

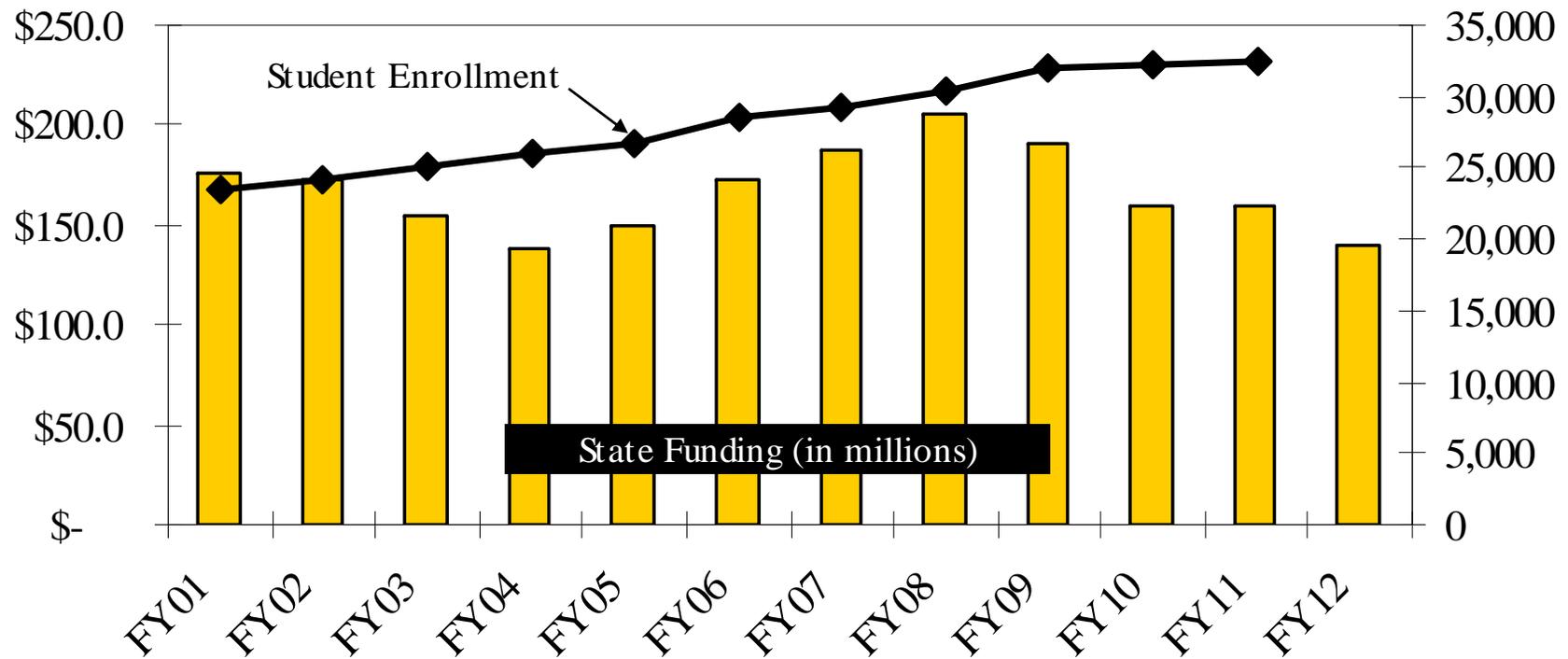


Status Report on VCU's Financial Position and Tuition and Fees for FY 2011

Senate Finance Committee

June 17, 2010

In FY 2010, VCU receives \$12.6 million less state support than it did in FY 2001, despite enrolling 8,370 more students (+35 percent) . . .



Note: SCHEV data.



By FY 2012, state E&G operating support for VCU will have been reduced by a net of \$65.2 million since FY 2008 – about 32 percent . . .

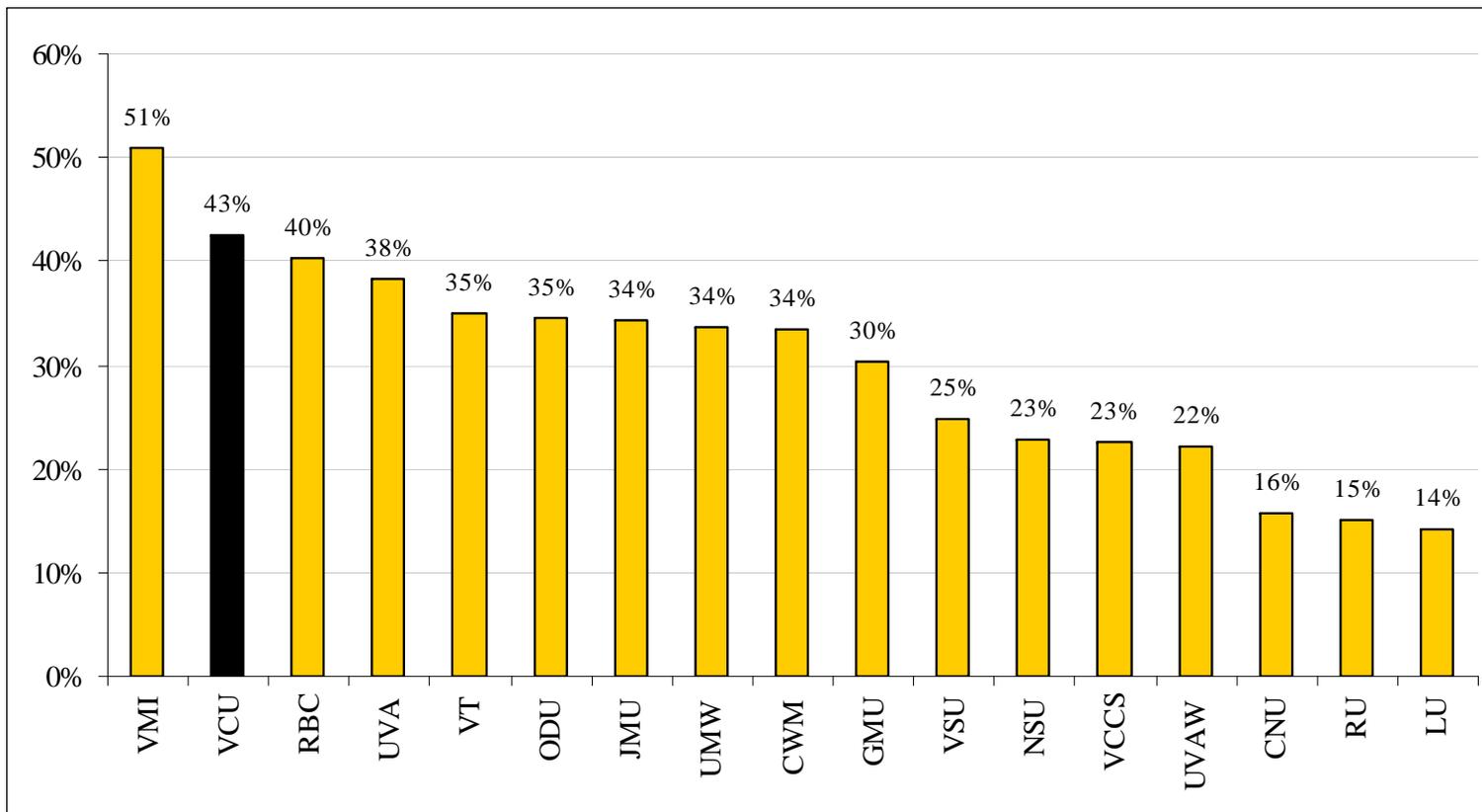
- Between now and FY 2012, VCU must prepare for the loss of an additional \$35.5 million in state support and federal stimulus funding.

<u>Fiscal Year</u>	<u>State E&G Support</u>	<u>Federal Stimulus</u>	<u>Total</u>	<u>Diff. from Current Yr.</u>
FY 2008 (orig. + Cen. Acc'ts.)	\$205,683	--	\$205,683	
FY 2008 (amended)	196,010	--	196,010	
FY 2009	190,430	--	190,430	
FY 2010	162,154	\$13,799	175,953	
FY 2011	159,638	23,161*	182,799	
FY 2012	140,445	0	140,445	(35,508)

* Subject to Virginia's application for stimulus funding for FY 2011.

Between FY 2001 and FY 2012, VCU will have been cut \$4,353 per in-state student -- more than any Virginia institution except VMI . . .

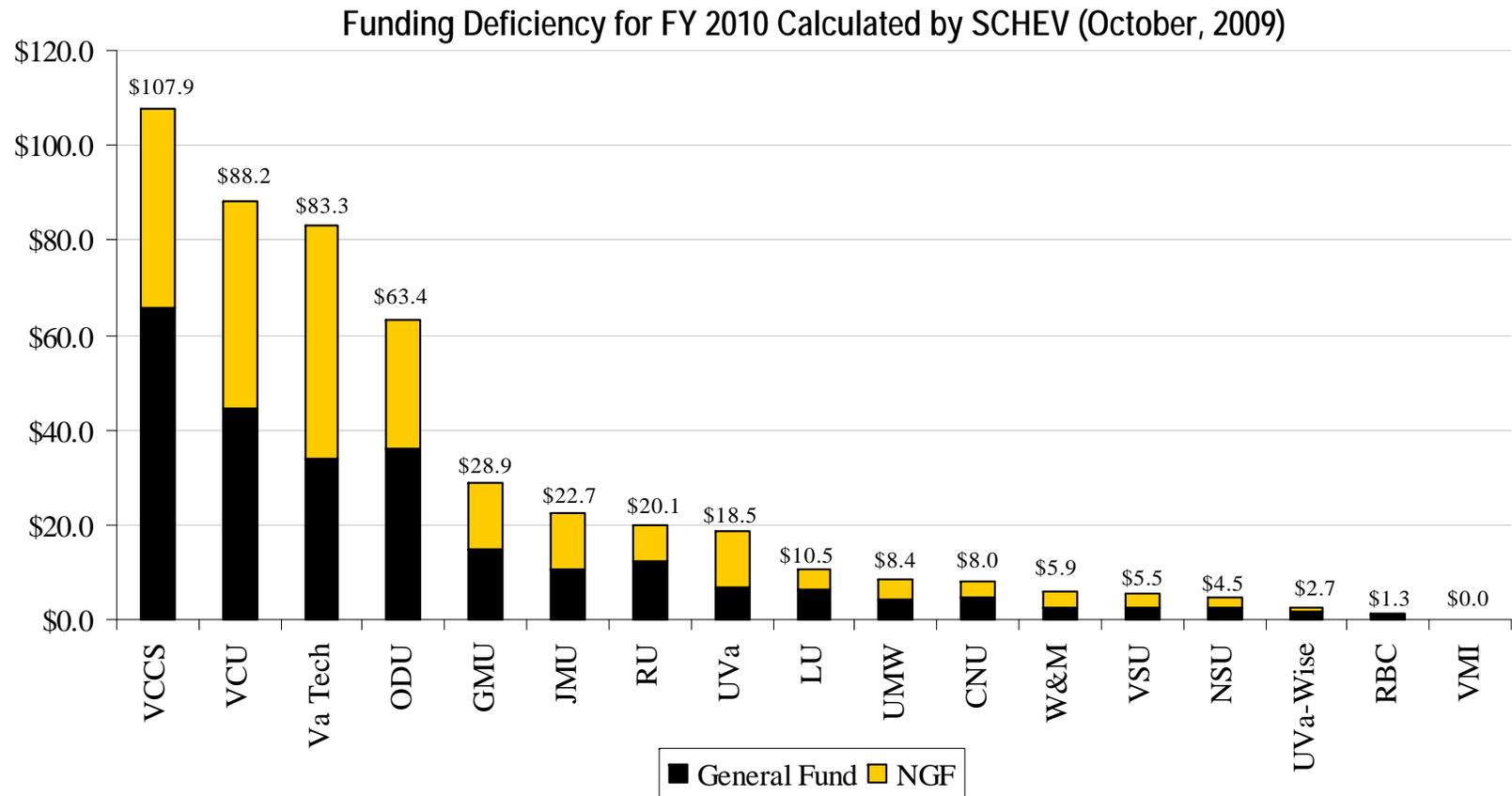
Percent Reduction in State Support per In-state Student, FY 01 – FY 12



Source: SCHEV data.



State funding guidelines estimate VCU's FY 2010 funding deficiency at about \$88.2 million* -- highest among Virginia's four-year institutions . . .



* Source: SCHEV. Note: Total is under-stated because FY 2010 resources are compared to FY 2009 enrollment.



VCU is more seriously impacted than many institutions because . . .

- 1) VCU's general fund cuts are consistently larger than other four-year institutions.
- 2) VCU predominantly serves Virginians, so there are relatively few out-of-state students to offset the total cost of instruction and operations for Virginians.
- 3) Tuition and fees at VCU are low compared to other Virginia doctoral institutions and many comprehensive schools.

1) VCU's state budget cuts are larger than other four-year institutions, as are the ones VCU faces between now and FY 2012 . . .

- State cuts are based on the amount of state support only. Cuts fall most heavily on large institutions which serve high proportions of Virginia residents and offer high cost programs (e.g., Medicine, Dentistry, Pharmacy, Engineering, Fine Arts).
- As a result, VCU faces a larger funding loss in FY 2012 from the combined effect of state cuts and the loss of stimulus funding than other four-year schools.

	Reduction FY 10 to FY 12	Reduction FY 11 to FY 12
VCU	\$ (35.5)	\$ (42.4)
Va Tech	(29.7)	(37.6)
GMU	(21.7)	(33.3)
ODU	(21.1)	(23.5)
UVa	(21.0)	(36.2)
JMU	(13.3)	(18.8)
RU	(10.5)	(12.1)
W&M	(7.6)	(11.5)
NSU	(7.3)	(7.9)
LU	(6.0)	(6.9)
CNU	(5.7)	(6.2)
UMW	(4.0)	(5.5)
UVa-W	(3.2)	(3.2)
VSU	(3.0)	(5.9)
VMI	(2.3)	(3.3)

2) VCU predominantly serves Virginians, so there are few out-of-state students to offset the total cost of instruction for in-state students . . .

- The state requires institutions to charge non-residents at least 100 percent of the cost of instruction. Most charge significantly more.
- Non-residents therefore subsidize Virginians. In addition, revenue from non-residents buffers institutions from state budget cuts.

Non-resident Enrollment and Tuition Revenue, FY 2010

	<u>% Non-resident Undergraduates</u>	<u>% of Total Tuition from Non-Resident Undergraduates</u>
Va. Inst. A	32.9%	58.7%
Va. Inst. B	29.1%	58.4%
Va. Inst. C	34.1%	45.1%
Va. Inst. D	25.5%	39.1%
Va. Inst. E	12.7%	24.1%
VCU	10.2%	18.6%
Va. Inst. F	8.4%	17.8%

Source: SCHEV. Fall 2009 Headcount Enrollment. SCHEV NGF Survey, June 2010 (preliminary).
Excludes revenue from First Professionals, Unused Tuition, and Other.

3) For resident undergraduates, T&Fs at VCU are and have been low compared to other Virginia doctoral institutions and many comprehensive institutions . . .

	Tuition and Mandatory E&G Fees FY 2010	Mandatory Non-E&G Fees	Mid- year*	FY 2010 Total
VMI	\$ 5,500	\$ 5,690		\$ 11,190
W&M	6,483	4,317	300	11,100
UVa.	7,873	1,799		9,672
LU	4,725	4,200	210	9,135
Va. Tech	7,240	1,365		8,605
CNU	4,414	3,636	200	8,250
GMU	5,840	2,184		8,024
ODU	4,412	2,905		7,317
UMW	4,946	2,166	200	7,312
JMU	3,734	3,510		7,244
VCU	5,253	1,864		7,117
RU	4,396	2,508		6,904
UVa-Wise	3,696	3,052		6,748
VSU	3,584	2,590		6,174
NSU	2,952	2,920		5,872

Source: SCHEV 2010-11 Tuition and Fee Report provided by SCHEV at FAC meeting (6-9-10).



Declining state support and low tuition have resulted in increasingly serious resource constraints, which show up in . . .

- Faculty Salary levels, which are losing ground to other institutions;
- Steady declines in the percentage of tenure-track faculty;
- Rising student-faculty ratios;
- Declining staff-student ratios for support employees;
- Low numbers of graduate assistantships, and low stipends for doctoral students; and
- Numerous other deficiencies.

Faculty salaries at VCU are low, compared to its peers . . .

Virginia peers (Fall 2009)*:

Doctoral Institutions	Professor	Associate	Assistant	Instructor	All Ranks	Compared to VCU	
						1998	2009
University of Virginia	\$ 134.7	\$ 92.7	\$ 75.2	\$ 53.3	\$ 103.9	\$ 3.9	\$ 25.1
William and Mary	113.4	80.3	70.4	47.2	89.1	1.1	10.3
George Mason	126.4	82.4	69.6	55.8	89.0	1.2	10.2
Virginia Tech	115.9	82.9	70.4	45.3	87.4	2.7	8.6
VCU	114.2	80.2	65.9	47.0	78.8	n/a	n/a
Old Dominion	102.7	74.1	64.2	44.2	73.5	(6.0)	(5.3)
Va. Peer Group Mean	\$ 118.6	\$ 82.5	\$ 70.0	\$ 49.2	\$ 88.6		
Difference from mean	\$ (4.4)	\$ (2.3)	\$ (4.1)	\$ (2.2)	\$ (9.8)		

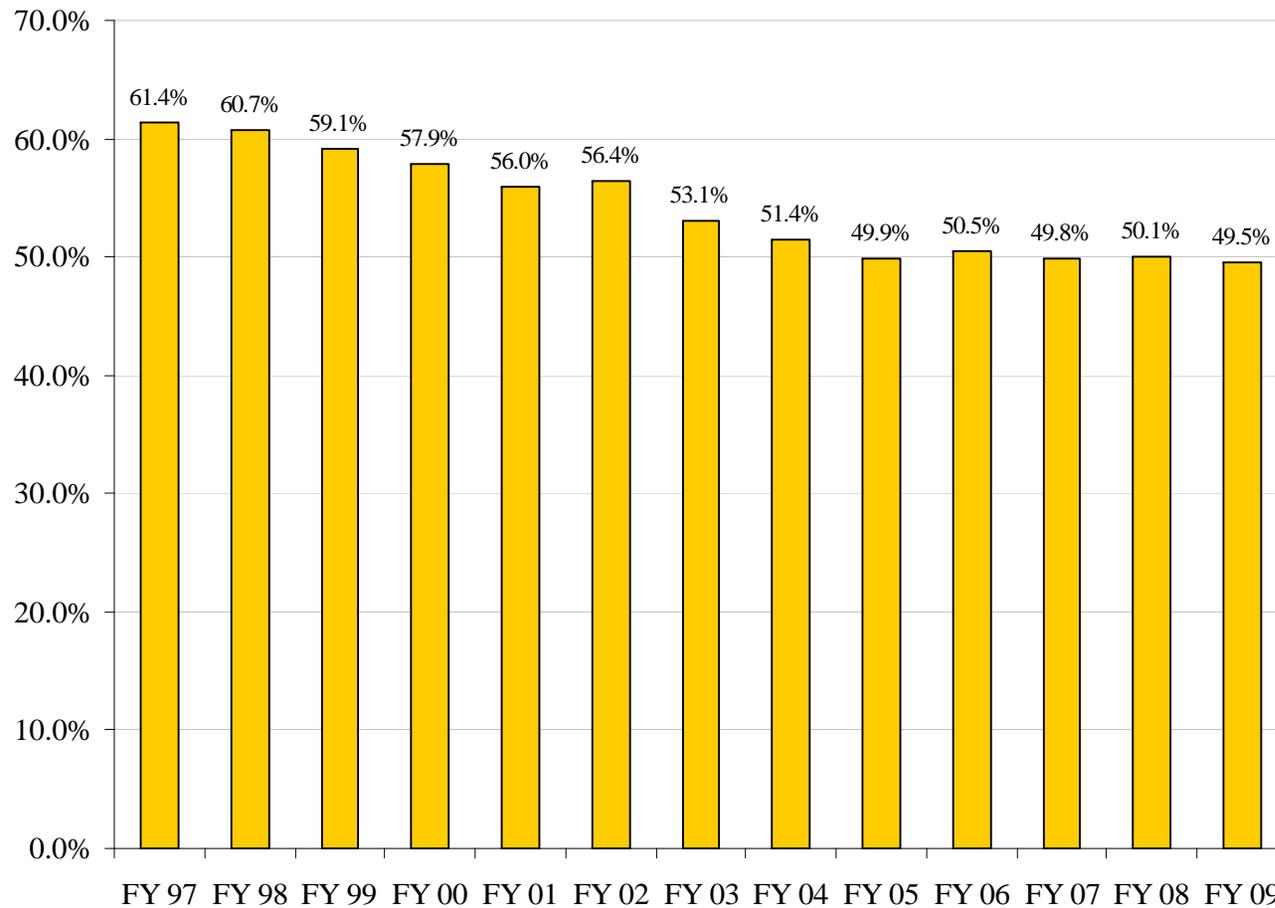
- National Peers: SCHEV estimates that VCU faculty salaries in FY 2010 lie at the 33rd percentile among its 25 national peers – more than \$6,000 below its peer average.

*Updated: April 2010

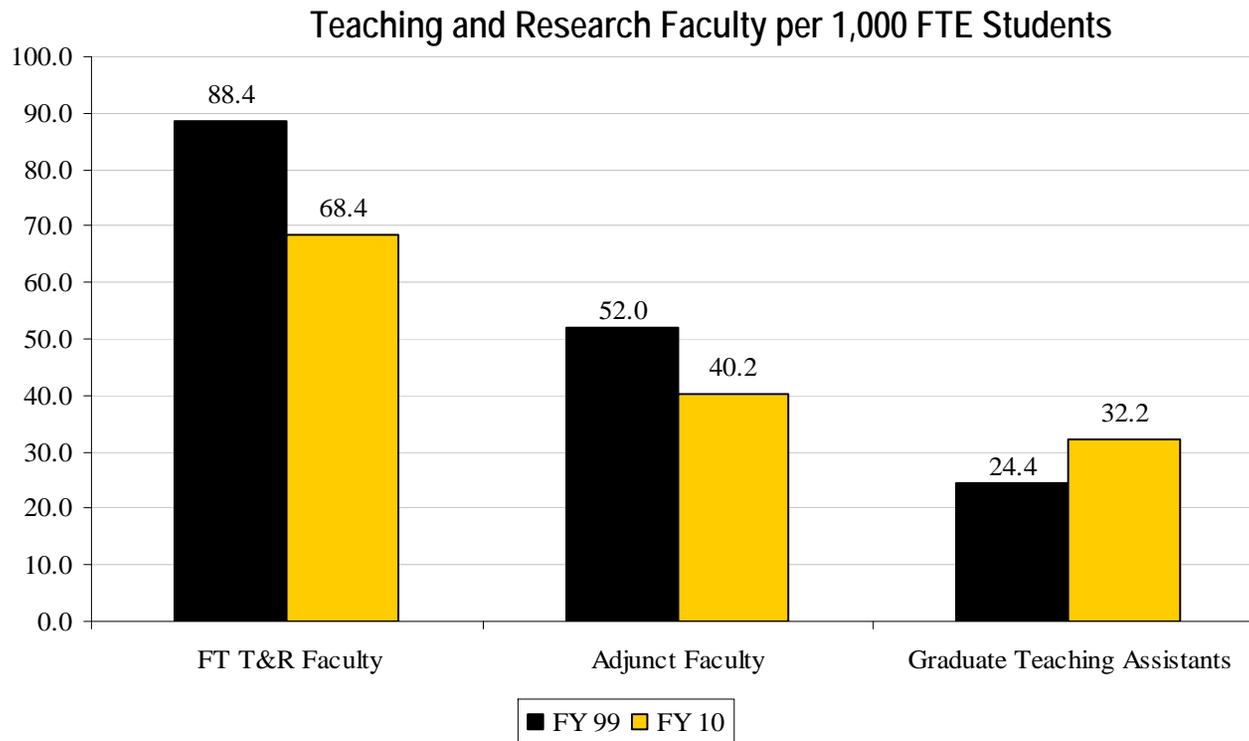


The proportion of tenure and tenure-track faculty has steadily declined over the past decade . . .

Tenured and Tenure-track Faculty as a Percent of All Full-time Faculty, FY 97 - FY09



The number of FT teaching and research faculty and adjuncts per 1,000 students has declined significantly . . .



- An additional 560 FT teaching and research faculty and 372 adjuncts would be required to match FY 99 ratios.

Looking Ahead to FY 2011 (and FY 2012)

Between now and FY 2012, VCU must address a known budget problem of \$40 million . . .

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
State E&G Support	\$ 162,154	\$ 159,638	\$ 140,445
Federal Stimulus funding	<u>13,799</u>	<u>23,161</u>	<u>-</u>
Total	\$ 175,953	\$ 182,799	\$ 140,445
Difference from Current Year		\$ 6,846	\$ (35,508)
Unavoidable Costs increases			
Fringe Benefit Rate Increases (VRS; Health Ins.)		1,977	1,977
Capital Outlay Fee-Non-resident Students		617	617
Maintenance Contracts		517	478
Debt Service (SOM Building)		-	743
Leases		(218)	(83)
Inflation in Library Materials		<u>441</u>	<u>912</u>
Sub-total: Unavoidable Cost increases		\$ 3,335	\$ 4,645
Balance		\$ 3,511	\$ (40,153)

At its meeting on April 29, the Board of Visitors adopted tuition rates for the 2010-11 academic year to begin to address the cliff in FY 2012, and the need to add faculty and student financial aid . . .

<u>Student Group</u>	<u>FY 2010 T&F*</u>	<u>T&F Increase</u>	<u>FY 2011 T&F*</u>
Resident Undergraduates	\$ 7,117	\$ 1,700	\$ 8,817
Non-resident Undergraduates	20,749	1,200	21,949
Resident Masters	10,014	500	10,514
Non-resident Masters	19,177	1,017	20,194

* Includes tuition and mandatory fees paid by all students. Increase includes a \$5 per credit hour increase on non-residents mandated by the GA.

For resident undergraduates, VCU's FY 2011 tuition and fee charges will still rank 7th among the 15 four-year institutions – slightly below the average for all four-year institutions . . .

	Tuition and Mandatory E&G Fees	Mandatory Non-E&G Fees	Mid- year*	FY 2010 Total	FY 2011 Total
VMI	\$ 5,500	\$ 5,690		\$ 11,190	\$ 12,328
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UVa.	7,873	1,799		9,672	10,628
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Va. Tech	7,240	1,365		8,605	9,459
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VCU	5,253	1,864		7,117	8,817
GMU	5,840	2,184		8,024	8,684
UMW	4,946	2,166	200	7,312	7,862
JMU	3,734	3,510		7,244	7,860
ODU	4,412	2,905		7,317	7,708
RU	4,396	2,508		6,904	7,694
UVa-Wise	3,696	3,052		6,748	7,194
VSU	3,584	2,590		6,174	6,570
NSU	2,952	2,920		5,872	6,227
				Average	\$ 8,822

Source: SCHEV 2010-11 Tuition and Fee Report provided at the FAC meeting (6-9-10).

Va Tech total is net of a \$130 ARRA credit each year.



Revenue from the tuition increase will be used to . . .

- 1) Prepare for additional state budget cuts in FY 2012, along with the loss of federal stimulus funding;
- 2) Provide resources to add instructional faculty; and
- 3) Use federal stimulus funding and additional financial aid to mitigate the effect of tuition increases on students with need.

Appendix

To deal with resource constraints, operations have been regularly re-evaluated and efficiencies implemented . . . Examples:

- **Instruction**
 - Used faculty early retirement incentives to shift resources to high need programs
 - Used faculty workload and productivity data to balance workload, and allocate reductions
 - Fully utilizing Blackboard to house homework, timed quizzes, and tests; and, post course materials
 - Increased the number of courses taught on-line
- **Student Advising**
 - Consolidated services for first year students into one unit, improving service to the students
 - Centralized review of transcripts and other services for transfer students
- **Academic Support**
 - Put schools on block schedule for undergraduate, three-credit hour courses maximizing class slots
 - Centralized scheduling of classrooms, to maximize utilization of space
 - Recaptured several rooms used as lounges or labs and turned them into large classrooms -- consolidating smaller class sections
 - Expanded the number of Friday night and Saturday classes and changed course mix to include required lower-level courses
- **Libraries**
 - Partnered with sister institutions to purchase and share scientific and scholarly journals
 - Installed self-service circulation checkout stations
 - Implemented online renewal systems for books
 - Made additional room for students by installing compact shelving, purchasing digital editions of books and journals, replacing old furniture with newer furniture designed to seat more students in the same amount of space
 - Shut down separate library server room, transferring servers to university computer center

Operations have been regularly re-evaluated and efficiencies implemented (cont'd) . . . examples:

- **Research**
 - Redirected state equipment funding to shared core laboratories
 - Implemented on-line system for faculty award submissions
 - Continuously teach faculty how to effectively use the new system's resources
 - Developed on-line training on grant compliance for faculty Principal Investigators
- **Undergraduate Admissions**
 - Combined Similar Mailings
 - On-Line Admissions Application
- **Records & Registration**
 - Discontinued Print Material-Schedule of Classes; Class Rosters
 - On-Line Graduation Application
 - Early Alert Grade Notification
 - Banner Online Grading
- **Enrollment Services**
 - Document Imaging
 - Web-Based Access to Student Information
- **Financial Aid**
 - Electronic Delivery of Alternative Funds
- **Student Accounting**
 - Redesigned Refund Process
- **University Student Health Services**
 - Electronic Health Records

Operations have been regularly re-evaluated and efficiencies implemented (cont'd) . . . examples:

- **Residential Life & Housing**
 - On-Line Payment System
 - On-Line Student Housing Selection and Registration System
- **University Student Commons & Activities**
 - Web-Based Reservation System
 - Web-Based Time Keeping System
- **Business Services**
 - Invoice Imaging: invoices are imaged and electronically linked to the University's financial system
 - Integration of Procurement and Financial Systems
 - Cooperative Procurement Contracting (VCU and 8 other institutions)
 - Systematic Review of University's Vendor Purchases
 - Contract Templates for common contracts
 - Employee Training through web-based systems
 - "Ghost Card" implementation for vendors
- **Facilities Management**
 - Design Assist (Mechanical/Electrical contractors on board at start)
 - Building Information Modeling (Building System Modeling during design)
 - Laser Mapping of Building Utilities
 - Facilities Design Standards
 - LEED Silver Standard for Building Construction
 - Construction Manager at Risk Program
 - Commissioning of Mechanical Systems
 - Pre-qualified Contractors and Material Testing Firms

Operations have been regularly re-evaluated and efficiencies implemented (cont'd) . . . examples:

- Purchase of Natural Gas Supplies in the Futures Market
- Benchmarking Facilities Management against Peer Institutions
- Benchmarking Sustainability Program
- Integrated Central Mechanical Electrical (CME) Group
- Zone-Based Organization of Physical Plant Crews
- Work Order Tracking and Management System
- Just In Time (JIT) Purchasing of Supplies
- Computerized Bar Code System for Fire Protection Systems
- Consolidation of Hazardous Material Storage
- **Human Resources**
 - Single Semi-Monthly Pay Cycle
 - Automated ePAF Processes
 - PeopleAdmin (Paperless Position Description and Recruitment/Application Processing)
 - HireRight (Online Background Checks Initiated by Department Personnel Administrators For New Hires)
 - Document Imaging (Paperless Files and Processing Using Imaged Documents)
 - eW2 (Paperless Tax Forms)
 - Pay Cards for those who will not use Direct Deposit
 - Online HR Training and Orientations
- **Technology Services**
 - Call Queue Monitors at Help Desk
 - Virtual Server for Specialized Desktop Scientific and Mathematical Software
 - Remote Monitoring of Classroom Technology

Operations have been regularly re-evaluated and efficiencies implemented (cont'd) . . . examples:

- Videoconferencing
- Centralized Desktop and Server System for Security, Operating Systems And Applications Management
- Central Management of Web-based Content
- Server Virtualization
- Storage Area Network (SAN): Central Management of Data and Storage
- Centralized Network Management of 2,000 Network Devices from a Central Console
- Test Scanning
- Automated Leave Processes
- "Tech Squad" of Students To Improve Classroom Technology Support
- Laptop Checkout Program
- Virginia Virtual Computing Lab (with GMU, JMU and W&M)