



VIRGINIA HOUSE  
APPROPRIATIONS  
COMMITTEE

CHAIRMAN LUKE E. TORIAN

January 14, 2025

# HIGHER EDUCATION 101

# 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

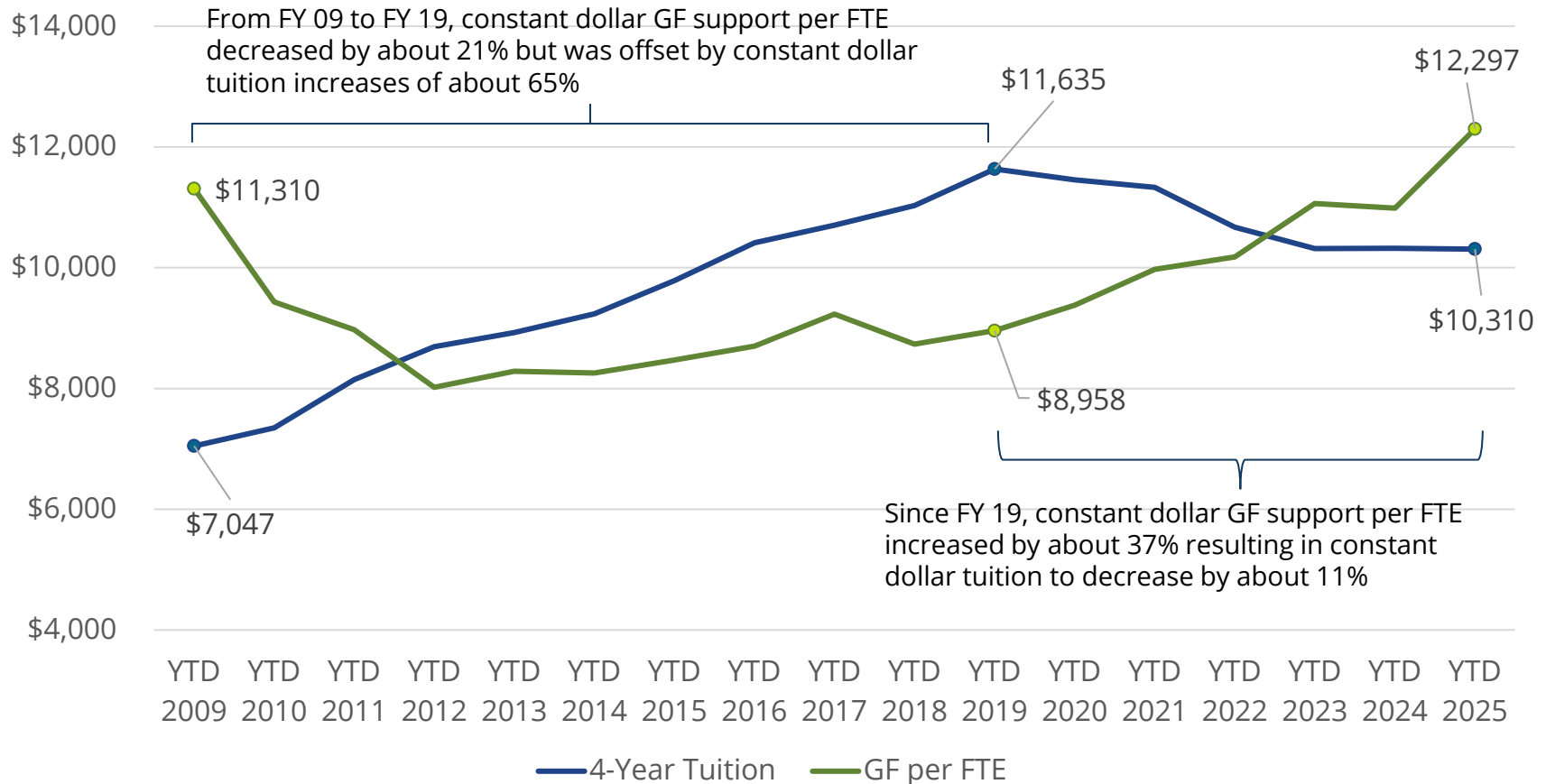
# EDUCATIONAL AND GENERAL PROGRAMS

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

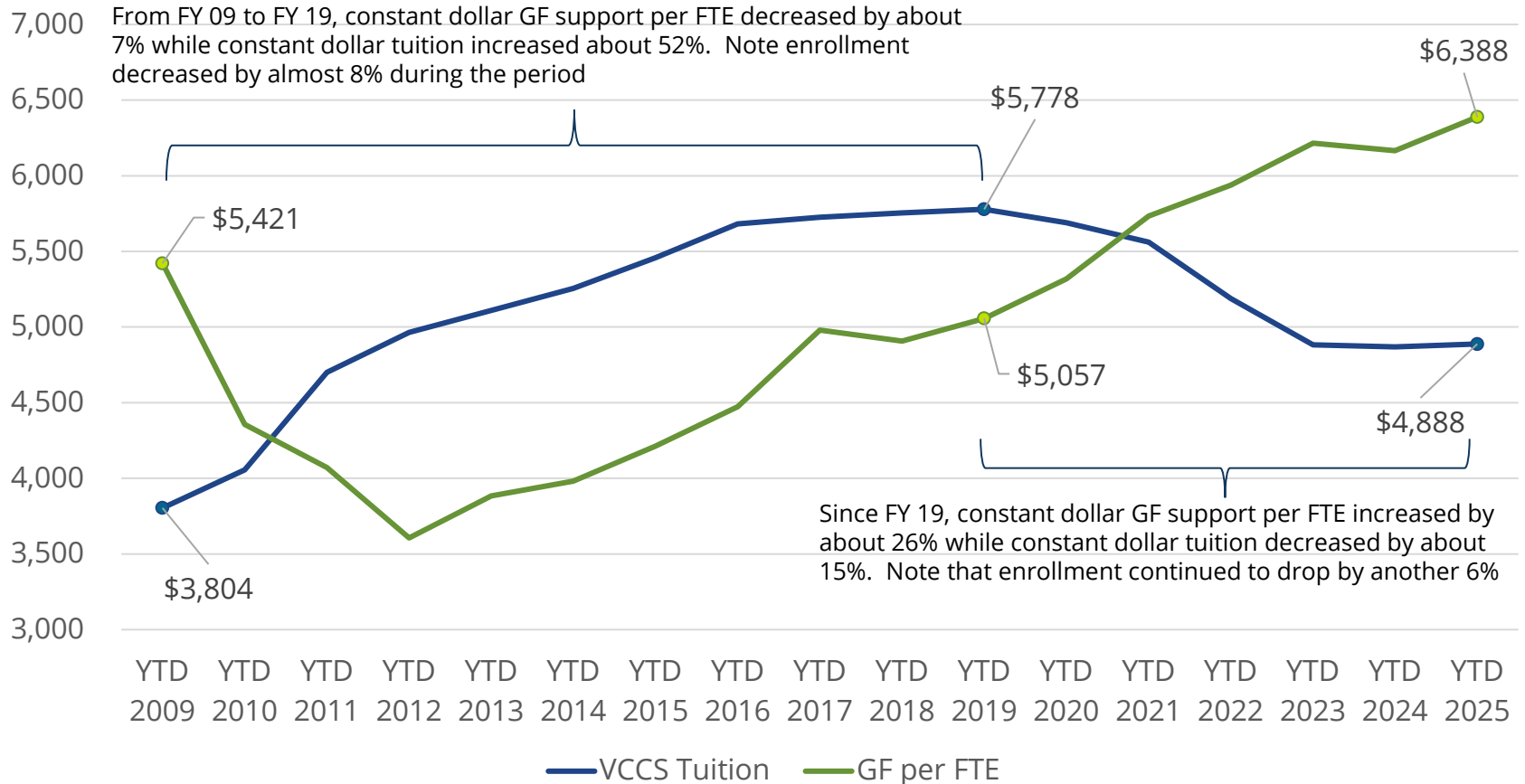
# EDUCATIONAL AND GENERAL PROGRAMS

- 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

# GENERAL FUND SUPPORT MODERATES TUITION GROWTH (CONSTANT FY 25 DOLLARS)



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# SIX-YEAR PLANS

# BACKGROUND

- HAC Staff proposed creation of the 6-year Plan process at the 2010 annual HAC Retreat
- The Top Jobs legislation in the 2011 Session incorporated the 6-Year Plan process in § [23.1-306](#), Institutional six-year plans
- 2023 process was augmented with input from Boston Consulting Group
  - More extensive use of data with a focus on:
    - Enrollment
    - Student & Labor Market Needs
    - Financial Effectiveness & Sustainability
- Individual institution plans can be found on the SCHEV website <https://www.schev.edu/institutions/planning-performance/six-year-plans>
- Fact packs are available at <https://collegeoutcomes.schev.edu>



# FINANCIAL AID

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- There are two major forms of financial aid:
  - Grants
  - Loans
- Grants
  - Pell
  - State (Virginia Guaranteed Assistance Program & Virginia Commonwealth Award)
  - Institutions also provide grant aid through use of tuition &, in some cases, endowment income
- Loans
  - Federal programs (Stafford, PLUS)
  - Private loans
- In order to qualify for financial aid a student must file a Free Application For Federal Student Aid (FAFSA)
  - FAFSA process has been revised by the federal government (FAFSA Simplification Act)

# H.R. 1 - FINANCIAL AID IMPACTS

## Pell Eligibility

- Excludes students with a Student Aid Index greater than or equal to twice the maximum Pell Grant award from program participation (about \$14,000)
- Expands eligibility for workforce programs
- SAI Pell exclusion impacts families with adjusted gross income of about \$95,000 (1 dependent) to \$125,000 (4 dependents). Under previous EFC methodology, Pell Grant awards dropped off significantly after family income of \$70,000 to \$80,000

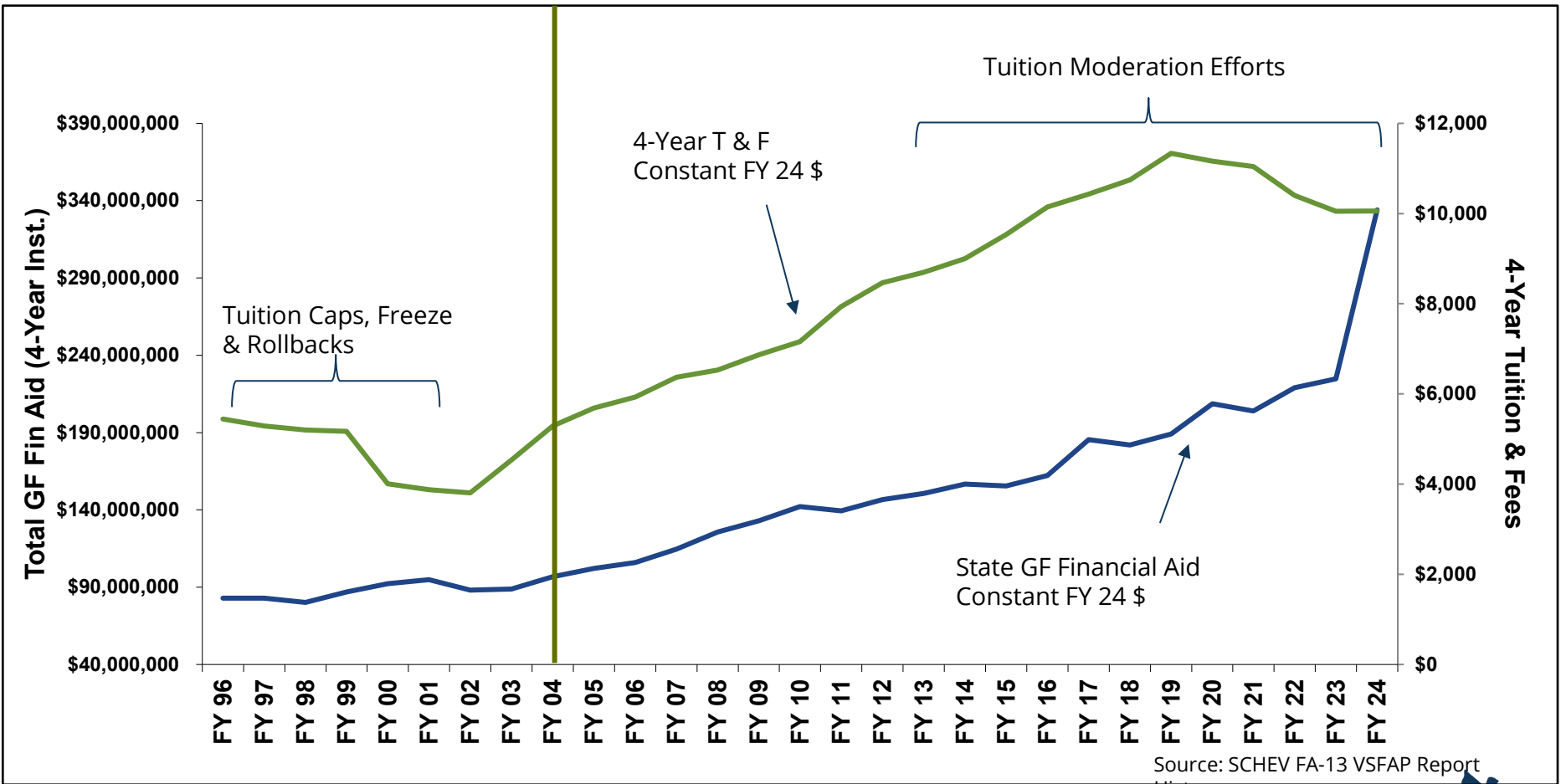
## Student Loan Changes

- Establishes several aggregate annual limits on federal student loans including a lifetime cap of \$257,500 for students, caps the parent PLUS program (\$20k per year | \$65k aggregate), eliminates the GRAD Plus program, caps graduate education borrowing (\$20.5k per year | \$100k aggregate for graduate students, double for professional students)
- While the percent of student borrowers at four-year public institutions has decreased from 56% to 50%, loan caps and program eliminations will likely have a significant impact on all students, especially in graduate and professional programs. About 2,350 in-state graduate and professional students borrowed \$55 million through GRAD Plus program in 2024

## Accountability Measures

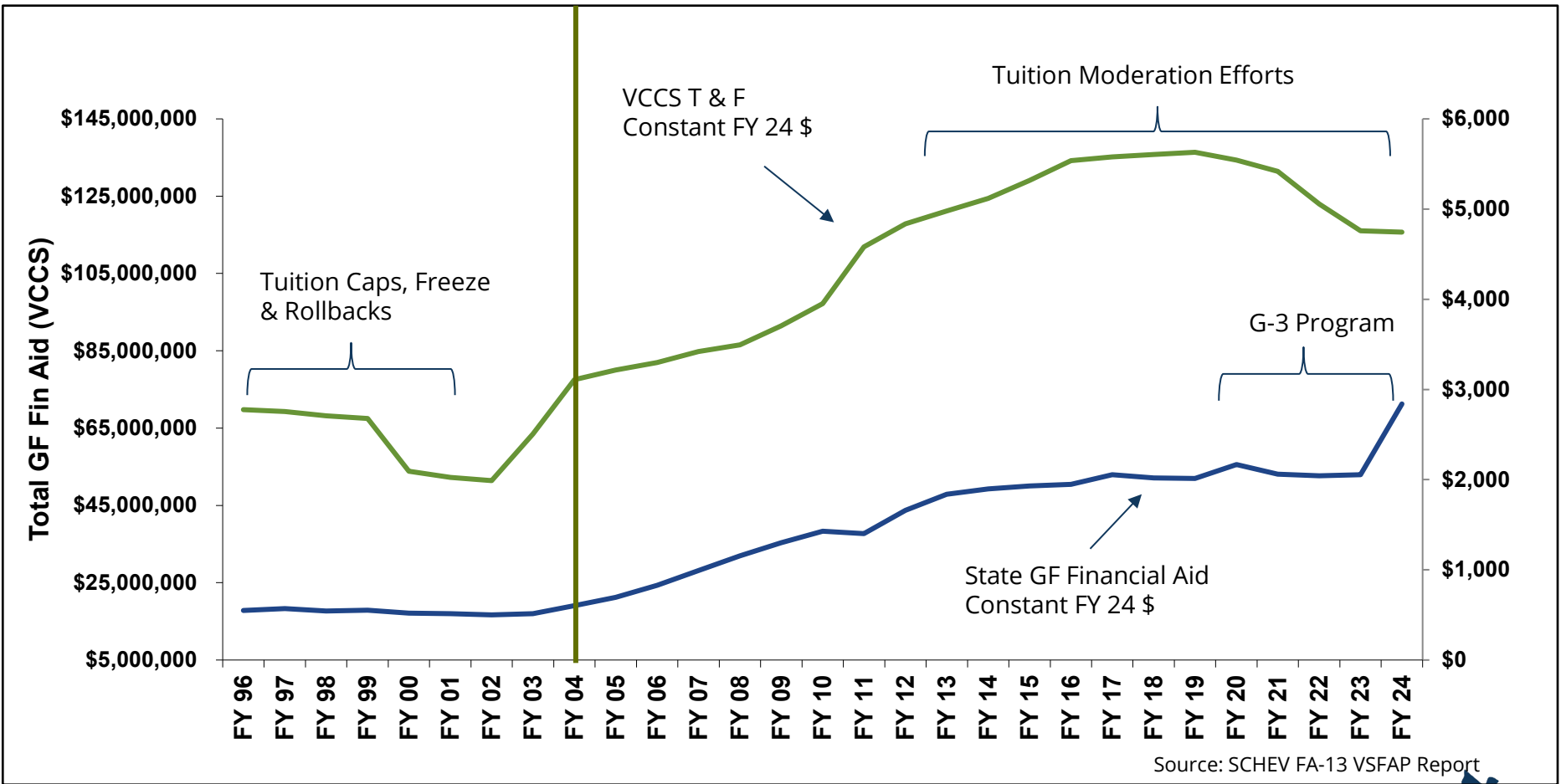
- Effective in the 2028 - 2029 academic year, academic programs will lose eligibility to participate in the federal direct student loan program if they fail for 2 consecutive years to produce an earnings premium for undergraduate and graduate students
- SCHEV estimates 123 out of 374 academic programs at the associate's level are at-risk and 174 out of 1,100 academic programs at the 4-year level are at-risk

# SINCE FY 2004, TOTAL GF FIN AID AWARDS HAVE INCREASED SIGNIFICANTLY AT THE 4-YEARS, ABOUT 250% IN CONSTANT FY 24 DOLLARS



Source: SCHEV FA-13 VSFAP Report

# SINCE FY 2004, TOTAL GF FIN AID AWARDS HAVE INCREASED SIGNIFICANTLY AT THE VCCS, ABOUT 275% IN CONSTANT FY 24 DOLLARS



Source: SCHEV FA-13 VSFAP Report

# USE OF TUITION FOR FINANCIAL AID HAS INCREASED 350% SINCE FY 2012

| Institution | FY 2012    | % of Tuition | FY 2025      | % of Tuition |
|-------------|------------|--------------|--------------|--------------|
| GMU         | \$ 0       | 0.0%         | \$ 4,539,953 | 2.0%         |
| ODU         | 2,393,406  | 3.0%         | 147,811      | 0.1%         |
| UVA         | 15,437,000 | 15.0%        | 64,425,316   | 28.5%        |
| VCU         | 5,617,863  | 3.7%         | 47,966,236   | 21.9%        |
| VT          | 0          | 0.0%         | 15,581,837   | 6.4%         |
| CWM         | 3,773,471  | 11.1%        | 14,961,072   | 18.1%        |
| CNU         | 420,030    | 1.6%         | 2,697,762    | 6.8%         |
| UVA-W       | 50,000     | 0.8%         | 50,000       | 0.8%         |
| JMU         | 1,196,322  | 1.9%         | 5,745,801    | 4.3%         |
| LU          | 1,336,587  | 5.6%         | 2,736,948    | 12.7%        |
| UMW         | 262,802    | 1.1%         | 6,471,613    | 26.1%        |
| NSU         | 1,500,000  | 11.3%        | 2,185,667    | 9.2%         |
| RU          | 1,526,046  | 3.7%         | 0            | 0.0%         |
| VMI         | 327,621    | 4.8%         | 0            | 0.0%         |
| VSU         | 2,103,585  | 14.4%        | 2,491,731    | 11.6%        |
| RBC         | 60,000     | 1.8%         | 0            | 0.0%         |
| VCCS        | 2,958,009  | 0.7%         | 3,484,352    | 0.9%         |

# USE OF TUITION FOR FINANCIAL AID

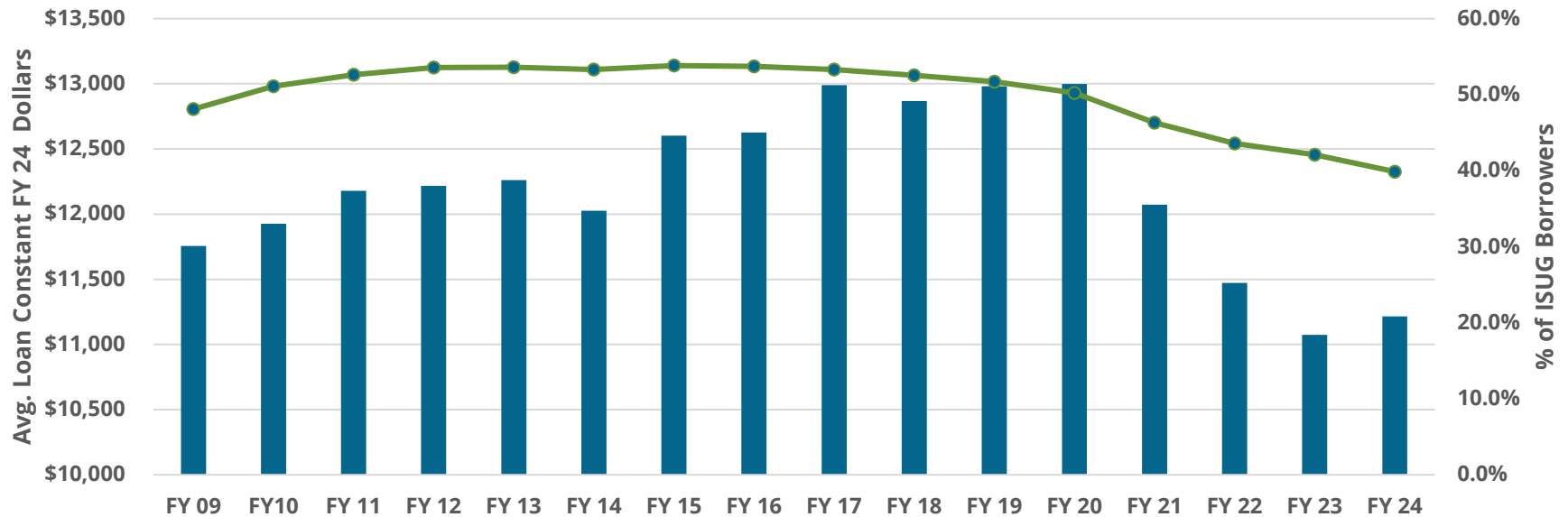
- Use of tuition for financial aid has grown in recent years
  - Waivers are not captured in the data
- Seven institutions use 9 or more percent of their in-state tuition revenue as financial aid
  - UVA about 29% (about 37% of I/S undergrads have need)
  - UMW about 26% (about 45% of I/S undergrads have need)
  - VCU about 22% (about 61% of I/S undergrads have need)
  - CWM about 18% (about 41% of I/S undergrads have need)
  - Longwood about 13% (about 60% of I/S undergrads have need)
  - NSU about 9% (about 87% of I/S undergrads have need)
  - VSU about 12% (about 86% of I/S undergrads have need)
- Three institutions utilize 4% to 8% (CNU, JMU & VT)
- Remaining institutions are in the less than 3% range
- Is this practice sustainable? Practical?
- Should there be limits?

# STUDENT DEBT

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- Per the Federal Reserve, nationally, student debt is reaching ~\$1.8 trillion and about 43 million borrowers
  - Student debt has more than doubled since 2008
  - Fueled by graduate students
- Over 90% of debt borrowed under federal programs
  - Average federal debt is about \$39,000
  - Around 9.4% of aggregate debt was 90+ days delinquent
  - Stafford loan programs alone account for about \$887 billion primarily in Stafford Unsubsidized loans
  - Graduate students account for over 60% of borrowing

# IN-STATE UNDERGRADUATE USE OF LOANS



- The percentage of in-state undergraduates borrowing has steadily declined since FY 2015
- While the average loan amount increased slightly in FY 2024 compared to FY 2023, average loans in FY 2024 constant dollar terms are lower than 10 to 15 years ago



# OTHER PROGRAMS

# TUITION ASSISTANCE GRANT (TAG)

- TAG program provides general fund support for Virginia residents attending non-profit private institutions in the Commonwealth
  - Supports the students, not the institution
- \$112.3 million GF in FY 2026 to provide grants up to \$5,250
  - Serves about 21,500 undergraduate students
- Programmatic equivalent of the general fund subsidy provided to each student attending public colleges and universities
  - While not need-based, about 3/4 of the students receiving a TAG grant are from low- and middle- income families or demonstrate financial need
- Program takes some of the enrollment pressure off the public institutions
  - It is cost effective as the TAG grant is about half of the average GF subsidy the state provides to public institutions



# HIGHER EDUCATION ISSUES

# POLICY QUESTIONS - TUITION

- Simply increasing financial aid may not be the solution to address affordability
  - About 45% of in-state undergraduates are identified as having financial need, that means that the remainder would not qualify for financial aid and pay sticker price
- There is a positive correlation between tuition moderation and increased general fund support
  - Tuition moderation helps all in-state students
- Should state consider linking tuition increase limits to other factors?
  - CPI
  - Median wage growth

# POLICY QUESTIONS – FINANCIAL AID

- Current state financial aid programs are over 40 years old and may require reform to provide greater transparency and consistency in awards across institutions
- Should state consider a new financial aid program that focuses assistance on specific high demand programs?
  - Would not replace existing program
  - Would still contain a financial need component
- State needs to re-evaluate all its tuition waiver programs to ensure financial sustainability