

VIRGINIA MILITARY INSTITUTE


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MEMORANDUM

TO: The Superintendent
The Board of Visitors

FROM: BG Dallas B. Clark

DATE: 26 December 2024 

SUBJECT: Governor's Budget Amendments 2024-2026

Governor Youngkin presented his proposed budget amendments (this is the second year of the biennial budget) to a joint meeting of the Senate Finance and Appropriations Committee and the House Appropriations Committee on Wednesday, 18 December 2024. This memorandum is a brief overview of the Governor's proposal and its impact on VMI. The Governor's proposed budget amendments include no new base operating funding above the FY 2025 amounts for VMI; however, the proposal does include funding in FY 2026 to offset the impact of Virginia Military Survivors and Dependents Education Program (VMSDEP) tuition and fee waivers as described below.

The Governor also proposed limits on tuition increases. His proposal requires that FY 2026 (academic year 2025-2026) tuition not increase over the FY 2025 amount, and future tuition increases are limited to the lower of 2.5% or the annual percentage change in the U.S. Average Consumer Price Index for All Urban Consumers (CPI-U). Auxiliary and Quartermaster fees remain subject to the existing 3% annual fee increase limit.

VMI Operating Budget

Educational and General Program:

Governor Youngkin's proposal includes funding to offset the impact of tuition and fee waivers made under the VMSDEP. Funding amounts will be based on actual tuition and fee waivers made each fiscal year as reported to SCHEV. For FY 2026, VMI estimates total VMSDEP tuition and fee waivers to be approximately \$1.5 million.

Employee Compensation:

The proposed budget retains the planned 3% employee salary increase effective 1 July 2025. The State provides approximately 40% of the cost for E&G and UMA employee salary increases and VMI must fund the remaining share along with the full costs for Auxiliary and local-funded employees.

Employee Health Insurance:

FY 2026 employer and employee health insurance premiums will increase 6% over the FY 2025 rates as originally approved.



Unique Military Activities Program:

State general funding for the Unique Military Activities (UMA) program remains at the previously approved amount of \$5,859,671 in FY 2025 and FY 2026.

Student Financial Assistance

State funding for student financial assistance remains as originally approved at \$1,626,568 for FY 2025 and \$1,630,388 for FY 2026.

Equipment Trust Fund

The Governor's proposal maintains Equipment Trust Fund (ETF) funding at \$886,084 for both FY 2025 and FY 2026. This amount has remained constant since FY 2017.

Capital Projects

The Governor's budget proposal includes construction funding (fully funded) for the Construct Center for Leadership and Ethics Facility Phase II and Parking project. This is a general funded pool project, and the exact funding amount will be determined based on the final cost estimate.

The Governor's budget proposal retains the following previously authorized capital project funding items:

- Authorization to move to construction (fully funded) for the Replace Windows in Old and New Barracks and the Construct Moody Hall projects. These are general funded pool projects and exact funding amount will be determined based on final cost estimates.
- Authorization for VMI to expend \$46.9M in non-general funds to renovate Crozet Hall.
- Authorization for VMI to expend \$21.7M in non-general funds to renovate Patchin Field Soccer and Lacrosse Stadium and Paulette Hall.
- Maintenance Reserve Program funding of \$2,919,609 in FY 2025 and \$3,795,492 in FY 2026.

Next Steps

The General Assembly convenes on 8 January 2025 to begin its "short session" and consideration of legislative amendments to the State Budget. The General Assembly is currently planning to adopt budget amendments and adjourn the session on 22 February 2025 and to meet for a veto session on 9 April 2025.

The February 2025 Board of Visitors meeting will include a Government Relations report and a preview of VMI's FY 2026 proposed operating budget.

Please do not hesitate to contact us if you have any questions.