

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

On December 16, 2016, Governor McAuliffe presented his proposed amendments to the 2016-18 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.

The Governor's budget proposal contains a 5% reduction in institutions of higher education, less than the expected 7.5%. For Virginia Commonwealth University this is a permanent reduction of \$9,603,574* in FY 2018. The University will also have to take a one-time reduction (\$3,210,947 in FY 2017 and \$2,140,631 in FY 2018) to recover the general fund prepayment made to the Virginia Retirement System (VRS).

VCU

Need-based undergraduate financial aid: Restores in-state need-based undergraduate financial aid in FY2018 equal to the amount appropriated in FY2017 of \$4,417,541.

Increase Access and Completion: No change to planned increase for FY 2018 of \$2,004,259.

Salaried Employee Bonus: The Governor's budget proposes a one-time bonus of 1.5% to all state employees, state supported local employees, and school division employees funded through the Standards of Quality. The bonus would be paid December 1, 2017. Total cost of \$60M for all state agencies.

Reversal of Public Employee Salary Increases: The Governor's previously proposed budget included salary increases for public employees. This has been reversed.

Reversal of credit card and interest restoration: \$4M of GF and \$1M of NGF across the Commonwealth. Estimated at \$950k for VCU.

Higher Education Equipment Trust Fund (HEETF): No change from current amount.

Teacher Residency program increase of \$1M in grants for teacher residency partnerships between university teacher preparation programs and the Petersburg, Norfolk, and Richmond City school divisions to help improve new teacher training and retention for hard-to-staff schools. The grants will support a site-specific residency model program for preparation, planning, development and implementation, including possible stipends in the program to attract qualified candidates and mentors.

VCU Health System (VCUHS)

Note: Health and Human Resources is the only state Secretariat in which the Governor proposes significant net new funding relative to the base budget. The proposed increase is due to increases in Medicaid spending (amounting to \$255 million) and targeted investments in behavioral health and substance use disorder services.

Medicaid Expansion: In a departure from prior years, and given the results of the recent federal elections, the Governor declined to include a Medicaid expansion and its associated financial implications in the budget. Instead, he included language that would provide the Governor with executive authority to enact a Medicaid expansion, should the Affordable Care Act remain the law of the land as of October 1, 2017.

Behavioral Health/Substance Use Disorder Services: In total, the budget includes over \$31.7 million in new funds directed to expanding and improving mental health and substance-use disorder services. New funding will be used to increase capacity at state mental health facilities, provide “same day access” to screening and assessment services at over half of the state Community Services Boards (CSBs), strengthen mental health screening and services at local and regional jails, and increase access to opioid addiction treatment.

Perform federally required substance abuse (ARTS) waiver evaluation: Provides funding in the amount of \$150,000 to conduct an independent evaluation of the new Addiction and Recovery Treatment (ARTS) benefit, as required by the federal government. During waiver negotiations in summer 2016, the Centers for Medicare and Medicaid Services (CMS) informed the department that the Commonwealth must contract with external academic researchers to conduct an independent evaluation to determine the effectiveness of the state’s ARTS training and the impact of the ARTS benefit and waiver on members’ health outcomes, service utilization and health care costs.

Higher Education Items not Specific to VCU

Increase Funding for Two-Year College Transfer Grant Program: Increase in funding of \$699,667 in 2018

Eliminate internship program: Removes funding for sponsored student internships at Commonwealth's public and private higher education institutions (40,000)

Higher Education Research Initiative: Reduce support for the Virginia Research Investment Fund (VRIF) from (4,000,000) in 2017 to (6,000,000) in 2018. Pg (218)

Virtual Library of Virginia: Decrease in funding of (\$412,701) from \$8.3M to \$7.9M.

Global Genomics and Bioinformation Research Institute: Reduction of \$4M in general fund support in FY 2017 to establish multiple higher education research memberships at the Global Genomics and Bioinformation Research Institute, a reduction from \$16M to \$12M.

New Economy Workforce Credential Grant Program: Increase in general fund support in FY 2017 of \$1M.

Fund for Excellence in Innovation Program, Women's Leadership Program, and Virginia Longitudinal Data Systems: Reduction of \$100k to these programs.

Convert Personnel System to Service Center: \$1.9M will be moved to all nongeneral fund sources.

Nongeneral fund cost increase for state health insurance programs: Across Commonwealth cost was \$60M. This represents no change from the planned increase for FY 2018.

Uncertain Impact:

Strike Paragraph Related to the VA Student Loan Repayment Program Removes language directing the agency to contract with the Virginia Health Care Foundation to support the Virginia Loan Repayment Program. The language was added to the incorrect item in the budget. Also, funding for the program has been eliminated and without this amendment the agency would be directed to spend general fund dollars in the incorrect program area. (B-108)

Eliminate general fund appropriation for the Virginia Student Loan Repayment Program Eliminates the general fund appropriation for the Virginia Student Loan Repayment Program. The program does not have the proper funding level to provide services compared to the scope of need. (B-109)

Adjust Health Care Fund appropriation Modifies the appropriation for the Virginia Health Care Fund to reflect the latest revenue estimates. Tobacco taxes are projected to decrease by \$2.8 million in FY 2017 and \$4.4 million in FY 2018 based on the Department of Taxation's revised forecast. Conversely, Medicaid recoveries are expected to increase by \$10.6 million in FY 2017 and \$13.6 million in FY 2018. The estimates also account for a \$44.3 million prior year cash balance carried over from FY 2016. Since the fund is used as state match for Medicaid, any change in revenue to the fund impacts general fund support for Medicaid. A

**Pursuant to § 4-1.02 d. 6.a) of this act and notwithstanding any other provision of law, appropriation reductions in the amount of \$9,603,574 in the second year from the general fund for Virginia Commonwealth University specified in this Item may be distributed to programs within Educational and General Programs, grantees, or among programs other than Educational and General Programs, except Higher Education Student Financial Assistance.*