

**Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: SB1259ER **Patron:** Bagby
Bill Title: Virginia Commonwealth University Health System Authority; board of directors; chief executive officer.

Bill Summary: Makes several changes relating to the board of directors and the chief executive officer of the Virginia Commonwealth University Health System Authority (the Authority), including (i) reducing from 19 to 13 the number of appointed members on the boards of directors and adding the chief executive officer of the Authority as an ex officio member with voting privileges, thereby reducing from 21 to 16 the total number of board members; (ii) changing from voting to nonvoting the nature of the membership of the President of Virginia Commonwealth University (the University) on the board of directors and prohibiting rather than requiring, as under current law, the President of the University from serving as chairman of the board of directors; (iii) lengthening the terms of all members of the board of directors from three years to four years; (iv) adding demonstrated experience or expertise in finance or commercial real estate as options for satisfying the required qualifications for certain appointed members and requiring each enumerated area of demonstrated experience or expertise to be represented amongst such appointed members at any given time; (v) requiring the biennial election of a chairman and vice-chairman of the board of directors, requiring such chairman and vice-chairman to have served for at least two years on the board of directors, and prohibiting any employee of the University, employee of the Authority, member of the board of visitors of the University, or legislative member from serving as chairman; (vi) prohibiting rather than permitting, as under current law, the Senior Vice-President for Health Sciences of the University from serving as chief executive officer of the Authority but requiring the Senior Vice-President for Health Sciences to regularly communicate and collaborate with such chief executive officer to support the mutual interests and success of the University and the Authority; (vii) providing that no further action shall be taken if a majority of each of the three-member committees appointed by the board of directors of the Authority and the board of visitors of the University do not agree on the removal of the chief executive officer of the Authority within 30 days of the appointment of the committees by each board; and (viii) providing that in the event that a majority of the members of each committee do not agree on the selection or conditions of appointment of the chief executive officer within 30 days of the appointment of the committees by each board, then the process set forth in statute shall be repeated until such selection has been made or such conditions of appointment have been determined. Current law requires the President of the University to make a binding decision in the event of any such disagreement. The fourth enactment clause provides that the individual who serves in the role of chief executive officer of the Authority as of June 30, 2025, will continue in such role until the date on which the board of directors of the Authority appoints that individual's successor.

Budget Amendment Necessary: No **Items Impacted:** N/A
Explanation: N/A

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Fiscal Summary: The fiscal impact to Virginia Commonwealth University (VCU) and the Virginia Commonwealth University Health System Authority (VCUHSA) is indeterminate. Additional explanation below.

Fiscal Analysis: Currently, the Senior Vice-President (SVP) for Health Sciences of VCU also serves as the Chief Executive Officer (CEO) of VCUHSA. The salary, benefits, and other costs of the position are currently split between VCU and VCUHSA. This legislation would prohibit the SVP for Health Sciences of VCU from also serving as the CEO of VCUHSA, essentially creating two positions, one at each entity. As a result, the full costs of the SVP for Health Sciences for VCU would be paid by VCU. As the incumbent employee holds a joint contract for the two positions with VCU and VCUHSA, this legislation may trigger a contract buyout, which would have a fiscal impact to both entities. However, decisions made by the incumbent and the respective boards of VCU and the VCUHSA could result in the employee retaining one of the two positions. In the event that the SVP position was vacant, VCU would also incur indeterminate costs associated with a national recruitment. Additionally, the ongoing fiscal impact would be dependent on the salary negotiated for the SVP position given the scope of the position provided in this legislation, which is unknown at this time. As a result, the fiscal impact of this legislation to VCU is indeterminate and is anticipated that the costs would be absorbed within existing resources.

VCUHSA is a separate legal entity that does not have a state appropriation. Any additional costs to the VCUHSA in complying with the provisions of this bill, including the full costs to hire an individual to serve as CEO, are indeterminate and would need to be absorbed within existing resources.

Other: This bill is a companion to HB2161.