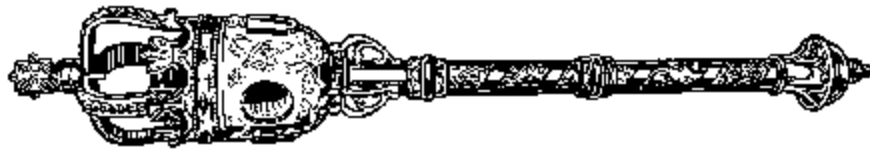


*Report of the
House Appropriations
Subcommittee*

on

Higher Education



House Bill 29

House Bill 30

February 17, 2002

Respectfully Submitted by the House Appropriations Subcommittee on
Higher Education:

Lacey E. Putney, Chairman

S. Chris Jones

John A. Rollison, III

Clarence E. Phillips

Riley E. Ingram

Lionell Spruill, Sr.

Joe T. May

L. Preston Bryant, Jr.

REPORT OF THE SUBCOMMITTEE

On

HIGHER EDUCATION

Mr. Chairmen and Members of the Committee:

On behalf of the Higher Education Subcommittee, I am pleased to offer budget recommendations that meet the challenges of our current economic condition.

While many of our recommendations were required to fix the structural imbalance of the introduced budget, the Subcommittee has been able to address two major shortcomings in the budget with regard to higher education.

First, you will recall that the Joint Subcommittee on Higher Education Funding Policies has studied the adequacy of each institution's base appropriation and developed guidelines for ongoing state support. These guidelines provide an objective framework for fair and predictable funding for higher education. The budget, as introduced, simply applied across-the-board reductions to each higher education institution without regard for these guidelines. Rather, the Subcommittee recommends use of these guidelines to ensure an equitable distribution of the budget reductions for higher education institutions.

Second, the Subcommittee heard or read about the so-called "tuition tax" on higher education. While we disagree with the characterization of tuition increases as a "tax", we will not disagree with the need to provide the governing boards with the ability to determine appropriate tuition and fee charges. The Subcommittee recommends allowing the Boards of Visitors that autonomy as long as every effort is made to minimize the impact on Virginia families. The Subcommittee's recommendations do not require institutions to

increase tuition and fees; the recommendation merely allows the governing boards the flexibility to manage both revenues and expenditures in these fiscally challenging times.

The Subcommittee also recommends that institutions maximize revenues from out-of-state students to include ensuring that nonresident tuition rates reflect the amortized cost of the capital investments made at the institution.

With regard to out-of-state students, the Subcommittee is also concerned about the growth in the number of these students at our public colleges and universities. As part of the tuition policy, the Subcommittee also recommends that institutions that currently exceed 25 percent in the number of nonresident students, not to increase that proportion until a rational policy on this issue can be determined.

The final point to be made on tuition and fees is this, and the Subcommittee wants to be especially clear on this point, every dollar that an institution raises because of tuition and fee increases remain with that institution.

Beyond the area of higher education, we recommend funding to restore some of the cuts to the Library of Virginia, the Virtual Library of Virginia (VIVA) and to our state-owned museums. These restorations are critical to the core functions of these institutions and programs.

In addition, the across-the-board reductions for other higher education agencies have been reduced to 4 percent and are reflected in the central appropriations.

Finally, Mr. Chairman, I would like to thank Delegate Tata for his leadership. Through the work of his Subcommittee, we are able to recommend a 2.75 percent faculty salary increase effective December 2003. This will allow us to begin taking the necessary steps to remain competitive with peer institutions.

The details of the Subcommittee's report are contained in the attachments. Committee staff will review our report and the attached listing of our recommendations in greater detail, and we hope it will be your pleasure to adopt the report.

Budget Amendment Recommendations

House Bill 29 Higher Education <u>Amendment</u>	General <u>Fund</u>	Nongeneral <u>Fund</u>
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Secretary of Education

Tuition and Fee Policy

Language

State Council Of Higher Education For Virginia

Defer GEAR UP Initiative

(1,050,000)

Virginia Commonwealth University

Family Residency

Language

Cooperative Extension And Agricultural Research Services

Defer Increase for Federal Match

(878,841)

The Science Museum Of Virginia

Restore Budget Reductions

200,000

Part 3: Transfers

Auxiliary Enterprise Interest Language

Language

=====

House Bill 29 Total

(1,728,841)

0

Budget Amendment Recommendations

FTE

=====
0.00

Budget Amendment Recommendations

House Bill 30 Higher Education <u>Amendment</u>	2002-04 BIENNIAL TOTAL	
	<u>General</u> <u>Fund</u>	<u>Nongeneral</u> <u>Fund</u>

General Assembly

Higher Education Funding Policies Language Language

Secretary of Education

Tuition and Fee Policy Language

State Council Of Higher Education For Virginia

Higher Education Funding Policies Language Language

Defer TAG Increase (650,000)

Reduce TAG (7,200,000)

Defer GEAR UP Initiative (2,100,000)

Reduce Funds from Previous OCR Agreement (6,805,873)

Restore VIVA Budget Reductions 852,000

Eminent Scholar Exempt from Reductions Language

Christopher Newport University

Defer Faculty Salary Increase (703,852)

Reduce Financial Aid Increase (119,603)

Defer O & M Increase (132,800)

The College Of William And Mary In Virginia

Defer Faculty Salary Increase (2,123,757)

Reduce Financial Aid Increase (33,533)

Defer O & M Increase (267,913)

Defer Microelectronics Initiative (316,465)

Richard Bland College

Defer Faculty Salary Increase (98,966)

Reduce Financial Aid Increase (1,978)

Virginia Institute Of Marine Science

Defer Faculty Salary Increase (255,709)

Defer Economic Partnership Initiative (348,000)

George Mason University

Defer Faculty Salary Increase (4,526,397)

Reduce Financial Aid Increase (161,291)

Defer Microelectronics Initiative (307,911)

James Madison University

Defer Faculty Salary Increase (2,286,450)

Reduce Financial Aid Increase (231,778)

Budget Amendment Recommendations

House Bill 30 Higher Education <u>Amendment</u>	2002-04 BIENNIAL TOTAL	
	General <u>Fund</u>	Nongeneral <u>Fund</u>
Defer O & M Increase		(58,070)

Budget Amendment Recommendations

House Bill 30 Higher Education <u>Amendment</u>	2002-04 BIENNIAL TOTAL	
	<u>General</u> <u>Fund</u>	<u>Nongeneral</u> <u>Fund</u>
Longwood College		
Defer Faculty Salary Increase	(483,755)	
Reduce Financial Aid Increase	(65,495)	
Continuing Education Center Transfer	640,000	
Mary Washington College		
Defer Faculty Salary Increase	(617,152)	
Reduce Financial Aid Increase	(8,207)	
Defer O & M Increase	(70,875)	
Norfolk State University		
Defer Faculty Salary Increase	(1,005,849)	
Reduce Financial Aid Increase	(155,981)	
Old Dominion University		
Defer Faculty Salary Increase	(2,301,536)	
Reduce Financial Aid Increase	(355,768)	
Defer Microelectronics Initiative	(284,060)	
Radford University		
Defer Faculty Salary Increase	(1,158,780)	
Reduce Financial Aid Increase	(150,105)	
Adjust Auxiliary Enterprise Appropriation		8,600,000
University Of Virginia		
Defer Faculty Salary Increase	(7,812,725)	
Reduce Financial Aid Increase	(38,115)	
Defer O & M Increase	(5,053,290)	
Defer Microelectronics Initiative	(320,297)	
Defer Increase for Center for Politics	(200,000)	
University Of Virginia Medical Center		
Interest Earnings		8,800,000
University Of Virginia's College At Wise		
Defer Faculty Salary Increase	(218,296)	
Reduce Financial Aid Increase	(48,568)	
Defer O & M Increase	(187,144)	
Virginia Commonwealth University		
Defer Faculty Salary Increase	(6,394,327)	
Reduce Financial Aid Increase	(413,699)	
Defer Microelectronics Initiative	(300,136)	

Budget Amendment Recommendations

House Bill 30 Higher Education <u>Amendment</u>	2002-04 BIENNIAL TOTAL	
	General <u>Fund</u>	Nongeneral <u>Fund</u>
Defer Increase for Council on Economic Education	(100,000)	
Eliminate Support for Marketing at Biotech Park	(300,000)	
Family Practice Residency		Language

Budget Amendment Recommendations

House Bill 30 Higher Education <u>Amendment</u>	2002-04 BIENNIAL TOTAL	
	<u>General</u> <u>Fund</u>	<u>Nongeneral</u> <u>Fund</u>
Virginia Community College System		
Defer Faculty Salary Increase	(7,047,396)	
Reduce Financial Aid Increase	(450,336)	
Defer O & M Increase	(556,804)	
Defer Microelectronics Initiative	(119,211)	
Continuing Education Center Transfer	(640,000)	
Virginia Military Institute		
Defer Faculty Salary Increase	(335,329)	
Reduce Financial Aid Increase	(9,106)	
Virginia Polytechnic Institute And State University		
Defer Faculty Salary Increase	(7,208,558)	
Reduce Financial Aid Increase	(145,240)	
Defer O & M Increase	(553,702)	
Defer Microelectronics Initiative	(308,445)	
Virginia Cooperative Extension And Agricultural Experiment Station		
Defer Faculty Salary Increase	(1,273,112)	
Virginia State University		
Defer Faculty Salary Increase	(631,568)	
Reduce Financial Aid Increase	(142,108)	
Cooperative Extension And Agricultural Research Services		
Defer Faculty Salary Increase	(56,616)	
Defer Increase for Federal Match	(1,756,942)	
Jamestown-Yorktown Foundation		
Fund Balance	Language	
Support for 2007 Celebration		5,000,000
The Library Of Virginia		
Restore State Aid to Local Libraries	7,000,000	
Restore Reductions in Grant Program	300,000	
Responsibility for Library Maintenance	Language	
Central Appropriations		
Eliminate Tuition Based Reductions	133,200,000	
Eliminate Across-The-Board Reductions	153,166,179	
Distribution of Higher Education Reductions Per Guideline	(286,366,179)	
Use NGF for Research and Public Service Centers	(5,800,000)	5,800,000
Part 3: Transfers		

Budget Amendment Recommendations

House Bill 30 Higher Education <u>Amendment</u>	2002-04 BIENNIAL TOTAL	
	<u>General</u> <u>Fund</u>	<u>Nongeneral</u> <u>Fund</u>
UVA Medical Center Interest Payment	Language	
Auxiliary Enterprise Interest Language	Language	
CHRB Interest	Language	
Part 4: General Provisions		
Tuition and Fees	Language	
VCCS Faculty Salary	Language	
	=====	=====
House Bill 30 Total	(75,016,979)	28,200,000

Budget Amendment Recommendations

AL
<u>FTE</u>

Budget Amendment Recommendations

AL
<u>FTE</u>

Budget Amendment Recommendations

AL
<u>FTE</u>

4.00

Budget Amendment Recommendations

AL
<u>FTE</u>

Budget Amendment Recommendations

AL

FTE

(4.00)

Budget Amendment Recommendations

AL
<u>FTE</u>

=====
0.00

**Education: Elementary &
Secondary**

Department Of Education, Central
Office Operations

Language

Language:

Page 91, after line 8, insert:

"D. 1. Consistent with the authorization provided in Section 4-2.01 b. of this Act, the Boards of Visitors or other governing bodies of institutions of higher education shall determine tuition, fees, and charges for each fiscal year of the 2002-2004 biennium, provided that the Board of Visitors shall make every effort to minimize the cost of tuition and fee increases for in-state undergraduate students.

2. In setting tuition and fee increases for each of the next two fiscal years, the Boards of Visitors are directed to consider the following:

- a) The consumer price index.
- b) The share of cost borne by the student.
- c) Maximizing other revenues by setting tuition rates for out-of-state students, graduate students and first professional students at market rate or higher without adversely affecting the access of in-state students to Virginia's public colleges and universities.
- d) Reflecting the amortized cost of the construction and renovation of buildings approved by the Commonwealth of Virginia Educational Institutions Bond Act of 1992, 21st Century College Trust and the Building Virginia's Future capital improvement programs in the tuition and fee rates for nonresident students.
- e) The feasibility of setting aside a portion of the tuition increase to provide additional financial aid resources, in combination with state, federal, and private resources.
- f) The impact of tuition increases on access and the availability of student aid.
- g) The impact of a tuition increase on the composition of the institution's applicant pool.

3. In determining tuition and fee charges, the Boards of Visitors or other governing bodies of institutions of higher education shall

- a) Benchmark increases to undergraduate Virginia students to the 40th percentile of in-state tuition charges for each institutions public peer group. Institutions that currently exceed the 40th percentile shall limit the tuition and fee increases to undergraduate Virginia students to 7 percent.
- b) Make every effort to achieve potential cost savings as opposed to tuition

increases.

c) Not increase the current proportion of nonresident undergraduate students if the institution nonresident undergraduate enrollment exceeds 25 percent.

4. Two-year public institutions are exempt from the restrictions contained in paragraph 3 for the 2002-2004 biennium.

5. Norfolk State University, Virginia Military Institute, and Virginia State University are exempt from the restrictions contained in paragraph 3 c for the 2002-2004 biennium.

6. Each institution shall communicate its policy, as approved by its Board of Visitors, to the Secretary of Education and the State Council of Higher Education by May 15 of each fiscal year."

Explanation:

(This amendment modifies the tuition and fee policy for higher education institutions.)

Higher Education Subcommittee

Item 257 #2h

Education: Other

FY 02-03

FY 03-04

Jamestown 2007

\$0

\$5,000,000 NGF

Language:

Page 196, line 3, strike "\$522,905" and insert "\$5,522,905".

Page 196, line 49, after ".", insert:

"The Jamestown-Yorktown Foundation shall report quarterly to the Secretary of Finance and the Secretary of Education regarding its request for, and planned use of, funds loaned pursuant to this provision, and the funds so requested shall be disbursed with the approval of the Secretary of Finance and the Secretary of Education."

Page 196, line 50, after "Finance", insert ", with the concurrence of the Secretary of Education,".

Page 196, strike line 54.

Page 197, strike lines 1 through 7.

Page 197, after line 28, insert:

"G. Notwithstanding any other provision of law, the Commissioner of Motor Vehicles shall cause two dollars per year to be charged and collected at the time of registration of each pickup or panel truck and each motor vehicle under § 46.2-694.A.1-12, Code of Virginia, unless the registered owner of each pickup or panel truck and each motor vehicle elects not to pay the charge, to support a special license plate program and other activities in commemoration of the 400th anniversary

of Jamestown Settlement in 2007. The Commissioner of Motor Vehicles shall cause appropriate language and symbols calling attention to the anniversary to be placed on all standard license plates issued by the Department of Motor Vehicles. The funds collected under this provision shall be applied first to cover the costs of the Department of Motor Vehicles in administering the commemorative license program, and all other funds collected under this provision shall be paid monthly to the Virginia 400th Anniversary Fund to support community programs and other statewide activities related to the planning, promotion and commemoration of the 400th anniversary of Jamestown and Virginia in 2007. It is the intent of the General Assembly that this program shall expire in 2008."

Explanation:

(This amendment is self-explanatory.)

Higher Education Subcommittee

Item 258 #1h

Education: Other

The Library Of Virginia

Language

Language:

Page 198, after line 9, insert:

"C. The responsibility for the maintenance and operation of the Library of Virginia building shall be assumed by the Library of Virginia from the Department of General Services effective no later than December 1, 2002, provided:

1) the transfer of responsibility shall not result in a net increase in cost to any agency or institution of the Commonwealth, unless funding has been specifically provided for in this act for such purpose, and

2) a mutually agreed allocation of such responsibility has not been established, in writing, by the two agencies as an alternative to the transfer of responsibility."

Explanation:

(This amendment is self-explanatory.)

Higher Education Subcommittee

Item 506.1 #2h

Central Appropriations

Central Appropriations

FY 02-03

(\$119,691,710)

FY 03-04

(\$166,674,469) GF

Language:

