

MINUTES
UNIVERSITY ADVISORY COUNCIL ON
STRATEGIC BUDGETING AND PLANNING

December 2, 2010

PRESENT: Kim Avis (for Lynn Eichhorn), Erik Ervin, Mike Ellerbrock, Tim Hodge, Bill Huckle, Tom Tucker (for Maxine Lyons), Andrew McCoy, Mark McNamee, Dwight Shelton, Ken Smith, Connie Stovall, Robert Tracy

ABSENT: Greg Boardman, Martin Daniel, Corbin DiMeglio, Courtney Gleason, Lonnie Johnson, Patricia Lavender, Steve McMullin, Quinton Nottingham

1. CALL TO ORDER

Dr. Mark McNamee, Senior Vice President and Provost, called the meeting to order at 3:00 p.m.

2. APPROVAL OF THE OCTOBER 28, 2010 MINUTES

Dr. McNamee announced that the minutes of the October 28, 2010 meeting have been approved and sent to University Council for posting on the web.

3. CONTINUED DISCUSSION ON THE UNIVERSITY STRATEGIC PLAN PROGRESS REPORT

Dr. McNamee continued the discussion from previous meetings on the academic mid-term review of the Strategic Plan, in which ten specific initiatives within key areas were identified as action items to further advance the university's strategic plan. An earlier discussion regarding the proposal for a student library fee in order to help fund libraries was continued. A search is currently underway for the new Dean of University Libraries, and any proposed library fees will be discussed with the new Dean.

4. STATE BUDGET ACTIVITIES

Mr. Dwight Shelton, Vice President for Finance and Chief Financial Officer, and Mr. Tim Hodge, University Budget Director, updated Council members on state budget activities. FY2011 revenues are exhibiting a slow growth, and the state expects to meet revenue projections for the current year. No additional reductions for the current year are expected. The university received instructions to prepare budget reduction plans for 2 percent (approximately \$4 million dollars for both Agency 208 and Agency 229), 4 percent, and 6 percent of all general fund appropriations for FY2012. University managed this process centrally and developed high level plans which were submitted to the state by the November 5th deadline.

The Governor's recent comments regarding higher education as a priority hint that he is unlikely to assess additional reductions in the 2010-12 biennium and is considering increasing investment in higher education. State revenues are predicted to continue to grow slowly in FY2012, but unavoidable cost increases (i.e. Medicaid) will outpace growth by an estimated \$150 million, creating a deficit. Budget alignment will likely be made through redirection of resources that result from cost-saving programs or reduced allocations. The

Senate is predicting that the 2012-14 biennium will be challenging and will require considerable revenue growth to cover expected cost increases and high priority items.

On December 3rd the Governor's Commission on Higher Education Reform, Innovation and Investment is due to release an interim report of its findings and recommendations to address priorities in higher education in Virginia. The Commission's interim report will focus primarily on increasing degree attainment, concentrating increased educational attainment in STEM areas and other high-demand and high-income fields, a model for higher education funding, and partnerships through which public and private colleges and community colleges participate actively in economic development and workforce training. The Commission will continue to meet and make recommendations on additional objectives throughout the calendar year 2011. The Commission's Interim Report will be available for viewing on the Secretary of Education's web site (<http://www.education.virginia.gov/>).

The university has five capital outlay projects approved but pending state debt financing. The state is currently debt-constrained. It has a debt ratio guideline of 5 percent in support of its AAA bond rating but anticipates exceeding the 5 percent maximum debt ratio by 2012-13. The State Debt Capacity Advisory Committee is attempting to free up additional resources by (1) identifying revisions to the debt capacity model, (2) obtaining concurrence of bond rating agencies, and (3) allocating new debt capacity in priority order to approved capital projects.

The 2011 General Assembly will convene in January. Operating budget proposals included within the Executive Budget are subject to change during the legislative session. The Council will receive an update on state budget activities at its next meeting.

There being no further business, the meeting adjourned at 4:00 p.m.