

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
FINANCE COMMITTEE
FEBRUARY 3, 2005**

FINANCE COMMITTEE

Thursday, February 3, 2005
3:20 - 5:20 p.m.
Board Room, The Rotunda

Committee Members:

Thomas A. Saunders, III, Chair	Warren M. Thompson
Thomas F. Farrell, II	Georgia M. Willis
W. Heywood Fralin	John O. Wynne
Mark J. Kington	Gordon R. Rainey, Ex Officio

AGENDA

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BOARD OF VISITORS CONSENT AGENDA

RATIFICATION OF BUDGET AMENDMENTS: Authorizes the Executive Vice President and Chief Operating Officer to transmit the final proposed budget amendments to the General Assembly.

In October 2004, the University submitted its budget amendments to the 2004-2006 Appropriation Act to the Department of Planning and Budget for review by the Governor for inclusion in his budget proposal, which was presented to the General Assembly on December 17, 2004.

At this time, the University would like to submit proposed amendments to the Governor's Budget Bill. The University must submit these to the General Assembly by January 21, 2005. The action taken by the Board in October to approve our amendments to the Governor permitted the resubmission of any requests not addressed by the Budget Bill to the legislature for its consideration. The items listed below have been identified since our discussion in October.

AGENCY 207 - Academic Division

Operating:

- 1) *Support Blandy Farm (\$100,000 GF)* - Request funding to provide ongoing support to hire a new arborist/horticulturalist and to provide critical operating funds for tree and plant maintenance. This increase will expand environmental education for K-12 students in the Commonwealth of Virginia, enhance the maintenance and care of the collections and improve the experience for the 79,000 annual visitors to the Arboretum.

Capital:

- 1) *Cocke Hall Renovation (\$2 million GF)* - This request increases the project to \$9 million. Construction bids, which were opened on January 13, 2005, require a \$2 million budget increase. This is the second time pricing has been received requiring a \$2 million budget increase. The budget increase is not due to a scope increase, but reflects the current construction climate.
- 2) *Cavalier Substation (\$900,000 GF)* - This request increases the project to \$5.6 million. Contracts for the switchgear and ductbank phases are scheduled to be awarded during calendar year 2005. Based on last year's unusually high construction cost increases, it is anticipated that the remaining phases will require a \$900,000 budget increase.

To keep the project on schedule and avoid further inflation related cost increases, the University is requesting the supplement for FY 2006 so that construction bids can be awarded on schedule.

- 3) *Ruffner Hall Infrastructure Project (\$16.5 million GF)* - This request is to fund major repairs and infrastructure replacements for an 86,455 GSF structure built in 1973. The needs exceed funding available through maintenance reserve. After over 30 years of service, the building has infrastructure systems which must be replaced or repaired to insure continued service and the cost for the project. For example, the building's utility systems, particularly the HVAC systems, require replacement, the exterior brick veneer is deteriorating, and the asbestos insulation in the return air plenum must be abated.
- 4) *Upgrade Main Heating Plant (\$21 million GF and \$5.7 million NGF)* - This request increases the project to \$66 million. The original request to the 2004 General Assembly session was for a \$51.8 million project with \$30 million from GF and the balance from NGF. Item C-58 of Chapter 4 of the 2004 Acts of Assembly included language authorizing construction contract award and stating that "It is anticipated that sufficient appropriation will be provide in future fiscal years.." This request is for the remaining \$12.5 million of the original GF request and a \$14.2 million supplement due to recent construction price proposals.
- 5) *Advanced Research Technology Facility (\$23.87 million NGF)* - This request increases the project to \$38.87 million. The project acquires a research building to be constructed by the UVa Foundation at its Fontaine Research Park on the last available construction pad. Given the shortage of research space and the importance of research to the University and the Commonwealth, the University has decided to maximize the building size and provide a facility that can adequately support specialized research. The Foundation has received permission from Albemarle County to increase the building size from 55,000 GSF to 85,000 GSF, and the University has identified tenants with increased infrastructure needs.
- 6) *North Health System Parking Garage (\$6.4 million NGF)* - This request increases the project to \$28 million. The original scope constructed a 1,200 car garage; however, a recent feasibility study indicated that the optimum garage size is between 900 to 1,000 cars and that sufficient room exists on the site for the construction on a 44,000 GSF

office building. Given the University's space shortage and the convenient location of the proposed building, the University has decided to proceed with this revised project scope.

- 7) *Arts Grounds Parking Garage (\$2.6 million NGF)* - This request increases the project to \$10.6 million. The increase is needed to expand the project scope from 400 cars to 480 cars and for additional site and utility work recently identified.

AGENCY 209 - Medical Center

Capital:

- 1) *General Clinical Research Center (GCRC) & Inpatient Bed Renovations (\$8.5 million NGF)* - This request is to authorize the relocation of the GCRC and for its renovation to accommodate 26 acute care beds. The additional beds are needed to accommodate the growing inpatient volume and to support the expanded operating room capacity that will be available once the Hospital Expansion Project has been completed.

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

RATIFICATION OF BUDGET AMENDMENTS

WHEREAS, the additional 2004-2006 budget amendments have been carefully reviewed; and

WHEREAS, the budget amendments represent additional high priority initiatives and are aligned with the mission of the institution; and

WHEREAS, the Board of Visitors authorized the Executive Vice President and Chief Operating Officer 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;

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

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to transmit the final proposed budget amendments to the General Assembly.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 3, 2005

COMMITTEE: Finance

AGENDA ITEM: II.A. 2005-2006 Tuition and Fees for
Executive Programs Tuition

BACKGROUND: The University has two executive-style master's degree programs whose academic year begins in May rather than in August. For that reason we bring to you their tuition proposals each year at this meeting. Executive-style refers to a primarily residential weekend program geared towards working professionals, whose tuition and fees are often reimbursed by their employers. Last year you also approved tuition and fees for McIntire's Graduate Accounting program at this time. This program is no longer offered in an executive-style format, and the related tuition rates will be presented to you in March with the remainder of regular session tuition charges.

DISCUSSION: These graduate degree programs are priced according to program cost, market rates, and program demand. Tuition and fee increases for the McIntire School of Commerce's Management of Information Technology master's program will remain essentially unchanged (0.1 percent increase) in 2005-2006 due to softening program demand. Tuition and fees for the Engineering School's Systems Engineering master's program will increase by 6.8 percent for Virginians and 23.7 percent for non-Virginians. The extraordinary increase in non-Virginian tuition is related to the first-time establishment of a separate charge from the rate charged to Virginia residents.

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

APPROVAL OF 2005-2006 TUITION AND FEES FOR CERTAIN GRADUATE DEGREE PROGRAMS

RESOLVED that the tuition and fees applicable to the following graduate degree programs be approved as shown below, effective May 1, 2005:

	Virginian			Non-Virginian			2005-06 Proposed	
	2004-05 Approved	Amount of Increase	Percent of Increase	2004-05 Approved	Amount of Increase	Percent of Increase		
MIT	\$33,261	\$33	0.1%	\$33,294	\$38,261	\$48	0.1%	\$38,309
Price includes fees of \$10,294 Virginian/\$10,309 Non-Virginian for special session mandatory fee, books, materials, computer leasing, software licenses, group meals, and lodging.								
Systems Eng.	\$29,500	\$2,000	6.8%	\$31,500	\$29,500	\$7,000	23.7%	\$36,500
Price includes fees of \$11,907 Virginian/\$11,922 Non-Virginian for special session mandatory fee, books, materials, technology, group meals, and lodging.								

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 3, 2005

COMMITTEE: Finance

AGENDA ITEM: II.B. Student Housing Rates, 2005-2006

BACKGROUND: The Board considers student housing rates at this time each year. The University's student housing rates were increased by approximately 8.8 percent in 2004-2005 (4.0 percent base plus 4.8 percent for a \$150 fee for maintenance reserve), and by 10.6 percent in 2003-2004. The University of Virginia's College at Wise student housing rates were increased 4.5 percent in 2004-2005 and 3.0 percent in 2003-2004.

For the current fiscal year (2004-2005), the average double room rate at Virginia public colleges and universities is \$3,354. The comparable average at the University is \$2,970. The College at Wise charges an average of \$3,072. Historically, the University has strived to keep the University's and the College's charges for room and board under the average of amounts charged at other Virginia public institutions.

DISCUSSION: The University proposes housing rates to increase by approximately 9.7 percent in 2005-2006, as compared to 8.8 percent in 2004-2005. This proposed increase would raise the University's average housing rate to \$3,289 for 2005-2006, below the statewide average of \$3,354 for 2004-2005. Of the proposed 9.7 percent, 5.7 percent is proposed as a \$200 fee specifically to fund replacement and renovation reserves for anticipated major renovation and the replacement of first-year residence halls.

The remaining 4.0 percent of the 9.7 percent increase will, similar to last year's increase, cover rising operating costs.

The University of Virginia's College at Wise proposes a 7.5 percent room rate increase. The proposed average housing rate will be \$3,303 for 2005-2006.

The proposed resolution also addresses summer 2005 housing and dining rates for the Mountain Lake Biological Station.

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

APPROVAL OF STUDENT HOUSING RATES FOR 2005-2006

RESOLVED that rental increases for student housing facilities be approved as shown below, effective beginning with the 2005-2006 session:

<u>Facility</u>	<u>Actual 2004-2005 Per Student Per Session</u>	<u>Amount of Increase</u>	<u>% Increase Before Improvement Fee</u>	<u>Student Housing Improvement Fund Fee</u>	<u>Total Percent Increase</u>	<u>Proposed 2005-2006 Per Student Per Session</u>
<u>Academic Division</u>						
DORMITORIES						
<u>Alderman/Observatory Houses</u>						
Double Room	\$2,930	\$120	4.10%	\$200	10.92%	\$3,250
<u>Brown College</u>						
Double Room	\$3,550	\$140	3.94%	\$200	9.58%	\$3,890
<u>McCormick Road</u>						
Double Room	\$2,810	\$110	3.91%	\$200	11.03%	\$3,120
Small Double Room	\$2,600	\$100	3.85%	\$200	11.54%	\$2,900
Single	\$2,940	\$120	4.08%	\$200	10.88%	\$3,260
<u>Lawn</u>						
Small Single	\$3,400	\$140	4.12%	\$200	10.00%	\$3,740
Regular Single	\$3,400	\$140	4.12%	\$200	10.00%	\$3,740
Small Single (no fireplace)	\$3,310	\$130	3.93%	\$200	9.97%	\$3,640
<u>Range</u>						
Regular Single	\$3,400	\$140	4.12%	\$200	10.00%	\$3,740
<u>Crackerbox</u>						
Single Room	\$3,400	\$140	4.12%	\$200	10.00%	\$3,740
<u>Mary Munford/ Roberta Gwathmey</u>						
Double Room	\$2,930	\$120	4.10%	\$200	10.92%	\$3,250
Single Room	\$3,400	\$140	4.12%	\$200	10.00%	\$3,740
<u>Sprigg (Lewis/Hoxton)</u>						
Small Double Room	\$3,090	\$120	3.88%	\$200	10.36%	\$3,410
Double Room	\$3,270	\$130	3.98%	\$200	10.09%	\$3,600
Single Room	\$3,590	\$140	3.90%	\$200	9.47%	\$3,930
Single Room (w/bath)	\$3,760	\$150	3.99%	\$200	9.31%	\$4,110
<u>Gooch/Dillard</u>						
Double Room	\$3,270	\$130	3.98%	\$200	10.09%	\$3,600
Single Room	\$3,590	\$140	3.90%	\$200	9.47%	\$3,930
Twelve Month Rate:						
Single Room	\$4,900	\$200	4.08%	\$200	8.16%	\$5,300
<u>Hereford College</u>						
Double Room	\$3,270	\$130	3.98%	\$200	10.09%	\$3,600
Single Room	\$3,550	\$140	3.94%	\$200	9.58%	\$3,890

<u>Facility</u>	<u>Actual 2004-2005 Per Student Per Session</u>	<u>Amount of Increase</u>	<u>% Increase Before Improvement Fee</u>	<u>Student Housing Improvement Fund Fee</u>	<u>Total Percent Increase</u>	<u>Proposed 2005-2006 Per Student Per Session</u>
<u>French House</u>						
Triple Room	\$3,110	\$120	3.86%	\$200	10.29%	\$3,430
Double Room	\$3,270	\$130	3.98%	\$200	10.09%	\$3,600
Single Room	\$3,660	\$150	4.10%	\$200	9.56%	\$4,010
<u>Russia House</u>						
Double Room	\$3,250	\$130	4.00%	\$200	10.15%	\$3,580
Single Room	\$3,600	\$140	3.89%	\$200	9.44%	\$3,940
<u>Spanish House</u>						
Double Room	\$3,270	\$130	3.98%	\$200	10.09%	\$3,600
Single Room	\$3,660	\$150	4.10%	\$200	9.56%	\$4,010
<u>Shea House</u>						
Double Room	\$3,270	\$130	3.96%	\$200	10.09%	\$3,600
Single Room	\$3,660	\$150	4.10%	\$200	9.56%	\$4,010
APARTMENTS - SINGLE STUDENT						
<u>Copeley Hill III, IV, Lambeth Field</u>						
Two Bedroom (double occupancy)	\$3,300	\$130	3.94%	\$200	10.00%	\$3,630
Three Bedroom (double occupancy)	\$3,200	\$130	4.06%	\$200	10.31%	\$3,530
<u>Bice House</u>						
Two Bedroom (double occupancy)	\$3,300	\$130	3.94%	\$200	10.00%	\$3,630
Three Bedroom (double occupancy)	\$3,200	\$130	4.06%	\$200	10.31%	\$3,530
Single	\$3,640	\$150	4.12%	\$200	9.62%	\$3,990
<u>Faulkner (Hench, Mitchell, Younger)</u>						
Single	\$3,640	\$150	4.12%	\$200	9.62%	\$3,990
Large Single	\$4,350	\$170	3.91%	\$200	8.51%	\$4,720
APARTMENTS - FAMILY (per month)						
<u>Copeley Hill I & II</u>						
One Bedroom (furnished)	\$650	\$26	4.00%	\$15	6.31%	\$691
One Bedroom (unfurnished)	\$617	\$25	4.05%	\$15	6.48%	\$657
Two Bedroom (furnished)	\$712	\$28	3.93%	\$15	6.04%	\$755
Two Bedroom (unfurnished)	\$680	\$27	3.97%	\$15	6.18%	\$722
Three Bedroom (furnished)	\$768	\$31	4.04%	\$15	5.99%	\$814
Three Bedroom (unfurnished)	\$736	\$29	3.94%	\$15	5.98%	\$780
<u>University Gardens</u>						
One Bedroom (furnished)	\$634	\$25	3.94%	\$15	6.31%	\$674
One Bedroom (unfurnished)	\$602	\$24	3.99%	\$15	6.48%	\$641
Two Bedroom (furnished)	\$682	\$27	3.96%	\$15	6.16%	\$724
Two Bedroom (unfurnished)	\$649	\$26	4.01%	\$15	6.32%	\$690

<u>Facility</u>	<u>Actual 2004-2005 Per Student Per Session</u>	<u>Amount of Increase</u>	<u>% Increase Before Improvement Fee</u>	<u>Student Housing Improvement Fund Fee</u>	<u>Total Percent Increase</u>	<u>Proposed 2005-2006 Per Student Per Session</u>
<u>College At Wise</u>						
McCraray Asbury, Thompson, Henson, Martha Randolph, Townhouses, Theme Housing	\$2,808	\$211	7.51%	\$0	7.51%	\$3,019
	\$3,244	\$244	7.52%	\$0	7.52%	\$3,488

Notes:

1. The rates for Copeley Hill I & II and University Gardens include utility charges and cable TV.
2. A new rate for furnished apartments will go into effect as the units turn over.
3. The rate for a double room used as a single is 135 percent of the double rate.
4. The rate for a double room used as a triple is 85 percent of the double rate. Students living in a triple receive a credit of \$50 for each month they reside in a triple (maximum of \$200/semester).

MOUNTAIN LAKE BIOLOGICAL STATION PROPOSED RATES

	<u>Actual 2004</u>	<u>Proposed 2005 Rate</u>	<u>Percent Increase</u>
BOARD RATES PER TERM (4 weeks)			
Persons 17 years & older	\$531.00	\$550.00	3.58%
Persons 10-16 years old	\$319.00	\$330.00	3.45%
Persons 9 yrs & younger	\$170.00	\$176.00	3.53%
SUMMER HOUSING RATES PER TERM (4 weeks)			
CABINS	\$176.00	\$185.00	2.78%
LAING APTS	\$134.00	\$141.00	2.92%
DORMS/SINGLES	\$ 97.00	\$100.00	3.09%
NEW DORM:			
Apts (2 rooms)	\$155.00	\$161.00	2.55%
2nd bedroom (family)	\$ 49.00	\$ 51.00	2.00%
Singles	\$110.00	\$115.00	2.68%
OFF SEASON RATES			
Singles/Guests:			
Night	\$ 11.50	\$ 12.00	4.35%
Week	\$ 56.50	\$ 58.00	2.65%
Month	\$225.50	\$232.00	2.88%
Family:			
Night	\$ 15.50	\$ 16.00	3.23%
Week	\$ 76.00	\$ 80.00	5.26%
Month	\$301.50	\$320.00	6.14%
GROUP USE FEES (OFF-SEASON)			
Classroom/day	\$ 32.00	\$ 33.00	3.13%
Dining Hall/day	\$ 57.50	\$ 60.00	4.35%
New Dorm Kitchen/day	\$ 32.00	\$ 33.00	3.13%
Auditorium/day	\$ 32.00	\$ 33.00	3.13%
Pavilion only	No charge		
Computer Lab/day	\$ 52.50	\$ 54.00	2.86%
<u>Cabins:</u> Hariot, Leconte, Catesby, Banister, Gattinger, Holbrook, Mitchell, Maphis, Schoew, Rafinesque, Burns, Michaux, Clayton, Hentz-Mohr and Washington.			
<u>Laing Apartments:</u> Laing South, North, Center, Northwest and West.			
<u>Dorms/Singles:</u> Chapman, Elliott, DeSchweinitz, Audubon, Laing Singles, Laundry and other cottages when used as dorm			

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 3, 2005

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 require formal action, but of which it should be made aware.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 3, 2005

COMMITTEE: Finance

AGENDA ITEM: III.B.1. Five Year Tuition Plan -
Executive Summary

ACTION REQUIRED: None

At its April 15, 2004 meeting, the Finance Committee asked the administration to develop a long-term tuition plan to discuss with the committee in the fall. In considering future tuition requirements, it is also necessary to examine the expected financial resource needs of the University. The Finance Committee's request coincided with the University's effort to pursue status as a Commonwealth Chartered University - an effort also requiring the development of a long-term financial plan. Therefore, it is in the context of the Chartered University Initiative that we present the long-term tuition plan.

Five-Year Expenditure Model

The University has developed a five-year financial plan outlining base operating requirements appropriately funded from a combination of state general funds and tuition. The financial model predicts that by 2009-2010 the University should invest \$125.3 million more than its current base budget of \$362.3 million to meet Educational & General (E&G) base operating requirements. The need for the additional resources is based on achieving the 60th percentile faculty salary benchmark (\$50.5 million), full funding of base adequacy (\$54.4 million), and 3.0 percent annual salary increases for staff and administrative and professional faculty (\$20.4 million). After considering an appropriate general fund contribution and other non-tuition resources, we estimate that \$76.2 million in new funding will be needed from tuition over the next five years.

Research and Findings

Our regular market analysis and specific research conducted on the issue of differential tuition pricing led to the following findings:

- The University's 2004-2005 in-state undergraduate tuition and fees are \$343 below the 60th percentile of the SCHEV public peer group.

- Analysis of in-state students who are accepted at the University, but choose to go elsewhere, reveals that price is not a determining factor in their choice.
- There is no evidence that larger tuition increases will have a negative effect on the numbers of applications or on the quality of the applicant pool, although we will need to monitor this carefully as we move forward.
- Differential tuition pricing is the practice of charging varying rates based on such things as cost of instruction, academic level, student enrollment demand, or future earnings potential. Our research found differential pricing to be a relatively new concept for undergraduate programs although a growing number of universities have implemented it in some version or are discussing it. It is a practice more prevalent in graduate and professional programs.

Financial Aid

- As the cost of attending the University increases we must be prepared to fund the necessary incremental financial aid. The University has committed to this under its Access UVa program for undergraduates.
- To evaluate the impact of need-based financial aid on the tuition price paid by undergraduates, we analyzed by income group the "net price" paid by students applying for financial aid. Data reveal that the 2003-2004 net price for all in-state and out-of-state undergraduates applying for need-based financial aid was 68 percent of gross price. Student families at higher income levels pay a lower percentage of their family income in educational costs than families at lower income levels.
- Graduate financial aid is awarded on an entirely different basis than undergraduate need-based financial aid.
- Surveys demonstrate that 40 percent of those who decline graduate admission to the University do so because the support packages offered are not competitive.

Conclusions and Recommendations

- We believe the University has significant market potential to increase its in-state undergraduate tuition without a negative impact on the number or quality of applicants.

- It is our conclusion that there would be a negligible benefit to applying a differential tuition structure to undergraduate programs at the University, and that those benefits do not outweigh the potential negative consequences.
- We see a benefit to differential pricing at the graduate level and recommend further study and discussion with deans and the Provost as to how best to implement such a structure in one or more of the graduate schools.
- The Access UVa program will ensure that increasing tuition will not negatively affect the current discounts received by students qualifying for financial aid and will not limit a student's ability to attend the University solely based on price.
- In order for the University to improve the competitiveness of its graduate financial aid packages, the responsibility for paying tuition and fee charges plus the provision of an adequate stipend needs to shift from the students to University-provided fellowships. New resources along with tuition pricing strategies must be identified to accomplish this goal.
- Assuming the state meets its share of closing the gap in the cost of education, the University projects an annual tuition and fee increase of just below ten percent for in-state undergraduates and just over six percent for out-of-state undergraduates in order to meet base funding requirements over the next five years.
- For the next five years, we will continue the implementation of a model to price graduate tuition appropriately. For the College of Arts & Sciences and the School of Engineering and Applied Sciences, it is expected that tuition increases will continue to close the differential between in-state and out-of-state students, with the expectation of reaching a \$10,000 differential by 2006-2007. For other graduate schools - Architecture, Nursing, and Education - we will develop an appropriate long-term tuition plan, to be presented for the Board's consideration at its March 24, 2005 meeting, to meet the individual needs of these schools.
- For the School of Medicine, we will continue to progress towards a \$10,000 differential over the next five years until all four classes achieve this mark by 2008-2009.

- For Law, Darden, and graduate programs in the McIntire School of Commerce, we expect annual increases between five and six percent for out-of-state students and a commensurate in-state increase to maintain the \$5,000 differential.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 3, 2005

COMMITTEE: Finance

AGENDA ITEM: III.B.2. Five-Year Tuition Plan - Full Report

ACTION REQUIRED: None

At its April 15, 2004 meeting, the Finance Committee asked the administration to develop a long-term tuition plan to discuss with the committee in the fall. In considering future tuition requirements, it is also necessary to examine the expected financial resource needs of the University. The Finance Committee's request coincided with the University's effort to pursue status as a Commonwealth Chartered University - an effort also requiring the development of a long-term financial plan.

The following paper will project the budget requirements over the next four years, along with expected funding for those expenditures. After determining available general funds and other non-tuition revenues, the remaining budget requirements will need to be financed through new tuition revenues. We will discuss possible ways of structuring a tuition increase through the use of differential charges and analyze how the availability of financial aid impacts tuition prices. We will also review the University's position in the marketplace in regards to tuition. Finally, we will present projected tuition rates for the next five years that, assuming a stable and predictable level of state support over the period, will enable us to meet spending requirements and offer stable and predictable increases for students and their families.

Five-Year Expenditure Model

The University's base operating requirements which are projected below include only those base operating activities of the educational and general programs that should be funded from a combination of state general funds and tuition. This scope was appropriate for the financial plan developed for the Chartered University Initiative and is also appropriate for our development of a long-term tuition structure. Other Academic Division spending not included in this projection will be funded from revenues to support those specific needs as shown:

- Philanthropy - Provides for our margin of excellence, not base operating support

- Grants and Contracts - Supports the direct expenses related to providing research
- Overhead Recoveries - Supports the grant indirect costs, including research infrastructure
- Auxiliary Enterprises - Self-supporting entities

The University's five-year E&G base operating requirements, shown in Exhibit A below, were developed using two expenditure benchmarks accepted by the Commonwealth. The first is the Commonwealth's long-standing goal - achieved only once since 1989-1990 - to compensate the University's faculty at an average rate equal to the 60th percentile of a State Council of Higher Education in Virginia (SCHEV) approved peer group. The projected expenditure model anticipates that it will take an average increase of 5.5 percent annually - a total cost of \$50.5 million - to achieve this goal by 2009-2010. [This is a slightly different approach, though not conflicting, from the Board's initiative to reach an average faculty salary - funded from sources including private support - at a benchmark between the 15th and 19th position of all AAU institutions by 2006-2007]. The "Salary Commitments" line also includes funding - a total cost of \$20.4 million - needed to provide an average increase to classified staff and administrative and professional faculty of three percent annually through 2009-2010.

Exhibit A - Projected Educational & General Base Operating Requirements (in thousands)					
	2005-06	2006-07	2007-08	2008-09	2009-10
Base 2004-05 State E&G Budget	\$362,325	\$362,325	\$362,325	\$362,325	\$362,325
Incremental Funding Requirements					
Salary Commitments	\$ 12,689	\$ 26,248	\$ 40,453	\$ 55,337	\$ 70,935
Base Budget Adequacy	\$ 10,871	\$ 21,743	\$ 32,614	\$ 43,485	\$ 54,357
Subtotal Incremental Funding Requirements	\$ 23,560	\$ 47,991	\$ 73,067	\$ 98,822	\$125,292
Total Projected Uses of Funds	\$385,885	\$410,316	\$435,392	\$461,147	\$487,617

The second underlying benchmark is the full funding of the Commonwealth's Base Adequacy Model by 2009-2010 - at a cost of \$54.4 million. The total increased spending required to meet those base benchmarks will cost \$125.3 million annually by 2009-2010.

Five-Year Revenue Model

After identifying the budget needs through 2009-2010 to achieve the base adequacy and compensation goals, we have estimated the non-tuition resources that will be available to fund these goals as shown in Exhibit B.

Exhibit B - Projected Educational & General Base Funding Requirements					
(in thousands)					
	2005-06	2006-07	2007-08	2008-09	2009-10
Base 2004-05 Revenues	\$362,325	\$362,325	\$362,325	\$362,325	\$362,325
Expected General Fund Support	\$ 10,587	\$20,686	\$ 31,052	\$41,699	\$52,642
Less: 10% Returned under Charter proposal	\$ (1,059)	\$(2,069)	\$(3,105)	\$(4,170)	\$(5,264)
Net New General Fund Support	\$ 9,528	\$18,617	\$27,947	\$37,529	\$47,378
Interest Earnings on NGF balances	\$ 250	\$ 500	\$ 750	\$ 1,000	\$ 1,250
Other E&G Revenues Increases	\$ 92	\$ 187	\$ 285	\$ 385	\$ 488
Subtotal	\$ 372,195	\$381,629	\$391,307	\$401,239	\$411,441
Funding Needed From Tuition	\$ 13,690	\$ 28,687	\$ 44,085	\$ 59,908	\$76,176

To estimate general fund support, we have assumed that the Commonwealth will meet its goal to fund 67 percent of the cost of education for every in-state student (and zero percent of the cost of education for every out-of-state student) as we jointly move to achieve base adequacy, the 60th percentile faculty salary benchmark, and three percent annual staff raises over the next five years. This will represent an increased cost to the state of nearly \$53 million by 2009-2010. Under the Chartered University proposal, the University is prepared to revert ten percent of the expected general fund support - approximately \$5.3 million annually by 2009-2010 - back to the state. The net new general fund support, assuming funding of the guidelines with the state's fund split goal, would be \$47.4 million.

Once Chartered University status is achieved, we will be responsible for the management and investment of our operating fund balances, which will result in estimated interest earnings of \$1.3 million annually by 2009-2010. We assume that our revenues from other sources will increase at a nominal rate of three percent annually, generating less than half a million dollars in new funds annually. Exhibit B reveals that \$76.2 million in new tuition revenues will be required if we are to meet base operating benchmarks. This brings us to the basic question: *What is the optimal tuition structure to generate \$76.2 million in new revenues over the next five years?*

Differential Tuition Pricing

Given increasing reliance upon tuition revenues that will be needed in the future, the University must carefully consider its pricing strategies in order to maximize tuition revenues in a way that will not negatively impact the enrollment decisions of our applicants. One potential tuition structure includes pricing tuition at differing levels depending upon the cost of providing

education by discipline, the academic level of the student, student enrollment demand, or the earnings potential of graduates. Differential tuition pricing is used extensively within institutions for professional degree programs and has been implemented on a selective basis for graduate programs. Differential tuition is a relatively new concept for undergraduate programs, but has either been implemented or recently discussed at a growing number of universities. In the following section, we will review possible benefits and pitfalls to implementing differential tuition schedules for undergraduate and graduate schools in order to maximize tuition revenues.

Appendix 2 shows differential tuition pricing at selected Virginia and national universities. While the Virginia schools have not differentiated their tuition pricing to this point, a number of public universities are using varying degrees of it. Our research did not identify any private institutions with undergraduate differential pricing. At public universities, the most common differential tuition models are by broad programs, such as business, engineering, and architecture, or by specific degree programs, such as economics, chemistry, or biology. A few public universities also differentiate tuition based on class standing or credit hour load. The University of Michigan has used differentiation by both degree and class standing for at least the last ten years, while the University of Kentucky is implementing both of these options for the first time this year.

UVa's Current Approach

The University has traditionally priced tuition differentially at the professional school level (Law, Darden, and the School of Medicine), but not at the graduate or undergraduate level. In fact, until the Commonwealth mandated a 20 percent rollback of undergraduate in-state tuition in 1999-2000, the University did not even differentiate between undergraduate and graduate levels. Since that time, we have established different pricing between undergraduate and graduate, and have even implemented a differential price for part-time graduate Engineering students.

Potential Benefits

A pricing structure which varies the tuition charges across programs enables an institution to recoup directly the higher costs of a program from the enrolled students, employ market-based pricing strategies, or use other pricing methodologies. Pricing strategies can reflect:

- *Instructional Cost of Particular Disciplines* - Some degree programs (engineering) are considerably more costly to provide than are others (history).
- *Instructional Cost by Academic Levels* - It is generally more expensive to educate students taking higher level courses, due to smaller class size and more senior faculty.
- *Student Enrollment Demand* - Certain disciplines may have a higher demand perhaps due to national reputation, while start-up programs may have a low student demand.
- *Earnings Potential* - Certain disciplines may offer better earnings potential (business), while others may offer lower earnings potential but significant public benefit (education or nursing).

Potential Negative Consequences

- Differential tuition pricing at the *undergraduate level* conflicts with higher education's tradition of maximizing educational access and student choice by offering a uniform tuition price regardless of the program of study.
- Undergraduates may choose a degree or class schedule because of monetary reasons, rather than due to the talent and interests of the student.
- System modifications will be required, while billing and financial aid packaging will be complicated.
- Department heads of programs which carry a higher tuition price may feel entitled to the higher revenues generated.
- Undergraduates may "game" the system by delaying the declaration of a major, enrolling in an inexpensive program while taking many classes in a more expensive discipline, or delaying the transfer of credits.
- The perception that certain degrees are more valuable could be reinforced.

Conclusions Regarding Differential Tuition

For the University's undergraduate tuition structure, the selection of a single methodology for differing tuition prices would not be sufficient. For example, if we applied the methodology whereby the programs with the highest cost of education (science, engineering, and nursing) had higher tuition prices, then high-demand programs (humanities and commerce) would have lower tuition prices. If we charge higher tuition prices to students who have already attended the University for two years, then we lose the opportunity to charge a higher price to those who are perhaps most excited about coming to the University. If we charge a higher tuition price to students who have a high earnings potential (commerce), we may lose the opportunity to charge a similar price to students who are attracted to the University's liberal arts programs as a background for obtaining a graduate or professional degree.

As discussed later, we consistently find that students do not decline undergraduate admission to the University due to price, thus offsetting any pricing advantage that differential tuition may offer. Furthermore, with the adoption of Access UVa and as discussed below, the University effectively assesses differential tuition to undergraduates based upon their demonstrated ability to pay - the same method adopted by most highly selective private institutions. Any negligible benefits gained by applying a differential tuition structure to undergraduates do not outweigh potential negative consequences.

Many of the potential negative consequences for differential tuition apply primarily to undergraduate students who apply to attend UVa first and for whom the selection of a degree program is the second priority. Graduate students, on the other hand, are applying to specific disciplines or programs and are not likely to change programs in mid-step. Graduate financial support, unlike the need-based Access UVa program, is based upon discipline, merit, teaching assignments, and research responsibilities. The funding of financial support for graduate students varies significantly by discipline, as the sciences have grants and indirect cost recoveries to fund graduate aid, while the humanities are reliant upon private and institutional funds. While undergraduate student demand and enrollment is equally strong among in-state and out-of-state students, specific graduate programs differ in that some programs attract high in-state enrollments, while other programs attract primarily out-of-state students.

We do recommend the implementation of a differential tuition structure in the graduate programs. A preliminary review suggests a consideration of a separate pricing structure for

education and nursing due to their high in-state enrollment and the public service aspect of programs; architecture due to its more natural alignment with a professional school; and, engineering due to the high cost of providing the education. We will also determine whether it would be appropriate to charge differential tuition to the science and humanities programs in the College of Arts & Sciences. We will work with individual schools to develop a graduate tuition structure which makes sense given each respective school's missions, student mix and financial aid needs and will present the results to the board with the 2005-2006 tuition recommendations in March.

Undergraduate Financial Aid Impact

To evaluate the effect of need-based financial aid on the tuition price paid by undergraduates, we analyzed, by income level, the net price paid by students applying for financial aid. Gross price is defined as the sticker price of tuition, fees, room and board plus estimated costs for books, travel, and other. Net price is gross price less grant aid (excluding need-based loans and work-study) received by the student.

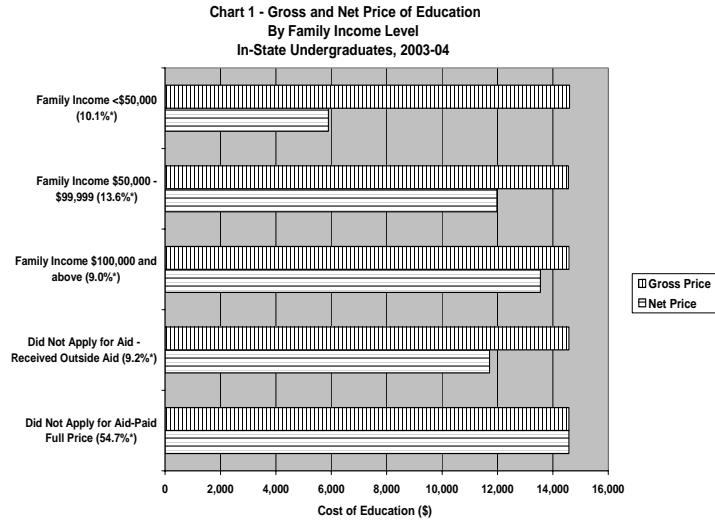
The net price analysis used data from 1999-2000 to 2003-2004, prior to the University offering 100 percent of demonstrated financial aid need to all undergraduates. The analysis is based on dependent undergraduate students who applied for need-based financial aid, segmented into three pre-tax family income categories, and dependent undergraduate students who did not apply for aid, segmented into two categories based on whether those students received any outside aid.

Overall data show that the 2003-2004 (when 100 percent of demonstrated financial aid need was offered to three classes) net price for all in-state and out-of-state undergraduates applying for need-based financial aid was 68 percent of gross price.

The 2003-2004 average gross and net prices of education for dependent in-state undergraduate student family income levels are shown in Chart 1 on the following page.

Chart 1 Observations:

- The average 2003-2004 gross price was \$14,647.
- The average 2003-2004 net price starts at \$5,894 for family incomes less than \$50,000 and increases to gross price paid by those who neither applied for aid nor received outside aid.



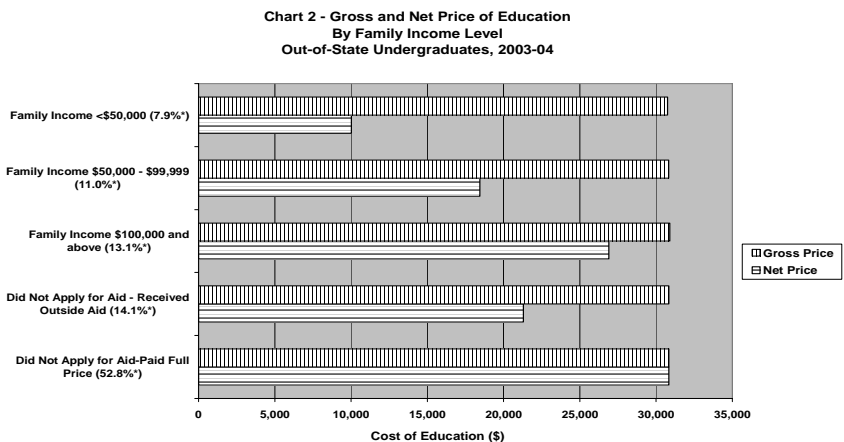
* Total headcount within category as a percentage of total in-state undergraduate headcount. Percentages do not add to 100% due to independent students, who have been excluded.

- In-state undergraduates with family incomes at or below the Virginia median (\$52,587) who applied for need-based financial aid paid a 2003-2004 net price ranging from 22 to 47 percent of gross price.

The 2003-2004 average gross and net prices of education for dependent out-of-state undergraduate student family income level are shown below in Chart 2.

Chart 2 Observations:

- The average 2003-2004 gross price was \$30,822.
- The average 2003-2004 net price starts at \$10,017 for family incomes less than \$50,000 and increases to gross price paid by those who neither applied for aid nor received outside aid.



* Total headcount within category as a percentage of total out-of-state undergraduate headcount. Percentages do not add to 100% due to independent students, who have been excluded.

- Out-of-state undergraduates with family incomes of less than \$100,000 who applied for need-based financial aid paid a 2003-2004 net price ranging from 33 to 60 percent of gross price.

The next two charts illustrate the trend between 1999-2000 and 2003-2004 of the average net price as a percentage of the

gross price of education for dependent in-state (Chart 3) and out-of-state (Chart 4) family income level.

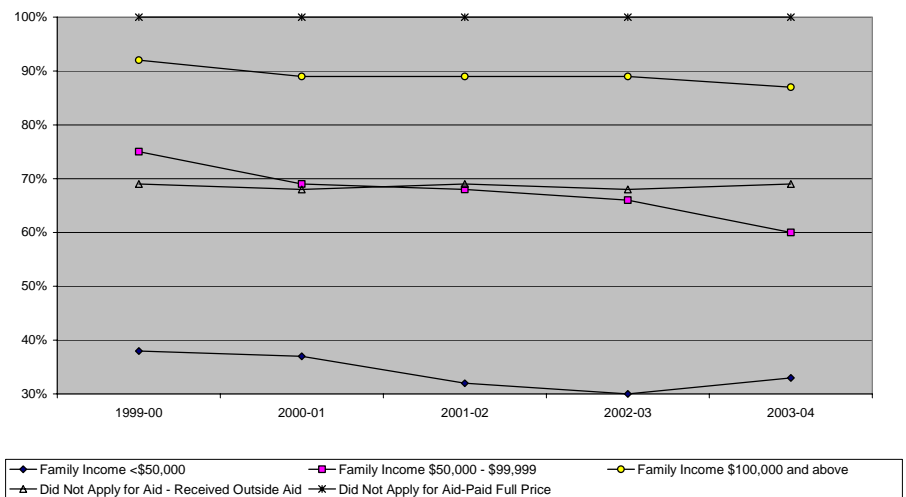
Observations:

- In the lowest family income level, in-state undergraduates paid a net price averaging 37 to 43 percent of the gross price over the period.
- In the lowest family income level, out-of-state undergraduates paid a net price averaging 30 to 38 percent of the gross price over the period.
- For both in-state and out-of-state undergraduates who applied for aid, those students in the lowest family income level paid the lowest proportion of gross price.

Chart 3 - Average Net Price as a Percentage of Gross Price
By Family Income Level
In-State Undergraduates



Chart 4 - Average Net Price as Percentage of Gross Price
By Family Income Level
Out-of-State Undergraduates



We also calculated the proportion of family income allocated to paying for a student's education as shown in Exhibit C.

Exhibit C - Net Price as a Percentage of Family Income		
Family Income	In-State	Out-of-State
Less than \$50,000	18%	30%
\$50,000 - \$99,999	17%	25%
\$100,000 and greater	11%	19%

Conclusions Regarding Net Price

At the current price of education, only 23 percent of University undergraduates required financial aid in 2004. For those students who did qualify for need-based aid, their families receive significant discounts from the gross price of education. Student families at higher income levels already pay a lower percentage of their family income towards their education. Accordingly, there appears to be a substantial potential for increased revenue from tuition with little or no effect on students' ability to pay. The Access UVA program will further ensure that students will receive aid to minimize the effect of increasing tuition price.

Graduate Financial Support Impact

As highlighted in SCHEV's May 2002 Report on Research and in previous reports to the Board of Visitors - most recently last fall when the Board approved a proposal from the Vice President and Provost and Vice President for Research and Graduate Studies to invest significant institutional resources into research - top-quality graduate students, the next generation of faculty, researchers, and innovators, are essential to advance the research goals of the University, the Governor, and the Commonwealth. However, surveys demonstrate that 40 percent of those applicants who decline graduate admission to the University do so because the support packages offered are not competitive.

Adequate graduate support packages have three components - tuition and fees, paid health insurance, and a stipend to cover living expenses (estimated at \$16,100 in 2004). The University has implemented paid health insurance coverage for employed graduate students (funded from tuition collections and, beginning in July 2005, grants) and has recently requested assistance from the Commonwealth to increase the average stipend to \$16,100 over the next four years. The first component is clearly impacted by the level of tuition and fees.

In-state tuition and fees are paid on behalf of over 900 Graduate Teaching Assistants (GTAs) from tuition collections and on behalf of over 800 Graduate Research Assistants (GRAs) by grants. For out-of-state GTAs and GRAs, the differential between in-state tuition and fees and out-of-state tuition and fees is covered by the University from either tuition collections or other available institutional fellowship funds. The cost of tuition and fees for the remaining 2,900 graduate students can be paid from many sources: the students themselves, tuition-funded fellowships, state-funded fellowships, institutionally-funded private fellowships, or restricted private fellowships managed by the schools. In order for the University to improve the

competitiveness of its graduate financial support packages, some portion of the responsibility for paying tuition and fees charges plus the provision of an adequate stipend must shift from the students to fellowships.

The need for additional graduate fellowships has been well-documented by the Faculty Senate and has been recommended by nearly all the 2020 Commissions, including the latest report from the Commission on Diversity and Equity. As President Casteen mentioned in his review of the Commission's report to the Board on October 2, 2004, it is likely that new fellowships will be privately funded, so this has been identified as a key priority of the Capital Campaign. As part of this effort the University will re-examine the graduate fellowship needs, including funding sources and the best way to structure new fellowships. One result that may come from additional study is a recommendation on how graduate tuition should be structured. For this reason, our five-year tuition plan will limit its recommendations to those regarding differential pricing strategies for program-specific reasons and to the current effort to reduce the differential between in-state and out-of-state graduate tuition. Other modifications to how graduate tuition and fees are charged (potentially including the treatment of out-of-state graduate students as in-state students after some established point, reviewing research-only fees charged to students after completion of coursework, or instituting per credit hour charges) will be deferred to the completion of the overall review of graduate fellowships.

Market Analysis

At each spring Board of Visitors meeting, we present to you the market analysis regarding our tuition position in order to illustrate the price competitiveness of the University. For the most part this analysis is limited to a review of undergraduate charges. For potential graduate students, the overall financial support package offered is much more critical than the level of gross tuition charges in the evaluation of whether a potential graduate student will enroll at the University. Key points regarding the undergraduate market place are extracted below from the detailed information attached in Appendix 3:

- The University's 2004-2005 in-state undergraduate tuition and fees are \$343 below the 60th percentile and \$1,095 below the 75th percentile of SCHEV public peers. We project that the 75th percentile may reach \$10,299 by 2009-2010.
- The University's 2004-2005 out-of-state undergraduate tuition and fees are \$3,662 above the 60th percentile and \$2,011 above

the 75th percentile of SCHEV public peers. We project that the 75th percentile may reach \$27,687 by 2009-2010.

- The University's 2004-2005 out-of-state undergraduate tuition and fees are \$7,814 below the 60th percentile and \$8,044 below the 75th percentile of SCHEV private peers. We project that the 75th percentile may reach \$38,765 by 2009-2010.
- In-state applicants accepted by the University turned down our offer of admission to attend these institutions: William & Mary (126), Virginia Tech (64), Duke (32), UNC - Chapel Hill(24), Cornell (23), Virginia Commonwealth (20), Richmond (15), Yale (14), Pennsylvania (12), MIT (12), Princeton (11), Harvard (10), Rice (10), and Georgetown (10).
- Out-of-state applicants accepted by the University turned down our offer of admission to attend these institutions: Duke (95), UNC - Chapel Hill (59), Pennsylvania (47), Georgetown (45), Cornell (41), Harvard (35), Yale (30), Dartmouth (28), Vanderbilt (28), Maryland (24), Notre Dame (23), Brown (22), Stanford (21), and Princeton (20).

In summary, this information combined with the data that the number of applications received and the quality of the applicant pool continues to increase, leads us to further conclude that the level of undergraduate tuition has not impacted applications or student quality.

Proposed Five-Year Tuition Model

Based on the above report and the assumption that the state will provide its share of future needs related to base adequacy and compensation increases, projected tuition increases for the major categories of students are discussed in the following sections.

Undergraduate

Assuming the state meets its share of the cost of education, the University projects an annual tuition and fee increase of just below ten percent for in-state undergraduates. As shown in Exhibit D, we project that the total sticker price (tuition, fees, room and board) of an undergraduate education will increase at approximately eight percent annually. For out-of-state undergraduates, we expect that annual increases of just over six percent will enable the University to meet its base funding requirements.

Exhibit D - Projected Undergraduate Tuition Prices						
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
In-state undergraduate	11.93%	9.95%	9.95%	9.95%	9.95%	9.95%
\$ Increase in Tuition + E&G fees	\$ 548	\$ 517	\$ 567	\$ 623	\$ 686	\$ 753
Resulting Tuition + E&G fees	\$ 5,243	\$ 5,760	\$ 6,327	\$ 6,950	\$ 7,636	\$ 8,389
Projected Non-E&G fees (6% annually)	\$ 1,357	\$ 1,438	\$ 1,525	\$ 1,616	\$ 1,713	\$ 1,816
Projected Board rates (3.8% annually)	\$ 2,990	\$ 3,104	\$ 3,222	\$ 3,344	\$ 3,471	\$ 3,603
Projected Housing rates (9% annually)	\$ 2,970	\$ 3,237	\$ 3,529	\$ 3,846	\$ 4,192	\$ 4,570
Projected Total Sticker Price	\$12,560	\$13,539	\$14,603	\$15,756	\$17,012	\$18,378
% Increase in Total Sticker Price		7.8%	7.9%	7.9%	8.0%	8.0%
Out-of-state undergraduate	3.00%	6.26%	6.26%	6.26%	6.26%	6.26%
\$ Increase in Tuition + E&G fees	\$ 628	\$ 1,334	\$ 1,417	\$ 1,505	\$ 1,600	\$ 1,700
Resulting Tuition + E&G fees	\$21,343	\$22,677	\$24,094	\$25,599	\$27,199	\$28,899

Because these increases are significant, it is important to re-state that Access UVa will ensure that all students who meet the University's academic qualifications will not need to turn down admission due to price. The historical net price analysis provided earlier demonstrates previous pricing strategies and the impact on financial aid, particularly related to lower family-income categories. A reasonable follow-up question would ask how the projected tuition schedule and Access UVa will impact the middle income student. Exhibit E below presents a scenario for a family of five, with an income of \$62,500 and one child in college who is entering the University in the fall of 2005. This exhibit illustrates the impact of the projected tuition increases on the gross price (sticker price of tuition, fees, room and board plus the estimated cost of books, transportation, and miscellaneous) and how that impact is offset by Access UVa.

Exhibit E - How Access UVa Keeps College Affordable While Tuition Costs Rise										
	In-State Student Entering Fall 2005					Out-of-State Student Entering Fall 2005				
	05-06	06-07	07-08	08-09	Total	05-06	06-07	07-08	08-09	Total
Total Gross Price Expected	\$16,709	\$17,630	\$18,850	\$20,182	\$73,371	\$32,959	\$34,033	\$35,145	\$36,295	\$138,432
Family Contr.	\$12,240	\$12,485	\$12,734	\$12,989	\$50,448	\$12,240	\$12,485	\$12,734	\$12,989	\$ 50,448
Total Need	\$ 4,469	\$ 5,145	\$ 6,116	\$ 7,193	\$22,923	\$20,719	\$21,548	\$22,411	\$23,306	\$ 87,984
Typical Financial Aid Package Without Access UVa										
Loans	\$4,469	\$ 5,145	\$ 5,500	\$ 5,500	\$20,969	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$22,000
Work Study	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 8,000
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unmet Need	\$ -	\$ -	\$ 616	\$ 1,693	\$1,954	\$13,219	\$14,048	\$14,911	\$15,806	\$57,984

Exhibit E - (Continued)										
<i>Typical Financial Aid Package With Access UVA</i>										
Loans	\$4,469	\$5,145	\$ 5,500	\$ 3,229	\$18,343	\$ 5,500	\$ 5,500	\$ 5,500	\$ 1,843	\$18,343
Work Study	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 8,000
Grants	\$ -	\$ -	\$ 616	\$ 3,964	\$ 4,580	\$13,219	\$14,048	\$14,911	\$19,463	\$61,641
Unmet Need	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

For an in-state student, the total projected four-year gross price will be over \$73,000. Without Access UVA, the student would have unmet need of nearly \$2,000 and outstanding loans of \$21,000 by the time he/she graduates. With Access UVA, all demonstrated need will be fully met and the total loan burden reduced to just over \$18,000.

For an out-of-state student, the total projected four year gross price will be over \$138,000. Without Access UVA, the student would have unmet need of nearly \$58,000 and outstanding loans of \$22,000 by graduation. With Access UVA, all demonstrated need will be fully met and the total loan burden reduced to just over \$18,000.

Graduate

For the next five years, we will implement a model to price graduate tuition appropriately. For the College of Arts & Sciences and the School of Engineering and Applied Sciences, it is expected that tuition increases will continue to close the differential between in-state and out-of-state students, with the expectation of reaching a \$10,000 differential by 2006-2007. For other graduate schools: Architecture, Nursing, and Education, we will develop an appropriate long-term tuition plan - to be presented for the Board's consideration at its March 24, 2005 meeting - to meet the individual needs of the schools. As seen in Exhibit F, we have not projected graduate tuition increases beyond 2006-2007 due to the expected implementation of a differential tuition structure and the impending study of graduate financial aid and the tuition implications of that review.

Exhibit F - Projected Graduate Tuition Prices						
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
In-State Graduate	19.40%	6.30%	6.31%	TBD	TBD	TBD
\$ Increase in Tuition + E&G fees	\$1,256	\$ 493	\$ 525	TBD	TBD	TBD
Resulting Tuition + E&G fees	\$7,843	\$8,336	\$8,861	TBD	TBD	TBD
Out-of-State Graduate	0.74%	0.00%	0.00%	TBD	TBD	TBD
\$ Increase in Tuition + E&G fees	\$ 148	\$ 9	\$ 9	TBD	TBD	TBD
Resulting Tuition + E&G fees	\$18,843	\$18,852	\$18,861	TBD	TBD	TBD

Professional

For the School of Medicine, we expect to reach a \$10,000 differential for the first year class in 2005-2006 as shown in Exhibit G below. All four classes will reach the \$10,000 differential by 2008-2009. We project that out-of-state increases will remain around four percent throughout the period, with the in-state increases driven by maintaining the \$10,000 differential.

Exhibit G - Projected School of Medicine Tuition Prices						
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
In-State SOM	16.70%	7.99%	5.51%	5.41%	5.36%	5.29%
\$ Increase in Tuition + E&G fees	\$3,528	\$1,969	\$1,466	\$1,424	\$1,586	\$1,649
Resulting 1st Yr Tuition + E&G Fees	\$24,639	\$26,608	\$28,074	\$29,598	\$31,184	\$32,833
Out-of-State SOM	6.14%	4.01%	4.00%	4.00%	4.00%	4.00%
\$ Increase in Tuition + E&G fees	\$2,198	\$1,410	\$1,466	\$1,524	\$1,586	\$1,649
Resulting Tuition + E&G fees	\$35,198	\$36,608	\$38,074	\$39,598	\$41,184	\$42,833

For Law, Darden, and graduate programs in the McIntire School of Commerce, we expect annual increases between five and six percent for out-of-state students and a commensurate in-state increase to maintain the \$5,000 differential. These schools will be responsible for fully meeting their salary, base adequacy, financial aid, and items of excellence needs.

Summary

The projected tuition increases will generate \$88.9 million in gross tuition revenues. These revenues will be used to fund \$2.2 million in graduate financial aid and \$9.7 million for Access UVa, leaving \$77 million in net new tuition revenues to be applied to meeting the University's base operating requirements.

Exhibit H - Projected Net Tuition Generated for University Requirements					
	2005-06	2006-07	2007-08	2008-09	2009-10
From Exhibit B: Funding Needed From Tuition	\$ 13,690	\$ 28,687	\$ 44,085	\$ 59,908	\$76,176
Gross New Tuition Revenues	\$20,006	\$36,591	\$ 53,315	\$ 70,984	\$ 88,889
Increases in Grad Fin Aid	\$(1,232)	\$(1,496)	\$(1,774)	\$(1,875)	\$(2,192)
Increases in Undergrad Fin Aid (Access UVa)	\$(1,349)	\$(3,525)	\$(5,437)	\$(7,723)	\$(9,710)
Net New Tuition Revenues	\$17,425	\$31,570	\$46,104	\$61,386	\$76,987

In Appendix 4, we have included examples of performance metrics which will allow us to evaluate the effectiveness of future tuition increases. Next spring when we present the 2005-2006 tuition proposal, we will establish specific performance measures and targets. Thereafter, we will update our progress towards the benchmarks annually in conjunction with the tuition recommendations.

In summary, a predictable and consistent tuition revenue stream, coupled with predictable increases in general fund support, will allow the University to enhance the quality of education, provide student families with a more predictable schedule of tuition increases, and facilitate financial aid packaging to ensure that the goals of Access UVa are met for all students.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 3, 2005

COMMITTEE: Finance

AGENDA ITEM: III.C. Options for Financing Deferred Maintenance - Follow-up to Request of Buildings and Grounds Committee

ACTION REQUIRED: None

BACKGROUND: At its December 2004 meeting, the Buildings and Grounds Committee heard a presentation regarding the University's \$144 million deferred maintenance backlog on educational and general facilities. Following a discussion about the need to proactively address the issues and the reduced ability of the state to provide adequate funding to maintain the University's buildings, the Buildings and Grounds Committee asked that the Finance Committee consider funding options to (1) reduce the backlog to a reasonable level over the next ten years and (2) establish adequate annual funding to protect the University's core educational facilities.

DISCUSSION: At this meeting, we will provide an estimate of deferred maintenance needs that should be addressed over the next ten years which should reduce the current backlog to a reasonable level. We will also propose an appropriate annual investment to continue beyond the ten-year period that will enable the University to maintain the backlog at a reasonable level. Finally, we will present funding options to address the required investment. Based on advice from the Finance Committee regarding the best financing alternatives, we will develop an implementation plan to be included in the 2005-2006 budget which will be discussed with the Finance Committee in May 2005. The plan will then become part of the annual budget presented to the Board of Visitors for approval.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 3, 2005

COMMITTEE: Finance

AGENDA ITEM: III.D. Endowment Report

ACTION REQUIRED: None

Market Value and Performance as of December 31, 2004

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 first half of Fiscal Year 2005, the Pooled Endowment Fund returned 8.5%. Over the same period domestic equities, as measured by the Russell 3000 Index, returned 8.1%, international equities, as measured by the MSCI All Country World Free ex-US Index, rose 16.6%, and fixed income, as measured by the Merrill Lynch 7-10 Year Government Bond Index, returned 4.8%. The Hedge Fund portfolio, which comprises 54.5% of fund assets, returned 7.6% fiscal year-to-date, delivering equity-like returns but with a more stable return pattern. Private equity, the fund's second largest allocation at 11.1%, returned 5.8% over the same period. The allocations to long only domestic and international equities continue to perform well in both absolute and relative terms. The domestic equity portfolio returned 11.8% fiscal year-to-date, helped by a bias within the portfolio toward small cap equities and the international portfolio returned 26.2% over the same period, out-pacing the broad international equity index due to its allocation to the emerging markets.

The UVIMCO Board met on December 14, 2004 to review performance.

PRELIMINARY

UNIVERSITY OF VIRGINIA INVESTMENT REPORT
SUMMARY PERFORMANCE REPORT - December 31, 2004

CONFIDENTIAL

	MKT VAL* (\$000's)	Asset Allocation		Current				Historical			Annualized		
		Fund	Target	MO	3MO	FYTD	CYTD	FY04	FY03	FY02	3Y	5Y	10Y
DOMESTIC EQUITY <i>Russell 3000</i>	171,284	6.7%	5.0%	3.4	11.9	11.8	18.2	24.0	4.0	(12.0)	8.9	5.5	12.4
INTERNATIONAL EQUITY	255,679	10.0%	10.0%	4.9	17.1	26.2	23.6	35.1	7.6	(7.7)	22.7	5.6	8.9
EMERGING MARKETS	255,679	10.0%	10.0%	4.9	17.1	26.2	23.6	35.1	7.6	(7.7)	22.7	5.6	8.9
<i>MSCI AC World Free Ex-U.S.</i>				4.3	15.4	16.6	21.4	32.5	(4.2)	(8.2)	13.6	0.0	6.0
<i>MSCI Emerging Markets Free</i>				4.8	17.3	26.9	26.0	33.5	7.0	1.3	22.8	4.6	3.3
HEDGE FUNDS	1,389,765	54.5%	57.5%	2.9	5.9	7.6	12.6	10.8	9.8	7.7	10.1	10.9	12.5
LONG/SHORT	1,071,126	42.0%		2.7	5.5	7.4	12.7	10.4	--	--	--	--	--
INTERNATIONAL	121,100	4.8%		5.1	13.0	16.9	19.6	20.3	--	--	--	--	--
MACRO	107,630	4.2%		2.9	5.1	5.6	9.7	9.6	--	--	--	--	--
ABSOLUTE RETURN	89,909	3.5%		1.8	3.7	4.3	8.6	12.7	--	--	--	--	--
<i>Uva Hedge Fund Blended Index †</i>				1.7	4.7	5.8	10.2	12.4	4.1	(5.9)	5.7	2.6	10.7
PRIVATE EQUITY ⁽¹⁾⁽²⁾	283,269	11.1%	19.5%	0.7	3.1	5.8	14.7	16.0	11.1	(10.7)	8.4	16.9	23.6
DOMESTIC BUYOUTS	150,968	5.9%	12.0%	0.5	2.3	5.8	21.1	25.5	37.3	(0.5)	22.5	15.4	10.1
INTERNATIONAL BUYOUTS	60,341	2.4%	2.5%	2.5	9.7	13.7	14.8	11.0	1.8	21.5	11.8	--	--
VENTURE CAPITAL	71,961	2.8%	5.0%	(0.0)	(0.0)	0.3	(3.7)	(5.9)	(27.9)	(27.6)	(18.1)	1.1	27.8
<i>Uva Private Equity Blended Index †</i>				4.2	11.8	11.8	17.7	26.7	3.7	(11.5)	10.6	3.1	14.8
<i>Russell 3000 + 400 bp</i>				3.9	11.2	10.1	15.9	24.5	4.8	(13.2)	8.9	2.9	16.1
<i>MSCI AC World ex. U.S. Free + 400 bp</i>				4.6	16.4	18.6	25.4	36.0	(0.6)	(4.4)	17.1	3.7	9.6
REAL ASSETS ⁽¹⁾⁽²⁾	51,669	2.0%	3.0%	(0.4)	1.6	12.8	32.9	27.0	(8.2)	(12.6)	4.3	6.1	10.1
REAL ESTATE/TIMBER	51,669	2.0%	3.0%	(0.4)	1.6	12.8	32.9	27.0	(8.2)	(19.4)	1.5	4.4	9.2
<i>91 Day T Bills + 500 bp</i>				0.6	1.7	3.3	6.3	6.0	6.6	7.6	6.5	8.0	9.2
FIXED INCOME	117,997	4.6%	5.0%	0.7	1.6	3.9	4.2	2.9	17.1	10.4	8.6	8.5	8.3
<i>Mt. 7-10 Yr. Govt</i>				1.3	0.3	4.8	4.3	(2.5)	14.0	9.7	6.7	8.3	8.1
CASH	276,275	10.8%	--	0.2	0.4	1.0	1.9	2.0	2.1	--	1.9	3.6	3.3
<i>91 Day T Bills</i>				0.2	0.5	0.8	1.3	1.0	1.5	2.6	1.4	3.0	4.1
UVA Managed	1,782	0.1%											
TOTAL FUND	2,547,718	100%		2.4	6.4	8.5	13.2	12.7	9.2	(0.1)	9.7	11.4	15.0
<i>Target Benchmark</i>				2.5	7.3	9.0	12.9	15.2	4.2	(6.2)	7.6	4.1	9.9
<i>Spending + Inflation</i>				0.6	2.0	3.2	8.8	8.5	7.0	5.6	7.6	7.4	7.2



* Market values include amounts held in Trusts.
† 30% Russell 3000, 70% 91 Day T Bills plus 800 basis points
‡ 80% Russell 3000, 20% MSCI ACWI+US Free, plus 400 basis points
(1) Market values from July 1, 2004 amount are based upon latest available quarterly manager valuations, adjusted for cash flows
(2) PPTDMS and CYTD04 returns include an approximate 0.57% increase in total private equity, 0.30% increase in domestic buyout, 1.68% increase in venture capital, and 18.6% increase in real estate relating to the July 1, 2004 implementation of the revised valuation policy for private placement securities and real estate approved by the Board on May 19, 2004

PRELIMINARY

UNIVERSITY OF VIRGINIA INVESTMENT REPORT
SUMMARY ENDOWMENT REPORT - December 31, 2004

CONFIDENTIAL

	Current			Historical			Annualized			
	MO	3MO	FYTD	CYTD	FY04	FY03	FY02	3Y	5Y	10Y
MKT VAL										
(\$000's)										
CURRENT FUNDS	326,292	3.3	4.6	7.3	6.5	5.7	4.8	6.9	7.5	6.9
Investment in Aggregate Cash	166,408	0.2	0.4	1.0	1.8	1.5	3.1	4.8	3.4	5.4
PEF Investment	159,884	2.4	6.4	8.5	13.2	12.7	9.2	--	3.4	5.4
AGGREGATE CASH	380,886	0.2	0.4	1.0	1.9	--	--	--	--	--
Current Funds	166,408	0.2	0.4	1.0	1.8	1.5	3.1	4.8	3.4	5.4
Endowment Cash Reserves**	199,004	0.2	0.4	1.0	1.9	2.0	2.1	--	1.9	3.6
Medical Insurance Fund	15,474	0.2	0.4	1.0	1.8	1.6	4.4	4.2	2.5	4.2
<i>Current Funds Blend*</i>		0.2	0.3	0.9	1.2	0.8	2.8	4.2	2.0	3.7
<i>91 Day T Bills</i>		0.2	0.5	0.8	1.3	1.0	1.5	2.6	1.4	3.0
CHARITABLE REMAINDER TRUSTS	38,122									
Non-Pool Trust Assets	4,145									
UVA Pooled Endowment Fund	667									
UVA Core Equity Fund	26,140	2.4	6.4	8.5	13.2	12.7	9.2	--	--	--
UVA Bond Fund	7,170	0.6	1.6	4.8	6.4	3.0	15.0	10.5	9.6	8.3
TOTAL FUND	2,547,718									
Current Funds (Agg. cash)	166,408									
Medical Insurance Fund (Agg. cash)	15,474									
UVA Administered Endowment	16,056									
Non-Pool Trust Assets	4,145									
Pending Funds	6,338									
TOTAL ASSETS MANAGED	2,756,140									
TOTAL FUND	2,547,718									
Pending Funds	6,338									
Less: Liabilities & Current Funds	(410,289)									
Less: Trusts	(33,977)									
POOLED ENDOWMENT FUND	2,109,791									
UVA Administered Endowment	16,056									
TOTAL ENDOWMENT	2,125,847									
Endowment Cash Reserves	199,004									
Pending Investments	80,832									
Income	(3,561)									
TOTAL FUND CASH	276,275									
UNITIZATION	MV Per Share									
12/31/2004	\$3,199.47									

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

** Cash balance plus manager cash and income cash

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 3, 2005

COMMITTEE: Finance

AGENDA ITEM: III.E. State Budget and Legislation

ACTION REQUIRED: None

Governor's Budget

BACKGROUND: On December 17, 2004, Governor Warner presented to the legislature his amendments to the 2004-2006 biennial budget. The General Assembly will consider the Governor's Budget Bill during its 46-day session, which began January 12, 2005. The Academic Division, the Medical Center, and the College at Wise submitted requests for the Governor's consideration in October 2004.

DISCUSSION: Governor Warner's operating budget amendments for higher education include \$54.4 million in new general funds for the biennium. Included in this amount is funding for enrollment and degree completion, faculty salary increases (three percent in November 2005), undergraduate and graduate student financial aid, research support, operations and maintenance for new facilities, and the virtual library. The Governor also allocated \$32 million in additional funds over the original 2004-2006 appropriation for maintenance reserve. For capital outlay, the Governor's budget includes \$51.1 million related to construction cost increases and \$26.7 million related to equipment for previously authorized general funded capital outlay projects, as well as \$4.6 million general funds in new projects. The Governor did not amend the tuition policy approved with the 2004-2006 Appropriation Act, continuing to leave this authority with the Board of Visitors.

For the Academic Division, the Governor allocated an additional \$5.7 million in new general fund operating dollars in the second year of the biennium. The budget also authorized all non-general fund operating requests, except for one which was an oversight on the part of the Department of Planning and Budget. For Wise, the Governor allocated \$597,000 in general fund operating dollars in the second year of the biennium. Specific actions can be found in Appendix 1.

For capital outlay, the Governor's budget included additional maintenance reserve funding of nearly \$5 million for the Academic Division and \$260,000 for Wise. The Governor provided access to a general funded construction cost overrun

fund for three Academic Division projects: Fayerweather Hall, Ruffin Hall, and the Campbell Hall Chiller. He also approved the non-general fund capital projects submitted. Specific actions can be found in Appendix 1.

2005 Legislative Amendments

BACKGROUND: Operating and capital budget requests for the Academic Division, the Medical Center, and Wise were submitted to the legislature on January 21, 2005. The Board of Visitors authorized the Executive Vice President and Chief Operating Officer to submit amendments to the General Assembly for items not funded by the Governor as long as they did not materially differ from those items approved by the Board in October 2004. The final list of amendments is outlined in Appendix 1.

DISCUSSION: In addition to requests that impact the budget bill, the University has submitted a legislative proposal to extend its current authority for an additional two years under the *Code of Virginia* by extending Section 2.2-3709 to allow a distinct minority of Board members to participate in meetings telephonically, without converting the meeting of the public body to an electronic communications meeting, and without the 30 day notice requirement.

During the 2004 General Assembly Session, the University of Virginia, Virginia Tech and the College of William & Mary introduced two bills establishing Commonwealth Chartered Universities and Colleges. The two bills were carried forward. Since that time, the three institutions have been working with the Secretary of Finance (on behalf of the Governor) and a committee which includes presidents of other institutions and finance officers, to develop a higher education legislative proposal for introduction during the 2005 General Assembly session that would essentially include the Charter principles as one step in a three-level program of increased administrative autonomy and accountability. This proposal has evolved from the Council of Presidents in an effort to develop a system-wide approach to greater efficiencies, accountability and autonomy.

Preliminary 2005-2006 Budget Assumptions

BACKGROUND: Each year at this time, we develop preliminary budget assumptions that will be used to formulate the target budget for the subsequent fiscal year.

DISCUSSION: The following budget assumptions will be used in the development of the 2005-2006 budget, which will be presented to the Board of Visitors for action in June 2005:

1. The 2005-2006 state appropriation will reflect any budget increases or reductions as approved by the Governor and the 2005 General Assembly. The impact of these actions on the Academic Division's state appropriation will be reflected in the budget presented to the Board of Visitors in June. Any partial year amounts are annualized, and the targets are adjusted accordingly.
2. Anticipated tuition increases will reflect direction from the Board received at the February 2005 meeting.
3. The 2005-2006 state budget will reflect the following:
 - Faculty salary, faculty wage, classified salary and graduate teaching assistant base budgets (including fringe benefits) will be increased to fund the annual cost of the salary increases granted November 25, 2004.
 - New available resources will be allocated to meet institutional priorities and benchmarks, such as base operating needs, faculty and staff compensation, financial aid programs, research initiatives, and major maintenance.
 - Vice presidents may reallocate existing funding and positions among units within their areas of responsibility.
 - State and local targets will be adjusted to reflect any changes in the fringe benefit rates for 2005-2006.
 - Reserves will be budgeted to fund any classified and faculty salary increases for the 2005-2006 fiscal year that may be granted through amendments to the 2004-2006 Budget Bill in the 2005 General Assembly session, as well as any anticipated supplement that may be approved by the Board of Visitors.
 - Base budgets for non-personnel costs will not be increased for inflation.

- Recoveries and transfer budgets will be adjusted as needed.
 - The Darden School and Law School financial self-sufficiency models will continue.
7. Revenue from endowment income will be budgeted based upon the 2005-2006 distribution rates as calculated per the Endowment Income Distribution and Spending Policy approved by the Board of Visitors. Related expenditures are based upon historical spending patterns and will emphasize institutional and school priorities.
 8. Revenue and related expenditures from private gifts and other sales and services are budgeted based upon historical spending patterns and emphasize institutional and school priorities.
 9. Revenue and related expenditures from sponsored programs are budgeted based upon historical spending patterns, sponsored program awards, and expected indirect cost recoveries.
 10. Revenue and related expenditures from auxiliaries are budgeted based on fees approved by the Board in February (housing) and April (dining and mandatory student fees) and anticipated activity.

MISCELLANEOUS FINANCIAL REPORTS
Finance Committee
University of Virginia

February 3, 2005

UNIVERSITY OF VIRGINIA ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF SEPTEMBER 30, 2004

Summary of Accounts Receivable:

The University's Academic Division's total accounts receivable as of September 30, 2004, were \$23,332,000 as compared to \$14,911,000 at June 30, 2004. The major sources of receivables at September 30, 2004, were student receivables of \$9,518,000 and sponsored programs of \$9,114,000.

The past due receivables over 120 days old at September 30, 2004 were \$1,171,000 or 5.02 percent of total receivables, well 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	\$9,518,000	\$9,114,000	\$4,700,000	\$23,332,000
Less: Allowance for Doubtful Accounts	<u>25,000</u>	<u>550,000</u>	<u>180,500</u>	<u>755,500</u>
Net Accounts Receivable	<u>\$9,493,000</u>	<u>\$8,564,000</u>	<u>\$4,519,500</u>	<u>\$22,576,500</u>
Accounts Receivable Greater than 120 Days Past Due	<u>\$36,000</u>	<u>\$869,000</u>	<u>\$266,000</u>	<u>\$1,171,000</u>

SOURCE: Revenue and Collections
DATE: December 17, 2004

UNIVERSITY OF VIRGINIA ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF SEPTEMBER 30, 2004

Summary of Loans Receivable:

The default rate for the Perkins Student Loan Program decreased by 5.02 percent to 1.56 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 remained the same at zero percent. The Nursing Undergraduate Student Loan Program default rate increased by 0.80 percent to 1.93 percent. Both medical loan programs are well below the five percent federal threshold. The University Loan Program default rate increased by 0.11 percent to 4.98 percent.

	<u>Gross Loans Receivable</u>	<u>Current Default Rate</u>	<u>Inc./ (Dec) From Last Quarter</u>
Perkins Student Loans	\$17,218,000	1.56%	(5.02)%
Health Professions Loans	258,000	0.00%	0.00%
Undergraduate Nursing Loans	600,000	2.73%	0.80%
University Loans	<u>8,228,000</u>	4.98%	0.19%
Total Student Loan Outstanding	<u>\$26,304,000</u>		

SOURCE: Student Financial Services
DATE: December 17, 2004

UNIVERSITY OF VIRGINIA
INTERNAL LOANS TO UNIVERSITY DEPARTMENTS AND ACTIVITIES
As of September 30, 2004

(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)

PURPOSE (INT PROJECT)	DATE OF LOAN	INTEREST RATE	ORIGINAL LOAN AMOUNT	PRINCIPAL PAYMENTS MADE TO DATE	OUTSTANDING PRINCIPAL	APPROXIMATE FINAL PAYMENT
Wise Student System	04/21/04	Blended borrowing rate (4.75%)	200,000.00	50,000.00	150,000.00	Jul 2007
ITC Mainframe	03/16/04	Blended borrowing rate (4.75%)	300,000.00	100,000.00	200,000.00	Jul 2006
Wise Student Center	11/30/03	Blended borrowing rate (4.75%)	2,000,000.00	500,000.00	1,500,000.00	Jun 2007
Clark Hall	11/01/03	Blended borrowing rate (4.75%)	2,575,000.00	1,500,000.00	1,075,000.00	Jan 2006
Columbarium	10/30/03	Blended borrowing rate (4.75%)	85,000.00	25,000.00	60,000.00	Oct 2008
Baseball Stadium	06/14/02	Fed. Funds+60 pts.	1,525,000.00	1,441,935.23	83,064.77	Jun 2005
ITC-Cincom	02/01/02	Fed. Funds+60 pts.	950,000.00	712,500.00	237,500.00	Jul 2005
Keck Center	06/22/01	Fed. Funds+60 pts.	50,000.00	37,500.00	12,500.00	Jun 2005
Gilmer Hall	06/22/01	Fed. Funds+60 pts.	45,147.96	37,500.00	7,647.96	Jun 2005
WTJU	06/01/00	Fed. Funds+60 pts.	120,000.00	96,000.00	24,000.00	May 2005
UVA Medical Center	07/10/02	Fed. Funds+60 pts.	3,991,495.06	2,018,914.63	1,972,580.43	Jun 2006
CVC Football Facility	12/22/98	Fed. Funds+60 pts.	3,000,000.00	1,285,772.18	1,714,227.82	Jun 2009
Total Internal Loans Subject to \$15M Limit Established by BOV¹			\$14,841,643.02	\$7,805,122.04	\$7,036,520.98	

NOTE: 1. Per January 1990 Board of Visitors resolution establishing the internal loan pool at \$10 million and per April 2003 Board of Visitors resolution approving the expansion of the internal loan pool from \$10 million to \$15 million. All internal loans are subject to the approval of the Executive Vice President and Chief Operating Officer.

SOURCE: Investment and Tax Services
DATE: October 7, 2004

UNIVERSITY OF VIRGINIA
QUASI-ENDOWMENT ACTIONS

July 1, 2004 - September 30, 2004

(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>
Cohen, William B. Memorial Scholarship Fund	\$ 600,000.00
Dishner, Paul Quasi-Endowment Fund*	500,000.00
Microbiology Quasi-Endowment	22,500.00
Swortzel, Thelma R. Research Quasi-Endowment	68,779.91
UVAW Foreign Travel Endowment	300.00
University Quasi-Endowment Fund (1)	219,353.24
Vincent, Hugh Delacy and Nannie McCutcheon Fund	8,566.67
Women's Center Oleda Cassells Quasi-Endowment(2)	<u>100,000.00</u>
Total Additions to Quasi-Endowments	\$1,519,499.82

<u>Divestments</u>	
Carter, Beirne B. Center Quasi-Endowment Fund	\$231,815.00
Scott, Fred Endowment for Behavioral Medicine and Psychiatry	150,000.00
Thaler, Myles H. Quasi-Endowment for HIV Research	<u>10,413.00</u>
Total Divestments from Quasi-Endowments	\$392,228.00

<u>Endowment Income Capitalizations</u>	
Honor System Quasi-Unrestricted Endowment Fund	\$ 5,925.81
Medical School Academic Enrichment Endowment Income	68,000.00
Microbiology Quasi-Endowment	24,414.85
Miller, Mae W. Quasi-Endowment - Heart Research	4,356.19
Moyston, Vernah Scott Fund - Capitalized Income	449,517.94
Wilson, Alice and Guy Professorship Restricted Quasi-Endowment	<u>1,540.79</u>
Total Endowment Income Capitalizations	\$553,755.58

NOTES:

(1) 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.

(2) Quasi-Endowment newly established or originally funded since July 1, 2004.

SOURCE: Financial Administration
DATE: December 17, 2004

QUARTERLY BUDGET REPORT

As of September 30, 2004

This report compares the actual results for the sources and uses of the approved Academic Division annual budget (excluding the Medical Center and the University of Virginia's College at Wise). At the end of the first quarter of 2004-05, 47 percent of the budget has been collected due to the collection of tuition, the allotment of general fund appropriations at the beginning of each semester, and the auxiliary enterprise collections. The remaining sources of available funds are recognized as expended. As of the end of the first quarter, 29 percent of the budget has been expended.

The operating budget is developed using differing rules and conventions from the audited financial statements, which are developed in accordance with generally accepted accounting principles (GAAP). In some cases, similar descriptions are used in both reports even though the precise definitions and the specific amounts are not identical. However, both sets of figures are accurate for their particular purposes, and both are drawn from the University's financial applications. Outlined below are several of the differing conventions used in the operating budget and the actual results presented on the accompanying statement:

- The operating budget is prepared on a cash basis.
- The operating budget presents tuition and fees as gross income and the full amount of student aid as an expense.
- In the operating budget, depreciation is not funded and non-capital outlay purchases are recognized as expensed rather than spread over the useful life of the purchase. Debt service, major repair or renovation expenditures occur within the capital outlay accounts - and off the operating budget; however, the operating budget does include the annual transfers from auxiliary enterprise operations to the capital outlay accounts and reserves.
- In the operating budget, the source of expenditures is shown rather than actual revenues recognized. Unrestricted income, including gifts and indirect cost recoveries, is shown only as it is to be expended. Endowment distributions are included only to the extent that expenditures are anticipated.

- Direct lending is excluded from the operating budget.
- Fringe benefit expenditures are included in the operating budget using pooled benefit rates.

A definition of terms is included to explain the categories for the sources and uses of funds.

SOURCE: Budget Office
DATE: December 23, 2004

University of Virginia Academic Division
2004-2005 Operating Budget vs. Actual Results
As of September 30, 2004
(in thousands)

	2004-05 Original Budget	9/30/04 Actual Results	Variance	9/30/04 Percentage of Budget
Sources of Available Funds				
Tuition & Fees	\$256,426	\$143,986	\$112,440	56.2%
State General Fund Appropriation	128,894	124,328	4,566	96.5%
Sponsored Research Direct & Indirect Costs	292,412	87,718	204,694	30.0%
Endowment Distributions Expended	66,247	14,874	51,373	22.5%
Private Gifts Expended	65,132	21,535	43,597	33.1%
Sales, Investment & Other Revenues	30,938	8,172	22,766	26.4%
Auxiliary Enterprises	150,260	65,304	84,956	43.5%
Total Sources of Available Funds	\$990,309	\$465,917	\$524,392	47.0%
Uses of Available Funds				
Direct Instruction	237,554	52,609	184,945	22.1%
Research and Public Service	268,006	75,523	192,483	28.2%
Library, Information Tech., & Academic Administration	102,251	32,014	70,237	31.3%
Student Services	18,947	6,802	12,145	35.9%
General Administration	61,161	25,034	36,127	40.9%
Operation & Maintenance of Physical Plant	48,385	13,812	34,573	28.5%
Scholarships, Fellowships, and Other Graduate Support	92,488	42,303	50,185	45.7%
Total Educational & General and Student Aid	828,792	248,097	580,695	29.9%
Auxiliary Enterprises				
Athletics	28,867	8,902	19,965	30.8%
University Bookstores	32,803	12,484	20,319	38.1%
Housing	16,870	5,017	11,853	29.7%
Other Auxiliary Enterprises	42,190	10,564	31,626	25.0%
Auxiliary Operating Uses	120,730	36,967	83,763	30.6%
Transfers to reserves for renewal, replacement & debt	28,834	1,967	26,867	6.8%
Total Auxiliary Enterprise Uses	149,564	38,934	110,630	26.0%
Reserve for Salary Increases	5,800	-	5,800	0.0%
Reserve for Base Operating Needs and Contingencies	5,457	-	5,457	0.0%
Total Uses of Available Funds	\$989,613	\$287,031	\$702,582	29.0%
Surplus	\$696	\$178,886	(\$178,190)	n/a

DEFINITION OF TERMS

Sponsored Research Direct and Indirect Costs -- primarily research projects, but also includes activities restricted to institutional and service programs.

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.

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 and 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 medical school's clinical physicians salaries and fringe benefits related to patient care.

Library, Information Technology and Academic Administration -- 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.

General Administration -- includes the financial, administrative, logistical, and development activities of the University.

Operation and Maintenance of Physical 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.

ENDOWMENT/INVESTMENTS FOR UVA AND RELATED FOUNDATIONS*
June 30, 2004
(In Thousands)

	R&V Funds Invested by UVIMCO	Related Foundation Funds Invested by UVIMCO	FY Perf. of Funds Invested by UVIMCO	Related Foundation Funds Invested by Direction of Fdn Bd	FY Perf. of Funds Invested by Direction of Fdn Bd	Funds Invested by Alumni Association	FY Perf. of Funds Invested by Alumni Association	Total
UVA Medical School and related foundations	\$471,526	\$ 5,282	12.7%	\$20,313	14.7%	\$3,631	7.5%	\$500,752
Darden School and related foundation	80,363	47,277	12.7%	133,038	15.5%	0		260,678
College of Arts and Sciences and related foundations	224,200	9,112	12.7%	10,858	1.1%	11,366	7.5%	255,536
UVA Law School and related foundation	31,220	84,937	12.7%	96,907	13.4%	0		213,064
School of Engineering and related foundation	55,251	0	12.7%	2,193		2,109	7.5%	59,553
McIntire School of Commerce and related foundation	27,079	0	12.7%	297	10.3-13.0%	25,174	7.5%	52,550
Graduate School of Arts and Sciences	31,966	0	12.7%	0		0		31,966
School of Nursing	23,745	0	12.7%	0		1,557	7.5%	25,302
UVA's College at Wise and related foundation	19,627	522	12.7%	470		1,705	7.5%	22,324
Curry School of Education and related foundation	8,890	5,331	12.7%	64		0		14,285
School of Architecture	11,311	0	12.7%	0		333	7.5%	11,644
School of Continuing and Professional Studies	53	0	12.7%	0		0		53
Alumni Association**	0	0		0		215,346	7.5%	215,346
Athletics and related foundation	29,690	18,981	12.7%	20,585		291	7.5%	69,547
Miller Center and related foundation	38,253	2,147	12.7%	0		1	7.5%	40,401
Alumni Board of Trustees	0	0		29,615	15.3%	8,565	7.5%	38,180
UVA Foundation and related entities	0	35,461	12.7%	0		0		35,461
UVA Medical Center and related foundation	101,675	2,822	12.7%	0				104,497
All Other	826,425	15,661	12.7%	0		0		842,0896
	\$1,981,274	\$227,533		\$314,340		\$270,078		\$2,793,228

Notes: * Where available.

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

SOURCE: Financial Administration
DATE: December 17, 2004

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APPENDICES

Appendix 1

Summary of Budget Requests and Governor's Budget Bill

	2004-2005		2005-2006	
	Request	Governor's Budget	Request	Governor's Budget
Academic Division: Operating				
Maintain New Facilities (GF)	\$ -	\$ -	\$ 296,043	\$ 35,041
Maintain New Facilities (NGF)	-	-	645,870	81,494
Increase Graduate Financial Aid (GF)	-	-	3,250,000	669,858
Develop Clinical Science Scholar Program (GF)	-	-	2,500,000	-
Fund UVa Health Plan (GF)	-	-	1,401,167	1,401,167
Fund UVa Health Plan (NGF)	-	-	1,991,488	1,991,488
Increase Faculty/GTA Salaries by 3% (GF share only)	-	-	-	1,275,951
Support Morphogenesis Research Initiative (GF)	-	-	-	1,012,500
Increase Base Operating Budget for Enrollment Growth and Degree Completion (GF)	-	-	-	493,281
Add Nanotechnology Courses (GF - share with 5 other universities)	-	-	-	155,000
Fund Va Encyclopedia Project (GF)	-	-	-	350,000
Increase Undergraduate Financial Aid (GF)	-	-	-	276,136
NGF for E&G Surplus (NGF)	120,000	120,000	300,000	300,000
NGF for Sponsored Programs (NGF)	8,051,000	-	19,140,000	19,140,000
NGF for Auxiliary Surplus (NGF)	288,000	288,000	836,000	836,000
Subtotal Academic Division - GF	-	-	7,447,210	5,668,934
Subtotal Academic Division - NGF	8,459,000	408,000	22,913,358	22,348,982
TOTAL Academic Division	\$ 8,459,000	\$ 408,000	\$30,360,568	\$28,017,916

Appendix 1 (continued)

Summary of Budget Requests and Governor's Budget Bill

	2004-2006	
	Request	Governor's Budget
Academic Division: Capital		
Maintenance Reserve	\$ -	\$ 4,970,000
Fayerweather Hall Construction Cost Overrun (GF - eligible for GF cost overrun pool)	2,300,000	2,300,000
Ruffin Hall Construction Cost Overrun (GF - eligible for GF cost overrun pool)	4,200,000	4,200,000
Campbell Hall Chiller Construction Cost Overrun (GF - eligible for GF cost overrun pool)	-	894,000
MR-6 Supplement (NGF)	9,900,000	9,900,000
Commerce School Project (NGF)	8,000,000	8,000,000
Health System Parking Garage (NGF)	21,600,000	21,600,000
Football Practice Field (NGF)	1,800,000	1,800,000
Arts Grounds Parking Garage (NGF)	8,000,000	8,000,000
Arts Center (NGF)	91,000,000	91,000,000
Education School Building (NGF)	32,000,000	32,000,000
Subtotal Academic Division - GF	6,500,000	12,364,000
Subtotal Academic Division - NGF	172,300,000	172,300,000
TOTAL Academic Division Capital	\$178,800,000	\$ 184,664,000

Appendix 1 (continued)

Summary of Budget Requests and Governor's Budget Bill

	2004-2005		2005-2006	
	Request	Governor's Budget	Request	Governor's Budget
Medical Center: Operating				
Reimbursement of Indigent Care (50% GF/50% NGF through DMAS; per DPB, DMAS will fund)	\$ 1,360,000	\$ -	\$ 1,428,000	\$ -
TOTAL Medical Center Operating	\$ 1,360,000	\$ -	\$ 1,428,000	\$ -

	2004-2006	
	Request	Governor's Budget
Medical Center: Capital		
Cancer Center (NGF)	\$70,700,000	\$70,700,000
VASC Acquisition (NGF)	7,000,000	7,000,000
Core Lab Acquisition (NGF)	8,010,000	8,010,000
TOTAL Medical Center Capital	\$85,710,000	\$85,710,000

Appendix 1 (continued)

Summary of Budget Requests and Governor's Budget Bill

	2004-2005		2005-2006	
	Request	Governor's Budget	Request	Governor's Budget
College at Wise: Operating				
Develop Computer Science and Engineering Program (GF)	\$ 808,550	\$ -	\$ 808,550	\$ -
Increase Base Operating Budget for Enrollment Growth and Degree Completion (GF)	-	-	-	421,357
Increase Faculty/GTA Salaries by 3% (GF share only)	-	-	-	69,519
Increase Undergrad Financial Aid (GF)	-	-	-	106,620
TOTAL College at Wise Operating	\$ 808,550	\$ -	\$ 808,550	\$ 597,496

	2004-2006	
	Request	Governor's Budget
College at Wise: Capital		
Maintenance Reserve (GF)	\$ -	\$ 260,000
Acquire Buffer Property (GF; switch from NGF)	1,100,000	-
New Residence Hall (NGF)	7,185,000	7,185,000
Subtotal Wise - GF	1,100,000	260,000
Subtotal Wise - NGF	7,185,000	7,185,000
TOTAL College at Wise Capital	\$ 8,285,000	\$ 7,445,000

UNIVERSITY OF VIRGINIA - Medical Center
 2004-2006 PROPOSED AMENDMENTS TO THE BUDGET BILL

	2004-2005		2005-2006		TOTAL REQUEST	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
Operating - None						
Capital						
1. GCRC Research Center and Renovations	\$ -	\$ 8,500,000	\$ -	\$ -	\$ -	\$ 8,500,000
TOTAL	\$ -	\$8,500,000	\$ -	\$ -	\$ -	\$8,500,000

Patrons: Senator John H. Chichester and Delegate Lacey E. Putney

UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE
 2004-2006 PROPOSED AMENDMENTS TO THE BUDGET BILL

	2004-2005		2005-2006		TOTAL REQUEST	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
Operating						
1. Support Student Enrollment Growth	\$ -	\$ -	\$1,269,225	\$ -	\$1,269,225	\$ -
2. Develop Computer Science & Engineering Prgm	-	-	808,550	-	808,550	-
Subtotal Operating	-	-	2,077,775	-	2,077,775	-
Capital						
1. Acquire Buffer Property (GF; switch from NGF)	1,100,000	-	-	-	1,100,000	-
Subtotal Capital	1,100,000	-	-	-	1,100,000	-
TOTAL	\$ 1,100,000	-	-	-	\$3,177,775	-

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Patrons: Senator Phillip Puckett
 Delegate Terry G. Kilgore

Senator William C. Wampler
 Delegate Clarence E. Phillips

**University of Virginia
Five Year Tuition Plan
Differential Tuition Pricing at Selected Peer Institutions, 2004-05**

	UNDERGRADUATE FULL-TIME				GRADUATE FULL-TIME		PHD	PART-TIME
	Degree Program	Academic Progression	Course Level	Credit Hour Load	Price vs. UG	Degree Program	Price vs. Grad	Method
University of Virginia In State	No	No	No	No	Higher	No	Same	Ranges
University of Virginia Out of State	No	No	No	No	Lower	No	Same	Ranges
William and Mary In State	No	No	No	No	Higher	No	Same	Per credit hour
William and Mary Out of State	No	No	No	No	Lower	No	Same	Per credit hour
Virginia Tech In State	No	No	No	No	Higher	No	Same	Per credit hour
Virginia Tech Out of State	No	No	No	No	Lower	No	Same	Per credit hour
North Carolina - Chapel Hill In State	No	No	No	No	Higher	Some	Same	Ranges
North Carolina - Chapel Hill Out of State	No	No	No	No	Higher	Some	Same	Ranges
Michigan In State	Yes	Yes	No	No	Higher	Yes	Same	Per credit hour
Michigan Out of State	Yes	Yes	No	No	Varies	Yes	Same	Per credit hour
California - Berkeley In State	No	No	No	No	Higher	No	Same	Unknown
California - Berkeley Out of State	No	No	No	No	Lower	No	Same	Unknown
Kentucky In State	Yes	Yes	No	No	Higher	Some	Same	Per credit hour
Kentucky Out of State	Yes	Yes	No	No	Higher	Some	Same	Per credit hour
Maryland In State	No	No	No	No	Lower	No	Same	Per credit hour
Maryland Out of State	No	No	No	No	Lower	No	Same	Per credit hour
Wisconsin In State	No	No	No	No	Higher	No	Same	Per credit hour
Wisconsin Out of State	No	No	No	No	Higher	No	Same	Per credit hour
Colorado In State	Some	No	No	Some	Higher	Some	Same	Per credit hour
Colorado Out of State	Some	No	No	Some	Same	Some	Same	Per credit hour
Illinois In State	Yes	No	No	No	Lower	Yes	Same	Ranges
Illinois Out of State	Yes	No	No	No	Lower	Yes	Same	Ranges
Texas In State	Some	No	No	Some	Higher	No	Same	Ranges
Texas Out of State	Some	No	No	Some	Higher	No	Same	Ranges
Duke	No	No	No	No	Lower	Some	Higher	Per credit hour
Harvard	No	No	No	No	Same	Some	Higher	Per course
Princeton	No	No	No	No	Higher	No	Same	No part-time
Georgetown	No	No	No	No	Lower	No	Same	Per credit hour

**University of Virginia
Five Year Tuition Plan
Tuition and Required Fees at SCHEV Peer Institutions**

	Actual 2003-04	Actual 2004-05	/----- Projected -----/ 2005-06 2006-07 2007-08 2008-09 2009-10				
Public Peers: Undergraduate In-State Tuition & Required Fees (assuming 6% annual increases)							
Ohio State University - Main Campus	6,624	7,542	7,995	8,475	8,984	9,523	10,094
SUNY at Buffalo	5,861	5,907	6,261	6,637	7,035	7,457	7,904
The University of Texas at Austin	4,188	5,734	6,078	6,443	6,830	7,240	7,674
University of Arizona	3,603	4,098	4,344	4,605	4,881	5,174	5,484
University of California - Berkeley	5,250	6,730	7,134	7,562	8,016	8,497	9,007
University of Colorado at Boulder	4,020	4,451	4,718	5,001	5,301	5,619	5,956
University of Connecticut	6,806	7,338	7,778	8,245	8,740	9,264	9,820
University of Illinois at Urbana - Champaign	7,010	8,316	8,815	9,344	9,905	10,499	11,129
University of Iowa	4,993	5,396	5,720	6,063	6,427	6,813	7,222
University of Kentucky	4,547	5,240	5,554	5,887	6,240	6,614	7,011
University of Maryland - College Park	6,759	7,410	7,855	8,326	8,826	9,356	9,917
University of Michigan - Ann Arbor	7,975	7,975	8,454	8,961	9,499	10,069	10,673
University of North Carolina at Chapel Hill	4,072	4,447	4,714	4,997	5,297	5,615	5,952
University of Pittsburgh - Main Campus	9,274	10,830	11,480	12,169	12,899	13,673	14,493
University of Wisconsin - Madison	5,139	5,866	6,218	6,591	6,986	7,405	7,849
Public Peer Group Average	5,741	6,485	6,875	7,287	7,724	8,188	8,679
Public Peer Group - 60th percentile	6,158	6,943	7,361	7,802	8,270	8,767	9,292
Public Peer Group - 75th percentile	6,841	7,695	8,158	8,647	9,166	9,716	10,299
University of Virginia	5,964	6,600	7,198	7,852	8,566	9,347	10,205
Difference between UVa and mean	223	115	323	565	842	1,159	1,526
Difference between UVa and 60th percentile	(194)	(343)	(163)	50	296	580	913
Difference between UVa and 70th percentile	(877)	(1,095)	(960)	(795)	(600)	(369)	(94)

Appendix 3 (cont.)

**University of Virginia
Five Year Tuition Plan
Tuition and Required Fees at SCHEV Peer Institutions**

	Actual 2003-04	Actual 2004-05	/----- Projected -----/ 2005-06 2006-07 2007-08 2008-09 2009-10				
Public Peers: Undergraduate Out-of-State Tuition & Required Fees (assuming 6% annual increases)							
Ohio State University - Main Campus	16,611	18,129	19,217	20,370	21,592	22,888	24,261
SUNY at Buffalo	11,811	11,857	12,568	13,322	14,121	14,968	15,866
The University of Texas at Austin	11,268	14,434	15,300	16,218	17,191	18,222	19,315
University of Arizona	12,373	13,078	13,863	14,695	15,577	16,512	17,503
University of California - Berkeley	19,459	23,686	25,107	26,613	28,210	29,903	31,697
University of Colorado at Boulder	20,336	21,462	22,750	24,115	25,562	27,096	28,722
University of Connecticut	17,590	19,066	20,210	21,423	22,708	24,070	25,514
University of Illinois at Urbana - Champaign	18,046	20,316	21,535	22,827	24,197	25,649	27,188
University of Iowa	15,285	16,048	17,011	18,032	19,114	20,261	21,477
University of Kentucky	11,227	12,018	12,739	13,503	14,313	15,172	16,082
University of Maryland - College Park	17,433	18,710	19,833	21,023	22,284	23,621	25,038
University of Michigan - Ann Arbor	24,777	24,777	26,264	27,840	29,510	31,281	33,158
University of North Carolina at Chapel Hill	15,920	17,542	18,595	19,711	20,894	22,148	23,477
University of Pittsburgh - Main Campus	18,586	20,200	21,412	22,697	24,059	25,503	27,033
University of Wisconsin - Madison	19,139	19,150	20,299	21,517	22,808	24,176	25,627
Public Peer Group Average	16,657	18,032	19,114	20,260	21,476	22,765	24,131
Public Peer Group - 60th percentile	17,629	19,038	20,180	21,390	22,674	24,035	25,477
Public Peer Group - 75th percentile	19,224	20,689	21,931	23,246	24,641	26,120	27,687
University of Virginia	21,984	22,700	24,115	25,619	27,215	28,912	30,715
Difference between UVa and Average	5,327	4,668	5,001	5,359	5,739	6,147	6,584
Difference between UVa and 60th percentile	4,355	3,662	3,935	4,229	4,541	4,877	5,238
Difference between UVa and 70th percentile	2,760	2,011	2,184	2,373	2,574	2,792	3,028

Appendix 3 (cont.)

**University of Virginia
Five Year Tuition Plan
Tuition and Required Fees at SCHEV Peer Institutions**

	Actual 2003-04	Actual 2004-05	/----- Projected -----/ 2005-06 2006-07 2007-08 2008-09 2009-10				
Private Peers: Undergraduate Tuition & Required Fees (assuming 5% annual increases)							
Boston University	28,906	30,402	31,922	33,518	35,194	36,954	38,802
Duke University	29,345	30,720	32,256	33,869	35,562	37,340	39,207
Emory University	27,952	29,322	30,788	32,327	33,943	35,640	37,422
Northwestern University	28,524	29,940	31,437	33,009	34,659	36,392	38,212
Tulane University of Louisiana	29,810	31,210	32,771	34,410	36,131	37,938	39,835
University of Pennsylvania	29,318	30,716	32,252	33,865	35,558	37,336	39,203
University of Southern California	28,692	30,512	32,038	33,640	35,322	37,088	38,942
Vanderbilt University	28,440	29,990	31,490	33,065	34,718	36,454	38,277
Washington University	29,053	30,546	32,073	33,677	35,361	37,129	38,985
Private Peer Group Average	28,893	30,373	31,892	33,487	35,161	36,919	38,765
Private Peer Group - 60th Percentile	29,036	30,514	32,039	33,642	35,324	37,090	38,944
Private Peer Group - 75th Percentile	29,271	30,744	32,281	33,896	35,591	37,370	39,239
University of Virginia Out-of-State	21,984	22,700	24,115	25,619	27,215	28,912	30,715
Difference between UVa and Average	(6,909)	(7,673)	(7,777)	(7,868)	(7,946)	(8,007)	(8,050)
Difference between UVa and 60th percentile	(7,052)	(7,814)	(7,924)	(8,023)	(8,109)	(8,178)	(8,229)
Difference between UVa and 70th percentile	(7,287)	(8,044)	(8,166)	(8,277)	(8,376)	(8,458)	(8,524)

University of Virginia
Five Year Tuition Plan
Potential Performance Metrics

Metrics to evaluate the appropriate allocation of new tuition resources:

- Percentage of E&G Spending on Instruction and Academic Support
- Instructional Expenditures per Student (compared to peers)
- Percentage of Tuition Revenues Allocated to Financial Aid

Metrics to evaluate that the appropriate level of new resources are generated:

- Operating Expenses per Student (compared to peers)
- Financial Resources Ranking
- Faculty Resources Ranking
- Average Faculty Salaries, AAU Comparison

Metrics to evaluate that financial aid programs ensure that the tuition price is not a deterrent to attending the University:

- Total Applications by Income Level
- Percentage of Low Income Students in the Student Body
- Average Debt Load of Undergraduates upon Graduation
- Percent of Need Offered, By Type of Aid/Income Level