

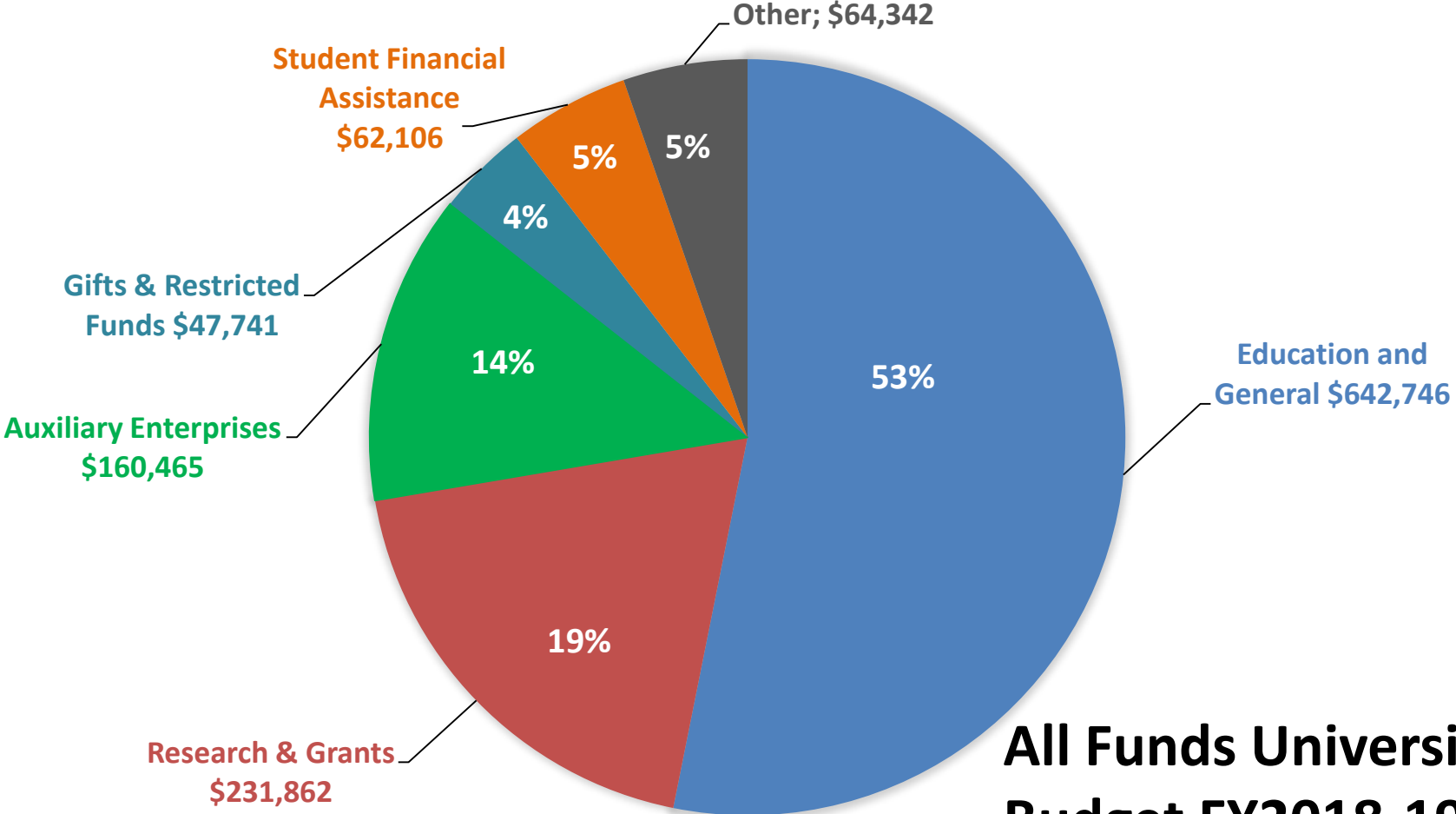


VCU

Board of Visitors FY2020 Budget Workshop

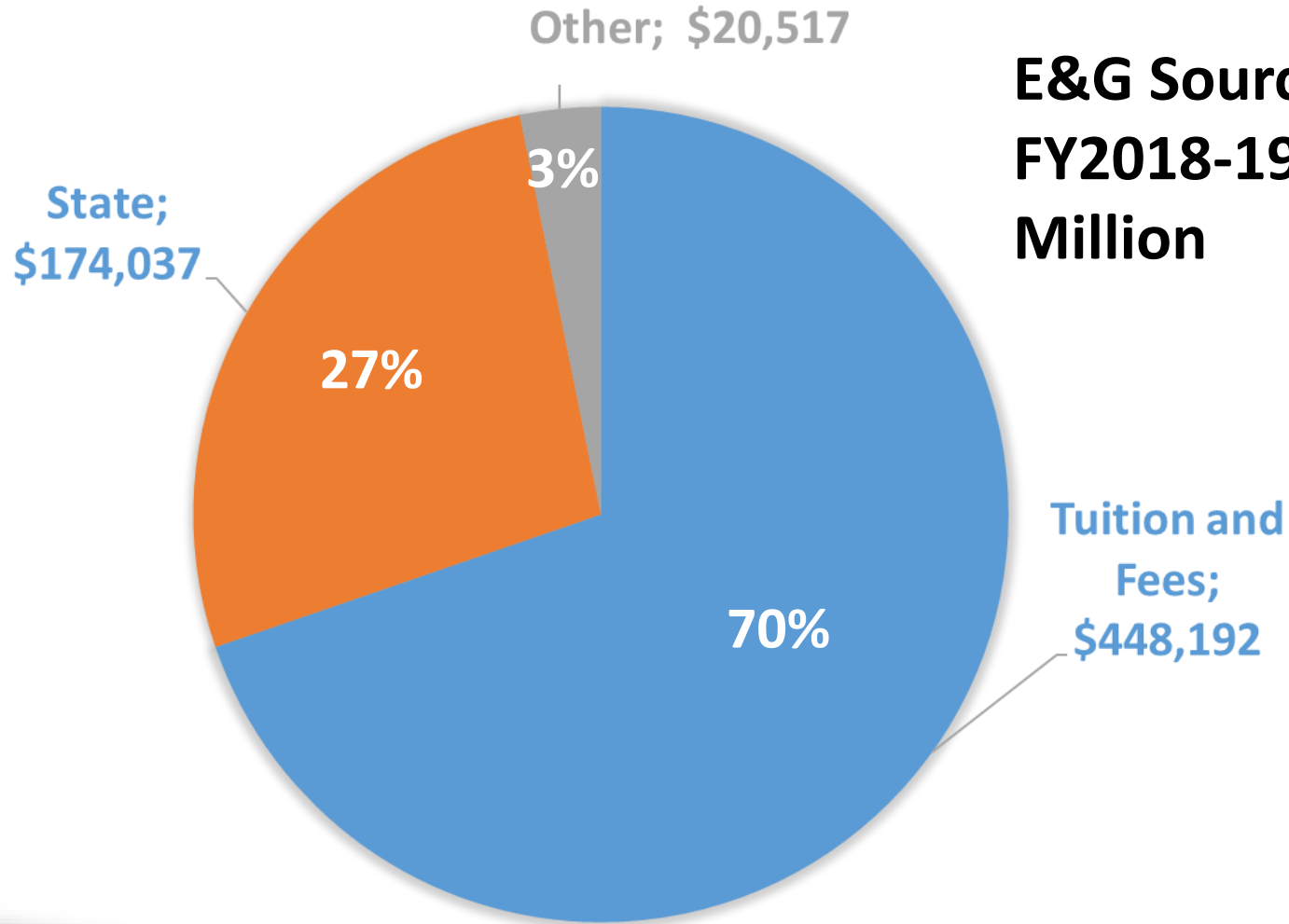
Karol Kain Gray, Senior VP and CFO
March 21, 2019

VCU in Context



All Funds University Budget FY2018-19: \$1.2 Billion

Components of Education & General



Highlights of FY2020 Budget Plan

- FY2020 – similar to prior years:
 - Funding required for unavoidable or contractual increases
 - Investments required in financial aid and university infrastructure
- FY2020 – unique to this year:
 - State proposing Tuition Affordability Plan –
 - 0% tuition for VA undergraduate
 - Salary increases to match State plan

2019 Budget Development

1. Strategically aligned resources to university priorities
2. Multi-fund approach to reduce reliance on Education & General fund (E&G)
3. Deferred needs of \$3.7M

2019 Funding Outcomes

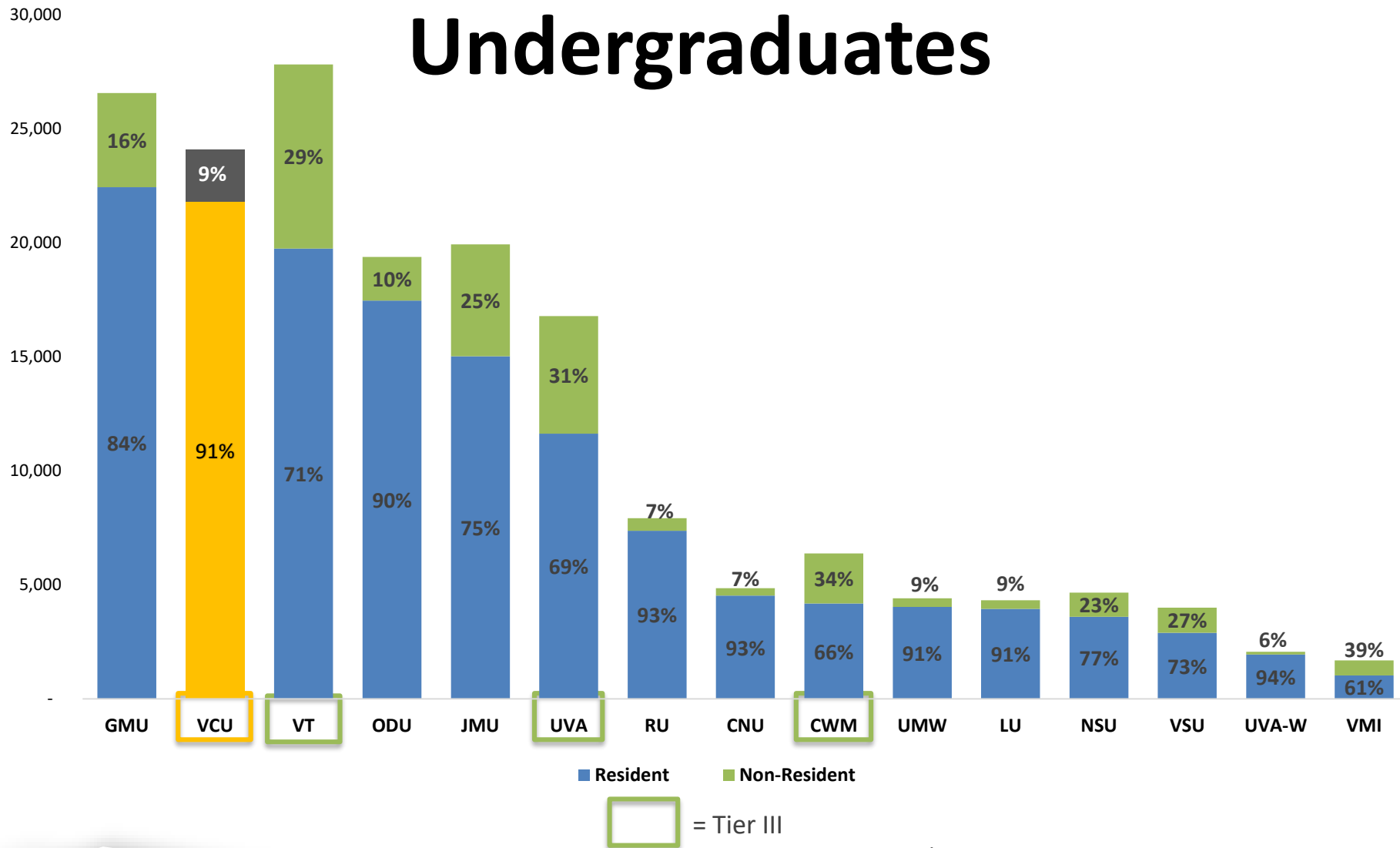
- ✓ Faculty Recruitment and Retention
 - Gain of \$1M in VCU faculty salaries vs. R1 average
- ✓ Student Aid, Access, and Success
 - Three year advisor hiring plan implemented: **27 hires**
 - Student satisfaction up **12%**
 - Major Maps and student alert system launched
- ✓ Investing in Ourselves
 - Procurement system – online in FY2020
 - Supporting research with increased lab safety equipment and training

Growing the VCU-VA Partnership

Innovative and collaborative work with the Governor and the VA General Assembly resulted in significant gains:

- \$6.8M of permanent support to offset the undergraduate tuition rate increase
- \$2.3M* of one-time support to offset health insurance premiums
- \$3.4M of permanent support for UG financial aid
- \$6.2M* of permanent support for salary increases for faculty and staff
- Commitment to full funding for the STEM building \$121M

Higher Percent of Resident Undergraduates

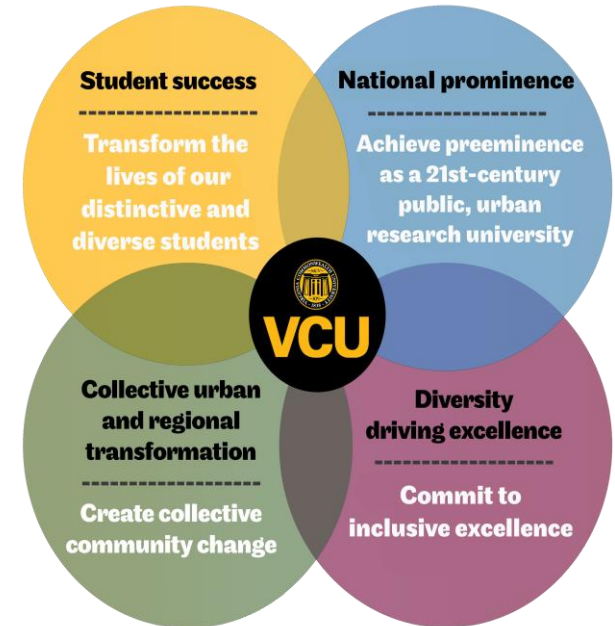


*SCHEV E02 Report
 *Fall 2018 Undergraduate Headcounts

Developing a Financial Plan FY2020

1. Invest in strategic priorities
2. Continue to grow and diversify revenues
3. Reduce dependence on E&G funds

The integrated themes of Quest 2025: Together We Transform

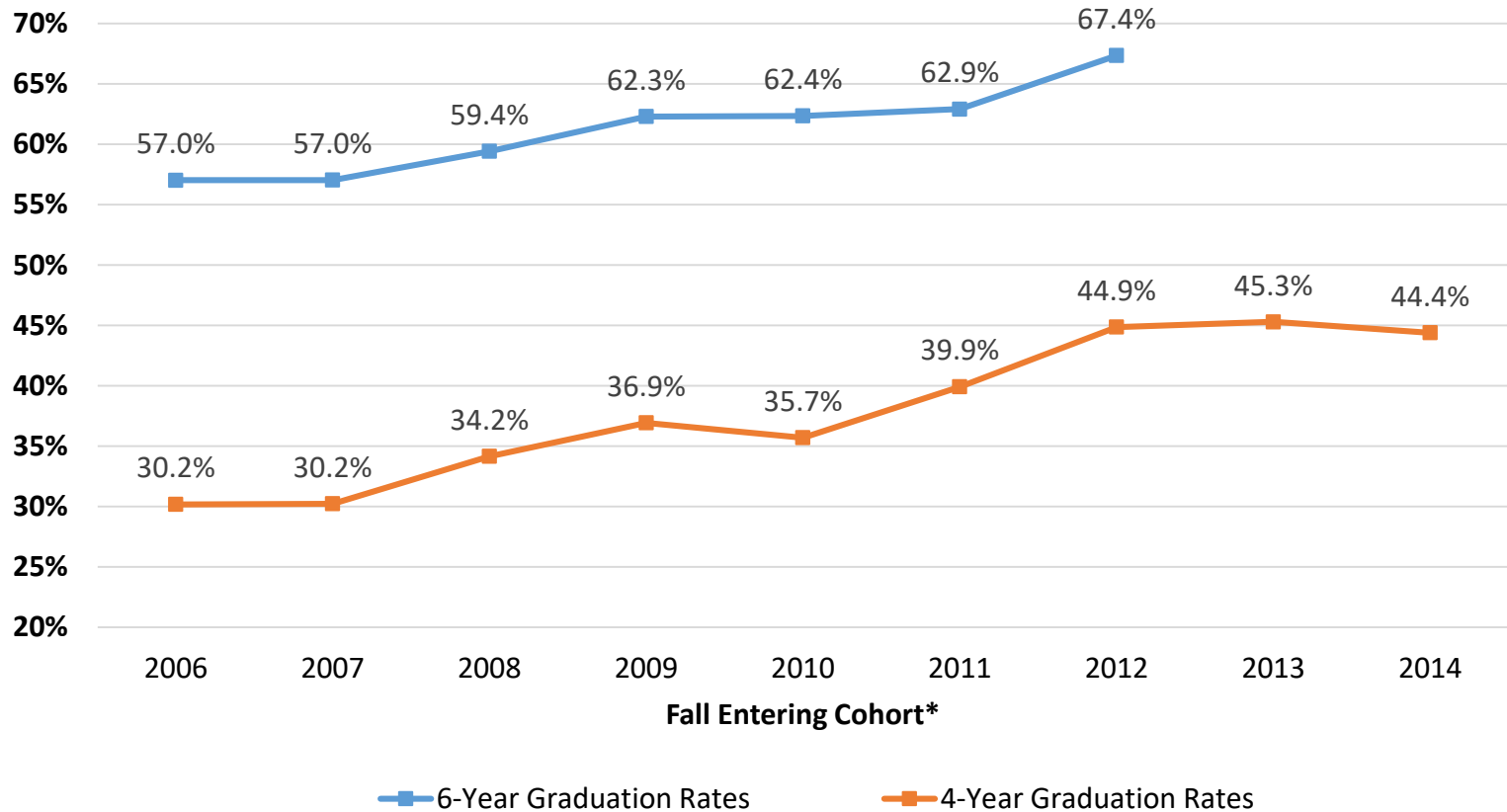


2020 Strategic Priorities

- Strengthen Student Access and Excellence
- Strengthen Faculty Compensation
- Invest in Infrastructure to support Academic and Research Needs
- Diversify Funding Sources and Implement Strategic Cost Containment Measures

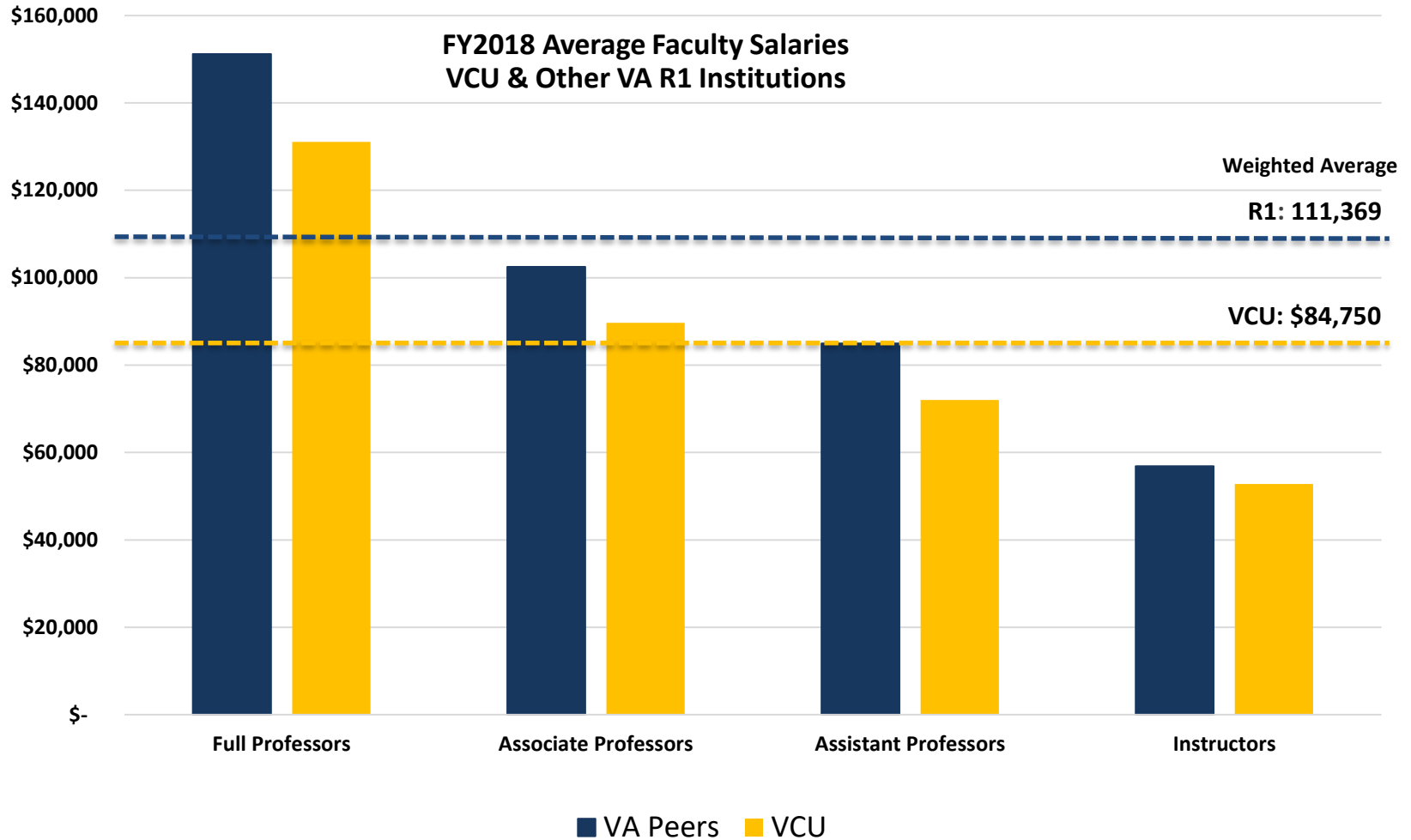
Growing Student Success

First-Time, Full-Time Freshman Graduation Rates



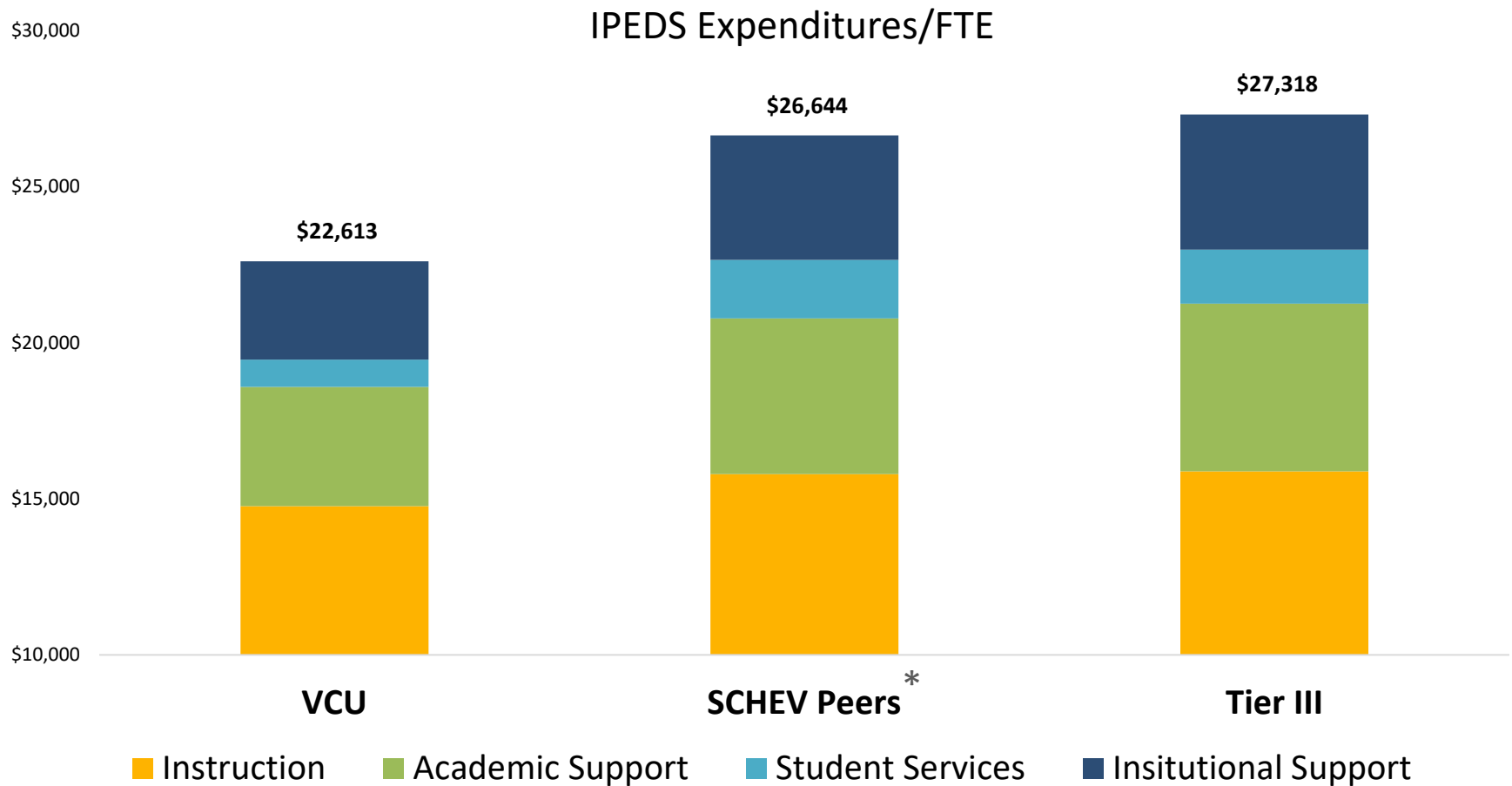
*Denotes year student enrolls

Strengthen Faculty Compensation



Source: 2017-2018 AAUP Faculty Compensation Survey

Comparison of Expenditures



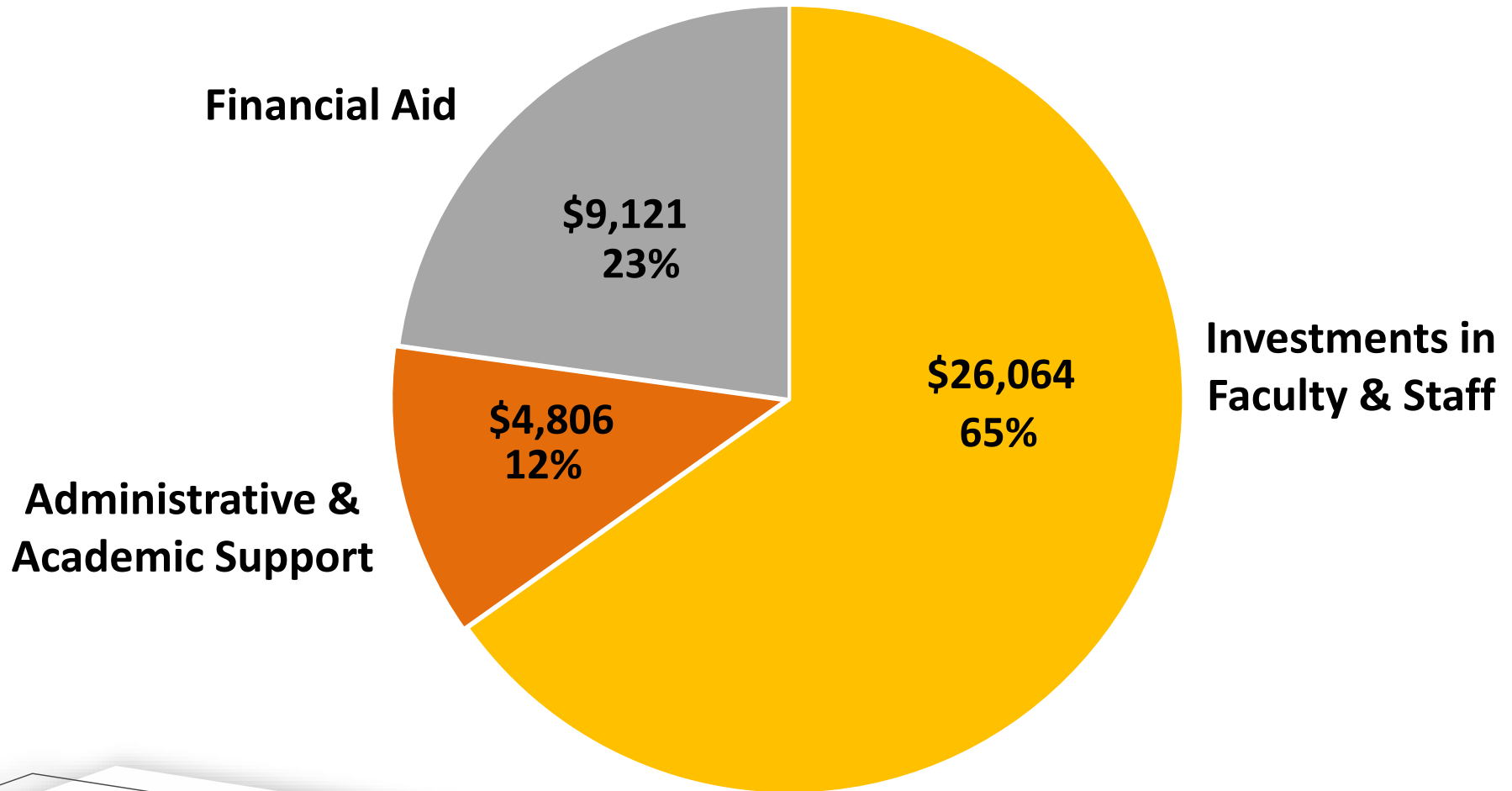
*SCHEV Peer excludes Non-Public Institutions

FY2020 Budget Requests

(In Thousands)

Requested Needs	<u>E&G</u>
Salary increase (4% Faculty, Staff; 5% Classified)	\$ 20,045
Fringe, Adjunct Pay Increase, Faculty Promotions	6,019
UG Financial Aid and Increased Waivers	9,121
Student Success and Student Recruitment	1,019
Contractual and Compliance	2,704
Operational Needs	1,083
Total Requests	\$ 39,991

FY2020 Overview – Funding Needs



Growing & Diversifying Revenues

- Enrollment initiatives:
 - International recruitment underway with Navitas program (35 students anticipated over Fall and Spring)
 - Non-resident marketing and recruitment plan ongoing (applications up 8%)
 - Summer Semester evaluation in process
 - Strategic enrollment growth incorporated into 2020 Budget (\$1.6M)
- Cost containment:
 - New procurement system savings - \$1M

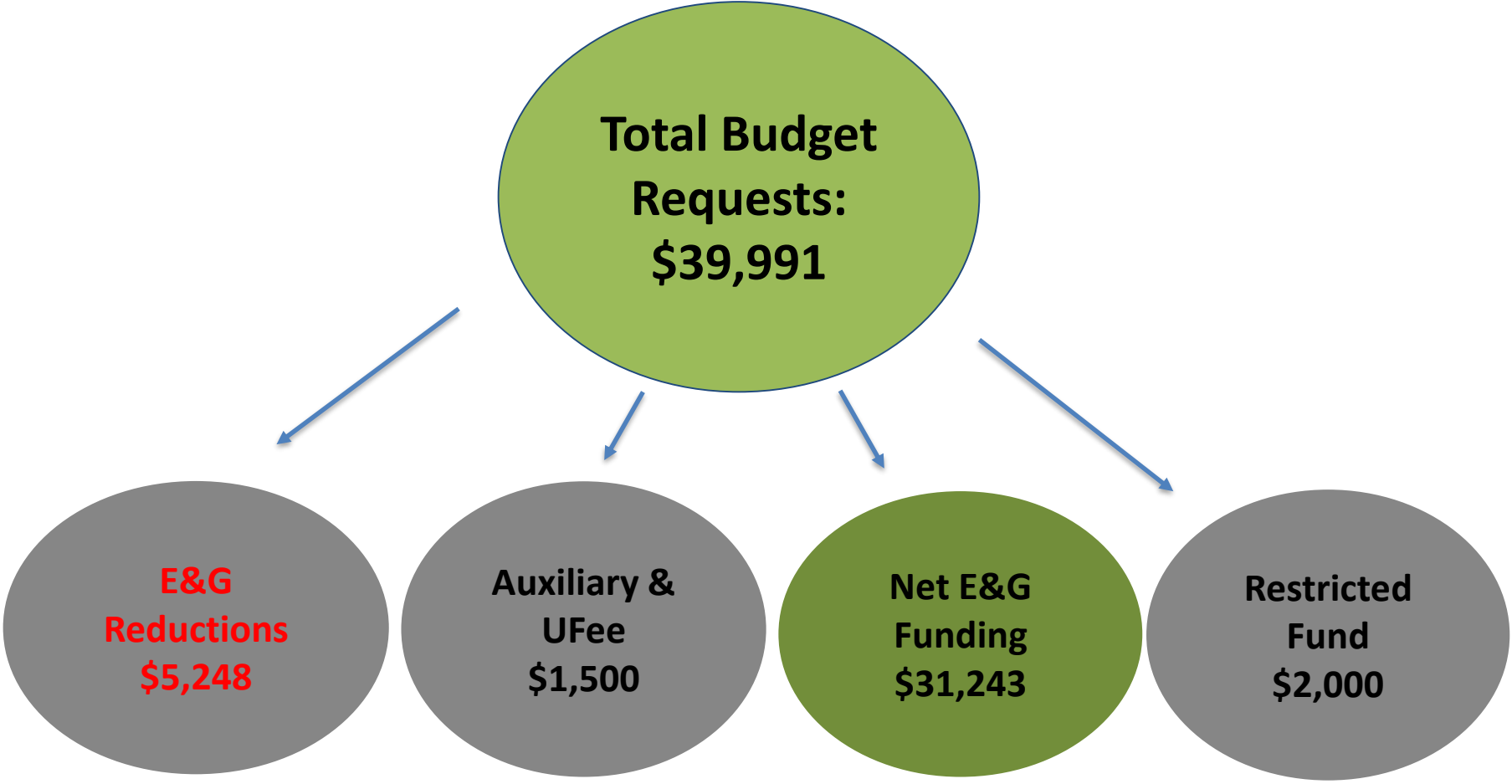
Strategic Reallocations

Reduce dependence on E&G funding:

- Strategic adjustments made by schools and colleges
- Increased auxiliary support for central costs
- Increased support from investment income
- Reduction in central costs
 - Implementation of new procurement system
 - Use of one-time funds

Funding FY2020: Reallocations and Deferred Requests

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FY2020 Reallocation & Reductions

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Total Requests to Education & General	\$39,991
Reallocation	
Auxiliary Enterprises	(1,500)
Investment Income	(2,000)
E&G Budget Reductions	(5,248)
Total Reallocations & Reductions	(8,748)
FY2020 E&G Funds Required	\$31,243

Reallocation or deferral of 22% of total requests

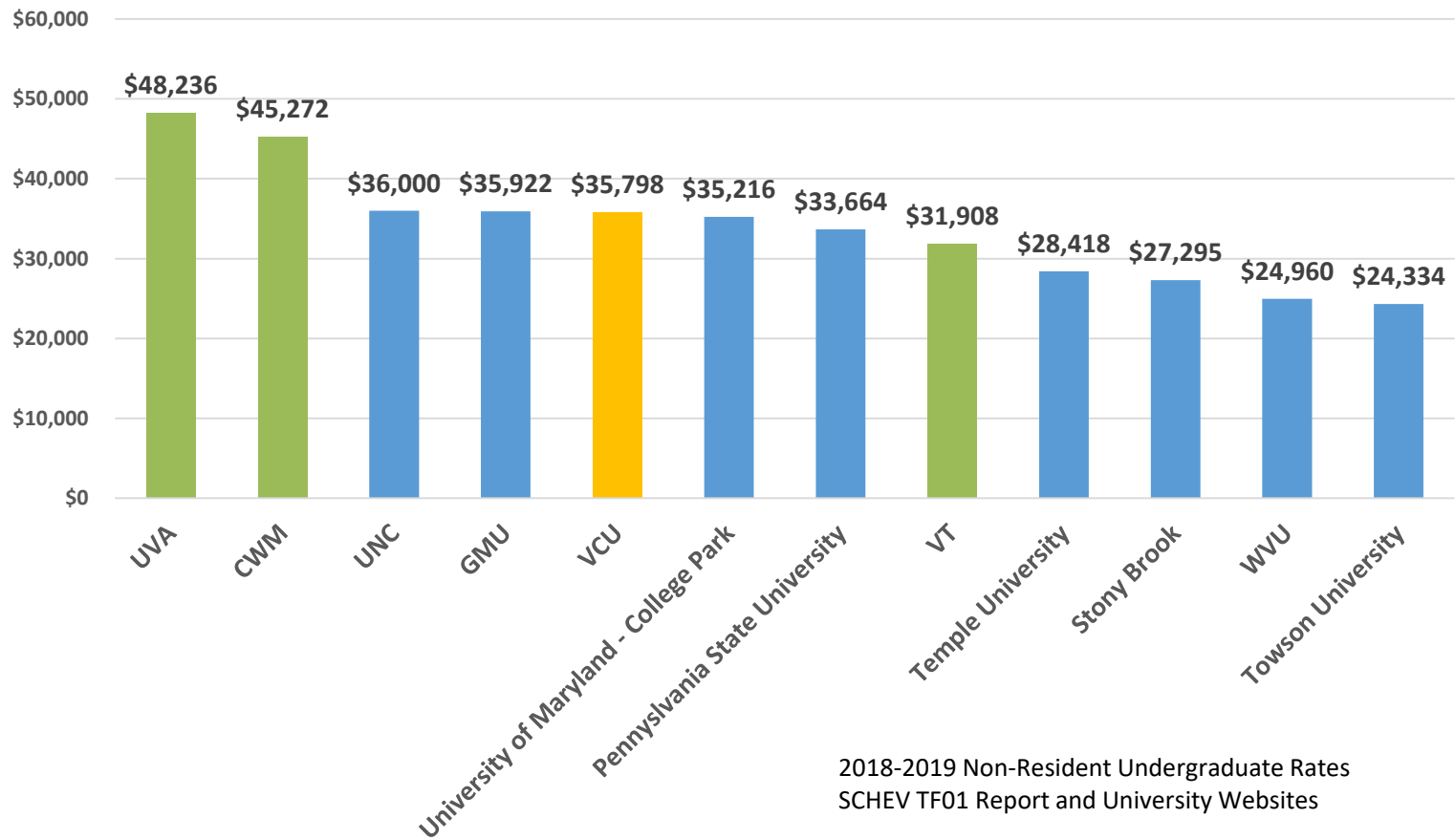
Undergraduate Tuition

Resident	<u>Increase Range</u>			
Range of Proposed Tuition Increase*	0.0%	3.5%	4.0%	4.5%
FY2020 Tuition Increase*				
Tuition-15 Credit Hour	\$12,094	\$12,528	\$12,586	\$12,644
Current Tuition				
Tuition-15 Credit Hour	\$12,094	\$12,094	\$12,094	\$12,094
Proposed \$ Increase-Per Academic Year	\$0	\$434	\$492	\$550

Non-Resident	<u>Increase Range</u>			
Range of Proposed Tuition Increase*	0.0%	3.5%	4.0%	4.5%
FY2020 Tuition Increase*				
Tuition-15 Credit Hour	\$32,742	\$33,902	\$34,076	\$34,220
Current Tuition				
Tuition-15 Credit Hour	\$32,742	\$32,742	\$32,742	\$32,742
Proposed \$ Increase-Per Academic Year	\$0	\$1,160	\$1,334	\$1,478

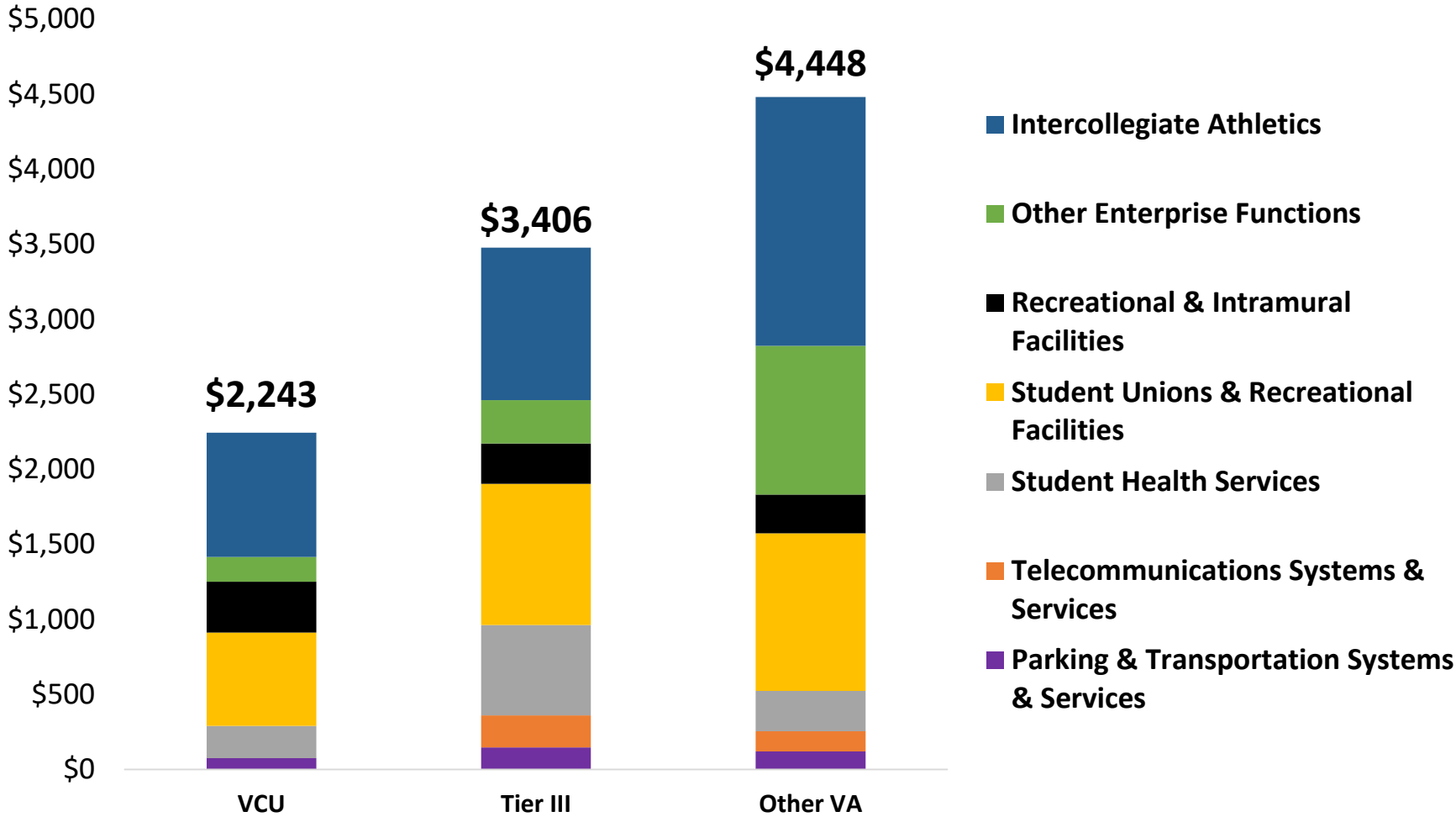
*Based on per credit

Non-Resident Tuition and Fees Comparison



Comparison of Non-E&G Fees FY2019

VCU vs Tier III vs Other VA 4yr Publics



Mandatory Fees

E&G Mandatory Fees	FY2019	FY2020 Proposed	\$ Increase	% Increase
Library Fee	\$70	\$70	\$0	0.0%
Technology Fee	\$83	\$83	\$0	0.0%
Non E&G Mandatory Fees				
University Fee	\$1,938	\$2,035	\$97	5.0%
Health Service Fee	\$215	\$224	\$9	4.2%
Student Activity Fee	\$90	\$90	\$0	0.0%
Total Mandatory Fees - Resident	\$2,396	\$2,502	\$106	4.4%
Capital Outlay Fee (nonresident only)	\$660	\$660	\$0	0.0%
Total Mandatory Fees - Nonresident	\$3,056	\$3,162	\$106	3.5%

- Student Activity Fee at Monroe Park Campus
- University Fee of 3% before state authorized salary increase, fringe and debt service

Non-Mandatory Fees

Housing Rates*: FY2020 proposed housing rates will increase 3.0% due to proposed salary and benefit increases, utilities and contract cost increases.

FY2020: \$6,555 - increase of \$191

Dining Rates*: FY 2020 proposed dining rates reflect an average increase of 2.6%. This increase is due to the ARAMARK contract increase.

FY2020: \$4,168 - increase of \$104

Parking Rates*: FY 2020 proposed parking rates reflect an average increase of 4.5% for students. This increase is due to costs associated with deferred maintenance, increasing operational costs, and alternate transportation initiatives

FY2020: \$464 – increase of \$20

*most typical rates

FY2020 Overview

Proposed FY2020 UG Tuition Rate Increase	Increase Range			
	0.0%	3.5%	4.0%	4.5%
<u>FY2020 Projected Revenue Growth</u>				
Other Tuition Rate Growth*	\$2,866	\$12,802	\$13,966	\$15,131
Enrollment Growth	1,631	1,703	1,713	1,723
State Support Tuition Affordability	6,800	-	-	-
State Support Salary & Fringe*	10,926	10,926	10,926	10,926
State Support Student Success*	4,273	4,273	4,273	4,273
Total Revenue Growth	26,496	29,703	30,878	32,053
<u>Proposed FY2019 Projected Expenses</u>				
FY2019 Proposed Expense Needs	(39,991)	(39,991)	(39,991)	(39,991)
Proposed Budget Reallocations & Reductions	8,748	8,748	8,748	8,748
Net Expense Needs	(31,243)	(31,243)	(31,243)	(31,243)
Education & General Net Position	(4,748)	(1,540)	(365)	809
One Time funding (State)	2,300	2,300	2,300	2,300
One Time Funding (VCU)	2,448	-	-	-
E&G Net Position with Unfunded Requests	\$0	\$760	\$1,935	\$3,109

* Assumes Grad & 1st P. at 4%; funding from state includes funds previously approved in FY2019

Tuition & Fees – Resident Undergraduate

Undergraduate - Resident

		Increase Range		
Proposed Tuition & Fees Total Increase	0.7%	3.7%	4.1%	4.5%
FY2020 Tuition & Fees	0.0%	3.5%	4.0%	4.5%
Tuition-15 Credit Hour	\$12,094	\$12,528	\$12,586	\$12,644
Mandatory Fees	\$2,502	\$2,502	\$2,502	\$2,502
FY2020 Tuition & Fees	\$14,596	\$15,030	\$15,088	\$15,146
FY2019 Tuition & Fees				
Tuition-15 Credit Hour	\$12,094	\$12,094	\$12,094	\$12,094
Mandatory Fees	\$2,396	\$2,396	\$2,396	\$2,396
FY2019 Tuition & Fees	\$14,490	\$14,490	\$14,490	\$14,490
Proposed \$ Increase-Per Academic Year	\$106	\$540	\$598	\$656

Tuition & Fees – Non-Resident Undergraduate

Undergraduate Non-Resident

		Increase Range		
Proposed Tuition & Fees Total Increase	0.3%	3.5%	4.0%	4.4%
FY2020 Tuition & Fees	0.0%	3.5%	4.0%	4.5%
Tuition-15 Credit Hour	\$32,742	\$33,902	\$34,076	\$34,220
Mandatory Fees (incl. Capital Outlay)*	\$3,162	\$3,162	\$3,162	\$3,162
Total Tuition & Fees	\$35,904	\$37,064	\$37,238	\$37,382
Current Tuition & Fees				
Tuition-15 Credit Hour	\$32,742	\$32,742	\$32,742	\$32,742
Mandatory Fees	\$3,056	\$3,056	\$3,056	\$3,056
FY2019 Tuition & Fees	\$35,798	\$35,798	\$35,798	\$35,798
Proposed \$ Increase-Per Academic Year	\$106	\$1,266	\$1,440	\$1,584

*Capital Outlay Fee is set by the State

Undergraduate Resident Inclusive of Room and Board

Undergraduate Resident - Tuition, Fees, Room & Board

	0.0%	3.5%	4.0%	4.5%
Tuition Increase	0.0%	3.5%	4.0%	4.5%
Tuition-15 Credit Hour	\$12,094	\$12,528	\$12,586	\$12,644
Mandatory Fees	\$2,502	\$2,502	\$2,502	\$2,502
Room & Board	\$10,723	\$10,723	\$10,723	\$10,723
Total Tuition, Fees, Room & Board	\$ 25,319	\$25,753	\$25,811	\$ 25,869

Graduate Student Tuition

Resident

		<u>Increase Range</u>		
Range of Proposed Tuition Increase*	4.0%	4.5%	5.0%	5.5%
FY2020 Tuition-15 Credit Hour	\$12,618	\$12,672	\$12,744	\$12,798
Current Tuition-15 Credit Hour	\$12,132	\$12,132	\$12,132	\$12,132
Proposed \$ Increase-Per Academic Year	\$486	\$540	\$612	\$666

Non-Resident

FY2020 Tuition-15 Credit Hour	\$25,956	\$26,082	\$26,208	\$26,334
Current Tuition-15 Credit Hour	\$24,948	\$24,948	\$24,948	\$24,948
Proposed \$ Increase-Per Academic Year	\$1,008	\$1,134	\$1,260	\$1,386

Resident

Range of Proposed Tuition Increase*	4.0%	4.5%	5.0%	5.5%
FY2020 Tuition-9 Credit Hour	\$10,404	\$10,458	\$10,512	\$10,566
Current Tuition-9 Credit Hour	\$10,008	\$10,008	\$10,008	\$10,008
Proposed \$ Increase-Per Academic Year	\$396	\$450	\$504	\$558

Non-Resident

FY2020 Tuition-9 Credit Hour	\$22,212	\$22,320	\$22,428	\$22,536
Current Tuition-9 Credit Hour	\$21,348	\$21,348	\$21,348	\$21,348
Proposed \$ Increase-Per Academic Year	\$864	\$972	\$1,080	\$1,188

First Professional Tuition

First Professionals	2019-20		\$ Increase	% Increase
	2018-19	(Proposed)		
Medicine				
Resident	\$31,208	\$32,144	\$936	3.0%
Nonresident	\$51,317	\$53,883	\$2,566	5.0%
Dentistry				
Resident	\$40,015	\$41,615	\$1,600	4.0%
Nonresident	\$70,510	\$73,325	\$2,815	4.0%
Pharmacy				
Resident	\$27,272	\$27,954	\$682	2.5%
Nonresident	\$39,301	\$40,284	\$983	2.5%

Undergraduate Tuition Differential

Proposed UG Tuition Differentials	Tuition with Differential			
	2018-19 (Proposed)	2019-20		
		\$ Increase	% Increase	
Art				
Resident	\$13,944	\$14,094	\$150	1.1%
Nonresident	\$34,592	\$34,742	\$150	0.4%
Engineering				
Resident	\$13,899	\$14,899	\$1,000	7.2%
Nonresident	\$35,066	\$36,066	\$1,000	2.9%

End of Presentation