



State Council of  
Higher Education for Virginia

**Staff Summary:**

**HIGHER EDUCATION  
OPPORTUNITY ACT OF 2011  
(TJ21)**

March 21, 2011  
University of Virginia



# Top Jobs for the 21<sup>st</sup> Century

- **An omnibus bill**
- **Amends seven sections of the *Code***  
(§ 23-9.2:3.02, 23-9.6:1, 23-9.6:1.01, 23-38.88, 23-38.90, 23-38.91, 23-38.93)
- **Repeals one *Code* section**  
(§ 23-9.2:3.03)
- **Adds a chapter to the *Code* (4.9:1) with 12 sections**
- **Carries three Enactment Clauses**



## § 23-9.6:1.01 Amendment

If an institution is certified by **the State Council** as having met the financial and administrative management and educational-related performance benchmarks for the FY 2011-12, then such institution shall be entitled to the financial benefits (set forth in various statutes) for the FYs 2011-12 and 2012-13.



# Chapter 4.9:1

- § 23-38.87:10. Short title; purpose.
- § 23-38.87:11. Definitions.
- § 23-38.87:12. Higher education funding policy.
- § 23-38.87:13. Calculation of state general fund share of an institution's basic operations and instruction funding need; cost of education.
- § 23-38.87:14. Per student enrollment-based funding.
- § 23-38.87:15. Need-based financial aid.
- § 23-38.87:16. Targeted economic and innovation incentives.
- § 23-38.87:17. Institutional six-year plans.
- § 23-38.87:18. Tuition and fees.
- § 23-38.87:19. Creation of STEM public-private partnership; duties and responsibilities.
- § 23-38.87:20. Creation of Higher Education Advisory Committee; duties and responsibilities.
- § 23-38.87:21. Certification by Council.



# STEM Public-Private Partnership

**ORGANIZERS:** Sec. of Education & Sec. of Finance  
(in coop. with HAC, HEC, SFC, & SE&HC)

**MEMBERS:** Private-sector leaders  
Distinguished scientific-community reps  
(incl. retired military personnel, gov't scientists,  
and researchers)  
Educational experts  
Relevant state and local gov't officials  
Others as deemed appropriate

**DUTIES:** Advise on, and collaborate with public and private entities to develop and implement strategies to address, priority issues.



# STEM Partnership: Issues

1. Determining **need for additional high-demand degree enrollment, capacity, and resources.**
2. Incentivizing **greater coordination, innovation, and private collaboration** (K – secondary).
3. Determining, refining, and leveraging **best practices in STEM instruction** (K-16).
4. Enhancing **teacher education & professional development** in STEM disciplines.
5. Strengthening **math readiness** (secondary).
6. Providing **financial incentives to increase STEM enrollment and degree production.**



# STEM Partnership: Issues

7. Assisting in the **acquisition and improvement of STEM-related facilities and equipment.**
8. Providing STEM incentives in **early college and university pathway programs and in the community college transfer grant program.**
9. Assessing degree programs using **economic opportunity metrics.**
10. **Aligning state higher education efforts with marketplace demands.**
11. Determining other relevant issues.



# Tuition and Fees

The BOVs and SBCC “shall continue to fix, revise from time to time, charge and collect tuition, fees, rates, rentals, and other charges for the services, goods, or facilities furnished by or on behalf of such institution and may adopt policies regarding any such service rendered or the use, occupancy, or operation of any such facility.”





# Tuition and Fees: Limitation

The Act seeks to ensure that, for each fiscal year, the total of an institution's tuition and E&G fees for Va students does not exceed the difference between:

- (a) the inst's cost of education for all students, and
- (b) the sum of the tuition and E&G fees for the inst's non-Va students, the state GFs appropriated for its basic ops and instruction, and its per-student funding.

$$\begin{array}{l} \text{Total Tuition} \\ \text{\& E\&G Fees} \\ \text{for Va Students} \end{array} \leq \begin{array}{l} \text{Cost of Education} \\ \text{for All Students} \end{array} - \left( \begin{array}{l} \text{Total Tuition} \\ \text{\& E\&G Fees for} \\ \text{non-Va Students} \end{array} + \begin{array}{l} \text{State GFs} \\ \text{Basic Ops} \\ \text{\& Instruction} \end{array} + \begin{array}{l} \text{Per} \\ \text{Student} \\ \text{Funding} \end{array} \right)$$



# Tuition and Fees: Limitation

At the GA's discretion, an institution shall **forego new state funding at a level above the GFs received during the 2011-12FY** and shall be obligated to provide increased financial aid to maintain affordability, if:

- (a) the tuition limitation is exceeded; and
- (b) such exceeding of the limitation was not included in the inst's six-year plan.

The limitation may be exceeded if a six-year plan includes: (i) new programs or initiatives including quality improvements, and/or (ii) inst-specific funding based on particular state policies or inst-specific programs.



# Funding Policy

The funding policy for public insts shall be comprised of amounts for each inst from the GF, from funds other than the GF, or both, for each FY of a biennium for:

1. Basic operations and instruction.
2. Each Virginia undergraduate student actually enrolled at the institution.
3. Need-based financial aid.
4. Support for targeted financial incentives that encourage and reward progress toward the Act's policy objectives.



# Funding Need; Cost of Education

**The Council**, in consultation with each institution and the Higher Education Advisory Committee (HEAC), shall calculate each inst's basic operations & instruction (O&I) funding need for each year of the next biennium.

During preparation of the proposed biennial budget bill, the Governor shall consider: (a) each inst's basic O&I funding need; and (b) the Commonwealth's 67%-33% GF-NGF funding split policy.

Between biennial recalculations, an inst's appropriated basic O&I funding may be changed: (a) for change in Va undergrad enrollment; (b) for meeting/not meeting targeted financial incentives; and (c) at GA discretion.



# Funding Need; Cost of Education

An inst's basic O&I funding need shall be the sum of:

- (i) its cost of education for the total enrollment of students who attended during the FY that ended on June 30 of each odd-numbered year;
- (ii) the amount required to reach the 60<sup>th</sup> percentile faculty-salary goal for the most-recently reported average salaries paid by its peer institutions; and
- (iii) such other funding for E&G services as the GA may appropriate.

“Cost of education” = policy of formulas using faculty-student ratios by discipline & level, & the E&G programs of instruction, academic support, student services, inst'al support, & physical-plant O&M.



# Funding Need; Cost of Education

TJ21 reflects Gov. McDonnell's goal that the GF-funded percentage of the cost of education for Va students be the same for each institution.

The Act requires that GFs be allocated & appropriated to insts "in a fair and equitable manner such that, to the extent practicable," the above goal is achieved.

When the above goal is not achieved, the Governor shall take such into account as he deems appropriate in his budget bill, and the GA shall consider likewise in the appropriation act.



# Per-Student Funding

Based on recommendations of the HEAC, the Governor shall recommend and the GA shall determine and appropriate a per student amount that shall follow each Va undergraduate.

Additional GF appropriations may be made to address the unfunded enrollment growth between 2005-06FY and the Act's enactment.

The GA will consider the per-student funding amount in relation to the per-student amount of the TAG program. TAG-eligible private insts must submit to **the Council** current FY Va-student enrollment projections and prior FY Va-student actual enrollments.



# Need-Based Financial Aid

Each institutional six-year plan must:

- (a) include a student financial aid commitment that, in conjunction with GFs appropriated for that purpose, provide assistance to students from both “low-income” and “middle-income” families. (The HEAC shall determine the definitions of low-income and middle-income and shall review federal and state financial aid programs and institutional practices.)
- (b) take into account the results of the HEAC’s review and definitions.





# Economic & Innovation Incentives

To achieve the purposes of the Act, targeted economic and innovation incentives:

- shall be considered and may be
  - recommended by the Governor, and
  - funded by the GA;
- shall have their
  - outcomes/results evaluated against criteria developed by the HEAC, and
  - benefits/consequences for successful and unsuccessful achievement determined by the HEAC.

Maintenance of effort shall also be considered for insts with unique missions and demonstrable performance in specific incentive areas.



# Economic & Innovation Incentives

Such incentives may include, but are not limited to:

1. Increased enrollment of Va students, in addition to per-student funding;
2. Increased degree completion for Va residents who have partial credit completion for a degree;
3. Increased degree completion in a timely or expedited manner;
4. Improved retention and graduation rates;
5. Increased degree production in STEM and other high-need areas such as health care;



# Economic & Innovation Incentives

6. Increased research, including regional and public-private collaboration;
7. Optimal year-round utilization of resources and other efficiency reforms to reduce total institutional cost;
8. Technology-enhanced instruction, including course redesign, online instruction, and resource sharing;
9. Enhanced community college transfer programs and grants and other enhanced degree path programs;
10. Other incentives based on economic opportunity metrics developed by the HEAC.



# Institutional Six-Year Plans

- A. Each public institution's board shall:
- develop and adopt biennially, and amend or affirm annually, a six-year plan and shall submit that plan to **the Council**, Governor, & Chairs of the HAC and SFC no later than July 1 of each odd-numbered year, and
  - submit amendments to or an affirmation of that plan no later than July 1 of each even-numbered year or at any other time permitted by the Governor and GA.



# Institutional Six-Year Plans

B. By Sept. 1, each plan will be reviewed and have comments made by:

Secretary of Finance

Secretary of Education

Director of Dept. of Planning and Budget (DPB)

Executive Director of **the Council** (SCHEV)

Staff Directors of the HAC and the SFC

(or each's designee)

By Oct. 1, each institution shall respond to any comments received.



# Institutional Six-Year Plans

- C. Each plan shall be:
- structured in accordance with, and be consistent with, the purposes of the Act and the criteria developed by the HEAC, and
  - in a form and manner prescribed by **the Council**, in consultation with the reviewers.
- D. Each plan shall address the inst's academic, financial, and enrollment plans, to include the number of Va and out-of-state students, for the six-year period and shall include:



# Six-Year Plans: Components

1. Financial planning reflecting the inst's anticipated level of GF, tuition, and other NGF support for each year of the next biennium. The plan shall also include the inst's anticipated annual tuition and E&G fee charges required by (i) degree level and (ii) domiciliary status, and shall indicate the planned use of any projected increase in GF, tuition, or other NGF revenues.

The plan shall be based upon any assumptions provided by **the Council**, following consultation with DPB and money-committee staffs, for funding related to GF support, and shall be aligned with the inst's six-year enrollment projections.



# Six-Year Plans: Components

2. Plans for providing financial aid to mitigate impacts of tuition & fee increases on low- & middle-income students, including projected mix of grants & loans;
3. Degree-conferral targets for Va undergraduates;
4. Plans for optimal year-round use of the institution's facilities and instructional resources;
5. Plans for the development of an instructional resource-sharing program with other Va institutions;
6. Plans regarding the Act's other incentives or any other matters the institution deems appropriate; and
7. The identification of (i) new programs or initiatives including quality improvements, and (ii) inst-specific funding based on particular state policies or inst-specific programs, or both.





# Six-Year Plans: Considerations

E. In developing its plan, each institution shall give consideration to potential future impacts of tuition increases on the Virginia College Savings Plan (VCSP) and shall discuss such potential impacts with the VCSP.

The CEO of the VCSP shall provide each institution with the Plan's assumptions underlying the program's contract pricing.



# Higher Ed Advisory Committee

**Convener:** Secretary of Education, in consult with HAC & SFC chairs, Secretary of Finance, & the public institutions

**Purpose:** To provide advice and make recommendations on the matters set forth in the subsections below



# Higher Ed Advisory Committee

## Members:

Rep of the Office of Sec. of Education (appointed by the Sec. and serving as Chair of the HEAC)

Rep of the Office of Sec. of Finance (appointed by the Sec.)

Rep of **the Council** (appointed by Council Chair)

Staff director of the HAC (or designee)

Staff director of the SFC (or designee)

Five public-inst. presidents (or designees) – two doctoral, two comprehensive, one from VCCS (selected by all public-inst presidents)

Rep from a private, nonprofit inst (appointed by the Governor; no role in public-only matters)



# Higher Ed Advisory Committee

## Members:

The HEAC may designate other persons to serve on it, including but not limited to reps of academic and instructional faculty or fiscal officers from Va public institutions.



# HEAC: Duties & Responsibilities

- Subsection B: Five “develop and review” activities.
- Subsection C: Two “review” activities.
- Subsection D: One periodic assessment.
- Subsection E: Such other duties and responsibilities as requested by the Governor or the GA.

Activities in Subsections B & C shall be conducted at least every five years “with **assistance from the staff of the Council** and such other assistance it may need.”

Recommendations from Subsection B, C, & D activities shall be submitted to **the Council, which shall review them and make its recommendations** to the Governor and the Chairs of the HAC, HEC, SFC, & SE&HC.



# HEAC: Subsection B

## “Develop & Review” Activities

1. The methodology for determining per-student funding
  - how a significant increment of state funding shall follow the student to the two- or four-year inst in which the student enrolls;
  - how the amount of such per-student funding for four-year insts will be made to correspond to the per-student allocation envisioned under the then-existing TAG appropriation;
  - how & as of what date an inst’s enrollment shall be calculated;
  - how a change in Va undergrad enrollment above or below the level used to calculate the inst’s basic O&I funding shall be reflected in its per-student funding appropriation; and
  - the standards and process for determining whether a change in Va undergrad enrollment qualifies for per-student funding.



# HEAC: Subsection B

## “Develop & Review” Activities

2. Criteria for determining which families qualify as “low-income” and “middle-income” and how they relate to federal, state, and inst’al policies governing the provision of financial assistance to students of such families.
3. Objective performance criteria for measuring the targeted economic and innovation incentives, and benefits or consequences for meeting or not meeting the incentives included in an institution’s six-year plan.



# HEAC: Subsection B

## “Develop & Review” Activities

4. Economic opportunity metrics, such as marketplace demand, earning potential, and employer satisfaction, and other indicators of the historical and projected economic value of degrees that can be used to assess degree programs in order to provide useful information on the economic impact of degrees to students as they make career choices and to state policy makers and university decision makers as they decide how to allocate scarce resources.





# HEAC: Subsection B

## “Develop & Review” Activities

5. The additional authority that should be granted to all public institutions under the Restructuring Act, state goals and objectives each public inst should be expected to achieve, objective criteria for measuring educational-related performance with regard to those goals and objectives, and the benefits or consequences for meeting or not meeting those goals and objectives.



# HEAC: Subsection C “Review” Activities

1. Federal and state financial aid programs and institutional practices to ensure that the appropriate level of financial assistance is being provided to both low-income and middle-income families, including loan forgiveness programs targeted by purpose in furtherance of the Act’s objectives.
2. The Restructuring Act to identify additional ways to reduce costs and enhance efficiency by increasing managerial autonomy with accountability at the institutional level.



# HEAC: Subsection D

Based on six-year plans and other relevant factors, the HEAC shall periodically assess the degree to which the Commonwealth's higher ed system is meeting the statewide objectives of economic impact, reform, affordability, & access reflected in the Act, as well as the strategic impact of new GF investments on achieving those objectives.



# Certification by Council

After the HEAC develops the objective criteria for measuring goals and objectives (Subdivision B 5), and each year thereafter, the Council shall

- annually assess the degree to which each institution has satisfied any goals or criteria developed by the HEAC; and
- by no later than Oct. 1 of each FY, provide a written report of the results to the Governor and the Chairs of the HAC, HEC, SFC, & SE&HC.



# Certification by Council

To assist the Council, each public institution, and each private institution eligible for and seeking to qualify for state GFs, shall furnish periodic reports and other pertinent information, including student-level data, as may be required by the Council.

The report shall include, but not be limited to, copies of institutional financial aid audit reports and audited financial statements.



# Enactment Clause

In consultation with, and with assistance from, **SCHEV staff**, the HEAC shall review the development of a Higher Education Revenue Stabilization Fund and a Higher Education Institutional Revenue Stabilization Fund.

The HEAC shall submit its recommendations to the Governor and the HAC and SFC Chairs.