

MINUTES OF A SPECIAL MEETING OF THE
BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY
April 19, 1995

A Special Meeting of the Board of Visitors of Virginia Commonwealth University was held on Wednesday, April 19, 1995, at 7 p.m. in the University Meeting Center.

Present were Messrs. Whitworth (Rector), Flippen Siegel and Weinberg; Ms. Teig; and Drs. Johnson and Smith. Absent were Messrs. Arenstein, Framme, Meador and Townes; Drs. Dombalis, Gilmer, Vaughan and Wootton; and Ms. Vaughan. Also present were Mr. McCaskey, student representative to the Board; Drs. Trani, Dewey, Harris and Jones; Messrs. Bruegman, Gehring and Ross; and Mesdames Burnside and Price.

Mr. Whitworth called the meeting to order. The purpose of the meeting is to review the budget prior to being presented for approval. The President advised that the Provost meets on a regular basis with the Executive Budget Committee to make recommendations to the President on the budget and to keep the faculty, staff and student informed about the budget process.

The University Budget was discussed. There is no bottom line like the Hospitals, other than a balanced budget. Unspent State funds lapse (revert to the State treasury) at year-end unless special approval is given to

carry money forward. The University manages the budget through six separate fund groups or programs including:

Educational and General Programs (E&G) describes all operations related to the institution's academic programs including activities associated with instruction, research, public service, academic support, student services, institutional support and operation and maintenance of plant. The E&G budget comprises the largest share of the University budget and is the only program where there is reasonable discretionary use of the money.

Sponsored Programs are research projects, training grants and similar activities funded through revenues received from governmental or private agencies for specific purposes. Sponsored Programs include both the direct and indirect overhead costs associated with the grant or contract. The direct costs must be administered in accordance with the terms of the appropriate grant or contract. The indirect costs are returned to the University and are distributed according to Federal and State regulations and institutional priorities. Indirect costs are separately budgeted as Overhead Funds.

Overhead Funds (Indirect Costs Recovery Funds) are reimbursements for costs associated with sponsored programs and research activity. Periodically, the institution negotiates an indirect cost rate with the Federal government based on the following cost categories: building and equipment use, operation and maintenance of plant, general and administrative costs, library, departmental administration and sponsored projects administration.

Auxiliary Enterprise Programs are self-supporting business entities that exist to furnish goods and services to students, faculty and staff. At VCU the Auxiliary Enterprise Programs include: Inter-collegiate Athletics, Residential Services, Food Services, Student Centers, Bookstores, Parking and Transportation, Telecommunications and Student Health Services.

University Funds are private funds which include both restricted and unrestricted funds whose primary sources of revenues are gifts to University departments, reimbursements to academic departments from Associated Physicians, investment earnings, and sales and services. University Funds are

deposited and disbursed through local bank accounts and are not subject to State appropriations.


Student Financial Assistance includes scholarships and fellowships awarded to students without requiring work or services in return for the receipt of funds. Loans and work related programs also are included, while graduate tuition waivers and the undergraduate scholarship program are excluded (included in E&G). Over 75% of the Student Financial Assistance budget is comprised of loan funds provided by the Federal government which are administered by the University.

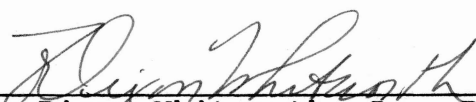
Tuition and Fees policy for Virginia's colleges and universities is set by the Governor and the General Assembly through the Appropriation Act. Based on language in the Appropriation Act, and the amount of money appropriated for tuition and fees charges, Boards of Visitors determine tuition and fees rates.

The 1995-97 MCV Hospitals budget was discussed. The budget demonstrates MCVH's commitment to repositioning in the current health care market. Included in the budget are savings projected as a result of on-going reengineering efforts and physical downsizing plans. The budget bottom line of \$4.3M is only 1.1% of operating revenue. The total profitability of the Hospitals is dependent upon commercial and related payers. The insurer's are unwilling to recognize MCVH expenses associated with graduate medical education, unreimbursed indigent care, and medical school support. Reduction in hospital and medical school expenses, state or national recognition of expenses associated with graduate medical education, and full state funding of indigent care (including medical school faculty) are essential if long term financial viability is to be maintained. Only 11.3% of the Hospitals' payers pay what is billed, so increasing rates is not a solution.

The 1995-96 budget will be presented to the Board of Visitors for approval at the regular meeting on April 20, 1995.

The meeting was adjourned at 9:15 p.m.


 Harry I. Johnson, Jr., Secretary


 F. Dixon Whitworth, Jr., Rector