

Estimated Impact of New 9(d) Debt on Student Fees and Financial Aid Need

2008-10 Biennium

Chapter 781, 2009 Virginia Acts of Assembly requires that the State Council of Higher Education receive Financial Feasibility Studies from public institutions of higher education for each capital outlay request submitted for the 2008-10 Biennium whose funding consists in whole, or in part, of debt authorized under Article X, Section 9 (d), of the Constitution of Virginia.

This provision is set forth in §4-4.01.j.2:

By August 15 of each year, institutions shall also prepare and submit copies of financial feasibility studies to the State Council of Higher Education for Virginia for 9(d) obligations where debt service is expected to be paid from project revenues or revenues of the institution. The State Council of Higher Education shall identify the impact of all projects requested by the institutions of higher education, and as described in § 4-4.01 j.1. of this act, on the current and projected cost to students in institutions of higher education and the impact of the project on the institution's need for student financial assistance. The State Council of Higher Education for Virginia shall report such information to the Secretary of Finance and the Chairmen of the House Appropriations and Senate Finance Committees no later than October 1 of each year.

In accordance with this provision, SCHEV has reviewed financial feasibility studies related to twenty-six projects requested by six senior institutions and one community college for the 2008-10 Biennium. The results are presented below in Table 1.

A variety of funding sources have been identified by the institutions as providing the incremental revenues required to support the debt service and operating costs associated with these projects. The three primary sources are: 1) increases in required student fees, 2) user fees associated the project, and 3) other institutional fees such as indirect cost recoveries and/or gifts. This report provides a summary table which displays the requesting institution, the name of the project, the amount of debt requested and the major revenue source for debt service and operating costs. Further, it also displays the current level of required fees at the respective institution, the estimated dollar increase in those fees necessary to support the project, if any, and the percent increase this represents. Finally, the table displays the estimated impact of the fee increases on the institutions' overall financial aid need as calculated using SCHEV's financial aid guidelines.

Among the twenty-six project requests, totaling \$227,140,840, eleven are financed, in whole or in part, by student fee increases. Consistent with our previous reports, we hope you find the information contained herein a valuable tool to assess the overall impact on the affordability and accessibility of the Commonwealth's institutions of higher education that these fee increases may have.

Table 1

SCHEV - Estimated Impact of New 9(d) Debt on Student Fees and Financial Aid Need - 2010-12 Biennium							
Institution	Project	Debt Amount	Major Revenue Sources	2009-10 Student Fees	Student Fee Increase to Support this Project	Percent Increase	Financial Aid Need Increase
College of William and Mary	Construct Ash Lawn Barn	\$800,000	User Fees	\$4,317.00	\$0.00	0.00%	
College of William and Mary	Improve Athletic Facilities	\$6,500,000	Student Activity Fee Increase	\$4,317.00	\$70.00	1.62%	\$33,178
College of William and Mary	Cooling Plant and Util Imp Phase III	\$6,500,000	Student Activity Fee Increase	\$4,317.00	\$107.00	2.48%	\$50,652
	Subtotal	\$13,800,000		\$4,317.00	\$177.00	4.10%	\$83,830
George Mason University	Belmont Bay Science Center Parking	\$7,000,000	User Fees	\$2,184.00	\$0.00	0.00%	
George Mason University	Student Union I Addition Supplement	\$2,400,000	Student Activity Fee Increase	\$2,184.00	\$10.00	0.46%	\$31,997
George Mason University	P.W. Bull Run Hall IIIB Parking	\$1,000,000	User Fees	\$2,184.00	\$0.00	0.00%	
George Mason University	P.W. Campus Entrances	\$1,211,000	User Fees	\$2,184.00	\$0.00	0.00%	
George Mason University	Krasnow Addition Phase II Equipment	\$307,000	Indirect Cost Recoveries	\$2,184.00	\$0.00	0.00%	
George Mason University	King Hall Addition and Renovation	\$6,250,000	Indirect Cost Recoveries	\$2,184.00	\$0.00	0.00%	
George Mason University	Fairfax Research I Renovation	\$1,349,000	Indirect Cost Recoveries	\$2,184.00	\$0.00	0.00%	
George Mason University	Fairfax Fieldhouse Renovation	\$9,186,000	Student Activity Fee Increase	\$2,184.00	\$39.00	1.79%	\$120,839
George Mason University	Academic VII/Research III - Phase I	\$10,500,000	Indirect Cost Recoveries	\$2,184.00	\$0.00	0.00%	
George Mason University	Fairfax Concert Hall Renovation	\$41,064,000	Annual Private Fund Raising	\$2,184.00	\$0.00	0.00%	
George Mason University	Fairfax Campus Entrances	\$8,547,000	User Fees	\$2,184.00	\$0.00	0.00%	
George Mason University	Fairfax Aquatic Center Renovation	\$2,526,000	Student Activity Fee Increase	\$2,184.00	\$16.00	0.73%	\$49,970
	Subtotal	\$91,340,000		\$2,184.00	\$65.00	2.98%	\$202,806
James Madison University	Acquisition: Grace Street Property	\$9,000,000	Reallocation of Existing Funds	\$3,510.00	\$0.00	0.00%	
James Madison University	Student Health Center	\$7,000,000	Student Activity Fee Increase	\$3,510.00	\$63.00	1.79%	\$103,567
James Madison University	West Wing Hospital Reno - Dining	\$6,000,000	User Fees	\$3,510.00	\$0.00	0.00%	
	Subtotal	\$22,000,000		\$3,510.00	\$63.00	1.79%	\$103,567
Longwood University	Additional Biomass Boiler	\$2,826,000	Student Activity Fee Increase	\$4,200.00	\$30.00	0.71%	\$24,748
Longwood University	Property Acquisition for Renewable Fuel Supply	\$8,330,000	Student Activity Fee Increase	\$4,200.00	\$90.00	2.14%	\$74,283
Longwood University	University Center	\$15,000,000	Student Activity Fee Increase	\$4,200.00	\$510.00	12.14%	\$422,498
	Subtotal	\$26,156,000		\$4,200.00	\$630.00	15.00%	\$521,529
Virginia Commonwealth University	Renovate Sanger Hall Phase II	\$6,755,000	Facilities Admin Cost Recovery	\$1,864.00	\$0.00	0.00%	

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Institution	Project	Debt Amount	Major Revenue Sources	2009-10 Student Fees	Student Fee Increase to Support this Project	Percent Increase	Financial Aid Need Increase
Virginia Tech	Chiller Plant, Phase I	\$8,040,000	Increase in student activity fee and user fees	\$1,365.00	\$9.00	0.66%	\$24,206
Virginia Tech	Engineering Signature Building	\$49,957,000	Private Gifts and Indirect Cost Recoveries	\$1,365.00	\$0.00	0.00%	
Virginia Tech	Vet Med Instruction Addition	\$1,400,000	Capitation Fee from U. Md.	\$1,365.00	\$0.00	0.00%	
Subtotal		\$59,397,000		\$1,365.00	\$9.00		\$24,206
Va Western Community College	Renovation of Campus Student Life Center	\$7,692,840	Student Activity Fee Increase	\$257.70	\$180.00	69.85%	\$221,667
Total		\$227,140,840					\$1,157,605

Please note: Per credit hour rates have been converted @ 30:1 per full-time equivalent student.

Please note: Includes projects for which Financial Feasibility Study was received by SCHEV.