

Aligning Investments
to Virginia's
Postsecondary Goals
& Priorities

October 26, 2017

STRATEGY LABS

State Policy to Increase Higher Education Attainment



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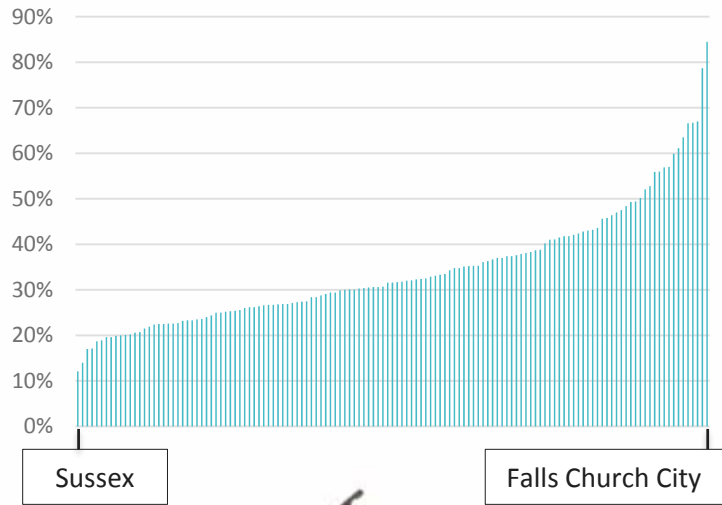
Goals & Policy Strategies

- What are the state's long-term goals?
 - TJ21
 - 100,000 More Degrees
 - SCHEV Strategic Plan: Best Educated State by 2030
 - 70 percent of adults with high quality credential or degree, 1.5 million awards

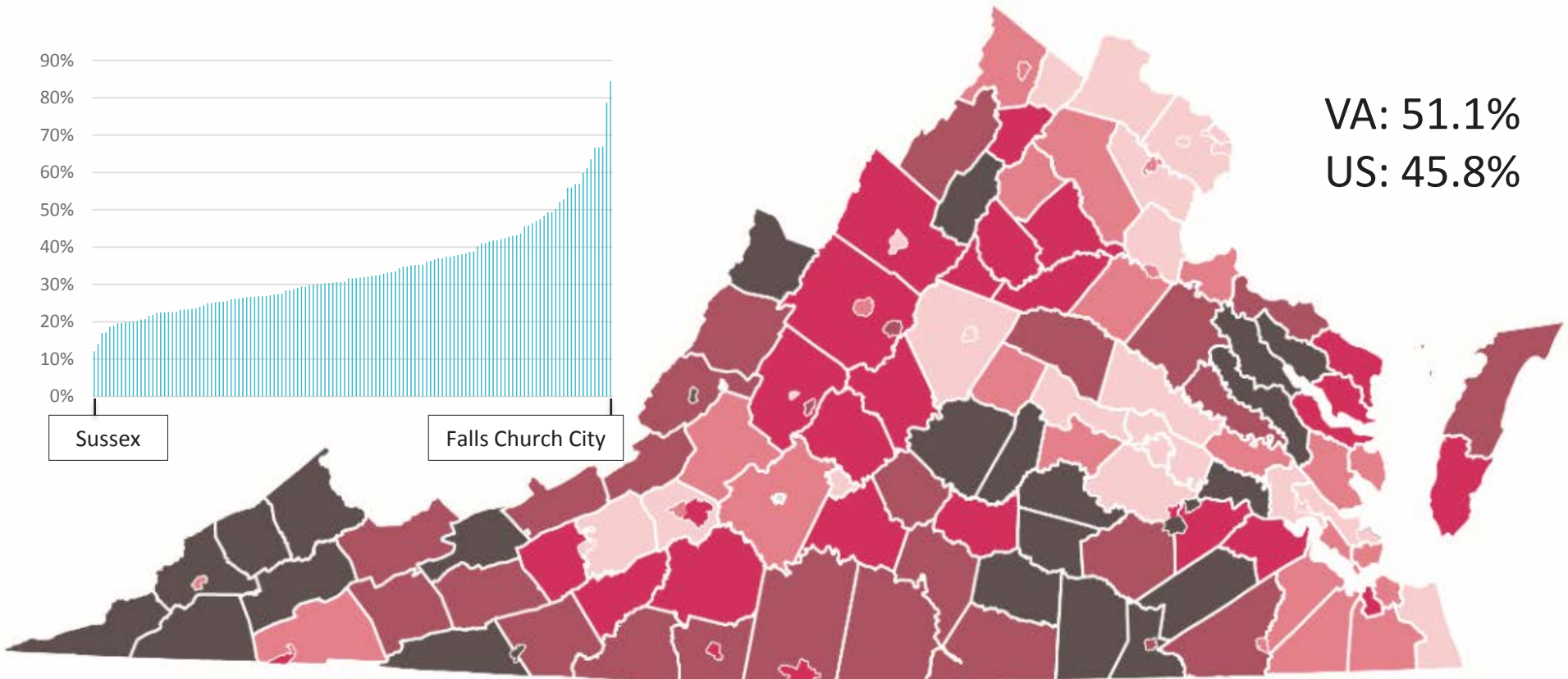
Goals & Policy Strategies

- What are the priorities?
 - Access/affordability
 - Student success and completion
 - Traditionally underserved populations
 - Research/innovation
 - Workforce needs/economic development
 - Efficiency

2015 Educational Attainment of Virginia Counties and Independent Cities: Adults 25-64

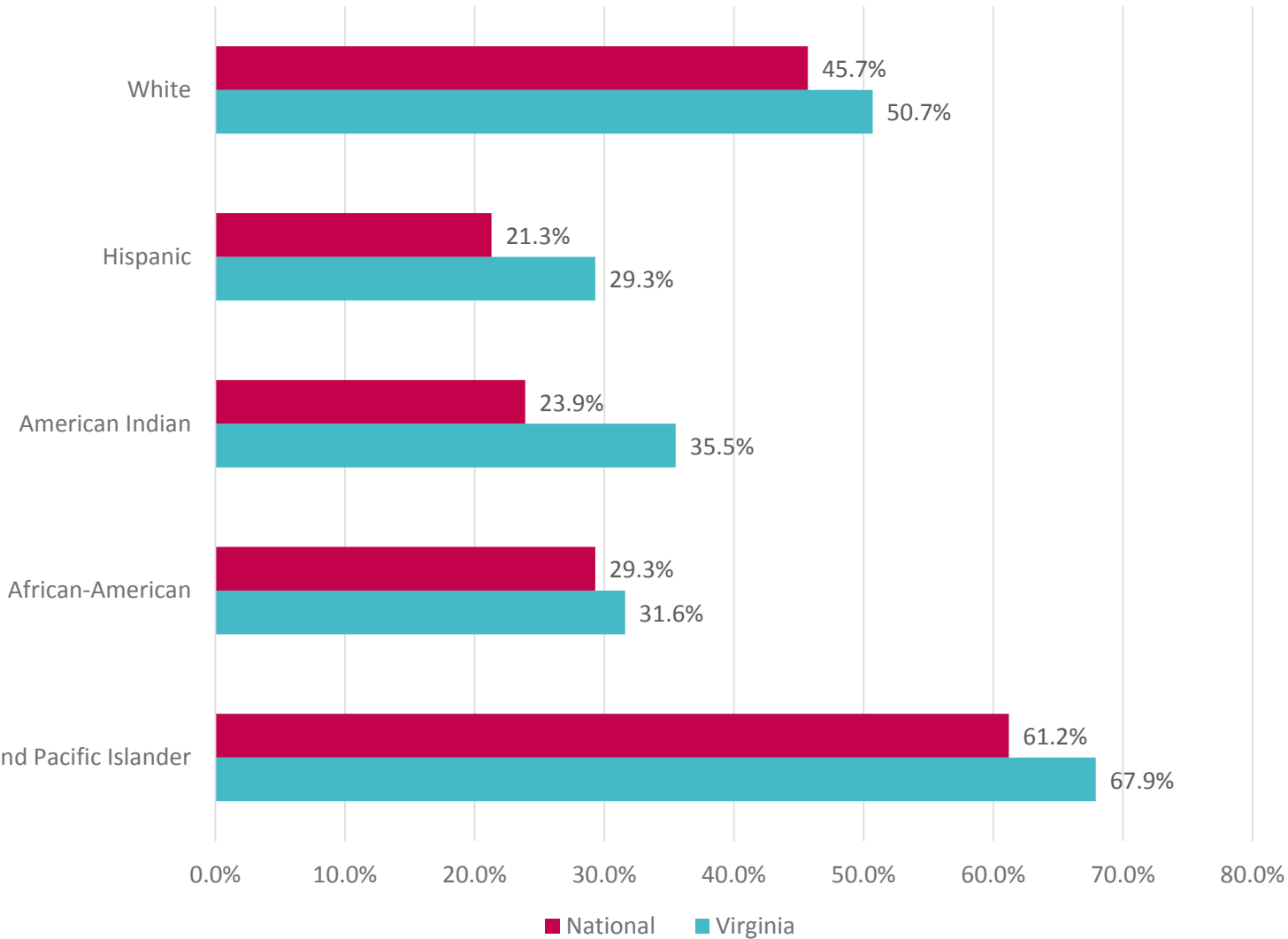


VA: 51.1%
US: 45.8%



Source: Lumina Foundation

2015 Educational Attainment by Race Adults 25-64

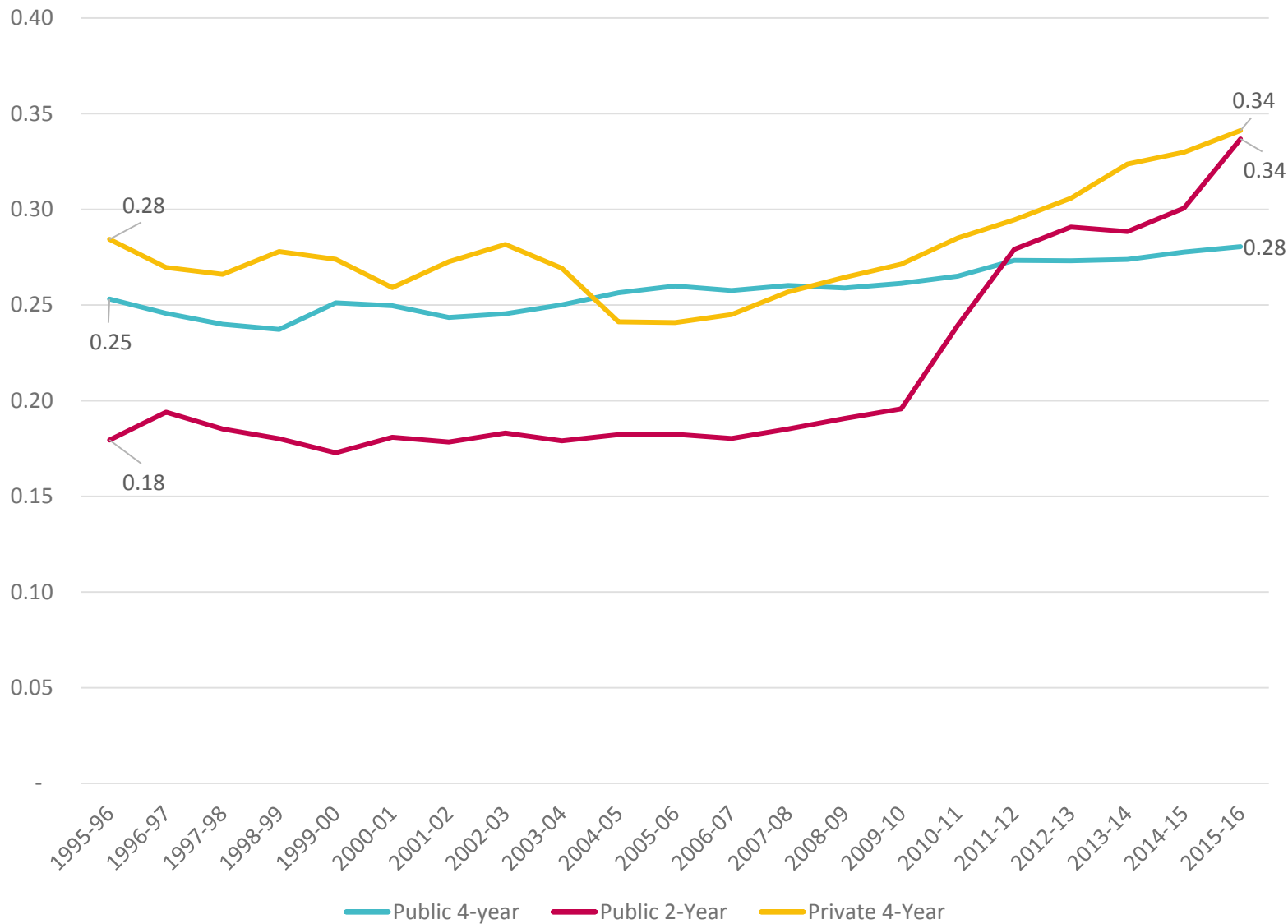


Key Points:

- Virginia's attainment rates are greater than the national average in every category.
- Attainment gaps between races are still high.

Source: Lumina Foundation

Virginia Total Degrees and Certificates, per Total Fall FTE Enrollment

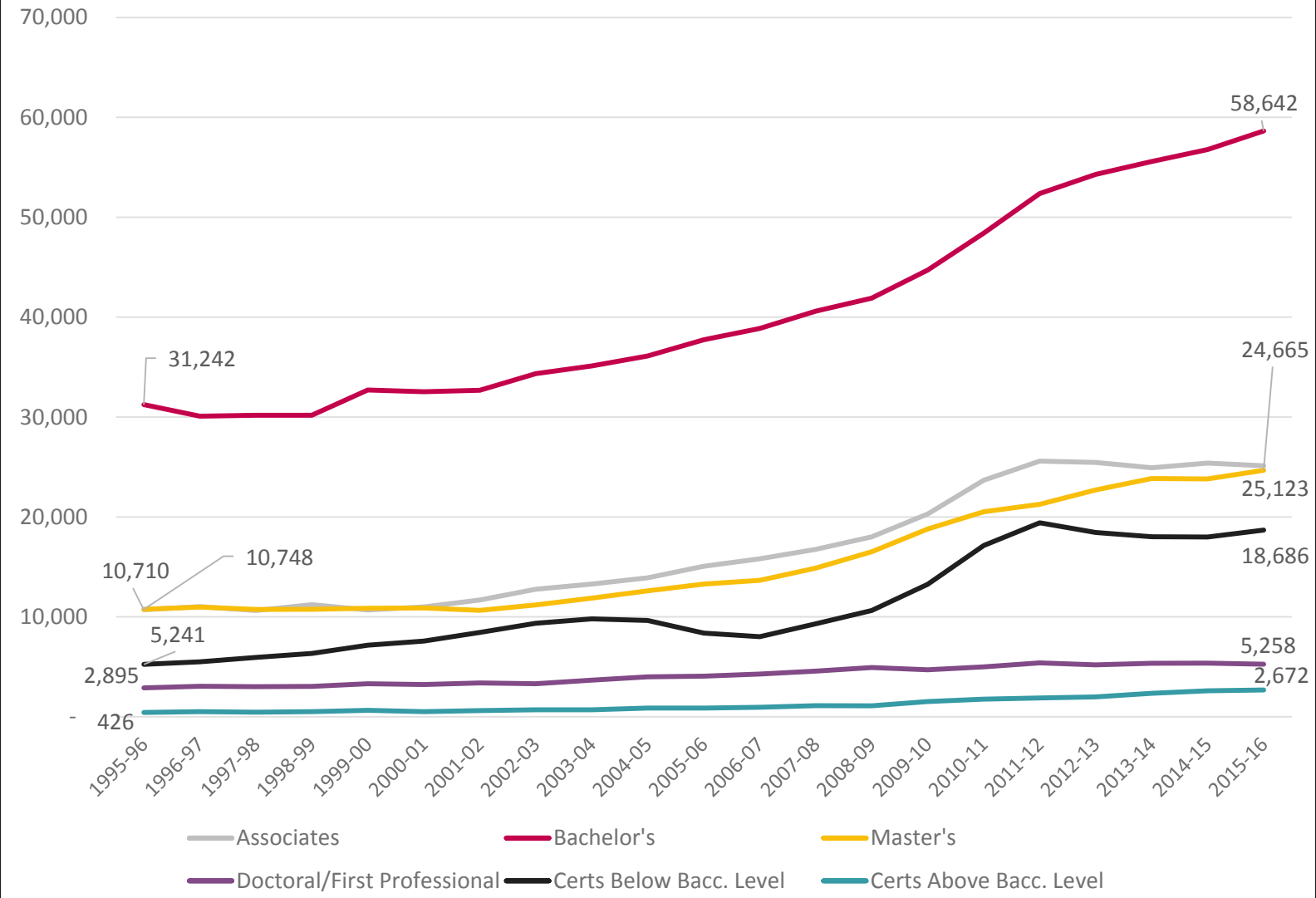


Key Points:

- Degree and certificate production has outpaced enrollment growth in all sectors.
- Growth in certificates was the main factor increasing the community colleges' ratio.

Source: IPEDS

Virginia Higher Education Degrees and Certificates All Sectors Combined



Key Points:

- Bachelor's degrees dominate total production, followed by associates and master's degrees.
- Certificates below the baccalaureate level have been playing an increasingly important role.

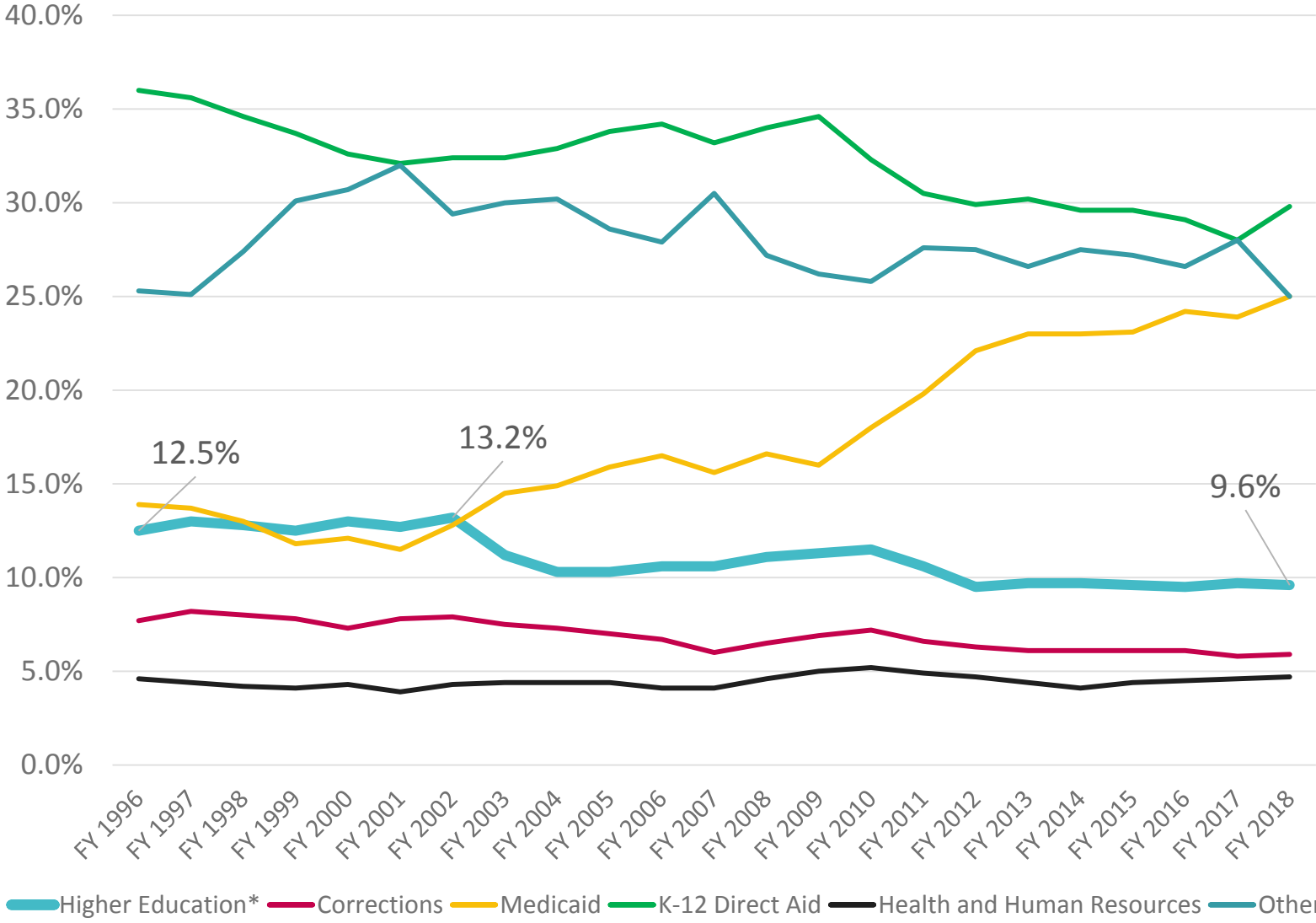
Source: IPEDS

ALIGNING FINANCE TO GOALS
AND PRIORITIES:
TRENDS IN STATE
INVESTMENTS

What drives overall state funding appropriation levels for higher education?

- Revenue availability
 - Taxes/economy
- Competing priorities
 - E.g., K-12; health care
- Demand/enrollment
 - Tuition revenue
- Strategic initiatives
 - Investment in specific projects/strategies

Share of Virginia General Fund



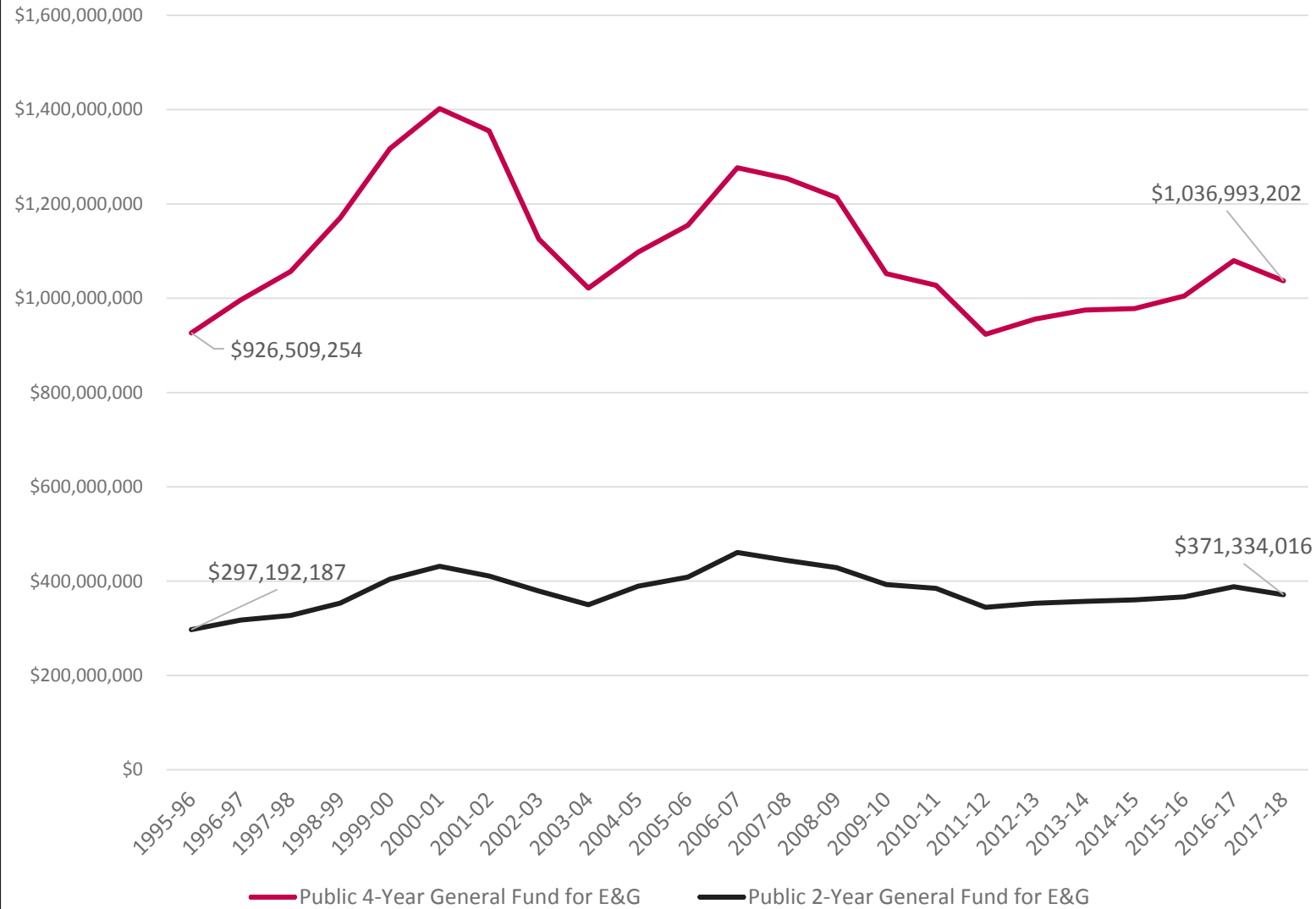
Key Points:

- Higher education's share of the general fund has decreased as it has been crowded out by other budget categories (public safety, Medicaid, K-12 education).

*Includes Colleges, Universities, and Affiliated Agencies, SCHEV, Higher Ed Centers, EVMS, & Jeff Labs

Source: Various budget documents

Virginia General Fund for Education & General Constant 2016 Dollars

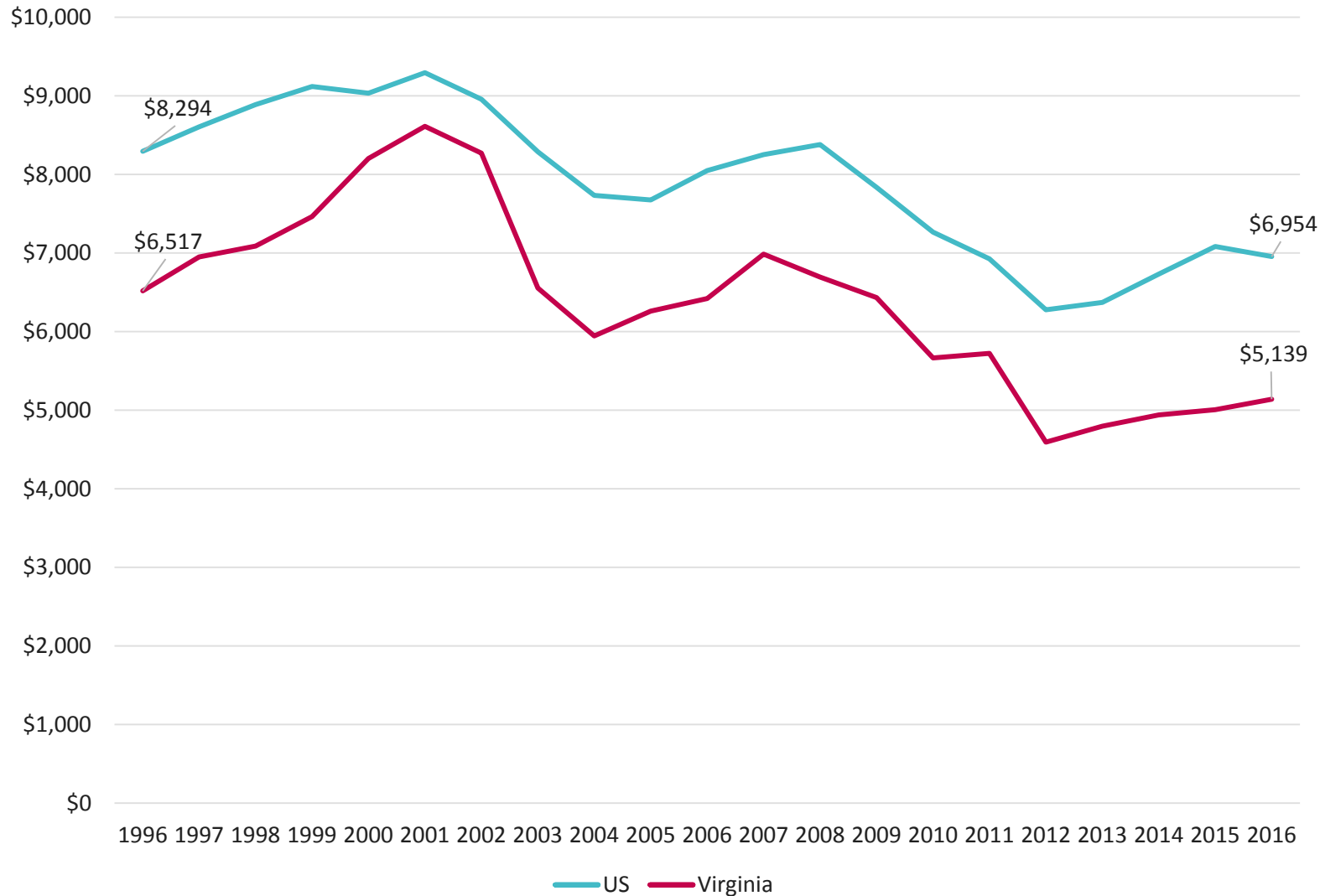


Key Points:

- State funding for higher education has varied over time, largely impacted by recessions and economic recoveries.
- Public 4-year institution levels increased 12% since 1996.
- Community college levels increased 25% since 1996.

Source: SCHEV

Educational Appropriations per FTE Student Constant 2016 Dollars

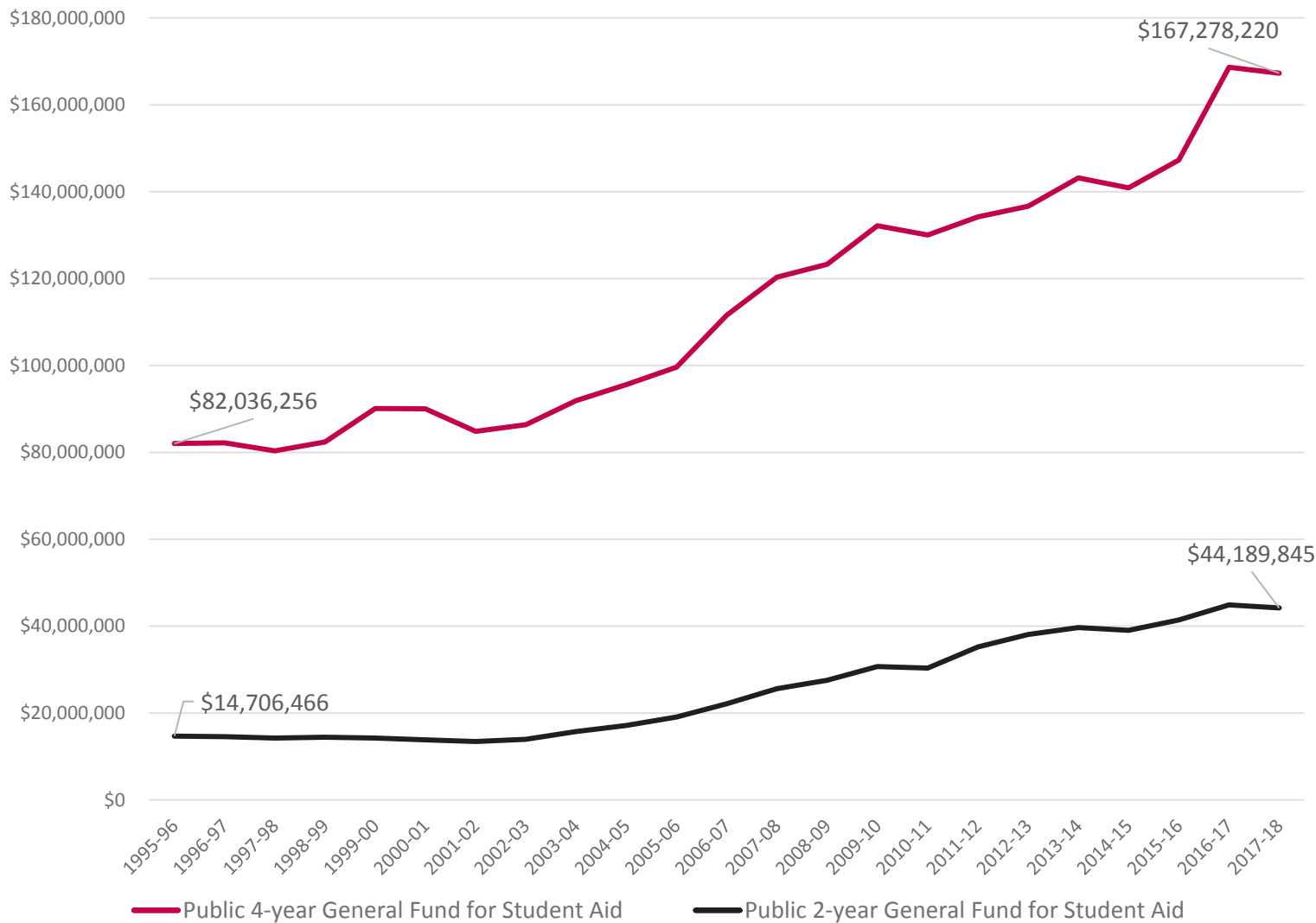


Key Points:

- Virginia educational appropriations per FTE student have consistently trailed the national average.
- VA was 79% of US average in 1996; 74% in 2016.
- The overall funding trend mirrors the national trend.

Source: FY 2016
SHEF Report

Virginia General Fund for Student Aid Constant 2016 Dollars



Key Points:

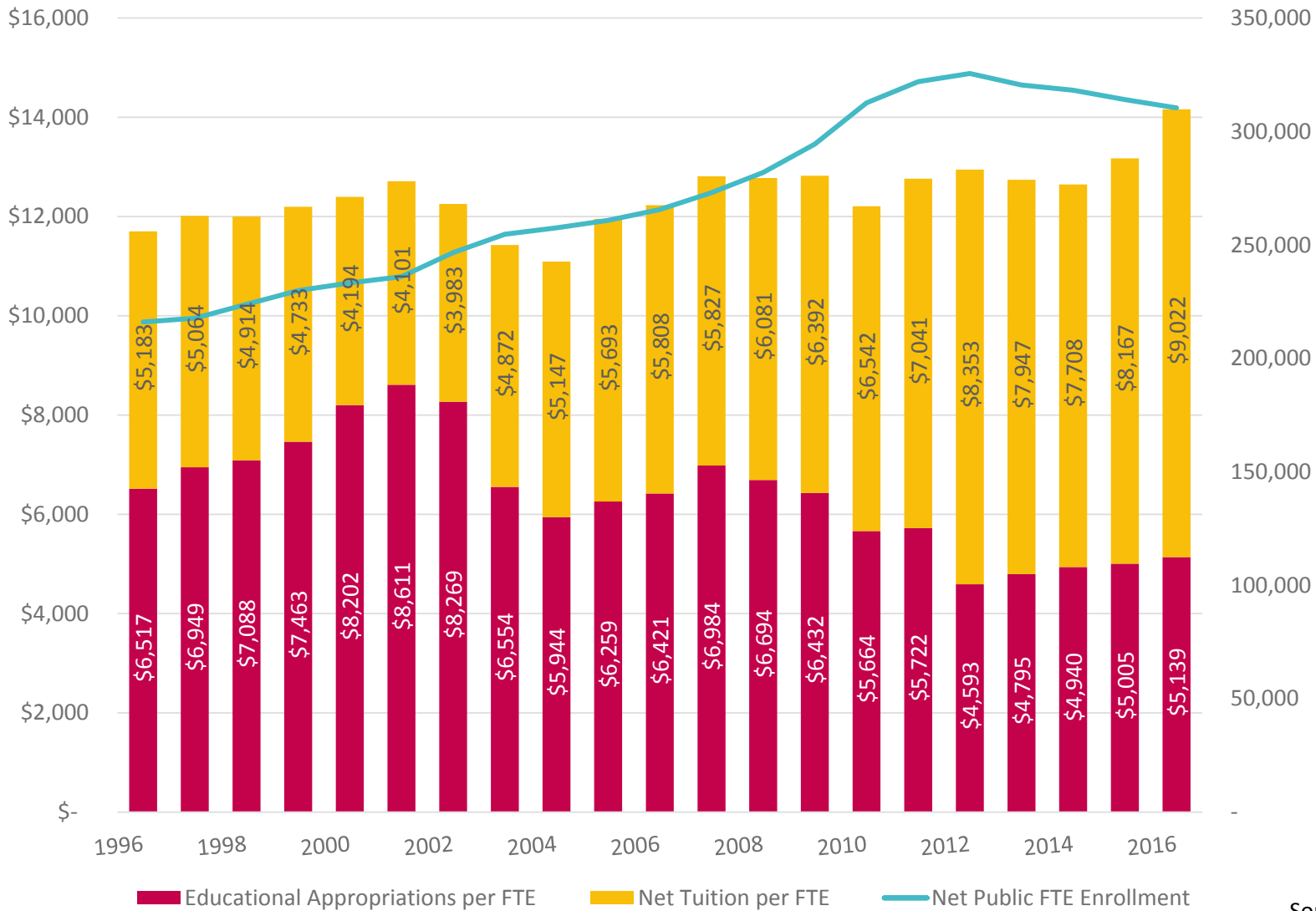
- Increases in general fund appropriations for student aid have partially offset increases in tuition.
- Public 4-year institution levels increased 104% since 1996.
- Community college levels increased 200% since 1996.

Source: SCHEV

Public FTE Enrollment and Educational Appropriations per FTE Constant 2016 Dollars

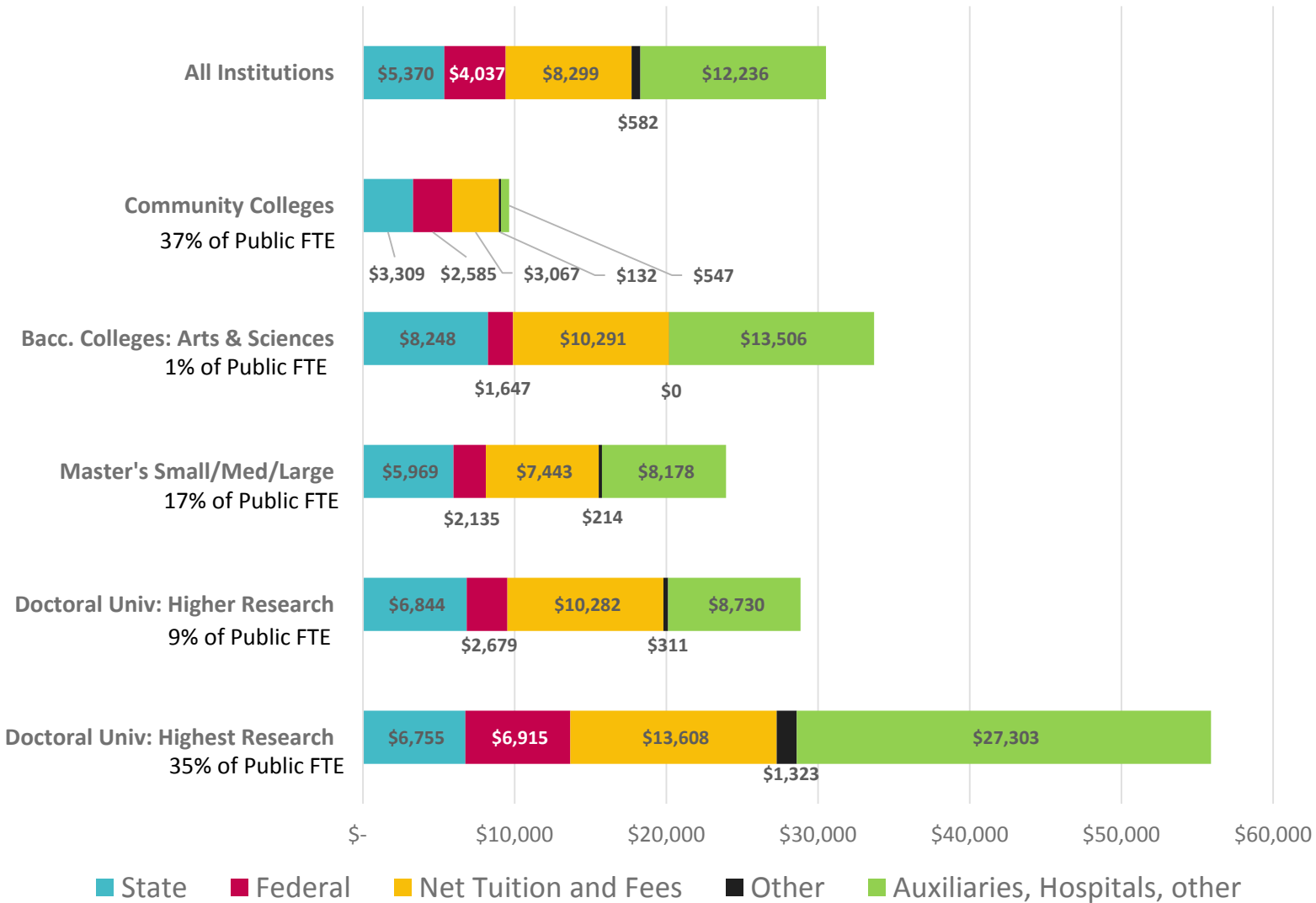
Key Points:

- Total educational revenue per FTE student has increased in recent years.
- Tuition revenue has filled the hole left by decreasing educational appropriations.



Source: FY 2016 SHEF Report

Virginia Public Institutions by Carnegie Classification Total Revenues per FTE, 2014-15



Key Points:

- Total revenue per FTE student differs greatly among Virginia public institutions.
- The sources of revenue also differ greatly among institutions.

*Institutions in each category can be found on slides 43-45

Source: IPEDS

Virginia Public Institutions Revenues by Category 2014-15

Carnegie Classification	State	Federal	Tuition and Fees	Private	Local	Auxiliaries, Hospitals, Other
Doctoral Univ: Highest Research Activity	12%	12%	24%	2%	0%	49%
Doctoral Univ: Higher Research Activity	24%	9%	36%	1%	0%	30%
Master's Colleges and Universities	25%	9%	31%	1%	0%	34%
Baccalaureate Colleges: Arts & Sciences Focus	24%	5%	31%	0%	0%	40%
Community Colleges	34%	27%	32%	1%	1%	6%

Source: IPEDS

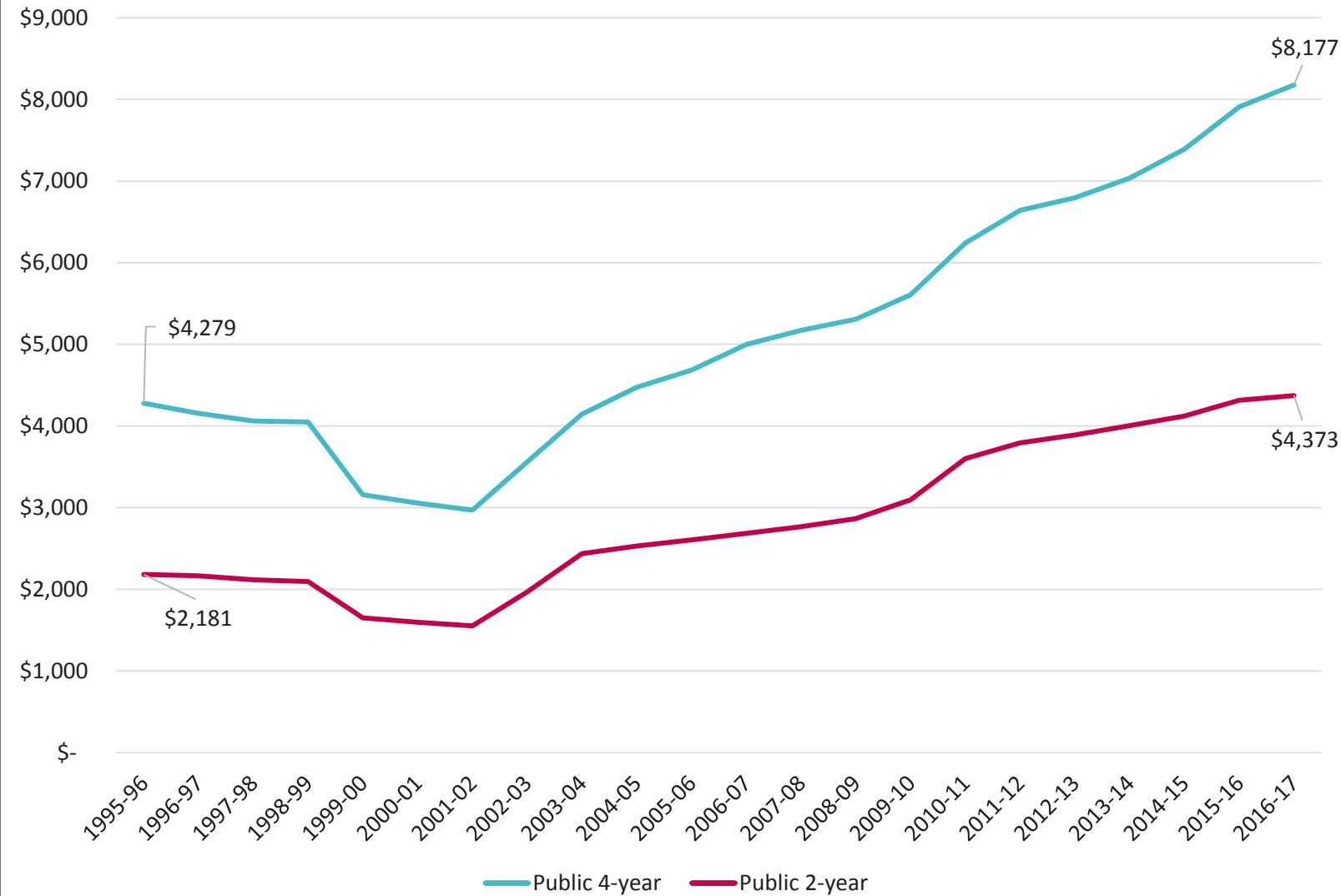
ALIGNING FINANCE TO GOALS
AND PRIORITIES:

TRENDS IN AFFORDABILITY

Virginia In-State Undergraduate Tuition and All Mandatory E&G Fees Constant 2016 Dollars

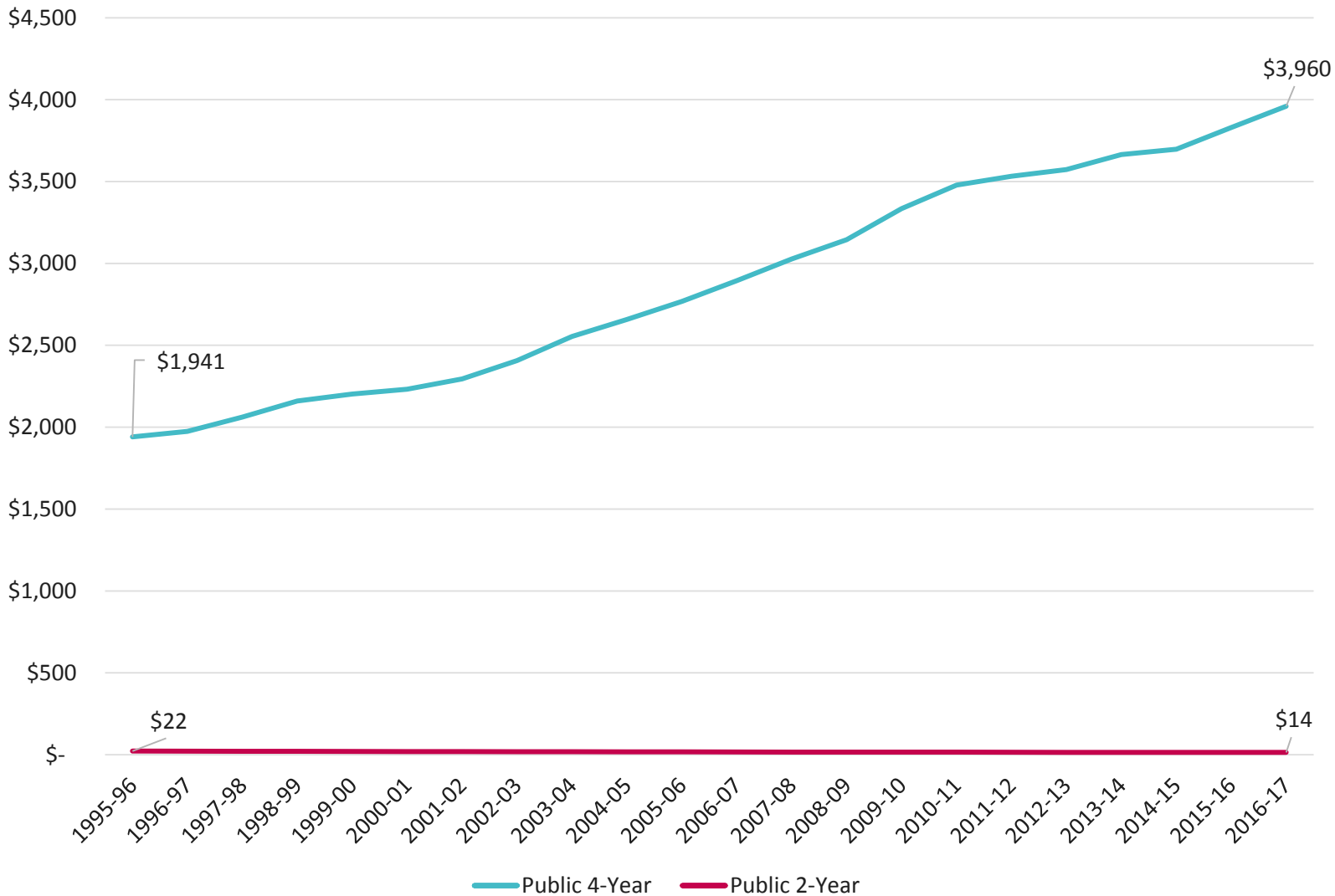
Key Points:

- University and community college E&G tuition and fees increased 91% and 100%, respectively.
- Virginia has the highest public university and community college tuition and fees in the SREB region.



Source: SCHEV

Virginia In-State Undergraduate Tuition and All Mandatory Non-E&G Fees Constant 2016 Dollars

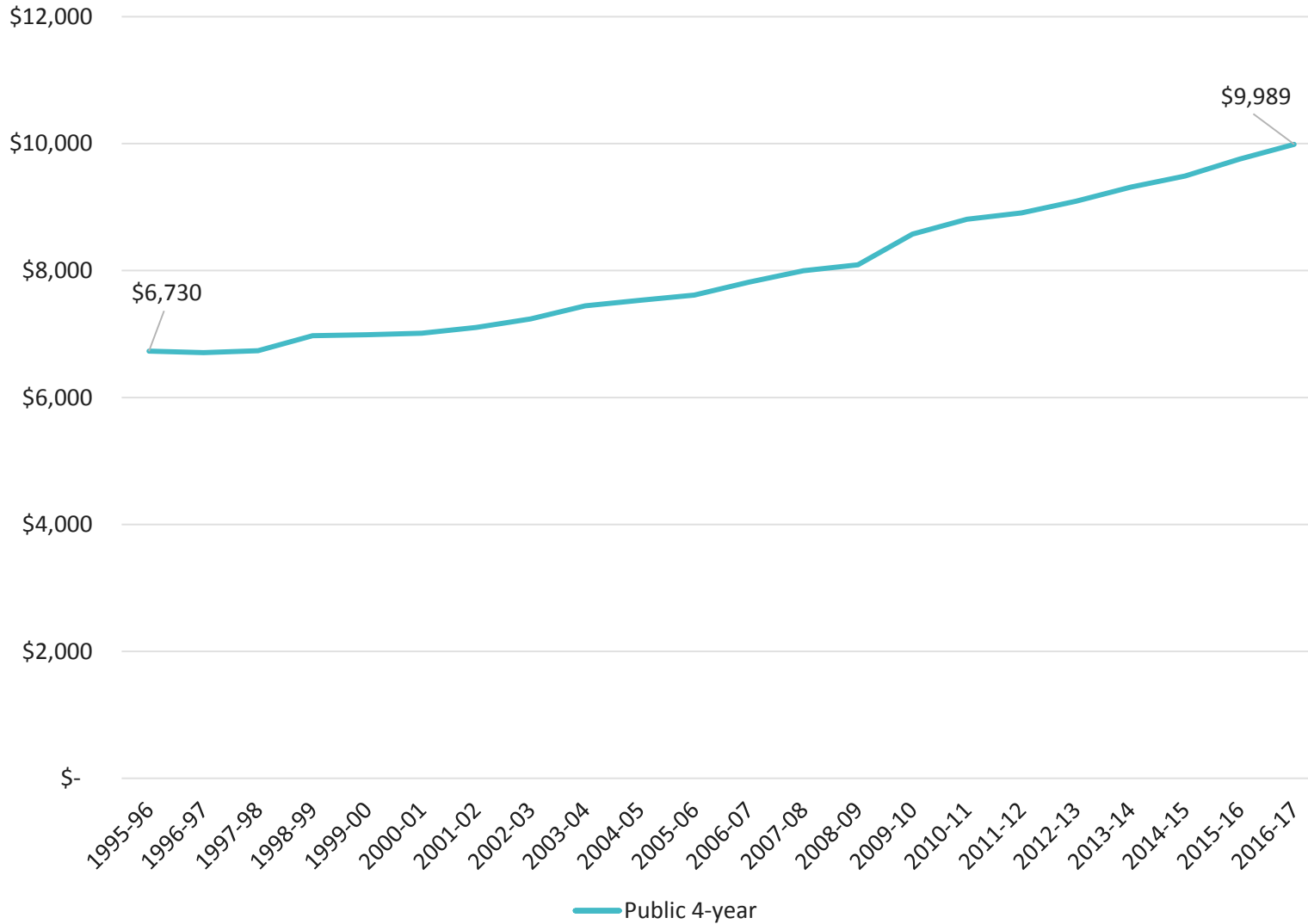


Key Points:

- University mandatory non-E&G fees have increased 104% since 1996, after adjusting for inflation.
- Community colleges saw a 37% (\$8) decrease over this same time period.

Source: SCHEV

Virginia Average Public University Room and Board Charges Constant 2016 Dollars



Key Points:

- Average room and board for public universities increased 48 percent from 1997, after adjusting for inflation.

Source: SCHEV

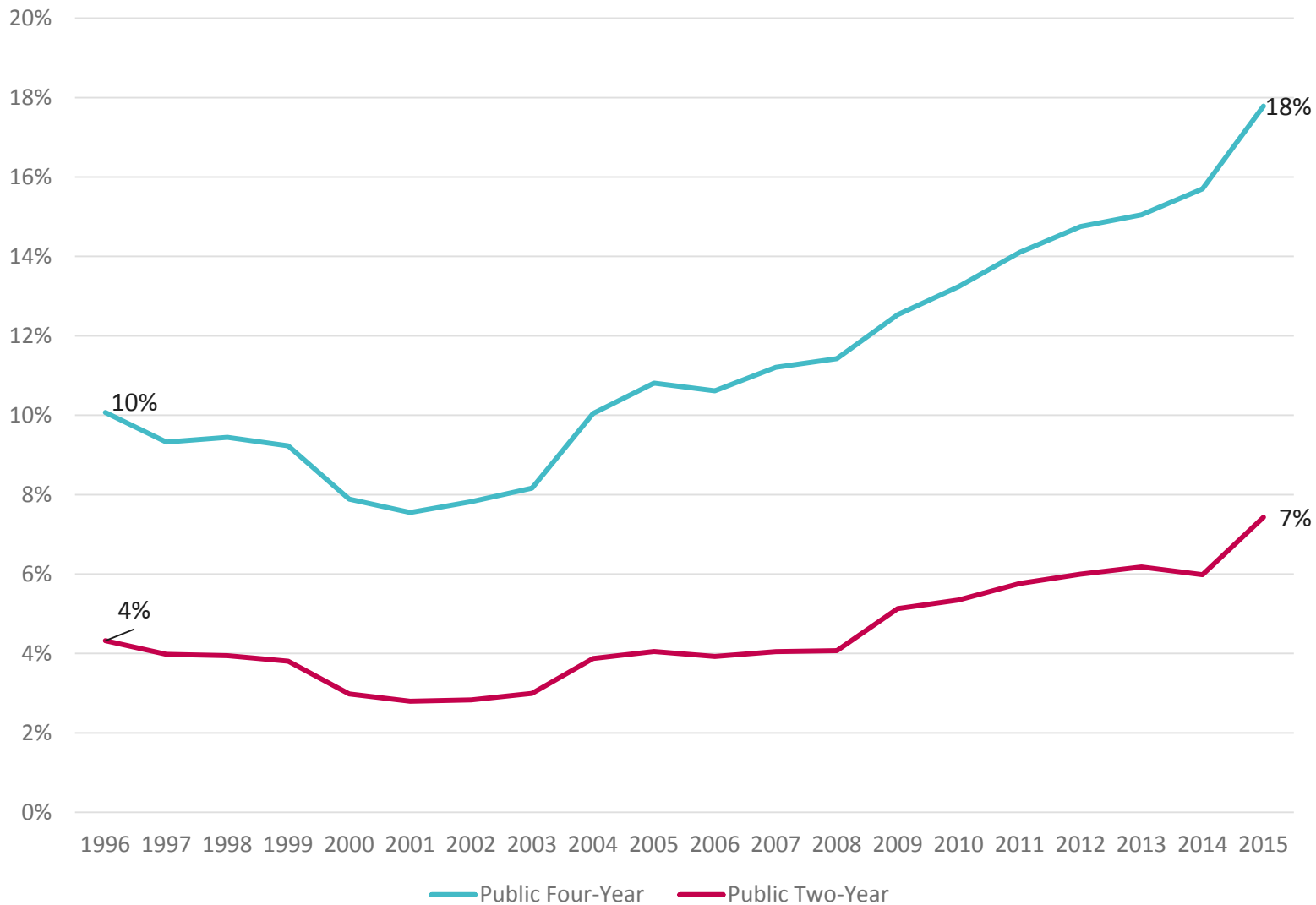
Cost To Attend College: Estimated Cost of Attendance in Virginia

Public Four Year, In-state Students, On Campus 2016-17

- Tuition and Educational Fees (E&G) \$8,177
- Non-educational fees (non E&G) \$3,960
- Room and Board \$9,989
- Books and Supplies \$1,354
- Other expenses (transportation, health care, study abroad) \$3,424
- **Cost of Attendance (student budget) \$26,904**

Source: Tuition, fees, room and board from SCHEV Tuition and Fees Report 2016-17. Other expenses from national averages provided by US Dept of Education, IPEDS 2016-17 costs of attendance

Virginia In-State Undergraduate Tuition and All Mandatory Fees as a Percentage of Virginia Median Household Income



Key Points:

- Mandatory tuition and fees for in-state Virginia undergraduates is consuming an increasingly greater portion of a family's income in both the two- and four-year sectors.

Source: SCHEV, US Census Bureau

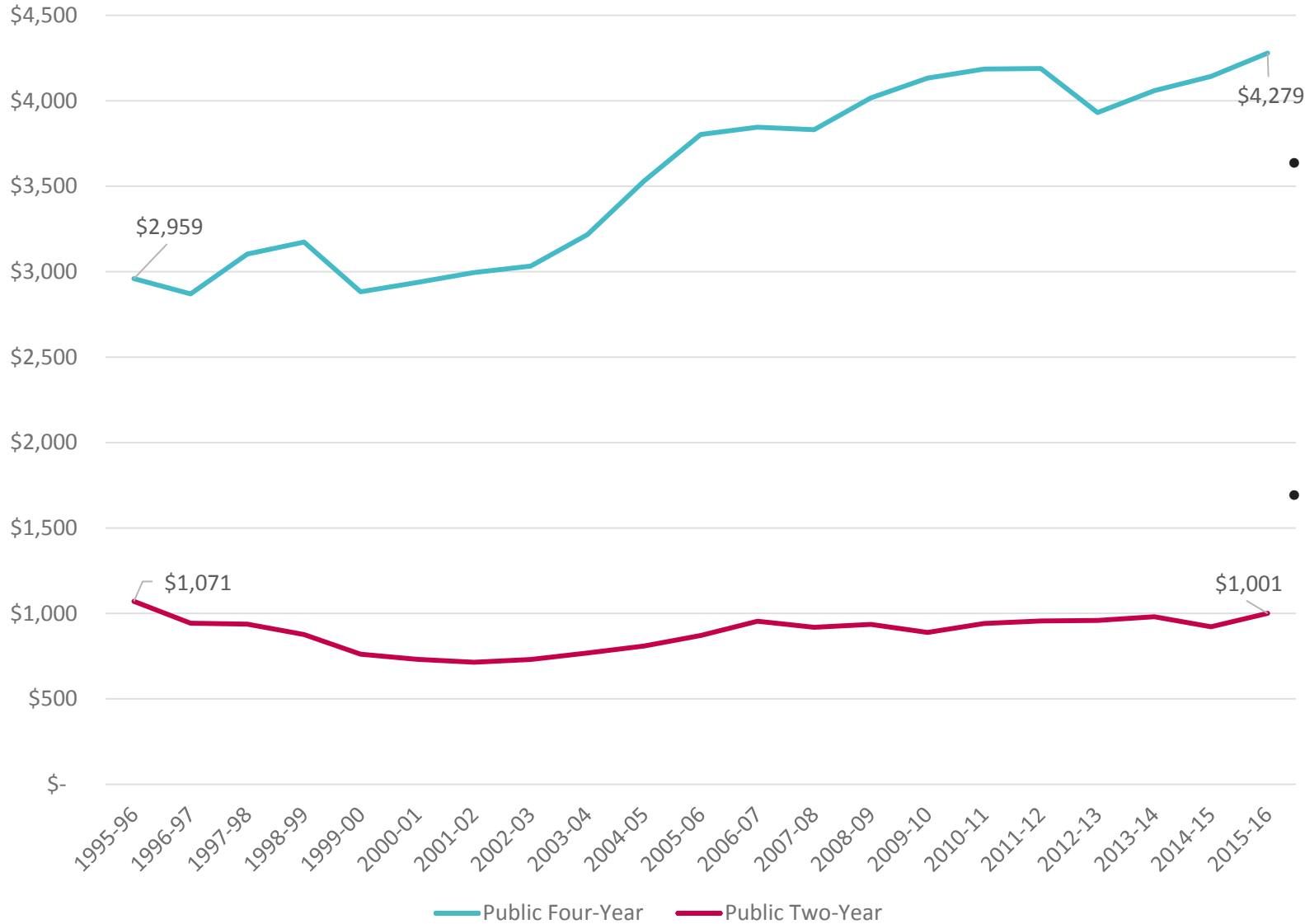
Virginia Financial Aid

- Federal aid is the majority of student aid in VA*
 - 63.3% Federal
 - 22.3% Institutional & Endowment
 - 9.0% Private and Local
 - 5.3% State
- Over 90% of state financial aid for the public sector is need-based

*Includes public universities, community colleges, and private universities

Source: SCHEV

Average Virginia State Financial Aid Award per Recipient, 2016 Dollars

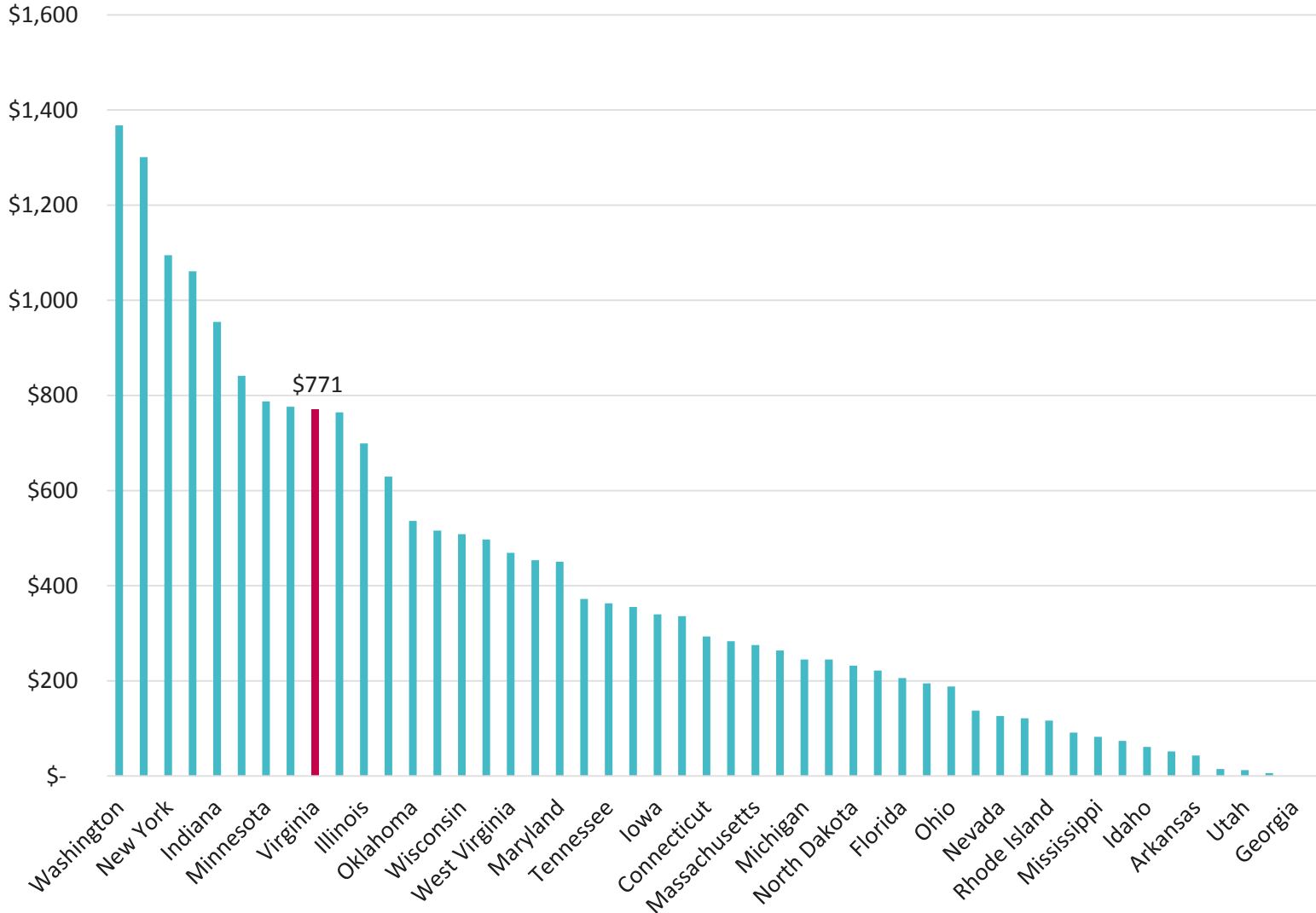


Key Points:

- The average state award at public four-year institutions has increased 44% since 1996.
- Average awards have remained relatively flat for students attending community colleges.

Source: SCHEV

Estimated Undergraduate Need-based Grant Dollars per Undergraduate FTE Student, 2014-15

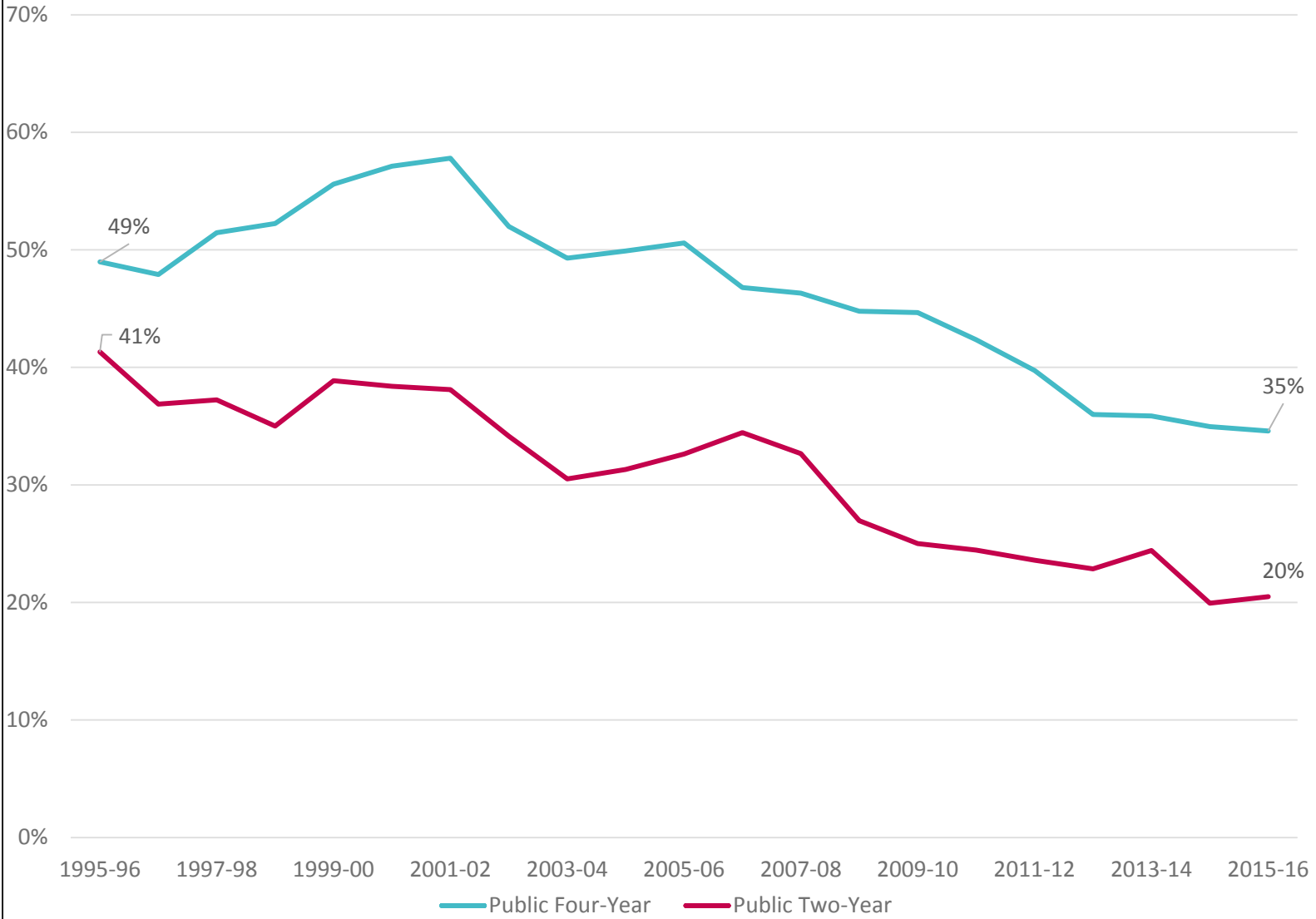


Key Points:

- Virginia ranked 9th in the nation in need-based aid per undergraduate student in 2014-15.

Source: NASSGAP

Percent of Average Undergraduate Tuition and Fees Covered by Average Undergraduate Total State Financial Aid Award

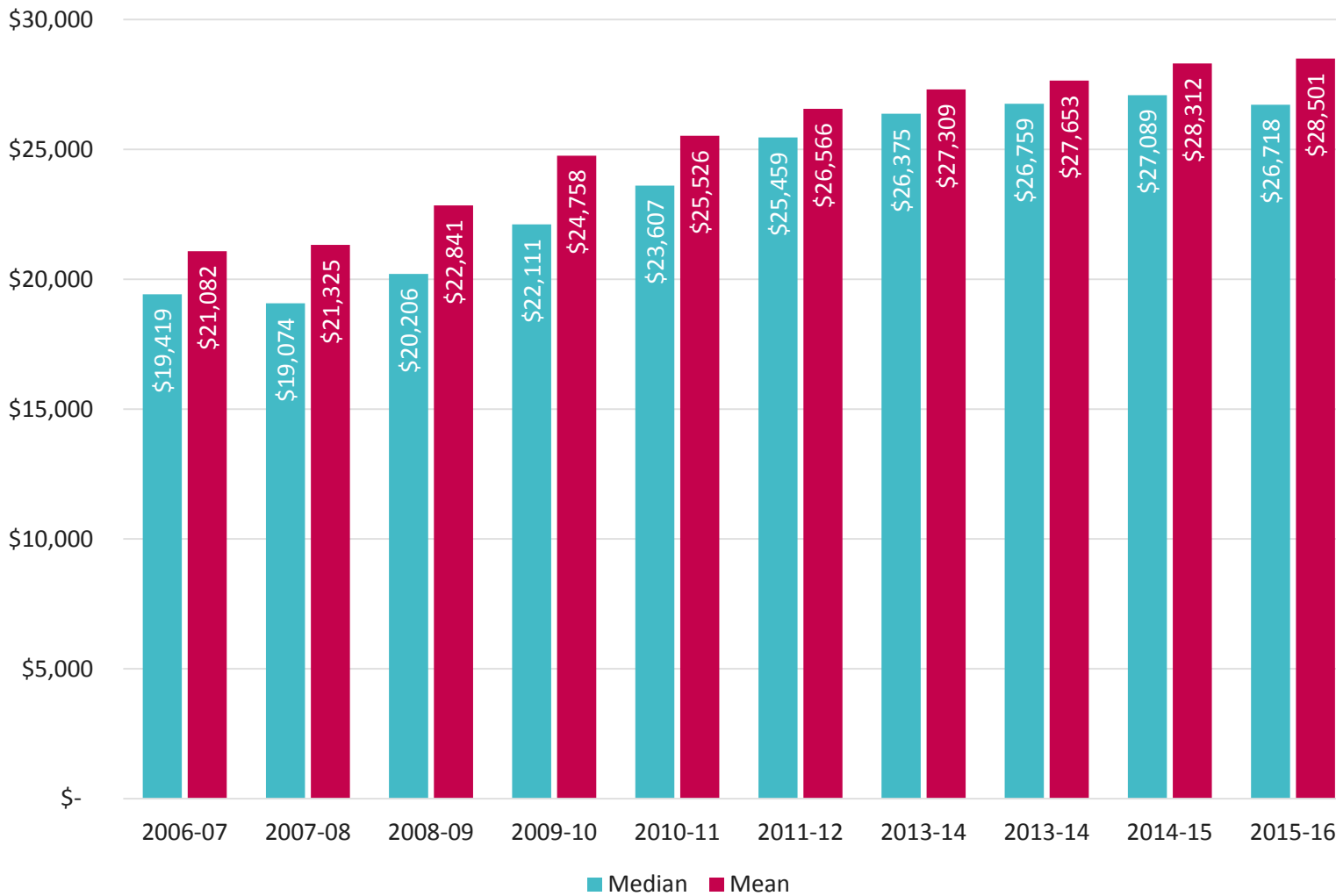


Key Points:

- State aid has not kept up with increases in tuition.
- The average state award now covers much less of total tuition and fees in both sectors.

Source: SCHEV

Known Debt at Graduation of Student Borrowers Virginia Public Four-year Universities, Bachelor's Degree Recipients Constant 2016 Dollars



Key Points:

- Virginia student debt continues to increase.
- Total borrowing for undergraduate students at public and private Virginia institutions was over \$1 billion in 2015-16.

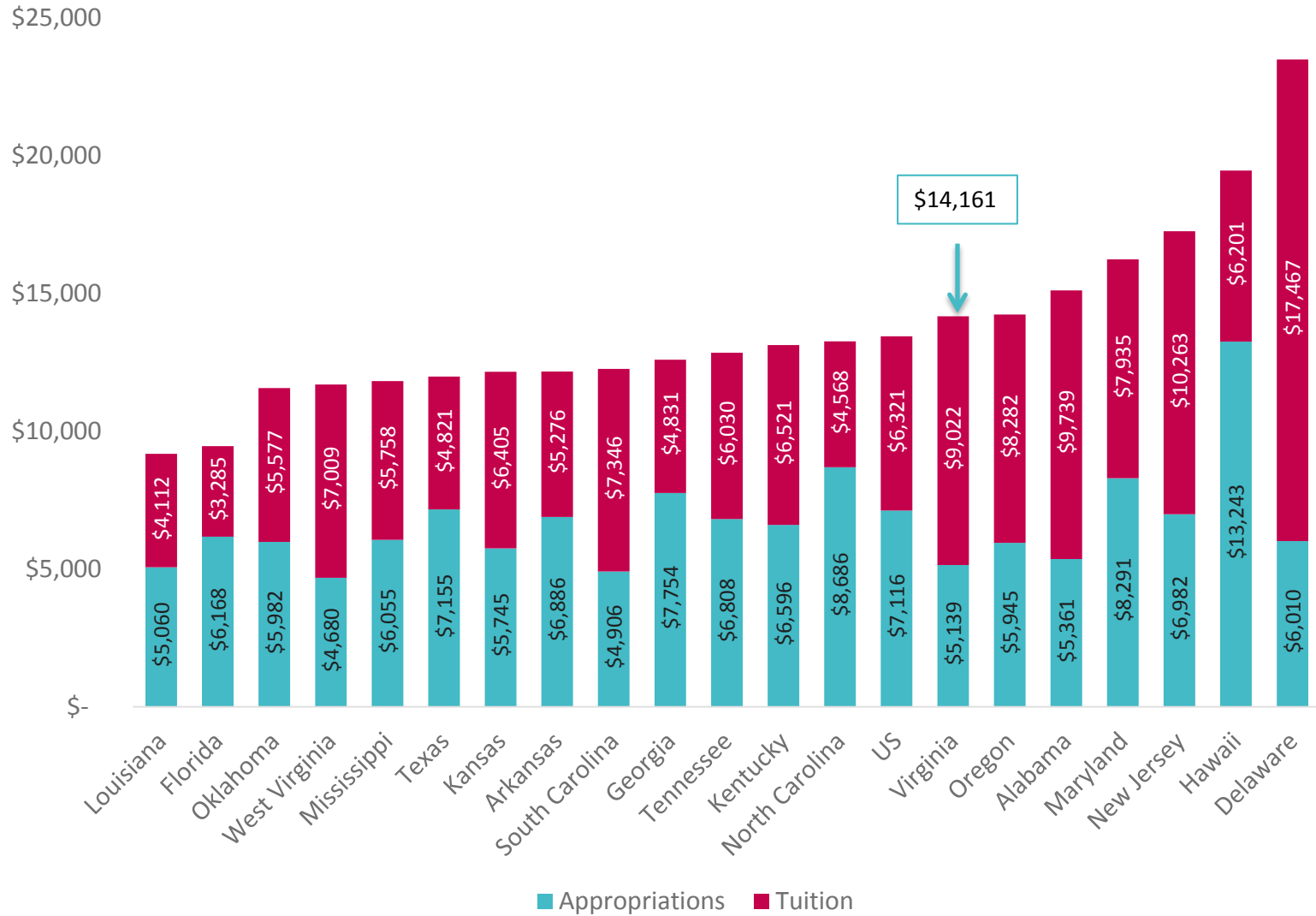
Source: SCHEV

ALIGNING FINANCE TO GOALS
AND PRIORITIES:
UNDERSTANDING COSTS

How much does postsecondary education cost?

- Reasonable and answerable question
- Answer will depend on purpose
 - Cost to the student?
 - Cost to the institution?
 - Cost to the state?
 - Total cost (student and institution)?
 - Incremental cost? (Cost to add or subtract X)
 - Cost of enrollment or cost of a credential?

Net Tuition and Appropriations Revenue per FTE Student FY 2016



Key Points:

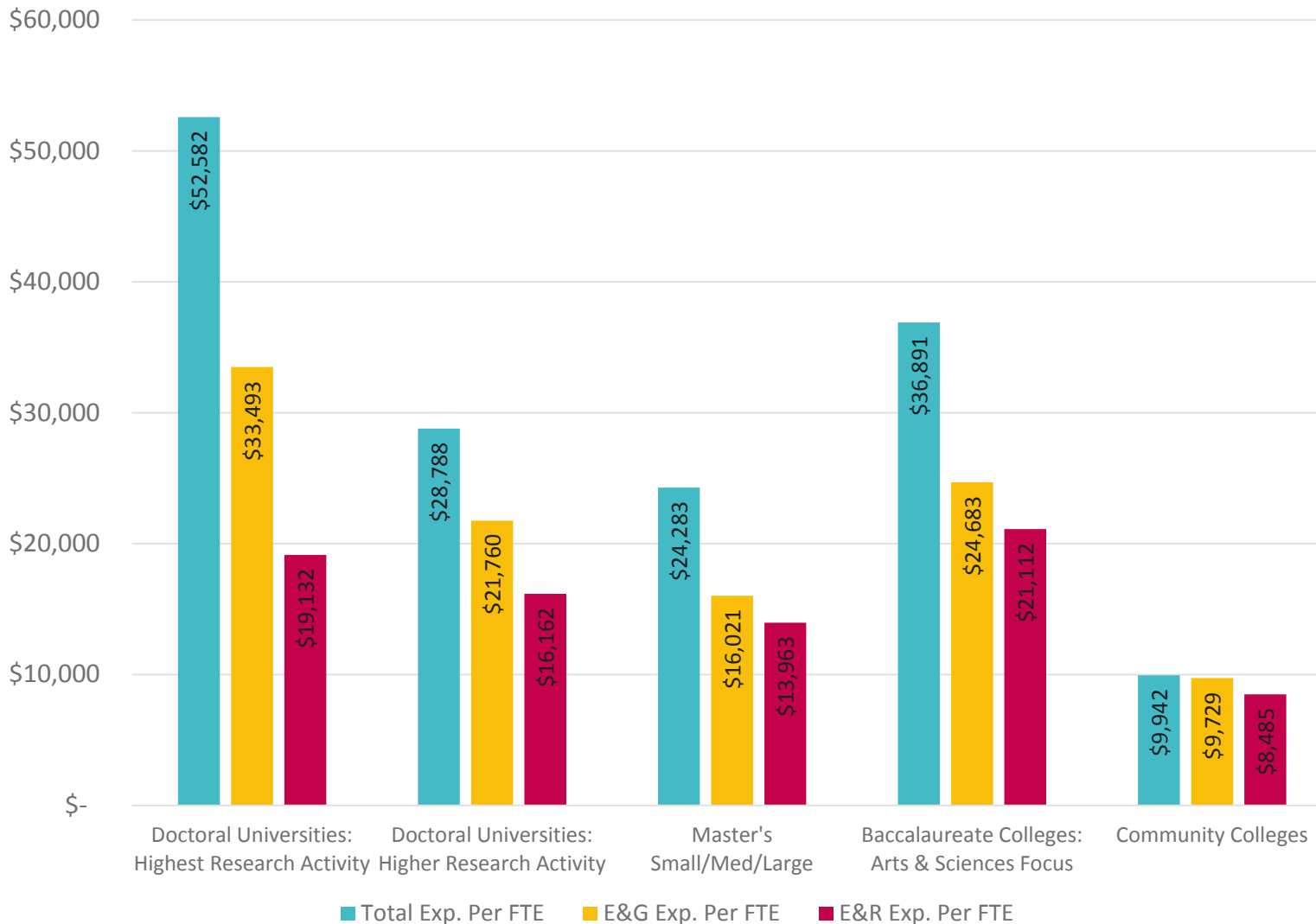
- Most comparison states have similar average tuition + appropriations per FTE.
- Virginia's reliance on tuition is greater than most of the comparison states.

Source: FY 2016 SHEF Report

Expenditures

- Total Expenditures
 - Expenses for instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, scholarships and fellowships, auxiliary enterprises, hospital services, independent operations, and other expenses.
- Education and Related Expenditures
 - Expenses for instruction, student services, and the instructional share of academic support, operations and maintenance, and institutional support.
- Education and General Expenditures
 - Expenses for education and related expenses plus organized research and public service.

Virginia Public Institutions by Carnegie Classification 2014-15 Expenditures per FTE Student

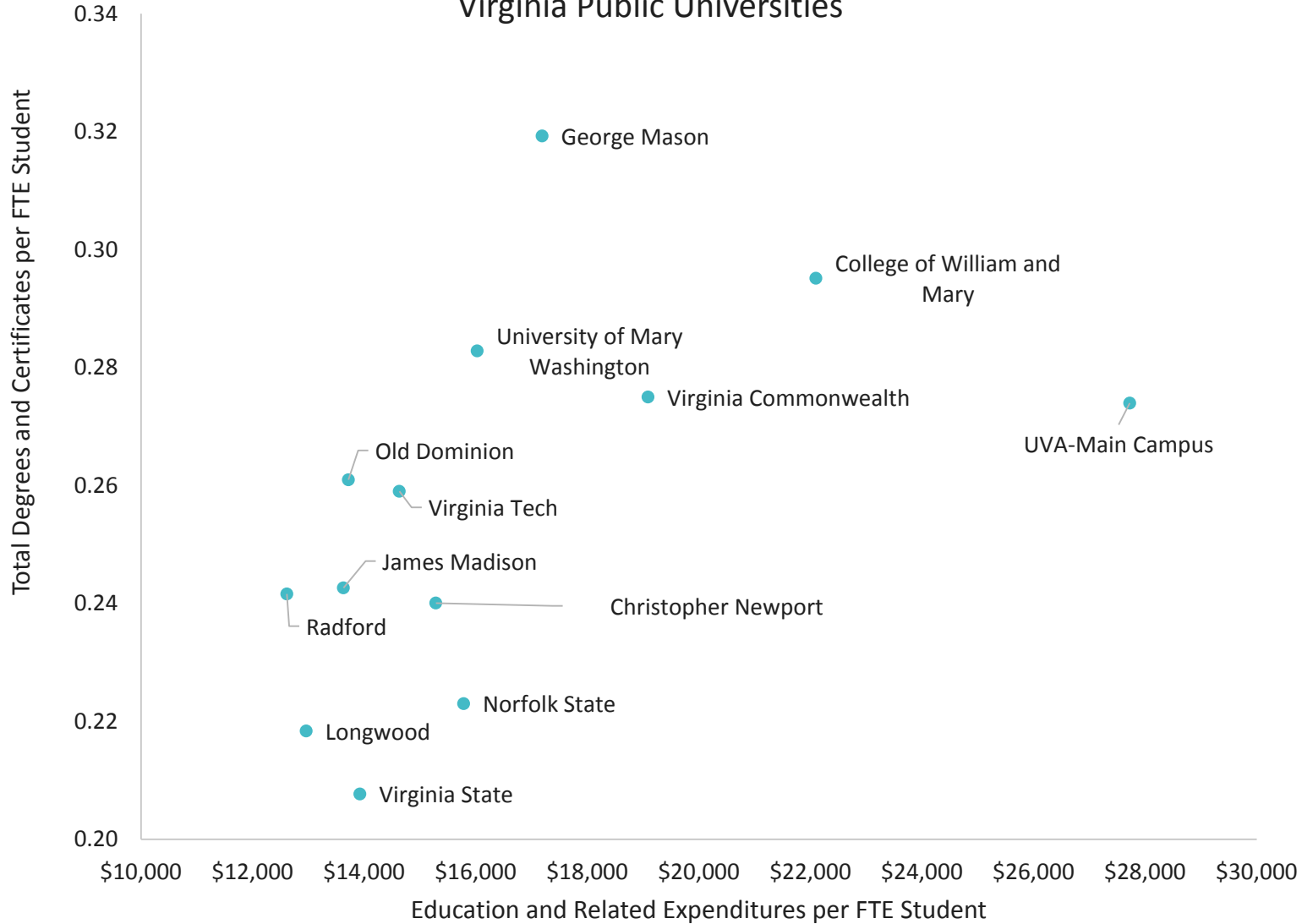


Key Points:

- Expenditures per student differ greatly by institution type.
- There are different ways of looking at expenditures. Each way has its own purpose.

Source: IPEDS

Degree and Certificate Output vs. Education and Related Expenditures Virginia Public Universities

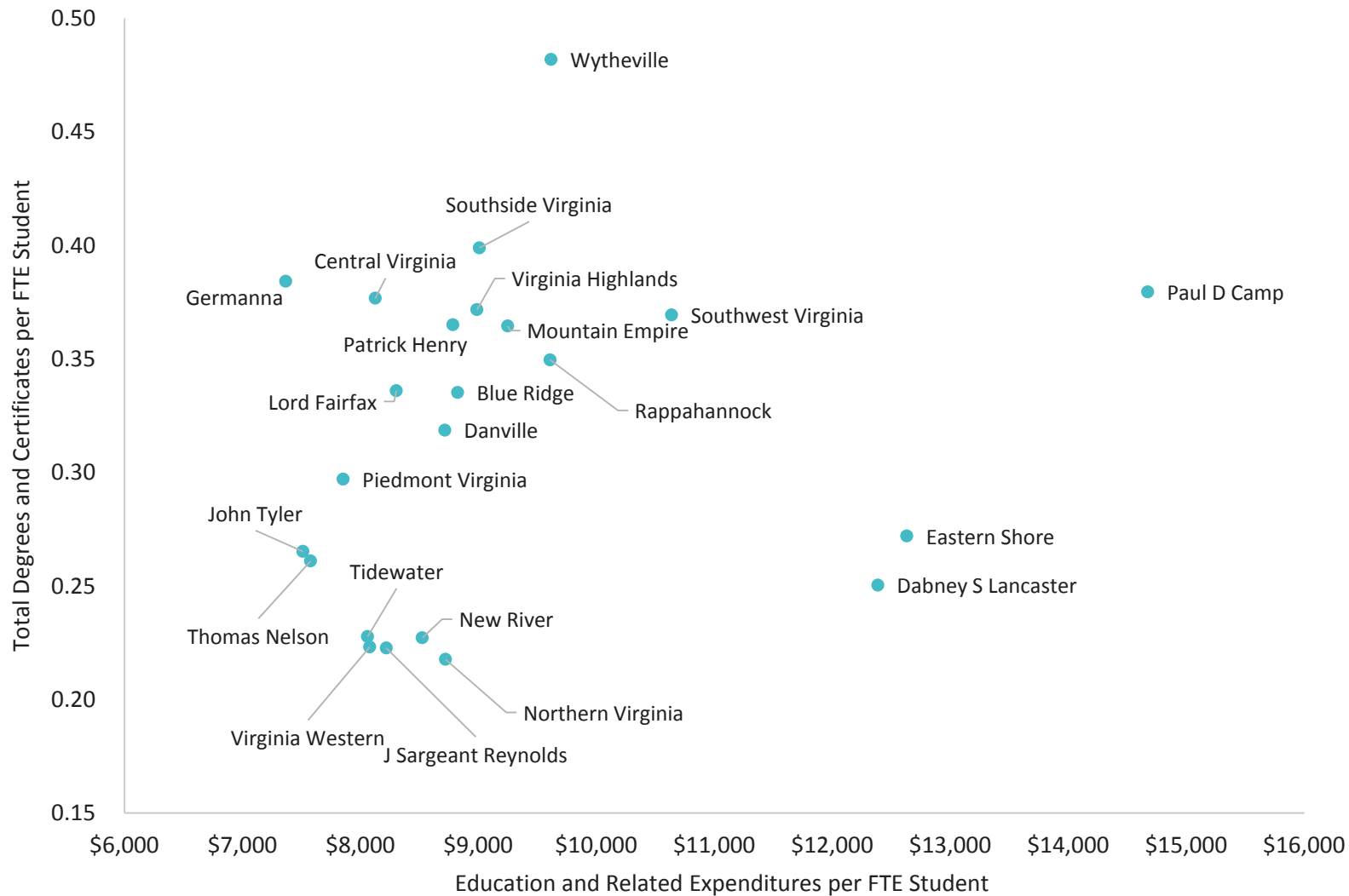


Key Points:

- Variation in spending per FTE and degree and certificate production per FTE student exists among the universities.

Source: IPEDS

Degree and Certificate Output vs. Education and Related Expenditures Virginia Community Colleges



Key Points:

- Variation in spending per FTE and degree and certificate production per FTE student exists among the community colleges.

Source: IPEDS

Cross-Subsidies

- Many institutions charge different prices for different programs.
- Some (mostly private) institutions have same sticker price, but offer different financial aid.
- Also common are “cross subsidies”:
 - State appropriations or endowment income subsidize high-cost students more than low-cost students; or
 - Tuition and fees from students whose education costs less pays for education of students whose education costs more.

Student costs beyond tuition and fees

- \$10-15,000 per FTE student in addition to tuition and mandatory fees
- Most not paid to the institution
- Books, supplies, transportation
- Cost of living or opportunity cost
 - Time spent on courses is time students cannot spend working
 - Example: 30 weeks x 40 hours x \$10/hr = \$12,000
- Non-tuition cost often larger barrier than tuition and fees

Cost of Enrollment or Degrees?

- Tuition or enrollment-based funding supports:
 - Access and retention
 - Instruction/course enrollments
- But not:
 - Completion, transfer
 - Advising, support services
- Least expensive institutions often have low completion rates
- Time-to-degree is at least as important as annual cost

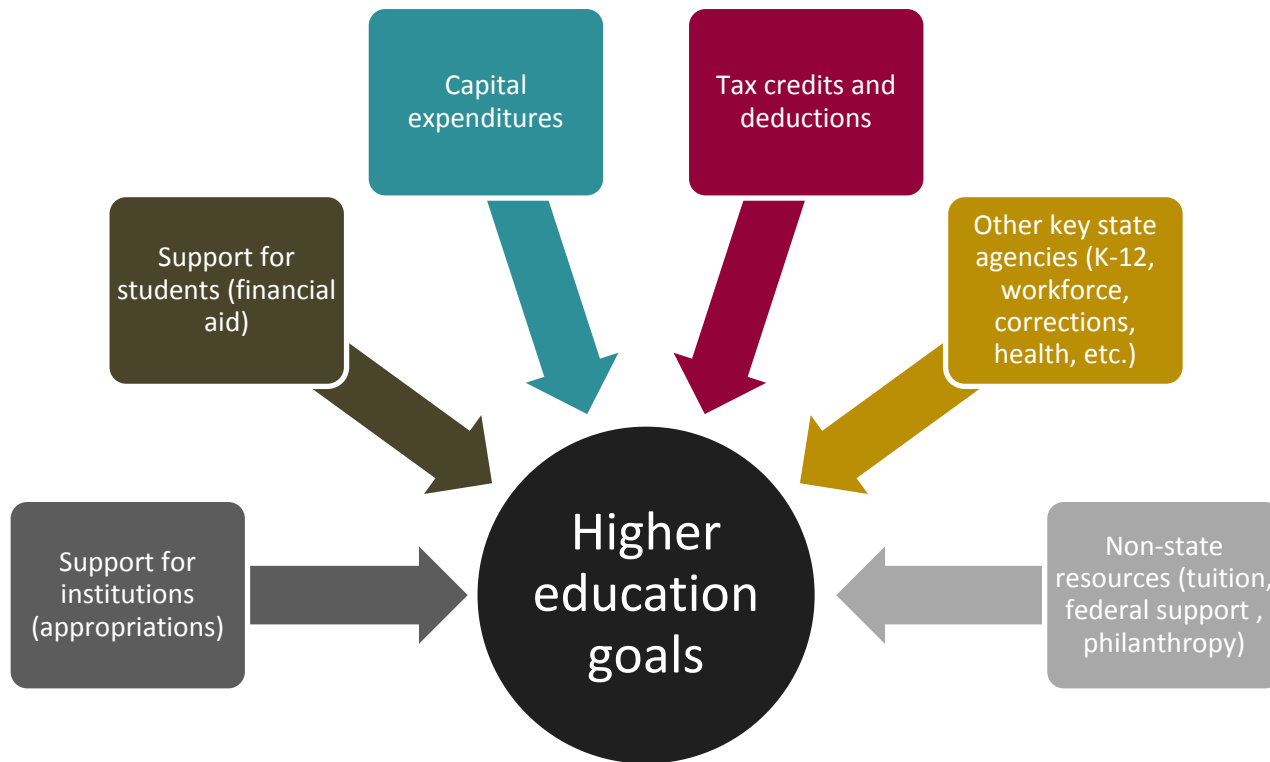
Additional total cost considerations

- Students / parents often do not see the subsidies built into in-state tuition rates and believe tuition and fees cover full institutional costs.
- State policymakers sometimes leave out students' non-tuition costs and underestimate the full cost of education.

ALIGNING FINANCE TO GOALS
AND PRIORITIES:
LEVERAGING RESOURCES TO
DRIVE OUTCOMES

Mapping State Financial Investments and Resources

- What is the scope of resources the state can leverage to advance credential completion and affect policy priorities and goals?
- What is the high-level historical orientation of these funding policies? (e.g., Sources of funds? Policy intent? Restrictions on use?)



Recommendations/Promising Practices

- Develop a **statewide strategic finance plan** for postsecondary education
 - Engage broad set of stakeholders
 - Scope resources that affect postsecondary outcomes
 - Articulate each agencies role in advancing state toward postsecondary goal and workforce needs
- Conduct a broader assessment of **affordability** that:
 - Considers costs to students beyond tuition and fees
 - Sets a clear commitment to make college more affordable
 - Communicates a shared responsibility (state, institutions and students)
- Direct resources to be **student-centered** and **outcomes-based** in ways that prioritize support to underserved student populations and provide the financial incentives for institutions to adopt meaningful reforms.
- Provide **meaningful pathways** for students that effectively **lower prices** by: removing barriers of access, facilitating timely completion, recognizing various forms of learning, supporting credentials with work-place value.

STRATEGY LABS

State Policy to Increase Higher Education Attainment

StrategyLabs.LuminaFoundation.org



Carnegie Classifications

- **Doctoral Universities: Highest Research Activity**
 - George Mason University
 - University of Virginia-Main Campus
 - Virginia Commonwealth University
 - Virginia Polytechnic Institute and State University

- **Doctoral Universities: Higher Research Activity**
 - College of William and Mary
 - Old Dominion University

Carnegie Classifications

- Master's Colleges & Universities: Larger Programs
 - James Madison University
 - Radford University
 - University of Mary Washington
- Master's Colleges & Universities: Medium Programs
 - Longwood University
 - Norfolk State University
 - Virginia State University

Carnegie Classifications

- Master's Colleges & Universities: Small Programs
 - Christopher Newport University
- Baccalaureate Colleges: Arts & Sciences Focus
 - The University of Virginia's College at Wise
 - Virginia Military Institute

Glossary-Expenditures

- Total Expenditures
 - Expenses for instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, scholarships and fellowships, auxiliary enterprises, hospital services, independent operations, and other expenses.
- Education and Related Expenditures
 - Expenses for instruction, student services, and the instructional share of academic support, operations and maintenance, and institutional support.
- Education and General Expenditures
 - Expenses for education and related expenses plus organized research and public service.

Glossary-Expenses

- **Instruction**
 - Sum of all operating expenses associated with the colleges, schools, departments, and other instructional divisions of the institution and for departmental research and public service that are not separately budgeted.
- **Research**
 - sum of all operating expenses associated with activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution.
- **Public Service**
 - sum of all operating expenses associated with activities established primarily to provide noninstructional services beneficial to individuals and groups external to the institution.
- **Academic Support**
 - sum of all operating expenses associated with activities and services that support the institution's primary missions of instruction, research, and public service.

Glossary-Expenses

- **Student Services**
 - sum of all operating expenses associated with admissions, registrar activities, and activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program.
- **Institutional Support**
 - sum of all operating expenses associated with the day-to-day operational support of the institution. Includes expenses for general administrative services, central executive-level activities concerned with management and long range planning, legal and fiscal operations, space management, employee personnel and records, logistical services such as purchasing and printing, and public relations and development.
- **Scholarships and Fellowships**
 - sum of all operating expenses associated with scholarships and fellowships treated as expenses because the institution incurs an incremental expense in the provision of a good or service.
- **Auxiliary Enterprises**
 - sum of all operating expenses associated with essentially self-supporting operations of the institution that exist to furnish a service to students, faculty, or staff, and that charge a fee that is directly related to, although not necessarily equal to, the cost of the service.

Glossary-Expenses

- Hospital Services
 - sum of all operating expenses associated with a hospital operated by the postsecondary institution (but not as a component unit) and reported as a part of the institution.
- Independent Operations
 - Expenses associated with operations that are independent of or unrelated to the primary missions of the institution (i.e., instruction, research, public service) although they may contribute indirectly to the enhancement of these programs. This category is generally limited to expenses of a major federally funded research and development center. Also included are information technology expenses, actual or allocated costs for operation and maintenance of plant, and depreciation related to the independent operations.
- Other Expenses and Deductions
 - sum of all operating expenses associated with functions other than those listed previously, i.e., instruction, research, public service, academic support, student services, institutional support, operations and maintenance of plant, depreciation, scholarships and fellowships, auxiliary enterprises, hospitals, and independent operations.

Glossary-SHEF

- Educational Appropriations
 - state and local support available for public higher education operating expenses. They are defined to exclude spending for research, agriculture-related programs, and medical education, as well as support for independent institutions or students attending them.
- Net Tuition
 - gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees.
- Total Educational Revenue
 - sum of educational appropriations and net tuition revenue excluding any tuition revenue used for capital and debt service.

Virginia Attainment Rates by County and Independent City

Sussex	12.1%	Scott	22.6%	Wythe	26.7%	Pulaski	30.4%
Greensville	14.0%	Grayson	22.7%	Tazewell	26.7%	Campbell	30.5%
Covington City	17.0%	Russell	23.2%	Carroll	26.8%	Portsmouth City	30.6%
Buckingham	17.1%	Nottoway	23.3%	Mecklenburg	26.9%	Orange	30.6%
Buchanan	18.7%	Highland	23.3%	Halifax	26.9%	Franklin	30.7%
Page	18.9%	Bland	23.5%	Alleghany	27.1%	Prince Edward	31.6%
Essex	19.6%	Southampton	23.6%	Louisa	27.3%	Madison	31.6%
Charles City County	19.6%	Dinwiddie	24.0%	King William	27.4%	Surry	31.7%
Lunenburg	19.9%	Charlotte	24.4%	Caroline	27.5%	Prince George	31.8%
Lee	20.0%	Patrick	25.0%	Emporia City	28.4%	Rockingham	32.0%
Hopewell City	20.1%	Buena Vista City	25.0%	Appomattox	28.4%	Danville City	32.1%
Galax City	20.2%	Craig	25.2%	Bath	28.8%	Greene	32.3%
Richmond	20.6%	Waynesboro City	25.3%	Northhampton	29.1%	Colonial Heights City	32.4%
Dickenson	20.7%	Accomack	25.4%	Martinsville City	29.4%	Lancaster	32.5%
Petersburg City	21.5%	Westmoreland	25.6%	Amherst	29.4%	Middlesex	32.9%
Cumberland	21.9%	Smyth	26.0%	Floyd	29.9%	Roanoke City	33.1%
Amelia	22.4%	Henry	26.2%	Culpepper	30.0%	Bristol City	33.3%
King and Queen	22.5%	Giles	26.2%	Northumberland	30.1%	Rockbridge	33.5%
Brunswick	22.5%	Shenandoah	26.4%	Augusta	30.1%	Nelson	34.3%
Wise	22.6%	Pittsylvania	26.6%	Warren	30.3%	Hampton City	34.8%

Source: Lumina Foundation

Virginia Attainment Rates by County and Independent City

Franklin City	34.8%	Staunton City	41.1%	Radford City	52.8%
Newport News City	35.1%	Rappahannock	41.5%	Charlottesville City	55.9%
Norfolk City	35.2%	Salem City	41.8%	York	56.0%
New Kent	35.3%	Chesapeake City	41.8%	Montgomery	56.9%
Gloucester	35.3%	Fauquier	42.1%	Williamsburg City	57.0%
Manassas Park City	36.1%	Fredericksburg City	42.4%	Lexington City	59.9%
Washington	36.3%	Clarke	42.8%	Albemarle	61.1%
Matthews	36.7%	Lynchburg City	43.0%	Fairfax City	63.5%
Norton City	37.0%	Richmond City	43.2%	Loudon	66.6%
Manassas City	37.0%	Harrisonburg City	43.6%	Fairfax	66.7%
Winchester City	37.4%	Virginia Beach City	45.6%	Alexandria City	67.0%
Powhatan	37.4%	Goochland	45.8%	Arlington	78.7%
Isle of Wight	37.6%	Stafford	46.4%	Falls Church City	84.5%
Sffolk City	37.9%	Chesterfield	47.0%		
Spotsylvania	38.1%	Prince William	47.5%		
Bedford	38.3%	Hanover	48.4%		
Fluvanna	38.7%	Poquoson City	49.3%		
Botetourt	38.8%	Roanoke	49.4%		
Frederick	40.2%	Henrico	50.2%		
King George	41.0%	James City County	52.1%		

Source: Lumina Foundation