

- These amounts (\$21.2 million and \$42.4 million) are equal to the amounts for incentives for access and enrollment as a means to keep the two funding streams balanced.

(a) TJ21 Initiatives

- Section 23-38.87:16 of TJ21 includes a provision that allows for incentives for policy objectives listed as follows:
 - Increased enrollment of Virginia students
 - Increase degree completion for Virginia residents who have partial credit completion for a degree
 - Increased degree completion in a timely or expedited manner
 - Improved retention and graduate rates
 - Increased degree production in areas of science, technology, engineering, and mathematics and other high-need areas such as the health care-related professions
 - Increase research, including regional and public-private collaboration
 - Optimal year-round utilization of resources and other efficiency reforms designed to reduce total institutional cost
 - Technology-enhanced instruction, including course redesign, online instruction, and resource sharing among institutions
 - Enhanced community college transfer programs and grants and other enhanced degree path programs
- SCHEV staff recommends \$10.6 million in general fund in FY2015 and \$21.2 million in general fund in FY2016 to address TJ21 initiatives such as high-demand programs, STEM-H degrees, public-private collaborations, and serving under-represented populations. These amounts are equal to one-half of the amounts for incentives for access and retention and for completion and efficiency.
- Institutions should match the addition general fund either through internal reallocation or tuition revenue.

(b) Cost Share and Estimated Tuition Increases in FY2015

- Based on the Commonwealth fund share policy, most of the recommended funding items mentioned above require institutions to generate nongeneral fund revenues to share the total estimated funding cost. Staff estimates that the potential tuition impact of these recommendations would be a range of 0% to 5% in FY2015, with an average of about 2%.
- This estimated range of tuition increases does not take into account ongoing cost increases that institutions are required to manage such as (a) general cost increases in the health care program, (b) costs associated with implementation of the Affordable Care Act, and (c) contribution rate increases for the Virginia Retirement System. If the Commonwealth does not fund its proportionate share of the increases, institutions will have to either reduce expenditures or increase tuition to cover these costs.