



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

Mr. Sandridge presented the Consent Agenda first. He proposed seven resolutions: Intent to Issue Bonds for the Medical Office Building; Contract Rates for Dining Services, 1997-98 (Academic Division and Clinch Valley College); Faculty and Staff Housing Rates, 1997-98 (Academic Division and Clinch Valley College); and Delegation of Authority to Establish Parking Fees. There were also three items referred from the Health Affairs Committee: Clinical Faculty Remuneration Plan; Expansion of Gainsharing Program; and Medical Center Budget Amendment.

On motion, the Committee approved all of these resolutions and recommended them to the full Board for approval (see Minutes of the meeting of the Board of Visitors, April 12, 1997).

Mr. Sandridge then turned to the first Action Item on the Agenda, the setting of tuition and required fees for 1997-98. He asked the Committee to focus on four points: Tuition and mandatory fees for Virginians are not to be increased, which is in accord with the State's policy; service organizations should pay for themselves and auxiliary enterprises should help pay the costs of the year 2000 computer adjustments; new Law and Darden students from Virginia will pay surcharges aimed at eventually achieving parity for in-state and out-of-state tuitions in those schools; in the figures to be offered, bear in mind the total package of tuition, required fees, room and board - in other words, more or less the total cost of education. With these remarks, Mr. Sandridge asked Ms. Capone, Vice President for Administration and Budget, to lead the discussion.

Ms. Capone first outlined the tuition setting process: determination of tuition policy by the State; proposed tuition developed in consultation with the Deans, Student Financial Aid officers, student leaders, Admissions officers, Vice Presidents, and the President; proposed tuition structure presented to the Student Council; and finally, tuitions approved by the Board of Visitors. On the first point, Ms. Capone reminded the Committee that the State requires non-Virginians to pay 100% of the costs of their education.

Using charts, Ms. Capone compared tuition and fees, both for in-state and out-of-state students, at the University of Virginia with public and private institutions. Thus, in the current academic year, the University charged Virginians \$4,648 while the average for other public institutions was \$3,579 for their in-state students. The average at other public institutions for

out-of-state students was \$10,418; the University charged \$14,434. The average for private institutions for all undergraduate students was \$20,185. Among Virginia institutions, the University ranked third, behind VMI and William and Mary, for in-state tuition and fees (the University ranked first in tuition charged, but its mandatory fees are the second lowest, after VPI). In tuition and fees charged out-of-state students, the University ranked second, after William and Mary (again, the University charged the highest tuition but very low fees).

For 1997-98, the University proposes no change in tuition and E & G fees for Virginians, but an increase of \$4 in the Student Activity Fee and \$134 in Auxiliary Fees. The total fees and tuition for undergraduate and graduate (excluding Law, Medicine, and the Darden School) Virginians would be \$4,786, a 3% increase. For non-Virginians, there would be a 4% rise in tuition, no increase in E & G fees, \$4 more in the Student Activity Fee and \$50 more in Auxiliary Fees. The total for non-Virginians thus would be \$15,030, a rise of 4.1%.

As for Medicine, Law and Darden, different factors influence the setting of fees and tuition for each. The increase in fees and tuition for Virginians in the Medical School is 4.6%, to \$9,968; for out-of-state students there is a rise of 3.6% to \$22,644. Ms. Capone noted that fees and tuition for Virginians at the School of Medicine are lower than fees and tuition charged Virginians at the two other State supported medical schools. Virginians in the Law School would pay \$9,388 in fees and tuition, a rise of 4.7%; out-of-state students would pay \$19,804, a rise of 3.6%. At the Darden School, tuition and fees for Virginians would be \$10,748, an increase of 5%, and \$20,342 for non-Virginians, a rise of 4.1%. Much of the increase at both schools would go to help pay for the extensive capital improvements undertaken on the North Grounds.

In addition to fees and tuition, second year Darden students from Virginia would pay a \$1,500 surcharge and first year students a \$3,000 surcharge. There would be surcharges, too, for Virginians in the Law School: \$1,500 for third year students, \$3,000 for second year students and \$4,500 for first year students. At both schools, there would be a 14.3% increase in the Student Activity Fee for Virginians and non-Virginians alike.

By 1999-2000, all three classes of Virginians in the Law School will pay the same tuition, the School having reached a ratio of 3:2 between out-of-state and in-state tuition. The Darden School, however, plans to continue incrementing its surcharge for entering Virginians for at least one more year.

Ms. Capone explained the increase in Auxiliary Fees in more detail. Auxiliary enterprises must support themselves, since they receive no state money. Thus, to name a few enterprises, athletics will receive \$159, Student Health \$246, University Transit \$72, and WTJU \$4 as part of the \$869 Auxiliary Fee charged Virginians and non-Virginians.

Room and Board rates at the University are below the average of the other state schools: in 1996-97, the University charged \$4,003; the average for the other schools was \$4,384.

Summing up all the components of the cost of education for Virginians (i.e., tuition and fees, room, and board), the amount proposed for 1997-98 is \$9,026, an increase of 3.1%. For out-of-state students, the figure is \$19,270, a rise of 3.9%. In the current academic year, the cost of education for undergraduate Virginians at the University ranked sixth among state institutions; for out-of-state students, the University ranked second.

For Clinch Valley College, there is no increase proposed in tuition and required E & G fees for Virginians, but there is a 5% increase for out-of-state students. There is a 10.1% increase across the board in Auxiliary Fees, a 3% rise in room rates and a 3.1% increase in dining fees. For Virginians, the total costs will be \$7,632; for non-Virginians, \$12,500. (Mr. Sandridge reminded the Committee of the special dispensation the College has from the State to charge less than the out-of-state rate for students from certain parts of Kentucky.)

Mr. Clark asked why the room charges at Clinch Valley are higher than those at the University. Ms. Capone replied that it is a factor of the debt to be paid on the residence halls at the College, which for the most part are newer than dormitories at the University.

Mr. Ross asked if the surcharges for Virginians at the Law School have been advertised to prospective and returning students. Mr. Scott, the Dean of the School of Law, said the admissions brochures have talked about the likelihood of tuition rises but that there has been nothing specific. Enrolled students have not been advised of the proposed amounts. Mr. Ross asked if the student body in general is asked to comment on these proposed rises. Mr. Scott replied that he meets individually and in groups with about 40% of his student body each year. For the last several years, he has made a point of discussing tuition and fees and costs with them. They have all said they see the necessity of the tuition rises and they support them. The

President spoke of ways tuition increases are brought to the attention of the student body in general and how they are discussed. Mr. Ross said he thought it important that all students be given the opportunity to speak their minds on rises in tuition and fees.

Saying that he has a basic dislike of surcharges, Mr. Clark asked why the Law and Darden Schools have levied surcharges rather than simply raise tuitions. The President replied that there seems to be an historical dislike of tuition rises and that surcharges have been more palatable. Mr. Ackerly expressed concern about the high cost of the Law School for Virginians. He reminded the Committee that there has been a threefold increase in tuition and fees for Virginians since 1990. He said some \$13m in loans was given to 769 students in the Law School in 1995-96; the amount owed by each of these loan recipients when they graduate is staggering. What it means, he says, is that the average Virginian finishing the Law School will be financially unable to practice in Virginia and instead must go to New York or Washington where the pay is higher. Mr. Birckhead suggested a discussion at a future Board meeting of the philosophy behind tuition rises for Virginians at the Law and Darden Schools. Mr. Irons expressed concern about the costs of undergraduate education being borne largely by out-of-state students.

The Chair commented that the issue of Darden and Law tuition rises is not new and that it has been studied, planned carefully, and discussed publicly in some detail over the past several years. Mr. Crutchfield expressed sympathy for Mr. Irons' concerns and said it is unrealistic to think that the tuition freeze for Virginians can continue. He asked if the University and other state institutions are lobbying to have it changed. Mr. Sandridge replied that there was a general feeling at the University and among the other schools that the tuition increases of the early '90's were too rapid and too drastic and that the freeze was a welcome respite. It is time to revisit the issue, however, and take a long term view. The Chair remarked that some of these issues had been discussed at the February Board meeting. Mr. Ackerly said he continued to be concerned about tuition at the Law School, if long term views are to be taken of tuition issues. He recalled the discussion at the February Board meeting about the importance of the General Assembly to the University and said he worried about the decline in the number of alumni in the Legislature: In 1972, for example, there were 37 alumni of the Law School in the General Assembly; by 1996 the number had dropped to 11. One reason for the decline, he suggested, is that rising tuition for Virginians causes such a burden of debt that

Virginians who are alumni cannot afford to stand for public office.

On motion, the Committee approved resolutions setting tuition and fees for the Academic Division and for Clinch Valley College, and recommended them to the full Board for approval (see Minutes of the meeting of the Board of Visitors, April 12, 1997).

Mr. Sandridge next proposed a resolution authorizing a capital advance of \$6.5m from the Endowment to the University of Virginia Real Estate Foundation for the construction of the Medical Office Building at the Fontaine Research Park. When the building is completed, the University intends to purchase it from the Real Estate Foundation.

On motion, the resolution was approved and recommended to the full Board for approval (see Minutes of the meeting of the Board of Visitors, April 12, 1997).

The Chair asked Ms. Handy, University Treasurer, to give a report on the Endowment.

Ms. Handy said that as of March 31<sup>st</sup>, the Pooled Endowment Fund stood at \$844m, the White Burkett Miller Endowment at \$11m, and University administered funds at \$45m, for a total of \$900m. Other endowments, including those held by related foundations, would bring the total close to \$1.2b. The Endowment has increased to \$900m from \$886m at the end of December, 1996. Between July 1<sup>st</sup>, 1996 and March 31<sup>st</sup>, 1997, the Endowment increased by \$76m. Of this, \$48m was a market increase and \$28m comes from gifts and net fund additions.

The Chair remarked that the Finance Committee would meet later in the month to "take a longer view at our investment strategy," and he invited interested Board members to attend.

Mr. Sandridge introduced Ms. Polley Ann McClure, Vice President for Information Technologies and Communication, and asked her to report to the Committee on the Year 2000 Plan. As a preface to her report, he reassured the Committee that funds to pay for the Plan will be in the University Budget to be presented to the Board in June.

The Year 2000 Problem - it refers to the problems of having to refigure all computers at the turn of the century to take dating into account - was first broached to the Board at the November meeting last year. At that point, Ms. McClure said, the magnitude of the problem was not known, nor was there a plan to

cope with it. The size of the problem now is known and there is a three-phase plan in place to deal with it. Phase I, which is the development of a detailed plan, is essentially in place. The plan has been devised with the assistance of Coopers & Lybrand, who were retained as consultants and the planning will continue to develop into next year. The fixing of the problem, which is Phase II, began at the first of the year and two areas, Parking & Transportation and ISIS, have been "fixed," ahead of schedule. Fixing should be done by the beginning of January, 1999.

The biggest part of the problem, Ms. McClure told the Committee, is Phase III, which is testing. Testing will begin later this year and will continue into early 2000. The cost of all this will be about \$10m, with perhaps another \$2.5m for the Medical Center.

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On motion, the meeting was adjourned at 12:20 p.m.

AGG:jb

Copies to: Mr. John T. Casteen, III  
Mr. Paul J. Forch  
Dr. Robert W. Cantrell  
Mr. Peter W. Low  
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Mr. Ernest H. Ern  
Mr. William W. Harmon  
Ms. Colette Capone  
Ms. Polley Ann McClure  
Mr. Terry Holland  
Mr. L. Jay Lemons  
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