

Report on Governor's Amendments to 2012-14 Appropriations Act (HB1500/SB800)

Sources of Information

The 2012-14 Appropriation Act (HB1500/SB800) is available at <http://leg2.state.va.us/MoneyWeb.NSF/sb2013>.

The Governor's Executive Budget Document is available at <http://dpb.virginia.gov/budget/budget.cfm>.

The University's Office of State Governmental Relations maintains the most recent analysis of the Budget Bill and the 2013 General Assembly Session at <http://www.virginia.edu/governmentalrelations/>.

Compensation and Benefits

Salary Increase - The Governor left in place a 2 percent salary increase on July 10, 2013. As applied to UVa, this action results in an across-the board salary increase for classified employees who meet expectations and a merit-based for University staff, Administrative and Professional (A&P) faculty, and Teaching and Research (T&R) faculty. (Item 468, page 430)

Health Benefits for Part-time Employees - In accordance with the federal Affordable Care Act, the Governor adds language that employees working 30 hours or more per week on average per month be considered, for health benefits purposes only, full-time employees eligible to participate in the health benefits plan with the standard contribution. Wage employees may not work more than 29 hours per week on average per month. (Sec. 4-7.01, page 535)

State Support for Employer's Share of Health Insurance Premiums – The Governor maintains the state's general fund support for the costs associated with changes in the employer's share of health insurance premiums. (Item 468, page 426)

Research and Economic Development

Medical Research at Virginia Tech and VCU – The Governor provides \$250,000 general funds in FY14 to support the Parkinson's and Movement Disorders Center at Virginia Commonwealth University and \$973,000 general funds in FY14 to support brain disorder research at Virginia Tech. (Item 208, page 186; Item 225, page 198)

Capital Related

Pool for Higher Education Capital Outlay Projects – The Governor establishes a \$263 million pool for higher education capital outlay projects (which total more than \$1 billion), including the Rotunda Renovation. To be eligible for funding, projects must meet the following criteria: detailed planning has been completed; projected construction cash needs have been submitted to the director of DPB; the construction cost has been reviewed by the Six-Year Capital Outlay Plan Advisory Committee; and sufficient bond authority is available. The Governor did not specify how the pool will be allocated, whether first come, first served or most critical projects. (Item C-38.10, page 468)

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Higher Education

Achieving Goals of the HEOA – The Governor provides \$20 million general funds in FY14 to support the goals of the Virginia Higher Education Opportunity Act of 2011 (HEOA, aka Top Jobs for the 21st Century (TJ21)). The funds are distributed in five “buckets”:

| Funding Buckets | Amount | % | UVa | % | UVa-Wise | % |
|--------------------------------|---------------------|-------------|------------------|--------------|------------------|--------------|
| Degree Incentive | \$ 7,783,066 | 40% | \$516,045 | 2.50% | \$ 47,677 | 0.23% |
| Enrollment Growth ¹ | \$ 4,864,416 | 25% | \$116,432 | 0.57% | \$ 33,084 | 0.16% |
| Base Adequacy | \$ 3,891,533 | 20% | - | - | - | - |
| Student Financial Aid | \$ 1,945,766 | 10% | \$ 71,101 | 0.35% | \$ 25,849 | 0.13% |
| Initiatives | \$ 1,822,883 | 5% | - | - | - | - |
| TOTAL | \$20,307,664 | 100% | \$703,578 | 3.50% | \$106,610 | 0.52% |

¹ Enrollment growth is funded at 34 percent of total recommended by SCHEV based on tuition assistance grant funding of \$3,100 per student.

Reallocation of General Funds to Support HEOA Goals – In lieu of budget reductions, the Governor directs each public higher education institution to set aside in FY14 the equivalent of 5 percent of its FY12 general funds support for educational and general (E&G) operations to reallocate toward the goals of the HEOA (\$60.2 million total). The 5 percent reallocation is the combination of 2 percent in the current Appropriation Act and an additional 3 percent proposed by the Governor. UVa is required to re-allocate \$5,607,118 in FY14 (rather than \$2,242,847 included in the current budget) in existing E&G funding towards initiatives in TJ21. UVa-Wise is required to re-allocate \$569,783 in FY14 (rather than \$227,913). (Item 195, page 177; Item 202, page 181)

Higher Education Restructuring Financial and Administrative Standards – Currently, the information technology standard is to complete projects exceeding \$1 million on time and on budget against their managed project baseline; any exception would cause the Secretary of Technology to review the circumstances. The Governor has expanded the scope to include projects of less than \$1 million if the project has high risk or complexity, is critical to the immediate security or safety of Commonwealth citizens, is a component of a larger IT project, or if the Governor has requested additional oversight. (Item 4-9.02.b.d.6, page 541)

Long-term Funding Policy for Higher Education – The Governor directs the Secretaries of Education and Finance, Higher Education Advisory Committee, Director of DPB, Executive Director of SCHEV, and House Appropriation/Senate Finance staff to develop, by September 15, 2013, a long-term funding policy for higher education consistent with the goals and guidelines set forth in the Virginia Higher Education Opportunity Act of 2011. (Item 130, page 104)

Higher Education Equipment Trust Fund – The Governor plans to delay the 2013 bond issuance for Higher Education Equipment Trust Fund (ETF) equipment purchases; institutions are allowed to purchase equipment from their own funds in 2013, but reimbursement will be delayed until at least the first quarter of FY14. The Governor added an additional \$2 million in FY14 to

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the Virginia Community College System's ETF allocation to support workforce development. (Item 254, page 213)

College Preparatory Laboratory Schools - The Governor provides \$600,000 general funds in FY14 to plan for the development and implementation of innovative education programs and to promote greater cooperation and coordination between institutions of higher education for preschool to grade 12 students through the establishment of College Partnership Laboratory Schools. The Secretary of Education is authorized to select institutions of higher education to receive funding. (Item 130, page 103)

Establish Virginia Center for Excellence in Teaching – The Governor provides \$220,000 general funds in FY14 to establish the Virginia Center for Excellence in Teaching, which will offer a series of residential summer professional development academies for exemplary teachers. The Department of Education will solicit competitive proposals for funding from institutions of higher education to create and operate the Center. (Item 131, page 105).

Innovative Education Technical Advisory Group – The Governor adds \$100,000 general funds in FY14 (for a total of \$200,812) to support the Innovative Education Technical Advisory Group to assist the establishment of charter, college laboratory, or virtual schools or other instructional delivery or school governance models in Virginia. (Item 137, page 109)

Virginia Scholarship Assistance Program – The Governor eliminates language requiring the College Scholarship Assistance Program to allocate discretionary financial aid funds based on a need-based model approved by SCHEV. Instead, allocations will be made for purposes of addressing student retention and graduation. (Item 144, page 146)

Tuition Assistance Grants – The Governor adds \$600,000 general funds in FY14 (for a total of \$1.85 million) to the tuition assistance grants (TAG) designated for the Virginia Military Survivors and Dependents Program (VMSDP). Additionally, the Governor transfers funding from FY13 to FY14 to accommodate changes in enrollment and award amount; this action will increase the grant award from \$2,800 to \$3,100 for undergraduate students and from \$1,300 to \$1,500 for graduate and medical students. (Item 144, page 146 and 148)

Student Financial Aid for Work Study - The Governor adds language to expand state student financial aid, allowing it to be used for the purpose of supporting work study programs. (Sec. 4-5.01, page 513)

Interest Earnings/Credit Card Rebates – The Governor amended the general fund amounts paid in FY13 and FY14 to higher education institutions for interest earned on tuition and fees and other non-general fund revenues and for rebates on credit card purchases. Collectively, the amounts increased by \$2.4 million in FY13 and \$1.8 million. (Item 465, page 423)

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Medical Center Related

Indigent Care Reimbursement - The Governor corrects an error in indigent care funding from the Department of Medical Assistance Services to the UVA Health System and VCU Health System, reducing UVA's FY13 reimbursement by \$215,600 and increasing its FY14 reimbursement by \$5,046,580. (Item 307, page 263)

Other

Changes in Reporting on Major Information Technology Projects – The Governor reduced required reporting in the Recommended Technology Investment Projects (RTIP) report. (Item 427, page 368)

Elimination of Commonwealth Competition Council - The Governor eliminates the Commonwealth Competition Council and the associated savings recovery fund that was used by DPB to defray the costs of providing staff and operational support to the council. (Item 271, page 226)

O&M for Southwest Virginia Higher Education Center – The Governor provides \$118,000 general funds in FY14 to support half of the operating and maintenance costs for the Southwest Virginia Higher Education Center's new research facility.

Savings from Administrative Efficiencies – The Governor continues to assess a reduction to all Executive Branch agencies for administrative (i.e., turnover and vacancy) savings, totaling \$13.0 million in FY13 and \$13.0 million in FY14. (Item 471, page 437)

Line of Duty Costs – The Governor provides \$74,000 general funds in FY14 directly to higher education institutions to cover Line of Duty costs.