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.