

Virginia Commonwealth University Summary of the Governor's Proposed 2016-18 Biennial Budget

On December 17, 2015, Governor McAuliffe presented his proposed 2016-18 biennial budget, as well as minor amendments to the final six months of the 2014-16 biennial budget. This summary has been prepared based on a review of the introduced budget bills and summary budget documents and presentations provided by the administration.

VCU

Need-based undergraduate financial aid: There is a recommended increase of \$4,417,541 for in-state need-based undergraduate financial aid.

Increase Access and Completion: There is a proposed \$3,090,610 added to VCU's budget to incentivize educating and graduating more Virginians and supporting underrepresented students' college completion. (This language not specified in budget bill but is part of the DPB summary)

Parkinson's and Movement Disorders Center: An additional \$100,000 has been included, bringing the total to \$350,000, to support this Center.

Massey Cancer Center: Massey's funding remains at \$9.5 million in VCU's item. There is \$5.5 million in FY 2017, and \$3 million in FY 2018 specified for Massey as part of the section on savings from Medicaid Expansion included in Central Appropriations.

Compensation and Benefits: The Governor has included a 2% salary increase for state employees effective July 10, 2017, the second year of the biennium. The projected increase to health insurance premiums for state employees will be covered by the Commonwealth in FY 2017, but not in FY 2018. The General Fund portion to support the state health benefit plan for the entire Commonwealth is \$51.5 million in FY 2017 and \$91.7 million in FY 2018. For comparison, the state's share was \$36.5 million in FY 2016. The retirement contribution rate is proposed to increase from 12.33% to 14.46%, and other post-employment benefit rates increase 0.25%.

Higher Education Equipment Trust Fund (HEETF): The proposed budget provides an increase of \$869,231 to \$9,848,982. This amount remains the same in the second year of the biennium.

Capital Outlay Budget: The Governor has proposed a \$2.43 billion bond package as part of the 2016-18 biennium. The construction of a building to house the School of Allied Health Professions and construction of research space for the School of Engineering were included in the package for the Commonwealth's portion of each project. 9(d) bonds are proposed to cover VCU's portion of each project which is \$10.8 million of the Allied Health project and \$41,341,000 of the Engineering project.

Maintenance reserve recommendations increase \$358,988 in the first year, from \$3,583,573 to \$3,897,561, and \$483,003 the second year, from \$3,897,561 to \$4,380,564. The budget provides authority for equipment associated with Sanger Hall Phase II, and Raleigh Building renovations.

Virginia Biosciences Health Research Corporation: Increased funding proposed to \$7.5 million (from \$2.5 million) in FY 2017, and a total of \$10 million in FY 2018. This is a non-stock research consortium that VCU is a part of with UVA, Virginia Tech, GMU, and EVMU.

VCU Health System (VCUHS)

Hospital Inflation: The Governor has withdrawn a biennial inflation update for hospitals in the Commonwealth. This is likely due to a significant rise in projected Medicaid costs for the biennium (the budget contains a projected \$800 million increase in overall Medicaid spending over two years).

VCUHS Medicaid/Indigent Care Funding: General fund line item decreased from \$82 million in FY 2016 to around \$65 million per year for both FY 2017 and FY 2018. Language remains in the budget that allows VCUHS to seek additional supplemental payments for indigent care.

Medicaid Expansion: As mentioned in the Massey item above, the Governor has included Medicaid expansion, and related savings, in his proposed budget. The Governor proposes to pay for the state cost of the expansion (\$32M in 2017 and \$163M in 2018) through a 3% Medicaid provider assessment; public hospitals (VCUHS and UVAMC) are exempted from the assessment.

Substance Use Disorder (SUD) Medicaid Benefit: The Governor has proposed to fund a comprehensive Medicaid benefit package for Substance Use Disorder (SUD) treatment, at a cost of \$11 million over two years. The benefit would be coordinated by currently contracted Medicaid Managed Care Organizations (MCOs), including VA Premier.

Higher Education Items not Specific to VCU

Higher Education Research Initiative: \$20 million is proposed to fund one-time incentive packages to attract high performing researchers with success in commercializing their research, especially in the fields of cyber security and bioscience, and to create centers of excellence, where researchers can collaborate and receive support in commercializing their research.

Language regarding Virginia Guaranteed Assistance Program: Sets forth criteria to be used starting with first-time freshmen class of fall 2017 academic year to determine eligibility for VGAP.

Virtual Library of Virginia: Proposed \$1.2 million increase in the first year to \$8.25 million, and \$61k increase in the second year to \$8.32 million.

One-time Initiative Based Funding: There is a total of \$80k provided on a competitive basis for initiatives that reduce the cost of a degree for students (\$30k), and initiatives that utilize technology to more efficiently provide student learning opportunities and enhance student success (\$50k). SCHEV is given authority to establish eligibility criteria.

Innovation Fund to Create and Expand Affordable Student Pathways: \$2.5 million each year designated to stimulate collaboration among public schools, community colleges and universities. Grants awarded competitively with criteria set by SCHEV.

Cyber Security Centers of Excellence- \$1 million each year to support the expansion of the number of public four-year higher education institutions receiving one of several federal designations for cyber security centers of excellence. SCHEV will also develop eligibility criteria for this program.

Global Genomics and Bioinformation Research Institute: \$16,000,000 from the general fund in the first year to establish multiple higher education research memberships at the Global Genomics and Bioinformation Research Institute. As with the additional Massey Cancer Center funds, this appropriation is also tied to the savings generated by Medicaid Expansion.