505,271
College of William & Mary	(3,915,957)	(1,442,974)	(5,358,931)	6,884,042
George Mason University	(11,199,089)	(4,171,140)	(15,370,229)	19,894,643
James Madison University	(7,493,414)	(2,347,055)	(9,840,469)	11,292,799
Longwood University	(3,252,932)	(836,798)	(4,089,730)	3,305,208
Univ of Mary Washington	(2,450,364)	(715,197)	(3,165,561)	3,406,157
Norfolk State University	(4,341,824)	(1,241,942)	(5,583,766)	3,915,635
Old Dominion University	(13,123,727)	(3,375,864)	(16,499,591)	12,664,227
Radford University	(5,626,480)	(1,521,624)	(7,148,104)	6,060,300
University of Virginia	(11,004,328)	(4,569,031)	(15,573,359)	21,892,717
Univ of Virginia at Wise	(1,661,039)	(460,396)	(2,121,435)	1,702,856
Va Commonwealth Univ	(21,081,348)	(5,973,081)	(27,054,429)	23,160,921
Virginia Military Institute	(1,275,152)	(422,553)	(1,697,705)	1,940,755
Virginia State University	(1,340,033)	(799,869)	(2,139,902)	3,314,396
Virginia Tech	(17,777,647)	(5,185,234)	(22,962,881)	20,892,536
Richard Bland College	(352,442)	(162,291)	(514,733)	701,736
Va Community Colleges	<u>(19,916,534)</u>	<u>(10,861,417)</u>	<u>(30,777,951)</u>	<u>45,796,200</u>
<b>Subtotal Colleges &amp; Univ</b>	<b>(\$129,396,841)</b>	<b>(\$44,937,851)</b>	<b>(\$174,334,692)</b>	<b>\$190,330,399</b>
Va Inst. of Marine Science	(677,590)	(662,682)	(2,905,657)	3,076,343
Virginia Tech Extension	0	(1,074,931)	(3,382,925)	4,756,374
Virginia State Extension	<u>0</u>	<u>(25,748)</u>	<u>(52,290)</u>	<u>140,205</u>
<b>Subtotal Directly Affiliated</b>	<b>(\$677,590)</b>	<b>(\$1,763,361)</b>	<b>(\$6,340,872)</b>	<b>\$7,972,922</b>
<b>Grand Total</b>	<b>(\$130,074,431)</b>	<b>(\$46,701,212)</b>	<b>(\$180,675,564)</b>	<b>\$198,303,321</b>

**Table HE-IV**  
**HB 30 FY 2012 Higher Education Reductions**  
**and Total GF Impact Since FY 2010**

<u>Institution</u>	<u>Continue Chapter 781 Reductions</u>	<u>Additional FY 2012 Reduction</u>	<u>Total GF Reduction Impact</u>
Christopher Newport University	(\$3,584,531)	(\$3,587,102)	(\$7,171,633)
College of William and Mary	(3,915,957)	(6,079,615)	(9,995,572)
George Mason University	(11,199,089)	(17,574,072)	(28,773,161)
James Madison University	(7,493,414)	(9,888,736)	(17,382,150)
Longwood University	(3,252,932)	(3,525,641)	(6,778,573)
University of Mary Washington	(2,450,364)	(3,013,308)	(5,463,672)
Norfolk State University	(4,341,824)	(5,232,617)	(9,574,441)
Old Dominion University	(13,123,727)	(14,223,369)	(27,347,096)
Radford University	(5,626,480)	(6,410,987)	(12,037,467)
University of Virginia	(11,004,328)	(19,250,486)	(30,254,814)
University of Virginia at Wise	(1,661,039)	(1,939,766)	(3,600,805)
Virginia Commonwealth University	(21,081,348)	(25,166,106)	(46,247,454)
Virginia Military Institute	(1,275,152)	(1,780,323)	(3,055,475)
Virginia State University	(1,340,033)	(3,370,052)	(4,710,085)
Virginia Tech	(17,777,647)	(21,846,706)	(39,624,353)
Richard Bland College	(352,442)	(683,772)	(1,036,214)
Virginia Community Colleges	(19,916,534)	(45,761,904)	(65,678,438)
<b>Subtotal Institutions</b>	<b>(\$129,396,841)</b>	<b>(\$189,334,562)</b>	<b>(\$318,731,403)</b>
Virginia Inst. of Marine Science	(677,590)	(2,792,047)	(3,469,637)
Virginia Tech Extension	0	(4,528,956)	(4,528,956)
Virginia State Extension	0	(108,484)	(108,484)
<b>Subtotal Directly Affiliated Higher Ed.</b>	<b>(\$677,590)</b>	<b>(\$7,429,487)</b>	<b>(\$8,107,077)</b>
<b>Grand Total</b>	<b>(\$130,074,431)</b>	<b>(\$196,764,049)</b>	<b>(\$326,838,480)</b>

- *Across-the-Board Reductions to Other Higher Education Agencies.* The adopted budget contains reductions in funding of \$2.7 million GF in each year. The reductions to the other higher education agencies were generally 10 percent. However, the reduction to EVMS is slightly less at 6 percent.

**Other Higher Education  
FY 2011 and FY 2012 Across-the-Board Reductions**

<u>Institution</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>2010-12 Biennial Amount</u>
Southwest Virginia Higher Education Center	(200,546)	(200,546)	(401,092)
Southern Virginia Higher Education Center	(212,675)	(212,675)	(425,350)
Roanoke Higher Education Center	(124,655)	(124,655)	(249,310)
Institute for Advanced Learning & Research	(306,948)	(306,948)	(613,896)
New College Institute	(151,571)	(151,571)	(303,142)
Jefferson Labs	(63,883)	(63,883)	(127,766)
State Council for Higher Education in Virginia <sup>1</sup>	(1,004,861)	(1,004,861)	(2,009,722)
Eastern Virginia Medical School	( <u>\$671,298</u> )	( <u>\$671,298</u> )	( <u>\$1,342,596</u> )
<b>Total</b>	<b>(\$2,736,437)</b>	<b>(\$2,736,437)</b>	<b>(\$5,472,856)</b>

Note (1): The reduction base for SCHEV excludes funding for Tuition Assistance Grants, the Va. Women's Institute for Leadership and Virtual Library of Virginia.

- *Additional Targeted Reductions.* The adopted budget includes other targeted reduction actions in higher education in addition to the across-the-board reductions. The table below summarizes the targeted reductions by year.



**Higher Education Targeted Reductions  
FY 2011 and FY 2012**

<u>Institution</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>2010-12 Biennial Amount</u>
<b>Colleges and Universities &amp; Directly Affiliated Agencies</b>			
George Mason University	(\$300,000)	(\$300,000)	(\$600,000)
Virginia Community College System – Central Office/Utility Operations	0	(\$500,000)	(\$500,000)
Virginia Cooperative Extension	0	(\$1,000,000)	(\$1,000,000)
University of Virginia at Wise	<u>(461,359)</u>	<u>(461,359)</u>	<u>(922,718)</u>
<b>Total</b>	<b>(\$761,359)</b>	<b>(\$1,261,359)</b>	<b>(\$3,022,718)</b>
<b>Other Higher Education Centers &amp; Agencies</b>			
Inst. for Advanced Learning & Research	(\$306,948)	(\$306,948)	(\$613,896)
Jefferson Labs	(63,883)	(63,883)	(127,766)
State Council for Higher Education in Virginia	(35,582)	(35,582)	(71,164)
Hampton Proton Beam	<u>(90,000)</u>	<u>(90,000)</u>	<u>(180,000)</u>
<b>Total</b>	<b>(\$496,413)</b>	<b>(\$496,413)</b>	<b>(\$992,826)</b>

- ***TAG Program.*** Reduces the GF appropriation by \$5.0 million in each year of the biennium for the Tuition Assistance Grant program (TAG).
- ***Eminent Scholars Program.*** Includes a reduction of \$1.7 million GF in each year of the biennium to the Eminent Scholars program. This is a 50 percent reduction to the funding that remained in the program.
- ***Virginia Cooperative Extension Program.*** Includes a reduction of \$1.0 million GF to cooperative extension services in FY 2012. Language requires that the Virginia Cooperative Extension report on its strategic planning process and the prioritization of programs.
- ***Virginia Community College System Central Office.*** Includes a reduction of funding of \$500,000 GF in FY 2012 for the central office and utility operations at the Virginia Community College System.

- ***Higher Education Research Initiative Funding.*** Provides for a phase out of the funding initiative for Jefferson Lab with a \$3.0 million GF reduction in FY 2011 and a \$6.0 million GF reduction in FY 2012, leaving \$3.0 million GF in FY 2011. This phase out was anticipated and part of the initial request to match federal funding. Funding of \$510,000 GF in each year is provided for the proton beam project at Hampton University.
- ***Proposals for Eastern Virginia Medical School (EVMS).*** Provides \$375,700 GF in FY 2011 and FY 2012 transferred from the Tuition Assistance Grant (TAG) program to EVMS for graduate financial aid. Students at EVMS will have access to these funds as student financial aid and will therefore no longer be eligible for the TAG program. In addition, language is proposed under SCHEV to treat EVMS like the other two medical schools for funding calculations.
- ***Virginia State University: Expand Manufacturing and Logistics Technology Funding.*** Funds \$300,000 GF in each year of the biennium to support the University's manufacturing and engineering and logistics technology programs.
- ***Virginia State University Extension Services Funding.*** Provides \$440,000 GF in the first year to match federal grant funds for extension services at Virginia State University.
- ***Norfolk State University: Fund Ph.D. Program in Materials Science.*** Provides \$250,000 GF in each year of the biennium to support the University's Ph.D. program in Materials Science.
- ***Longwood University: Expand Nursing Program Funding.*** Provides funding of \$185,673 GF in FY 2011 and \$289,991 GF in FY 2012 for additional support to the Bachelor of Science in nursing program.
- ***Virginia Commonwealth University: Increase Funding for Cancer Research.*** Provides additional funding of \$1.0 million GF in FY 2011 for the Massey Cancer Center.
- ***Higher Education Restructuring Financial Incentives.*** Contains \$8.4 million GF and \$2.1 million NGF for FY 2011 (to be transferred from Central Accounts) for estimated interest earnings from tuition and fees and other nongeneral fund E&G revenues and a rebate on certain credit card purchases. The increase in FY 2011 is \$132,692 GF, the same as the increase for FY 2010. This was one of the incentives under restructuring that institutions were granted if they successfully met stated performance benchmarks. No funding is provided for FY 2012.
- ***Higher Education Auxiliary Enterprises Interest Earnings.*** Withhold interest earnings on auxiliary enterprise balances of approximately \$7.2 million NGF in each year.

- ***Reversion Clearing Account in Central Appropriations: Higher Education.*** Provides a reduction of \$10.0 million GF in FY 2012 to higher education institutions. The General Assembly was silent on the allocation of the reduction, leaving this as an issue that will be revisited in the FY 2012 Session.
  
- ***Two-Year College Transfer Grant.*** Provides a \$750,000 GF each year in SCHEV to provide grants of up to \$2,000 for students transferring from a two-year college to a four-year college that meet program eligibility criteria.