

University of Mary Washington
Highlights of the Governor's 2014-16 Biennial Budget
December 16, 2013

Governor McDonnell presented his 2014-16 biennial budget at a joint meeting of the Senate Finance Committee, the House Appropriations Committee, and the House Finance Committee on December 16, 2013.

A summary of the key components related to higher education and the University of Mary Washington (UMW) is presented below. The Governor's budget recommendations will be considered by the 2014 General Assembly, which convenes on January 8, 2014. More detailed information on the Governor's budget may be found at: <http://dpb.virginia.gov/>

Operating Budget

- **Compensation:** The Governor's budget does not include a permanent salary increase in either year of the 2014-16 biennium. The budget does, however, include a provision for a one-time bonus for full-time employees of up to 3% on December 1, 2014. Employees receiving a rating of "meets expectations" on their most recent performance evaluation will be eligible for a one-time bonus of up to two percent of their base pay. Employees receiving a rating of "exceeds expectations" will be eligible for a bonus of up to three percent of their base pay. General eligibility for the bonus requires that the employee be employed on April 1, 2014 and remain employed until at least November 24, 2014.

The two percent bonus will be provided if the state's general fund reversion at the end of fiscal year 2014 is equal to or exceeds \$108.8 million, which is twice the general fund cost of the bonus. If the amount of the general fund reversion is insufficient to fund the cost of a two percent bonus, the bonus payment will be prorated accordingly.

The additional one percent bonus will be provided dependent upon a combination of discretionary unspent general fund appropriations and the extent to which fiscal year 2014 revenue meets or exceeds twice the general fund cost of the bonus.

Determination of whether a bonus will be provided (and the size of the bonus) is expected to be made in August 2014.

- **Virginia Retirement System (VRS):** The Governor's budget includes an increase in the employer contribution rate for VRS from 8.76% to 12.33% for state employees. For UMW, about one-half of the cost of the increase will be supported from general funds and one-half from nongeneral funds (tuition and fees). The introduced budget does not include any changes to employee contributions.
- **Health Insurance:** The Governor's budget includes increases in health insurance premiums for both employers and employees. Although a specific employer cost increase has not yet been identified, preliminary estimates indicate an increase of 5% in the first year and 7% in the second year (*updated*). For UMW, about one-half of the employer's cost increase will be supported with general funds and one-half coming from nongeneral funds (tuition and fees).

For employees, the Governor's budget recommendations include an increase in each year of the biennium of \$3 per month for single coverage. Family coverage employee premiums are recommended to increase by \$10 per month in 2014-15 and \$13 per month in 2015-16.

- **Actions Supporting the Virginia Higher Education Opportunity Act:** The Governor's recommended budget actions include a general fund allocation to the University of Mary Washington of \$1,314,772 to support initiatives in its approved six-year plan and consistent with objectives of the Higher Education Opportunity Act.

In addition, general funds of \$79,060 in the first year and \$83,750 in the second year are recommended to support the First-Year Experience program. Further, general funds of \$16,750 in the first year and \$33,500 in the second year are recommended to support the university's Online Learning Initiative.

The Governor's budget also includes language which requires the University to reallocate additional budget of \$396,003 in each year of the biennium to specific programs and strategies that support the Higher Education Opportunity Act. This reallocation is in addition to the current requirement of \$361,240, bringing the total reallocation requirement to \$757,243 in each year of the 2014-16 biennium.

- **Student Financial Aid:** The Governor's budget includes a statewide increase of \$28.4 million in general fund support for undergraduate financial aid for in-state students. For UMW, the recommended general fund increase is \$600,000, which will bring total general fund support for undergraduate aid to \$2,421,686 in 2014-15.
- **Higher Education Equipment Trust Fund (HEETF):** The Governor's budget includes level funding for the HEETF program. UMW's allocation is expected to be \$528,581 in each year of the 2014-16 biennium, which is the same allocation the University received in 2013-14.
- **Dahlgren Education and Research Center:** The Governor's budget includes a nongeneral fund increase of \$200,000 to reflect projected growth in revenues generated at the Dahlgren Campus from leases and facilities rental.

Capital Outlay

- **Maintenance Reserve:** The recommended maintenance reserve allocation for UMW is \$628,736 each year of the 2014-16 biennium. This is an increase above UMW's current annual allocation of \$562,604.
- **Capital Outlay projects:** No new capital outlay projects have been recommended in the Governor's Budget for UMW.