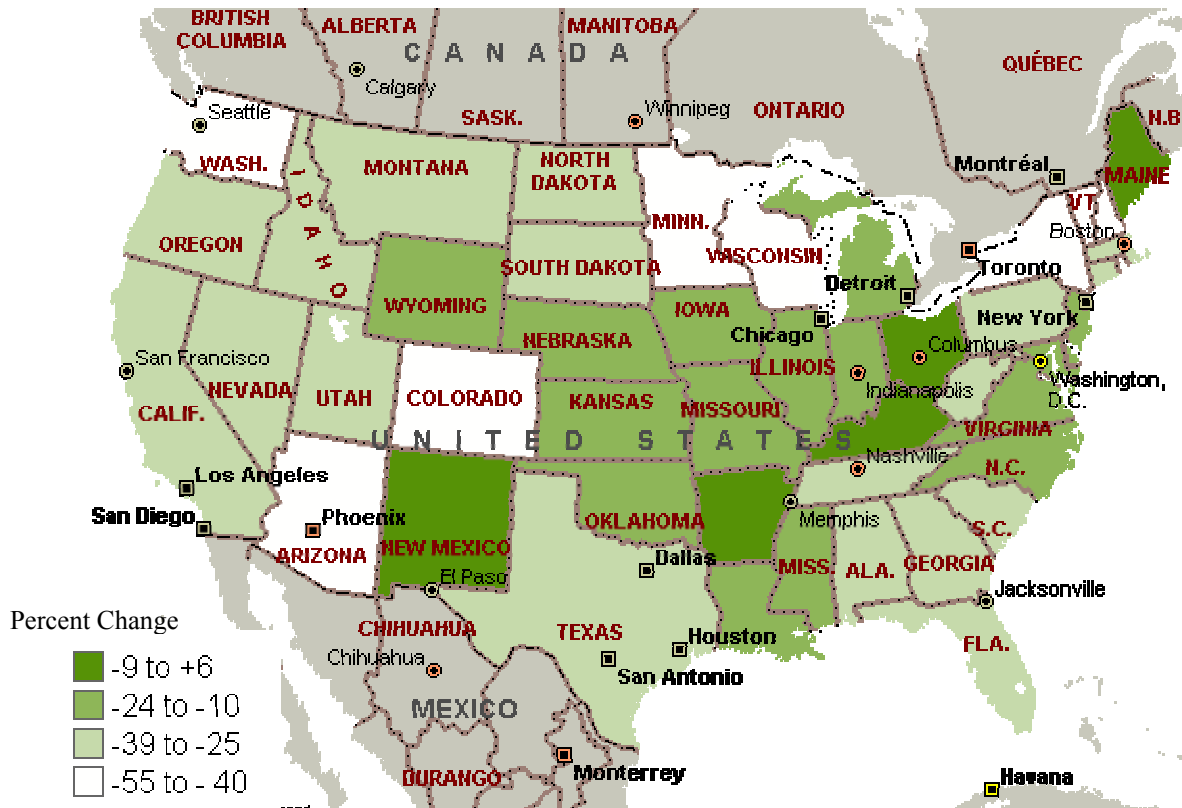


3.0 STATE APPROPRIATIONS

3.1 National Trends

Nationally, states have experienced significant pressures to fund a variety of critical initiatives. One result has been a decline in the percentage of state appropriations going to higher education. Since 1978, declines in appropriations of state tax funds per \$1,000 of personal income have averaged -27.4% nationally. Only three states, New Mexico, Kentucky, and Maine have seen increases. The states with the greatest declines are Colorado (-54.1%), Arizona (-49.6%), New Hampshire (-49.4%), Washington (-48.0%), Vermont (-45.8%), Rhode Island (-44.0%), New York (-43.6%), and Minnesota (-41.7%). Virginia's decline (-22.7%) is 4.7% less than the national average.

Change in Appropriations of State Tax Funds for Operating Expenses of Higher Education per \$1,000 of Personal Income FY1978 to FY2002



. Source: Postsecondary Education OPPORTUNITY, January 2002

The table below shows JMU's total E&G funding (tuition, E&G fees and general funds) per FTE student in relation to its national peer group for 1999-00 – the most recent year for which the data are available. JMU is dead last out of the 22 universities that shared their data — as it has been for each year for which these data have been available. At \$7,593 per FTES, JMU is \$2,526 below the median and \$3,126 below the 60th percentile. For 1999-00, JMU would have required an additional \$35.9 million in E&G operating funds to reach the median of its national peer group or \$44.4 million to reach the 60th percentile.

TOTAL FUNDING PER FTE STUDENT
JMU National Peer Group
1999-00 Data

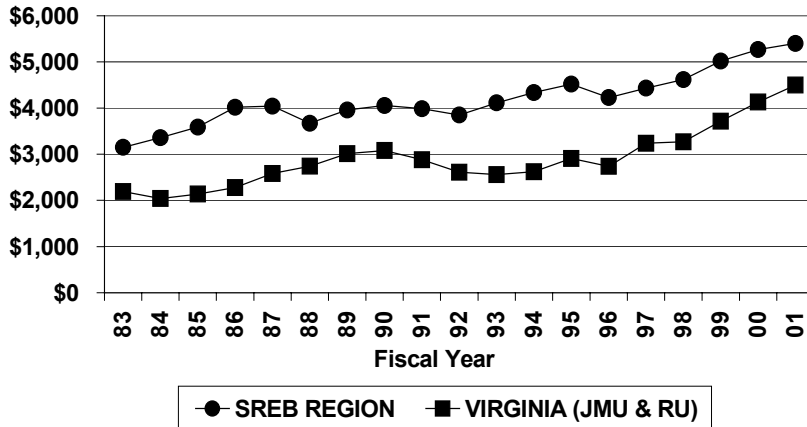
| Institution | FTE Students | Tuition and Fees | State Appropriations | Total Tuition & Fees plus State Appropriations | Total Revenue per FTES |
|--|---------------------|-------------------------|-----------------------------------|---|-------------------------------|
| University of Delaware | 18,472 | \$190,516,848 | \$94,279,933 | \$284,796,781 | \$15,418 |
| University of Notre Dame | 10,489 | 159,908,000 | 0 | 159,908,000 | 15,246 |
| University of Rhode Island | 11,579 | 83,339,618 | 77,117,215 | 160,456,833 | 13,858 |
| Ohio University | 18,427 | 123,173,793 | 121,679,867 | 244,853,660 | 13,288 |
| Texas Christian University | 6,762 | 83,951,000 | 0 | 83,951,000 | 12,416 |
| SUNY – Binghamton | 11,519 | 52,600,251 | 87,335,420 | 139,935,671 | 12,149 |
| Providence College | 4,409 | 49,297,455 | 23,800 | 49,321,255 | 11,186 |
| University of Northern Iowa | 12,105 | 39,829,092 | 93,569,079 | 133,398,171 | 11,020 |
| California State Univ.- Fresno | 15,468 | 44,424,314 | 123,242,506 | 167,666,820 | 10,839 |
| University of Oregon | 15,663 | 102,443,651 | 66,426,378 | 168,870,029 | 10,782 |
| University of North Dakota - Main Campus | 9,379 | 41,418,676 | 58,724,148 | 100,142,824 | 10,678 |
| Bradley University | 5,040 | 51,388,943 | 1,207,756 | 52,596,699 | 10,437 |
| SUNY College – Brockport | 6,778 | 28,114,377 | 40,478,302 | 68,592,679 | 10,119 |
| Indiana University of Pennsylvania | 12,255 | 63,683,558 | 58,807,447 | 122,491,005 | 9,995 |
| Appalachian State University | 11,627 | 34,402,940 | 79,911,229 | 114,314,169 | 9,832 |
| California State Univ.- Chico | 13,974 | 37,036,980 | 98,367,199 | 135,404,179 | 9,690 |
| Towson University | 13,671 | 71,417,677 | 58,797,522 | 130,215,199 | 9,525 |
| Baylor University | 12,755 | 119,642,000 | 0 | 119,642,000 | 9,380 |
| Salisbury State University | 5,214 | 22,856,888 | 24,476,838 | 47,333,726 | 9,078 |
| Western Washington University | 11,256 | 46,879,011 | 53,406,824 | 100,285,835 | 8,910 |
| University of Tennessee – Chattanooga | 6,996 | 24,524,489 | 37,714,692 | 62,239,181 | 8,896 |
| College of Charleston | 9,767 | 47,999,638 | 36,554,775 | 84,554,413 | 8,657 |
| SUNY College – Oswego | 6,899 | 28,038,152 | 30,143,344 | 58,181,496 | 8,433 |
| Middle Tennessee State University | 16,134 | 53,209,998 | 73,625,491 | 126,835,489 | 7,861 |
| James Madison University | 14,215 | 50,501,850 | 57,431,603 | 107,933,453 | 7,593 |
| | | | <i>Median</i> | | \$10,119 |
| | | | <i>60th Percentile</i> | | \$10,719 |

Notes

1. All data are taken from the 1999-00 IPEDS Finance (F1) and EF forms.
2. Data from Baylor University, Bradley University, and Providence College were not available.
3. FTE students were calculated from Fall 1999 headcount data using the standard federal methodology.

3.2 Regional Trends

**GF Appropriations Per Student Comparisons
Four-Year 3 Institutions**



Source: SREB Data Exchange

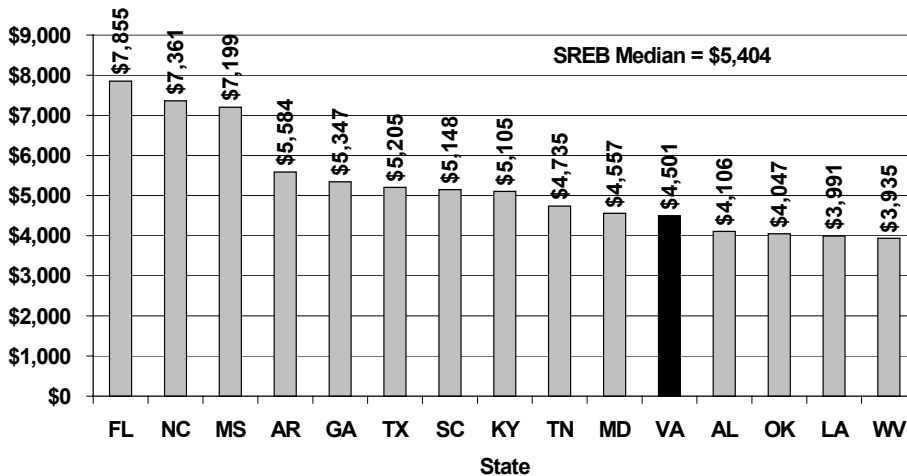
During the period of 1982-83 through 2000-01, Virginia ranked near the top in tuition and required fees among SREB Four-Year 3 institutions in the Southern Region Education Board states.

During this same time period, state general fund operating appropriations per FTE student in Virginia ranked near the bottom among similar institutions in SREB states.

Per-student funding for Virginia's Four-Year 3 institutions gained ground on the SREB regional average over the past eleven years. Since 1989-90, the funding per full-time equivalent (FTE)

student at JMU rose 34.1 percent while the SREB regional average increased 29.9 percent.

**2000-01 General Fund Appropriation
Per FTES, Four-Year 3 Institutions**



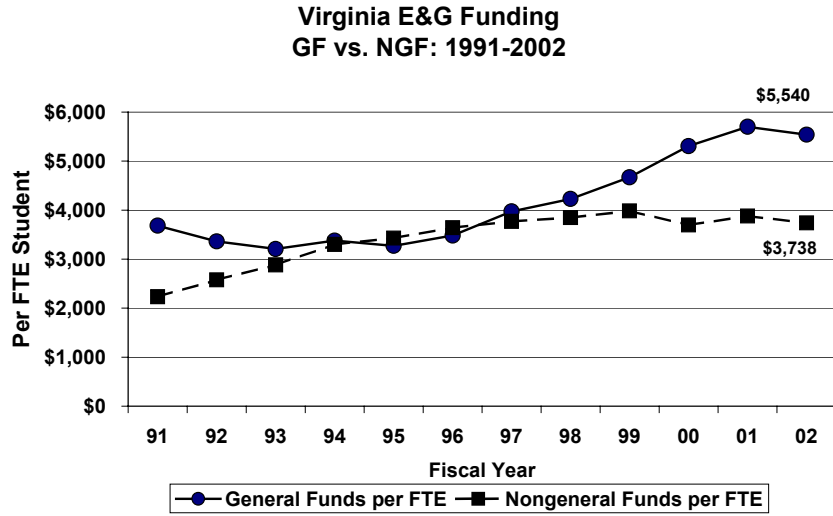
Source: SREB Data Exchange

This is appreciably better than 1994-95 when JMU's appropriation decreased by 3.4 percent compared with an increase of 14.1 percent for SREB institutions.

Per FTE student funding in Virginia was \$903 below the regional median of \$5,404 for comparable institutions in 2000-01.

3.3 State Trends

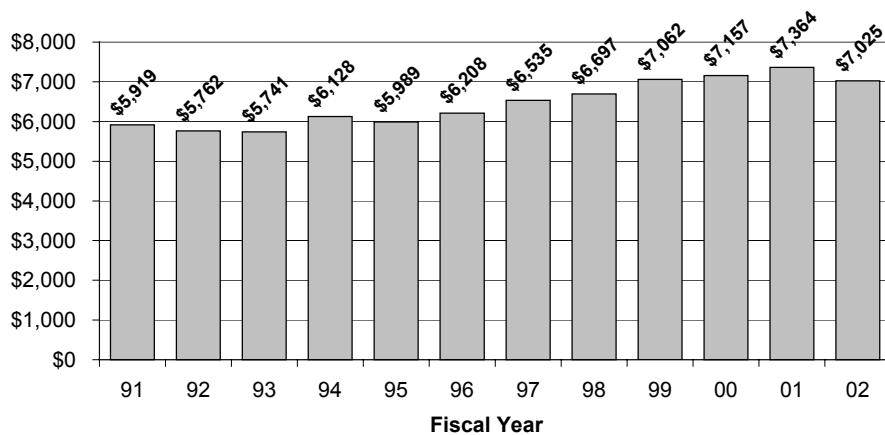
As the chart to the right indicates, the funding of higher education in Virginia has been greatly influenced by policy and budgetary developments. In 1990-91, non-general funds per student were about 50 percent of general funds. By 1995-96 non-general funds per student were higher than general funds, indicating that students bore a significantly higher proportion of their total educational costs. While the situation improved markedly between 1996-97 and 2001-02, the current budget problems will likely see general funds per FTE decline and non-general funds increase as students again bear a higher portion of the cost of their education.



Source: SCHEV

The magnitude of the shift is readily apparent. In 1990, students in Virginia's public higher education system paid—on the average—34.5 percent of the cost of their education. In 2001-02 students paid 40.3 percent, down from the high of 51.2 percent in 1994-95. While the data were prepared for the Virginia higher education system as a whole, it closely tracks the relationship between general and non-general funds for JMU's E&G budget.

Virginia E&G Total Funding Per FTE Student In 1991 Constant Dollars

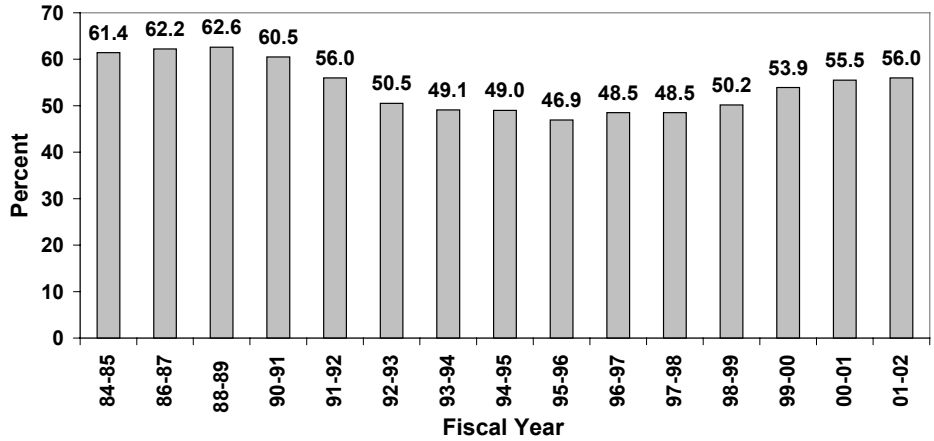


Source: SCHEV

As demonstrated in the chart to the left, total E&G funding per FTE student in 2001-02 exceeded the 1990-91 funding. In constant 1990-91 dollars, total system-wide E&G funding per FTE student has increased from \$5,919 to \$7,025—a 19 percent increase. The total real cost of the students' education has risen only moderately over this period.

State general fund support to JMU dropped from 61.4 percent of the total educational and general (E&G) appropriation in 1984-85 to 46.9 percent in 1995-96. The percentage increased to 56.0 in 2001-02. While improvement has occurred in the last five years, the percentage is still significantly below the years 1984-85 to 1989-90.

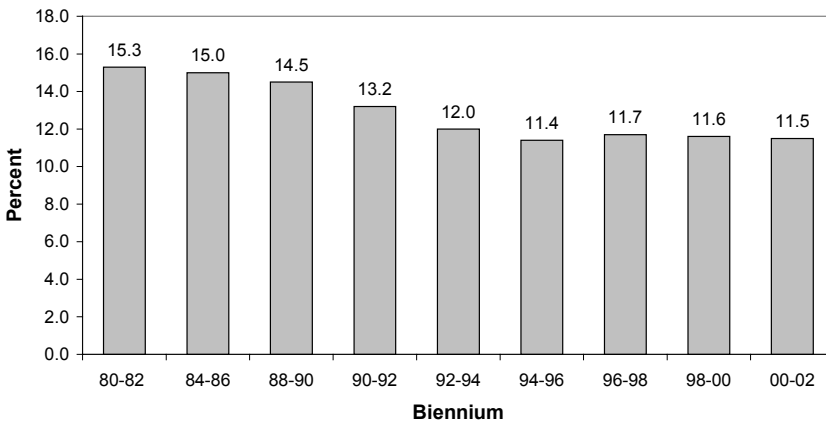
**JMU General Fund as a % of Total E&G
1983-84 to 2001-02**



Source: SCHEV

Virginia's budget shortfall may result in this percentage declining to percentages similar to those of some of the more difficult budget years of the mid-1990s.

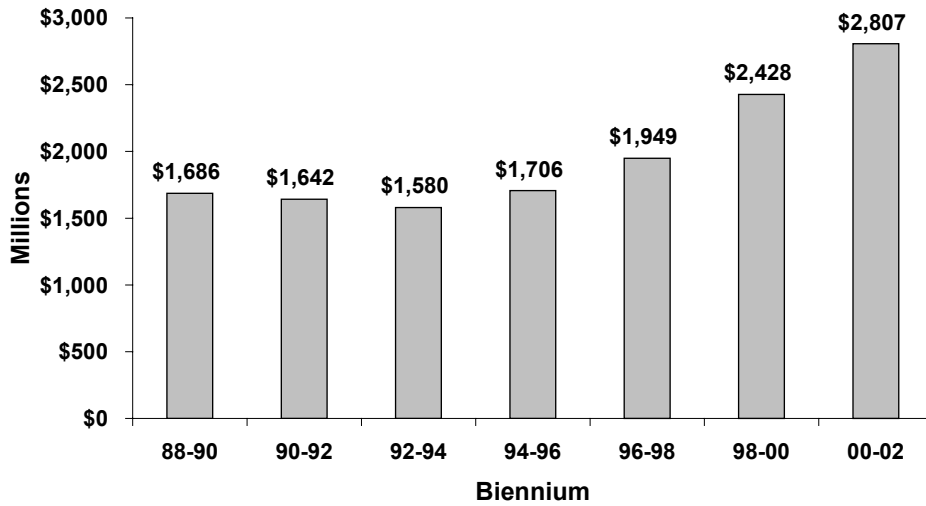
**Virginia Higher Education Appropriation Percent of
Total General Fund Appropriations**



Source: SCHEV

Higher education's share of Virginia's total general fund appropriation decreased from 15.3 percent in the 1980-82 biennium to 11.4 percent during the 1994-96 biennium. The funding situation has remained fairly constant since 1994-95, ranging between 11.4 percent and 11.7 percent—still far below the funding levels of earlier biennia.

General Fund Appropriations for Higher Education



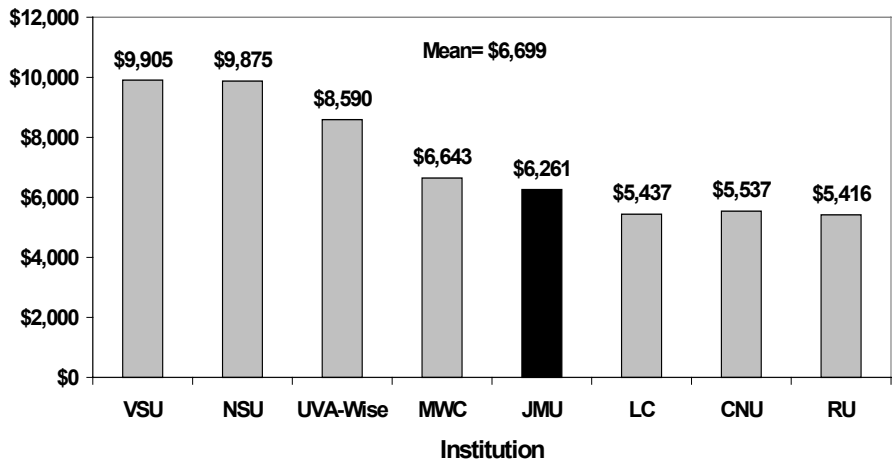
Source: SCHEV

The results of the General Assembly's actions are also shown in the chart above. Although the percent of the state's general fund budget dedicated to higher education decreased from 1992-94 to 1994-96, total general fund appropriations to higher education increased steadily since 1992-94 to \$2,807 million in 2000-02.

JMU's 2001-02 general fund appropriation per in-state FTE student is the fourth lowest of the Virginia comprehensive colleges and universities and \$438 below the average. Were JMU to be funded at the state average for comprehensive institutions, its general fund appropriation would increase by \$4.3 million.

As the Commonwealth's two Four-Year 3 institutions, JMU and Radford are in a higher category than all other state comprehensive colleges and universities.

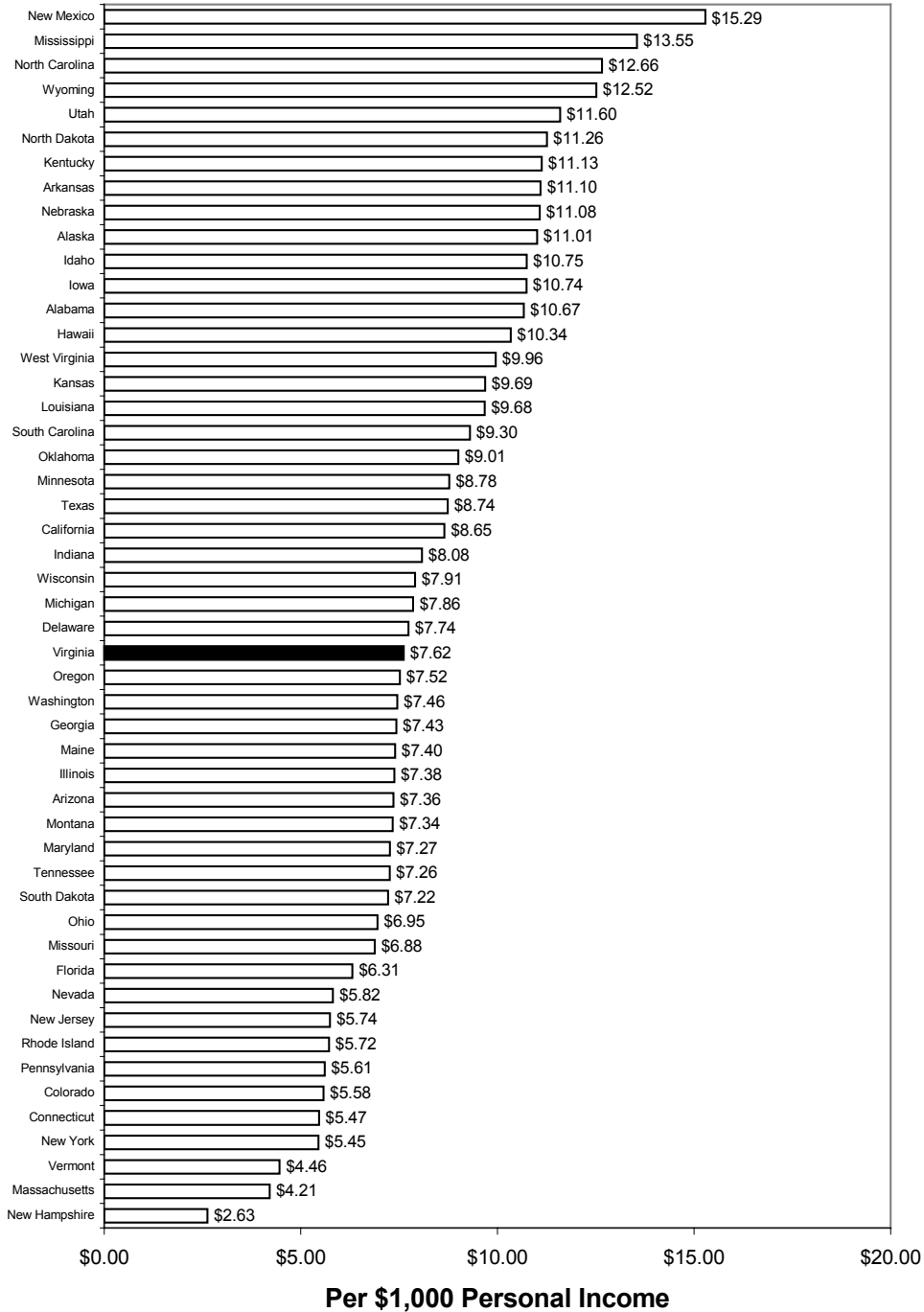
General Fund Appropriations Per In-State FTE Student 2001-02



Source: SCHEV

In most state higher education systems, higher category institutions receive higher per student appropriations in order to meet their more complex missions.

Appropriations of State Tax Funds for Operating Expenses of Higher Education per \$1,000 of Personal Income FY 2002



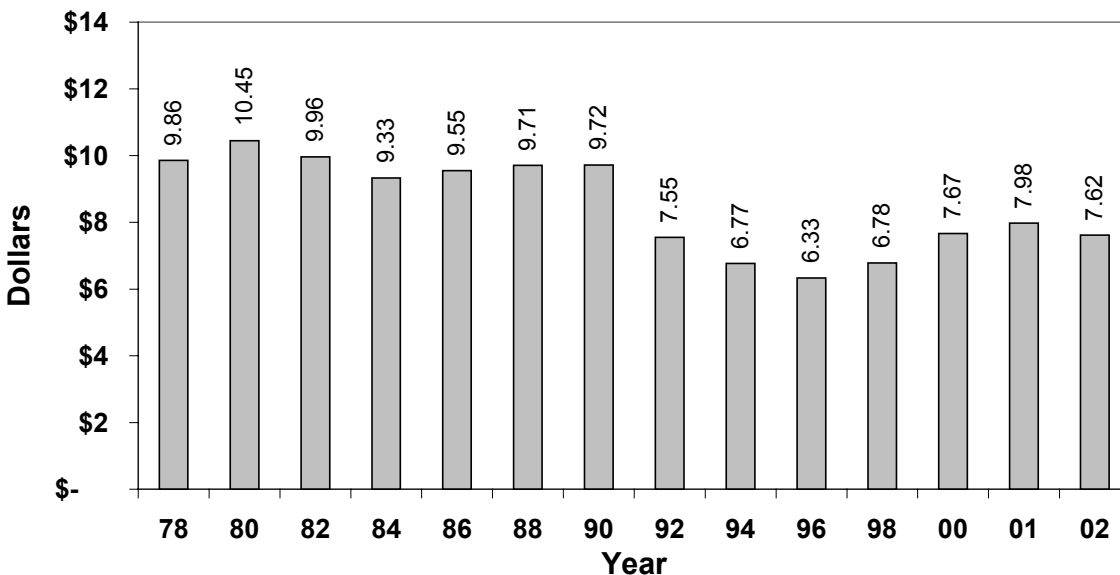
Source: Postsecondary Education Opportunity, January 2002

The graphic on the previous page and the one below examine higher education funding in terms of what is generally called “effort.” This term refers to funding as measured against a state’s economic base — or, its ability to generate tax revenues. The two graphics use personal income as a measure of the size of a state’s economic base. This assumption is based on the fact that most states rely heavily on personal income tax for general fund revenues.

The graph on the previous page shows Virginia’s effort as compared to the rest of the U.S. Virginia appropriates \$7.62 to the operation of its public higher education system for each \$1,000 of personal income—or \$0.05 below the national mean of \$7.67. This level places the Commonwealth in 27th place out of the 50 states, a significant improvement from 38th place in FY98.

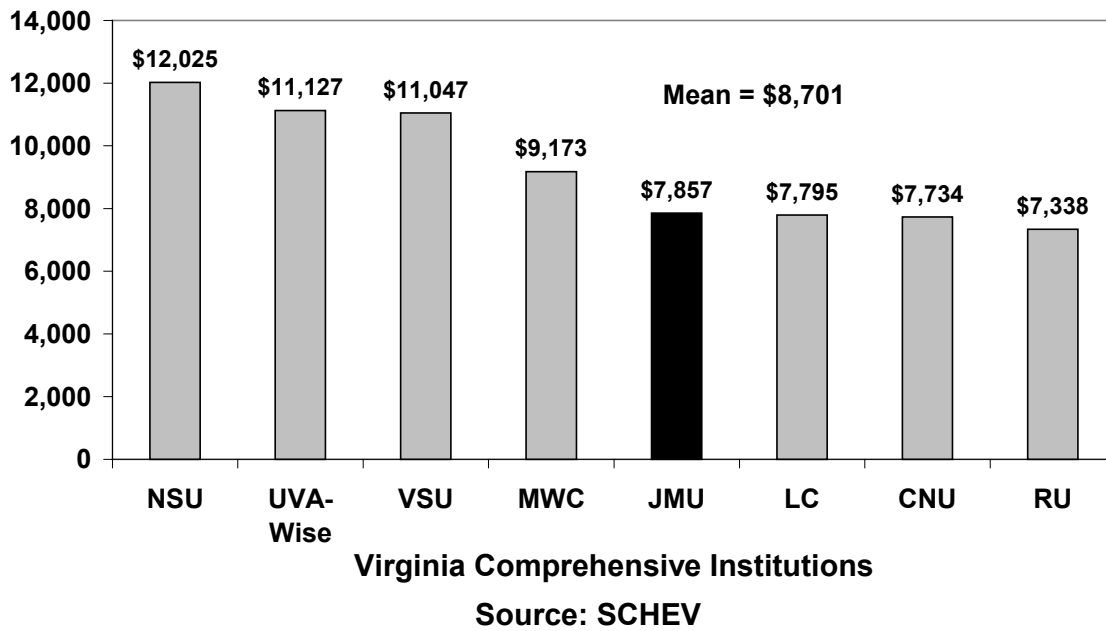
The graph presented below demonstrates the changes in the Commonwealth’s higher education effort over the past 22 years. From a high of appropriating \$10.45 per \$1,000 in income in 1980, Virginia dropped to \$7.62 in the current fiscal year. This represents a 27 percent decline during the period, but a significant improvement from \$6.33 in 1996.

Virginia Appropriations of State Tax Funds for Higher Education per \$1,000 of Personal Income



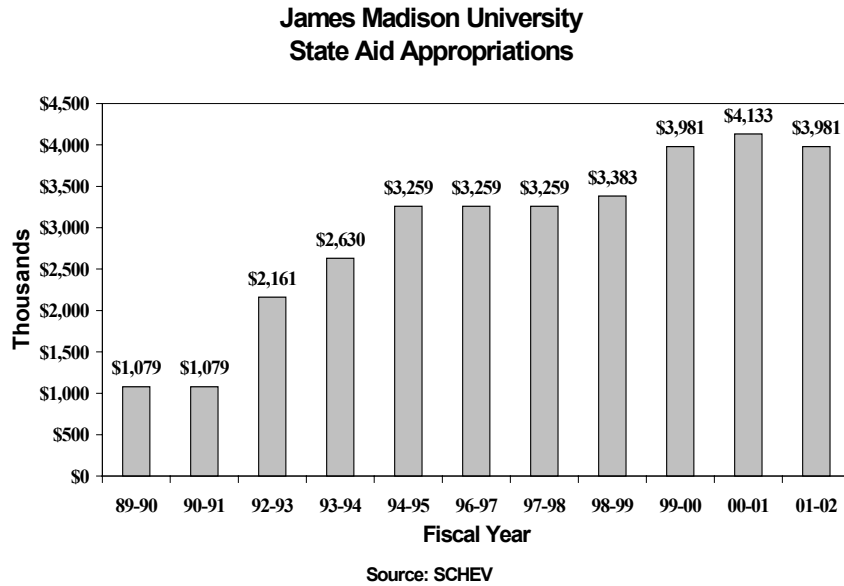
Source: Postsecondary Education Opportunity, January 2002

**Total E&G Appropriation
Per FTE Student 2001-02**



JMU's total E&G appropriation per FTE student (state appropriations plus tuition and E&G fees) increased from \$4,778 in 1991-92 to \$7,857 in 2001-02. For 2001-02, JMU's total E&G appropriation is \$844 below the state comprehensive average.

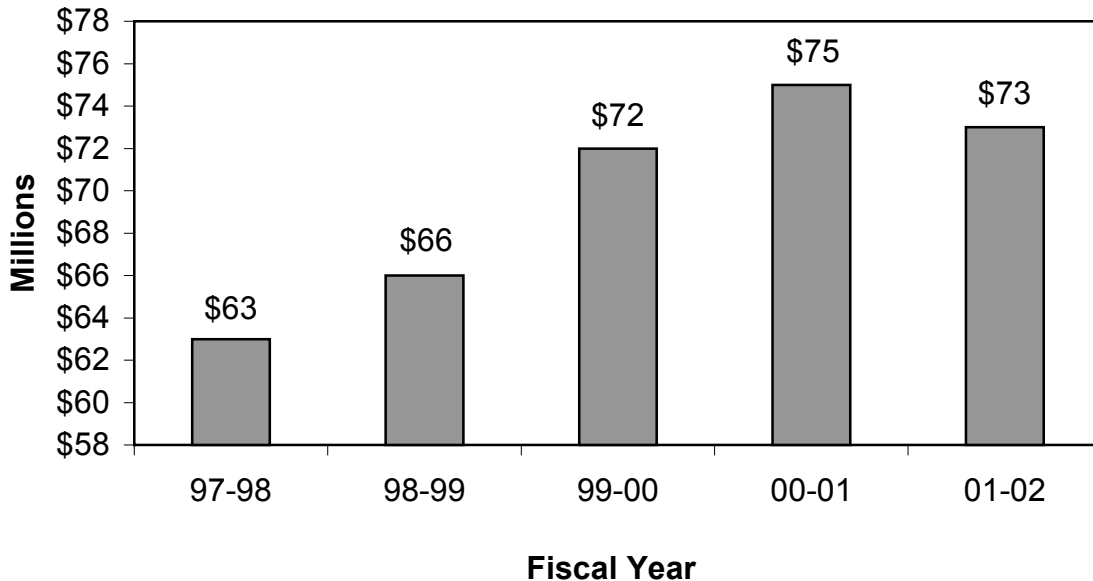
3.4 Financial Aid Appropriations



The Virginia General Assembly became concerned about the impact of the sizable tuition increases necessitated by reduced general fund appropriations for higher education on students' ability to afford a college education. To partially offset the increases in tuition and fees, the Assembly increased financial aid appropriations for public institutions. Between 1989-90 and 2001-02, the financial aid appropriations for JMU increased by 269 percent.

During the 1996—2002 biennia, the General Assembly also addressed these concerns by providing funding to freeze, and then lower in-state tuition. The 2001-02 appropriation reverted to 1999-00 due to the budget impasse in 2001.

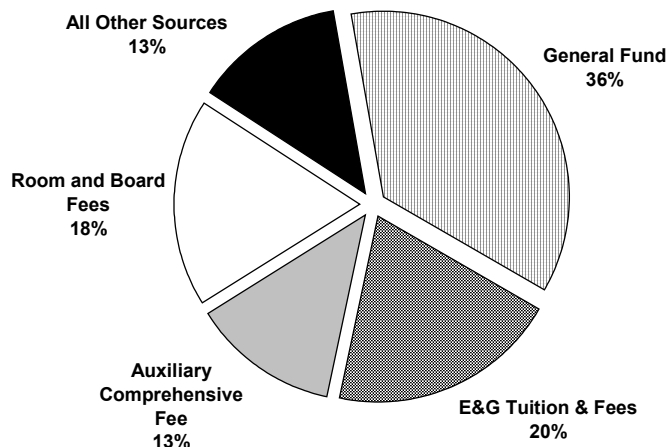
Virginia General Fund Student Aid Appropriations



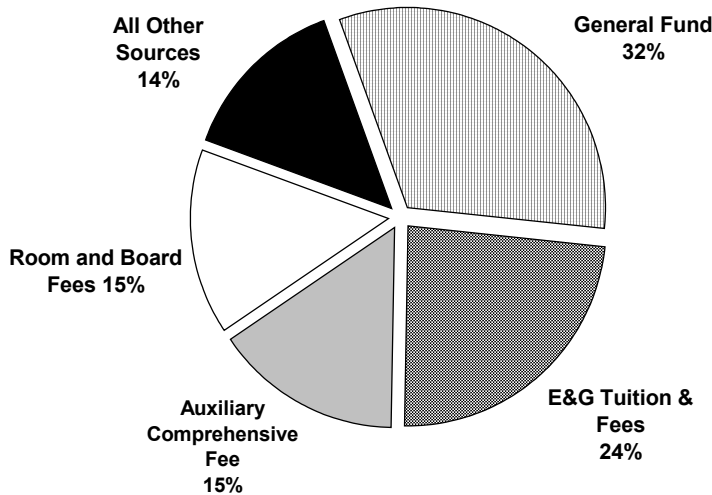
3.5 JMU Total Operating Revenues

General Fund appropriations provided 36 percent of all JMU sources of revenue in 1988-89. During 2001-02, the same source is projected to provide 32 percent of all revenue, without adjusting for the budget reductions. Correspondingly, E&G tuition and fees have risen from 20 percent of all revenues to 24 percent over the same period – a four percentage point increase to compensate for the four percentage point decrease in General Fund support.

Distribution of JMU Total Operating Revenues 1988-89



Distribution of JMU Total Operating Revenues 2001-02



Source: JMU Budget Office