

**Governor’s Introduced 2014-16 Appropriation Act – December 2013
Preliminary Summary of Higher Education Budget Outlook**

- The Secretaries of Education and Finance, Higher Education Advisory Committee, SCHEV, and House Appropriation/Senate Finance staff have been developing a long-term funding policy for higher education consistent with the goals of the Virginia Higher Education Opportunity Act of 2011/Top Jobs for the 21st Century (TJ21). The 2014-16 budget finalizes the new higher education funding formula based on enrollment growth, initiatives, incentives, research, financial aid, productivity, and other critical TJ21 goals.
- The Governor proposes \$183.1 million new funding in 2014-16 to support higher education, including \$150.7 million to further achieve the goals of TJ21, as distributed in “buckets”:

Funding Buckets	Biennial Total (split evenly unless otherwise noted)	%	UVa FY15	UVa FY16
Degree Incentives (80% volume, 20% improvement)	\$63,000,000	41.8%	\$2,071,443	\$2,071,443
Enrollment Growth	\$21,000,000	13.9%	\$1,095,137	\$1,095,137
Base Funding	\$13,500,000	9.0%	-	-
Financial Aid (UG and Grad)	\$31,500,000	20.9%	\$100,000 UG \$387,660 Grad	\$100,000 UG \$387,660 Grad
Initiatives/Research	\$21,700,000 (\$10.7M in FY15, \$11.0M in FY16)	14.4%	\$1,000,000 Cancer \$1,000,000 Focused Ultrasound	\$1,000,000 Cancer \$1,000,000 Focused Ultrasound
Total TJ21 Funding	\$150,700,000	100.0%	\$5,654,240	\$5,654,240
Other Proposed Funding			UVa FY15	UVa FY16
Virginia Higher Ed Procurement Cooperative			\$106,000	\$153,000
Veterans Consortium (coordinated by SCHEV, between JMU, ODU, UVa, Virginia Tech, and VCCS)			\$46,000	\$175,000
Employer Health Insurance Premium Increases			\$327,646	\$341,891
Total Other Funding			\$479,646	\$669,891
TOTAL Proposed Funding			\$6,133,886	\$6,324,131

- In each year of the biennium, UVa is required to re-allocate 2% (or \$2,390,301) in existing E&G funding towards TJ21 initiatives. These reallocations are in addition to previous reallocations implemented in the 2012-14 biennium. Specific programs and strategies for the reallocations will be documented in the institution's six-year plan.
- VRS Rate Increase – The statutory increase in the VRS rate from 8.76% (excluding the 5% employee portion) to 12.33% is expected to cost UVa \$9.4 million (\$5.0 million from state funds and \$4.4 million from other fund sources). Of the \$5.0 million from state funds, the Commonwealth's general fund share is \$1.7 million. The remaining \$3.3 million will be need to be addressed from tuition.
- Capital Funding – There is no major capital outlay package for higher education during the 2014-16 biennium. Funding is provided to higher education institutions for maintenance reserve (totaling \$39.2 million, of which \$12.6 million is earmarked for UVa) to address critical maintenance needs in state-owned facilities and for equipment purchases related to previously authorized capital projects (\$20.6 million, none of which is earmarked for UVa).
- Compensation – The Governor proposes a December 2014 one-time bonus (tied to savings) up to 2% (across-the board for classified employees who *meet* expectations; merit-based for University staff, A&P faculty, and T&R faculty). The Governor proposes an additional one-time bonus (tied to savings) up to 1% (across-the board for classified employees who *exceed* expectations; merit-based for University staff, A&P faculty, and T&R faculty).
- Medical Center – The Governor proposes to continue the budget reduction from the 2012-14 biennium for indigent care services paid to academic health centers (UVa, VCU) into FY15. The medical centers will still be paid the full federal share of their indigent care costs. All previous reductions (including hospital inflation) will be restored in FY16.