

University of Mary Washington
Highlights of the Governor's 2012-14 Biennial Budget
and Proposed Amendments to the 2011-12 Budget
December 19, 2011

Governor McDonnell presented his 2012-14 biennial budget as well as proposed amendments to the 2011-12 budget (Caboose Bill) at a joint meeting of the Senate Finance Committee, the House Appropriations Committee, and the House Finance Committee on December 19, 2011.

A summary of the key components related to higher education and the University of Mary Washington (UMW) is presented below. The Governor's budget recommendations will be considered by the 2012 General Assembly, which convenes on January 11, 2012. More detailed information on the Governor's budget may be found at: <http://www.dpb.state.va.us/>

Operating Budget

- **Compensation:** The Governor's budget does not include a permanent salary increase in either year of the 2012-14 biennium. The budget does, however, include a provision for a one-time bonus for full-time employees of up to 3% in December of 2012. The bonus will be provided if there is a state revenue surplus at June 30, 2012, equal in size to at least twice the cost of the bonus. Further, in order to participate, the institution or agency must generate a budget balance equal to the institution's or agency's cost of the bonus.
- **Virginia Retirement System:** The Governor's budget includes a number of recommendations to move closer to full funding of VRS with employer contributions totaling \$2.21 billion in the next biennium. Employer contribution rates will increase from 6.58% to 8.76%. The budget does not assume any changes to employee contributions.
- **Actions Supporting the Virginia Higher Education Opportunity Act:** The Governor's recommended budget actions include a general fund allocation to the University of Mary Washington of \$1,336,520 for base operating support, enrollment growth, degree completion, academic program needs and need-based student aid for in-state students.

The Governor's budget also includes language which requires the University to reallocate existing budget of \$541,780 in 2012-13 and \$903,163 in 2013-14. The reallocated funds must be used to support progress toward objectives documented in the University's six-year plan and be approved by the Secretary of Education before the funds are released.

- **Higher Education Reduction Pool:** The 2011-12 appropriation act includes a \$10 million reduction pool for higher education institutions. This action was taken to balance the state budget and the reductions were to be distributed across the institutions. The Governor's budget eliminates this reduction pool for the current fiscal year and the next biennium. The associated reduction for UMW was estimated at \$175,000.
- **Tuition and fees:** The Governor's budget recommendations do not include any restrictions on E&G tuition and fee increases, although institutions are encouraged to limit increases for in-state undergraduate students. The current five percent annual increase cap on mandatory non-E&G fees, such as UMW's auxiliary Comprehensive Fee,

remains in place for 2012-14. Exceptions are permitted for the cost of salary and fringe benefit changes and for fees supporting approved capital projects.

- **Higher Education Equipment Trust Fund (HEETF):** The Governor's budget includes level funding for the HEETF program. UMW's allocation is expected to be \$528,587 in each year of the 2012-14 biennium, which is the same allocation the University received in 2011-12.
- **Dahlgren Education and Research Center:** The Governor's budget does not include any additional funding for general operating costs at the Dahlgren Campus. The University had requested additional general fund support of \$650,000 in 2012-13.
- **Eminent Scholars Program:** The recommended budget eliminates all remaining general fund support for this SCHEV-administered program. Currently, UMW receives general fund support of \$15,000 annually.

Capital Outlay

- **Maintenance Reserve:** The recommended allocation for UMW is \$562,604 each year of the 2012-14 biennium. This is the same allocation amount UMW will receive in 2011-12.
- **Capital Outlay projects:** The Governor has included funds in the introduced budget that will allow the university to begin the planning for two new projects: the renovation of Mercer/Woodard Halls and the repair of underground utilities.