

### 3.0 STATE APPROPRIATIONS

#### 3.1 National Trends

Nationally, the majority of states have experienced inconsistent revenues – combined with significant pressures to fund a variety of critical initiatives like health care and corrections. One result of this difficult combination of factors has been a decline in the state appropriations going to higher education. The FY 2007 appropriations per \$1,000 of personal income (a measure of the state’s ability to pay) were 5 percent below FY 2002, 7 percent below FY 1997, and 23 percent below FY 1987. Only four states (Louisiana, Arkansas, Oklahoma, and Nebraska) showed an increase (New Mexico stayed constant). The states with the greatest declines were Colorado (-54%), Massachusetts (-51%), South Carolina (-45%), Montana (-41%) and Minnesota (-41%). Since 1987 Virginia’s appropriation declined -36% which is 13% higher than the national average of -23%. In FY 2007 Virginia ranked 30<sup>th</sup> in appropriations per \$1,000 at \$6.53 (\$5.97 in 2006), \$0.55 below the national average of \$7.08. In 1987 Virginia ranked 20<sup>th</sup> at \$10.27, \$1.03 above the national average of \$9.24.

**Changes in Appropriations of State Tax Funds for Operating Expenses of Higher Education per \$1,000 of Personal Income FY 1987 to FY 2007**



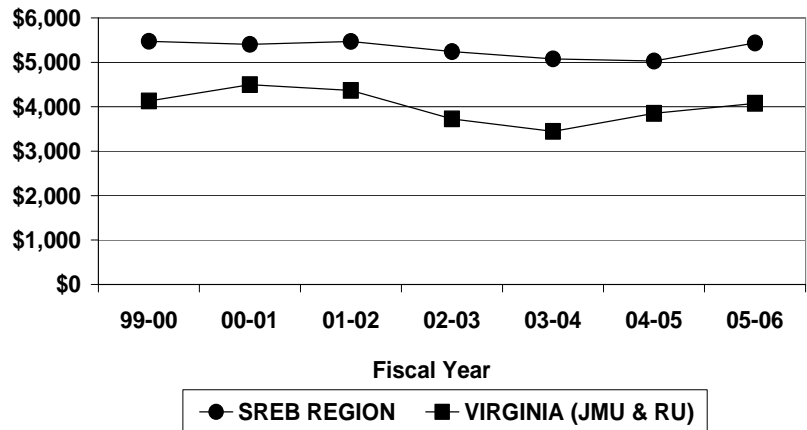
Sources: Postsecondary Education OPPORTUNITY and GRAPEVINE, February 2007

### 3.2 Regional Trends

During the period of 1982-83 through 2005-06, 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 2005-06 Virginia ranked 10<sup>th</sup> out of 14 states.

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

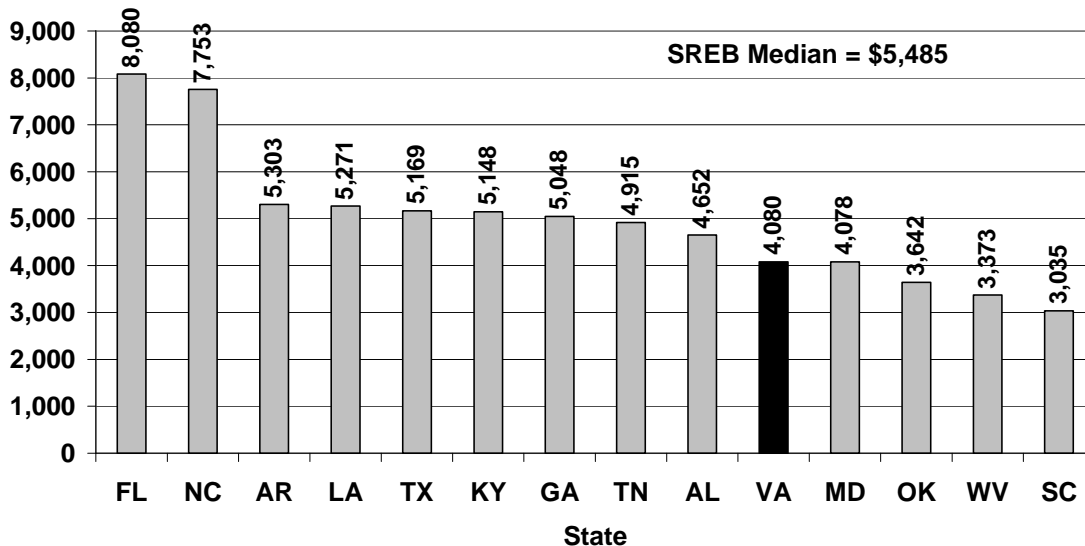


Source: SREB Data Exchange

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 ground between 2002-03 and 2005-06. Since 1999-2000, the funding per full-time equivalent (FTE) student at the Virginia Four-Year 3 institutions declined 1.3 percent while the SREB regional average declined 0.7 percent.

As shown below, per FTE student funding in Virginia was \$1,405 below the regional median of \$5,485 for comparable institutions in 2005-06.

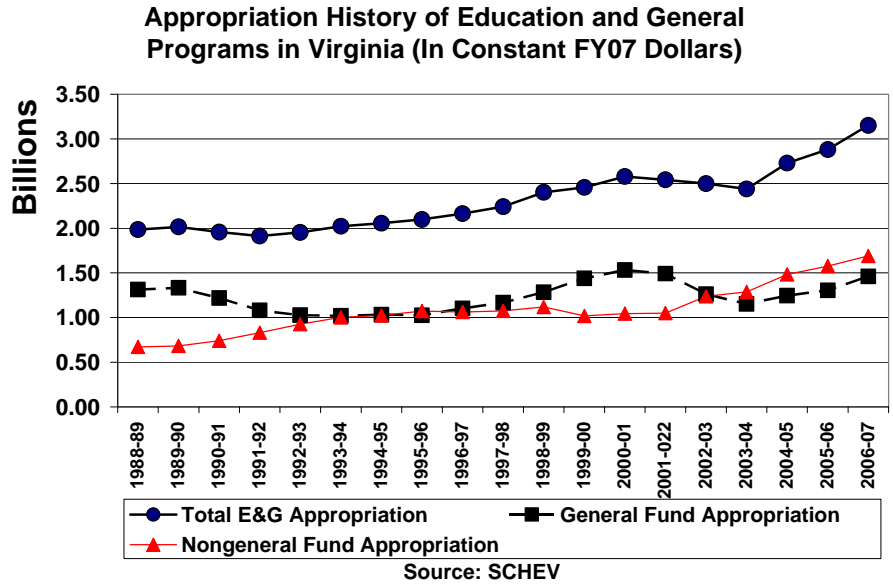
**2005-06 General Fund Appropriation  
Per FTES, Four-Year 3 Institutions**



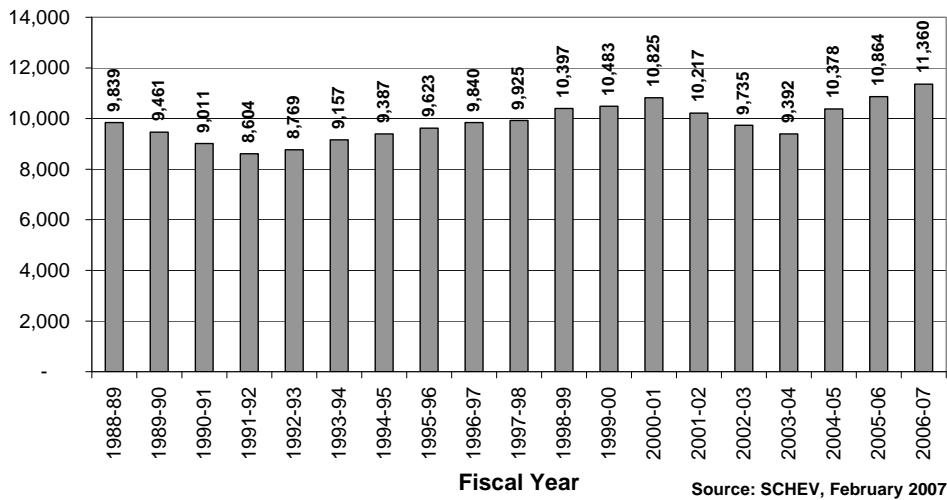
Source: SREB Data Exchange, January 2007

### 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 about equal to general funds, indicating that students bore a significantly higher proportion of their total educational costs. The situation improved markedly between 1996-97 and 2001-02, but the budget problems resulted in the non-general funding distribution exceeding the values that existed in the mid-1990s.



**History of Inflation Adjusted Total E&G Appropriations  
Per Total FTE Student  
Adjusted to FY07 Dollars**



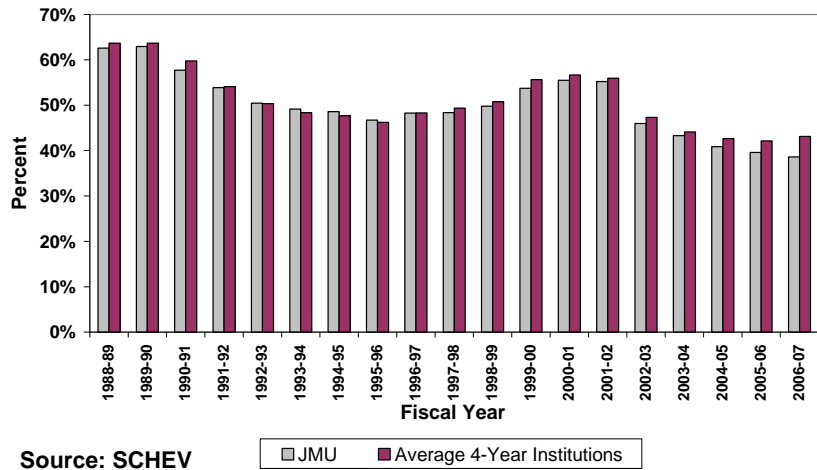
According to the data provided by SCHEV, in constant FY 07 dollars, general fund:

- Appropriations decreased by 19 percent
- Non-general fund appropriations increased by 83 percent and
- Total E&G appropriations increased by 15 percent from FY89 to FY07

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. As demonstrated in the chart above, total E&G funding in 2003-04 was less than 1988-89 funding. By 2006-07, total funding is approximately 15 percent higher than in 1988-89. However, as shown above, this increase in funding is primarily borne by students and their parents.

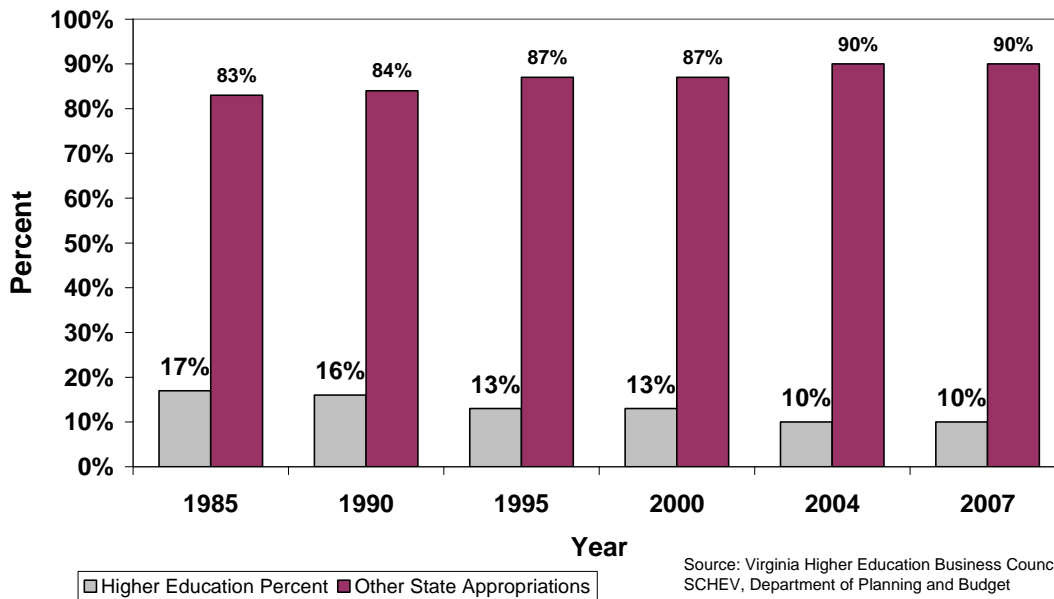
State general fund support to JMU dropped from 63 percent of the total educational and general (E&G) appropriation in 1988-89 to 47 percent in 1995-96. The percentage increased to 55 in 2001-02, but dropped to 39 percent in 2006-07. JMU's percentage mirrored that of the other four-year Virginia institutions. 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 2006-07**



Source: SCHEV

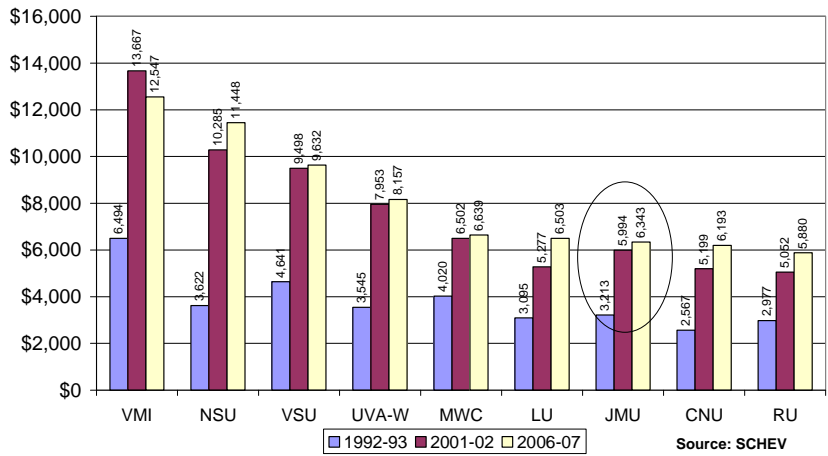
**Virginia Higher Education Appropriation  
Percent of Total General Fund Appropriations**



Source: Virginia Higher Education Business Council, SCHEV, Department of Planning and Budget

Higher education's share of Virginia's total general fund appropriation decreased from 17 percent in the 1985 to 10 percent in 2007. Given the demands on the Commonwealth's budget by medical costs, other mandates and the uncertain revenue stream, it is unlikely that higher education's proportion of the State's budget will improve in the foreseeable future.

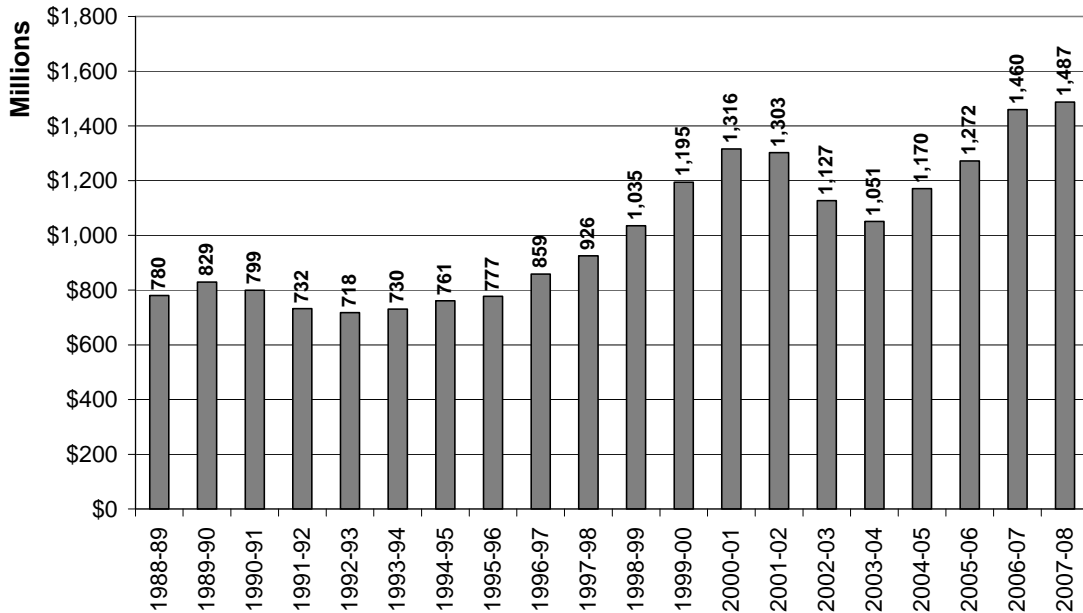
**General Fund Appropriations  
Per In-State FTE Student,  
1992-93, 2001-02 And 2006-07**



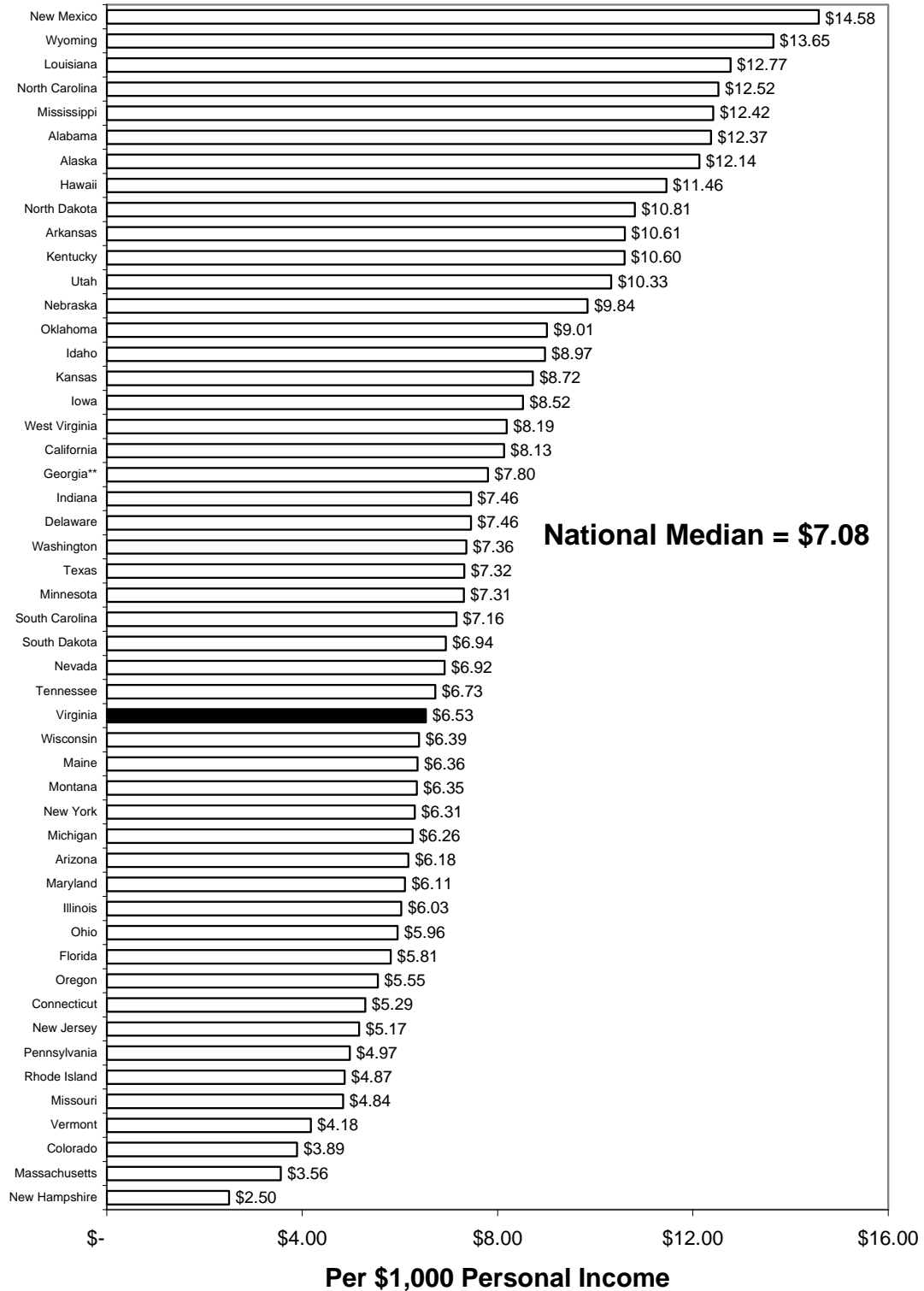
JMU's 2006-07 general fund appropriation per in-state FTE student was \$1,674 below the average of the four-year Virginia public institutions. Its 2006-07 appropriation was \$168 above 2000-01. Were JMU to be funded at the average for all four-year institutions in 2006-07, its general fund appropriation would increase by \$16.0 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.

**General Fund Appropriations (E&G)  
All Higher Education Institutions**



## Appropriations of State Tax Funds for Operating Expenses of Higher Education per \$1,000 of Personal Income FY 2007



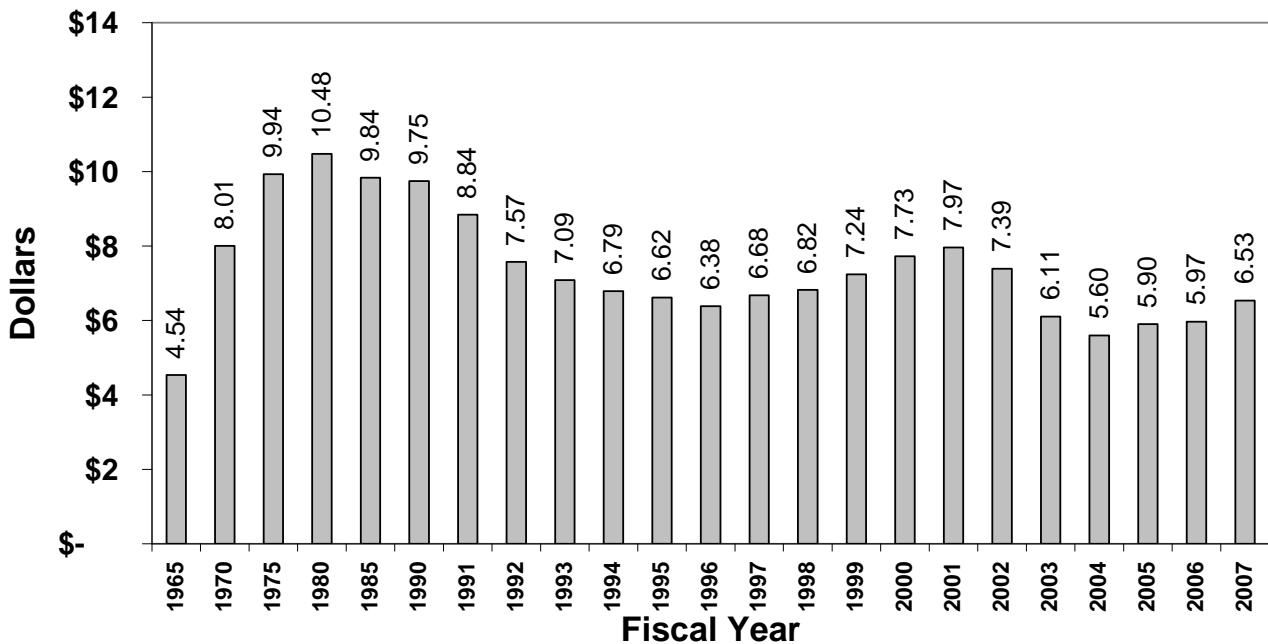
Source: Postsecondary Education OPPORTUNITY, February 2007

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 seems to be a reasonable assumption since 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 \$6.53 (up from \$5.55 last year) to the operation of its public higher education system for each \$1,000 of personal income—or \$0.55 below the national mean of \$7.08. This level places the Commonwealth in 30<sup>th</sup> place (up from 38<sup>th</sup> last year) out of the 50 states.

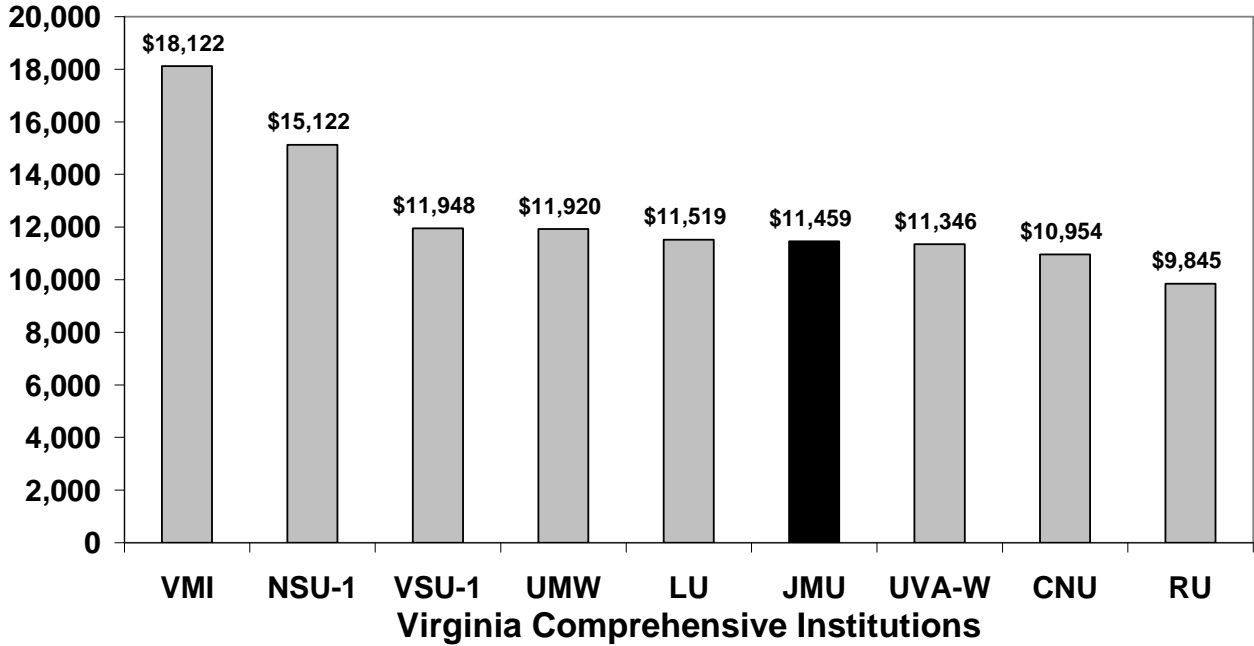
The graph presented below demonstrates the changes in the Commonwealth’s higher education effort since 1965. From a high of appropriating \$10.48 per \$1,000 in income in 1980, Virginia dropped to \$6.53 in FY06. This represents a 38 percent decline since 1980.

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



Source: Postsecondary OPPORTUNITY, February 2007

## Total E&G Appropriation Per FTE Student 2006-07

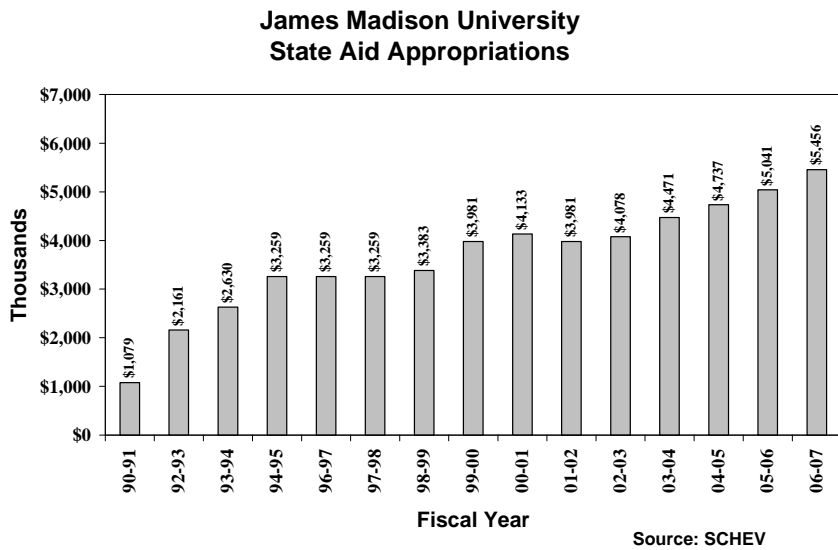


**Source: SCHEV**

-1 Includes OCR Funding

For 2006-07 JMU's total E&G appropriation per student was \$11,459 (\$10,101 in 2005-06). It was ranked sixth out of the nine comprehensive institutions.

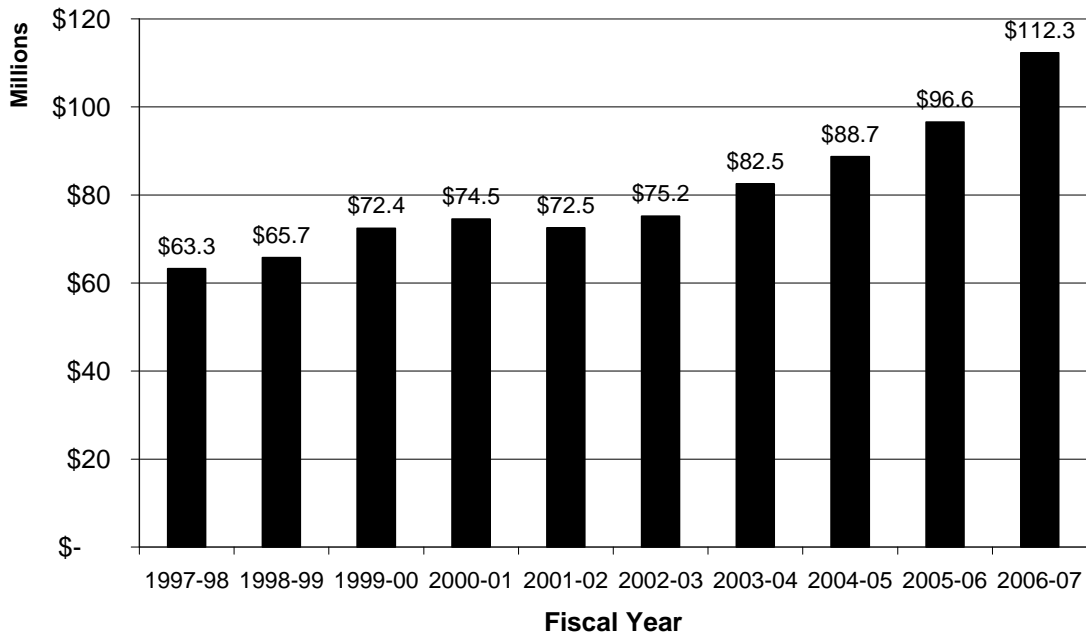
### 3.4 Financial Aid Appropriations



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 2000-01 and 2006-07, the financial aid appropriations for JMU increased by 32 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 the 2004-06 biennium \$7.9 million in additional funds were allocated to offset the increased tuition for students with financial need. Substantial increases occurred in the 2006-08 biennium.

### Virginia State General Fund Student Aid Appropriations

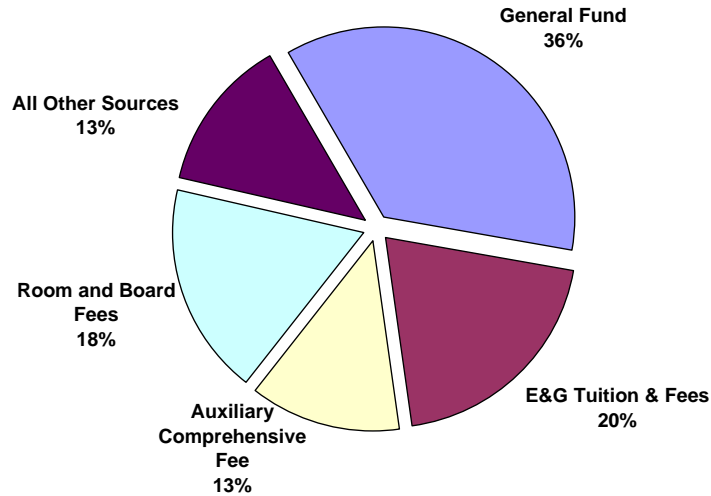


Source: SCHEV

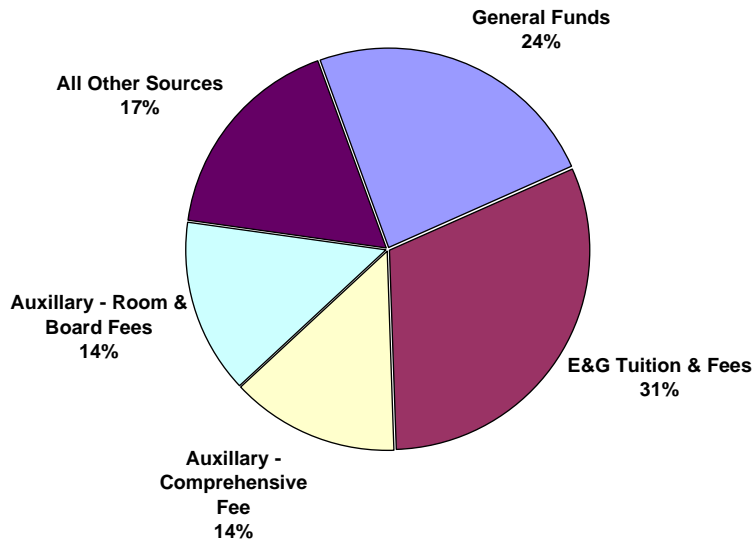
### 3.5 JMU Total Operating Revenues

General Fund appropriations provided 36 percent of all JMU sources of revenue in 1988-89. During 2006-07, 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 1988-89**



**Distribution of JMU Total Operating Revenues 2006-2007**



Source: Budget Management