

JMU Board of Visitors

# Financing of Higher Education in Virginia: Analysis and Issues

March 2001



# INTRODUCTION

This paper has been prepared for the James Madison University Board of Visitors. The material presented herein is a continuation of similar papers prepared for the board since 1990. Most of the data updates tables, charts and graphs from these previous papers. This emphasis on continuity is purposeful. It is intended that this be an annual effort with an emphasis on building longitudinal databases used for trend analyses.

The purpose of the paper is to identify and describe significant national, regional and state factors affecting the financing of higher education. Trends affecting tuition and fees, state appropriations and expenditures are analyzed in separate sections of the paper.

Each year, a different topical issue affecting the financing of higher education is featured in the paper's introduction. This year, we offer an overview of the most comprehensive and authoritative look at funding for Virginia higher education in over a decade: the December 18, 2000 *Status Report and Recommendations* of the Joint Subcommittee on Higher Education Funding Policies.

The joint subcommittee was created by the 1998 General Assembly and charged with addressing the absence of funding policies and guidelines for institutions of higher education. Prior to the recession of the early 1990's, the Commonwealth operated under a set of funding guidelines commonly referred to as "Appendix M." With the abandonment of these guidelines due to budgetary emergencies created by the recession and its impact on state revenues, the General Assembly no longer had a "yardstick" against which to measure institutional funding requests.

The joint subcommittee approached its task by creating formulas that predict a minimum level of funding for institutions of higher education based upon national norms as applied to the institutional profiles of Virginia's public colleges and universities. The formulas predict funding for the widely used categories of instruction, academic support, institutional support and student services. A formula to predict funding for a fifth category – plant maintenance – is still being developed. These formulas take into account such variables as the number of students, types of courses taught, level of courses (i.e., lower level undergraduate, upper level, masters or doctorate) and mission of the institution.

As shown by the table on the following page which summarizes the joint subcommittee's recommendations, JMU is the most underfunded institution in the Commonwealth. The formulas predict a base level of funding for JMU of \$141.4 million. Compared to the university's current funding for the four predicted budget categories of \$116.2 million, JMU should receive an additional \$24 million to \$26 million in annual operating funds to meet the joint subcommittee's minimum standards. This represents approximately one-eighth of the total for all Virginia institutions – including the Virginia Community College System.

In making comparisons between institutions, it is important to note that the table shows gross funding needs. Were these needs presented on a per student basis, the difference between JMU and the other colleges and universities would be even more stark.

## Comparison of Guideline Calculations and FY2001 Funding

(\$s in millions)

Institution	Guideline Estimate	Current Funding	Range of Variance
James Madison University	\$141.4	\$116.2	\$24.0 - \$26.0
Virginia Tech	355.0	334.9	19.0 - 21.0
George Mason University	204.5	184.4	19.0 - 21.0
University of Virginia	340.8	323.1	17.0 - 18.5
Old Dominion University	162.4	147.0	14.5 - 16.0
Radford University	72.1	62.0	9.5 - 10.5
Virginia Commonwealth University	284.6	275.2	9.0 - 9.9
College of William and Mary	99.2	92.7	6.0 - 6.7
Christopher Newport University	36.1	33.3	2.5 - 3.0
Longwood College	32.7	30.0	2.5 - 3.0
Mary Washington College	36.5	34.0	2.3 - 2.5
Virginia State University	39.3	38.5	0.5 - 1.0
<b>Total Four-Year Institutions</b>	<b>\$1,804.6</b>	<b>\$1,671.3</b>	<b>\$126.0 - \$139.0</b>
Virginia Community Colleges	484.8	421.0	61.0 - 67.0
Richard Bland College	7.0	6.8	0.1 - 0.2
<b>Total All Institutions</b>	<b>\$2,296.4</b>	<b>\$2,099.1</b>	<b>\$187.0 - \$206.0</b>

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