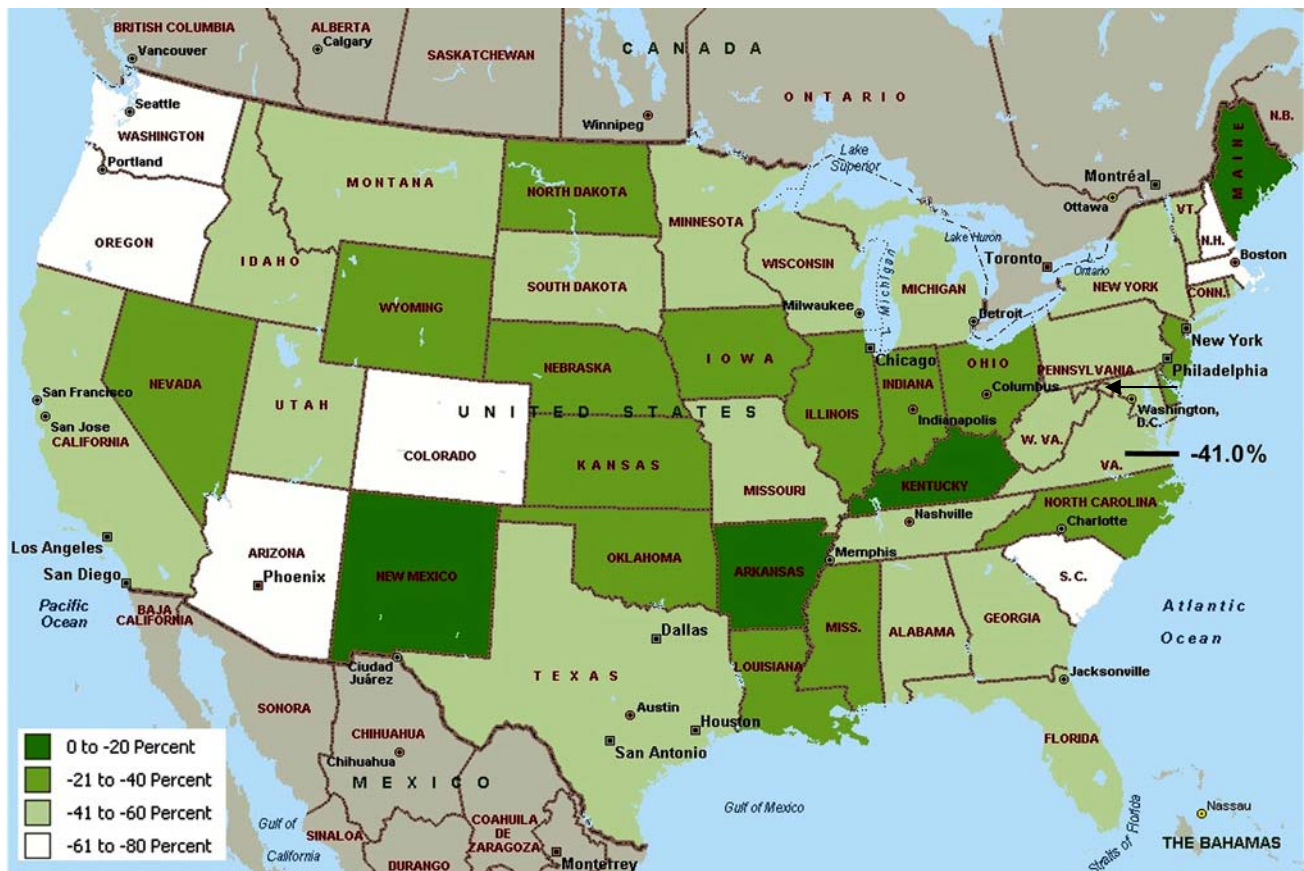


### 3.0 STATE APPROPRIATIONS

#### 3.1 National Trends

Nationally, the majority of states have experienced dramatically decreased revenues – combined with significant pressures to fund a variety of critical initiatives. One result of this difficult combination of factors has been a decline in the state appropriations going to higher education. The FY 2005 appropriations were 11.5 percent below FY 2000, 25.5 percent below FY 1990, and 34.7 percent below FY 1976. No state showed an increase. The states with the greatest declines were Colorado (-69.6%), South Carolina (-64.6%), Arizona (-58.4%), and Oregon (-53.3%). Since 1976 Virginia's decline (-41.0%) is 6.3% higher than the national average. In FY 2005 Virginia ranked 38<sup>th</sup> in appropriations per \$1,000 at \$5.99, \$0.92 below the national average of \$6.91. In 1980 Virginia ranked 23<sup>rd</sup> at \$10.48, \$0.01 above the national average of \$10.47.

#### Changes in Appropriations of State Tax Funds for Operating Expenses of Higher Education per \$1,000 of Personal Income FY 1976 to FY 2005



Source: Postsecondary Education OPPORTUNITY, February 2005

The table below shows JMU's total E&G funding (tuition, E&G fees and general funds) per FTE student in relation to its public national peer group for 2002-03 – the most recent year for which the data are available. JMU is 18<sup>th</sup> out of the 19 public universities. At \$8,078 (down from \$8,452 in 2001-02) per FTES, JMU was \$1,880 below the median and \$2,041 below the 60<sup>th</sup> percentile. For 2002-03, JMU would have required an additional \$28.2 million in E&G operating funds to reach the median of its national peer group or \$30.6 million to reach the 60<sup>th</sup> percentile.

**TOTAL FUNDING PER FTE STUDENT  
JMU National Peer Group (Public Institutions Only)  
2002-03 Data**

Institution Name	Fall 2002 FTE Students	Tuition & Fees	State Appropriations	Total Tuition & Fees Plus State Appropriations	Total Revenue Per FTES
University Of Rhode Island	11,218	\$83,991,667	\$81,989,847	\$165,981,514	\$14,796
Ohio University-Main Campus	18,842	\$132,891,136	\$119,980,539	\$252,871,675	\$13,421
University Of Oregon	17,739	\$137,657,619	\$71,024,547	\$208,682,166	\$11,764
SUNY At Binghamton	12,102	\$40,505,147	\$93,650,952	\$134,156,099	\$11,085
University Of North Dakota-Main Campus	10,605	\$47,645,592	\$68,813,100	\$116,458,692	\$10,981
California State University-Chico	14,834	\$33,654,618	\$122,604,377	\$156,258,995	\$10,534
University Of Northern Iowa	12,370	\$42,832,005	\$83,106,612	\$125,938,617	\$10,181
The University Of Tennessee-Chattanooga	7,031	\$31,713,666	\$39,706,700	\$71,420,366	\$10,158
Appalachian State University	12,925	\$49,217,137	\$79,503,047	\$128,720,184	\$9,959
California State University-Fresno	17,503	\$36,128,137	\$138,167,308	\$174,295,445	\$9,958
Indiana University Of Pennsylvania-Main Campus	12,399	\$62,164,927	\$57,348,862	\$119,513,789	\$9,639
Towson University	14,518	\$73,910,338	\$59,583,032	\$133,493,370	\$9,195
Western Washington University	12,782	\$55,814,391	\$57,183,323	\$112,997,714	\$8,841
SUNY College At Brockport	7,206	\$22,583,796	\$40,968,361	\$63,552,157	\$8,819
Salisbury University	6,012	\$26,682,200	\$26,200,058	\$52,882,258	\$8,796
College Of Charleston	10,151	\$53,187,117	\$29,681,597	\$82,868,714	\$8,164
Middle Tennessee State University	18,192	\$65,043,588	\$83,208,100	\$148,251,688	\$8,149
<b>James Madison University</b>	<b>14,993</b>	<b>\$59,152,970</b>	<b>\$61,963,431</b>	<b>\$121,116,401</b>	<b>\$8,078</b>
SUNY College At Oswego	7,572	\$21,932,669	\$34,603,052	\$56,535,721	\$7,466
				Median	\$9,958
				60th Percentile	\$10,119

Notes

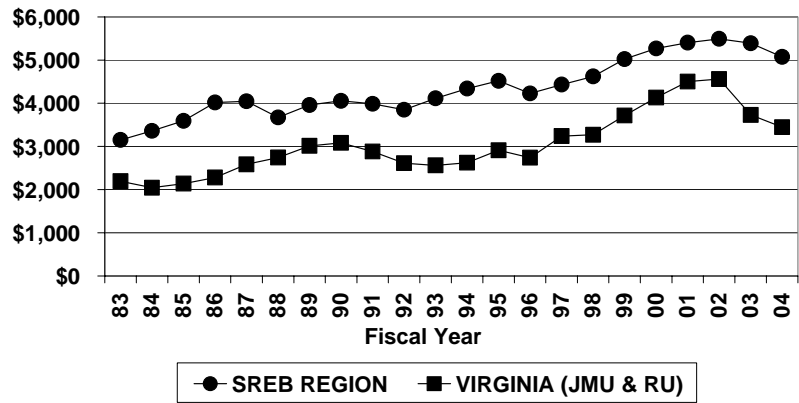
1. All data are taken from the 2002-03 IPEDS Finance (F1) and EF forms.
2. FTE students were calculated from Fall 2002 headcount data using the standard federal methodology.

### 3.2 Regional Trends

During the period of 1982-83 through 2003-04, 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. In 2003-04 Virginia ranked 14<sup>th</sup> out of 15 states.

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

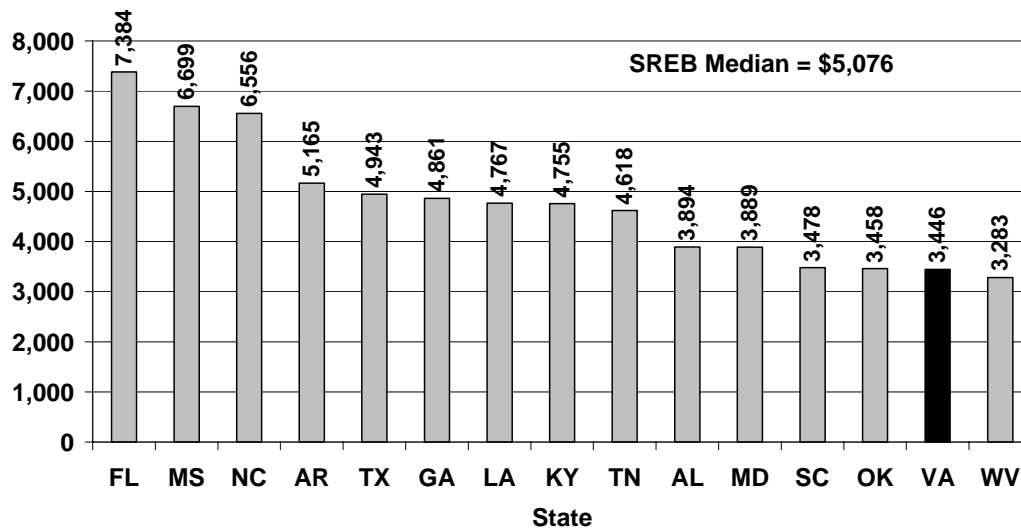


Source: SREB Data Exchange

Per-student funding for Virginia's Four-Year 3 institutions gained ground on the SREB regional average between 1990-91 and 2001-02, but lost significant ground in 2002-03 and 2003-04. Since 1991-92, the funding per full-time equivalent (FTE) student at the Virginia Four-Year 3 institutions rose 31.9 percent while the SREB regional average increased 31.8 percent.

As shown below, per FTE student funding in Virginia was \$1,630 below the regional median of \$5,076 for comparable institutions in 2003-04.

**2003-04 General Fund Appropriation  
Per FTES, Four-Year 3 Institutions**



Source: SREB Data Exchange, January 2005

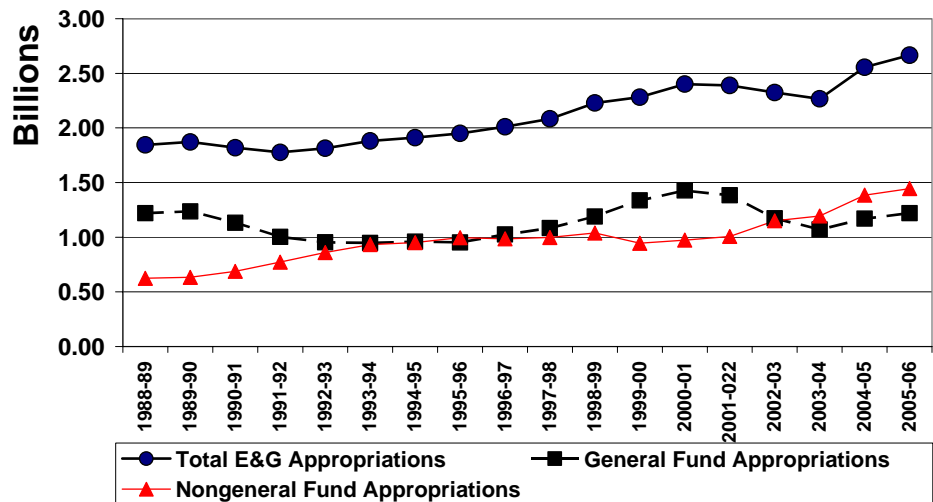
### 3.3 State Trends

As the chart to the right indicates, the funding of higher education in Virginia has been greatly influenced by policy and budgetary developments. In 1988-89 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. The

situation improved markedly between 1996-97 and 2000-01, but budget problems resulted in the non-general funding distribution exceeding the values that existed in the mid-1990s.

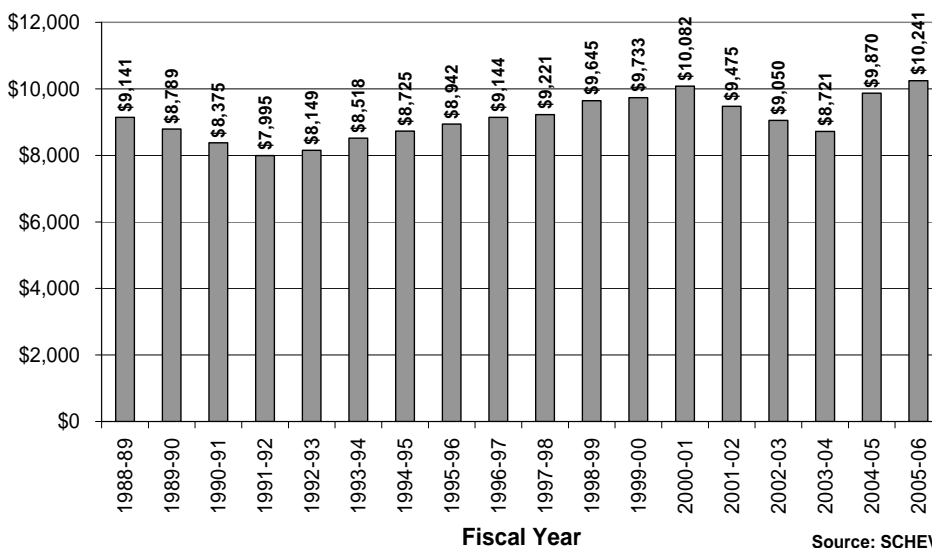
According to the data provided by SCHEV, general fund appropriations decreased by 4 percent, non-general fund appropriations increased by 122 percent and total E&G appropriations increased by 39 percent from FY 89 to FY 05. This means that the Virginia public institutions have more resources for operations now than they had 15 years ago, but this increase was generated from tuition revenue, not from state support.

**Appropriation History of Education and General Programs in Virginia (in constant dollars)**



Source: SCHEV

**History Of Inflation Adjusted Total E&G Appropriations Per Total FTE Student**



Source: SCHEV

As demonstrated in the chart to the left, total E&G funding in 2003-04 was less than 1988-89 funding. By 2005-06, total funding is expected to be 12 percent higher than in 1988-89. However, as shown above, this increase in funding is primarily borne by students and their parents.

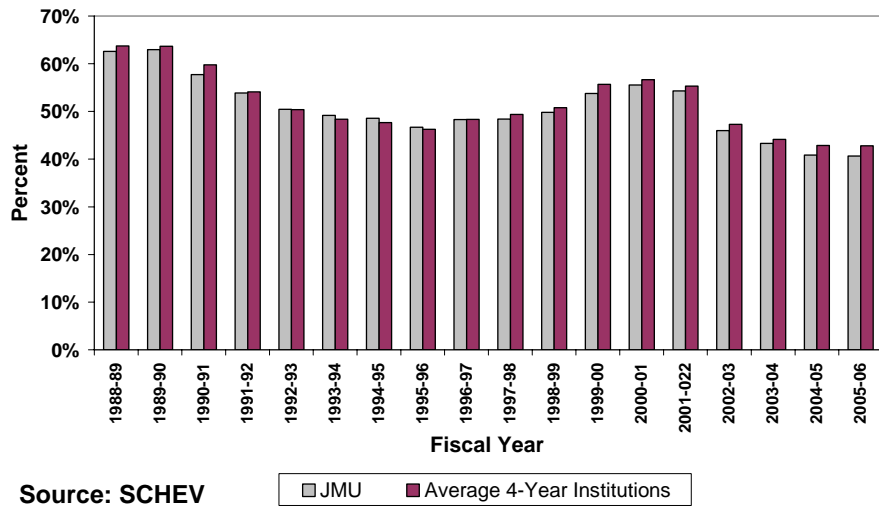
State general fund support to JMU dropped from 64 percent of the total educational and general (E&G) appropriation in 1988-89 to 46 percent in 1995-96.

The percentage increased to 55 in 2001-02, but dropped to 43 percent in 2004-05.

JMU's percentage mirrored that of the other four-year Virginia institutions. While improvement occurred between 1995-96 and 2001-02, the percentage

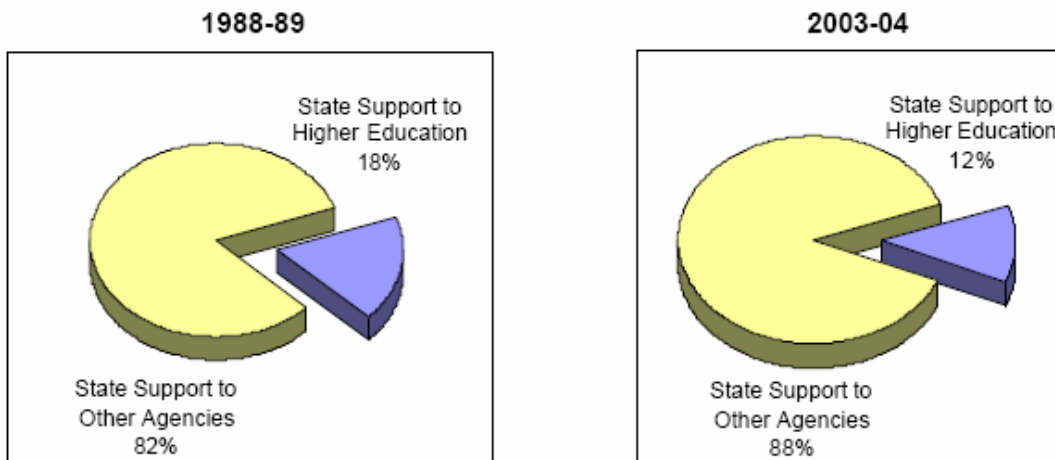
is now the lowest since 1988-89. Virginia's budget shortfall resulted in this percentage declining to percentages below those of the difficult budget years of the mid-1990s.

**General Fund As A Percent Of Total E&G  
JMU And All 4-Year Institutions  
1988-89 To 2005-06**



Source: SCHEV

**Percent of General Fund Support to Public Higher Education in Virginia**



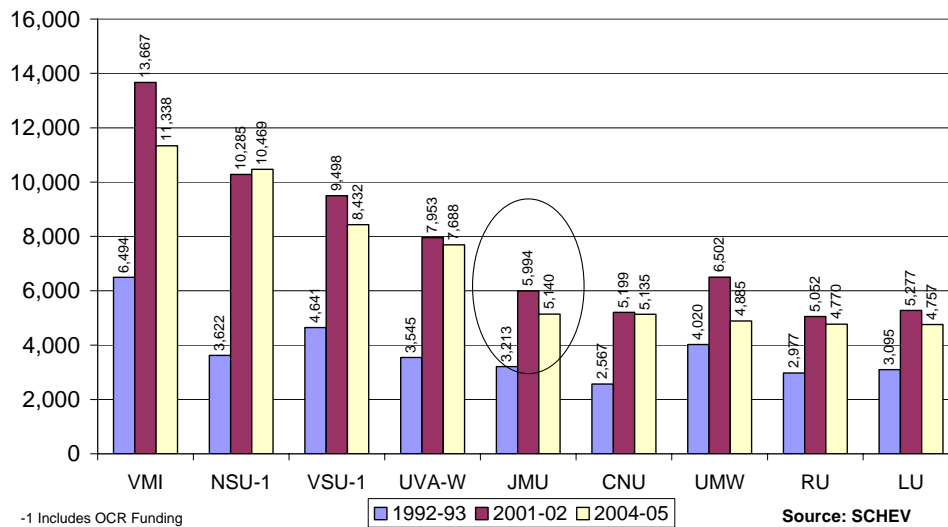
Note: Higher Education includes all public colleges and universities as well as affiliated and related agencies.

FY04 appropriations do not include general fund reductions made in October 2002.

Source: Appropriation Acts of Chapter 688 and Chapter 899.

Higher education's share of Virginia's total general fund appropriation decreased from 18 percent in the 1988-89 to 12 percent in 2003-04. Given the demands on the Commonwealth's budget by medical costs and other mandates as well as the uncertain revenue stream, it is unlikely that higher education's proportion of the State's budget will improve in the foreseeable future.

**General Fund Appropriations  
Per In-State FTE Student,  
1992-93, 2001-02 And 2004-05**



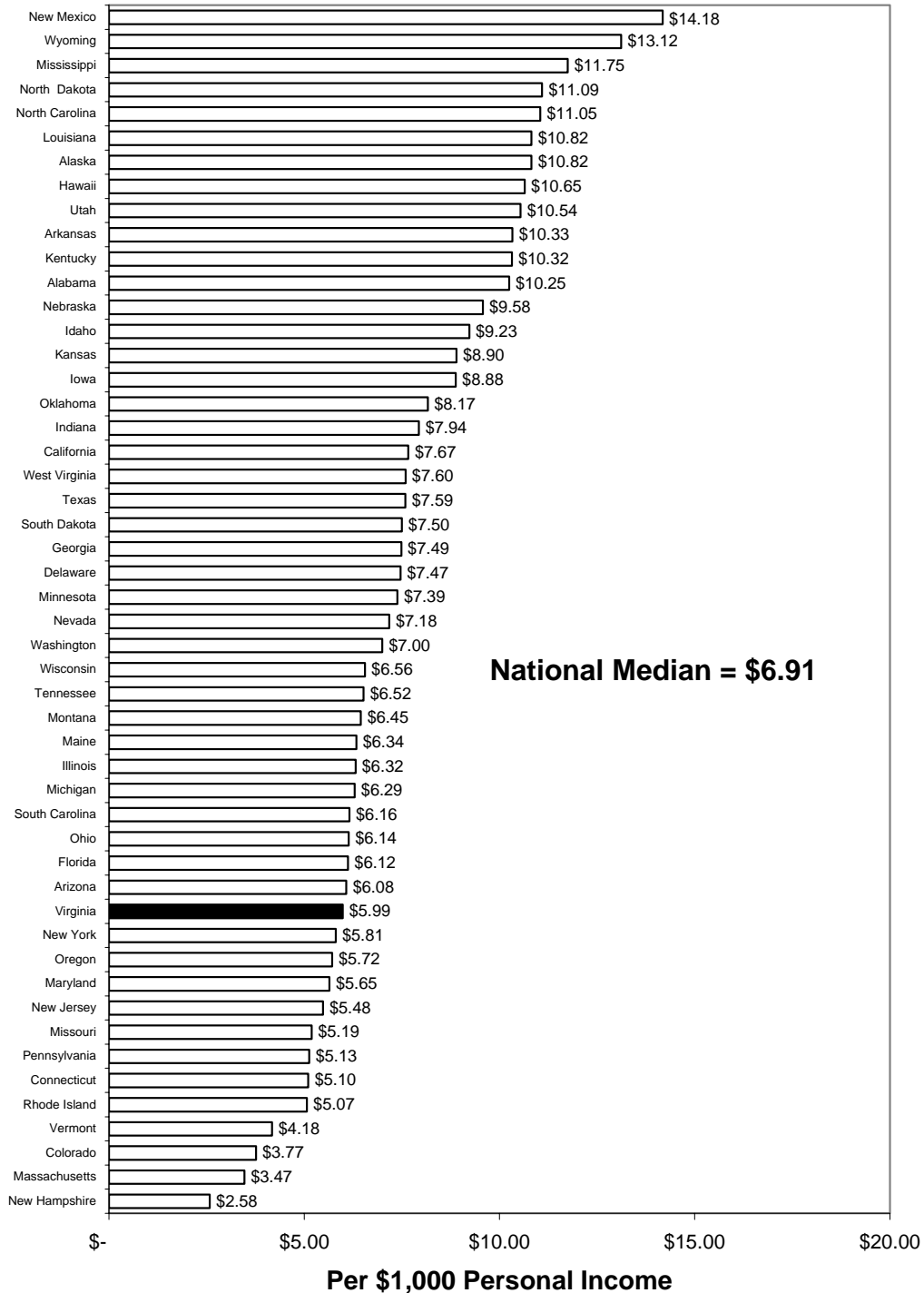
JMU's 2004-05 general fund appropriation per in-state FTE student was \$327 below the average of all Virginia public institutions. Its 2004-05 appropriation was \$854 below 2001-02. Were JMU to be funded at the average for all institutions in 2004-05, its general fund appropriation would increase by \$9.2 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. In most state higher education systems, higher category institutions receive higher per student appropriations needed to meet their more complex missions.

The next two graphics 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 seems to be a reasonable assumption since most states rely heavily on personal income tax in support of general fund revenues.

Source: SCHEV

## Appropriations of State Tax Funds for Operating Expenses per \$1,000 of Personal Income FY 2005

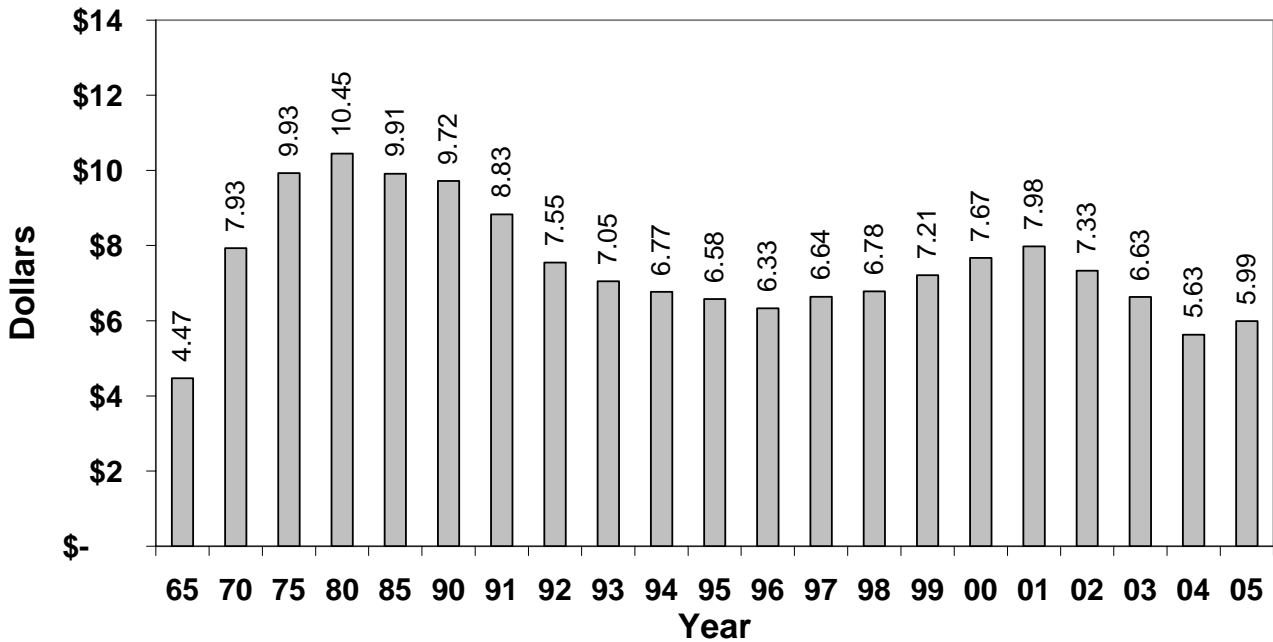


The graph above shows Virginia’s effort as compared to the rest of the United States. Virginia appropriates \$5.99 (up from \$5.63 last year) to the operation of its public higher education system for each \$1,000 of personal income—or \$0.92 below the national mean of \$6.80. This level places the Commonwealth in 38<sup>th</sup> place (improved from 40<sup>th</sup> last year) out of the 50 states.

**Source: Post Secondary Education OPPORTUNITY, February 2005**

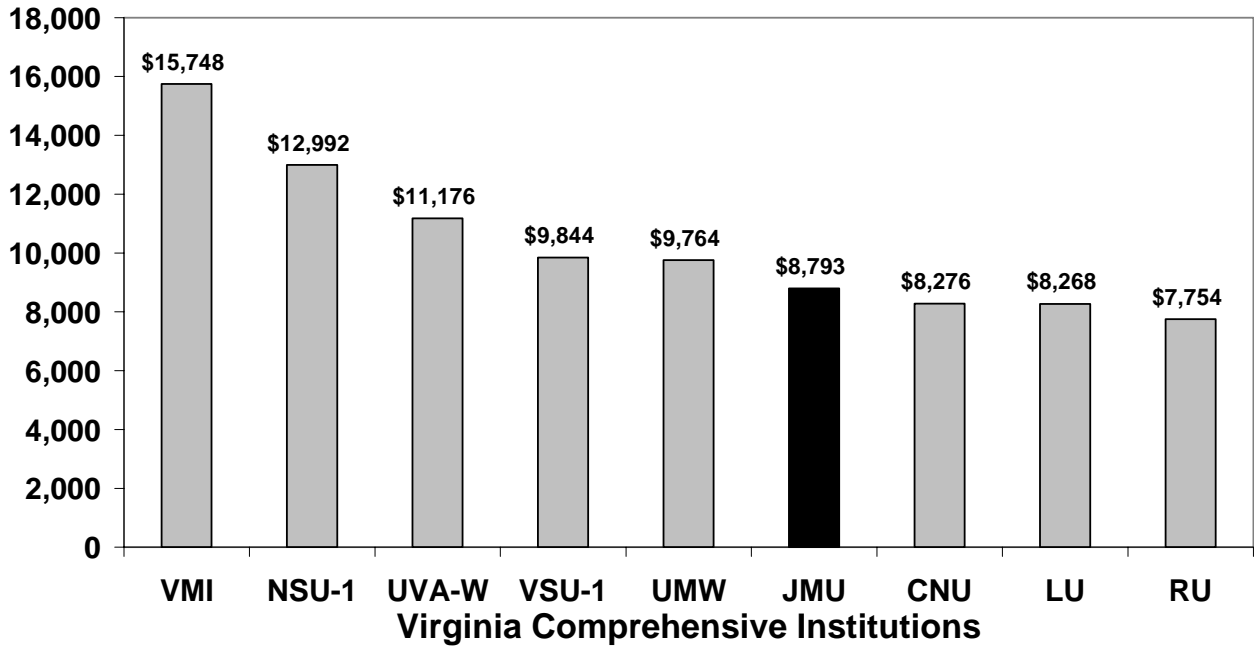
The graph presented below demonstrates the changes in the Commonwealth's higher education effort since 1965. From a high of appropriating \$10.45 per \$1,000 in income in 1980, Virginia dropped to \$5.63 in FY 04, but increased to \$5.99 in FY 05. This represents a 43 percent decline during the period.

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



Source: Postsecondary OPPORTUNITY, February 2005

## Total E&G Appropriation Per FTE Student 2004-05

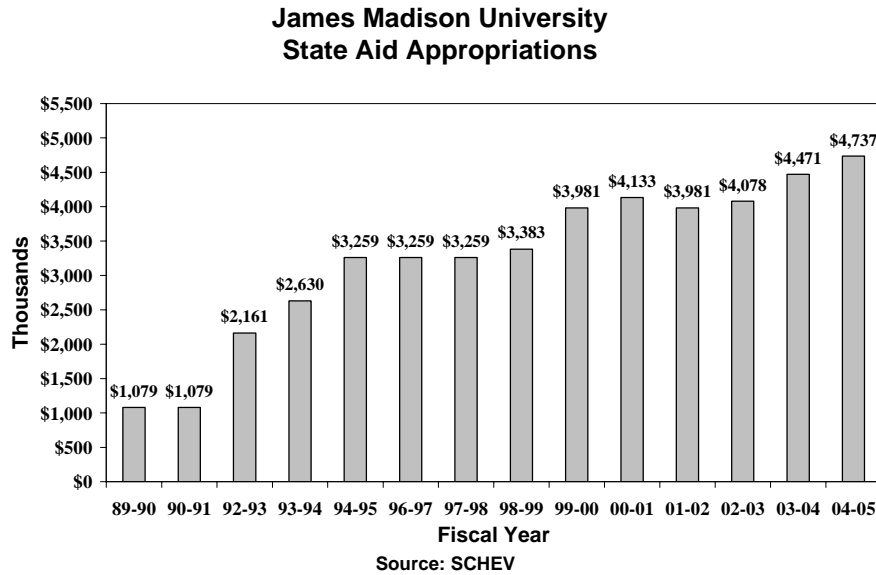


-1 Includes OCR Funding

Source: SCHEV

In 2004-05 JMU's total Education and General (E&G) appropriation was \$8,793. The university was ranked sixth out of the nine comprehensive institutions in the state of Virginia during this time period. The university has been ranked sixth in total E&G appropriations per FTE student for the past several years.

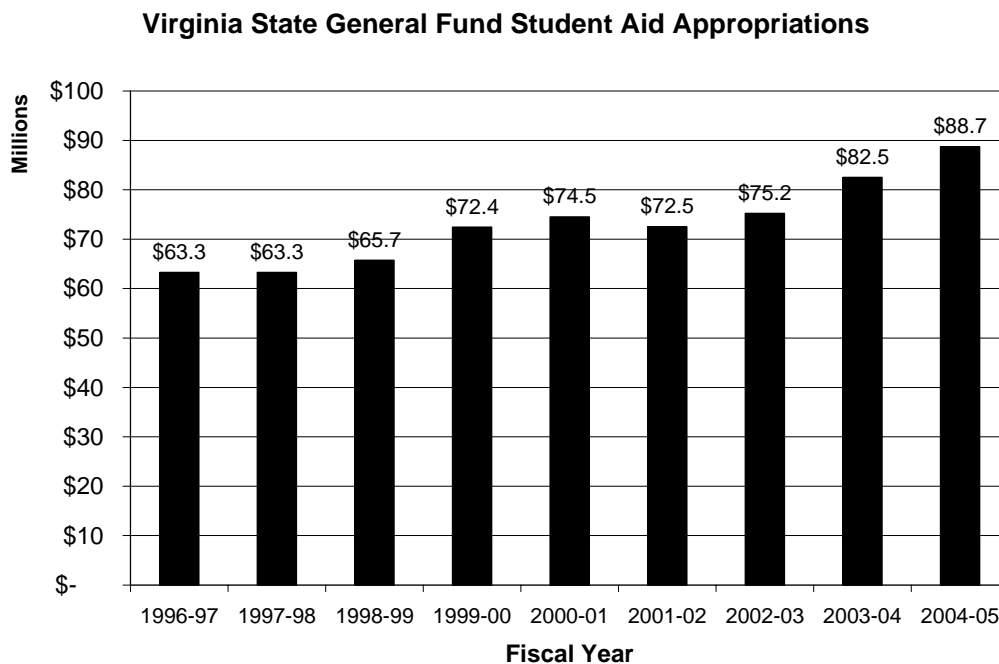
### 3.4 Financial Aid Appropriations



The Virginia General Assembly became concerned about the impact of the sizable tuition increases that resulted from 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 2004-05, the financial aid appropriations for JMU increased by 339 percent.

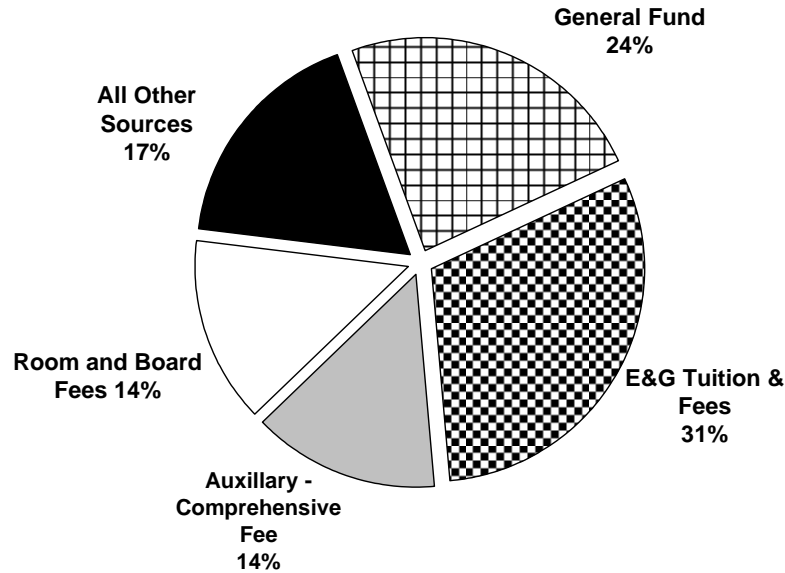
During the 1996 – 2002 biennia, the General Assembly also addressed these concerns by providing funding to freeze, and then lower in-state tuition. The 2001-02 appropriations reverted to 1999-00 due to the budget impasse in 2001. In 2004-05 \$6.2 million in additional funds were allocated to offset the increased tuition for students with financial need.



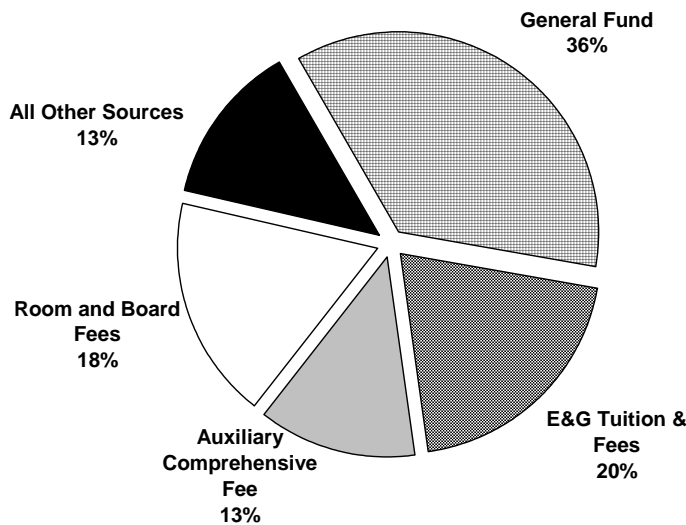
### 3.5 JMU Total Operating Revenues

General Fund appropriations provided 36 percent of all JMU sources of revenue in 1988-89. During 2004-05, the same source is projected to provide 24 percent of all revenue. Correspondingly, E&G tuition and fees have risen from 20 percent of all revenues to 31 percent over the same period.

#### Distribution of JMU Total Operating Revenues 2004-05



#### Distribution of JMU Total Operating Revenues 1988-1989



Source: Budget Office