

Joint Subcommittee Studying Ways in which the Commonwealth May Work More Closely with Virginia's Private, Nonprofit Colleges to Meet State Higher Education Needs

HJR 91

Pursuant to House Joint Resolution 91 (2008), the Joint Subcommittee Studying Ways in which the Commonwealth May Work More Closely with Virginia's Private, Nonprofit Colleges to Meet State Higher Education Needs held its first meeting on June 26, 2009 in Richmond. Delegate Hamilton, the subcommittee's chairman, called the meeting to order. Because the position of Vice-Chairman had become vacant, a new election was held, and Senator Ruff was elected.

Speakers

The first presentation was a review of last year's activities by subcommittee staff. After a brief review of the joint resolution and the subcommittee's charges, staff reviewed last year's presentations by the State Council for Higher Education in Virginia, detailing current enrollment trends and projections for the future, as well as a history of the Tuition Assistance Grant program. Also, Robert Lambeth, President of the Council of Independent Colleges in Virginia (CICV) spoke about the valuable role that private institutions play in the higher education system and how additional state assistance would benefit Virginia families.

At the second meeting in 2008, the subcommittee delved into the subject of financing capital projects in more detail. Two private college officials came to discuss their experiences in financing such projects without state assistance. Both Paul Baker, Vice President for College Relations and Administration at Hampden-Sydney College and Robert Lindgren, President of Randolph-Macon College spoke about the difficulty in raising private funds sufficient to finance capital projects. Robert Lambeth also spoke at this meeting, providing the joint subcommittee with an overview of publicly supported programs for private institutions in other states. Mr. Lambeth pointed out that Virginia is currently one of only 11 states that do not offer a state sponsored student loan program. Members were interested to learn this, and it was eventually added to the list of topics to be discussed this year.

The next presentation was a higher education budget overview provided by Tony Maggio, House Appropriations Staff. Mr. Maggio explained that higher education funding is divided into three different categories, with educational and general programs being the category most often talked about. This category includes instruction, research, and public service programs. He then gave an overview of how state funding for higher education has fluctuated over the years, depending on the economic state of the Commonwealth. He also explained that while the Joint Subcommittee for Higher Education Funding Policies was established to develop funding guidelines for public colleges and universities in 1998, because of budget reduction requirements, the

guidelines were not actually used until the 2004 session. These guidelines are intended to provide an objective analysis tool for higher education funding. He also gave a brief history of TAG funding, which has increased from 59% of the general fund support (per full-time enrollment) for students in four-year public institutions of higher education in 1993, to 82% in 2009.

Next, the joint subcommittee heard from Manju Ganeriwala, the State Treasurer, regarding the Virginia College Building Authority. Ms. Ganeriwala first gave an overview of the history and legal structure of the Authority, with particular emphasis on the Private College Program. This program allows the Authority to act as a conduit issuer, in order to give private, non-profit institutions access to the tax-exempt bond market. The bonds issued through this program are in no way considered obligations of the Commonwealth. She then walked the subcommittee through the application process. Finally, she provided the joint subcommittee with information on current outstanding bonds, totaling over \$560 million.

Next, staff gave an historical overview of the Virginia Education Loan Program, or VELA. This program was started in 1972, in order to help Virginia students fill in any gaps in funding after existing federal resources were exhausted. In 1992 VELA was combined with the State Education Assistance Authority, the state's guarantee agency, to comprise the Virginia Student Assistance Authorities. The two authorities were governed by a single board of directors, but maintained separate fund accounting. In 1995, legislation was passed directing VELA to liquidate its assets; after a final sale in 1997 to Sallie Mae, \$64 million was deposited into the General Fund.

The final presentation of the day was given by Robert Lambeth, President of CICV. Mr. Lambeth reiterated the importance of private institutions in education Virginia's citizens. He emphasized the cost-savings to the Commonwealth of educating students in private institutions of higher education rather than public. And he again asked the subcommittee to consider successful programs for funding private institutions in place in other states. He asked the subcommittee to consider three separate issues in its remaining meetings: first, he asked for an increase in TAG funding, in order to attract more students to private institutions; second, he asked the subcommittee to utilize the Commonwealth's authority to contract with private institutions to provide education in specific areas at a lower cost; and third, he asked that they consider reinstating the state-run student loan program.

Future meetings

After discussion by subcommittee members, the chair asked the next meeting focus on a review of existing funding programs in other states and more information on Virginia's former student loan program. He also asked for more information on creative ways to help fund our private institutions of higher education. The chairman then reminded subcommittee members that the second meeting was scheduled for August 17, 2009 at 1:00.

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Study website: <http://dls.state.va.us/nonprofitedu.htm>