

University of Mary Washington
Governor's Proposed Amendments to the 2016-18 Biennial Budget
December 16, 2016

Governor McAuliffe presented his proposed amendments to the 2016-18 biennial budget at a joint meeting of the Senate Finance Committee, the House Appropriations Committee, and the House Finance Committee on December 16, 2016.

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 2017 General Assembly, which convenes on January 11, 2017. More detailed information on the Governor's budget may be found at: <http://dpb.virginia.gov/>

Operating Budget

- **Compensation:** The Governor's budget includes funding to support a 1.5% bonus for faculty and staff effective December 1, 2017. Employees must have an equivalent rating of at least "contributor" on their performance evaluation and have no written notices under the Standards of Conduct for the preceding review period. Approximately 55% of the cost of the bonus is supported from tuition and fees.
- **Operating Budget Adjustments:** The Governor's budget recommends a permanent general fund (state taxpayer support) reduction of \$1,378,890 or 5% for the 2017-18 fiscal year. Also, the Governor's amendments eliminate the retention of credit card rebates and interest earnings on tuition in both 2016-17 and 2017-18, with an estimated impact of about \$50,000 annually for UMW.

The Governor's amendments also include a repayment of a Virginia Retirement System (VRS) rate reduction. Higher education institutions will "repay" the associated nongeneral fund share of the rate reduction in both 2016-17 and 2017-18. For UMW, the repayment requirement will be \$314,079 in 2016-17 and \$209,386 in 2017-18. If state revenues permit, these funds will be returned to UMW as part of the state budget development process for the 2018-20 biennium.

In the original 2016-18 biennial budget, the cost of the employer's share of health insurance premiums was projected to increase by 9% in 2017-18, at a cost to UMW of about \$400,000. The Governor's budget amendments do not include any changes to the original budget associated with health insurance premiums.

- **Student Financial Aid:** The 2016 General Assembly reallocated 2017-18 funding increases for the state financial assistance program from each institution to the State Council of Higher Education (SCHEV). The intent was to hold all of the new financial aid funds centrally pending the completion of a study of the financial aid allocation model. To date, a new allocation model has not been developed. In response, the Governor's budget amendments return the original funding increase for the state aid program back to the institutions. This results in level funding for the state financial aid program, which is currently at \$3.3 million at UMW for need-based aid for Virginia undergraduates.

- **Higher Education Equipment Trust Fund (HEETF):** The Governor's budget amendments do not make any changes in funding for the HEETF program. UMW's current allocation is \$655,746 in each year of the 2016-18 biennium.

Capital Outlay

- **Maintenance Reserve:** The Governor's budget recommendations reflect no change in allocations under the state's Maintenance Reserve program. Funding for UMW is currently at \$1,161,043 in 2016-17 and \$1,231,951 in 2017-18.
- **Capital Outlay projects:** The Governor's budget recommendations do not include any changes for UMW's capital projects. UMW's active capital projects include the Jepson Science Center Renovation and Addition, Seacobeck Hall planning and Underground Utility Repairs.