

Summary of Budget Amendment Recommendations

Operating

The Governor's budget amendments included a net total of \$23.0 million in new funding for higher (and other) education when the "surprise" \$5.7 million budget reduction in FY 2014 included in the adopted budget last year was taken into account. A similar reduction was included in FY 2013 and no relief was provided. This budget reduction was included in the Central Appropriations language of the budget and institutions were not informed of cut until October, 2012.

The Senate increased the general funds recommended for Higher Education by \$14.2 million above the Governor's budget, largely in order to:

- provide an additional 1% faculty salary increase;
- increase funding for buildings coming on-line in FY 2014 and for base operations;
- eliminate the \$5.7 million budget reduction in FY 2014;
- Increase need-based undergraduate aid.

This was off-set by their reductions in the Governor's recommendations for degree incentive and enrollment growth funding.

The House increased total general funds recommended for Higher Education by \$8.3 million above the Governor's budget, in order to:

- provide an additional 1% faculty salary increase. The House moved the increase from July to August, which results in a slightly different cost in the increase between the two houses;
- provide significant funding for research (including \$1.0 million for VCU's Massey Cancer Center) and initiatives at other institutions.

The House moved half of the funding included in the Governor's budget for need-based undergraduate aid to institutions' operating budgets. The House also increased the required transfer of VCU's Capital Outlay fee to the general fund in FY 2014 by \$418,177.

Capital Outlay

The Governor recommended \$262,829,000 from bond proceeds to fund a number of construction projects, including VCU's Information Commons and Library project. The Senate and House budgets provide for \$936,000,000 for construction funding for projects. Bonds are to be issued for a total of \$880M of the program, \$250M annually for the first 3 years and the remainder in the 4th year. An additional \$56M of higher education operating funds is appropriated in FY 2014. The projects to be funded in this package include the VCU Information Commons and Libraries and the Replacement Facility for the Virginia Treatment Center for Children.

Reallocation

Although state agencies had to take additional budget cuts, institutions of higher education did not. Instead, institutions were given additional 3% budget reallocations (for a total 5%) in FY 2014. This amounts to an additional reallocation of \$4,300,758 for VCU. The Senate and House recommend eliminating this increase in FY 2014. The House recommends language allowing institutions to reallocate up to 50% more than the reallocation amount in the original budget for FY 2014 for faculty salary, O&M

and institutions' initiatives and priorities. Senate recommends eliminating the reallocation language in the Governor's budget for TJ21 objectives.

Higher Education Equipment Trust Fund (HEETF)

The Governor's budget keeps VCU's HEETF funding at \$7,969,949 in FY 2013, but provides for no reimbursement in FY 2013, and \$6,714,380 in FY 2014. Institutions are authorized to purchase equipment in 2013, but will not be reimbursed until at least the first quarter of FY 2014. The Senate recommends increasing the research allocation by \$6.2 million in FY 2014, which would be beneficial to VCU.

A summary of the amendments is attached.

Systemwide - FY 2014 only			
	Introduced	House	Senate
Degree incentive	7,783,066	7,783,066	0
Enrollment Growth (House added particularly for CWM, UVA, VT & JMU)	4,864,416	7,359,416	2,432,212
Base Operations and O&M	3,891,533	5,278,166	11,466,154
Faculty Salary Increase from 2% to 3%	0	6,353,585	8,477,237
Financial Aid	1,945,766	972,883	9,242,388
Institutional Initiatives	8,416,675	7,414,690	3,791,466
Line of Duty	73,745	73,745	73,745
Financial Incentives	1,789,232	1,789,232	1,789,232
FY 2014 Budget Reversion	(5,716,311)	(5,716,311)	0
Total	23,048,122	31,308,472	37,272,434

VCU - FY 2014 only			
	Introduced	House	Senate
Enrollment Growth	389,386	389,386	194,693
Degree Incentives	861,041	861,041	0
Base Operations	0	130,299	150,000
Operations and Maintenance	0	0	587,082
Faculty Salary (2% July 1 in Ch.3 Faculty & Staff)			
Improves July 10 Faculty Salary Increase to 3%	0	0	906,237
Changes Faculty Salary increase to August 10 and increases to 3%. References ability of institutions to supplement further in HAC briefing document	0	801,836	0
State Classified Employees - Increase to 3%	0	0	TBD
State Classified Employees - Address Compression	0	TBD	0
Financial Aid	260,598	130,299	1,237,841
VCU - Cancer Research	0	1,000,000	0
VCU - Parkinson's	250,000	250,000	250,000
VCU - Alzheimer's	0	125,000	92,500
VCU - Palliative Care Program	0	50,000	0
Interest/Credit Card Rebate	TBD	TBD	TBD
Line of Duty Act	7,054	7,054	7,054
Military Survivors	TBD	TBD	TBD
Subtotal	1,768,079	3,744,915	3,425,407
FY 2014 Budget Reversion	(697,613)	(697,613)	0
Total	1,070,466	3,047,302	3,425,407

* Note: The House recommends increasing VCU's required Capital Outlay fee transfer to the State's general fund by \$418,077 in FY 2014, based on updated enrollment data.

Reallocation

Governor's Budget Institutions required to take an additional 3% budget reallocation in FY 2014 (bringing reallocations to a total of 5% in FY 2014. Senate and House recommend eliminating this increase in FY 2014. House recommends language allowing institutions to reallocate up to 50% more than the reallocation amount in the original budget for FY 2014 for faculty salary, O&M and institutions' initiatives and priorities. Senate recommends eliminating the reallocation language in the Governor's budget for TJ21 objectives.

Higher Education Trust Fund

Governor's budget keeps HEETF funding, but delays the FY 2013 reimbursement to FY 2014.

Senate budget increases research allocation \$6.2 million in FY 2014

Capital Outlay

Governor's budget recommended \$262,829,000 from bond proceeds for construction funding for a number of projects, including VCU's Information Commons & Library project

Senate and House budgets provide for \$936,000,000 for construction funding for projects. Bonds to be issued for a total of \$880M of the program, \$250M annually for the first 3 years and the remainder in the 4th year. An additional \$56M of higher education operating funds are appropriated in FY 2014. The projects to be funded in this package include the VCU Information Commons and Libraries and the Replacement Facility for the Virginia Treatment Center for Children.

Language

Restructuring - Senate and House amendments include language that would institute the recommendations of the Higher Education Advisory Committee for assessing institutional performance under higher education restructuring and the Top Jobs legislation

VRS Contribution Rate Surcharge - Senate and House amendments include language to clarify that the employer paid surcharge charged for employees who transition from the traditional VRS system to a DC plan does not apply to employee groups that have had the option of participating in the higher education ORP.

Workforce Transition Act (WTA) - Senate amendment restores the requirement that terminating agencies and institutions must pay the VRS costs of any enhanced retirement benefits due for involuntarily separated employees.