

MINUTES

UNIVERSITY ADVISORY COUNCIL ON STRATEGIC BUDGETING AND PLANNING

April 30, 2009

PRESENT: Kyrille Goldbeck, Muhammad Hajj, Bill Huckle, Lonnie Johnson, Patricia Lavender, Pavli Mykerezi, Hardus Odendaal, Don Rimstidt, Dwight Shelton, Tom Tucker

ABSENT: Donna Dunay, Dixon Hanna, Scott Hurst, Mary Ann Lewis, Steve McMullin, Mark McNamee, Chris Pennisi, Linda Tegarden, Daniel Wubah

1. CALL TO ORDER

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

2. APPROVAL OF THE MARCH 26, 2009 MINUTES

Mr. Shelton announced that the minutes of the March 26, 2009 meeting were electronically approved and sent to University Council to be posted on the web.

3. REPORT ON THE 2009 GENERAL ASSEMBLY RECONVENE SESSION

Mr. Shelton provided an overview of the General Assembly reconvene session. The University anticipates authorization of \$1.042 billion during 2009-10 to carry out all of its programs, based upon the direct appropriations. However, the University's annual internal budget varies from this external expenditure authorization for several reasons, some of which increase the annual expenditure authority while others reduce the expenditure plans. For 2009-10, the net of these transactions results in an annual internal budget for all operations of approximately \$1.048 billion; this is an increase of \$25.0 million over the original 2008-09 budget. This increase reflects changes in nongeneral fund revenues for 2009-10 as well as actions in the 2009 General Assembly session that will impact the 2009-10 General Fund appropriation. The University will receive \$17.3 million in American Recovery and Reinvestment Act of 2009 (ARRA) funds and will utilize these funds for Educational and General expenditures in order to mitigate tuition increases. The University may also pursue some facilities renovations which otherwise would have required tuition revenues to cover their costs.

In response to a request made by Council members, Mr. Shelton will bring back to the Council a report detailing the university's use of the Federal Stimulus Funds

(ARRA funds) and the university commitments and investments that are not shown in the budget.

4. 2009-2010 TUITION AND FEES

Mr. Shelton provided handouts of the 2009-2010 tuition and fee rates which were approved by the Executive Committee of the Board of Visitors on April 23rd. The approved undergraduate rates are lower than the rates specified by the two models in the University's 2006-12 financial plan and the level of increase discussed publicly during the winter to reflect the University's new tuition mitigation program. The American Recovery and Reinvestment Act of 2009(ARRA) requires the mitigation of tuition increases for instate students; this requirement was reiterated by the 2009 Virginia General Assembly. The appropriation of \$17.3 million in ARRA support allows for the mitigation of the instate tuition increase for the next two years.

The approved increase in instructional costs for in-state undergraduates is \$345, which is 5 percent over the prior year. The University is able to achieve this result because of the new ARRA Mitigation Grant, which is used to directly reduce instructional costs in 2009-10. Nonresident students are also assigned a \$220 increase by the 2009 Virginia General Assembly for a portion of the Commonwealth's debt service through the Virginia College Building Authority. The total cost for Virginia undergraduates is proposed to increase by \$755, or 5.5%. Similarly, the total cost for nonresident undergraduates is \$1,401, or 5.3%. The increase in total costs for graduate students ranges from 5.1% to 6.3%, depending upon the student category.

In 2004, the Commonwealth updated the state policy on the Average Cost of Education to be the instructional funding need generated by the base budget adequacy model. The approved rates will result in resident and nonresident students as a group paying an average of 47 percent and 119 percent, respectively, of the Average Cost of Education. The University is in compliance with the state policy requiring institutions to charge out-of-state students at least 100 percent of the Average Cost of Education basis.

5. STATUS OF THE BUDGET REDUCTION PLANS

The university continues to work on developing strategies to address budget reductions. Budget reduction plans for the colleges have been approved; administrative vice presidents will receive their approved plans at a meeting convening after today's Council meeting.

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