

Financing Higher Education

2018-19

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NOTE:

The 2018-19 Financing Higher Education Report has been revised to provide a more concise review of the key issues and comparisons regarding the financing of higher education for JMU and Virginia as a whole. If you wish to see information from a previous year's report that is not included in this revised version, or you have questions about the contents of this report, please contact Chris Orem, Director of Institutional Research (oremcd@jmu.edu).

PEER GROUPS EXPLAINED:

This report references two different peer groups.

Virginia Four-Year Public Institution Peer Group:

The Virginia public institutions peer group compares JMU against the Commonwealth's 14 other public four-year institutions. In certain circumstances, JMU is compared against the eight other comprehensive colleges and universities in the state. The comprehensive institutions are those with predominantly master's level programs and/or limited doctoral research programs.

Faculty Salary Peer Group:

In 2015, the Academic Council convened to determine a list of schools who were proximate instructional faculty salary peers of JMU. The council employed a consultant to derive a weighted formula using IPEDS data. Factors such as enrollment size, graduation rates, and other metrics were used to determine an appropriate group of peers. Based on data derived from the consultant the Academic Council determined a list of 13 peer schools, against which JMU uses to compare instructional faculty salaries. Ten of the thirteen schools have been identified in prior years as instructional faculty salary peers of JMU.

Executive Summary

The purpose of this document is to inform the JMU community about financial and economic factors the university faces as it seeks to accomplish its mission. The findings in this report highlight several themes regarding the financing of higher education at the state and institutional level:

As a state, Virginia's tuition rates are comparatively high.

Virginia continues to have one of the highest tuition rates in the nation, particularly for other comprehensive institutions (those with limited doctoral/research programs). The high tuition correlates with a comparable lack of state appropriations, even though total state funding for public four-year institutions has increased every year but one since 2011-12.

As an institution, JMU's tuition and fees are comparatively low.

JMU continues to charge less in overall tuition and fees than its state and national peers, and yet the institution has, relative to its size and production, historically received fewer state appropriations than these peer institutions.

Virginia's state appropriations to higher education still lag in the bottom third of states.

Although Virginia's appropriations are near inflation-adjusted all-time highs, the Commonwealth ranks in the bottom third of states for the amount spent on higher education relative to the income of its residents. This is particularly noteworthy in light of its goal to be the "best educated state" by 2030.

Among its peers, JMU spends a high percentage of its E&G funding on instruction and academic support.

JMU spends a higher percentage of E&G funds on instruction and academic support than any other national peer. Against other Virginia schools, it ranks above average in percentage of E&G funds, however the number of dollars spent per FTE comes in below the average of both peer groups.

Conversely, JMU spends among the lowest of both peer groups in the percent and dollars per FTE spent on institutional support.

JMU is in the bottom three of both peer groups in the percentage and dollars per FTE of E&G funds it spends on institutional support.¹

Among its faculty salary peer group, JMU faculty salaries are average.

Relative to its faculty salary peer group, JMU faculty, on average, earn just above the mean salary and just below the 60th percentile, historically an important benchmark.

¹ Institutional support refers to the expenses for the day-to-day operational/administrative support of the institution. Source: IPEDS.

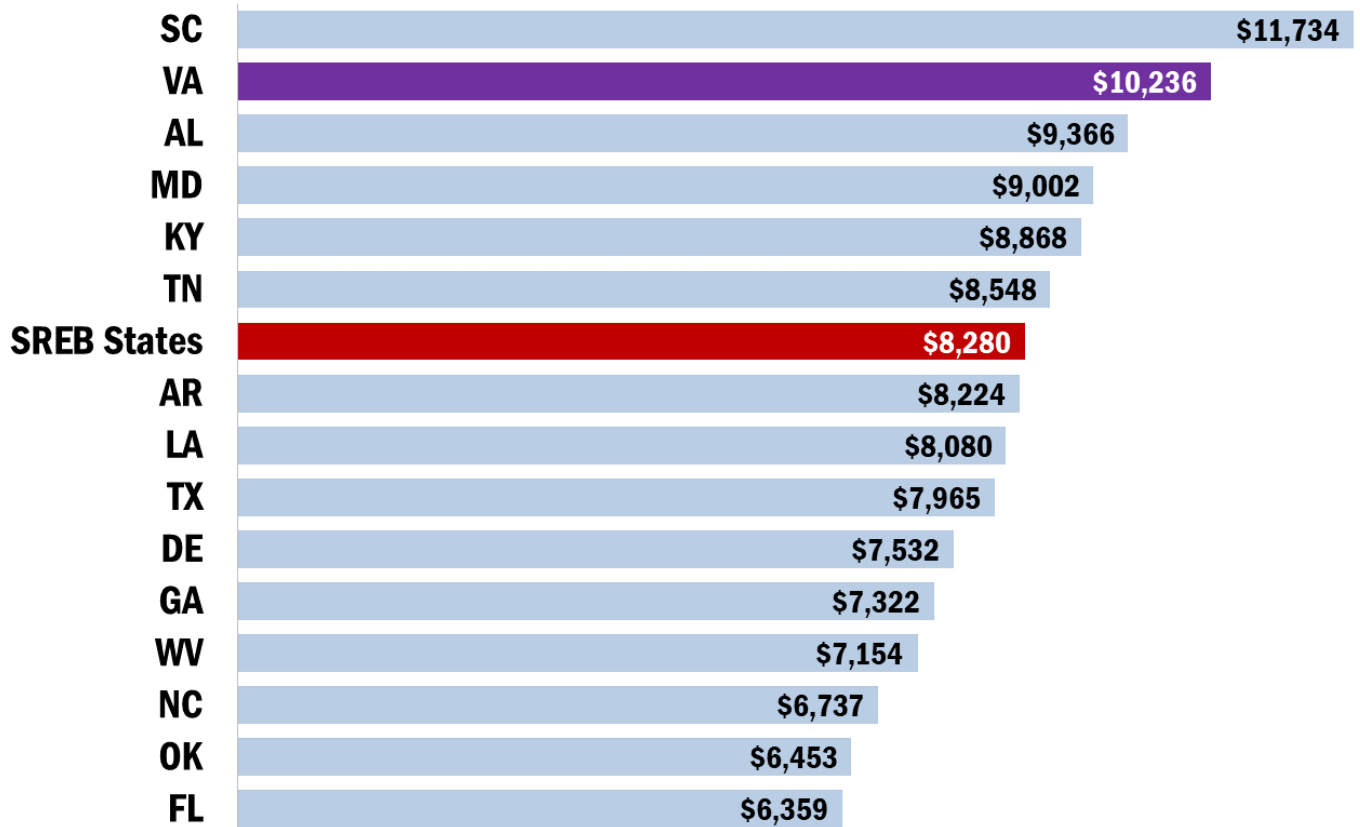
Virginia's tuition and fees are relatively high.

Virginia continues to have one of the highest in-state tuition rates in the nation. According to the 2018-19 SCHEV Tuition and Fees Report, Virginia's comprehensive universities (JMU's classification) had the fifth highest in-state tuition and fees in the nation in 2017-18. Since 1989-90, Virginia's comprehensive institutions have consistently ranked in the top ten highest in-state tuition and fees among all states.

Among states in the southern United States, Virginia doesn't fare better, ranking second behind only South Carolina for highest in-state undergraduate tuition and fees (see Figure 1) among Four-Year 3 institutions. This classification is determined by the Southern Regional Education Board (SREB) and is tantamount to the Carnegie Classification of Large, Master's Colleges and Universities (JMU's designation). As national trends forecast greater competition for out-of-state students and decreasing college-age populations, it is imperative that comprehensive institutions within Virginia continue to identify methods of combatting high tuition rates through competitive aid and scholarships.

Figure 1

Virginia has the second highest in-state undergraduate tuition and fees among Four-Year 3 institutions in the south.



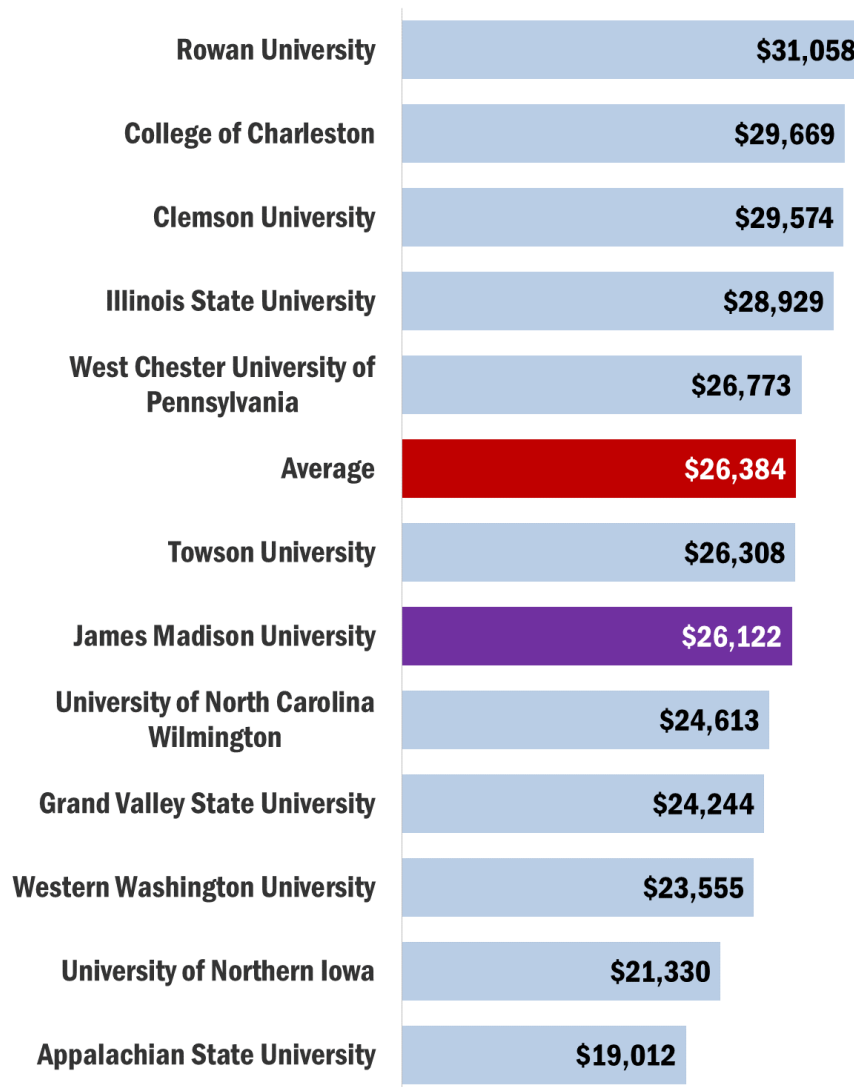
Source: www.SREB.org, 2016-17

JMU, on the other hand, has relatively low tuition and fees, even while receiving less state aid relative to its size.

By a number of metrics, JMU's tuition and fees are quite low for its type and size of institution. Compared against a group of 13 of its national peers (faculty salary peers), JMU ranks below the average in total in-state cost (see Figure 2).

Figure 2

Among its faculty salary peer group, JMU's tuition and fees rank below the average for in-state students living on-campus.



Source: IPEDS, 2017-18

Compared against its state peers, JMU provides even more of a value. Appendix A contains cost information for both in-state and out-of-state students for the 2018-19 academic year. ***JMU ranks tenth overall in total in-state costs and 11th for out-of-state costs.*** What makes this even more remarkable is the fact that 2018-19 marked the first year of the Madison Pledge, in which tuition for first-year students was increased by \$1,000 over 2017-18 rates, in exchange for capped yearly increases of no more than 3 percent. In fact, since 2008, JMU's tuition and fees has risen 94%, while the overall cost has increased 51%. Thus, even with a \$1,000 increase in tuition, and tuition rates nearly doubling in 10 years, JMU's in-state tuition rate is still lower than 10 other schools including Longwood, Radford, and the University of Mary Washington.

JMU's In-State Tuition and Fees (First-Year) have increased 94% since 2008. The total in-state cost, however, has increased by 51% in that same time frame.

Appendix B provides the same total cost information, but for graduate education. Here, even though JMU's graduate tuition and fees are relatively high compared to other in-state institutions (5th for in-state and 4th for out-of-state), its required fees are the lowest in the state, making the overall cost of a graduate education for an in-state student one of the lowest in the Commonwealth (11 of 12).

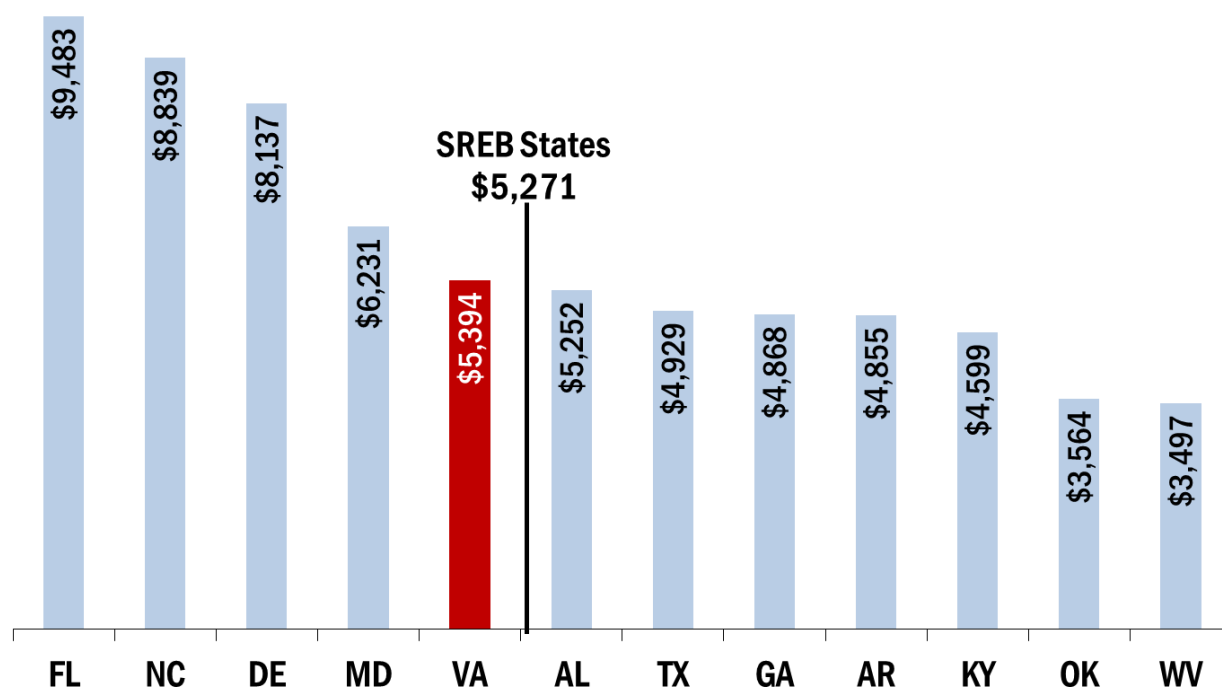
Virginia's appropriations to higher education lag behind a majority of other states.

Tuition and fees are a crucial component to any higher education financing model, but so too are the appropriations provided by the state, particularly for public institutions. Generally, when appropriations are low, institutions use tuition and fees to cover the costs. Thus, in comparing appropriations across states and within the Commonwealth, it is evident why in many cases, institutions in Virginia have some of the highest tuition and fees in the nation.

When compared to other southern states, for instance, Virginia ranks just above the average in general fund appropriation per full-time equivalent student (FTES) for four-year type 3 institutions (recall that these are comprehensive institutions). Virginia ranks slightly above Alabama and over \$800 per FTES less than the next state, Maryland.

Figure 3

Virginia ranks just above the average in general fund appropriations per FTES for four-year type-3 institutions in the south.



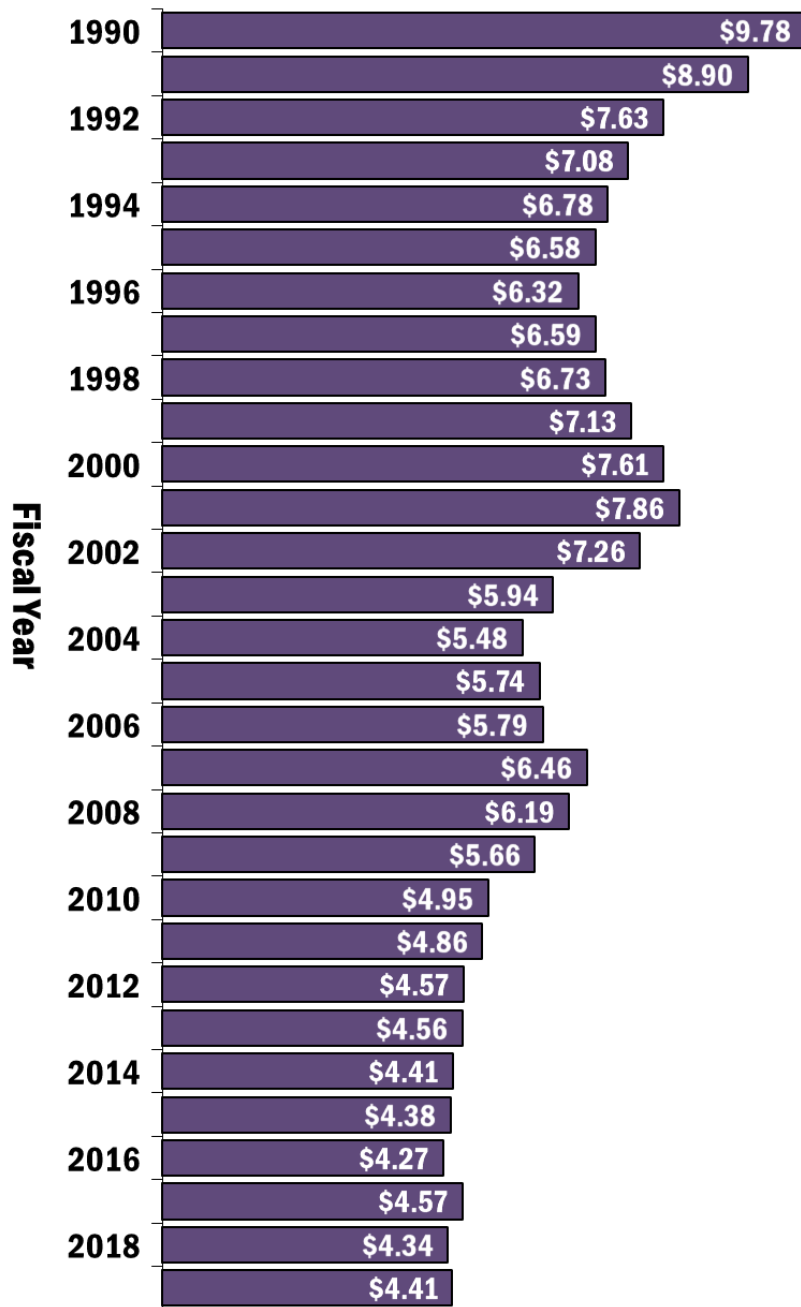
Source: SREB data exchange, 2016-17

As Virginia remains close to the average in appropriations per FTES among southern states, its share of tax funds appropriated to higher education relative to personal income has declined significantly over the past thirty years. As Figure 4 shows, in 1990, Virginia was appropriating just under 10 dollars in tax funds to higher education for every \$1,000 of personal income. Now, according to the most recent data, Virginia appropriates less than half of that amount. Thus, Virginia's commitment to funding higher education has lagged sharply behind income growth. And, while other states have seen the same kind of lackluster commitment from their own legislatures, Virginia's appropriations rank 37th out of 50 states in this metric, indicating that even with recent increases in higher education funding, post-secondary education can hardly be seen as a longstanding priority within the state.

Virginia ranks **37th** out of 50 states in the level of appropriations Virginia schools receive per \$1,000 of personal income.

Figure 4

Virginia's appropriation of state tax funds for higher education per \$1,000 of personal income has steadily declined over the past three decades.



Source: Postsecondary OPPORTUNITY and Grapevine, 2019.

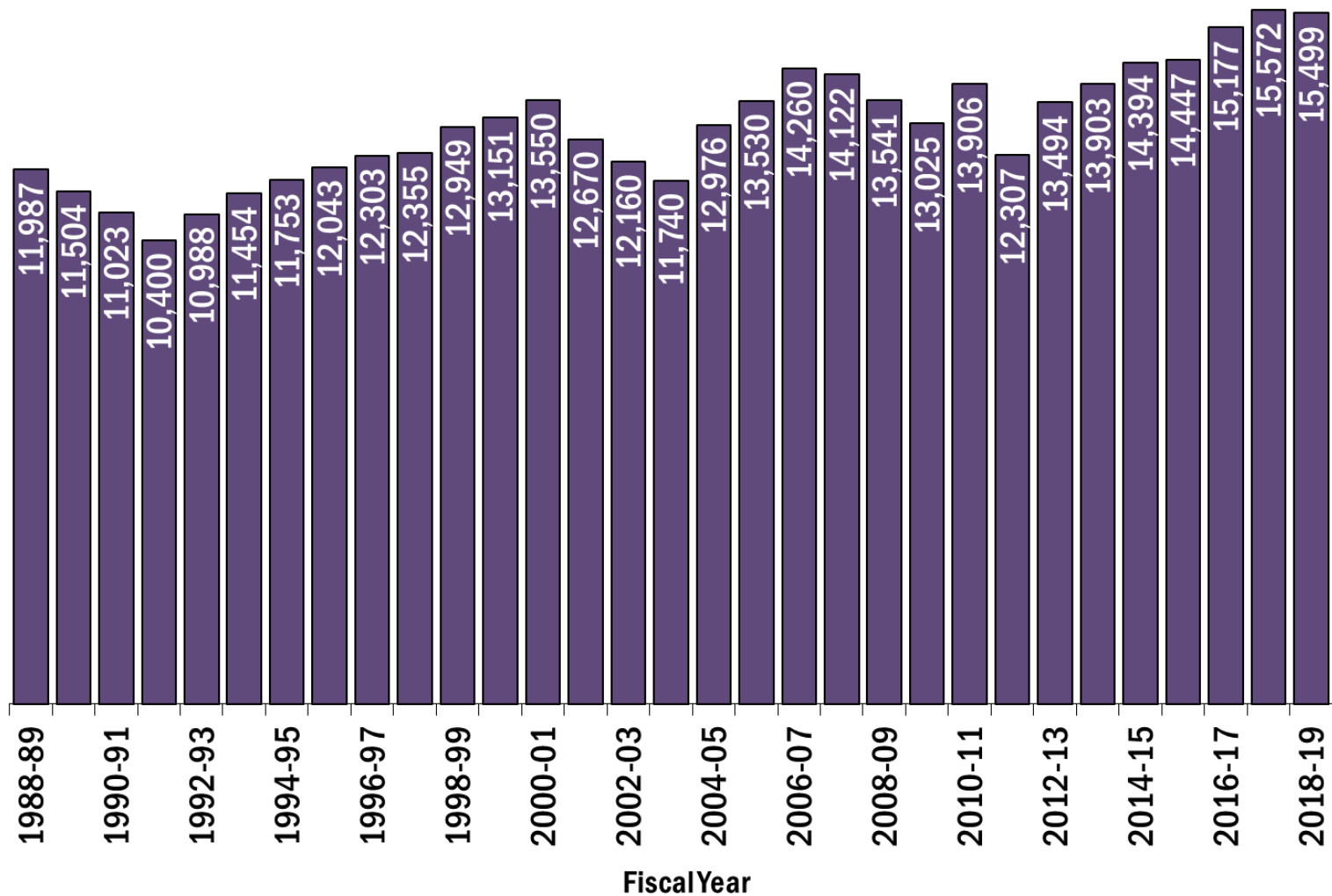
Within Virginia, JMU is under-funded among other public four-year institutions.

Although the metrics mentioned earlier point to the notion that Virginia’s institutions of higher education are under-funded, this disparity exists within the state’s own institutions, with JMU landing on the low end of the funding platform.

If we examine JMU’s E&G appropriations per FTE over time, adjusted to 2019 dollars, we see that support from the state has increased steadily over time. In fact, 2018-19 appropriations per FTE were almost at record levels, coming down slightly off of the all-time inflation-adjusted high from 2017-18.

Figure 5

In 2018-19, JMU received near record levels of E&G appropriations per FTE student, adjusted to 2019 dollars.



Source: SCHEV, January 2019.

However, if we look beyond JMU's appropriations over time and compare the institution instead against appropriations from other schools, it becomes evident that state support for JMU lags behind its peers. Figure 6 shows two comparisons, both for JMU's faculty salary peer group. The chart on the left lists JMU's peer group in order of state appropriations per FTES and the chart on the right provides the order of total revenue per FTES, factoring in tuition and fees.

Figure 6

Among its faculty salary peers, JMU ranks 9th in State Appropriations per FTE students and 10th in Total Revenue per FTE students.

State Appropriations per FTES

Binghamton University	\$11,066
University of Northern Iowa	\$9,726
Rowan University	\$9,584
UNC Wilmington	\$8,579
Appalachian State University	\$7,798
AVERAGE	\$5,886
Towson University	\$5,781
Clemson University	\$5,286
Western Washington University	\$5,058
James Madison University	\$4,437
Miami University-Oxford	\$3,543
West Chester University	\$3,478
Grand Valley State University	\$3,042
College of Charleston	\$2,640
Illinois State University	\$2,388

Total Revenue per FTES

Miami University-Oxford	\$22,471
Clemson University	\$21,419
Rowan University	\$20,723
Binghamton University	\$19,998
College of Charleston	\$17,379
AVERAGE	\$16,471
UNC Wilmington	\$16,248
University of Northern Iowa	\$16,112
Grand Valley State University	\$14,758
Appalachian State University	\$14,685
James Madison University	\$14,457
Illinois State University	\$13,906
West Chester University	\$13,421
Towson University	\$12,682
Western Washington University	\$12,338

Source: IPEDS, 2016-17

As noted, JMU ranks ninth in state appropriations per FTES, coming in \$1,449 under the average. Given that JMU's state appropriations appear so low, one might expect tuition and fees to be higher in order to compensate for the lack of state support. As was shown earlier, however, JMU's relative tuition and fees are also low, resulting in the university ranking 10th among its peer group in total revenue per FTES. In fact, JMU receives over \$2,000 per FTE less than the average amount of revenue received by its peer group.

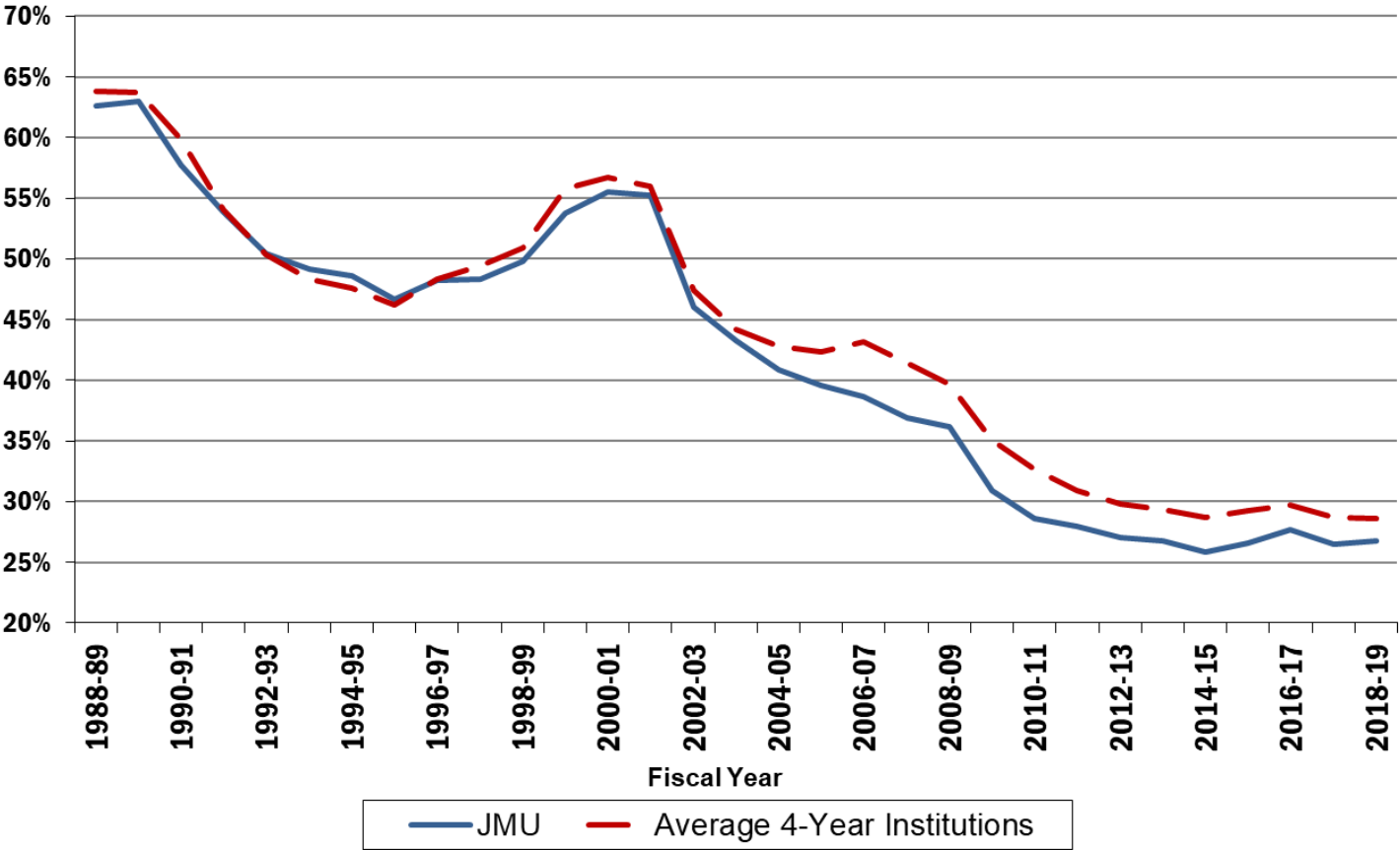
One could argue, however, that support for higher education differs among states and JMU's relative standing in terms of revenue per FTES could be more influenced by Virginia's lack of support overall. As Figure 7 shows, JMU's share of its total E&G appropriations that come from general funds (i.e., tax funding) as opposed to non-general funds (i.e., tuition and fees) is lower than the average of

all Virginia four-year public institutions. And, while institutions as a whole have had to rely more and more on tuition and fees to offset operating expenses, JMU continues to rely more heavily on these non-general funds than other state institutions. Again, this fact might indicate that JMU should have higher tuition and fees, but it ranks low among its state peers (recall from Table 1 that JMU's 2018-19 in-state tuition and fees ranked 11th out of 15 institutions). Thus, the fact that it lags behind its peers in this additional metric speaks more to the lack of funding by the state than to JMU's over-reliance on tuition and fees.

Further, when compared against the other comprehensive colleges and universities in the state, JMU has consistently received the least amount of funding relative to FTES than any other comprehensive state institution. Figure 8 illustrates the 10-year trend in appropriations per FTES for the nine comprehensive schools in Virginia. Over this time, JMU has consistently received the lowest support per FTES than any of its state peers.

Figure 7

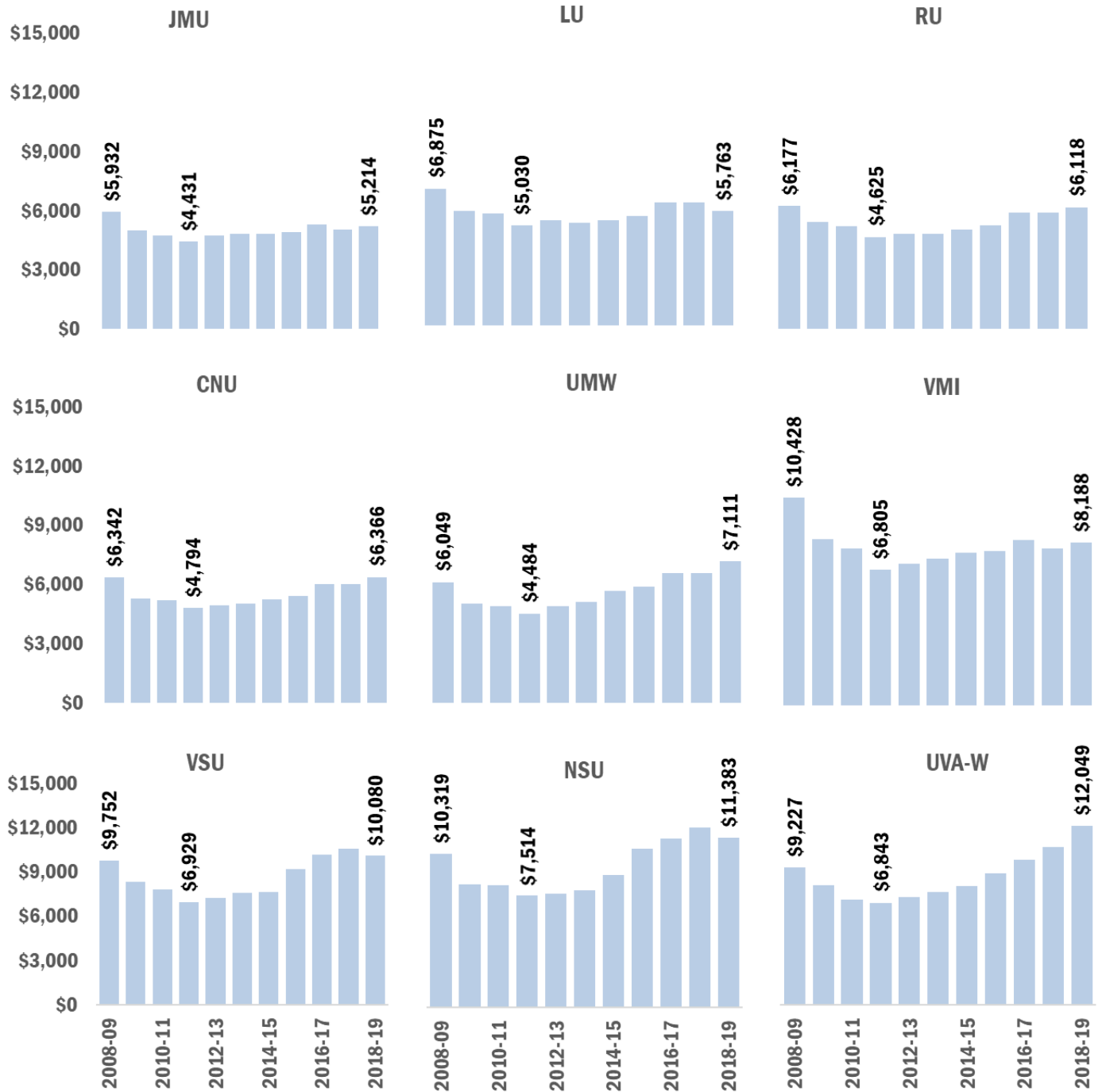
JMU's general fund, as a percent of total E&G appropriations, lags behind the average of all Virginia four-year public institutions.



Source: SCHEV

Figure 8

Since 2008, JMU has consistently one of the lowest levels of general fund appropriations per FTE student among other Virginia comprehensive institutions.



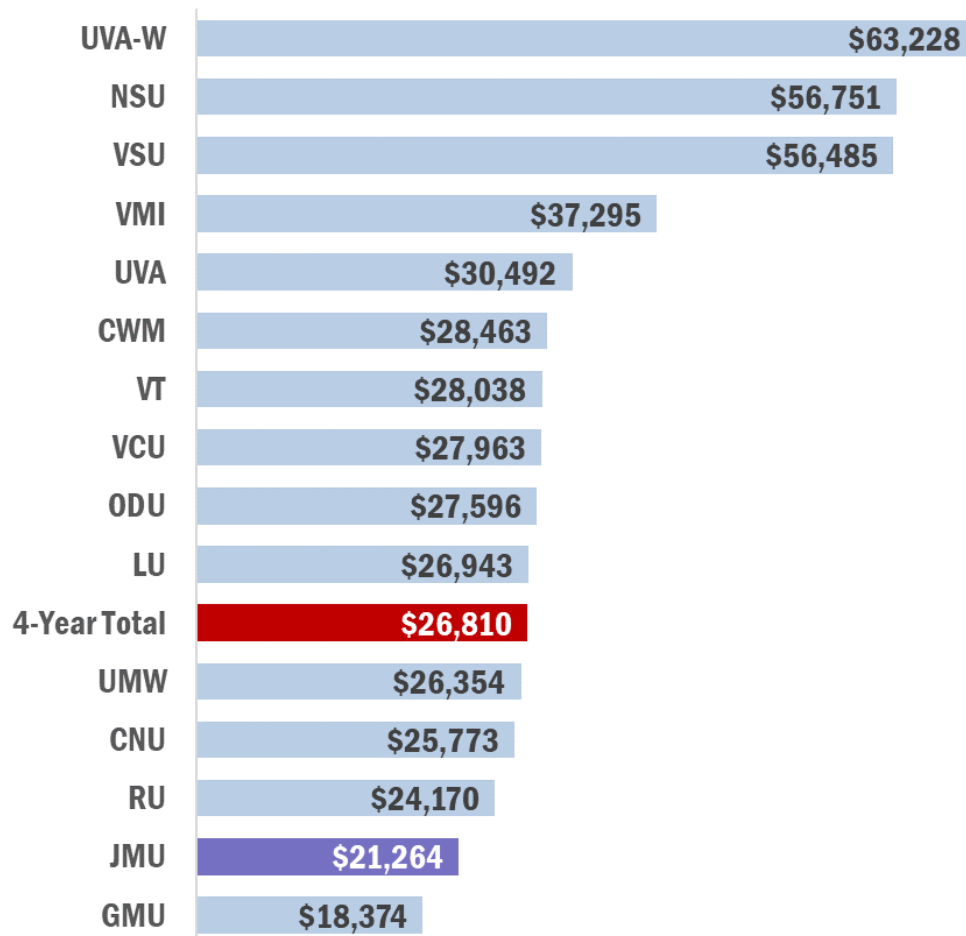
Source: SCHEV

Finally, the metrics shown thus far have focused on appropriations per FTES in order to help adjust for the differing sizes of the institutions involved. And although funding for four-year public higher education in Virginia is not based upon performance measures such as graduation rates, these types of metrics can provide a useful indicator of which schools are being most productive with the resources they are granted.

To that end, Figure 9 provides the relative standing of each Virginia four-year public institution in descending order of the general fund appropriations per graduate (at any level). Thus, UVA-Wise received the most money from the state relative to the number of in-state graduates it produced in 2017-18. As Figure 9 shows, JMU received the second lowest amount of funding per in-state graduate, only ranking above George Mason University, which produced almost twice the number of in-state graduates in 2017-18. For the number of graduates produced from its in-state student population, JMU is quite efficient.

Figure 9

JMU ranks second to last in general fund appropriations per in-state graduate.



Source: SCHEV, 2017-18

Among its peers, JMU spends a high percentage of its E&G funding on instruction and academic support, more so among its faculty salary peer group than other Virginia four-year public institutions.

Faced with its relatively limited resources, as evidenced by its low tuition and comparatively low appropriations, JMU prioritizes supporting academic support and instruction. Among its faculty salary peers, JMU spends the highest percentage of E&G dollars on instruction and academic support, with almost 80 cents of every E&G dollar going towards this area. Figure 10 illustrates the percentage of E&G dollars spent on higher education for JMU compared to both its faculty salary peer group and its Virginia peers. Among its Virginia peers, which include research institutions like University of Virginia, Virginia Tech, and Virginia Commonwealth University, JMU ranks fifth, actually spending a higher percentage of its E&G funds on academic support and instruction than the University of Virginia.

JMU spends almost 80 cents of every E&G dollar on academic support and instruction.

On this metric, JMU is number one among its faculty salary peer group, spending just slightly more per E&G dollar on instruction than Appalachian State University. Given that its faculty salary peers are more similar to JMU on many factors than several of the other Virginia four-year public institutions, this particular ranking may hold a bit more weight, indicating that among other top

comprehensive universities, JMU devotes a higher percentage than any of them to supporting the academic mission of the university.

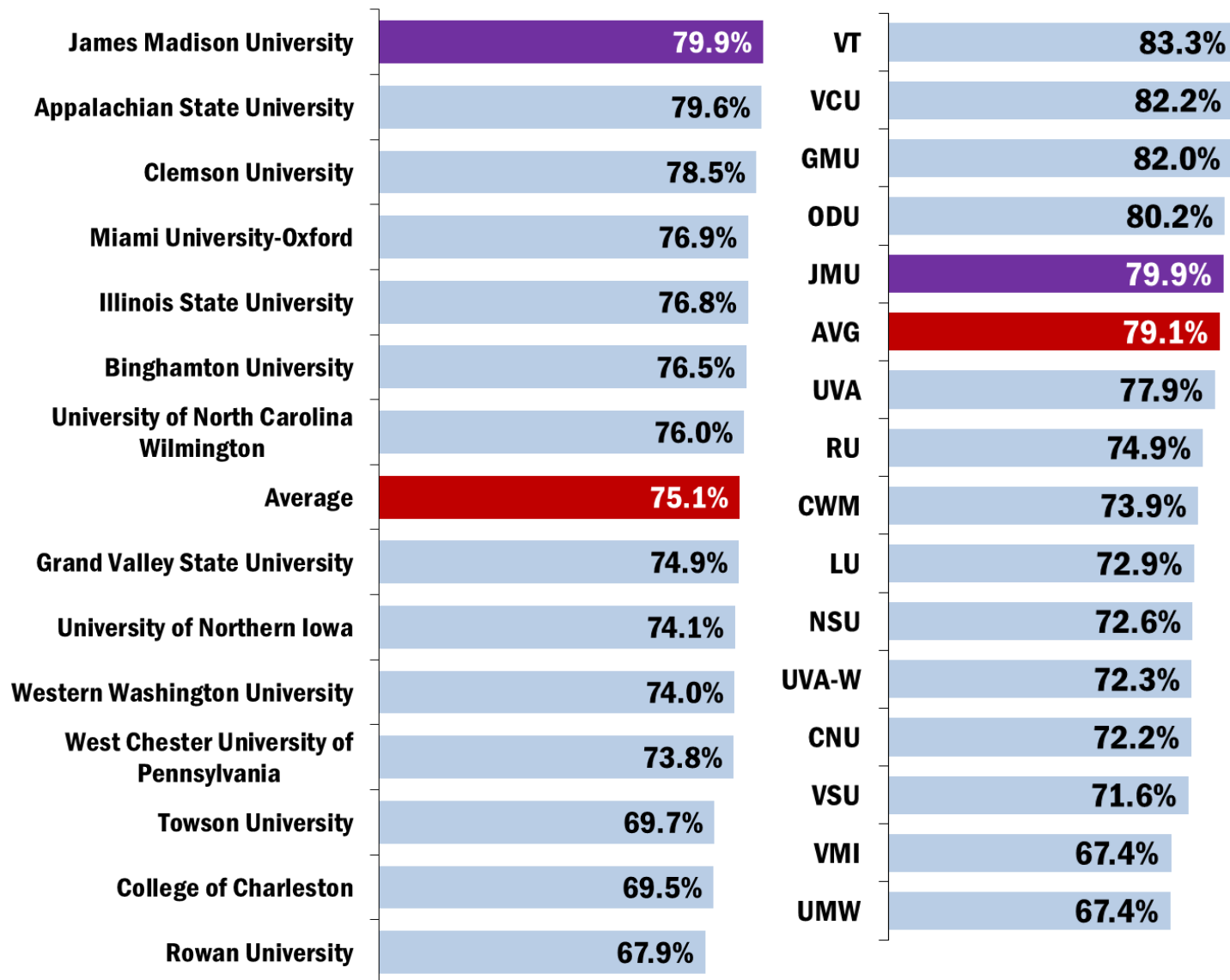
JMU ranks below average against its peers on the academic dollars spent per FTES. For context, the University of Virginia spends 129% more on instruction and academic support per FTES than JMU

Figure 11 presents the same comparisons as Figure 10, though in this case, the comparisons represent the E&G dollars spent on instruction and academic support per FTES. Here, JMU actually ranks below average for both the faculty salary peer group and the Virginia peer group on academic dollars spent per FTES. What this metric illustrates is that even though

JMU is committed to supporting the academic mission, as evidenced by the percentage of every dollar going towards instruction and academic support, the amount of money JMU has to spend, relative to its size, is still below average. For context, The University of Virginia spends 129% more on instruction and academic support per FTES than does JMU.

Figure 10

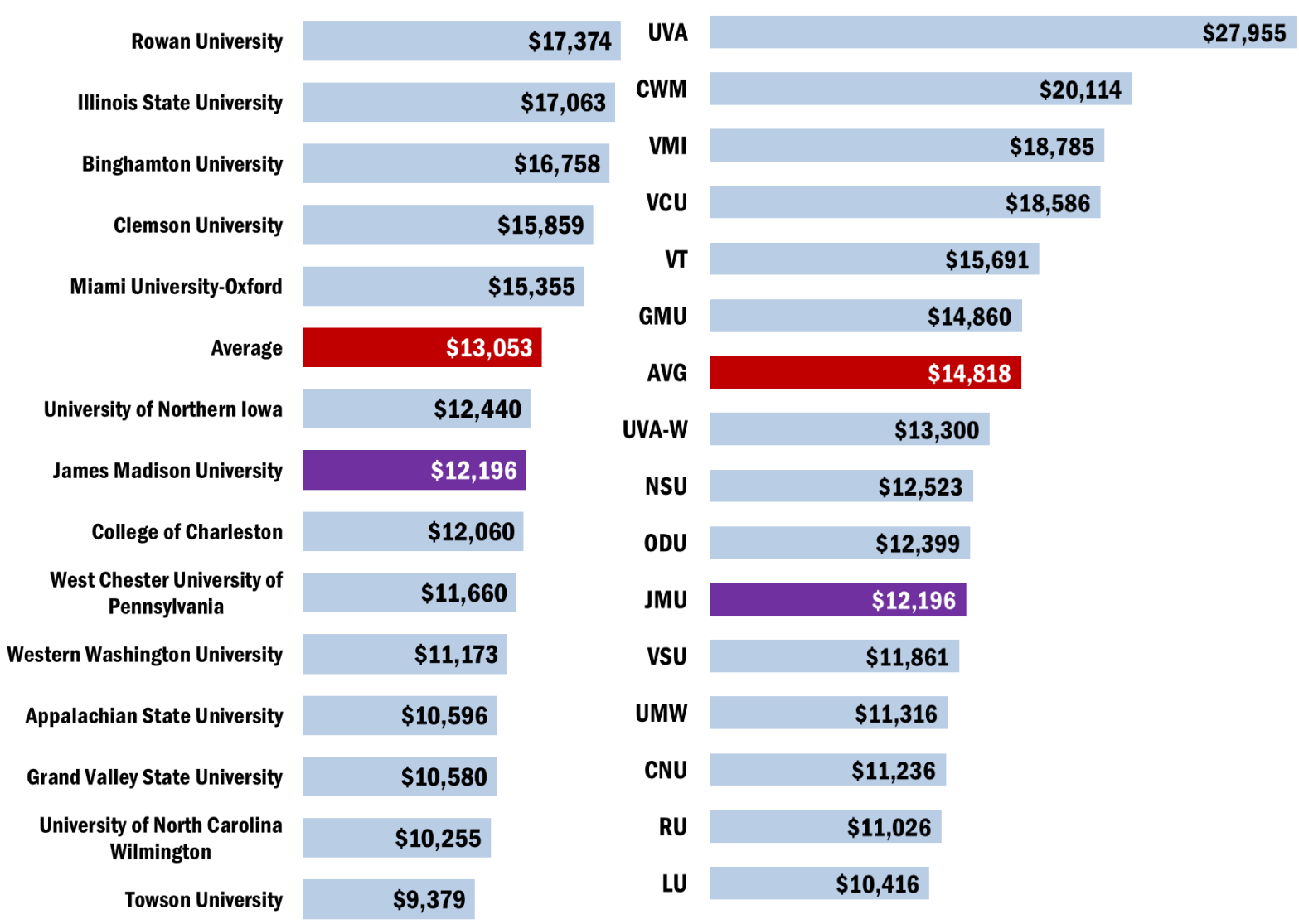
JMU spends the highest percentage of E&G funds on instructional and academic support among its faculty salary peer group (left) and ranks in the top five among its Virginia peers (right).



Source: IPEDS, 2016-17. E&G estimate excludes research, public service, scholarships and fellowships and transfers.

Figure 11

Compared to its faculty salary and Virginia public peers, JMU spends below the average of E&G dollars per FTES



Source: IPEDS, 2016-17.

Conversely, JMU spends among the lowest of both peer groups in the percent and dollars per FTE spent on institutional support.²

Though supporting the academic mission is critical to most, if not all institutions of higher education, there are other areas that support student success whether directly or indirectly. Institutional support, for instance, are the expenses related to the day-to-day operations of the university and include areas related to IT support, general administrative services, and logistical services among several other areas (see footnote). While JMU spends a high percentage of its dollars on instruction, it spends a comparatively small amount on institutional support. Figure 12 is intended to mirror Figure 10, though now, instead of showing JMU's standing against its peers in instructional spending, JMU's institutional support expenses are shown. Against both its faculty salary peers and its Virginia peers, JMU ranks third from the bottom, spending roughly 13 cents of every E&G dollar on institutional support.

Given the details shared throughout this report, including the contents of Figure 12, which illustrate the relatively small emphasis the university places on funding institutional support activities, it should not be a surprise that when comparing JMU to its peers on the dollars spent on institutional support per FTES, JMU also ranks very low, spending the second lowest amount per FTE against both its faculty salary peer group and the Virginia peer group. Against its Virginia peers, JMU spends just three dollars more per FTE than the lowest institution, Old Dominion University. At the other end of the spectrum, faculty salary peer Rowan University spends almost three times the amount per FTE on institutional support as does JMU.

Against both its peer groups, JMU ranks third from the bottom, spending roughly **13 cents of every E&G dollar on institutional support.**

Among its faculty salary peer group, JMU faculty salaries (on average) are average.

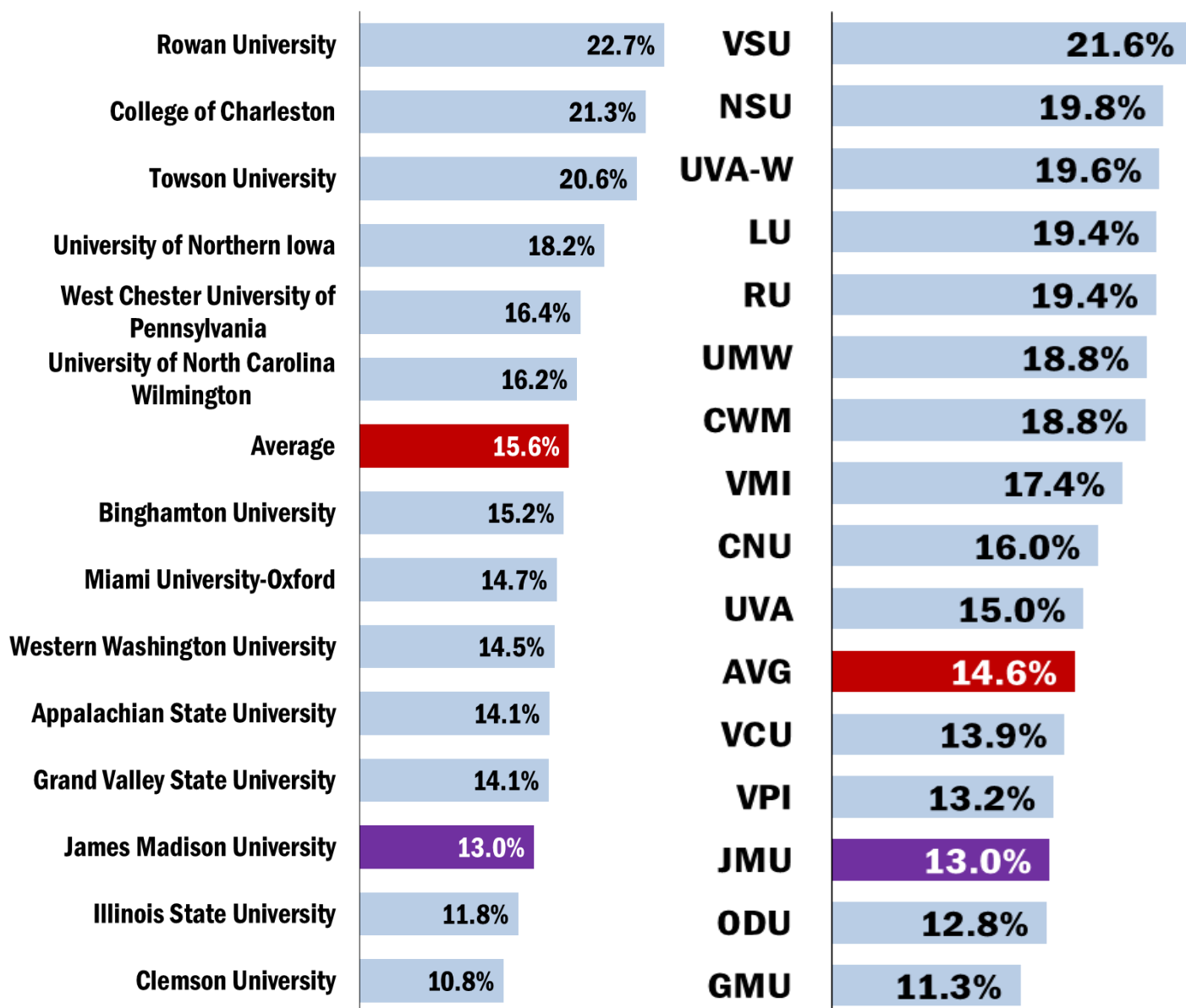
Dating back to the mid-1980s, the General Assembly endorsed a policy that faculty be paid at rates higher than public institutions in other states. To help achieve this goal and with guidance from SCHEV, every Virginia institution established a national peer group. This process was first conducted in 1987 and repeated in 1997 and 2007. In conjunction with this process, the General Assembly established a public policy objective that all state colleges and

² Referenced earlier, institutional support refers to expenses for the day-to-day operational support of the institution. It includes expenses for general administrative services, central executive-level activities concerned with management and long range planning, legal and fiscal operations, space management, employee personnel and records, logistical services such as purchasing and printing, and public relations and development. It also includes information technology expenses related to institutional support activities. Source: IPEDS

universities offer competitive faculty salaries equal to the 60th percentile of their peer group. While JMU's current faculty salary peer group was not created out of one of these SCHEV-guided processes, the university has made it a high priority to pay JMU faculty as competitively as possible against this group. Figure 14 illustrates in the broadest sense JMU's average faculty salary compared against its 13 peer institutions. JMU faculty, as a whole, earn just over the average, and just below the 60th percentile.

Figure 12

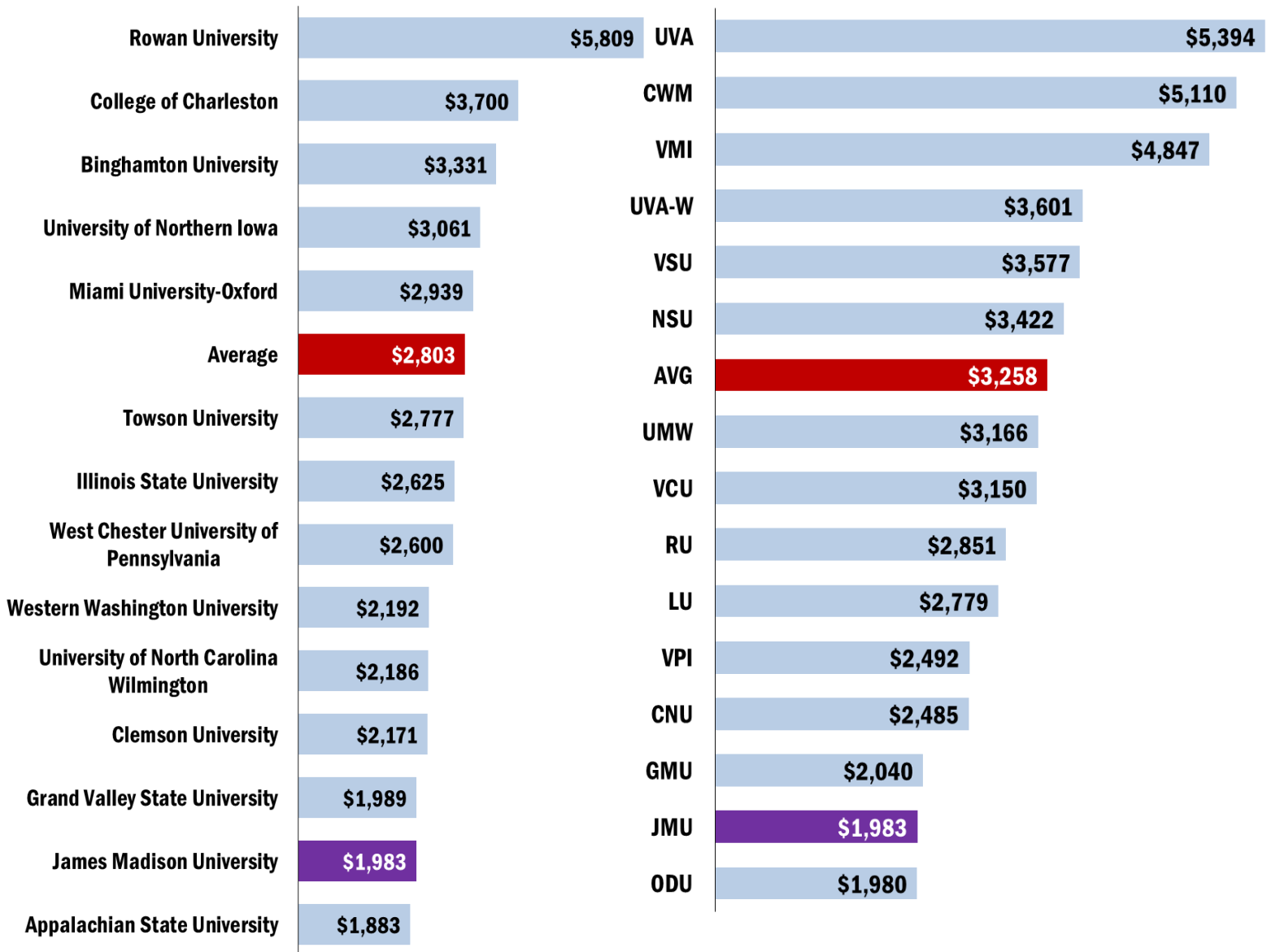
JMU ranks third to last among both faculty salary and Virginia peers in the percent of E&G expenditures on institutional support.



Source: IPEDS, 2016-17.

Figure 13

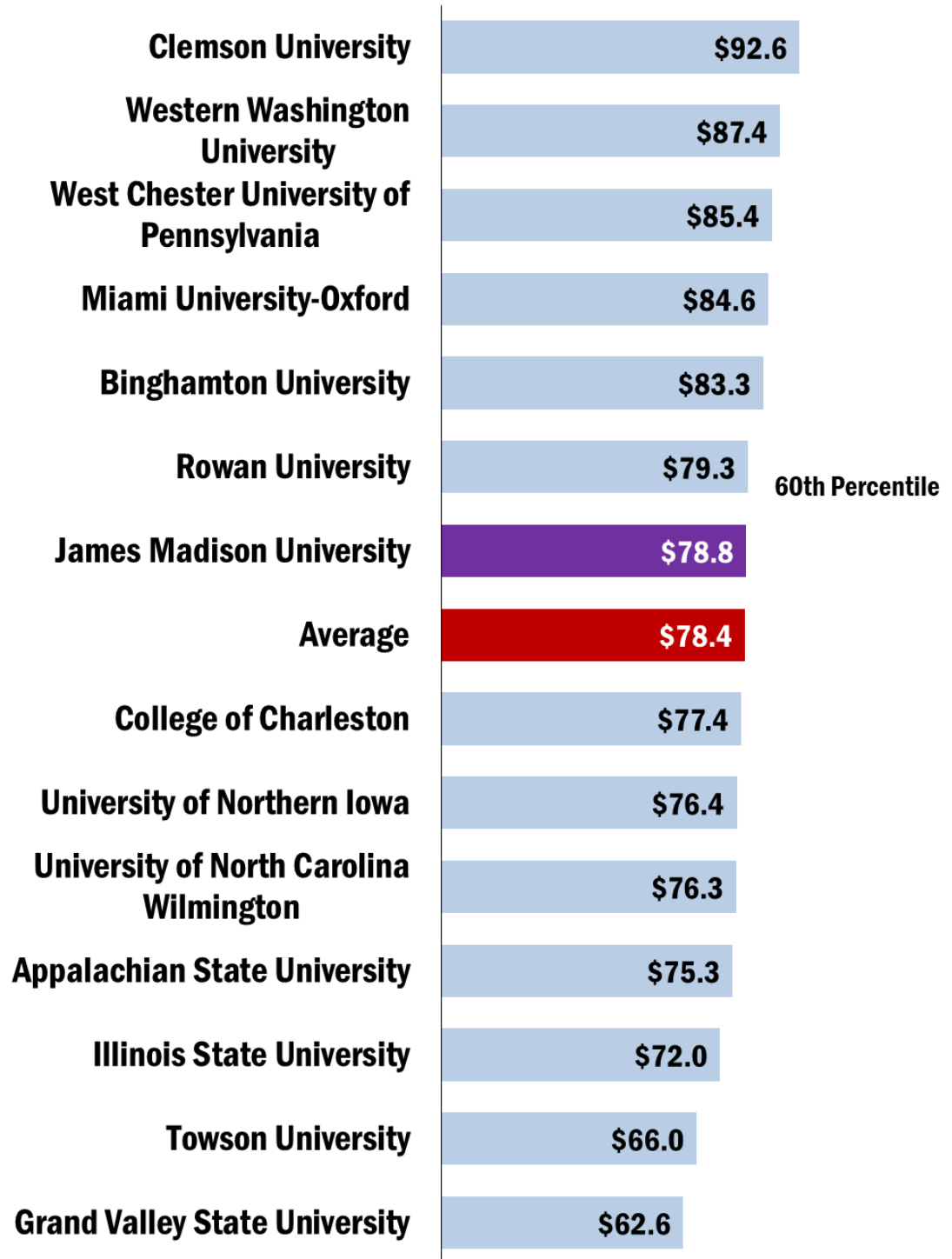
JMU spends near the bottom of other Virginia public schools and its faculty salary peers in E&G dollars per FTES spent on institutional support.



Source: IPEDS finance reports and SCHEV, 2016-17

Figure 14

JMU instructional faculty earn just above the average salaries among its peer group and just below the 60th percentile of institutions.



Source: IPEDS, 2016-17

Appendix A

Even with the implementation of the Madison Pledge, JMU's total in-state tuition and fees still rank 10th out of 15 of Virginia four-year public institutions.

Rank	In-State Tuition		Out-of-State Tuition		Required Fees		Room and Board		Total In-State		Total Out-of-State	
1	W&M	\$17,570	UVA	\$45,872	VMI	\$9,578	W&M	\$12,236	W&M	\$35,636	UVA	\$59,588
2	UVA	\$14,148	W&M	\$39,442	W&M	\$5,830	GMU	\$11,460	VMI	\$28,344	W&M	\$57,508
3	VCU	\$12,247	VMI	\$36,128	CNU	\$5,654	CNU	\$11,460	UVA	\$27,864	VMI	\$55,188
4	VT	\$11,595	VCU	\$33,555	LU	\$5,400	UVA	\$11,352	CNU	\$26,214	GMU	\$47,382
5	VMI	\$9,284	GMU	\$32,350	JMU	\$4,766	VSU	\$11,208	VCU	\$24,918	VCU	\$46,226
6	CNU	\$9,100	VT	\$29,883	UVAW	\$4,425	LU	\$11,026	LU	\$24,366	VT	\$40,842
7	GMU	\$9,060	ODU	\$25,947	UMW	\$3,976	UMW	\$10,730	GMU	\$23,922	LU	\$40,326
8	UMW	\$8,678	UMW	\$24,612	ODU	\$3,825	JMU	\$10,512	UMW	\$23,384	ODU	\$40,234
9	RU	\$7,980	LU	\$23,900	NSU	\$3,738	ODU	\$10,462	VT	\$22,554	UMW	\$39,318
10	LU	\$7,940	JMU	\$23,650	GMU	\$3,402	UVAW	\$10,438	JMU	\$22,528	CNU	\$39,080
11	JMU	\$7,250	UVAW	\$23,421	VSU	\$3,287	VCU	\$10,428	ODU	\$21,334	JMU	\$38,928
12	ODU	\$7,047	CNU	\$21,966	RU	\$3,230	NSU	\$10,360	RU	\$20,616	UVAW	\$38,284
13	VSU	\$5,769	RU	\$20,062	UVA	\$2,364	VMI	\$9,482	UVAW	\$20,557	RU	\$32,698
14	NSU	\$5,752	NSU	\$17,680	VCU	\$2,243	RU	\$9,406	VSU	\$20,264	NSU	\$31,778
15	UVAW	\$5,694	VSU	\$17,020	VT	\$2,025	VT	\$8,934	NSU	\$19,850	VSU	\$31,515

Source: SCHEV Tuition and Fees Report, 2018-19. Tuition represents first-year student tuition rates.

Appendix B

While JMU's graduate tuition ranks in the top half of Virginia schools, its fees rank lowest, leading to low relative rates for in-state students.

Rank	In-State Tuition		Out-of-State Tuition		Required Fees		Total In-State		Total Out-of-State	
1	UVA	\$17,428	GMU	\$32,322	W&M	\$5,561	UVA ¹	\$19,792	GMU	\$35,724
2	VT	\$13,485	UVA	\$29,740	NSU	\$3,738	W&M	\$15,760	W&M	\$33,354
3	VCU	\$12,287	ODU	\$28,873	GMU	\$3,402	VT	\$15,510	UVA	\$32,104
4	GMU	\$11,736	JMU	\$28,416	LU	\$3,336	GMU	\$15,138	ODU	\$31,992
5	JMU	\$10,512	W&M	\$27,793	VSU	\$3,287	VCU ²	\$14,496	VT	\$29,629
6	W&M	\$10,199	VT	\$27,604	RU	\$3,230	ODU	\$12,864	JMU	\$29,544
7	ODU	\$9,745	VCU	\$25,762	ODU	\$3,119	RU	\$12,203	VCU	\$27,971
8	RU	\$8,973	LU	\$24,360	UVA ¹	\$2,364	NSU	\$12,136	LU	\$27,696
9	LU	\$8,640	NSU	\$20,930	VCU ²	\$2,209	LU	\$11,976	NSU	\$24,668
10	NSU	\$8,398	VSU	\$19,044	UMW	\$2,088	VSU	\$11,647	VSU	\$22,331
11	VSU	\$8,360	UMW	\$18,036	VT	\$2,025	JMU	\$11,640	RU	\$21,176
12	UMW	\$8,334	RU	\$17,946	JMU	\$1,128	UMW	\$10,422	UMW	\$20,124

Source: SCHEV Tuition and Fees Report, 2018-19.