



# **2004-05 University Budget Plan Allocation of Base Adequacy Funds: Phase I**

Virginia Commonwealth University  
Finance, Investment and Property Committee  
of the Board of Visitors

August 11, 2004

# **Today, we are presenting for your approval our spending recommendations for the first phase of the base adequacy funds provided by the 2004 General Assembly.**

- Because of the short time frame between the General Assembly's adoption of a state budget and the May 21, 2004 meeting of the Board of Visitors, the University was not able to develop a plan for the use of base adequacy funds as part of the 2004-05 Budget Plan.
- The Board approved the 2004-05 Budget Plan with the understanding that plans for allocating base adequacy funding would be considered at its August and November meetings.

# In May, the Board approved the University's consolidated 2004-05 budget with revenues of \$587.2 million and expenditures of \$581.5 million.

	2003-04 Budget	2004-05 Budget Plan	% of Total Revenues	% Over 2003-04
<b>Revenue (in thousands)</b>				
State General Funds*	\$147,086	\$ 160,534	27.3%	9.1%
Nongeneral Funds				
Student Tuition and Fees	\$169,321	\$ 183,787	31.3%	8.5%
Grants and Contracts	161,852	164,987	28.1%	1.9%
Sales and Services	51,382	54,056	9.2%	5.2%
Other Sources	23,728	23,856	4.1%	0.5%
Total Nongeneral Funds	<u>\$406,283</u>	<u>\$426,686</u>	<u>72.7%</u>	5.0%
<b>Total University Revenues</b>	<u>\$553,369</u>	<u>\$587,220</u>	<u>100.0%</u>	6.1%
<b>Total University Expenditures</b>	<u>\$550,036</u>	<u>\$581,499</u>		5.7%
<b>BUDGET BALANCE</b>	<u>\$3,333</u>	<u>\$5,721</u>		71.6%

\* Includes both direct appropriations and estimated central transfers for 2004-05.



**Additional funding for base adequacy is reflected in the Educational and General Programs (E&G) budget, the primary support for our instructional programs.**

	2003-04 Budget	2004-05 Budget Plan	% of Total Budget	% Change Over 2003-04
<b>Expenditures</b> <i>(in thousands)</i>				
Educational and General Programs	\$291,548	\$ 315,358	54.2%	8.2%
Sponsored Programs - Direct	122,030	123,162	21.2%	1.0%
Sponsored Programs - Indirect	19,183	20,278	3.5%	5.7%
Total Sponsored Programs	141,213	143,440	24.7%	1.6%
Auxiliary Enterprises	58,235	60,060	10.3%	3.1%
University Funds	20,775	20,925	3.6%	0.7%
Student Financial Assistance	24,561	26,072	4.5%	6.2%
Hospital Services	13,704	15,644	2.7%	14.2%
<b>Total University Expenditures</b>	<b>\$ 550,036</b>	<b>\$ 581,499</b>	<b>100.0%</b>	<b>5.7%</b>

# By 2005-06, the state will have addressed 26.7% of VCU's general fund base adequacy shortfall.

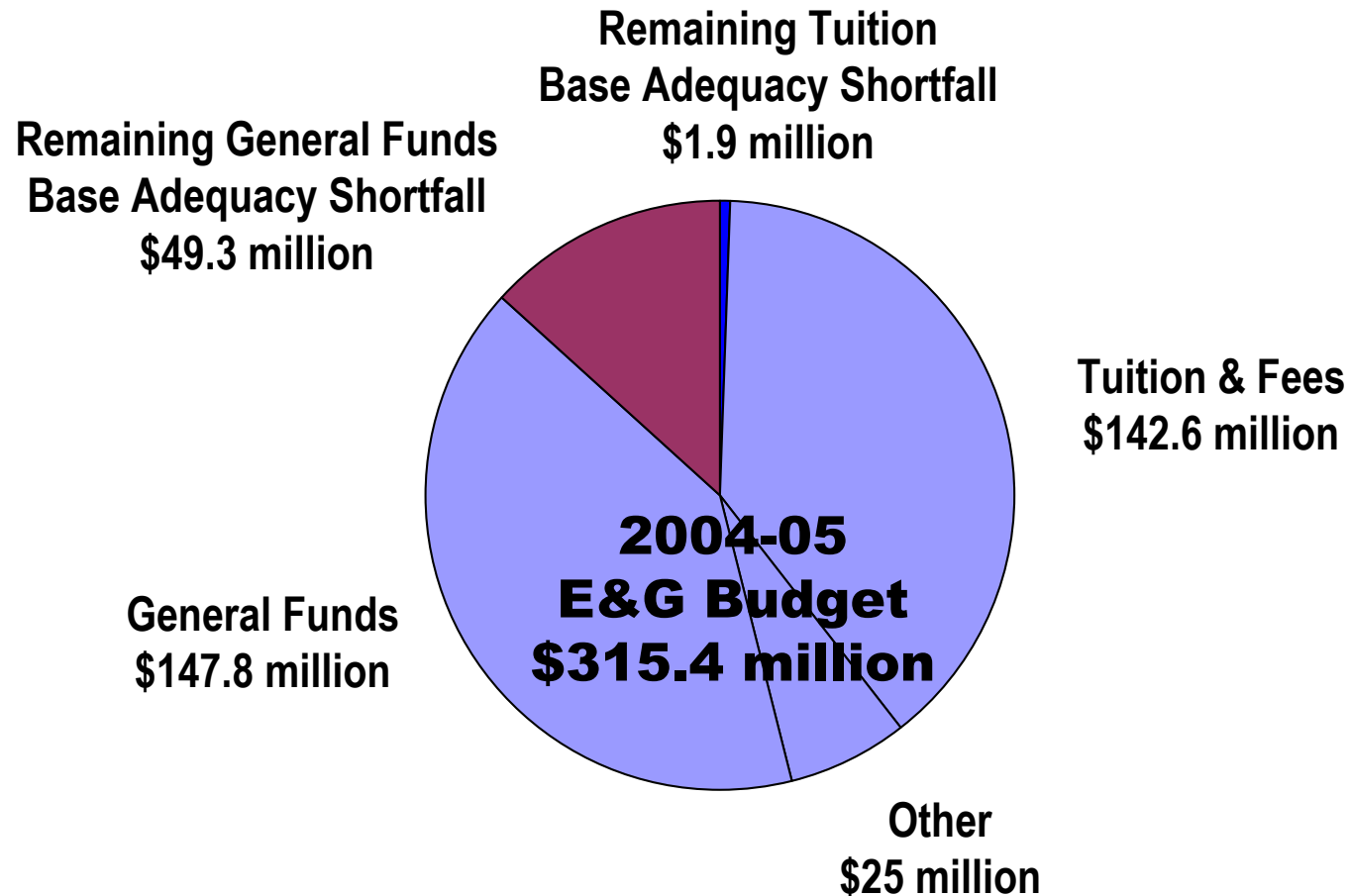
Institution	Total Shortfall*	FY04 % of Guidelines	GF Shortfall*	FY2005 GF Allocation*	FY2006 GF Allocation*
CWM	(9.9)	91%	(7.8)	1.3	2.1
GMU	(25.0)	90%	(25.0)	4.5	7.6
ODU	(40.6)	77%	(27.3)	7.1	11.0
UVA	(36.6)	90%	(36.6)	3.8	7.5
<b>VCU</b>	<b>(65.3)</b>	<b>81%</b>	<b>(56.5)</b>	<b>7.2</b>	<b>15.1</b>
VT	(38.0)	90%	(27.0)	4.2	8.3
Docs	(215.4)	87%	(180.2)	28.1	51.6
CNU	(10.3)	76%	(8.2)	2.0	3.3
JMU	(30.2)	81%	(22.0)	3.5	7.2
LU	(10.8)	74%	(9.7)	2.0	3.6
MWC	(5.5)	87%	(5.5)	0.7	1.1
NSU	--	100%	--	0.1	0.3
RU	(18.1)	78%	(13.9)	3.0	5.2
UVA-W	(0.5)	97%	--	0.5	0.5
VMI	--	100%	--	0.4	0.4
VSU	(8.3)	82%	(2.2)	0.4	0.7
Comps	(83.7)	85%	(61.5)	12.6	22.3
RBC	(0.4)	95%	(0.2)	0.1	0.1
VCCS	(121.5)	80%	(90.8)	22.0	38.0
2-Yrs	(121.9)	80%	(91.0)	22.1	38.1
<b>Total **</b>	<b>(420.8)</b>	<b>85%</b>	<b>(332.6)</b>	<b>62.9</b>	<b>112.1</b>

\* In millions

\*\* In addition, the Virginia Institute of Marine Science received \$700,000 per year.



# VCU's E&G 2004-05 budget would have been \$366.6 million under full base adequacy funding.



# Base adequacy funding has allowed VCU to minimize tuition and fee increases, with the lowest overall increase in the state for both resident undergraduates...

2003-04 to 2004-05 Full-Time Resident Undergraduate Student Charges

Institutions	2003-04				2004-05							
	Tuition and Mandatory E&G Fees	Mandatory non-E&G Fees	Average Room and Board	Total	Tuition and Mandatory E&G Fees	Percent Increase	Mandatory non-E&G Fees	Percent Increase	Average Room and Board <sup>(1)</sup>	Percent Increase	Total	Percent Increase
GMU	3,672	1,440	5,881	10,993	3,984	8.5%	1,464	1.7%	6,041	2.7%	11,489	4.5%
ODU	3,015	1,913	5,513	10,441	3,272	8.5%	1,996	4.3%	5,706	3.5%	10,974	5.1%
UVA	4,695	1,269	5,591	11,555	5,243	11.7%	1,357	6.9%	5,960	6.6%	12,560	8.7%
VCU	3,641	1,228	6,723	11,592	3,821	4.9%	1,317	7.2%	6,920	2.9%	12,058	4.0%
VT	4,228	867	4,146	9,241	4,826	14.1%	1,012	16.7%	4,288	3.4%	10,126	9.6%
W&M	3,810	2,620	5,794	12,224	4,385	15.1%	2,711	3.5%	6,066	4.7%	13,162	7.7%
CNU	2,848	1,752	6,700	11,300	3,186	11.9%	2,128	21.5%	7,200	7.5%	12,514	10.7%
UVA-Wise	2,681	1,815	5,365	9,861	2,840	6.0%	1,942	7.0%	5,608	4.5%	10,390	5.4%
JMU	2,420	2,638	5,966	11,024	2,752	13.7%	2,724	3.3%	6,116	2.5%	11,592	5.2%
LU	3,090	2,787	5,408	11,285	3,400	10.0%	3,041	9.1%	5,395	-0.2%	11,836	4.9%
UMW	3,390	1,298	5,478	10,166	3,671	8.3%	1,456	12.2%	5,744	4.9%	10,871	6.9%
NSU	1,920	1,920	6,098	9,938	2,220	15.6%	2,075	8.1%	6,236	2.3%	10,531	6.0%
RU	2,476	1,664	5,660	9,800	2,974	20.1%	1,788	7.5%	5,886	4.0%	10,648	8.7%
VMI	3,892	3,692	5,266	12,850	4,086	5.0%	3,968	7.5%	5,474	3.9%	13,528	5.3%
VSU	1,888	2,462	6,008	10,358	2,150	13.9%	2,394	-2.8%	6,260	4.2%	10,804	4.3%
RBC	1,980	100	NA	2,080	2,100	6.1%	100	0.0%	NA	NA	2,200	5.8%
VCCS <sup>(2)</sup>	1,868	14	NA	1,883	1,991	6.6%	14	0.0%	NA	NA	2,006	6.5%
Avg. Senior Insts.	3,178	1,958	5,707	10,842	3,521	10.8%	2,092	6.8%	5,927	3.9%	11,539	6.4%
Avg. 2-Yr Insts.	1,924	57	NA	1,981	2,046	6.3%	57	0.0%	NA	NA	2,103	6.1%
Avg. All Insts.	3,030	1,734	5,707	9,799	3,347	10.5%	1,852	6.8%	5,927	3.9%	10,429	6.4%

(1) Charges listed here represent the weighted average double occupancy room charge and the maximum weekly meal plan offered, not necessarily the plan used by most students.

(2) Other mandatory fees vary by institution, ranging from \$0.00 to \$160.50 per academic year, and are not included in this summary.



Source: SCHEV 2004-05 Tuition and Fee Report

# ...as well as nonresident undergraduates.

## 2003-04 to 2004-05 Full-Time Nonresident Undergraduate Student Charges

Institutions	2003-04				2004-05							
	Tuition and Mandatory E&G Fees	Mandatory non-E&G Fees	Average Room and Board	Total	Tuition and Mandatory E&G Fees	Percent Increase	Mandatory non-E&G Fees	Percent Increase	Average Room and Board <sup>(1)</sup>	Percent Increase	Total	Percent Increase
GMU	13,512	1,440	5,881	20,833	14,352	6.2%	1,464	1.7%	6,041	2.7%	21,857	4.9%
ODU	12,165	1,913	5,513	19,591	12,692	4.3%	1,996	4.3%	5,706	3.5%	20,394	4.1%
UVA	20,715	1,269	5,591	27,575	21,343	3.0%	1,357	6.9%	5,960	6.6%	28,660	3.9%
VCU	15,985	1,228	6,723	23,936	15,985	0.0%	1,317	7.2%	6,920	2.9%	24,222	1.2%
VT	14,162	867	4,146	19,175	15,569	9.9%	1,012	16.7%	4,288	3.4%	20,869	8.8%
W&M	18,596	2,620	5,794	27,010	19,191	3.2%	2,711	3.5%	6,066	4.7%	27,968	3.5%
CNU	10,548	1,752	6,700	19,000	10,548	0.0%	2,128	21.5%	7,200	7.5%	19,876	4.6%
UVA-Wise	11,568	1,815	5,365	18,748	12,260	6.0%	1,942	7.0%	5,608	4.5%	19,810	5.7%
JMU	10,642	2,638	5,966	19,246	11,696	9.9%	2,724	3.3%	6,116	2.5%	20,536	6.7%
LU	9,066	2,787	5,408	17,261	9,910	9.3%	3,041	9.1%	5,395	-0.2%	18,346	6.3%
UMW	11,138	1,298	5,478	17,914	12,077	8.4%	1,456	12.2%	5,744	4.9%	19,277	7.6%
NSU	11,340	1,920	6,098	19,358	12,180	7.4%	2,075	8.1%	6,236	2.3%	20,491	5.9%
RU	9,538	1,664	5,660	16,862	9,972	4.6%	1,788	7.5%	5,886	4.0%	17,646	4.6%
VMI	16,604	3,692	5,266	25,562	17,548	5.7%	3,968	7.5%	5,474	3.9%	26,990	5.6%
VSU	8,798	2,462	6,008	17,268	9,068	3.1%	2,394	-2.8%	6,260	4.2%	17,722	2.6%
RBC	8,372	100	NA	8,472	8,888	6.2%	100	0.0%	NA	NA	8,988	6.1%
VCCS <sup>(2)</sup>	6,292	14	NA	6,306	6,415	2.0%	14	0.0%	NA	NA	6,429	2.0%
Avg. Senior Insts.	12,958	1,958	5,707	20,623	13,626	5.2%	2,092	6.8%	5,927	3.9%	21,644	5.0%
Avg. 2-Yr Insts.	7,332	57	NA	7,389	7,651	4.4%	57	0.0%	NA	NA	7,709	4.3%
Avg. All Insts.	12,297	1,734	5,707	19,066	12,923	5.1%	1,852	6.8%	5,927	3.9%	20,005	4.9%

(1) Charges listed here represent the weighted average double occupancy room charge and the maximum weekly meal plan offered, not necessarily the plan used by most students.

(2) Other mandatory fees vary by institution, ranging from \$0.00 to \$160.50 per academic year, and are not included in this summary.



Source: SCHEV 2004-05 Tuition and Fee Report

**The base adequacy funding reflects the recommendations of the Joint Subcommittee for Higher Education Funding Policies, which used enrollments, program mix, and peer expenditure data to determine appropriate funding levels for each Virginia institution.**

- The intent of the Assembly is for each institution to use the base adequacy funds provided in the 2004-06 biennium to “serve more students, retain existing students more effectively, increase the number of students receiving a degree or certificate, and enhance the quality and rigor of its academic programs.”
- The Secretary of Education will monitor the use of the base adequacy funds.

# Combined with tuition and other internal resources, VCU had approximately \$17.9 million of additional resources for 2004-05 to address priorities and commitments.

*(in millions)*

## Additional Resources

Base adequacy - general funds	\$7.2
Tuition revenues - net of school allocations	7.6
One-time reserves	2.2
Reallocation of existing resources	0.9
Total resources	<u>\$17.9</u>

## Spending Allocations

Technical adjustments and reserves	(\$2.3)
November 2004 salary match	(1.4)
University initiatives (approved at May Board meeting)	(8.4)
Total uses	<u>(12.1)</u>
Remaining amount available	<u><u>\$5.8</u></u>

**VCU**

## Today, we are recommending that \$4.0 million of the remaining \$5.8 million be allocated as follows:

- \$1.0 million for a 1% bonus for all faculty.
- \$1.1 million for 11 full-time faculty positions in Forensics (2), Psychology (1), Government and Public Affairs (1), Life Sciences (2), Business Entrepreneurship (1), Accounting (1), Health Administration (1) and Nursing (2).
- \$856,000 for faculty retention and base adequacy needs in selected schools.
- \$755,000 for 15.70 full-time equivalent collateral faculty positions in Biology, Chemistry, English, Government and Public Affairs, World Studies, and Math.
- \$180,000 for research needs in Dentistry.
- \$87,000 to fully fund the Mid-Atlantic Terascale Project.
- \$50,000 for an additional police officer.

## These actions will allow us to . . .

- Support enrollment growth; the College alone will be able to offer 94 more classes in 2004-05.
- Increase instructional capacity for the new School of Public Health.
- Address faculty retention needs with a University-wide faculty bonus initiative as well as specific needs in Business, Medicine and Pharmacy.
- Continue our focus on research, especially in the new and growing Life Sciences areas of biological and biomedical research and in Dentistry.
- Address safety and security needs with an expansion of police officers (to be phased in over the biennium).

**Combined with the allocations already approved for 2004-05, the budget reflects our commitment to instruction, libraries, and student services.**

	<u>May</u>	<u>August</u>	<u>Total</u>
Instructional programs	\$4,456,000	\$2,715,000	\$7,171,000
Libraries and other academic support needs	1,019,500	-	1,019,500
Retention, recruitment and other student services	1,830,460	-	1,830,460
Utilities and other institutional support needs	986,500	50,000	1,036,500
Research and research-related support	55,992	267,000	322,992
Faculty and staff salaries	1,400,000	1,000,000	2,400,000
Technical adjustments	2,369,030	-	2,369,030
Total	<u>\$12,117,482</u>	<u>\$4,032,000</u>	<u>\$16,149,482</u>
Remaining funds to be allocated			<u>1,768,000</u>
Total			<u><u>\$17,917,482</u></u>

Appendix A provides a summary of these initiatives.



## Today, we are asking that the Board of Visitors...

- Approve the \$4.0 million in spending recommendations for 2004-05, with the remaining \$1.8 million to be approved by the Board at its November meeting.

# Appendix A

# Summary of E&G Initiatives by source of funding from May and August (highlighted) Board of Visitors' meetings.

	Base Adequacy & Tuition	Existing E&G Budget	One-Time E&G Reserves	Total E&G
1. Support for Instructional Programs				
a. Adjunct faculty	\$1,317,500	-	-	\$1,317,500
b. West Grace Street renovations for relocation of acad programs	0	-	950,000	950,000
c. West Grace Street lease costs for academic programs	0	360,500	-	360,500
d. Smith Building Renovations - Pharmacy enrollment growth	0	-	820,000	820,000
e. School of Engineering (3 year commitment through FY07)	500,000	-	-	500,000
f. School of Engineering - replace tuition revenue shortfall	254,000	-	-	254,000
g. Allied Health Professions - distance learning expansion	146,000	-	-	146,000
h. School of Nursing critical academic program support	108,000	-	-	108,000
i. College of Humanities & Sciences - tenured faculty positions	348,644	-	-	348,644
j. College of Humanities and Sciences - collateral faculty positions	754,853	-	-	754,853
k. Life Sciences - tenured faculty positions	165,000	-	-	165,000
l. School of Business - tenured faculty positions	227,527	-	-	227,527
m. School of Allied Health Professions - tenured faculty positions	200,000	-	-	200,000
n. School of Nursing - tenured faculty positions	163,000	-	-	163,000
o. School of Business - faculty retention	98,976	-	-	98,976
p. School of Medicine - base adequacy	570,000	-	-	570,000
q. School of Pharmacy - base adequacy	187,000	-	-	187,000
Total Support for Instructional Programs	\$5,040,500	\$360,500	\$1,770,000	\$7,171,000



# Summary of E&G Initiatives by source of funding from May and August (highlighted) Board of Visitors' meetings.

	Base Adequacy & Tuition	Existing E&G Budget	One-Time E&G Reserves	Total E&G
<b>2. Academic Support</b>				
Library Funding				
a. Restoration of prior reduction for University Libraries	-	\$470,000	-	\$470,000
b. VCU Libraries - SACS discussions	50,000	-	222,000	272,000
c. VCU Libraries - research journal subscriptions	-	-	-	-
Total Library Funding	<u>\$50,000</u>	<u>\$470,000</u>	<u>\$222,000</u>	<u>\$742,000</u>
Other Academic Support				
d. Quality Enhancement Plan	127,500	-	-	\$127,500
e. Planning for proposed School of Public Health	150,000	-	-	150,000
Total Other Academic Support	<u>\$277,500</u>	<u>-</u>	<u>-</u>	<u>\$277,500</u>
Total Academic Support	<u>\$327,500</u>	<u>\$470,000</u>	<u>\$222,000</u>	<u>\$1,019,500</u>
<b>3. Student Services</b>				
a. Student Retention	\$1,000,000	-	-	\$1,000,000
b. Student Recruitment - Phase I	174,000	-	-	174,000
c. Student Recruitment - Phase II	400,000	-	-	400,000
d. Enrollment Services	152,460	-	-	152,460
e. Lease for student space at 822 West Franklin Street	104,000	-	-	104,000
Total Student Services	<u>\$1,830,460</u>	<u>-</u>	<u>-</u>	<u>\$1,830,460</u>



# Summary of E&G Initiatives by source of funding from May and August (highlighted) Board of Visitors' meetings.

	Base Adequacy & Tuition	Existing E&G Budget	One-Time E&G Reserves	Total E&G
<b>4. Institutional Support and Operation and Maintenance of Plant</b>				
a. Utilities	\$563,000	-	-	\$563,000
b. Administrative systems replacement	-	-	214,500	214,500
c. Campus connector shuttle services	146,000	-	-	146,000
d. Audit and Management Services staff position - 50%	63,000	-	-	63,000
e. Support for additional campus police officers	50,000	-	-	50,000
<b>Total Institutional Support and Operation and Maintenance of Plant</b>	<b>\$822,000</b>	<b>-</b>	<b>\$214,500</b>	<b>\$1,036,500</b>
<b>5. Research and Research-Related Support</b>				
a. Additional funding for Sponsored Programs Director	-	\$15,992	-	\$15,992
b. Effort reporting - additional staff	-	40,000	-	40,000
c. Enhance expansion of research in the School of Dentistry	180,000	-	-	180,000
d. Operating support for the Mid-Atlantic Terascale Project	87,000	-	-	87,000
<b>Total Research and Research Related</b>	<b>\$267,000</b>	<b>\$55,992</b>	<b>-</b>	<b>\$322,992</b>
<b>6. Faculty and classified 3% salary increase - nongeneral fund match</b>				
a. Faculty and classified 3% salary increase - nongeneral fund match	\$1,400,000	-	-	\$1,400,000
b. Faculty bonus in 2004-05	1,000,000	-	-	1,000,000
<b>Total Faculty and Classified Salaries</b>	<b>\$2,400,000</b>	<b>-</b>	<b>-</b>	<b>\$2,400,000</b>
<b>7. Technical Adjustments and Reserves</b>	<b>\$2,369,030</b>	<b>-</b>	<b>-</b>	<b>\$2,369,030</b>
<b>8. Grand Total</b>	<b>\$13,056,490</b>	<b>\$886,492</b>	<b>\$2,206,500</b>	<b>\$16,149,482</b>

