

**Comparison of Governor Kaine's Introduced Budget and the Conference Report
for Higher Education Operations in the 2010-12 Biennium
(General Fund)**

Amended 2008-10 Budget		
Item	Governor Kaine	Conference Report
FY10 Budget Cut Adjustments for Base Operations	Restore \$150.1 million September reduction in order to meet the ARRA funding requirements, making the total FY10 higher education general fund support greater than the FY06 level.	No change
American Recovery and Reinvestment Act (ARRA)	Reduce total ARRA funding from \$126.7 million to \$75 million due to the partial restoration of the September general fund budget cuts.	No change
Auxiliary Savings	<ul style="list-style-type: none"> ▪ Transfer auxiliary furlough savings of \$0.7 million in FY10 to general fund. ▪ Transfer auxiliary VRS/benefit holiday savings of \$2.3 million in FY10 to general fund. 	No change
Interest on Auxiliary Balances	Transfer \$5.4 million interest earnings in FY10 to general fund.	No change
Deferred Compensation Cash Match Program	Suspend the deferred compensation cash match program starting with the last 5 pay periods of FY10.	Eliminate the suspension.
Furlough	One day furlough in FY10	No change. Higher education institutions are granted flexibility to achieve the required savings through alternative means.
Tuition Assistance Grant (TAG)	None.	Allow students at the Virginia Tech-Carilion School of Medicine entering in fall 2010 to participate in TAG.

2010-12 Budget		
Base Operations	Continue FY10 \$46.7 million general fund cut in FY11. Reduce general fund support by \$196.8 million in FY12. By FY12, the total state support for the system would be just slightly higher than it was in FY04.	No change
Faculty Salary	No salary increase in either year of the biennium.	No change
Eminent Scholars Program	No additional reductions over the FY10 level.	Reduce funding by \$1.7 million in each year over the FY10 level.
Tuition Assistance Grant (TAG)	Transfer \$568,910 to EVMS.	<ul style="list-style-type: none"> ▪ Reduce funding by \$5 million each year. ▪ Correct TAG transfer to EVMS in the introduced budget

		<p>by reducing \$193,210 each year.</p> <ul style="list-style-type: none"> Allow students at the Virginia Tech-Carilion School of Medicine entering in fall 2010 to participate in TAG.
Undergraduate Student Financial Aid	No additional funding.	<ul style="list-style-type: none"> No change in funding. SCHEV is tasked to review the funding methodology and alternatives. SCHEV shall report the results to chairmen of the House Appropriations and the Senate Finance Committees and DPB director by 10/1/2010.
Auxiliary Cash Balances	Transfer \$18.8 million auxiliary cash balances to general fund in FY11. It is about 5% reduction of auxiliary revenue per institution.	Eliminate the fund transfer in FY2011 as proposed by Governor Kaine.
Interest on Auxiliary Balances	Transfer \$7.2 million interest earnings to general fund annually in FY11 and FY12.	No change
Capital Fee	None	Increase out-of-state student charge from \$10 to \$15 per credit hour per student.
Transfer Grant	None	<ul style="list-style-type: none"> Reduce funding by \$1.1 million each year. Move the grant administration to SCHEV.
HEETF	Provide \$50 million allocation each year. Debt service is estimated at \$8.3 million in FY12	<ul style="list-style-type: none"> Redistribute allocation to reflect SCHEV recommendations. Provide additional funding of \$6 million for research equipment initiatives. Remove \$8.3 million debt service in FY2012.
Virginia Retirement System (VRS)	Require state employees to contribute 1% of their salaries in FY11 and 2% in FY12 to fund their retirement.	<ul style="list-style-type: none"> No requirement for current state employees to make retirement contributions. Employees hired on and after July 1, 2010 are required to make 5% contributions and ORP rate is lowered.
Optional Retirement Plan (ORP)	State will reduce its contribution and require employees, mostly teaching and research faculty, to pay 1% of salary in FY11 and 2% of salary in FY12. Unlike VRS, ORP is a defined contribution plan that has no guarantee of retirement benefit.	
Furlough	No furlough days proposed for the biennium.	No change
Revenue Enhancement	End car tax subsidy.	Continue the car tax subsidy
Deferred Compensation Cash Match Program	Continue the suspension of the deferred compensation cash match program. Currently state employees can receive up to \$20 per pay period or \$480 per year in state matching amounts.	<ul style="list-style-type: none"> Partial restoration of \$10 per pay period in FY2011, and Full restoration of \$20 per pay period in FY2012.
Employee Bonus	None	3% bonus in FY2011 if FY10 revenue collections exceed the official revenue estimate by at least \$82 million. If excess revenue is less than \$82 million, the bonus shall

		be prorated to a percent that equates to the amount of excess revenue collected.
Central Account Adjustments	Reduce \$39.4 million in total due to rate changes in contributions to retirement, group life, disability and health credit etc.	No change
Interest Earnings and Credit Card Rebates	Continue current year estimate of \$8.4 million for FY11.	No change
Tuition and Fee Policy	No restriction on tuition and fee increases.	No change
Graduate Financial Aid Language	Section 4-5.01 b.3.d is modified that only graduate students not meeting the criteria of Section 4-2.01 b.6 would qualify for financial aid under this criterion.	No change
Higher Education Reversion Clearing Account	None.	Creates a \$10 million higher education funding reduction clearing account for FY2012. The distribution of reduction will be determined in FY2011.
Auxiliary Facilities at Two-Year Colleges	None.	SCHEV shall develop guidelines for construction of auxiliary facilities by two-year colleges by 10/1/2010.
(B) Institution-Specific Operating Budget		
GMU	<ul style="list-style-type: none"> ▪ Distribute amounts for real estate fees to agency budgets \$508. ▪ Remove one-time funding for performing arts (\$600,000). 	No change
LU	<ul style="list-style-type: none"> ▪ Distribute amounts for real estate fees to agency budgets \$6,930. ▪ Provide additional funding of \$475,664 for the Bachelor of Science in nursing program. ▪ Remove funding for information technology payments \$999,000. 	No change
NSU	None	Provide \$250,000 each year for PhD in material science program
RU	<ul style="list-style-type: none"> ▪ Remove funding for information technology payments \$840,781. ▪ Remove equipment funding for nursing program \$327,852. 	No change
UMW	Distribute amounts for real estate fees to agency budgets \$2,112.	Move \$100,000 funding for Dahlgren center from FY12 to FY11.
VCU	None	Provide \$1 million additional funding for Massey cancer center in FY11 .
VCCS	<ul style="list-style-type: none"> ▪ Distribute amounts for real estate fees to agency 	<ul style="list-style-type: none"> ▪ No change, and

	<p>budgets \$2,368.</p> <ul style="list-style-type: none"> ▪ Remove \$20,296 funding for the lease purchase for the medical building at NVCC. 	<ul style="list-style-type: none"> ▪ Reduce central administration funding by \$500,000 in FY12.
VSU	Provide an additional \$600,000 to support the manufacturing engineering and logistics technology programs.	No change
VT extension	None	Reduce funding by \$1.0 million in FY12.
Higher Education Research Initiatives	None	Reduce funding for proton beam initiative at Hampton University, \$510,000 in FY2012.
Maintenance Reserve	Provide \$65 million in FY2011 and \$50 million in FY2012. Higher education institutions' funding accounts for about 68% of the total.	<ul style="list-style-type: none"> ▪ Reduce FY2011 funding by \$15 million. Total cut from Institutions is about \$10.2 million of this reduction. ▪ Reallocate FY2011 remaining \$50 million based on the FY10 allocation ratio. As a result, institutions get higher or lower amounts than the introduced budget. ▪ DPB director is required to develop recommendations for FY2012 allocation in FY2012 in consultation with money committee staff by 10/1/2010.

**Change in General Fund Appropriations to E&G Programs
2010-12 Biennium over FY2010**

Inst.	2009-10 Adjusted Base ¹	Conference 2010-11	FY11 Change over FY10		Conference 2011-12	FY12 Change over FY10		% Cut over Orig FY10 ²
			Amount	Percent		Amount	Percent	
CNU	\$23,781,712	\$23,381,851	(\$399,861)	-1.7%	\$20,646,134	(\$3,135,578)	-13.2%	-27.5%
CWM	\$39,681,727	\$39,291,864	(\$389,863)	-1.0%	\$34,655,223	(\$5,026,504)	-12.7%	-27.4%
GMU	\$114,484,737	\$111,733,347	(\$2,751,390)	-2.4%	\$98,330,415	(\$16,154,322)	-14.1%	-27.6%
JMU	\$65,091,186	\$63,577,853	(\$1,513,333)	-2.3%	\$56,036,172	(\$9,055,014)	-13.9%	-27.7%
LU	\$24,146,592	\$23,855,610	(\$290,982)	-1.2%	\$20,272,085	(\$3,874,507)	-16.0%	-28.0%
NSU	\$39,798,642	\$39,807,466	\$8,824	0.0%	\$35,816,791	(\$3,981,851)	-10.0%	-27.8%
ODU	\$91,558,743	\$89,771,848	(\$1,786,895)	-2.0%	\$78,924,343	(\$12,634,400)	-13.8%	-27.9%
RU	\$43,060,697	\$42,386,924	(\$673,773)	-1.6%	\$36,328,928	(\$6,731,769)	-15.6%	-27.8%
UMW	\$19,153,410	\$18,987,067	(\$166,343)	-0.9%	\$16,738,956	(\$2,414,454)	-12.6%	-27.7%
UVA	\$121,859,606	\$120,946,433	(\$913,173)	-0.7%	\$106,603,758	(\$15,255,848)	-12.5%	-27.7%
UVAW	\$12,373,725	\$11,829,222	(\$544,503)	-4.4%	\$10,349,852	(\$2,023,873)	-16.4%	-27.9%
VCU	\$161,731,176	\$159,638,456	(\$2,092,720)	-1.3%	\$140,445,431	(\$21,285,745)	-13.2%	-27.5%
VMI	\$8,484,514	\$8,306,364	(\$178,150)	-2.1%	\$6,948,594	(\$1,535,920)	-18.1%	-27.7%
VSU	\$30,133,409	\$30,129,353	(\$4,056)	0.0%	\$27,559,170	(\$2,574,239)	-8.5%	-28.4%
VT	\$144,916,835	\$144,789,971	(\$126,864)	-0.1%	\$128,128,499	(\$16,788,336)	-11.6%	-27.3%
RBC	\$5,304,163	\$5,234,621	(\$69,542)	-1.3%	\$4,603,884	(\$700,279)	-13.2%	-21.6%
VCCS	\$345,955,255	\$341,647,732	(\$4,307,523)	-1.2%	\$306,247,245	(\$39,708,010)	-11.5%	-21.5%
Total	\$1,291,516,129	\$1,275,315,982	(\$16,200,147)	-1.3%	\$1,128,635,480	(\$162,880,649)	-12.6%	-26.0%

Notes:

(1) 2009-10 adjusted base includes amended appropriations, budget cut and interest earnings in Chapter 781, revised second budget cut in the Caboose bill, and central account adjustments estimated in May 2008.

(2) The percentage is derived by using DPB data for the original FY10 appropriations (Chapter 879) excluding funding such as OCR and debt service against the FY10 first budget cut and FY12 budget cut.

**Change in Total Appropriations to E&G Programs
2010-12 Biennium over FY2010**

Inst.	2009-10 Adjusted Base ¹	Conference 2010-11 ²	FY11 Change over FY10		Conference 2011-12 ³	FY12 Change over FY10	
			Amount	Percent		Amount	Percent
CNU	\$51,228,776	\$54,715,754	\$3,486,978	6.8%	\$48,781,666	(\$2,447,110)	-4.8%
CWM	\$133,584,333	\$140,915,608	\$7,331,275	5.5%	\$129,576,192	(\$4,008,141)	-3.0%
GMU	\$339,908,299	\$358,780,728	\$18,872,429	5.6%	\$325,483,153	(\$14,425,146)	-4.2%
JMU	\$215,265,304	\$219,033,975	\$3,768,671	1.8%	\$200,199,495	(\$15,065,809)	-7.0%
LU	\$51,484,546	\$52,331,783	\$847,237	1.6%	\$45,512,525	(\$5,972,021)	-11.6%
NSU	\$76,152,420	\$76,910,510	\$758,090	1.0%	\$69,250,291	(\$6,902,129)	-9.1%
ODU	\$207,934,514	\$217,827,427	\$9,892,913	4.8%	\$201,550,248	(\$6,384,266)	-3.1%
RU	\$98,218,763	\$95,996,874	(\$2,221,889)	-2.3%	\$83,125,116	(\$15,093,647)	-15.4%
UMW	\$57,901,704	\$58,082,849	\$181,145	0.3%	\$53,263,772	(\$4,637,932)	-8.0%
UVA	\$477,080,848	\$498,044,623	\$20,963,775	4.4%	\$461,809,231	(\$15,271,617)	-3.2%
UVAW	\$21,064,510	\$21,320,526	\$256,016	1.2%	\$17,960,019	(\$3,104,491)	-14.7%
VCU	\$472,229,034	\$482,709,706	\$10,480,672	2.2%	\$440,355,760	(\$31,873,274)	-6.7%
VMI	\$30,449,621	\$30,547,225	\$97,604	0.3%	\$27,248,700	(\$3,200,921)	-10.5%
VSU	\$64,097,015	\$65,509,665	\$1,412,650	2.2%	\$59,625,086	(\$4,471,929)	-7.0%
VT	\$479,763,454	\$489,362,401	\$9,598,947	2.0%	\$452,088,539	(\$27,674,915)	-5.8%
RBC	\$8,655,984	\$9,459,284	\$803,300	9.3%	\$8,075,054	(\$580,930)	-6.7%
VCCS	\$719,353,547	\$772,159,826	\$52,806,279	7.3%	\$691,855,743	(\$27,497,804)	-3.8%
Total	\$3,504,372,672	\$3,643,708,764	\$139,336,092	4.0%	\$3,315,760,590	(\$188,612,082)	-5.4%

Notes:

(1) 2009-10 adjusted base includes amended appropriations, budget cut and interest earnings in Chapter 781, revised second budget cut in the Caboose bill, central account adjustments estimated in May 2008, and the \$75 million allocation of the American Recovery and Reinvestment Act of 2009.

(2) Includes \$198 million allocation of the American Recovery and Reinvestment Act of 2009.

(3) Includes \$189 million general fund reduction.

NOTE:

This table was added to the summary after the Council meeting and presented at the Finance Advisory Committee on March 22.