

University of Mary Washington
Governor's Proposed 2018-20 Biennial Budget
December 18, 2017

Governor McAuliffe presented his proposed 2018-20 biennial budget at a joint meeting of the Senate Finance Committee, the House Appropriations Committee, and the House Finance Committee on December 18, 2017.

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 2018 General Assembly, which convenes on January 10, 2018. 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 2% salary increase for faculty and staff effective November 10, 2019. Approximately 55% of the cost of a compensation increase is supported from tuition and fees.
- **Health Insurance Premiums:** The Governor's budget recommendations include general fund support to partially offset rate increases for employer health insurance premiums in each year of the biennium. Employer premiums will increase by 6.1% in 2018-19 and by 8.5% in 2019-20. Approximately 55% of the cost of employer health insurance premium increases are supported from tuition and fees.
- **Operating Budget Adjustments:** The Governor's budget recommendations do not include any additional funding for general operating support or new initiatives.
- **Mandatory Non-E&G Fees:** The Governor's budget includes language that limits the annual increase of mandatory non-E&G fees (e.g., UMW's auxiliary comprehensive fee) to three percent. Currently, mandatory non-E&G fee increases are capped at five percent annually with certain exceptions, including wage, salary and fringe benefit increases authorized by the General Assembly or fee increases to support student health services or for expenses related to capital outlay projects authorized by the General Assembly. These exceptions continue with the recommended three percent cap.
- **Student Financial Aid:** The Governor's budget includes additional general funds of \$104,051 in 2018-19 and \$376,241 in 2019-20 for UMW for need-based aid for in-state students. These increases will bring state funding for UMW to a total of \$3.4 million in 2018-19 and \$3.7 million in 2019-20.
- **Higher Education Equipment Trust Fund (HEETF):** The Governor's budget does not include an increase in UMW's annual allocation through the HEETF program. For the 2018-20 biennium, UMW's allocation will continue at \$655,746 annually as recommended in the Governor's budget.
- **Interest Earnings – Credit Card Rebates:** The Governor's budget recommendations include restoration of funding to permit institutions of higher education to retain interest earnings on tuition revenue deposited with the state treasury and to retain a share of credit

card rebates paid to the Commonwealth. Historically, these allocations have generated about \$50,000 annually for UMW.

- ***Establishment of Reserve Funds:*** Language in the Governor’s proposed budget provides authority for institutions of higher education to establish an institutional reserve fund supported by unexpended E&G appropriations in an amount not to exceed three percent of each institution’s general fund appropriation in E&G programs. These reserve funds are intended to promote efficient resource utilization and reduce the need for substantial year-to-year increases in tuition. Any use of the reserve fund requires approval by the Board of Visitors and must be reported to the Governor, the Secretary of Education, the Secretary of Finance and the Chairmen of the House Appropriations and Senate Finance Committees.
- ***Authorization for Lease with Stafford County Public Schools:*** Language in the Governor’s proposed budget provides authorization for the University to lease space in the Gates Hudson Building on the Stafford Campus to Stafford County Public Schools. The lease is conditioned upon approval of the General Assembly.

Capital Outlay

- ***Maintenance Reserve:*** The Governor’s budget recommends annual allocations for UMW of \$1,653,087 for maintenance reserve. This is an increase of \$421,136 from UMW’s 2017-18 maintenance reserve allocation of \$1,231,951. Further, language in the Governor’s budget expands the use of these funds to include projects that do not meet the criteria of maintenance reserve projects with approval of the Director of the Department of Planning and Budget.
- ***Capital Outlay projects:*** The Governor’s budget recommends appropriation of bond proceeds, estimated at \$4.0 million, to support equipment for the Jepson Science Center Addition.

The Governor’s budget recommendations also provide UMW with authorization to sell \$24.5 million in 9(d) revenue bonds for an additional residence hall renovation project.