

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
FINANCE COMMITTEE
OCTOBER 3, 2003**

FINANCE COMMITTEE

Friday, October 3, 2003
8:30 - 10:00 a.m.
Board Room, The Rotunda

Committee Members:

William H. Goodwin, Jr., Chair
Thomas F. Farrell, II
Charles L. Glazer
Mark J. Kington
Thomas A. Saunders, III

Warren M. Thompson
Georgia M. Willis
John O. Wynne

AGENDA

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BOARD OF VISITORS CONSENT AGENDA

WISE-FM PROGRAMMING AGREEMENT AND TRANSFER OF ASSETS: Ratifies the programming agreement with WVTF-FM and authorizes the Executive Vice President and Chief Operating Officer to take the necessary steps to transfer the license and other pertinent assets of WISE-FM to WVTF-FM.

WISE-FM is a University-owned radio station operating from the campus of The University's College at Wise. It was created approximately three years ago with funding that is no longer available resulting in a shortfall of approximately \$100,000 to \$125,000 per year in support for necessary operating expenses. Because of this lack of funding, a programming agreement was recently executed that has resulted in all programming for WISE-FM being managed by WVTF-FM. Contemplated in that programming agreement was the eventual transfer of the license and assets of WISE-FM to WVTF-FM. (This transfer would only involve those assets that are necessary to broadcasting, and would not include other assets --file cabinets, computers, office furniture, etc. -- that The University's College at Wise could use elsewhere.) Because WISE-FM's programming was substantially public radio programming, the programming agreement has resulted in little change in available programming in the Wise area, nor would the eventual transfer of the license and assets to WVTF create major changes. This transfer will not substantially change the radio market in the Wise area, and will save the University approximately \$100,000 to \$125,000 in operating expenses a year. The University has access to FCC Counsel to assist in this transaction.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

APPROVAL OF THE PROGRAMMING AGREEMENT WITH WVTF AND
AUTHORIZATION FOR THE EXECUTIVE VICE PRESIDENT AND CHIEF
OPERATING OFFICER TO TRANSFER ASSETS AND LICENSE FOR WISE-FM TO
WVTF-FM

WHEREAS, WISE-FM does not have sufficient sources of funding to continue as a radio station owned and operated by The University's College at Wise; and

WHEREAS, the majority of WISE-FM's current programming is public radio programming also broadcast by WVTF-FM, the public radio affiliate operated by Virginia Tech; and

WHEREAS, WVTF-FM has agreed to assume programming for WISE-FM on a short term basis, providing the area residents with uninterrupted public radio programming; and

WHEREAS, The University's College at Wise would like to transfer the WISE-FM license and other pertinent assets to WVTF-FM, not to include office equipment and other assets that may be used by the College at Wise.

RESOLVED, that the programming agreement with WVTF-FM is hereby ratified; and

RESOLVED FURTHER, that the Executive Vice President and Chief Operating Officer is authorized to take the necessary steps to transfer the license and other pertinent assets of WISE-FM to WVTF-FM, in accordance with applicable law.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2003

COMMITTEE: Finance

AGENDA ITEM: II.A. Operating Budget Submission for 2004-2006 Biennium

BACKGROUND: Every two years, the University submits its biennial budget requests to the Department of Planning and Budget for review by the Governor for inclusion in his budget proposal, which will be presented to the General Assembly on December 17th. The 2004-2010 Capital Plan, approved by the Board on April 4, 2003, was submitted to the Commonwealth on May 24, 2003. The 2004-2006 operating budget requests must be submitted to the Commonwealth by October 15, 2003.

DISCUSSION: Instructions for agencies to submit budget requests are expected by mid-September, too late for inclusion in this material. Therefore, this discussion will focus on our expected requests and we will brief the Board about any changes resulting from the Commonwealth's instructions at the October 3, 2003 meeting. Depending on the outcome of the Governor's budget process we may want to submit these amendments, and possibly others, to the legislative session in January. Any requests not included on this list that might be submitted to the legislature will be communicated to the Board in advance of the due date with formal approval sought at the January 2004 Board meeting.

Operating amendments for the Academic Division (Agency 207) total \$22.0 million general funds [GF] and \$36.3 million nongeneral funds [NGF] in year one (2004-2005) and \$45.8 million GF and \$76.3 million NGF in year two (2005-2006). Operating amendments for the University of Virginia's College at Wise (Agency 246) total \$2.0 million GF in year one and \$1.4 million GF in year two. Operating amendments for the Medical Center (Agency 209) total \$10.0 million NGF in year one and \$31.3 million NGF in year two.

AGENCY 207 - Academic Division:

Restore average faculty salary to benchmark (\$5.7 million GF in year one and \$14.1 million GF in year two) - Request a four-year phased allocation to move the University's average faculty salary to the 60th percentile of our State Council of Higher

Education for Virginia peer group. The University understands there will likely be a cost share component with this item.

Increase funding for general base budget adequacy (\$7.625 million GF and 45 full-time equivalents (FTEs) in year one and \$15.25 million GF and 90 FTEs in year two) - Request a four-year phased allocation of funds required to address the University's shortfall in base budget funding as calculated by the Joint Subcommittee on Higher Education Funding Policies. The University understands there will likely be a cost share component with this item.

Increase funding for undergraduate medical education (UME) base budget adequacy (\$3.1 million GF and 12 FTEs in year one and \$6.2 million GF and 24 FTEs in year two) - Request a four-year phased allocation of funds required to address the University's shortfall in UME funding as calculated by the Joint Subcommittee on Higher Education Funding Policies. UME represents the four years of education in the School of Medicine; graduate medical education refers to the medical residency phase of medical education.

Provide funding for operations and maintenance costs at new facilities (\$816,000 GF and 16.0 FTEs in year one and \$2.0 million GF and 59.5 FTEs in year two) - Request support for operations and maintenance costs of new facilities scheduled to open in 2003-2004 and in the 2004-2006 biennium.

Provide Comparable Funding for UVa Health Plan (amount unknown at this time) - Requests support to make the state's funding of the University-sponsored health care plan comparable to the state funding provided for other state-sponsored health plans.

Fund Initiatives to Advance the State and University's Research Goals (amount unknown at this time) - Request support for the National LambdaRail (NRL) initiative which will provide high-speed network infrastructure for the next generation of research. The University is considering, along with six other Virginia institutions, asking the Commonwealth to share in this critical investment in research.

Provide funding for undergraduate financial aid (\$1.4 million GF and \$1 million NGF in year one and \$1.4 million GF and \$1.5 million NGF in year two) - Request general fund support for undergraduate financial aid to help in maintaining access during a period of increasing tuition prices and request non-general fund support to complete the University's goal to offer 100

percent of demonstrated financial aid need to all undergraduates in 2004-2005.

Provide funding for graduate financial aid (\$3.4 million GF and \$1.5 million NGF in year one and \$6.8 million GF and \$2.5 million NGF in year two) - The University must attract top-quality graduate students, who will be the next generation of faculty, researchers and innovators, to meet the teaching and research priorities of the Commonwealth and the University. This general fund request will increase average net stipend levels to \$12,000 over the next four years, comparable to those currently offered by peer institutions today. The non-general fund request will maintain current levels of funding for tuition and fee waivers and healthcare vouchers given expected tuition and healthcare cost increases.

Adjust non-general fund appropriation for Sponsored Programs activity (\$33.8 million and 120 FTEs in year one and \$72.3 million and 255 FTEs in year two) - A request to support projected increases in sponsored programs expected at the University over the next two years.

Establish language allowing for renewal and replacement reserves for NGF educational and general buildings - a language-only request to establish a method by which the University can accumulate reserves to finance future expenditures for renewal and replacement of educational & general (E&G) buildings when the general funded maintenance reserve will not be sufficient.

AGENCY 209 - Medical Center:

Adjust non-general fund appropriation for Medical Center revenues (\$10.0 million NGF and 189.81 FTEs in year one and \$31.3 million NGF and 210.81 FTEs in year two) - A request to increase the Medical Center's operating appropriation to reflect expected growth in patient revenues and, accordingly, operating expenditures.

AGENCY 246 - University's College at Wise:

Restore average faculty salary to benchmark (\$154,000 GF in year one and \$361,000 GF in year two) - Request a four-year phased allocation to move Wise's average faculty salary to the 60th percentile of their State Council of Higher Education for Virginia peer group.

Provide funding for enrollment growth (\$366,100 GF and 5 FTE in years one and two) - Request support to provide five additional faculty members to address increased enrollment of 21 percent

over the past five years. Increased enrollment has stretched departments limiting diversity in course offerings and impeding the ability to fill critical core academic positions. Wise's student enrollment is 95 percent Virginian.

Acquire buffer properties (\$799,000 GF in year one only) - Acquire two buffer properties (approximately 17 acres) adjacent to the College that will provide suitable land for development of student housing and future expansion potential for the College.

Provide funding for undergraduate financial aid (\$660,000 GF in year one and \$660,000 GF in year two) - Request general fund support for undergraduate financial aid to help in maintaining access during a period of increasing tuition prices.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

APPROVAL OF 2004-2006 BIENNIAL BUDGET REQUEST FOR THE ACADEMIC DIVISION, THE MEDICAL CENTER AND THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

WHEREAS, the expected 2004-2006 biennial budget request has been carefully reviewed; and

WHEREAS, the expected biennial budget request represents the highest priority initiatives and is aligned with the mission of the institution;

RESOLVED that the Board of Visitors of the University of Virginia endorses and supports the preliminary 2004-2006 biennial budget; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to transmit the final biennial budget request to the Governor as long as there are no material differences from the items already endorsed by the Board of Visitors; and

RESOLVED FURTHER that the Board of Visitors understands that to the extent these initiatives are not included in the Governor's 2004-2006 biennial budget, the Academic Division, the Medical Center and the University of Virginia's College at Wise may want to pursue similar requests to the legislature; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to transmit to the General Assembly any request not funded by the Governor as long as there are no material differences from the items already endorsed by the Board of Visitors.

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UNIVERSITY OF VIRGINIA
FISCAL IMPACT STATEMENT

PROJECT/PROPOSED BOARD OF VISITORS ACTION: Endorse the 2004-2006 Biennial Budget Request concerning operating amendments and authorize the Executive Vice President and Chief Operating Officer to transmit the final request to the Governor and, if necessary, the General Assembly.

DESCRIPTION: The University intends to submit the following operating amendments to the Governor on October 15, 2003. Some alterations may be necessary pending receipt of final instructions:

IN \$ MILLIONS	2004-2005		2005-2006	
	GF	NGF	GF	NGF
<u>Academic Division (207)</u>				
Faculty Salaries	\$5.70		\$14.10	
Base Budget Adequacy	\$7.63		\$15.25	
Undergraduate Medical Education	\$3.10		\$6.20	
O&M for New Facilities	\$0.82		\$2.00	
Health Plan Funding	TBD		TBD	
Research Initiatives	TBD		TBD	
Undergraduate Financial Aid	\$1.40	\$1.00	\$1.40	\$1.50
Graduate Financial Aid	\$3.40	\$1.50	\$6.80	\$2.50
Adjust NGF for Sponsored Programs		\$33.80		\$72.30
Total Academic Division	\$22.04	\$36.30	\$45.75	\$76.30
<u>Medical Center (209)</u>				
Adjust NGF for Revenues		\$10.00		\$31.30
Total Medical Center	\$0.00	\$10.00	\$0.00	\$31.30
<u>College at Wise (246)</u>				
Faculty Salaries	\$0.15		\$0.36	
Enrollment Growth	\$0.37		\$0.37	
Acquire Buffer Properties	\$0.80			
Undergraduate Financial Aid	\$0.66		\$0.66	
Total College at Wise	\$1.98	\$0.00	\$1.39	\$0.00

FISCAL IMPACT: Cognizant of the Commonwealth's financial situation, the amendments to be submitted represent the most significant concerns and highest priorities for the University's three divisions. Meeting for the state's own benchmarks for faculty salaries and base budget adequacy continues to rank among the University's highest priorities for state funding. We do understand there will likely be a cost share with non-general funds for these items. If the Governor does not include them in his budget proposal, the University may opt to introduce the operating requests directly to the General Assembly in January, 2004.

In the event that the Governor's proposed budget does not meet these requests through the allocation of general funds, we recommend that the state authorize sufficient non-general fund appropriations and develop a corresponding tuition policy that will enable the University to advance its goals. Tuition policies for fiscal year 2004-2005 and a corresponding range of options will be presented and discussed at the October 2003 meeting, but Board action will not be required until April 2004. At that time a more complete fiscal impact assessment will be provided.

The Academic Division has requested an increase in its non-general fund appropriation of \$112.6 million over the next two years for sponsored programs. This item reflects an expected rise in grants and research contracts which will support the change. Similarly, the Medical Center seeks a non-general fund appropriation increase of \$40.3 million through fiscal year 2005-06 to allow for anticipated growth in patient revenues and operating expenses.

The University is also asking for additional non-general fund appropriations of \$2.5 million and \$4.0 million, respectively, for undergraduate and graduate financial aid. Tuition will fund these increases, if authorized.

CONCLUSION: The Board of Visitors should endorse the 2004-2006 operating requests.

RECOMMEND APPROVAL OF BOARD ACTION:



Leonard W. Sandridge
October 3, 2003

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2003

COMMITTEE: Finance

AGENDA ITEM: II.B. Policy Governing Exercise of Autonomy
in Leases of Property

BACKGROUND: In 1996, the General Assembly enacted legislation that 1) permanently delegated autonomy to the University to be exercised on behalf of the Medical Center for income and expense operating leases of property; and 2) further delegated autonomy to the University to be exercised through a two-year pilot program for expense leases of property, other than leases entered into on behalf of the Medical Center. The pilot program, which was to conclude at the end of the 1996-1998 biennium, has been continued through subsequent legislative actions. Both delegations have provided for the efficient and businesslike administration of leases. The 2003 General Assembly enacted legislation that 1) expanded the pilot program to include income leases; and 2) created a pilot program for capital leases which delegated post-appropriation administrative review and approval to the University.

DISCUSSION: As required by the 1996 enabling legislation, the Board of Visitors adopted a "Policy Statement Governing Exercise of Autonomy in Leases of Property" at its June 14, 1996, meeting. This statement outlined the system of policies, procedures and guidelines that were to serve as a guide to University officials in their exercise of delegated authority. While the 2003 legislation does not require the modification of this policy, the Administration determined that it would be best to update it to include all delegations.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

APPROVAL OF EXPANSION OF THE UNIVERSITY OF VIRGINIA POLICY
STATEMENT GOVERNING EXERCISE OF AUTONOMY IN LEASES OF PROPERTY
TO INCLUDE INCOME OPERATING LEASES AND CAPITAL LEASES

WHEREAS, the General Assembly of Virginia, at the 1996 Session, enacted legislation providing for a permanent delegation of autonomy to the University to be exercised on

behalf of the Medical Center in relation to leases of property; and

WHEREAS, the enabling legislation further delegated autonomy to the University to be exercised through a two-year pilot program for expense leases of property, other than leases entered into on behalf of the Medical Center; and

WHEREAS, the pilot program has been continued by subsequent legislative actions; and

WHEREAS, the General Assembly of Virginia, at the 2003 Session, enacted legislation 1) expanding the 1996 pilot program for the delegation of autonomy for operating leases to the University to include income operating leases and 2) creating a pilot program for capital leases; and

WHEREAS, the legislation as enacted by the General Assembly of Virginia in 1996 required that the authority delegated to the University not be exercised until the Board of Visitors adopted an appropriate system of policies, procedures, reviews, approvals and guidelines pursuant to which University officials would be guided in their exercise of the delegated autonomy; and

WHEREAS the Board of Visitors on June 14, 1996, approved a "Policy Statement Governing Exercise of Autonomy in Leases of Property," for the permanent delegation to the Medical Center and for the pilot program for the balance of the University; and

WHEREAS, the system of policies, procedures and guidelines included in the "Policy Statement" has provided for the efficient and businesslike administration of property leases; and

WHEREAS, the 1996 policy statement has been revised to include income operating leases and capital leases, and is now titled "Policy Statement Governing Exercise of Autonomy in Operating and Capital Leases of Property;"

RESOLVED that the "Policy Statement Governing Exercise of Autonomy in Operating and Capital Leases of Property," attached hereto, is approved; and

RESOLVED FURTHER that the President be delegated the authority (1) to implement the Policy Statement in the manner he deems most appropriate; and (2) to delegate further to his designee the administrative responsibility to implement and assure compliance with the Policy Statement.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2003

COMMITTEE: Finance

AGENDA ITEM: II.C. Appointment to University of Virginia
Investment Management Company Board

BACKGROUND: Approves the appointment of a public member, Mr. Peter F. Dolan, to the University of Virginia Investment Management Company (UVIMCO) Board for a four-year term effective July 1, 2003.

Mr. Peter Dolan of Medfield, Massachusetts, a 1988 alumnus of the Darden School, is Director of Private Equity of Harvard Management Company, Inc.

The Manual of the Board of Visitors authorizes the Board to appoint to the University of Virginia Investment Management Company no more than four public members. The Manual stipulates that these public members shall be alumni of the University and shall serve as non-voting members to staggered initial terms not to exceed four years. No member shall be eligible to serve more than two successive four-year terms.

ACTION REQUIRED: Approval by the Finance Committee and the Board of Visitors

APPROVAL OF THE APPOINTMENT OF A PUBLIC MEMBER TO THE BOARD OF
THE UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY

RESOLVED that Peter F. Dolan, of Medfield, Massachusetts, is hereby appointed to serve as a public member of the Board of the University of Virginia Investment Management Company for a term of four years, beginning July 1, 2003.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2003

COMMITTEE: Finance

AGENDA ITEM: III.A. Vice President's Remarks

ACTION REQUIRED: None

BACKGROUND: The Executive Vice President and Chief Operating Officer will inform the Board of recent events that do not formal action, but of which it should be made aware.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2003

COMMITTEE: Finance

AGENDA ITEM: III.B. Endowment Report

ACTION REQUIRED: None

Market Value and Performance as of June 30, 2003
and August 31, 2003

BACKGROUND: The Rector and Visitors of the University, particularly the University of Virginia Investment Management Company (UVIMCO), oversees the major component of the endowment that benefits the University. A report on the endowment is made at each Board of Visitors meeting.

DISCUSSION: For the fiscal year ended June 30, 2003, the total return on the endowment was 9.2 percent, finally a significantly positive year after two years of flat performance. The post Iraqi War stock rally boosted returns across all equity-like asset classes. Our modest position in domestic equity was up 21.3 percent for the quarter, with international equity up 22.9 percent during the same period, leaving the fiscal year in positive territory for the first time in two years. Private equity, driven largely by our distressed debt positions, was up 13.8 percent for the quarter overcoming the still negative venture capital returns. Hedge funds, the largest position representing 60 percent of the portfolio, lagged the stock market during the latest quarter but still posted a solid return of 9.8 percent for the fiscal year. Fixed income was the star as our position in Treasury Inflation Protected Securities (TIPS) outperformed a very buoyant bond market with a return of 17.1 percent for the year.

For the months of July and August, the bond market has had one of the largest declines in history, 5.0 percent for the ten-year Treasury bond. The UVa bond portfolio, down 1.5 percent, did significantly better as TIPS continued to outperform Treasuries. The stock markets continued to move upward and hedge funds lagged the market. The return on the total fund was 1.3 percent.

With the recent rally in stocks, decline in the bond market and narrowing of the credit spreads, areas of opportunity going forward are less obvious. The UVIMCO Board met in early September to review performance and revisit asset allocation. The decision was made to increase the macro component of the hedge fund portfolio as well as exposure to the developed international and emerging markets.

UNIVERSITY OF VIRGINIA INVESTMENT REPORT - PRELIMINARY CONFIDENTIAL
August 31, 2003

	MKT VAL (\$000's)	Asset Allocation		Current				Historical			Annualized			
		PEF	Target	MO	3MO	CYTD	FYTD	FY 03	FY 02	FY 01	3 YR	5 YR	10 YR	20 YR
DOMESTIC EQUITY	127,851	6.1%	5.0%	1.6	7.2	20.8	4.2	4.0	-12.0	4.8	-3.1	5.3	9.5	---
<i>Russell 3000</i>				<i>2.2</i>	<i>6.0</i>	<i>17.8</i>	<i>4.6</i>	<i>0.8</i>	<i>-17.2</i>	<i>-13.9</i>	<i>-10.7</i>	<i>3.5</i>	<i>9.8</i>	---
INTERNATIONAL EQUITY	129,726	6.2%	5.0%	6.1	17.7	31.3	11.8	7.6	-7.7	-21.5	-4.5	7.8	5.5	---
EMERGING MARKETS	129,726	6.2%	5.0%	6.1	17.7	31.3	11.8	7.6	12.5	-10.8	6.1	19.1	---	---
<i>MSCI All-Country World ex U.S. Free</i>				<i>3.0</i>	<i>8.7</i>	<i>17.5</i>	<i>5.7</i>	<i>-4.2</i>	<i>-8.2</i>	<i>-25.4</i>	<i>-10.0</i>	<i>1.1</i>	<i>2.8</i>	---
<i>MSCI EMF</i>				<i>6.7</i>	<i>19.9</i>	<i>31.7</i>	<i>13.4</i>	<i>7.0</i>	<i>1.3</i>	<i>-25.8</i>	<i>-1.5</i>	<i>11.9</i>	<i>1.7</i>	---
PRIVATE EQUITY	310,100	14.7%	20.0%	0.7	8.8	9.9	1.1	11.1	-10.7	-23.2	-10.3	30.5	22.6	---
DOMESTIC BUYOUTS	203,478	9.7%	12.5%	0.4	13.1	22.4	0.9	37.3	-0.5	-22.4	2.3	12.7	8.8	---
INTERNATIONAL BUYOUTS	36,527	1.7%	2.5%	1.5	-4.6	-9.0	-2.2	1.8	21.5	5.1	4.3	24.6	---	---
VENTURE CAPITAL	70,096	3.3%	5.0%	0.9	3.8	-9.0	3.4	-27.9	-27.6	-33.3	-31.3	39.3	33.0	---
<i>UVA Private Equity Blended Index †</i>				<i>2.7</i>	<i>7.5</i>	<i>20.0</i>	<i>5.5</i>	<i>3.7</i>	<i>-11.5</i>	<i>-11.9</i>	<i>-6.6</i>	<i>7.1</i>	<i>12.5</i>	---
<i>Russell 3000 + 400 bp</i>				<i>2.5</i>	<i>7.0</i>	<i>20.2</i>	<i>5.2</i>	<i>4.8</i>	<i>-13.2</i>	<i>-9.9</i>	<i>-6.7</i>	<i>7.6</i>	---	---
<i>MSCI AC World ex U.S. Free + 400 bp</i>				<i>3.2</i>	<i>9.6</i>	<i>18.9</i>	<i>6.3</i>	<i>-0.6</i>	<i>-4.2</i>	<i>-21.4</i>	<i>-6.3</i>	---	---	---
HEDGE FUNDS	1,262,477	59.9%	60.0%	0.5	2.3	8.3	0.8	9.8	7.7	18.6	11.0	15.3	9.1	---
<i>UVA Hedge Fund Blended Index ‡</i>				<i>1.2</i>	<i>3.3</i>	<i>9.6</i>	<i>2.4</i>	<i>4.1</i>	<i>-5.9</i>	<i>-4.4</i>	<i>-2.6</i>	<i>6.4</i>	<i>9.9</i>	---
REAL ASSETS	59,313	2.8%	5.0%	2.7	2.4	-6.2	2.9	-8.2	-12.6	11.7	-3.0	1.2	6.9	---
REAL ESTATE/TIMBER	59,313	2.8%	5.0%	2.7	2.4	-6.2	2.9	-8.2	-19.4	8.8	-5.5	-0.5	6.0	---
<i>91-Day T-Bills + 500 bp</i>				<i>0.5</i>	<i>1.5</i>	<i>4.3</i>	<i>0.9</i>	<i>6.6</i>	<i>7.7</i>	<i>10.9</i>	<i>8.1</i>	<i>8.9</i>	---	---
FIXED INCOME	174,382	8.3%	5.0%	1.4	-1.5	5.4	-1.5	17.1	10.4	10.3	10.9	8.4	7.3	---
<i>ML 7-10 Yr Government</i>				<i>0.6</i>	<i>-5.8</i>	<i>-1.1</i>	<i>-5.0</i>	<i>14.0</i>	<i>9.7</i>	<i>10.9</i>	<i>8.8</i>	<i>6.4</i>	<i>6.7</i>	---
CASH	41,752	2.0%												
UVA Managed	357	0.0%												
Pending Funds	1,007	0.0%												
TOTAL FUND	2,106,964			0.9	3.9	9.0	1.3	9.2	-0.1	2.0	2.6	15.8	13.1	13.8
<i>Target Benchmark</i>				<i>1.5</i>	<i>4.0</i>	<i>11.6</i>	<i>2.8</i>	<i>4.2</i>	<i>-6.2</i>	<i>-3.3</i>	<i>-1.9</i>	<i>5.3</i>	<i>7.9</i>	<i>11.1</i>
<i>Spending + Inflation</i>				<i>0.6</i>	<i>1.5</i>	<i>5.0</i>	<i>1.0</i>	<i>7.0</i>	<i>5.7</i>	<i>7.6</i>	<i>6.8</i>	<i>7.1</i>	<i>7.1</i>	<i>7.7</i>
Less: Liabilities & Current Funds	(316,626)													
POOLED ENDOWMENT FUND	1,790,338													
UVA ADMINISTERED ENDOWMEN¹	34,019													
ENDOWMENT SUB-TOTAL	1,824,357													
CHARITABLE REMAINDER TRUST	33,875													
Non-Pool Trust Assets	3,980													
UVA Pooled Endowment Fund	751			0.9	3.9	9.0	1.3	9.2	---	---	---	---	---	---
UVA Core Equity Fund	22,515			0.9	3.5	11.8	1.7	9.8	-0.3	-4.0	1.7	8.4	---	---
UVA Bond Fund	6,629			1.7	-2.3	4.1	-2.0	15.0	10.5	10.1	10.2	7.3	---	---
TOTAL ENDOWMENT	1,857,481													
CURRENT FUNDS	328,535			0.5	1.4	4.3	0.6	5.7	4.8	9.4	6.8	5.9	5.7	---
Bonds and Cash	196,040			0.2	-0.3	1.1	0.2	3.1	4.8	9.4	5.8	5.3	5.4	---
PEF Investment	132,494			0.9	3.9	9.0	1.3	9.2	---	---	---	---	---	---
<i>Current Funds Blend*</i>				<i>0.1</i>	<i>0.0</i>	<i>0.8</i>	<i>-0.1</i>	<i>2.8</i>	<i>4.2</i>	<i>7.1</i>	<i>4.3</i>	<i>4.6</i>	<i>5.0</i>	---
ENDOWMENT CASH RESERVES**	48,435			0.0	1.0	2.2	1.0	2.1	---	---	---	---	---	---
<i>91-Day T-Bills</i>				<i>0.1</i>	<i>0.3</i>	<i>0.8</i>	<i>0.1</i>	<i>1.4</i>	---	---	---	---	---	---

UNITIZATION
08/31/03

MV Per Share
\$2,676.06

Accrued Income - Estimated
\$2.65

† 30% Russell 3000, 20% MSCI ACWxUS Free, plus 400 basis points.

‡ 30% Russell 3000, 70% 91-Day T-Bills plus 800 basis points.

* 60% 91-Day T-Bills, 40% Merrill Lynch 1-3 Year Treasuries.

** Cash balance plus manager cash and income cash.

UVA Investment Management Company

Actions of the Investment Management Company
Since Last Board Meeting

BACKGROUND: The University of Virginia Investment Management Company (UVIMCO) Board meets regularly and reports all of its activities at the following meeting of the Finance Committee.

DISCUSSION: Since the last Board meeting, the UVIMCO Board approved the following investments: \$50 million with Tudor BVI Global, \$5 million each with Akela Capital Management and Gotham Asset Management, as well as an additional \$1.6 million to Shorenstein I. The following was approved at the September 4 and 5, 2003 meeting: \$25 million with Kensico Capital Management, \$5 million additional to Abrams Bison Investments, Akela Capital Management and Hawkshaw Capital Management. Approval was also given for new derivatives and asset allocation policies.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2003

COMMITTEE: Finance

AGENDA ITEM: III.C. UVa Health Plan Annual Report

ACTION REQUIRED: None

BACKGROUND: The Board has asked that the Executive Vice President and Chief Operating Officer report regularly on the status of the University's self-insured health care plan.

DISCUSSION: The University, in discussion with fringe benefit consultants, regularly monitors its health insurance claims and premiums, the adequacy of its reserves and the outlook for future health care costs. Health care costs increased 16 percent from 2001 to 2002, and we anticipate continued double-digit increases in the year ahead, driven by increased medical costs, pharmaceutical costs and utilization. Our reserve for claims "incurred but not reported" or paid is fully funded, as is our contingency reserve.

A detailed report will be provided during the October 3, 2003, Finance Committee meeting.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 3, 2003

COMMITTEE: Finance

AGENDA ITEM: III.D. Annual Report on the Tuition and
Required Fee Outlook for the 2004-2005
Academic Year

ACTION REQUIRED: None

BACKGROUND: The Board normally approves tuition and required fees at its April meeting. Members of the Board have emphasized that it is important to review pricing policy and outlook prior to the meeting at which action is taken.

The Governor's budget and General Assembly actions set the criteria and framework for the establishment of tuition and fees. Board policy and Board response to institutional requirements determine the specific tuition structure within the state-proscribed framework.

DISCUSSION: The discussion at the Board meeting will address undergraduate, graduate and professional school charges. With the 2003-2004 budget reductions and tuition pricing policy from the Governor and General Assembly, we were unable to consider an appropriate pricing structure to recognize the University's quality education, the resources necessary to sustain that quality and the relationship of tuition to peer institutions, both public and private. For 2004-2005, we may have the opportunity to review the overall pricing model. The University's biennial budget request to the Commonwealth proposes a four year phase-in of the funds required to meet the Commonwealth's stated goals for faculty salaries and base budget adequacy. In the event that the Governor's proposed budget does not meet these goals through the allocation of general funds, we strongly recommend that a tuition structure be adopted that will move the University toward this goal.

The policy will need to accommodate potential enrollment growth, consider the impact of tuition increases on continuing students versus those who are making the decision to attend the University for the first time and take into consideration additional financial aid that will be required in order to offer 100 percent of the demonstrated need of our undergraduates.

Out-of-state undergraduate tuition will continue to be priced according to market.

As mentioned in the Board's discussion of tuition policy over the past three years, the University continues to put a priority on enhancing its ability to compete effectively for the best graduate students. For the past two academic years, the Board approved tuition structures that ensured that the differential in in-state and out-of-state graduate tuition did not increase. For 2004-2005, to further enhance our recruitment of graduate students, we will consider setting and maintaining a differential between in-state and out-of-state students.

In 2003-2004 the Darden School and Law School reached self-sufficiency and their future tuition proposals will be developed within that framework. For the Darden School, out-of-state tuition will be maintained at a level comparable with peers in the top ten of the *Business Week* and the *US News and World Report* rankings. In-state tuition will maintain the \$5,000 differential from out-of-state tuition that was achieved in 2000-2001. Similarly, the Law School will maintain its out-of-state tuition at a level comparable with peers, and, for the first time, will set its in-state tuition at a \$5,000 differential from its out-of-state tuition. This level was achieved a year earlier than expected, primarily due to the across-the-board, mid-year increase in 2002-2003. As the Law School increases in-state tuition, it will increase its commitment to scholarships and loan forgiveness at a percentage rate at least equal to the annual increase in tuition and required fees.

In 2003-2004, the School of Medicine plans to continue the implementation of its existing surcharges. In 2003-2004, first and second year students will be assessed a \$2,500 surcharge, while third-year medical students will be assessed a \$1,000 surcharge. The extent of tuition increases and potential new surcharges will be related to the extent to which the Governor's proposed budget meets the requested funding of undergraduate medical education base adequacy and faculty salaries through general funds, versus the extent to which we will need to raise those funds through tuition.

Required fees, housing and dining rates will be set to address state salary requirements, approved capital projects and inflation, and will be in keeping with the state's policy on mandatory non-educational and general fees. A significant portion of our housing system is of an age where we can expect

building and infrastructure conditions to require attention. Accordingly, the second of four \$150 surcharges (the first was in 2003-2004) will be proposed in 2004-2005 to fund renovations and modernizations required to preserve the quality of our student housing system.

The University of Virginia's College at Wise tuition and fee proposal will conform to the criteria and framework to be set by the Governor's 2004-2006 budget proposal and 2004 General Assembly actions.

MISCELLANEOUS FINANCIAL REPORTS
Finance Committee
University of Virginia

October 3, 2003

ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF JUNE 30, 2003

Summary of Accounts Receivable:

The University's Academic Division's total accounts receivable as of June 30, 2003, were \$15,067,000 as compared to \$17,193,000 at March 31, 2003. The major source of receivables at June 30, 2003, was sponsored programs of \$11,026,000.

The past due receivables over 120 days old at June 30, 2003, were \$1,493,000 or 9.90 percent of total receivables, which is below the Commonwealth's management standard of ten percent.

	<u>Student Accounts</u>	<u>Sponsored Programs</u>	<u>Other Receivables</u>	<u>Total</u>
Gross Accounts Receivable	\$1,281,000	\$11,026,000	\$2,760,000	\$15,067,000
Less: Allowance for Doubtful Accounts	<u>38,500</u>	<u>550,000</u>	<u>162,000</u>	<u>750,500</u>
Net Accounts Receivable	<u>\$1,242,500</u>	<u>\$10,476,000</u>	<u>\$2,598,000</u>	<u>\$14,316,500</u>
Accounts Receivable Greater than 120 Days Past Due	<u>\$243,000</u>	<u>\$982,000</u>	<u>\$268,000</u>	<u>\$1,493,000</u>

SOURCE: Revenue and Collections
DATE: September 1, 2003

ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF JUNE 30, 2003

Summary of Loans Receivable:

The default rate for the Perkins Student Loan Program decreased by 0.11 percent to 6.67 percent. This is based on the cohort default rate calculation and is well below the 15 percent threshold set by federal regulations. The Health Professions Loan Program default rate also decreased by 0.43 percent. The Nursing Undergraduate Student Loan Program default rate remained the same at 1.90 percent. All medical loan programs are well below the five percent federal threshold. The University Loan Program default rate increased by 0.74 percent to 4.26 percent.

	<u>Gross Loans Receivable</u>	<u>Current Default Rate</u>	<u>Inc. / (Dec) From Last Quarter</u>
Perkins Student Loans	\$16,057,000	6.67%	(0.11)%
Health Professions Loans	461,000	0.00%	(0.43)%
Undergraduate Nursing Loans	608,000	1.90%	0.00%
University Loans	9,573,000	4.26%	0.74%
Total Student Loan Outstanding	<u>\$26,699,000</u>		

SOURCE: Student Financial Services

DATE: September 1, 2003

**EXPENDITURE OF FUNDS FROM PRATT ESTATE
For Year Ended June 30, 2003**

	<u>07/01/02</u> <u>Carryforward¹</u>	<u>FY 2003</u> <u>Allocations²</u>	<u>Total</u> <u>Available</u>	<u>FY 2002-03</u> <u>Expenditures</u>	<u>06/30/03</u> <u>Balance</u>
Arts & Sciences					
Biology					
Student Support	\$ -36,088.54	\$ 222,098.00	\$ 186,009.46	\$ 138,227.58	\$ 47,781.88
Faculty Salary Support	29,575.44	3,830.00	33,405.44	29,959.33	3,446.11
Research & Equipment	<u>176,925.33</u>	<u>19,072.00</u>	<u>195,997.33</u>	<u>-21,163.40</u>	<u>217,160.73</u>
	170,412.23	245,000.00	415,412.23	147,023.51	268,388.72
Chemistry					
Student Support	-37,240.88	130,000.00	92,759.12	12,113.23	80,645.89
Faculty Salary Support	12,481.29	60,000.00	72,481.29	75,928.41	-3,447.12
Research & Equipment	<u>-66,785.89</u>	<u>65,000.00</u>	<u>-1,785.89</u>	<u>61,248.22</u>	<u>-63,034.11</u>
	-91,545.48	255,000.00	163,454.52	149,289.86	14,164.66
Mathematics					
Student Support	246,649.41	77,270.00	323,919.41	42,680.00	281,239.41
Faculty Salary Support	46,113.04	201,230.00	247,343.04	263,018.56	-15,675.52
Research & Equipment	<u>99,116.66</u>	<u>6,500.00</u>	<u>105,616.66</u>	<u>16,469.68</u>	<u>89,146.98</u>
	391,879.11	285,000.00	676,879.11	322,168.24	354,710.87
Physics					
Student Support	55,125.60	163,746.00	218,871.60	190,025.76	28,845.84
Faculty Salary Support	195,632.33	71,254.00	266,886.33	33,730.69	233,155.64
Research & Equipment	<u>1,027,711.88</u>	<u>50,000.00</u>	<u>1,077,711.88</u>	<u>78,953.20</u>	<u>998,758.68</u>
	1,278,469.81	285,000.00	1,563,469.81	302,709.65	1,260,760.16
Presidential Science Initiative	435,133.59	230,000.00	665,133.59	23,355.30	641,778.29
Science & Technology Initiative (FEST)	500,000.00	250,000.00	750,000.00	149,178.51	600,821.49
Provost Faculty Start-Ups	919,720.95	500,000.00	1,419,720.95	21,201.10	1,398,519.85
Morphogenesis & Regeneration - A&S	0.00	<u>1,165,000.00</u>	<u>1,165,000.00</u>	0.00	<u>1,165,000.00</u>
	3,604,070.21	3,215,000.00	6,819,070.21	1,114,926.17	5,704,144.04
School of Medicine					
Student Support	125,129.25	400,000.00	525,129.25	428,102.84	97,026.41
Research & Equipment	3,320,932.75	757,143.00	4,078,075.75	2,324,668.55	1,753,407.20
Science & Technology Initiative (FEST)	377,330.27	250,000.00	627,330.27	159,706.85	467,623.42
Special Distribution	200,000.00	200,000.00	400,000.00	0.00	400,000.00
Morphogenesis & Regeneration-Med	0.00	1,165,000.00	1,165,000.00	0.00	1,165,000.00
Pratt Master - To be Allocated	0.00	199,067.00	199,067.00	0.00	199,067.00
	<u>3,023,392.27</u>	<u>2,971,210.00</u>	<u>5,994,602.27</u>	<u>2,912,478.24</u>	<u>3,082,124.03</u>
TOTALS	\$ 6,627,462.48	\$ 6,186,210.00	\$ 12,813,672.48	\$ 4,027,404.41	\$ 8,786,268.07

NOTES: 1. Beginning balances have been restated to conform to 2003 classifications.

2. Allocations include amounts approved by the BOV for 2002-03 and \$56,210 carryforward amount from prior year allocation.

SOURCE: Financial Analysis

DATE: September 4, 2003

UNIVERSITY OF VIRGINIA
INTEGRATED SYSTEMS PROJECT IMPLEMENTATION STATUS

(Per October 1999 Board of Visitors resolution requesting that the Executive Vice President and Chief Operating Officer provide reports to the Finance Committee not less frequently than semi-annually describing progress on the project and compliance with the business plan.)

BACKGROUND: The Board approved the initiation of the Integrated Systems Project at the October 1999 meeting. The Board requested that progress reports be provided at each subsequent meeting.

DISCUSSION: As reported by the Executive Vice President and Chief Operating Officer at the Board of Visitors July 2003 Retreat, the Integrated Systems Project work has been completed for the University's financial and human resources systems. The loan approved by the Board of Visitors in June 2001 has been paid off in full. This status report will be suspended until the student system implementation begins around Summer 2005.

SOURCE: Integrated System Project
DATE: September 8, 2003

**INTERNAL LOANS TO UNIVERSITY DEPARTMENTS AND ACTIVITIES
As of July 31, 2003**

(Per January 1990 Board of Visitors resolution changing Current Funds Guidelines to include investments in internal loans and the June 1994 Board of Visitors resolution authorizing internal loans to be made in the discretionary collateral account lending program [security lending program], both subject to approval by the Executive Vice President and Chief Operating Officer)

PROJECT	PURPOSE (INT PROJECT)	DATE OF LOAN	INTEREST RATE	ORIGINAL LOAN AMOUNT	PRINCIPAL PAYMENTS MADE TO DATE	OUTSTANDING PRINCIPAL	APPROXIMATE FINAL PAYMENT
115024	Baseball Stadium	06/14/02	Fed. Funds+60 pts.	1,525,000.00	1,114,394.87	410,605.13	June 2005
115608	ITC-Disk Hardware	02/01/02	Fed. Funds+60 pts.	130,000.00	86,666.00	43,334.00	July 2004
115567	ITC-Cincom	02/01/02	Fed. Funds+60 pts.	950,000.00	475,000.00	475,000.00	July 2005
107202	Keck Center	06/22/01	Fed. Funds+60 pts.	50,000.00	-	50,000.00	June 2005
103869	Gilmer Hall	06/22/01	Fed. Funds+60 pts.	45,147.96	-	45,147.96	June 2005
103947	WTJU(102005)	06/01/00	Fed. Funds+60 pts.	120,000.00	72,000.00	48,000.00	May 2005
N/A	UVA Medical Center	07/10/02	Fed. Funds+60 pts.	3,944,441.34	992,206.48	2,952,234.86	June 2006
103807	CVC Football Facility	12/22/98	Fed. Funds+60 pts.	3,000,000.00	1,285,772.18	1,714,227.82	June 2009
Total Internal Loans Subject to \$15M Limit Established by BOV¹				\$9,764,589.30	\$4,026,039.53	\$5,738,549.77	

Other Internal Loan:

Scott Stadium Internal Construction Loan ²	04/26/01	Fed. Funds+60 pts.	10,338,494.75	179,176.62	10,159,318.13	April 2006
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- NOTES: 1. Per April 2003 Board of Visitors resolution approving the expansion of the internal loan pool from \$10 million to \$15 million.
2. Per April 2001 Board of Visitors resolution approving short-term construction loans of up to \$13 million.

SOURCE: Investment and Tax Services
DATE: August 26, 2003

QUARTERLY BUDGET REPORT

As of June 30, 2003

This report compares, on a quarterly basis, the approved annual budget with year-to-date actual revenues and expenditures for the Academic Division. Enclosed are the reports as of the fiscal year ended June 30, 2003.

At the end of fiscal year 2002-2003, revenues collected totaled 104.2 percent of budgeted revenues; actual expenditures totaled 101.0 percent of budgeted expenditures.

A definition of terms is included to explain the sources of revenues and the purposes of expenditures.

SOURCE: Budget Office
DATE: September 9, 2003

University of Virginia Academic Division
 2002-2003 Revenue Budget Summary
 As of June 30, 2003

	2002-2003 Revised Budget	06/30/03 Actual Revenues	Variance Actual (Over)/Under Budget	06/30/03 Percentage Collected
Revenue Projections				
Educational & General				
Tuition & Fees	\$186,104,700	\$184,543,319	\$1,561,381	99.2%
State General Fund Appropriation	130,268,353	129,494,439	773,914	99.4%
Grants, Contracts and Indirect Cost	216,804,420	230,215,372	(13,410,952)	106.2%
Endowment Income	49,979,440	58,285,582	(8,306,142)	116.6%
Gifts	50,606,088	47,626,496	2,979,592	94.1%
Sales, Services & Other	21,041,506	28,340,981	(7,299,475)	134.7%
Total Educational and General	654,804,507	678,506,189	(23,701,682)	103.6%
Student Financial Assistance				
Transfer from Tuition	25,496,020	24,801,862	694,158	97.3%
State General Fund Appropriation	5,526,064	5,441,527	84,537	98.5%
Grants, Contracts and Indirect Cost	14,728,800	16,963,026	(2,234,226)	115.2%
Endowment Income	14,525,569	15,642,469	(1,116,900)	107.7%
Gifts	13,949,987	14,665,364	(715,377)	105.1%
Investment Income and Other	495,201	422,292	72,909	85.3%
Total Student Financial Assistance	74,721,641	77,936,540	(3,214,899)	104.3%
Auxiliary Enterprises				
Athletics	23,719,607	26,979,640	(3,260,033)	113.7%
University Bookstores	29,625,300	30,827,390	(1,202,090)	104.1%
Housing and Conference Services	21,802,500	22,613,276	(810,776)	103.7%
Parking & Transportation	11,242,000	10,452,818	789,182	93.0%
Voice Communications	10,606,711	14,733,509	(4,126,798)	138.9%
Student Health	6,250,100	6,753,951	(503,851)	108.1%
Intramural/Recreational Sports	4,685,500	5,165,388	(479,888)	110.2%
Printing Services	4,616,600	4,400,412	216,188	95.3%
Newcomb Hall & Related Activities	4,135,609	4,420,813	(285,204)	106.9%
Dining Services	3,087,600	2,854,266	233,334	92.4%
Other Auxiliary Activities	8,405,853	7,909,121	496,732	94.1%
Total Auxiliary Enterprises	128,177,380	137,110,584	(8,933,204)	107.0%
Total Revenues	\$857,703,528	\$893,553,313	\$(35,849,785)	104.2%

University of Virginia Academic Division
 2002-2003 Expenditure Budget Summary
 As of June 30, 2003

	2002-2003 Revised Budget	06/30/03 Actual Expenditures	Var. Actual Over/Under Budget	06/30/03 Percentage Expended
Expenditure Projections				
Educational & General				
Instruction	\$221,310,346	\$214,644,614	6,665,732	97.0%
Research	36,261,505	35,369,789	891,716	97.5%
Public Service	15,714,185	13,913,262	1,800,923	88.5%
Academic Support	97,611,683	87,411,550	10,200,133	89.6%
Student Services	18,013,136	17,813,539	199,597	98.9%
Institutional Support	50,706,816	55,638,489	(4,931,673)	109.7%
Operation & Maintenance of Plant	47,879,836	45,725,021	2,154,815	95.5%
Grants and Contracts	167,307,000	181,591,744	(14,284,744)	108.5%
Total Educational and General	654,804,507	652,108,008	2,696,499	99.6%
Student Financial Assistance	74,721,641	77,478,394	(2,756,753)	103.7%
Auxiliary Enterprises				
Athletics	23,043,917	27,316,840	(4,272,923)	118.5%
University Bookstores	29,539,900	32,239,120	(2,699,220)	109.1%
Housing	21,621,200	21,473,679	147,521	99.3%
Parking & Transportation	11,182,000	10,776,540	405,460	96.4%
Voice Communications	10,606,711	13,908,197	(3,301,486)	131.1%
Student Health	6,308,305	6,199,577	108,728	98.3%
Intramural/Recreation Sports	4,685,500	4,327,482	358,018	92.4%
Printing Services	4,616,600	4,402,688	213,912	95.4%
Newcomb Hall & Related Activities	4,518,635	5,014,053	(495,418)	111.0%
Dining Services	3,073,900	2,578,160	495,740	83.9%
Other Auxiliary Activities	8,452,290	7,516,186	936,104	88.9%
Total Auxiliary Enterprises	127,648,958	135,752,522	(8,103,564)	106.3%
Total Expenditures	\$857,175,106	\$865,338,924	(\$8,163,818)	101.0%

DEFINITION OF TERMS

Educational and General - those activities which embrace the three programs directly related to the higher education mission: (1) instruction, (2) research and (3) public service. These activities also encompass the support programs: academic support, institutional support and maintenance and operation of physical plant; and sponsored programs associated with instruction, research and public service.

Student Financial Assistance - those activities which promote student accessibility to the University through scholarships and fellowships. Student loans, student wages and aid from third parties are not included.

Auxiliary Enterprises - those activities which are supported entirely through fees charged to users, such as housing, athletics, dining services, the telephone system and the bookstore.

Sponsored Programs and Indirect Cost Recoveries -- primarily research projects, but also includes activities restricted to institutional and service programs.

Instruction -- expenditures for the primary mission of the University, which includes teaching faculty, support staff, instructional equipment and related routine operating costs.

Research -- includes expenditures for activities such as support for research faculty, but does not include sponsored research. Activities include the Center for Public Service, the State Climatologist and the Center for Liberal Arts.

Public Service -- includes activities such as the Miller Center of Public Affairs, the Virginia Foundation for the Humanities and Public Policy and that portion of the School of Medicine's clinical physicians salaries and fringe benefits related to patient care.

Academic Support -- the program which encompasses the libraries, the activities of the deans of the schools and other related expenditures.

Student Services -- activities whose primary purpose is to contribute to the students' emotional and physical well-being and to their intellectual, cultural and social development outside the classroom.

Institutional Support -- primarily includes the financial, administrative, logistical and development activities of the University.

Operation and Maintenance of Plant -- includes expenditures for activities related to the operation and maintenance of the physical plant, net of amounts charged to auxiliary enterprises and the Medical Center.

SOURCE: Budget Office
DATE: September 9, 2003

UNIVERSITY OF VIRGINIA
QUASI-ENDOWMENT ACTIONS

April 1, 2003 - June 30, 2003

(Per October 1990 and June 1996 Board of Visitors resolutions granting the Executive Vice President and Chief Operating Officer authority to approve selected quasi-endowment transactions, including establishments and disinvestments, less than \$2,000,000.)

Per the delegated authority from the Executive Vice President and Chief Operating Officer, the Vice President for Management and Budget has approved the additions, divestments and capitalizations of the quasi-endowments listed below.

<u>Additions</u>	<u>Amount</u>
Cooke, Edward Scholarship Fund	\$ 143,272.93
Darden, Barbara B. Endowed Scholarship	55,000.00
Harrison Scholars Fund ⁽¹⁾	1,007,403.50
Pediatrics Operational Quasi-Endowment Fund	42,092.89
University of Virginia Bookstore Quasi-Endowment for Excellence	250,000.00
University Quasi-Endowment Fund ⁽²⁾	<u>74,892.92</u>
 Total Additions to Quasi-Endowments	 \$1,572,662.24

<u>Divestments</u>	
Jessup, Claude A. Fund	\$200,000.00
Plastic Surgery Quasi-Endowment Fund	465,000.00
Psychiatric Medicine Research Quasi-Endowment Fund	300,000.00
Thaler, Myles H. Quasi-Endowment for HIV Research	<u>9,258.00</u>
 Total Divestments from Quasi-Endowments	 \$974,258.00

<u>Endowment Income Capitalizations</u>	
Antrim, Lottie C. Income Capitalization	\$ 2,051.25
Athletics General Operations Quasi-Endowment ⁽¹⁾	9,576.59
Bogges, Margaret F. Memorial Fund for Radiology	11,091.88
Bristol Laboratories Quasi-Endowment - Hecht	3,005.97
Chrysler, W. P. Fund for Engineering Library	848.67
Class of 1955 Endowment Fund	696.59
Class of 1956 Endowment Fund	2,371.37
Class of 1957 Endowment Fund	1,843.63
Class of 1958 Endowment Fund	2,343.88
Class of 1959 Endowment Fund	2,740.06
Class of 1960 Endowment Fund	2,309.63
Class of 1961 Endowment Fund	2,086.07

Endowment Income Capitalizations (Cont.)

Class of 1962 Endowment Fund	\$ 3,044.71
Class of 1963 Endowment Fund	942.24
Class of 1964 Endowment Fund	1,854.56
Class of 1965 Endowment Fund	566.05
Dean's Adenosine Patent Quasi-Unrestricted Income	79,579.11
Dermatology General Investment Fund	11,139.99
Difazio, Cosmo A. Professorship in Anesthesiology Quasi-Endowment	4,122.71
Gildersleeve, Basil L. Restricted Quasi-Endowment	27,000.00
Hecht -- Cruachem Chemistry Quasi-Endowment	3,434.83
Hecht -- Cruachem Chemistry Quasi-Endowment #2	3,107.72
Hecht -- Cruachem Chemistry Quasi-Endowment #3	1,303.80
Hughes Quasi-Endowment Income Capitalization Quasi-Endowment	1,466.72
McIntyre, Howard Quasi-Endowment in Neurology	11,048.45
Medical School Academic Enrichment Endowment Income	80,195.09
Miller, Mae W. Cancer Research Quasi-Endowment	2,162.08
Moyston Quasi-Endowment for Ophthalmology	8,890.84
Phase II CHE Building Unrestricted Quasi-Endowment	18,012.85
Plastic Surgery Quasi-Endowment Fund	28,165.93
Radiology Fund Special Diagnostic	1,569.98
Ross, William & Harriet Diabetes Restricted Quasi- Endowment	1,599.17
School of Medicine Quasi-Endowment	28,939.80
Taylor, Henry N. Fund	115.63
University Quasi-Endowment Fund	1,500,000.00
Virginia Quarterly Review Anonymous	199.87
Total Endowment Income Capitalizations	\$1,859,427.72

NOTES:

1. Quasi-endowment newly established or originally funded since April 1, 2003.
2. Includes current unrestricted gifts to the University that, under a standing Board of Visitors resolution, are required to be added to the University's Unrestricted Endowment Fund.

SOURCE: Financial Administration
DATE: September 1, 2003

Endowment/Investments for UVa and Related Foundations*
June 30, 2003
(in thousands)

	R & V Funds Invested by UVIMCO	Related Foundation Funds Invested by UVIMCO	Related Foundation Funds Invested by Direction of Foundation Board	Funds Invested by Alumni Assoc	Total
The University of Virginia Medical School and related foundations	\$437,766	\$6,622	\$16,723	\$4,062	\$465,173
Darden School and related foundation	74,609	32,832	131,728		239,169
The College of Arts and Sciences and related foundations	205,594	6,605	6,290	11,107	229,596
The University of Virginia Law School and related foundation	29,035	75,059	78,500		182,594
School of Engineering and related foundation	50,881			2,479	53,360
The McIntire School of Commerce and related foundation	24,999			23,900	48,899
Graduate School of Arts and Sciences	27,982				27,982
School of Nursing	21,775			1,492	23,267
University of Virginia's College at Wise and related foundation	17,572	421	167	1,679	19,839
Curry School of Education and related foundation	8,018	4,893	63	17	12,991
School of Architecture	9,734			335	10,069
School of Continuing and Professional Studies	49				49
Alumni Association**				197,745	197,745
Athletics and related foundation	27,320	17,552	18,579	277	63,728
Miller Center and related foundation	35,722	1,830			37,552
Alumni Board of Trustees			32,206		32,206
University of Virginia Foundation and UVa Real Estate Foundation		21,214	3		21,217
All Other	861,810	13,742			875,552
	\$1,832,866	\$180,770	\$284,259	\$243,093	\$2,540,988

* Excludes security lending.

** Includes funds on deposit for other areas/schools not individually listed.

SOURCE: Financial Administration
DATE: August 30, 2003

UNIVERSITY OF VIRGINIA

SALARY AND COMPENSATION FOR FULL-TIME FACULTY

AT AAU AND SCHEV PEER GROUP INSTITUTIONS

These reports provide average compensation and salary figures for institutions included in the Association of American Universities, and average salary figures for the University's peer institutions, as established by the State Council of Higher Education in Virginia. These figures include instructional faculty paid on a full-time basis; all medical faculty have been excluded. Salary figures for those faculty with eleven- or twelve-month duties have been converted to nine-month figures by multiplying the total salaries by 9/11. The source for these figures is "*The Annual Report on the Economic Status of the Profession, 2002-2003*," Academe, March-April, 2003, the bulletin of the American Association of University Professors.

SOURCE: Institutional Assessment and Studies

DATE: September 2, 2003

UNIVERSITY OF VIRGINIA FACULTY SALARY AVERAGES

Salary at AAU Institutions

- AAU salary data includes all sources of funds.
- The 60 institutions included in this year's rankings are only the US institutions. Two Canadian institutions, the University of Toronto and McGill University, have been excluded.
- The UVa average in each of the years displayed represents the salary average as of December 1, of that year and reflects the merit increase of that date. The 1996-1997 average does not include the increases from endowment funds that were made in early 1997 retroactive to December 1996. That retroactive increase from the endowment, along with the December 1997 installment from the endowment and five percent increase from the state, are represented in the 1997-1998 figures.
- The UVa percent increase between 2001-2002 and 2002-2003 was 0.48 percent. This was well below the median for the AAU (3.82 percent) causing the University's rank position of 23rd in 2001-2002 to drop to 30th in 2002-2003.
- In 1989-1990, before the first round of the Wilder budget cuts, UVa ranked 18th (69th percentile) in the AAU. Since then our ranking has varied, never rising above 18th, dropping as low as 32nd in 1996-1997, and now stands at 30th (50th percentile) in 2002-2003. During that 13-year period, UVa's average salary increased from \$54,100 in 1989-1990 to \$83,100 in 2002-2003 (a total increase of 54 percent, which is the equivalent of a 3.4 percent raise each year).

Compensation at AAU Institutions

- As in the case of the average salary, average compensation was reported as of December 1 of those years.
- The UVa percent increase between 2001-2002 and 2002-2003 was 0.59 percent. This also was well below the median for the AAU (4.61 percent) and resulted in a five-position drop in our compensation ranking (from 28th to 33rd).
- In 1989-1990 UVa ranked 20th (65th percentile) in

compensation. Since then our ranking has varied, never rising above 20th, and now stands at 33rd (46th percentile) in 2002-2003, its lowest ranking during the period. During that 13-year period, our average compensation increased from \$66,800 in 1989-1990 to \$101,500 in 2002-2003 (a total increase of 52 percent, which is the equivalent of a 3.27 percent raise each year).

State Salary at SCHEV Peer Institutions

- In the spring of 1997, SCHEV approved a new sample of peer institutions for the University. Again, the UVa state salary average represents the salary average as of December 1 each year. The state salary average excludes all endowment funds.
- The UVa percent increase in State salary between 2001-2002 and 2002-2003 was zero percent. The mean increase for the peer group was 3.54 percent, which resulted in a drop in our ranking from 15th to 17th.
- In 1989-1990, UVa ranked 10th in our previous state peer group of 25. In the newly constituted group, the University began in 1996-1997 at position 16 (27th percentile), and has eventually dropped to position 17 (also the 27th percentile) by 2002-2003.

SOURCE: Institutional Assessment and Studies
DATE: September 2, 2003

Average Salary for Full-Time Instructional Faculty at AAU Institutions, 1992-93 to 2002-03

Rank	93-94		95-97		99-00		2001-02		2002-03		Rank			
	1992-93	94-95	1995-96	97-98	1998-99	99-00	2000-01	2001-02	2002-03					
1	Cal Tech	84,100	Cal Tech	92,500	Cal Tech	104,400	Cal Tech	112,000	Harvard U	114,800	Harvard U	119,700	4.27%	1
2	Stanford	79,000	Stanford U	88,500	Stanford U	99,500	Stanford U	108,100	Stanford U	111,200	Stanford U	116,700	4.95%	2
3	Harvard	74,800	Harvard U	85,400	Harvard U	93,200	Stanford U	107,300	Cal Tech ²	108,500	Cal Tech	111,800	3.04%	3
4	MIT	72,700	U Penn	80,800	U Penn	92,000	U Penn	103,800	U Penn	107,500	U Penn	111,600	3.81%	4
5	U Chicago	72,500	MIT	80,400	Princeton U	90,900	Princeton U	100,000	Princeton U	103,000	Princeton U	107,000	3.88%	5
6	U Penn	72,000	U Chicago	80,000	U Chicago	88,700	MIT	97,600	MIT	100,800	MIT	105,300	4.46%	6
7	Princeton	71,100	Princeton U	78,200	MIT	88,300	U Chicago	96,100	Northwestern	100,600	Northwestern	105,200	4.57%	7
8	Duke	68,200	Northwestern	77,100	Northwestern	87,300	Northwestern	95,600	Columbia U	98,300	Duke U	101,700	4.52%	8
9	Northwestern	68,000	Yale U	76,000	UC Berkeley	87,100	UC Berkeley	94,400	Duke U	97,300	Yale U	100,400	4.37%	9
10	Yale U	67,900	Duke U	75,200	Yale U	86,200	Duke U	91,800	U Chicago	97,200	Columbia U	99,900	1.63%	10
11	UC Berkeley	67,900	Rice U	74,600	Columbia U	84,800	Yale U	91,500	UC Berkeley	96,500	U Chicago	99,400	2.26%	11
12	NYU	66,200	NYU	74,000	Duke U	84,300	UCLA	91,300	Yale U	96,200	UC Berkeley	98,600	2.18%	12
13	Columbia U	66,000	Columbia U	73,800	NYU	82,900	Columbia U	89,600	UCLA	92,800	Cornell-Endow	94,700	7.01%	13
14	CMU	64,800	CMU	73,500	UCLA	81,700	NYU	88,900	UCLA	92,300	Washington U	94,700	3.84%	14
15	Rice U	64,400	Rutgers U	71,900	CMU	81,500	CMU	88,700	NYU	92,000	UCLA	94,600	1.94%	15
16	Rutgers U	62,600	UC Berkeley	71,900	UC San Diego	80,600	Washington U	87,700	Washington U	91,200	Emory U	93,900	4.10%	16
17	UCLA	62,100	UCLA	68,100	Rice U	79,300	Rice U	87,300	Rice U	90,300	NYU	93,100	1.20%	17
18	UCSD	61,500	Washington U	67,500	Washington U	77,900	UC San Diego	86,900	Emory U	90,200	Rice U	91,400	1.22%	18
19	USC	61,200	Emory U	67,300	Emory U	75,600	Emory U	85,400	Cornell-Endow	88,500	Brown U	90,100	7.90%	19
20	U Rochester	60,900	UC San Diego	67,300	UC Santa Barb	75,300	Cornell-Endow	83,100	UC San Diego	87,700	UC San Diego	89,600	2.17%	20
21	Cornell-Endow	60,800	USC	67,100	UC Irvine	74,800	U Virginia	82,000	Brown U	83,500	CMU *	85,800	-7.04%	21
22	Brown U	59,800	Brown U	66,600	Cornell-Endow	74,600	UC Santa Barb	81,700	UC Santa Barb	83,000	Rutgers U	84,800	7.21%	22
23	Vanderbilt	58,400	Cornell-Endow	65,700	U Virginia	74,500	UC Davis	80,200	U Virginia	82,700	Vanderbilt	84,700	6.54%	23
24	Washington U	58,300	U Michigan	65,700	USC	74,200	Brown U	80,100	UC Davis	81,500	U Rochester	84,400	4.20%	24
25	U Michigan	57,500	U Rochester	64,600	UC Davis	73,800	UC Irvine	79,800	U Illinois	81,500	UC Santa Barb	84,200	1.45%	25
26	U Virginia	57,400	Vanderbilt	64,500	Rutgers U	73,500	UNC	79,700	U Maryland	81,200	USC	84,200	3.95%	25
27	Johns Hopkins	57,300	Case Western	63,700	U Rochester	73,500	USC	79,500	UC Irvine	81,100	UC Davis	84,000	3.07%	27
28	SUNY Buffalo	57,200	U Virginia	63,700	Brown U	73,400	U Rochester	78,900	USC	81,000	U Michigan	83,900	3.84%	28
29	U Iowa	57,000	UC Santa Barb	63,700	Vanderbilt	73,300	U Wisconsin	78,900	U Rochester	81,000	U Minnesota	83,800	3.97%	29
30	U Illinois	56,100	U Illinois	62,600	U Michigan	72,700	U Illinois	77,700	UNC	80,800	U Virginia	83,100	0.48%	30
31	Case Western	56,100	Johns Hopkins	62,500	U Minnesota	72,400	Rutgers U	77,500	U Michigan	80,800	U Wisconsin	83,100	4.01%	31
32	U Wisconsin	56,000	U Minnesota	61,700	UNC	72,100	U Michigan	77,500	U Minnesota	80,600	U Maryland	82,900	2.09%	32
33	U Minnesota	55,900	SUNY Buffalo	61,500	U Illinois	71,700	U Maryland	77,300	U Wisconsin	79,900	UC Irvine	81,900	0.99%	33
34	U Texas	55,600	UNC	61,500	Case Western	69,900	U Minnesota	77,200	Vanderbilt	79,500	UNC	81,600	0.99%	34
35	Tulane U	55,200	U Iowa	61,400	U Iowa	68,200	Vanderbilt	77,100	Rutgers U	79,100	U Illinois	81,400	-0.12%	35
36	Brandeis U	54,300	U Wisconsin	61,300	U Wisconsin	68,200	Case Western	74,700	Case Western	77,600	Case Western	81,000	4.38%	36
37	U Washington	54,100	Tulane U	60,800	Johns Hopkins	67,500	SUNY Buffalo	74,500	U Iowa	77,000	U Iowa	80,000	3.90%	37
38	U Colorado	53,900	U Texas	60,300	SUNY Buffalo	67,200	U Iowa	74,400	SUNY Buffalo	75,700	SUNY StonyBrk	79,100	4.91%	38
39	UNC	53,800	Ohio State	59,800	Ohio State	66,700	Ohio State	73,900	Ohio State	74,800	Ohio State	78,800	5.35%	39
40	Purdue U	53,700	U Maryland	59,400	Tulane U	66,300	Johns Hopkins ¹	71,800	Johns Hopkins	74,600	Johns Hopkins	78,200	4.83%	40
41	Ohio State	53,500	Purdue U	59,300	Iowa State	65,100	U Texas	71,100	Indiana U	74,200	SUNY Buffalo	77,700	2.64%	41
42	U Pittsburgh	53,400	Iowa State	59,200	Mich St U	64,900	Mich St U	70,000	U Texas	73,800	Mich St U	77,500	6.02%	42
43	U Maryland	53,400	Mich St U	58,800	Purdue U	64,900	U Arizona	69,900	Mich St U	73,100	U Texas	76,500	3.66%	43
44	Mich State	52,800	U Arizona	58,600	U Maryland	64,900	Tulane U	69,500	Tulane U	72,500	Indiana U	76,300	2.83%	44
45	Iowa State	52,600	U Washington	58,000	U Arizona	64,500	U Washington	69,400	U Washington	72,500	Brandeis U	75,400	5.31%	45
46	Clark U	52,500	U Colorado	57,900	U Texas	64,500	Iowa State	69,000	U Arizona	72,000	Tulane U	75,200	3.72%	46
47	Indiana U	52,200	Indiana U	57,600	Brandeis U	63,400	Purdue U	68,800	Brandeis U	71,600	U Pittsburgh	74,700	7.02%	47
48	Syracuse U	51,200	Brandeis U	57,400	U Colorado	63,200	Brandeis U	68,100	Purdue U	71,200	U Arizona	74,600	3.61%	48
49	U Nebraska	50,600	U Pittsburgh	56,800	Indiana U	62,500	U Florida	67,700	U Florida	71,100	U Colorado	74,400	6.44%	49
50	Penn State	49,600	U Nebraska	55,700	U Florida	62,400	Indiana U	67,500	Iowa State	70,900	Purdue U	73,200	2.81%	50
51	U Florida	48,000	Syracuse U	55,300	U Pittsburgh	62,300	U Pittsburgh	67,100	U Colorado	69,900	U Washington	73,000	0.69%	51
52	U Kansas	47,300	U Missouri	55,300	U Missouri	62,100	U Colorado	66,700	U Pittsburgh	69,800	U Florida	72,700	2.25%	52
53	U Arizona	47,200	Penn State	55,200	U Washington	61,800	Penn State	66,100	Penn State	68,500	U Nebraska	72,600	5.99%	53
54	Catholic U	46,600	Clark U	54,900	Clark U	61,300	U Kansas	65,000	U Nebraska	68,500	Penn State	71,000	3.65%	54
55	U Missouri	45,400	U Florida	54,500	Penn State	60,700	U Missouri	64,500	U Kansas	68,100	Texas A&M	70,000	-3.18%	55

Average Salary for Full-Time Instructional Faculty at AAU Institutions, 1992-93 to 2002-03

Rank	93-94		95-96		96-97		99-00		2000-01		2001-02		2002-03		Rank
	1992-93	94-95	1995-96	97-98	1998-99	99-00	2000-01	2001-02	2001-02	2002-03	2002-03	2002-03	2002-03		
56	U Oregon	44,100	U Kansas	52,600	Syracuse U	59,300	U Nebraska	64,300	Syracuse U	67,000	Syracuse U	69,800	4.18%	56	
			Catholic U	51,200	U Nebraska	58,900	Syracuse U	64,200	U Missouri	66,500	Iowa State	69,500	-1.97%	57	
			U Oregon	46,800	U Kansas	58,100	Catholic U	59,700	Catholic U	61,000	U Kansas	68,300	0.29%	58	
					Catholic U	57,100	U Oregon	56,900	U Oregon	57,600	U Missouri ³	65,800	-1.05%	59	
					U Oregon	52,500					U Oregon	59,800	3.82%	60	
						Median Increase	3.95%		Median Increase	4.37%		Median Increase	3.63%		
												Median Increase	3.82%		

Notes: All medical faculty are excluded from the above salary averages. Only faculty who are 50% or more instructional are included. Only U.S. institutions are included above. The University of Toronto and McGill University, although members of AAU, are not included. Beginning in 1992, at the University of Virginia, salary increases were given on December 1 of each year. The above averages for UVa include the December 1 increases each year. In 1995, Emory U. and UC Santa Barbara were added to the AAU and to the above list of institutions. In 1996, UC Davis and UC Irvine were added to the AAU and to the above list of institutions. In 1999, Clark University withdrew from the AAU and was deleted from the above list of institutions. In 2001, Texas A&M and SUNY Stony Brook were added to the AAU and to the above list of institutions. In 2002, Catholic University withdrew from the AAU and was deleted from the above list of institutions.

UVa Percentile Ranking 50%

Source: *Academe, Bulletin of the American Association of University Professors*

- 1 Salary data was not available for Johns Hopkins University in 2000-01, so the AAU median increase was assumed.
- 2 A drop, between 2000-01 and 2001-2002, in the mean salary reported at Cal. Tech. was caused by the inclusion, for the first time, of unranked faculty in their survey population.
- 3 Data for Missouri is suspect for 2002-03, so an estimated 1.05% decrease was used in its place.
- 4 A drop, between 2001-02 and 2002-03, in the mean salary reported at CMU was caused by a modification in CMU's reporting methodology, undertaken in order to more closely comply with AAUP definitions.

Institutional Assessment and Studies
April 22, 2003

Average Compensation for Full-Time Instructional Faculty at AAU Institutions, 1992-93 to 2002-03

Rank	1992-93	93-94	94-95	1995-96	96-97	97-98	1998-99	2000-01	2001-02	2002-03	Rank			
1	Cal Tech	104,500	Cal Tech	115,000	Cal Tech	129,600	U Penn	138,200	U Penn	141,000	U Penn	147,800	4.82%	1
2	Stanford U	95,900	Stanford U	106,500	Harvard U	119,500	Stanford U	129,000	Cal Tech	131,600	Stanford U	147,400	14.26%	2
3	Harvard U	93,300	Harvard U	105,000	Stanford U	119,500	Harvard U	128,400	Stanford U	129,000	Harvard U	142,200	12.41%	3
4	MIT	91,300	U Penn	102,800	U Penn	115,900	Harvard U	126,500	Harvard U	126,500	Cal Tech	136,100	3.42%	4
5	U Penn	90,900	MIT	100,900	Princeton U	111,000	Princeton U	122,000	UC Berkeley	123,800	UC Berkeley	132,800	7.27%	5
6	U Chicago	88,900	U Chicago	98,400	UC Berkeley	110,500	MIT	121,800	Emory U	122,200	MIT	132,000	8.37%	6
7	Columbia U	87,400	Columbia U	98,200	MIT	110,100	UC Berkeley	120,300	Princeton U	122,000	Princeton U	130,900	7.30%	7
8	NYU	86,800	NYU	98,000	NYU	109,100	NYU	117,600	MIT	121,800	UCLA	127,500	7.14%	8
9	Princeton U	85,500	Princeton U	95,100	U Chicago	108,200	U Chicago	116,700	Northwestern	121,700	Northwestern	126,800	4.19%	9
10	Duke U	83,800	Northwestern	93,400	Columbia U	105,700	UCLA	116,500	NYU	121,500	Duke U	126,600	6.57%	10
11	UC Berkeley	83,300	Duke U	93,100	Northwestern	105,700	Northwestern	115,600	Columbia U	120,100	Cornell-Endow	122,900	6.41%	11
12	Yale U	82,700	Yale U	92,300	Duke U ²	104,100	Emory U	114,800	U Chicago	119,100	NYU	122,900	1.15%	12
13	Northwestern	82,300	UC Berkeley	91,600	UCLA	103,800	Duke U	113,500	UCLA	119,000	U Chicago	121,900	2.35%	13
14	USC	79,200	Rice U	91,000	Yale U	103,600	Rice U	111,500	Duke U	118,800	Yale U	121,600	10.55%	14
15	CMU	79,000	Rutgers U	89,400	UC San Diego	102,500	UC San Diego	111,100	CMU	115,900	UC San Diego	120,800	7.28%	15
16	Rutgers U	78,200	USC	89,200	Rice U	100,100	Yale U	110,000	Cornell-Endow	115,500	Columbia U	119,900	-0.17%	16
17	Rice U	77,700	CMU	88,100	Emory U	98,200	Columbia U	109,500	UC San Diego	112,600	Emory U	119,200	-2.45%	17
18	Cornell-Endow	77,500	UCLA	86,900	CMU	97,800	Rice U	109,100	Washington U	110,400	Washington U	114,600	3.80%	18
19	UCLA	76,200	UC San Diego	85,800	Cornell-Endow	96,900	Cornell-Endow	107,400	Rice U	110,000	USC	114,200	6.13%	19
20	Brown U	76,100	Emory U	84,800	USC	96,600	Washington U	106,200	Yale U	110,000	UC Davis	113,500	8.20%	20
21	UC San Diego	75,400	Brown U	83,600	UC Santa Barb	95,900	UC Santa Barb	107,600	USC	107,600	UC Santa Barb	113,400	6.18%	21
22	Vanderbilt	73,300	Cornell-Endow	82,600	UC Irvine	95,400	USC	104,300	UC Santa Barb	106,800	Rice U	112,900	2.64%	22
23	SUNY Buffalo	72,600	U Michigan	82,100	UC Davis	94,200	UC Davis	102,900	U Minnesota	105,700	Brown U	110,800	7.99%	23
24	U Rochester	72,600	Washington U	81,800	Washington U	93,800	UC Irvine	102,200	UC Davis	104,900	UC Irvine	110,400	5.75%	24
25	U Michigan	71,900	UC Santa Barb	81,300	U Minnesota	92,500	U Virginia	100,500	UC Irvine	104,400	U Minnesota	109,900	3.97%	25
26	U Minnesota	71,600	Vanderbilt	79,700	U Virginia	91,900	U Minnesota	100,400	Brown U	102,600	Vanderbilt	105,800	6.87%	26
27	U Virginia	71,300	U Minnesota	78,700	Rutgers U	91,400	Brown U	99,300	U Michigan	101,300	Rutgers U	105,700	7.53%	27
28	Johns Hopkins	71,100	Case Western	78,500	Brown U	91,100	U Wisconsin	98,400	U Virginia	100,900	U Wisconsin	105,600	5.07%	28
29	U Iowa	70,900	U Virginia	78,400	Vanderbilt	90,200	U Michigan	96,800	U Wisconsin	100,500	CMU ³	104,000	#####	29
30	Case Western	70,600	SUNY Buffalo	78,000	U Michigan	89,700	Rutgers U	95,800	Vanderbilt	99,000	Mich St U	103,400	6.60%	30
31	U Wisconsin	70,500	Johns Hopkins	77,700	U Rochester	88,200	U Rochester	95,400	U Rochester	98,600	U Rochester	103,100	4.56%	31
32	Washington U	70,500	U Rochester	77,400	U Wisconsin	85,900	Vanderbilt	95,300	Rutgers U	98,300	U Michigan	102,900	1.58%	32
33	Mich State	69,100	U Wisconsin	77,400	Case Western	85,800	SUNY Buffalo	94,100	U Maryland	97,500	U Virginia	101,500	0.59%	33
34	Tulane U	69,100	Mich State	76,800	U Iowa	85,700	UNC	93,900	U Illinois	97,100	Case Western	101,200	4.65%	34
35	Purdue U	68,700	U Iowa	76,500	UNC	85,600	U Maryland	93,300	Mich St U	97,000	Johns Hopkins	101,100	5.86%	35
36	U Texas	68,500	Purdue U	75,800	SUNY Buffalo	84,600	U Iowa	92,400	Case Western	96,700	U Maryland	101,100	3.69%	36
37	Syracuse U	68,400	Tulane U	73,800	Johns Hopkins	84,400	Case Western	92,400	U Iowa	96,600	U Iowa	100,400	3.93%	37
38	Brandeis U	67,500	Ohio State	73,600	Mich State	83,100	Mich St U	92,000	UNC	96,300	SUNY StonyBrk	100,300	9.02%	38
39	U Pittsburgh	67,100	Syracuse U	73,600	U Illinois	83,100	U Illinois	91,900	Johns Hopkins	95,500	SUNY Buffalo	98,400	4.02%	39
40	U Washington	67,000	UNC	73,500	Purdue U	83,000	Ohio State	90,300	SUNY Buffalo	94,600	U Illinois	98,100	1.03%	40
41	U Maryland	66,200	Iowa State	73,300	Ohio State	81,100	Johns Hopkins ¹	89,000	Indiana U	93,400	Ohio State	97,500	5.41%	41
42	Iowa State	66,000	U Maryland	73,200	Iowa State	80,700	Purdue U	88,000	Ohio State	92,500	Indiana U	97,400	4.28%	42
43	Indiana U	65,700	Indiana U	72,900	U Florida	80,700	Iowa State	86,300	Purdue U	91,700	UNC	97,200	0.93%	43
44	Ohio State	65,500	U Texas	72,900	U Maryland	79,900	Syracuse U	85,200	U Texas	89,300	Purdue U	94,900	3.49%	44
45	U Colorado	65,500	U Illinois	72,100	Tulane U	79,400	U Texas	85,200	Brandeis U	89,100	Brandeis U	94,700	6.29%	45
46	Clark U	64,900	Brandeis U	71,500	Brandeis U	78,800	Brandeis U	85,200	Iowa State	89,000	U Texas	93,000	4.14%	46
47	U Illinois	64,800	U Washington	71,300	Syracuse U	78,600	U Washington	85,100	Tulane U	88,800	Syracuse U	92,300	4.18%	47
48	UNC	64,300	U Colorado	71,200	U Pittsburgh	78,000	Indiana U	84,900	U Washington	88,700	U Pittsburgh	91,700	5.77%	48
49	Penn State	61,900	U Pittsburgh	70,900	U Texas	77,400	U Arizona	84,100	Syracuse U	88,600	U Arizona	91,300	4.70%	49
50	U Nebraska	61,100	U Arizona	70,200	U Colorado	77,000	U Florida	83,800	U Arizona	87,200	Tulane U	91,100	2.59%	50
51	U Arizona	58,500	Clark U	69,300	Indiana U	76,900	U Pittsburgh	83,500	U Florida	86,800	U Nebraska	90,500	7.74%	51
52	U Kansas	58,200	Penn State	68,900	U Arizona	76,900	U Colorado	81,700	U Pittsburgh	86,700	U Colorado	90,400	7.62%	52
53	U Florida	57,700	U Nebraska	67,200	Clark U	76,500	Penn State	80,400	U Kansas	84,400	U Florida	90,200	3.92%	53
54	U Oregon	56,500	U Florida	66,400	U Washington	74,600	Tulane U	79,900	U Colorado	84,000	U Washington	89,800	1.24%	54

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Average Compensation for Full-Time Instructional Faculty at AAU Institutions, 1992-93 to 2002-03

Page 2 of 2

Rank	93-94		94-95		96-97		97-98		1998-99		2000-01		2001-02		2002-03		Rank
	1992-93			1995-96				1998-99			2000-01		2001-02		2002-03		
55	Catholic U	55,100	U Missouri	65,700	Penn State	74,400	U Kansas	79,800	U Nebraska	84,000	Iowa State	87,400	-1.80%	55			
56	U Missouri	53,900	U Kansas	64,900	U Missouri	73,500	U Nebraska	79,000	Penn State	83,500	Penn State	86,600	3.71%	56			
			Catholic U	60,800	U Kansas	71,400	U Missouri	76,500	U Missouri	78,700	U Kansas	85,400	1.18%	57			
			U Oregon	60,400	U Nebraska	71,400	U Oregon	74,100	U Oregon	75,200	Texas A&M	84,800	-2.86%	58			
					Catholic U	68,800	Catholic U	71,900	Catholic U	72,600	U Oregon	79,600	5.85%	59			
					U Oregon	65,300	U Oregon	65,300			U Missouri	72,300	-8.13%	60			
							Median Increase	3.78%		Median Increase	4.46%		Median Increase	3.35%		Median Increase	4.61%

Notes: All medical faculty are excluded from the above averages. Only faculty who are 50% or more instructional are included. UVa Percentile Ranking 46%

Only U.S. institutions are included above. The University of Toronto and McGill University, although members of AAU, are not included.

Beginning in 1992, at the University of Virginia, salary increases were given on December 1 of each year. The above averages for UVa include the December 1 increases each year.

In 1996-97 and 1997-98, all University of California Institutions received 5% increases on November 1 instead of at the beginning of the year.

Estimates of those increases have been included in the above figures even though they were not included in the AAUP report.

In 1995, Emory U. and UC Santa Barbara were added to the AAU and to the above list of institutions.

In 1996, UC Davis and UC Irvine were added to the AAU and to the above list of institutions.

In 1999, Clark University withdrew from the AAU and was deleted from the above list of institutions.

In 2001, Texas A&M and SUNY StonyBrook were added to the AAU and to the above list of institutions.

In 2002, Catholic University withdrew from the AAU and was deleted from the above list of institutions.

Source: *Academe, Bulletin of the American Association of University Professors*

- 1 Compensation data was not available for Johns Hopkins University in 2000-01, so the AAU median increase was assumed.
- 2 A compensation figure was not available for Duke in 1998-99. It was estimated using the same percent increase that occurred in their salary figures, rounded to the nearest 100 dollars.
- 3 A drop, between 2001-02 and 2002-03, in the mean compensation reported at CMU was caused by a modification in CMU's reporting methodology, undertaken in order to more closely comply with AAUP definitions.

Institutional Assessment and Studies
April 22, 2003

SCHEV Approved Institutional Peer Group Faculty Salaries for the University of Virginia, 1996-97 to 2002-03

Rank	1996-97		97-98		1998-99		99-00		2000-01		2001-02		2002-03		Rank
		Salary		Salary		Salary	% Incr.	Salary	% Incr.	Salary	% Incr.	Salary	% Incr.	Salary	
1	U Penn	84,200	U Penn	92,000	U Penn	103,800	7.45%	103,800	U Penn	107,500	3.56%	107,500	U Penn	111,600	1
2	Northwestern	79,500	Northwestern	87,300	Northwestern	95,600	4.37%	95,600	Northwestern	100,600	5.23%	100,600	Northwestern	105,200	2
3	Duke U	77,400	UC Berkeley	87,100	UC Berkeley	94,400	3.74%	94,400	Duke U	97,300	5.99%	97,300	Duke U	101,700	3
4	UC Berkeley	76,800	Duke U	84,300	Duke U	91,800	5.15%	91,800	UC Berkeley	96,500	2.22%	96,500	UC Berkeley	98,600	4
5	U Connecticut	70,900	Washington U	77,900	Washington U	87,700	5.03%	87,700	Washington U	91,200	3.99%	91,200	Washington U	94,700	5
6	Washington U	70,200	Emory U	75,600	Emory U	85,400	4.40%	85,400	Emory U	90,200	5.62%	90,200	Emory U	93,900	6
7	Emory U	70,100	USC	74,200	UNC	79,700	5.84%	79,700	U Connecticut	82,400	4.70%	82,400	U Connecticut	85,600	7
8	USC	69,900	Vanderbilt U	73,300	USC	79,500	3.92%	79,500	U Illinois	81,500	4.89%	81,500	Vanderbilt U	84,700	8
9	Vanderbilt U	68,100	U Connecticut	72,900	U Wisconsin	78,900	6.62%	78,900	U Maryland	81,200	5.05%	81,200	USC	84,200	9
10	U Michigan	67,900	U Michigan	72,700	U Connecticut	78,700	4.52%	78,700	USC	81,000	1.89%	81,000	U Michigan	83,900	10
11	UNC	67,600	UNC	72,100	¹¹ U Virginia	77,925	4.60%	77,925	UNC	80,800	1.38%	80,800	U Wisconsin	83,100	11
12	U Illinois	65,100	U Illinois	71,700	U Illinois	77,700	4.16%	77,700	U Michigan	80,800	4.26%	80,800	U Maryland	82,900	12
13	U Iowa	64,000	¹³ U Virginia	69,951	¹³ U Michigan	77,500	3.33%	77,500	U Wisconsin	79,900	1.27%	79,900	UNC	81,600	13
14	U Texas	63,800	U Iowa	68,200	U Maryland	77,300	13.51%	77,300	Vanderbilt U	79,500	3.11%	79,500	U Illinois	81,400	14
15	SUNY Buffalo	62,700	U Wisconsin	68,200	Vanderbilt U	77,100	0.26%	77,100	¹⁵ U Virginia	77,925	0.00%	77,925	U Iowa	80,000	15
16	U Virginia	62,554	SUNY Buffalo	67,200	SUNY Buffalo	74,500	9.08%	74,500	U Iowa	77,000	3.49%	77,000	Ohio State	78,800	16
17	Ohio State	62,500	Ohio State	66,700	U Iowa	74,400	4.35%	74,400	SUNY Buffalo	75,700	1.61%	75,700	¹⁷ U Virginia	77,925	17
18	U Wisconsin	62,400	Boston U	66,600	Ohio State	73,900	5.42%	73,900	Ohio State	74,800	1.22%	74,800	SUNY Buffalo	77,700	18
19	Boston U	61,800	Tulane U	66,300	Boston U	72,600	5.15%	72,600	U Texas	73,800	3.80%	73,800	U Texas	76,500	19
19	Tulane U	61,800	U Maryland	64,900	U Texas	71,100	4.87%	71,100	Boston U	73,400	1.10%	73,400	Boston U	76,000	19
21	U Maryland	60,900	U Arizona	64,500	U Arizona	69,900	3.56%	69,900	Tulane U	72,500	4.32%	72,500	Tulane U	75,200	21
22	U Arizona	59,400	U Texas	64,500	Tulane U	69,500	8.76%	69,500	U Arizona	72,000	3.00%	72,000	U Pittsburgh	74,700	22
23	U Pittsburgh	58,900	U Colorado	63,200	U Pittsburgh	67,100	4.19%	67,100	U Colorado	69,900	4.80%	69,900	U Arizona	74,600	23
24	U Colorado	58,700	U Pittsburgh	62,300	U Colorado	66,700	3.09%	66,700	U Pittsburgh	69,800	4.02%	69,800	U Colorado	74,400	24
25	U Kentucky	57,000	U Kentucky	60,700	U Kentucky	64,900	3.34%	64,900	U Kentucky	66,700	2.77%	66,700	U Kentucky	67,000	25
	Mean	66,600	Mean	71,800	Mean	78,700	5.15%	78,700	Mean	81,400	3.33%	81,400	Mean	84,200	
	Mean Sal. (excluding UVa)	66,733		71,850		78,738		78,738		81,489		81,489		84,500	
	Std Dev (excluding UVa)	6,972		8,348		9,690		9,690		10,338		10,338		10,798	
	UVa Percentile	27%		41%		46%		46%		36%		36%		27%	
	60th %tile Salary	68,511		74,104		81,225		81,225		84,202		84,202		87,253	

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Notes:

UVa figures represent the authorized state salary average rather than the actual average. It is intended to exclude all endowment funds. All medical faculty have been excluded from the above salary averages.

The Boston University averages for 1998-99, 2000-01, and 2002-03 are estimates obtained by applying the sample group's average increases to Boston's average from the previous year. The 2001-02 value was obtained from IPEDS SA.

In 1996-97 and 1997-98, UC Berkeley received 5% increases on November 1 instead of at the beginning of the year.

Estimates of those increases have been included in the above figures even though they were not included in the AAUP report.

Source: *Academe, Bulletin of the American Association of University Professors*

Institutional Assessment and Studies, 4/22/03

SUMMARY OF SPONSORED PROGRAMS RESTRICTED GRANTS & CONTRACTS

July 1, 2002 - June 30, 2003

For the year ended June 30, 2002, the University received sponsored program awards totaling \$277 million, representing an eight percent increase from June 30, 2001. The Department of Health and Human Services continued as the University's major source of awards, accounting for 64 percent of the total. The Medical School received approximately 57 percent of fiscal year awards, followed by Arts & Sciences at 18 percent, and Engineering at 15 percent. Awards received included \$57.5 million for Facilities & Administrative (indirect) cost, a nine percent increase from 2001.

SOURCE: Office of Sponsored Programs
DATE: September 10, 2003

RESTRICTED GRANTS & CONTRACTS

For the period July 1, 2002 - June 30, 2003
(In \$ Millions)

School	DE	DOD	DOE	Non Federal	DHHS	NASA	NSF	Other Federal	State	Total 02 - 03	Total 01 - 02	% Inc./ Dec.
Architecture				0.33			0.06	0.19	0.21	0.79	0.87	-9%
Arts & Sciences	1.78	2.07	2.21	11.76	15.45	1.74	8.31	5.22	0.21	48.75	45.90	6%
Education	2.02			3.23	0.89	0.20		0.01	2.50	8.85	7.78	14%
Engineering	0.17	7.56	0.60	13.94	1.69	2.76	10.65	2.65	2.67	42.69	35.60	20%
Law				2.30						2.30	1.54	49%
Medicine		1.77	0.35	26.59	125.31	0.24	0.11	0.67	2.17	157.21	155.28	1%
Nursing				0.53	1.69					2.22	1.50	48%
Other *	6.12		0.03	1.91	0.15			1.91	4.35	14.47	8.60	68%
Total 01-02	10.09	11.40	3.19	60.59	145.18	4.94	19.13	10.65	12.11	277.28	257.07	8%
Total 00-01	7.24	13.91	4.41	60.89	127.14	4.63	15.36	13.00	10.49	257.07		
% Inc./Dec.	39%	-18%	-28%	0%	14%	7%	25%	-18%	15%	8%		

Note:
* Includes Associate Provost for Academic Support and Classroom Management, Vice President for Research and Graduate Studies, Vice President and Provost, Center for Liberal Arts, Vice President for Student Affairs, UVa's College at Wise, School of Continuing and Professional Studies, Financial Administration, Cooper Center for Public Service, Health Sciences Library, Miller Center, Southwest Virginia Higher Education Center, University Librarian, Student Health, University of Virginia Press, the Women's Center and the Virginia Foundation for the Humanities.

SOURCE: Office of Sponsored Programs
DATE: September 10, 2003

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ATTACHMENT

**POLICY STATEMENT GOVERNING
EXERCISE OF AUTONOMY
IN OPERATING AND CAPITAL
LEASES OF PROPERTY**

THE RECTOR AND VISITORS OF THE
UNIVERSITY OF VIRGINIA POLICY STATEMENT
GOVERNING EXERCISE OF AUTONOMY IN OPERATING AND CAPITAL
LEASES OF PROPERTY

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THE RECTOR AND VISITORS OF THE
UNIVERSITY OF VIRGINIA POLICY STATEMENT
GOVERNING EXERCISE OF AUTONOMY IN OPERATING AND
CAPITAL LEASES OF PROPERTY

I. Preamble

Chapters 995 and 933 of the 1996 Virginia Acts of Assembly (House Bill No. 884 and Senate Bill No. 389, respectively) provide that, subject to certain conditions established in subsection 2 of § 23-77.4 of the legislation, operating leases entered into by the University of Virginia on behalf of the University of Virginia Medical Center shall be exempt from § 2.2-1149 of the Code of Virginia and from any rules, regulations and guidelines of the Commonwealth's Division of Engineering and Buildings in relation to leases of real property from others. Contracts entered into by the University on behalf of the Medical Center are also exempted from §§ 2.2-1155 and 23-4.1 of the Code of Virginia in relation to leases of Medical Center real or personal property to others. Exercise of this autonomy in entering into operating leases is to be in compliance with policies, procedures and guidelines adopted by the Board of Visitors which are to direct that competition be sought to the maximum practical degree, that all costs of occupancy are to be considered, and that the use of the space to be leased is

necessary and is efficiently planned. Subsection C of § 4-5.08 of the 1996-98 Appropriation Act delegates to the University as a whole the authority granted the Governor and the Commonwealth's Department of General Services ("DGS") in § 2.2-1149 of the Code of Virginia regarding operating leases for the University other than the Medical Center. This latter delegation supplants the supervisory role of DGS which is established pursuant to § 2.2-1149, the provisions of which have been implemented by policies, procedures and guidelines promulgated by DGS pursuant to this section of the Code of Virginia. This authority has since been continued through 2002-04 by subsequent legislative action. This latter delegation of authority is subject to certain conditions, the foremost of which is that the Board of Visitors must develop and submit policies, procedures and guidelines governing operating leases by the University for approval by the Secretaries of Finance and Administration by September 1, 1996. More recently § 4-5.08 of the 2003 Appropriation Act extended the delegated authority approved in § 4-5.08 of the 1996 Appropriation Act to include 1) leases of University real or personal property to others and 2) capital leases to the University as a whole provided that such capital leases have been specifically authorized by the Governor or the General

Assembly pursuant to the Appropriation Act and have been reviewed and approved by the Treasury Board.

The following provisions of this policy statement constitute the adopted Board of Visitors policies, procedures and guidelines required by the enabling legislation regarding operating and capital leases entered into by the University on behalf of the Medical Center or on behalf of any other part of the University.

II. Definitions

The following words and terms, when used in this policy statement, shall have the following meaning unless the context clearly indicates otherwise:

"Board of Visitors" means the Rector and Visitors of The University of Virginia.

"Enabling legislation" means Chapters 995 and 933 of the 1996 Virginia Acts of Assembly (House Bill No. 884 and Senate Bill No. 389, respectively), § 4-5.08 of the 1996-98 Appropriation Act, and § 4-5.08 of the 2003 Appropriation Act.

"Operating Lease" means a leasehold interest in real property, or improvements thereon, which is not a Capital Lease as the term "Capital Lease" is defined within Generally Accepted Accounting Principles pursuant to the pronouncements of the Financial Accounting Standards Board.

"University" means the University of Virginia, including the Medical Center unless otherwise expressly stated.

"University of Virginia Medical Center" or the "Medical Center" means that part of the University of Virginia Health Sciences Center consisting of the University of Virginia Hospital, referenced in the 1996-98 Appropriation Act as Agency 209, and related health care and health maintenance facilities.

III. Scope of Policy

This policy statement applies to operating leases of real property and to capital leases as defined in guidelines established by the Secretary of Finance and as defined in the Generally Accepted Accounting Principles ("GAAP") promulgated by the Financial Accounting Standards Board. This policy statement applies University-wide; provided, however, for non-Medical Center leases, this policy statement is applicable only during the 2002-04 biennium unless extended or continued by subsequent act of the General Assembly.

IV. Requirements for Leases

A. Factors To Be Considered When Entering Into Leases

The decision to enter into a lease shall be based upon cost, demonstrated need, compliance with the policies, procedures and guidelines established in this policy

statement, consideration of all costs of occupancy, and a determination that the use of the space to be leased actually is necessary and is efficiently planned. Leases shall also conform to the space planning procedures, if any, which may be adopted by the President or his designee to ensure that the plan for the space to be leased is consistent with the purpose for which the space is intended.

In addition, capital leases require specific authorization by the Governor or the General Assembly pursuant to the Appropriations Act and approval by the Treasury Board. The authorization and approval must be received prior to procurement of the lease.

B. Competition to Be Sought to Maximum Practicable Degree

Competition shall be sought to the maximum practicable degree when the University seeks to lease real property from another party. The President or his designee is authorized to ensure that leases by the University are procured through competition to the maximum degree practicable and to determine when, under guidelines that may be developed and adopted by the President or his designee, it is impractical to procure leases through competition.

C. Procurement of Leases

Except where competition is deemed impractical pursuant to Sections IV(B) and IV(F) of this policy statement: (i) leases entered into by the University on behalf of the Medical Center shall be procured as provided in the University of Virginia Medical Center Procurement Guidelines, 8 VAC 85-10-10 et. seq., and (ii) leases entered into by the University for non-Medical Center purposes shall be procured in a manner which complies with the provisions of the Virginia Public Procurement Act, § 11-35 et seq. of the Code of Virginia.

D. Approval of Form of Lease Required

1. The form of leases entered into by the University on behalf of the Medical Center shall be approved by a representative of the Attorney General's office.

2. The form of leases entered into by the University for non-Medical Center leases shall be approved by a representative of the Attorney General's office.

E. Execution of Leases

All operating leases entered into by the University and all leases entered into pursuant to Section IV(F) shall be

executed by the person or persons designated by the President or his designee.

F. University as Lessor

When University property is leased by the University to another party, the following guidelines shall apply:

1. Such leases shall be for a purpose consistent with the mission of the University.

2. The President or his designee shall determine, on a case-by-case basis or through the issuance of general guidelines, when such leases shall be procured through competition and when the procurement of such leases through competition is impractical or not warranted; and

3. Both real and personal property of the University may be leased to another party.

G. Compliance with Other Provisions of Law

The enabling legislation requires that all leases entered into by the University on behalf of the Medical Center shall meet all requirements of law except those from which such leases have been exempted. The University is exempt from any rules, regulations and guidelines of the Division of Engineering and Buildings in relation to leases of real property which it enters into on behalf of the Medical Center. The provisions of

§ 10.1-1188 of the Code of Virginia governing Environmental Impact Reviews remain applicable to all University leases which otherwise trigger the requirements of that section. In addition, § 11-72 through 11-80 of the Virginia Public Procurement Act (Ethics in Public Contracting), the State and Local Government Conflict of Interests Act, § 2.2-3100 et seq., and the Virginia Governmental Frauds Act, 18.2-498.1 et seq. of the Code of Virginia, continue to apply to all leases.

It therefore shall be the policy of the University that leases governed by these guidelines shall be entered into so as to comply with the requirements of the Code of Virginia and the Appropriation Act and other provisions of law applicable to leases, including those enacted in the future, except to the extent the Code of Virginia or the Appropriation Act exempt such leases from such requirements.

H. Certification of Occupancy

All property leased by the University pursuant to these guidelines shall be certified for occupancy by the building official of the appropriate public body.

I. Copies of Leases and Amendments Forwarded to Department of General Services

Upon entering leases, and upon any subsequent amendment of such leases, the University shall provide copies of all

lease documents and any attachments thereto to the Department of General Services.

J. Implementation of Board of Visitors Policies, Procedures and Guidelines

The President or his designee is authorized to take such measures as are reasonable and necessary to implement the provisions of these policies, procedures and guidelines and to ensure compliance therewith.