



**VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS
FINANCE AND UNIVERSITY RESOURCES COMMITTEE**

March 24, 2023

**James Branch Cabell Library
901 Park Avenue – Room 303
Richmond, VA**

MINUTES

COMMITTEE MEMBERS PRESENT

Honorable Todd F. Haymore, *Chair*
Mr. Andrew Florance, *Vice Chair*
Mr. Anthony Bedell
Mr. Peter Farrell
Ms. Ellen Fitzsimmons
Ms. Alexis Swann
Mr. H. Benson Dendy, III, *Rector*
Ms. Carolina Espinal, *Vice Rector*

COMMITTEE MEMBERS ABSENT

Mr. Ed McCoy

OTHERS PRESENT

Dr. Michael Rao, *President*
Ms. Karol Kain Gray, *Senior Vice President & Chief Financial Officer*
Mr. Jay Davenport, *Vice President for Development & Alumni Relations*
Ms. Karah Gunther, *Vice President for External Affairs and Health Policy for VCU and VCU Health*
Ms. Erin Wilson, *Board & Operations Assistant*
Staff and students from VCU and VCUHS

CALL TO ORDER

The Honorable Todd Haymore, Chair of the Finance and University Resources Committee, called the meeting to order at 9:15 a.m.

ACTION ITEMS

Mr. Haymore reviewed the items for action, noting that materials for all items listed - the Approval of Minutes from December meeting of the Finance and University Resources Committee, the Skilled Trades Contracts, the Waste and Recycling Contract, the HR Contract for

3rd Party Insurance, and the Banking Resolution - had been provided to the Committee in advance for review.

Mr. Haymore asked the Committee members if they had any changes. Hearing none, Mr. Haymore made a motion to approve all items. On a motion duly made and seconded the following items: 1) December 9, 2022 Finance and University Resources Committee meeting minutes; 2) Skilled Trades Contracts; 3) Waste and Recycling Contract; 4) HR Contract for 3rd party insurance; and 5) Banking Resolution were approved unanimously. The minutes are posted at <https://bov.vcu.edu/meetings/minutes/>. A copy of the other actions items is attached hereto as **Attachment A** and is made a part hereof.

REPORTS

The Vice President for Development and Alumni Relations (DAR), Mr. Jay Davenport, provided an update on fundraising. He described the analysis that was conducted to develop a strategy for increasing engagement opportunities across both the health system and university. Teams have been formed for each school and college. Engagement officers have been established in each unit, along with a development coordinator and other roles. Using this structure, this campaign will save \$6-8M in 8 years. By implementing efficiencies, fundraising has already reached the mid-mark.

To date, \$128.8M has been raised in the current campaign. DAR aims to see donations in the student area go up because that supports scholarships. DAR is also looking very specifically at alumni metrics. The campaign goal is \$1B, and is currently trending \$25M ahead of last year - excluding the Liver Institute gift. Alumni donors and donors in the less than \$500 donation range have gone down which is attributed to the current economy. In response to a question, Mr. Davenport clarified that VCU is seeing some very healthy larger donations and less baseline donations. DAR has strong relationships with the foundations, and on the Monroe Park campus there is now one Executive Director which has helped with communications, working relationships, and how donors are stewarded. Committee members suggested that streamlining communications at a higher level would improve the process to ensure donors and alumni are not bombarded.

Mr. Davenport reported that 8% of giving is currently is made up of alumni giving, which is the national average for similar institutions. For most institutions the number is in the low teens. The short-term goal is 13% and the long-term goal is to get the university to the low 20s. VCU will need to grow its organization and donors. A copy of the items for this report is attached hereto as **Attachment B** and is made a part hereof.

The Senior Vice President and CFO Karol Kain Gray provided an update on finance and budget. She reiterated that current budget pressures are significant. VCU has tried to meet fiscal challenges over the past 6 years through a variety of means; the cuts have been strategic and one-time funds have been used to address some of it, but those funds are no longer available. VCU will face significant challenges this year regarding cuts. Faculty salaries are also an issue, as are unfunded mandates from the state.

For 2022-23, the university had approved budget of \$1.5B. The only funding source is Education

and General Funds (E&G). Ms. Gray demonstrated how revenue comes in, largely through tuition and fees and state support, and how those dollars are spent.

Ms. Gray then reviewed the cost savings and efficiency measures that have been implemented to date. She also demonstrated that VCU falls at the end of its R-1 peers in terms of state funding equity. Even though VCU appears high on state funding, once the data is more comparative, VCU falls to the bottom. The university appears overfunded, but it is not compared to its peers. Dr. Rao clarified that VCU is different because the institution serves a high-needs population. The state has been very supportive, but VCU is still \$50M off from where it needs to be. It costs VCU more money to educate a student than it does for any other institution in the Commonwealth. VCU uses money from the state appropriation to support student aid. VCU needs more financial aid, but it has to come from the state appropriation; it cannot come from tuition. Ms. Gray then explained the impact of inflation on spending power; tuition dollars have lost approximately \$11.2M in value because of inflation.

It was noted that VCU provides more military tuition waivers than any other institution in the Commonwealth. VCU is the far and away leader in this effort. Ms. Gray explained that because the military waiver program is an unfunded mandate, it is an expense to the university. As a public serving institution, it is important that VCU keeps the program. However, it is the responsibility of the state to support it. The university needs to increase advocacy for state reimbursement for this program. The committee chair requested to continue this discussion in greater depth at the next meeting.

Ms. Gray then addressed the current budget situation, with no approved state budget for FY24. The university is reviewing four possible budget scenarios. The university is currently facing a \$59.8M problem which puts a lot of pressure on the budget for next year.

Ms. Gray then reviewed the university's progress with Small, Women and Minority Owned (SWaM) spending. Since the Board brought it up several meetings ago, it has been prioritized. VCU met the targets last year and is optimistic final goal will be met. Numbers are growing for minority vendors, staying relatively flat for women-owned businesses. Ms. Gray then presented the NACUBO Endowment Survey and asset portfolio. A copy of the items for this report is attached hereto as **Attachment C** and is made a part hereof.

The Vice President for External Affairs and Health Policy for VCU and VCU Health, Ms. Karah Gunther, provided a government relations update. Ms. Gunther reminded everyone that this year the state legislature convened for a short session, and adjourned without a budget. This is the second year of divided government in Virginia. 385 bills have been approved in the last week. No vetoes to date. The Governor has until midnight on Monday to make amendments and vetoes. Ms. Gunther then provided an overview of the session priorities that VCU had for the university and health system, as well as the university's and health system's shared priorities noting that this year, the focus was more on shared priorities.

Although lawmakers adjourned without a full budget, a "skinny budget" was provided which corrected K-12 funding, added money to the rainy-day fund, added support to the Virginia Retirement System (VRS), and added \$100M to the capital supplemental pool.

Next, Ms. Gunther provided a comparison of what was in the Senate and House amendment approved reports. The best guess is that the final budget will come out somewhere in the middle. The Senate rejected the governor's tax cuts, so there is more spending on the Senate side than the House. Senate report included increased funding for the trauma center which would bolster the health system. Governor's budget included an additional \$5M for Massey, which the House supported. The Senate removed the additional \$5M and left it at \$20M.

Ms. Gunther described the strong arguments that were made for increased support for capital projects like VCU's School of Dentistry, but inflation has impacted a willingness to do so. The Senate proposal sets the high-water mark, but it is still not enough.

The government relations team has maintained close relationships with legislators about what will ultimately happen. It is a possibility that they will not adopt a conference budget - but it is believed that there is too much on the line in an election season. The government relations team was hoping to have something to react to closer to the reconvened session in April, but that is looking less and less likely. More likely it will be May/June. It bears noting that the House report includes a tuition increase limit; the Senate report does not. Government relations has not seen any signaling that tuition limits will be a part of anything, but that remains unknown. VCU has to prepare for all possible scenarios now. Ms. Gunther noted one bill that was approved that will impact VCUHS - approval for the VCUHS CEO/SVP flexibility that is needed moving forward. A copy of the items for this report is attached hereto as **Attachment D** and is made a part hereof.

CLOSED SESSION

Hon. Haymore moved that the Finance and University Resources Committee of the Virginia Commonwealth University Board of Visitors convene a closed session under Section 2.2- 3711 (A)(9) for the discussion of gifts, bequests, and fund-raising activities of the University, namely the Named Funds Report, the Approved Named Funds under \$50,000 Report, and other notable and significant gifts. The motion was seconded and was approved unanimously.

RECONVENED SESSION

Following the closed session, the public was invited to return to the meeting. The Hon. Haymore called the meeting to order. On a motion duly made and seconded the following resolution of certification was approved by a roll call vote:

Resolution of Certification

BE IT RESOLVED, that the Finance and University Resources Committee of the Board of Visitors of Virginia Commonwealth University certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered by the Committee.

<u>Vote</u>	<u>Ayes</u>	<u>Nays</u>
Hon. Todd F. Haymore, <i>Chair</i>	X	
Mr. Anthony Bedell	X	
Hon. Peter Farrell	X	
Ms. Ellen Fitzsimmons	X	
Ms. Alexis Swann	X	
Mr. H. Benson Dendy, III, <i>Rector</i>	X	
Ms. Carolina Espinal, <i>Vice Rector</i>	X	

Mr. Andrew Florence, Vice Chair abstained from the vote. All other members present responding affirmatively, the resolution of certification was adopted.

MISCELLANEOUS REPORTS

Mr. Haymore listed the items included as Miscellaneous Reports. They included the Sources and Uses Funding/Revenue and Expense Summary, the Treasurer’s Report, the Committee Dashboard update, the FY22 Financial Statements and Internal Control Report, and the VCU Health System and Financial Operations update. A copy of the items is attached hereto as **Attachment E** and is made a part hereof.

ADJOURNMENT

There being no further business, the Hon. Todd Haymore adjourned the meeting at 10:36a.m.