

SCHEV Budget and Policy Recommendations for 2024-26

January 16, 2024

Education Subcommittee

Senate Finance and Appropriations Committee



**STATE COUNCIL OF HIGHER
EDUCATION FOR VIRGINIA**

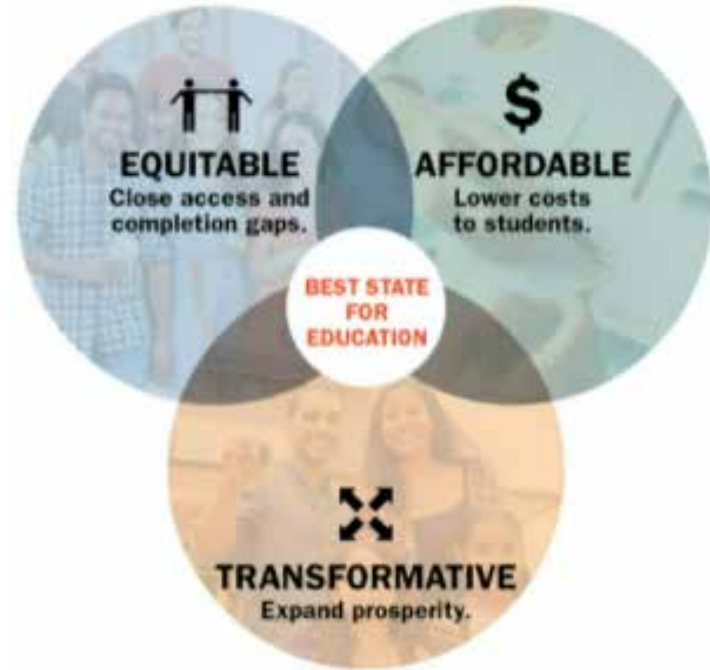
SCHEV

- The State Council of Higher Education for Virginia (SCHEV) is the Commonwealth's coordinating body for higher education.
- 13-member board appointed for four-year terms
- Mission: “[T]o advocate and promote” higher education in Virginia:
 - Statewide strategic planning
 - Academic policy and approval for public institutions
 - Finance analysis and recommendations
 - Advisory relationship with private nonprofit institutions
 - Regulatory relationship with proprietary and out-of-state institutions
 - Oversight of financial aid
 - Data collection and dissemination

SCHEV

Statewide strategic plan for higher ed sets a vision to be the **best state for education**.

Big Goal: **70%** of the working-age population will possess a postsecondary credential by 2030 (59% as of 2021).



Budget & Policy Recommendations

Council's Budget Recommendations for the 2024-2026 Biennium, by Category:

- Student Success and Workforce Outcomes
- Affordability and Access
- Institutional Operations

Performance & Accountability

- **Tuition Mitigation**
 - Governor's introduced budget ties \$75 million in affordable access from Chapter 1 to a 2.5% tuition increase and new performance metrics.
 - Council recommended \$18.2 million and \$29.5 million to address unavoidable cost increases.
- **Pell initiative**
 - Opportunities to tie more directly to Pell recruitment and retention
- **Workforce Credential Grant**
 - Governor's budget adds \$4 million and \$5 million due to increase in performance.
- **Institutional Performance Standards**
 - Council recommended additional flexibility in benchmarks
 - Governor's introduced budget aligns assessment and data timelines

Budget & Policy Recommendations

SCHEV recommends \$327.5 million in new GF over the biennium

- \$132.5 million in first year (4.0% over base)
- \$195.3 million in second year (5.9% over base)

Budget & Policy Recommendations

Budget Recommendations for 2024-26 Biennium			
Category	Item	(in millions)	
Improving Student Success and Labor Market Outcomes	Workforce Credential Grant	\$4.0	\$4.0
	Mental Health Workforce Pilot Program	\$0.5	\$1.0
	Mental health grants	\$9.0	\$0.0
	Graduate financial aid	\$4.0	\$6.0
	Advising and coaching	\$0.8	\$1.5

Budget & Policy Recommendations

Budget Recommendations for 2024-26 Biennium			
Category	Item	(in millions)	
Affordability and Access	Undergraduate need-based financial aid	\$33.9	\$39.9
	Virginia Military Survivors and Dependent Education Program (VMSDEP) - Waiver	\$33.3	\$60.5
	Virginia Military Survivors and Dependent Education Program (VMSDEP) - Stipend	\$2.0	\$2.0
	Virginia Tuition Assistance Grant (TAG) Program	\$0.0	\$3.6

Budget & Policy Recommendations

Budget Recommendations for 2024-26 Biennium			
Category	Item	(in millions)	
Institutional Operations	Tuition mitigation	\$18.2	\$29.5
	Address funding disparities	\$15.3	\$30.5
	O&M for new facilities	\$8.7	\$13.5
	Virtual Library of Virginia (VIVA)	\$2.3	\$2.8
	Virginia Sea Grant	\$0.4	\$0.4
	Virginia Space Grant Consortium	\$0.1	\$0.1

Budget & Policy Recommendations

Policy Considerations

- Enrollment (workgroup, tuition flexibility, enhanced outreach etc.)
- Affordable Talent Pathways
- Virginia Military Survivors and Dependent Education Program (VMSDEP) (require FAFSA, make last dollar, etc.)
- Financial Aid Restructuring
- FAFSA Simplification Impact
- Financial aid technical changes
- Study Tuition Assistance Grant
- Dual-enrollment pricing
- Institutional Performance Standards
- Campus security
- SCHEV role in emergency aid
- Recruitment and retention of talent

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Appendix

Budget & Policy Recommendations

§ 23.1-208 - Budget requests and recommendations

A. The Council shall develop policies, formulae, and guidelines for the fair and equitable distribution and use of public funds among the public institutions of higher education, taking into account enrollment projections and recognizing differences and similarities in institutional missions. Such policies, formulae, and guidelines shall include provisions for operating expenses and capital outlay programs and shall be utilized by all public institutions of higher education in preparing requests for appropriations.

Budget & Policy Recommendations

Resolution approved January 9, 2024:

WHEREAS, Pathways to Opportunity, the statewide strategic plan for higher education, seeks to make Virginia the best state for education by 2030; and

WHEREAS, Virginia's higher education system is a shared responsibility of the state, institutions and students and families to reach the highest levels of performance and accountability; and

WHEREAS, budget recommendations for the 2024-26 biennium focus on improving access, affordability, student success, labor market outcomes and institutional efficiencies and effectiveness; now therefore,

BE IT RESOLVED that the State Council of Higher Education for Virginia approves the proposed budget and policy recommendations for the 2024-26 biennium, as amended and adopted on January 9, 2024

Budget & Policy Recommendations

Drivers of SCHEV's recommendations:

- Revised six-year-planning process
- Cognizance of significant investments in 2022-24 biennium
- Ongoing input and feedback from Council

Six-Year Plan Summary

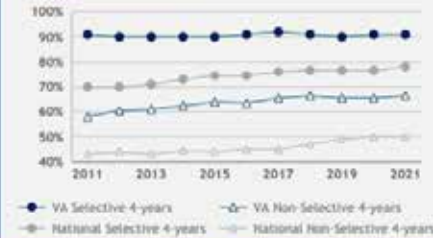
Reasons for optimism (I/II) | Diverse set of IHEs make COVA's public higher ed ecosystem among the strongest in the US

Broad set of public IHEs across VA ...



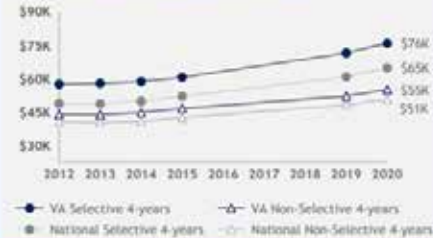
... with overall strong student outcomes

Six year median graduation rates for VA 4-year IHEs vs. national 4-year IHEs¹



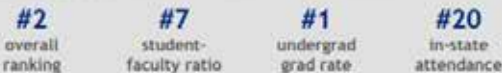
... and strong post-grad outcomes

Annual earnings, 10 years after workforce entry for VA 4-year IHEs vs. national 4-year IHEs²



Resulting in national recognition as a top state for higher ed

smartasset 2022 Best States for Higher Education³



USNews 2024 Best Colleges Ranking



1. Median graduation rates across applicable IHEs based on IPEDS data. 2. Figures reflect earnings of working graduates 10 years after workforce entry, excluding graduates who are currently enrolled as students; figures shown are the average of each category's institutions' reported median earnings. Due to data constraints, figures unavailable 2016, 2017, and 2018; most recent available data are 2020. 3. Subscores based on IPEDS data; average net price and 20-year ROI metrics not shown.

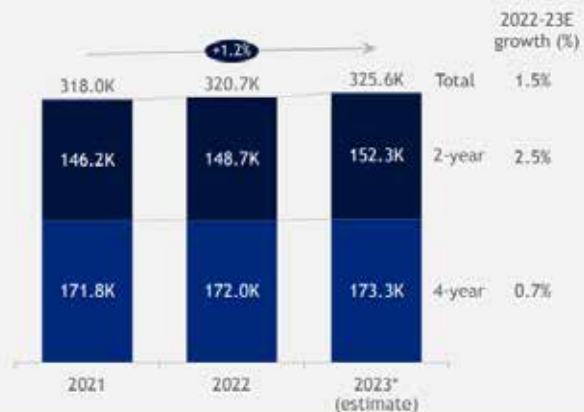
Source: IPEDS; College Scorecard; U.S. Census Bureau; BCG analysis

Six-Year Plan Summary

Reasons for optimism (II/II) | IHEs show resilience in difficult macro environment, interest in tackling VA priorities

Early enrollment estimates for Fall 2023 indicate continued post-pandemic recovery

Undergraduate enrollment for public IHEs, Fall 2021-23E



Source: SCHEV Enrollment Data & Early Enrollment Estimates; IHE plan & narrative submissions

Many IHEs are focusing on COVA higher ed priorities

of IHEs selecting as one of top 3-5 strategic priorities

	Career readiness / workforce Via new programs, partnerships, work experience initiatives, etc.	15 of 17
	Affordability & accessibility Via higher cost efficiency, affordable pathways (e.g., online), aid expansion, etc.	8 of 17
	Cost efficiency / financial sustainability Via cost containment, greater focus on operational efficiency	6 of 17
	Enrollment Via efforts to grow applicant funnel across different demographics	6 of 17
	Student mental health Via support for counseling services, mental health-related programs, etc.	5 of 17
	Pathways Via dual enrollment options, collaboration between IHEs, etc.	4 of 17

Six priorities above account for ~60% of all priorities named in strategic narratives

Six-Year Plan Summary

VA IHEs also face real challenges, with declines starting well before the COVID period



Enrollment

Majority of VA IHEs saw **declining enrollment, selectivity, and yield** over past decade

- **11 of 17 IHEs saw enrollment declines** of 3-37% between 2013-23
- **12 of 15 4-year IHEs increased acceptance rates** by 1-28 ppt between 2013-22; **10 out of 15 had acceptance rates greater than 85%**
- **All IHEs saw declining yields** between 2012-21, with decreases ranging from 4-21 ppt

College-aged population expected to peak by 2025, likely exacerbating enrollment pressures for IHEs



Completion

Some **meaningful gaps in completion** exist for certain IHEs

- **Five IHEs have six-year graduation rates below 60%**
- **Three IHEs have experienced declines in six-year graduation rates** between 2006-16
- **Significant disparities in completion rates by race / ethnicity, income level**



Affordability

Average **published tuition prices for VA IHEs are 30-35% higher than national averages** and growing faster

- **Selective 4-years:** 15% higher than national avg.; 2.7% annual growth from 2012-21 (vs. 2.3% nationally)²
- **Non-selective 4-years:** 27% higher; 3.2% annual growth (vs. 2.6%)
- **2-years:** 34% higher; 2.5% annual growth (vs. 2.3%)

Average **cost of attendance has grown by 2.7% and 3.2% annually** for selective and non-selective 4-years, respectively, between 2012-21, also **outpacing national averages** (2.3% and 2.6%, respectively)



Cost effectiveness

Total E&G expenditures per student FTE grew by 4.9% annually (61% total) between 2012-22, from \$12K to \$20K; **one significant growth driver is institutional / administrative spend** (6.7% annual growth between 2012-22, or 91% total growth)

1. Based on 4-year graduation rate for 2-year IHEs and 6-year graduation rate for 4-year IHEs. Latest data is available from 2017 and 2016, respectively. 2. Comparison of VA selective public IHEs (UVA, W&M, VT) vs. national list of public IHEs that are either the flagship IHE in their state and/or ranked top 100 in US News & World Report.

Six-Year Plan Summary

Total Tuition and Mandatory Fees Annual Change							
	FY2024	Planned	FY2025 Annual Change		Planned	FY2026 Annual Change	
Inst.	BOV Approved	FY2025	\$	%	FY2026	\$	%
CNU	\$16,351	\$17,032	\$681	4.2%	\$17,742	\$710	4.2%
GMU	\$13,815	\$14,506	\$691	5.0%	\$15,309	\$803	5.5%
JMU	\$13,576	\$14,132	\$556	4.1%	\$14,712	\$580	4.1%
LU	\$15,200	\$15,775	\$575	3.8%	\$16,370	\$595	3.8%
NSU	\$9,910	\$10,208	\$298	3.0%	\$10,516	\$308	3.0%
ODU	\$12,262	\$12,857	\$595	4.9%	\$13,483	\$626	4.9%
RBC	\$8,847	\$9,112	\$265	3.0%	\$9,386	\$274	3.0%
RU	\$12,286	\$12,651	\$365	3.0%	\$13,027	\$376	3.0%
UMW	\$14,559	\$14,994	\$435	3.0%	\$15,442	\$448	3.0%
UVA	\$18,808	\$19,372	\$564	3.0%	\$19,952	\$580	3.0%
UVAW	\$11,779	\$12,133	\$354	3.0%	\$12,495	\$362	3.0%
VCCS	\$4,758	\$5,080	\$322	6.8%	\$5,286	\$206	4.0%
VCU	\$16,233	\$16,911	\$678	4.2%	\$17,618	\$707	4.2%
VMI	\$20,484	\$21,066	\$582	2.8%	\$21,624	\$558	2.6%
VSU	\$9,755	\$10,146	\$391	4.0%	\$10,552	\$406	4.0%
VT	\$15,476	\$16,234	\$758	4.9%	\$17,030	\$796	4.9%
W&M	\$25,041	\$25,789	\$748	3.0%	\$26,747	\$958	3.7%
State Average	\$14,067	\$14,588	\$521	3.9%	\$15,135	\$547	3.8%

VMSDEP

Virginia Military Survivors and Dependent Education Program - Tuition Waivers

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24*	2024-25**	2025-26**
# of students	1,387	2,061	3,063	4,449	6,697	9,376	13,126	18,377
Cost of waiver	\$11,988,601	\$19,394,779	\$31,284,794	\$46,304,374	\$66,375,121	\$92,925,169	\$130,095,237	\$182,133,332

* Preliminary

**Projected