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 Statement. 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 16 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 9.7 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 eighth 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 second highest tuition and fees for in-state undergraduates at similar regional institutions. JMU held the third position for the last five years. Virginia’s increase (five percent) was below the median (six 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 10th. Total in-state tuition, required fees, and room and board ranks 10th and JMU’s out-of-state total cost also ranks 10th. In 2011-12 annual increases in Virginia for the senior institutions for in-state tuition, required fees, and room and board ranged from 3.8 percent at Longwood University to 9.4 percent at Virginia Tech.
- 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 (43.7 percent in 2011-12) has crept steadily higher and is higher than the previous (the least affordable) of 41.9 percent.

- Since 2002-03 JMU’s in-state tuition and fee charges increased from $4,288 to $8,448 (97 percent) while increasing from $11,472 to $21,738 (89 percent) for out-of-state students.

**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 18.1 percent below FY01 and 39.9 percent below FY80.

- Since 1980 Virginia’s appropriations declined -54 percent. In FY11 Virginia ranked 39th in appropriations per $1,000 at $4.86 ($5.66 in 2009), $1.44 below the national average of $6.30. In 1990 Virginia ranked 27th at $9.78, $0.45 above the national average of $9.33.

- For 2009-10, JMU would have required an additional $29.9 million in Educational and General (E&G) operating funds to reach the median of its public national peer group or $34.5 million to reach the 60th percentile.

- Per FTE student funding in Virginia was $1,437 below the regional median of $5,661 for comparable institutions in 2009-10 (the last year for which SREB regional data are available). 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 12.7 percent in the FY70 to 9.7 percent in FY10. It was as high as 17.3 percent in FY80. 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 2009-10, the same sources provided 19 percent of all revenue. Correspondingly, E&G tuition and fees have risen from 22 percent to 37 percent over the same period.

- JMU has significantly increased space for instruction and instructional support. Educational and General (E&G) total assignable square feet (ASF) increased at a higher rate than Regular 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 hospital property. Since FY97 total E&G ASF per FTE student increased from 66.64 to 80.44 (21 percent).

- Nearly $1.9 billion (Operating = $1.56 billion; Capital = $0.32 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 2009-10 data indicate that JMU is the third highest institution in support of instruction.

• Of the Virginia comprehensive institutions in 2009-10, JMU ranks first in the percent of E&G budget spent on instruction and academic support (combined) and last in the percent of E&G budget spent on institutional support.

• Of the Virginia institutions, JMU again ranks last at $1,454 per FTES expended on institutional support in FY10. This figure is $42 per student less than the next lowest institution (Old Dominion University) and $2,937 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 2010-11 JMU’s current position was 20th out of 25 institutions. The 60th percentile faculty salary for 2010-11 was $78,500, thereby putting JMU’s average salary reported (to AAUP) $15,000 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 33.9 percent in 2010-11.