

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

August 22, 2002

PRESENT: Vernon Boggs, Martin Daniel, David de Wolf, David Ford, Scott Hurst, Mark McNamee, Susan Magliaro, Jimmy Martin, John Moore, Cliff Ragsdale, Leon Geyer (for Dixie Reaves), Minnis Ridenour, Dwight Shelton, Robert Schubert, Edd Sewell, Larry Thompson, Jan van Aardt, Lisa Wilkes

ABSENT: Dixon Hanna, Pat Hyer, Don Waldron

GUEST: Martin Daniel

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 MAY 23, 2002 MINUTES

Mr. Shelton noted that the minutes of the May 23, 2002 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. STATUS OF THE STATE'S REVENUE AND UPDATE ON 2002-03 OPERATING BUDGET:

Mr. Minnis Ridenour, Executive Vice President and Chief Operating Officer, briefed the Council on the status of state revenues and the impact on the University budget. The University has been advised of the additional shortfall in state revenues for fiscal year ending June 30, 2002 and that revenues are expected to be significantly below forecasted levels for 2002-03 and 2003-04. The budget shortfall for the biennium will total approximately \$1.5 billion. The university participated in discussions with state officials on August 19 and 20, and Mr. Ridenour provided an overview of the shortfall in revenues and the plans that are being developed for submission to the Secretary of Education and the state budget office in September 2002.

All state agencies are being asked to take immediate steps to help address the budget problems by developing separate budget reduction plans for seven, eleven

and fifteen percent reductions of the General Fund portion of their educational and general budgets for submission to the state by September 20. However, as a minimum, all agencies will take at least a five percent General Fund reduction. This will mean General Fund reductions of over \$10 million across agencies 208 and 229 in each of the next two years. Reductions at the 15% level will result in General Fund reductions of over \$31 million. The university is developing budget reduction plans for a five percent reduction in addition to the 7, 11, and 15 percent reduction plans requested by the state. University administration is working to identify and develop creative financing plans to address the reductions.

As part of this next round of budget reductions, all state agencies except higher education will be moved to a monthly budget; higher education will be operating on a quarterly budget. The university is taking steps to help monitor the expenditure of funds and address the guidelines issued by the Governor. Mr. Ridenour and Dr. McNamee, University Provost and Vice President for Academic Affairs, stressed the importance of the Council in helping to generate ideas and provide feedback on proposed budget reduction strategies and suggested that Council members forward any suggestions to them.

Mr. Ridenour and Dr. McNamee requested that the Council convene again in two weeks to receive a budget update and to hold further discussions on the university's proposed plans to address the budget reductions.

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

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

September 4, 2002

PRESENT: David de Wolf, David Ford, Dixon Hanna, Mark McNamee, Susan Magliaro, Jimmy Martin, John Moore, Cliff Ragsdale, Dixie Reaves, Minnis Ridenour, Bea Mahan (for Dwight Shelton), Robert Schubert, Edd Sewell, Larry Thompson, Jan van Aardt, Lisa Wilkes

ABSENT: Vernon Boggs, Scott Hurst, Pat Hyer, Don Waldron

GUEST: Martin Daniel

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. APPROVAL OF THE August 22, 2002 MINUTES

Dr. McNamee called for approval of the minutes of the August 22, 2002 meeting. It was so moved and seconded, and the minutes were approved. They will be sent to University Council, and will be posted on the web.

3. CONTINUED DISCUSSIONS ON THE UNIVERSITY'S PROPOSED PLANS TO ADDRESS THE BUDGET REDUCTIONS:

Mr. Minnis Ridenour, Executive Vice President and Chief Operating Officer, and Dr. McNamee led discussions on the plans being developed for the university to address the budget reductions. As a result of the projected additional shortfall in state revenues that will total approximately \$1.5 billion for the 2002-04 biennium, all state agencies are developing budget reduction plans for seven, eleven and fifteen percent reductions of the General Fund portion of their education and general budgets for submission to the Secretary of Education and the state budget office by September 20, 2002. As a minimum, all agencies will take at least a five percent General Fund reduction. The university is developing budget reduction plans for a five percent reduction in addition to the 7, 11, and 15 percent reduction plans requested by the state. Each one percent reduction is equivalent to a \$2.5 million reduction for Virginia Tech.

University administrators have been meeting with Vice Presidents, Vice Provosts and Deans to formulate plans to submit to the state on September 20. Mr. Ridenour and Dr. McNamee asked members of the Council to help generate ideas and provide feedback on proposed budget reduction strategies. The Council discussed possible strategies and policy implications including: tuition increases and student financial assistance, salary adjustments, investments in strategic initiatives, enrollment, and support for Agency 229. Members of the Council shared concerns expressed to them by faculty, staff and students. The Council also discussed the need for an effective internal and external communication plan.

Mr. Ridenour and Dr. McNamee stressed that the university's first priority remains to protect the university's teaching and research components, including all teaching and research faculty members and their administrative academic support structures (i.e. GTA's, lab technicians, administrative staff, etc.). Priority will be given to maintaining the highest quality of instruction and research for the students, retaining faculty members, finding funds to address salary increases, providing start-up dollars for attracting new faculty, and funding equipment needs.

At the request of Dr. de Wolf, the outcome of an informal survey of faculty members in the College of Engineering was circulated. About 20% of the engineering faculty responded to the question, "I would like to know what engineering faculty think of our ability to become a top-30 university. What do we need to do to achieve that?" The responses were candid, and they brought to the fore that the administration needs to distinguish between short-term goals (which, in the view of most engineers, seem to be a long way from advancing toward that goal) and long-term goals which should remain the same in order to position us to move quickly in better times. At the very least, we need to prevent slippage and a decline in our reputation.

At the next Council meeting, members will receive a briefing on the plans submitted to the state on September 20. In the meantime, Mr. Ridenour and Dr. McNamee asked all Council members to continue to email their comments and suggestions to them; this feedback is extremely helpful to the administration as they work to formulate the university's plans to address the budget reductions.

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

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

September 16, 2002

PRESENT: Vernon Boggs, David de Wolf, David Ford, Scott Hurst, Mark McNamee, Susan Magliaro, Jimmy Martin, John Moore, Cliff Ragsdale, Dixie Reaves, Minnis Ridenour, Bea Mahan (for Dwight Shelton), Edd Sewell, Nan Seamans (for Larry Thompson), Lisa Wilkes

ABSENT: Dixon Hanna, Pat Hyer, Robert Schubert, Don Waldron

GUEST: Martin Daniel

1. CALL TO ORDER

Mr. Minnis Ridenour, Executive Vice President and Chief Operating Officer, called the meeting to order at 3:30 p.m.

2. APPROVAL OF THE SEPTEMBER 4, 2002 MINUTES

Mr. Ridenour called for approval of the revised minutes of the September 4, 2002 meeting. It was so moved and seconded, and the minutes were approved. They will be sent to University Council and will be posted on the web.

3. CONTINUED DISCUSSION ON THE UNIVERSITY'S PROPOSED PLANS TO ADDRESS THE BUDGET REDUCTIONS.

Mr. Ridenour and Dr. McNamee discussed preliminary themes that have emerged from the budget reduction strategies that have been proposed by the colleges and the administration. These themes are from the budget reduction plans developed in response to the state's request that all agencies prepare plans for a 7, 11 and 15 percent reduction. The plans will be submitted to the state by September 20, 2002. Once the state reviews the plans, all agencies will be assigned a target that will be at a minimum of 5 percent reduction. Themes in the category of "reduce or eliminate current services" include: reduce or eliminate academic programs; reduce or eliminate faculty positions; reduce or eliminate economic development activities; reduce response time for health/safety compliance, facilities repairs, and emergencies; reduce Information Technology training, response time, and upgrades; reduce library materials; improve efficiencies in academic and administrative operations; reduce outreach activities; reduce or eliminate graduate teaching assistants; and reduce support to research activities.

Council members provided feedback on the impact of the reductions and how various strategic alternatives might be prioritized. While no specific decisions have been made, the Council members discussed the practicality of approaches. Mr. Ridenour and Dr. McNamee stressed the importance of making strategic choices that preserve core programs and facilitate re-investment in future growth opportunities. Several Council members suggested specific strategies that had been offered to them by colleagues. These included suggestions to offset budget reductions through increased community and business partnerships that might generate new revenue sources and to tighten administrative expenditures. Mr. Ridenour noted that over 83% of expenditures at the university goes into academic resources. This is an above average rate for similar institutions.

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

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

October 21, 2002

PRESENT: David de Wolf, David Ford, Dixon Hanna, Scott Hurst, Pat Hyer, Mark McNamee, Susan Magliaro, Jimmy Martin, John Moore, Cliff Ragsdale, Dixie Reaves, Minnis Ridenour, Robert Schubert, Dwight Shelton, Larry Thompson, Lisa Wilkes

ABSENT: Vernon Boggs, Edd Sewell, Don Waldron

GUEST: Martin Daniel

1. CALL TO ORDER

Mr. Minnis Ridenour, Executive Vice President and Chief Operating Officer, called the meeting to order at 10:00 a.m.

2. APPROVAL OF THE SEPTEMBER 16, 2002 MINUTES

Mr. Ridenour noted that the minutes of the September 16, 2002 meeting have been electronically approved and sent to University Council, and will be posted on the web.

3. STATUS OF THE UNIVERSITY'S BUDGET REDUCTIONS

Mr. Ridenour and Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, briefed the Council members on the status of the university's budget reductions. On October 15 the Governor announced his plans for reducing the state's projected budget deficit of \$1.5 billion through cuts in state agency budgets. The incremental reductions Virginia Tech received on October 15 (Round 2) total \$27.7 million in fiscal year 2003-04 for Education and General programs in both Agency 208, University Division, and Agency 229, Cooperative Extension/Agriculture Experiment Station (CE/AES) Division. The Council members were provided handouts summarizing the Round 2 budget reductions and the total General Fund reductions assessed to Virginia Tech through the Round 1 and Round 2 reductions. When combined with the Round 1 reductions, the cumulative impact of these budget reductions is \$52.5 million for Agency 208 and \$11.6 million for Agency 229. In addition, the Equipment Trust fund will be reduced by \$2.4 million and the Maintenance Reserve program will be reduced by \$5.9 million for each year of the biennium. Taken together, the total reduction in state support for fiscal year

2003-04 will be \$72.4 million out of our General fund appropriation of \$262.4 million for FY02. This represents a cumulative reduction in state support of 27.6 percent. Of the total \$72.4 million, \$61.5 million must be addressed prior to June 30, 2003.

In addition to these direct reductions to Virginia Tech's state appropriations, the University also faces the loss of a portion of other funds that pass through the State Council before allocation to Virginia Tech. Further, the Governor announced that the salary increase of 2.75 percent that had been planned for faculty and staff in November 2003 would be eliminated. Thus, additional resources that were to be available have now been cut. Council members received a handout summarizing the pass-through funding and the faculty salary increase funding that will not be received during this biennium; these losses total \$4.5 million for fiscal year 2003-04.

The tuition rates approved for the fall 2002 semester will produce \$11 million to partially offset the Round 1 reductions in the University Division; the remaining Round 1 reductions totaling \$24.5 million for FY2002-03, including the equipment and maintenance reserve reductions, have been assigned to college and administrative units. The University plans to address the remaining shortfalls resulting from the Round 1 reductions as well as the Round 2 reductions through a combination of efforts that will be reviewed by the Board of Visitors at their November meeting.

Budget reduction plans for both the University Division and the CE/AES Division will be presented to the Board at the November meeting. The plans will describe how the incremental reductions will be met through assigning reduction targets to operating units as well as how a tuition revenue enhancement plan can be used to minimize the impacts of the budget reductions on instructional and research programs. The university will use every available option to support and maintain the quality of its academic programs, as well as retain key faculty and staff and address financial aid needs created by tuition increase.

University administration will be holding public forums over the next week to brief the university community on the status of the budget reductions and the university's proposed plans for addressing them. Mr. Ridenour and Dr. McNamee encouraged Council members to continue sharing their concerns and suggestions; all suggestions will receive consideration as plans are being prepared for presentation at the November meeting of the Board of Visitors.

4. ADMINISTRATIVE COST STUDY

In follow-up to discussions held at the Council's September 16th meeting, Mr. Ridenour distributed copies of an Administrative Cost Study which compares program expenditures at Virginia Tech with those of peer institutions. The study compares program expenditures as a percentage of total Educational and General expenditures and spans twelve years, from FY88-89 through FY99-00. Program

categories include: Instructional, Research, Public Service, and Academic Support; Student Services; Institutional Support; and Operation and Maintenance of Plant.

There being no further business, the meeting was adjourned at 11:45 a.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

October 31, 2002

PRESENT: Vernon Boggs, David de Wolf, David Ford, Dixon Hanna, Mark McNamee, Susan Magliaro, Jimmy Martin, John Moore, Cliff Ragsdale, Dixie Reaves, Minnis Ridenour, Denise Orden (for Robert Schubert), Edd Sewell, Dwight Shelton, Larry Thompson

ABSENT: Scott Hurst, Pat Hyer, Don Waldron, Lisa Wilkes

GUEST: Martin Daniel

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. APPROVAL OF THE OCTOBER 21, 2002 MINUTES

Mr. Ridenour called for approval of the minutes of the October 21, 2002 meeting. It was so moved and seconded, and the minutes were approved. They will be sent to University Council and will be posted on the web.

3. STATUS OF THE UNIVERSITY'S BUDGET REDUCTIONS

Mr. Ridenour and Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, led the Council in further discussions on plans to address the University's Rounds 1 and 2 budget reductions. Mr. Ridenour and Dr. McNamee re-emphasized that the University's objective will be to minimize the impacts of the budget reductions on instructional and research programs. The university will use every available option to support and maintain the quality of its academic programs, as well as retain key faculty and staff and address financial aid needs created by tuition increase.

The Council also discussed issues related to the core curriculum and how it might evolve over the next several years. The Council members stressed the importance of continuing to communicate the trade-offs and choices that are the consequences of budget and program reductions.

The proposed budget reduction plans for FY2001-02 and the FY2002-04 biennium will be presented to the Vice Presidents, Vice Provosts and Deans on Friday, November 1. Final plans will be presented to the Board of Visitors for their consideration and action when they meet November 10-11, 2002.

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

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

November 12, 2002

PRESENT: Vernon Boggs, David de Wolf, David Ford, Dixon Hanna, Mark McNamee, Susan Magliaro, Jimmy Martin, John Moore, Cliff Ragsdale, Dixie Reaves, Denise Orden (for Robert Schubert), Diane Zahm (for Edd Sewell), Dwight Shelton, Larry Thompson

ABSENT: Scott Hurst, Pat Hyer, Jeryl Jones, Minnis Ridenour, Lisa Wilkes

GUEST: Martin Daniel

1. CALL TO ORDER

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, called the meeting to order at 1:00 p.m.

2. APPROVAL OF THE OCTOBER 31, 2002 MINUTES

Dr. McNamee called for approval of the minutes of the October 31, 2002 meeting. With the correction of a misspelled name, it was moved and seconded, and the minutes were approved. They will be sent to University Council and will be posted on the web.

3. BRIEFING ON THE UNIVERSITY'S BUDGET REDUCTION PLANS

Dr. McNamee and Mr. Dwight Shelton, Vice President for Budget and Financial Management, briefed the Council on the University's final budget reduction plans for addressing the Round 2 budget reductions for FY2001-02 and the 2002-04 biennium and shared with Council members the following handouts that were reviewed and approved by the Board of Visitors on Monday, November 11: (1) 2002-2004 Budget Reduction and Reinvestment Plan, (2) Summary of Tuition Recommendations, and (3) 2002-2003 Operating Budget Revision.

The Commonwealth of Virginia is expected to experience a General Fund budget shortfall of \$5.3 billion over the period of 2001-02 and the 2002-04 biennium. The university has implemented actions to address the reductions required in 2001-02 as well as the first round of reductions in the 2002-04 biennium. The university's second round of reductions for the 2002-04 biennium includes further General Fund reductions of \$26.0 million in 2002-03, growing to \$29.3 million in 2003-04. The Round 2 adjustments result in total General Fund reductions for 2001-02, as well as both rounds reductions for the 2002-04 biennium, of \$11.2 million in 2001-02, \$61.5 million in 2002-03, and \$72.3 million in 2003-04.

To address the second round of reductions, the University proposed, and the Board of Visitors approved, utilizing the following strategies: further internal budget reductions, tuition increases, use of one-time resources, programmatic restructuring, one-time auxiliary support, utilization of carryover balances, and generation of new revenue. These strategies will ensure that the University can maintain the integrity of the core academic and research missions of the University, including providing all possible resources to support the efforts of faculty, graduate students and staff in the classrooms and laboratories, as well as to invest in new initiatives and critical university priorities. Additionally, the University will set aside a pool of funds for retention and reinvestment to ensure the University remains a top research university. The Board of Visitors expressed strong support for efforts to improve our ability to sustain competitive faculty salaries and overall support for graduate students. The Board supports the university's development of specific plans to bring faculty salaries toward the 60th percentile of our peers.

The University will also utilize the Alternative Severance Option Program as well as the Separation Incentive Plan that were available during the first round of budget reductions to address required personnel reductions during this second round of reductions. Additionally, the Board of Visitors authorized the conversion of classified staff and administrative and professional faculty on calendar year appointments to the traditional academic year appointment or to an alternate 9, 10, or 11 month appointment, upon a six-month notice, to further address budget reductions. These strategies will make it possible for the university to avoid large program elimination and massive layoffs of personnel.

Given the Round 2 budget reductions that must be addressed in the current year, the University recommended, and the Board of Visitors approved, a tuition package that includes an increase of \$400 to all students, to be implemented in the Spring semester of 2003. The increase will be annualized in the Fall of 2003 and will result in an increase of \$800 per year for the 2003-04 academic year. In order to assist students and families, an additional \$800,000 will be set aside for financial aid this year and \$2.3 million in FY 2003-04. The Board of Visitors also supported the development of a tuition plan that benchmarks tuition at the 60th percentile of peer institutions and will receive a presentation of the tuition plan at the March 2003 Board of Visitors meeting.

Dr. McNamee and Mr. Shelton thanked the Council for sharing their suggestions and their advice as the university moved through the Round 2 budget reduction planning process.

There being no further business, the meeting was adjourned at 2:20 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

January 30, 2003

PRESENT: Zack Bortolot, David de Wolf, David Ford, Dixon Hanna, Scott Hurst, Jeryl Jones, Mark McNamee, John Moore, Jan Nespor, Cliff Ragsdale, Dixie Reaves, Denise Orden (for Robert Schubert), Dwight Shelton, Larry Thompson

ABSENT: Vernon Boggs, Allan Bradley, Thomas Fox, Pat Hyer, Jimmy Martin, Minnis Ridenour, Edd Sewell, Lisa Wilkes

GUEST: Martin Daniel

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. APPROVAL OF THE NOVEMBER 12, 2002 MINUTES

Dr. McNamee announced that the minutes of the November 12, 2002 meeting had been electronically approved and sent to University Council to be posted on the web.

3. UPDATE ON THE GOVERNOR'S BUDGET AND LEGISLATIVE ACTIONS TO-DATE

Mr. Dwight Shelton, Vice President for Budget and Financial Management, briefed the Council on the Governor's proposed budget, which was released in late December, and the legislative actions to-date by the General Assembly. He provided Council members with a handout summarizing the General Fund Reductions for 2001-02 and the 2002-04 biennium, including those reductions proposed in the Governor's budget document. The university's second round of reductions, adjusted in the Governor's proposed budget and including the elimination of all funding for Unique Military Activities (UMA), result in total General Fund reductions for 2001-02, as well as both rounds reductions for the 2002-04 biennium, of \$11.2 million in 2001-02, \$61.6 million in 2002-03, and \$73.1 million in 2003-04. The 2003-04 reductions include a Round 3 reduction eliminating the UMA funding. House and Senate Committees responsible for the Budget Bill will be reviewing the Governor's proposed budget and releasing their recommendations on Sunday, February 2. The last day for the House and Senate to act on the Budget Bill is February 12, after which it will go to the Conference Committee for final review. The Conference Committee will release its report by noon on February 20. The General Assembly will then vote on the budget on or before February 22, 2003 (the last day of the session).

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

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

February 27, 2003

PRESENT: Zack Bortolot, David de Wolf, David Ford, Dixon Hanna, Scott Hurst, Mark McNamee, Jimmy Martin, John Moore, Peter Kennelly (for Dixie Reaves), Minnis Ridenour, Denise Orden (for Robert Schubert), Edd Sewell, Dwight Shelton, Larry Thompson

ABSENT: Vernon Boggs, Allan Bradley, Thomas Fox, Pat Hyer, Jeryl Jones, Jan Nesper, Cliff Ragsdale, Lisa Wilkes

GUEST: Martin Daniel

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. APPROVAL OF THE JANUARY 30, 2003 MINUTES

Mr. Ridenour announced that the minutes of the January 30, 2003 meeting had been electronically approved and sent to University Council to be posted on the web.

3. BRIEFING ON THE FINAL 2003 LEGISLATIVE ACTIONS

Mr. Ridenour and Mr. Dwight Shelton, Vice President for Budget and Financial Management, briefed the Council on the final 2003 legislative actions by the General Assembly. Council members were provided a handout which summarizes the final budget actions. The major issue for higher education was the amount of tuition flexibility institutions would be granted to recover a portion of the \$305 million cut in General Fund support to higher education. The General Assembly mandated a 5 percent cap on tuition and E&G fee increases above the annualized 2002-03 rates for in-state students. The budget language also allows institutions to increase tuition beyond the 5 percent cap to cover increases in health-care costs and the institutions' share of a 2.25 percent salary increases for faculty and staff members. The increase in health care costs for Virginia Tech's University Division is expected to be approximately \$3 million. Total reductions in General Fund support for 2003-04, which include the University Division, Cooperative Extension Division, Equipment Trust Fund and Maintenance Reserves, equal \$72.4 million.

4. BRIEFING ON PROGRAM REDUCTIONS

Mr. Ridenour, Mr. Shelton and Dr. McNamee, University Provost and Vice President for Academic Affairs, provided Council members with a reduction and reinvestment summary which outlines the reductions in General Fund support, the University's plans for reinvestment and repositioning to address the reductions, tuition and other revenue enhancements, and the reduction of positions. Current plans call for 427 positions to be eliminated by 2003-04; all but 90 of these positions are filled.

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

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

March 27, 2003

PRESENT: Vernon Boggs, Zack Bortolot, Allan Bradley, David de Wolf, David Ford, Thomas Fox, Dixon Hanna, Jeryl Jones, Mark McNamee, Jimmy Martin, John Moore, Jan Nespor, Cliff Ragsdale, Dixie Reaves, Robert Schubert, Dwight Shelton, Larry Thompson

ABSENT: Scott Hurst, Pat Hyer, Minnis Ridenour, Edd Sewell, Lisa Wilkes

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. APPROVAL OF THE FEBRUARY 27, 2003 MINUTES

Dr. McNamee announced that the minutes of the February 27, 2003 meeting had been electronically approved and sent to University Council to be posted on the web.

3. BRIEFING ON THE CAPITAL IMPLEMENTATION PLAN:

Mr. Dwight Shelton, Vice President for Budget and Financial Management, briefed the Council on the University's capital implementation plan. The state requested each university submit their capital project plans for review. State requested a listing of the university's capital projects and the planned start and finish dates and budget for each project. The university submitted plans for the eleven General Obligation Bond projects which were approved in the Bond Bill passed last November. In the original plan, all projects showed start dates in 2003 and were to be completed within approximately four years. The state came back to the university with a request that the university submit a revised implementation plan with staggered start dates and an overall six to seven year program. Mr. Shelton informed Council members the university had just received approval from state for all the projects submitted on the revised plan. In this revised plan, all projects will be underway in the 2004-06 biennium and finished by the 2006-08 biennium. Mr. Shelton provided Council members with three handouts. The first handout showed details of the original capital implementation plan, and the second and third handouts detailed the university's revised implementation plan with staggered start dates. Mr. Shelton pointed out that the estimated cash flows shown on the handouts reflect the General Fund dollars of the projects only, rather than the total costs of the projects.

4. 2003-04 TUITION AND FEES:

Mr. Shelton provided Council members with handouts summarizing the 2003-04 Tuition and Fee Rates approved by the Board of Visitors at their meeting March 10, 2003. Schedules 3 and 4 of the handouts provide details of the total costs to undergraduate, graduate and Veterinary Medicine students. Also included in the handouts were schedules showing Virginia Tech's tuition and fees and total costs compared to its SCHEV peers and to public Top 30 institutions. The last two pages of the handouts compared Virginia Tech's tuition capacity and total costs capacity compared to the 60th percentile of its SCHEV peers and public Top 30 institutions.

5. RECENT STATE BUDGET ACTIONS

Mr. Shelton briefed the Council on recent state budget actions. The Governor has announced that a 2.25% salary increase for both classified staff and all faculty will be implemented in November, 2003. The Governor did not veto the 5% cap on tuition but did state that if there is another budget reduction institutions may be exempted from the 5% cap. The Governor has made some changes to the decentralization proposals that were approved by the General Assembly; if upheld, the changes will result in a somewhat tighter level of control on the university's processes than envisioned by the General Assembly. The General Assembly will reconvene in April to consider the Governor's vetoes.

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

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

June 26, 2003

PRESENT: David Ford, Thomas Fox, Dixon Hanna, Jeryl Jones, Mark McNamee, Jimmy Martin, John Moore, Dixie Reaves, Dwight Shelton, Robert Schubert.

ABSENT: Vernon Boggs, Zack Bortolot, Allan Bradley, David de Wolf, Scott Hurst, Pat Hyer, Jan Nespor, Cliff Ragsdale, Minnis Ridenour, Edd Sewell, Larry Thompson, Lisa Wilkes.

GUEST: Martin Daniel

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. APPROVAL OF THE MARCH 27, 2003 MINUTES

Mr. Shelton announced that the minutes of the March 27, 2003 meeting had been electronically approved and sent to University Council to be posted on the web.

3. UPDATE ON ENROLLMENT DISCUSSION WITH SCHEV

Mr. Shelton briefly described the enrollment management process at Virginia Tech, and the interaction with SCHEV on a biennial basis. Dr. David Ford, Vice Provost for Academic Affairs, reviewed the Headcount Enrollment Comparisons that were submitted to the State Council of Higher Education for Virginia (SCHEV) in March of 2003. The enrollment growth that is projected between the Fall of 2003 and the Fall of 2007 is based on the University strategic plan, maintaining no more than 30% of out-of-state undergraduate students, stabilizing undergraduate enrollment and growth in graduate student enrollment. Dr. Ford stressed that these projections reflect that the University cannot provide additional undergraduate seats within current funding levels. In response to a question, Mr. Shelton offered to share an analysis of the ratio of students to faculty at the next meeting. Dr. Ford pointed out that students who participate in distance learning programs are reflected within both the off- and on-campus projects because these students often take a mixture of traditional as well as distance learning classes.

4. BRIEFING ON THE CAPITAL SUBMISSION FOR THE SIX YEAR PLAN

Mr. Shelton shared the Capital Outlay Plan for 2004—2010 that was submitted to the state. Projects listed in the six-year capital plan total \$675.4 million. Projects proposed for funding in the 2004-2006 biennium are: Maintenance Reserve; Renovation/Addition of Davidson Hall; Newman Library Addition; Planning for Southwest Campus Heating/Cooling System; Health, Safety, and Accessibility; Critical Technologies Research Facility; Major Residence and Dining Hall Improvements; Transit Center; Boiler Pollution Controls; and Kentland Renovations/Addition. The total request for 2004-2006 is \$129.6 million. Mr. Shelton pointed out that the state is still reviewing the list of priorities and will determine for which projects additional information is required. These projects are more likely to become part of the Governor's budget proposal. All projects are subject to legislative approval from the Spring 2004 legislative session. Projects funded from Nongeneral Funds are more likely to go forward.

5. BRIEFING ON THE STATUS OF INTERNAL BUDGETS

Mr. Shelton reviewed a preliminary draft of the University's internal budgets, noting that review of many of the items is on-going and that the draft is subject to change. Mr. Shelton reviewed the specific components of the budgets for the University and Cooperative Extension/Agricultural Experiment Station Divisions. These budgets reflect the budget reductions, tuition increases and reinvestments that the University has made.

There being no further business, the meeting was adjourned at 4:45 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

August 28, 2003

PRESENT: Vernon Boggs, Sue Ellen Crocker, Dixon Hanna, Jimmy Martin, Jan Nesor, Tim Pratt, Cliff Ragsdale, Minnis Ridenour, Dwight Shelton, Larry Thompson

ABSENT: Zack Bortolot, David Ford, Thomas Fox, Scott Hurst, Jeryl Jones, Mark McNamee, Diane Zahm

GUESTS: Martin Daniel, Stuart Mease

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. APPROVAL OF THE JUNE 26, 2003 MINUTES

Mr. Shelton announced that the minutes of the June 26, 2003 meeting had been electronically approved and sent to University Council to be posted on the web.

3. 2004-06 BIENNIAL BUDGET REQUEST

Mr. Dwight Shelton, Vice President for Budget and Financial Management, discussed the critical budget items that are important to the University for the 2004-06 budget submission. These items were shared with the Board of Visitors at the recent August meeting. In most years, the state identifies some issues that are statewide in scope and for which funding proposals are developed centrally for all higher education institutions. For the 2004-06 biennium, the University believes that these statewide issues are likely to include funding proposals for faculty and classified staff salaries, the Higher Education Equipment Trust Fund, maintenance reserve, student financial assistance, and enrollment growth.

Mr. Shelton also discussed specific items in the 2004-06 operating budget submission. In the University Division (Agency 208) the University will be asking the state to provide its share of the base funding for the Virginia Bioinformatics Institute (VBI), to provide funds to address Base Budget Adequacy, and to fund operations and maintenance costs. This request totals \$45.3 million for Agency 208 for the biennium. In the Cooperative Extension/Agricultural Experiment Station Division (Agency 229), the University is asking for an additional \$9.0 million for the 2004-06 biennium to address critical staffing issues and initiatives in Food, Nutrition, and Health programs. Since instructions for preparing 2004-06 operating budget requests will not be received until mid-September, the University requested that the Board of Visitors endorse the general concept of developing budget requests within the targeted areas described for the biennial budget submission.

4. UPDATE ON ACTIVITIES RELATED TO THE SIX YEAR CAPITAL PLAN

Mr. Shelton discussed the status of capital items in the budget request. Of the projects identified in the 2004-2010 Capital Plan, the state requested further information on Health and Safety Accessibility, Critical Technologies Research Facility, Major Residence Hall Improvements and Boiler Pollution Controls. In accordance with the state's instructions, the University submitted the detail plans for these projects on the July 31, 2003 due date. Other projects on the 2004-2010 Capital Outlay Plan that were not authorized for this submission may be considered for request during the 2004 General Assembly session.

5. FUNDING MODELS

Mr. Ridenour discussed the University's funding requirements for the period from 2004 to 2008. Components of these requirements include funding the faculty salary average at the 60th percentile of the peer group, addressing base budget adequacy, funding academic initiatives, and providing additional resources to support student financial aid. The total funding requirement to address these needs is \$128.9 million over four years. Mr. Ridenour discussed the status of various approaches towards addressing these needs. One approach includes the use of tuition and fee revenues, and Mr. Ridenour offered to provide the Council with details of tuition and fee capacity in comparison to peer groups at the next meeting. The Council recommended that the university look towards developing and implementing a strong public relations campaign to build strong public support for the University.

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