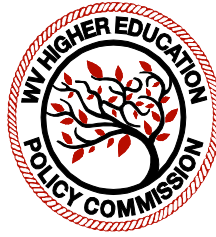


David K. Hendrickson  
Chair



Paul L. Hill  
Interim Chancellor

West Virginia Higher Education Policy Commission  
1018 Kanawha Boulevard East, Suite 700  
Charleston, WV 25301  
(304) 558-0281  
www.hepc.wvnet.edu

## MEMORANDUM

TO: Paul Hill, Interim Chancellor

FROM: Ed Magee

DATE: January 13, 2012

RE: Governor's FY 2013 Budget Recommendation

Governor Tomblin's budget recommendations for FY 2013 are shown below and are compared against the higher education appropriations request. If adopted by the Legislature as presented, the combined HEPC and CTCS systems will see increases of \$5.5 million in FY 2013.

<b>CTCS/HEPC Fiscal Year 2013 Budget Request Comparison</b>			
	HEPC/CTCS Request	Governor's Recommendation	Difference
<b>Financial Aid</b>			
Higher Education Grant Program	\$7,000,000	\$0	(\$7,000,000)
HEAPS Grant Program (CTCS Request)	3,000,000	0	(3,000,000)
<b>HEPC</b>			
HEPC Funding Formula	15,000,000	0	(15,000,000)
Salary Enhancements - HEPC	0	0	0
PEIA Increase (4%)	0	806,179	806,179
West Virginia State University Operational Budget Increase	1,600,000	0	(1,600,000)
West Virginia University School of Public Health	1,000,000	1,000,000	0
West Virginia University Institute of Technology	TBD	0	0
West Virginia Regional Technology Park	4,000,000	0	(4,000,000)
Innovation Fund	5,000,000	0	(5,000,000)
General Operations	0	1,500,000	1,500,000
<b>CTCS</b>			
College Completion	5,000,000	0	(5,000,000)
Salary Increases	1,800,000	0	(1,800,000)
PEIA Increase (4%)	0	220,824	220,824
Community College Workforce Development	0	2,000,000	2,000,000
Subtotal	<b>43,400,000</b>	<b>5,527,003</b>	<b>(37,872,997)</b>

<b>CTCS/HEPC Capital Improvement Budget Request Comparison</b>			
	HEPC/CTCS Request	Governor's Recommendation	Difference
Capital Improvements - Deferred Maintenance			
HEPC	\$8,000,000	\$0	(\$8,000,000)
CTCS	2,000,000	0	(2,000,000)
<b>CTCS</b>			
Capital Bond Projects	5,000,000	0	(5,000,000)
Subtotal Capital	<b>\$15,000,000</b>	<b>\$0</b>	<b>(\$15,000,000)</b>
<b>Total</b>	<b>\$58,400,000</b>	<b>\$5,527,003</b>	<b>(\$52,872,997)</b>

This document provides information on individual changes within the budget recommendations and provides full detail by program and revenue source.

*New Funding*

The Governor's recommendations for higher education included new funding for PEIA - \$1,027,003, West Virginia University School of Public Health - \$1,000,000, General Operations - \$1,500,000 (to be allocated by the HEPC), and Community College Workforce Development - \$2,000,000.

*HEPC*

Within the HEPC central office, the Governor added funds for PEIA. There were funds for both the REMI and Perinatal projects that were transferred to the HEPC budget last year and remain in the current recommended budget.

<b>HEPC Central Office</b>				
	FY 2012	PEIA Increase	FY 2013 Governor	Recommended Increase
HEPC Unclassified	\$3,086,949	\$5,112	\$3,092,061	\$5,112

*Higher Education Grant Program*

The Higher Education Grant Program did not receive any additional funding although \$7 million had been requested.

<b>Higher Education Grant Program</b>			
	FY 2012	FY 2013 Governor	Recommended Increase
Higher Education Grant Program - General Revenue	\$38,657,541	\$38,657,541	\$0
Tuition Contract Program - Lottery	362,323	362,323	\$0
	<b>\$39,019,864</b>	<b>\$39,019,864</b>	<b>\$0</b>

*PROMISE Funding*

The minimum funding level for the PROMISE Scholarship program is set by statute. The statutory level of funding for FY 2012 was \$47.5 million. No additional funding was requested or received for PROMISE for FY 2013.

<b>PROMISE Scholarships</b>			
	FY 2012	FY 2013 Governor	Recommended Increase
PROMISE Scholarships - General Revenue	\$18,500,000	\$18,500,000	\$0
PROMISE Scholarships - Lottery	29,000,000	29,000,000	\$0
	<u>\$47,500,000</u>	<u>\$47,500,000</u>	<u>\$0</u>

*HEAPS Grant Program*

The HEAPS Grant Program did not receive any additional funding except for a PEIA increase. There had been a joint request by the HEPC and CTCS for an additional \$3 million.

<b>HEAPS Grant Program</b>			
	FY 2012	FY 2013 Governor	Recommended Increase
HEAPS - General Revenue	\$5,005,425	5,005,687	\$262
HEAPS - Lottery	\$0	\$0	\$0
	<u>\$5,005,425</u>	<u>\$5,005,687</u>	<u>\$262</u>

*PEIA Increases*

The Governor provided an increase of 4% for PEIA as shown below by institution/program.

<b>West Virginia Council for Community &amp; Technical Colleges</b>	<b>FY 2013 PEIA Increase (4%)</b>
New River Community & Technical College	\$26,895
Eastern WV Community and Technical College	6,457
Kanawha Valley Community & Technical College	13,243
Southern WV Community & Technical College	47,143
WV Northern Community College	33,932
WVU - Parkersburg	0
Bridgemont Community and Technical College	13,915
Mountwest Community & Technical College	31,594
Blue Ridge Community and Technical College	23,837
Pierpont Community & Technical College	22,526
<b>Total - WV Council for Community &amp; Technical College Education</b>	<b>\$219,542</b>

<b>HEPC Institutions</b>	<b>FY 2013 PEIA Increase (4%)</b>
WVU Health Sciences - Eastern Division	\$8,741
WV School of Osteopathic Medicine	22,564
Marshall Medical School	55,820
WVU Health Sciences	201,796
WVU Health Sciences - Charleston Division	20,354
Rural Health Outreach Centers	637
Bluefield State College	22,500
Concord University	42,464
Fairmont State University	77,044
Glenville State College	29,000
Shepherd University	25,676
West Liberty University	23,000
West Virginia State University	26,800
Marshall University	182,078
Jackson's Mill	1,480
WVU Institute of Technology	31,448
Brownsfield Professional Development	600
Rural Health Initiative - WV School of Osteopathic Med.	919
WV Autism	5,776
Potomac State College of WVU	580
<b>Total HEPC</b>	<b>\$779,277</b>

<b>FY 2013 Higher Education PEIA Increase (4%)</b>	
Higher Education Policy Commission Programs	\$779,277
WV Council for Community & Technical College Education	219,542
Financial Aid Programs	1,237
HEPC/CTCS Central Administration	13,616
Other	13,331
<b>Total PEIA Increase</b>	<b>\$1,027,003</b>

*Supplemental Appropriations for FY 2012*

The Governor's budget includes two recommended supplemental appropriations for higher education totaling \$5.7 million as shown on the following page. The bills are still being drafted and will be presented during the session. The Community and Technical Colleges - Capital Improvements is one-time funding.

**Recommended Surplus Supplemental Appropriations  
Fiscal Year 2012**

<b><u>Institution/Program</u></b>	<b>General</b>
Unclassified Surplus	\$5,700,000
West Virginia Regional Technology Park Operating Funds	\$3,000,000
Community and Technical Colleges - Capital Improvements (one-time)	\$2,700,000

The detailed information by institution and program is provided as a separate attachment.

West Virginia Higher Education Policy Commission  
 West Virginia Council for Community & Technical College Education  
 Budget Analysis by Funding Source and Program Fiscal Year 2013

Activity Number	Activity	FY 2012 Appropriated	FY 13 Requested Adjustments	Less One-time Adjustments	FY 13 Appropriation Request and Improvements	Budget Adjustments				FY 13 Governor's Budget	Change from Base Budget	Change from Request
						PEIA Increase (4%)	Financial Aid	Institutions	Improvements			
<b>General Revenue (Accounts 0589, 0586 and 0596)</b>												
<b>Higher Education Policy Commission - Administration (0589)</b>												
099	Unclassified	3,086,949			3,086,949	5,112				3,092,061	5,112	5,112
164	Higher Education Grant Program	38,657,541	7,000,000		45,657,541					38,657,541	0	(7,000,000)
165	Tuition Contract Program	1,445,990			1,445,990	18				1,446,008	18	
169	WVNET	1,941,501			1,941,501	6,942				1,948,443	6,942	6,942
800	PROMISE Scholarship-Transfer	18,500,000			18,500,000					18,500,000	0	0
867	HEAPS Grant Program	5,005,425	3,000,000		8,005,425	262				5,005,687	262	(2,999,738)
913	BRIM Premium	18,936			18,936					18,936	0	0
	Innovation Fund		5,000,000		5,000,000					0	0	(5,000,000)
	Funding Formula	0	15,000,000		15,000,000					0	0	(15,000,000)
	West Virginia Regional Technology Park Operating Funds		4,000,000		4,000,000					0	0	(4,000,000)
<b>Total - HEPC Administration</b>		<b>68,656,342</b>	<b>34,000,000</b>	<b>0</b>	<b>102,656,342</b>	<b>12,334</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,668,676</b>	<b>12,334</b>	<b>(33,987,666)</b>
<b>Higher Education Policy Commission - System Accounts (0586)</b>												
056	WVU Health Sciences - Eastern Division	2,637,528			2,637,528	8,741				2,646,269	8,741	8,741
172	WV School of Osteopathic Medicine	7,555,531			7,555,531	22,564				7,578,095	22,564	22,564
173	Marshall Medical School	12,556,564			12,556,564	55,820				12,612,384	55,820	55,820
174	WVU Health Sciences	18,098,217	1,000,000		19,098,217	201,796		1,000,000		19,300,013	1,201,796	201,796
175	WVU Health Sciences - Charleston Division	2,684,094			2,684,094	20,354				2,704,448	20,354	20,354
377	Rural Health Outreach Centers	605,594			605,594	637				606,231	637	637
403	WV School of Osteopathic Medicine BRIM Subsidy	174,475			174,475					174,475	0	0
408	Bluefield State College	6,570,942			6,570,942	22,500				6,593,442	22,500	22,500
410	Concord University	10,164,340			10,164,340	42,464				10,206,804	42,464	42,464
414	Fairmont State University	17,803,627			17,803,627	77,044				17,880,671	77,044	77,044
428	Glenville State College	7,097,804			7,097,804	29,000				7,126,804	29,000	29,000
432	Shepherd University	11,202,798			11,202,798	25,676				11,228,474	25,676	25,676
439	West Liberty University	9,299,524			9,299,524	23,000				9,322,524	23,000	23,000
441	West Virginia State University	10,927,589	1,600,000		12,527,589	26,800				10,954,389	26,800	(1,573,200)
448	Marshall University	54,166,744			54,166,744	182,078				54,348,822	182,078	182,078
449	Marshall University School of Medicine - BRIM Subsidy	1,015,462			1,015,462					1,015,462	0	0
459	West Virginia University	116,272,285			116,272,285					116,272,285	0	0
460	WVU School of Medicine BRIM Subsidy	1,400,038			1,400,038					1,400,038	0	0
461	Jackson's Mill	350,000			350,000	1,480				351,480	1,480	1,480
479	WVU Institute of Technology	8,686,192	TBD		8,686,192	31,448				8,717,640	31,448	31,448
519	VISTA E-Learning	300,000			300,000					300,000	0	0
531	Brownsfield Professional Development	805,598			805,598	600				806,198	600	600
581	Rural Health Initiative - WV School of Osteopathic Med.	480,069			480,069	919				480,988	919	919
932	WV Autism	2,105,796			2,105,796	5,776				2,111,572	5,776	5,776
956	West Virginia State University (Land Grant Match)	1,908,000			1,908,000					1,908,000	0	0
994	Potomac State College of WVU General Operations	4,689,609 0			4,689,609 0	580				4,690,189 1,500,000	580	1,500,000
<b>Subtotal - System Account</b>		<b>309,558,420</b>	<b>2,600,000</b>	<b>0</b>	<b>312,158,420</b>	<b>779,277</b>	<b>0</b>	<b>2,500,000</b>	<b>0</b>	<b>312,837,697</b>	<b>3,279,277</b>	<b>679,277</b>
<b>Total HEPC</b>		<b>378,214,762</b>	<b>36,600,000</b>	<b>0</b>	<b>414,814,762</b>	<b>791,611</b>	<b>0</b>	<b>2,500,000</b>	<b>0</b>	<b>381,506,373</b>	<b>3,291,611</b>	<b>(33,308,389)</b>
<b>West Virginia Council for Community &amp; Technical Colleges (0596)</b>												
358	New River Community & Technical College	5,778,627			5,778,627	26,895				5,805,522	26,895	26,895
392	WV Council for Community & Technical College Education	862,294			862,294	1,282				863,576	1,282	1,282
412	Eastern WV Community and Technical College	2,094,052			2,094,052	6,457				2,100,509	6,457	6,457
445	Kanawha Valley Community & Technical College	4,112,421			4,112,421	13,243				4,125,664	13,243	13,243
446	Southern WV Community & Technical College	9,181,588			9,181,588	47,143				9,228,731	47,143	47,143
447	WV Northern Community College	7,859,711			7,859,711	33,932				7,893,643	33,932	33,932
471	WVU - Parkersburg	10,416,188			10,416,188					10,416,188	0	0
486	Bridgemont Community and Technical College	3,959,682			3,959,682	13,915				3,973,597	13,915	13,915
487	Mountwest Community & Technical College	6,020,983			6,020,983	31,594				6,052,577	31,594	31,594
783	Transit Training Partnership	80,000			80,000					80,000	0	0
878	Community College Workforce Development	918,000			918,000			2,000,000		2,918,000	2,000,000	2,000,000
885	Blue Ridge Community and Technical College	3,514,578			3,514,578	23,837				3,538,415	23,837	23,837
887	College Transition Program	333,500			333,500					333,500	0	0
893	WV Advanced Workforce Development	3,644,020			3,644,020					3,644,020	0	0
894	Technical Program Development	2,261,100			2,261,100					2,261,100	0	0
930	Pierpont Community & Technical College	8,421,177			8,421,177	22,526				8,443,703	22,526	22,526
	College Completion		5,000,000		5,000,000					0	0	(5,000,000)
	Salary Increases		1,800,000		1,800,000					0	0	(1,800,000)
<b>Total - WV Council for Community &amp; Technical College Education</b>		<b>69,457,921</b>	<b>6,800,000</b>	<b>0</b>	<b>76,257,921</b>	<b>220,824</b>	<b>0</b>	<b>2,000,000</b>	<b>0</b>	<b>71,678,745</b>	<b>2,220,824</b>	<b>(4,579,176)</b>
<b>Total General Revenue</b>		<b>447,672,683</b>	<b>43,400,000</b>	<b>0</b>	<b>491,072,683</b>	<b>1,012,435</b>	<b>0</b>	<b>2,500,000</b>	<b>2,000,000</b>	<b>453,185,118</b>	<b>5,512,435</b>	<b>(37,887,565)</b>

Activity Number	Activity	FY 2012 Appropriated	FY 13 Requested Adjustments	Less One-time Adjustments	FY 13 Appropriation Request and Improvements	Budget Adjustments				FY 13 Governor's Budget	Change from Base Budget	Change from Request
						PEIA Increase (4%)	Financial Aid	Institutions	Improvements			
<b>Lottery Revenue (4925)</b>												
<b>Financial Aid Programs</b>												
164	Higher Education Grant Program	362,323			362,323					362,323	0	0
166	Minority Doctoral Fellowship	150,000			150,000					150,000	0	0
167	Underwood Smith	141,142			141,142					141,142	0	0
176	Health Sciences Scholarship Program	251,459			251,459	83				251,542	83	83
868	WV Engineering and Technology Scholarship Program	470,473			470,473	1,154				471,627	1,154	1,154
	<b>Subtotal Financial Aid</b>	<b>1,375,397</b>			<b>1,375,397</b>	<b>1,237</b>				<b>1,376,634</b>	<b>1,237</b>	<b>1,237</b>
<b>Health Sciences Programs</b>												
033	Marshall Med School RHI Program and Site Support	470,104			470,104					470,104	0	0
035	WVU HS RHI Program and Site Support	1,289,226			1,289,226	5,769				1,294,995	5,769	5,769
036	RHI Program and Site Support - District Consortia	2,213,469			2,213,469					2,213,469	0	0
037	RHI Program and Site Support RHEP Program Admin.	169,731			169,731					169,731	0	0
038	RHI Program and Site Support - Graduate Med Ed Fiscal Oversight	98,709			98,709					98,709	0	0
601	Vice Chancellor for Health Sciences - Rural Residency Program	267,532			267,532	350				267,882	350	350
623	MA Public Health Program and Health Science Tech.	62,291			62,291	192				62,483	192	192
869	Health Sciences Career Opportunities Program (WVU)	376,992			376,992	1,200				378,192	1,200	1,200
870	HSTA Program	1,539,068			1,539,068	4,800				1,543,868	4,800	4,800
	<b>Subtotal - Health Sciences Programs</b>	<b>6,487,122</b>			<b>6,487,122</b>	<b>12,311</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,499,433</b>	<b>12,311</b>	<b>12,311</b>
<b>Other Programs</b>												
807	Marshall University Graduate Writing Program	25,000			25,000					25,000	0	0
967	Center for Excellence in Disabilities	320,000			320,000	1,020				321,020	1,020	1,020
	<b>Subtotal - Other Programs</b>	<b>345,000</b>			<b>345,000</b>	<b>1,020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>346,020</b>	<b>1,020</b>	<b>1,020</b>
	<b>Total Lottery Education Fund</b>	<b>8,207,519</b>	<b>0</b>	<b>0</b>	<b>8,207,519</b>	<b>14,568</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,222,087</b>	<b>14,568</b>	<b>14,568</b>
	<b>Grand Total</b>	<b>455,880,202</b>			<b>499,280,202</b>	<b>1,027,003</b>	<b>0</b>	<b>2,500,000</b>	<b>2,000,000</b>	<b>461,407,205</b>	<b>5,527,003</b>	<b>(37,872,997)</b>
402	<b>PROMISE Scholarship-Transfer (4295)</b>	<b>29,000,000</b>			<b>29,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,000,000</b>	<b>0</b>	<b>0</b>
<b>Higher Education Policy Commission - Administration (0589)</b>												
<b>Capital Improvements Surplus (one-time)</b>												
		5,000,000	0	(5,000,000)	0					0	(5,000,000)	0
<b>CTC Capital Improvement Fund (4908)</b>												
310	Debt Service	5,000,000	5,000,000		10,000,000	0	0	0	0	5,000,000	0	(5,000,000)
<b>Higher Education Improvement Fund (4297)</b>												
096	Unclassified	15,000,000	10,000,000		25,000,000	0	0	0	0	15,000,000	0	(10,000,000)
	<b>Subtotal - Bonds</b>	<b>20,000,000</b>	<b>15,000,000</b>		<b>35,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000,000</b>	<b>0</b>	<b>(15,000,000)</b>
096	<b>Health Science Center Fund (Soft Drink Tax 4179)</b>	<b>15,935,640</b>			<b>15,935,640</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,935,640</b>	<b>0</b>	<b>0</b>
	<b>Total</b>	<b>525,815,842</b>	<b>58,400,000</b>	<b>(5,000,000)</b>	<b>579,215,842</b>	<b>1,027,003</b>	<b>0</b>	<b>2,500,000</b>	<b>2,000,000</b>	<b>526,342,845</b>	<b>527,003</b>	<b>(52,872,997)</b>
<b>State Revenue</b>												
	General Revenue (includes capital improvements surplus)	452,672,683	43,400,000	(5,000,000)	491,072,683	1,012,435	0	2,500,000	2,000,000	453,185,118	512,435	(37,887,565)
	Lottery Revenue	57,207,519	15,000,000		72,207,519	14,568	0	0	0	57,222,087	14,568	(14,985,432)
	Soft Drink Tax	15,935,640	0		15,935,640	0	0	0	0	15,935,640	0	0
	<b>Total Revenue</b>	<b>525,815,842</b>	<b>58,400,000</b>	<b>(5,000,000)</b>	<b>579,215,842</b>	<b>1,027,003</b>	<b>0</b>	<b>2,500,000</b>	<b>2,000,000</b>	<b>526,342,845</b>	<b>527,003</b>	<b>(52,872,997)</b>
	Transfer from Dept. of Health and Human Services	34,905,861			34,905,861					34,905,861		
	Research Challenge (Non-Appropriated)	4,400,000			4,400,000					4,400,000		
	<b>Total</b>	<b>565,121,703</b>	<b>58,400,000</b>	<b>(5,000,000)</b>	<b>618,521,703</b>	<b>1,027,003</b>	<b>0</b>	<b>2,500,000</b>	<b>2,000,000</b>	<b>565,648,706</b>	<b>527,003</b>	<b>(52,872,997)</b>