

**BOARD OF VISITORS
COMMITTEE ON FINANCIAL AFFAIRS
FEBRUARY 7, 2014**

THE COLLEGE OF WILLIAM AND MARY



The introduced budget combines new revenues, savings, and spending to yield an unappropriated general fund balance of \$50.9 million . . .

General Fund Only			
	FY 2015	FY 2016	Biennial Total
Revised Revenue Forecast			
Prior Year Balance	\$536.5	\$0.0	\$536.5
Additions to Balance	94.5	(0.5)	94.0
Revenues	17,686.1	18,373.4	36,059.5
Transfers	537.5	535.4	1,072.9
Total GF Resources	<u>\$18,854.7</u>	<u>\$18,908.3</u>	<u>\$37,763.0</u>
Proposed Expenditures			
Chapter 806 Base			
Operating	\$17,986.1	\$17,986.1	\$35,972.2
Capital	0.0	0.0	0.0
Total CH 806 Base	<u>\$17,986.1</u>	<u>\$17,986.1</u>	<u>\$35,972.2</u>
Proposed Amendments			
Operating	\$822.3	\$914.7	\$1,737.0
Capital	2.9	0.0	2.9
Total Proposed Amendments	<u>\$825.2</u>	<u>\$914.7</u>	<u>\$1,739.9</u>
Total of All Spending	\$18,811.3	\$18,900.8	\$37,712.1
Balance	\$43.4	\$7.5	\$50.9

*Amounts shown in millions

The spending increases proposed in the introduced budget focus on keeping commitments across six major objectives . . .

- Provide adequate funding for core services.
- Increase liquidity to guard against future economic uncertainty and the potential impact of federal spending reductions.
- Maintain commitment to fully fund requirements of the Virginia Retirement System.
- Increase support for instructional spending in public education and continue investments in higher education.
- Maintain and improve commitments to health and human services.
- Continue support for local constitutional officers and law enforcement.

The top 10 spending amendments account for 84.8 percent of the total increased spending . . .

Agency	Title	FY 2015	FY 2016	
Department of Medical Assistance Services	Fund Medicaid utilization and inflation	\$ 255,197,886	\$ 419,208,894	
Direct Aid to Public Education	Update costs of the Standards of Quality (SOQ)	277,335,931	297,937,474	
Department of Accounts	Provide general fund appropriation for mandatory deposits to the Revenue Stabilization Fund	243,170,048	59,885,846	
Treasury Board	Provide debt service for projects and equipment	75,563,079	121,094,873	
Direct Aid to Public Education	Update retirement contribution rates for Standards of Quality related positions	80,645,463	80,964,613	
Central Appropriations	Provide funding for increases in the cost of state employee retirement	48,785,415	48,785,415	
Central Appropriations	Provide additional funding for the state employee health insurance program	24,584,583	59,260,533	
Department of Medical Assistance Services	Adjust base budget to reflect previously authorized waiver slots	39,394,728	39,394,728	
Central Appropriations	Provide funding for the payback of deferred state employee retirement contributions	26,800,957	26,800,957	
Department of Medical Assistance Services	Provide funding for required waiver slots	14,883,111	30,437,862	
Subtotal of Top 10 Spending Increases		1,086,361,201	1,183,771,195	84.8%
Subtotal of All Other Spending Increases		216,084,991	190,341,624	15.2%
Total Spending Increases		\$ 1,302,446,192	\$ 1,374,112,819	

NOTE: These amendments reflect discrete changes and may need to be read with other amendments to obtain a comprehensive result.

\$183.1 million is provided to support higher education and the goals of the “Top Jobs” legislation . . .

Over \$150 million is provided directly to the higher education institutions in support of the provisions of the “Top Jobs” Act.

➤ *Base operations and financial aid = \$45 million*

- ❑ \$13.5 million (30 percent) is dedicated to base operations.
- ❑ \$31.5 million (70 percent) goes to financial aid with 10 percent applied toward graduate financial aid to attract high caliber students to Virginia’s research programs.

➤ *Funding to incentivize performance = \$105 million*

- ❑ \$21 million (20 percent) is provided for enrollment growth
- ❑ \$63 million (60 percent) for incentive funding
- ❑ \$21 million (20 percent) for research and initiatives to support the goals of the “Top Jobs” Act.
 - The incentive funding rewards performance of higher education institutions for increasing graduation and retention rates, graduating additional STEM-H students needed to keep our economy competitive, and attracting students of all socio-economic levels to higher education.
 - Included in the funding for research is \$4 million over the biennium for cancer research at Virginia Commonwealth University (VCU) and the University of Virginia (UVA); \$3.3 million for brain research at Virginia Tech; \$2 million for ultrasound research on movement disorders at UVA; \$1.95 million to support the Center for Bioelectrics at Old Dominion University (ODU); and \$1.3 million for Parkinson’s Disease research at VCU.

Summary of budget changes . . .

- All required spending has been met without tax increases.
- Savings strategies reprioritize discretionary spending to take advantage of continued government reform efforts.
- Key spending items include:
 - *Provide adequate funding for core services.*
 - *Increase liquidity to guard against future economic uncertainty and the potential impact of federal spending reductions.*
 - *Maintain commitment to fully fund requirements of the Virginia Retirement System.*
 - *Increase support for instructional spending in public education and continue investments in higher education.*
 - *Maintain and improve commitments to health and human services.*
 - *Continue support for local constitutional officers and law enforcement.*
- HB/SB 30 leaves a budgeted surplus in excess of \$50 million as an unappropriated balance.

COLLEGE OF WILLIAM & MARY

SUMMARY OF GOVENOR MCDONNELL'S 2014-16 BUDGET AMENDMENTS

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
Enrollment Growth	\$ 328,184	\$ 328,184
Base Operations/Degree Incentives	787,878	787,878
Six-year Plan: eLearning	259,096	348,206
Undergraduate Financial Aid	100,000	100,000
Graduate Financial Aid	<u>72,322</u>	<u>72,322</u>
 Total: Direct Allocations	 \$1,547,480	 \$1,636,590
 Central Account Allocations		
3% Bonus (contingent)	\$ 763,000	\$ -0-
Fringe Benefit Rate Increases	<u>970,000</u>	<u>970,000</u>
 TOTAL INCREMENTAL STATE SUPPORT	 \$3,280,480	 \$2,606,590

FY 2015 INCREMENTAL REVENUES, EXPENDITURES AND REALLOCATIONS

	<u>W&M Promise Estimates</u>	<u>Governor's Introduced Budget</u>
<u>Revenue</u>		
State Funds	\$ 1,200,000	\$
Program support		1,547,480
Bonus/Fringe benefits		1,733,000 (\$763,000 contingent; one-time)
Undergraduate Tuition		
In-state	3,915,000	3,915,000
Out-of-state	1,910,000	1,910,000
Enrollment growth	1,462,000	1,462,000
Graduate/Professional	<u>1,613,000</u>	<u>1,613,000</u>
	\$ 10,100,000	\$12,180,480
<u>Expenditure/Reallocation</u>		
Faculty/Staff salaries	\$ 5,986,836	\$ 5,986,836
Fringe Benefits	781,600	2,870,286
Financial Aid	2,340,000	2,340,000
Graduate Aid	500,000	500,000
Enrollment	360,000	360,000
Base Operations	831,564	831,564
TJ21/Strategic Plan	300,000	300,000
Reallocation	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	\$ 10,100,000	\$ 12,188,686

COLLEGE OF WILLIAM AND MARY
SUMMARY OF 2014 GENERAL ASSEMBLY OPERATING AND CAPITAL AMENDMENTS

Operating Amendment:

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
Puller Veterans Benefit Clinic	\$333,500 GF	\$349,000 GF

The Lewis B. Puller Jr. Veterans Benefit Clinic offers students the opportunity to assist veterans with filing claims for disability compensation with the Department of Veterans Affairs. Under attorney supervision, clinic students have the opportunity to interview clients, analyze medical records, communicate with health care providers, and craft strategies to help clients receive disability compensation. The requested funds will allow the Clinic to increase the number of students under supervision and double the number of veterans that can receive assistance. These funds also support an outreach effort to other law schools.

Capital Amendments:

Fine Arts, Phase 1	\$2,604,000 GF
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Having completed preplanning, the College requests \$2,604,000 to support design through preliminary drawings for phase 1 of a three phase program to improve its Fine Arts instructional facilities. Construction of a new Music Department facility (\$52.3 M) is the first phase of a three phase program to develop an Arts Quarter, allowing the College to consolidate its diverse fine arts activities. The Music Building will provide 74,950 GSF of instructional space that meets current technical and acoustical standards for instruction, rehearsal, and performance. The facility will include 4 classroom/seminar rooms, 15 teaching studios, 33 practice rooms, 60 person choral and 45 person instrument rehearsal rooms, a 125 seat recital hall, and a 450 seat concert hall.

West Campus Utilities	\$1,336,000 GF
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Having completed preplanning, the College requests \$1,336,000 to support design through preliminary drawings for a new heating and cooling plant to relieve the South Campus Swem District Plant. The West Utility Plant will connect to, and assume loads, on the west side of the South Campus including five buildings currently supported by the Swem Plant, two buildings currently operating with outdated stand-alone plants, and provide full support for all phases of the proposed Fine Arts Quarter. The physical facility will be sized to allow for additional chillers/boilers as necessary to support future campus needs.