

Higher Education in Virginia: Update and Emerging Issues

November 21, 2025

Outline

- 1 Virginia's Higher Education Landscape
- 2 Trends and Six-Year Plans
- 3 Panel Discussion: Emerging Issues
- 4 Key Takeaways and 2026 Session Outlook

Virginia's Higher Education Landscape



Virginia's Higher Education Landscape

137,489

DEGREES & CERTIFICATES AWARDED 2025

2nd

PUBLIC 4-YEAR GRADUATION RATE IN
THE NATION

557,643

ENROLLMENTS IN 2025-26

\$71,889

MEDIAN WAGE 5-YEARS OUT (Bachelor's)

\$6.2 billion

PUBLIC HIGHER EDUCATION AND GENERAL
(E&G) EXPENDITURES

\$30,134

MEDIAN DEBT OF DEGREE GRADUATES
(Bachelor's)

Source: SCHEV Website November 2025.

Virginia's Institutions

15 PUBLIC UNIVERSITIES

300+ FOR-PROFIT, OUT-OF-STATE OR VOCATIONAL SCHOOLS

24 PUBLIC 2-YEARS
(23 COMMUNITY COLLEGES &
RICHARD BLAND COLLEGE)

30 VIRGINIA PRIVATE NONPROFIT
COLLEGES & UNIVERSITIES

5 HIGHER EDUCATION
CENTERS

2 PUBLIC/PRIVATE
MEDICAL/PHARMACY
SCHOOLS

Source: SCHEV Website November 2025.

Virginia's Higher Education Institutions are Nationally Recognized

**CNBC.com
(2025)**

Virginia's education system graded A+ and ranked first in the nation

**Forbes
(2025)**

Two Virginia colleges on Forbes list of the Top 25 Public Colleges in the U.S.

**U.S. News and World Report
(2026)**

15 Virginia schools on the Best National Universities list, including three public institutions in the top 100.

#1 in Study Abroad Participation

**College of William and Mary
(Institute of International Education)**

#1 Students with Internships

**Longwood University
(SCHEV, *Virginia Educated*)**

#6 Regional Public University in the South

Christopher Newport University

(U.S. News and World Report)

Best in Virginia for Social Mobility

**George Mason University
(U.S. News and World Report)**

#4 Top Public University

**University of Virginia
(U.S. News and World Report)**

Top 50 Research University

**Virginia Tech
(National Science Foundation)**

Sources: U.S. News and World Report, 2026 Best Colleges, accessed 11/11/25; institution websites, accessed 11/11/25.

Recent Higher Education Budget Actions – Chapter 725

(Chapter 725, GF \$ in millions)	FY 2025	FY 2026
SCHEV – VMSDEP Waiver (total support is \$75.0 million in FY 2025 and \$65.0 million in FY 2026)	\$55.0	\$45.0
Maintain Affordability – Operational Support	55.0	-
Institution – Specific Initiatives: Other	20.0	1.0
Institution – Specific Initiatives: HBCU Collaboration	20.0	-
Maintain Affordability – Undergraduate Financial Aid	15.0	-
Institution – Specific Initiatives: IT Modernization	15.0	-
SCHEV – Tuition Assistance Grant (TAG) Maintain Awards	-	10.0
Institution – Specific Initiatives: Healthcare Programs	10.3	-
SCHEV – VMSDEP - Stipends	2.3	7.1
SCHEV – Additional TAG for Students Attending Hispanic-Serving Institutions	1.8	-
Higher Education Centers*	1.1	-
SCHEV – Hunger-Free Campus Grant Program	0.5	-
SCHEV – Data Visualization, Analysis, and Virginia Longitudinal Data System	-	0.3
SCHEV – Internship Business Participation to Virginia Economic Development Partnership	0.0	(6.0)
Total	\$196.0	\$57.3

Notes: *The Governor Vetoed \$500,000 for the New College Institute after the Reconvened Session as part of the final actions on the budget.

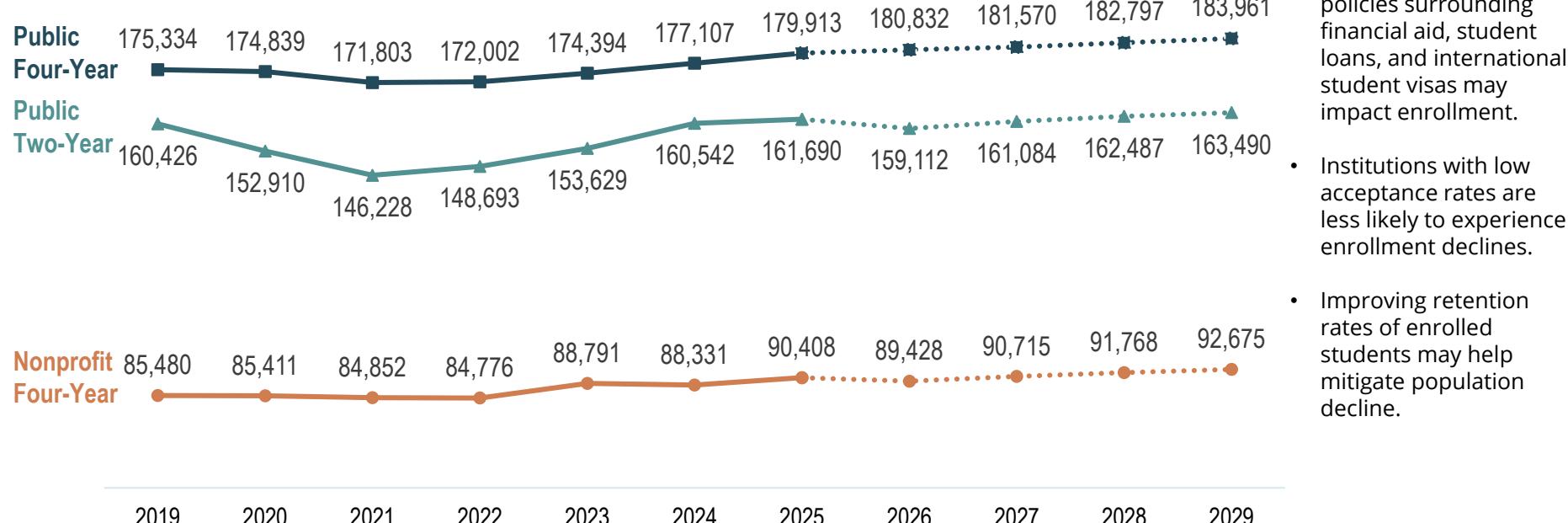
Totals may not sum due to rounding.

Trends and Six-Year Plans



Undergraduate Enrollment Trends

Undergraduate enrollments at public four-year and public two-year institutions have recovered from the pandemic dip. Overall enrollment is expected to increase for the next four years, but some institutions may experience declines.



- Changes in federal policies surrounding financial aid, student loans, and international student visas may impact enrollment.
- Institutions with low acceptance rates are less likely to experience enrollment declines.
- Improving retention rates of enrolled students may help mitigate population decline.

Source: E02 Fall Headcount and Early Enrollment Estimates (accessed 11/11/25), and SCHEV analysis of institutional enrollment projections.

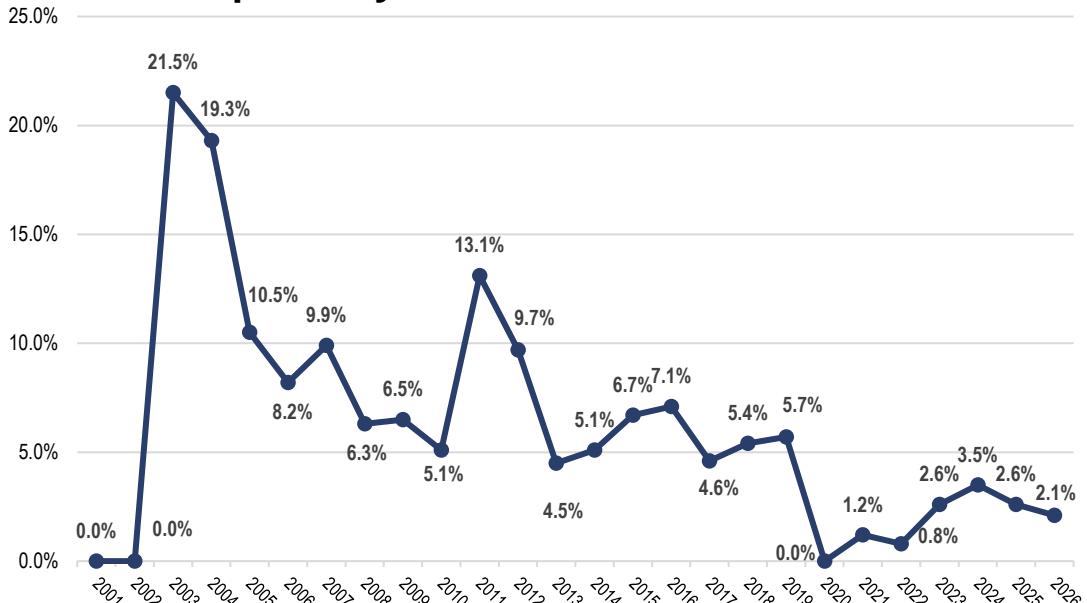
14 of 17 Institutions Raised Tuition and Fees by an Average of 3.0 Percent for 2025-26 (Full-Time In-State Undergraduates)

Institution Type	Charges	Increase Over 2024-25	Percent Increase
<u>Baccalaureate Institution Average</u>			
Tuition and Mandatory E&G fees	\$10,521	\$211	2.0%
Mandatory Non-E&G Fees	5,346	201	3.9%
Room and Board	<u>13,671</u>	<u>486</u>	3.7%
Total Charges	\$29,538	\$898	3.1%
<u>Virginia Community College System</u>			
Tuition and Mandatory E&G Fees	\$5,036	\$147	3.0%
Mandatory Non-E&G Fees	14	0	0.0%
Total Charges	\$5,049	\$147	3.0%

Source: SCHEV, 2025-26 Tuition and Fees at Virginia State-Supported Colleges and Universities, August 2025; Totals may not sum due to rounding.

Tuition and E&G Fees are Higher than Most States

Tuition and E&G fees for in-state undergraduates have increased by an average of 3.2 percent annually over the past 10 years.



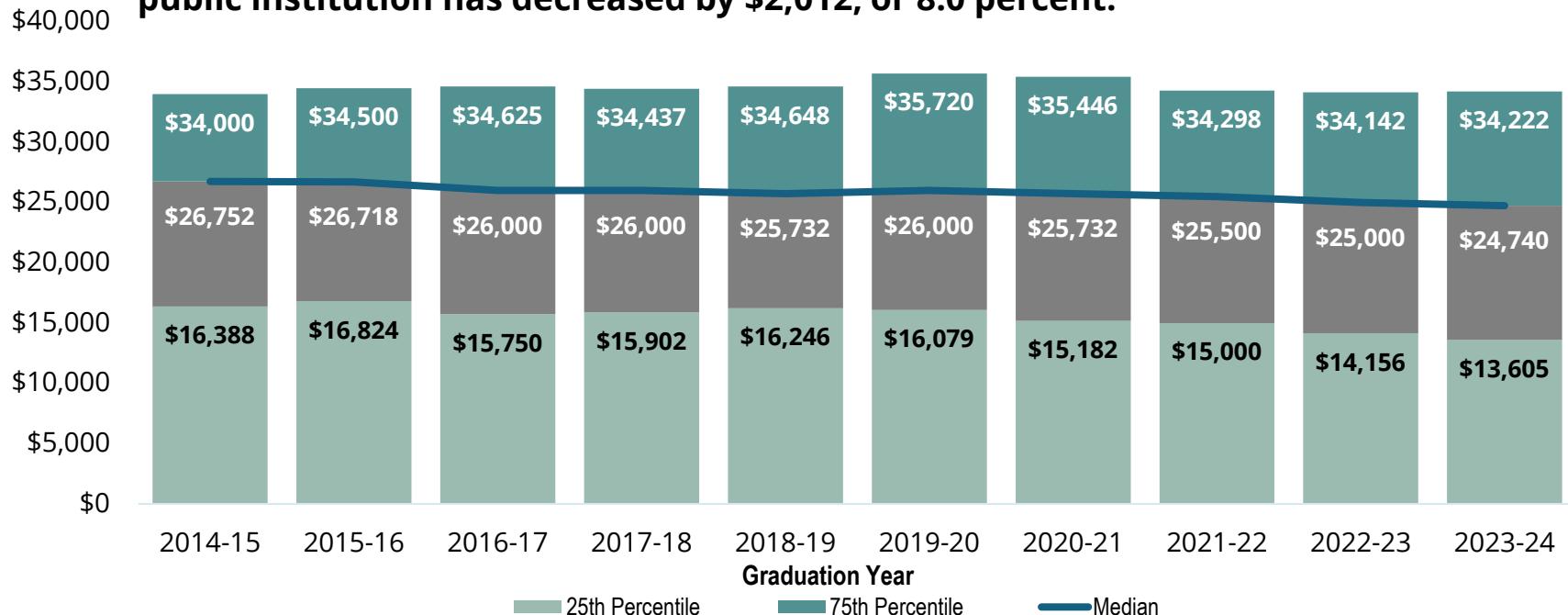
Source: SCHEV, 2025-26 Tuition and Fees at Virginia State-Supported Colleges and Universities, August 2025. SCHEV analysis of Integrated Postsecondary Education Data System data and "Trends in College Pricing 2024" by the College Board; Education Data Initiative, accessed 11/12/25.

In-State Undergraduate Rank - Public Postsecondary Institutions		
Rank	State	Tuition and Fees *
1	New Jersey	\$15,237
2	Virginia	\$14,115
3	New Hampshire	\$13,554
4	Illinois	\$13,328
5	Pennsylvania	\$13,210
16	Tennessee	\$10,402
18	Kentucky	\$10,000
19	Maryland	\$9,868
43	N. Carolina	\$6,195

* Virginia ranks 27th in national comparisons of per-student funding, including all students.

Virginia Student Debt has Decreased

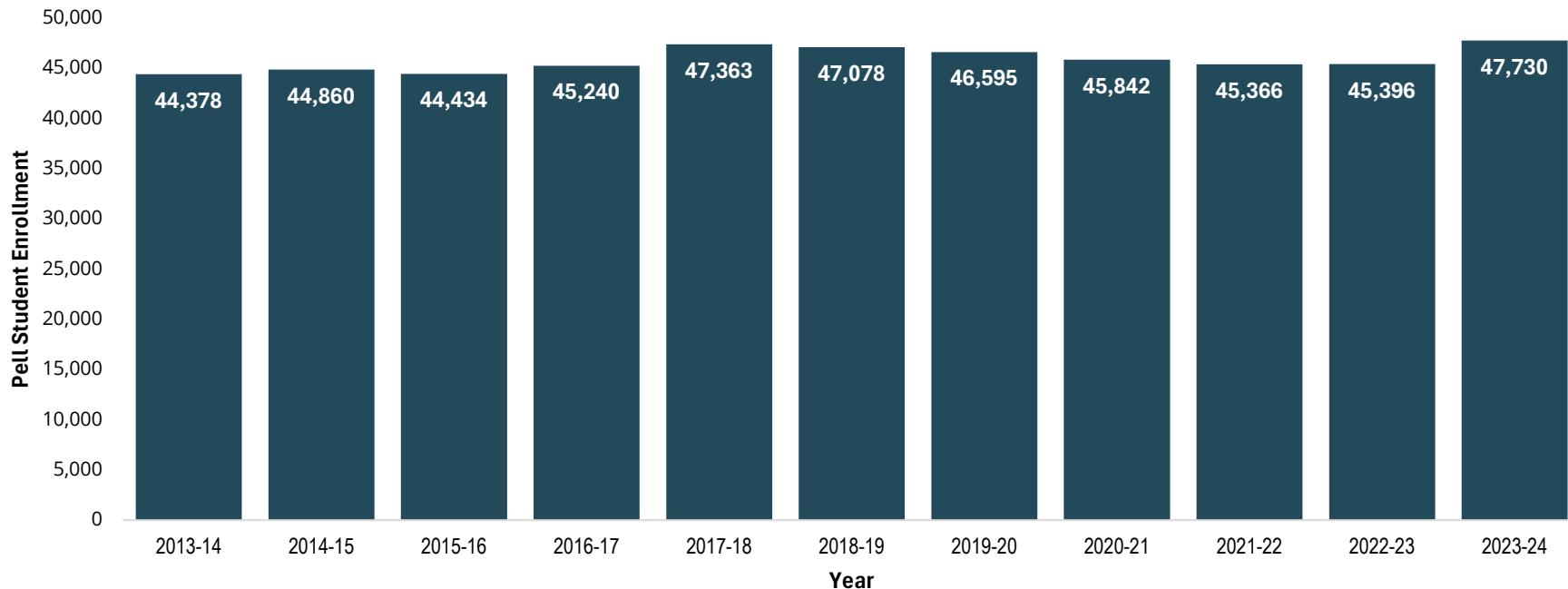
From 2014 to 2024, the median debt for graduates with Bachelor's degrees from a public institution has decreased by \$2,012, or 8.0 percent.



Source: SCHEV. EOM 06: Median Graduate Debt, 10 Year Trends.

Pell Student Enrollment Fluctuates and is at a 10-Year High

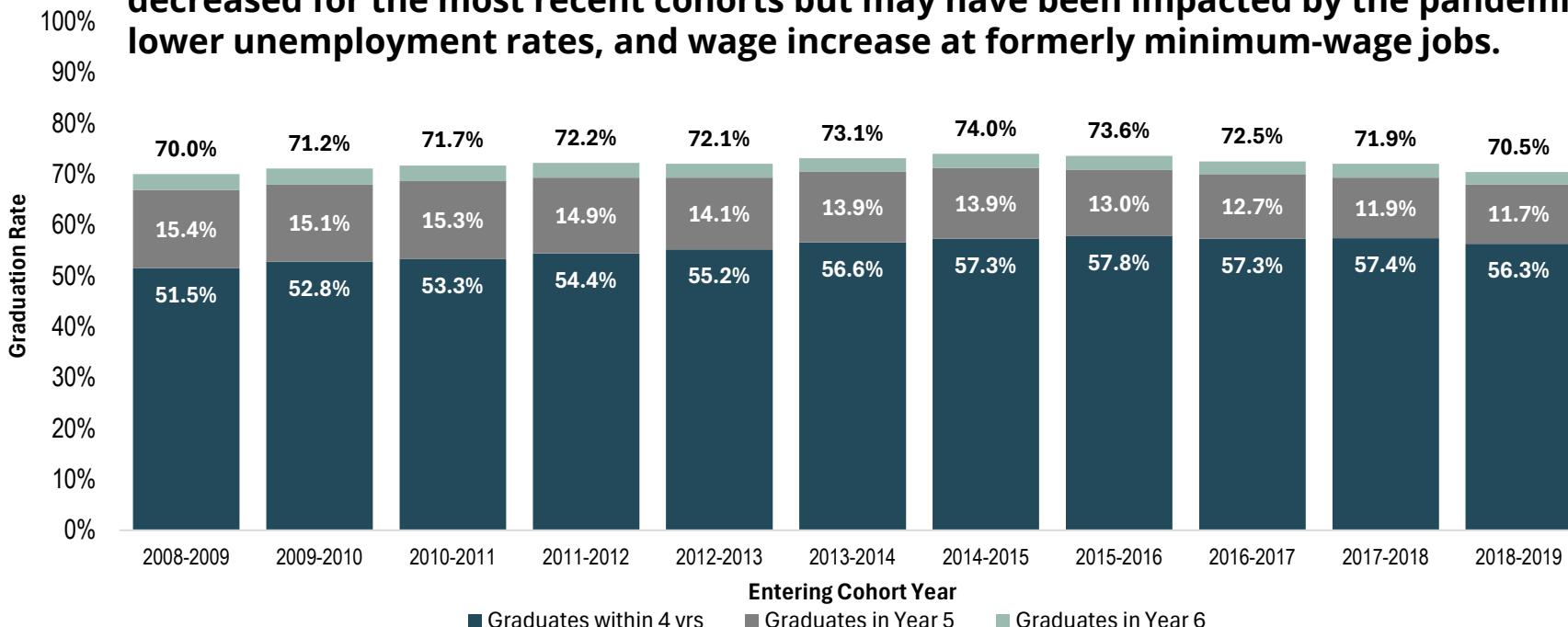
From 2013-2014 to 2023-2024, Pell student enrollment in Virginia institutions increased by 3,352 students or 8.0 percent.



Source: SCHEV. FA09T Pell Grant Trends Report, accessed 11/11/26.

Overall Graduation Rates have Increased Slightly Over 10 Years

Graduation rates of public four-year institutions increased 0.5 percent from 2008-2009 to 2018-2019. Four-year graduation rates increased 4.8 percent. Graduation rates decreased for the most recent cohorts but may have been impacted by the pandemic, lower unemployment rates, and wage increase at formerly minimum-wage jobs.



Source: SCHEV. GRS10 Graduation Rates of Virginia Traditional Four-Year Institutions, accessed 11/11/25. Note: Percentages are rounded and therefore do not net exactly.

Six-Year Plan Summary – Summer 2025

Institution	Planned 2027 Tuition & Fee Increase	Planned 2028 Tuition & Fee Increase	NGF Salary Increase	Enrollment Increases	Financial Aid	New Programs	New or Increasing Internships Efforts	GF Request - Continue One-Time Funding	GF Request - VMSDEP
CNU	3.6%	3.0%				✓	✓	✓	✓
CWM	2.5%	2.5%		✓		✓	✓		✓
GMU	3.0%	3.0%	✓	✓	✓	✓	✓		✓
JMU	2.9%	2.7%	✓	✓	✓	✓		✓	✓
LU	3.8%	3.8%				✓	✓	✓	✓
NSU	5.4%	5.4%	✓		✓	✓	✓		
ODU	3.4%	3.4%				✓	✓	✓	✓
RU	3.3%	3.3%		✓	✓	✓			✓
UMW	3.4%	3.4%		✓		✓	✓	✓	✓
UVA	3.0%	3.0%	✓		✓	✓		✓	✓
UVA-Wise	2.5%	2.5%			✓	✓	✓	✓	✓
VCU	4.5%	2.9%	✓		✓	✓	✓	✓	
VMI	2.9%	2.8%	✓		✓			✓	✓
VSU	6.0%	6.0%			✓	✓	✓		
VT	2.9%	2.9%	✓	✓	✓	✓	✓	✓	✓
VCCS	5.9%	3.4%		✓	✓	✓			
RBC	5.0%	5.0%			✓				✓

Source: SFAC analysis of August 2025 Six-Year Plan Submissions, plans will be finalized in December 2025.

Panel Discussion: Higher Education Emerging Issues



Panelist Discussion

The Honorable M. Kirkland Cox



President,
Virginia Higher Education
Council

Dr. Megan Healy



Senior Vice President,
Talent and Workforce
Strategy,
Virginia Economic
Development Partnership

Dr. Tom Harnisch



Vice President for
Government Relations,
State Higher Education
Executive Officers
Association



Virginia Voter Attitudes On Higher Education

Results of Public Opinion Survey

Kirk Cox
Virginia Business Higher
Education Council
President
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About VBHEC, GROWTH4VA, and our menu of poll-tested policy proposals.

- **The Virginia Business Higher Education Council (VBHEC)** is a nonprofit, nonpartisan partnership among Virginia's business and higher education leadership, **the most active such partnership in the 50 states**.
 - We believe Virginia's standout higher ed system and leadership on internships/talent pathways set Virginia apart as the **Top State For Talent** and are the keys to providing opportunity **for all Virginians**.
- **GROWTH4VA is VBHEC's advocacy program to promote investment and innovation in Virginia's higher education system.** It is supported by business enterprises and donors throughout Virginia, all 16 public colleges and universities in Virginia, the Virginia Community College System, and thousands of grassroots Virginians.

OUR POLICY PROPOSALS AND POLL RESULTS

- **Every state election year, VBHEC briefs Virginia leaders** on the economic impact of Virginia's top-ranked higher education system and our recommendations for making it stronger and benefiting more Virginians.
- We provide **a menu of poll-tested policy proposals and key messages** for use in campaigns and in office. Our poll of 800 registered voters* was conducted online on Dec. 5-12, 2024, by two national firms with deep Virginia experience: **Public Opinion Strategies, a Republican firm, and FrederickPolls, a Democratic firm**.

*Split samples (approx. 400 voters each) were used for some questions.
Percentages are rounded.

About our leadership: VBHEC's board of directors

Dennis H. Treacy, Chair

Seven Hills Strategy Group

Nancy Howell Agee, Vice Chair

Carilion Clinic

Todd A. Stottlemeyer, Treasurer

Acentra Health

George K. Martin, Secretary

McGuireWoods

W. Heywood Fralin

VBHEC Chair Emeritus

Makola M. Abdullah

Virginia State University

Javaune Adams-Gaston

Norfolk State University

John Asbury

Atlantic Union Bank

G. Robert Aston, Jr.

Towne Bank

Robert M. Blue

Dominion Energy

Thomas J. Cosgrove

Newport News Shipbuilding

Bret S. Danilowicz

Radford University

David Doré

Virginia Community College System

Carly Fiorina

Carly Fiorina Enterprises

Clifford B. Fleet

Colonial Williamsburg Foundation

David Furness

Virginia Military Institute

Victoria D. Harker

TEGNA (ret.)

Brian O. Hemphill

Old Dominion University

Donna Price Henry

UVA Wise

Michael Karafotis

Bank of America

William G. Kelly

Christopher Newport University

Stephen Moret

Strada Education Foundation

Paul Mahoney

University of Virginia

James B. Murray, Jr.

Court Square Ventures

Mark R. Pace

E.C. Pace Co.

Troy D. Paino

University of Mary Washington

Delbert Parks

Micron

L.F. Payne, Jr.

Three Ridges Group

Chris Peace

Council of Independent Colleges in Virginia

Deborah L. Petrine

Commonwealth Care

Michael J. Quillen

Alpha Natural Resources (ret.)

Michael Rao

Virginia Commonwealth University

W. Taylor Reveley, IV

Longwood University

Katherine A. Rowe

William & Mary

Timothy D. Sands

Virginia Tech

Mehul Sanghani

Octo

Becky Sawyer

Sentara Healthcare

Jim Schmidt

James Madison University

Holly Sullivan

Amazon

Debbie L. Sydow

Richard Bland College

Gregory Washington

George Mason University

Preston White

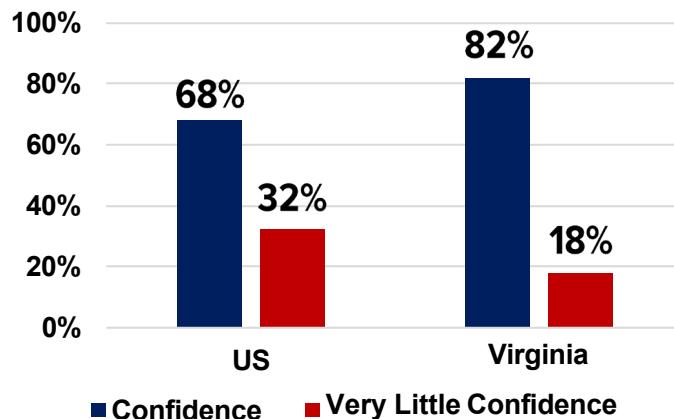
Century Concrete

M. Kirkland (Kirk) Cox, President

Attitudes about higher education: VA versus the US

GALLUP

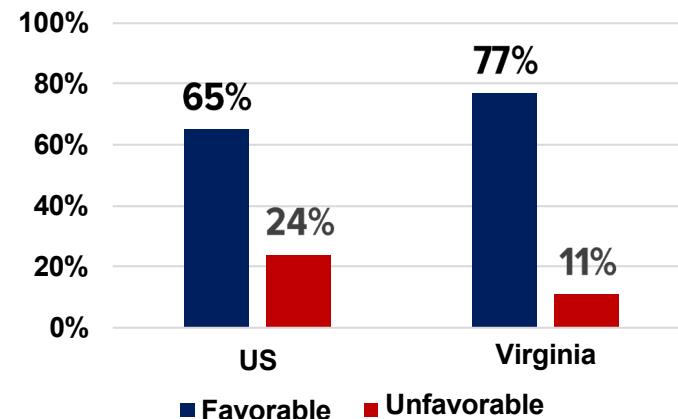
Please tell me how much confidence you, yourself, have in higher education [in Virginia]?



June 3-23, 2024

THIRD WAY

Please indicate whether you have a favorable or unfavorable opinion of four-year colleges and universities [in Virginia].



March 21-26, 2024

NOTE: Virginia data on these graphs is from VBHEC's Dec. 2024 survey.

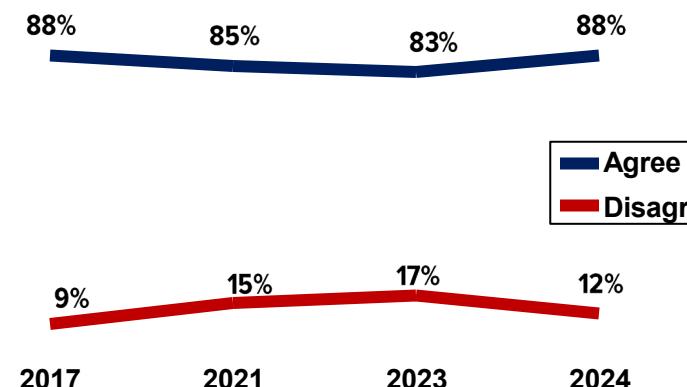
Virginians in both parties strongly approve of our colleges' performance.

Virginians overwhelmingly agree their colleges are a valuable asset, well-run, and a sound place to invest.

This entrenched, positive attitude among Virginia voters in both parties has remained consistent over time despite the negative press coverage higher education often receives nationally.

Please read the following statement. After you read the statement, please indicate if you agree or disagree with that statement:

Virginia's universities, colleges, and community colleges are a valuable public asset of the Commonwealth of Virginia, are well-run, and are a sound place to invest public dollars.



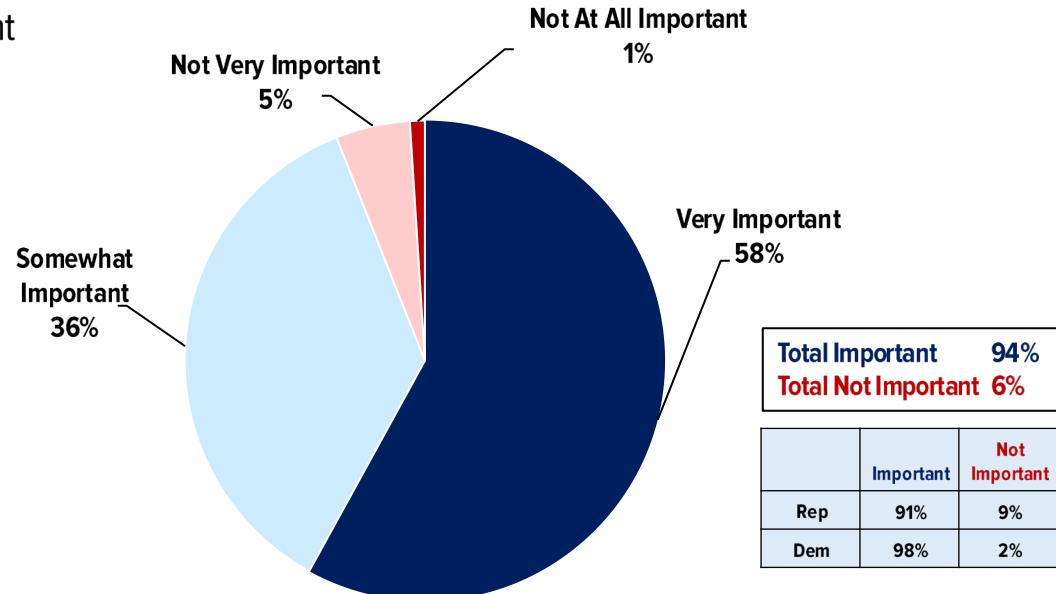
	Agree	Disagree
Rep	85%	15%
Dem	95%	5%

Voters count on our colleges to preserve Virginia's #1 business ranking.

94% of Virginia voters say it is important to invest in higher education to maintain our competitive advantage.

More than half of Virginians say this investment is **very important**, indicating that voters' views on this issue are **especially intense**.

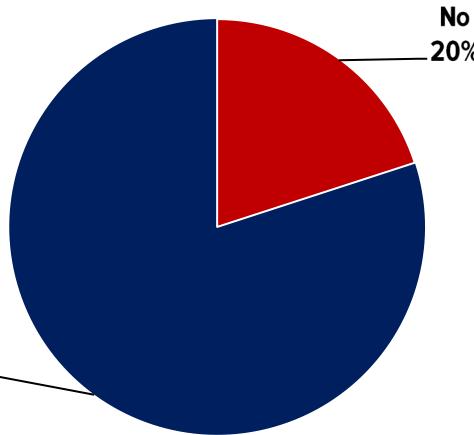
For several years, Virginia has been ranked by CNBC as one of the best states for business, and a key reason given for these rankings has been our strong educational system, including our colleges, universities, and community colleges. Since these national business rankings have a big impact on where companies choose to locate their facilities and create jobs, how important do you believe it is for Virginia's Governor and the General Assembly to invest in our colleges, universities, and community colleges?



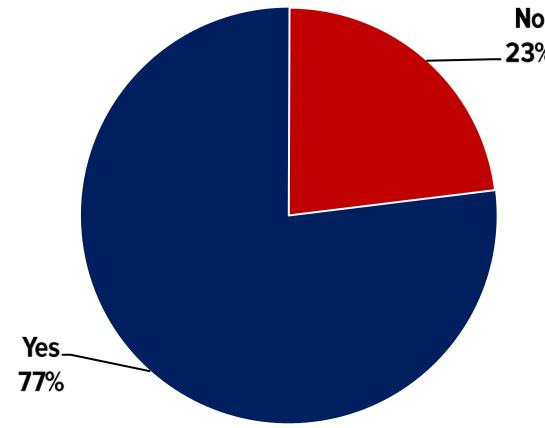
Virginians in both parties say a college education is still a good value.

Virginians say “yes” to college education being a good value even when common criticisms of higher education are included in the question, such as some graduates’ difficulty finding jobs and the expensiveness.

In your opinion, is having a college education still a good value even though some college graduates have trouble finding work in their chosen fields of study these days?



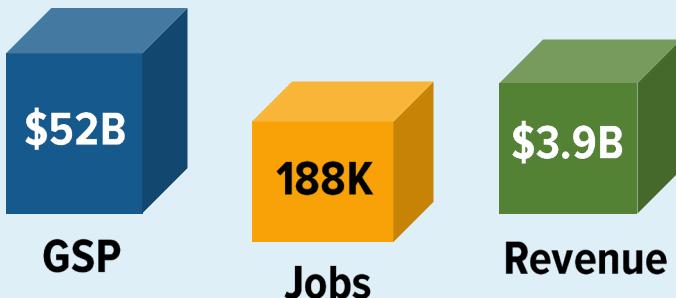
In your opinion, is having a college education still a good value even though it has become more expensive?



No investment produces a higher ROI for the Commonwealth.

ECONOMIC IMPACT ANALYSIS

A comprehensive study completed by the Weldon Cooper Center for Public Service in 2023, the fourth of its kind since 2009, has documented the dramatic economic impact of Virginia's higher education system.



The investment more than pays for itself.

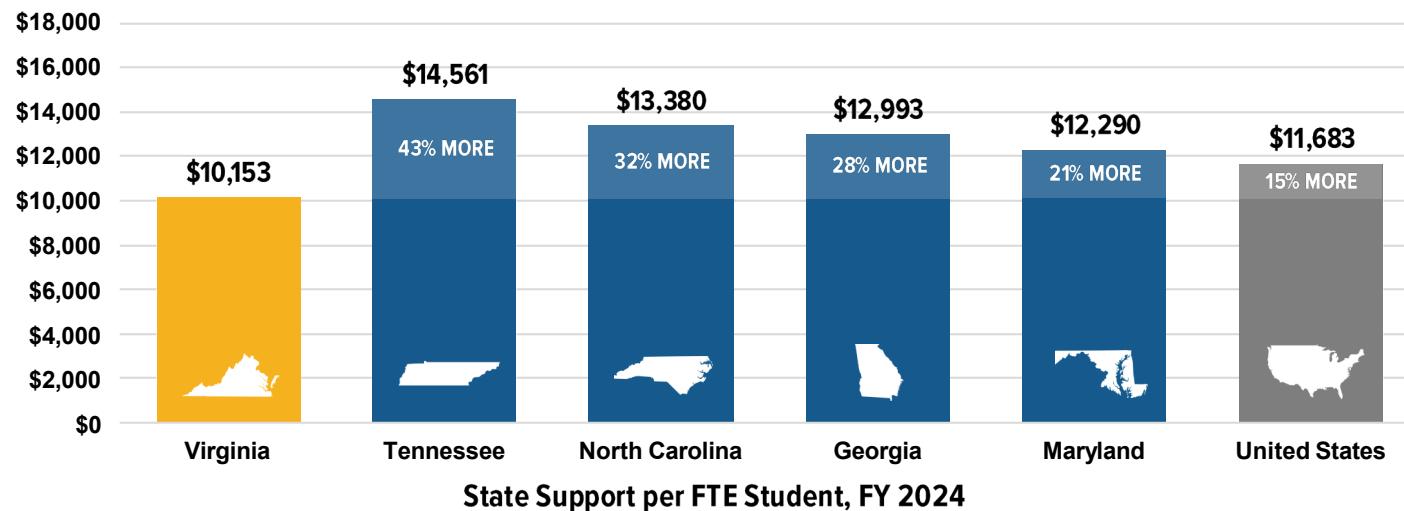
Each dollar spent on Virginia's public higher education system produces more than \$25 in greater Gross State Product (GSP) and returns nearly \$2 to the state treasury.



New data: Virginia's gap with neighboring states continues.

Virginia ranks 28th among the 50 states in state support of higher education.

Our neighbors—the states we compete most with for jobs and business investment—are investing much more.



Source: State Higher Education Finance Report FY 2024, Page 44, Table 3.2, SHEEO, 5/2025.

Virginia's colleges use new state funding to hold down tuition.

JLARC in 2024 studied the performance of Virginia's higher education institutions and found that the cost of attending Virginia's colleges came down in recent years because of new state funding.

Virginians in both parties strongly support continuing these investments.



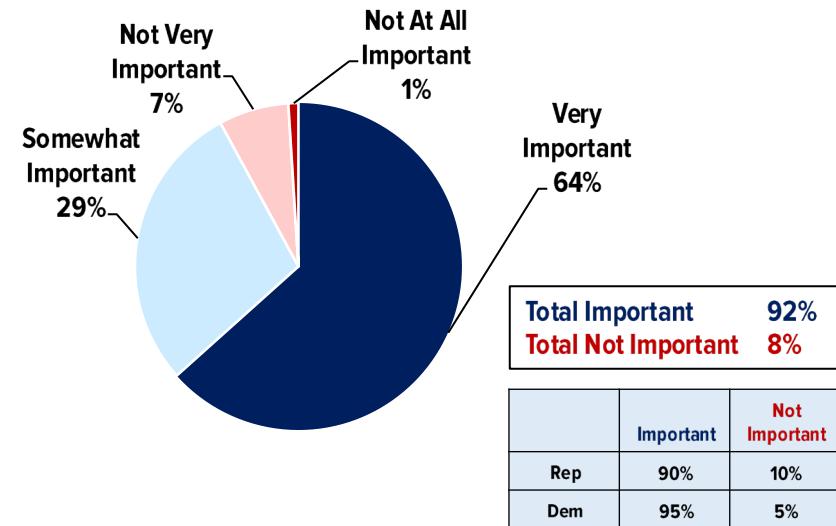
Key findings, adjusting for inflation:

- Total cost of attendance at VA's 4-yr public colleges and universities declined on average since 2020.
- Over the past 10 years, the total cost of attendance averaged an annual increase of less than 1/2 of 1%. Instructional costs, not overhead, were the biggest cost driver.
- Avg net price (after including financial aid) declined at most Virginia institutions over the past 10 years.

Source: "Spending and Efficiency in Higher Education," JLARC, 10/7/2024, Pages 9-13 & 18-19.

According to the 2024 report by the state's audit agency, the average cost of attending college in Virginia has declined in recent years for in-state students. This is because the state has invested more in higher education while colleges have controlled costs, resulting in a lower tuition burden for students and their families.

Since the cost of college remains hard to afford for many low and middle income Virginia families, how important is it to you that the state continue to increase its investment in higher education and reduce the tuition burden on students and their families?



Virginians want more financial aid for low- and middle-income families.

Financial aid can have lifelong impacts for low-income and first-generation students.

Voters also want students from middle-income families to receive more financial aid grants so they are not saddled with excessive student loan debt.

Virginia's Governor and General Assembly should work to increase student financial aid so that college is more affordable for low-income and first-generation college students.



While higher-income Virginians can afford college, and lower-income families tend to qualify for significant federal financial aid, many middle-income families in Virginia qualify only for loans, resulting in high levels of student loan debt. The Governor and General Assembly should seek a significant increase in state-funded financial aid for middle-income families so fewer Virginia students leave college with large debt burdens.



Providing more financial aid so that low- and middle-income students can afford college is an important social investment, because independent studies show that college graduates tend to pay more in taxes, and require less public expenditures on everything from healthcare and unemployment insurance to welfare and incarceration.

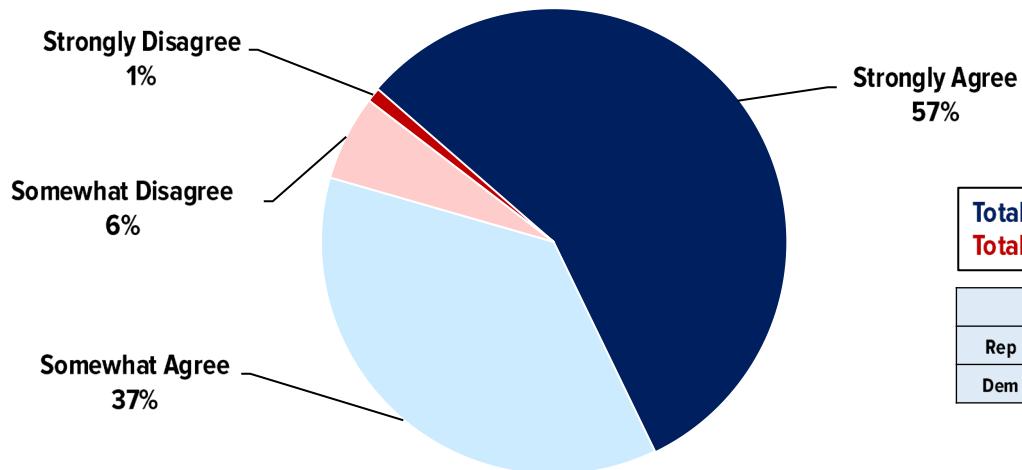


■ Strongly Agree ■ Somewhat Agree ■ Strongly Disagree ■ Somewhat Disagree

Expanding paid internships generates especially intense support.

THE BIG GOAL: EVERY STUDENT WHO ATTENDS VIRGINIA'S COLLEGES AND UNIVERSITIES WILL HAVE THE OPPORTUNITY FOR AT LEAST ONE PAID INTERNSHIP IN THEIR FIELD OF STUDY WITHOUT EXTENDING THE TIME IT TAKES TO COMPLETE THEIR DEGREE.

It is important the state of Virginia invests in the Innovative Internship Program which increases the number of paid internships, co-op programs, and other work-based learning opportunities available to students attending Virginia's colleges and universities.



Total Agree	94%
Total Disagree	6%

	Agree	Disagree
Rep	92%	8%
Dem	98%	2%

Paid internships are a top factor determining lifelong career success.

According to a Business Higher Education Forum study,* paid internships are a top determinant of whether a student is employed at their education level or underemployed throughout their career.

Large majorities of Virginia voters want the state and colleges to partner with employers in practical ways to expand these opportunities.

One of the biggest obstacles to business growth today is the difficulty of finding well-qualified entry-level employees. Internships can help solve this problem by attracting talented young people and giving employers the opportunity to assess their abilities before offering a full-time position.



Virginia should provide hands-on assistance to employers to help them start or expand paid internship programs and to help match them with students whose academic and career goals align with the employers' workforce needs.



Virginia should encourage public and private employers to revise job postings so that high-quality internships can satisfy work experience requirements, making it easier for young graduates to stay and find jobs in Virginia.



* Source: "Expanding Internships: Harnessing Employer Insights to Boost Opportunity and Enhance Learning", Business Higher Education Forum, 9/2024.

■ Strongly Agree ■ Somewhat Agree ■ Strongly Disagree ■ Somewhat Disagree



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Talent and Workforce Strategy
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TOP STATE FOR TALENT: A PATH FORWARD

VEDP PURPOSE

Enriching **lives**, **communities**, and the **Commonwealth** through economic development excellence

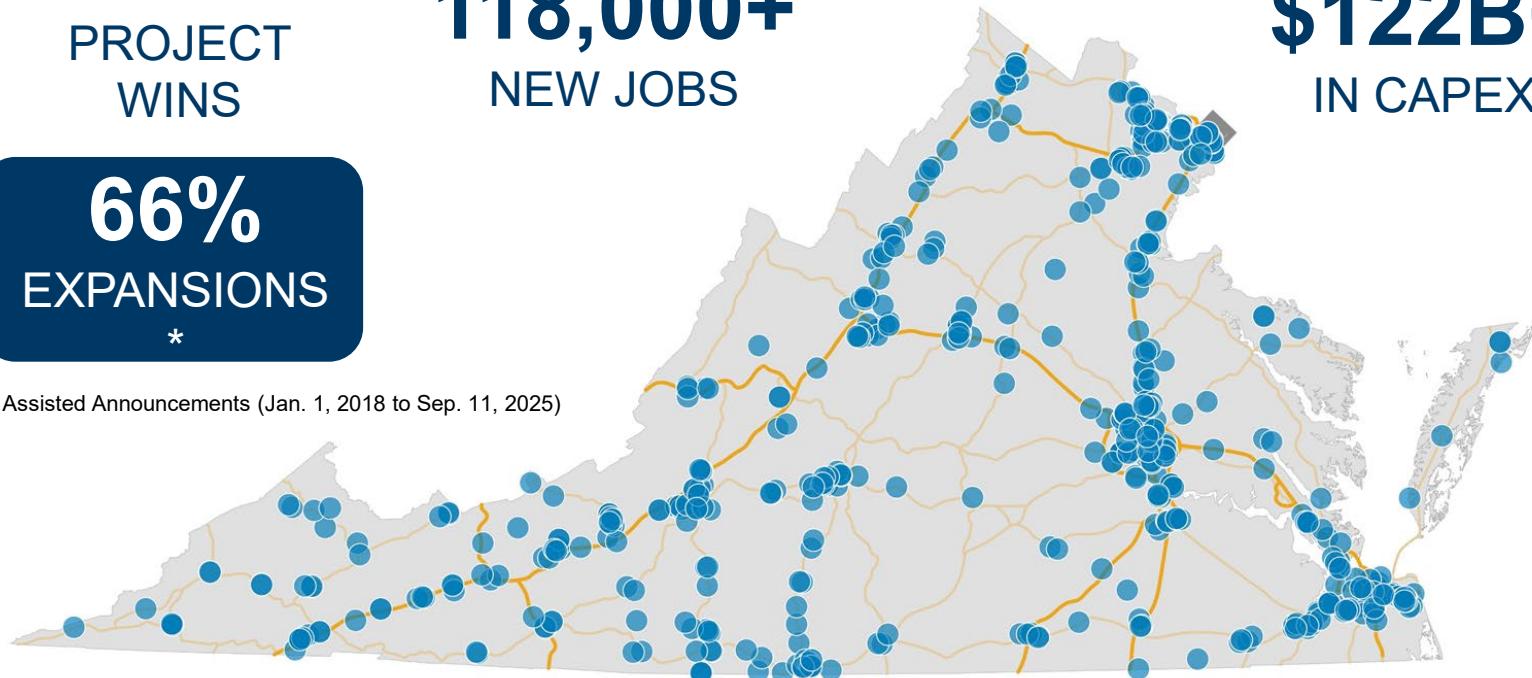
720+
PROJECT
WINS

118,000+
NEW JOBS

\$122B+
IN CAPEX

66%
EXPANSIONS
*

VEDP Assisted Announcements (Jan. 1, 2018 to Sep. 11, 2025)



*Percentage of projects that are expansion projects

Source: VEDP Announcement Database

THE INCREASING IMPORTANCE OF TALENT IN LOCATION DECISIONS LED TO A NEW TRANSFORMATIONAL GOAL FOR THE COMMONWEALTH

1

Robust State Growth

Position Virginia to achieve a growth rate among that of the top 10 states in the U.S.

2

Every Region Wins

Ensure that every region participates in the growth of the Commonwealth

3

Best State for Business

Restore Virginia to its previous leadership position near the top of the national business climate rankings

4

Top State for Talent

Establish Virginia as a top state for talent retention, attraction, development, and alignment

5

Most Innovative, Collaborative, and Effective EDO

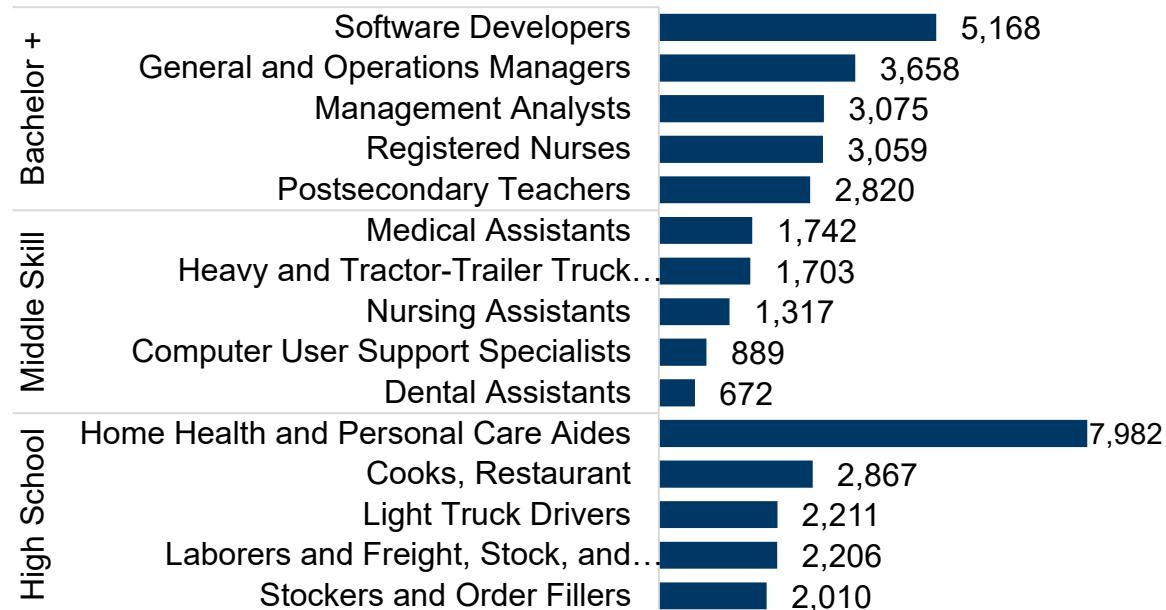
Solidify VEDP's position as one of America's top state EDOs through an innovative strategy, collaborative approach, and effective outcomes

Sector growth is ever evolving

Projected five-year job growth (2025-2030)

1

Workforce and skills



AI is creating unprecedented demand for reskilling, upskilling, and next-skilling

Estimated share of workers likely to see high AI exposure by industry
%, industry workers with high exposure (2023)

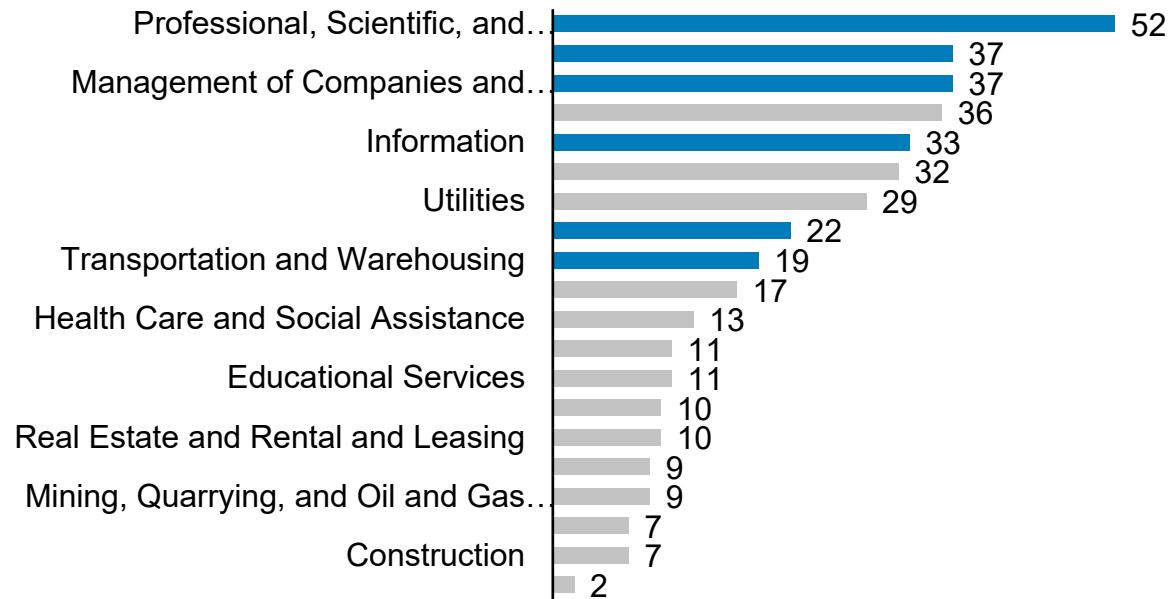
1

Workforce and skills

2

AI and future skills

Denotes VEDP core industry



Source: Pew Research Center; VEDP analysis

Skills-based hiring is on the rise in the U.S.

1

Workforce and skills

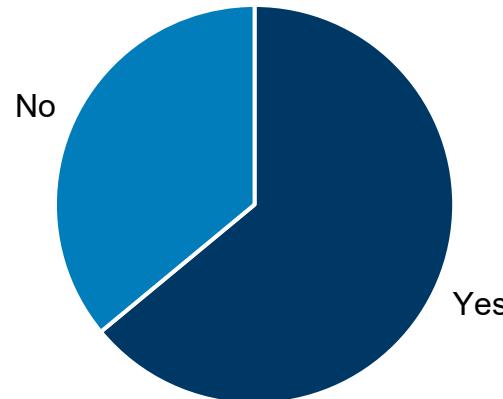
2

AI and future skills

3

Skills-based hiring

Two-thirds of Employers Report Using Skills-Based Hiring Practices



Sources: Graphic: Adapted from U.S. Chamber of Commerce, "[Understanding America's Labor Shortage](#)". Job openings and unemployment data based on [Bureau of Labor Statistics Local Area Unemployment Statistics \(January 2005-June 2025\)](#), [Bureau of Labor Statistics Job Openings and Labor Turnover Survey \(January 2005-June 2025\)](#).

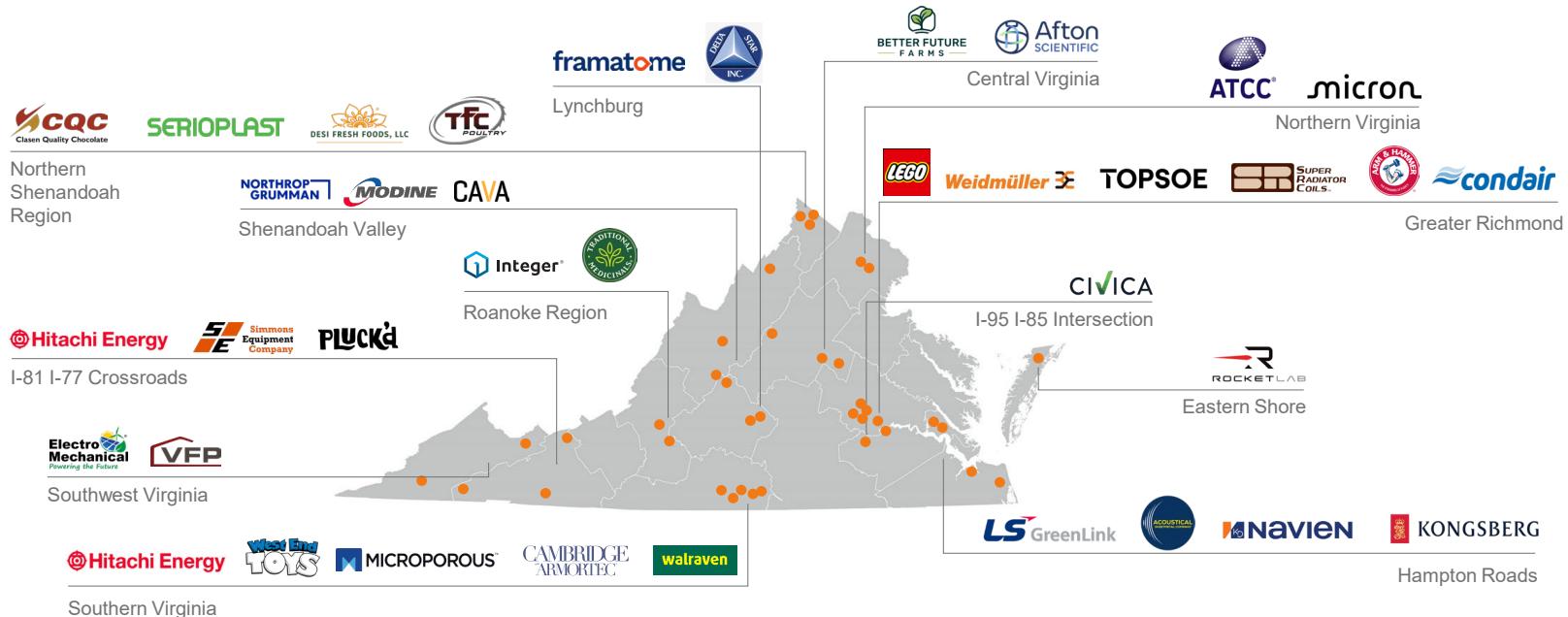
THE TALENT ACCELERATOR IS A PROVEN DIFFERENTIATOR

VIRGINIA

#1

Customized Workforce
Training Leader in the U.S.

Business Facilities, 2023 | 2024 | 2025



Logos Highlight Representative Announcements

VEDP IS POSITIONING VIRGINIA AS AMERICA'S TOP STATE FOR TALENT

- Implementing Virginia's Top State for Talent Strategy as part of our strategic plan for economic development
- Launching InternshipsVA (Virginia Innovative Internship Program and Fund) to connect businesses with students
- Addressing systemic talent pipeline needs on major projects — on top of Virginia Jobs Investment Program/Talent Accelerator
- Promoting our rank as a top state for education with strong community colleges, universities, higher education attainment rates, etc.
- Tightening alignment with current and future workforce needs via Virginia Office of Education Economics



THE STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT OF THE COMMONWEALTH SETS OUT THREE COMPLEMENTARY TALENT-FOCUSED STRATEGIES

Retain and attract talent

Strengthen and highlight the Commonwealth's assets and economic opportunities to retain and attract the talent

Develop talent and align to employer needs

Produce in-demand talent aligned with industry needs to create pathways to opportunity and build a thriving workforce

Unlock worker potential by reducing barriers

Reduce barriers to workforce access (e.g., childcare, transportation) to ensure Virginians participate in the labor force



THE STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT OF THE COMMONWEALTH SETS OUT THREE COMPLEMENTARY TALENT-FOCUSED STRATEGIES

Retain and attract talent

Earn and learn models
• InternshipsVA
• Apprenticeships

Customized training

Regional workforce strategies

Develop talent and align to employer needs

Utilize data effectively to enhance educational and workforce outcomes

Future ready skills

Create innovative statewide sector strategies

Develop accelerated pathways such as three-year degrees and career switcher programs

Unlock worker potential by reducing barriers

Partner with community support agencies

Braid workforce funding

Leverage financial supports for wraparound services like childcare, food security, health insurance and housing

Federal Higher Education Policy and the States in 2026

November 21, 2025

Virginia Senate Finance and Appropriations Committee

Tom Harnisch, Vice President for Government Relations
State Higher Education Executive Officers Association (SHEEO)



SHEEO

State Higher Education
Executive Officers Association

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About SHEEO

- The State Higher Education Executive Officers Association (SHEEO) serves the chief executives of statewide governing, policy, and coordinating boards of postsecondary education and their staffs.
- Founded in 1954, SHEEO promotes an environment that values higher education and its role in ensuring the equitable education of all Americans, regardless of race/ethnicity, gender, or socioeconomic factors.
- Offices in Boulder, CO and Washington, D.C., with a focus on policy research, leadership, and advocacy.
- Leading national nonpartisan association representing states in higher education.

Key Federal Higher Education Policy Issues for States in 2026

- FY26 Fiscal Outlook for Federal Appropriations and Higher Education
- Implementation of H.R.1
- Other federal policy issues with state/institutional fiscal implications

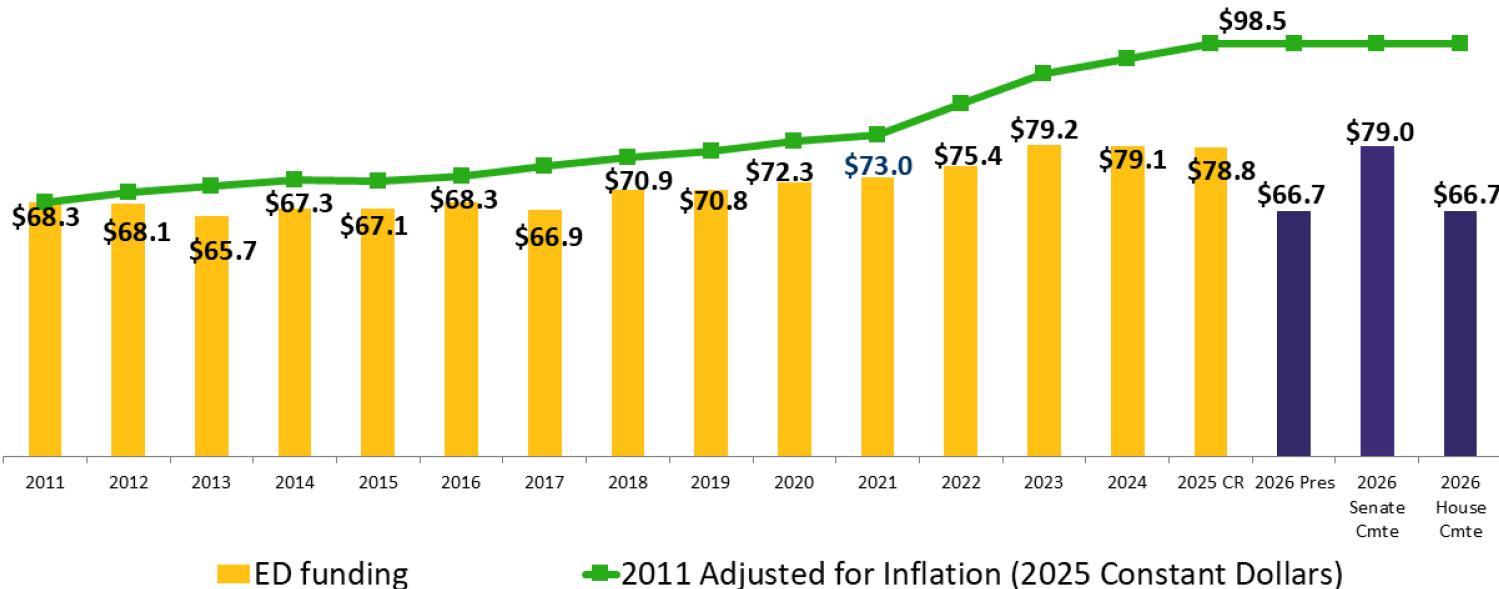
FY26 Fiscal Outlook: Appropriations and Higher Education

- Congress had an extended shutdown on FY26 Appropriations
- This did not affect
 - Federal Student Aid Disbursement
 - Existing Federal Grant Drawdowns
 - Rulemaking
- Paused:
 - New Grantmaking
 - Office of Civil Rights (OCR) Investigations
 - Technical Assistance
- Prediction: Level funding on key federal higher education programs, including Pell Grants

FY26 Federal Appropriations

	FY25 Amount	FY26 President's Budget	FY26 House	FY26 Senate	FY26 Final
Student Aid-Pell Grants (max. award)	\$7,395	\$5,710	\$7,395	\$7,395	
Student Aid-GEAR UP	\$388M	0	\$388	\$388M	
Student Aid-TRIO Programs	\$1.191B	0	\$1.191	\$1.191B	
Student Aid-Federal Work-Study	\$1.23B	\$250M	\$779	\$1.23M	
Student Aid-SEOG	\$910M	0	0	\$910M	
Postsecondary Student Success Grants	\$45M	0	0	\$40M	

Department of Education Discretionary Funding in Billions of Dollars



Implementation of H.R. 1

- Key higher ed features of the new law signed on July 4th
 - New Loan Limits on Graduate Education
 - Pell Grants
 - Accountability
 - Non-Higher Ed Items

H.R. 1 Higher Education Provisions

- *Loan Limits*
 - Undergraduate loans, loan limits, and subsidies will remain unchanged (outside of Parent PLUS)
 - Ends Grad PLUS Loans on July 1, 2026.
 - Non-Professional programs: Capped at \$20,500 annually (\$100,000 lifetime)
 - Professional programs: Capped by \$50,000 annually (\$200,000 lifetime)
 - With undergrad loan limits, total cap of \$257,000 lifetime on federal loans
 - Parent PLUS Loans capped at \$20K annually, \$65K lifetime per student.
 - ***Estimated savings: \$44 billion over 10 years***

H.R. 1 Education Provisions

- *Loss of GradPlus*
 - States may seek to establish student loan programs to help fill in the gap left by the loss of GradPlus
 - More graduate students will seek out private student loans to fill in the gap left by GradPlus
 - Some states already have student loan programs, such as the Minnesota SELF Loan, and may expand those programs

H.R. 1 Education Provisions

- *Pell Grants* (provisions start July 1, 2026)
 - Establishes Workforce Pell Grants for accredited providers
 - Includes \$10.5 billion in mandatory funds in FY26 to stabilize Pell grants in the short-term
 - Students are ineligible for Pell grants if total cost of attendance already covered from other sources
 - Foreign income included in the adjusted gross income for Pell grant calculations
 - If students have a high Student Aid Index (SAI), then they are not eligible for Pell grants.

H.R. 1 Higher Education Provisions

- *Pell Grants-Workforce Pell* (provisions start July 1, 2026)
 - Students must qualify for Pell Grants
 - Cannot have enrolled in or completed a graduate-level program
 - The Pell Grant funding will be prorated for length
 - Cannot receive Workforce Pell Grant and regular Pell Grant at the same time
 - Workforce Pell Grant count toward regular Pell Grant duration (12 semesters)

H.R. 1 Higher Education Provisions

- Accountability (*Do Not Harm Provisions-starts July 1, 2026*)
 - Undergraduate students
 - Bans new student loans from undergraduate programs where the majority of completers earn less than the median high school graduate in the same state
 - Those working individuals with high school diplomas age 25-34 in the state
 - Earnings for bachelor's degree recipients calculated four years after graduation.
 - Graduate students
 - Bans new federal loans for graduate programs where the majority of completers earn less than a bachelor's degree recipients in the same field in the same state
 - Certificate programs are not included
 - This is at the *program level*---programs lose eligibility if they don't meet the standards two years in a three-year period. Banned for at least two years.

H.R. 1 Negotiated Rulemaking

- Negotiated rulemaking started earlier this month
- Two committees
 - ***Reimagining and Improving Student Education (RISE)***
 - Focus on student loan provisions
 - ***Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD)***
 - Institutional and Program Accountability, Pell Grants, and other issues
- Negotiators will reconvene in early November (RISE) and early December and January (AHEAD)



Federal Grant and Research Funding

- Colleges and universities have lost billions in federal grant/research funding across agencies
 - Cuts include TRIO, GEAR UP, and Corporation for Public Broadcasting, but also other federal agencies
 - Grants that did not align with the administration's priorities, particularly related to DEI, were flagged for termination
- Trump Administration has sought to standardize the indirect cost rate to 15 percent across agencies (DOE, DoD, NSF, NIH).

Other Fiscal Pressures Affecting Public Universities

- Minority Serving Institutions Lawsuit
- International Student Enrollment
 - Latest Institute of International Education survey estimates a 17 percent decline in new international students
- Increased Administrative Burdens on Campuses
 - New Integrated Postsecondary Education Data System requirements

Key Takeaways and 2026 Session Outlook



Budget Pressures: SCHEV Budget Recommendations

(\$ in millions)	FY 2027	FY 2028
Tuition and Fee Mitigation (operational support)		
Salaries and Health Premiums	\$46.0	\$46.0
Non-personnel Inflationary Costs	18.0	18.0
Operations and Maintenance of New Facilities	4.7	4.7
Student Financial Aid		
Undergraduate Need-Based Financial Aid	9.2	10.0
Tuition Assistance Grant (TAG) (fill gap and increase by \$50 per year)	8.7	11.5
Virginia Military Survivors and Dependents Education Stipend (VMSDEP)	-	2.5
Workforce Credential Grant Program	11.9	15.4
SCHEV Budget and Systemwide Programs - includes mental health pilot, longitudinal data system, VA Sea Grant, VA Space Grant, other new initiatives, and agency operating support	<u>8.4</u>	<u>8.7</u>
Total	\$106.9	\$116.8

Source: SCHEV Budget Recommendations, September 16, 2025, Council meeting.

Key Takeaways and 2026 Session Outlook

- Enrollments for institutions may be impacted by declining high school graduates, international student visa requirements, federal adjustments to Pell grant eligibility and education loan requirements, and other emerging issues.
- The shifting landscape of higher education will necessitate continued attention to efficiency and student costs at most institutions.
- CNBC, in its Best State for Business rankings, scored Virginia's education system first in the nation, and higher education's focus on alignment with workforce needs will continue that success.
- Funding requests for the 2026 Session generally focus on the continuance of one-time FY 2025 operational funding, additional financial aid, expansion of health care programs, and providing more support for the Virginia Military Survivors and Dependents Education Program.