

Recommendations and Options

Addressing the Cost of Public Higher Education in Virginia

RECOMMENDATION 1

The General Assembly may wish to consider amending the Code of Virginia to require the State Council of Higher Education for Virginia (SCHEV) to annually train boards of visitors members who serve on finance and facilities subcommittees. The training should address the types of information members should request from institutions to inform decision making, such as performance measures, benchmarking data, the impact of financial decisions on student costs, and past and projected cost trends. Boards of visitors members serving on finance and facilities subcommittees should, at a minimum, participate in the training within their first year of membership on the subcommittee. SCHEV should obtain assistance in developing or delivering the training from relevant agencies such as the Department of General Services and past or present finance officers at Virginia's public four-year institutions, as appropriate (Chapter 2, page 19).

RECOMMENDATION 2

The General Assembly may wish to consider including language in the Appropriation Act to direct the State Council of Higher Education for Virginia (SCHEV) to update the underlying data for the base adequacy model and make additional modifications to the formula as warranted. SCHEV should ensure that future updates or revisions to base adequacy occur every six years as part of the state's strategic planning process. The update and modification to the base adequacy model should be completed in coordination with the re-basing of appropriated and actual salary averages, as recommended in JLARC's 2013 *Review of Academic Spending and Workload at Virginia's Public Higher Education Institutions* (Chapter 4, page 35).

RECOMMENDATION 3

The General Assembly may wish to consider amending the Code of Virginia to impose a limit on mandatory athletic fees charged to students by limiting the proportion of tuition and mandatory fees that can be collected for the purpose of funding intercollegiate athletics (Chapter 5, page 52).

RECOMMENDATION 4

The General Assembly may wish to consider including language in the Appropriation Act to direct Virginia public four-year institutions that charge mandatory student athletic fees in excess of the limit (as a proportion of mandatory student charges) set forth in the Code of Virginia, to develop plans to reduce athletic fees. Institutions should develop and submit their reduction plans to the House Appropriations and Senate Finance Committees no later than November 30, 2015, for full compliance with the limits no later than June 30, 2020 (Chapter 5, page 53).

RECOMMENDATION 5

The General Assembly may wish to consider including language in the Appropriation Act to require public four-year institutions to evaluate the non-athletic services and activities funded by mandatory non-E&G fees. Institutions should be required to report the results of the evaluation to the House Appropriations and Senate Finance Committees no later than November 1, 2015. The report should include an inventory of each service and activity and proposed reductions in spending through improved efficiency or cutbacks in service levels, or through elimination of services or activities tangential to the academic mission (Chapter 5, page 57).

RECOMMENDATION 6

The General Assembly may wish to consider amending the Appropriation Act to remove all exemptions from the annual five percent cap on mandatory non-E&G fee growth and modify the cap to a limit of the lesser of (i) five percent or (ii) the median dollar increase in the fee across all public four-year institutions from the prior academic year (Chapter 5, page 60).

RECOMMENDATION 7

The General Assembly may wish to consider including language in the Appropriation Act to require that an institution may only exceed the annual growth cap on mandatory non-E&G fees if expressly authorized through the Act (Chapter 5, page 60).

RECOMMENDATION 8

The State Council of Higher Education for Virginia should update the state's Chart of Accounts for higher education in order to improve comparability and transparency of mandatory non-E&G fees, with input from the Department of Accounts, the Department of Planning and Budget, the Auditor of Public Accounts, and institutional staff. This process should be coordinated with the standardization of tuition and fee reporting recommended in JLARC's 2013 *Review of Non-Academic Services and Costs at Virginia's Public Higher Education Institutions* (Chapter 5, page 61).

RECOMMENDATION 9

The General Assembly may wish to consider including language in the Appropriation Act to direct the State Council of Higher Education for Virginia to modify its current capital prioritization process by 2016 to (i) ensure objective analysis of institutions' capital requests and (ii) provide a statewide prioritization of higher education capital requests that may be used to determine which projects should be recommended to receive funding. It should provide the Six-Year Capital Outlay Plan Advisory Committee with a draft of the revised prioritization process for feedback and approval (Chapter 6, page 78).

RECOMMENDATION 10

The General Assembly may wish to consider including language in the Appropriation Act to require that the Six-Year Capital Outlay Plan Advisory Committee, the Department of Planning and Budget, and others as appropriate use the results of the prioritization process established by the State Council of Higher Education for Virginia in determining which capital projects should receive funding (Chapter 6, page 78).

RECOMMENDATION 11

The General Assembly may wish to consider amending the Code of Virginia to direct the State Council of Higher Education for Virginia to identify metrics on capital spending, debt, and other data of value to the capital review process and annually publish a report on how each of the 15 public four-year institutions compares across the metrics. The report should include (i) comparisons to national and regional levels of capital spending and (ii) information on the value of institutions' physical plants relative to their Carnegie classifications (Chapter 6, page 79).

RECOMMENDATION 12

The Department of General Services should centrally track facility condition by developing metrics to assess facility condition for inclusion in its current asset management system by November 1, 2016. The selection of metrics and process to collect information from public higher education institutions should be coordinated with the State Council of Higher Education for Virginia and the Department of Planning and Budget (Chapter 7, page 90).

RECOMMENDATION 13

The Department of Planning and Budget should revise the formula used to allocate the state's maintenance reserve funding to account for higher maintenance needs resulting from poor facility condition, aging of facilities, and differences in facility use (Chapter 7, page 90).

RECOMMENDATION 14

The General Assembly may wish to consider including language in the Appropriation Act to direct public institutions to submit long-term deferred maintenance plans to the Department of General Services and the Department of Planning and Budget at the start of each biennium. The plans should contain (i) a list of deferred maintenance projects ranked by relative priority, funding availability, and timeframe, and (ii) estimates of project funding levels and sources (Chapter 7, page 93).

RECOMMENDATION 15

The General Assembly may wish to consider including language in the Appropriation Act to allocate all Virginia Student Financial Assistance Program funds across institutions such that an equal percentage of financial need recognized by the state's Partnership Model is met at each of Virginia's public four-year institutions (Chapter 8, page 105).

RECOMMENDATION 16

The General Assembly may wish to consider amending the Code of Virginia to restrict the Virginia Student Financial Assistance Program to low- and middle-income students when program appropriations are not sufficient to fully meet the student financial need recognized by the Partnership Model (Chapter 8, page 108).

OPTION 1

The General Assembly could create a joint subcommittee to oversee implementation of the recommendations and options from the Joint Legislative Audit and Review Commission higher education report series. The subcommittee should at minimum comprise members of the House Appropriations, House Education, Senate Education and Health, and Senate Finance Committees (Chapter 2, page 21).

OPTION 2

The General Assembly could amend the Code of Virginia to revise the cost-share goal for each public four-year institution to account for characteristics that may limit the ability of institutions to generate additional net tuition revenue. Such characteristics include a higher percentage of in-state students who receive federal Pell grants and a relatively low median expected family contribution of in-state students, both of which indicate relatively low student ability to pay the published price of higher education (Chapter 4, page 41).

OPTION 3

The General Assembly could consider allocating a higher proportion of operating funding to institutions that (i) are least able to fund academic operations and (ii) have a relatively high proportion of students who have lower ability to pay the published price of higher education (Chapter 4, page 41).

OPTION 4

The General Assembly could ensure that all public institutions have full funding under the base adequacy model before appropriating general funds to support institutional initiatives and before implementing and funding the proposed performance funding model (Chapter 4, page 44).

OPTION 5

The General Assembly could include language in the Appropriation Act to limit annual increases in tuition and mandatory E&G fees for in-state undergraduate students while providing additional state operating funding to offset forgone tuition revenue. The General Assembly could provide an exemption from the limit for institutions that substantially reduce mandatory non-E&G fees and reallocate resources to E&G operations (Chapter 4, page 45).

OPTION 6

The General Assembly could include language in the Appropriation Act to provide additional state funding for the maintenance reserve program, corresponding with additional state oversight of institutions' deferred maintenance policies and practices (Chapter 7, page 91).

OPTION 7

The General Assembly could provide more student aid funding for the Virginia Student Financial Assistance Program by reallocating funds from limiting eligibility for the Tuition Assistance Grant program to low- and middle-income students with financial need (Chapter 8, page 109).
