



WILLIAM & MARY

CHARTERED 1693

# STATE BUDGET UPDATE

Financial Affairs Committee

*February 7, 2019*

# CURRENT APPROPRIATION ACT PROVIDES SIGNIFICANT FUNDING TO W&M IN FY20

Operating Budget	FY20 Incremental GF Support
Increase High Demand Degrees	\$1,221,700
Veterans' Counseling Program	287,900
Whole of Government/MPP 1 <sup>st</sup> Yr Online	250,000
O&M for New Facilities	75,000
In-State, Need-Based Financial Aid	<u>417,800</u>
Total GF Increase in Operating Support	\$2,252,400
Capital Budget	
Maintenance Reserve	\$1,214,400

# CURRENT BUDGET ADDRESSES EMPLOYEE COMPENSATION

Employee Compensation Actions	FY20 Incremental GF Support
Across-the-Board Salary Increase	State GF Share of 2% increase <u>for all faculty and staff</u> effective 7/1/19 paycheck
Merit-Based Salary Increase	State GF Share for a 2% merit increase for <u>classified staff only</u> effective 7/1/19 paycheck
Health Insurance	GF share to cover 8.5% premium increase over FY19 rates

# DIFFERENT BUDGET APPROACHES

Entity	Approach
Governor (Introduced Bill)	Captures all anticipated revenue, assuming state tax code would conform to federal tax code
House Appropriations	Moves all revenue generated by changes from the federal Tax Cuts and Job Act of 2017 to a central account, reducing overall spending by \$1.2 billion as compared to the introduced bill
Senate Finance	Reduces available revenue by \$415.4 million consistent with SB1372 which raises the Virginia standard deduction for tax years 2019 through 2025

# W&M REQUESTED AMENDMENTS TO CURRENT APPROPRIATION ACT

Initiative	W&M Request	Governor	House Appropriations	Senate Finance
Create Data Science Major	\$950,000 GF	\$0	\$0	\$570,000 GF
Renovate Swem Library for Learning & Innovation Studio	\$10.7 million	\$0	\$0	\$0
Furnishings & Fixed Equipment for Fine & Performing Arts Complex	\$7.7 million	\$7.7 million	\$7.7 million	\$7.7 million
Retirement Stranded Liability Surcharge	Language amendment to change effective date to FY20 and limit surcharge to positions where university initiated change	Not addressed	Language amendment to change effective date to FY20. Captures <u>university-initiated</u> position conversions since January 2012 at a rate of 5.02%	Language amendment to change effective date to FY20. Captures <u>university-initiated</u> position conversions since January 2014 at a rate of 8.04%

# STATEWIDE INITIATIVES

Initiative	Governor (Introduced Bill)	House Appropriations	Senate Finance
Tech Talent Pipeline	<ul style="list-style-type: none"> <li>\$8.3 million GF competitive pool for operating grants to higher ed insts.</li> <li>\$80 million GF pool for capital outlay/ equipment</li> </ul>	<ul style="list-style-type: none"> <li>Provides \$27.9 million GF for the Tech Talent Investment Fund</li> <li>Requires institutions to submit detailed enrollment plan including anticipated changes in in-state/out-of-state enrollment in high demand degrees</li> <li>Removes \$80 million capital pool</li> </ul>	<ul style="list-style-type: none"> <li>Reduces operating pool to \$8 million and provides an additional \$500,000 GF for student internships</li> <li>Maintains capital pool</li> </ul>
Student Affordability	Language requiring all institutions to submit an affordability plan as part of their six-year year operating plans	<ul style="list-style-type: none"> <li>Removes language in introduced bill (addressed in IPPA legislation)</li> <li>Provides an “optional” \$45.7 million GF to maintain FY20 in-state tuition at prior year levels across all higher ed institutions</li> <li>\$1.4 million earmarked for W&amp;M</li> </ul>	Replaces language in introduced bill with language allowing institutions to present “alterative” tuition plans, consistent with Senate IPPA pilots
Student Financial Aid	\$38,855	Removes \$38,855 and charges SCHEV with conducting a study on need-based aid	No change from introduced budget

# STATEWIDE INITIATIVES (continued)

Initiative	Governor (Introduced Bill)	House Appropriations	Senate Finance
Across-the-Board Salary Increases	Maintains 2% for all employees	Ups across-the-board increase to 2.75% for all staff and 3% for teaching & research faculty	No change from introduced bill
Merit-Based Salary Increases	Maintains 2% for all <u>classified</u> employees	Ups merit increases to 2.25% for <u>classified</u> employees	No change from introduced bill
One-Time Bonus	1% effective 12/1/19 paycheck	Removes 1% bonus	Removes 1% bonus
Health Insurance Premium	Maintains rates at FY19 levels	Provides a two pay-period premium holiday for FY20 and maintains FY19 rates	No change from introduced bill

# NEXT STEPS

- House and Senate scheduled to vote on committee budgets Thursday, February 7.
- Each bill will cross over to the other chamber
- Conference committee will be appointed
- Final budget expected before sine die on Saturday, February 23

