

# Higher Education Six-Year Plans 2018-2024



House Appropriations Committee Retreat  
November 15, 2017

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# Background

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- The Higher Education Opportunity Act of 2011 included the requirement for institutions to submit six-year plans
  - Enrollment
  - Academic
  - Financial
- A six person advisory committee (OPSIX) was established to review the plans and provide feedback to the institutions
  - Sec Finance & Education
  - Director SCHEV & DPB
  - HAC Staff Director
  - SFC Staff Director
- Plans would be approved by each Board of Visitors after feedback from the OPSIX
  - Plans generally assume no new general fund & reflect tuition & fee increase requirements
- General Assembly & Governor would have this information available prior to Session to inform their funding decisions

# Six-Year Plans

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- Three sections:
  - Enrollment
  - Academic
  - Financial
- Academic / Financial sections are merged together and encompass the programmatic and resource requirements for enrollment growth assumptions, new initiatives, and institution operating issues
  - In addition, the current six-year plan also addressed capital outlay, & restructuring issues

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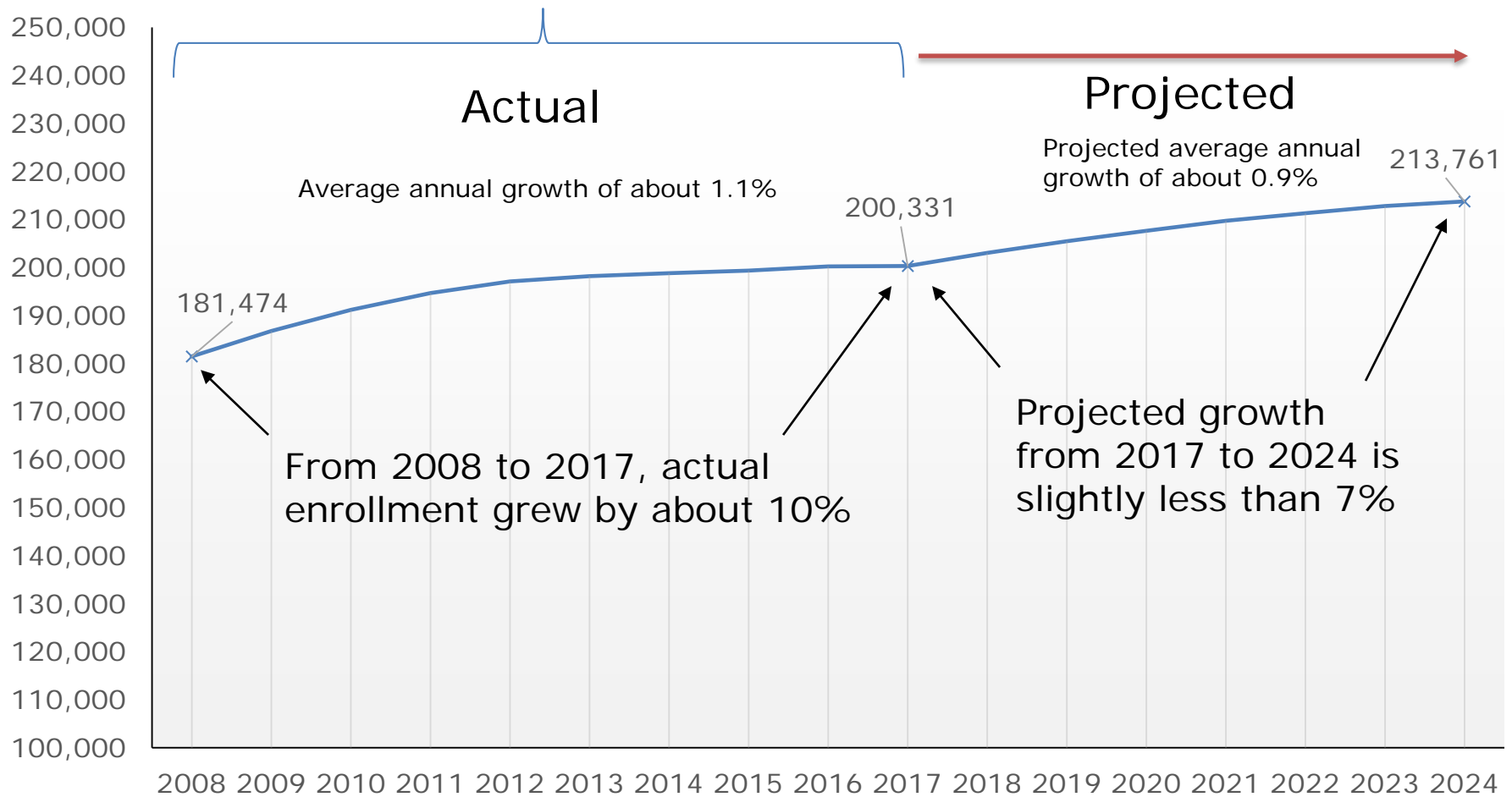
# ENROLLMENT

# 4-Year Institution Enrollment Plans

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- Actual college enrollments at 4-year institutions grew by about 10% for the ten-year period from 2008 to 2017 or almost 19,000 students
  - An average annual growth of about 1.1%
- Going forward 4-Year institutions project growth of about 13,500 from 2017 to 2024 or slightly less than 7%
  - A projected average annual growth of less than one percent
- About 80% or almost 10,300 of the projected growth is attributable to undergraduate students with about 85% or almost 8,700 coming from in-state students
  - Four institutions comprise about 3/4 or about 6,400 of the projected growth in in-state undergraduates – GMU, JMU, Radford & VT
- Improvements in student retention are primary growth driver
  - Retention accounts for about 80% of the projected growth
  - Overall retention improved by about 1.5% from 2008 to 2016 with CNU, GMU, NSU, VCU, VSU & VT leading the way
  - New first-time students (about 14%) & increased transfers (about 6%) make up about one-fifth of the overall growth

# Four-Year College Actual & Projected Enrollment (Annual FTE)

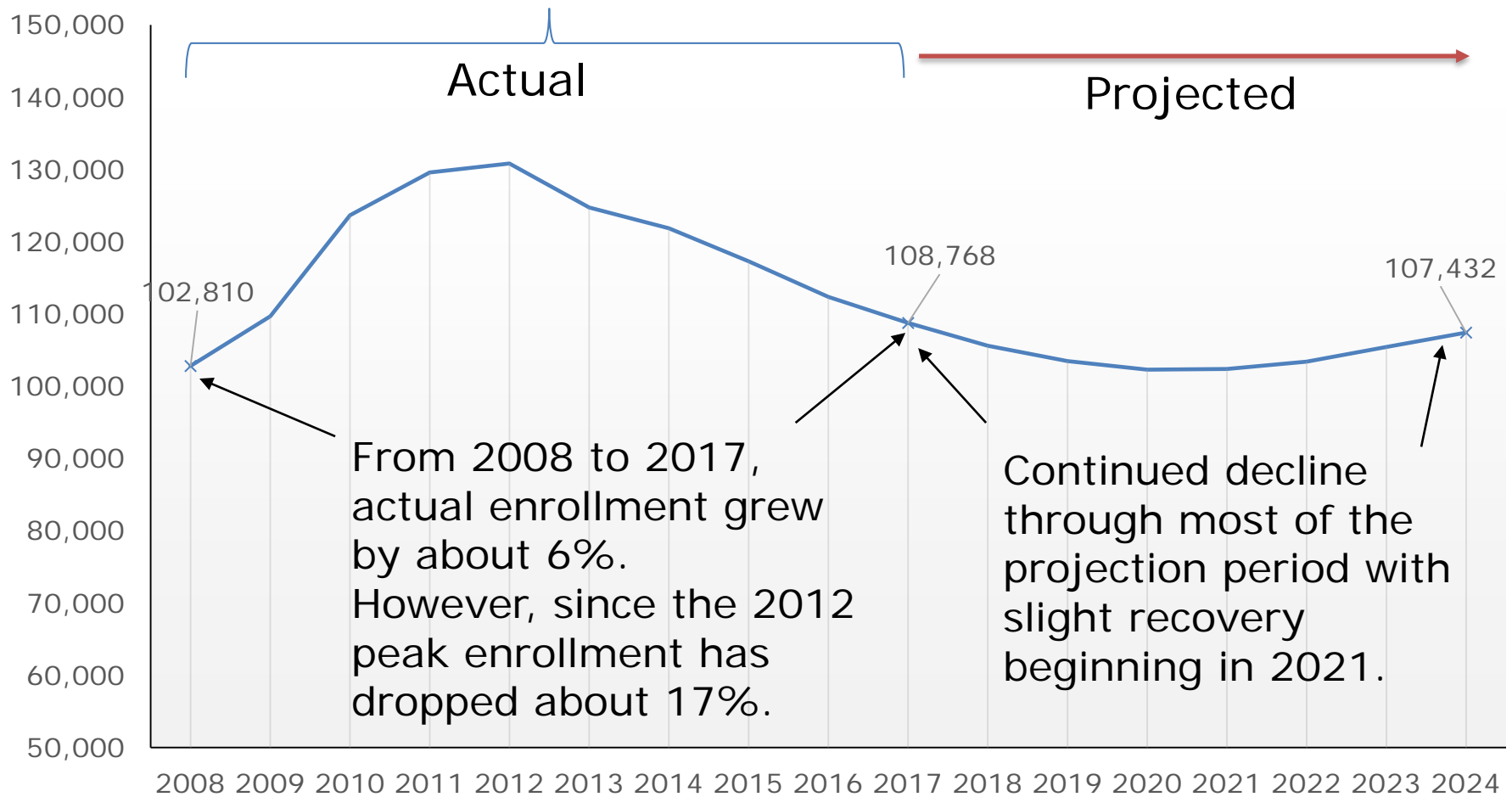


# 2-Year Institution Enrollment Plans

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- Actual college enrollments at 2-year institutions grew by about 6% for the ten-year period from 2008 to 2017 or almost 6,000 students
  - Enrollment continues to decline since the 2012 enrollment spike
- Going forward 2-Year institutions project a continuing decrease of about 1,300 from 2017 to 2024
  - This assumes some enrollment recovery beginning in 2021
- The two-year enrollment projections are somewhat uncertain as it is driven by VCCS which is open enrollment and subject to the economic cycles

# Two-Year College Actual & Projected Enrollment (Annual FTE)





# Enrollment Growth Policy Questions / Concerns

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- How will expected leveling of K-12 population impact higher education enrollment estimates?
- Does projected growth at some institutions truly impact ability of other institutions to meet projected enrollment?
  - VT is projecting to grow by about 3,000 undergraduates primarily in engineering & neuroscience which does not necessarily compete with enrollment growth goals at other Virginia institutions
  - Some anecdotal evidence that students not getting first choice of Virginia schools are heading out-of-state
- Impact of recent policies by neighboring states that are now offering in-state tuition to out-of-state students
  - Ohio, Alabama, South Carolina & Georgia for example

# Enrollment Growth Policy Questions / Concerns

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- Desire on the part of institutions to increase enrollment of out-of-state students, i.e. “Enrollment Management”
- Should **all** institutions grow by increasing incoming classes?
  - House budgets have targeted enrollment growth funding to incentivize new first-time students at higher graduate rate institutions and new transfer students at other institutions
  - Room for greater improvement in retention & graduation at several institutions. About two-thirds of new first-time enrollment is occurring primarily at those institutions with higher graduation rates
  - Similarly, almost two-thirds of projected new transfer growth is occurring at those institutions identified last session for increased transfer funding as well as transfer grant incentive funding

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# FINANCIAL / ACADEMIC PLANS

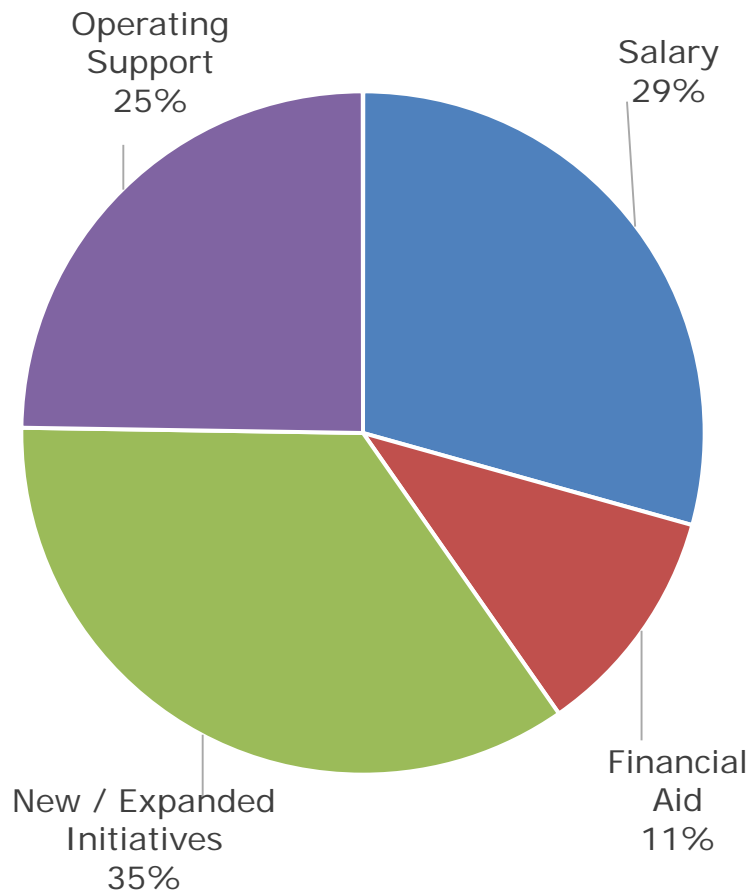
# Financial / Academic Plans

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- Institutions continue to not treat 6YP funding guidance assumption consistently
  - Some assumed new GF others assumed no new GF in their calculations
  - We will focus on the total plan cost amounts as opposed to tuition only
- Institutions outlined spending proposals totaling about \$634 million for the biennium
- The top two priorities continue to be salary / compensation for faculty & other staff & increasing financial aid
- I/S Undergraduate Tuition & Fee increases range from 2.9% at VT to about 9.8% at RBC
  - Most institutions are in the 3% to 5% range
  - RBC plan increase would generate less than \$600,000

# Six-Year Plans Biennial Total = \$633.6 million

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- The top two priorities for most institutions (salary & financial aid) represent about 40% of the total 6-Year Plans
  - This proportion varies by institutions ranging from a zero percent at RBC to 80 percent at the VCCS
- Operating support reflects requests for enrollment growth, new faculty & staff, library, technology and O&M costs
- New / Expanded Initiatives reflect requests for student success, research, workforce & online programs

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# HIGHER EDUCATION SALARY ACTIONS

# Salary Increases & Compensation

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- Institutions identify faculty & staff salary increases as a high, if not the highest, priority for new spending
- Proposed teaching faculty salary increases range from a non-percentage based pool at Longwood to 4.8% at UVA
  - The funding pool approach identifies salary needs to meet recruitment, retention, equity & compression issues
  - Most institutions are in the 3% to 4% range with a slightly lower range for admin faculty
- Only about half of the institutions propose classified employee increases with ranges slightly lower than admin faculty
- Most institutions fund all or some portion of the proposed increases under their tuition only revenue assumptions

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# **VIRGINIA'S FACULTY SALARY PROCESS**



# Current Peer Group Process

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- Process initiated in 1987
  - Updated every ten years
  - Mostly statistical process on front end with a negotiation process that is both quantitative and qualitative on the back end – A consensus process
- Data is compiled from over 3,000 public and private colleges and universities nationwide
- “Cluster analysis” process using 17 to 19 characteristics to determine most similar institutions to each Virginia institution
  - Yields a list of 75 institutions for each Virginia institution
- List is narrowed to the top 25 institutions during the meetings / negotiations with each Virginia institution
  - Virginia colleges may supplement original data with other metrics, filters or information that they bring to the table
    - Retention & Application Acceptance Rates (IPEDS)
    - % Living On-Campus (US News)
    - Change thresholds on research, enrollment, grad rates, % Bach / Masters etc.
  - This is the subjective part of the process
- While attempting to be blind to salary, the process essentially becomes an exercise in justifying peer lists which generally yield higher salary goals

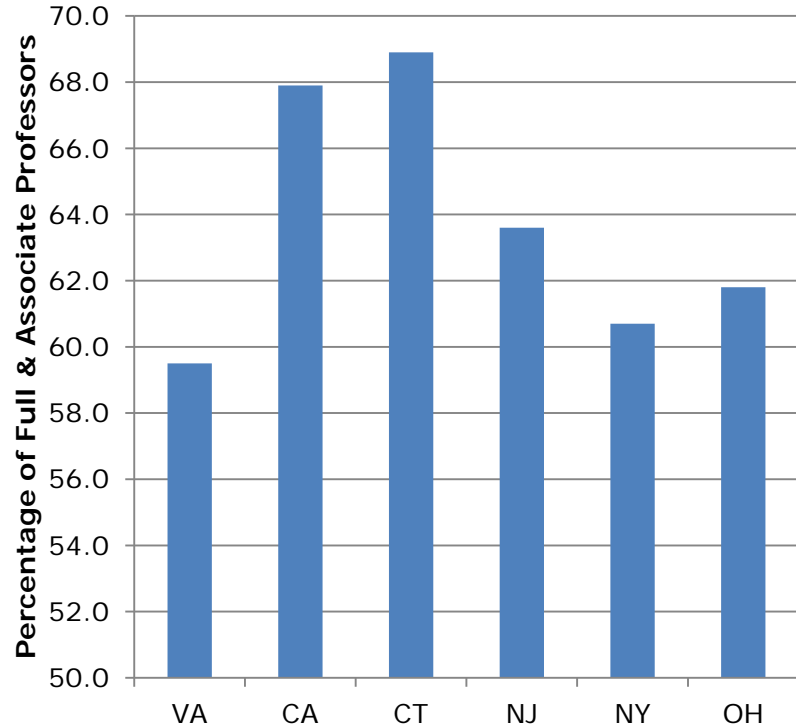
# Potential Flaws In Current Process

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- ❑ The current process has moved beyond simply a means to objectively allocate funds
- ❑ Institutions are using the salary goal derived from the process in absolute terms and as justification for tuition increases
- ❑ However, the salary goal derived from the process is impacted by several flaws that may make its use problematic

# Faculty Rank Distribution

## Percentage of Full & Associate Professors at Public 4-Years

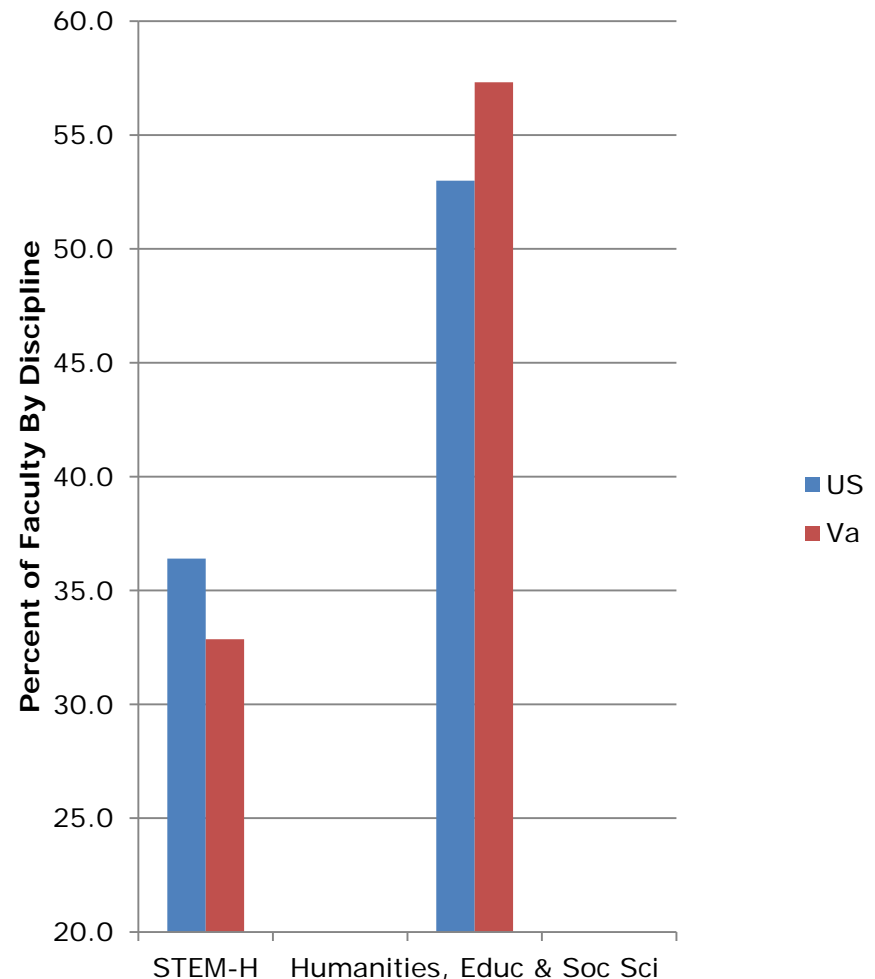


Source: SREB Data Exchange & IPEDS (2013-14)

- Generally, full & associate professors are higher paid faculty
  - National data from the AAUP indicates that Full Prof can make as much as 75% more than Ass't Prof at a Doctoral inst
- The five states noted in the chart to the left have institutions that comprise about 25% of the overall peer groups
  - They also have a disproportionate mix of full & associate professors relative to Virginia
- This may skew salary goal calculations

# Discipline Mix

- Staff utilized aggregated data from SREB & Chronicle of Higher Education for 2014-15
  - No institution-specific data was available
  - Not every institution participates in the various surveys
- Chart at right shows Virginia public institutions compared to the nation in terms of faculty discipline mix
- As the chart shows, Virginia has a higher percentage of faculty in the social sciences & humanities than the US but a lower percentage in terms of STEM-H disciplines
  - STEM-H faculty typically have higher salary levels
- This may skew salary goals derived from selected peer schools



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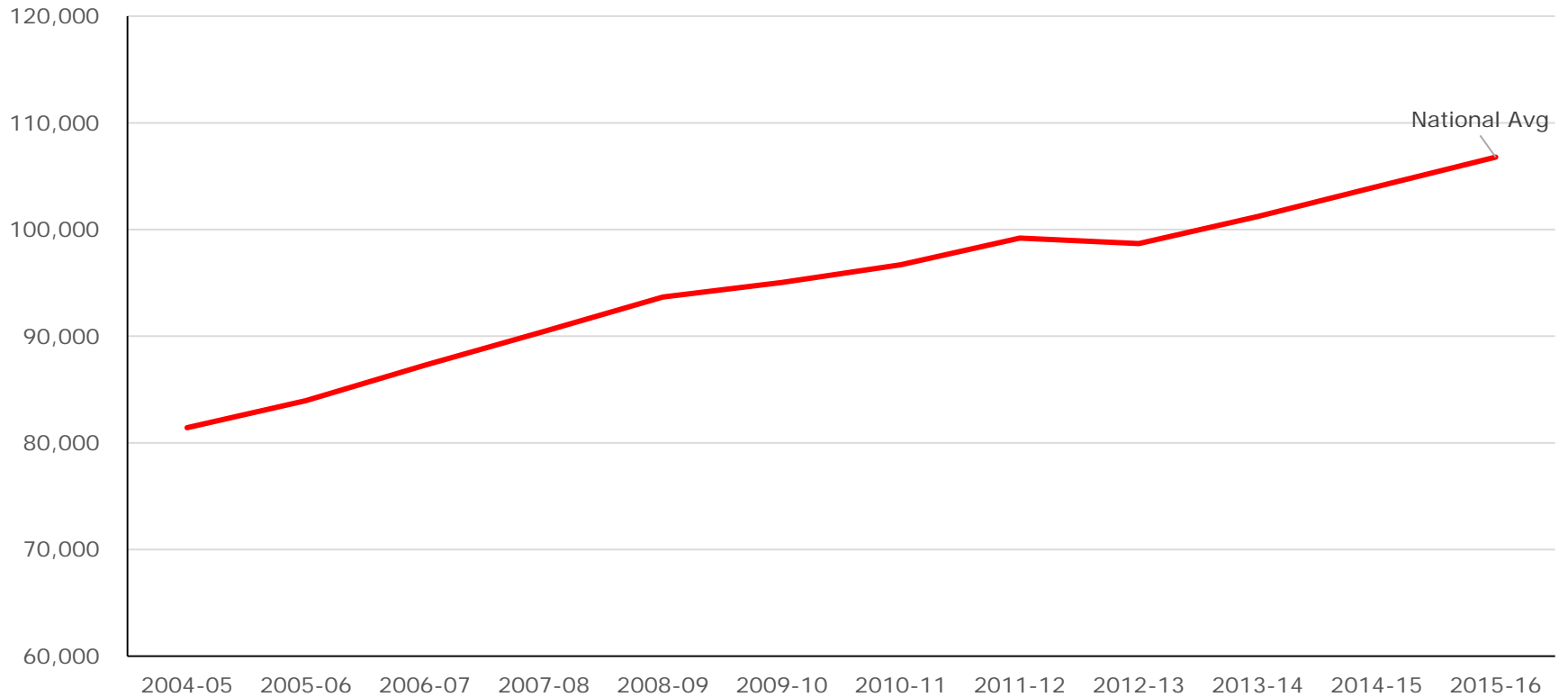
# **ARE VIRGINIA INSTITUTIONS COMPETITIVE?**

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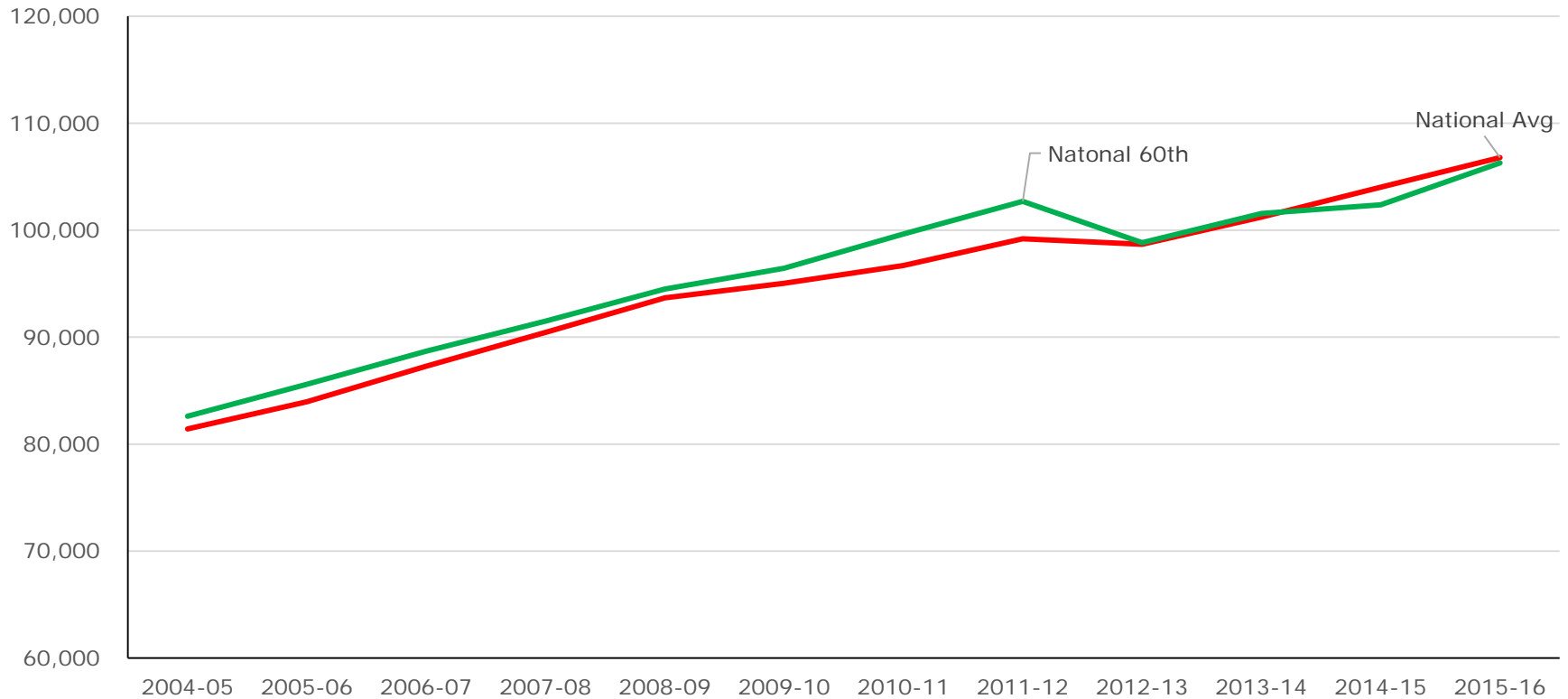
**HIGHEST RESEARCH  
CARNEGIE INSTITUTIONS –  
GMU, UVA, VCU & VT**

# IPEDS Actual Faculty Salary – All Ranks

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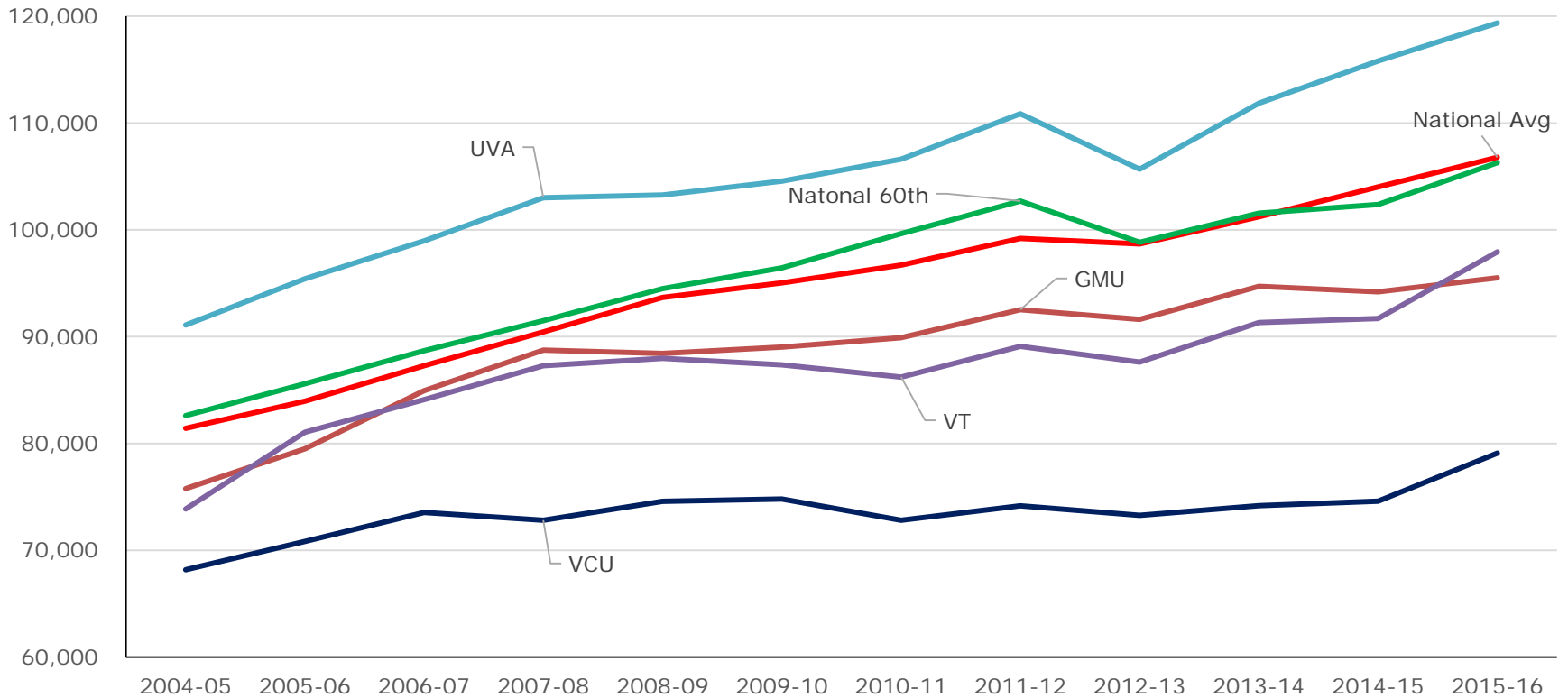


# IPEDS Actual Faculty Salary – All Ranks





# IPEDS Actual Faculty Salary – All Ranks



# Highest Research Carnegie Classification

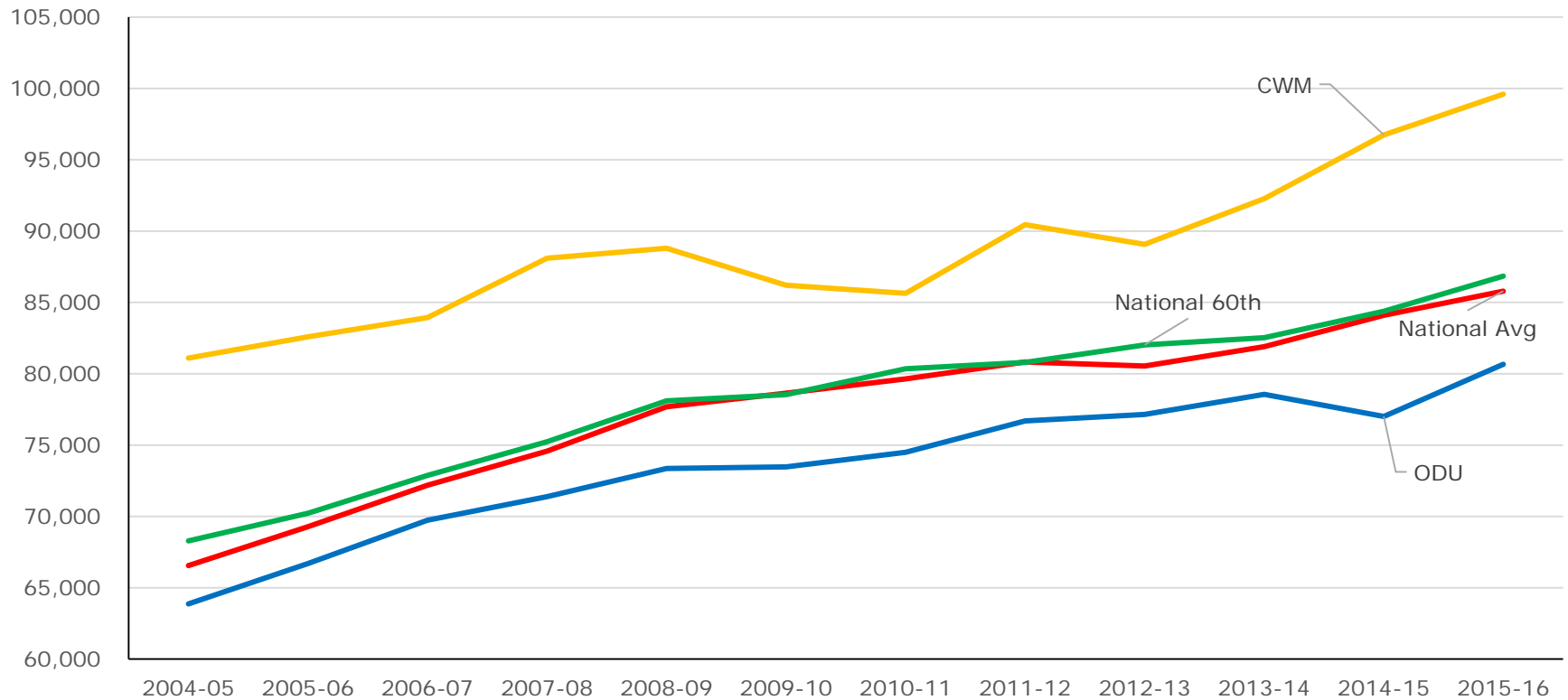
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- ❑ Highest research category is heavily influenced by private institutions and institutions from northeast and west coast
- ❑ UVA exceeds national average and 60<sup>th</sup> percentile while GMU & VT are within 10%
- ❑ VCU lags national data, however VCU data may be impacted by increased new hires

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# HIGHER RESEARCH CARNEGIE INSTITUTIONS – CWM & ODU

# IPEDS Actual Faculty Salary – All Ranks



# Higher Research Carnegie Classification

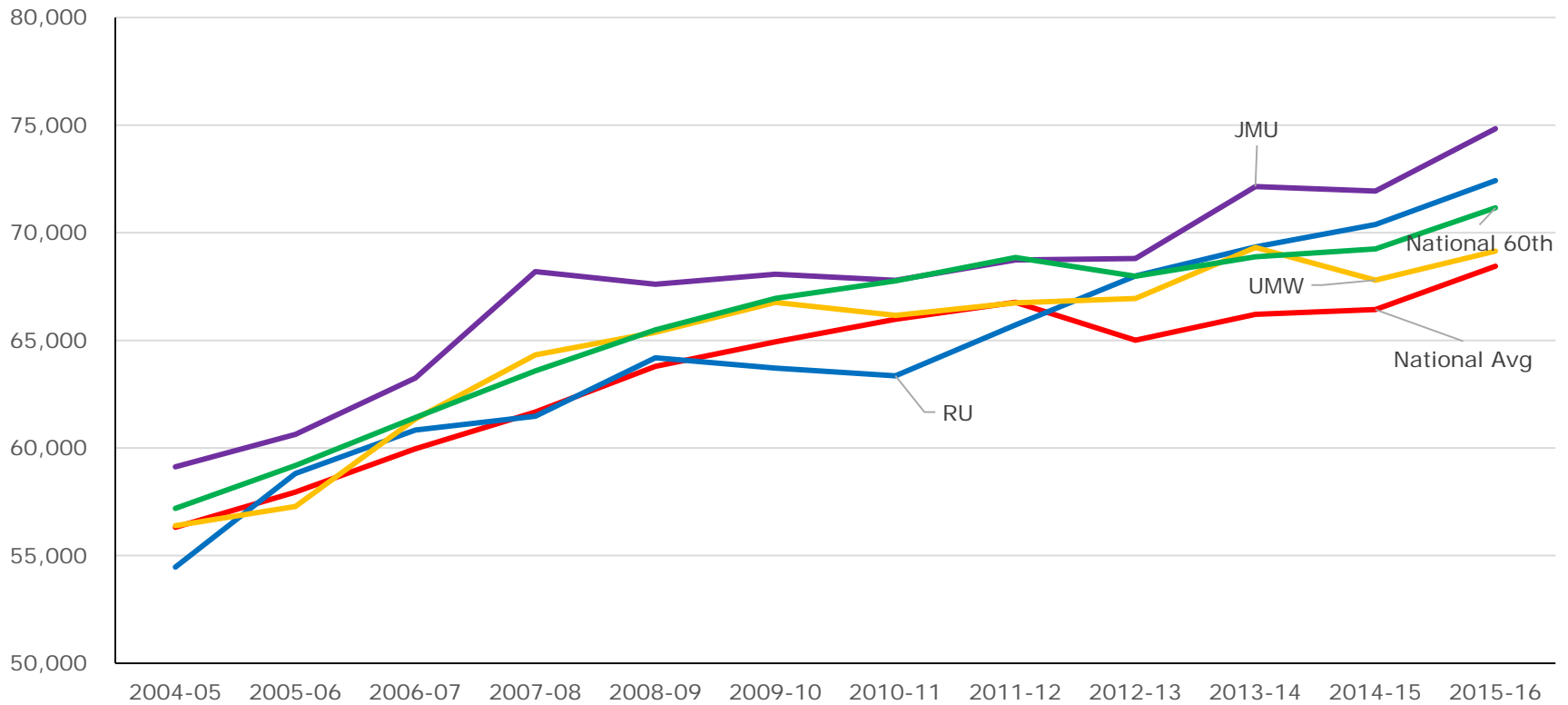
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- ❑ Virginia's two higher research institutions match up well compared to similar Carnegie class institutions nationally
- ❑ CWM exceeds both national average and 60<sup>th</sup> percentile
- ❑ ODU is within 10% of the national figures

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**LARGE MASTERS CARNEGIE  
INSTITUTIONS – JMU,  
RADFORD & UMW**

# IPEDS Actual Faculty Salary – All Ranks



# Large Masters Carnegie Classification

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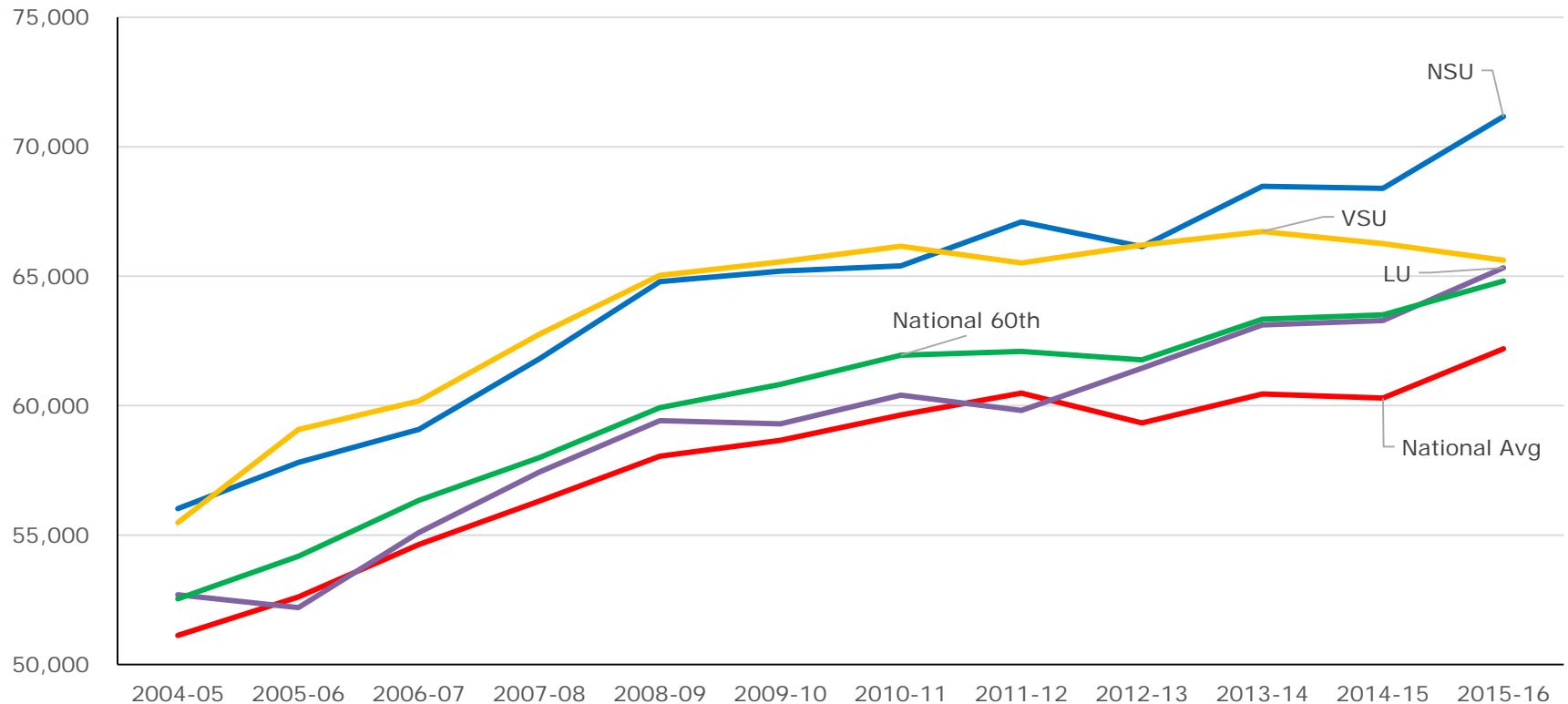
- ❑ Virginia's three large masters institutions have consistently maintained a very competitive position nationally
- ❑ All exceed or are within a percentage point or two to both national average and 60<sup>th</sup> percentile figures



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**MEDIUM MASTERS  
CARNEGIE INSTITUTIONS –  
NSU, VSU & LONGWOOD**

# IPEDS Actual Faculty Salary – All Ranks



# Medium Masters Carnegie Classification

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- ❑ Virginia's three medium masters institutions have also consistently maintained a very competitive position nationally
- ❑ All exceed both national average and 60<sup>th</sup> percentile figures in recent years

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# MOVING FORWARD

# Salary Increase Policy Questions / Concerns

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- Colleges assert that they face competition to recruit & retain faculty especially given that faculty are mobile
  - Narrow group is used without consideration for other major factors such as faculty rank, discipline, or cost of living
  - National, Regional or Peer Competition?
  
- Institutions have staked a claim on the authority to provide faculty and/or staff salary increases absent a statewide initiative
  - Over the last ten years institutions have provided increase to their teaching & admin faculty even in the absence of a statewide initiative

# Salary Increase Policy Questions / Concerns

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- Should those institutions, that have indicated a willingness and ability to provide salary increases to their faculty & university staff be required to continue to do so when a statewide salary increase is authorized
  - Every 1% faculty salary increase costs about \$22.2 million (all funds) of which \$11 million is GF – this includes admin faculty & the university staff category
  - Every 1% classified employee increase costs \$6.9 million (all funds) of which \$3.7 million is GF
- Recall that in the 2017 Session, the House budget provided general fund for salary increase to those institutions that had not implemented increases on their own in FY 2017
  - The Conference budget provided GF for an additional 1% for the eight institutions that did not implement salary actions on their own in FY 2017

# Salary Increase Policy Questions / Concerns

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- How should the state treat the “Haves” vs. the “Have-nots”?
  - Providing increases is cost prohibitive at some colleges
  - Some institutions will not be able to provide increases to all employee groups
- Who is responsible for the impact of any increase on other budget items?
  - VRS & other fringe benefits
  - Higher base on future increases

# Questions

