

Virginia Commonwealth University
Governor's 2008-10 Budget Amendment Recommendations
December 17, 2008

Operating Budget

- **Budget Reduction:** The Governor's budget includes a total reduction of \$30.3 million for VCU in FY 2010 -- \$20.2 million above the \$10.1 million reduction from FY 2009 which is carried forward into FY 2010. The \$30.3 million represents 15 percent of the support provided by the state to support VCU's core instructional activities. VCU's 15 percent reduction is in line with the 15 percent recommended for all four-year institutions, and is consistent with the reduction we have been planning for internally. Two-year institutions received an additional 5 percent reduction (for a total of 10 percent).
- **Salary Increases for Faculty and Classified Employees:** The Governor's budget eliminates funding set aside last session for a second year salary increase for faculty and classified staff.
- **Student Financial Assistance:** The Governor's budget provides \$4.3 million to VCU in FY 2010 as additional state support of for need-based financial aid. The University's current financial aid allocation from the state totals \$15.8 million. In total, the Governor's budget includes an increase for all higher education institutions of \$25.0 million in FY 2010.
- **Higher Education Equipment Trust Fund (HEETF):** No change is recommended to the existing \$8.1 million appropriation for VCU in the first year and \$8.8 million in the second year to purchase equipment to enhance instructional and research activity.
- **Financial Incentives under Higher Ed Restructuring:** The Governor's budget provides \$13.3 million in financial incentives for the institutions of higher education which will be certified next June as having met the state's expectations under the Higher Education Restructuring Act. The incentives represent interest on tuition and fees and rebates paid under the small purchase charge card program. VCU's incentive payment this year was \$1.5 million.
- **Eminent Scholars:** The Governor's budget eliminates the \$6.0 million appropriated for the Eminent Scholars program in FY 2010. VCU's allocation under the program would have been \$346,793. The Eminent Scholars Program provides state funds to match earnings on university endowments which support distinguished faculty.
- **Transfer Autism Funding to the Department of Mental Health, Mental Retardation and Substance Abuse Services:** The Governor's budget transfers \$940,000 in FY 2010 from the Commonwealth Autism Program housed at VCU to

the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS).

- **Tuition Moderation Incentive Fund:** The Governor’s budget eliminates funding (\$17.5 million) for the Tuition Moderation Incentive Fund program in FY 2010.

Capital Outlay

- **Non-general Fund Capital Projects:** Authorizes the following capital projects to be funded using, in part or in total, University resources:

School of Medicine, Phase I	New Construction	\$58.4M
Massey Cancer Center Lab Support	Improvements	5.0M
West Grace Street Parking Deck	New Construction	<u>12.6M</u>
Total Non-general Fund Authorization		\$76.0M

- The School of Medicine, Phase 1 Project received authorization for \$58.0 million in state-backed bonds in the 2008 session. An additional \$9.2 million in University-backed bonds and \$4.1 million in university funds was administratively authorized by the Director of the Department of Planning and Budget pursuant to authority granted to the Director in Chapter 1, 2008 Special Session I. The Governor’s budget authorizes an additional \$58.4 million in University-backed debt to meet the University’s match requirements.
- State-backed debt for the renovation of the Massey Cancer Center Lab was authorized in Chapter 1, 2008 Special Session 1. An additional \$900,000 in University-backed bonds was administratively authorized by the Director of the Department of Planning and Budget pursuant to authority granted to the Director in Chapter 1, 2008 Special Session I. The final portion of the University debt (\$5.0 million) is included in the Governor’s budget.
- The West Grace Street Parking Deck was originally authorized in the 2008 appropriation act for University-backed bonds totaling \$14.9 million. Subsequent to that appropriation the University determined it would be more efficient to build both phases of the Deck at the same time. As a result, the Governor has recommended increasing the authorization for University-backed bonds to \$27.6 million.

Medicaid Funding to the VCU Health System

- The Governor's budget includes a total reduction of \$3.4 million for the VCU Health System in FY 2010, above the \$1.9 million reduction from FY 2009, for a cumulative total reduction of \$5.2 million. This is related to Medicaid allowable inflation in FY 2009 being limited to 2 percent, and in FY 2010 to zero percent.

- The Governor's budget contains new language that will allow VCU and UVa to certify the costs so that half of the reduction can be made up with federal only funds.
- The Governor's budget also aligns indigent care funding to current volume and service levels as projected by the VCU Health System.