



**2006-07
Budget Update**

Virginia Commonwealth University
Board of Visitors

May 19, 2006

When the state budget is finally enacted, VCU's financial position will be stronger than it has been in several years.

- A large part of that is the result of self-help actions begun several years ago.
 - Measured enrollment growth;
 - Increased research awards; and
 - Higher levels of private giving

VCU has accounted for 30 percent of enrollment growth among Virginia students over the past decade.

	Change Fall 1995 to Fall 2005		Percent of Change to Total	
	In-State*	Out-of-State*	In-State*	Out-of-State*
Doctoral Institutions				
GMU	3,291	2,261	16%	25%
ODU	3,562	635	17%	7%
UVA	1,658	379	8%	4%
VCU	6,089	1,911	30%	21%
VT	101	2,386	0%	26%
CWM	(365)	200	-2%	2%
Subtotal - Doctoral Institutions	14,336	7,772	70%	84%
Comprehensive Institutions				
CNU	239	(98)	1%	-1%
UVA-Wise	488	53	2%	1%
JMU	3,251	1,566	16%	17%
LU	842	128	4%	1%
UMW	788	191	4%	2%
NSU	(1,298)	(736)	-6%	-8%
RU	1,234	(369)	6%	-4%
VMI	(6)	179	0%	2%
VSU	529	533	3%	6%
Subtotal - Comprehensive Institutions	6,067	1,447	30%	16%
Total Four-Year Institutions	20,403	9,219	100%	100%

*Headcount



Research awards have grown significantly.

Total Sponsored Program Awards - Virginia Research Institutions (in millions)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Increase FY01-FY05</u>
VCU	\$130.5	\$164.3	\$184.7	\$187.4	\$206.8	58%
VT	\$122.8	\$157.2	\$159.1	\$147.8	\$189.6	54%
UVA	\$225.0	\$257.1	\$277.3	\$295.9	\$312.8	39%



Since 1990, VCU and private donors contributed 44% of all funding for instructional and research space.

Summary of Capital Projects Completed, Under Construction and Authorized Since 1990
Excluding Auxiliary Enterprises and the Biotechnology Research Park
(in millions)

	<u>State Funding</u>	<u>University Debt</u>	<u>Private Funds</u>	<u>Other University</u>	<u>Other</u>	<u>Total</u>
Monroe Park Campus	\$112.6	\$18.8	\$105.6	\$19.4	\$0.0	\$256.4
MCV Campus	\$137.3	\$23.5	\$31.4	\$10.8	\$6.6	\$209.6
Total	\$249.9	\$42.3	\$137.0	\$30.2	\$6.6	\$466.0
Percent of Total	54%	9%	29%	6%	1%	100%



Both House and Senate budgets point toward increased state operating support.

<u>Key Areas</u>	<u>House</u>	<u>Senate</u>
Base Adequacy Increase		
FY07	\$10.9M	\$11.9M
FY08	--	\$13.1M
Salary Increases		
Faculty	4% avg.	4% avg.
Classified	4% + 0.5%	4% + 0.5%
Equipment Trust Fund	\$7.0M	\$7.0M
Research Initiative		
FY07	\$2.6M	\$4.9M
FY08	--	\$4.9M
Equipment Trust Fund Supplement	\$18.0M	\$5.7M



In Capital Outlay, the differences are more pronounced.

	<u>House</u>	<u>Senate</u>
Financial Aid		
Undergraduate	\$1.4M	\$1.4M
Graduate	\$1.9M	\$0.9M
Microelectronics Endowment	\$3.0M	\$3.0M
Maintenance Reserve	\$10.2M	\$10.2M
Capital Outlay		
MSB II Supplement	--	✓
Massey Cancer Center Supplement	--	✓
Planning for Dentistry Addition	--	✓
Life/Health Sciences Engineering Suppl.	✓	✓
Music Center Renovations	✓	✓
Old Business Building Renovations	--	--
Capital Outlay Total	\$3.5M	\$28.6M

Tuition and fees levels have been set. Charges for undergraduates on the Monroe Park Campus will increase 5.3% for residents and 1.6% for nonresidents.

Monroe Park Campus	Residents			Nonresidents		
	2005-06	2006-07	Change	2005-06	2006-07	Change
Tuition	\$3,969	\$4,227	6.5%	\$15,904	\$15,904	0.0%
University Fee	\$1,116	\$1,288	15.4%	\$1,116	\$1,288	15.4%
Technology Fee	\$43	\$43	0.0%	\$43	\$43	0.0%
Health Service Fee	\$167	\$171	2.4%	\$167	\$171	2.4%
Student Activity Fee	\$90	\$90	0.0%	\$90	\$90	0.0%
Capital Outlay Fee	n/a	n/a	n/a	\$120	\$120	0.0%
Subtotal	\$5,385	\$5,819	8.1%	\$17,440	\$17,616	1.0%
Housing (1)	\$4,102	\$4,273	4.2%	\$4,102	\$4,273	4.2%
Board (2)	\$2,940	\$2,990	1.7%	\$2,940	\$2,990	1.7%
Total	\$12,427	\$13,082	5.3%	\$24,482	\$24,879	1.6%

(1) Representative charge for double occupancy.

(2) Assumes 200-block plan with \$300 per semester in "Dining Dollars".



Charges for graduate students on the MCV Campus will increase 7.6% for residents and 1.0% for nonresidents.

MCV Campus	Residents			Nonresidents		
	2005-06	2006-07	Change	2005-06	2006-07	Change
Tuition	\$6,369	\$6,783	6.5%	\$15,904	\$15,904	0.0%
University Fee	\$1,116	\$1,288	15.4%	\$1,116	\$1,288	15.4%
Technology Fee	\$43	\$43	0.0%	\$43	\$43	0.0%
Health Service Fee	\$167	\$171	2.4%	\$167	\$171	2.4%
Student Activity Fee	\$36	\$36	0.0%	\$36	\$36	0.0%
Capital Outlay Fee	n/a	n/a	n/a	\$120	\$120	0.0%
Total	\$7,731	\$8,321	7.6%	\$17,386	\$17,562	1.0%



The 2006-07 E&G budget will be defined by 5 drivers.

- **Presidential priorities**
 - Research
 - Medicine
 - Life Sciences
 - International education
 - Engineering
 - Business
 - Interdisciplinary Film Program
- **Strategic Plan priorities**
 - University College
 - School of Public Health
 - Honors College
 - University Libraries
- **Support for enrollment growth**
- **State-mandated cost increases**
 - Compensation
 - Fringe benefits
 - Property Insurance
 - eVa fees
- **Capital commitments/unavoidable cost increases**
 - Technology upgrades
 - O&M for new facilities
 - Theatre Row
 - Utility price increases

Increases in state-mandated fringe benefit costs account for about a third of the compensation increase.

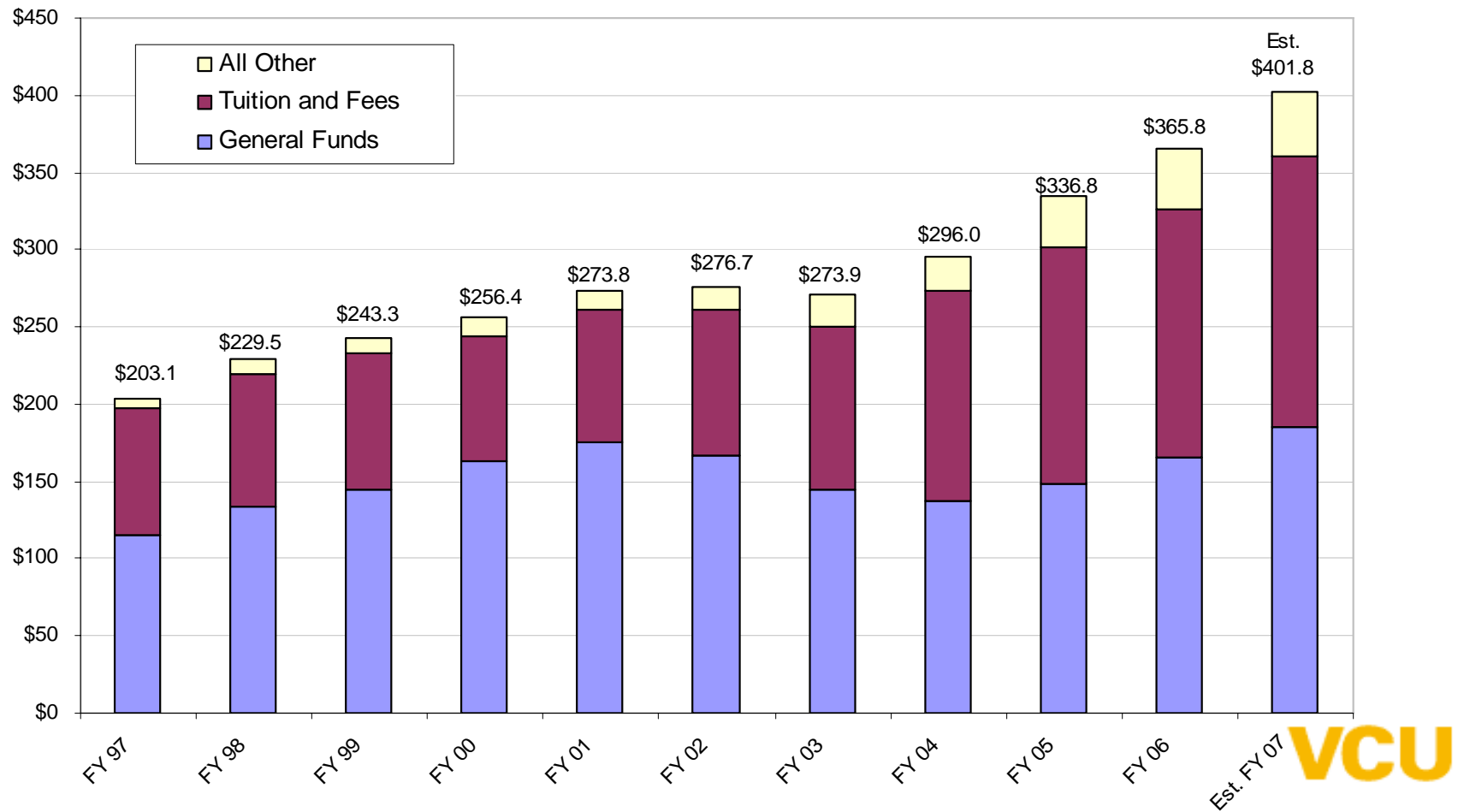
	2005-06	2006-07	Incremental Cost
VRS	8.91%	10.74%	\$1,004,000
Social Security (6.2%) - salary cap:	\$90,000	\$94,200	\$88,000
Medicare	1.45%	1.45%	-
Group Life*	0.80%	1.22%	\$2,078,000
Health Insurance			\$1,510,000
Single	\$4,080	\$4,536	
Employee Plus One	\$7,272	\$8,100	
Family	\$10,668	\$11,892	
Retiree Health Insurance Credit	1.04%	1.21%	\$290,000
VSDP & Long-Term Disability	1.65%	1.78%	\$145,000
Defined Contribution Plans	10.40%	10.40%	-
Deferred Comp. Match - annual max.	\$480	\$480	-
Total			\$5,115,000

*A premium holiday was in place for 2005-06, so the effective rate was 0.0%.

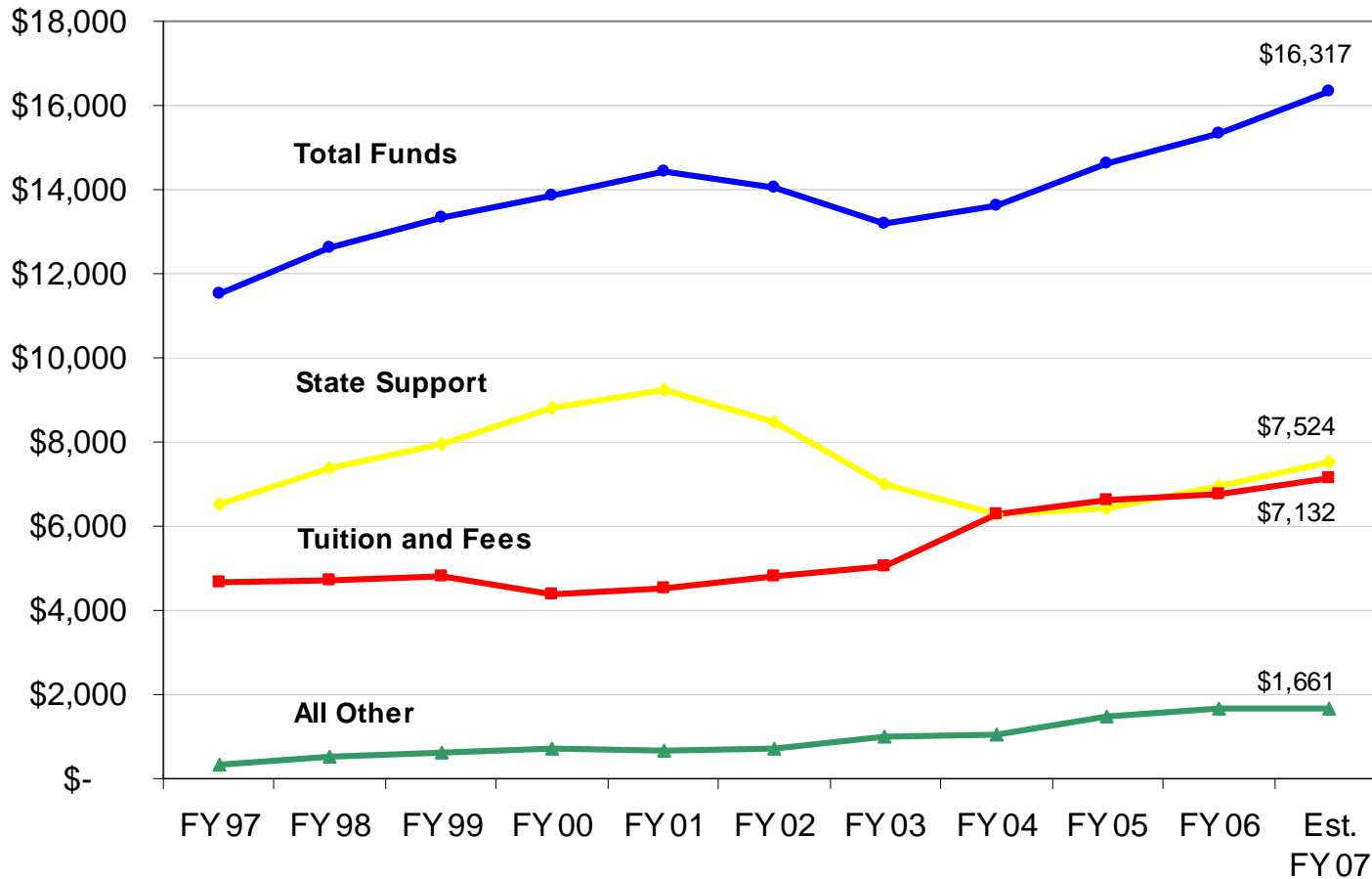


Recent budget trends demonstrate VCU's strengthened financial position.

Actual E&G Revenues, FY 1997-2006
(in millions; estimate for FY 2007)



More positive trends are also reflected in per FTE student totals.



As we look ahead . . .

- The post 9/11 recession and its aftermath forced VCU to rely almost entirely on self-help.
 - Measured enrollment growth
 - Increased research awards
 - Higher levels of private giving
- Recent increases in state general fund support are beginning to recognize enrollment growth and the gap in base adequacy funding.
- VCU's financial position is therefore stronger than it has been in several years.