



# Policy Brief

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## **Perspectives on Important Issues in Virginia Higher Education: An Interview with Senator John Chichester and Delegate Paul Council**

This report marks the fourth in a series of policy briefs issued by the Educational Policy Institute (EPI) of Virginia Tech. Regular readers of this publication will note that this issue represents a departure from its typical format. Instead of highlighting policy research on an important topic pertaining to Virginia education, this issue summarizes the thoughts of two of Virginia's most influential legislators on several important higher education issues.

Steve Janosik posed four broad questions to both legislators and edited their responses in this Policy Brief. The questions concerned funding mechanisms for Virginia higher education, state support for capital outlay, student financial aid, and college costs. The interviews were conducted separately by phone and in person. Each respondent was given the opportunity to review his remarks before they were published. Interview questions have been reproduced at the beginning of each section. The order of the first response was determined by coin toss. Subsequent responses were alternated.

Senator John Chichester, among other assignments, currently serves as the President pro tempore of the Senate, Chairman of the Senate Finance Committee, Co-chairman of the Joint Subcommittee on Higher Education Funding Policy, and a member of the Education and Health Committee. He has served in the Senate since 1978. Delegate Paul Council has served his district since 1974. Among other assignments, he currently serves as a member of the House Appropriation Committee, Co-Chairman of the House Education Committee, and Chairman of the Higher Education Subcommittee.

EPI wishes to thank Senator Chichester and Delegate Council for their willingness to share their thoughts with us.

Don G. Creamer  
Executive Director  
Educational Policy Institute of Virginia Tech  
308 East Eggleston Hall  
Blacksburg, Virginia 24061



VIRGINIA POLYTECHNIC INSTITUTE  
AND STATE UNIVERSITY

**Perspectives on Important Issues in Virginia  
Higher Education: An Interview with  
Senator John Chichester and  
Delegate Paul Councill**

**By Steven M. Janosik**

**EPI:** Finding a way to provide more consistent funding for public higher education has been a goal for several years. The Chichester Report (SJR139), the State Council of Higher Education with its work on the performance block grants, Governor Gilmore's Blue Ribbon Commission with its recommendation on Institutional Performance Agreements (IPAs), and the Joint Subcommittee on Higher Education Funding view this as a priority. What progress do you think was made on this issue during the General Session?

**Chichester:** Since moving away from Appendix M, the funding formula used in the late 1980s, we have been funding higher education incrementally on what we have believed to be an appropriate funding base. The fact is that we don't know enough about higher education to use a zero-base budgeting approach. That's why we established the Joint Subcommittee on Higher Education Funding. We want to know more about what an appropriate level of funding is. A preliminary report has only just been received. I imagine that we will know more about appropriate funding levels by late summer or early fall.

But funding higher education has always been somewhat of a dilemma. It is easy for some to say, "We spend too much money on higher education." Others can say, "We don't spend enough." It's hard to know which statement is true, since we can't prove what we are doing is correct. That's why we need this funding study. It won't be the end all or the final answer but it will give us a better understanding of what it takes to fund higher education on some rational basis.

With respect to IPAs, some of the proposed agreements may have merit. I remain unconvinced that every institution is ready for this approach, however. And even if IPAs are

developed, a six-year agreement may be worthless if a downturn in the economy makes supporting an agreement impossible. What I am sure of is that we must cover the basics before we consider an IPA and I think the budget document that we passed in this General Session says that pretty clearly.

Certainly, I like the idea of a block appropriation that would give an institution a great deal of autonomy in exchange for enrolling a certain percentage of in-state students and holding fees to a certain level. Then, the General Assembly could simply walk away knowing that everything would run smoothly for a two-year budget cycle but we are a long way from that day. If we knew more about appropriate base funding and had a much stronger long range planning process in place, we could get closer to that goal.

**Councill:** We all recognize the importance of fair and consistent funding for higher education, which is one of the reasons the General Assembly is working so closely with colleges and universities to develop new operating budget funding guidelines. With new funding guidelines in place, both the General Assembly and the colleges and universities will know what it costs, on an on-going basis to maintain a high quality system of higher education. In addition, there will be opportunities for strategic investments above and beyond base funding to help address important statewide or institutional objectives. Of course, the ups and downs of state revenues make it impossible to guarantee future funding for higher education, but the new guidelines will mark the path to fair and consistent funding and give us the tools to measure our progress.

**EPI:** Increasing enrollments and aging physical plants at our public colleges and universities create great pressures on capital outlay, the need to build new facilities, and the need to maintain existing buildings. The Virginia Business Higher Education Council suggests that we continue to lose ground on this issue and that a much greater investment in this area needs to be made. What's your view?

**Council:** The Virginia Business Higher Education Council correctly points out the importance of funding for enrollment growth and new educational facilities. Unfortunately, we have not been able recently to put together a comprehensive capital outlay program for higher education and have had to use sparse general fund appropriations for only a few of the highest priority projects. Still, the General Assembly remains committed to providing first-class educational and research facilities at our public colleges and universities and finding a way to address the \$250 million in new capital projects for which planning or design work already has occurred. Facilities maintenance also remains a high priority, and the 2000 General Assembly added \$16 million to the maintenance reserve program for higher education. We also appropriated \$200,000 for a consultant to help us assess the total need for facilities maintenance across the Commonwealth.

**Chichester:** Clearly when your economy is robust and when you realize a three billion dollar surplus in a biennium, some of that money ought to be used for capital outlay. In such times, using cash for one-time expenditures makes much more sense than using debt. I think a percentage of our growth ought to be dedicated to capital. When the economy is weaker, we should consider borrowing so that we can make continual progress on capital projects.

In addition, I would like to see the Executive branch include in its annual budget a long-range plan for capital expenditures -- both new facilities and renovations.

The keys are good long-range planning, the discipline to stick with a plan, and a commitment to make some progress every year. Otherwise, you get behind. Unfortunately, we do a very poor job of long-range planning and that hurts everyone. We need to do a much better job in this area. As difficult as it is, elected officials must look beyond the next biennium or the next election cycle.

**EPI:** Traditionally, the General Assembly has aspired to fund 50% of the unmet student financial need for its resident college students. This past year, SCHEV developed a new approach to fund "true" need. And of course, there is an increasing debate on whether student aid should be need-based or merit-based. What is your view and which direction do you think Virginia will head? Was any progress made in this area in the Session just past?

**Chichester:** I can give you a good argument for both. The real answer lies in how Virginia defines its role in helping students access higher education. We've all seen a number of new aid proposals come through the General Assembly. Some of these proposals require students to maintain a minimum grade point average to remain eligible for student financial aid. The Hope Scholarship Program in Georgia comes immediately to mind. Some of my colleagues have suggested that we dedicate the lottery proceeds to fund such a program here in Virginia. That kind of thing concerns me a great deal. I am concerned about that student who makes one C or can't keep a certain grade point average for a semester. Where does the pressure come -- to the student or to the faculty member? Is it appropriate? I don't want a student's eligibility to come down to a single grade in a single course.

I would be willing to consider proposals on merit-based aid but right now I prefer a need-based approach. We are very close to reaching our goal of funding 50 percent of unmet need and that will go a long way to helping many Virginian students attend college.

**Council:** The General Assembly increased undergraduate need-based student financial aid by \$2,000,000, which brings the total appropriation up to \$63 million for 2000-01. Still, we are able to meet only about 42 percent of need. As a first priority, we need to continue to move toward our traditional goal of meeting 50 percent of need. After we meet this goal, which will require roughly \$15 million a year, we will be in a better position to consider other financial aid programs.

**EPI:** Holding college costs down and capping tuition and mandatory E&G fees to ensure access by Virginia residents to our system of public higher education has been an important part of higher education policy developed by the Governor and the General Assembly for the past several years. Many suggest that Virginia should do more to reduce the cost to Virginia parents and students. What kind of commitment did the General Assembly make this year?

**Councill:** Because of our steadfastness in using state general fund appropriations to minimize tuition and fee increases for in-state undergraduate students, the cost of higher education to students and their parents is as low today as it was in 1990. Through limits on tuition and fee increases, substantial increases in need-based student financial aid, and judicious cost controls by the colleges themselves, the Commonwealth has ensured broad access to a superior system of higher education. The 2000 General Assembly underscored this commitment by appropriating state general fund support for high-priority initiatives and by re-stating the Commonwealth's policy that in-state undergraduate students pay no more than 25 percent of the total cost of their education.

**Chichester:** I think it has been important to hold costs down, especially in light of what happened in the last recession when college costs rose by almost 14 percent a year in the

early 1990s. But to use an analogy, I think it is always better to allow the "boats to rise with the tide." With respect to college costs, when people are employed and when the economy is strong, everyone can probably afford to pay a little more. We could be making significant progress on several issues such as faculty salaries and student financial aid if we were creating a slightly larger revenue stream for higher education. I hate to see us miss a forgone opportunity by freezing tuition over an extended period of time.

My concern is that when we hit another recession that requires that us to take the tuition cap off and allow tuition and other mandatory E&G fees to rise rapidly, as we did in the 1990s, you create a need for increased student financial aid at a time when you can least afford it. Failing to respond to that need means those with the fewest financial resources get hurt the most.

Freezes sound great and certainly the parents who have students in college love them but there are bigger issues such as access and the overall health of the higher education system. It is easy for politicians to do the popular thing but leading requires vision and that's a whole other matter.

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