

**Virginia Commonwealth University**  
**Highlights of the Governor's 2006-08 Budget Recommendations**  
**December 16, 2005**

**Operating Budget**

- ***Salary increases for faculty and classified employees:*** The Governor's budget provides for an average four percent salary increase for teaching and research faculty and a three percent salary increase for administrative faculty, graduate teaching assistants and part-time faculty. Statewide, recommended faculty salary increases range from 2% to 4%, with the goal of achieving the 60<sup>th</sup> percentile of institutional peer averages by 2010.

For classified employees, the Governor's budget includes a 3% salary increase for employees with a "contributor" or higher rating on their latest performance evaluation. The increases are effective November 25, 2006. In addition, the Governor's budget includes funding equivalent to one-half of one percent to implement pay practices that address recruitment, retention, and reward issues in state employment.

The cost of faculty and classified salary increases will require a match of about 40% from tuition revenue.

The Governor's budget does not address salary increases in the second year of the biennium.

- ***Enrollment growth and degree completions:*** The Governor's budget includes additional general fund support for VCU of \$16.5 million in both years of the biennium in recognition of the growth of Virginia students and to support progress in achieving the statewide goal of awarding 10,000 additional degrees by 2010. In addition, the University is authorized to match the additional general funds with \$8.1 million in tuition revenue. The Governor's recommended allocations were weighted at 80% toward actual resident enrollment growth and at 20% for the number of degrees awarded between 2000 and 2005. See Table 2 for a summary of the Governor's recommendations for enrollment growth and degree completion.
- ***Student financial assistance:*** Additional general fund support of \$1.4 million is recommended in both years of the biennium for need-based financial aid for in-state undergraduate students. This will supplement VCU's current general fund appropriation for undergraduate student aid of \$10.8 million. See Table 3 for a summary of the Governor's recommendations for student financial assistance.

- **Higher Education Equipment Trust Fund (HEETF):** The Governor's recommended budget for HEETF, which enables financing of equipment through the Virginia College Building Authority, will enable VCU to purchase \$7.0 million in new equipment in each year of the biennium, which is about equal to the level of funding provided in this biennium. However, the Governor's budget includes a supplemental HEETF allocation of \$6.0 million through the Higher Education Research Initiative in 2006-07. See Table 4 for a summary of the Governor's recommendations for HEETF.
- **Higher Education Research Initiative:** The Governor's budget includes additional statewide general fund support of \$87.1 million in 2006-07 and \$15.3 million in 2007-08 to strengthen leading research programs at Virginia's higher education institutions. For VCU, this includes \$12.5 million in 2006-07, to be matched with \$5.6 million in institutional resources, for research in cancer, neurological and metabolic diseases. In addition, \$4.2 million, with a one-for-one institutional match, is to be allocated between VCU and UVA for research in regenerative medicine.

For graduate student aid, the Governor's research initiative includes an additional \$946,017 in both years of the biennium for VCU. This will supplement current general fund support for graduate aid of \$1.7 million.

In addition, the Governor's research initiative includes language that directs the State Comptroller to allocate the interest earnings on extramural contracts and grants and indirect cost recoveries to the higher education institutions on a quarterly basis. For VCU, it is estimated that this will provide additional revenue of \$2.6 million in 2006-07 and \$2.9 million in 2007-08.

Finally, the Governor's research initiative includes an additional \$10.0 million in general funds for the Commonwealth Technology Research Fund. Awards from this fund are to be matched on a one-for-one basis by the institution and are intended to support collaborative, translational research aimed at commercialization of discoveries, including pre-investment funding to support prototyping and proof-of-concept testing.

- **Semiconductor Manufacturing Education Grants:** The Governor's budget includes \$3.0 million in general funds in 2006-07 for the School of Engineering in support of the Infineon Technologies major expansion. The funds may be used for scholarships, endowed professorships in microelectronics, curriculum development, and other related needs of the microelectronics industry.

- ***Council on Economic Education:*** The Governor has recommended additional general funds of \$75,000 each year for the Council on Economic Education. The additional funding is to develop and implement entrepreneurial curricula and elective courses in K-12 schools, train teachers to teach entrepreneurship in the classroom, and offer special education programs in entrepreneurship directly to students.
- ***Center on Aging:*** The Governor's budget includes \$45,000 in general funds each year for the Center on Aging to support innovative research into biomedical and psychosocial aspects of dementia and the understanding of Alzheimer's.
- ***Central Agency Services and Charges:*** The Governor's budget includes additional general fund support for VCU of \$580,052 in the first year and \$816,683 in the second year for operating cost increases related to central state agency services. These include procurement fees, property insurance premiums, workers compensation premiums and service-based billing for technology services.
- ***Virtual Library of Virginia (VIVA):*** The Governor's budget includes an additional \$766,000 in both years of the biennium for SCHEV's Virtual Library of Virginia program. Currently, VCU receives about \$37,000 annually in VIVA funding through SCHEV.
- ***Eminent Scholars Program:*** The Governor's budget includes additional general fund support of \$438,891 in 2006-07 and \$877,782 in 2007-08 to SCHEV for the Eminent Scholars Program. In total, general fund support for Eminent Scholars is recommended at \$6.7 million in the first year and \$7.2 million in the second year. Currently, VCU receives about \$361,200 annually through SCHEV for Eminent Scholars.
- ***Higher Education Restructuring:*** The Governor's budget includes specific education-related and financial and administrative management measures for the annual assessment of institutional performance.

## Capital Outlay

- **Capital Outlay:** The Governor included sixteen capital outlay projects for VCU totaling \$150.6 million in his recommended 2006-08 budget. The Governor's recommendations include \$58.1 million in general funds and \$92.5 million from University sources.

The Governor's capital budget includes \$10.2 million in general fund support for maintenance reserve projects over the 2006-08 biennium. For the 2004-06 biennium, VCU received about \$6.2 million in general funds for maintenance reserve.

Significant capital funding is included for a number of projects:

- major repairs to University facilities (\$10.2 million);
- supplemental funding of \$17.7 million for construction of Medical Sciences Building II; (*Note: The Governor's budget recommendation of \$17.7 million is about \$4 million below the amount requested by VCU. Discussions are underway with the Department of Planning and Budget and the Bureau of Capital Outlay Management to determine the basis for the difference.*)
- renovation of the Old Business Building (\$18.9 million);
- funding to offset the cost of the Massey Cancer Center Addition to the University (\$6.0 million);
- authorization for construction of new recreational facilities on both University campuses (\$57.5 million); and,
- authorization for supplemental funding for the Monroe Park Campus Parking/Housing facility (\$19.4 million).

The Governor's budget also includes:

- equipment and cost overrun funds for previously approved capital projects (\$5.1 million);
- funds to renovate the Theatre Row Building for use by the University (\$5.4 million);
- renovations to the 7<sup>th</sup> Floor of Sanger Hall (\$2.7 million);
- supplemental authorization for construction of a Tennis Center Complex (\$3.0 million); and,
- authorization for the Phase II and Phase III development of the Rice Center (\$4.5 million).

See Table 5 for a summary of the Governor's capital outlay recommendations for VCU.

- **Higher Education Research Initiative:** In addition to the recommendations presented on Table 5, the Governor's Higher Education Research Initiative includes general fund support of \$50.0 million for a statewide Capital Opportunity Fund. Awards from the Capital Opportunity Fund require a one-for-one match from institutional resources.

Table 1

**2006-08 Governor's Budget Recommendations - December 16, 2005  
Increases to the 2005-06 Base Appropriation**

	Fiscal Year 2006-07			Fiscal Year 2007-08		
	General	Nongeneral	Total	General	Nongeneral	Total
	Funds	Funds		Funds	Funds	
<b>FY 2005-06 Appropriation</b>	\$ 174,924,047	\$ 514,349,906	\$ 689,273,953	\$ 174,924,047	\$ 514,349,906	\$ 689,273,953
<b>Plus: Base Budget Adjustments</b>	4,878,636	12,856,122	17,734,758	4,878,636	12,856,122	17,734,758
<b>Plus: Technical Adjustments to Base</b>	-	32,678,000	32,678,000	-	67,205,936	67,205,936
<b>Equals: Adjusted Base Budget</b>	\$ 179,802,683	\$ 559,884,028	\$ 739,686,711	\$ 179,802,683	\$ 594,411,964	\$ 774,214,647
<b>Governor's Recommendations</b>						
Educational and General Programs						
Salary increases for faculty	\$ 2,147,198	\$ 1,444,801	\$ 3,591,999	\$ 3,964,058	\$ 2,667,324	\$ 6,631,382
Fund growth in enrollment and degree completions	16,456,482	8,105,431	24,561,913	16,456,482	8,105,431	24,561,913
Increase support for operation and maintenance of new facilities	57,124	40,247	97,371	228,498	160,987	389,485
Council on Economic Education	75,000	-	75,000	75,000	-	75,000
Center on Aging	45,000	-	45,000	45,000	-	45,000
Central agency services and charges	580,052	-	580,052	816,683	-	816,683
Total Educational and General Programs	\$ 19,360,856	\$ 9,590,479	\$ 28,951,335	\$ 21,585,721	\$ 10,933,742	\$ 32,519,463
Student Financial Assistance						
Increase need-based aid for undergraduate students	\$ 1,375,893		1,375,893	1,375,893	\$ -	1,375,893
<b>Total Recommended Funding</b>	<b>\$ 200,539,432</b>	<b>\$ 569,474,507</b>	<b>\$ 770,013,939</b>	<b>\$ 202,764,297</b>	<b>\$ 605,345,706</b>	<b>\$ 808,110,003</b>
<b>Percent Change from 2005-06 Appropriation</b>	<b>14.6%</b>	<b>10.7%</b>	<b>11.7%</b>	<b>15.9%</b>	<b>17.7%</b>	<b>17.2%</b>

\* Amounts reflect only direct appropriations to VCU and do not include allocations the University may receive for centrally budgeted items, including: classified salary increases, Higher Education Equipment Trust Fund (HEETF), the Governor's Higher Education Research Initiative, health insurance costs, and a semi-conductor education grant.

**Table 2**  
**2006-08 Governor's Budget Recommendations - December 16, 2005**  
**Comparison of Budget Recommendations for Enrollment Growth and Degree Completion**

	2006-07			2007-08		
	GF	NGF	Total	GF	NGF	Total
<b>Doctoral Institutions:</b>						
George Mason University	\$17,077,891	\$8,411,499	\$25,489,390	\$17,077,891	\$8,411,499	\$25,489,390
Old Dominion University	9,823,193	4,838,289	14,661,482	9,823,193	4,838,289	14,661,482
University of Virginia	3,917,107	1,929,321	5,846,428	3,917,107	1,929,321	5,846,428
Virginia Commonwealth University	16,456,482	8,105,431	24,561,913	16,456,482	8,105,431	24,561,913
Virginia Tech*	1,765,930	869,786	2,635,716	1,765,930	869,786	2,635,716
College of William and Mary**	1,167,264	574,921	1,742,185	1,167,264	574,921	1,742,185
<b>Subtotal - Doctoral Institutions</b>	<b>\$50,207,867</b>	<b>\$24,729,247</b>	<b>\$74,937,114</b>	<b>\$50,207,867</b>	<b>\$24,729,247</b>	<b>\$74,937,114</b>
<b>Comprehensive Institutions:</b>						
Christopher Newport University	\$859,302	\$423,238	\$1,282,540	\$859,302	\$423,238	\$1,282,540
University of Virginia's College at Wise	1,833,528	903,081	2,736,609	1,833,528	903,081	2,736,609
James Madison University	3,423,885	1,686,391	5,110,276	3,423,885	1,686,391	5,110,276
Longwood University	1,493,697	735,702	2,229,399	1,493,697	735,702	2,229,399
University of Mary Washington	1,960,417	965,579	2,925,996	1,960,417	965,579	2,925,996
Norfolk State University	284,545	140,149	424,694	284,545	140,149	424,694
Radford University	1,649,265	812,325	2,461,590	1,649,265	812,325	2,461,590
Virginia Military Institute	297,706	146,631	444,337	297,706	146,631	444,337
Virginia State University	2,496,268	1,229,505	3,725,773	2,496,268	1,229,505	3,725,773
<b>Subtotal - Comprehensive Institutions</b>	<b>\$14,298,613</b>	<b>\$7,042,601</b>	<b>\$21,341,214</b>	<b>\$14,298,613</b>	<b>\$7,042,601</b>	<b>\$21,341,214</b>
<b>Two-Year Institutions:</b>						
Richard Bland College	\$657,728	\$323,956	\$981,684	657,728	323,956	\$981,684
Virginia Community College System	36,195,779	15,512,477	51,708,256	36,195,779	15,512,477	51,708,256
<b>Subtotal - Two-Year Institutions</b>	<b>\$36,853,507</b>	<b>\$15,836,433</b>	<b>\$52,689,940</b>	<b>\$36,853,507</b>	<b>\$15,836,433</b>	<b>\$52,689,940</b>
<b>Grand Total</b>	<b>\$101,359,987</b>	<b>\$47,608,281</b>	<b>\$148,968,268</b>	<b>\$101,359,987</b>	<b>\$47,608,281</b>	<b>\$148,968,268</b>

\* Excludes Cooperative Extension and Agricultural Experiment Station

\*\* Excludes Virginia Institute of Marine Science

**Table 3**  
**2006-2008 Governor's Budget Recommendations - December 16, 2005**  
**Comparison of General Fund Budget Recommendations for Student Financial Assistance\***

	2005-06	2006-2007		2007-2008	
	Legislative Appropriation	Recommended Amount	% Increase from 2005-06	Recommended Amount	% Increase from 2005-06
<b>Doctoral Institutions:</b>					
George Mason University	\$8,981,393	\$10,590,180	17.9%	\$10,590,180	17.9%
Old Dominion University	10,199,222	11,630,564	14.0%	11,630,564	14.0%
University of Virginia	6,770,766	8,694,077	28.4%	8,694,077	28.4%
Virginia Commonwealth University	12,508,500	14,830,410	18.6%	14,830,410	18.6%
Virginia Tech	13,398,273	15,838,276	18.2%	15,838,276	18.2%
College of William and Mary	2,885,656	3,361,992	16.5%	3,361,992	16.5%
<b>Doctoral Average</b>	\$9,123,968	\$10,824,250	18.6%	\$10,824,250	18.6%
<b>Comprehensive Institutions:</b>					
Christopher Newport University	\$3,042,752	\$3,292,709	8.2%	\$3,292,709	8.2%
University of Virginia's College at Wise	1,206,530	1,353,950	12.2%	1,353,950	12.2%
James Madison University	5,041,220	5,456,181	8.2%	5,456,181	8.2%
Longwood University	2,531,748	2,784,837	10.0%	2,784,837	10.0%
University of Mary Washington	1,087,545	1,184,395	8.9%	1,184,395	8.9%
Norfolk State University	4,639,710	5,078,945	9.5%	5,078,945	9.5%
Radford University	4,996,991	5,567,626	11.4%	5,567,626	11.4%
Virginia Military Institute	640,389	691,620	8.0%	691,620	8.0%
Virginia State University	3,108,907	3,482,724	12.0%	3,482,724	12.0%
<b>Comprehensive Average</b>	\$2,921,755	\$3,210,332	9.9%	\$3,210,332	9.9%
<b>Four-Year Institution Average</b>	\$5,402,640	\$6,255,899	15.8%	\$6,255,899	15.8%
<b>Two-Year Institutions:</b>					
Richard Bland College	\$242,579	\$261,985	8.0%	\$261,985	8.0%
Virginia Community College System	\$15,298,682	\$18,347,336	19.9%	\$18,347,336	19.9%

\* Include both undergraduate and graduate aid

Note: The amounts for the doctoral institutions reflect a supplemental recommendation totaling \$5.0 million in each year for graduate student aid as included in the Governor's Higher Education Research Initiative.

**Table 4**  
**2006-08 Governor's Budget Recommendations - December 16, 2005**  
**Higher Education Equipment Trust Fund Allocations (HEETF)\***  
**(Biennial Totals)**

<b>Doctoral Institutions:</b>	
George Mason University	\$9,529,940
Old Dominion University	8,011,162
University of Virginia	24,965,176
Virginia Commonwealth University	20,016,514
Virginia Tech	24,905,068
College of William and Mary**	3,509,006
<b>Subtotal - Doctoral Institutions</b>	<u>\$90,936,866</u>
 <b>Comprehensive Institutions:</b>	
Christopher Newport University	\$1,242,220
University of Virginia's College at Wise	477,706
James Madison University	4,042,714
Longwood University	1,239,590
University of Mary Washington	1,270,446
Norfolk State University	1,943,208
Radford University	2,658,584
Virginia Military Institute	1,391,636
Virginia State University	2,197,916
<b>Subtotal - Comprehensive Institutions</b>	<u>\$16,464,020</u>
 <b>Two-Year Institutions:</b>	
Richard Bland College	\$271,652
Virginia Community College System	20,755,844
<b>Subtotal - Two-Year Institutions</b>	<u>\$21,027,496</u>
 <b>Other:</b>	
Virginia Institute of Marine Science	\$967,526
Southwest Virginia Higher Education Center	104,342
Roanoke Higher Education Center	122,460
Institute for Advanced Learning and Research	79,946
Southern Virginia Higher Education Center	50,000
<b>Subtotal - Other</b>	<u>\$1,324,274</u>
 <b>Grand Total</b>	 <b>\$129,752,656</b>

\* Amounts include a supplemental allocation recommended as part of the Higher Education Research Initiative.

\*\* Excludes Virginia Institute of Marine Science



**Table 5**  
**Virginia Commonwealth University**  
**Comparison of University Capital Requests and the Governor's Recommendations**

Project	University Request				Governor's Recommendation			
	General Fund/ State-Supported Debt	Nongeneral Funds		Total	General Fund/ State-Supported Debt	Nongeneral Funds		Total
		Cash	Debt			Cash	Debt	
Maintenance Reserve	9,344,855	505,842	-	9,850,697	10,195,486	-	-	10,195,486
GOB Projects/Equipment:								
a. School of Nursing Equipment	290,000	-	-	290,000	290,000	-	-	290,000
b. Medical Sciences Building II Equipment	3,700,000	-	-	3,700,000	-	-	-	-
c. Sanger Research Laboratory Reno. Phase I, Project 2 Equipment	750,000	-	-	750,000	750,000	-	-	750,000
d. Hibbs Building Renovations Equipment	139,000	-	-	139,000	139,000	-	-	139,000
e. Music Center Renovations Equipment	100,000	-	-	100,000	-	-	-	-
f. Franklin Terrace Renovations Equipment	136,000	-	-	136,000	136,000	-	-	136,000
g. School of Engineering Phase II Equipment	3,800,000	-	-	3,800,000	-	-	-	-
Code Compliance: Life/Fire Safety/ADA Compliance	1,000,000	-	-	1,000,000	-	-	-	-
Medical Sciences Building II Supplemental Funding	16,275,000	-	5,425,000	21,700,000	12,377,000	-	5,359,000	17,736,000
Old Business Building Major Renovation-Auditorium Addition	25,000,000	-	-	25,000,000	18,997,000	-	-	18,997,000
Sanger Hall Gross Anatomy Laboratory Renovations	6,900,000	-	-	6,900,000	-	-	-	-
School of Dentistry Addition	6,222,500	4,000,000	1,527,500	11,750,000	-	-	-	-
School of Dentistry Renovations (Wood/Lyons Buildings)	24,125,000	-	875,000	25,000,000	-	-	-	-
Pollak Building Major Renovations	10,500,000	-	-	10,500,000	-	-	-	-
Land Acquisition	7,500,000	-	-	7,500,000	-	-	-	-
Massey Cancer Center Addition	6,000,000	-	-	6,000,000	6,000,000	-	-	6,000,000
Massey Cancer Center Vivarium Renovations	4,000,000	-	4,000,000	8,000,000	-	-	-	-
Monroe Park Campus and MCV Campus Recreation Facilities	-	2,000,000	55,522,400	57,522,400	-	-	57,523,000	57,523,000
Tennis Center Complex Supplemental Funding	-	3,000,000	-	3,000,000	-	3,000,000	-	3,000,000
Monroe Park Campus Parking/Housing	-	-	19,428,500	19,428,500	-	-	19,429,000	19,429,000
Music Center Renovations	649,347	-	-	649,347	750,000	-	-	750,000
Engineering Bioprocessing Facility *	1,465,581	-	-	1,465,581	3,032,000	-	-	3,032,000
Theater Row Renovations	-	5,400,000	-	5,400,000	5,400,000	-	-	5,400,000
Sanger Hall 7th Floor Renovations	-	2,700,000	-	2,700,000	-	2,700,000	-	2,700,000
Rice Center Development II & III	-	4,500,000	-	4,500,000	-	4,500,000	-	4,500,000
<b>Total</b>	<b>127,897,283</b>	<b>22,105,842</b>	<b>86,778,400</b>	<b>236,781,525</b>	<b>58,066,486</b>	<b>10,200,000</b>	<b>82,311,000</b>	<b>150,577,486</b>

\* The Governor's recommendation for the Engineering Bioprocessing Facility includes \$1,465,581 for the requested construction project cost shortfall plus \$1,566,419 for equipment.