

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

September 1, 2004

PRESENT: Rhonda Arsenault, Dave Beagle, Robin Cooper, Sue Ellen Crocker, Sam Easterling, David Ford, Dixon Hanna, Scott Hurst, Jim Hyatt, Jeryl Jones, Steve Kleiber, Melhi Madanoglu, Eva Marand, Mark McNamee, Robert Schubert, Dwight Shelton, Kristina Tyler, Lisa Wilkes

ABSENT: Thomas Fox, Jan Nesor, Sean O'Keefe, David Tegarden

1. CALL TO ORDER AND WELCOME TO NEW MEMBERS

Dr. Mark McNamee, University Provost and Vice President for Academic Affairs, called the meeting to order at 3:00 p.m. He welcomed Mr. Jim Hyatt, Virginia Tech's newly appointed Executive Vice President and Chief Operating Officer, as the Council's Co-chair, and he and Mr. Hyatt welcomed all new and returning members to the Council.

2. APPROVAL OF THE JUNE 24, 2004 MINUTES

Dr. McNamee announced that the minutes of the June 24 2004 meeting had been electronically approved and sent to University Council to be posted on the web.

3. 2005-06 PLANNED OPERATING AND CAPITAL BUDGET REQUESTS

Mr. Shelton, Vice President for Budget and Financial Management, provided Council members with handouts outlining the university's 2005-06 planned operating and capital budget requests. These planned requests were presented to and approved by the university's Board of Visitors at its August 2004 meeting.

In preparation for the 2005 General Assembly session, the university develops budget amendments to submit to state administration for consideration in the Governor's budget. The Governor will submit the Executive Budget to the General Assembly on December 20, 2004. The University has developed a list of potential operating and capital budget amendments which are consistent with the initiatives approved for submission in the University's 2004-06 biennial budget request and six-year capital request. Several important statewide issues are traditionally addressed centrally and are not included in Virginia Tech's list of amendments. The issues that are normally coordinated by the State Council of Higher Education for Virginia (SCHEV) and the Department of Planning and Budget (DPB) include the following:

faculty and classified staff salaries, equipment trust fund, eminent scholars and student financial assistance. Base budget adequacy and maintenance reserve recommendations generally are coordinated by SCHEV, but separate requests are being proposed due to extraordinary institutional requirements. The operating submission will include requests for funding of operation and maintenance of facilities opening during 2005-06 and technical adjustments for additional nongeneral fund authority. It will also include a request for funding for the Commonwealth Staffing Initiative. The capital submission will focus on adjustments to authorized projects and one critical infrastructure project.

4. UPDATE ON THE CHARTERED UNIVERSITY INITIATIVE

At 3:30 p.m. Council members relocated to the Burruss Hall auditorium to hear a presentation by Dr. Charles Steger, University President, and Mr. Minnis Ridenour, Senior Fellow for Resource Development, on the status of the Chartered University Initiative. Working with the University of Virginia and the College of William and Mary, Virginia Tech is drafting legislation to be introduced during the 2005 General Assembly session that would redefine the universities' relationships with the state. A chartered university is a public university which has been granted authority by the General Assembly and the Governor to operate in accordance with financial and administrative policies adopted by the Board of Visitors and is held accountable to the Commonwealth through management standards and institutional effectiveness measures agreed to by the Commonwealth. The Chartered University Initiative is intended to preserve and improve the higher education system for Virginia. In order to achieve the funding goal established by the state for higher education, a significant investment will be required. The Chartered University Initiative would enable chartered institutions to utilize their revenue capacity and asset base to provide substantial non-taxpayer dollars required to reduce the level of new taxpayer dollars to achieve state goals.

A handout provided an overview of what constitutes a chartered university and why chartered university status is desired, and outlined the benefits of chartered status both to the universities and to the state. A web link to the handout, as well as a video of the presentation and question and answer session, will be available on the Virginia Tech homepage. There is also a link on the VT homepage to the Chartered University Initiative which provides more detailed information on the project. Additional meetings will be held on campus throughout the fall to provide additional information to faculty and staff.

The meeting adjourned at 5:10 p.m. at the conclusion of the Chartered University Initiative presentation and question and answer session.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

November 4, 2004

PRESENT: Rhonda Arsenault, Dave Beagle, Sue Ellen Crocker, Sam Easterling, David Ford, Dixon Hanna, Jim Hyatt, Eva Marand, Mark McNamee, Jan Nespor, Robin Panneton, Dwight Shelton, David Tegarden, Lisa Wilkes

ABSENT: Thomas Fox, Scott Hurst, Jeryl Jones, Steve Kleiber, Melhi Madanoglu, Sean O'Keefe, Robert Schubert, Kristina Tyler

GUEST: Minnis Ridenour

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 SEPTEMBER 23, 2004 MINUTES

Dr. McNamee announced that the minutes of the September 23, 2004 meeting had been electronically approved and sent to University Council to be posted on the web.

3. UPDATE ON THE CHARTERED UNIVERSITY INITIATIVE

Mr. Minnis Ridenour, Senior Fellow for Resource Development, provided Council members with an update on the status of the Chartered University Initiative. University administrators from Virginia Tech, University of Virginia and William and Mary have had and continue to have meetings with key legislators, the Governor's office, the Secretaries of Finance, Education and Administration and their Deputies, as well as others in leadership roles in order to provide all General Assembly members with initial briefings on the initiative prior to the 2005 General Assembly session. Initial briefings have also been provided to several alumni support groups; about 85 alumni members have been briefed to date. More meetings with alumni support groups are scheduled. Briefings on the funding model have been provided to the House Appropriations Committee and Senate Finance Committee, with positive comments on the funding model being received from both Committees. A meeting is scheduled next week with the Governor's special committee charged with reviewing the Chartered University Initiative; Mr. John Bennett, Secretary of Finance, chairs the committee. University administrators will also be available at the Governor's Higher Education Summit to answer any questions.

The legislation has been finalized for presentation to the General Assembly. Templates for the Chartered University Agreements, including policies, have been drafted. Details and up-to-date information on the status of the Chartered University Initiative can be accessed from the Virginia Tech home page, and well as the home pages for University of Virginia (www.virginia.edu) and the College of William and Mary (www.wm.edu).

There being no further business, the meeting adjourned at 4:10 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

January 20, 2005

PRESENT: Rhonda Arsenault, Dave Beagle, Sue Ellen Crocker, Sam Easterling, Dixon Hanna, Jeryl Jones, Steve Kleiber, Mark McNamee, Jan Nespor, Robin Panneton, Dwight Shelton, David Tegarden, Kristina Tyler, Lisa Wilkes

ABSENT: David Ford, Thomas Fox, Scott Hurst, Jim Hyatt, Melhi Madanoglu, Eva Marand, Sean O'Keefe, 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. APPROVAL OF THE NOVEMBER 4, 2004 MINUTES

Dr. McNamee announced that the minutes of the November 4, 2004 meeting had been electronically approved and sent to University Council to be posted on the web.

3. REVIEW OF GOVERNOR'S EXECUTIVE BUDGET PROPOSAL

On Friday, December 17, 2004 the Governor presented his amendments to the 2004-06 Executive Budget; an analysis of the Executive Budget was emailed to Council members on 12/22/04 by Mr. Dwight Shelton, Vice President for Budget and Financial Management. Mr. Shelton provided Council members with another copy of the analysis and reviewed a summary of the 2005-06 Executive Budget. Included in the proposed budget are funding for faculty and classified staff salaries averaging three percent, additional funding for undergraduate student financial assistance, new funding for graduate student fellowships, and funds for the operation and maintenance of new facilities. Additionally, the budget contains funding for several capital projects. Details of all budget proposals affecting Virginia Tech were provided in the handouts.

4. REVIEW OF VIRGINIA TECH'S AMENDMENTS

In response to the Governor's amendments to the Executive Budget, the university has prepared a list of amendments that address Virginia Tech's additional 2005-06 budget priorities for consideration by the 2005 General Assembly. Mr. Shelton

provided members with a handout summarizing Virginia Tech's operating and capital priorities and statewide issues. Additionally, the Council of Presidents and the Virginia Business Higher Education Council have developed a joint proposal of amendments.

5. UPDATE ON CHARTERED UNIVERSITY INITIATIVE

Mr. Shelton provided an update on the Chartered University Initiative. Meetings continue to be held with Governor's staff members, General Assembly members and school representatives. The proposal now encompasses all state supported universities. Some members of both the House and the Senate have spoken in favor of the Charter proposal, and there is optimism that the Governor's office will support it in some form. The state will require more accountability in return for granting universities greater autonomy.

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

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

March 17, 2005

PRESENT: Rhonda Arsenault, Sue Ellen Crocker, Sam Easterling, Dixon Hanna, Hugh Latimer (for Scott Hurst), Jim Hyatt, Thomas Caruso (for Jeryl Jones), Jan Nespor, Robert Schubert, Dwight Shelton, David Tegarden, Kristina Tyler, Lisa Wilkes

ABSENT: Dave Beagle, David Ford, Thomas Fox, Steve Kleiber, Melhi Madanoglu, Eva Marand, Mark McNamee, Sean O'Keefe, Robin Panneton

1. CALL TO ORDER

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

2. APPROVAL OF THE JANUARY 20, 2005 MINUTES

Mr. Hyatt announced that the minutes of the January 20, 2005 meeting had been electronically approved and sent to University Council to be posted on the web.

3. UPDATE ON HIGHER EDUCATION RESTRUCTURING ACT

Mr. Hyatt provided Council members with an update on the higher education restructuring act. During Virginia's 2005 legislative session, the General Assembly passed House Bill 2866 and Senate Bill 1327, identical bills that would give Virginia's 16 public colleges and universities greater control of their financial and administrative affairs. The "Restructured Higher Education Financial and Administrative Operations Act" broadened the concept of the Charter Initiative to include all colleges and universities in a three-step plan with Step 3 being similar to the original charter initiative proposal. The bills now go to the Governor, who can make amendments before signature.

Under the legislation, all state colleges and universities would remain state agencies, rather than become political subdivisions of the state. In exchange for greater autonomy, the legislation of both bills defines 11 conditions that must be met for an institution to be eligible for increased financial and administrative autonomy. Key among these conditions is that each institution would be required to develop six-year financial, academic, and enrollment plans to both demonstrate their commitment to the Commonwealth's needs as well as to ensure adequate state financial support.

A number of deadlines are established in the restructuring act. During the next few months, university leadership will be working with the Governor's Office and his administration, the legislative money committee staffs, and State Council of Higher Education for Virginia (SCHEV) to identify the format and components of the reporting required by the act.

Management agreements negotiated with the Commonwealth would ultimately require passage by the 2006 General Assembly and become effective on July 1, 2006.

The Council requested that the university update the web site where information on the act, including the House and Senate bills, would be posted so that the details of the three-step plan could be reviewed.

4. UNIVERSITY'S UPDATE TO THE STRATEGIC PLAN

Mr. Hyatt shared with Council members the schedule for the update to the university's strategic plan and the planned meetings that will take place for the colleges and administrative areas. This update will assist with the preparation of the university's six-year financial plan which is one of the requirements of the higher education restructuring act. The target date for completion of the strategic plan update is the end of the fall semester of 2005. A Strategic Plan Update Committee will be appointed in April that will include representatives from the University Advisory Council on Strategic Budgeting and Planning.

5. FINAL OUTCOME OF THE LEGISLATIVE SESSION

Mr. Hyatt and Mr. Dwight Shelton, Vice President for Budget and Financial Planning, provided a handout summarizing Virginia Tech's proposed operating and capital budgets for 2005-06. The operating budget recommendations for the University include: a merit increase of 4.6 percent for teaching and research faculty, a 4.0 percent merit increase for administrative and professional faculty and graduate students, and 3.0 percent for classified staff; the base salary and related benefits of staff who have five years or more of continuous service shall be increased by \$50.00 for each full year of service; base budget adequacy funding (\$871,000); student financial assistance (\$1.125 million); unique military activities (\$150,000); support for Sloan Foundation Forestry Center (\$100,000) and support for Department of Agriculture and Consumer Services research (\$100,000); Agency 229 critical staffing initiative (\$1.1 million); and several technical adjustments.

The capital budget recommendations include: maintenance reserve (\$9.6 million); equipment funding (\$7.7 million); supplemental funding for existing capital projects, including a supplement to the Performing Arts Center (\$5.0 million); and the authority to issue 9(d) debt for a Surge Space Building.

Several additional Appropriation Act language items were approved, including the ability for institutions to supplement employee salaries with private funds, subject to the approval of the Board of Visitors, and the development of a six-year statewide strategic plan for higher education. The General Assembly also passed the Restructured Higher Education and Financial and Administrative Operations Act.

The operating and capital budget recommendations are awaiting the Governor's approval.

6. 2005-06 TUITION AND FEE RATES

Mr. Shelton presented an overview of the 2005-06 tuition and fee rates which were approved by the Board of Visitors at its March 14, 2005 meeting. For 2005-06, the Board approved a \$540 or 9.2 percent increase in tuition and fees for in-state undergraduate students, and a \$1,256 or 7.6 percent increase in tuition and fees for out-of-state undergraduate students. There will be a 5.5 percent increase in room and board. For on-

campus graduate programs, a \$465 or 6.2 percent increase was approved for in-state students and a \$1,153 or 9.9 percent increase for out-of-state students. For off-campus graduate programs, there will be a \$439 or 6.1 percent increase for in-state students and \$1,158 increase for out-of-state students. In Veterinary Medicine, the Board approved a \$902 or 7.0 percent increase for Virginia/Maryland students, and a \$1,830 or 6.3 percent increase for out-of-state students.

7. 2006-2012 CAPITAL OUTLAY PLAN

Mr. Shelton shared with Council members a list of potential capital outlay projects that have been identified for inclusion in the 2006-2012 Capital Outlay Plan and which was approved by the Board of Visitors at its March meeting. The University prepares an updated Six-Year Capital Outlay Plan every two years as part of the state budget cycle, with the next plan covering 2006-2012 and due for submission to the state in the spring or summer of 2005, the year before the biennium begins.

The proposed projects are consistent with programmatic needs established for the prior planning period and with the strategic plan of the University, and they position the University with options to respond to guidance from the state. Once the university receives guidance and instructions from the state, the university will prepare its final capital outlay plan for submission.

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

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

April 21, 2005

PRESENT: Rhonda Arsenault, Paul Metz (for Dave Beagle), Sue Ellen Crocker, Suzanna Rinehart (for Sam Easterling), Scott Hurst, Lindsey Leisher, Mark McNamee, Robin Panneton, Robert Schubert, Dwight Shelton, David Tegarden

ABSENT: David Ford, Thomas Fox, Dixon Hanna, Jim Hyatt, Jeryl Jones, Steve Kleiber, Melhi Madanoglu, Eva Marand, Jan Nesor, Sean O'Keefe, 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 MARCH 17, 2005 MINUTES

Dr. McNamee announced that the minutes of the March 17, 2005 meeting had been electronically approved and sent to University Council to be posted on the web.

3. HIGHER EDUCATION RESTRUCTURING UPDATE

Mr. Dwight Shelton, Vice President for Budget and Financial Management, provided Council members with an update on the higher education restructuring initiative. During Virginia's 2005 legislative session, the General Assembly passed House Bill 2866 and Senate Bill 1327, identical bills that would give Virginia's 16 public colleges and universities greater control of their financial and administrative affairs. The "Restructured Higher Education Financial and Administrative Operations Act" broadened the concept of the Charter Initiative to include all colleges and universities in a three-step plan with Step 3 being similar to the original charter initiative proposal. Before signing the Act into law, the Governor made amendments that included eleven "asks" of the institutions that would commit them formally to meet basic state policy objectives. Mr. Shelton reviewed with Council members a handout summarizing the key provisions of the final, approved Higher Education Restructuring Bill, including the eleven "asks" and other key changes that were made.

A number of deadlines are established in the restructuring act, and Mr. Shelton reviewed a handout outlining the "dates of note" in the restructuring process. Management agreements negotiated with the Commonwealth would ultimately require passage by the 2006 General Assembly and become effective on July 1, 2006.

4. OTHER BUSINESS

Dr. McNamee shared with Council members that the schedule for updating the university's strategic plan continues to move forward on schedule. This update will assist with the preparation of the university's six-year financial plan which is one of the requirements of the higher education restructuring act. The target date for completion of the strategic plan update is the end of the fall semester of 2005.

There being no further business, the meeting adjourned at 3:55 p.m.

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

June 23, 2005

PRESENT: Rhonda Arsenault, Dave Beagle, Sue Ellen Crocker, Sam Easterling, Dixon Hanna, Hugh Latimer (for Scott Hurst), Steve Kleiber, Sean O'Keefe, Dwight Shelton, David Tegarden, Lisa Wilkes

ABSENT: David Ford, Thomas Fox, Jim Hyatt, Jeryl Jones, Lindsey Leisher, Melhi Madanoglu, Eva Marand, Mark McNamee, Jan Nespor, Robin Panneton, Robert Schubert

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 APRIL 21, 2005 MINUTES

Mr. Shelton announced that the minutes of the April 21, 2005 meeting had been electronically approved and sent to University Council to be posted on the web.

3. CAPITAL OUTLAY PLAN SUBMISSION TO THE STATE

Mr. Dwight Shelton provided Council members with an update on the 2006-2012 Capital Outlay Plan submission to the state, which was approved by the Board of Visitors at its June meeting. Projects listed in the six-year capital plan total \$1 billion. Projects proposed for funding in the 2006-2008 biennium are: Maintenance Reserve; replacement of deteriorated section of Davidson Hall; renovation of Liberal Arts Building, Litton Reaves Hall Exterior, and Residence and Dining Halls; code compliance for fire alarm systems and access; construction of Campus Heat Plant, Institute for Critical Technology and Applied Science II, Life Sciences Research Facility II, NIH Research Facility, Hazardous Materials Facility, Engineering/Computational Sciences Instructional Facility, Newman Library Addition – ARC, Veterinary Medicine Instruction Addition, Surge Space Building, Classroom Building, New Police Facility, Administrative Services Building, New Visitor and Admissions Center, additional recreation, counseling, and clinical space, and Indoor Athletic Training Facility; and provide a supplement to the 2002 General Obligation Bond Projects. The total request for 2006-2008 is \$371.4 million.

4. UPDATE ON RESTRUCTURING ACTIVITIES

Mr. Shelton provided an update on the university's restructuring activities. Virginia's 2005 General Assembly session enacted the Restructured Higher Education Financial and Administrative Operations Act, which allows institutions restructured financial and operational authority. To be eligible for participation in the Act, the Board of Visitors is required to formally adopt a resolution committing to the Governor and the General Assembly to meeting the state's eleven goals as described in the Act. At its June meeting,

the Board of Visitors approved the resolution of the University's commitment, by both the University Division and the Virginia Cooperative Extension and Agricultural Experiment Station Division, to the state's goals. The university will receive Level 1 from the state effective August 1, 2005.

In addition to participating with all of Virginia's higher education institutions in working on level one issues, Virginia Tech is also preparing materials regarding the development of the management agreement in order to become eligible for Level Three authority. This work is occurring in conjunction with the University of Virginia and the College of William and Mary. Management agreements negotiated with the Commonwealth would ultimately require passage by the 2006 General Assembly and become effective on July 1, 2006.

5. STATUS ON DEVELOPMENT OF 2005-06 INTERNAL BUDGET

Mr. Shelton provided Council members with handouts summarizing the university's 2005-06 internal budget decisions. For Agency 208, the University committed approximately \$23.9 million in base funding and \$9.6 million in one-time funds for a total of \$33.4 million funding for initiatives including: Compensation, Graduate School Initiatives, Strategic Initiatives (including Infectious Disease Cluster Hire Match; Institute for Biomedical Public Health Sciences, and Institute; and Institute for Critical Technology and Applied Science), Instructional and General Academic Initiatives, Academic Supporting Initiatives, Student Financial Aid, and Administrative and Facilities Requirements.

For Agency 229, the University committed \$4.8 million in base funding and \$1.2 million in one-time funding for a total of \$6 million. The primary initiatives will be faculty and staff salaries and the Commonwealth Staffing Initiative, as well as equipment for the Agriculture and Natural Resources building.

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