



Higher Education

Study resolution

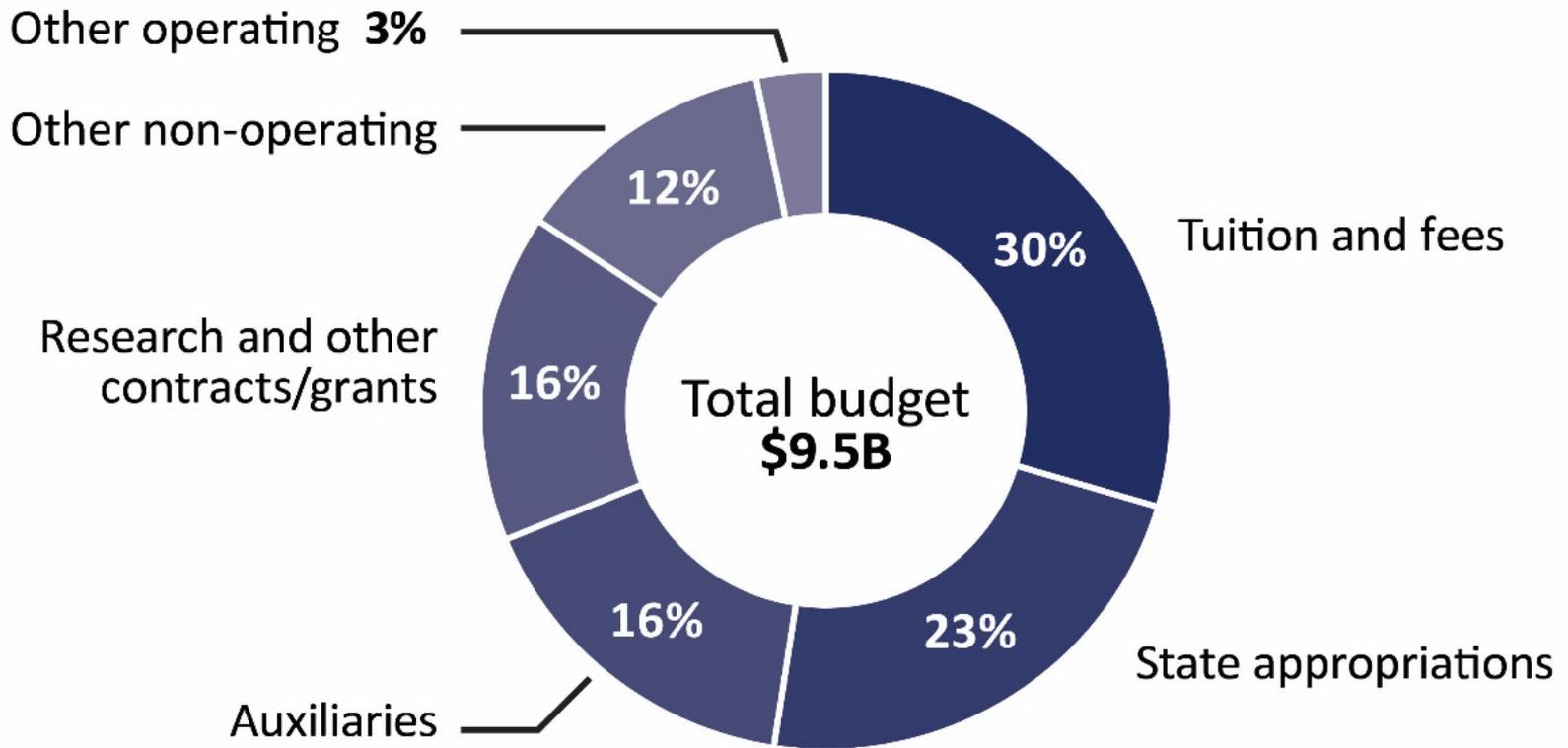
- Directs JLARC to review several aspects of state's 15 public four-year higher education institutions
- Resolution items addressed in two reports
 - *Spending & Efficiency in Higher Education*
 - *Higher Education Institutional Viability*
- Both study teams used quantitative & qualitative methods and shared information as needed

Commission resolution (December 11, 2023)

Virginia has 15 public four-year higher education institutions

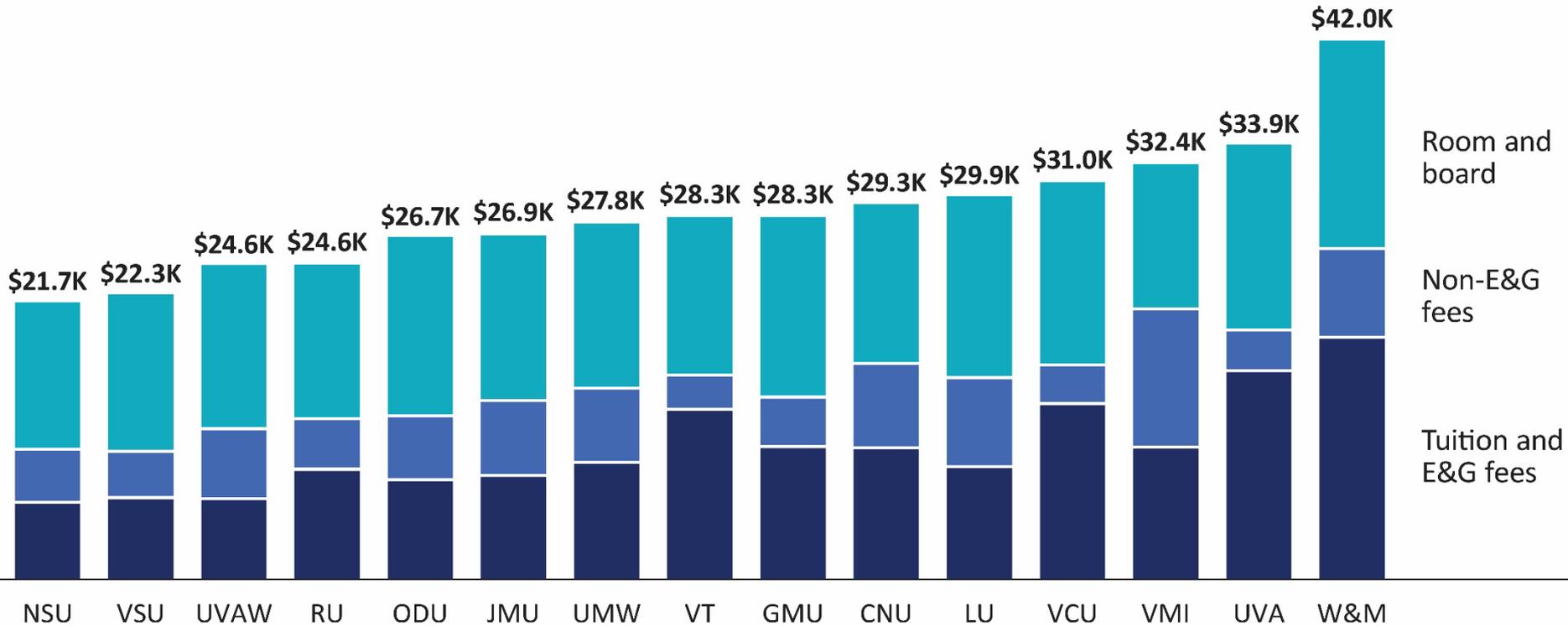
- Decentralized; board of visitors vested with authority for spending, staffing, debt, and revenue decisions
- Vary widely in size and mission
 - Doctoral universities with 30K+ students
 - Baccalaureate colleges with <3K students
- Collectively educate more than 220,000 students, 78% of which are undergraduates

Higher education is primarily funded through tuition & fees and state general fund appropriations



SOURCE: Institution financial statement data from Auditor of Public Accounts, FY23.

Total cost of attendance varies widely, typically consists of three main types of charges



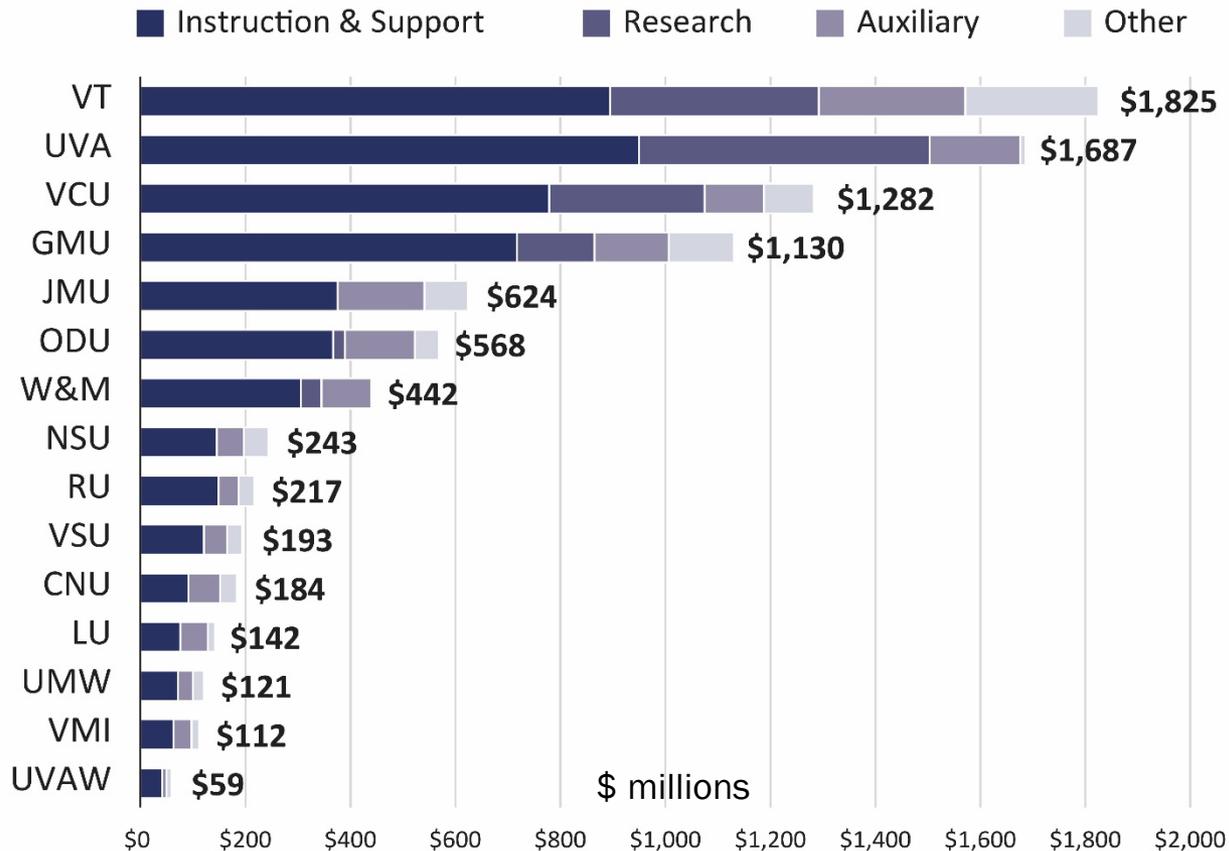
SOURCE: JLARC analysis of the State Council of Higher Education for Virginia annual tuition and fees report; 2024–25.

Institutions generally spend in several major functional areas

| Function | % of total |
|--|-------------------|
| Instruction & public service | 30% |
| Research | 18% |
| Auxiliaries (housing, dining, athletics, etc.) | 16% |
| Academic support | 9% |
| Institutional support | 7% |
| Facility operations & maintenance | 7% |
| Scholarships & financial aid | 6% |
| Student services | 3% |

Percentages of total are for all 15 institutions collectively; each institution's individual percentages vary.

Widely varying size and mission of each institution result in different spending levels (FY23)

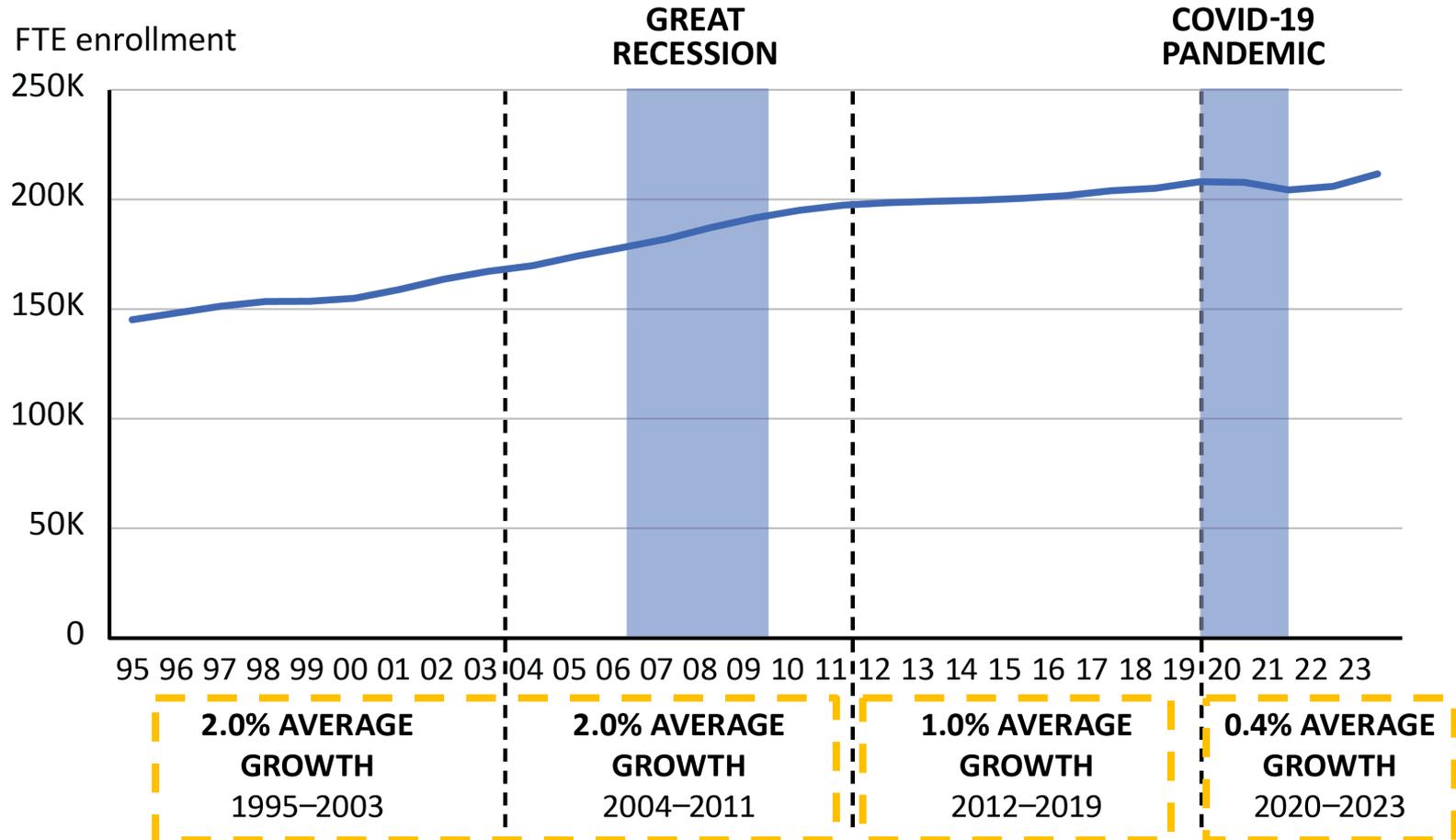


Instruction & support includes instruction, academic support, institutional support, operations/maintenance, scholarships/student aid, and student services.

Perception of need for a four-year degree has been shifting

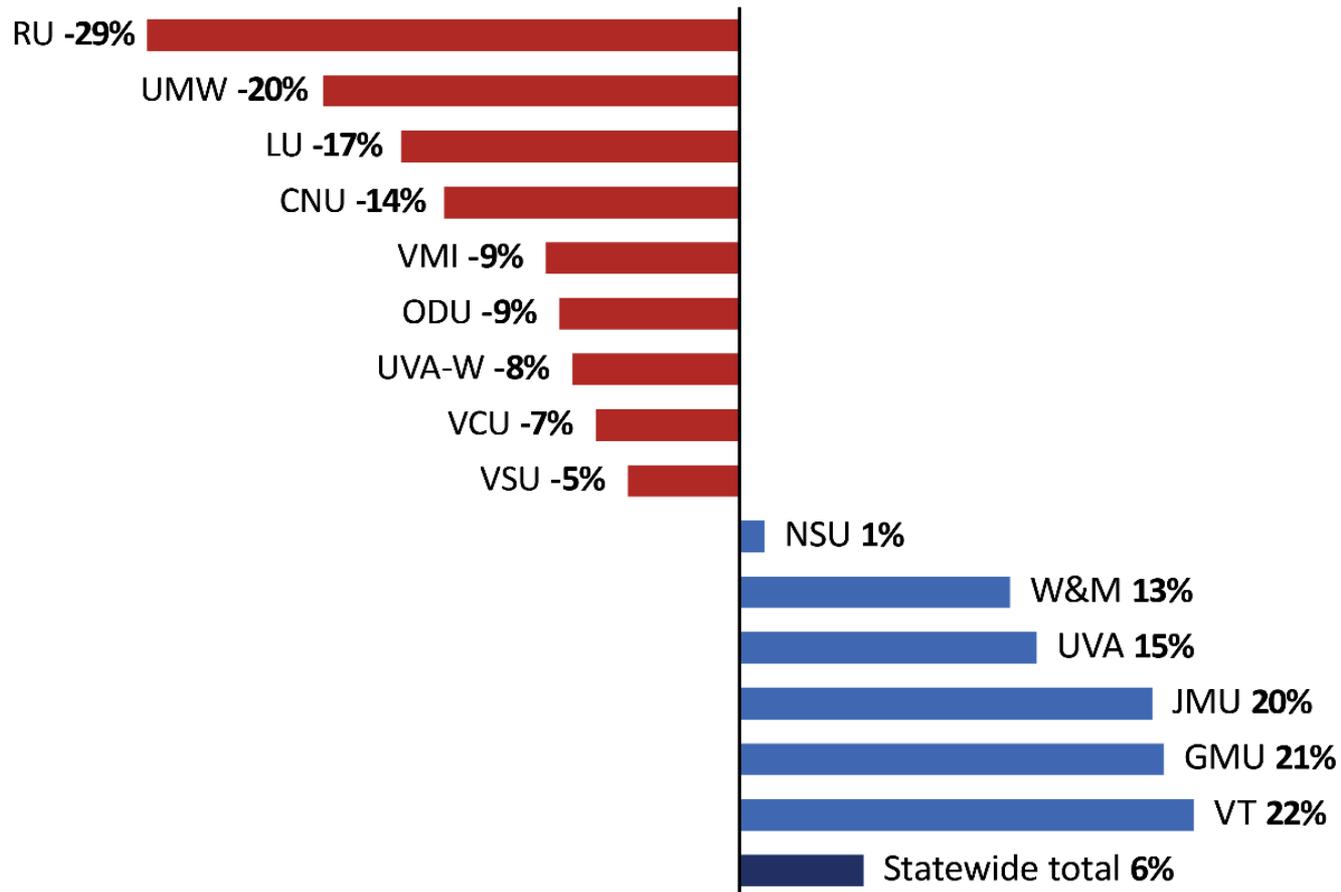
- Declining belief among some that four-year degrees are necessary or “worth it”
- After decades of stagnation, earnings of those without a college degree have been increasing (though graduates from four-year institutions still make more, on average)

After decades of steady growth, enrollment growth has slowed overall at Virginia institutions



SOURCE: SCHEV FTE enrollment data for public four-year institutions, 2001–2023.

Slowing overall enrollment growth has resulted in substantial shift in “market share” among institutions



SOURCE: SCHEV FTE enrollment data, 2014–2023.



Spending & Efficiency in Higher Education

Primary research activities

- Analyzed data for institutions in Virginia and nationwide on:
 - Student costs and debt
 - Revenue, spending, and staffing
 - Intercollegiate athletics spending and revenue
 - Departmental and sponsored research spending
- Interviewed institution leadership, finance, and human resources staff
- Collected information on institutions' efficiency initiatives and practices
- Surveyed boards of visitors

In brief

Student costs have stabilized with increased state funding for higher education, but many students still have debt.

Institutional spending growth has moderated recently, with instruction being the largest area of growth.

A majority of Virginia institutions spend about the same or less than similar institutions nationwide.

Many institutions are spending more per student because of declining enrollment, rather than major spending increases.

Changing higher education landscape will require continued attention to student costs and efficiency at most institutions.

In this presentation

Student costs

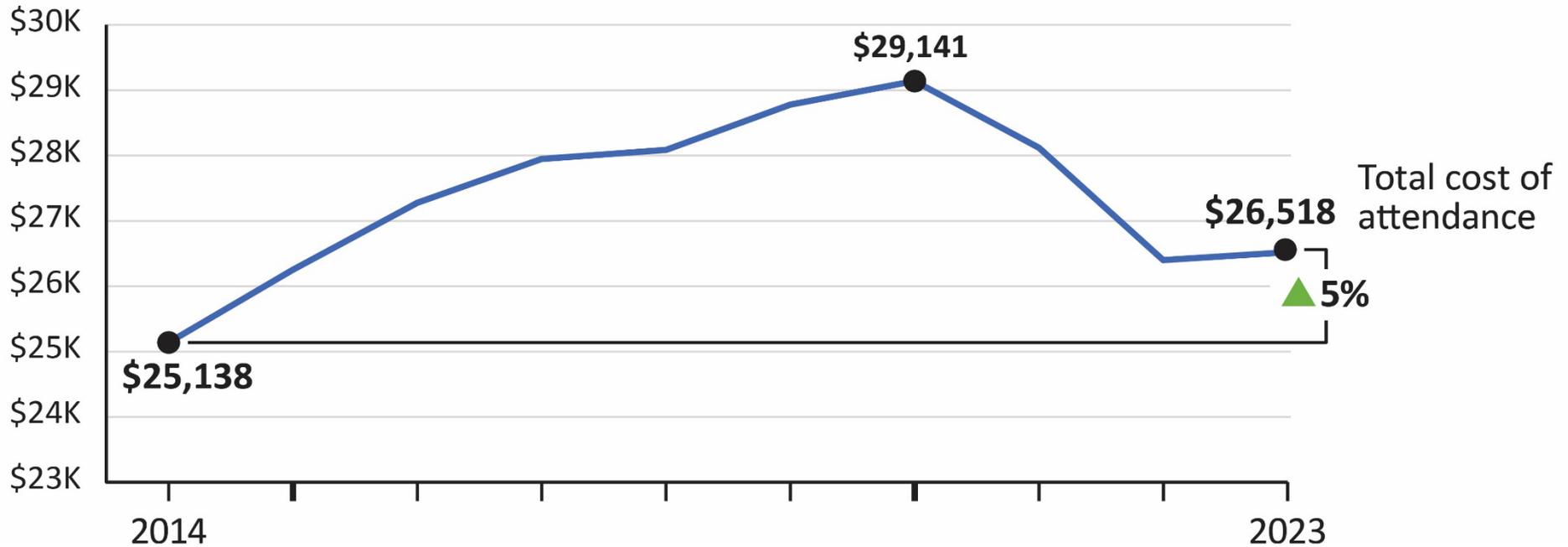
Spending and staffing

Efficiency efforts and reducing costs

Finding

Total cost of attendance at Virginia's public four-year institutions has stabilized as General Assembly has appropriated more funds to higher education.

Average published cost of attendance has stabilized as state appropriated more funds



Adjusted for inflation to 2023 dollars.

Finding

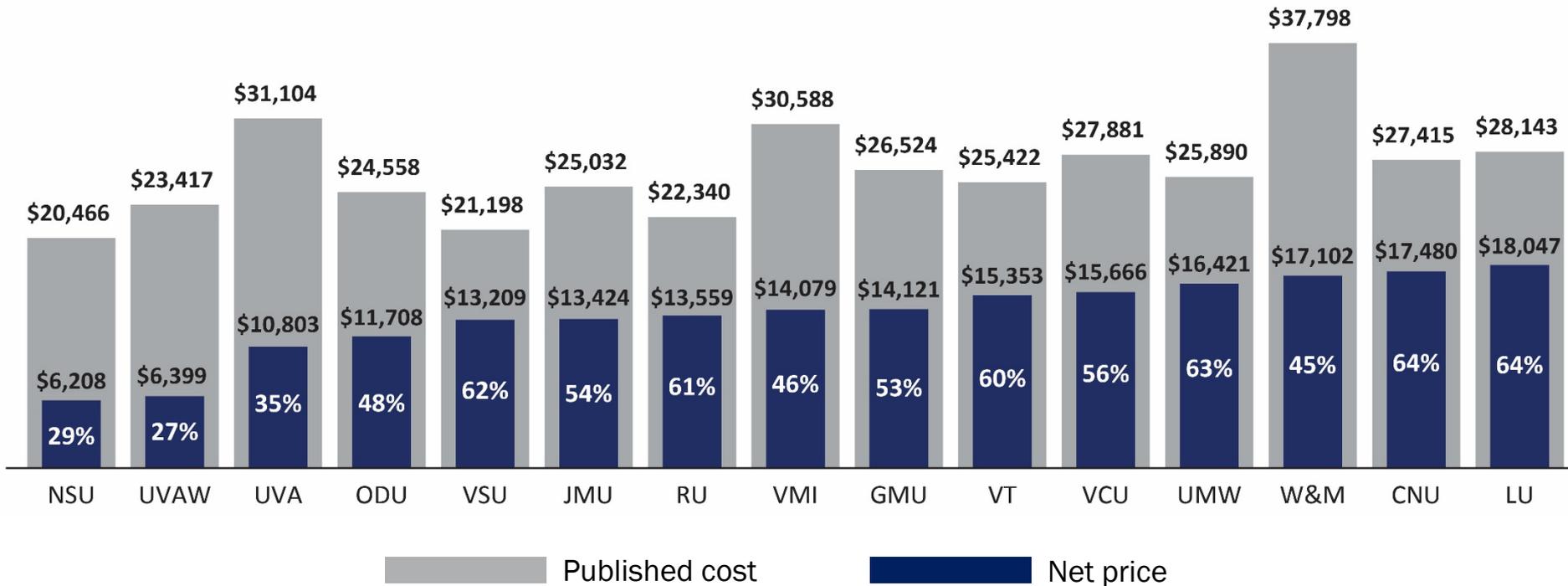
Most students receive financial aid and pay a “net price” that is lower than the total published cost of attendance.

Net price varies by institution and has generally decreased in recent years.

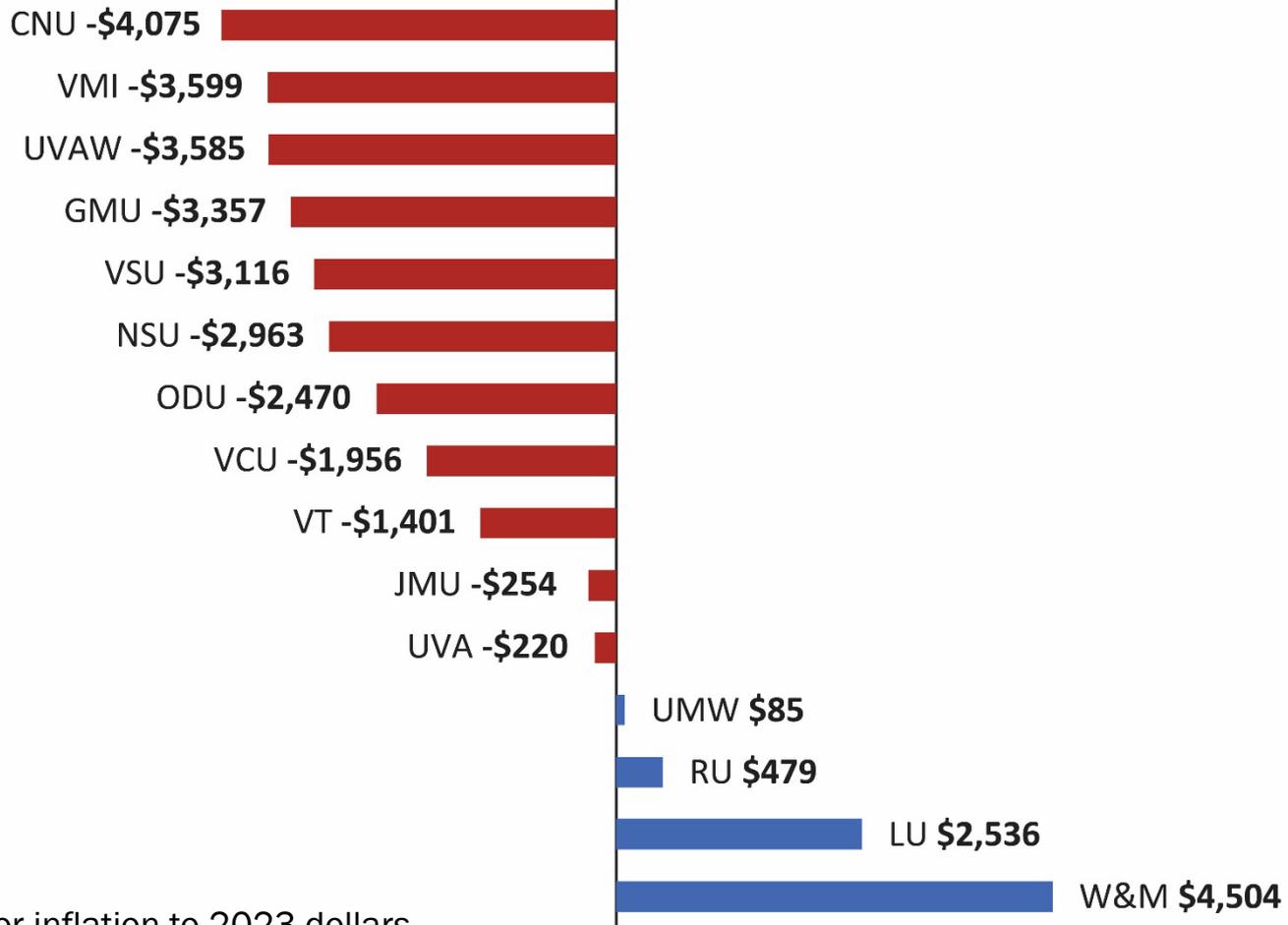
Most students receive aid and pay a “net price” that is lower than the total published cost

- Nearly 90 percent of in-state, undergraduate students received financial aid, according to SCHEV (2022–23)
- Actual price paid after factoring in aid is called the “net price”
- Average net price paid by students at Virginia public institutions is about \$12,500 less than published total cost of attendance

Average net price paid by students varies by institution (2022–23)



Average net price has decreased at most institutions (FY14–FY23)



Adjusted for inflation to 2023 dollars.

Findings

Despite improvements in published cost of attendance and net price, Virginia institutions continue to cost more to attend than public institutions nationwide.

Virginia students borrow more than students in other states.

Virginia institutions continue to cost more to attend than public institutions nationwide (2022–23)

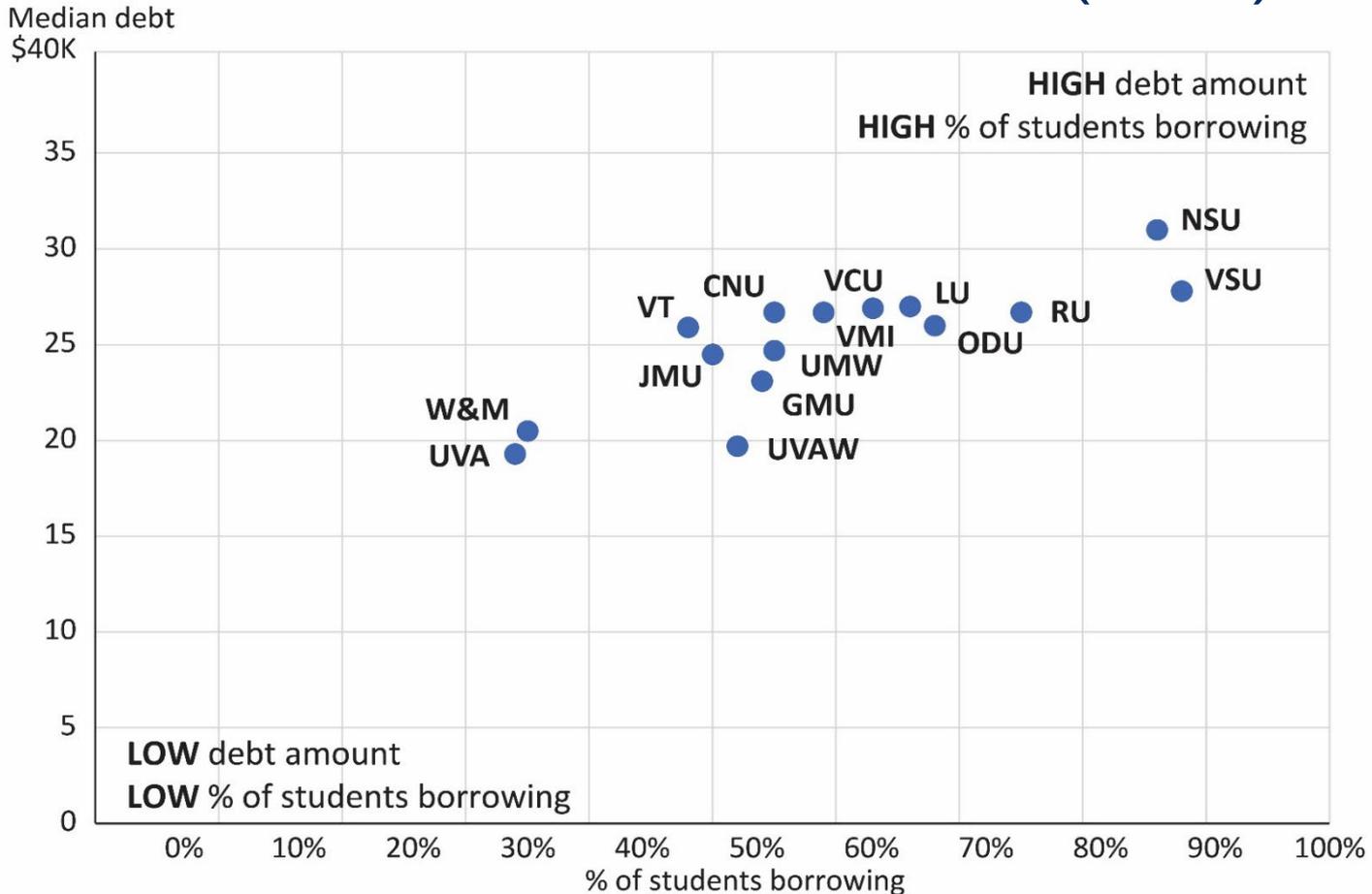
- Average *published price* at Virginia institutions was about 9 percent higher
- Average net price for an in-state, undergraduate student was about 21 percent higher

Many students still borrow to afford higher education, despite recent decreases in net price

- At Virginia's public four-year institutions:
 - 54 percent of in-state students graduating with a bachelor's degree borrowed
 - Average debt of graduating students is about \$30,000, which has grown by 15 percent in the last decade
- Virginia students borrow more on average than graduates from public institutions nationwide (about \$27,000)

See Appendix E for more information on student debt.

Student need and institutions' ability to provide aid contribute to student debt levels (FY24)



Debt of those students who graduate, as of FY22.

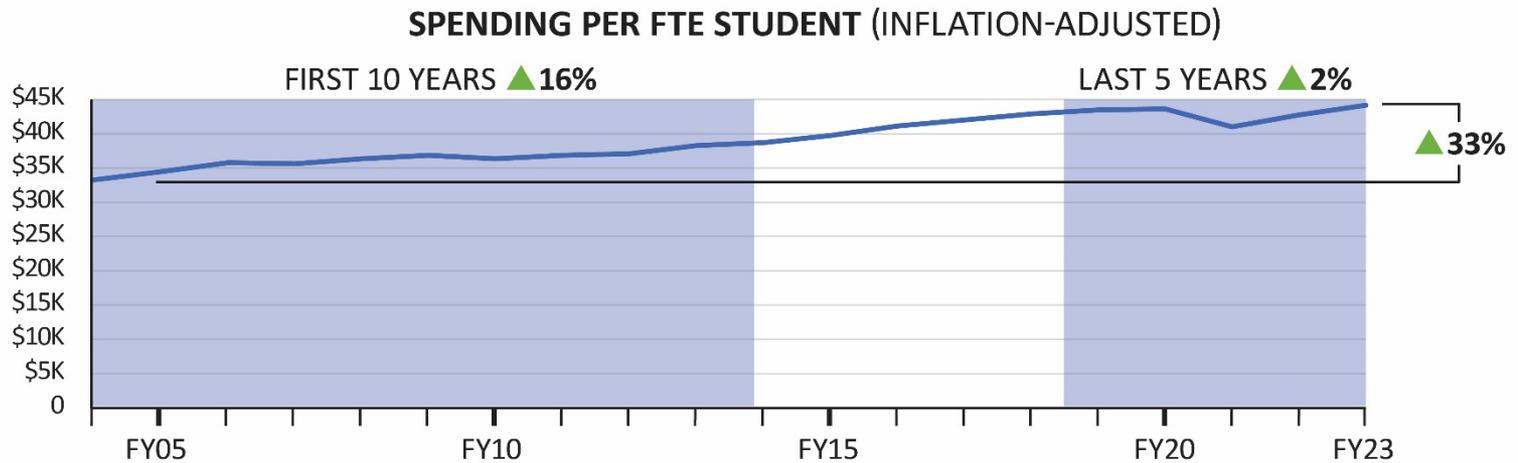
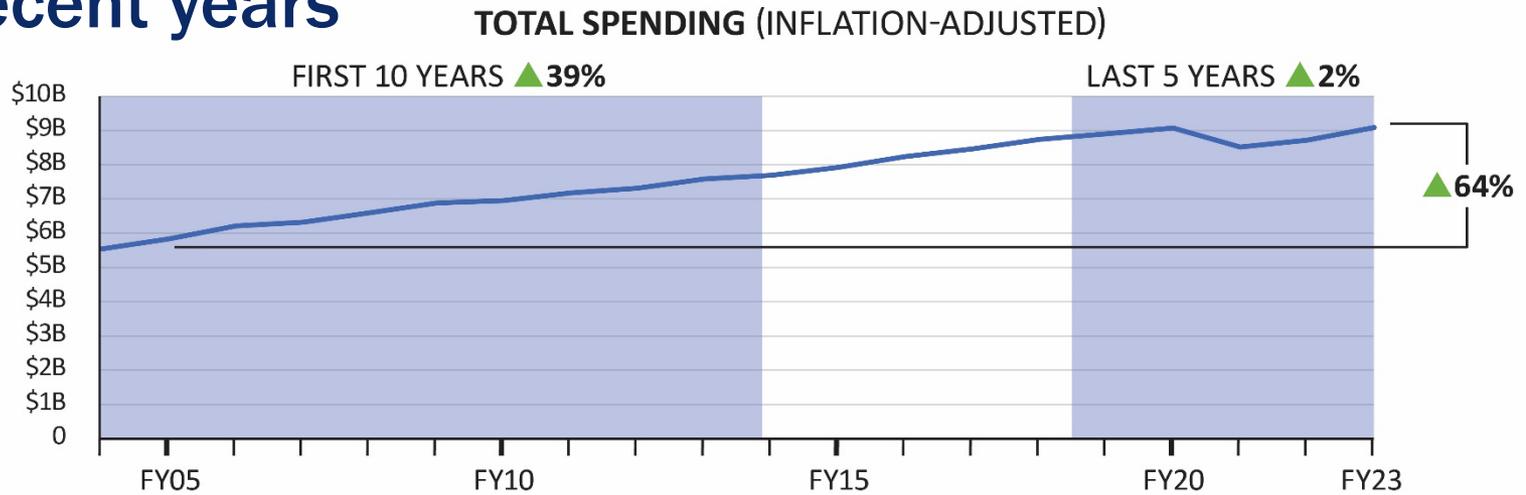
In this presentation

Student costs

Spending and staffing

Efficiency efforts and reducing costs

Growth in institutions' spending has slowed in recent years



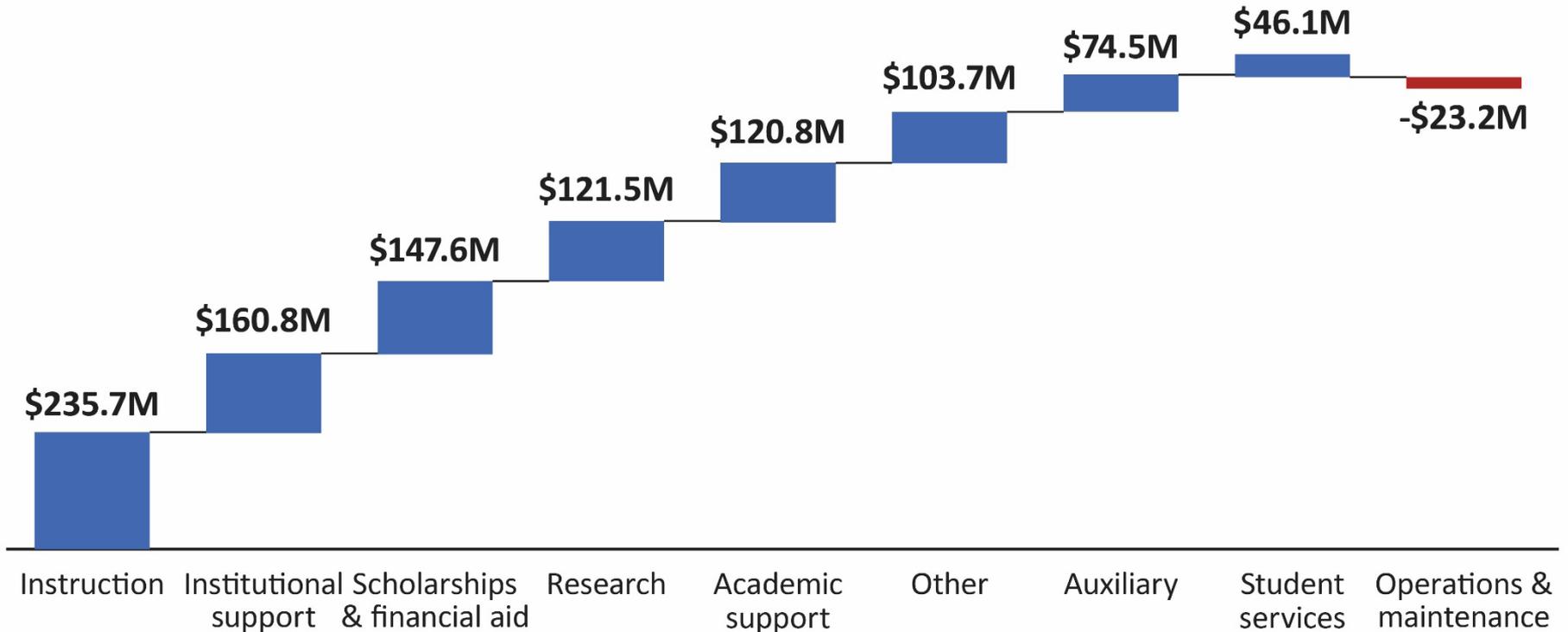
Adjusted for inflation to 2023 dollars.

Findings

Instruction made up largest portion of spending growth over past decade.

Staffing grew most in business/finance and academic positions.

Instruction was largest driver of institutions' spending growth in the last decade (FY14–FY23)



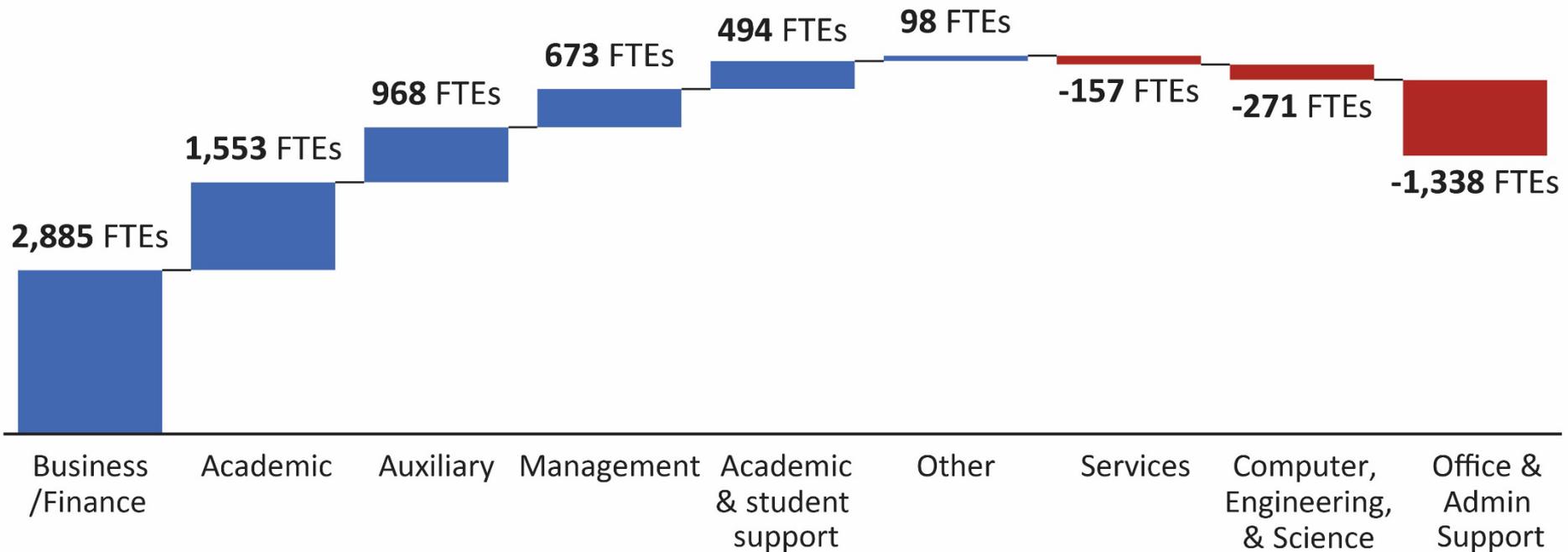
Adjusted for inflation to 2023 dollars.

Staffing is the largest expense for Virginia institutions

- Personnel costs:
 - make up 60 percent of total institutional spending
 - vary across spending categories, ranging from 36 percent of auxiliary spending to 85 percent of instructional spending
 - grew by \$680 million from FY14 to FY23, accounting for about 57 percent of spending growth

Growth adjusted for inflation to 2023 dollars

Staffing grew by 4,900 positions (12%); largest growth was in business and finance (FY14–FY23)



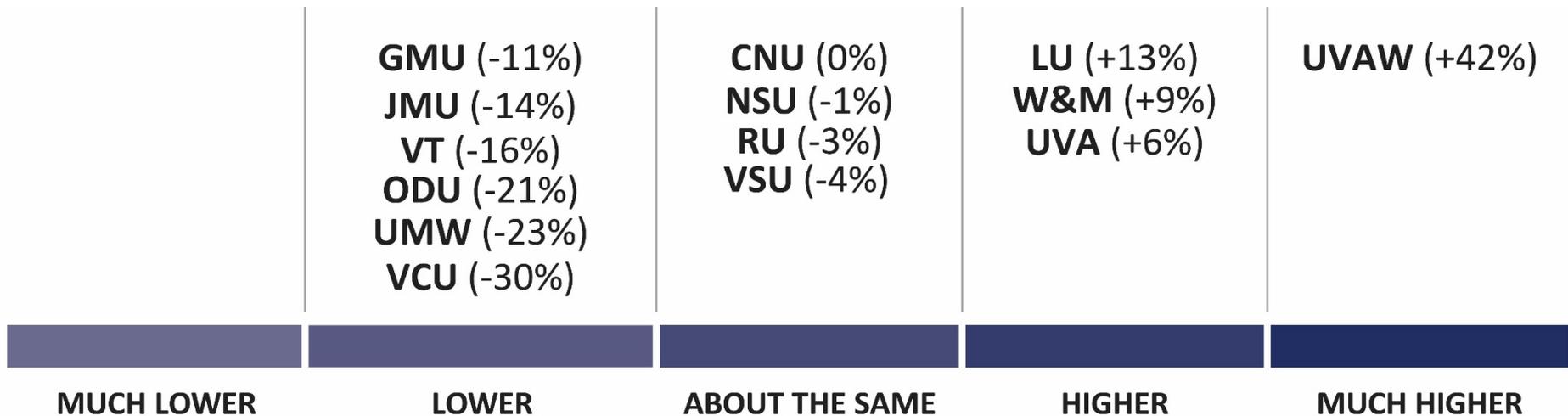
Finding

Majority of Virginia institutions spend about the same or less than similar institutions nationwide.

Virginia institutions more often have characteristics associated with higher spending

- Virginia institutions:
 - conduct more research and research-supporting activities;
 - have more residential campuses; and
 - offer higher level degrees (i.e., more institutions offer degrees beyond the undergraduate level)
- These characteristics must be controlled for when comparing Virginia institutions' spending to institutions nationwide

10 Virginia institutions spend about the same as or less than similar institutions nationwide



Virginia Military Institute is excluded from analysis because it has few comparable institutions nationwide. Comparisons are for FY22, the most recent year available for national spending data.

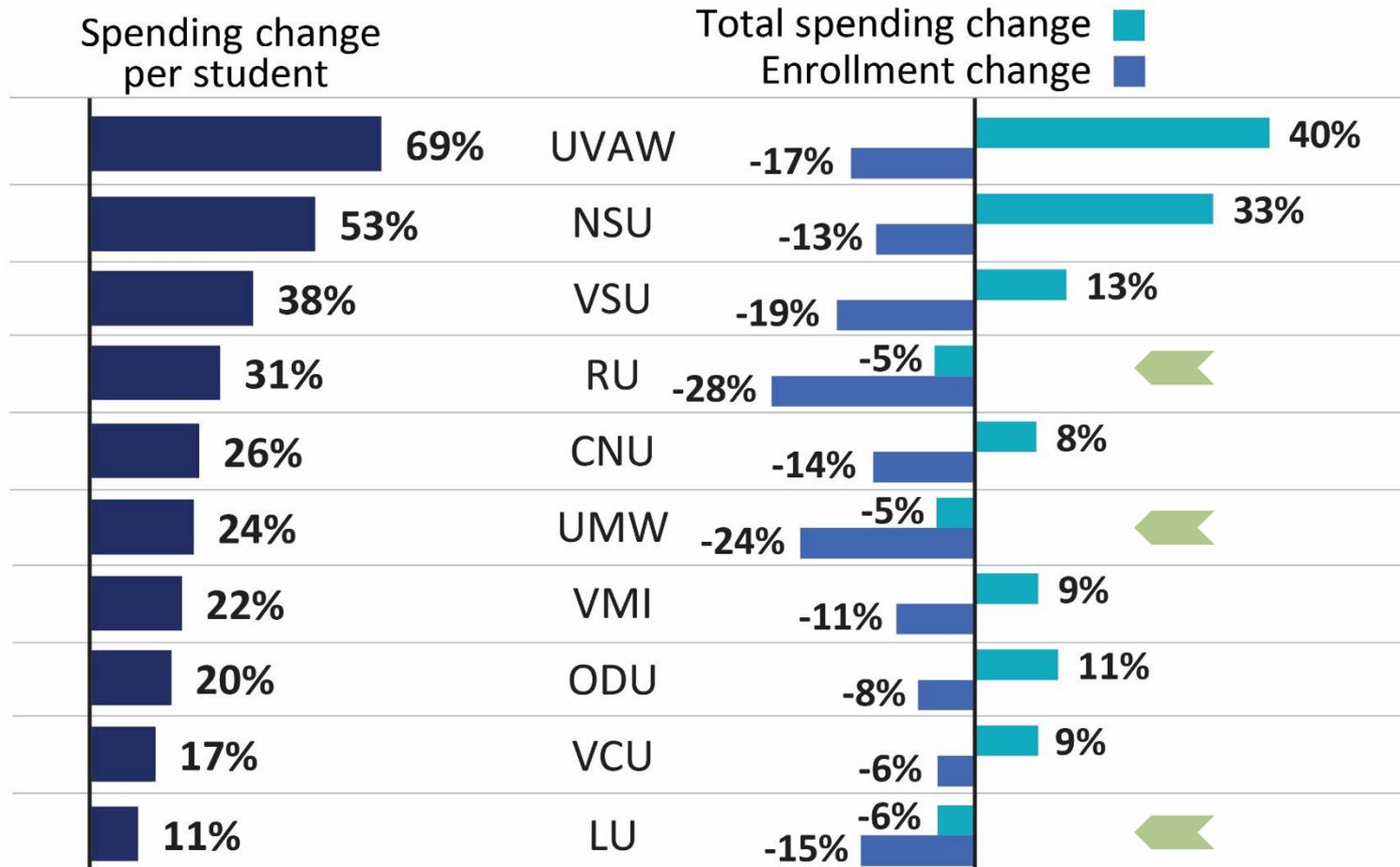
Finding

Declining enrollment is a main factor contributing to reduced spending efficiency (as measured through spending per student) at 10 institutions.

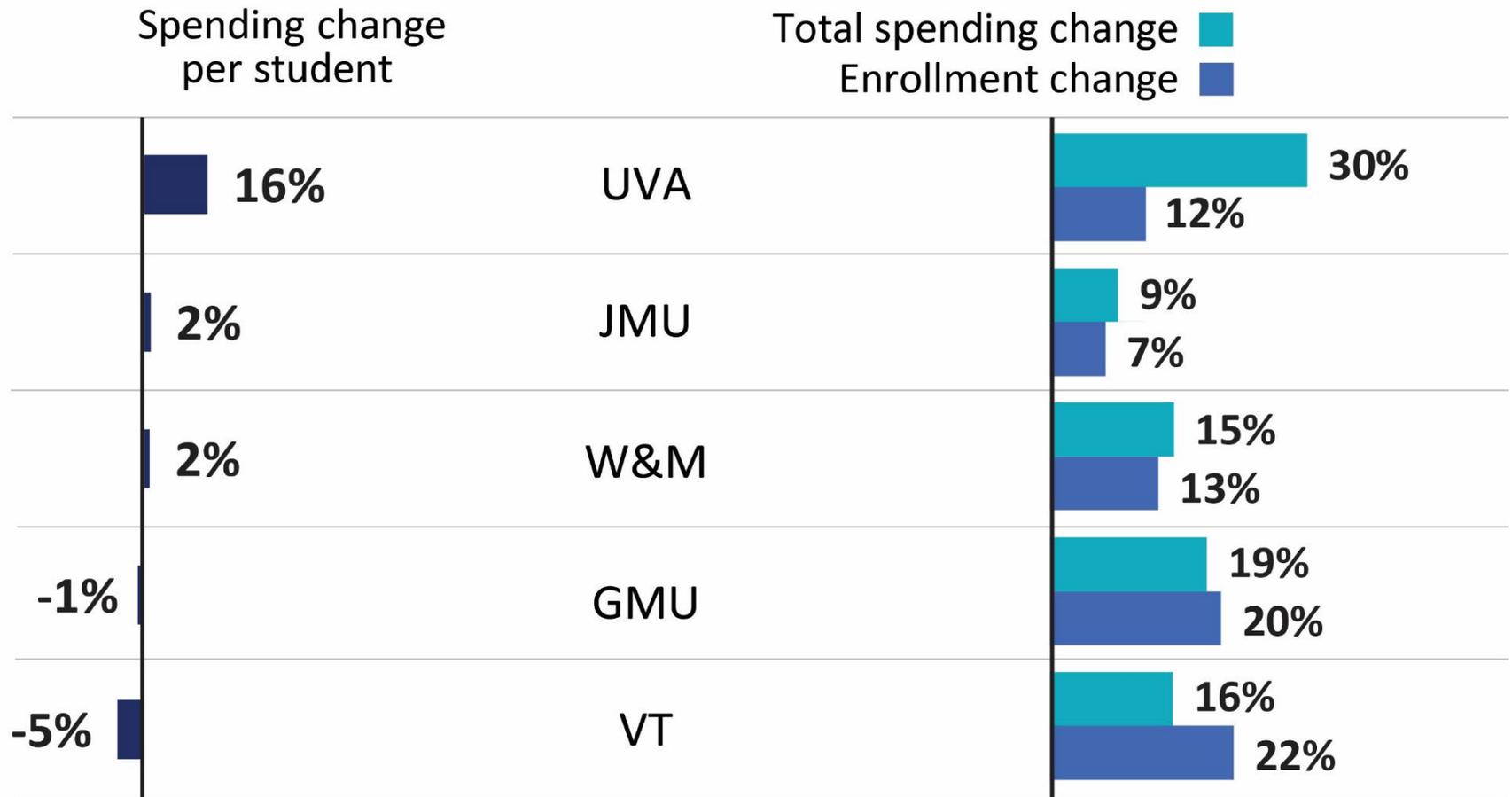
Declining enrollment contributed to reduced spending efficiency

- Institutions have fixed costs, such as facilities, that do not decrease when student enrollment drops
- Declining enrollment, rather than major spending increases, was a primary driver of higher spending per student at most institutions
- Increased spending per student can be concerning because it can result in higher student costs

Spending per student grew at all institutions with declining enrollment (FY14–23)



Spending per student tended to stay the same at institutions with growing enrollment (FY14–FY23)



Finding

Non-instructional spending and scholarships/student aid were the most common spending drivers.

Spending drivers are areas where spending increased in total and per student

- Spending was examined by major functional areas
- Increased total spending and per student spending indicate reduced spending efficiency
- Other combinations are not a spending driver
 - spending growth + equal or greater enrollment growth = lower spending per student
 - stable or decreased spending + enrollment decline = higher spending per student attributable to enrollment decline

Non-academic functions and scholarships & student aid were most common spending drivers

| | Per student spending change (FY14–FY23) | Instruction | Non-instruction functions | Auxiliary enterprises | Scholarships & aid | Institution-funded research |
|------|---|-------------|---------------------------|-----------------------|--------------------|-----------------------------|
| UVAW | 69% | ✓ | ✓ | | ✓ | |
| NSU | 53 | ✓ | ✓ | ✓ | ✓ | |
| VSU | 38 | | ✓ | ✓ | ✓ | |
| RU | 31 | | | | | |
| CNU | 26 | | ✓ | | ✓ | |
| UMW | 24 | | | | ✓ | |
| VMI | 22 | ✓ | | ✓ | ✓ | |
| ODU | 20 | | | ✓ | ✓ | |
| VCU | 17 | | ✓ | | ✓ | ✓ |
| UVA | 16 | ✓ | ✓ | ✓ | ✓ | |
| LU | 11 | | | ✓ | | |
| W&M | 2 | | | | ✓ | |
| JMU | 2 | | | | ✓ | |
| GMU | -1 | | ✓ | | | |
| VT | -5 | ✓ | | | ✓ | |

Personnel spending drives non-instructional spending growth

- Personnel spending accounted for at least two-thirds of the spending growth at five of the seven institutions where non-instructional areas were a spending driver
- More staff, rather than salary growth, contributed most to spending increases
- Business and finance staff was the fastest growing staffing category at these institutions, increasing by 94 percent (FY14 to FY23)

VCU is building its research capacity, has increased amount of institution-funded research

- Research can generate economic activity, produce a public good, or enhance students' educational experience
- Institutions fund research in two ways:
 - Sponsored research is funded by external sources, such as federal or state government
 - Institution-funded research is paid for by the institution itself
- Institutions can increase institution-funded research to build capacity and be better positioned to attract externally sponsored research funding in the future

VCU's growth in institution-funded research has increased institutional and student costs

- Institution-funded research grew \$125 million (FY13–FY22), about +\$4,800 per student
- Between 38 percent and 65 percent of institution-funded research is paid for by state appropriations, tuition and fees, or other unrestricted funds
- Concerning because VCU students, on average:
 - have less ability to pay for higher education,
 - pay higher net prices when they have need, and
 - have higher levels of student debt at graduation

In this presentation

Student costs

Spending and staff

Efficiency efforts and reducing costs

Findings

Institutions report implementing multiple efficiency and cost reduction strategies.

Some institutions have not implemented efficiency strategies in areas that have been driving spending growth.

Institutions report implementing many efficiency and cost reduction strategies since 2021

- Most common strategies were process redesigns, organizational changes, and contracting and shared services
- These efforts produced a reported savings of ~\$96 million annually; equal to about 1 percent of overall spending

*2021 used because SCHEV collected information from institutions for time period prior to 2021.

Some institutions have not implemented efficiency strategies in areas of spending growth

- Some institutions are not consistently implementing efficiency strategies previously recommended by JLARC and subsequently required in Appropriation Act
- Reviewing organizational structure can identify and improve efficiency in non-instructional staffing areas, such as business/finance
- Spans of control policies and reviews can improve efficiency by reducing the number of managerial positions

Span of control is the average or median number of employees directly reporting to a manager.

Finding

Monitoring efficiency and managing student costs are especially important in changing landscape.

Higher education landscape will likely consist of fewer students and more cost-conscious students

- A majority of Virginia public institutions have already experienced a decline in enrollment
- Demographic projections show institutions will be competing for fewer students in the near future
- Changing higher education landscape will require institutions to further improve efficiency and focus on student costs

Boards approve institutions' budgets and set tuition but should be directed to consider student costs more broadly

- Boards inevitably consider student costs when asked to approve an increase in tuition and fees
- However, boards are not expressly obligated to consider spending efficiency and student costs more generally in their decision- and policy-making roles
- Boards should be fully considering the effects on student costs resulting from decisions to spend more in non-instructional areas such as institution-funded research, athletics, and non-instruction personnel

Recommendation

The General Assembly may wish to amend Code to expressly include in the duties of boards of visitors the responsibility to fully consider the impact that policies and decisions in non-instructional areas—such as intercollegiate athletics, institution-funded research, and staffing levels for non-instructional positions—have on student costs.

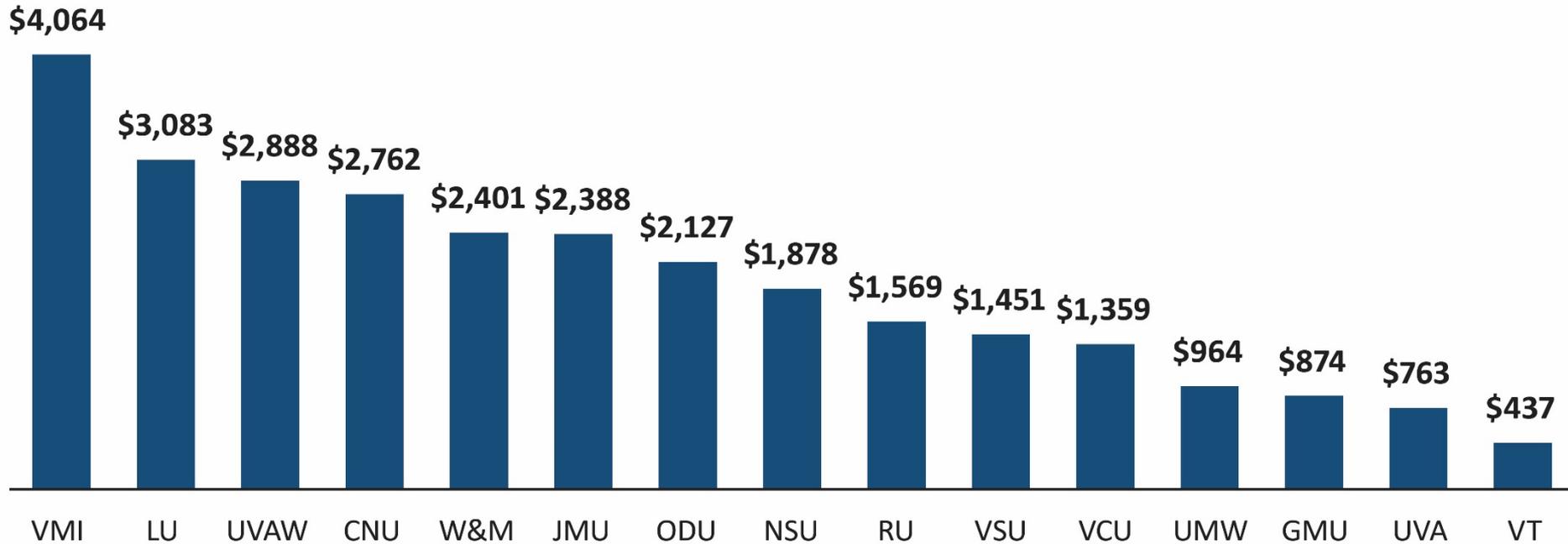
Institutions with declining enrollment will need to better align scale of operations with enrollment levels

- Strategies include:
 - reducing staffing,
 - discontinuing less utilized academic programs, and
 - reducing unused square footage
- Institutions' six-year plans broadly address topics related to academics, financing, and enrollment
- Six-year planning process could be used as a mechanism for institutions to identify ongoing or future efforts

Recommendation

The General Assembly may wish to amend Code to require as part of the six-year planning process that institutions experiencing reductions in cost efficiency because of declining enrollment report efforts to improve efficiency and/or better align operations with enrollment.

Student fees for intercollegiate athletics vary widely but are substantial at certain institutions



Annual non-E&G fees for intercollegiate athletics (2024-25)

More focus is needed on student costs related to athletics spending

- Legislation passed in 2015 limits the *proportion* of athletics revenue that can be funded by student fees and the institution, which has helped manage costs
- However, as overall athletics revenue grows, so can student fees and institutional support
 - JMU athletics revenue grew \$11.8 million over 10 years, \$8.7 million funded by student fees and the institution without exceeding statutory limit
- A cap could be imposed on student fees and institutional funds that can be spent on athletics; cap could be based on proportion of total cost of attendance

Recommendation

The General Assembly may wish to amend Code to constrain the amount of student fees and institutional funds that can be allocated to intercollegiate athletics by establishing a maximum proportion of the total cost of attendance that cannot be exceeded.

JLARC Staff for this report

Justin Brown, Senior Associate Director

Joe McMahon, Project Leader

Kate Agnelli, Senior Legislative Analyst

Tess Hinteregger, Senior Legislative Analyst

Kerrie Zabala, Associate Legislative Analyst



Higher Education Institutional Viability

Primary research activities

- Analyzed data on
 - Higher education enrollment and graduation rates
 - Institutions' revenue, debt, cashflow, and assets
 - Degree alignment with the Commonwealth's workforce needs
- Site visits to higher education institutions and interviews with institution leadership
- Reviewed academic and practitioner literature on higher education institutions' viability
- Surveyed boards of visitors
- Reviewed state policies and program documents related to new academic programs

In brief

Enrollment tuition is a key revenue source for institutions, and enrollment has been declining at some Virginia institutions.

Demographic and market trends will place further financial pressure on many higher education institutions.

Virginia institutions face varying degrees of viability risk, but none are at high risk.

Viability risks and challenging, changing environment necessitate continued monitoring and additional planning.

State academic program approval process can be more transparent and streamlined.

In this presentation

Higher education landscape related to viability

Viability assessment framework

Assessment of institutional viability

Addressing viability challenges

Academic programs

Students and families may be less willing to spend or borrow to earn a four-year degree in the future

Have a “great deal or quite a lot of confidence” in higher education (Gallup survey)

57%
(2015)

36%
(2024)

The cost of college is “worth it” (VCU survey)

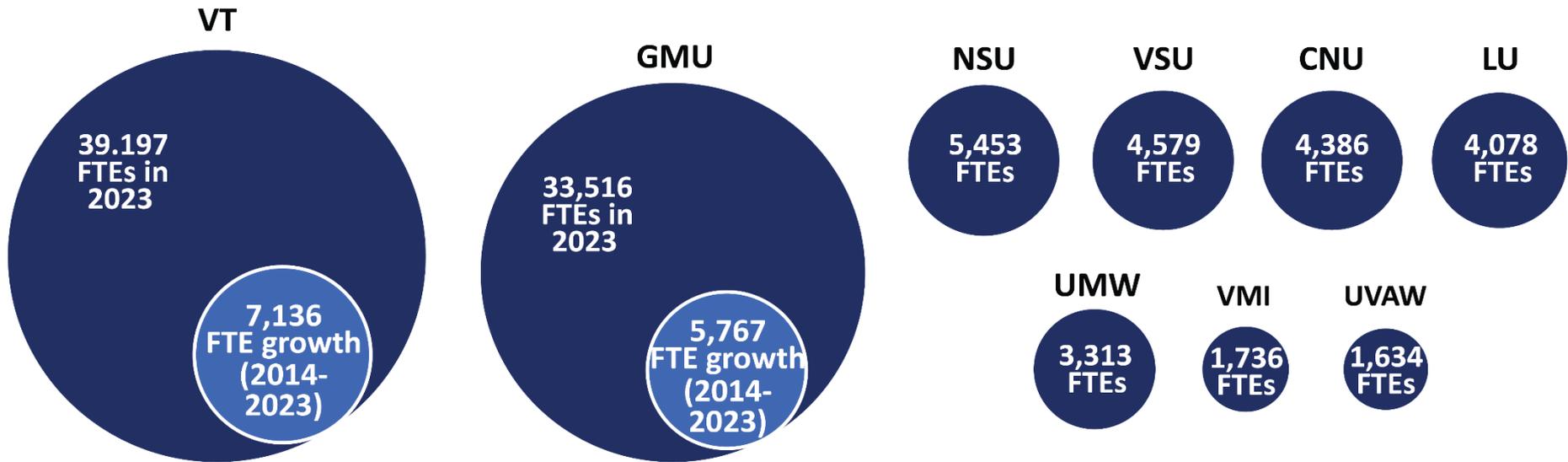
47%
(2023)

38%
(2024)

“It’s less important to have a four-year college degree today in order to get a well-paying job than it was 20 years ago”
(Pew Research survey)

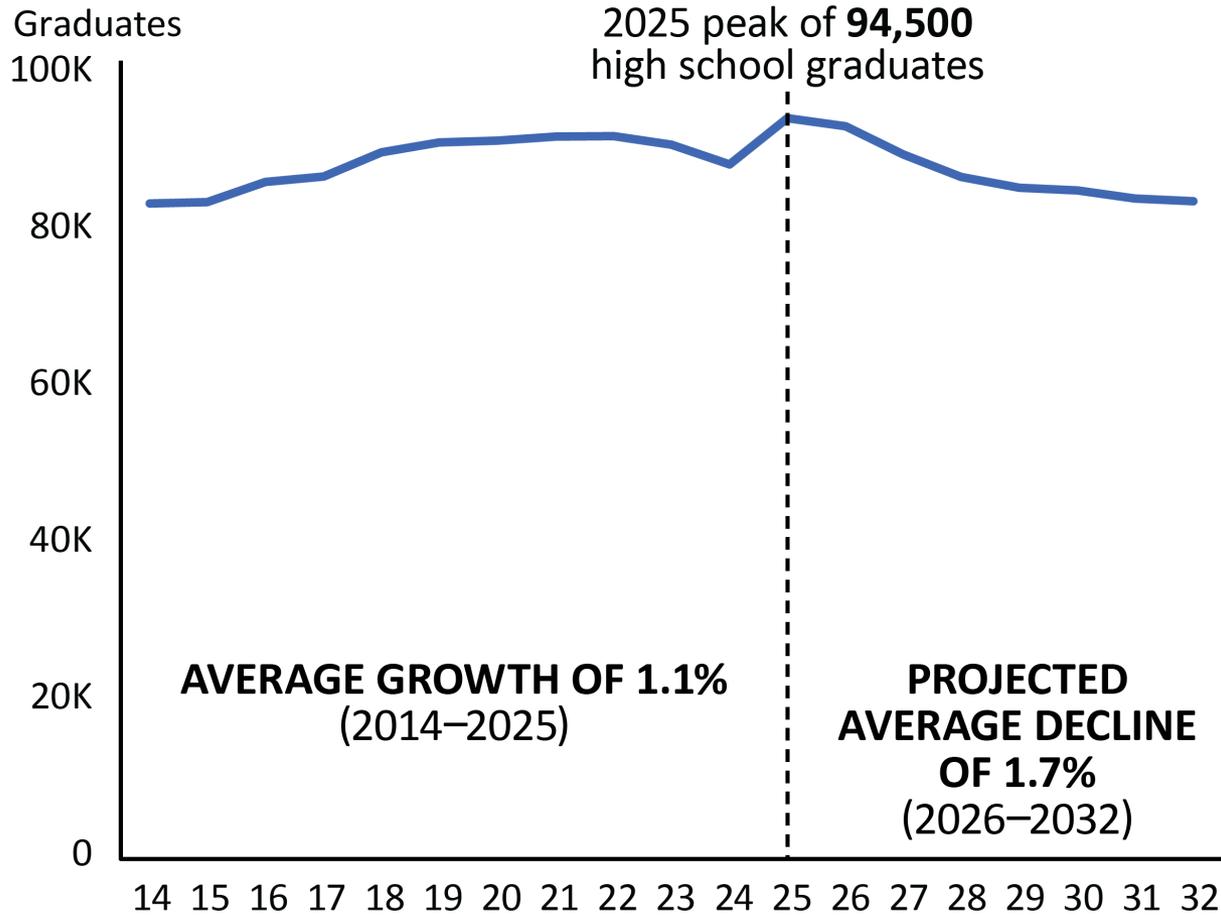
≈50%
(2024)

Growth at some large institutions exceeds total enrollment at several small institutions



SOURCE: SCHEV FTE enrollment data, 2014–2023.

High school graduates are expected to peak in 2025



SOURCE: 2023 state high school graduate projections, U.S. Department of Education National Center for Education Statistics.

In this presentation

Higher education enrollment trends

Viability assessment framework

Assessment of institutional viability

Addressing viability challenges

Academic programs

Researchers have used many frameworks and metrics to assess institutional viability

- Several consulting groups, academic researchers, and state governments have developed frameworks to assess higher education institutional viability
- Metrics in these frameworks typically include a combination of:
 - Student metrics (e.g., enrollment, graduation, retention, first-year student enrollment, admissions rate, yield)
 - Financial health metrics (e.g., primary reserve ratio, equity ratio, net income ratio, viability ratio)
 - Revenue metrics (e.g., discounting, state appropriations, endowment)

JLARC viability assessment uses multi-dimensional framework

- Selectivity – Is the institution highly selective compared to other public institutions nationally?
- 8 viability risk factors in three areas

| | |
|----------------------|---|
| | Graduation rates (compared to predicted) |
| Students | Enrollment (first-year students) |
| | Retention |
| Institutional appeal | Pricing power (tuition revenue per FTE student) |
| | Facility age/condition |
| Finances | Financial health ratios |
| | State funds (per FTE student) |
| | Endowment (per FTE student) |

Historical, recent, and comparative data is used to score each viability risk factor

| | Highly selective? | Viability risk factors | | | | | | | | Overall viability risk | |
|---------------|-------------------|------------------------|----|----|----------------------|----|----------|----|----|------------------------|-----|
| | | Students | | | Institutional appeal | | Finances | | | | |
| | | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | | |
| Institution A | -- | ● | ○ | ● | ○ | ○ | ○ | ○ | ○ | ○ | Low |

- = Factor rated at *substantial* or *extreme* risk level
- ◐ = Factor rated at *moderate* risk level
- = Factor rated at *minimal* or *negligible* risk level

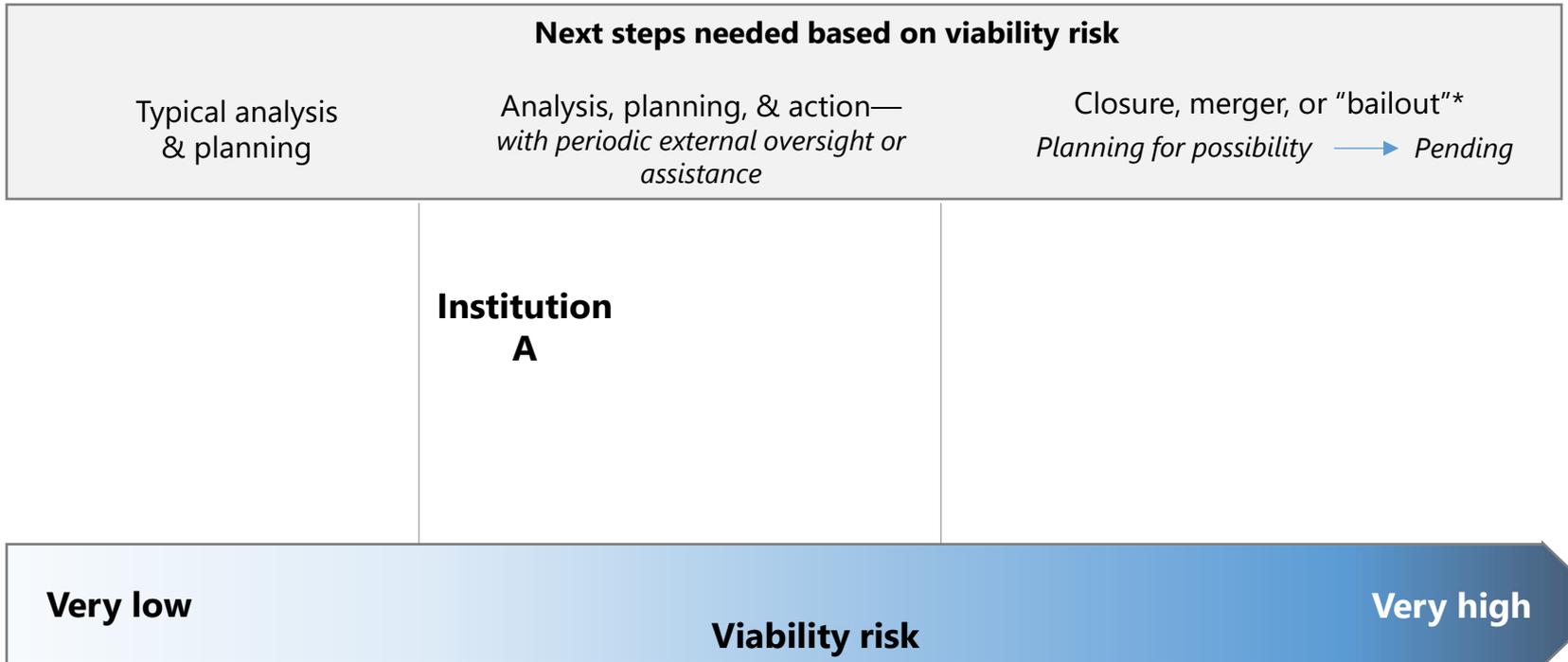
Student risk factors: #1 – Graduation; #2 – Enrollment; #3 – Retention

Institutional appeal risk factors: #4 – Pricing power; #5 – Facility age/condition

Finance risk factors: #6 – Financial ratios; #7 – State funds per student; #8 – Endowment

Appendix D of full report provides detail on framework, data used, and viability risk for each four-year institution.

Risk factor ratings for each institution are aggregated into overall viability risk rating



*Unusual for a public institution to close, but mergers have occurred in several states. See Appendix E of full report.

Ratings are at a recent point in time, and even very low-risk institutions need to manage operations well

- JLARC viability ratings are at a recent point in time, but near-term (or current) trends could lead to specific risk factors improving or worsening
- Viability = an institution's ability to continue operating without needing major changes to survive (e.g., significant new funding or merger with another institution)
- Even institutions with very low viability risk face a dynamic environment that could require operational changes (e.g., budget shortfalls, closing or opening new academic programs)

In this presentation

Higher education enrollment trends

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Assessment of institutional viability

Addressing viability challenges

Academic programs

Finding

Eight institutions have very low viability risk; no special analysis or planning needed as of 2024.

Two institutions are highly selective



- These institutions have many students (e.g., 10 or more applicants per spot) who want to attend and can afford to be very selective about who they admit
- Both schools in the top 10th percentile of all public four-year institutional nationally for:
 - Applicant pool size (relative to number of students who enroll)
 - Admissions rate

Four institutions had only negligible or minimal risk for all 8 factors and so are also very low risk



- These institutions had good graduation rates compared to predicted graduation rates, enrollment trends, retention rates, tuition revenue, financial health, state funding, and endowments

Two institutions had a single factor rated at moderate risk, but are overall very low risk



- GMU – Moderate risk rating on pricing power (tuition revenue per FTE), but large size and enrollment growth mitigate impact on total revenue
- ODU – Moderate risk rating on enrollment (first-year student enrollment), but has intentionally become more selective to improve graduation rates

Finding

Four institutions are rated as having relatively low viability risk.

Four institutions rated at low overall viability risk, but each has at least one moderate risk factor

| | Highly selective? | Viability risk factors | | | | | | | | Overall viability risk |
|-------|-------------------|------------------------|----|----|----------------------|----|----------|----|----|------------------------|
| | | Students | | | Institutional appeal | | Finances | | | |
| | | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | |
| CNU | -- | ○ | ◐ | ○ | ○ | ○ | ◐ | ○ | ○ | Low |
| LU | -- | ○ | ○ | ○ | ◐ | ○ | ○ | ○ | ○ | Low |
| NSU | -- | ○ | ○ | ○ | ◐ | ○ | ○ | ○ | ○ | Low |
| UVA-W | -- | ○ | ○ | ○ | ◐ | -- | -- | ○ | ○ | Low |

- = Factor rated at *substantial* or *extreme* risk level
- ◐ = Factor rated at *moderate* risk level
- = Factor rated at *minimal* or *negligible* risk level

Student risk factors: #1 – Graduation; #2 – Enrollment; #3 – Retention

Institutional appeal risk factors: #4 – Pricing power; #5 – Facility age/condition

Finance risk factors: #6 – Financial ratios; #7 – State funds per student; #8 – Endowment

Four institutions rated as low viability risk but have moderate pricing power or financial ratio risk

- Longwood, Norfolk State, and UVA-Wise had moderate pricing power risk
 - Long-term and recent declines in tuition revenue per FTE
 - Declines in tuition revenue per FTE, 2015 to 2022 (inflation adjusted): Norfolk State -20%; UVA-Wise -17%; and Longwood -8%
- Christopher Newport had moderate enrollment risk
 - Long-term and recent declines in first-year enrollment
 - First-year enrollment declined 5%, 2016 and 2023
- Christopher Newport's relatively high debt load and constrained revenue led to moderate risk on its financial ratios

Finding

Three institutions are rated as having some viability risk.

VSU is rated as having some viability risk because of pricing power and facility risks

| | Highly selective? | Viability risk factors | | | | | | | | Overall viability risk |
|-----|-------------------|------------------------|----|----|----------------------|----|----------|----|----|------------------------|
| | | Students | | | Institutional appeal | | Finances | | | |
| | | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | |
| VSU | -- | ○ | ○ | ○ | ● | ● | ○ | ○ | ○ | Some |

- = Factor rated at *substantial* or *extreme* risk level
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- = Factor rated at *minimal* or *negligible* risk level

Student risk factors: #1 – Graduation; #2 – Enrollment; #3 – Retention

Institutional appeal risk factors: #4 – Pricing power; #5 – Facility age/condition

Finance risk factors: #6 – Financial ratios; #7 – State funds per student; #8 – Endowment

VSU's pricing power and facility risks are being mitigated by recent additional funding

- Pricing power risk: tuition revenue per student declined 26% between 2015 and 2022 (inflation adjusted)
 - Related to high VSU student financial need
- Facility condition risk: Oldest facilities of 15 public institutions, had been trending older
- Recent, substantial increases in operating & capital funds
 - \$23K+ general funds per student (highest of state's 15 public institutions)
 - Facility funding: \$53M in FY21-22, \$59M in FY23-24, and >\$100M in FY25-26

Radford is rated as having some viability risk because of substantial enrollment decline

| | Highly selective? | Viability risk factors | | | | | | | | Overall viability risk |
|----|-------------------|------------------------|----|----|----------------------|----|----------|----|----|------------------------|
| | | Students | | | Institutional appeal | | Finances | | | |
| | | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | |
| RU | -- | ○ | ● | ○ | ○ | ○ | ○ | ○ | ○ | Some |

- = Factor rated at *substantial* or *extreme* risk level
- ◐ = Factor rated at *moderate* risk level
- = Factor rated at *minimal* or *negligible* risk level

Student risk factors: #1 – Graduation; #2 – Enrollment; #3 – Retention

Institutional appeal risk factors: #4 – Pricing power; #5 – Facility age/condition

Finance risk factors: #6 – Financial ratios; #7 – State funds per student; #8 – Endowment

Radford enrollment has substantially declined but appears to be stabilizing

- Enrollment declined 26% between 2016 and 2022
- First-year enrollment was in 10th percentile nationally
- Decline appears to be stabilizing as of early fall 2024
 - First-year students up nearly 30 percent for fall 2024 (1,100 in 2023 to 1,400 in 2024)
 - Unclear how new “Radford Promise” program is connected to this increase and how that could affect tuition and fee revenue generated

UMW is rated as having some viability risk because of pricing power, facility, and financial ratio risks

| | Highly selective? | Viability risk factors | | | | | | | | Overall viability risk |
|-----|-------------------|------------------------|----|----|----------------------|----|----------|----|----|------------------------|
| | | Students | | | Institutional appeal | | Finances | | | |
| | | #1 | #2 | #3 | #4 | #5 | #6 | #7 | #8 | |
| UMW | -- | ○ | ◐ | ○ | ● | ● | ● | ○ | ○ | Some |

- = Factor rated at *substantial or extreme* risk level
- ◐ = Factor rated at *moderate* risk level
- = Factor rated at *minimal or negligible* risk level

Student risk factors: #1 – Graduation; #2 – Enrollment; #3 – Retention

Institutional appeal risk factors: #4 – Pricing power; #5 – Facility age/condition

Finance risk factors: #6 – Financial ratios; #7 – State funds per student; #8 – Endowment

UMW faces pricing power risk related to enrollment

- Enrollment declined but may be stabilizing
 - First-year enrollment declined 22% from 979 students in 2016 to 762 in 2023
 - Full time equivalent (FTE) enrollment declined 23% from 4,300 FTE students in 2016 to 3,300 FTE students in 2023
 - Fall 2024 first-year student enrollment is slightly lower than fall 2023 (742 in Fall 2024; 3% decline over 2023)
- Pricing power: To help mitigate declining enrollment, UMW heavily discounted tuition to entice students to enroll
 - Heavy discounting weakened institution's pricing power in higher education market for students
 - Though the heavy discounting may have helped stem enrollment loss, it reduced Mary Washington's total revenue
 - Mary Washington is in process of stopping the discounting of its tuition

UMW faces facility and financial ratio risk, but efforts underway to mitigate risk

- Facility condition
 - 2nd oldest facilities out of the 15 public four-year institutions
 - Consultant recently concluded substantial maintenance, repair, and renovation is needed
- Financial ratio
 - Declining enrollment and pricing power has been constraining available revenues
 - Relatively high debt, primarily resulting from absorbing foundation debt and assets
- Recent, substantial capital funding increases (\$200M) & major changes at foundation are among initiatives to improve facilities and financial ratios

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Higher education enrollment trends

Viability assessment framework

Assessment of institutional viability

Addressing viability challenges

Academic programs

Seven institutions rated at relatively low or some viability risk and need to monitor risk factors

| Next steps needed based on viability risk | | |
|---|--|--|
| Typical analysis & planning | Analysis, planning, & action— <i>with periodic external oversight or assistance</i> | Closure, merger, or “bailout” <i>Planning for possibility → Pending</i> |
| GMU, JMU, ODU, UVA, VCU, VMI, VT, W&M | CNU, LU, NSU, UVA-W | RU, UMW, VSU |
| Very low | Viability risk | |
| | | Very high |

SOURCE: JLARC summary of viability risk assessment framework results, 2024.

Higher education six-year planning process has elements related to viability

- Institutions are required to submit a six-year plan biennially in odd years
- Several requirements of six-year plans related to viability:
 - Financial planning reflecting anticipated revenues
 - Identification of new programs or initiatives
 - Plans for optimal use of facilities and resources
 - Plans for resource-sharing programs with other institutions
- Existing six-year planning process could be augmented to more fully assess viability

Recommendation

As part of the six-year planning process, OpSix should continue to monitor the viability risk for schools with relatively low viability risk and some viability risk using the eight risk factors related to students, institutional appeal, and financing.

Recent and ongoing developments could change viability risk assessment

- Assessment represents a historical point-in-time review of viability risk for each of the state's public four-year institutions
- Recent developments or ongoing trends could change risk ratings for individual institutions. Examples include:
 - Fall 2024 enrollment
 - Changes in tuition discounting strategies
 - Improvements to campuses and buildings

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Higher education enrollment trends

Viability assessment framework

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Academic programs

Dynamic environment requires institutions to develop new programs, but process can be burdensome

- Workforce needs and technology change quickly; institutions need to revise academic programs or develop new academic programs to keep up with needs
 - Schools with viability challenges may need to develop new programs to improve their relevancy and enrollment
- State law requires that SCHEV review and approve new academic programs and changes to existing academic programs at public higher education institutions
- Found that certain aspects of SCHEV's review process can be subjective and administratively burdensome

Recommendations

SCHEV should revise its academic program approval process to

- Focus on the most essential information
- Discontinue editorial reviews
- Provide a checklist and fillable electronic forms
- Better document feedback.

JLARC Staff for this report

Justin Brown, Senior Associate Director

Stefanie Papps, Project Leader

Mitchell Parry, Senior Associate Legislative Analyst

Brittany Utz, Senior Legislative Analyst