

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

September 13, 2001

PRESENT: David de Wolf, Dan Dolan, David Ford, Edd Sewell for Leon Geyer, Rachel Holloway, Scott Hurst, Susan Magliaro, Jimmy Martin, Brian Montgomery, John Moore, Cliff Ragsdale, Dixie Reaves, Minnis Ridenour, Dwight Shelton

ABSENT: Vernon Boggs, Dixon Hanna, Pat Hyer, Mark McNamee, Robert Schubert, Larry Thompson, Don Waldron, Lisa Wilkes

1. CALL TO ORDER

Mr. Minnis Ridenour, Executive Vice President and Chief Operating Officer, called the meeting to order at 3:00^op.m.

2. REVIEW AND APPROVAL OF AUGUST 23, 2001 MINUTES

Mr. Ridenour noted that the minutes from the August 23, 2001 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. UPDATE ON THE 2002 BUDGET — SCHEV RECOMMENDATIONS

Mr. Dwight Shelton, Vice President for Budget and Financial Management, provided handouts reporting the 2002 Budget recommendations of the State Council of Higher Education in Virginia (SCHEV). Itemized on the handout are SCHEV's system-wide operating budget recommendations, capital outlay budget recommendations, and SCHEV's budget requests for four areas: Virginia Virtual University, Economic Development, Virtual Library, and Eminent Scholars. SCHEV also recommends eight decentralization proposals and is looking at non-credit education issues that would affect future funding initiatives.

SCHEV is recommending operating budgets for Student Financial Assistance, Faculty Salaries, Higher Education Equipment Trust Fund, and Base Budget Adequacy. Additionally, SCHEV is developing a performance-funding model which would become applicable in the 2004-06 biennium.

SCHEV capital outlay recommendations include reinstating funding for all frozen projects which are not addressed in the Governor's budget for FY02, funding for maintenance reserve, a capital catch-up package aimed at providing needed renovations and new facilities within E&G, and the establishment of a Renovation

Trust Fund which would provide an on-going, predictable fund source for E&G renovation projects. SCHEV plans to recommend most non-general fund projects in a manner similar to the past.

The handout includes SCHEV's budget recommendation amounts system-wide and shows the percentage of funding Virginia Tech would receive. For comparison purposes, Mr. Shelton will add information to the schedule, where available, showing VT's current funding level and will share this with Council members for follow-up discussions at the October meeting. At the October meeting the Council will also receive a report on the various sources of funds that make up Virginia Tech's financial aid budget, as well as an update on the university budget. The Council will also receive a handout showing Virginia Tech's tuition and fees, and room and board rates, and how the university's undergraduate, in-state costs compare with those of other Virginia institutions.

4. PLANNING PROCESS — IMPLEMENTATION OF THE 2001-2006 STRATEGIC PLAN

Mr. Ridenour announced that at its meeting on August 27, 2001, the Board of Visitors approved the university's 2001-2006 Strategic Plan. Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, is working with deans and departments on developing the academic plan for implementation, and Dr. McNamee and Mr. Ridenour will work together on this plan and the implementation plan for administrators and staff. At the next Council meeting Dr. McNamee and Mr. Ridenour will give an update on the implementation process. Copies of the 2001-2006 Strategic Plan will be provided at the October meeting, for discussion purposes in further developing the implementation plan.

There being no further business, the meeting adjourned at 4:15 p.m.

The next Council meeting is scheduled on Thursday, October 11, 2001.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

October 11, 2001

PRESENT: David de Wolf, David Ford, Edd Sewell (for Leon Geyer), Dixon Hanna, Rachel Holloway, Scott Hurst, Mark McNamee, Terry Wildman (for Susan Magliaro), Jimmy Martin, John Moore, Raymond Major (for Cliff Ragsdale), Eluned Jones (for Dixie Reaves), Robert Schubert, Dwight Shelton, Clayton Smith, Larry Thompson

ABSENT: Vernon Boggs, Dan Dolan, Pat Hyer, Minnis Ridenour, Don Waldron, Lisa Wilkes

1. CALL TO ORDER

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, called the meeting to order at 3:05 p.m. Mr. Clayton Smith, new student member to the Council, was welcomed and introduced to the other members.

2. REVIEW AND APPROVAL OF SEPTEMBER 13, 2001 MINUTES

Dr. McNamee noted that the minutes from the September 13, 2001 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. LIBRARY FUNDING

Dr. Hitchingham was unable to attend the meeting, thus her presentation to the Council will be rescheduled. Dr. McNamee, however, noted that funding for the Library is both a long and short-term issue for the university. He noted that he would work with Dr. Hitchingham to perform an external review of the Library to determine the budgetary planning issues that are involved.

4. DISCUSSION OF DEVELOPMENT OF IMPLEMENTATION PLANS FOR THE 2001-2006 STRATEGIC PLAN

Dr. McNamee asked how best the Advisory Council could be involved in developing the university's 2001-2006 strategic plans. He noted that some academic units are developing their own strategic plans. The Provost Office is focusing on the four areas of graduate, undergraduate, research, and outreach, with plans to visit departmental areas as a group over the next four weeks. These visits will be a pro-

active discussion to see how departments view the strategic plan affecting their areas. Concerns expressed in these visits will be brought back to the Advisory Council.

Dr. McNamee proposed setting up three campus-wide councils to review strategic plans. Faculty, departments, and research centers could bring to the deans ideas of what they are doing. Dr. McNamee stated this would be an opportunity for deans to help influence planning and resources, and bring in ideas that cut across departmental lines. Additionally, the 229 Council would work as do these three campus-wide councils. The Advisory Council would remain involved in the ideas that come out of these new councils.

Dr. McNamee asked the Advisory Council to think about how Virginia Tech can move forward on reaching its goal of becoming a top 30 research institution. He asked members to think about strategic and manageable allocation strategies. What is realistic? Constrained? What form should allocation strategies take? Is the Council ready to talk candidly about the issues of reallocation? What needs to be looked at and on what basis do we talk about reallocation?

5. UNIVERSITY BUDGET UPDATE

Mr. Dwight Shelton, Vice President for Budget and Financial Management, provided a handout on the University's 2002-04 Operating Budget Submission that will be submitted to the State Council for Higher Education (SCHEV) on October 15. He called the Council's attention to several of the priority funding items: continued full funding of the Virginia Bioinformatics Institute initiative; base budget adequacy; Virginia Microelectronics Consortium; operation and maintenance of new facilities; and increased funding for Sponsored Programs, Eminent Scholars, Veterinary Medicine, Continuing Education, and Auxiliary Enterprises activities. Additionally, Agency 229 requests included: establishment of the Food, Nutrition, and Health Institute and funding for Energizing Rural Virginia.

6. FINANCIAL AID BUDGET — SOURCES OF FUNDING

Mr. Shelton provided a handout that presented a comprehensive analysis of all sources of student financial assistance. He noted that during FY 2000, 87 percent of enrolled students (undergraduate and graduate) received some type of financial aid. The amount of financial assistance from all sources totaled \$181,332,477 in FY 2000.

7. REVISED SCHEV 2002 BUDGET RECOMMENDATION

Mr. Shelton provided members with an updated listing of the 2002 SCHEV Budget Recommendations. The SCHEV recommendations include: student financial assistance, faculty salaries, Equipment Trust Fund, base budget adequacy, and performance funding. SCHEV is also recommending reinstatement of funding for

delayed capital outlay projects and a Catch-up package for much needed campus renovations and new facilities, as well as maintenance reserve, renovation trust fund, and stand-alone new construction projects. Other items in the SCHEV budget request include: funding for Virginia Virtual University, a new public degree-granting institution to broker existing online courses and credentials to students; funding for several new economic development initiatives to facilitate interaction between business and higher education; funding for Virtual Library; and recommendations on additional decentralization proposals.

8. COMPARISON OF 2001-02 TUITION AND FEE RATES

Mr. Shelton distributed a schedule that compares the tuition and fees rates at Virginia institutions for the 2001-02 academic year. Of the fifteen in-state schools in the comparison, Virginia Tech students pay the least in combined tuition and fees rates; Virginia Tech has the lowest rates for student fees and for room and board.

There being no further business, the meeting adjourned at 4:30 p.m.

The next Council meeting is scheduled on Thursday, November 8, 2001.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

November 8, 2001

PRESENT: Vernon Boggs, David de Wolf, David Ford, Edd Sewell (for Leon Geyer), Dixon Hanna, Josh Harrell, Rachel Holloway, Scott Hurst, Mark McNamee, Julia Beamish (for Susan Magliaro), Linda Correll (for Jimmy Martin), John Moore, Raymond Major (for Cliff Ragsdale), Dixie Reaves, Minnis Ridenour, Robert Schubert, Larry Thompson, Lisa Wilkes

ABSENT: Dan Dolan, Pat Hyer, Dwight Shelton, Don Waldron

1. CALL TO ORDER

Mr. Minnis Ridenour, Executive Vice President and Chief Operating Officer, called the meeting to order at 3:00 p.m. Mr. Josh Harrell, new student member to the Council, was welcomed and introduced to the other members.

2. REVIEW AND APPROVAL OF OCTOBER 11, 2001 MINUTES

Mr. Ridenour noted that the minutes from the October 11, 2001 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. LIBRARY FUNDING

Dr. Eileen Hitchingham, Dean of Libraries, distributed a Fall 2001 Guide to the University Libraries and presented to the Council a brief overview of the Virginia Tech libraries current facilities, funding, and collections/resources. There was discussion about the future needs and proposed direction of the university libraries, including the need for an instructional program on the available collections/resources and how to locate/access them, the increasing desire to make full electronic texts available from individual computers, the need for increased library funding to provide for continued purchases of books and serials at increasing costs and to improve its research capabilities and rank among peer institutions in striving toward the university's goal of becoming a top 30 research university. Dean Hitchingham also discussed the significant increase in the cost of library holdings, particularly journals, over the last several years. Given that these costs have outpaced inflation for years, it creates a significant resource issue. Future plans focus on: growth of the print and digital library collection, strengthening of instructional collaborations with faculty, increased support for the Digital Library and Archives, renovation of Newman

Library, continuous development programs for existing staff, and increased staffing in support of service programs.

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, indicated that an external review of the university libraries may be conducted to measure what changes need to be made in order to meet the scholarship needs of a top 30 research university.

4. UPDATE ON THE STRATEGIC PLAN IMPLEMENTATION PROCESS

Mr. Ridenour distributed a list of suggested university-wide issues related to the implementation of the strategic plan. The first issue, library funding, was addressed by Dr. Hitchingham at today's meeting. The second issue, Campus Master Plan, will be presented at the December Council meeting. The Council reviewed the issues and provided feedback regarding additional discussion topics to be added to the list. If Council members have other topics they would like added to the list, Mr. Ridenour requested they call or email them to Kathy Sanders at 1-3852 or sandersk@vt.edu.

There being no further business, the meeting adjourned at 4:15 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

November 29, 2001

PRESENT: Vernon Boggs, David de Wolf, Dan Dolan, David Ford, Edd Sewell (for Leon Geyer), Dixon Hanna, Josh Harrell, Rachel Holloway, Susan Magliaro, Jimmy Martin, John Moore, Cliff Ragsdale, Dixie Reaves, Minnis Ridenour, Dwight Shelton, Robert Schubert, Larry Thompson, Don Waldron, Lisa Wilkes

ABSENT: Scott Hurst, Pat Hyer, Mark McNamee

1. CALL TO ORDER

Mr. Minnis Ridenour, Executive Vice President and Chief Operating Officer, called the meeting to order at 3:00 p.m.

2. STATUS ON THE BUDGET AND PLANNING ACTIVITIES

Mr. Ridenour briefed the Council members on the university's budget and planning activities. The state is experiencing a major downturn in revenue; a shortfall of approximately \$1 billion is projected. The university has not been asked to participate in a budget reversion or reduction but is developing plans should it be asked to assist the Commonwealth in addressing the shortfall. The Vice Presidents, Vice Provosts and Deans have met to discuss ways in which the university should look at reductions or reversions and what steps the university can take to minimize the impact on academic programs and university strategic initiatives.

There have been some discussions at the state level of a major capital outlay package. Should a package be approved, frozen projects and projects ready to go to bid would likely be included.

In keeping with the university's goal of becoming a top 30 research university, the university will continue to look at ways to generate revenues, i.e. through the university's related corporations and strategic partnerships. This strategy was already being discussed prior to learning of a possible revenue shortfall.

Mr. Ridenour opened the floor to discussion by Council members. Suggestions for dealing with any budget issues included: looking at privatizing some university services, alternative uses of Foundation monies, and examining support functions of the university and administrative services. Mr. Ridenour encouraged members to

have open discussions with their colleges and units and carry any suggestions back to the Council at its next meeting.

There being no further business, the meeting adjourned at 3:50 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

December 21, 2001

PRESENT:

Council Members:

David de Wolf, Paul Winistorfer for Dan Dolan, David Ford, Edd Sewell (for Leon Geyer), Dixon Hanna, Rachel Holloway, Scott Hurst, Pat Hyer, Mark McNamee, Susan Magliaro, Jimmy Martin, Tom Head for John Moore, Cliff Ragsdale, Dixie Reaves, Minnis Ridenour, Robert Schubert, Dwight Shelton, Larry Thompson, Don Waldron, Lisa Wilkes

Vice Presidents/Vice Provosts/Deans:

Bob Bates, Erv Blythe, Greg Brown, Lanny Cross, Ben Dixon, Peter Eyre, Lenwood McCoy for Leonard Ferrari, Thim Corvin for Betsy Flanagan, Eileen Hitchingham, Janet Johnson, Clark Jones, Paul Knox, Malcolm McPherson, Joe Merola, John Wilson for Len Peters, Ray Smoot, Rich Sorensen, Andy Swiger, Tom Tillar

Guests:

Ralph Byers, Larry Hincker, Tim Hodge, Bea Mahan

ABSENT: Vernon Boggs, Josh Harrell

1. CALL TO ORDER

Dr. Charles Steger, President, called the special meeting of the University Advisory Council on Strategic Budgeting and Planning, Deans, Vice Presidents, and Vice Provosts to order at 9:00 a.m. The purpose of the meeting was to discuss the Governor's Budget Proposal, the budgetary impacts to the university, and the university's plan to address the proposed reductions.

2. DISCUSSION OF THE PROPOSED BUDGET REDUCTIONS

Dr. Steger reported that the Governor's proposed reductions include:

- a two percent reduction in the current fiscal year ending June 30, 2002,
- continuation of the two percent reduction, with an additional four percent reduction for each year of the 2002-04 biennium, for a total of a six percent reduction in General Fund support for each year,

- the transfer of a significant portion of a tuition increase to the General Fund by increasing tuition for all students, with the maximum increase for in-state undergraduates being \$200 each year starting July 1, 2002, and
- a reduction at the state level of approximately 50 percent in the Equipment Trust Fund and Maintenance Reserve Fund, thus making fewer dollars available for allocation to these two programs.

President Steger, Minnis Ridenour, Executive Vice President and Chief Operating Officer, and Mark McNamee, University Provost and Vice President for Academic Affairs, are reviewing the status of the university's current funding and believe that a 2 percent reduction could be handled centrally.

Mr. Ridenour stated that he and his staff are working with the other institutions to gain a full understanding of the items in the budget. Additionally, the university will continue to work with the legislative leadership regarding the budget issues and the bond bill. Further, the executive management will also continue to work with state officials to allow the university to have as much flexibility as possible to handle the budget reductions internally.

Dr. McNamee reiterated the significance of the proposed reductions and the challenges that the university will be facing in the coming months. He encouraged the senior leadership to begin to critically examine priorities within their areas as well as across the university. As part of the planning efforts underway, coupled with the budget issues, reallocation of resources needs to be discussed.

After the first of the year, the President, Chief Operating Officer and the Provost will be prepared to share with the Deans, Vice Presidents, and Vice Provosts directions to begin developing contingency plans for their respective areas. It is not anticipated that the university will manage these reductions as an "across the board cut." Rather, a careful examination of each unit and department needs to occur; some departments/units do not have the flexibility within their budget to absorb any reductions.

There being no further business, the meeting concluded at 10:00 a.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

January 24, 2002

PRESENT: Vernon Boggs, David de Wolf, David Ford, Dixon Hanna, Josh Harrell, Rachel Holloway, Scott Hurst, Susan Magliaro, Jimmy Martin, John Moore, Cliff Ragsdale, Dixie Reaves, Dwight Shelton, Robert Schubert, Larry Thompson, Don Waldron, Lisa Wilkes

ABSENT: Dan Dolan, Leon Geyer, Pat Hyer, Mark McNamee, Sharonda Meade, Minnis Ridenour

GUEST: Joe Merola

1. CALL TO ORDER

Mr. Dwight Shelton, Vice President for Budget and Financial Management, called the meeting to order at 3:00 p.m.

2. ANNOUNCEMENT OF APPROVAL OF THE NOVEMBER 29, 2001 MINUTES, AND REVIEW AND APPROVAL OF THE DECEMBER 21, 2001 MINUTES

Mr. Shelton noted that the minutes of the November 29, 2001 meeting have been electronically approved and sent to University Council, and will be posted on the web. The minutes of the December 21, 2001 meeting were reviewed and approved by the Council, and will be sent to University Council and posted on the web.

3. GRADUATE SCHOOL/PROFESSIONAL EDUCATION

Dr. Joe Merola, Acting Dean of the Graduate School, gave an overview of the university's Graduate School and professional education programs. One of the university's strategic plans in striving to become a top 30 research university is to increase the quality of graduate programs and the number of students completing graduate degrees with a research component. Graduate School objectives include interdisciplinary studies, development of scholarly citizens, professional development, pedagogical training, and diversity of population. Implementation of the strategic plan involves increasing the quality of graduate enrollments, emphasizing of Ph.D. programs, and, on extended campuses, focusing on programs that can sustain all missions of the university.

Potential areas for growth include the life sciences, physical sciences, and engineering. Focus will be given to the specific areas of bioinformatics, information technology, materials (especially nanotechnology), and terrorism response and preparedness.

In order to meet strategic objectives, the graduate school must (1) provide a supportive administrative structure for recruiting, admissions, degree tracking and program approval, (2) provide attractive support packages for graduate students (i.e. stipends, tuition, health insurance, etc.), (3) provide signature fellowships to recruit the best students, and (4) provide interdisciplinary graduate programs that have the flexibility to meet the needs of the students and the workforce.

The Graduate School has implemented some restructuring and applied a greater use of technology to streamline processes. Applications are up since March, 2000. Initiatives include joint Ph.D. programs internationally. Possible additional changes being considered include differential graduate tuition rates and increased fundraising for graduate degree programs.

4. UPDATE ON THE 2002 LEGISLATIVE SESSION AND THE STATUS OF THE UNIVERSITY BUDGET

Mr. Shelton provided an update on the 2002 legislative session including handouts which summarized the state's proposed general fund reductions, compared the proposed 2002-04 budget reductions to the FY02 budget, and outlined state support for capital outlay for the 2002-04 biennium.

There being no further business, the meeting adjourned at 4:30 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

February 28, 2002

PRESENT: Vernon Boggs, David de Wolf, David Ford, Edd Sewell (for Leon Geyer), Dixon Hanna, Josh Harrell, Scott Hurst, Mark McNamee, Susan Magliaro, Delbert Jones (for Jimmy Martin), John Moore, Melinda Pomeroy, Cliff Ragsdale, Don Mullins (for Dixie Reaves), Dwight Shelton, Robert Schubert, Larry Thompson, Don Waldron, Lisa Wilkes

ABSENT: Dan Dolan, Rachel Holloway, Pat Hyer, Minnis Ridenour

GUESTS: Spencer Hall, Steve Mouras

1. CALL TO ORDER

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, called the meeting to order at 3:10 p.m.

2. ANNOUNCEMENT OF APPROVAL OF THE JANUARY 24, 2002 MINUTES

Dr. McNamee noted that the minutes of the January 24, 2002 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. TRANSPORTATION AND PARKING MASTER PLAN

Mr. Steve Mouras, Director of Transportation, gave an overview of the university's Transportation and Parking Master Plan for the next ten years, scheduled to be completed by April 2002 for the university's review. The plan will address the problems of declining parking spaces and increasing numbers of cars on campus and the associated concerns for pedestrian safety. Included in the draft plan are recommendations for improved parking and traffic control, alternative transportation proposals, and possible increased parking costs comparisons.

The draft plan can be viewed at <http://www.ot.vt.edu/masterplan.asp> .

4. CAMPUS MASTER PLAN

Mr. Scott Hurst, University Architect, gave the Council an overview of the campus master plan currently being reviewed for updating. The last comprehensive update

of the Campus Master Plan was completed in 1994. An update is needed to address the university's strategic plan, the current and projected budget issues, the recent purchase of 300 acres of land adjacent to campus, and the university's expansion into areas not studied for the 1994 update (i.e., new Alumni Center, changes to the golf course, new bioinformatics building in the Litton-Reaves area, new parking strategies and roadway changes, growth due to research initiatives, etc.). The new update to the Campus Master Plan is scheduled to be completed by 2004.

5. UPDATE ON THE STATUS OF THE UNIVERSITY BUDGET AND SUBMISSION OF BUDGET REDUCTION PLANS

Mr. Shelton provided an update on the 2002 legislative session including handouts which summarized the state's proposed general fund reductions, and the house and senate recommendations. A special meeting of the Council will be scheduled following adjournment of the General Assembly, at which time the final budget recommendations will be presented.

There being no further business, the meeting adjourned at 4:55 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

March 13, 2002

PRESENT: Vernon Boggs, David de Wolf, Dan Dolan, Leon Geyer, Edd Sewell (for Leon Geyer), Rachel Holloway, Mark McNamee, Susan Magliaro, Jimmy Martin, Tom Head (for John Moore), Melinda Pomeroy, Cliff Ragsdale, Eluned Jones (for Dixie Reaves), Bea Mahan (for Dwight Shelton), Robert Schubert, Larry Thompson, Don Waldron, Lisa Wilkes

ABSENT: David Ford, Dixon Hanna, Josh Harrell, Scott Hurst, Pat Hyer, Minnis Ridenour

1. CALL TO ORDER

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, called the meeting to order at 10:00 a.m.

2. ANNOUNCEMENT OF APPROVAL OF THE FEBRUARY 28, 2002 MINUTES

Dr. McNamee noted that the minutes of the February 28, 2002 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. FINAL BUDGET RECOMMENDATIONS OF THE GENERAL ASSEMBLY

Mr. Minnis Ridenour, Executive Vice President and Chief Operating Officer, provided the Council with handouts summarizing the final Conference Committee recommended General Fund reduction percentages for the 2002-04 Biennium, and the status of the capital items in the recommended 2002-2004 budget. The state budget shortfall through 2004 is projected at \$3.8 billion: \$1.425 billion in FY02, \$1.230 billion in FY03, and \$1.135 billion in FY04. Virginia Tech has been asked to reduce \$24.2 million from the Education and General budget in the first year of the biennium beginning July 1, 2002, with authorization to recover a portion of the reduction from increased tuition revenues. The reduction increases to \$31.3 million in the second year of the biennium. The university will lose \$2.4 million in Equipment Trust Funds and \$4.3 million in Maintenance Reserve Funds in each year of the biennium. Virginia Cooperative Extension/Agricultural Experiment Station losses will be \$4.3 million in FY 03 (7 percent of current level) and \$4.9 million in FY 04 (8 percent of current level). The General Assembly also plans to fund a 2.5 percent salary bonus in November, 2002; the state will issue guidelines

later. The university has also received authorization for a majority of the capital projects that were included in our 2002-04 Capital Outlay Plan. New appropriations for the first year of the biennium include \$110,000 to support operations and maintenance of new facilities and about \$495,000 in additional student financial assistance.

The General Fund Budget will go before the Governor for his approval or modification and will be finalized when the General Assembly reconvenes in its next session in April to review those changes. Senior university administrators will be holding open forums, as well as having meetings with VPs, Deans, and the University Advisory Council on Strategic Budgeting and Planning, before finalizing the university's plans for addressing the budget reductions.

4. OTHER BUSINESS

Mr. Ridenour and Dr. McNamee also reviewed the budget reduction planning process and the major focus areas of the senior management plan that were submitted in early March. Because approximately 80 percent of the university's budget is personnel costs, some positions will be effected as a result of the reduction. The university is striving to manage the work force reductions through planned retirements, not filling positions when they become vacant, and holding positions which are currently vacant so that a minimal number of filled positions will be impacted.

The Council also reviewed the tuition and fee rates and the proposal that will go to the Board for approval on March 18, 2002.

There being no further business, the meeting adjourned at 11:30 a.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

March 28, 2002

PRESENT: Vernon Boggs, Tim Pratt (for David de Wolf), Edd Sewell (for Leon Geyer), Dixon Hanna, Josh Harrell, Scott Hurst, Mark McNamee, Susan Magliaro, Delbert Jones (for Jimmy Martin), John Moore, Melinda Pomeroy, Cliff Ragsdale, Dixie Reaves, Minnis Ridenour, Dwight Shelton, Robert Schubert, Larry Thompson, Lisa Wilkes

ABSENT: Dan Dolan, David Ford, Rachel Holloway, Pat Hyer, Don Waldron

1. CALL TO ORDER

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

2. ANNOUNCEMENT OF APPROVAL OF THE MARCH 13, 2002 MINUTES

Dr. McNamee noted that the minutes of the March 13, 2002 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. PRESENTATION ON BIOMEDICAL AND HEALTH INITIATIVES

Dr. James Bohland, Senior Fellow for Biomedical, Bioengineering, and Health Projects, gave the Council a presentation on the University's biomedical and health initiatives. Eighty percent of institutions currently ranked among the top 30 research institutions have medical schools; those with no medical school have close relationships with medical schools through research. In order for Virginia Tech to realize its goal of becoming a Top 30 research institution and to have access to NIH funding, initiatives in biomedical and health research will be essential. Strategic plans include: (1) forming collaborative partnerships with medical schools (examples: VT/Wake Forest collaboration in biomedical engineering, Edward Via College of Osteopathic Medicine, VT/UVA/Carilion Biomedical Institute collaboration, and VBI/Johns Hopkins School of Public Health initiative); (2) investing in basic sciences required to support medical/health research (i.e., Life Science initiative targeted to Systems Biology, capital investment in buildings for basic sciences, and fund raising to support biomedical and health research programs); (3) establishing funding sources for medical/health research (examples: NIH and DoD funding, partnerships with health/medical establishments); (4) using existing assets to

maximize medical/health research; and (5) focusing on a limited number of medical/health research domains (examples: biomedical research and public health).

4. 2002-03 TUITION AND FEES AND STATUS OF BUDGET REDUCTION PLANS

Mr. Minnis Ridenour, Executive Vice President and Chief Operating Officer, provided the Council with handouts summarizing the final General Assembly actions on the General Fund reduction percentages for the 2002-04 Biennium and Virginia Tech's proposals to address the reductions. The handout includes Virginia Tech's proposal for 2002-03 and 2002-04; however only the 2002-03 proposal has been approved. The 2003-04 proposed budget is shown for planning purposes only and has not been approved. The state budget shortfall through 2004 is projected at \$3.8 billion: \$1.425 billion in FY02, \$1.230 billion in FY03, and \$1.135 billion in FY04.

Virginia Tech has been asked to reduce \$24.2 million from the Education and General budget in the first year of the biennium beginning July 1, 2002, with authorization to recover a portion of the reduction from increased tuition revenues. The Board of Visitors approved Virginia Tech's proposal to increase undergraduate and graduate tuition in 2002-03 by 9 percent to help offset budget reductions; Mr. Ridenour provided a handout detailing the tuition and fees approved for 2002-03.

The Council also reviewed a handout summarizing preliminary reduction plans being considered by the administrative and academic areas. As eighty percent of the university budget is personnel cost, it will be necessary to reduce the number of positions in the university in order to address the reductions. Plans include holding current vacant positions open, as well as holding open positions as they become vacant through retirements and individuals leaving the university. The university will make every effort to avoid laying off employees.

Senior university administrators are holding open forums, as well as having meetings with Vice Presidents, Vice Provosts, Deans, and the University Advisory Council on Strategic Budgeting and Planning, as the university's plans for addressing the budget reductions are finalized.

There being no further business, the meeting adjourned at 5:00 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

April 18, 2002

PRESENT: David de Wolf, Dan Dolan, David Ford, Leon Geyer, Dixon Hanna, Rachel Holloway, Mark McNamee, Susan Magliaro, John Moore, Melinda Pomeroy, Cliff Ragsdale, Mike Denbow (for Dixie Reaves), Minnis Ridenour, Dwight Shelton, Robert Schubert, Larry Thompson, Lisa Wilkes

ABSENT: Vernon Boggs, Josh Harrell, Scott Hurst, Pat Hyer, Jimmy Martin, Don Waldron

1. CALL TO ORDER

Mr. Dwight Shelton, Vice President for Budget and Financial Management, called the meeting to order at 3:00 p.m.

2. ANNOUNCEMENT OF APPROVAL OF THE MARCH 28, 2002 MINUTES

Mr. Shelton noted that the minutes of the March 28, 2002 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. STATUS OF BUDGET REDUCTION PLANS

Dr. Lisa J. Wilkes, Assistant to the Executive Vice President and Director of Special Projects and Studies, provided the Council with a draft summary of the revised business and budget reduction plans for the administrative areas. The total reductions will be \$3.7 million in FY2003 and \$4.06 million in FY2004. In addition to reductions in travel and professional development, the administrative areas will address reductions in both operating funds and positions in four major categories: Operating (reduction in positions will be mostly absorbed by salary savings), Programs, Cost-Shifting (mostly to auxiliaries, and some to capital projects), and Services (by reducing or eliminating some services). The plans for reductions in the administrative areas will be finalized by May 1.

Mr. Dixon Hanna, Associate Provost for Academic Planning, Resources and Space, announced that academic areas had submitted plans to address the \$11.4 million target reduction. It is anticipated that over 80 percent of reductions would be addressed by personnel choosing to self-select for the voluntary severance option. Also, there would be some cost-shifting to auxiliaries and some operating budget

reductions, but most reductions would come from personnel reductions. Concern was expressed by Council members as well as their colleagues that reduction in faculty would make it necessary to reduce the number of courses being offered, thereby making course selection to meet degree requirements a major issue. If voluntary severance does not meet the academic reduction business plans, alternative means to meet budget reductions will need to be developed. As the university's operating budgets were reduced six times in the 1990's, there is little room left for further trimming of operating dollars. Therefore, services may need to be eliminated to protect the teaching mission of the university. The university remains dedicated to quality of teaching and investment in research. The plans for reductions in the academic areas will be finalized by May 1 and shared with the Council at the May meeting.

There being no further business, the meeting adjourned at 4:20 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

May 23, 2002

PRESENT: Vernon Boggs, David de Wolf, David Ford, Scott Hurst, Clark Jones, Mark McNamee, Susan Magliaro, Jimmy Martin, John Moore, Don Mullins (for Dixie Reaves), Dwight Shelton, Larry Thompson, Don Waldron, Lisa Wilkes

ABSENT: Dan Dolan, Leon Geyer, Dixon Hanna, Josh Harrell, Rachel Holloway, Pat Hyer, Cliff Ragsdale, Minnis Ridenour, Robert Schubert

1. CALL TO ORDER

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

2. ANNOUNCEMENT OF APPROVAL OF THE MARCH 28, 2002 MINUTES

Dr. McNamee noted that the minutes of the April 18, 2002 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. PRESENTATION ON UNIVERSITY OUTREACH INITIATIVES

Dr. Clark Jones, Vice Provost for Outreach, provided the Council with an overview of the university's outreach programs and initiatives as they relate to the university's strategic plan. The Outreach overarching concept is to strengthen Virginia Tech's leading role in the transfer of knowledge and expertise between the university and society, to the benefit of both, by sharing knowledge and experience between the university and the global community through teach, research and service. In response to the university's strategic plan, the University Outreach program has developed five goals: (1) sustain the university's commitment to the outreach mission; (2) expand quality life-long learning programs; (3) strengthen the relationship between outreach and extension; (4) organize, coordinate, communicate about, and integrate the various economic and community development activities at Virginia Tech; and (5) strengthen Virginia Tech's role as a recognized leader in distance and distributed teach and learning, research and scholarship, and outreach.

Dr. Jones provided the Council with a brief overview of several current outreach initiatives. He also shared with the Council that in a study recently conducted by the

13-southern-state Southern Growth Policy Board, Virginia Tech was one of 12 institutions recognized as most effective in the country in economic development.

4. STATUS OF BUDGET REDUCTION PLANS

Mr. Dwight Shelton, Vice President for Budget and Financial Management, shared with the Council a handout summarizing the FY2002-03 Final Reduction Plans and additional handouts providing details. The total budget reductions for 2002-03 will be approximately \$19 million - \$15 million in Agency 208 and \$4.2 million in agency 229. The final net reductions of all positions, after retirements, layoffs, and the elimination of vacant positions, will be 209.

The proposed 2002-03 University Budget will be presented for approval to the Board of Visitors at its June meeting.

5. UPDATE ON PROPOSED RESTRUCTURING PLAN

Dr. McNamee updated the Council on the proposed academic restructuring plan and provided a draft diagram showing colleges and consortiums outlined in his April 22 and May 1 memos to the university community regarding college restructuring updates. The draft college restructuring plan will be presented for approval as a working document to the Board of Visitors at its June meeting. Alignment of departments is still in the discussion stage only.

There being no further business, the meeting adjourned at 4:30 p.m.