



## Memorandum

**To:** Basic Health Science Department Chairs & Administrators

**From:** Jerome F. Strauss, III, M.D., Ph.D. *JFS by CBG*  
Dean, VCU School of Medicine & Executive VP for Medical Affairs, VCUHS

**Date:** March 31, 2016

**Subject:** FY 2017 Budget Development and Strategic Review

We are initiating the FY17 budget development process. The system may be accessed at <https://hsb.som.vcu.edu/> and includes a guidance tab with information to aid you in the development of your budget.

### FY 2017 Budget Assumptions

#### 1. E&G Allocations:

In preparing departmental budgets this year, the SOM Guiding Principles of Educational & General Fund Expenditures that were released in 2013 should again be followed to properly align expenses with fund source. If, as a result of expense realignments, a deficit budget is presented, please submit an explanation as to why additional E&G funds are warranted. This will be reviewed as part of the budget process.

Although not finally approved by the University, we are anticipating a budget reallocation next year. In December you were asked to prepare reallocation plans at 2.5%. Since that time the VP for Health Science office provided the actual anticipated school reallocation of 2.75%, thus your E&G projections will include this 2.75% reallocation.

The Controller's office has provided a "projected" full-time fringe rate of 38.1% and part-time rate of 7.6% for FY17, which has been programmed into the budget system for budgeting purposes.

#### 2. FACR Projections:

Due to declining recovery of FACR and increasing expenses on this fund source, the Dean's Office previously asked your administrators to prepare a multi-year projection of your department's FACR. If your department's FACR projections show either a decline of 20% or more over the next five years or a projected FACR reserve of less than \$300,000, please provide a spending plan that balances annual FACR recovery and expenses. This spending plan should be submitted as part of the budget process.

### 3. Changes in Faculty and Staff Salaries:

The General Assembly has proposed 3% salary increases for faculty and state classified employees. Pending approval by the Governor and guidance by the VCU Board of Visitors, allocation of those increases has not been finalized. For budget purposes only, we are asking that you factor these proposed salary increases into your FY17 budget. As a reminder, the state will only provide its share of the portion of salaries supported by E&G.

### 4. HEETF Support:

The General Assembly has proposed an allocation of \$9.8 million in HEETF support for VCU in FY17. We will solicit requests for HEETF support in FY17 through a separate process. However, since HEETF funding tends to be focused on institutional priorities that cross multiple departments, if you have any department-specific, mission-critical equipment that will need to be purchased or replaced in FY17, please include it in your budget along with an anticipated source of funding (e.g., FACR reserves, MCVF reserves, start-up funds, grant support, etc.) in the event HEETF funds are not available for this purpose.

### 5. Equipment Replacement:

Your budget should also include sufficient dollars to cover the replacement of personal computers, laptops, or other small equipment assuming a maximum five-year replacement cycle (or 20% of your asset inventory).

We also want to make you aware of references regarding faculty recruitment included in the budget Conference Report: 1) Inova Global Genomics Institute section 2) Go! Virginia section. The Governor still has the opportunity to weigh in on the budget Conference Report prior to the General Assembly reconvening in mid-April, thus we won't have the "final" language until after that time. Below are **summaries only** of each of these budget sections and does not include the "full" language as described in the budget Conference Report.

#### 1) Inova Global Genomics Institute –

- Provides \$8M the first year from general fund appropriation for one-time incentive packages to attract high performing researchers with a history of commercialization subject to meeting **specific conditions as described in the full language**.
- Also, provides \$20M the first year for lab renovations and enhancements and/or research equipment at the Global Genomics and Bioinformatics Research Institute for GMU, ODU, UVA, VCU, VA Tech, and W&M **subject to specific conditions as described in the full language**.

#### 2) Go! Virginia –

- Provides \$8M the first year and \$14M the second year from general fund appropriation designated for the Virginia Research Investment Fund. These funds shall be allocated in accordance with provisions established in House Bill 1343 of the 2016 General Assembly and shall be used to a) promote research and development excellence in the Commonwealth; b) foster innovative and collaborative research, development, and commercialization efforts in projects and programs with a high potential for economic development and job creation opportunities; c) position the Commonwealth as a national leader in science-based and technology-based research, development, and commercialization; and d) to attract and recruit eminent

researchers that enhance research superiority at public institutions of higher education.

- Also, provides for \$29M the first year to support the purchase of research equipment or lab renovations associated with researcher incentive packages and the translation of research into commercial use ***subject to the provisions established in House Bill 1343 as described in the full language.***

### **FY17 Process**

Following the submission of your budget, the Dean's office will review the information and develop an overall budget summary across all departments to be provided to the Dean's review committee in preparation for the budget meetings.

Lastly, the annual "budget meetings" will be designed much like last year with the focus on the strategic direction of your department. Attached is a list of questions intended to prompt your thinking around key issues on the horizon (see Attachment A). To the extent your answer to these questions have resource implications, you will want to consider these as you develop the budget.

In addition, we will ask that you provide information, as it relates to faculty time devoted to academic related activities, again this year (See Attachment B).

### **Timeline**

The following timeline provides a list of key milestones and due dates through the budget cycle.

Friday, April 1:	Budget system opens to Administrators
Thursday, April 21:	Administrators submit budgets for review by Dean's office
Thursday, May 5:	Dean's Finance and Administration Unit completes review of department budgets
Friday, May 6- Thursday, May 19:	Chairs present budgets to Dean's review committee

If you have any questions, please contact Candace Gordon, Director of Academic Finance, at 827-2208 or via email at [candace.gordon@vcuhealth.org](mailto:candace.gordon@vcuhealth.org).

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Attachments: Attachment A- Strategic Questions  
Attachment B- BHS Teaching Template

**Attachment A**  
**Strategic Questions for Dean's Presentation**

**Faculty Workload Issues**

- Provide a profile of the amount of time each of your faculty members spend on teaching, research, and service activities. For those involved in teaching, please indicate whether the teaching is for post-baccalaureate certificate, master's, doctoral, undergraduate medical education, or programs in other first professional or undergraduate programs.
- How do you anticipate faculty assignments changing in light of changes in sources of funding, faculty retirements, curriculum changes or other strategic initiatives?

**Research Funding and Infrastructure**

- Provide an update of your current sponsored awards with the annual award amounts, total award amounts (over all years of the award), award end date, and whether the award is eligible for a competitive or non-competitive renewal.
- Provide a summary of all proposals currently under review, those for which the PI has received a score, and whether you expect the proposal to be funded.
- Identify those faculty that are not actively pursuing new awards and related plans to address their low productivity.
- Identify your department and/or faculty's use of institutional cores and the level of satisfaction with the services those cores provide.
- How frequently does your administrative staff provide faculty with a financial update/reconciliation of their grant awards? Include a template or sample report(s) provided to the faculty members.

**Technology Support**

- Describe the extent to which your department budgets for equipment depreciation, repair, maintenance, or replacement.
- Does the department have a plan for recovering research critical or other department specific data in the event of a major technology failure?

**Graduate Student Support**

- Provide a list of your current graduate students and their assigned mentors. Which students are currently being supported by the department or SOM emergency funds in lieu of grant support?
- What are your plans for graduate student assignments to labs in the future? Ideally, how many Ph.D. students can your department support at any given time?

### **Graduate Student Curriculum**

- Describe any new programs or curricular changes, including on-line offerings, for which you have already received approval or for which you are seeking approval.

### **Space Needs**

- Please identify and current or anticipated changes in your space needs for the upcoming year.
- Describe any limitations you have in your existing space and any areas that you anticipate will need renovation within the next two to three years.