

Legislators and SCHEV Are Examining Students' Costs

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A Uniform 25 Percent?

For those who follow Virginia higher education, 1999 should be a banner year. Issues of quality, access, and affordability are the top agenda items for the various groups studying higher education. These groups, whose policy positions will emerge over the next 12 months, are made up of citizens, business leaders, government officials, and faculty and staff of the colleges and universities. They also sit on a stage that is set for significant and meaningful reform.

One group, the Joint Legislative Subcommittee on Higher Education Funding Policies, released preliminary recommendations at a meeting on December 18. It identified seven areas of policy interest. Two areas—student financial aid and operating budget requests—continue existing state policy objectives or actual practice, and presumably will be endorsed by other actors. One area—private giving—has been a topic of extensive media coverage, but with insufficient attention to the true relevance. As the General Accounting Office has reported, Virginia ranks sixth in all of the United States in the level of private support for public institutions.

The remaining four policy areas identified by the legislative subcommittee—adequacy of base funding, funding for enrollment growth, tuition and fees, and deferred maintenance of facilities—touch upon the vitals of a sound and progressive system of higher education. The manner in which they are addressed will determine, in part, the success of Virginia's colleges and universities.

Missing in the legislative subcommittee's recent deliberations is a spotlight on performance. College and university presidents have urged the legislature in the past to reward performance, and Governors have attempted to forward such initiatives. The legislature may be ready to resume these conversations.

Given this one caveat, how well do the legislative subcommittee's preliminary proposals address these important topics?

Adequacy of base funding. A reasonable first step in any approach to higher education funding is to establish a generally accepted base on which to build. Historically this base has been achieved in Virginia through funding policies that recognize the size of the institution, the curriculum it offers, and the national market for attracting and retain-

ing faculty. With the onset of the recession in 1990, the standards for adequacy were shaken, and have not been replaced.

The legislative proposal to contract with an outside consulting firm to assess the adequacy of the base at each institution echoes efforts currently underway among the institutions and at the State Council of Higher Education for Virginia (SCHEV). This coalescing of approaches suggests that we may be ready for a credible solution.

Funding for enrollment growth. Typically, higher education funding models maintain that as enrollments increase appropriations must support this growth. Unfortunately, virtually all have been blind to differences in scale and marginal cost variations. Until 1990, Virginia used generally accepted guidelines, driven by enrollment projections, to provide incremental resources for existing students and new enrollment growth.

Since 1990, funding policies targeting enrollment growth have been guided by a desire for greater "efficiency" at the institutions, but they have not always been equitable or consistently applied. To escape the horns of this dilemma, the legislative subcommittee proposes an independent study of the costs of adding students at each institution. Such a study is in the works at SCHEV. The key to producing a useful result from such a study is methodological sophistication, with attention to the strategic dynamics of institutional budgets rather than straight-line projections of enrollment and tuition. The goal in the end is to give institutions broad flexibility to allocate faculty and staff to meet essential program demands.

Tuition and fees. Financial support for public colleges and universities is composed primarily of two sources: taxpayer support, and tuition and fees. In essence, the cost of attendance at each institution is shared, in some percentage, by the state and the student (or her parents). The question the legislative subcommittee focuses on is whether students should pay a set percentage of the cost of their education regardless of the public institutions they attend.

Given the large price ranges at our institutions, this entails greater public support for students at some institutions than at others. Currently, undergraduate Virginia students contribute anywhere from 24 percent to 37 percent of the variable cost. Under Governor Gilmore's proposed tuition reduction, these contribution rates drop to 19 percent to 30 percent. The legislative subcommittee reviewed an option that sets the contribution rates at 25 percent for all public institutions, thereby making the percentage of state subsidy the same whether a student attends, say, William and Mary or George Mason. One hopes that the General Assembly and the Governor can find common ground that makes affordable education a reality for more students.

Deferred maintenance of facilities. The Commonwealth has a \$3.5 billion investment in higher education academic facilities constituting 33 million square feet. When current operating and capital appropriations are insufficient to meet maintenance needs, a shortfall is created and it grows with each succeeding year. Based on institutional assessments of their facilities, the state faces over \$400 million in deferred maintenance of college and university academic buildings. The legislative subcommittee rightfully identifies maintenance of the Commonwealth's assets as a high priority for funding Virginia higher education.

While much work remains to be done, the legislative subcommittee brings attention to important components of higher education funding. SCHEV has begun to coordinate the fashioning of recommendations for funding policies, involving all the relevant players in Virginia higher education. The Council will benefit from the work of the legislative subcommittee and commits itself to making positive contributions to the strength and health of Virginia higher education.

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