

## **Financial Feasibility Study**

Colleges and universities in Virginia are required to submit Financial Feasibility Studies to SCHEV and/or the State Treasurer for projects where debt service is to be paid from student fees or other institutional funds. The language in the Act is shown below.

### **§ 4-4.01 GENERAL**

i. Capital Projects Financed with Bonds: Capital projects proposed to be financed with (i) 9 (c) general obligation bonds or (ii) 9(d) obligations where debt service is expected to be paid from project revenues or revenues of the agency or institution, shall be reviewed as follows:

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 i.2. 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.

Financial Feasibility Studies (FFS) are comprehensive debt-financed capital outlay project evaluation instruments. Financial Feasibility Studies allow the borrowing institution to provide a complete description of the projects for which state-sponsored debt is being requested and to provide detailed information on the anticipated costs associated with the project and on the sources and uses of funds associated with the project. Part 1 of the instrument consists of four sections; General Information, Cost Information, Revenue Information and General Financial Condition. Part 2 consists of Cost, Revenue and Net Revenues/Coverage spreadsheets.

Under current law, for each applicable project, SCHEV is responsible for receiving FFSs from the institutions, determining the cost to students, estimating the impact of the project on the institution's need for student financial aid, and reporting its findings to the Secretary of Finance and to the money committee chairmen. Currently, SCHEV's findings are transmitted simply as an information item. They do not constitute a recommendation of the Council.

The new 9(d) debt amount for projects in FY2026-2027 is \$133,060,818 million creating an increased financial aid need of \$737,409 to support increases in mandatory non-E&G fees.



SCHEV - Estimated Impact of New 9(d) Debt on Student Fees and Financial Aid Need - 2026-2027									
Fiscal Year	Institution	Project	Debt Amount	Major Revenue Sources	Current Mandatory Non-E&G Fees	Increase in Mandatory Non-E&G Fees	New Mandatory Non-E&G Fee	Percent Increase	Increase in Financial Aid Need
2026	LU	System and infrastructure needs- 5 auxiliary buildings	\$9,461,006	Use of Auxiliary Funds	\$7,290	N/A	N/A	N/A	N/A
	<b>Subtotal</b>		<b>\$9,461,006</b>						
2026	JMU	Parking Deck	\$20,000,000	Use of Auxiliary Funds/Parking Permits	\$5,988	\$0*	N/A	N/A	N/A
2026	JMU	Festival Renovation & Addition	\$28,840,000	Student Fees	\$5,988	\$99	\$6,087	1.7%	\$534,943
	<b>Subtotal</b>		<b>\$48,840,000</b>						
2026	VMI	Construct Center for Leadership and Ethics Facility, Phase II and Parking Structure	\$11,379,812	Student Fees	\$10,998	\$516	\$11,514	4.7%	\$202,466
	<b>Subtotal</b>		<b>\$11,379,812</b>						
2026	VT	Building Envelope Project- Building Exteriors of four doors	\$25,880,000	Nongeneral fund/private cash	\$2,870	N/A	N/A	N/A	N/A
2026	VT	Business Building	\$37,500,000	Nongeneral fund/private cash	\$2,870	N/A	N/A	N/A	N/A
	<b>Subtotal</b>		<b>\$63,380,000</b>						
	<b>Total</b>		<b>\$133,060,818</b>						<b>\$737,409</b>

\* Students choosing to purchase a parking permit will be assessed an additional \$30 fee.