

Preliminary Analysis of House and Senate Finance Committee Budget Amendments Impacting VCU

Introduced Budget

House Amendments

SFC Amendments

FY 2012 Budget

\$10 million reduction for Higher Education	Eliminated	No change.	No change.
---------------------------------------------	------------	------------	------------

FY 2012 - 14 Budget

A. Operating Budget

Base Operations	FY 2013: \$4,105,117 FY 2014: \$4,105,117	FY 2013: \$3,529,842 FY 2014: \$3,529,842	FY 2013: \$4,105,117 FY 2014: \$4,105,117 Changes the formula, however the appropriations are established in the act.
Enrollment Growth (2010/2011)	FY 2013: \$2,076,250 FY 2014: \$2,076,250	FY 2013: \$3,059,734 FY 2014: \$3,059,734 Changes the definition to encompass growth in transfer students, improved retention & graduation through University College	FY 2013: \$2,076,250 FY 2014: \$2,076,250 Changes the definition of enrollment growth for purposes of calculating the distribution of funding, although appropriations are established in the act.
Degree Production	FY 2013: \$2,050,402 FY 2014: \$2,050,402	FY 2013: \$0 FY 2014: \$0	FY 2013: \$768,900 FY 2014: \$768,900 Changes the formula, however the appropriations are established in the act.
Achieve goals of the six-year academic plan including development of the summer session as a "third semester" to reduce time to degree, expansion of undergraduate research opportunities, and expansion of health career options.	FY 2013: \$0 FY 2014: \$0	FY 2013: \$560,025 with \$560,025 reallocation FY 2014: \$560,025 with \$560,025 reallocation	FY 2013: \$0 FY 2014: \$0
Center for Compounding Practice and Research	FY 2013: \$0 FY 2014: \$0	FY 2013: \$0 FY 2014: \$500,000	FY 2013: \$0 FY 2014: \$0
Central Accounts Distribution	FY 2013: \$1,171,823 FY 2014: \$1,187,216	FY 2013: \$1,171,823 FY 2014: \$1,187,216	FY 2013: \$1,171,823 FY 2014: \$1,187,206

Preliminary Analysis of House and Senate Finance Committee Budget Amendments Impacting VCU

	<u>Introduced Budget</u>	<u>House Amendments</u>	<u>SFC Amendments</u>
Financial Aid	FY 2013: \$731,235 FY 2014: \$731,235 In-State Undergraduate Need-Based	FY 2013: \$0 FY 2014: \$0	Undergraduate FY 2013: \$1,389,347 FY 2014: \$1,389,347 Graduate FY 2014: \$264,043 Expands eligibility for the two-year transfer grant program in SCHEV and for grant program for members of the VA National Guard.
Bonus/Salary Increase	Proposes a one-time bonus of up to 3% to all classified employees and other full-time employees (including higher education faculty), who were employed on April 1, 2012 and remain employed until at least November 24, 2012 who “meet certain criteria on their performance evaluations.” The bonus is contingent on statewide discretionary unspent general fund appropriations on June 30, 2012 to meet or exceed twice the general fund cost of the bonus and that each agency returns savings equal to at least the cost of the bonus. The bonus would be paid Dec. 1, 2012.	FY 2014: \$1,679,006 which is stated to be support for a 2% salary increase for faculty and classified employees on July 10, 2013, contingent upon no downward revision to the general fund revenues within 5 days of the preliminary close of the fiscal year ending June 30, 2013. The FY 2013 bonus is eliminated.	FY 2014: \$2,405,507 GF/ \$2,019,694 NGF for a 2% salary increase for faculty on June 25, 2013. Funding for classified employees is included in central appropriations. The 3% bonus is maintained but is no longer contingent on agencies and institutions accumulating 2 times the cost of the bonus and it is not performance based. Rather, funding for the bonus is structured similar to the FY 2010 bonus.
Tuition Restrictions	Prohibits increasing tuition-funded student aid beyond the levels “appropriated for this purpose in the 2012-14 biennium”	No change.	Eliminates the language.
Funding for Massey Cancer Center	Each year: \$6.0 million base, plus \$1.5 million to support the Higher Education Research Initiative. An additional \$2.6 million each year is provided for a competitive process.	Each year: \$6.0 million continued, plus \$1.5 million in new funding.	Each year: \$6.0 million continued, plus \$1.0 million in new funding.

Preliminary Analysis of House and Senate Finance Committee Budget Amendments Impacting VCU

	<u>Introduced Budget</u>	<u>House Amendments</u>	<u>SFC Amendments</u>
Higher Education Equipment Trust Fund	FY 2013: \$6,714,380 FY 2014: \$6,714,380 Level funding	FY 2013: \$6,714,380 FY 2014: \$6,714,380 Level funding	FY 2013: \$9,225,517 FY 2014: \$6,714,380 Increases the FY 2013 allocation by \$2,511,137 for Research related equipment.
Funding for Virginia Biotechnology Research Park	FY 2013: \$250,000 FY 2014: \$250,000	FY 2013: \$250,000 FY 2014: \$250,000	FY 2013: \$250,000 FY 2014: \$250,000
Higher Education Budget Reallocations	In lieu of budget cuts for higher education the Governor’s budget requires institutions to reallocate the equivalent of 3% of their FY 2012 E&G appropriation in FY 2013 (\$4,256,726 for VCU) and 5% in FY 2014 (\$7,096,082 for VCU) to “programs and strategies that serve to advance the objectives of the Higher Education Opportunity Act of 2011.” These funds will be “unallotted” at the institutional level, but will not be transferred away from the institution. Institutions will be required to submit proposals to the Secretary of Education in order for the funding to be allotted for use by the institution. The language in the budget directs that the criteria to award funding be consistent with the recommendations of the Governor’s Commission on Higher Education Reform.	Directs that \$560,025 each year be reallocated to match funding for the achievement of the goals in the six-year academic plan. Eliminates language.	Reduces reallocation to 1% in FY 2013 (\$1,418,909) and 2% in FY 2014 (\$2,838,433). Language in introduced budget is retained.

Preliminary Analysis of House and Senate Finance Committee Budget Amendments Impacting VCU

	<u>Introduced Budget</u>	<u>House Amendments</u>	<u>SFC Amendments</u>
Fees to Students	None	Increases Capital Outlay fee by \$1.50 per credit hour. This fee is charged to out of state students and then transferred to the state general fund.	No new fees proposed.
Eminent Scholars	Eliminates all remaining general fund support (state matching funds) for the Eminent Scholars Program. The impact on VCU would be a loss of \$98,502 of state funds to various schools and units throughout the University. The Eminent Scholars Program provided state funds to match earnings on University endowments that support distinguished faculty.	No change.	No change.
Life Sciences Initiative	\$5.0 million each year to a non-stock corporation research consortium initially comprised of Virginia Commonwealth University, the University of Virginia, Virginia Tech, George Mason University, and Eastern Virginia Medical School. The funds are to match private sector funding for research focused on cancer, infectious diseases, neurodegenerative disorders, and allergies, as well as acquisition of a tissue library and relocation costs for development stage companies locating to the Commonwealth.	Eliminates funding. Language in the Innovation and Entrepreneurship Authority Item indicates that a university research consortium that includes Virginia colleges and university member institutions is a qualifying institution for purposes of seeking funding from the Commonwealth Research Commercialization Fund.	Eliminates funding.
Virtual Library of Virginia	FY 2013: \$2,800,000 FY 2014: \$2,800,000	FY 2013: \$1,400,000 FY 2014: \$1,400,000	FY 2013: \$0 FY 2014: \$2,800,000

Preliminary Analysis of House and Senate Finance Committee Budget Amendments Impacting VCU

	<u>Introduced Budget</u>	<u>House Amendments</u>	<u>SFC Amendments</u>
Financial Incentives Under Restructuring	Includes system wide appropriations of funding for the financial incentives under the higher education restructuring act – interest earnings and credit card rebates for the biennium – interest earnings (\$1.8 million in FY 2013 and \$2.5 million in FY 2014) and credit card rebates (\$1.4 million in FY 2013 and FY 2014).	No change.	No change.
Auxiliary Balance Interest Earnings	Continues to direct the interest earnings on auxiliary balances to the general fund.	Eliminates transfer -- allows VCU to retain approximately \$500,000 in interest earnings annually.	Eliminates transfer -- allows VCU to retain approximately \$500,000 in interest earnings annually.

B. Capital

Planning Funds	\$250,000 in planning funds to the following projects: - Construct & Renovate Information Commons and Libraries (Cabell Library) - Renovate Sanger Hall, Phase II - Virginia Treatment Center for Children at VCU Health System.	FY 2012-13: \$800,000 Central Planning Fund/ \$800,000 NGF to advance the Construction & Renovation Information Commons and Libraries (Cabell Library) project to detailed planning documents. The source of the nongeneral funds is the university's higher education operating funds and will be reimbursed when the project is funded to move to the construction phase. This project is a "Group 1" project. Two additional projects, Renovate Sanger Hall, Phase II and Renovate Raleigh Building are authorized to receive Central Planning funds and to use the university's higher education operating funds when all of the projects in Group 1 have moved into the construction phase. Retains \$250,000 planning funds for Virginia Treatment Center for Children.	Creates multiple tiers of funding and approvals to proceed for capital projects, including general fund support for detailed planning, nongeneral fund authority to proceed to detailed planning to be repaid once construction begins, and 57 projects are authorized for preplanning the first year from the Capital Planning Fund, including 4 VCU projects (funding should be sufficient for approximately \$250,000 per project): - Construct & Renovate Information Commons & Libraries (Cabell Library) - Renovate Sanger Hall, Phase II - Renovate Raleigh Building - Virginia Treatment Center for Children
Maintenance Reserve	Level Funds \$2,592,132 each year.	No change.	No change.

Preliminary Analysis of House and Senate Finance Committee Budget Amendments Impacting VCU

Introduced Budget

House Amendments

SFC Amendments

Massey Vivarium Equipment	Not funded in introduced bill. Executive amendment included to provide \$1,250,000.	No change - review by Governor's office determined funding is authorized and available from central funds.	FY 2013: \$1,250,000 NGF
NGF Projects	Authorizes MCV Campus Parking Deck \$30.0 million debt project	No change.	No change.

C. Other Issues of Note

Indigent Care Reduction at VCU Health System	Continues budget reduction from the 2010-12 biennium. VCU reduction is estimated at \$9.35 million each year.	No institution specific information included, but general fund and federal funding added system wide along with language authorizing the Department of Medical Assistance Services to increase Medicaid payments to the state teaching hospitals. The amendment restores the general fund elimination of inflation (in FY 2013) in the introduced budget and increases the nongeneral fund appropriation (in each year) for the federal share of the total reductions. Language is also added to allow the agency to compensate the teaching hospitals for limits on the disproportionate share (DSH) hospital payments.	No institution specific information included, but funding added system wide. In addition, language is included in the Department of Medical Assistance Services to provide authority to increase Medicaid payments to the state teaching hospitals to make up for limits on disproportionate share (DSH) hospital payments that the agency would normally make to cover Medicaid costs and indigent care costs incurred by these hospitals.
VCU-Qatar	Transfers appropriation authority for the Qatar campus to a separate Item in VCU's appropriation.	No change.	No change.

Preliminary Analysis of House and Senate Finance Committee Budget Amendments Impacting VCU

	<u>Introduced Budget</u>	<u>House Amendments</u>	<u>SFC Amendments</u>
Language Amendments		Directs State Treasurer to develop policies and procedures to minimize paper checks when issuing any reimbursements of student loan balances. VCU strongly encourages direct deposit, but does not require it. In the Fall of 2011, 9,549 of 17,665 (54%) of refund transactions were processed by direct deposit.	Directs the Commissioner of Health to report on the level of funding needed to support the Poison Control Centers, including the center at VCU.
Language Amendments		Directs Secretaries of Finance and Education to report quarterly on adjustments made to higher education operating funds in the E&G programs of the budget.	
Language Amendments		Provides for a third area of operational autonomy for Tier II institutions.	

D. Compensation Issues (other than salary)

Employee Contributions to VRS	No increase in employee contribution is required in the introduced budget.	No change.	No change.
-------------------------------	----------------------------------------------------------------------------	------------	------------

Preliminary Analysis of House and Senate Finance Committee Budget Amendments Impacting VCU

	<u>Introduced Budget</u>	<u>House Amendments</u>	<u>SFC Amendments</u>
Employer Contributions to VRS	<p>As of July 1, 2012, an increase in VRS employer contribution rates to 8.76%. Although the state rate is currently 2.08% and scheduled to change in the fourth quarter of FY 2012 to 6.58% for pay periods effective on or after March 25, 2012, institutions of higher education have had to pay in to the VRS Suspense Account at the rate of 6.58% for all of FY 2012. Thus, the increase that will have to be made up for the tuition portion of VCU's fringe rate will be from 6.58% to 8.76%. The general fund portion of the rate change is included in a central appropriation.</p>	No change.	No change.
Employee Healthcare:	<p>The Governor proposes no increases to employee healthcare deductibles or copayments. An increase in employee health care premiums is proposed of \$10 to \$15 per month for family coverage. Actuarial numbers have not been finalized to determine the exact increase. A proposal to offer two new options to the state's healthcare plans. COVA Care and COVA Connect will provide the following: 1) Annual eye examinations for those with expanded benefits (rather than the current option of every two years). 2) A Diabetes Disease Management Pilot that will eliminate the copayment of Tier 1 & 2 diabetes medications and supplies.</p>	No change.	No change.

Preliminary Analysis of House and Senate Finance Committee Budget Amendments Impacting VCU

	<u>Introduced Budget</u>	<u>House Amendments</u>	<u>SFC Amendments</u>
Other Employee Benefits	Effective July 1, 2012 life insurance (from 1.02% to 1.19%) and health insurance credit (from .99 to 1.00) contributions are increasing slightly, but Virginia Sickness and Disability Program contribution rate (from .66% to .47%) is going down slightly.	No change.	No change.