Higher Education Subcommittee

January 14, 2008

Higher Education Funding

- Educational & General Programs
  - Focus of the funding guidelines
  - Supported by the General Fund and Nongeneral Funds (primarily tuition and fees)
- Auxiliary Enterprise
  - Self-supporting
  - Revenues derived from sales and student fees
  - Includes bookstores, dorms, dining, student unions, athletics, parking, telecommunications, recreation
- Sponsored Programs
  - Primarily the research activities
  - Revenues derived from federal, state, and private grants and contracts

Educational and General Programs

- Instruction
  - Single largest component of E & G
  - Undergraduate, graduate and first professional instruction
  - Community education: Non-credit training programs for computer software skills, foreign language skills
  - Family practice: Community-based residency programs for graduate medical students in generalist medicine
- Research
  - State-supported research centers
  - Department-sponsored programmatic research or curriculum development
  - Does not include sponsored research
- Public Service
  - Outreach programs for area K-12 school children
  - Public lecture series

Educational and General Programs

- Support Programs
  - Academic Support
    - Libraries
    - Academic administration
    - Academic computing
  - Student Services
    - Admissions offices and registrars
    - Guidance and counseling
    - Financial aid administration

Educational and General Programs

- Support Programs
  - Institutional Support
    - Executive management of the institution
    - Fiscal, legal, and personnel operations
    - Campus police
  - Operation and Maintenance of Plant
    - Building and grounds maintenance
    - Utilities
    - Custodial

Joint Subcommittee for Higher Education Funding Policies

- In 1998, the Joint Subcommittee for Higher Education Funding Policies was established and charged with developing funding guidelines to ensure adequate base support for Virginia's public colleges and universities
- The Joint Subcommittee adopted guidelines based on "national funding norms" that are predicated on typical staffing and funding levels at comparable public colleges and universities nationwide
- The methodology behind the guidelines address the basic question of "what drives the cost of providing higher education?"
  - Students, programs and faculty

Funding Guidelines

- Focus on the educational and general program
- The number of students you have drives the number of faculty you need
  - Latest actual enrollment data
  - Types of programs (engineering, hard sciences, social sciences)
  - Level of instruction (undergraduate, master's, doctoral)
  - Varying student-faculty ratios
- Faculty salary costs
  - Blended average ("full-time/part-time mix")
  - Full-time faculty
  - Part-time faculty
  - Graduate assistants

Student to Faculty Ratios, by Level and Discipline

Discipline	Lower	Upper	Master's/ Professional	Doctoral
Group 1				
Area Studies	24	18	11	9
Business & Management	24	18	11	9
Interdisciplinary Studies	24	18	11	9
Library Science	24	18	11	9
Military Science	24	18	11	9
Public Affairs	24	18	11	9
Social Sciences	24	18	11	9
Study Abroad	24	18	11	9
Group 2				
Communications	20	14	10	8
Education	20	14	10	8
Home Economics	20	14	10	8
Letters	20	14	10	8
Mathematics	20	14	10	8
Psychology	20	14	10	8
Group 3a				
Agric. & Natural Resources	18	11	9	7
Arch. & Env. Design	18	11	9	7
Computer /Info. Sci.	18	11	9	7
Fine and Applied Arts	18	11	9	7
Foreign Languages	18	11	9	7
Bus. & Com. Tech.	18	-	-	-
Data Processing Tech.	18	-	-	-
Public Serv. Tech.	18	-	-	-
Remedial Education	18	-	-	-
Group 3b				
Biological Sciences	18	11	8	6
Engineering	18	11	8	6
Physical Sciences	18	11	8	6
Group 4				
Health Professions[1]	12	10	7	5
Pharmacy	-	-	6	-
Health & Paramed. Tech.	10	-	-	-
Other				
Mech. & Engr. Tech.	13	-	-	-
Natural Science Tech	14	-	-	-
Law	-	-	17	-

[1] Excludes medicine, dentistry, and veterinary medicine.

Costing the Instruction Program

- # of Students by Discipline yields # of faculty
- Faculty Instructional Costs = # of faculty times the cost of faculty using the blended average
- Other Faculty Instructional Costs
  - Technicians, supplies, equipment included in the instruction program
  - Calculated as a percentage of the faculty cost
    - 40 percent was the factor the Joint Subcommittee settled on

Other Direct Costs

- Other Instruction Direct Costs
  - Community Education
  - Family Practice
  - Dentistry
  - Vet Medicine
- Research and Public Service
- The guidelines use the existing base budget for these items
- We monitor for significant changes to avoid unique accounting changes resulting in changes in need

Costing the Support Programs

- The methodology determined that there is a statistical relationship (correlation) between the "cost drivers" and the support programs
  - Cost drivers: student headcount, instruction, research, and public service
- There is a "ripple effect" in the funding model
  - Faculty cost increases drive model increases in excess of just personal service costs
  - This is an issue that we continue to analyze

Other Recommendations of the Joint Subcommittee

- Model Updates
  - Based on the most consistent, reliable, and predictable data available
  - Ensure that the guidelines work in coordination with other funding objectives (e.g., 60th percentile for faculty salaries)
- Model Inputs Should Be Standardized
  - Enrollment
  - Budgeted costs
  - Faculty Mix
  - Faculty Salaries

Routine updates

Input	Purpose	Recommended Data Source
Enrollment	• Full-time equivalent enrollments used to derive number of faculty needed based on student-to-faculty ratios; • Headcount data used to estimate Student Services costs	• Latest actual data per SCHEV-approved enrollments
Budgeted Costs	• Estimates direct costs associated with unique programs (*e.g.,* vet med, dentistry, community education, family practice)	• Institutions' activity-based budgets (ABB) for the current fiscal year
Faculty Mix	• Determines current mix of full- and part-time faculty and graduate teaching assistants for calculating the blended salary average	

Faculty salaries

- Student-faculty ratios, by program and level, are used to estimate the number of faculty needed at each institution.
- Salary data are "blended" to determine the average faculty salary based on the mix of full- and part-time faculty as well as graduate teaching and research assistants at each institution.

Faculty Type	Recommended Data Source
Full-time	• Appropriated salary average
Part-time	• Estimated FY 04 average VA four-year or two-year salaries • Set FY 04 as "baseline" • Update averages in future years based on General Assembly approved salary increases
GTAs & GRAs	• 60% of part-time salary average at comprehensive institutions • 75% of part-time salary average at doctoral institutions

Progress Since FY 2004

Institution	Calc. Funding Need Based on Guidelines	E & G Resources	Current % of Guideline	January 2004 % of Guideline
CNU	53.4	$51.9	97%	76%
CWM	133.4	131.2	98%	91%
GMU	335.7	342.5	>100%	90%
JMU	208.9	205.5	98%	81%
LU	53.0	49.4	93%	74%
UMW	58.2	57.7	99%	87%
NSU	62.3	72.1	>100%	>100%
ODU	226.4	210.1	93%	77%
RU	103.0	99.3	96%	78%
UVA	486.1	473.0	97%	90%
UVA-W	20.7	22.7	>100%	97%
VCU	479.6	442.3	92%	81%
VMI	22.9	30.7	>100%	>100%
VPI	520.3	480.3	92%	90%
VSU	54.4	56.5	>100%	82%
RBC	8.1	9.2	>100%	95%
VCCS	770.0	741.2	96%	82%
Total	**$3,596.4**	**$3,475.6**	**97%**	**85%**
Figures may not add due to rounding				

Determining the state GF share

- The guidelines identify the ***total*** level of recommended funding (GF + NGF)
- Joint Subcommittee recommended that the costs associated with different model components be isolated and then policy objectives could be applied
- Policy goals:
  - Fund 67 percent of the total cost for in-state students
  - Require out-of-state students to pay at least 100 percent of the total cost

What drives the fund split?

- Proportion of in-state students enrolled
  - Greater in-state enrollment results in a higher general fund share overall
- Mix of programs
  - Total general fund support for E&G programs will also vary based on the size of other nongeneral fund activities at each institution (e.g., community education, research and public service)
  - The indirect cost portion for community education and research are funded from nongeneral fund sources
  - Public service is totally funded through nongeneral funds

Fund split results, by institution

Student Mix Drives Fund Split

Institution	Student FTE		Fund Split	
	% In-State	% Out-of-State	GF	NGF
RBC	99%	1%	66%	34%
CNU	97%	3%	65%	35%
UVA-W	95%	5%	64%	36%
LU	94%	6%	62%	38%
VCCS	94%	6%	59%	41%
RU	92%	8%	61%	39%
ODU	87%	13%	56%	44%
VCU	87%	13%	53%	47%
GMU	83%	17%	55%	45%
NSU	77%	23%	51%	49%
UMW	76%	24%	51%	49%
JMU	70%	30%	47%	53%
VPI	68%	32%	42%	58%
VSU	68%	32%	47%	53%
CWM	63%	37%	42%	58%
UVA	58%	42%	39%	61%
VMI	56%	44%	37%	63%

Fund split applications

- The resulting fund splits would be applied to all incremental funding
  - Faculty salary increases to reach the 60th percentile goal
  - Base operations and enrollment growth
  - New academic programs/initiatives
- “Fixing the base”
  - Over the years, some institutions have generated more nongeneral fund than the model would recommend

Summary

- Funding guidelines are more than a set of calculations to determine base budget needs
  - Never meant to be a cost accounting tool
  - Desire for model tweaking has increased
    - Any changes should be looked at holistically
- Guidelines provide an objective analysis tool for higher education
  - Recognize unique nature of each institution
  - Use standard criteria
- Provide a means to allocate funding equitably

Questions