



WILLIAM & MARY

CHARTERED 1693

# COMMITTEE ON FINANCIAL AFFAIRS

## Board of Visitors

*February 9, 2018*

# STATE REVENUE FORECAST IMPROVING

- FY17 general fund (GF) revenue grew 3.6% exceeding the forecasted growth of 2.9%.
- For FY18 year to date (ytd), GF revenues have grown 5.9% through December – significantly ahead of the 3.4% forecast.
  - The month of December saw double digit growth (10%) as taxpayers filed nonwithholding payments ahead of the January 16, 2018 deadline.
  - With 3.8% growth ytd, sales and use tax has also exceeded projections of 3.0% growth.
  - By contrast, tax withholdings are lagging projections slightly at 3.0% ytd versus the projected 3.5% annual growth rate.

# GOVERNOR'S BUDGET PRIORITIES

- \$481.0 million GF biennial increase in *mandated* re-benchmarking of K-12 Standards of Quality
- \$575.8 million GF biennial increase in *mandated* increases for Medicaid utilization and inflation
- \$270.7 million GF to bolster cash reserves tied to bond rating
- \$100.7 million GF for the state share of a 2% salary increase for teachers and state employees in FY20 (effective November 10, 2019)
- \$104.5 million GF biennial increase for new initiatives in higher education
- *Assumes \$421.7 million in additional revenue over the course of the biennium due to Medicaid Expansion*



## Undergraduate Need-Based Financial Aid

\$16.2 million in FY19

\$29.3 million in FY20

## Research Investments

Maintains \$80 million debt authorization in each year

Maintains \$8 million annually for Va Research Investment Fund

### Key Higher Education Priorities

## Increased Funding for Maintenance Reserve

\$25 million increase above FY18 for both FY19 and FY20

## 2% Salary Increase

Provides state GF share for 2% salary increase for all employees (including faculty) in FY20



# PROPOSED W&M FUNDING

	FY18 Base	FY19 Proposed	FY20 Proposed	\$ Increase Over FY18 Base
Undergraduate Need-Based Aid	\$4.39 million	\$4.50 million	\$5.04 million	\$649,000
Equipment Trust Fund	\$2.90 million	\$2.90 million	\$2.90 million	No change
Maintenance Reserve	\$2.45 million	\$ 3.67 million	\$ 3.67 million	\$ 1.21 million
Veteran's Counseling Program	New initiative	\$160,050	\$287,850	\$287,850

# LANGUAGE AMENDMENTS

- Governor's introduced budget includes language, as requested, to allow W&M to extend Tier 3 status to RBC if needed to assist RBC operations
- Restoration of financial incentives under restructuring
- Authorization to create a reserve fund – capped at 3% of E&G GF appropriation

# W&M ITEMS NOT FUNDED

## OPERATING BUDGET

- *Whole of Government Initiative* to develop first-year M.P.P. curriculum on-line
  - Have requested \$250,000 in FY19 and \$200,000 in FY20 through the General Assembly amendment process

## CAPITAL BUDGET

- *Swem Library First Floor Renovation - \$10.7 million GF*
- *Pop Lab Renovation - \$8.5 million GF*
  - Did not submit through General Assembly amendment process due to state debt capacity and queuing of already authorized capital projects

# WILLIAM & MARY

## NEXT STEPS IN BUDGET PROCESS

- Incorporate final State actions
  - House and Senate will release their budgets on February 18<sup>th</sup>
  - General Assembly expected to adjourn on March 10<sup>th</sup>
  - Governor expected to sign budget bill by April 18<sup>th</sup>
- Address W&M's on-going funding needs for need-based aid under the Promise with increasingly diverse student population
- Determine annual and long-term business innovation targets
- Finalize FY 2019 budget recommendations for BOV action in April.

