

SENATE OF VIRGINIA

# Senate Finance Committee

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## Overview of Proposed Budget for Higher Education

**SB 900 (Amendments to 2016-18 Biennial Budget)**

**January 2017**



# Overview of Higher Education

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- Governor's proposed amendments for the 2016-2018 biennium include decreases of almost \$130.0 million GF (closer to \$140.0 million if you include Central Accounts).
  - Proposes a 5% GF reduction (excluding financial aid) at most institutions in FY 2018; a decrease of \$76.1 million GF in FY 2018.
    - Norfolk State and Virginia State Universities were exempt under the proposal as well as a few other small items.
  - Recommends a general fund recovery of an amount equal to the nongeneral fund portion of the prepayment made to the Virginia Retirement System (VRS) to reduce VRS rates per employee; a decrease of \$40.4 million GF over the biennium.



# Overview of Higher Education (continued)

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- Proposes 5% across-the-board reductions at higher education centers/other agencies (Eastern Virginia Medical School is exempt in FY 2017 and their financial aid and indigent care amounts are exempt in FY 2018), a decrease of \$2.6 million GF over the biennium.
- Recommends reductions at the State Council of Higher Education for Virginia (SCHEV) of 5% in the first year and 7.5% in the second year to all programs except the Virtual Library of Virginia (VIVA, 5% in each year); a decrease of \$1.5 million GF over the biennium.
- Proposes a reduction of \$10.0 million GF over the biennium to the higher education research initiative.
- Recommends a decrease of \$4.0 million GF in the first year under Central Accounts for higher education research partnerships with Inova.
- Proposes a reduction of \$8.0 million GF over the biennium under Central Accounts for restructuring incentives related to interest earnings and credit card rebates.



# Other Actions and Spending

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- Moves the \$24.1 million GF in financial aid funding under SCHEV in FY 2018 to the individual institutions using the same allocation as FY 2017.
- Virginia Community College System procurement language allows the Commonwealth to delegate authority to the System and then the System could delegate authority to the shared services center and other community colleges.
- New spending:
  - Proposes \$699,667 GF in FY 2018 for projected enrollment growth in the two-year college transfer grant.
  - Recommends \$1.0 million GF in FY 2017 for higher than anticipated demand for the New Economy Workforce Credential Grant.
  - Proposes \$900,000 GF in FY 2018 for a tuition differential backfill for out-of-state Virginia National Guard Members at Virginia Military Institute.

