

Virginia Commonwealth University
Highlights of the Governor's Amendments to the 2006-08 Budget
December 15, 2006

The Governor's budget recommendations provide about \$226.3 million in additional state funding for higher education. Of this total, about \$175.8 million is provided for capital outlay. The lion's share of this amount goes to fund cost over-runs on capital projects which were previously authorized, and equipment for new and renovated facilities which are coming on line.

For operating budgets, the introduced budget includes about \$50.5 million in increased state funding. The budget retains the three percent salary increase funded last session, provides a significant increase in funding for student financial assistance, and provides some additional support for base adequacy. Finally, the introduced budget includes funding for financial incentives for institutions which meet the state expectations codified in the Higher Education Restructuring Act of 2005.

Operating Budget

- ***Salary increases for faculty and classified employees:*** The Governor's budget retains the 2007-08 faculty and classified salary actions appropriated by the 2006 General Assembly, which are effective November 25, 2007.

For faculty, the introduced budget includes an average three percent salary increase for teaching and research faculty, administrative faculty, graduate teaching assistants and part-time faculty in 2007-08.

For classified employees, the introduced budget includes a three percent salary increase for employees with a "contributor" or higher rating on their latest performance evaluation.

In addition to retaining the state appropriation provided last year for FY 2008, the Governor's budget provides supplemental funding to support an average salary increase of ten percent for nursing faculty. The supplemental funding is intended to help improve the retention of nursing faculty given the higher salaries offered by healthcare providers.

- ***Base adequacy:*** The Governor's budget includes additional state support for VCU of \$2.3 million in 2007-08. The Governor's recommended increase in general fund support assumes a tuition match of \$1.8 million. This recommendation supplements the 2007-08 increase of \$2.1 million adopted by the 2006 General Assembly.

In total, the budget amendments provide an additional \$15.3 million in state funds across all higher education institutions for base adequacy.

- ***Student financial assistance:*** Additional state funding of \$2.1 million is recommended in 2007-08 for need-based financial aid for in-state undergraduate students. This will supplement VCU's current general fund appropriation for undergraduate student aid of \$12.2 million.

In total, the Governor’s budget includes a general fund increase for all higher education institutions of \$13.8 million for undergraduate aid.

- **Operation and maintenance for new facilities:** The Governor’s budget includes \$652,000 in state funds for the new School of Business and Engineering buildings, both of which are scheduled to open in December 2007. The state funding assumes a nongeneral fund match of \$580,000.
- **Grace E. Harris Leadership Institute:** The Governor’s budget recommends state support of \$100,000 for the Institute through the Center for Public Policy.
- **Financial incentives under the Higher Education Restructuring Act:** The Governor’s budget includes a total pool of \$12.7 million in 2007-08 to be allocated to individual higher education institutions that have successfully met the 12 state expectations specified in the Higher Education Restructuring Act of 2005. The pool of funds represents an estimate of the interest earned on tuition and fees and other nongeneral fund E&G revenues, as well as a pro-rata amount of the rebate paid to the Commonwealth on credit card purchases not exceeding \$5,000 during the previous fiscal year. The estimated allocation by institution is not available.
- **Research funding:** The Governor’s budget includes an additional \$2.0 million for the Commonwealth Technology Research Fund to enhance research opportunities at public institutions through a dollar-for-dollar matching program and \$500,000 for stem cell research.

Capital Outlay

- **Capital outlay:** The Governor’s budget includes an additional \$20.4 million in general fund support for VCU’s capital projects as follows:

Medical Sciences Building II	Supplemental project funding	\$12,000,000
Medical Sciences Building II	Equipment and furnishings	3,700,000
School of Engineering II	Equipment	2,200,000
Music Center renovations	Supplemental project funding	1,700,000
Sanger Hall research laboratory	Equipment and furnishings	<u>750,000</u>
Total General Funds		\$20,350,000

The Governor’s budget also includes additional authority of \$17.3 million for VCU capital projects to be funded with University resources:

Monroe Park Housing/Deck	Supplemental project funding	\$15,276,000
Central Belting Building	Supplemental project funding	1,578,000
School of Business Building	Equipment and furnishings	<u>451,000</u>
Total Nongeneral Funds		\$17,305,000