

**Summary of Governor's Budget Recommendation  
December 17, 2010**

Item	Description
<b>(A) Operating Budget for All Institutions</b>	
<b>Amended 2010-11 Budget</b>	
American Recovery and Reinvestment Act (ARRA)	<ul style="list-style-type: none"> <li>• Increase total ARRA funding by an additional \$3.4 million due to technical revisions based on USDOE guidelines and final actions of 2010 General Assembly.</li> <li>• Radford's allocation increased \$90,297</li> </ul>
E&G NGF Appropriation Adjustments	<p>Increase E&amp;G NGF revenue appropriation level to incorporate Board approved tuition rates for 2010-11 and enrollment growth.</p> <ul style="list-style-type: none"> <li>• VCU and CNU's FY12 E&amp;G NGF amounts were reduced 50% pending Board action on 2011-12 tuition and fees.</li> </ul>
<b>Amended 2011-12 Budget</b>	
One-time Bonus	<p>2% one-time bonus of base pay if:</p> <ul style="list-style-type: none"> <li>• FY 2011 year-end general fund balances are sufficient.</li> <li>• Employee is hired by January 1, 2011, and remains employed through December 1, 2011.</li> <li>• Employee must attain at least a "meets expectations" on latest performance evaluation.</li> </ul>
Higher Education Commission Initiatives	<p>Provides \$50 million for recommendations from the Commission on Higher Education Reform, Innovation, and Investment. Institutions must submit proposals consistent with Governor's goals. Four pools:</p> <ul style="list-style-type: none"> <li>• <b>\$33 million</b> - to enhance enrollment, retention &amp; graduation with a focus on STEM and health care, as well as appropriately strengthening base operations</li> <li>• <b>\$13 million</b> – Undergraduate student financial assistance</li> <li>• <b>\$3 million</b> – online course availability and enhancements</li> <li>• <b>\$1 million</b> – academic transformation through the use of technology</li> </ul>

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<b>Amended 2011-12 Budget</b>	
Technology/Research Fund	<p>\$25 million to support research and commercialization of technology. The VRTIF will create a comprehensive structure to grow Virginia’s innovation economy. The VRTIF will serve as a catalyst for leveraging the entrepreneur, Virginia higher education research assets and private-sector funding to encourage evolving technologies that create the industries, businesses and jobs of the future. Target sectors include information technology, biotechnology, life sciences, alternative energy, advanced electronics, polymers, composites and aerospace propulsion, among others.</p> <p>The VRTIF would be governed by a board to include technology industry experts, legislators and administration representatives with funding broken down into three areas:</p> <ul style="list-style-type: none"> <li>• Commercialization Fund – provide grants to grow new small businesses and existing businesses to accelerate entrance of new products and services to the market</li> <li>• Research Matching Fund - provide matching funds to incentivize collaboration between institutions of higher education and companies engaged in research in high-growth, emerging industries.</li> <li>• Eminent Scholars Fund - provide funding for bringing the best and brightest researchers, scholars and professors in key technologies to Virginia universities.</li> </ul>
Refundable Research and Development Tax Credit – \$5 million	<p>JLARC recently reported that an area where Virginia can be more competitive is by implementing a Research and Development incentive – as Virginia is only one of twelve states that do not have an R&amp;D tax credit. This amendment will create the Refundable Research and Development Tax Credit for startups and early stage firms in targeted industries. A base incentive would be provided for qualifying companies and an additional incentive would be provided to companies accessing research and development services through Virginia’s colleges and universities.</p>

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<b>Amended 2011-12 Budget</b>	
College Partnership Laboratory Schools	Provides \$600,000 to establish and support this initiative
Mandatory Carry Forward Language	Eliminated language under agency appropriations except for higher education, judicial, and legislative which remains in the General Provisions
Virginia Retirement System (VRS)	Require employee contribution from their salaries of 5% in FY12; 3% base salary increase was recommended to reduce the impact to employees. Only VRS employees not contributing to their retirement will receive the 3% base salary adjustment.
Optional Retirement Plan	<ul style="list-style-type: none"> <li>• State contribution rate moves from 10.4% to at least 8.5%, but not more than 8.9%.</li> <li>• No salary increase</li> <li>• Savings to be reverted to state (possible NGF also)</li> </ul>
Central Account Adjustments	GF savings from fringe benefit rate changes will be reverted (amount 47.9 million unknown at this time)
Interest Earnings and Credit Card Rebates	<ul style="list-style-type: none"> <li>• Restored \$7.9 million in FY 2012.</li> <li>• Radford – projected benefit about \$200,000 (depending on interest yield)</li> </ul>
Tuition Assistance Grant (TAG)	Increase average undergraduate award by \$100 to \$2,700
VITA and Internal Service Fund	Charges to state agencies to cover the ongoing operating and maintenance cost of technology services and the Performance Budgeting System.
Auxiliary Reversion of NGF Savings to GF	Transfer auxiliary VRS/fringe benefit savings to the general fund (amount unknown).
<b>No Change in each year of biennium</b>	
Faculty Salaries to 60 <sup>th</sup> Percentile	No merit base salary increase in each year of the biennium.

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<b>No Change in each year of biennium</b>	
\$10 million Higher Education Reduction in FY 2012	The budget bill for 2011 carries forward from the 2010 General Assembly's actions a provision that requires the Governor to reduce the general fund appropriations for higher education by \$10 million. It does not specify how or where the reductions within higher education would be applied, leaving that to his discretion.
Base Adequacy	No funds allocated except to ODU (\$5 million). ODU was identified as the lowest funded in the state.
Eminent Scholars Program	No additional reductions over those in FY10.
Undergraduate Student Financial Aid	No additional funding.
Higher Education Equipment Trust Fund (HEETF)	No additional funding or change in funding allocation to each institution.
Tuition and Fee Policy	No restriction on tuition and fee increases.
VIVA Library	No change to program allocation.
Interest on Auxiliary Balances	Transfer interest earnings to General Fund annually in FY11 and FY12.
Operation & Maintenance of New Facilities	No new funding was identified.
<b><i>(B) Institution-Specific Operating Budget</i></b>	
NSU	\$120,000 (GF) to support materials science and engineering Ph.D. program
ODU	<ul style="list-style-type: none"> <li>• \$5 million (GF) to support the university's educational and general operating budget</li> <li>• \$60,527 to support TELETECHNET distance learning delivery at Lord Fairfax Community College.</li> </ul>

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VCU	\$5 million (GF) for Massey Cancer Center to support cancer research in fiscal year 2012 from \$1 million to \$6 million.
VCCS	\$3 million to support the 30% mandate for non-credit courses that enhance workforce development.
<b><i>(C) Capital Projects</i></b>	
Higher Education Equipment for new facilities	\$44.5 million to fund equipment for new facilities under construction
Maintenance Reserve	<ul style="list-style-type: none"> <li>• Funding recommended for FY 2012; allocation changed from \$68.5 million to \$55.1 million.</li> <li>• \$2 million contingency identified for unplanned emergency needs to address a threat to life or property.</li> <li>• Of 4-year institutions, Radford's allocation increased the largest percentage (49.8% or \$318,409). Most institutions were reduced fairly substantially.</li> </ul>
RU	Renovate Moffett Hall residential facility - \$12.9 million NGF
Refer to Michael Maul's Presentation for details about institution specific projects	