

May 21, 2003

MEMORANDUM

TO: The Finance Committee:

William H. Goodwin, Jr., Chair
Thomas F. Farrell, II
Charles L. Glazer
Mark J. Kington
Thomas A. Saunders, III
Warren M. Thompson
Georgia M. Willis
John O. Wynne
Gordon F. Rainey, Jr., Ex Officio

and

The Remaining Members of the Board:

Thomas J. Bliley, Jr.	Don R. Pippin
William G. Crutchfield, Jr.	John R.M. Rodney
Susan Y. Dorsey	Terence P. Ross
Lewis F. Payne	E. Darracott Vaughan, Jr., M.D.

FROM: Alexander G. Gilliam, Jr.

RE: Minutes of the Meeting of the Finance Committee

The Finance Committee of the Board of Visitors of the University of Virginia met at 10:00 a.m., Wednesday, May 21, 2003, in Open Session, in the offices of CCA Industries, Suite 1500, One James Center, 901 East Cary Street in Richmond; William H. Goodwin, Jr., Chair, presided. Thomas F. Farrell, II, Mark J. Kington, and Gordon F. Rainey, Jr., Rector, were present.

Thomas A. Saunders, III, Ms. Georgia M. Willis, and John O. Wynne participated by telephone.

Also present were Leonard W. Sandridge, Alexander G. Gilliam, Jr., Ms. Colette Sheehy, and Ms. Melody Bianchetto.

The meeting was intended as a preliminary briefing on the University budget for 2003-2004; the budget is to be considered by the Finance Committee on May 30th and the full Board will be asked to approve it on May 31st. Mr. Sandridge, Executive Vice

President and Chief Operating Officer, conducted the briefing and distributed a document, "Budget Summary - All Divisions." He handed out, as well, a briefer six page summary, a copy of which is attached to these Minutes.

The total University budget for all three divisions - Academic, Medical Center, and the College at Wise - is \$1,580.3million, a 6.9% increase over the 2002-2003 budget. The total breaks down to \$895.1million for the Academic Division (a 4.4% increase), \$665.4million for the Medical Center (a rise of 10.7%) and \$19.8million (no increase) for The University of Virginia's College at Wise. Total revenues, for all divisions, are put at \$1,618.5million; Mr. Sandridge noted that for the first time, revenues from endowment income and gifts exceed General Fund appropriations from the Legislature. Non-State revenues thus amount to 91.9% of the total, as opposed to 8.1% from the state (in 1985-86, by contrast, the percentages were 72.9% from non-State sources and 27.1% from General Assembly appropriations.

Mr. Sandridge pointed out that 60% of the University's budget is "devoted to people." There has been an increase in the number of employees, all supported by funds from Federally sponsored research.

Summing up, Mr. Sandridge said new tuition revenue will offset the incremental General Fund budget reductions of \$12.8million; there will be a 2.25% salary rise for Academic Division and Wise faculty and staff; there will be an emphasis on graduate and undergraduate financial aid; the Decade Plan will be implemented; a 4.3% operating margin for the Medical Center is a goal; and there will be continued growth in enrollment at Wise from outside the College's traditional service area.

The Chair asked that there be more information on where money goes and how cash is used. Ms. Wynne requested more information on student financial aid. There was a discussion of Athletics budgetary questions. And Mr. Saunders suggested that for the next meeting of the Committee, and for the Board as a whole, there should be a budget summary that is broadly understandable, yet concise.

On motion, the meeting was adjourned at 10:00 a.m.

AGG:lah

Attachment

These minutes have been posted to the University of Virginia's Board of Visitors website.

<http://www.virginia.edu/bov/financeminutes.html>

ATTACHMENT

ALL
DIVISIONS



2003-2004 BUDGET

2003-2004 BUDGET

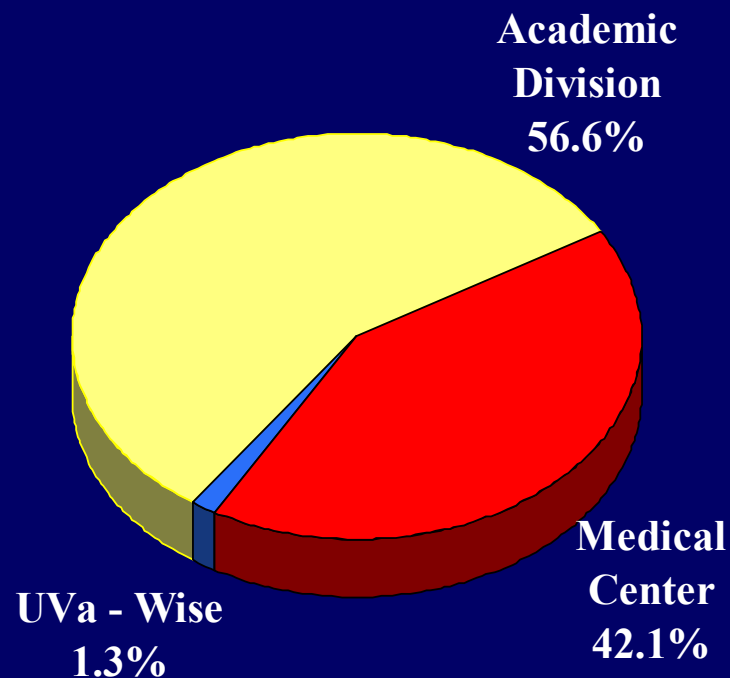
(In Millions)

Academic Div. \$895.1 +4.4%

Medical Center \$665.4 +10.7%

UVa-Wise \$ 19.8 +0.0%

Total \$1,580.3 +6.9%

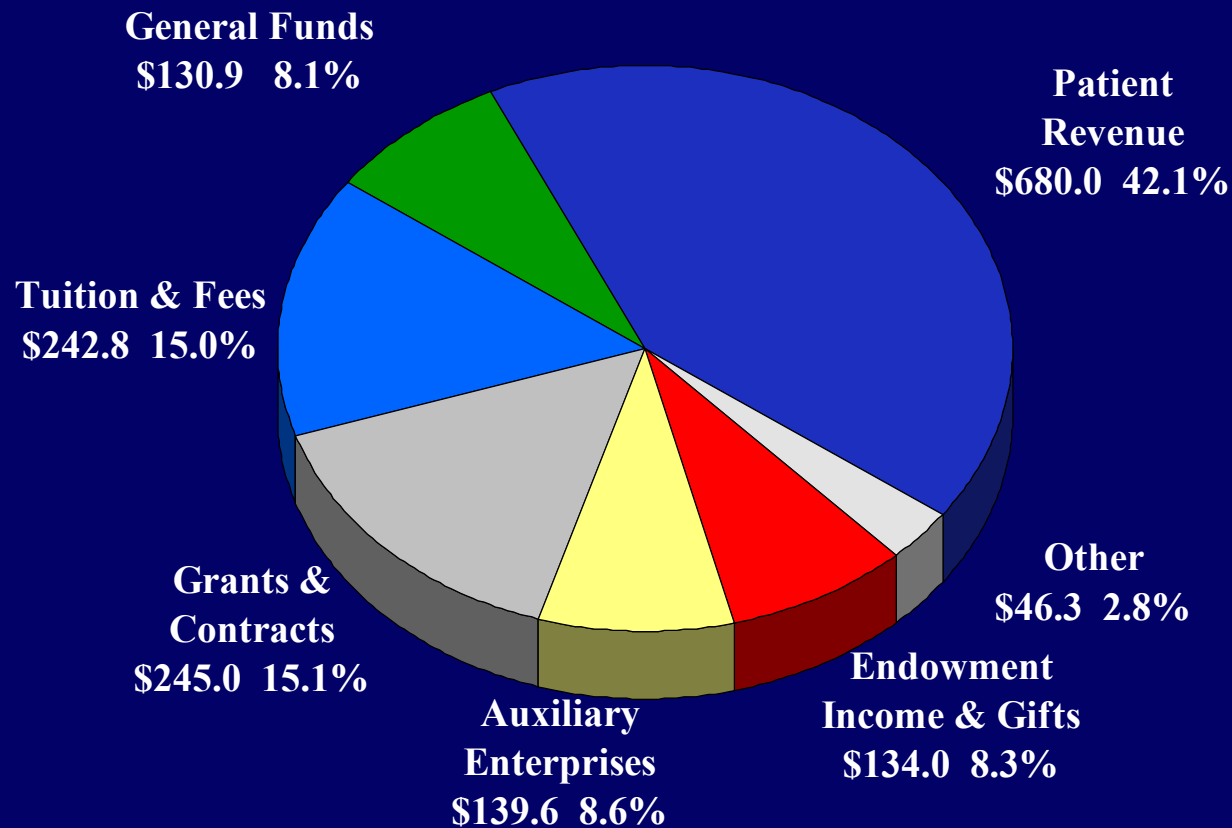


ALL DIVISIONS

Revenues by Source 2003-2004

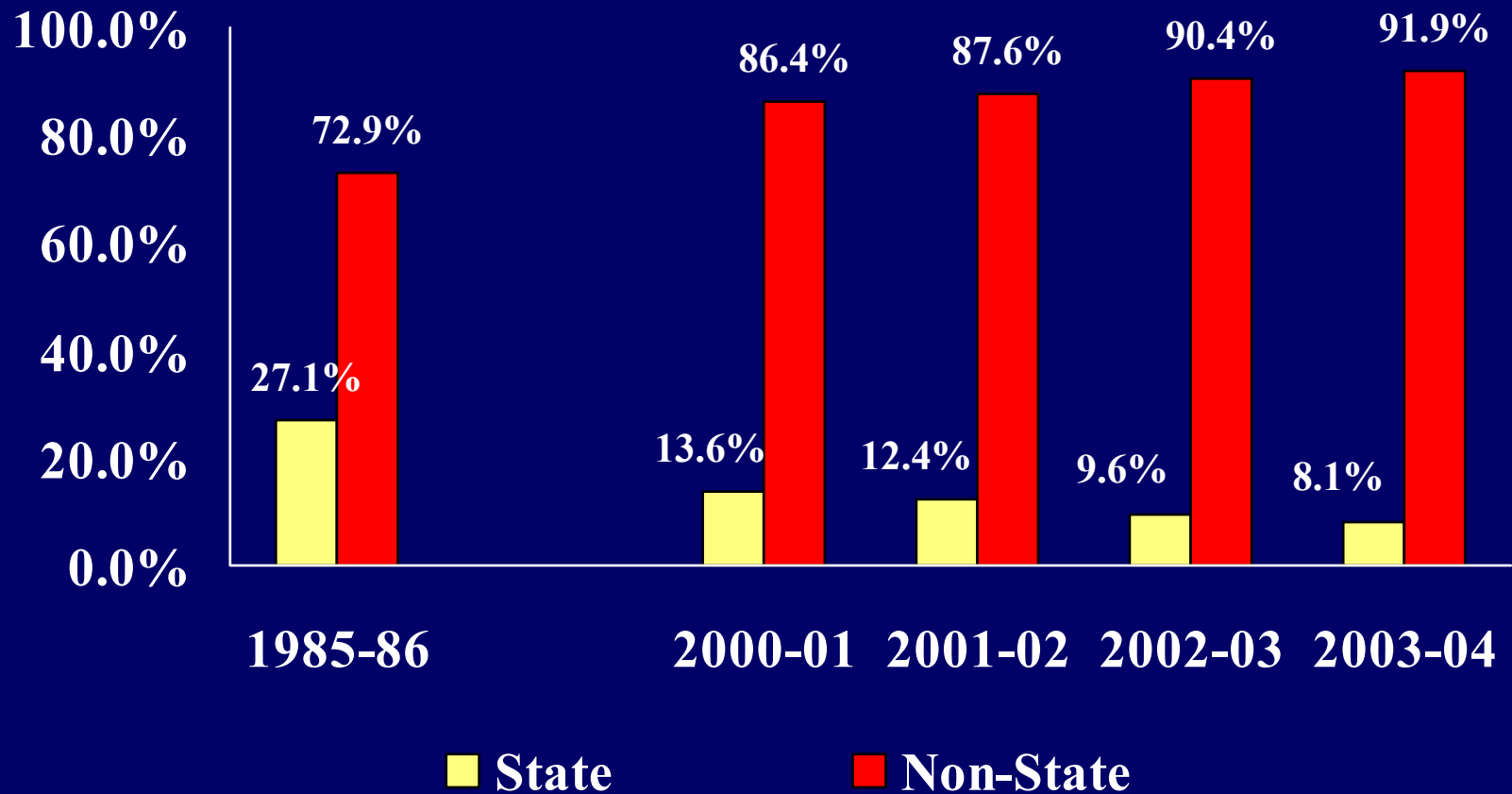
(In Millions)

Total Revenue: \$1,618.5 Million



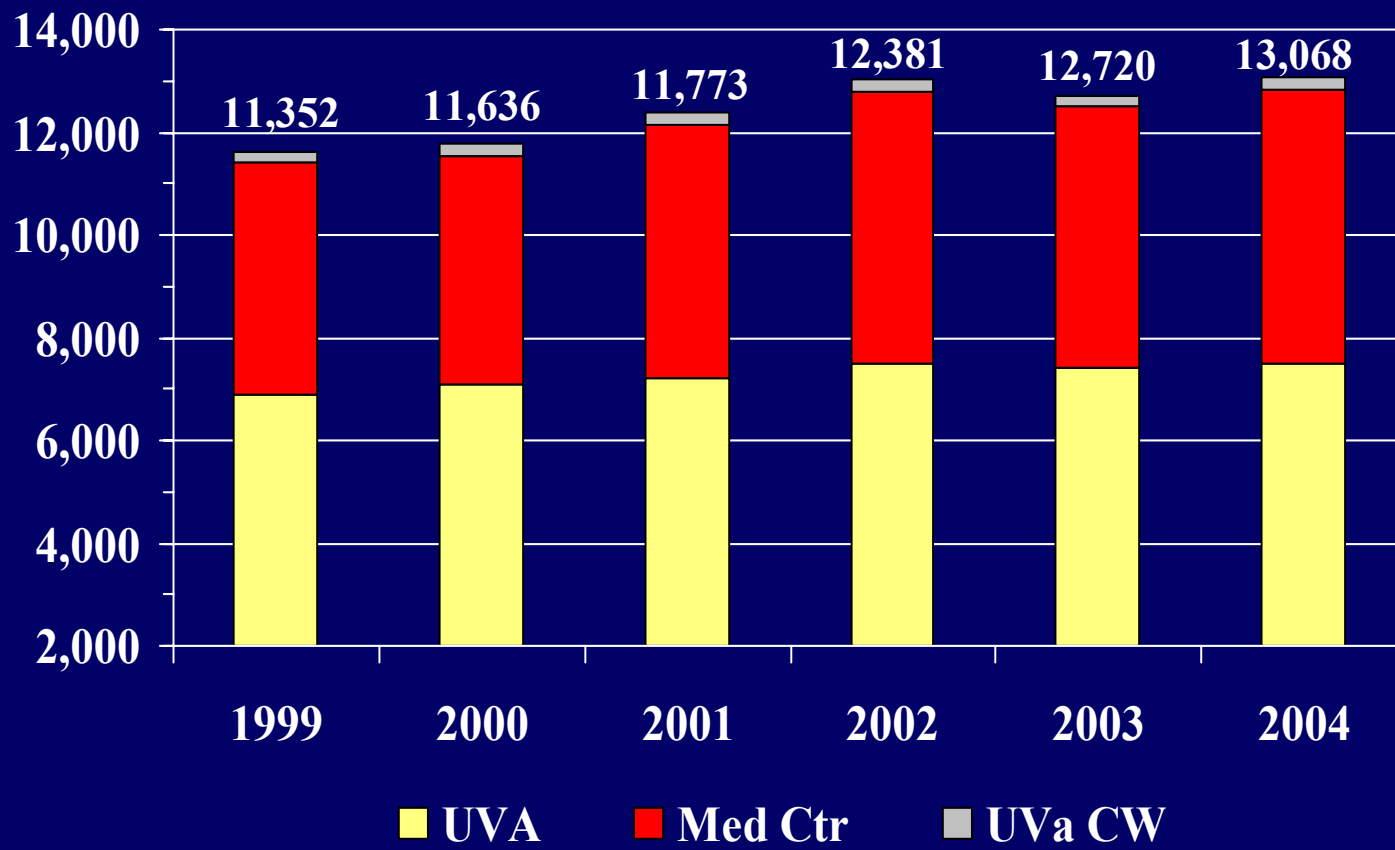
ALL DIVISIONS

State vs. Non-State Revenues



ALL DIVISIONS

History of Employment Levels (Budgeted FTE)



ALL DIVISIONS

Key Issues

- **New tuition revenue to offset incremental general fund budget reductions of \$12.8 million.**
- **2.25% salary increase for Academic Division and Wise faculty and staff.**
- **Emphasis on graduate & undergraduate financial aid.**
- **Implementation of Decade Plan.**
- **Achievement of 4.3% operating margin in Medical Center.**
- **Continued enrollment growth at Wise outside traditional service area.**

