

2016-18 Executive Progress Report

Commonwealth of Virginia
Secretary of Education

State Council of Higher Education for Virginia

At A Glance

The State Council of Higher Education for Virginia (SCHEV) advocates and promotes the development and operation of an educationally and economically sound, vigorous, progressive, and coordinated system of higher education and leads state-level strategic planning and policy development and implementation based on research and analysis.

Staffing 42 Salaried Employees, 0 Contracted Employees, 62 Authorized, and 11 Wage Employees.

Financials Budget FY 2017, \$98.28 million, 92.63% from the General Fund.

Trends Legend ↑ Increase, ↓ Decrease, → Steady

Key Perf Areas

- ↑ State Funds for Financial Aid
- ↑ Scorecards for Workforce Credentials
- ↑ On-time Degree Completion

Productivity Legend ↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

The State Council of Higher Education for Virginia (SCHEV) is the Commonwealth's coordinating body for higher (postsecondary) education. Its statutory mission is "to advocate and promote the development and operation of an educationally and economically sound, vigorous, progressive, and coordinated system of higher education in the Commonwealth of Virginia and to lead state-level strategic planning and policy development and implementation based on research and analysis." The Council is comprised of 13 gubernatorial appointees, including at least one former public college/university president, one school superintendent at the state or local level and the president of the Virginia Economic Development Partnership, who serves as an ex officio voting member. Its staff, the state agency known as SCHEV, assists the Council in fulfilling its mission. Together the Council and SCHEV staff seek to be catalysts for greater access, affordability, quality, and accountability throughout Virginia's excellent system of public and private colleges and universities.

Major Products and Services

As a coordinating body, SCHEV serves as a reliable source of accurate data, objective information, and policy expertise to elected and appointed officials, students, families, colleges and universities, media, and the public. SCHEV's statutory authorities and responsibilities include:

- ○ Development of a statewide strategic plan for higher education at least every six years (the current plan was approved in fall 2014);
- Policy guidance and recommendations to the Governor and General Assembly regarding capital and operating budget planning, faculty salaries, college/university equipment and technology needs, performance and innovation incentive funding, and financial aid;
- Certification of public institutions' performance on various education-related state goals and measures;
- Oversight of the Commonwealth's need-based and non-need-based student financial aid programs;
- Approval of various academic matters at public colleges/universities, such as new mission statements, degree levels, degree programs, and certain organizational changes;
- Review and potential discontinuance of public-institution degree programs deemed to be unproductive and/or unnecessarily duplicative;
- Review and approval of public and private institutions' enrollment projections and degree estimates;
- Administration of the Virginia Longitudinal Data System;
- Provision of educational training programs for new appointees to public institutions' governing boards;
- Provision of advisory services to private, nonprofit institutions;
- Regulation of proprietary and out-of-state postsecondary entities that seek to begin or continue operating in Virginia;
- Administration of various federal grants; and
- Staff support to the Virginia Research Investment Committee and the Virginia Research Investment Fund (effective January 1, 2018, development of the Commonwealth Research and Technology Strategic Roadmap).

Customers

Customer Summary

The primary constituents of the State Council of Higher Education for Virginia are the Governor and executive-branch agencies, the General Assembly and its committees' staff, current and prospective students (and their families), colleges and universities, business and industry, the media, and the general citizenry.

Customer Table

| Predefined Group | User Defined Group | Number Served Annually | Potential Number of Annual Customers | Projected Customer Trend |
|-------------------------------|-------------------------------------|------------------------|--------------------------------------|--------------------------|
| Higher Education Students | Students | 550,000 | 656,000 | Stable |
| General Assembly | Governor and General Assembly | 141 | 141 | Stable |
| Higher Education Institutions | Public Colleges and Universities | 17 | 17 | Stable |
| Organization | Non-public Institutions and Schools | 296 | 296 | Stable |
| State Agency(s), | Council Members | 13 | 13 | Stable |
| Taxpayer | Taxpayers and Citizens | 8,300,000 | 8,300,000 | Increase |

Finance

Financial Summary

The fiscal-year (FY) 2017 budget appropriation to the State Council of Higher Education totals approximately \$98.3 million; however, only about \$5.56 million (5.7 percent) of that amount is appropriated for the agency operating budget. The majority of the SCHEV appropriation (about \$92.74 million) is for either direct student financial assistance (about \$77.3 million) or external programs whose funding passes through the SCHEV budget, such as the Virtual Library of Virginia.

Fund Sources

| Fund Code | Fund Name | FY 2017 | FY 2018 |
|-----------|---|--------------|--------------|
| 0100 | General Fund | \$91,038,468 | \$93,519,193 |
| 0200 | Special | \$1,026,064 | \$1,026,122 |
| 0268 | Outstanding Faculty Recognition Program | \$75,000 | \$75,000 |
| 1000 | Federal Trust | \$5,440,426 | \$5,440,426 |

Revenue Summary

SCHEV regulates proprietary and out-of-state postsecondary entities. This statutorily-mandated oversight is conducted as a self-supporting, fee-based operation funded through the fees that entities pay in the initial certification-to-operate process and annually thereafter. These fees are approximately \$1 million in FY2017. The agency also receives a restricted donation of \$75,000 annually from the Dominion Foundation to support the Virginia Outstanding Faculty Awards program. SCHEV also administers multiple federal grants. As described above, the majority of agency funds designated as revenues are dedicated/restricted for specific uses and cannot be expended for other purposes.

Performance

Performance Highlights

The Council and its staff perform excellently SCHEV's responsibilities for: (a) developing calculations and recommendations regarding significant components of the higher education system; and (b) transmitting this mandated information in a useful and timely manner to the Governor and General Assembly. The agency performs similarly well in its responsibilities to project accurately future student enrollment and degree production and to advocate for funds for student financial aid and assistance.

Selected Measures

| Measure ID | Measure | Alternative Name | Estimated Trend |
|------------------|--|--|-----------------|
| 24510810.001.001 | Amount of annual allocation of state funds for student financial aid. | State Funds for Financial Aid | Improving |
| 24511104.002.002 | On-time (by November 1) transmission of budget recommendations to the Governor and General Assembly. | Budget Recommendations | Maintaining |
| 24511104.003.001 | Percent of enrollment projections that are accurate. | Accurate Projecting of Enrollment Numbers | Maintaining |
| 24511104.005.003 | Percent of vendor invoices paid on or before the "required payment due date" (as defined in Virginia's Prompt Payment Statutes) annually. | Prompt Payment of Invoices | Improving |
| 245.0002 | Number of economic-opportunity scorecards for non-degree workforce credentials developed. | Scorecards for Workforce Credentials | Improving |
| 245.0003 | Number of students who complete their credentials on-time. | On-time Degree Completion | Improving |
| 24511104.001.001 | Number of public institutions of higher education certified by SCHEV as having met all education-related, financial and administrative performance targets as defined in the Higher Education Opportunity Act and the Appropriation Act. | Achievement of Institutional Performance Standards | Maintaining |
| 245.0001 | Percent of institutions' aggregated degree estimates that are accurate. | Accuracy of Degree Estimates | Improving |
| 24511104.001.002 | On-time (by November 1) transmission of "cost of education" calculations to the Governor, General Assembly, and public colleges and universities. | Cost-of-education Calculation | Maintaining |

Key Risk Factors

The key risk factors most likely to impact the agency over the next four years are factors related to funding, workload and staffing, and to the interplay of the three. Multiple budget cuts over the past decade have reduced significantly the agency's operating budget, thereby impacted the agency's ability to procure supplies, materials, and equipment; to fund staff professional development and work-related travel; and to contract for certain services. The efforts of the Council and its staff are complicated by a changing and growing agency workload. The number and complexity of the agency's legislatively-mandated responsibilities expanded in recent years, often without a corresponding increase in staffing. The agency's full-time workforce has grown by only three since January 2012. Moreover, almost half (44 percent) of current full-time employees joined the agency between January 2012 and May 2017. As a result, the Council and its staff continue to explore ways to focus agency human and fiscal resources more strategically in an effort to mitigate current and future risks. The statewide strategic plan, *The Virginia Plan for Higher Education*, serves as a guide for this strategic re-focusing.

Agency Statistics

Statistics Summary

The following statistics provide insight into the variety and magnitude of agency activities in academic year 2016-17.

Statistics Table

| Description | Value |
|--|--------|
| Number of students receiving need-based financial aid (2015-16 academic year) | 69,144 |
| Number of public institutions certified for meeting all education-related goals (max=17) | 17 |
| Number of Virginians receiving grants to attend in-state private, nonprofit institutions (2015-16) | 22,924 |
| Number of proprietary and non-Virginia-based entities audited (2016 calendar year) | 56 |

Management Discussion

General Information About Ongoing Status of Agency

The future direction of the agency will be charted largely by the priorities of the Council, the goals of its statewide strategic plan, and evolving statutory responsibilities. The Council recently undertook a review of agency responsibilities and processes in order to better align its processes and personnel with the needs of the Commonwealth and the goals of the new statewide strategic plan for higher education.

Information Technology

At this time, agency staff are not aware of any external factors, requirements or mandates that will necessitate non-routine IT investments in the foreseeable future. Most agency desktop computers were updated in Fall 2012.

Workforce Development

In recent years, expanding workloads and expectations have outpaced growth in the number of SCHEV's approved staff positions. Some approved positions remain vacant due to funding issues, and retirements may become an issue for the relatively small agency over the next few years. To address current and potential workforce issues, the agency is: (a) restarting efforts to improve the knowledge, skills, and abilities of current staff through tuition-assistance programs and other professional development opportunities, such as the Commonwealth Management Institute, the Virginia Executive Institute, Lead VA, and professional conferences; and (b) continuing to seek maximum alignment between current staff and the future needs of the higher education system.

Physical Plant

Office space leased on the 9th and 10th floors of the James Monroe Building adjacent to Capitol Square in Richmond provides SCHEV with area, functionality, and accessibility that are adequate for its needs.