

COLLEGE OF WILLIAM & MARY



Committee on Financial Affairs

Board of Visitors

February 5, 2010

OVERVIEW OF GOVERNOR KAINÉ'S 2010-12 BUDGET RECOMMENDATIONS

State Budget

- *FY 2010* *Additional \$340 million revenue shortfall*
- *2010-12 Biennium* *\$4 billion budget shortfall*

- *Budget Balancing* *\$2.3 billion in budget reductions*
 Actions *\$1.9 billion (property tax subsidy)*
 Local option income tax surcharge

Higher Education

- *Implements previously announced 15% reduction by FY 2012*
- *Rebalances state support and federal stimulus funds*
- *Meets federal stimulus “maintenance of effort” requirement*
- *Meets K-12/Higher Education stimulus distribution requirement*

Faculty and Staff Salaries/Benefits

- *No salary increases recommended for 2010-12 biennium*
 - *Requires state employee contribution toward retirement*
 - 1% in FY 2011*
 - 2% in FY 2012*
 - *Applies to both Virginia Retirement System and optional retirement plans*
- One-day furlough of all state employees (FY 2010)*

OVERVIEW OF GOVERNOR KAINE'S 2010-12 BUDGET RECOMMENDATIONS

Auxiliary Balances and Interest

- *Moves to the state general fund interest earned on auxiliary balances and a portion (5%) of existing auxiliary balances*

Debt Financing of Capital Projects and Equipment

- *Subject to available Debt Capacity*
- *Higher Education Equipment Trust Fund*
- *Maintenance Reserve Funding*
- *Renovation: Tucker Hall*
- *Construction: Integrated Science Center 3*

REVISED FY 2009-10
OPERATING BUDGET FOR EDUCATIONAL AND GENERAL PROGRAMS

	Approved	November, 2009	January, 2010
	<u>FY 2009-2010</u>	<u>FY 2009-2010</u>	<u>FY 2009-2010</u>
<u>REVENUE</u>			
Federal Funds	\$ 3,815,722	\$ 6,615,722	\$ 2,188,188
General Fund	40,977,444	34,778,267	39,414,908
Nongeneral Fund	<u>93,662,862</u>	<u>95,542,862</u>	<u>95,542,862</u>
Total Revenue	\$ 138,456,028	\$ 136,936,851	\$ 137,145,958
<u>EXPENDITURES</u>			
Instruction	\$ 77,345,245	\$ 76,915,119	\$ 76,915,119
Research	1,616,474	1,335,972	1,335,972
Public Service	8,021	8,021	8,021
Academic Support	21,951,726	21,626,695	21,626,695
Student Services	6,517,966	6,445,393	6,445,393
Institutional Support	14,222,640	14,000,867	14,000,867
Plant Operations	<u>16,793,956</u>	<u>16,604,784</u>	<u>16,604,784</u>
Total Expenditures	\$ 138,456,028	\$ 136,936,851	\$ 136,936,851
SURPLUS / DEFICIT	\$ -0-	\$ -0-	\$ 209,107

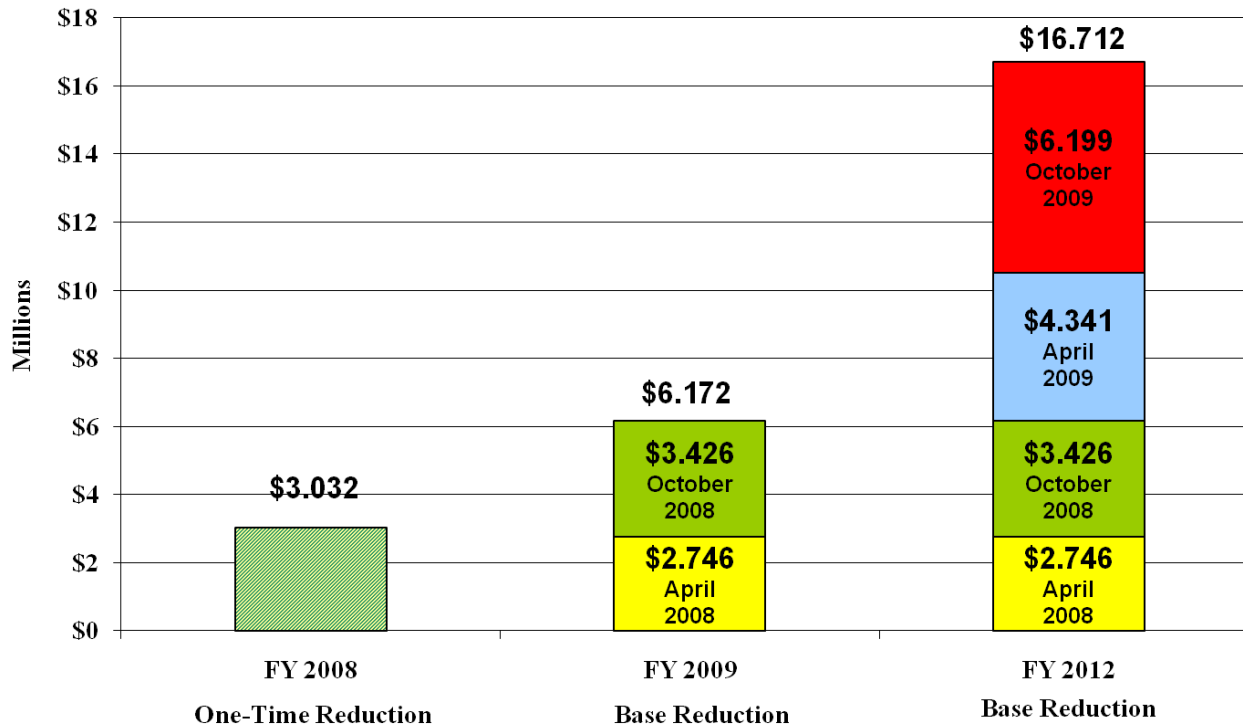
SUMMARY OF STATE GENERAL FUND REDUCTIONS

<i>State Budget Reductions:</i>	<i>FY 2008</i>	<i>\$3.0 million (one-time)</i>
	<i>FY 2009</i>	<i>\$6.2 million (base)</i>
	<i>By FY 2012</i>	<i>\$10.5 million (base)</i>

TOTAL BASE REDUCTION: \$16.7 MILLION

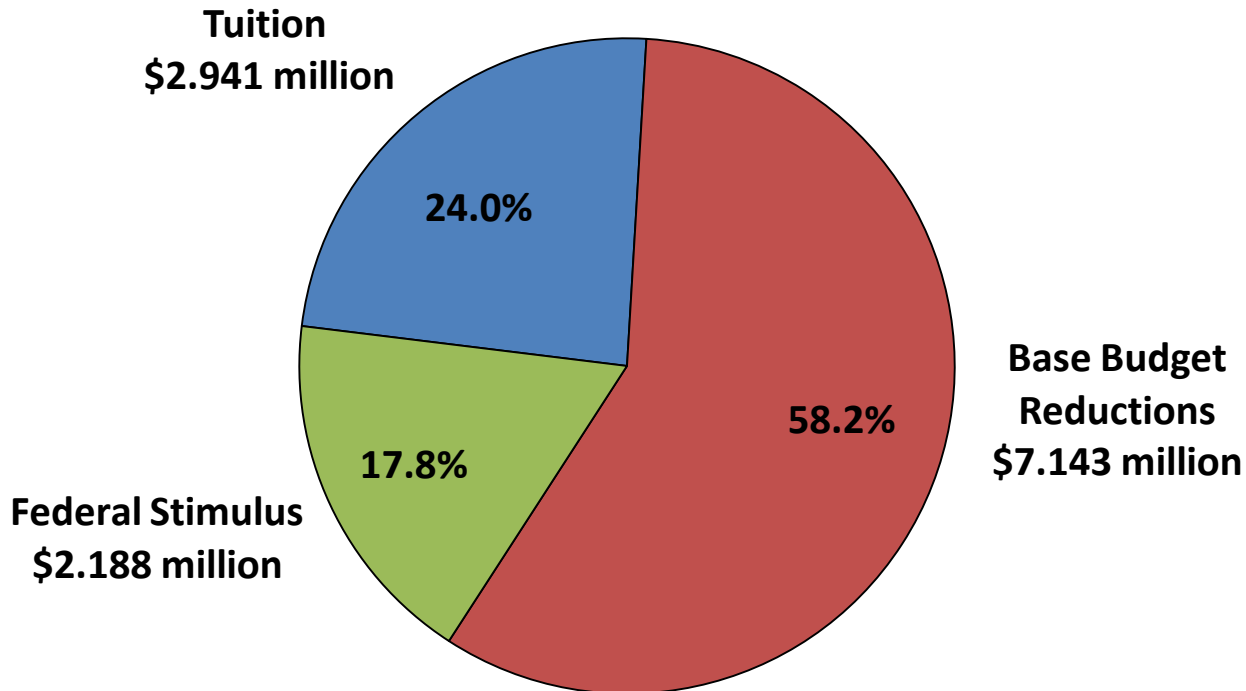
(\$16.7 million includes all BASE state general fund reductions imposed through December, 2009 {Kaine budget as introduced} including pass-through reductions in eminent scholars funding)

Reduced State Support for Operations (2008-2012)

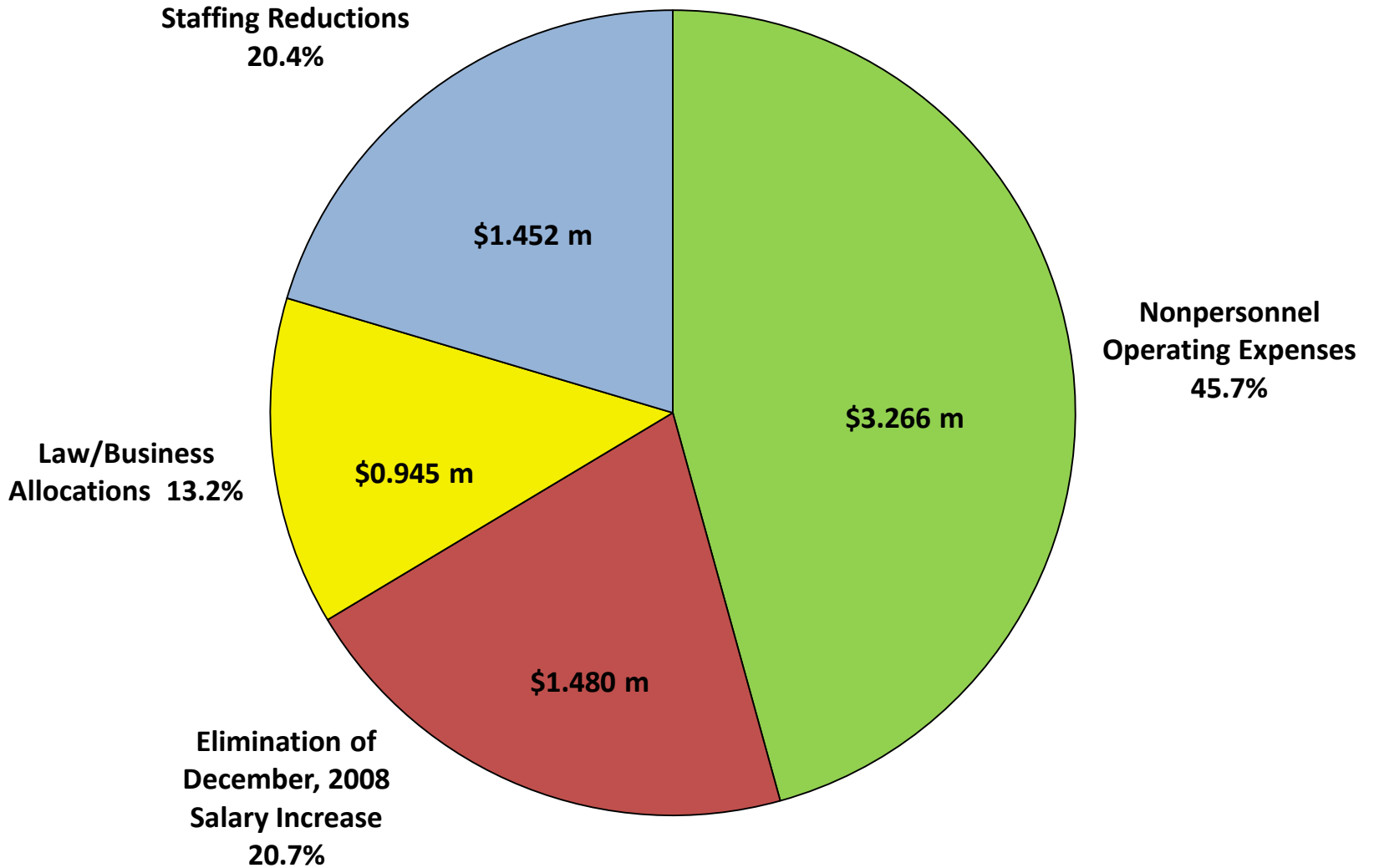


ACTIONS TAKEN TO DATE TO OFFSET REDUCTIONS IN STATE SUPPORT

- *Base budget reductions (\$7.143 million)*
 - Staffing Reductions (31 positions)
 - Eliminate December, 2008 salary increase
 - Law/Business schools
 - Nonpersonnel operating expense
- *Federal Stimulus Funds (\$2.2 million)*
- *Tuition Offset (\$2.941 million)*



Distribution of Base Budget Reductions \$7.143 million



**SUMMARY OF OPERATING AND CAPITAL BUDGET
AMENDMENTS SUBMITTED TO 2010 GENERAL ASSEMBLY**

Operating:

	<u><i>FY 2010-11</i></u>	<u><i>FY 2011-12</i></u>
• Operating Funds: New Facilities	\$ 761,139	\$ 888,147

Capital:

• Cooling Plant/Utility Improvements, Phase 3	\$ 8,181,000 GF <u>9,999,000</u> NGF \$18,180,000
• Cooling Plant/Utility Improvements, Phase 2	Language

***FY 2011 POTENTIAL
OPERATING BUDGET ITEMS***

❖ <i>Faculty and staff salaries</i>	<i>\$1,050,000 (per 1%)</i>
❖ <i>Career Center Staffing/Support</i>	<i>\$145,000</i>
❖ <i>New Facilities Coming On-line</i>	<i>\$1,486,000</i>
◆ <i>School of Education</i>	
◆ <i>Cohen Career Center</i>	
◆ <i>Small Hall Expansion</i>	
◆ <i>Power Plant</i>	
❖ <i>Fundraising/Development</i>	<i>TBD</i>
❖ <i>Graduate Financial Aid</i>	<i>\$500,000</i>
❖ <i>Undergraduate Student Financial Aid</i>	<i>\$350,000 per 1% increase in cost</i>
❖ <i>Start-up Pool (Faculty Hiring)</i>	<i>TBD</i>
❖ <i>Utility Rate Increase</i>	<i>\$238,000</i>
❖ <i>Departmental Operating Funds</i>	<i>\$250,000 (per 1%; campuswide)</i>
❖ <i>Additional Budget Savings for FY 2011</i>	<i>\$954,000</i>