

MEMORANDUM

TO: University Community

FROM: Paul Tribble

DATE: February 24, 2004

RE: News from Richmond

This weekend the Senate Finance Committee and the House Appropriations Committee released their respective amendments to the Governor's Budget Bill. There are a number of provisions that are important to our faculty, staff and students.

BASE ADEQUACY FUNDING

The Joint Subcommittee Studying Higher Education Funding Policies estimates that the shortfall in state funding for Virginia's public colleges and universities exceeds \$300 million a year. CNU's shortfall is now more than \$10 million per year.

The Governor's Budget, submitted in December 2003, included \$144 million for higher education and recommended moving colleges and universities to 95% of the funding guidelines over the next 6 years. For CNU, the Governor recommended an increase of \$1.7 million in State dollars and \$861,000 in tuition revenue in 2004-06.

The recommendations of the House Appropriations Committee support a 4 to 6 year phase-in of the funding guidelines and add more than \$140 million in new funding over the current higher education base budget. For CNU, the Committee recommends an increase of \$3.1 million in State dollars and \$1.5 million in tuition revenue for the biennium.

The Senate Finance Committee's recommendations also endorse phasing in full funding of the base adequacy guidelines over a period of up to six years. The Committee's recommendations provide over \$200 million in additional general fund support for higher education in the 2004-06 biennium. For CNU, the Committee recommends an increase of \$6.7 million in State dollars and \$1.8 million in tuition revenue for the biennium. This moves CNU from 76% of the funding guidelines to 83% of the guidelines by FY06.

TUITION AND FEES

The Governor's Budget removed the cap on increases in tuition and mandatory E&G fees but recommended that tuition revenue exceeding the authorized appropriation could be used only to support improved instructional quality, expanded student access, the operation and maintenance of classrooms and laboratories, and other high priority, mission-specific purposes. The Governor's Budget continued the 5% cap on increases in mandatory non-E&G fees with exceptions permitted for salary, wage and fringe benefit increases, increases to support debt-financed capital projects, and fee increases for health services.

The House Appropriations Committee does not recommend a cap on tuition and mandatory E&G fees, but strongly suggests that increases for in-state undergraduate students should not increase by more than four to eight percent to achieve the phase-in toward undergraduate base adequacy. The Committee also recommends the elimination of the cap on mandatory non-E&G fees but limits increases to the nongeneral fund appropriation.

The Senate Finance Committee does not recommend a cap on tuition and required E&G fees, but directs the Boards of Visitors to set tuition and fees within the limits of their institution's nongeneral fund appropriation. The increase in the nongeneral fund appropriation for CNU is 6.4% in FY05 and an additional 6.5% in FY06. The Committee continues to support the 5% cap on mandatory non-E&G fees.

Both Committees recommend that in-state students taking in excess of 125% of the credit hours needed to satisfy degree requirements will no longer be eligible to receive state-sponsored financial aid.

COMPENSATION

The Governor's Budget submitted in December 2003 included funding to support a 3% salary increase for faculty and classified employees, effective November 25, 2005.

The House Appropriations Committee did not amend the Governor's salary recommendation.

The Senate Finance Committee amendments to the Governor's Budget recommend funding to support a 3% salary increase, effective November 25, 2004, for full-time instructional faculty, part-time instructional faculty and administrative faculty. In addition, the Committee recommends that institutions be allowed to increase salaries for instructional faculty up to 4.5% through tuition increases to aid in recruitment and retention of faculty and to begin moving average salaries back to the 60th percentile of peer institutions.

The Senate Finance Committee also recommends funding to provide a 3% salary increase for classified employees, effective November 25, 2004.

FINANCIAL AID

The Governor's Budget included an increase of \$180,714 in each year of the 2004-06 biennium for need-based student financial aid at CNU.

Amendments recommended by the House Appropriations Committee include \$9.1 million in additional funding for student financial aid but the amount for each school has not yet been announced.

The Senate Finance Committee amendments provide an additional \$6.6 million for student financial aid including \$315,711 in each year for CNU.

MAINTENANCE RESERVE

The Governor's Budget included \$177,461 in each year of the biennium to support the repair and maintenance of our facilities.

The Senate Finance Committee increases this allocation to \$320,662 in 2004-05.

The House Appropriations Committee increases the allocation to \$400,000 in each year of the biennium.

CAPITAL OUTLAY

The Governor's Budget includes a \$5 million supplement in State funding for the construction of the Library/Information Technology Center. It also includes \$1.8 million in State funding to purchase equipment for the Center for the Arts and \$2.2 million for a Stormwater Management project. Authorization to construct a second parking deck is also included for \$9.2 million. Neither the House Appropriations Committee nor the Senate Finance Committee amended the recommendations of the Governor.

The Governor also submitted a separate capital outlay bill, contingent on funding from his tax reform initiative, to support the construction and renovation of facilities for higher education. The bill included the renovation of Wingfield Hall for \$7.3 million. The bill was defeated.

SUMMARY

The budgets recommended by the House Appropriations Committee and the Senate Finance Committee differ by \$3.5 billion but both include a strong commitment to higher education and significant funding increases for CNU. A conference committee will be named later this week to resolve the differences and to present a reconciled and balanced budget to the House and Senate. The Legislative Session is scheduled to adjourn on March 13th. I will keep you advised on issues related to CNU and higher education.