

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 2008 appropriations per \$1,000 of personal income (a measure of the state’s ability to pay) were one percent below FY 2003, seven percent below FY 1998, and 24 percent below FY 1988. Thirty-one percent of the states showed one-year percent increases. Virginia’s percentage was tied for second largest 20-year percentage decrease with six other states. The states with the greatest 20-year declines were Massachusetts (-58 %), Colorado (-55 %), Rhode Island (-42%), South Carolina (-40%), Montana (-40%) and Vermont (-40%). Since 1988 Virginia’s appropriation declined -36%, which is 12% higher than the national average of -24%. In FY 2008 Virginia ranked 36th in appropriations per \$1,000 at \$6.19 (\$56.46 in 2007), \$0.90 below the national average of \$7.09. In 1988 Virginia ranked 26th at \$9.65, \$0.34 above the national average of \$9.31.

Changes in Appropriations of State Tax Funds for Operating Expenses of Higher Education per \$1,000 of Personal Income FY 1987 to FY 2008



Sources: Postsecondary Education OPPORTUNITY and GRAPEVINE, February 2008

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 2005-06 – the most recent year for which the data are available. JMU is 10th out of the 16 public universities. For 2005-06, JMU would have required an additional \$17.7 million in E&G operating funds to reach the median of its national peer group or \$21.1 million to reach the 60th percentile.

TOTAL FUNDING PER FTE STUDENT

JMU National Peer Group, 2005-06 Data

Institution Name	2005-06 FTE Students	Tuition and Fees	State Appropriations	Total Tuition & Fees Plus State Appropriations	Total Revenue per FTES
Loyola Marymount University	8,147	175,169,655	0	175,169,655	21,501
Fairfield University	4,666	93,021,000	0	93,021,000	19,936
Boston College	14,328	282,915,033	0	282,915,033	19,746
Hofstra University	12,207	223,402,684	1,119,141	224,521,825	18,393
Miami University-Oxford *	17,729	219,068,233	76,863,620	295,931,853	16,692
Texas Christian University	8,098	129,011,000	0	129,011,000	15,931
St. John's University-New York	16,767	264,277,703	1,513,176	265,790,879	15,852
Marquette University	10,344	163,208,000	0	163,208,000	15,778
Duquesne University	9,589	145,055,000	0	145,055,000	15,127
Rowan University *	8,494	60,798,399	62,176,537	122,974,936	14,478
Gonzaga University	6,186	88,990,161	0	88,990,161	14,386
Ohio University-Main Campus *	21,384	178,170,375	113,759,340	291,929,715	13,652
Baylor University	14,771	200,449,000	0	200,449,000	13,570
The University of Alabama *	21,013	135,420,343	145,930,652	281,350,995	13,389
University of North Carolina- Wilmington *	10,975	55,290,336	77,340,644	132,630,980	12,085
University of Northern Iowa *	11,714	52,504,556	83,585,131	136,089,687	11,618
Truman State University *	5,704	24,216,235	39,545,110	63,761,345	11,178
Appalachian State University *	14,276	56,923,055	101,786,905	158,709,960	11,117
College of Charleston *	10,317	76,836,225	30,328,462	107,164,687	10,387
James Madison University *	16,737	95,374,085	73,440,683	168,814,768	10,086
Western Washington University *	13,507	72,224,665	62,901,042	135,125,707	10,004
Bloomsburg University of Pennsylvania *	8,313	47,171,890	35,419,417	82,591,307	9,935
Illinois State University *	18,617	95,396,990	88,557,800	183,954,790	9,881
Eastern Illinois University *	11,234	56,480,594	47,609,499	104,090,093	9,266
University of Wisconsin-Eau Claire *	9,620	43,183,391	42,614,031	85,797,422	8,919
University of Wisconsin-La Crosse *	8,934	38,984,212	34,319,892	73,304,104	8,205
			JMU included	Median	\$13,480
* Public Institution			JMU included	60th Percentile	\$14,386

Notes

1. All data are taken from the 2004-05 IPEDS Finance (F1) and EF forms.
2. FTE students were calculated from Fall 2004 headcount data using the standard federal methodology.

3.2 Regional Trends

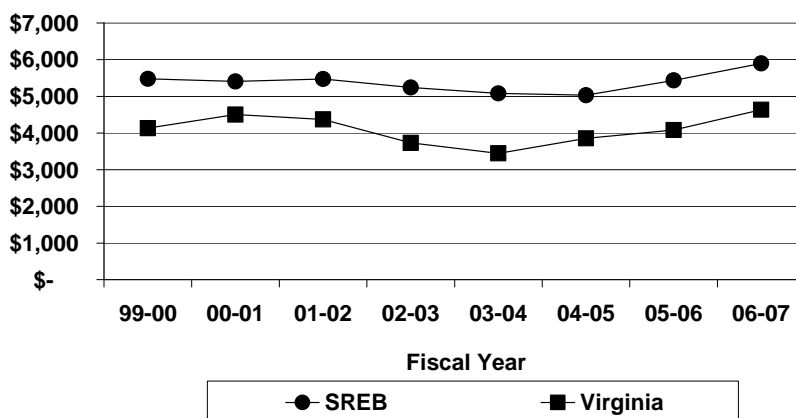
During the period of 1982-83 through 2006-07, Virginia ranked near the top in tuition and required fees among Four-Year 3 institutions in the Southern Region Education Board (SREB) states.

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 2006-07 Virginia ranked 11th out of 14 states.

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 2006-07. Since 1999-2000, the funding per full-time equivalent (FTE) student at the Virginia Four-Year 3 institutions increased 7.7 percent while the SREB regional average increased 12.2 percent.

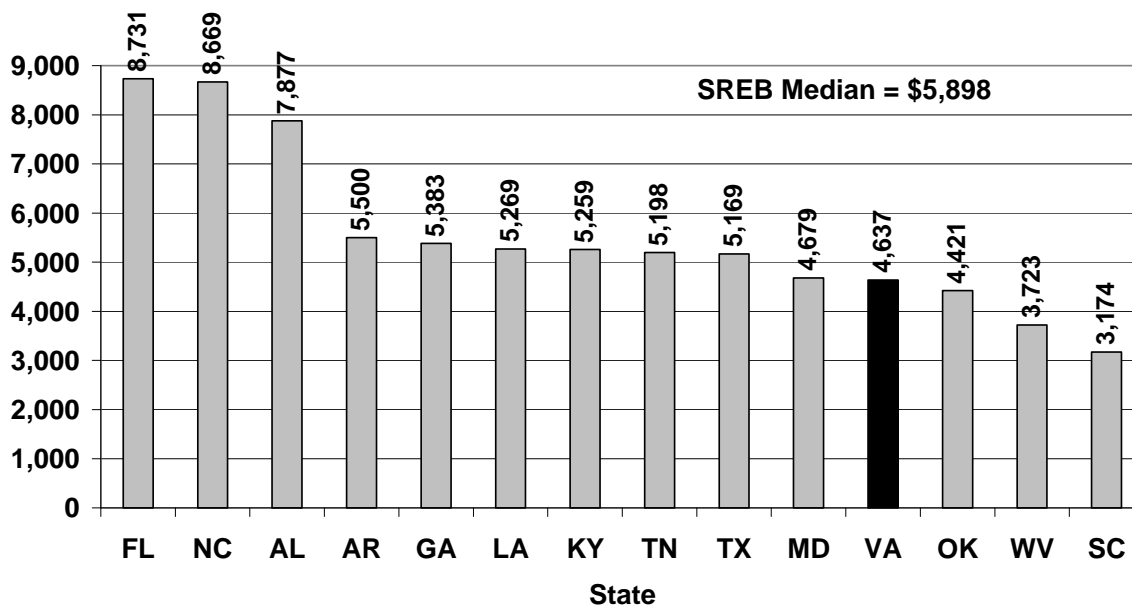
As shown below, per FTE student funding in Virginia was \$1,261 below the regional median of \$5,898 for comparable institutions in 2006-07.

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



Source: SREB Data Exchange

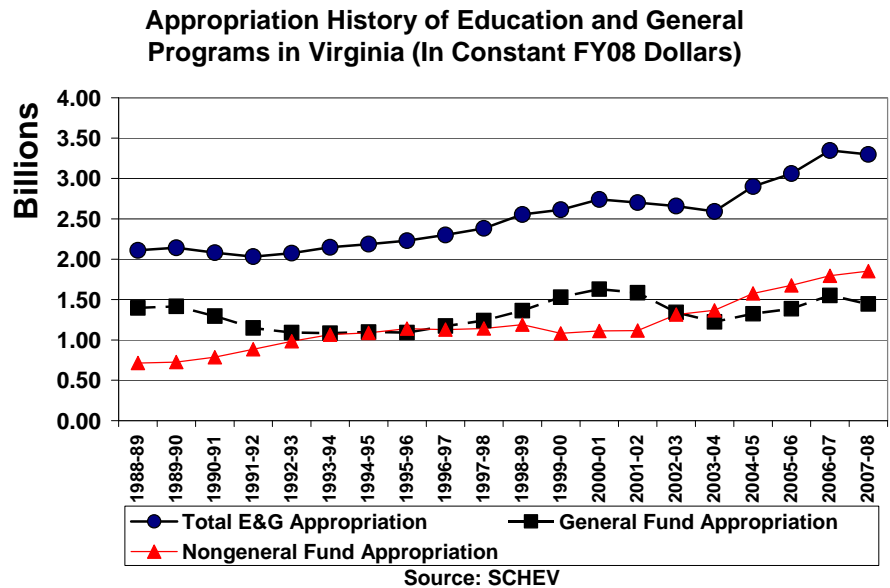
**2006-07 General Fund Appropriation
Per FTES, Four-Year 3 Institutions**



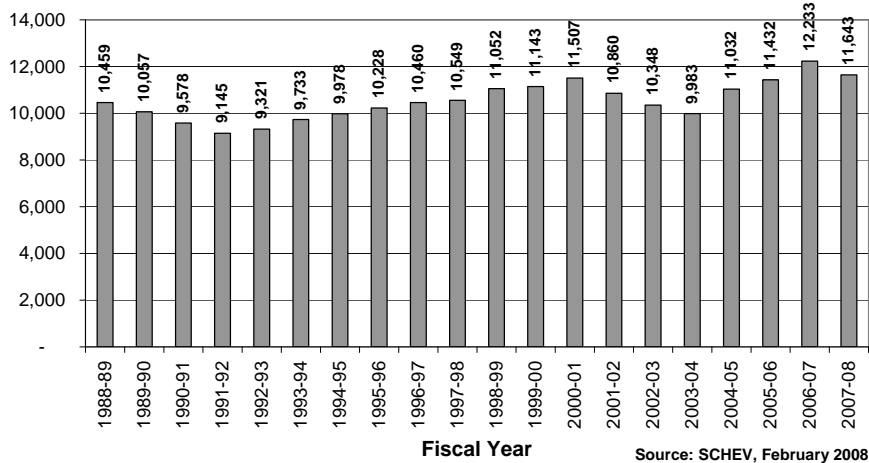
Source: SREB Data Exchange, January 2008

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 budget problems have resulted in the non-general funds distribution exceeding general funds appropriations.



History of Inflation Adjusted Total E&G Appropriations Per Total FTE Student Adjusted to FY08 Dollars

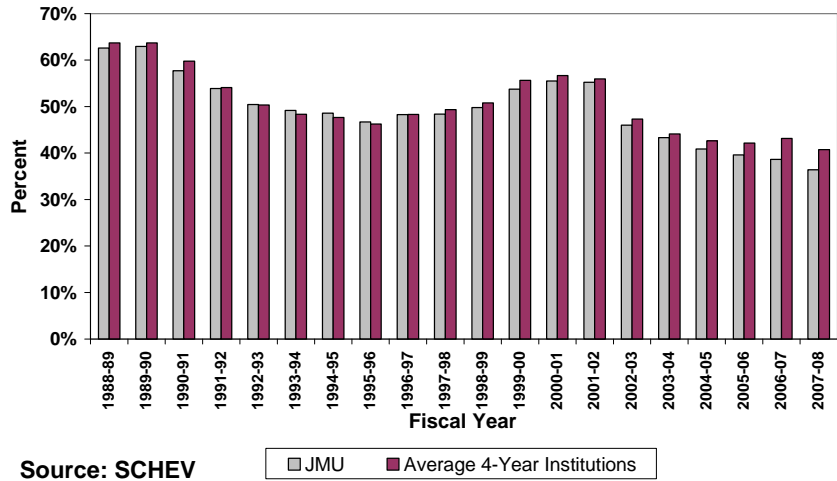


According to the data provided by SCHEV, in constant FY 08 dollars, between FY89 and FY08 general fund appropriations decreased by 26 percent, non-general fund appropriations increased by 85 percent and total E&G appropriations increased by 11 percent. This means that the Virginia public institutions have more resources for operations now than they had 19 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 2007-08, total funding is approximately 11 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 36 percent in 2007-08. 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.

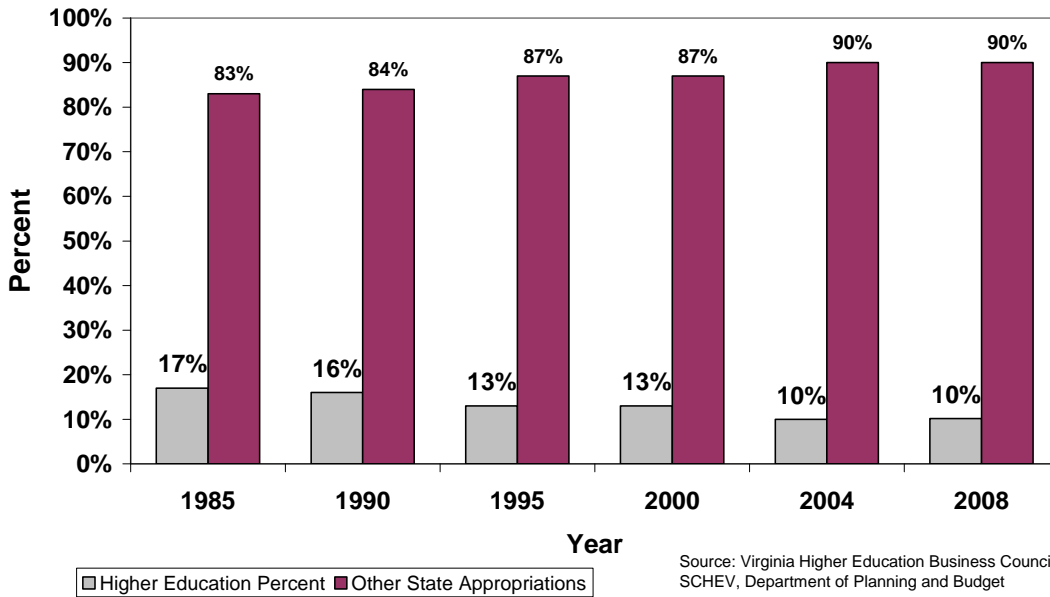
**General Fund As A Percent Of Total E&G
JMU And All 4-Year Institutions
1988-89 To 2007-08**



Source: SCHEV

Legend: JMU (light gray), Average 4-Year Institutions (maroon)

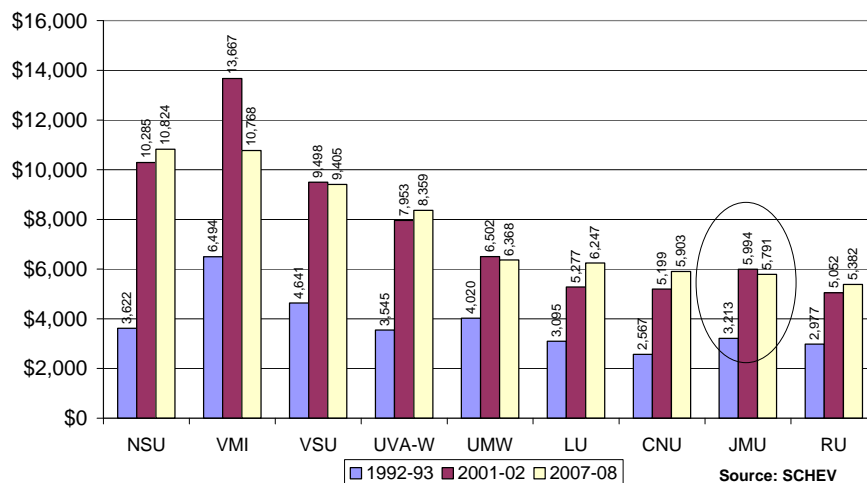
**Virginia Higher Education Appropriation
Percent of Total General Fund Appropriations**



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 2008. 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.

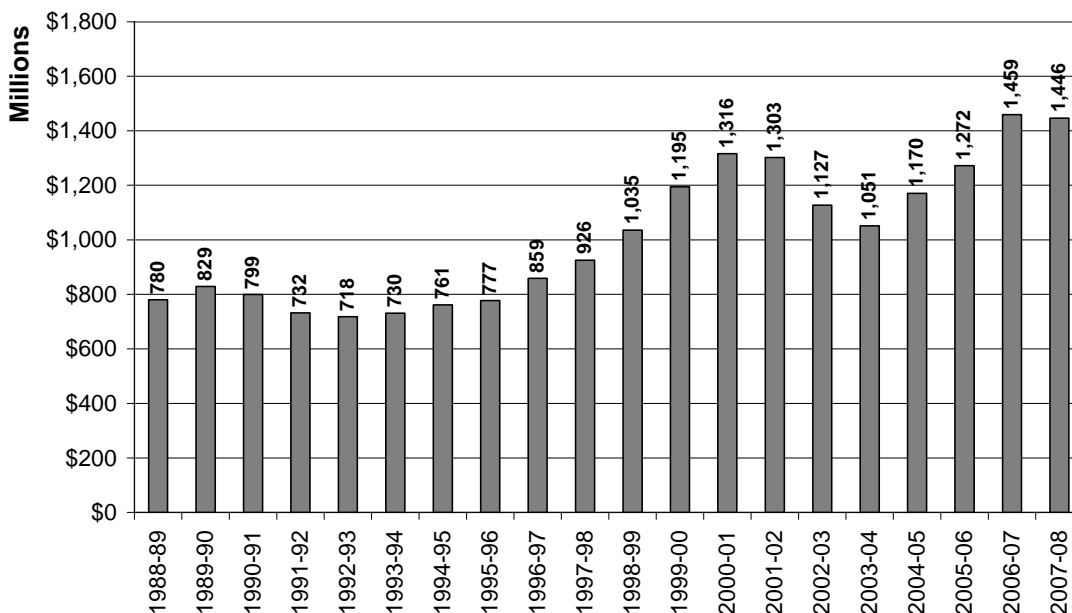
**General Fund Appropriations
Per In-State FTE Student,
1992-93, 2001-02 And 2007-08**



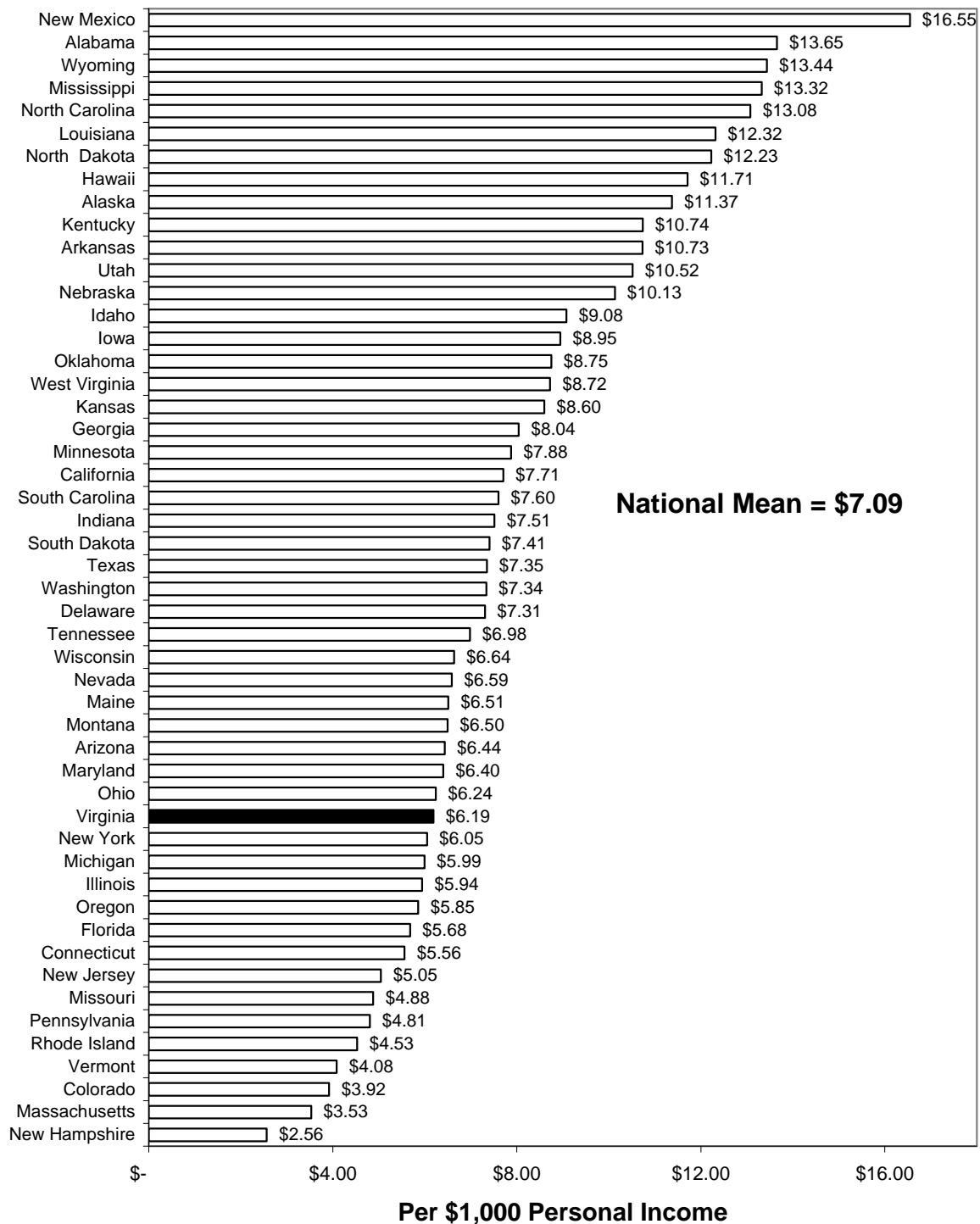
JMU's 2007-08 general fund appropriation per in-state FTE student was \$1,743 below the average of the four-year Virginia public institutions. Its 2007-08 appropriation was \$460 above 2000-01. Were JMU to be funded at the average for all four-year institutions in 2007-08, its general fund appropriation would increase by \$9.1 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 2008



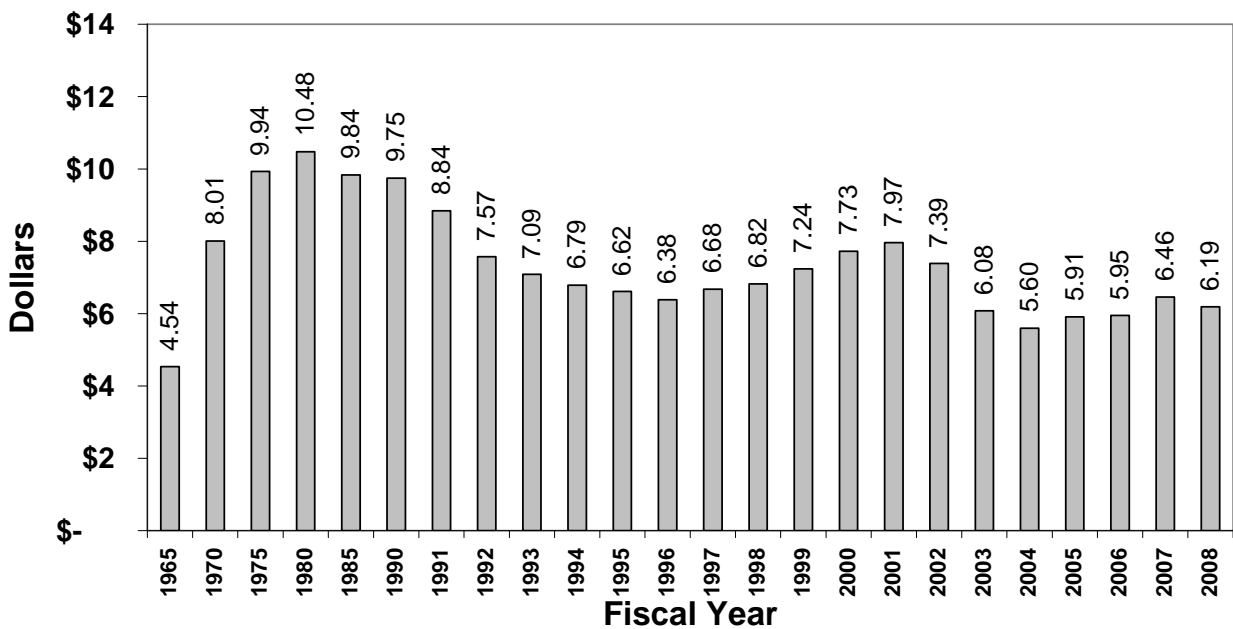
Source: Postsecondary Opportunity
February 2008

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 \$6.19 to the operation of its public higher education system for each \$1,000 of personal income—or \$0.90 below the national mean of \$7.09. This level places the Commonwealth in 36th place (down from 30th last year) out of the 50 states.

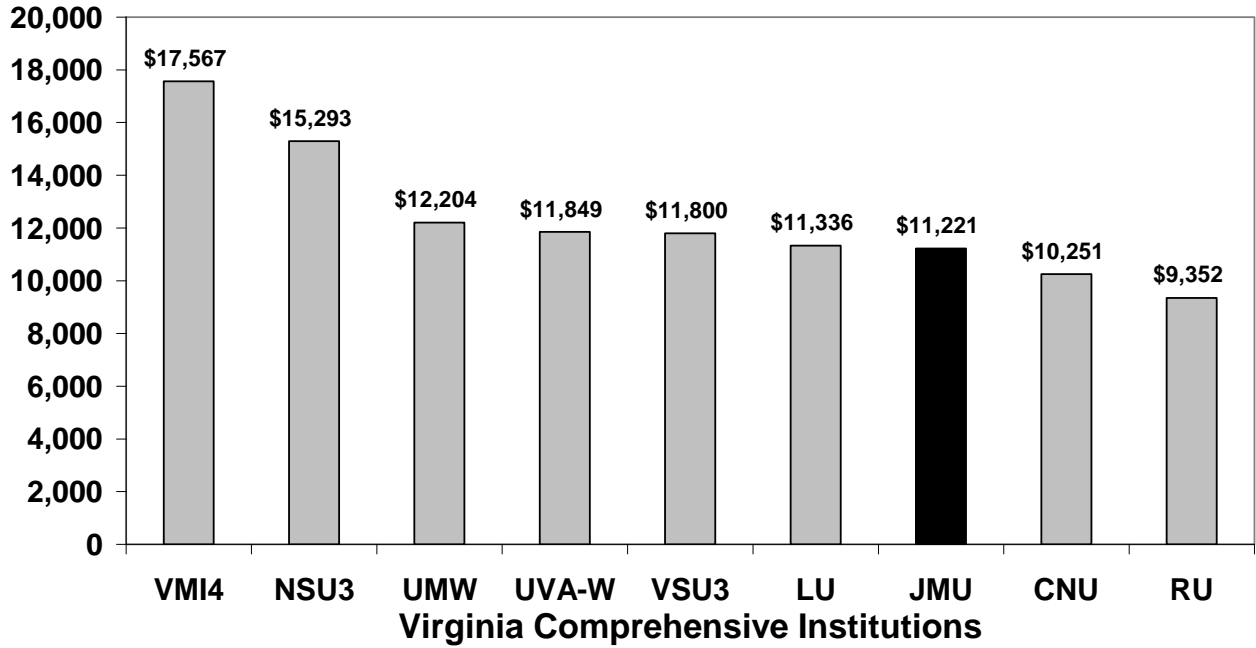
The graph presented below demonstrates the changes in the Commonwealth’s higher education effort since 1965. From a high of appropriating \$10.48 per \$1,000 in income in 1980, Virginia dropped to \$6.19 in FY08. This represents a 41 percent decline since 1980.

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



Source: Postsecondary OPPORTUNITY, February 2008

Total E&G Appropriation Per FTE Student 2007-08



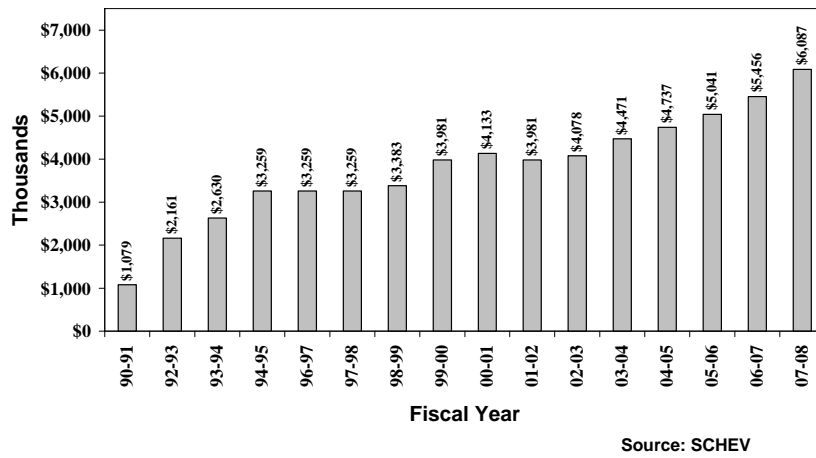
Source: SCHEV

3 Includes OCR Funding

For 2007-08 JMU's total E&G appropriation per student was \$11,221 (\$10,955 in 2006-07). It was ranked seventh out of the nine comprehensive institutions.

3.4 Financial Aid Appropriations

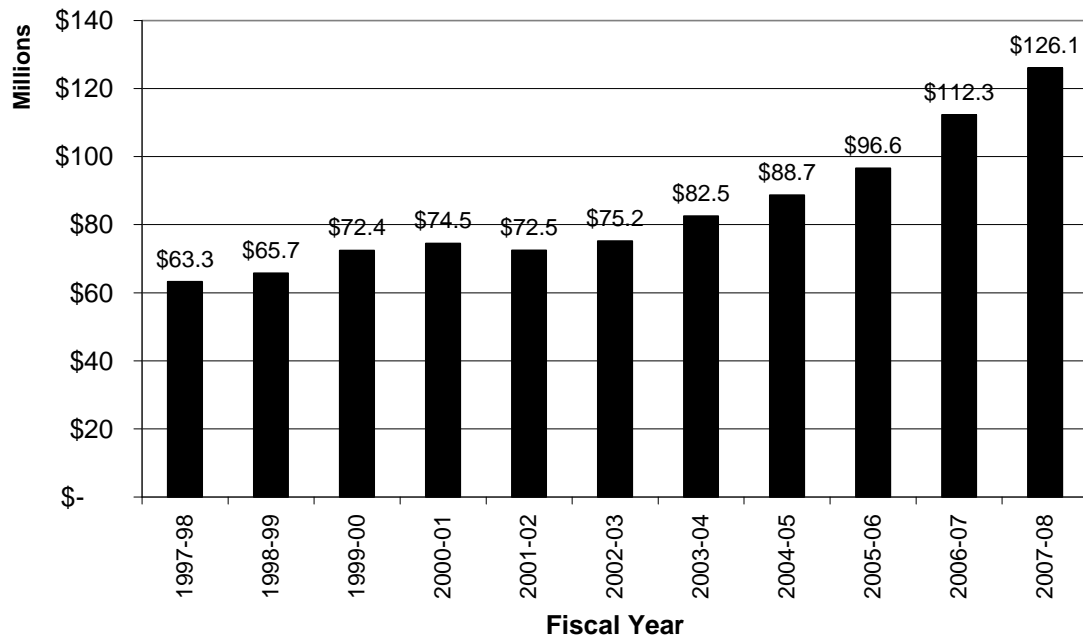
**James Madison University
State Aid Appropriations**



The Virginia General Assembly expressed concern 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 offset partially the increases in tuition and fees, the Assembly increased financial aid appropriations for public institutions. Between 2000-01 and 2007-08, the financial aid appropriations for JMU increased by 47 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 \$6.2 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



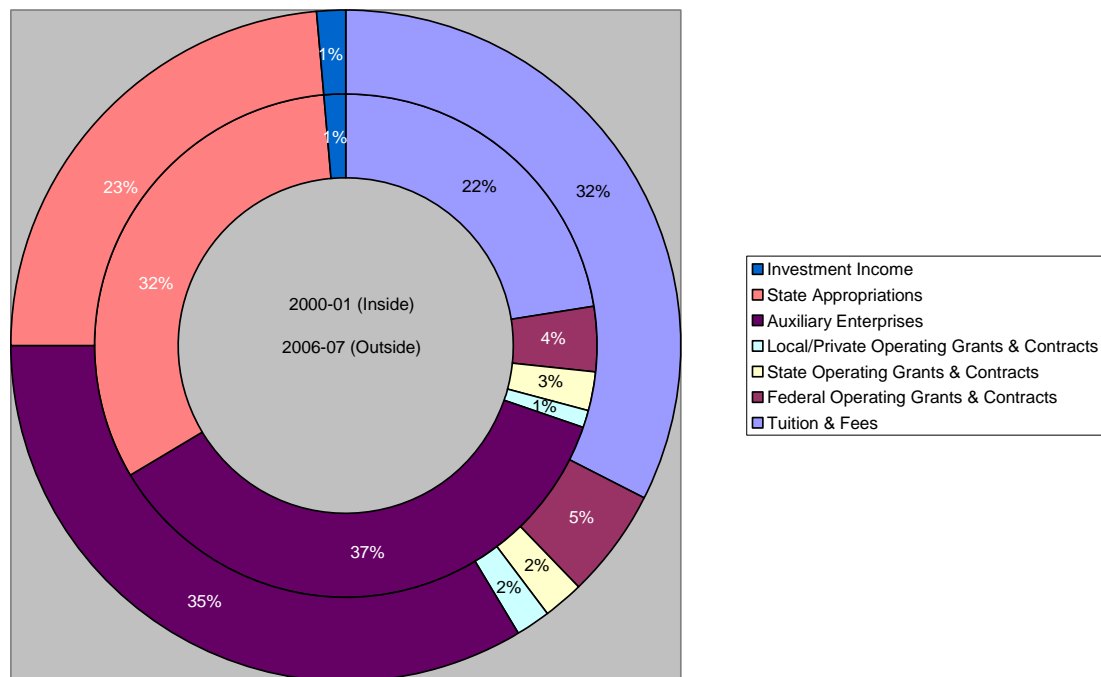
3.5 JMU Total Operating Revenues

General Fund appropriations, excluding Capital Appropriations and Grants, Other Operating Revenues, and Gifts, provided 32 percent of all JMU sources of revenue in 2000-01. During 2006-07, the same source provided 23 percent of all revenue. Correspondingly, E&G tuition and fees have risen from 22 percent to 32 percent over the same period.

Fiscal Year Current Fund Revenues, 2000-01, 2003-04, 2006-07

Revenues	2000-01	2003-04	2006-07
Tuition & Fees	\$ 48,529,185	\$ 73,842,646	\$ 104,849,675
Federal Operating Grants & Contracts	9,096,016	15,007,987	16,749,065
State Operating Grants & Contracts	5,641,370	7,770,200	6,872,375
Local/Private Operating Grants & Contracts	2,292,633	3,388,905	4,940,994
Auxiliary Enterprises	78,002,577	87,599,638	109,106,915
Other Operating Revenues	740,399	762,289	1,007,192
State Appropriations	69,793,028	57,597,656	75,806,060
Gifts	585,589	533,086	1,138,200
Investment Income	2,818,235	1,183,162	4,483,134
Capital Appropriations	3,663,533	584,593	48,950,077
Capital Grants & Gifts	1,743,402	18,456,330	1,318,743
Total Revenues	222,905,967	270,941,606	\$375,222,430

Total Operating Revenues, FY2001 and FY2007



3.6 JMU Facilities and Capital Outlay

JMU has grown significantly in the last two decades, and it has been necessary to increase the size of the physical plant to support instruction and the needs of students for housing, dining, recreation and student activities.

The table below displays the total assignable square feet reported annually to SCHEV since FY1997. E&G Total ASF has increased at a higher rate than Regular Session FTE students. In the next few years E&G space devoted to instruction and academic support will increase significantly with the addition of the renovated Miller Hall, the new East Campus Library, and the Center for the Arts. Since FY1997 total E&G ASF per FTE student increased from 66.64 to 72.44 (8%).

Assignable Square Feet by Function, FY 1997 to 2008

Fiscal Year	Instruction & Academic Support, Including Libraries	Research & Public Service	Student Services & Institutional Support	Operation & Maintenance of Plant	E&G Total	Auxiliary Enterprise	Total	Regular Session FTES	E&G ASF Per FTES
1997	549,897	34,428	109,218	45,333	738,876	1,296,935	2,035,811	11,087	66.64
1998	596,552	37,971	121,401	72,265	828,189	1,343,324	2,171,513	12,119	68.34
1999	601,783	44,093	134,948	66,268	847,092	1,355,332	2,202,424	12,877	65.78
2000	618,698	50,305	152,297	67,644	888,944	1,363,519	2,252,463	13,539	65.66
2001	694,027	54,590	170,854	67,244	986,715	1,353,548	2,340,263	13,697	72.04
2002	717,442	58,568	164,489	69,631	1,010,130	1,352,102	2,362,232	13,794	73.23
2003	732,376	59,455	168,726	69,461	1,030,018	1,426,089	2,456,107	14,094	73.08
2004	710,403	80,676	149,770	71,004	1,011,853	1,450,202	2,462,055	14,457	69.99
2005	716,255	79,190	152,921	70,945	1,019,311	1,418,224	2,437,535	14,732	69.19
2006	745,298	80,722	175,166	88,213	1,089,399	1,514,332	2,603,731	14,857	73.33
2007	784,994	91,639	181,135	89,464	1,147,232	1,559,214	2,706,446	15,869	72.29
2008	805,149	93,944	194,604	91,250	1,184,947	1,545,413	2,730,360	*16,357	72.44
Change	255,252	59,516	85,386	45,917	446,071	248,478	694,549	5,270	5.80
Percent Change	32%	63%	44%	50%	38%	16%	25%	32%	8%

*Estimated

Appropriations for operating and Capital expenses have also increased significantly since the early 1970s. The table below displays the biennial appropriations. Nearly \$1.5 billion has been appropriated for JMU in the last 18 biennia.

Biannual Operating Expenses and Capital Outlay Appropriations for JMU

Year	Operating	Capital
1972-74	\$10,526,000	\$3,740,780
1974-76	14,153,755	1,217,200
1976-78	20,241,600	145,620
1978-80 ¹	26,542,375	2,932,325
1980-82	33,687,955	2,583,850
1982-84	37,899,145	1,523,280
1984-86	43,156,920	8,210,600
1986-88	54,203,641	2,184,990
1988-90	65,086,881	12,744,995
1990-92 ²	64,314,591	1,656,000
1992-94 ³	57,351,203	34,310,787
1994-96	70,424,607	4,669,392
1996-98	83,908,588	1,239,505
1998-00	115,585,470	3,399,927
2000-02	138,638,018	3,206,668
2002-04 ⁴	128,625,934	124,169,100
2004-06	129,713,843	0
2006-08	157,101,378	31,497,832
Total	\$1,251,161,904	\$239,432,851

¹In 1978-80, \$2,900,500 was authorized through a general obligation bond to be repaid by the General Fund.

²For 1990-92, the operating expenses appropriation is as contained in the revised 1991-92 Appropriation Act.

³In 1992-94, \$34,260,787 was authorized through a general obligation bond to be repaid by the General Fund.

⁴In 2002-04, \$99,919,900 was authorized through a general obligation bond to be repaid by the General Fund.