VCU Faculty Senate Meeting
September 5, 2023

Karol Kain Gray
Senior Vice President & Chief Finance Officer
Committed for E&G Personnel, 39%
Committed for E&G Scholarships, 4%
Committed for E&G Utilities, Maintenance, Contracts, Services, 6%
Restricted for Grants & Contracts Sponsored Programs, 23%
Restricted for Housing, Dinning, Athletics - Auxiliary Funds, 11%
Restricted for Student Financial Assistance, 6%
Restricted for Qatar, Hospital, & Univ. Funds, 11%

Total FY24 Budget $1,490,560
Undergraduate decline is 8% ($21.6M)
Graduate decline is 38% ($32.4M)
First Professional decline 10% ($6.6M)

Total Loss in enrollment is equal to a $60.6M loss in tuition revenue since 2009.
## Updated 2024 Budget

<table>
<thead>
<tr>
<th></th>
<th>Adopted</th>
<th>Proposed</th>
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</thead>
<tbody>
<tr>
<td><strong>Tuition Increase</strong></td>
<td>3%</td>
<td>3%</td>
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<tr>
<td>5% Salary Plan</td>
<td></td>
<td></td>
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<tr>
<td>New Tuition &amp; Fees</td>
<td>$12,285</td>
<td>$12,285</td>
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<tr>
<td>State 49% Salary Match</td>
<td>13,383</td>
<td>16,059</td>
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<tr>
<td><strong>Tuition and Salary Revenue Growth</strong></td>
<td><strong>25,668</strong></td>
<td><strong>28,344</strong></td>
</tr>
<tr>
<td>New Expense Needs</td>
<td>(50,216)</td>
<td>(58,422)*</td>
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<tr>
<td><strong>Net Position Before New State Funds</strong></td>
<td><strong>(24,548)</strong></td>
<td><strong>(30,078)</strong></td>
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<tr>
<td>-</td>
<td>10,394</td>
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<tr>
<td><strong>Budget Reallocations</strong></td>
<td><strong>(24,548)</strong></td>
<td><strong>(19,684)</strong></td>
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</tbody>
</table>

*Includes extra 2% salary cost of $5.4M & custodial contract of $2.8M*

### Other State Funding
- $5.8M for Need-Based Financial Aid
- $2.5M for Massey
- $510k for Nursing Clinical Faculty
- Funds for VDH Nurse Preceptor Program
Virginia Military Survivors and Dependents Education Program (VMSDEP)

**Impacting student and faculty success**
- Defer investment in faculty recruitment and retention
- Evaluate existing positions and contract renewals
- Continued salary inequities for tenure and non-tenured faculty
- Defer funds to enhance online program growth
- Defer funds for strategic cluster hires
- Academic Repositioning Task Force
- Program Productivity Analysis

**Administrative Impacts**
- No increased funding to support IT security needs
- Eliminated positions in Finance & Administration
- No permanent funds identified to support the marketing communications plan
- Unable to close a funding gap for the research strategic plan

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### Cuts & Reallocations 2015-2024

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Reallocations</th>
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<tbody>
<tr>
<td>FY2015</td>
<td>$4M</td>
</tr>
<tr>
<td>FY2016</td>
<td>$8M</td>
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<tr>
<td>FY2017</td>
<td>$13M</td>
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<tr>
<td>FY2018</td>
<td>$14M</td>
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<tr>
<td>FY2019</td>
<td>$14M</td>
</tr>
<tr>
<td>FY2020</td>
<td>$19M</td>
</tr>
<tr>
<td>FY2021</td>
<td>$43M</td>
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<tr>
<td>FY2022</td>
<td>$43M</td>
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<tr>
<td>FY2023</td>
<td>$64M</td>
</tr>
<tr>
<td>FY2024</td>
<td>$89M</td>
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</tbody>
</table>

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**Cumulative Total Reallocations**

**Fiscal Year Reallocations**
Management Staffing Levels

Change in Management Staffing (FTE) Between 2016-2020

Percentage of 2020 Management Employees (FTE) to All Employees (FTE) and Student FTE
VP Levels for Added Management Positions

• From 2016 to 2020, VCU established 48 new management positions.
• New management position growth was evenly distributed across the institution:
  • 21 positions new to the Schools and Colleges
  • 9 positions new to finance and administration
  • 7 positions new to Student Affairs and Student Success
  • 11 positions new to development, University Relations, Research, and Equity Access and Presidents Office
• New positions represent a growth in 14% over 4 years

• These positions were added to support new programs, reorganizations, and strategic priorities such as academic advising, student financial aid and research leadership.
The university receives several types of funding from the Commonwealth for capital projects:

- 50% to 100% of Instructional buildings
- 50% (approximately) of research buildings
- Various allocations for maintenance reserve to fund maintenance and repairs on our existing buildings.

Funds must be used for capital projects. None of this funding can be used for day to day operations, instruction or administration.
Budget Challenges Overview

• Inflation Driving Increased Costs for Utilities, Supplies, & Services
  • State Support is Focused on Tuition Affordability and Not Funding Inflationary Costs for University Operations

• Unfunded or Underfunded State Mandates
  • Virginia Military Survivors & Dependents Education Program (VMSDEP)
    • Mandatory participation for all public universities that is not funded by the State
    • Expanding eligibility has increased cost to VCU from $291K in 2007 to over $11.8M in 2023
  • State Mandated Salary Increases
    • The State has mandated 5% salary increases for 3 years
    • The State provides 49% of the increase leaving VCU with a total cost of nearly $41.3M for FY’s 2022, 23 & 24

• Growing Academic Needs & Restructuring
  • Online Scaling, Curriculum Innovation, Quality Enhancement Plan, Cluster Hires

• Faculty Salary Inequities

• History of declining enrollment
• The VCU Health System is a separate authority.
  • Accounting standards require their reporting as a component unit on the face of our financial statements.

• Operating service agreements (OSA):
  • Agreement for the reimbursement for shared services
  • Safety, security, audit, parking, development, enterprise marketing and communication, telecommunications, and various other services

• Clinical, educational and research services agreements (CERSA)
  • Agreement between some of the schools (Medicine, Massey, Dentistry, Etc.) and the hospital
  • Provide support for clinical, educational and research activities that support the hospital

• Outside of these arrangements, their resources are not available to be used for the university’s operating needs.