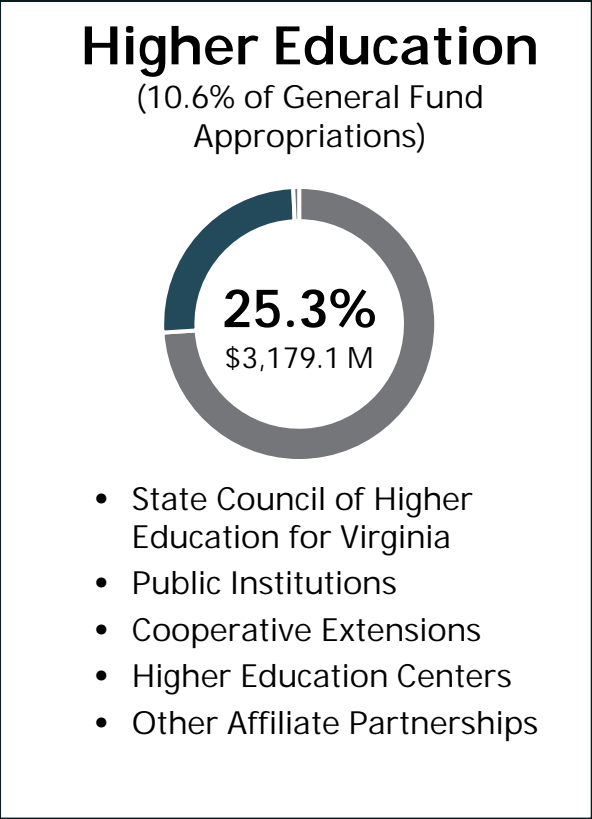
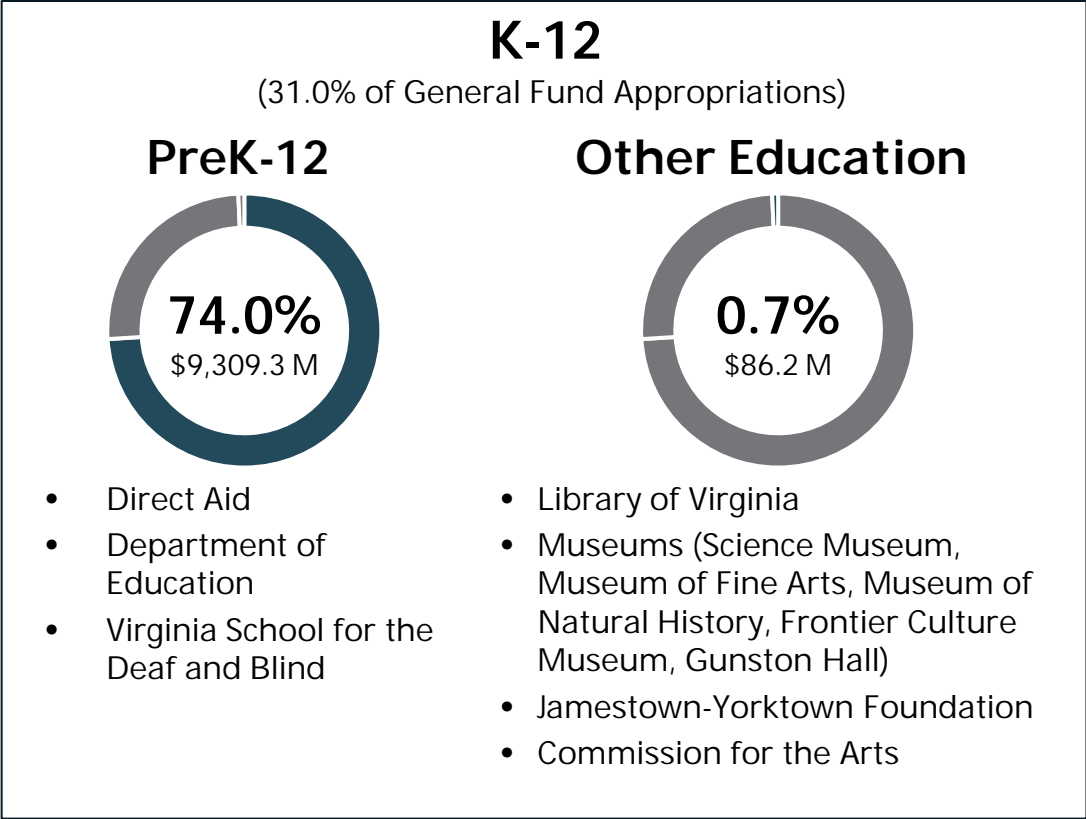


Overview of Proposed Budgets for Higher Education

SB 29 (Governor's Amendments to 2022-2024 Budget)
SB 30 (Governor's 2024-2026 Budget)

Education Subcommittee
January 16, 2024

General Fund Support for Education Totaled \$12.6 Billion in FY 2024



Virginia's Institutions

15 PUBLIC 4-YEAR
UNIVERSITIES

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

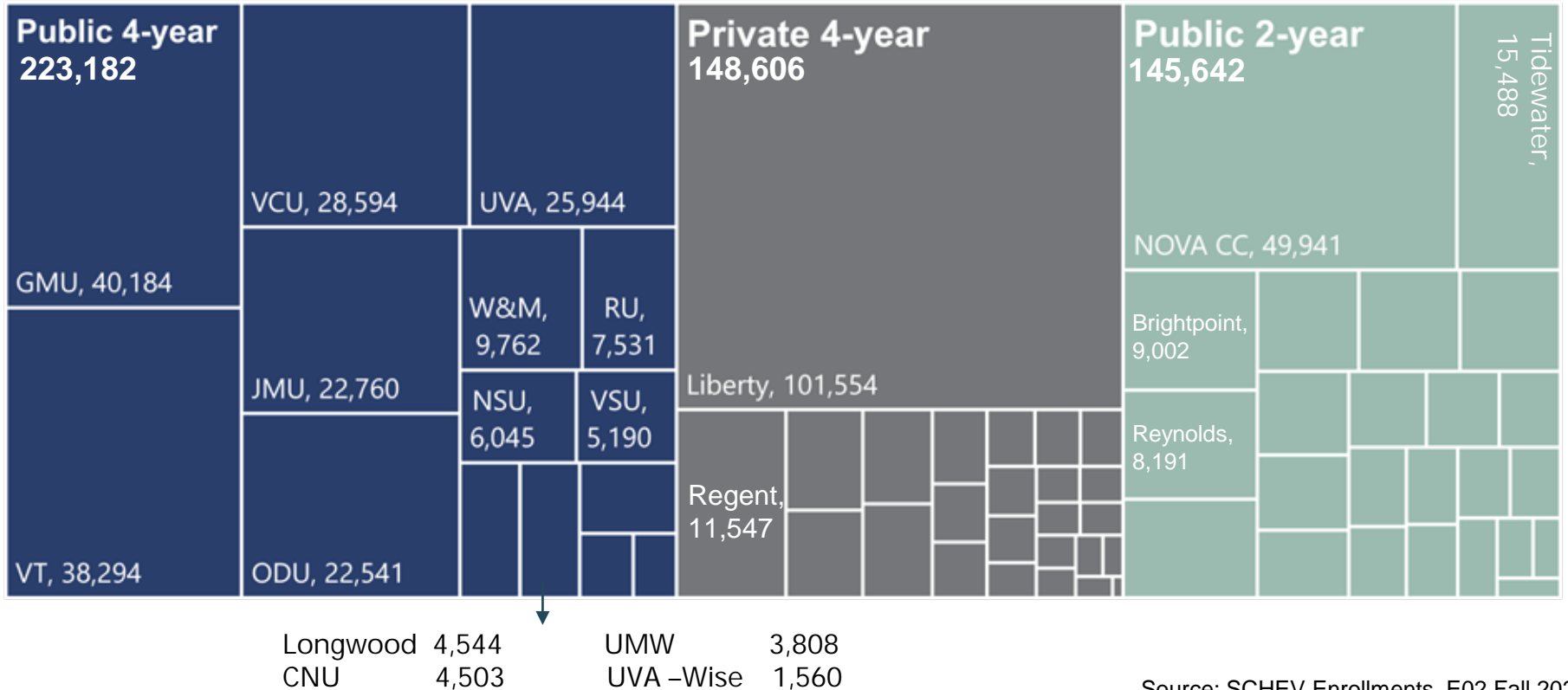
24 PUBLIC 2-YEARS
(23 COMMUNITY COLLEGES,
RICHARD BLAND COLLEGE)

30 VIRGINIA PRIVATE
NONPROFIT COLLEGES
& UNIVERSITIES

5 HIGHER EDUCATION
CENTERS

Source: SCHEV staff; October, 2019.

In Fall 2023 Student Headcount was 517,430

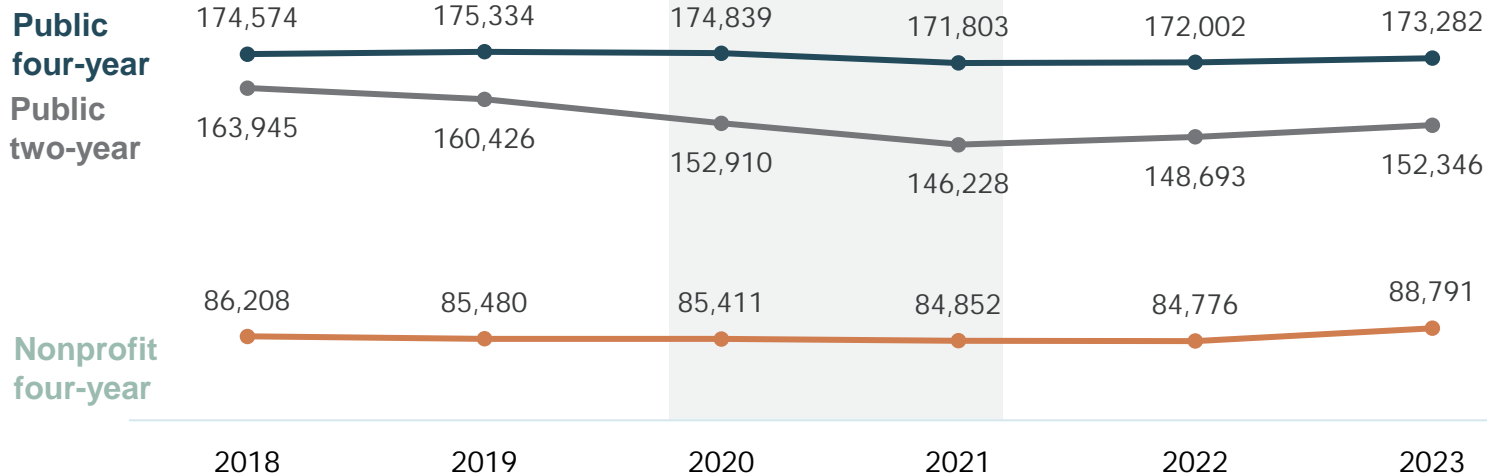


Source: SCHEV Enrollments, E02 Fall 2023.

Undergraduate Enrollment Trends

Undergraduate enrollments increased from Fall 2022 to Fall 2023. Public four-year and two-year enrollments remain below pre-pandemic levels.

COVID-Pandemic



Source: SCHEV Research. Fall enrollments (E02 report). 2023 data are based on early enrollment estimates and are not final.

Virginia's High School Graduates are Projected to Peak in 2025

Virginia's high school graduates are projected to peak in 2025 at 100,210 graduates and decline to 90,400 by 2037.



- Birth rates started declining during the Great Recession, which is now leading to fewer graduates after 2025.
- Virginia's high school graduates are the typical pipeline to college enrollment.

Source: Western Interstate Commission for Higher Education, "Knocking at the College Door: Projections of High School Graduates", 2020, www.knocking.wiche.edu.

Overview of Virginia Higher Education

Strengths

- Diverse set of institutions.
- Strong outcomes in graduation rates and post-graduate earnings.
- Among top two states for higher education
(Source: SmartAsset).

Challenges

- Enrollment declines at some institutions.
- National question of the value of a college degree and affordability.
- Variation in outcomes by institution.
- Growth in costs.

Majority of Higher Education Funding is for Education Related Support (E&G)

FY 2024 Higher Education Appropriations

FY 2024 (\$ in millions)	GF	NGF	Total	% of Total
Educational and General Programs (does not include cooperative extension offices at VT and VSU)	\$2,200.0	\$3,962.7	\$6,162.7	54.5
Auxiliary Services	0.0	1,879.4	1,879.4	9.0
Financial Aid	699.7	319.2	1,018.9	16.6
Sponsored Research	77.4	1,804.1	1,881.5	16.6
Other (SCHEV operating and economic development at VCCS, higher education centers, other affiliate partnerships)	202.0	156.9	358.9	3.2
Total	\$3,179.1	\$8,122.3	\$11,301.4	100.0

Source: Chapter 1, Special Session 2023. Funds include all areas of funding (E&G, non-E&G, financial aid, and sponsored research). Does not include UVA medical center NGF revenues.

Recent Higher Education Actions

Recent Budget Actions Focused on Affordability and Financial Aid

General Fund (\$ in millions)	FY 2023	FY 2024	Total
Affordable Access: Operational Support	\$143.0	\$218.0	\$361.0
Undergraduate Need-Based Financial Aid	20.0	192.5	212.5
Pell/Low-Income Recruitment and Retention Initiative	0.3	37.5	37.8
Student Support at NSU and VSU (+ legislation for additional tuition flexibility for out-of-state students)	16.7	18.3	35.0
Tuition Assistance Grants (\$4,500 FY 2023; \$5,000 FY 2024)	4.5	14.0	18.5
Tuition Assistance Grants - Private HBCUs (additional \$7,500 per year)	6.8	6.8	13.5
Community Colleges: Workforce Programs and Student Advisors	4.6	12.4	17.0
Innovative Internship Program	3.0	10.0	13.0
Graduate Financial Aid	4.2	6.2	10.4
Workforce Credential Grant (FastForward)	0.0	5.0	5.0
Total Select Higher Education Actions	\$203.1	\$520.7	\$723.7

Institution Priorities and Funding Requests

- **Base Operational Support:** Inflation, operations and maintenance of new facilities, funding disparities, campus safety, IT infrastructure, and faculty recruitment and retention.
- **Virginia Military Survivor and Dependents Education Program:** Funding to offset growth in tuition waiver costs.
- **Career Readiness/Workforce:** Internships, career advising, and outreach to business community.
- **Mental Health:** Increased staff and program supports.
- **New Programs:** Healthcare, teacher preparation, medical education, AI, and computer science.
- **Student Support:** Supports to improve retention and completion.

Governor's Introduced Budget

SB 29 & SB 30: Summary of Proposed Amendments

SB 29: Proposes \$1.8 million GF the second year to fund the state match and maximize federal funds received due to Virginia State University's status as an 1890 Land Grant Institution.

SB 30: Proposes a net increase of \$67.2 million GF in FY 2025 and a net decrease of \$11.6 million GF in FY 2026, resulting in a **net increase of \$55.6 million GF** over the biennium.

GF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Spending	\$53.8	\$33.5	\$87.3
Savings & Reductions	(5.2)	(45.8)	(51.0)
Transfer of Funding	18.6	0.7	19.3
Total	\$67.2	(\$11.6)	\$55.6

SB 30: Proposed Amendments – Spending

GF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026	Total
ODU/EVMS Merger	\$21.0	\$16.0	\$37.0
Campus Safety and Security	16.6	0.0	16.6
Workforce Credential Grant	4.0	5.2	9.2
Regional Career Placement Centers at VCCS	3.9	3.9	7.8
Mental Health Statewide Contract	3.0	3.0	6.0
VA Military Survivors & Dependents Stipends	2.0	2.0	4.0
VSU – Cooperative Extension Services (meet federal match)	1.8	1.8	3.6
JMU – Fast Flex Nursing Program	1.0	1.0	2.0
Virtual Library of Virginia Consortium	0.3	0.7	1.0
VIMS – Facilities Review	0.2	0.0	0.2
Total	\$53.8	\$33.5	\$87.3

SB 30: Proposed Amendments – Savings & Reductions

GF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026	Total
SCHEV – Remove Pell Initiative Funding in the Second Year	\$0.0	(\$37.5)	(\$37.5)
*Online Virginia Network - Remove Funding	(4.0)	(4.0)	(8.0)
*New College Institute - Remove funding in the Second Year	0.0	(3.1)	(3.1)
SCHEV – College Transfer Grant (align to demand)	(0.8)	(0.8)	(1.6)
SCHEV – Remove Fund for Excellence and Innovation	(0.2)	(0.2)	(0.4)
*SCHEV – Remove Student Loan Ombudsman Funding	(0.1)	(0.2)	(0.3)
SCHEV – Remove Optometry Grant Program	<(0.1)	<(0.1)	<(0.1)
Total	(\$5.2)	(\$45.8)	(\$51.0)
*Items are currently established in the Code of Virginia			

SB 30: Proposed Amendments – Transfer of Funding

GF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Innovative Internship Program – to SCHEV from Central Appropriations (changes to one-time funding)	\$19.0	\$1.0	\$20.0
Cardinal Education (Graduate Engineering) administration from UVA	(0.1)	(0.1)	(0.2)
Cardinal Education (Graduate Engineering) administration to SVHEC	0.1	0.1	0.2
Grow Your Own Teacher & Dual Enrollment Credential Program – from SCHEV to DOE	(0.3)	(0.3)	(0.6)
Total	\$18.6	\$0.7	\$19.3

Other Funding Related to Higher Education:

- Virginia Biotechnology, Life Sciences and Pharmaceutical Manufacturing Network: Proposes \$100.0 million GF the first year to support research initiatives at UVA, VT, and VCU. This includes the transfer of \$7.5 million in VCBA funds that were designated to support a similar project at UVA.

Other Education:

- No GF allocations. NGF adjustments for VA Museum of Natural History.

SB 30: Language Amendments -Systemwide

- **Maintain affordable access operational support (\$75.0 million each year):** Recommends repurposing funding authorized in Chapter 1, 2023 Special Session I.
 - Requires the Secretary of Education and SCHEV to establish a set of performance standards and targets.
 - Authorizes the Secretary of Education to determine funding allocations in the second year and specifies that amounts are contingent upon institutions limiting in-state undergraduate tuition and mandatory E&G fee increases to the lower of 2.5 percent or inflation and submitting a performance plan.
- **Campus Safety and Security:** Funds are provided to institutions with the requirement to partner with the Virginia Fusion Center (VA Police and VA Department of Emergency Management).
- **Capital requirements:** Requires Level III institutions to provide 25 percent NGF to support education and general (E&G) projects that are new construction, major renovation, or an acquisition.

SB 30: Language Amendments - Aid

- **Tuition Assistance Grant:**
 - Proposes to increase online amount from 50 percent of the campus-based award to 75 percent (an increase from \$2,250 to \$3,750).
 - Requests SCHEV to reappropriate up to \$2.0 million in balances to study and implement an online system to facilitate applications for awards.
- **FAFSA Simplification - Alignment of State Aid Language:**
 - Recommends language to align state aid with upcoming changes to the Free Application for Federal Student Aid (FAFSA).
 - Provides a hold harmless for current students to continue state aid under current criteria.

SB 30: Language Amendments -Other

- **UVA –Wise:** Continue indirect cost recovery flexibility for the biennium.
- **Radford University:** Transfer Radford Carillion appropriation to Radford operating (E&G).
- **Southeastern University Research Association (Jefferson Labs):** Adjust language to allow use of existing funds for new high performance data facility project.