

**Governor's Amendments to Chapter 3, 2012-14 Appropriation Act –
December 2012
Preliminary Summary**

Statewide Budget Outlook

- Caution surrounding the risk of the fiscal cliff given Virginia's dependence on the federal government.
- December revenue forecast has been revised upward from the official forecast:
 - 3.6% in FY13 compared to the official forecast of 2.9%.
 - 3.8% in FY14 compared to the official forecast of 4.5%.
 - Results in \$117.6 million in additional revenue for the 2012-14 biennium.
- Combination of savings from agency reduction plans (e.g. capped disproportionate share payments for Medicaid at FY13 levels), reductions in some spending, and increases in other spending produces a net increase in operating spending of \$211.4 million for the biennium.
- Governor placed priority on six major themes for improving Virginia's financial health:
 - transportation by dedicating another 0.05% of general fund sales tax revenue or \$48.1 million;
 - K-12 education by providing a 2% salary increase for instructional personnel at a cost of \$59 million;
 - adequate funding for core services by providing \$65 million to support the employer contribution to the state employee health insurance fund;
 - increased liquidity by providing an early deposit of \$50 million to the revenue stabilization fund;
 - aid to localities by restoring the scheduled \$45 million reduction in FY14; and
 - higher education by investing \$30 million in new money.

Higher Education Budget Outlook

- \$20 million to support the goals of the Virginia Higher Education Opportunity Act of 2011/Top Jobs for the 21st Century (TJ21) distributed in five "buckets":

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Funding Buckets	Amount	%	UVa	%	UVa-Wise	%
Degree Incentive	\$7,783,066	40%	\$516,045	2.5%	\$47,677	0.23%
Enrollment Growth	\$4,864,416	25%	\$116,432	0.57%	\$33,084	0.16%
Base Adequacy	\$3,891,533	20%	-		-	
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	3.5%	\$106,610	0.52%

- Enrollment growth funded at 34% of total recommended by SCHEV based on TAG grant funding of \$3,100 per student.
- In 2013-14, UVa is required to re-allocate \$5,607,118 (or 5%, rather than \$2,242,847 or 2% included in the current budget) in existing educational and general funding towards initiatives in TJ21. UVa-Wise is required to re-allocate \$569,783 (rather than \$227,913).
- The Secretaries of Education and Finance, Higher Education Advisory Committee, SCHEV, and House Appropriation/Senate Finance staff are directed to develop a long-term funding policy for higher education consistent with TJ21.
- Plan to delay 2013 bond issuance for equipment purchases, but allow institutions to purchase equipment from their own funds with reimbursement to come in first quarter of FY14.
- Budget retains in FY14 the unexpected turnover and vacancy savings assessed this year which totaled \$13 million.
- New Capital Funding – Establishes a \$263 million pool for higher education capital outlay projects (which total more than \$1 billion) including the Renovation of the Rotunda.
- Compensation – The Governor left in place a 2% July 2013 salary increase (across-the board for classified employees who meet expectations; merit-based

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for University staff, Administrative and Professional (A&P) faculty, and Teaching and Research (T&R) faculty).

- In accordance with federal Affordable Health Care Act, the Governor adds language that employees working 30 or more hours per week on average 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.
- Medical Center – Corrects error in indigent care funding from the Department of Medical Assistance Services, reducing FY13 by \$215,600 and increasing FY14 by \$5,046,580.
- The Governor adds language to expand state student financial aid language to allow it to be used for work study programs.
- The Governor adds funding for several education-related initiatives:
 - \$600,000 in second year to develop and implement College Preparatory Lab Schools.
 - \$220,000 in second year to develop Virginia Center for Excellence in Teaching to offer a series of residential summer professional development academies for exemplary teachers.
 - \$100,000 in second year (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.