

June 14, 2001

MEMORANDUM

TO: The Finance Committee:

William H. Goodwin, Jr., Chair
Thomas F. Farrell, II
Charles L. Glazer
Timothy B. Robertson
Thomas A. Saunders, III
Joseph E. Wolfe
John P. Ackerly, III, Ex Officio

and

The Remaining Members of the Board:

Thomas J. Bliley, Jr.	Gordon F. Rainey, Jr.
Charles M. Caravati, Jr.	Terence P. Ross
William G. Crutchfield, Jr.	Elizabeth A. Twohy
T. Keister Greer	Benjamin P.A. Warthen
Elsie Goodwyn Holland	Sasha L. Wilson

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Finance Committee on
June 14, 2001

The Finance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 5:00 p.m., Thursday, June 14, 2001, in the Board Room of the Rotunda; William H. Goodwin, Jr., Chair, presided. Thomas F. Farrell, II, Charles L. Glazer, Timothy B. Robertson, Thomas A. Saunders, III, Joseph E. Wolfe, and John P. Ackerly, III, Rector, were present.

Also present were Thomas J. Bliley, Jr., Charles M. Caravati, Jr., M.D., William G. Crutchfield, Jr., Terence P. Ross, Ms. Elizabeth A. Twohy, and Benjamin P.A. Warthen.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Jr., Alexander G. Gilliam, Jr., Paul J. Forch, Ms. Colette Sheehy, Robert W. Cantrell, M.D., Robert D. Sweeney,

Robert E. Reynolds, M.D., Ms. Yoke San Reynolds, Larry Fitzgerald, and Ms. Jeanne Flippo Bailes.

The Chair asked Mr. Sandridge, Executive Vice President and Chief Operating Officer, to present the Agenda.

Mr. Sandridge gave a brief introduction on the University's Budget for 2001-2002, the subject under consideration by the Committee, and asked Ms. Sheehy, Vice President for Management and Budget, and Mr. Fitzgerald, Chief Financial Officer for the Health Sciences System, to proceed with the Agenda.

Ms. Sheehy, for the benefit of new Members, outlined the Budget making process.

As for the Budget itself, the total sum - Academic Division, The University of Virginia's College at Wise, and the Medical Center - amounts to \$1.41billion, which is an increase of 7.9% over last year. This sum breaks down to \$816.3million for the Academic Division, \$18.8m for Wise and \$575.6million for the Medical Center.

For the Academic Division, 27.1% - or \$222.2million - of the \$816.7million in revenue comes from Sponsored Programs; 22.4% - \$182.8million - from Tuition and Fees; 20.6% - \$168.3million - appropriated by the Commonwealth; 12.2% - \$99.4million - from Auxiliary Enterprises; and 17.7% - \$144million - from "Other," chiefly Endowment income and gifts.

As for expenditures, which total \$816.3million, 27.7% is allocated for Instruction; 11.7% for Academic Support; 20.3% for Sponsored Programs; 12.1% for Auxiliary Enterprises; and 28.2% for "Other" (Research and Public Service, Student Service, Institutional Support, Operation and Maintenance of Physical Plant, and Student Aid).

Ms. Sheehy also proposed the annual allocations from the Pratt Fund, which customarily are approved when the University's Budget is approved: \$1.75million was suggested for the School of Medicine and \$2.05million for Arts & Sciences.

The proposed Budget for The University of Virginia's College at Wise projects revenues of \$18.8million and expenditures at the same amount. The majority - 59.6% - of revenues come from State appropriations; Auxiliary Enterprises account for 21.2% and Tuition & Fees for 14.9%.

Mr. Larry Fitzgerald, Associate Vice President of Health Sciences for Finance, presented the proposed Budget for the Medical Center.

Operating revenues are projected at \$605.6million and expenses at \$575.6million; an operating margin of 4.9% is budgeted. Admissions are expected to be higher than this past year and slightly above the level of Fiscal Year 2000. Approximately 39% of patient revenue will come from Medicare, 11.9% from Medicaid, 6.3% from indigent care and the rest from a variety of sources. The cost of medical supplies will continue to rise.

On motion, the Committee adopted four resolutions approving, respectively, the Budgets of the Academic Division, The University of Virginia's College at Wise, and the Medical Center, as well as the annual distribution from the Pratt Fund. The resolutions were recommended to the full Board for approval at the meeting of the full Board on June 16, 2001 (see Minutes of the meeting of the Board of Visitors of that date).

On further motion, the meeting was adjourned at 6:30 p.m.

AGG:jb

Copies to: Mr. John T. Casteen, III
Mr. Gene D. Block
Dr. Robert W. Cantrell
Mr. George E. Culbertson
Mr. Paul J. Forch
Mr. William W. Harmon
Mr. Craig Littlepage
Mr. Peter W. Low
Dr. Robert E. Reynolds
Mr. Leonard W. Sandridge
Ms. Colette Sheehy
Mr. Robert D. Sweeney
Ms. Alice Handy
Ms. Louise Dudley