

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
FINANCE COMMITTEE
MARCH 31, 2005**

FINANCE COMMITTEE

Thursday, March 31, 2005

2:30 - 4:30 p.m.

Board Room, The Rotunda

AGENDA

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UNIVERSITY OF VIRGINIA
BOARD OF VISITORS CONSENT AGENDA

FACULTY AND STAFF HOUSING RATES, 2005-2006: Approves rates for faculty and staff residences for 2005-2006.

The University operates 92 faculty and staff housing units, including individual houses, cottages, Lawn Pavilions, townhouses, and apartments. State policy requires that rents charged by the University for faculty and staff housing reflect the market rate for similarly sized and equipped properties.

University faculty and staff housing rates are proposed to increase by an average of 6.36 percent from the 2004-2005 rates. The increase is due to both an increase in operating costs and ongoing attention to ensuring that the rates reflect market rates.

Blandy Farm operates two faculty and staff housing units. Both properties are utilized and rent is charged in accordance with the terms of the employment agreements of the residents of the properties.

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

APPROVAL OF PROPOSED INCREASE IN FACULTY AND STAFF HOUSING RATES FOR 2005-2006

RESOLVED that the faculty and staff housing rates be approved as indicated, effective July 1, 2005. The Executive Vice President and Chief Operating Officer is authorized to increase the rates to market level when a property is vacated.

ACADEMIC DIVISION

<u>Properties</u>	<u>Utilities Furnished</u>	<u>Rents 2004-05 Per Month</u>	<u>Amount of Increase</u>	<u>Percent of Increase</u>	<u>Prop. Rents 2005-06 Per Month</u>	<u>Utilities Paid By Occupant</u>
<u>Piedmont Estates</u>						
1 Bedroom Apt. (7)(F)	WS,E,G,C,T	\$593	\$36	6.07%	\$629	
2 Bedroom Apt. (16)(UF)	WS,E,G,C,T	\$718	\$43	5.99%	\$761	
Houses (3BR) (16)(1E) (UF)	WS,C,T	\$1,030	\$70	6.80%	\$1,100	E, G
Townhouses (3BR)(5)(UF)	WS,C,T	\$1,030	\$70	6.80%	\$1,100	E, G
Farmhouse Apt. 1 (1BR)(F)	WS,E,G,C,T,AC	\$651	\$49	7.53%	\$700	

<u>Properties</u>	<u>Utilities Furnished</u>	<u>Rents 2004-05 Per Month</u>	<u>Amount of Increase</u>	<u>Percent of Increase</u>	<u>Prop. Rents 2005-06 Per Month</u>	<u>Utilities Paid By Occupant</u>
Farmhouse Apt. 2 (3 BR)(UF)	WS,E,G,C,T	\$672	\$40	5.95%	\$712	
Farmhouse Apt. 3 (1 BR)(F)*	WS,E,G,C,T,AC	\$560	\$140	25.00%	\$700	
Farmhouse Apt. 4 (2 BR)(F)	WS,E,G,C,T,AC	\$736	\$44	5.98%	\$780	
*Furnished for 2005-06						
<u>Sundry</u>						
Vyssotsky Cottage (3BR)(UF)	WS,T, AC	\$825	\$57	6.91%	\$882	E,G
McGuffey Cottage (Eff)(UF)	WS,E,V,T,AC	\$507	\$32	6.31%	\$539	
Upper Mews (1BR)(F)	WS,E,HP,C,T,AC	\$708	\$22	3.11%	\$730	
Lower Mews (1BR)(F)	WS,E,HP,C,T,AC	\$600	\$36	6.00%	\$636	
Monroe Hill Range (1BR)(UF)	WS,E,HVAC,T,V	\$760	\$51	6.71%	\$811	
Brown College Apts. (2)(UF)	WS,E,HVAC,T,V	\$669	\$46	6.88%	\$715	
Hereford Coll. Apts. (2)(UF)	WS,E,HVAC,T,V	\$780	\$48	6.15%	\$828	
Hereford Coll.Princ.Res. (3BR)(UF)	WS,E,HVAC,T,V	\$972	\$58	5.97%	\$1,030	
102 Cresap Fac. Apt. (1BR)(F)	WS,E,G,T,HVAC, V	\$725	\$44	6.07%	\$769	
Hedge House (2BR)(F)	WS,C,T,AC	\$773	\$46	5.95%	\$819	E,G
Orchard House (5RMS)(F)	WS,E,G,C,T,AC	\$372	\$26	6.99%	\$398	
118 Oakhurst, Upper (2BR)(UF)	WS,G,C	\$680	\$43	6.32%	\$723	E,T
118 Oakhurst, Lower (2BR)(UF)	WS,G,C,AC	\$680	\$43	6.32%	\$723	E,T
409 Valley Road, (2BR)(F)	WS,E,G,C,AC	\$960	\$58	6.04%	\$1,018	T
411 Valley Road, (2BR)(F)	WS,E,G,C,AC	\$960	\$58	6.04%	\$1,018	T
503 Valley Road, (1BR)(UF)	C	\$544	\$39	7.17%	\$583	WS,E,G,T
424 MLLH, (1BR)(UF)	WS,E,G,C,HVAC ,V	\$693	\$49	7.07%	\$742	
423 MLLH, (2BR)(UF)	WS,E,G,C,HVAC ,V	\$809	\$49	6.06%	\$858	
<u>Birdwood Properties</u>						
Cottage (1BR)(UF)	WS,C,T	\$554	\$34	6.14%	\$588	E
Garage Apt.(2BR)(UF)	WS,C,T	\$792	\$54	6.82%	\$846	E,G
Cash House (3BR)(UF)	WS,C,T,AC	\$1,013	\$68	6.71%	\$1,081	E,G
Middleton House (4BR)(UF)	WS,C,T,AC	\$1,190	\$71	5.97%	\$1,261	E,G

<u>Properties</u>	<u>Utilities Furnished</u>	<u>Rents 2004-05 Per Month</u>	<u>Amount of Increase</u>	<u>Percent of Increase</u>	<u>Prop. Rents 2005-06 Per Month</u>	<u>Utilities Paid By Occupant</u>
<u>E & G Properties</u>						
Montebello (3BR/Garage)	WS,E,G,AC	\$745	\$39	5.23%	\$784	C,T
Big Morea (4BR)	WS,E,G,AC,T	\$1,042	\$48	4.61%	\$1,090	C
Little Morea (2BR)	WS,E,G,AC,T	\$800	\$34	4.25%	\$834	C
Sunnyside (4BR)	WS,E,O,AC	\$1,633	\$66	4.04%	\$1,699	C
Monroe Hill House (4BR)	WS,E,HVAC,T,V	\$964	\$45	4.67%	\$1,009	C
Buckingham Palace (Eff)	WS,E,HP,AC,T	\$357	\$21	5.88%	\$378	C
Pavilion I (5BR)	WS,E,HVAC,T,V	\$878	\$43	4.90%	\$921	C
Pavilion II (5BR)	WS,E,HP,T,V	\$650	\$36	5.54%	\$686	C
Pavilion III (5BR)	WS,E,HVAC,T,V	\$878	\$43	4.90%	\$921	C
Pavilion IV (5BR)	WS,E,HP,T,V	\$650	\$36	5.54%	\$686	C
Pavilion V (5BR)	WS,E,HVAC,T,V	\$878	\$43	4.90%	\$921	C
Pavilion VI (5BR)	WS,E,HVAC,T,V	\$878	\$43	4.90%	\$921	C
Pavilion VIII Upper (3BR)	WS,E,HVAC,T,V	\$566	\$34	6.01%	\$600	C
Pavilion VIII Lower (1BR)	WS,E,HVAC,T,V	\$298	\$15	5.03%	\$313	C
Pavilion IX (5BR)	WS,E,HVAC,T,V	\$878	\$43	4.90%	\$921	C
Pavilion X (5BR)	WS,E,HP,T,V	\$650	\$36	5.54%	\$686	C
<u>Blandy Farm</u>						
Curator's House	WS	\$0	\$0	0.00%	\$0	E,O
Green Farm House	WS	\$65	\$0	0.00%	\$65	E,O

Notes:

- In total sixteen properties (Piedmont Houses) were brought to market this budget year.
- The (E) designates properties that have been enhanced.
- The (F) designates properties that are furnished. The (UF) designates properties that are unfurnished.
- Utility abbreviations are as follows: WS (water, sewer), E (electric), G (gas), O (oil), HP (heating plant), HVAC (heating, ventilating, and air conditioning), AC (window air conditioning), C (cable TV), V (voice), and T (trash).

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: March 31, 2005

COMMITTEE: Finance

AGENDA ITEM: II.A. Contract Rates for Dining Services,
2005-2006

BACKGROUND: The University provides a variety of contract meal plans for students, ranging from unlimited dining to a \$200 dining spending account. Revenues received from contract dining, retail operations, vending, concessions, and catering must cover all operating costs, including food, labor, capital, and indirect costs. The University contracts with ARAMARK for dining services. The College at Wise contracts with Chartwells for these services.

DISCUSSION: Proposed University meal plan rate increases for 2005-2006 range from 3.5 percent to 5.4 percent, with an average increase of four percent. In 2004-2005, approximately 7,600 University students purchased contract meal plans.

The College at Wise meal plans are proposed to increase by five percent to reflect increases in operating costs. The University's College at Wise serves approximately 525 students on contract meal plans.

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

APPROVAL OF PROPOSED CONTRACT RATES FOR DINING SERVICES FOR 2005-2006 FOR THE ACADEMIC DIVISION AND THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

RESOLVED that the student contract rates for dining services be approved as shown below, effective beginning with the 2005-2006 session:

ACADEMIC DIVISION

	<u>Actual</u> <u>2004-2005</u>	<u>Amount of</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>	<u>Proposed</u> <u>2005-2006</u>
<u>Regular Meal Plans (1,2)</u>				
Unlimited Entry w/ \$150 Plus Dollars	\$2,990	\$110	3.7%	\$3,100
15 Meals per week w/ \$400 Plus Dollars	2,990	110	3.7%	3,100

	<u>Actual</u> <u>2004-2005</u>	<u>Amount of</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>	<u>Proposed</u> <u>2005-2006</u>
13 Meals per week w/ \$500 Plus Dollars	2,990	110	3.7%	3,100
10 Meals per week (first year) w/ \$790 Plus Dollars	2,990	110	3.7%	3,100
10 Meals per week (upperclass) w/ \$350 Plus Dollars	2,550	90	3.5%	2,640
100 Meals per semester w/ \$350 Plus Dollars	1,690	80	4.7%	1,770
80 Meals per semester w/ \$350 Plus Dollars	1,470	70	4.8%	1,540
50 Meals per semester w/ \$390 Plus Dollars	1,110	60	5.4%	1,170
<u>Residential College/Language House Meal Plans (1,2,3)</u>				
Unlimited Entry w/ \$150 Plus Dollars	\$3,100	\$110	3.5%	\$3,210
15 Meals per week w/ \$400 Plus Dollars	3,100	110	3.5%	3,210
13 Meals per week w/ \$500 Plus Dollars	3,100	110	3.5%	3,210
10 Meals per week (first year) w/ \$790 Plus Dollars	3,100	110	3.5%	3,210
10 Meals per week (upperclass) w/ \$350 Plus Dollars	2,660	100	3.8%	2,760
100 Meals per semester w/ \$350 Plus Dollars	1,800	80	4.4%	1,880
80 Meals per semester w/ \$350 Plus Dollars	1,580	70	4.4%	1,650
50 Meals per semester w/ \$390 Plus Dollars	1,220	60	4.9%	1,280
<u>Athletic Meal Plans</u>				
Unlimited Entry w/ \$150 Plus Dollars	\$3,100	\$110	3.5%	\$3,210
15 Meals per week w/ \$400 Plus Dollars	3,100	110	3.5%	3,210
13 Meals per week w/ \$500 Plus Dollars	3,100	110	3.5%	3,210
10 Meals per week (first year) w/ \$790 Plus Dollars	3,100	110	3.5%	3,210
10 Meals per week (upperclass) w/ \$350 Plus Dollars	2,660	100	3.8%	2,760
100 Meals per semester w/ \$350 Plus Dollars	1,800	80	4.4%	1,880
80 Meals per semester w/ \$350 Plus Dollars	1,580	70	4.4%	1,650
<u>Other</u>				
Law School Dining Spending Account (4)	\$400	(\$200)	-50.0%	\$200
<u>THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE</u>				
	<u>Actual</u> <u>2004-2005</u>	<u>Amount of</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>	<u>Proposed</u> <u>2005-2006</u>
19 Meal Plan	\$2,582	\$130	5.0%	\$2,712
12 Meal Plan	2,322	\$116	5.0%	\$2,438
(1) Plus Dollars are credited to a student's identification card and may be used in the same manner as cash at any board dining hall and/or retail operation.				
(2) First-year students are required to purchase a 13-, 15-, or unlimited-meal plan during their first semester. During their second semester, they may switch to a 10-meal plan with \$790 Plus Dollars.				
(3) Some residential colleges and language houses have a dining requirement as part of their program.				
(4) Law School students are allowed to deposit a minimum \$200 per academic year into a dining spending account.				

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: March 31, 2005

COMMITTEE: Finance

AGENDA ITEM: II. B. Spending Policy

BACKGROUND: In September 2004, the Finance Committee heard a report on the impact of the University's spending policy on the two objectives of (1) preserving the purchasing power of the endowment principal and (2) providing stable and adequate distributions to support programs. The report's conclusion was that the University's investment performance and spending policy have enabled us to maintain the purchasing power of the endowment since 1986, and to allow spending to keep up with inflation since 1990. However, because the outlook for investment returns is not as promising as recent years' returns, the Committee questioned whether the spending policy should be changed to be more conservative. The report included a summary of spending policies of higher education endowments greater than \$1 billion, as well as specific policies for six top universities.

DISCUSSION: At this meeting, a proposal will be made to change from the current policy of distributing "4.5 percent of a twelve-quarter moving average of the market value of the Pooled Endowment Fund" to a policy of increasing the annual payout by inflation, provided the resulting distribution falls within certain parameters related to endowment market value. This fiscal year (2004-2005) is the third year of the application of the current policy. The policy change being put before the Finance Committee for consideration would be effective for fiscal year 2005-2006. The first distribution under the new policy would be made in January 2006.

For Class A shares, inflation will be set initially at 3.6 percent, which is the average HEPI (Higher Education Price Index) for the ten-year period from 1995 to 2004. This inflation factor will be reviewed every five years and reset as appropriate.

For Class B shares, the Board approved a policy on April 7, 2001, to phase-in annual reductions until the spending formula is identical to that of the Class A shares. This will be implemented most effectively by holding the payout for Class B

shares at the level of the June 2005 distribution until such time that the per unit distribution is identical to that for Class A shares.

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

APPROVAL OF ENDOWMENT SPENDING POLICY

WHEREAS, the University's existing endowment spending policy, approved by the Board of Visitors in April 2001, must be revised to align with reduced investment return expectations and to allow the University an opportunity to make strategic adjustments from time to time;

RESOLVED that the endowment spending policy, effective July 1, 2005, shall be as follows:

The spending policy calls for a percentage increase in the annual distribution from the endowment, unless such increase causes the distribution to fall outside a range defined as 3.5 percent on the low end and 5.5 percent on the high end of the market value of the Pooled Endowment Fund. If the distribution falls outside of this range, the Finance Committee may recommend either raising or lowering the rate of increase. The first distribution under the new policy would be made in January 2006.

For Class A shares, the annual increase is pegged to inflation, where "inflation" is defined as the Higher Education Price Index or its equivalent. It is set initially at 3.6 percent and will be reviewed in five years.

For Class B shares, the annual payout is set at the level of the June 2005 distribution, until such time that the payment has been reduced to a unit distribution identical to that of the Class A shares, from which point the annual distribution will remain the same for Class A and Class B shares.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: March 31, 2005

COMMITTEE: Finance

AGENDA ITEM: II.C. Enrollment Projections

BACKGROUND: In 1990, the Board of Visitors approved a phased enrollment growth plan for the next 15 years, culminating in projected on-Grounds enrollment in 2004-2005 of 20,170: 12,685 undergraduate students, 5,185 graduate students, 1,700 first-professional students (law and medicine) and 600 on-Grounds continuing education students.

The enrollment projections have been periodically amended by the Board of Visitors to accommodate enrollment changes and to assist the State Council of Higher Education in Virginia (SCHEV) in overall enrollment planning for the state.

Significant amendments have included:

- In 1993, the Board approved accelerated and unfunded undergraduate enrollment growth to accommodate increasing high school seniors. Total projected enrollment for 2004-2005 remained unchanged.
- In 1994-1995, the Board approved a 5-percent reduction in long-term graduate Arts and Sciences enrollment to devote more faculty resources to undergraduate teaching.
- In 1997, the Board approved enrollment projections which were revised to reflect a declining number of graduate applications and increasing undergraduate demand. With this amendment, total projected enrollment for 2006-2007 stood at 19,185 on-Grounds students.
- In 1999, the Board approved modifications to the long-term plan to account for continued decreases in the number of graduate applications and to reflect the new Bachelor of Interdisciplinary Studies program. Total projected enrollment for 2006-2007 was increased to 19,301 on-Grounds students.
- In 2001, the Board approved minor modifications resulting in total projected enrollment in 2006-2007 of 19,318.
- In 2003, the Board extended the plan one additional year through 2007-2008. This new plan reflected increased graduate enrollment and included an increase of 70 undergraduate students (60 new and 10 returning) to reflect projected enrollment demand predicted by SCHEV. Total

enrollment for 2007-2008 was projected at 19,655 on-Grounds students.

DISCUSSION: The proposed enrollment projections are brought to the Board in the spring of odd-numbered years, to coincide with SCHEV submissions. The proposal before the Board extends the enrollment projection from 2007-2008 to 2009-2010. During the study and planning for the restructuring legislation effort, when asked by SCHEV to predict maximum enrollment growth, the University determined it could accommodate 1,500 new students - 1,100 undergraduates and 400 graduate students - over the next ten years. At its 2004 Retreat, the Board of Visitors indicated its comfort with this level of growth, on which the following 2009-2010 enrollment projections are based.

Projected Five-Year Growth: The proposed 2009-2010 enrollment projections increase undergraduate enrollment from today's 13,140 students to 13,565 students in 2009-2010, an increase of about 425 students. Graduate enrollment is projected to increase from 4,632 to 4,882 in the same period, an increase of 250 students. Combined with no projected change in the numbers of first professional and 104 additional Continuing and Professional Studies students, the proposal results in a total on-Grounds enrollment of 20,797 in 2009-2010, an increase of 779 students over the next five years. This rate of growth is consistent with the University's ability to accommodate 1,500 new students over the next decade.

On March 17, the University submitted for SCHEV's consideration the proposed enrollment projections through 2009-2010. The Executive Vice President and the Provost will meet with SCHEV leadership on April 4 to review the University's submission and convey the Board's position on these enrollment projections.

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

APPROVAL OF REVISED ENROLLMENT PROJECTIONS

WHEREAS, the University's existing enrollment plan, approved by the Board of Visitors in April 2003, must be revised to reflect projected increases in the undergraduate and graduate enrollment levels; and

WHEREAS, the Board previously discussed the University's action plan relative to enrollment growth - to grow by 1,100 undergraduate students and 400 graduate students over the next decade; and

WHEREAS, the University is committed to serving the higher education needs of the Commonwealth of Virginia and the nation; and

WHEREAS, the revised enrollment projections for 2005-2006 through 2009-2010 were submitted to the State Council of Higher Education in Virginia on March 17, 2005;

RESOLVED that the Executive Vice President and Chief Operating Officer is authorized to develop plans with the State Council of Higher Education in Virginia which will put the University on track to increase total enrollment by 1,500 students over the next decade; and

RESOLVED FURTHER that all undergraduate growth maintain the current mix of in-state and out-of-state students.

University of Virginia Proposed Fall Census Headcount Enrollment Plans

	<u>1989</u> <u>Actual</u>	<u>1990</u> <u>Actual</u>	<u>1991</u> <u>Actual</u>	<u>1992</u> <u>Actual</u>	<u>1993</u> <u>Actual</u>	<u>1994</u> <u>Actual</u>	<u>1995</u> <u>Actual</u>	<u>1996</u> <u>Actual</u>	<u>1997</u> <u>Actual</u>	<u>1998</u> <u>Actual</u>	<u>1999</u> <u>Actual</u>
Undergraduate	11,199	11,304	11,306	11,371	11,392	11,502	11,949	12,040	12,296	12,440	12,463
1st-Year	2,574	2,568	2,539	2,802	2,675	2,761	2,876	2,827	2,908	2,907	2,924
New Transfers	505	539	486	469	454	479	577	558	535	577	540
Graduate	4,551	4,665	4,615	4,565	4,633	4,505	4,403	4,220	4,155	4,110	3,998
1st-Professional	1,694	1,693	1,685	1,668	1,683	1,697	1,703	1,699	1,680	1,652	1,645
Cont & Prof Studies	466	475	400	412	365	307	343	320	286	261	240
On Grounds Total	17,910	18,137	18,006	18,016	18,073	18,011	18,398	18,279	18,417	18,463	18,346
Off-Grounds	2,969	2,973	3,335	3,519	3,321	3,410	3,330	3,209	3,525	3,636	4,087

	<u>2000</u> <u>Actual</u>	<u>2001</u> <u>Actual</u>	<u>2002</u> <u>Actual</u>	<u>2003</u> <u>Actual</u>	<u>2004</u>		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
					<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Undergraduate	12,489	12,595	12,748	12,907	12,875	13,140	13,200	13,275	13,350	13,425	13,565
1st-Year	2,927	2,980	2,999	3,101	3,040	3,096	3,100	3,100	3,170	3,170	3,240
New Transfers	494	541	508	493	535	529	514	515	520	520	525
Graduate	4,160	4,301	4,459	4,616	4,550	4,632	4,682	4,732	4,782	4,832	4,882
1st-Professional	1,607	1,608	1,608	1,631	1,625	1,650	1,650	1,650	1,650	1,650	1,650
Cont & Prof Studies	294	344	382	489	350	596	600	625	650	675	700
On Grounds Total	18,550	18,848	19,197	19,643	19,400	20,018	20,132	20,282	20,432	20,582	20,797
Off-Grounds	3,861	3,891	3,947	3,434	3,850	3,323	3,350	3,350	3,350	3,350	3,350

Note: The 1st-Year and New Transfer counts are included in the Undergraduate totals.

Institutional Assessment and Studies
March 8, 2005

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UNIVERSITY OF VIRGINIA
FISCAL IMPACT STATEMENT

PROJECT/PROPOSED BOARD OF VISITORS ACTION: Approve the revised enrollment projections through academic year 2009-2010 as shown on page 22.

BACKGROUND: This fiscal impact analysis focuses on the educational and general (E&G) operating cost of providing an education to the increasing number of students versus incremental revenues that we project will be generated. Undoubtedly, an increased student presence will also result in increased financial aid costs, a need for additional educational facilities, as well as expanded student services for housing, dining, transportation, and recreation. This fiscal impact analysis assumes that those increases will be funded from a combination of general funds (for financial aid and capital outlay), philanthropy (financial aid and capital outlay), and student fees (housing rents, dining charges, etc.). This analysis is not a comprehensive financial assessment. A comprehensive financial assessment will be developed over the next few months in conjunction with the newly required Six Year Financial, Enrollment, and Academic Plan.

FISCAL IMPACT: Based on initial estimates of the future cost of educating students, we project the following cost requirements to educate the increased student body in 2009-2010:

	2004-05 Actual Enrollment	2009-10 Projected Enrollment	Enrollment Increase	Projected 2009-10 Cost of Education	Projected New 2009-10 Cost Requirements
Undergraduate	13,140	13,565	425	\$ 21,455	\$ 9,118,375
Graduate	4,632	4,882	250	\$ 21,455	\$ 5,363,750
1st Professional	1,650	1,650	-		\$ -
SCPS On Grounds	596	700	104	\$ 7,295	\$ 758,680
Total	20,018	20,797	779		\$15,240,805

Based on the General Assembly's current goal to fund 67 percent of the cost of educating in-state students, we project that incremental general funds should support approximately \$5.6 million of the estimated \$15.24 million incremental cost. Based on projections of tuition rates as shared with the Finance

Committee in the Five-Year Tuition Plan discussion on February 3, 2005 and program proposals for the anticipated addition of a Darden Executive MBA and the McIntire M.S. in Commerce, we anticipate that approximately \$13.2 million in new tuition revenues will be generated in 2009-2010 from the new students. Approximately \$5.1 million of these revenues will be related to the self-supporting Darden and McIntire proposals which are expected to generate revenues in excess of the base adequacy cost estimates.

In summary, projected new revenues of \$18.8 million will exceed the \$15.24 million projected cost of educating the expanded student enrollment. For the traditional undergraduate, graduate, and SCPS enrollment increases, the small excess of tuition revenues, expected to be around \$320,000, will be generated from out-of-state tuition and will be allocated to financial aid. The proposed new Executive MBA and MS in Commerce are expected to generate tuition revenues of \$3.2 million in excess of the base adequacy costs (as calculated by the General Assembly) for the programs.

CONCLUSION: The Board should approve the proposed enrollment projections.

RECOMMEND APPROVAL OF BOARD ACTION:



Leonard W. Sandridge
March 31, 2005

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: March 31, 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: March 31, 2005

COMMITTEE: Finance

AGENDA ITEM: III.B. Development of Tuition and Required Fees, 2005-2006

ACTION REQUIRED: None

BACKGROUND: At its April meeting, the Board of Visitors normally sets tuition and fees for the following year for the Academic Division and the University of Virginia's College at Wise.

DISCUSSION: At the February 3, 2005 meeting of the Finance Committee, a five-year tuition model was presented based on an annual tuition and fee increase of just over 9.0 percent for in-state undergraduates and an annual increase of just over 6.0 percent for out-of-state undergraduates. This proposal was developed with the goal of achieving full base adequacy funding, and paying competitive salaries for faculty and staff.

Although the launch of Access UVa helps to ensure that an undergraduate education remains affordable to all who are offered admission, we are still concerned about the price of education for Virginians who do not qualify for our need-based financial aid programs. Accordingly, we are continuing to work on the 2005-2006 undergraduate tuition proposal in order to develop rates which will enable us to meet our minimum funding requirements at a total price for in-state students somewhat lower than that discussed in February. For this reason, the tuition action normally brought before the board has not yet been finalized.

At the Board meeting, we will review the process for establishing tuition, where we stand in regards to undergraduate tuition, and preliminary tuition rates for graduate, Medicine, Darden, Law, and Wise students, as well as required fees. The final tuition and required fees proposal will be presented for consideration by the Board at a later date. In addition to the rates described below, this proposal will also include recommended increases for undergraduate students, as well as rates for the School of Continuing and Professional Studies and the 2006 Summer Session.

Tuition and Fee Rates under Consideration:

- Undergraduate: We expect to recommend undergraduate tuition rates that will generate minimum required resources, while keeping the increase for in-state undergraduates somewhat lower than that discussed earlier.
- Graduate: We expect to recommend a 6.5 percent increase in tuition and required fees for in-state graduate students and a 1.0 percent increase in tuition and required fees for out-of-state graduate students.
- Darden: We expect to recommend tuition and required fee increases of 7.0 percent for in-state students and 6.0 percent for out-of-state students.
- Law: We expect to recommend an increase in tuition and required fees of 8.4 percent for in-state students and 7.1 percent increase for out-of-state students.
- Medicine: We expect to recommend an increase in tuition and required fees of just over 8 percent for in-state students and 5.6 percent for out-of-state students.
- Required Fees: We will propose the addition of a new Educational and General (E&G) required fee of \$117 to be assessed to out-of-state students, as required by the 2004 General Assembly, to fund a portion of the debt service related to the increased allocation to the University from the Higher Education Equipment Trust Fund. We also expect to propose a \$109 increase in mandatory non-E&G fees for full-time students.
- College at Wise: The College will recommend a 6.3 percent increase in tuition and required fees for in-state students, and a 6.4 percent increase for out-of-state students. The required fees will likely increase by 5 percent.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: March 31, 2005

COMMITTEE: Finance

AGENDA ITEM: III.B. Investment Matters

ACTION REQUIRED: None

Market Value and Performance as of February 28, 2005

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.

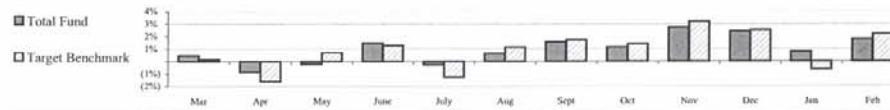
DISCUSSION: The following report summarizes endowment performance as of February 28, 2005.

PRELIMINARY

UNIVERSITY OF VIRGINIA INVESTMENT REPORT
SUMMARY PERFORMANCE REPORT - February 28, 2005

CONFIDENTIAL

	MKT VAL* (\$000's)	Asset Allocation		Current				Historical			Annualized		
		Fund	Target	MO	3MO	CYTD	FYTD	FY04	FY03	FY02	3Y	5Y	10Y
DOMESTIC EQUITY	221,834	8.6%	5.0%	2.0	3.6	0.2	12.0	24.0	4.0	(12.0)	10.5	7.5	11.8
<i>Russell 3000</i>				2.2	3.0	(0.5)	7.5	20.5	0.8	(17.2)	5.8	(0.7)	11.3
INTERNATIONAL EQUITY	277,488	10.8%	10.0%	7.5	13.9	8.5	37.0	35.1	7.6	(7.7)	25.1	7.5	10.9
EMERGING MARKETS	277,488	10.8%	10.0%	7.5	13.9	8.5	37.0	35.1	7.6	12.5	26.3	14.5	10.0
<i>MSCI AC World Free Ex-US</i>				4.9	7.6	3.1	20.2	32.5	(4.2)	(8.2)	16.1	1.2	6.9
<i>MSCI Emerging Markets Free</i>				8.8	14.4	9.1	38.5	33.5	7.0	1.3	24.3	6.1	5.7
HEDGE FUNDS	1,434,566	55.6%	57.5%	1.7	5.7	2.7	10.6	10.8	9.8	7.7	10.2	10.2	12.6
LONG/SHORT	1,079,007	41.8%		1.6	5.4	2.5	10.1	10.4	--	--	--	--	--
INTERNATIONAL	127,343	4.9%		2.3	10.5	5.2	23.0	20.3	--	--	--	--	--
MACRO	108,885	4.2%		3.2	7.0	4.0	9.8	9.6	--	--	--	--	--
ABSOLUTE RETURN	115,521	4.5%		(0.3)	2.3	0.5	4.9	12.7	--	--	--	--	--
LIQUIDATING FUNDS	3,810	0.1%		--	--	--	--	--	--	--	--	--	--
<i>Uva Hedge Fund Blended Index †</i>				1.2	2.7	1.0	6.8	12.4	4.1	(5.9)	6.6	3.0	10.4
PRIVATE EQUITY⁽¹⁾⁽²⁾	291,685	11.3%	19.5%	0.5	1.3	(0.1)	6.5	16.0	11.1	(10.7)	11.2	13.3	23.6
DOMESTIC BUYOUTS	160,040	6.2%	12.0%	0.1	2.4	0.7	8.0	25.5	37.3	(0.5)	23.4	12.3	10.0
INTERNATIONAL BUYOUTS	59,507	2.3%	2.5%	1.8	(0.3)	(2.3)	11.3	11.0	1.8	21.5	11.6	--	--
VENTURE CAPITAL	72,138	2.8%	5.0%	0.4	0.3	0.1	0.2	(5.9)	(27.9)	(27.6)	(13.1)	(2.2)	27.8
<i>Uva Private Equity Blended Index †</i>				3.0	4.8	0.6	12.5	26.7	3.7	(11.5)	11.9	3.8	14.4
<i>Russell 3000 + 400 bp</i>				2.5	4.0	0.1	10.2	24.5	4.8	(13.2)	9.9	3.4	15.3
<i>MSCI AC World ex. U.S. Free + 400 bp</i>				5.3	8.6	3.8	22.9	36.0	(0.6)	(4.4)	19.7	5.0	10.6
REAL ASSETS⁽¹⁾⁽²⁾	46,508	1.8%	3.0%	0.3	7.8	(1.5)	19.1	27.0	(8.2)	(12.6)	11.9	7.0	10.8
REAL ESTATE/TIMBER	46,508	1.8%	3.0%	0.3	7.8	(1.5)	19.1	27.0	(8.2)	(19.4)	11.8	5.3	9.9
<i>91 Day T Bills + 500 bp</i>				0.6	1.8	1.2	4.5	6.0	6.6	7.6	6.5	7.9	9.1
FIXED INCOME	115,930	4.5%	5.0%	(0.2)	0.2	(0.5)	3.4	2.9	17.1	10.4	7.8	8.4	8.0
<i>ML 7-10 Yr Govt</i>				(1.2)	0.7	(0.6)	4.2	(2.5)	14.0	9.7	5.9	8.1	7.5
CASH	189,077	7.3%	--	0.0	0.3	0.1	1.1	2.0	2.1	--	1.8	3.4	3.2
<i>91 Day T Bills</i>				0.2	0.5	0.3	1.2	1.0	1.5	2.6	1.4	2.8	4.1
UVA Managed	2,115	0.1%											
TOTAL FUND	2,579,203	100%		1.8	5.0	2.6	11.3	12.7	9.2	(0.1)	10.9	8.3	14.9
<i>Target Benchmark</i>				2.2	4.1	1.6	10.7	15.2	4.2	(6.2)	8.6	4.6	9.8
<i>Spending + Inflation</i>				0.6	1.2	1.2	3.7	8.5	7.0	5.6	7.3	7.1	7.1



* Market values include amounts held in Trusts.

† 30% Russell 3000, 70% 91 Day T Bills plus 800 basis points

‡ 80% Russell 3000, 20% MSCI ACWxUS Free, plus 400 basis points

⁽¹⁾ Market values from July 1, 2004 onward are based upon latest available quarterly manager valuations, adjusted for cash flows

⁽²⁾ FYTD05 returns include an approximate 0.57% increase in total private equity, 0.30% increase in domestic buyout,

1.68% increase in venture capital, and 10.6% 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

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PRELIMINARY

UNIVERSITY OF VIRGINIA INVESTMENT REPORT
SUMMARY ENDOWMENT REPORT - February 28, 2005

CONFIDENTIAL

	MKT VAL (\$000's)	Current				Historical			Annualized		
		MO	3MO	CYTD	FYTD	FY04	FY03	FY02	3Y	5Y	10Y
CURRENT FUNDS	357,730	0.9	2.7	1.4	6.0	6.5	5.7	4.8	7.1	7.7	6.8
Investment in Aggregate Cash	193,510	0.0	0.3	0.1	1.1	1.5	3.1	4.8	3.1	5.3	5.6
PEF Investment	164,220	1.8	5.0	2.6	11.3	12.7	9.2	--	--	--	--
AGGREGATE CASH	402,476	0.0	0.3	0.1	1.1	--	--	--	--	--	--
Current Funds	193,510	0.0	0.3	0.1	1.1	1.5	3.1	4.8	3.1	5.3	5.6
Endowment Cash Reserves**	189,350	0.0	0.3	0.1	1.1	2.0	2.1	--	1.8	3.4	3.2
Medical Insurance Fund	19,617	0.1	0.3	0.1	1.1	1.6	4.4	4.2	2.2	4.1	--
<i>Current Funds Blend*</i>		0.0	0.3	0.1	1.0	0.8	2.8	4.2	1.9	3.6	4.6
<i>91 Day T Bills</i>		0.2	0.5	0.3	1.2	1.0	1.5	2.6	1.4	2.8	4.1
CHARITABLE REMAINDER TRUSTS	38,748										
Non-Pool Trust Assets	2,641										
UVA Pooled Endowment Fund	706	1.8	5.0	2.6	11.3	12.7	9.2	--	--	--	--
UVA Core Equity Fund	28,200	2.5	6.7	3.3	14.5	13.3	9.8	(0.3)	12.3	7.4	11.8
UVA Bond Fund	7,201	(0.3)	(0.2)	(0.8)	3.9	3.0	15.0	10.5	8.5	9.2	7.8
TOTAL FUND	2,579,203										
Current Funds (Agg. cash)	193,510										
Medical Insurance Fund (Agg. cash)	19,617										
UVA Administered Endowment	16,146										
Non-Pool Trust Assets	2,641										
Pending Funds	28,550										
TOTAL ASSETS MANAGED	2,839,667										
TOTAL FUND	2,579,203										
Pending Funds	28,550										
Less: Liabilities & Current Funds	(441,218)										
Less: Trusts	(36,107)										
POOLED ENDOWMENT FUND	2,130,429										
UVA Administered Endowment	16,146										
TOTAL ENDOWMENT	2,146,575										
Endowment Cash Reserves	189,350										
Pending Investments	0										
Income	(273)										
TOTAL FUND CASH	189,077										
UNITIZATION	MV Per Share										
2/28/2005	\$3,281.23										

* 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: March 31, 2005

COMMITTEE: Finance

AGENDA ITEM: III.C. 2005 General Assembly Report

ACTION REQUIRED: None

BACKGROUND: The General Assembly concluded its 2005 Session on February 26th. The Governor has until March 28th to approve, amend, or veto legislation, including budget actions in the Appropriations Act.

DISCUSSION: The General Assembly's amendments to the 2004-2006 Appropriations Act added \$6.2 million in additional general funds for the system of higher education over the amendments proposed by the Governor in December. The amendments also included salary increases for faculty and classified employees in November 2005. Full-time teaching and research faculty will receive an average 5 percent increase, while part-time teaching and research faculty, administrative and professional faculty, and graduate teaching assistants will receive an average 4 percent increase. Classified employees who are rated at least as a "contributor" will receive an across-the-board increase of 3 percent and those classified employees with five or more years of service will receive an additional \$50 for each year of service. The increased funding for higher education will primarily fund the faculty salary increases. The General Assembly actually reduced the Governor's recommended funding for base adequacy, graduate financial aid, and research support.

For the Academic Division, the General Assembly has approved a budget that provides additional general funds of \$624,000 to the \$1.28 million provided by the Governor for faculty salary increases and appropriated \$100,000 for the Center for Politics. The General Assembly reduced the Governor's \$493,000 base adequacy proposal to \$154,000 and \$670,000 graduate financial aid proposal to \$346,000, and eliminated the Governor's \$1.2 million proposal for research investments and nanotechnology courses. Previous amendments from the Governor providing general funds of \$275,000 for undergraduate financial aid and \$1.4 million for healthcare cost increases were approved by the General Assembly.

The General Assembly approved a slightly reduced general fund maintenance reserve increase of \$4.7 million and a reserve towards capital outlay projects with cost overruns due to the increasing cost of construction materials. The cost overrun pool will provide \$2.3 million for Fayerweather Hall, \$2.94 for Ruffin Hall, and \$850,000 for the Campbell Hall Chiller. In the event funds remain unallocated from the overall pool, the Cavalier Substation will be eligible for additional general funds. The remaining funding needed for the main Heat Plant Upgrade was not addressed, while the cost overrun for Cocke Hall must be funded from non-general funds. We will have another opportunity to request the needed funds for the Heat Plant Upgrade in the 2006 Session. The General Assembly has authorized all three non-general fund capital outlay projects requested by the Academic Division.

For the Medical Center, the General Assembly authorized the General Clinical Research Center capital outlay project as requested.

For the College at Wise, the General Assembly has added \$690,000 to the \$597,000 provided by the Governor for faculty salary increases, base adequacy, and financial aid.

MISCELLANEOUS FINANCIAL REPORTS

Finance Committee
University of Virginia

March 31, 2005

ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF DECEMBER 31, 2004

Summary of Accounts Receivable:

The University's Academic Division's total accounts receivable at December 31, 2004 were \$75,900,000 as compared to \$23,332,000 at September 30, 2004. The major sources of receivables at December 31, 2004 were student receivables of \$61,500,000 and sponsored programs of \$10,800,000.

The past due receivables over 120 days old were \$1,275,000 at December 31, 2004, or 1.68 percent of total receivables, which is 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	\$61,500,000	\$10,800,000	\$3,600,000	\$75,900,000
Less: Allowance for Doubtful Accounts	<u>50,000</u>	<u>600,000</u>	<u>153,500</u>	<u>803,500</u>
Net Accounts Receivable	<u>\$61,450,000</u>	<u>\$10,200,000</u>	<u>\$3,446,500</u>	<u>\$75,096,500</u>
Accounts Receivable Greater than 120 Days Past Due	<u>\$ 150,000</u>	<u>\$ 725,000</u>	<u>\$ 400,000</u>	<u>\$ 1,275,000</u>

SOURCE: Revenue & Collections
DATE: March 1, 2005

ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF DECEMBER 31, 2004

Summary of Loans Receivable:

The default rate for the Perkins Student Loan Program increased by 2.71 percent to 4.27 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 decreased by 0.78 percent to 1.95 percent. Both medical loan programs are well below the five percent federal threshold. The University Loan Program default rate decreased by 0.16 percent to 4.72 percent.

	<u>Gross Loans Receivable</u>	<u>Current Default Rate</u>	<u>Inc/(Dec) From Last Quarter</u>
Perkins Student Loans	\$18,594,000	4.27%	2.71%
Health Professions Loans	230,000	0.00%	0.00%
Undergraduate Nursing Loans	640,000	1.95%	(0.78)%
University Loans	<u>8,367,000</u>	4.72%	(0.16)%
Total Student Loan Outstanding	<u>\$27,831,000</u>		

SOURCE: Student Financial Services
DATE: March 1, 2005

ENDOWMENT/INVESTMENTS FOR UVA AND RELATED FOUNDATIONS*
December 31, 2004
(In Thousands)

	R & V Funds Invested by UVIMCO	Related Foundation Funds Invested by UVIMCO	Related Foundation Funds Invested by Direction of Foundation Board	Funds Invested by Alumni Assoc	Total
University of Virginia Medical School and related foundations	\$512,750	\$5,708	\$21,554	\$3,388	\$543,400
Darden School and related foundation	86,848	51,093	139,333		277,274
College of Arts and Sciences and related foundations	242,629	10,220	11,767	4,016	268,632
University of Virginia Law School and related foundation	33,740	91,791	106,039		231,570
School of Engineering and related foundation	60,518		1,066	2,191	63,775
McIntire School of Commerce and related foundation	29,579		379	27,364	57,322
Graduate School of Arts and Sciences	36,111				36,111
School of Nursing	25,748			1,496	27,244
University of Virginia's College at Wise and related foundation	23,733	607	492	1,733	26,565
Curry School of Education and related foundation	9,862	5,756	49	19	15,686
School of Architecture	12,228		47	347	12,622
School of Continuing and Professional Studies	57			59	116
Alumni Association**				233,401	
Athletics and related foundation	32,087	20,512	15,733	311	233,401
Miller Center and related foundation	41,341	2,763			68,643
Alumni Board of Trustees			30,931	8,796	44,104
University of Virginia Foundation and UVa Real Estate Foundation		40,161	497		39,727
University of Virginia Medical Center and related foundation	109,881	5,050	50,438		40,658
					165,369
All Other	903,841	16,743			920,584
	\$2,160,953	\$250,404	\$378,325	\$283,121	\$3,072,803

Notes: * Excludes security lending.
 ** Includes funds on deposit for other areas/schools not individually listed.

**INTERNAL LOANS TO UNIVERSITY DEPARTMENTS AND ACTIVITIES
As of February 28, 2005**

(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	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	July 2007
ITC Mainframe	03/16/04	Blended borrowing rate (4.75%)	300,000.00	100,000.00	200,000.00	July 2006
Wise Student Center	11/30/03	Blended borrowing rate (4.75%)	2,000,000.00	500,000.00	1,500,000.00	June 2007
Clark Hall	11/01/03	Blended borrowing rate (4.75%)	2,575,000.00	1,500,000.00	1,075,000.00	January 2006
Columbarium	10/30/03	Blended borrowing rate (4.75%)	85,000.00	25,000.00	60,000.00	October 2008
Baseball Stadium	06/14/02	Fed. Funds+60 pts.	1,525,000.00	1,441,935.23	83,064.77	June 2005
ITC-Cincom	02/01/02	Fed. Funds+60 pts.	950,000.00	712,500.00	237,500.00	July 2005
Keck Center	06/22/01	Fed. Funds+60 pts.	50,000.00	37,500.00	12,500.00	June 2005
Gilmer Hall	06/22/01	Fed. Funds+60 pts.	45,147.96	37,500.00	7,647.96	June 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.	4,003,369.97	2,018,914.63	1,984,455.34	June 2006
CVC Football Facility	12/22/98	Fed. Funds+60 pts.	3,000,000.00	1,285,772.18	1,714,227.82	June 2009
Total Internal Loans Subject to \$15M Limit Established by BOV¹			\$14,853,517.93	\$7,805,122.04	\$7,048,395.89	

NOTES: 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 & Tax Services
DATE: February 15, 2005

UNIVERSITY OF VIRGINIA
 QUASI-ENDOWMENT ACTIONS
 October 1, 2004 to December 31, 2004

October 1990 and June 1996 Board of Visitors resolutions granted the Executive Vice President and Chief Operating Officer authority to approve selected quasi-endowment transactions, including establishments and divestments, of 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.

Additions	Amount
Capital Renewal Program Quasi-Endowment*	1,900,000.00
Cohen, William B. Memorial Scholarship Fund	255,065.50
Cole, Avalon Visiting Lectureship in Musculoskeletal Medicine*	5,000.00
Darden, Barbara B. Endowed Scholarship	55,000.00
Dishner, Paul Quasi-Endowment Fund	94,985.63
Dulaney, Paul S. Memorial Fund	85.00
Jargowsky, Karen Chair in Pediatric Hematology/Oncology Quasi-Endowment*	300,000.00
Pediatrics Operational Quasi-Endowment Fund	34,108.87
South Atlantic Humanities Center Quasi-Endowment	300,000.00
UVAW Foreign Travel Endowment	300.00
University Quasi Endowment Fund (1)	251,752.50
 Total Additions to Quasi Endowments	 <u>3,196,297.50</u>
 Divestments	
Jessup, Claude A. Fund	175,000.00
 Total Divestments from Quasi Endowments	 <u>175,000.00</u>
 Endowment Income Capitalizations	
Antrim, Lottie C. Income Cap. Quasi-Endowment	30,492.55
AT&T Professorship in Engineering Quasi-Endowment	17,717.38
Shenkir, William G. Eminent Scholar Professorship Quasi-Endowment	300,000.00
University Quasi Endowment Fund	1,000,000.00
 Total Endowment Income Capitalizations	 <u>1,348,209.93</u>

*Quasi-endowment newly established or originally funded since October 1, 2004.

NOTE:

(1) Includes current unrestricted gifts to the University which, under a standing Board of Visitors resolution, are required to be added to the University's Unrestricted Endowment Fund.

SOURCE: Financial Administration
DATE: March 1, 2005

ACADEMIC DIVISION QUARTERLY BUDGET REPORT
As of December 31, 2004

This report compares the actual results for the sources and uses of the approved annual budget (excluding the Medical Center and the College at Wise). At the end of the second quarter, 57.9 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 auxiliary enterprise collections. The remaining sources of available funds are recognized as expended. As of the end of the second quarter, 49.2 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 precise definitions and 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 differing conventions used in the operating budget and 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 annual transfers from auxiliary enterprise operations to 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.

University of Virginia Academic Division
 2004-2005 Operating Budget vs. Actual Results
 As of December 31, 2004
 (in thousands)

	2004-05 Revised Budget	12/31/04 Actual Results	Variance	12/31/04 Percentage of Budget
Sources of Available Funds				
Tuition & Fees	\$256,426	\$155,351	\$101,075	60.6%
State General Fund Appropriation	128,894	125,116	3,778	97.1%
Sponsored Research Direct & Indirect Costs	292,412	132,708	159,704	45.4%
Endowment Distributions Expended	66,247	23,073	43,174	34.8%
Private Gifts Expended	65,132	33,442	31,690	51.3%
Sales, Investment & Other Revenues	30,938	13,944	16,994	45.1%
Auxiliary Enterprises	150,260	90,168	60,092	60.0%
Total Sources of Available Funds	<u>\$990,309</u>	<u>\$573,802</u>	<u>\$416,507</u>	<u>57.9%</u>
Uses of Available Funds				
Direct Instruction	242,626	107,483	135,143	44.3%
Research and Public Service	268,014	124,725	143,289	46.5%
Library, Information Tech., & Academic Administration	103,007	57,104	45,903	55.4%
Student Services	18,952	12,722	6,230	67.1%
General Administration	61,964	35,847	26,117	57.9%
Operation & Maintenance of Physical Plant	49,354	18,662	30,692	37.8%
Scholarships, Fellowships, and Other Graduate Support	92,488	50,396	42,092	54.5%
Total Educational & General and Student Aid	<u>836,405</u>	<u>406,939</u>	<u>429,466</u>	<u>48.7%</u>
Auxiliary Enterprises				
Athletics	28,867	18,066	10,801	62.6%
University Bookstores	32,803	17,948	14,855	54.7%
Housing	16,870	8,364	8,506	49.6%
Other Auxiliary Enterprises	42,190	22,629	19,561	53.6%
Auxiliary Operating Uses	<u>120,730</u>	<u>67,007</u>	<u>53,723</u>	<u>55.5%</u>
Transfers to reserves for renewal, replacement & debt	28,834	12,629	16,205	43.8%
Total Auxiliary Enterprise Uses	<u>149,564</u>	<u>79,636</u>	<u>69,928</u>	<u>53.2%</u>
Reserve for Salary Increases	-	-	-	0.00%
Reserve for Base Operating Needs and Contingencies	3,644	-	3,644	0.00%
Total Uses of Available Funds	<u>\$989,613</u>	<u>\$486,575</u>	<u>\$503,038</u>	<u>49.2%</u>
Surplus	<u>\$696</u>	<u>\$87,227</u>	<u>(\$86,531)</u>	<u>n/a</u>

SOURCE: Budget Office
 DATE: March 10, 2005

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.

**SPONSORED PROGRAM GRANTS & CONTRACTS MID-YEAR COMPARISON REPORT OF AWARD DATA FOR
FISCAL YEAR 2005
(In \$ Millions)**

SCHOOL	DHHS	DOD	Non-Federal	DE	DOE	NASA	NSF	Other Federal	State	Mid-Yr Total FY 05	Mid-Yr Total FY 04	% Increase/Decrease
Architecture			0.35						0.06	0.41	0.09	352%
Arts & Sciences	8.40	0.58	4.02	0.96	0.68	1.62	6.36	2.72	0.22	25.56	27.25	-6%
Education	1.07		1.00	6.57			0.30		1.28	10.22	4.39	133%
Engineering	2.56	5.65	3.89	0.29	0.64	1.36	11.30	1.86	1.37	28.92	25.00	16%
Law			0.33							0.33	0.89	-63%
Medicine	68.18	1.91	17.40			0.07	0.35	0.34	1.16	89.41	100.13	-11%
Nursing	2.55		0.11							2.66	2.89	-8%
Other *			2.76	1.82	0.02	0.06	0.08	0.80	4.94	10.48	9.70	8%
Mid-Year Total FY 2005	82.76	8.14	29.86	9.64	1.34	3.11	18.39	5.72	9.03	167.98	170.34	-1%
Mid-Year Total FY 2004	95.30	5.37	29.41	5.52	2.98	1.40	15.52	5.32	9.82			
% Increase/Decrease	-15%	34%	1%	43%	-122%	55%	16%	7%	-9%			

Notes:

- 1) *Includes University Librarian; Vice President for Research and Graduate Studies, Miller Center; Vice President and Provost, School of Continuing and Professional Studies, Center for Public Service, Financial Administration, Student Health; Health Sciences Library, UVA College at Wise; Virginia Foundation for the Humanities; Vice President for Student Affairs.
- 2) Totals may be off slightly due to rounding.

SOURCE: Office of Sponsored Programs
DATE: March 8, 2005