Executive Summary

The purpose of this document is to inform the JMU community about the economic factors that have and will face the University as it seeks to accomplish its Mission. This summary of the financial environment for higher education for JMU, the Commonwealth, the Southeast Region of the U.S., and nationally has been produced annually for more than 15 years. The summary is divided into three sections that relate to the sources of funds and how they have been spent: Tuition and Fees; State Appropriations; and Expenditures. Where available and appropriate, comparisons are made to national, regional and state data.

In summary:

• Virginia continues to be a high tuition state for residents and students from outside of Virginia. Recent tuition increases to offset significant budget cuts have made higher education even more unaffordable for Virginia residents.

• The Commonwealth’s General Fund appropriations for higher education, which have historically been much less than other states, have declined at a higher rate than most other states in the last 30 years. Currently 8.2 percent of the Commonwealth’s appropriations are directed toward higher education, down from 17 percent in the 1980s.

• JMU has wisely preserved expenditures for instruction during the current and previous budget difficulties. Administratively, JMU is one of the leanest public institutions in the Commonwealth.

Tuition and Fees

• Virginia’s tuition and fees are higher than corresponding national and regional charges. The Commonwealth’s position as a high tuition state is reflected in national comparisons that rank Virginia eight highest among the fifty states.

• Virginia is affiliated with the Southern Regional Education Board (SREB) – the nation's first interstate compact for education. Virginia has the third highest tuition and fees for in-state undergraduates at similar regional institutions. JMU has held this same position for the last five years. Virginia’s increase (five percent) was below the median (nine percent) for all the states.

• Among the Commonwealth’s fifteen four-year public colleges and universities, JMU’s in-state tuition ranks 12th highest, required fees ranks fifth, and room and board ranks eighth. Total in-state tuition, required fees, and room and board ranks eighth and JMU’s out-of-state total cost ranks 10th. In 2010-11 annual increases in Virginia for the senior institutions for in-state tuition, required fees, and room and board ranged from 3.5 percent at Virginia State University to 12.2 percent at Virginia Commonwealth University.

• Virginia's average in-state undergraduate charges as a percentage of per capita disposable income have exceeded the national average since SCHEV began tracking this measure. Since reaching the low point (the most affordable) of 32.2 percent in 2001-02 after several years of state mandated tuition controls, this measure of
affordability (41.6 percent in 2010-11) has crept steadily higher and is higher than the previous (the least affordable) of 39.8 percent.

- Since 2001-02 JMU’s in-state tuition and fee charges increased from $4,094 to $7,860 (92 percent) while increasing from $10,606 to $20,624 (94 percent) for out-of-state students.

State Appropriations

- 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 FY10 appropriations per $1,000 of personal income (a measure of the state’s ability to pay) were 11.4 percent below FY05 and 18.5 percent below FY00.

- Since 1980 Virginia’s appropriations declined -56 percent. In FY10 Virginia ranked 43rd in appropriations per $1,000 at $4.59 ($5.70 in 2009), $1.59 below the national average of $6.18. In 1990 Virginia ranked 27th at $9.78, $0.45 above the national average of $9.33.

- For 2008-09, JMU would have required an additional $11.9 million in Educational and General (E&G) operating funds to reach the median of its public national peer group or $17.3 million to reach the 60th percentile.

- Per FTE student funding in Virginia was $1,464 below the regional median of $6,108 for comparable institutions in 2008-09 (the last year for which regional data are available).

- According to the data provided by SCHEV, in constant FY11 dollars, between FY89 and FY11 general fund appropriations decreased by 51 percent, non-general fund appropriations (tuition and fees primarily) increased by 86 percent and total E&G appropriations decreased by five percent. This means that the Virginia public institutions have fewer resources for operations now than they had 22 years ago (12 percent less than three years ago). The fact that the Commonwealth has encouraged the institutions to grow in more expensive programs like nursing, computer programming, and STEM makes it even more difficult for the institutions to continue to fund adequately these programs. The ability to remain relatively constant in funding over the years comes from tuition revenue, not from state support.

- Higher education's share of Virginia's total general fund appropriation decreased from 11.3 percent in the FY98 to 8.2 percent in FY12. It was as high as 17 percent in the mid-1980s. Given the demands on the Commonwealth’s budget by medical costs, other mandates and the uncertain revenue stream, higher education’s proportion of the State’s budget is unlikely to improve in the foreseeable future.

- 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 2008-09, the same sources provided 22 percent of all revenue. Correspondingly, E&G tuition and fees have risen from 23 percent to 35 percent over the same period.

- JMU has significantly increased space for instruction and instructional support. E&G, total assignable square feet (ASF) increased at a higher rate than Regular

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1 Virginia Business Higher Education Council
Session (fall and spring) FTE students. In the next few years E&G space devoted to instruction and academic support will increase significantly with the addition of the biotechnology building on the East Campus and the acquisition and remodeling of the RMH property. Since FY97 total E&G ASF per FTE student increased from 66.64 to 79.18 (18.8 percent).

- More than $1.7 billion (Operating = $1.4 billion; Capital = $0.3 billion) has been appropriated for JMU since 1972.

**Expenditures**

- When JMU is compared to the public institutions in its national peer group (approved by State Council of Higher Education), the 2008-09 data indicate that JMU is the sixth highest institution in support of instruction.
- Of the Virginia comprehensive institutions in 2008-09, JMU ranks fourth in percent of E&G budget spent on instruction and academic support (combined) and last in percent of E&G budget spent on institutional support.
- Of the Virginia institutions, JMU again ranks last at $1,340 per FTES expended on institutional support in FY09. This figure is $129 per student less than the next lowest institution (Old Dominion University) and $2,716 less than the highest (UVA). On a per student basis, JMU has been administratively the leanest institution in the Commonwealth for more than 20 years.
- In the spring of 2007 JMU and the other Virginia publicly funded colleges and universities created new faculty salary peer institutions through negotiations with SCHEV staff and other state agency representatives. In 2009-10 JMU’s current position was 18th out of 25 institutions. The 60th percentile faculty salary for 2009-10 was $80,600, thereby putting JMU’s average salary reported (to AAUP) $12,500 below the objective.
- Salary increases for faculty, staff and administrators have mirrored the economic condition of the Commonwealth. Currently salaries are frozen at 2007-08 levels for all Commonwealth employees. In December 2010 all Commonwealth employees were given a three percent bonus. The bonus was not added to the base salary.
- Benefits as a percentage of salaries have mushroomed in the last 30 years due primarily to higher costs for medical insurance. For instructional faculty benefits as a percentage of total salary increased from 24.9 percent in 1991-92 to 33.7 percent in 2009-10.