

Higher Education

The Governor’s proposed amendments for higher education result in a net decrease of \$283.4 million GF for the biennium or 9.7 percent when compared to the original appropriation. Major general fund decreases include \$260.9 million for the Governor’s October budget reductions, \$11.7 million in targeted reductions to the Tuition Assistance Grant program, and \$8.4 million for the distribution of the seven and eight percent reductions for affiliated higher education agencies included in Chapter 899 central accounts. In addition, \$2.0 million GF in the Central Accounts for financial aid in FY03 has been eliminated.

Major General Fund Adjustments	
	<u>\$ in mil.</u>
Increases:	
Restoration of Cuts at Norfolk State and Virginia State	\$1.7
Fund Cost of University of Virginia Health Insurance Plan	\$1.3
Decreases:	
Gov’s. Oct. Reductions	(\$260.9)
Tuition Assistance Grant	(11.7)
7-8% Central Account Reductions for Affiliated Higher Ed. Agencies	(8.4)
Va. Tech Cooperative Extension	(2.3)
Eminent Scholars	(1.9)
Unique Military Activities	(0.7)
Eliminate Va Women’s Institute for Leadership (VWIL)	(0.5)

To offset a portion of the budget reductions, the Governor proposes allowing institutions of higher education to generate additional revenue through

mid-year tuition surcharges. Tuition policy adopted by the General Assembly calls for the boards of visitors of each institution to develop tuition and fee rates for each year of the biennium, with the provision that the boards minimize the impact on undergraduate Virginia resident students.

- Governor’s October Reductions - Educational and General Program (E&G).** Reduces the Educational and General (E&G) budgets of the institutions of higher education by \$101.7 million the first year and \$139.0 million the second year. The budget reductions average 4.5 percent the first year and 6.3 percent the second year. The same percent reductions were not applied across-the-board. Each institution was evaluated based on its capacity to generate additional tuition revenue. Under this approach, the budget reductions range from about 2.5 percent to 5.2 percent in the first year. In the second year, the budget reductions range from 5.6 percent to 7.1 percent.

Based on the institutions’ plans, these reductions will result in approximately 274 layoffs and the reduction of up to 633 positions through layoffs, turnover, and vacancy by the end of the biennium. In addition to reductions in personnel, most institutions will defer or limit discretionary spending for library materials, technology, facility maintenance, and equipment.

Governor’s October Reductions		
Educational and General Program – Institutions of Higher Education		
	<u>FY 2003</u>	<u>FY 2004</u>
Christopher Newport University	\$ 1,502,679	\$ 2,072,879
College of William and Mary	4,693,452	5,612,138
George Mason University	9,553,665	12,141,318
James Madison University	5,418,546	7,350,676
Longwood University	1,350,539	1,877,861
Mary Washington College	1,783,405	2,148,792
Norfolk State University	2,501,534	3,837,087
Old Dominion University	7,636,098	9,004,119
Radford University	2,984,514	3,797,741
Richard Bland College	304,234	465,317

Governor's October Reductions (con't)

Educational and General Program – Institutions of Higher Education

University of Virginia	14,015,377	17,826,723
UVA at Wise	675,791	966,892
Virginia Commonwealth University	13,677,702	18,063,538
Va. Community College System	17,419,418	28,880,062
Virginia Military Institute	642,039	1,675,661
Virginia State University	1,964,972	2,367,777
Virginia Tech	<u>15,611,210</u>	<u>20,945,472</u>
Total	\$101,735,175	\$139,034,053

- **Nongeneral Fund Technical Adjustments.** Provides \$11.6 million NGF in appropriation the first year and \$103.3 million NGF appropriation in the second year to reflect additional tuition and fee revenues derived from tuition increases approved by the Boards of Visitors in the spring of 2002, increased student enrollments, and increased cost recoveries from sponsored research activity.

Amounts **do not** reflect the tuition surcharges implemented for the spring 2003 semester. These surcharges will average about \$250 per student and will offset nearly 50 percent of the proposed October reductions in the first year.

- **Governor's October Reductions for Affiliated Higher Education Agencies.** For agencies affiliated with the institutions of higher education, budgets will be reduced about 11 percent each year.

The Virginia State University Cooperative Extension and Agricultural Research Service Division was exempt from all reduction actions in light of the recent accord with the U.S. Office of Civil Rights.

**Governor's October Reductions
Higher Education-Related Agencies**

	<u>FY 2003</u>	<u>FY 2004</u>
Virginia Tech Cooperative Extension	\$5,796,225	\$5,269,479
Virginia Institute of Marine Science	1,724,029	1,809,838
State Council of Higher Education	1,229,990	1,432,070
Medical College of Hampton Roads	971,497	1,004,077
Southwest Va. Higher Education Center	176,134	220,351
Southeastern University Research Assoc.	109,567	113,335
Roanoke Higher Education Authority	79,168	91,425
Melchers-Monroe Memorials	69,407	71,457
Virginia State Cooperative Extension	<u>0</u>	<u>0</u>
Total	\$10,156,017	\$10,012,032

- **Consolidation of Richard Bland College.** Requires the Secretary of Education to consult with the Chancellor of the Virginia Community College System and the President of Richard Bland College to study the feasibility of consolidating Richard Bland College into the Virginia Community College System.
- **State Council of Higher Education for Virginia**
 - ***Tuition Assistance Grant Program.*** Reduces funding for the Tuition Assistance Grant by about 14 percent or \$5.8 million GF in each year. The reductions, along with increased participation in the program, will result in the maximum award amount for undergraduate students dropping from approximately \$2,625 to \$2,075 by the end of the biennium. For graduate students, maximum award amounts will drop from \$2,000 to about \$1,500 by FY 2004.
 - ***Eminent Scholars Program.*** Proposes reductions of \$1.0 million GF the first year and \$0.9 million GF the second year to reflect across-the-board reductions. By providing state matching funds, this

program encourages institutions to raise private funds to supplement salaries of their most distinguished faculty.

- **Virginia Women’s Institute for Leadership.** Proposes a reduction of \$546,986 GF the second year to eliminate the Virginia Women’s Institute for Leadership program in FY 2004. A language amendment will allow students currently in the VWIL program to become eligible for Tuition Assistance Grant awards.
- **Norfolk State University**
 - **Restoration of Governor’s October Reductions.** Provides \$527,755 GF the first year and \$435,816 GF the second year (in light of the recent accord with the U.S. Office of Civil Rights) to restore a portion of the reductions imposed by the Governor as part of the October budget actions.
- **University of Virginia**
 - **Increase Funding for Health Insurance Costs.** Provides \$1.3 million GF to reflect the state share of increased employer premiums for employees participating in the university’s self-insured health plan.
- **Unique Military Activities**
 - Reduces funding \$686,242 GF in the second year to phase out state support by FY 2006 for the Virginia Corps of Cadets at Virginia Tech and Mary Baldwin College.
- **Virginia State University**
 - **Restoration of Governor’s October Reductions.** Provides \$346,379 GF the first year and \$334,004 GF the second year (in light of the recent accord with the U.S. Office of Civil Rights) to restore a portion of the reductions imposed by the Governor as part of the October budget actions.
- **Virginia Tech Cooperative Extension**
 - **Restructure Cooperative Extension Programs.** Reduces funding \$821,943 GF and 43 positions in the first year and \$1.4 million GF and 43 positions in the second year to implement restructuring of county extension services and agricultural activities. Remaining resources will be distributed to give priority to agriculture at the local level.