BOARD MEMBERS PRESENT

Mr. Keith Parker, Rector
Mr. H. Benson Dendy, III, Vice Rector
Ms. Pamela K. El
Ms. Carolina Espinal
Mr. Edward McCoy, arrived at 11:15 a.m.
Ms. Coleen Santa Ana
Ms. Alexis Swann
Dr. Shantaram Talegaonkar

OTHERS PRESENT

Dr. Michael Rao, President
Mr. Jacob Belue, Esq., Associate University Counsel
Mr. Richard Bunce, Senior Advisor to the President
Ms. Karol Kain Gray, Sr. Vice President and Chief Financial Officer
Dr. Gail Hackett, Provost and Sr. Vice President for Academic Affairs
Ms. Karen Helderman, Executive Director of Audit and Compliance Services
Ms. Gwynne Jenkins, Chief of Staff – Office of the CEO, VCU Health System & Sr. Vice President VCU Health Sciences
Ms. Pamela Lepley, Vice President for University Relations and Chief Communications Officer
Mr. Mike Melis, Esq., University Counsel
Dr. Marsha Rappley, Sr. Vice President for Health Sciences and CEO of VCUHS
Ms. Michele N. Schumacher, J.D., Assistant Secretary and Board Liaison
Members of the public

CALL TO ORDER AND INTRODUCTIONS

Mr. Keith Parker called the meeting to order at 8:50 a.m. in the Dominion Room, Jefferson Hotel, 101 West Franklin Street, Richmond, Virginia.

Ms. Parker welcomed the new Board members and thanked them for their willingness to serve on the Board of Visitors of Virginia Commonwealth University. He encouraged the members to ask questions, make comments and be fully engaged as a board member. He concluded that each board
member brings a strength to the board and we are delighted to be working with you to advance a University that we all love.

President Rao also welcomed the new Board members, and thanked all the members of the Board for their service to VCU and in helping shape the priorities of the university. He concluded by stating he looks forward to working with the Board as strategic partners in transforming VCU, and in addressing the challenges faced by higher education.

**FIDUCIARY & LEGAL DUTIES OF BOARD MEMBERS**

Mr. Jacob Belue, Esq., Associate University Counsel, Ms. Karen Helderman, Executive Director of Audit and Compliance Services, Mr. Mike Melis, University Counsel, and Ms. Michele N. Schumacher, J.D., Assistant Secretary and Board Liaison gave a presentation on the fiduciary and legal duties and responsibilities of the members of the Board of Visitors. The presentation covered the fiduciary responsibilities of board members; the statutory requirements found in the Code of Virginia, including a review of the Virginia Freedom of Information Act; and an overview of the Division of Audit and Compliance Services, including a review of the oversight role of the Board of Visitors. A copy of the presentation is attached hereto as Attachment A and is made a part hereof.

Mr. Parker thanked Mr. Belue, Ms. Helderman, Mr. Melis, and Ms. Schumacher for their presentations.

**OVERVIEW OF ACADEMIC AFFAIRS**

Dr. Gail Hackett, Provost and Sr. Vice President for Academic Affairs, provided an overview of Academic Affairs, including the mission of the Provost’s office; Quest 2025: (a) Quality and Outcome Strategy, (b) Enrollment and Faculty Strategy, and (c) Increase National Research Prominence Strategy; priorities of Academic Affairs focusing on both student success and program and faculty success. Dr. Hackett also reviewed the challenges VCU students face concerning affordability and financial accessibility to college. A copy of the presentations are attached hereto as Attachment B and Attachment C and are made a part hereof.

Mr. Parker thanked Dr. Hackett for her presentation.

**RELATIONSHIP BETWEEN VCU & VUCHS**

Dr. Marsha Rappley, Sr. Vice President for Health Sciences and CEO of the VCU Health System, provided an overview of the relationship between the two entities, specifically discussing the overlap related to the health sciences schools and the research centers and institutes with the university and the health system. Dr. Rappley also discussed the governance of the VCU Health System, reviewing its creation as an “Authority” and its specific purpose; delineating the areas of oversight of by the Board of Visitors and by the VCUHS Board of Directors and noted that five (5) members of the Board of Visitors are appointed to the VCU Health System Board of Directors by the Rector. A copy of the presentation is attached hereto as Attachment D and is made a part hereof.
Mr. Parker thanked Dr. Rappley for her presentation.

**OVERVIEW OF 2020 BUDGET**

Ms. Karol Kain Gray, Senior Vice President and Chief Financial Officer, presented an overview of the University’s 2019-2020 Budget plan, reviewing the sources of funding and expenditures. She also reviewed the components of the Education and General (E&G) budget funds. Ms. Gray also reviewed the 2019-2020 Tuition and Mandatory Fees for resident undergraduates. She also reviewed the budget challenges and opportunities created by same. A copy of Ms. Gray’s presentation is attached hereto as *Attachment E.*

Mr. Parker thanked Ms. Gray for her presentation.

**ADJOURNMENT**

There being no further business the Rector, Keith Parker, adjourned the meeting at 12:00 p.m.
Duties and Responsibilities of Boards of Visitors

August 15, 2019

Michele Schumacher, Board Liaison
Mike Melis, University Counsel - Office of University Counsel
Jake Belue, Office of University Counsel
Karen Helderman, Executive Director, Audit and Compliance Services
Overview

• BOV Member Duties
• Legal Issues/Responsibilities
• Role of University Counsel
• Audit and Compliance Services
Board Member Duties and Responsibilities
BOARD MEMBERS AS FIDUCIAIRES

Fiduciary – One who holds some asset(s) in trust for another and is charged to act beneficially on behalf of the other in managing that asset.

The Asset – The college/university, including mission & identity, property, human resources and educational product.

For Whom – The founders of the asset, which for public universities is the state, and its sponsors, which include students, donors, alumni, and taxpayers.
Member Fiduciary Duties – in general

• **Duty of Care** - Act prudently, diligently and deliberately in light of all reasonably available information.

• **Duty of Loyalty** - Put the interest of the university before self/others. Actively disclose existing or potential conflicts of interest.

• **Duty of Obedience** - Advance the mission of the university, consistent with its mission/goals and in accordance with statutory authority.
Four Areas of Responsibility

• Understand the institution’s mission
  o Ensure that the institution’s mission is kept current and is aligned with public purposes

• Chief Executive Officer
  o Select a chief executive officer to lead the institution
  o Support and periodically assess the performance of the president and establish and review the president’s compensation
Four Areas of Responsibility - continued

• Strategic Planning / Long-Term Vision
  o Charge the president with the task of leading a strategic planning process, participate in that process, approve the strategic plan, and monitor its progress

• Act in accordance with Code of Virginia and Board Bylaws
  o Comply with federal state and local laws as required
  o Confirm that Board policies and processes are current
Guidelines for Effective Governance: Implementing the Duties of Care, Loyalty, and Obedience

- Attend meetings
- Read and evaluate the materials
- Ask questions and probe assumptions and get answers
- Remain informed about operations, performance, and challenges
- Understand the terms of transactions
- Make decisions after candid discussion and receiving appropriate advice
  - Create a culture of inclusion, seek/listen to diverse views
Guidelines continued

• Support board decisions
• Understand financial statements and monitor related controls
• Understand and uphold the mission of the university
• Review/monitor performance of chief executive
• Honor Confidentiality
• Take reasonable efforts to confirm that the university:
  o is legally and ethically compliant with the law and applicable internal and external rules
  o has instituted effective internal controls to achieve compliance and to identify and address problems
Guidelines continued

• Avoid Conflicts of Interest
  o Conflict in fact
  o Conflict in appearance
    ❖ Do not use the position of authority to obtain, directly or indirectly, a benefit for yourself or for another organization

• Engage in governance not management

• Maintain integrity and ethical awareness in all actions
Key “Takeaways”

- Duties in your role as a BOV Member
  - Remember: A BOV Member is VCU.

- Boards should only approve an action after reasonable inquiry has provided sufficient opportunity for a well-informed decision (i.e. Ask!).

- Contribute to VCU through appropriate governance, and enhancing the tone at the top for ethical decision making.

- A board member does not become empowered to act for the institution individually. The authority of the university to take action resides with the full governing board.
What does the law say?

Board powers and Duties

§ 23.1-2305.

• Appoint all teachers, staff members, and agents, fix their salaries, and prescribe their duties
• Generally direct the affairs and business of the University
• Confer degrees, including honorary degrees
• Receive gifts
What does the law say?
Executive Committee Responsibilities

§ 23.1-1306.
• Organize working processes and recommend best practices for governance
• Review the board's bylaws and recommend amendments
• Advise board on committee structure, appointments, and meetings
• Develop orientation and continuing education process
• Develop and monitor compliance with a code of ethics for board members
• Develop a set of qualifications and competencies for membership
Code of Virginia – Educational Requirements

§ 23.1-1304

• SCHEV delivers annual educational programs for governing boards
• New members must attend at least once within first two years
• Eighteen elements of educational program
Code of Virginia – this might get your attention

Term and Conduct
• Two full terms, then waiting period of four years
• Board Policy on Ethical Leadership
• Process for removal without sufficient cause for absence

Removal for:
• Failure to attend meetings for one full year
• Failure to attend SCHEV orientation in first two years
• Malfeasance, misfeasance, incompetence, or gross neglect of duty
VA Freedom of Information Act (FOIA)

What Every BOV Member Absolutely *Must* Know about FOIA:

- All **meetings** must be open
- All **records** must be available to the public – the format or medium does not matter
Importance of Compliance

• BOV records have become a target of interest to:
  o Faculty & Students
  o Press
  o Alumni
  o General Assembly and other Elected Officials

• Meetings not handled appropriately = Board actions could be challenged
• Negative publicity for the university
• Perceived violation of public trust
• Possible fines for deliberate actions
Meetings

• All meetings of public bodies must be open with public access permitted unless there is a specific statutory exemption

• What is a meeting?
  o When three or more members are gathered, and
  o Public business is discussed

• It doesn’t have to be a “Meeting” to be a meeting (social events, unplanned conversation at coffee shop).
Requirement for a Legal Meeting

Meetings Must Be “Noticed”

• Three *working days*’ notice
• Posted in 4 specific public places
• Public has the right to attend
Meetings: *What does this mean to me?*

- Cocktail parties and golf games?
- Avoid discussion of Board or Board Committee business with *more than two* members
  - in person
  - telephone
  - internet chat or email
Electronic and Telephone Meetings

• Generally, meetings must be in person
• BOV members may call in but a quorum of the BOV must be physically present
• The notice required for telephone meetings is 3 working days – same as for other meetings.
• Very specific requirements exist for the notice that require details about the meeting to be known in advance. For example, the notice must include the remote locations that are open to the public and the electronic communication means by which members of the public may listen to or observe the meeting. Public access to remote locations is encouraged but not required.
• Consult with counsel prior to issuing the notice for electronic meeting
Closed Meetings

Common exemptions for closed meetings
• Legal advice
• Discussion of contract negotiations
• Discussion of \textit{identifiable} employees or applicants
Requirements for Closed Meeting

- **Specific exemption** and reason for closed meeting must be cited.

- Committee may discuss only matters identified in the motion to go into closed meeting – even if subject would otherwise qualify for a closed meeting discussion.

- **Certification** required after closed meeting.

- Any action the BOV wishes to take as a result of discussion in closed session must be voted on in open session.
Closed Meetings: *What does this mean for me?*

- Remember the stated purpose of closed meetings, and do not stray from that discussion
- Gently remind others if discussion strays
- Cast a truthful certification vote
- Legal counsel cannot play “FOIA cop” but should be relied upon for guidance
Public Records

• All public records not subject to a specific exclusion/exception must be made available to the public upon request.

• Public records - *anything* that records *any* public business
  - letters or other documents
  - handwritten notes
  - video/audio recordings
  - emails
  - text messages

• Location doesn’t matter (at the university, home, office, personal devices, etc.)
What is a “FOIA Request”?

• Any request from any eligible person (Virginia citizen or certain media)
• Does not have to be a written request – oral is fine
• Need not reference “FOIA”
• Five workdays to initially respond
• Can charge reasonable fees, but this rarely covers actual costs
• Report any records request *immediately* to the Rector and Board staff
Records: What does this mean for me?

• Be thoughtful about what you write in email, notes, memos
• Favor telephone over email
• Use your official VCU email for VCU business; or keep all VCU business communications in a separate folder if you use a personal or business account
• Do not trash or delete official messages/documents. State law requires preservation of records for certain time periods.
Records: What does this mean for me?

• Expect that some communications will come to you from legal counsel to maintain confidentiality/privilege.

• If you share a privileged communication with someone else, privilege may be lost – let counsel help.

• If you need to communicate regarding a difficult issue via email, work with the Rector and copy legal counsel for review/advice.
Email and social media can be a record and a meeting!

• Simultaneous e-mail can easily result in discussion between “more than two members” = *Illegal* meeting

• Social media interactions may result in a meeting (e.g. “liking” posts)

• Recommendation
  - Use the telephone when possible!
  - Avoid e-mail to more than one member when possible
  - *Never* use REPLY ALL
Office of University Counsel

Mike Melis
Jake Belue
Liz Brooks
Sarah Johns
Jim Fiorelli
Bill Norris
Elizabeth Griffin
University Counsel Services

- Represent Virginia Commonwealth University on:
  - Contracts and Business Transactions
  - Development/Foundations
  - Labor and Employment
  - FOIA
  - Research Compliance
  - Intellectual Property Issues
  - Student and Faculty Issues
  - Civil Rights (all the “Titles”)
  - Litigation
  - *Lay Psychotherapy*

- We can only handle legal matters related to University business
Legal and Compliance Challenges for Higher Education

- Accounting
- Accreditation
- Affirmative Action
- Athletics
- Campus Safety
- Conflicts of Interest
- Copyright and Fair Use
- Disabilities and Accommodations
- Donors and Gifts
- Environmental Health and Safety
- Export Controls
- Financial Aid
- Foundations and Affiliated Enterprises
- Governance
- Grants Management
- Health Care and Insurance
- HEOA Compliance Obligations
- Human Resources
- Immigration / International Students and Employees
- Information Technology
- Intellectual Property and Technology Transfer
- International Activities and Programs
- Lobbying and Political Activities
- Privacy / Student Records
- Program Integrity Rules
- Research
- Sexual Misconduct
- Tax Compliance
- Telecommunications
AUDIT AND COMPLIANCE SERVICES

Karen Helderman, Executive Director
Audit and Compliance Services

• University and Health System Responsibilities
  ➢ Provides audit, integrity and compliance operations on behalf of the Boards
  ➢ Executive Director is accountable to the Boards through their respective audit and compliance committees

• University Functions
  ➢ University Audit and Management Services (Internal Audit)
  ➢ Integrity and Compliance Office
University Audit and Management Services (Internal Audit)

- Institute of Internal Auditor’s *International Standards for the Professional Practice of Internal Auditing*
- Risk-based audits of information systems, financial and compliance controls
- Investigative reviews
- Special requests
- Advisory services
- Audit reports provided in Audit, Integrity and Compliance Committee materials
Integrity and Compliance Office

- Oversees VCU’s Compliance and Ethics Program
- Utilizes compliance partners throughout the University
- Software provides visibility into areas of concern
- Compliance Program based on Chapter 8 of the US Department of Justice Federal Sentencing Guidelines – Seven Elements of an Effective Compliance Program
Integrity and Compliance Office

- Standards & Procedures — Code of Conduct, written policies and procedures
- **Oversight** — designated compliance officer and Board compliance committee
- Education & Training — education program on policies and expectations
- Reporting — methods to communicate concerns without fear of retaliation
- Monitoring & Auditing — track policy updates, analyze trends, staff surveys
- Enforcement and Discipline — enforce our compliance program by taking action
- Response and Prevention — analyze violations, refine or adopt policies, provide additional training
Michigan State’s Untouchable Board of Trustees

Members of the board have been accused of covering up Larry Nassar’s abuse, and yet they’ve somehow emerged from the scandal unscathed.

CAROLINE KITCHENER  SEP 26, 2018

Enron Board Aided Collapse, Senate Panel Says

July 1, 2000:
The members of Enron Corp. ’s board of directors contributed to the firm’s collapse by failing to curb the Houston energy trader’s risky accounting tactics, approving conflicts of interest, and rubber-stamping enormous cash payouts to executives, according to a hastily drafted Senate report to be released today.

“The board witnessed numerous indications of questionable practices by Enron management over several years, but chose to ignore them to the detriment of Enron shareholders, employees, and business associates,” the report said.

March 21, 2019 04:03 PM

U-Maryland Medical System CEO put on leave after board conflict scandal

HARRIS MEYER

The University of Maryland Medical System has put CEO Robert Chrencik on temporary leave of absence following reports that nine of the system’s 30 board members, including elected public officials, have substantial business deals with the system.

Board Chairman Stephen Burch announced that the board, at an emergency meeting Thursday, also voted to hire an independent firm to review board members’ contractual relationships with the system.
Typical Oversight Questions

• How does VCU’s compliance program compare to its peers?
• Are we satisfying the seven requirements of an effective compliance program?
• What are our most significant risks and how are we mitigating them?
• How are we monitoring and responding to misconduct?
• Are we effectively communicating our ethics and compliance commitment?
• How do senior leaders determine which risks to report to the Board?
• How is the Board assured that controls for key risks are working?
Integrity and Compliance Office

www.codeofconduct.vcu.edu
Board of Visitors Orientation

Gail Hackett, Ph.D.
Provost and Senior Vice President for Academic Affairs
August 15, 2019
Mission

The Office of the Provost is dedicated to ensuring:

- A high-quality and engaged learning experience for all students;
- The recruitment and retention of a talented and diverse faculty;
- The availability of resources to ensure world-class teaching, scholarship, research and creative expression; and
- A strong commitment to the global engagement of students, faculty and staff that transforms lives and communities.
# Quest 2025: Quality and Outcomes Strategy

## Historical Trends

<table>
<thead>
<tr>
<th></th>
<th>Fall 2011 Cohort</th>
<th>Fall 2012 Cohort</th>
<th>Fall 2013 Cohort</th>
<th>Fall 2016 Cohort</th>
<th>Fall 2017 Cohort</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UG 1 yr retention</strong></td>
<td>85.4%</td>
<td>86.7%</td>
<td>86.5%</td>
<td>83.0%</td>
<td>84.7%</td>
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<tr>
<td>URM</td>
<td>85.3%</td>
<td>87.3%</td>
<td>85.1%</td>
<td>81.4%</td>
<td>84.7%</td>
</tr>
<tr>
<td>Men of Color (Black &amp; Hispanic)</td>
<td>85.5%</td>
<td>83.3%</td>
<td>82.4%</td>
<td>82.8%</td>
<td>83.8%</td>
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<tr>
<td>Pell-recipient</td>
<td>85.5%</td>
<td>86.7%</td>
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<td></td>
<td>81.4%</td>
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<tr>
<td><strong>UG 2 yr retention</strong></td>
<td>74.6%</td>
<td>78.0%</td>
<td>77.4%</td>
<td>74.1%</td>
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</tr>
<tr>
<td>URM</td>
<td>74.3%</td>
<td>77.0%</td>
<td>75.5%</td>
<td>71.8%</td>
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<tr>
<td>Pell-recipient</td>
<td>73.5%</td>
<td>77.7%</td>
<td>75.3%</td>
<td>69.6%</td>
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<tr>
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<td></td>
<td>68.4%</td>
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<tr>
<td>Men of Color (Black &amp; Hispanic)</td>
<td>72.8%</td>
<td>72.1%</td>
<td>73.5%</td>
<td>70.0%</td>
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<tr>
<td><strong>UG 6 yr graduation</strong></td>
<td>62.9%</td>
<td>67.4%</td>
<td>73.5%</td>
<td>70.0%</td>
<td>68.0%</td>
</tr>
<tr>
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<td>60.1%</td>
<td>63.4%</td>
<td></td>
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<td>68.0%</td>
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<tr>
<td>Pell-recipient</td>
<td>59.9%</td>
<td>63.1%</td>
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<tr>
<td>Men of Color (Black &amp; Hispanic)</td>
<td>54.3%</td>
<td>52.7%</td>
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<td>68.0%</td>
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## Quest 2025 Goals

<table>
<thead>
<tr>
<th></th>
<th>By FY 2020</th>
<th>By FY 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>UG 1 yr retention</td>
<td>87% (2019 Cohort)</td>
<td>90% (2024 Cohort)</td>
</tr>
<tr>
<td>URM</td>
<td>84%</td>
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<tr>
<td>Men of Color (Black &amp; Hispanic)</td>
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<tr>
<td>Pell-recipient</td>
<td>83%</td>
<td></td>
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<tr>
<td>First gen</td>
<td></td>
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<tr>
<td><strong>UG 2 yr retention</strong></td>
<td>77% (2018 Cohort)</td>
<td>84% (2023 Cohort)</td>
</tr>
<tr>
<td>URM</td>
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<td></td>
</tr>
<tr>
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<td>71%</td>
<td></td>
</tr>
<tr>
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</tr>
<tr>
<td>Men of Color (Black &amp; Hispanic)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>UG 6 yr graduation</strong></td>
<td>68% (2014 Cohort)</td>
<td>78% (2019 Cohort)</td>
</tr>
<tr>
<td>URM</td>
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<tr>
<td>Pell-recipient</td>
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</table>
## Quest 2025: Enrollment & Faculty Strategy

### Historical Trends

<table>
<thead>
<tr>
<th></th>
<th>Fall 2014</th>
<th>Fall 2015</th>
<th>Fall 2016</th>
<th>Fall 2017</th>
<th>Fall 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UG Enrollment</strong></td>
<td>22,547</td>
<td>22,690</td>
<td>22,933</td>
<td>22,722</td>
<td>22,825</td>
</tr>
<tr>
<td><strong>Freshmen enrollment</strong></td>
<td>3,586</td>
<td>4,090</td>
<td>4,234</td>
<td>4,201</td>
<td>4,600</td>
</tr>
<tr>
<td><strong>Transfer enrollment</strong></td>
<td>2,287</td>
<td>2,022</td>
<td>2,069</td>
<td>1,911</td>
<td>1,708</td>
</tr>
<tr>
<td><strong>Graduate degree-seeking % of Total enrollment</strong></td>
<td>15.2%</td>
<td>15.2%</td>
<td>14.9%</td>
<td>15.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td><strong>First Professional Enrollment</strong></td>
<td>1,718</td>
<td>1,740</td>
<td>1,760</td>
<td>1,743</td>
<td>1,709</td>
</tr>
</tbody>
</table>

### Quest 2025 Goals

<table>
<thead>
<tr>
<th></th>
<th>By Fall 2019</th>
<th>By Fall 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UG Enrollment</strong></td>
<td>31,000</td>
<td></td>
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<tr>
<td><strong>Freshmen enrollment</strong></td>
<td>4,500</td>
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<tr>
<td><strong>Transfer enrollment</strong></td>
<td>1,700</td>
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<tr>
<td><strong>Graduate degree-seeking % of Total enrollment</strong></td>
<td>15.0%</td>
<td></td>
</tr>
<tr>
<td><strong>First Professional Enrollment</strong></td>
<td>1,750</td>
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### Historical Trends

<table>
<thead>
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<th></th>
<th>Fall 2014</th>
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<th>Fall 2017</th>
<th>Fall 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full-time T&amp;R Faculty</strong></td>
<td>2,229</td>
<td>2,264</td>
<td>2,274</td>
<td>2,338</td>
<td>2,446</td>
</tr>
<tr>
<td><strong>Tenured/Tenure Track Faculty</strong></td>
<td>969</td>
<td>958</td>
<td>959</td>
<td>972</td>
<td>1,027</td>
</tr>
<tr>
<td><strong>%URM Full-time Faculty</strong></td>
<td>10.3%</td>
<td>10.8%</td>
<td>11.7%</td>
<td>12.0%</td>
<td>10.2%</td>
</tr>
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</table>
Quest 2025: Increase National Research Prominence

**Strategy**

- **Sponsored Research Awards (in millions)**
  - $271.0m (FY 18) vs. $275.0m (FY 19)

- **Federal Research Awards - NIH (in millions)**
  - $78.9m (FY 18) vs. $79.7m (FY 19)

- **Federal Research Awards - All Other (in millions)**
  - $62.0m (FY 18) vs. $62.3m (FY 19)
Academic Affairs Priorities

Focus on Student Success

Students
- Student Affairs
- Focused Inquiry in University College
- 5-year strategic enrollment plan
- Creating a Student Financial Services Model
- Focus on Student Success
  - Central student success unit
  - 6 yr graduation rate increased 37% in last decade
  - Enhanced/innovative advising
  - Early alert
  - Major maps
- REAL Initiative (Real, Experiential & Applied Learning)
- Residential Living Learning Programs
- Career services

Focus on Program & Faculty Success

Programs
- New program offerings to satisfy market demand
- Program review & accreditation
- Digital engagement & online learning
- Curricular/course transformation
  - Revising general education
  - Redesigning gateway courses
  - Revamping summer offerings

Faculty
- Targeting efforts to improve retention & satisfaction of faculty
  - CTLE
  - Faculty mentoring program
  - Department chairs leadership development program
- Compensation plan to address short- and long-term concerns
- Implemented faculty cluster hiring process (iCubed) focused on under-represented groups; 15% increase in URM faculty last year
- Ongoing growth of research, particularly interdisciplinary
Affordability and Financial Accessibility
Board of Visitors Orientation
August 15, 2019
Our Discussion Today

• National Landscape
• VCU and the Affordability / Financial Accessibility ‘Squeeze’
• Implications for Student Debt
• Discussion
Pace of state support per higher education FTE has shifted revenue burden to students...

Total State Appropriations for Higher Education
*In billions*

- FY01: 82.0
- FY03: 87.0
- FY05: 81.0
- FY07: 88.2
- FY09: 91.6
- FY11: 88.2
- FY13: 81.0
- FY15: 70.0
- FY17: 75.0
- FY19: 80.0

Appropriations expected to rebound

Public 4-yr FTE Fall Enrollment
*In millions*

- 2001: 5.14
- 2003: 5.67
- 2005: 6.23
- 2007: 6.63
- 2009: 7.00
- 2011: 7.20
- 2013: 7.40
- 2015: 7.60
- 2017: 7.80
- 2019: 8.00

...enrollment is growing faster
34% from 2001 to 2015
Projected 47% growth by 2026

...causing higher debt levels and placing financial accessibility to college at greater risk

- College costs rising faster than student aid
- College affordability applies to students, not parents
  - “Unmet need” (UN) often cited as indicator of affordability
  - Issue of ‘Expensive vs. Unaffordable’ often at heart of debate

Total US student loan debt
>$1.5 trillion, second only to mortgage debt

75% borrow for bachelor degree or less

Among 2007-08 bachelor degree recipients, average $40K debt

Public 4yr avg in-state Cost of Attendance

1 College Affordability: What Is It and How Can We Measure It?, S. Baum and J. Ma; Lumina Foundation Publication, April 2014
NCES data digest
Advanced education continues to provide a significant financial advantage over a high school diploma

Median annual earnings, full-time year-round workers, age 25 and above

1 NCES Data Digest https://nces.ed.gov/programs/digest/current_tables.asp
Achievement Gap by Family Income Quartile

Attainment of bachelor’s degree

Bottom Quartile = 10%
Second = 13%
Third = 23%
Top = 54%


Virginia Higher Education Overview

• Between fall 2000 and 2013:
  - State-wide enrollment rose 36% v. 25% nation-wide
  - State appropriations (inflation-adjusted) fell nearly 18%

• Post-recession (fall 2010 and 2015):
  - Average inflation-adjusted tuition and fees for 4-year public institutions rose 36%
  - State support dropped 25%, from $6,547 to $4,911

Despite recent gains, the overall decline in VCU’s state funding support has shifted the burden to students.

Major Sources of E&G Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>State E&amp;G</th>
<th>Tuition &amp; Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2002</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>FY 2018</td>
<td>29%</td>
<td>71%</td>
</tr>
</tbody>
</table>

State portion flipped position with tuition & fees.

VCU Per Capita E&G Funding

General Fund v. Tuition & Fees

<table>
<thead>
<tr>
<th>Year</th>
<th>General Fund</th>
<th>Tuition &amp; Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2002</td>
<td>$12,782</td>
<td>$15,126</td>
</tr>
<tr>
<td>FY 2018</td>
<td>$6,313</td>
<td>$6,052</td>
</tr>
</tbody>
</table>

Source: SCHEV E05 Enrollment Report, State Budget Information, BLS CPI Data

Make it real.
VCU is able to meet less than 30% of its students’ financial aid needs

**Average Percent of In-State Student Financial Need Met by R1 Institutions 2012-2013**

- GMU: 26%
- UVA: 59%
- VT: 43%
- VCU: 27%

Average support among all Virginia 4-year public institutions = 32%

**Average Percent of In-State Student Financial Need Met by VCU 2018-2019**

- VCU: 26%

Source: JLARC staff analysis of FY 2013 data from SCHEV. VCU’s 2018-19 figures are preliminary and they are subject to change.

Note: Limited to aid that does not have to be repaid and is awarded to in-state students who applied for federal student aid and have financial need. Excludes aid in excess of student’s financial need.
VCU has the largest number of students with financial need among its Very High Research (R1) and Tier III peers.

22% more highest-need students than UVA, Tech and CWM combined; 1.6% more than GMU in total In-state students with Need.
...and a higher percentage of Pell-recipient students

% of In-State UG Students Receiving Pell Grants
2017-2018

VCU: 31.4%
VT: 19.0%
UVA: 13.7%
JMU: 18.7%
CWM: 16.2%

VCU has more Pell-recipient students than CWM/UVA/VT combined and nearly 2.5 times more than JMU

Source: SCHEV Research, FA09 Pell Grant Report, 2017-2018
VCU has fewer institutional financial aid resources than two of its three Very High Research Activity (R1) peers...

Institutional & Endowment Aid ¹
All UG Students
2017-2018 (in millions)

...and its focus on educating Virginia students aligns with state priorities, but is a revenue disadvantage.

### Non-Resident Undergraduate Enrollment and Estimated Tuition Revenue

**2018-2019**

<table>
<thead>
<tr>
<th>University</th>
<th>% Non-Resident Undergrads</th>
<th>% of Undergraduate Tuition Revenue generated from Non-Resident Undergrads</th>
<th>% of Total Tuition Revenue generated from Non-Resident Undergrads</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWM</td>
<td>34.4%</td>
<td>55.4%</td>
<td>46.2%</td>
</tr>
<tr>
<td>GMU</td>
<td>15.5%</td>
<td>37.0%</td>
<td>29.1%</td>
</tr>
<tr>
<td>JMU</td>
<td>24.6%</td>
<td>50.7%</td>
<td>46.6%</td>
</tr>
<tr>
<td>UVA</td>
<td>30.7%</td>
<td>58.3%</td>
<td>42.8%</td>
</tr>
<tr>
<td>VT</td>
<td>29.0%</td>
<td>51.1%</td>
<td>45.2%</td>
</tr>
<tr>
<td>VCU</td>
<td>9.4%</td>
<td>19.1%</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

1 Total tuition excludes revenue from Professional Programs (Medicine, Dentistry, Pharmacy, Veterinary Medicine, Law, etc.), Unused Tuition and Other NGF.

Source: SCHEV Fall 2018 Headcount Enrollment, E19 Percentage of In-State and Out-of-State Enrollment; SCHEV revenue estimates taken from 2018 Part I Six-Year Plans Tuition & Fee Increases Worksheet.
With high need and limited aid, VCU students account for nearly 40% of Tier III and 35% of R1 loans distributed, and more VCU students graduating with debt.

---

### # of In-State UG Students Receiving Loans¹

<table>
<thead>
<tr>
<th></th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWM</td>
<td>1,758</td>
</tr>
<tr>
<td>GMU</td>
<td>13,484</td>
</tr>
<tr>
<td>JMU</td>
<td>7,035</td>
</tr>
<tr>
<td>UVA</td>
<td>4,357</td>
</tr>
<tr>
<td>VT</td>
<td>9,415</td>
</tr>
<tr>
<td>VCU</td>
<td>14,723</td>
</tr>
</tbody>
</table>

### In-State Bachelor’s Degree Graduates with Student Loan Debt

<table>
<thead>
<tr>
<th></th>
<th>2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>VCU</td>
<td>3,279</td>
</tr>
<tr>
<td>VT</td>
<td>2,187</td>
</tr>
<tr>
<td>UVA</td>
<td>1,124</td>
</tr>
<tr>
<td>JMU</td>
<td>1,742</td>
</tr>
<tr>
<td>GMU</td>
<td>2,972</td>
</tr>
<tr>
<td>CWM</td>
<td>458</td>
</tr>
</tbody>
</table>

¹ Includes Perkins, Stafford (subsidized and unsubsidized), PLUS, SLS, Title VII, private loans, and loans made from institutional and endowment funds.

Source: SCHEV, FA16: Financial Aid Awards by Type, EOM 02: Debt Profile: Student Loans by Domicile, 5 Years.
The debt burden falls on far more VCU students and families at lower socio-economic levels than Tier III peers.

Distribution of Estimated Family Contribution

# of Virginia Resident Students with Need

FY 2017-18

VCU is educating nearly as many students with lowest EFC as UVA, Tech, CWM and JMU combined.

The result is higher average debt than among our Tier III and Very High Research Activity (R1) peers, although the gap is narrowing.
In Summary

- With **decreased state support**, the **cost** to students and their families **has risen**
- This phenomenon is **particularly troubling at VCU** when compared to our research-intensive peers
  - Largest number of students with financial need
  - Higher % of Pell-eligible students and students with federal loans
  - Fewer financial aid resources
  - Only 26% of in-state students’ financial aid needs are met
  - Students take out more loans and have higher average debt
- **VCU’s focus on educating Virginia students** aligns with state priorities, but **is a disadvantage** from a revenue point of view
VCU’s strategy: focus on controllable factors that can impact affordability and financial accessibility

- **Expand financial aid** strategically to both support the neediest students as well as to attract higher-performing in and out-of-state students

- Continue to **strengthen financial literacy** of VCU students and their families

- **Speed time-to-degree** to reduce total cost of attendance
Strategically expand financial aid

**Institutional Aid\(^1\) to In-state UG Students**
*FY14 vs FY19 and FY20 (proposed)*

<table>
<thead>
<tr>
<th></th>
<th>Aid in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>$5.6</td>
</tr>
<tr>
<td>FY 2019</td>
<td>$17.8</td>
</tr>
<tr>
<td>FY 2020</td>
<td>$20.6</td>
</tr>
</tbody>
</table>

Additional Institutional Aid Needed (millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>$32.9</td>
<td>$81.3</td>
<td></td>
</tr>
</tbody>
</table>

Federal Poverty Level

Pell Eligible

**1** Represents all institutional aid under program 108. Excludes athletic scholarships. Institutional Aid figures taken from 2014, 2018 and 2019 Six-Year Plans - Financial Aid Worksheet. FY2019 figures are preliminary and they are subject to change. Source: IRDS, Ellucian SIS Financial Aid Data.; Financial Aid calculations to cover unmet need are as of July 2019.
Discussion
Appendix
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of Attendance (COA)</strong></td>
<td>The total amount it will cost a student to go to school—usually stated as a yearly figure. COA includes tuition and fees; room and board (or a housing and food allowance); and allowances for books, supplies, transportation, loan fees, and dependent care. It also includes miscellaneous and personal expenses, including an allowance for the rental or purchase of a personal computer; costs related to a disability; and reasonable costs for eligible study-abroad programs.</td>
</tr>
<tr>
<td><strong>E&amp;G (Education &amp; General)</strong></td>
<td>Funds used to support the institution’s education and general programs come from a combination of general (state appropriations) and non-general fund sources (tuition revenue, grants &amp; contracts and sales &amp; services)</td>
</tr>
<tr>
<td><strong>Endowment Aid</strong></td>
<td>Aid provided from funds given to an institution by private donors (an Endowment is an aggregation of assets invested by a college or university to support its educational mission in perpetuity)</td>
</tr>
<tr>
<td><strong>Expected Family Contribution (EFC)</strong></td>
<td>Number used to determine eligibility for federal student financial aid. It number results from the financial information provided on FAFSA®, the application for federal student aid.</td>
</tr>
<tr>
<td><strong>FAFSA</strong></td>
<td>Free Application for Federal Student Aid</td>
</tr>
</tbody>
</table>
## Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Student Aid</td>
<td>Programs authorized under Title IV of the Higher Education Act of 1965 that provide grants, loans and work-study funds from the federal government to eligible students enrolled in college or career school</td>
</tr>
<tr>
<td>Programs</td>
<td></td>
</tr>
<tr>
<td>Financial Need</td>
<td>The difference between Cost of Attendance (COA) and Expected Family Contribution (EFC)</td>
</tr>
<tr>
<td>FTE Student</td>
<td>Full-time equivalent (FTE) of students is a single value providing a meaningful combination of full-time and part-time students. Federal definition of full-time for aid purposes is 12 credit hours per semester</td>
</tr>
<tr>
<td>Institutional Aid</td>
<td>Aid in which the institution determines the recipient or dollar amount rewarded, usually in the form of grants, tuition waivers, loans, scholarships, and student employment</td>
</tr>
<tr>
<td>Need-Based Aid</td>
<td>Federal aid provided based on financial need and other eligibility criteria in the form of Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Direct Subsidized Loan, Perkins loan, and Federal Work Study</td>
</tr>
<tr>
<td>Pell-Eligible</td>
<td>Student must demonstrate sufficient financial need (via FAFSA), have a high school degree, GED or home school equivalency, be enrolled or accepted to enroll in an eligible degree/certificate program, have a valid Social Security #, and maintain “satisfactory” progress in school</td>
</tr>
</tbody>
</table>
## Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pell Grant</td>
<td>Program provides need-based grants to low-income undergraduate and certain post-baccalaureate students to promote access to postsecondary education</td>
</tr>
<tr>
<td>PLUS</td>
<td>“Parent Loans for Undergraduate Students” represent US Department of Education loans available to parents of undergraduate students to help pay for college or career school</td>
</tr>
<tr>
<td>R1</td>
<td>Doctoral Institutions that are assigned to the “Very High Research Activity” group of Carnegie Classification of Institutions of Higher Education. In Virginia VCU, UVA, GMU and VT currently hold this designation.</td>
</tr>
<tr>
<td>Student Debt Load</td>
<td>Combination of all known student debt, excluding PLUS loans calculated on a per student basis upon graduation</td>
</tr>
<tr>
<td>Tier III</td>
<td>Reflects highest level of administrative authority granted to higher education institutions under Virginia’s Restructured Higher Education and Financial and Administrative Operations Act. Status provides greatest amount of autonomy around flexible business practices. VCU, UVA, Tech, JMU and William &amp; Mary have Tier III status</td>
</tr>
<tr>
<td>Unmet Need</td>
<td>The difference between Cost of Attendance (COA) and Expected Family Contribution (EFC)</td>
</tr>
</tbody>
</table>
Governance of VCU Health

Marsha D. Rappley, MD
CEO, VCU Health System
VP, VCU Health Sciences

8/9/2019
VCU’s Academic Health Center

Hospitals
• VCU Medical Center
• Children’s Hospital of Richmond at VCU
• Community Memorial Hospital

Physician Plans
• MCV Physicians
• CMH Physician Services

Comprehensive Care Centers
• Pauley Heart Center
• Harold F. Young Neurosurgical Center
• Hume-Lee Transplant Center

HMO
• Virginia Premier Health Plan

Health Sciences
• VCU College of Health Professions
• VCU School of Dentistry
• VCU School of Medicine
• VCU School of Nursing
• VCU School of Pharmacy

Research Centers and Institutes
• VCU Massey Cancer Center
• VCU Johnson Center for Critical Care and Pulmonary Research
• VCU Parkinson’s and Movement Disorders Center
• Well Institute of Emergency and Critical Care Research at VCU

Colleges and Schools
• College of Engineering
• College of Humanities and Sciences
• Graduate School
• L. Douglas Wilder School of Government and Public Affairs
• School of the Arts
• School of Business
• School of Education
• Richard T. Robertson School of Media and Culture
• School of Social Work
• School of World Studies
About VCU Health

Find more at: https://annualreports.vcu.edu/vcuhealth/

- **1 of only 2 NCI-Designated Cancer Centers in Virginia**
- **Virginia Premier 265,000 Health Plan Members**
- **30+ Satellite Locations**
  - **Level I Trauma Center**
    - Verified in adult, pediatric and burn trauma care
- **4 Health Science Schools and 1 College**
- **Established in 1838**
- **1,081 Licensed Beds**
  - Includes VCU Medical Center, CHoR, VTCC, Community Memorial Hospital
- **2 Main Campuses**

Children’s Hospital of Richmond at VCU opened the new **Virginia Treatment Center for Children** in April 2018 for children’s mental health services.
What is the Authority?

Public body corporation, public instrumentality, and political subdivision of the Commonwealth of Virginia

General Purpose of the Authority

• Delivering medical care
• Conducting research
• Operation of a teaching hospital and related facilities
• Providing educational opportunities in medical and related fields
• Enhancing delivery of health to indigent population of the Commonwealth of Virginia
Specific Purpose of the VCU Health System Authority

- Serve as a general hospital and health care facility providing care for all
- Serve as a site for VCU Health Science School faculty’s medical and biomedical research
- Serve as the principal teaching and training hospital for VCU Health Science School students
- Support health education, research and public service activities for the VCU Health Science College and Schools
- Provide high quality patient care and specialized health services not widely available in the Commonwealth of Virginia
Separate Governance

VCU Health System
- Board of Directors
  - MCV Hospitals and Clinics
  - Virginia Premier Health Plan
  - MCV Physician – the Practice Plan
  - Community Memorial Hospital
  - University Health Services

VCU Health Sciences
- Board of Visitors
  - School of Medicine
  - School of Nursing
  - School of Pharmacy
  - School of Dentistry
  - College of Health Professions
  - Inter-professional Education Collaborative
Why Separate Governance?

Allows segregation of risk
  - allows risk to reside in the appropriate entity

In addition to other benefits that accrue to a 501(c)(3)
VCU Health System Authority

Business units with boards that report up through the Board of Directors:

• Virginia Premier Health Plan
• Children’s Hospital of Richmond at VCU – Brook Road
• MCV Physicians
• Community Memorial Hospital
• Community Memorial Hospital Foundation
• VCU Health CME
• University Health Services
Membership of Boards Overlap

- Five members of BOV on BOD
- Members of BOD and/or hospital administration on all other boards

Balanced for:
- Communication
- Alignment
- Independence
21 Members of the Board of Directors

- 5 from VCU Board of Visitors appointed by VCU Rector
- 6 non-legislative citizens by Governor*
- 5 by Speaker of the House of Delegates*
- 3 by Senate Committee on Rules**
- President of VCU
- VP of Health Sciences of VCU

* 2 must be VCU Physician Faculty
** 1 must be VCU Physician Faculty

All appointments must be confirmed by the General Assembly
VCU Health System Board of Directors

Terms
• 3 year term
• Can only serve 2 consecutive terms
• One year break required before reappointment

Meetings
• 4 meetings per year
  - One annual meeting
    - Report of Committees and Officers
    - Election of Officers
  - One meeting per year held jointly with the VCU Board of Visitors
  - Special meetings can be called by Chair, Vice Chair or 5 Board Members
Committees of the Board

Finance and Property Committee, Chair, Hon. Jimmie Massie
- Finances and investments including financial oversight, insurance coverage and financial monitoring

Audit and Compliance Committee, Chair, Mr. George Emerson
- Annual audit of finances and report of compliance

Quality, Safety and Service Committee, Chair, Mr. John Luke
- Quality assurance, utilization review, medical staff credentialing (recommend appointments/reappointments to the medical staff), risk management and safety

Evaluation and Compensation Committee, Chair, Mr. Steve DeLuca
- Establish goals and evaluate performance of CEO and other executive officers and employees

Governance Committee, Chair, Ms. Lisa Hicks-Thomas
- Nominates membership to Board and Committees; oversees corporate governance
Leadership across VCU and VCU Health System

Responsibilities:
• Mission
• Vision
• Values
• Resource management
• Programmatic oversight

Purpose:
• Alignment
• Strength
• Sustainability
• Growth
• Impact
What we are building across VCU Health System and VCU Health Sciences

- Service learning
- Workforce of the future
- Community engagement
- Unique education offerings
- Collaborative research programs

Innovation in education, research, patient care

3 accreditation site visits for 4 professional schools and 1 college in the past 2 years
- All cited as a strength in the relationship to VCU Health and the opportunities this presents
We start with our mission and vision
Mission:
We preserve and restore health for all people of Virginia and beyond through innovation in service, research and education.

Vision:
We lead the nation in quality, affordability, and impact as a trusted and preferred academic health system.
VCU Health System Priorities

- High Reliability Organization
- Integrated Delivery
- Team Engagement
- Safety for All
- Experience
- Change Management
- Innovation
- Affordability
VCU Board of Visitors

New Member Orientation

Karol Kain Gray, SVP and CFO
August 15, 2019
University Administration
Overview of FY 2020 Budget
## Virginia Commonwealth University – 2019-2020 University Budget Plan
### Sources Summary (in thousands)

<table>
<thead>
<tr>
<th>FY 2019-2020 Sources</th>
<th>Educational &amp; General Programs</th>
<th>Sponsored Programs</th>
<th>Auxiliary Enterprises</th>
<th>Qatar</th>
<th>University Funds</th>
<th>Student Financial Assistance</th>
<th>Hospital Services</th>
<th>Total University Funds</th>
<th>Change from FY2018-19 Budget Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State General Fund</strong></td>
<td>$193,273</td>
<td>$14,013</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$35,196</td>
<td>$ -</td>
<td>$242,482</td>
<td>11.2%</td>
</tr>
<tr>
<td><strong>Nongeneral Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Tuition and Fees</td>
<td>458,638</td>
<td>-</td>
<td>59,663</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>518,301</td>
<td>2.7%</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td></td>
<td>293,688</td>
<td>-</td>
<td>-</td>
<td></td>
<td>33,703</td>
<td>-</td>
<td>327,391</td>
<td>26.0%</td>
</tr>
<tr>
<td>Gifts and Investment Earnings</td>
<td>100</td>
<td>-</td>
<td>5,158</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>52,137</td>
<td>7.9%</td>
</tr>
<tr>
<td>Sales and Services</td>
<td>9,282</td>
<td>-</td>
<td>90,282</td>
<td>40,096</td>
<td></td>
<td></td>
<td></td>
<td>10,416</td>
<td>1.9%</td>
</tr>
<tr>
<td>Other Sources</td>
<td>4,969</td>
<td>-</td>
<td>8,353</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>18,568</td>
<td>67.2%</td>
</tr>
<tr>
<td><strong>Total Nongeneral Funds</strong></td>
<td>472,989</td>
<td>293,688</td>
<td>163,456</td>
<td>40,096</td>
<td>52,125</td>
<td>33,703</td>
<td></td>
<td>1,086,473</td>
<td>9.6%</td>
</tr>
<tr>
<td>Transfers (in) out</td>
<td>10,025</td>
<td>(10,025)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total University Sources</strong></td>
<td>$676,287</td>
<td>$297,767</td>
<td>$163,456</td>
<td>$40,096</td>
<td>$52,125</td>
<td>$68,899</td>
<td>$30,416</td>
<td>$1,328,955</td>
<td>9.9%</td>
</tr>
</tbody>
</table>
Virginia Commonwealth University - 2019-2020 University Budget Plan
Expenditure Summary (in thousands)

<table>
<thead>
<tr>
<th>FY 2019-2020 Uses</th>
<th>Educational Programs</th>
<th>Sponsored Programs</th>
<th>Auxiliary Enterprises</th>
<th>Qatar</th>
<th>University Funds</th>
<th>Financial Assistance</th>
<th>Hospital Services</th>
<th>Total University</th>
<th>Change from 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$ 330,886</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 40,096</td>
<td>$ 4,973</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 375,955</td>
<td>0.6%</td>
</tr>
<tr>
<td>Research</td>
<td>15,991</td>
<td>288,503</td>
<td>10,564</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>315,058</td>
<td>27.8%</td>
</tr>
<tr>
<td>Public Service</td>
<td>4,980</td>
<td>-</td>
<td>1,912</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,892</td>
<td>0.6%</td>
</tr>
<tr>
<td>Academic Support</td>
<td>111,579</td>
<td>729</td>
<td>12,327</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>124,635</td>
<td>11.8%</td>
</tr>
<tr>
<td>Student Services</td>
<td>16,360</td>
<td>-</td>
<td>705</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,065</td>
<td>3.3%</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>103,805</td>
<td>1,178</td>
<td>9,854</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>114,837</td>
<td>19.6%</td>
</tr>
<tr>
<td>Operation and Maintenance of Plant</td>
<td>59,786</td>
<td>3,870</td>
<td>1,183</td>
<td>1,000</td>
<td>119,457</td>
<td>12%</td>
<td>161,399</td>
<td>-</td>
<td>12.2%</td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>5,446</td>
<td>1,716</td>
<td>10,607</td>
<td>101,688</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>161,399</td>
<td>5.7%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>-</td>
<td>-</td>
<td>161,399</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>29,416</td>
<td>25.9%</td>
</tr>
<tr>
<td>Hospital Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>29,416</td>
<td>25.9%</td>
</tr>
<tr>
<td><strong>Subtotal Uses</strong></td>
<td><strong>648,833</strong></td>
<td><strong>295,996</strong></td>
<td><strong>161,399</strong></td>
<td><strong>40,096</strong></td>
<td><strong>52,125</strong></td>
<td><strong>101,688</strong></td>
<td><strong>30,416</strong></td>
<td><strong>1,330,553</strong></td>
<td><strong>11.0%</strong></td>
</tr>
<tr>
<td>Transfers (in) out (1)</td>
<td>28,661</td>
<td>-</td>
<td>4,128</td>
<td>-</td>
<td>(32,789)</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Net Increase (Decrease) to Contingency</td>
<td>(1,207)</td>
<td>1,680</td>
<td>(2,071)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,598)</td>
<td>-114.7%</td>
</tr>
<tr>
<td><strong>Total University Uses</strong></td>
<td><strong>$ 676,287</strong></td>
<td><strong>$ 297,676</strong></td>
<td><strong>$ 163,456</strong></td>
<td><strong>$ 40,096</strong></td>
<td><strong>$ 52,125</strong></td>
<td><strong>$ 68,899</strong></td>
<td><strong>$ 30,416</strong></td>
<td><strong>$ 1,328,955</strong></td>
<td><strong>9.9%</strong></td>
</tr>
</tbody>
</table>
All Funds University Budget FY2019-20: $1.3 Billion

VCU in Context

- **Education & General**, $676,287
- **Research & Grants**, $297,676
- **Auxiliary Enterprises**, $163,456
- **Gifts & Restricted**, $52,125
- **Student Financial Assistance**, $68,899
- **Other**, $70,512

51% of the budget goes to **Education & General**.
Components of Education & General (E&G)

- **Tuition and Fees**: 68%, $458.6M
- **State Funds**: 29%, $193.3M
- **Other Sources/Transfers from Other Funds**: 3%, $24.4M

**E&G Budget FY2019-20**: $676.3M
Key Facts

- 75% of Educational & General Expenses Spent on Personnel Services
- VCU Tier III Institution
- 91% in state undergraduates
- Students have high financial aid needs
- Total budget, including the VCUHS, is $3.8B
Avg. Indebtedness of In-state Graduates Among Virginia Tier III Institutions

Data source: SCHEV Student Loan Data
### 2019-2020 Tuition and Mandatory Fees
#### Resident Undergraduates

<table>
<thead>
<tr>
<th>University</th>
<th>Tuition and E&amp;G Fees</th>
<th>Mandatory Non-E&amp;G Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWM</td>
<td>$23,628</td>
<td>$6,058</td>
</tr>
<tr>
<td>UVA</td>
<td>$16,632</td>
<td>$2,484</td>
</tr>
<tr>
<td>CNU</td>
<td>$14,924</td>
<td>$5,824</td>
</tr>
<tr>
<td>VCU</td>
<td>$14,596</td>
<td>$2,349</td>
</tr>
<tr>
<td>VT</td>
<td>$13,691</td>
<td>$2,096</td>
</tr>
<tr>
<td>GMU</td>
<td>$12,564</td>
<td>$3,504</td>
</tr>
<tr>
<td>JMU</td>
<td>$12,206</td>
<td>$4,956</td>
</tr>
<tr>
<td>ODU</td>
<td>$11,020</td>
<td>$3,973</td>
</tr>
</tbody>
</table>

Data source is SCHEV 2019-2020 Preliminary Tuition and Fee Report.
Challenges/Opportunities

• Flat Tuition Increase/State Partnership

• International Enrollment /Navitas

• Non resident Enrollment/Online Education & Enrollment Growth

• Aging Infrastructure/Master Plan
Comparison of Undergraduate Resident and Non-Resident

Fall 2018, Resident Undergraduate Resident vs Non-Resident

Source: SCHEV E03 Report
Questions