

The background of the slide features a stack of books on the right side, with a piece of aged parchment or paper on the left side. The books have various colored covers, including gold and brown. The parchment is a light yellowish-brown color with some creases and texture. The overall lighting is warm and soft.

Budget Process from State Appropriations to University Disbursements

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May 3, 2017**

Understanding Virginia's Budget Process

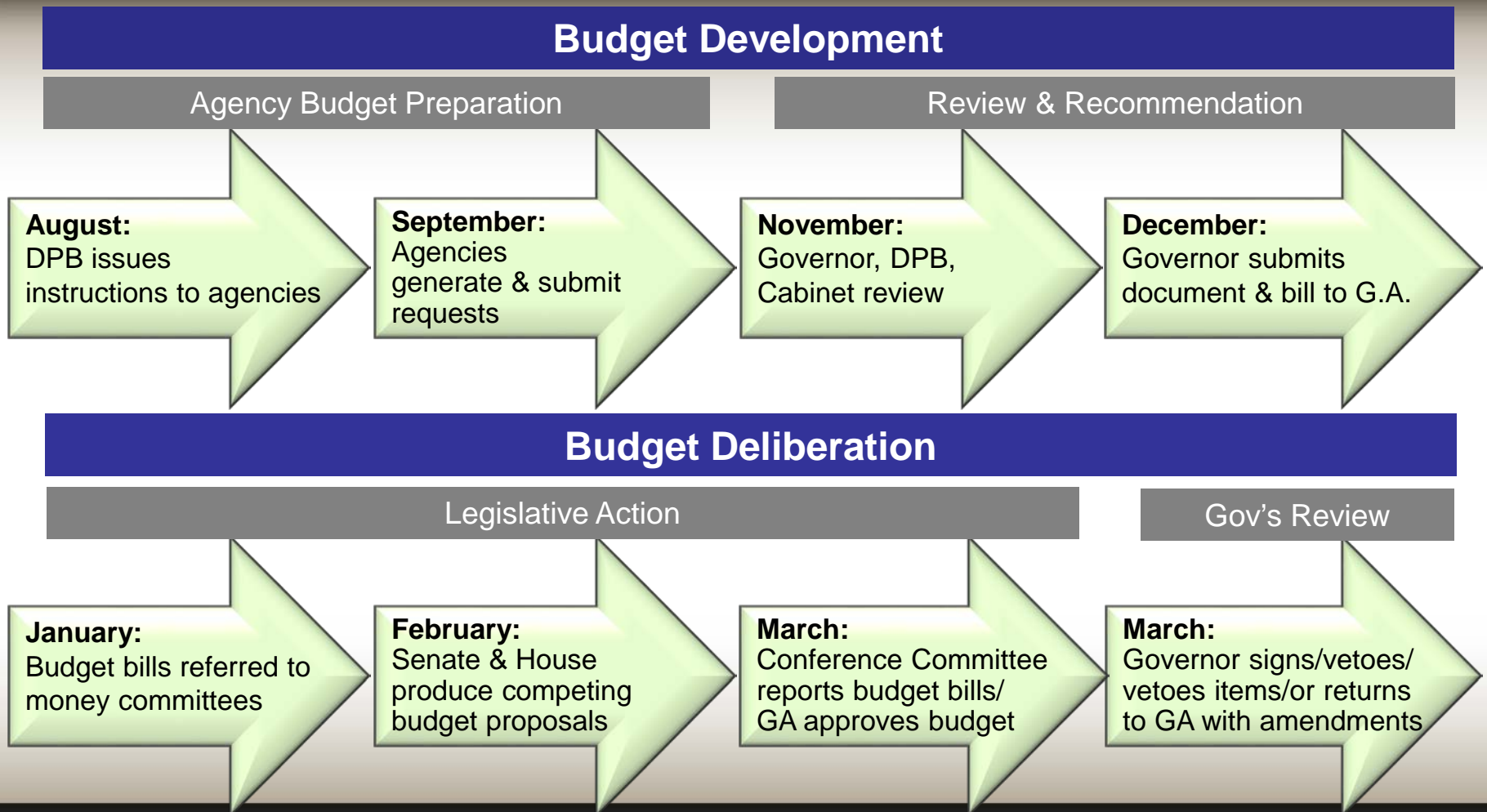
- Timeline of important dates
- Phases in the budget process
 - Governor's role
 - General Assembly's role
- 2016-2018 Budget Outcomes
- Budget Allocation Process at CNU, NSU, ODU

How is Virginia's Budget Adopted?

- Virginia has a biennial budget system – meaning it adopts a two-year budget.
- The Biennial Budget is enacted into law in even-numbered years.
- Amendments to the budget are enacted in odd-numbered years.
- For example, the current biennium was adopted by the 2016 General Assembly and amended by the 2017 General Assembly.

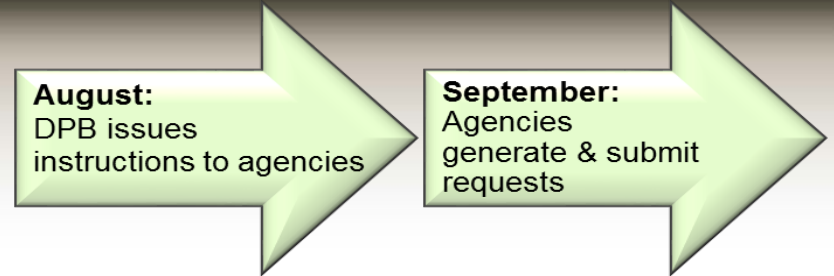
Virginia's budget process

Timeline of important dates



Agency Budget Preparation Phase

August-September

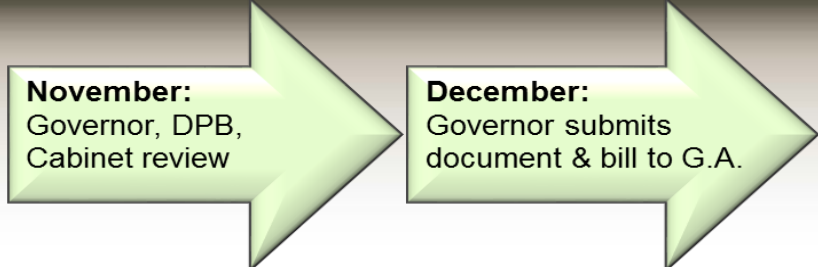


- Agencies analyze programs & needs through strategic planning process & mission review.
- Prepare requests for funding to the Department of Planning and Budget (DPB).
- Budget proposals are due to DPB in early Fall.

Budget Development Phase

October-December

- DPB analyzes the budget request to verify costs, confirm need for services, investigates alternatives for funding, identifies policy issues for Governor's consideration.
- Governor's proposed budget bill is presented to a Joint Session of the House Appropriations and Senate Finance Committees in mid-December.
- As the chief planning and budget officer, the Governor prepares the biennial budget and executes it once the legislature completes its actions.



November:
Governor, DPB,
Cabinet review

December:
Governor submits
document & bill to G.A.

How can the Governor impact the budget decisions?

- According to Virginia's Constitution, governors are elected to serve a four-year term.
 - The governor has a limited amount of time to accomplish goals.
 - Governor's initiatives are generally tied to campaign promises, state's economic conditions or unforeseen events.

Campaign promises & budget issues

Governor

Robb - K-12 funding/teacher salaries

Baliles - Transportation

Wilder - Fiscal Crisis

Allen - Parole abolition, Economic Development

Gilmore - Eliminating the Car Tax

Warner - Fiscal Crisis and Tax Reform.

Kaine – Preschool, Transportation, Fiscal Crisis

McDonnell – Right to Work, Economic Development

McAuliffe – Job Creation, Fiscal Situation

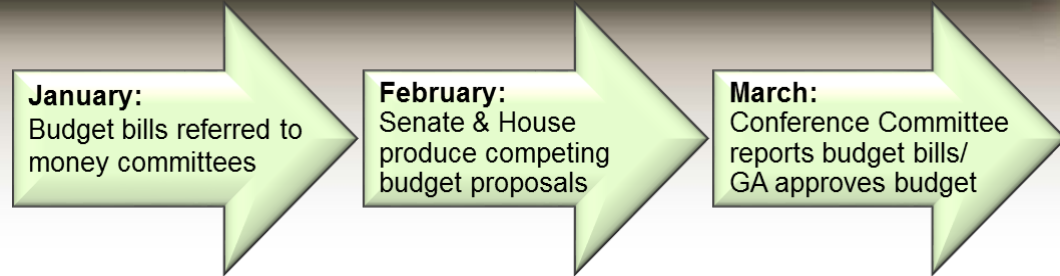
What's Higher Education Role?

Budget Development Phase (October-December)

- Identify issues and concerns related to higher education and institutional funding needs.
- Communicate with governor, cabinet members, and Department of Budget & Planning staff.
- Explain how institution's budget proposals correlate to the state initiatives & Governor's Agenda in a concise and accurate manner.

Legislative Action Phase

January – March



- General Assembly convenes each year on the second Wednesday in January.
- Governor's proposed budget is submitted to General Assembly in the form of a "bill".
- Budget bill is referred to each house of the General Assembly which hold public hearings & committee discussions.

Who are the players?

The General Assembly



- 40 Senators and 100 Delegates make up the Commonwealth's legislative body.
- Since 1971, the General Assembly has met annually.
 - Long sessions are held in even-numbered years and typically last 60 consecutive days.
 - Short sessions are held in odd-numbered years and last 45 consecutive days.
 - Special sessions are convened on an *ad hoc* basis.

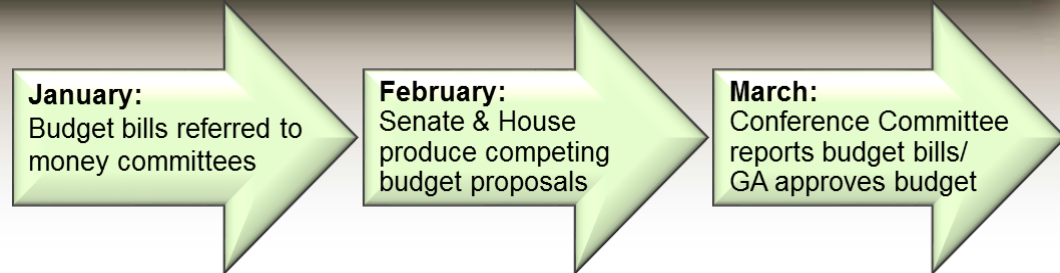
Who are the players?

The General Assembly

- Like the Governor, one of the primary responsibilities of the General Assembly is to craft a budget.
- “The Governor proposes and the legislature disposes.”
 - The House and Senate budgets are actually amendments to the Governor’s introduced budget.
 - The General Assembly adds, modifies, endorses or deletes items in the Governor’s proposed budget.
 - The General Assembly also increases or decreases proposed funding levels.
- In even-numbered years, the General Assembly enacts a two-year or biennial budget. In odd years, the House and Senate tend to address unexpected increases or decreases.

Legislative Action Phase

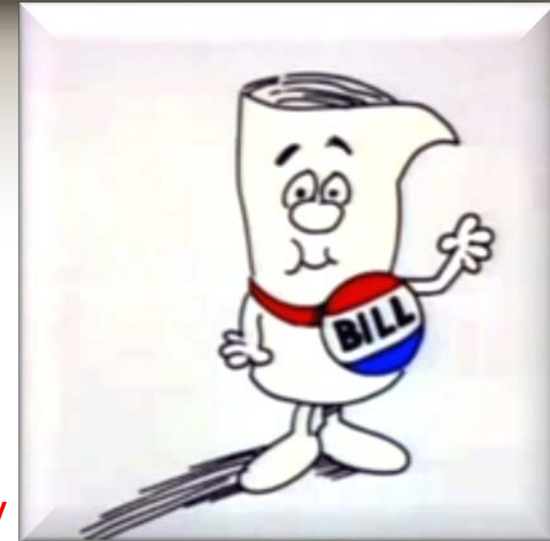
January – March



- After review by the House Appropriations & Senate Finance Committees, each house introduced legislation and votes on its version of the budget bill.
- The bill then “crosses over” to the other house where it is again debated and voted on.
- A conference committee (comprised of both senate and house leaders) resolves any differences passed by the two houses.
- The General Assembly then sends the amended budget bill back to the Governor for approval.

How can General Assembly bills impact Higher Education?

- Some of the House and Senate Bills introduced in the 2017 Session that impacted higher education:
 - HB1401 Speech on Campus
 - HB1402/SB907 Residency of Governing Boards
 - **HB1410 Enrollment of Non-Virginia Students**
 - **HB1447 Student Housing; Substance Abuse Recovery**
 - **HB1452 Graduation Requirements**
 - **HB2001 Immigration Enforcement**
 - HB2262 Establish Online Virginia Network
 - HB2366/SB1129 Construction Management/Design Build Contracts
 - **SB931 Freedom of Information Act**
 - **SB985 In-State Tuition**



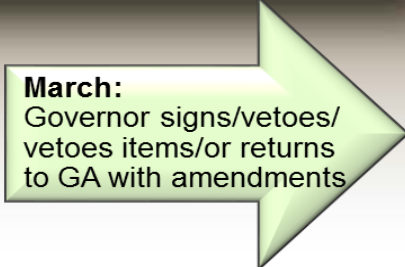
What's Higher Education Role?

Legislative Action Phase (January-March)

- Attend public hearings on the budget bills that impact higher education.
- Schedule visits to Richmond to discuss bills and budget requests with House and Senate representatives when the General Assembly is in session.
- Communicate with committee staff to explain institution's budget initiatives and fiscal impact of legislation.

Governor's Review Phase

March-April



March:
Governor signs/vetoes/
vetoes items/or returns
to GA with amendments

- Governor reviews bill passed by General Assembly and may sign it, veto the entire bill or certain line items, or recommend amendments.
- If the Governor vetoes the bill or recommends amendments, the bill goes back to the General Assembly during a reconvened session for consideration and action on the Governor's proposed amendments.
- Once the budget is passed by the General Assembly and enacted into law, it goes into effect on July 1 in even-numbered years or on the date of passage in odd-numbered years.

Virginia's 2016-2018 Budget



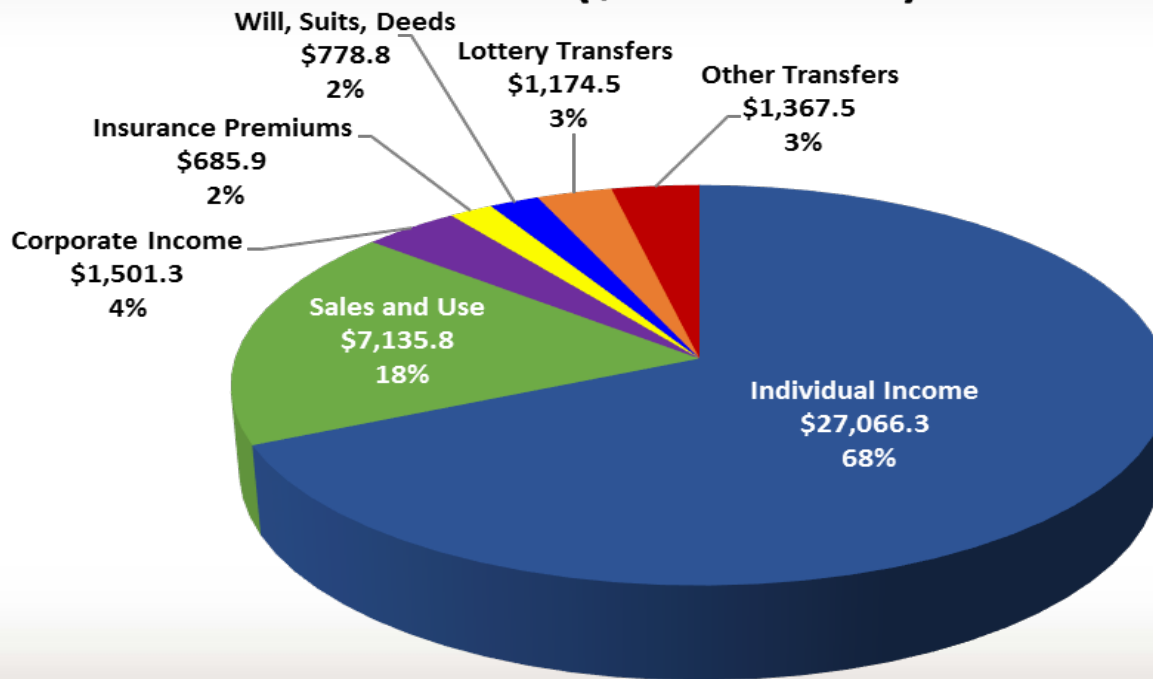
- ❑ State revenues are defined as either general funds (\$37.8 Billion or 41.7% of the budget) or nongeneral funds (\$55.6 Billion or 58.3% of the budget).
- ❑ **General fund** (GF) revenues include income taxes, sales tax, and corporate taxes that can be used for any purpose. GF revenues are primarily used for **education**, health care, public safety and social services.
- ❑ **Nongeneral funds** (NGF) include federal revenues, **tuition and fees**, and gas taxes. NGF revenues tend to be earmarked for specific programs or purposes.

Virginia's budget

A snapshot of recent resources



2016-2018 General Fund Resources = \$39.7 Billion
Chapter 780 (HB30 as adopted)
(\$ in millions)



Individual Income Taxes and Sales and Use Taxes provide 86% of the General Fund Resources.

Virginia's budget

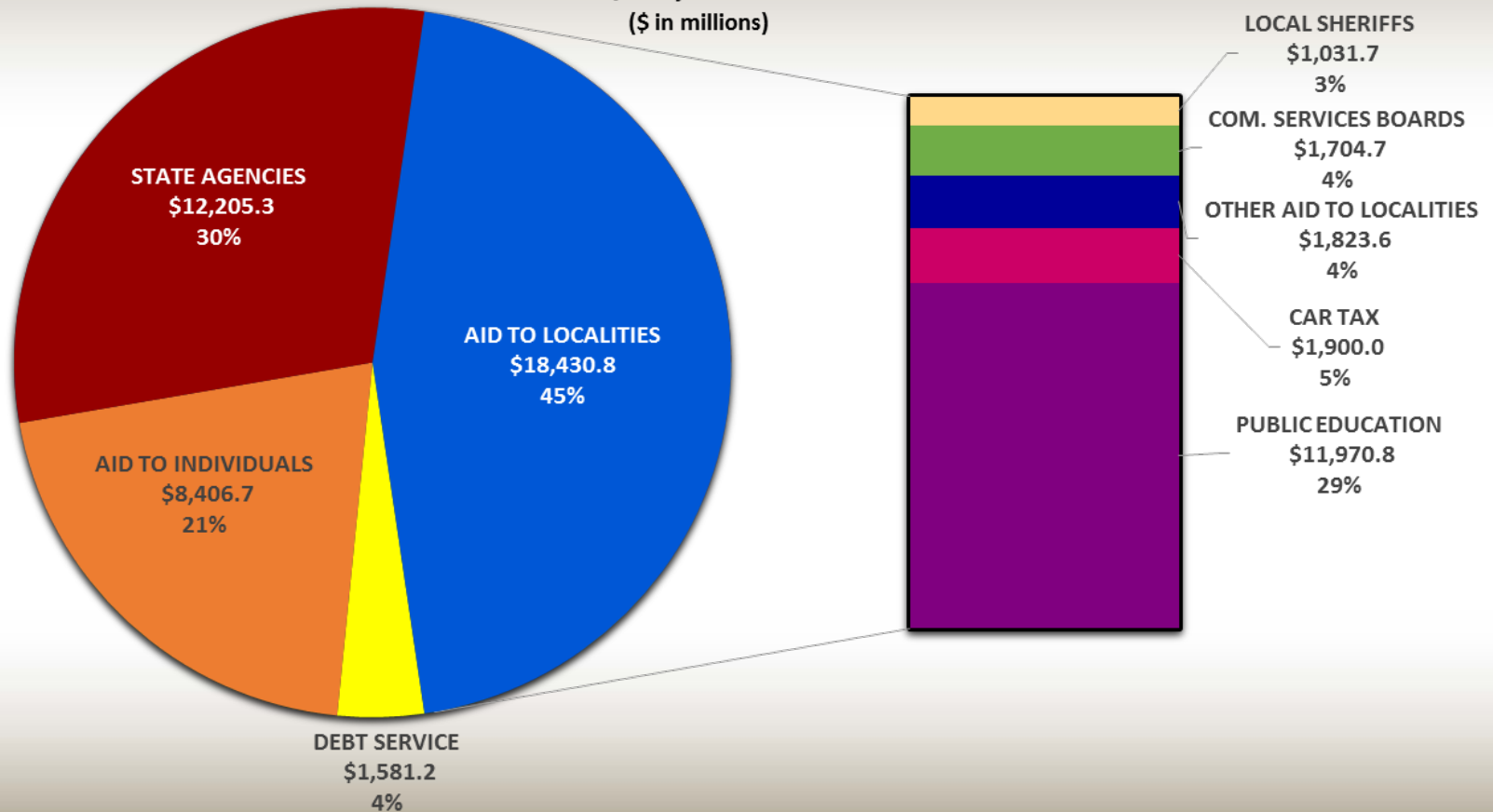
A snapshot of recent spending



2016-2018 GF Operating Budget

\$40,624.0

(\$ in millions)



Budget Execution Phase

- State Agencies and Higher Education Institutions are notified of their funding allocations and begin their internal budget allocation process for the upcoming fiscal year.
- Budget processes vary among the institutions and we would now like to share with you the budget allocation processes at Christopher Newport, Norfolk State and Old Dominion



Christopher Newport University Budget Allocation Process



September – December

- The University's Budget Advisory Committee (BAC) reconvenes to review the university's six-year plan, lay out the next budget cycle, set the calendar, and communicate with the executive management team.
- The Budget Advisory Committee is made up of the provost, the academic deans, the chief of staff, the executive vice president, the director of planning and budget and six instructional faculty members.

Christopher Newport University Budget Allocation Process



January – February

- Members of the executive management team each meet with the BAC to submit prioritized budget requests for the offices and departments within their purview.
- The submitted budget requests are compiled and a preliminary list is reviewed and priorities are debated by the BAC.

Christopher Newport University Budget Allocation Process



March – May

- BAC discussions continue as the General Assembly and Governor finalize the fiscal year and/or the biennial budgets through the passage of the Acts of Assembly.
- The Acts of Assembly informs the institution of the amount of their state appropriation and all mandates, funded or unfunded, placed upon them.
- The BAC recommends tuition and fee rates for the next fiscal year to the President, which are then presented to the Board of Visitors for their approval.

Christopher Newport University Budget Allocation Process



May – June

- Reconciliation of the budget begins in earnest.
- The recommended fiscal year operating budget is submitted to the President and presented to the Board of Visitors for their approval.
- The approved budget is communicated to the executive management team.

Norfolk State University Budget Allocation Process



- The Six Year Plan (SYP) required by TJ21 is the initial basis for NSU's annual budget.
- Development of the SYP gives the initial parameters for operation of the University for the upcoming biennium.

Norfolk State University Budget Allocation Process



With consideration to the SYP, budget development is completed in a bottom up process.

- Initial submission by the departments
- Review by deans and directors
- Review by VPs/Cabinet members
- Review by University Budget Committee

Norfolk State University Budget Allocation Process



The University Budget Committee consist of:

- School Deans – five (5)
- Academic departments- five (5) faculty one from each school
- Division of Student Affairs – two (2)
- Division of Finance and Administration – three (3)
- Graduate Studies and Research – one (1)
- Division of University Advancement – one (1)
- Student Government Association (SGA) – one (1)
- University staff association (NSU/AEOP) – one (1)
- Athletics – one (1)
- The Budget Office acts as staff for the UBC

Norfolk State University Budget Allocation Process



- The University Budget Committee will make recommendations to the VP of Finance and Administration of any changes to the budget that are deemed financially feasible.

Norfolk State University Budget Allocation Process



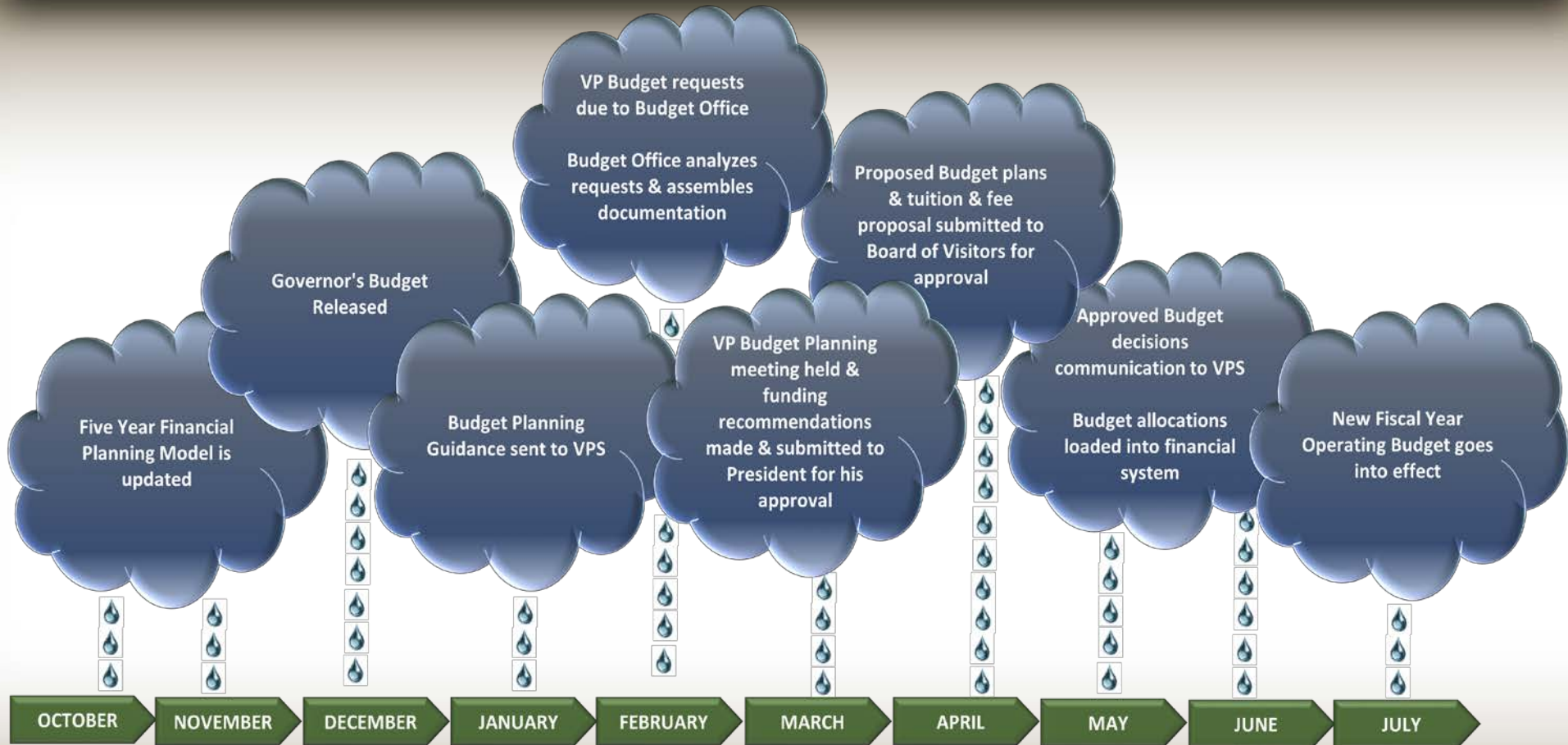
- Initial discussions of the budget start with the BOV at its spring meeting (**March**).
 - At this meeting, the BOV are presented tuition and fee recommendations for approval.
 - Revenue projections are also presented.

Norfolk State University Budget Allocation Process



- The full budget is presented to the BOV for approval in **May** (hopefully after the approval of the state's budget).

Old Dominion University Budget Process Timeline



Old Dominion University Budget Allocation Process



Development of Five-Year Financial Planning Model Drives the Budget Planning/Allocation Process

- Identifies Institutional Priorities from University's Strategic Plan.
- Establishes Five-Year Targets & Unit Cost Measures.
- Selects Input Variables through Budget Collaborations with Vice Presidents.
- Considers State Funding, External Support and Reallocations.
- Determines Tuition & Fee increases needed to generate revenue to accomplish institutional priorities.

Old Dominion University Budget Allocation Process



January

- Budget Planning Guidance is sent to VPs informing them about funding approved in the Governor's budget and providing them with instructions for submitting budget requests for their respective academic departments or administrative units.
- Each VP makes decisions within their area of responsibility as to which budget requests will be submitted for review to the VP Budget Committee.
- Budget requests are due to the Budget Office by end of February.

Old Dominion University Budget Allocation Process



February

- Upon receipt of budget materials, the Budget Office staff analyze the requests, assemble additional documentation if necessary and compile the prioritized requests for VP review.

Old Dominion University Budget Allocation Process



March

- Planning meetings are scheduled with all the Vice Presidents and Athletic Director to discuss the budget requests and make funding decisions related to the University's Strategic Plan and Five-Year Planning Model Guidelines.

Old Dominion University Budget Allocation Process



April

- Funding decisions by VPs take into account all funding resources (state funding, tuition & fee revenues, reallocations, one-time funds).
- Proposed budget decisions are submitted to President for his approval.
- Proposed Budget and Operating Plan and Tuition and Fee Recommendations are presented to the Board of Visitors for their approval.

Old Dominion University Budget Allocation Process



May-June

- The approved budget decisions are communicated to the VPs.
- Budget allocation amounts are loaded into the University's Financial System (Banner) and operating budgets are updated.

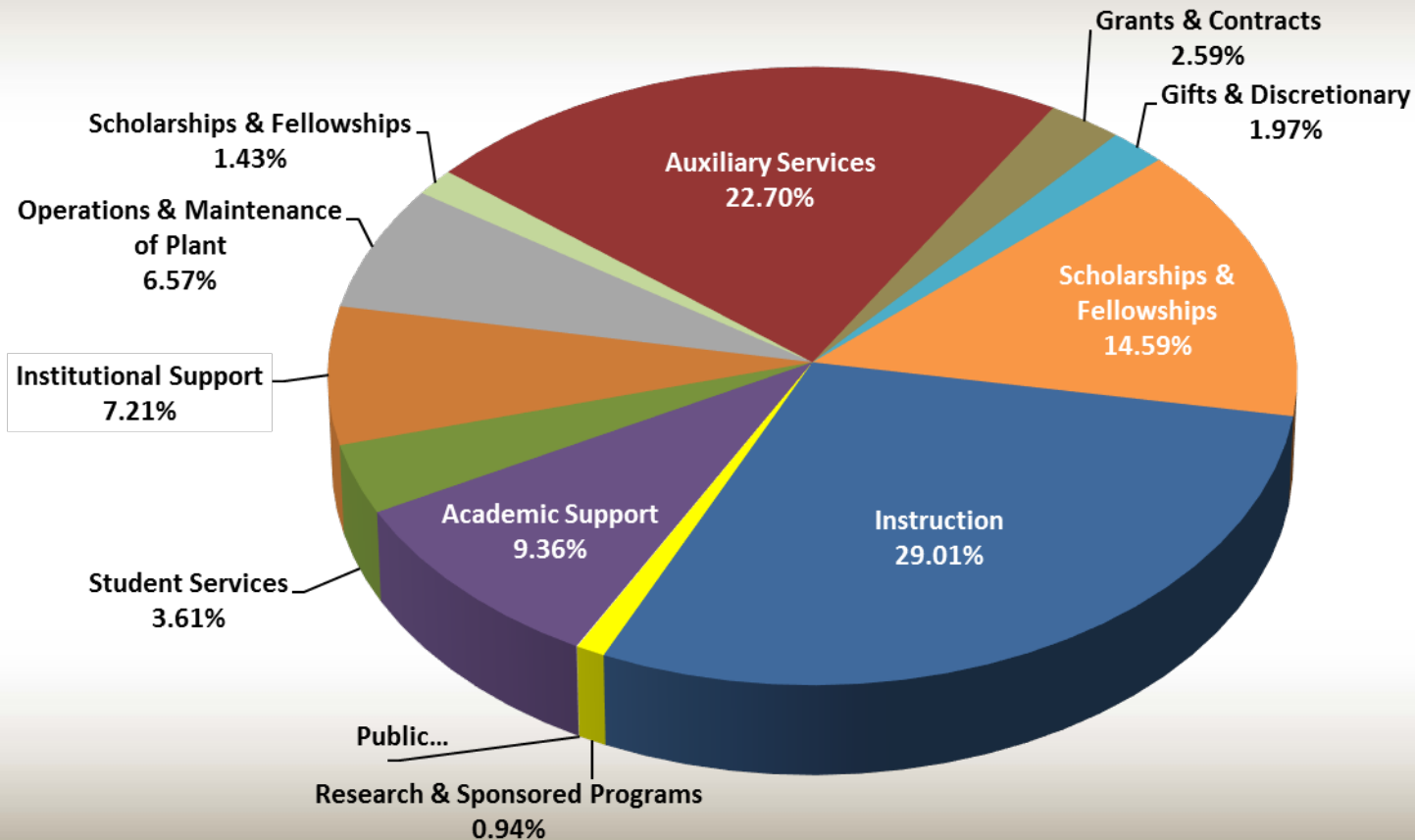
July

- Updated operating budgets go into effect on July 1.

OLD DOMINION UNIVERSITY BUDGETED FY2017-18 EXPENDITURES



UNIVERSITY EXPENDITURE SUMMARY



QUESTIONS?

