



**Partners for
College Affordability**

AND PUBLIC TRUST

Social Mobility and Virginia Higher Education

July 17, 2019

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President

Partners' Mission in Virginia

- Affordability and broad access to opportunity for state residents
- Higher education as a social promise to economic mobility



Are Our Colleges Engines of Social Mobility?



Students Go To College for Economic Reasons

Main Reason for Choosing Level of Education

Good job or career	58%
Learning and knowledge	23%
Family or social expectations	12%
Access/Affordability	6%
Other	2%

Source: Gallup/Strada Jan 2018 survey of 86,000 students



Why Affordability Matters

$$\text{VALUE} = \frac{\text{QUALITY}}{\text{COST}}$$



High tuition and fees and student debt are stumbling blocks to economic mobility



GRADUATES WITH DEBT ARE:



**Less likely to buy a
home**

(NY Fed, 2013)



GRADUATES WITH DEBT ARE:



**Less likely to start a
new business**

(Philadelphia Fed, 2015)



GRADUATES WITH DEBT ARE:

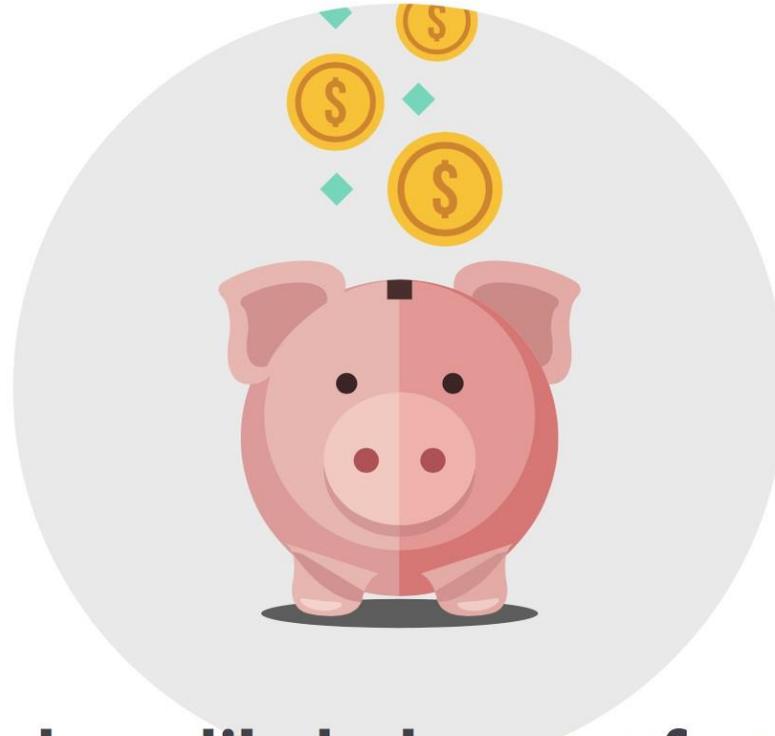


**More likely to have an
inferior credit rating
score**

(NY Fed, 2013)



GRADUATES WITH DEBT ARE:

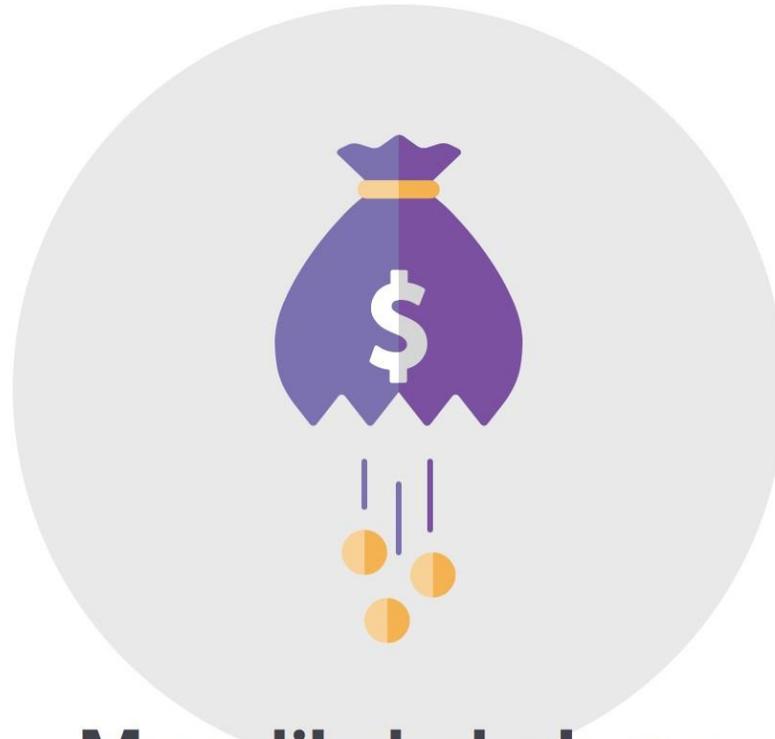


**Less likely to save for
their retirements**

(Brookings, 2014)



GRADUATES WITH DEBT ARE:



**More likely to have
negative household
wealth**

(NY Fed, 2016)



GRADUATES WITH DEBT ARE:



**More likely to live with
their parents**

(Fed's Board of Governors, 2015)



Student Debt Crisis in Virginia



VIRGINIA

Average debt
for bachelor's
degree graduates



Higher ed outstripping price increases across all other sectors;
3x the rise in Consumer Price Index

Almost 2x the rise in price of healthcare



Staggering Growth in T/F

Table 1. Tuition and Total Mandatory Fees (Figures Not Adjusted for Inflation): 2008-09 to 2018-19

Institution	2008-09	2018-19	Dollar Change	Percent Change
Christopher Newport University	\$7,550	\$14,754	\$7,204	95.4%
College of William and Mary	\$10,246	\$23,400	\$13,154	128.4%
George Mason University	\$7,512	\$12,462	\$4,950	65.9%
James Madison University	\$6,964	\$12,016	\$5,052	72.5%
Longwood University	\$8,499	\$13,340	\$4,841	57.0%
Norfolk State University	\$5,560	\$9,490	\$3,930	70.7%
Old Dominion University	\$6,918	\$10,872	\$3,954	57.2%
Radford University	\$6,536	\$11,210	\$4,674	71.5%
Richard Bland College	\$3,048	\$8,100	\$5,052	165.7%
University of Mary Washington	\$6,774	\$12,654	\$5,880	86.8%
University of Virginia	\$9,300	\$16,512	\$7,212	77.5%
UVA-Wise	\$6,439	\$10,119	\$3,680	57.2%
VA Community College System	\$2,584	\$4,620	\$2,036	78.8%
Virginia Commonwealth University	\$6,779	\$14,490	\$7,711	113.7%
Virginia Military Institute	\$10,556	\$18,862	\$8,306	78.7%
Virginia State University	\$5,903	\$9,056	\$3,153	53.4%
Virginia Tech	\$8,198	\$13,620	\$5,422	66.1%
Average All Institutions*	\$7,022	\$12,545	\$5,523	78.7%



Note: Certain averages weighted by SCHEV
 Source: [SCHEV Tuition and Fees Reports](#)



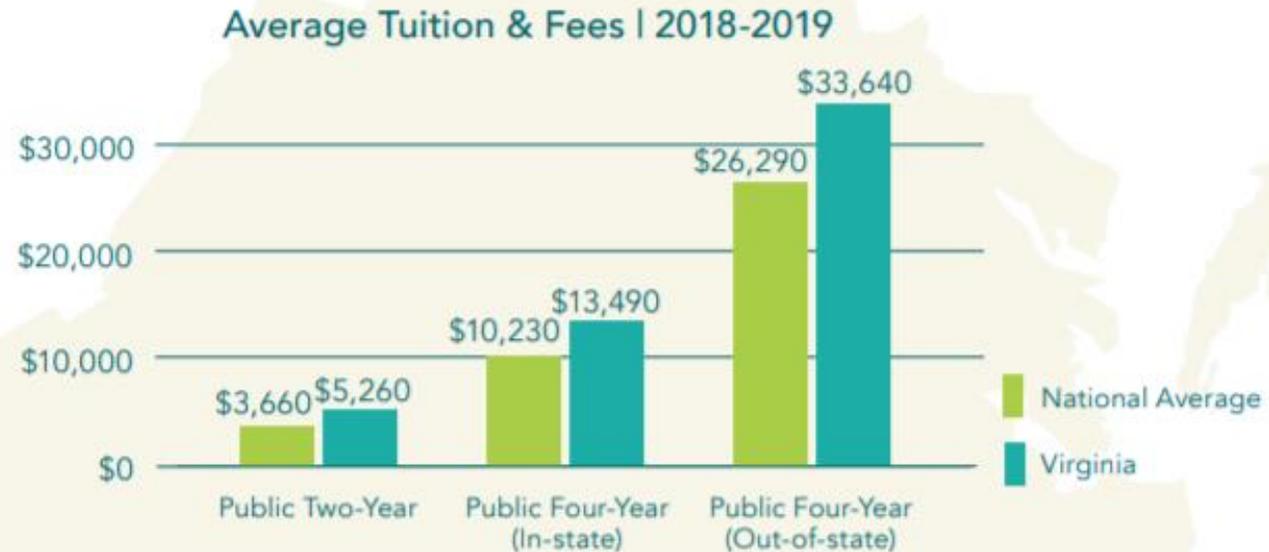
SNAPSHOT: How do Virginia's numbers stack up?

TUITION & FEES

Virginia's institutions of higher education tuition & fees are higher than the national average for students attending public two-year and public four-year institutions.

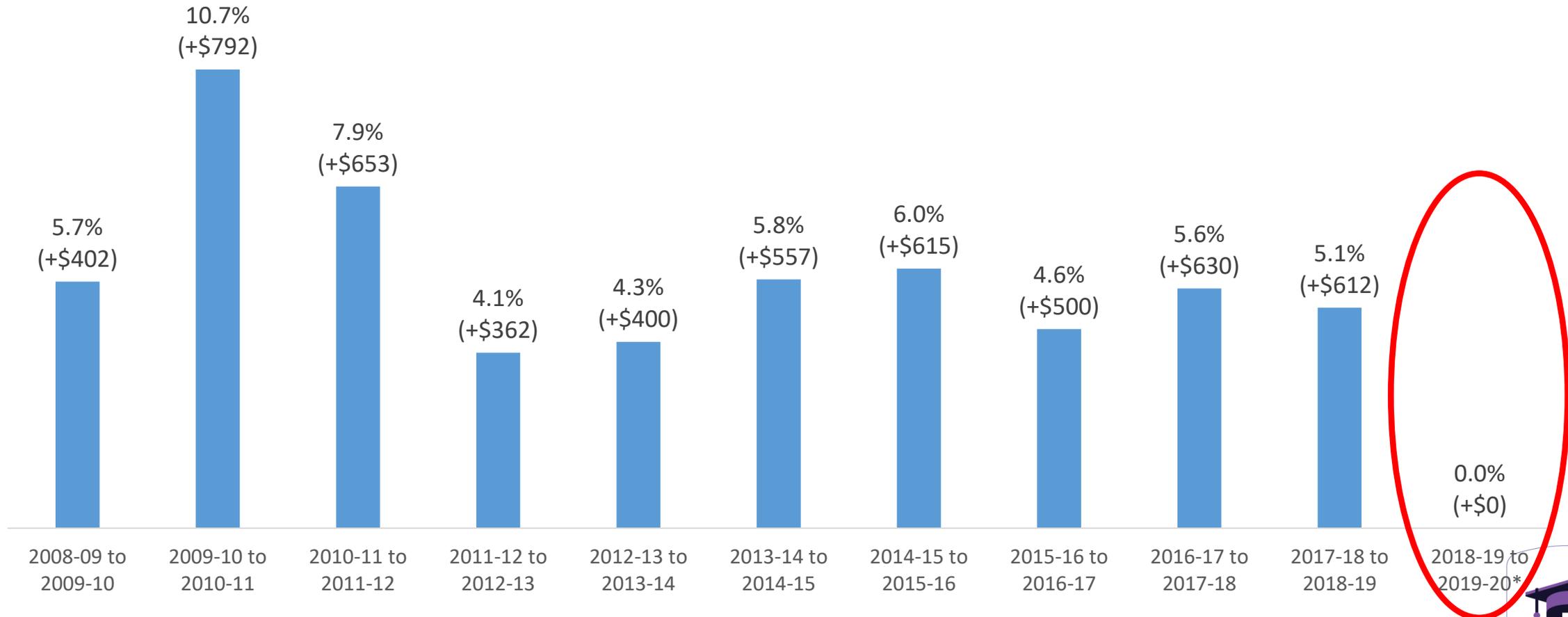
Source: College Board. Trends in College Pricing 2017. Figure 5 and 6. https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing_1.pdf

Source: College Board. Average Published Undergraduate Charges by Sector and by Carnegie Classification, 2017-18. <https://trends.collegeboard.org/college-pricing/figures-tables/average-published-undergraduate-charges-sector-2017-18>



Graphic source: Higher Learning Advocates

**Figure 1. Percent Change in Average Tuition and Mandatory Fees, All VA Public Institutions:
2008-09 to 2009-10 to 2018-19 to 2019-20
(Figures Not Adjusted for Inflation)**



*Assumes all institutions agree to freeze tuition and mandatory fees for 2019-20

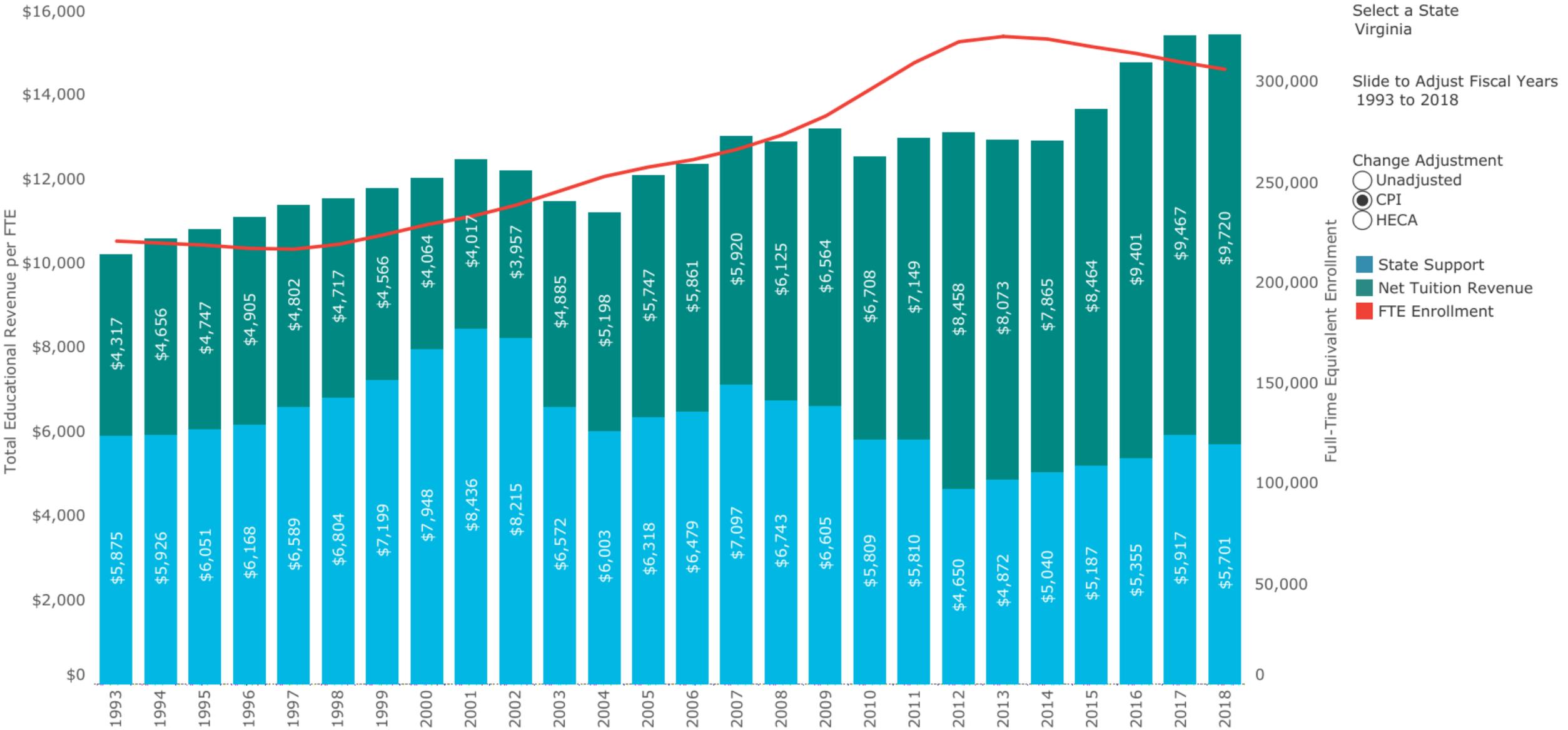
Note: Certain averages weighted by SCHEV

Source: [SCHEV Tuition and Fees Reports](#)



State Wave Charts (1993-2018): *Select a state and alter your adjustment on the right.*

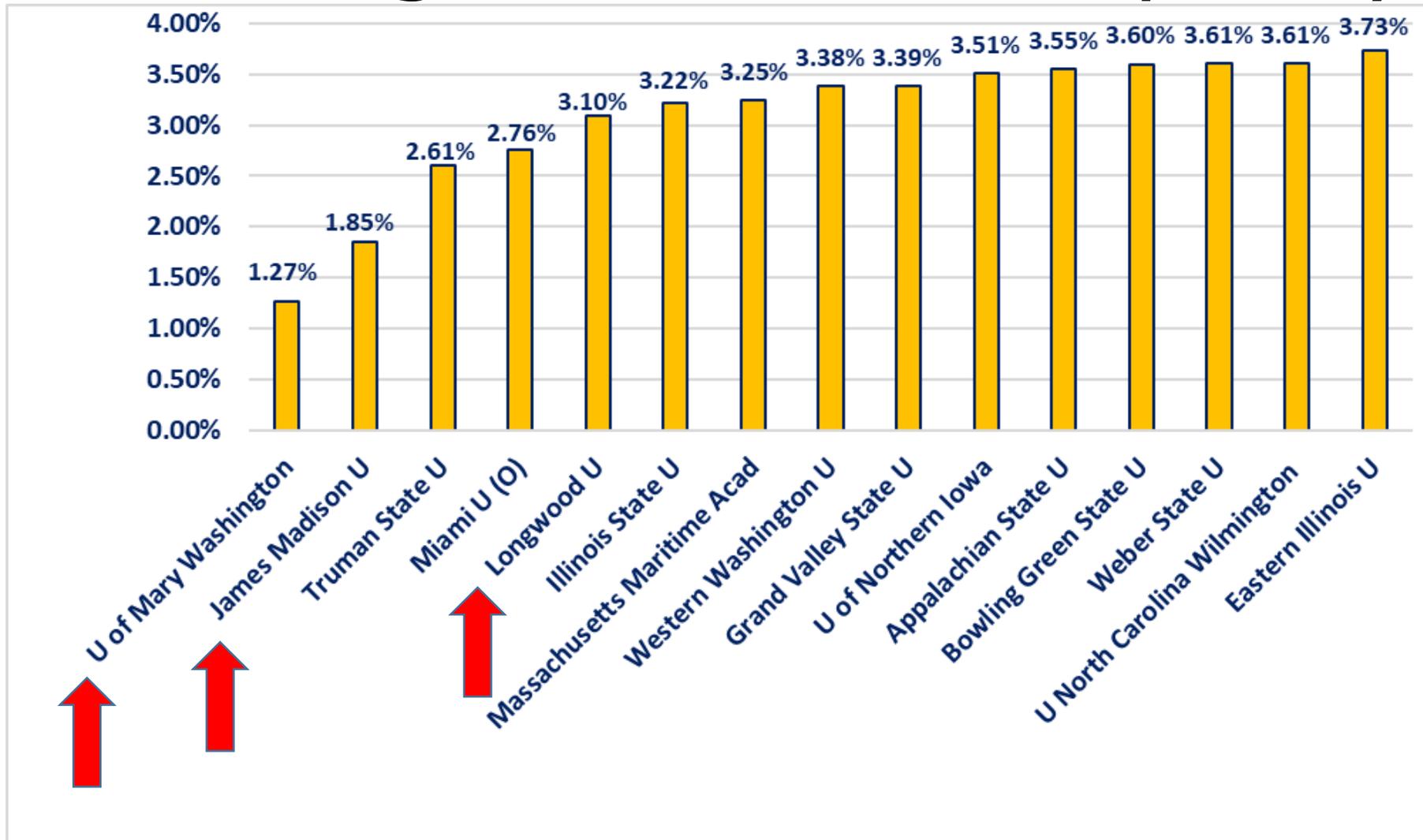
Displays **educational appropriations per FTE (blue bars)**, **net tuition revenue per FTE (green bars)**, and **FTE enrollment (red trend line)** for each state. While the SHEF report itself uses HECA to adjust for inflation, the drop-down menus in this visualization allow users to display unadjusted data or adjust the data using the Consumer Price Index (CPI), a standard inflation measure. These numbers are not adjusted by EMI and COLI.



Tuition as Financial Aid

- Trend toward use of tuition as financial aid is increasing
 - CWM & UVA are approaching 20%
 - UMW & VSU in the mid-teens
 - VCU, NSU, CNU are approaching ten percent
- According to their six-year plans, a significant portion of new incremental FY 19 tuition revenue is earmarked for financial aid for both I/S & O/S undergraduate students
 - ODU – over 17% of both I/S & O/S new revenue
 - UVA – almost 25% of I/S & 10% of O/S
 - VCU – almost 15% of I/S & 10% of O/S
 - CWM – over 50% of I/S and 97% of O/S
 - CNU – almost 17% of I/S and 20% of O/S
 - NSU – almost 51% of I/S
 - VSU – almost 15% of I/S
 - VT – almost 40% of O/S
- Should there be a threshold for the use of tuition as financial aid?
- Should there be a limit on the amount of incremental revenue that can be dedicated to financial aid?

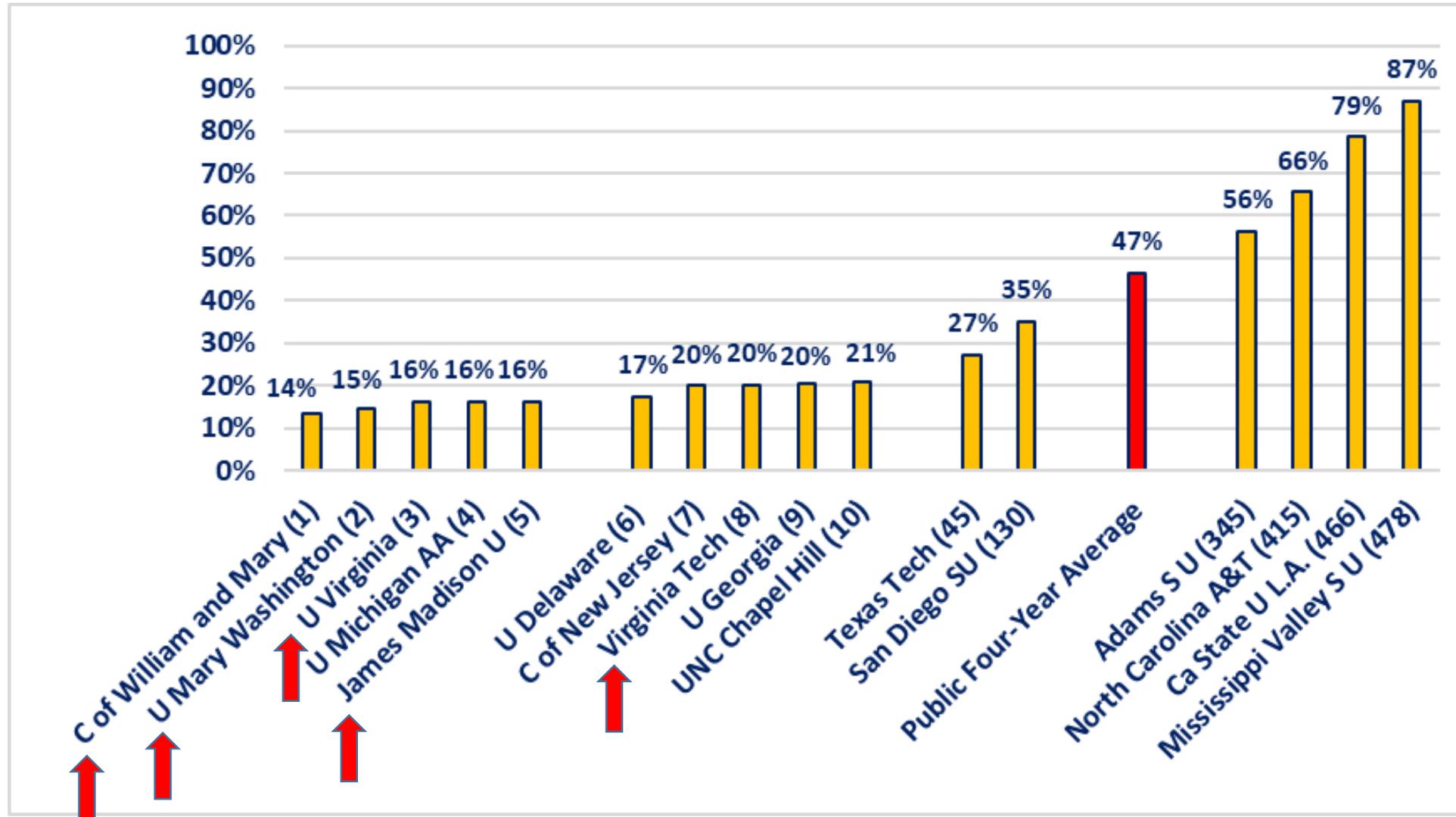
Troubling Economic Inequality



Source data: National Bureau of Economic Research



Students from bottom 60%



Source data: National Bureau of Economic Research



% Pell Eligible

Share of an institution's total undergraduate enrollment made up of students who receive Pell grants

Top	Virginia State University	71%
	Norfolk State University	64%
	Old Dominion University	37%
	University of Virginia College at Wise	35%
Bottom	JMU and CNU	15%
	Virginia Military Institute	13%
	University of Virginia	12%
	College of William & Mary	11%

Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) Student Financial Aid Component (2016-17)



Economic Mobility

Share of an institution's students who moved up two or more income quintiles

Top	Norfolk State University	32%
	Virginia State University	30%
	Old Dominion University	22%
	George Mason University	20%
Bottom	Longwood University	10%
	James Madison University	9%
	College of William and Mary	8%
	University of Mary Washington	8%

Note: Among public 4-year institutions in Virginia

Source: <https://www.nytimes.com/interactive/projects/college-mobility>



Flaws of Virginia's "base" higher education finance system

- Reinforces historical spending patterns
- Rewards institutions that can afford more faculty per student – and higher paid faculty – rather than those who enroll students who need more support
- No financial incentive for affordability
- No financial incentive to enroll low or middle income students



Inequitable
 – or at the
 very least,
 unclear –
 state
 spending
 rationale

Inst	A	B
	Total E & G Spend Per FTE	GF per I/S FTE
CNU	13,461	6,000
CWM	17,038	8,323
GMU	13,557	5,808
JMU	13,744	5,313
LU	12,478	6,178
UMW	14,116	6,524
NSU	15,077	11,338
ODU	11,405	6,667
RU	12,269	5,826
UVA	18,284	9,200
UVAW	13,874	9,762
VCU	15,103	7,394
VMI	19,271	8,326
VT	14,441	7,315
VSU	12,936	10,130

Source: Virginia House Appropriations

Endowments Vary Wildly

Sample of Virginia Institutions FY2018 Endowment Market Values		
Top 4	University of Virginia	\$7B
	Virginia Commonwealth University	\$2B
	Virginia Tech	\$1.1B
	College of William & Mary	\$0.9B
Near Bottom	Virginia State University	\$54.5M
	University of Mary Washington	\$50.6M
	Norfolk State University	\$24.8M
	John Tyler Community College (as example)	\$3.7M

Source: NACUBO

Endowments

NACUBO says institutions with larger endowments tended to report dedicating lower percentages of their endowment spending to financial aid than those with smaller endowments.

Note: NACUBO is National Association of College and University Business Officers



And let's not even talk about
the disparity in institutional
reserve funds...



The University of Virginia even has a reserve greater than state's rainy day fund



FINANCIAL SUMMARY

FISCAL YEAR ENDING JUNE 30, 2018 *(Listed below, in thousands)*

Beginning Balance at 07/01/2017	\$	2,376,961
Investment Income ¹		263,315
Distributions:		
Approved Grants		(75,177)
Near-term Debt Maturities ²		(27,000)
Quasi-endowment Creation ³		(49,778)
Administrative Expenses		(277)
Ending Balance at 06/30/2018	\$	<u>2,488,044</u>

Observations

- There are striking economic disparities across institution student bodies.
- Striking disparities in resources across institutions; those with vast resources have self-perpetuating advantage.
- Some of our most expensive, most resourced institutions enroll the lowest number of low – or even middle – income students.



Observations cont.

- Our state higher education finance system needs to be modernized.
 - Transparent model
 - Incentivizes outcomes in the public interest
- When we say 'what's so excellent about Virginia is our unique brands of our institutions,' we also have to admit it has created economic segregation.



Observations cont.

- Need more permanent fixes to tuition problem
 - “Fund and Freeze” step in right direction
 - Statutory cap to eliminate tuition abuse in poorer appropriations years; floating structure to reward better tuition decisions
- We need a TIME OUT and whole lot more information about the efficacy of premium tuition pricing of some students for the purpose of discounting for other students (institutional financial aid) before allowing this practice to continue.



Observations cont.

- Need to begin getting at the underlying problem of costs through mandatory reporting of program-level costs, and we also need to examine outlandish public salaries.

