

Preliminary Analysis of the Impact of the Final State Budget on VCU

	<u>Introduced Budget</u>	<u>House Amendments</u>	<u>Senate Amendments</u>	<u>Conference Report</u>
A. <u>Compensation-All Employees</u>				
Bonus	No bonus.	3% bonus, effective December 2011, contingent on Congress extending the enhanced Medicaid match rate for 6 months.	3% bonus, effective FY 2012.	Up to 3% bonus in Dec. 2010 if FY 2010 state revenues exceed projections (3% requires + \$82.2 million).
Furloughs	One day furlough in FY 2010 for all employees. NGF savings to be transferred to state.	No furloughs	One day in FY 2010 - all employees. 3 days in FY 2011 and FY 2012. NGF savings to be transferred to state. Higher education is authorized to find alternate savings.	One day furlough in FY 2010 for all employees. Higher education is authorized to find alternate savings. NGF savings to be transferred to state. No furloughs in FY 2011 or FY 2012.
Employee Retirement Contributions	Employees contribute 1% of salaries in FY 11; 2% in FY 12.	No employee contribution for existing employees. New employees contribute 5% of salary, as well as a number of other changes. New ORP faculty contribute 5%, in addition to the state contribution of 8.0% (HB 1189)	No employee contribution for existing employees. New employees contribute 5% of salary. New ORP faculty contribute 5% in addition to an 8.9% state contribution (Senate Substitute for HB 1189)	No employee contribution for existing employees. New employees contribute 5% of salary. New ORP faculty contribute 5% in addition to an 8.5% state contribution. Institutions may supplement employer contribution up to an additional .4%, using other than state funds.
Retirement Contribution rates	Funds state share of 11.26 percent for VRS participants.	Requires institutions to pay 11.58% for all employees. VRS will be paid 7.16%. Has the effect of taking tuition and auxiliary funds (and potentially grant funds) as state savings.	Same as House approach although the rate is not clear. House pays VRS normal cost. Senate pays normal cost + 20% of unfunded liability.	Requires institutions to pay 11.58% for all employees. VRS will be paid 7.13% in FY 11 and 7.08% in FY 12. Has the effect of taking tuition and auxiliary funds (and potentially grant funds) as state savings.

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Deferred Compensation	Eliminates the \$20 per pay period match for employees' deferred compensation contributions.	Restores the \$20 per pay period match for employees' deferred compensation contributions.	No change from introduced.	Reduces deferred compensation match to \$10 per pay period in FY 2011. Transfers NGF share of other \$10 to state. Restores \$20 match in FY 2012.
Employee Health Insurance	5 percent premium increase in FY 2011 and 10 percent in FY 2012.	3% premium increase in FY 2011.	Action for FY 2011 unclear. Funding for FY 2012 to be determined next year.	3 percent premium increase in FY 2011. No increase budgeted for FY 2012.

B. Operating Budget

FY 2010

State E&G Support	\$162,154	No change from introduced.	No change from introduced.	\$162,154*
Federal Stimulus Funding	<u>\$13,799</u>			<u>\$13,799</u>
Total E&G Support	\$175,953			\$175,953
Net Reduction (over prior year)	(\$14,447)			(\$14,447)

*Not including furlough

FY 2011

State E&G Support	\$159,638	\$159,638	\$159,638	\$159,638
Federal Stimulus Funding	<u>\$23,161</u>	<u>\$31,219</u>	<u>\$23,161</u>	<u>\$23,161</u>
Total E&G Support	\$182,799	\$190,857	\$182,799	\$182,799
Net Reduction (over prior year)	\$6,846	\$14,904	\$6,846	\$6,846

FY 2012

State E&G Support	\$140,445	\$140,527	\$138,752	\$140,445
Federal Stimulus Funding	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total E&G Support	\$140,445	\$140,527	\$138,752	\$140,445
Net Reduction (over prior year)	(\$42,354)	(\$50,330)	(\$44,047)	(\$42,354)

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Student Financial Assistance	No change	\$20 million total reduction, based on a change in financial aid methodology. Amounts by institution not provided.	No change from introduced.	No change
Targeted Adjustments				
Funding for Massey Cancer Center	N.A.	\$1.0 million in FY 2011	No change from introduced.	\$1.0 million GF in FY 2011
Eliminate Econ. Education Center	N.A.	Eliminate \$243,675 (one year of funding).	No change from introduced.	No action
Eliminate Education Policy Institute	N.A.	Eliminate \$39,394 (one year of funding).	No change from introduced.	No action
Higher Education Equipment Trust Fund	Contingent equipment allocation of \$7.5 million in FY 2011 and \$7.5 million in FY 2012. Funding is dependent on a debt financing plan which meets with debt capacity guidelines.	Contingent equipment allocation of \$6.7 million in FY 2011 and \$6.7 million in FY 2012. Allocation methodology modified to reflect more emphasis on research. Funding dependent on a debt financing plan which meets debt capacity guidelines.	No change from introduced.	Contingent equipment allocation of \$6.7 million in FY 2011 and \$6.7 million in FY 2012. Total includes a separate research allocation. Funding dependent on a debt financing plan which meets debt capacity guidelines.
Eminent Scholars	Reduces funding by \$602,646 for this program, which provides state funds to match earnings on university endowments which support distinguished faculty.	Eliminates all funding.	No change from introduced.	Reduces funding by \$1.7 million in each year (about 50%)

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Financial Incentives under Restructuring	Continues FY 2010 practice in FY 2011, no funding in FY 2012. In FY 2010, VCU is scheduled to receive \$872,163 in interest earnings and \$138,496 in Small Purchase Charge Card rebates, based on FY 2009 earnings.	No change from introduced.	No change from introduced.	Continues FY 2010 practice in FY 2011, no funding in FY 2012. In FY 2010, VCU is scheduled to receive \$872,163 in interest earnings and \$138,496 in Small Purchase Charge Card rebates, based on FY 2009 earnings.
Auxiliary Enterprises	Interest earnings on auxiliary enterprise balances will be taken by the state in FY 2010, FY 2011, and FY 2012.	No change from introduced.	No change from introduced.	No change from introduced.
	Five percent of auxiliary enterprise balances will be transferred to the state general fund. Yields \$18.8 million systemwide. VCU's estimated share is \$1.0 million. Housing, dining and food services, parking, steam plant, and student health are included.	No balances to be transferred.	No balances to be transferred.	No balances to be transferred.
Required Student Fees	No action.	No action.	Charges in-state students a \$2.50 per credit hour Capital Outlay fee, which yields \$18.2 million systemwide. For VCU, this results in a \$1,692,693 reduction in FY 2012.	Increases to \$5 the per credit hour fee charged to out-of-state students as a Capital Outlay fee, which yields \$7.2 million systemwide. For VCU, this increases the fee by \$617,300 each year.

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Higher Education Reversion Clearing Account	None.	None.	None.	Creates an unspecified \$10 million reduction for higher education in FY 2012. Governor will propose details next session.
Tuition Limits	None	None.	None	None
C. <u>Capital Outlay</u>				
Maintenance Reserve	Contingent appropriation of \$3.7 million a year. Funding is dependent on a debt financing plan which complies with debt capacity	Contingent appropriation of \$3.3 million a year. Funding is dependent on a debt financing plan which complies with debt capacity	No change from introduced.	No change from introduced.
General Classroom Building	Contingent debt authorization. Funding is dependent on a debt financing plan which complies with debt capacity guidelines.	No change from introduced.	No change from introduced.	No change from introduced.
Authorizes issuance of University-backed debt for these projects:				
	Construct West Grace Street Housing and Parking Project \$40.9 mil.	No change.	No change.	No change.
	Renovate Pauley Heart Center \$5.4 mil.	No change.	No change.	No change.
	Renovate Siegel Center \$4.4 mil.	No change.	No change.	No change.
	Renovate One Capitol Square \$3.0 mil.	No change.	No change.	No change.
	Construct Baseball Facility \$3.0 mil.	No change.	No change.	No change.