This report should be read along with Mr. Sandridge’s annual report on the University’s financial condition and the University’s annual report (www.virginia.edu/president/report05), which treats many of these topics but speaks to a more general audience.

Introduction

FY06 has seen enhancement of academic programs, most notably in implementing the VA2020 plans; improvements in our financial circumstances both because of the enactment of the second or implementation phase of the charter legislation originally passed last year and because of continuing growth in non-state revenues; greater-than-predicted momentum in the capital campaign; and completion of major building and restoration projects. This report deals with each of these topics, and with my own activities during the year.

Perhaps the most important single event in many years has been completion of the restructured relationship with the state, and passage of the management agreement or charter that was the ultimate goal of this effort. With the new fiscal year on July 1, we have entered a new era in public education in Virginia. Board members deserve much of the credit for the General Assembly’s near-unanimity during the two years required for full consideration of this legislation. The product has become a national model, drawing the attention of legislators and university governing board members across the country as they seek solutions to problems not unlike those that have beset Virginia since 1990.

With reduced state support, the University depends more than ever on tuition and fees, which will increase in future years at the measured and predictable pace previously built into the Board’s plans for financing the future. At the same time, we are working to remain affordable regardless of sticker price to all academically qualified students, regardless of financial means. AccessUVa, the Board’s successful and now widely imitated strategy to control the impact on needy students of the removal of state support that began in 1990, has broken new ground in many ways. Before AccessUVa, students from the lowest-income families had dropped to alarmingly low numbers here and at other top-tier universities. With AccessUVa, the number of incoming students from the lowest-income groups increased from 133 in 2004-2005 to 202 in 2005-2006, an increase of 52 percent. Combining this part of the program with the cap on
educational loans for middle-income students, AccessUVa enabled some 749 students to enter in 2005. A new agreement with VCCS guarantees admission, based on satisfactory grades in specified required courses, to graduates of Virginia’s 23 community colleges. Coupled with AccessUVa, this agreement should attract students who thought that they could not qualify for admission or that they could not afford to attend.

AccessUVa has had an important additional effect: It has identified the seriousness of the effects of Virginia’s cuts since 1990 in support for gifted and talented-student programs (AP and similar offerings) in the public school systems. Most of our AccessUVa students in this first year came not from the economically-distressed regions that we had expect to produce students, but instead from the most affluent regions, where local tax dollars have protected the relevant programs.

In our new relationship with the state, we rely to a greater extent than ever before on private support and expert investment management. As the restructuring legislation moved forward in the last two years, we opened the current capital funds campaign. Passage of each element of the restructuring legislation had a measurable effect on giving. Our supporters now understand, indeed see as a point of pride, the reality that this campaign is critical to the University’s future. They know that state support for the University has leveled off at about 8% of the academic budget. They recognize that it will likely remain at that level or a lower level indefinitely. The $1 billion or so committed so far to the campaign should encourage all of us as we work toward our ultimate goal, whatever it may be. The Campaign Executive Committee and staff have gotten the campaign off to a fast and promising start—very possibly the fastest start in the history of such campaigns in public universities.

The past year saw its share of challenges. In the fall, a series of instances of racial harassment disturbed essentially everyone, but also led to a powerful consensus that racial abuse is not tolerable here. We responded to this abuse in several ways: by public statements from me and from the Faculty Senate; by distributing some 60,000 black ribbons worn as a sign of support for victims; by meetings with concerned parents and then support from them. Perhaps most importantly, William Harvey, our first chief officer for diversity and equity and a vice president, began work on November 1. I will report later on certain aspects of his work since November. The relevant point here is that he took charge immediately, and that his stature among our local and extended communities has made him indispensable.

In the spring, the “living wage” campaign returned to the University as it did to several other campuses, including UC-Berkeley and the universities of
Miami and Vermont. Because this campaign’s demands are well known, I will not summarize them here. An archive of relevant documents appears on the web at http://www.virginia.edu/wages. The available documents (linked from the lower right side of this page) include a new and somewhat surprising research report on the claim that University wages cause poverty in this community. See http://www.virginia.edu/wages/povertystats.html.

Although the campaign perhaps lost momentum late in the semester and the promised summer program of “disturbances” and hunger strikes has not materialized, we expect to see activity again this fall. Yoke San Reynolds and Carol Wood (as chief public relations officer) have been charged with dealing with this issue when it reappears. I am grateful for the Board’s support and especially for the Rector’s support and guidance during the weeks when we tried to deal this spring with protests different in kind and methodology from anything seen here previously.

**University Finances**

*Tuition.* In-state undergraduate students will pay 9.3% higher tuition and fees in the fall than they did last fall. Out-of-state undergraduate students will pay 7.7% more; in-state graduate students, 7.7% more; and out-of-state graduate students, .7% more.

*Endowment.* UVIMCO continues its strong performance. As of May 31, 2006, UVIMCO oversaw $3.5 billion of the University’s $3.7 billion in endowment and foundation assets. (These totals include the actively managed endowments, but not other investments including the Boar’s Head Inn properties and the unsold Kluge lands.) Reflecting strong gains in public equity markets and alternative investments, total return for the eleven months ended May 31, 2006, was 14.2%.

*Medical Center Finances.* The Medical Center’s budget is 43% of our total budget. The hospital’s operating margin is 4.6%, consistent with this year’s target. Predicted average operating margins of 4.0 to 4.5% are in the financial plans for the next five years. In addition, and despite recent controversy about hospital rankings, the Medical Center continues to be recognized nationally for its leadership in quality clinical care and is consistently placed among the Top 100.

*Debt and AAA Ratings.* Since 2003, Standard & Poor’s, Moody’s, and Fitch have all rated our bonds AAA or the equivalent. Only the University of Texas System among public universities has an equal rating. The University of Michigan has AAA ratings from two of the three.
In 2002, we began our Debt Portfolio Management Program (DPMP) to provide external financing for capital projects. Bonds were issued under the DPMP in March 2003 and July 2005—the first commercial paper program in a Virginia public college or university. Because this comprehensive DPMP incorporated floating-rate debt into the portfolio, we have benefited by the low variable rates of the last few years. The cumulative benefit of partial reliance on variable-rate paper in the 2003 bond issuance alone is $7.1 million. Use of commercial paper resulted in a $6.8 million avoidance of negative arbitrage prior to the 2005 bond issuance, generating a total benefit of almost $14 million. During the current year, the Board approved a Debt Policy and an Interest Rate Risk Management (or Derivatives) policy. Together, these two policies establish the foundation for future expansion of the DPMP to leverage our new authority to manage additional revenue streams.

Facilities and Administrative (F&A) Rate Negotiation. Our facilities and administrative (F&A) rate (i.e., overhead rate) is negotiated with the Department of Health and Human Services, which is our cognizant federal agency for government-sponsored research awards. Through 2003, our F&A rate had been 48%, the national average for state universities. In 2001, we changed our approach to the negotiations and finalized a three-year agreement, followed by a two-year extension through 2008. This agreement increased our F&A rate from 48% to between 51.5 and 52.5% each year. Each 1% increase in the F&A rate nets ca. $1.3 million to the University. Through the current year, the increased recovery has totaled $23.5 million. We expect the extended agreement to yield $36 million in FY04 - FY08.

Fund Raising. Philanthropic cash flow increased 21.8% in FY06 to some $206 million. This figure includes cash gifts, irrevocable planned gifts, and in-kind gifts to the University and related foundations. This increase bodes well for our future and for our goal of increasing the base for annual giving to ca. $300 million by the end of the current campaign. At the beginning of the last campaign (FY92), the baseline of private support was $50 million per year. It grew to more than $200 million per year at the end of the campaign.

President’s Fund for Excellence. Authorized by the Board in 2002 as a budget defense device, this fund has become our most valuable tool for dealing with the consequences of state budget cuts. It has financed retention of faculty members offered positions elsewhere, reparations to essential programs damaged by state budget cuts, particularly in the College, where it has also contributed to the cost of a sizeable deficit, improvements in research technology, acquisition of matching foundation funds to sustain the electronic imprint series of the University Press, restorations of library services that were cut following the 2003 state cuts, hiring of an AccessUVa coordinator in the admissions office, research
programs in the Women’s Center, research and outreach programs for Dean Ayers’ Center for Digital History, renovation of Zehmer Hall to accommodate program growth and provide better building security, and support for Continuing and Professional Studies.

Commitments for the coming year include continued subsidies for the College, additional support for research technology, development support for Student Affairs, as well as continued investments in strategic publications and the libraries and at least one of the major international conferences by which we maintain visibility with distant publics and with those who rank universities. Less will be used in 2006-07 for faculty retention, as we are now approaching the Board’s goal of placing our faculty salaries at the rank of about 19 among AAU institutions. I have agreed to provide funds to support the creation of two executive-level positions for the Miller Center under the directorship of Gerald Baliles (pending private fundraising to replace these funds). I have also approved funding for the Darden School to cover deficits in regional service programs for the Southside.

_The State Budget and salaries_. The 2005 Budget Bill authorized 4% salary increases for administrators and professional (i.e., non T&R) faculty members, part-time T&R faculty members, and graduate teaching assistants, and 5% for full-time T&R faculty members. Classified employees rated at least as “contributors” received an across-the-board increase of 3%, and classified employees with 5 or more years service received an additional $50 for each year of service. The Board approved a supplemental merit-based average increase of .5% for T&R faculty members in June 2005.

The 2006 Budget authorizes salary increases of 4% for classified staff members, 3.29% for administrative and professional faculty members, part-time T&R faculty members, and graduate teaching assistants, and 4.39% for full-time T&R faculty members. It includes also a 3% increase in the second year (FY08) for faculty and staff members. The Board approved a supplement that will increase the average raise for T&R faculty members to 5% and the average raise for administrative and professional faculty members, part-time T&R faculty members, and graduate teaching assistants to 4%.

_Faculty and Staff Compensation_. In 2003-04, the Board adopted the goal of increasing faculty compensation to market levels by 2006-07. In FY05, the Board defined “market level” as a position between the 15th and 19th ranks among AAU universities. Since that time, supplements approved by the Board have allowed us to close the gap between our average T&R faculty salary and the average paid at the university ranked 19th in salaries among AAU universities.
from $5,300 in 2003-04 to $1,410 in 2005-06. No AAU university has done more to increase faculty salaries in this period.

For FY07, the University’s budget includes a recommended supplemental increase averaging 1.0 percent for all T&R faculty. This net increase of 5.0% should eliminate the gap between the University’s average faculty salary and the 19th position in 2006-07, unless three peer universities raise their average salaries more than last year’s AAU median increase. For classified staff members, the first three rounds of the Board’s $250,000 pool provided increases for positions for which the vice presidents identified high turnover, difficulty recruiting, or both, and in cases where the average salary was significantly below the market median. We have reserved a fourth round of $250,000 in 2006-2007 to be allocated strategically on these same bases.

A side-by-side comparison of our benefits package with the benefits packages of six peer institutions (three private and three public) revealed that we compare well in most core benefits areas. In programs for faculty members, our rankings are respectable or better: retirement (#2), health (#2), life (#2), disability (#1), leave (#1 for sick and personal leave, #4 for vacation leave), and education benefits for employees (#3). The most notable benefits that we do not offer are education benefits for dependents and domestic partner benefits. We and UC-Berkeley are the only two universities among the seven without a program to subsidize the education of faculty members’ children. We are the only one without domestic partner benefits, which Virginia law does not currently permit us to provide.

A Second Major Capital Campaign

Private giving has made us as self-sufficient as any public university has ever been in the years since State support collapsed in 1990. Our first major capital funds campaign in 1995-2000 raised some $1.43 billion. The current Campaign Executive Committee, which Mr. Rainey chairs, with a far larger goal has gotten this campaign off to a fast (and now accelerating) start in its silent phase. We will exceed our target of raising the first $1 billion of our $3 billion goal by the time of the public kickoff in September. Last year, I began the circuit of alumni and donor meetings that precede the kick-off. We have continued that work this year, and will continue it throughout the campaign. Details appear later in the report.

University Brand. In the fall of 2005, McCann Erickson, an advertising and marketing communications firm, took on the task of helping us clarify the University’s brand and define its place in the public mind. In recent months, the
firm has conducted extensive interviews and focus group sessions on Grounds and around the country with faculty members, students, alumni, parents, prospective students, guidance counselors, and others whose opinions matter. McCann used these discussions to develop and test a set of brand themes that express the University’s distinctive qualities and special character. As yet, no single theme has emerged as dominant, but McCann’s findings will be refined in the coming weeks. This process contributes to the themes and messages that we will use throughout the campaign.

**Capital Projects**

Owing to rapid inflation in construction costs and the complexity of projects that are just ahead of us, we are constructing already-planned buildings and renovating existing buildings as rapidly as planning and financing allow. In some cases, these projects are supported by a combination of State and private funds. In other cases, private giving alone has funded projects.

*Building projects completed or substantially completed during FY06*

John Paul Jones Arena; Fayerweather Hall renovation; Environmental Sciences Field Station (LTER) on the Eastern Shore; Health Sciences Library and basement renovations; Campbell Hall Chiller Expansion; JPA/15th Street ductbanks; and Culbertson Hall, a new residence hall at the College at Wise.

*Buildings under Construction:*

**Advanced Research and Technology Building.** We are bonding the entire $41.5 million cost of this building. Now under construction by the University of Virginia Foundation on the last building site currently available in the Fontaine Research Park, this building should be completed in September 2008. We will shortly seek approval to expand total square footage in this park.

**Cocke Hall renovation.** With $6 million of the $9 million total cost contributed by the state, construction began in April 2005, with completion expected in December 2006. This is a Stanford White building whose original design and various uses over the years will become featured elements of the campaign in 2007.

**Materials Science Engineering and Nanotechnology Building (Wilsdorf Hall).** The State provided $7 million of the total $43.4 million construction cost of this building. Construction began in February 2003 and will be complete in fall 2006.
**Rouss Hall (renovation) and Commerce School Addition.** Funds for the $57 million project come from institutional resources ($6.9 million) and McIntire School donors ($50.1 million). Completion is expected in February 2008.

**Other.** Other projects in progress include the Carter-Harrison Research Building ($84.1 million); Campbell Hall additions ($15.6 million); Cavalier Substation expansion ($5.6 million); Gilmer Teaching Labs renovation ($6.3 million); Main Heating Plant Environmental Compliance ($64.2 million); Varsity Hall renovation ($4.0 million); and hospital expansion ($99.2 million).

**Buildings in Planning:**

**Arts Center.** Carl and Hunter Smith originally pledged $22.5 million toward a concert hall, and Mrs. Smith is working with us on a phased plan that will build the museum first. Now in redesign owing to price increases, the concept currently includes the new museum, space for the concert band, and a residential college for the fine and performing arts. Project cost estimates are ca. $100 million, with part to be funded from philanthropy and part from revenue bonds.

**South Lawn.** The Board has approved the design of the South Lawn Project. The groundbreaking for phase 1 is scheduled for September 29.

**Other.** Other buildings in planning include the clinical cancer center; the hospital bed expansion and infrastructure; the Claude Moore Nursing Education building; a new building (Bavaro Hall) for the School of Education, the Claude Moore Medical Education Building; a parking garage on the northwest side of Carr’s Hill near the railroad track; and replacement dormitories along Alderman Road. With the 2006-08 State budget enacted and signed, we will award the contract shortly for Ruffin Hall (studio art). At the College at Wise, buildings in planning include the arts center, renovation of the chancellor’s house, Crockett Hall renovation, a new dining hall, a new residence hall, and renovation of the main entrance.

**Carr’s Hill.** Carr’s Hill is our principal venue for fund raising, for recognition events, and for major receptions and public events. It is a central element of the 2007 campaign strategy for historic buildings. Consultants are now researching the history of the first-floor public rooms, the condition of the building envelope, structural systems, and building systems in order to assess requirements for future renovations. Donors have financed refurbishment of the dining room this summer, including installation of period McKim, Mead, and White furnishings.

In June, the Board’s Buildings & Grounds Committee approved a resolution stating that minor repairs will be corrected immediately over the
summer, as many have been, but that the overall preservation and restoration work on Carr’s Hill will commence at or near the end of my term as president.

**Academic Matters**

*Faculty Recruitment Status Report by Gender.* During the 2005-06 academic year, 110 offers were made to individuals for faculty positions. Of those offers, 71 faculty position offers (65% of total) were extended to men and 39 (35% of total) were extended to women. Sixty-eight percent of the offers made to men were accepted, and 72% of the offers made to women were accepted. Twenty-eight percent of the offers made to men were refused, and 26% of the offers made to women were refused. Four percent of the offers made to men are pending, and 3% of the offers made to women are pending.

*Faculty Recruitment Status Report by Race/Ethnicity.* Most faculty position offers during 2005-06 were made to individuals who are white (71%). The race/ethnic categories with the highest acceptance rates (as of 6/21/06) were African American (71%) and White (72%). The race category with the highest refusal rate was Asian American (42%).

*Separations during the 2005 - 2006 Academic Year (as of 6/21/06).* Forty-nine tenured and untenured tenure track faculty separated from the University (11 F, 38 M). Of these, one was African American (male); five were Asian-American (1 female, 4 male); two were Hispanic/Latino (1 male and 1 female); 40 were White (8 female, 32 male); and one female of unspecified race/ethnicity.

These numbers include all reasons for separation from tenured/tenure-track faculty positions, including another job, retirement, resignations, and death. Sixteen tenured faculty members retired. No untenured tenure-track faculty members retired.

**Academic Quality Assurance: Reaffirmation of Accreditation**

Our decennial reaccreditation review (all schools, all functions) comes in 2007. The internal committee documenting compliance with accreditation standards will report in September. The University’s and the Board’s commitments to planning, accountability, and quality support this compliance work. A second committee, which will focus on student learning, has begun work this summer.

*Professional School Accreditations in 2005-06.* The Accreditation Board for Engineering and Technology (ABET) has re-accredited programs in the School of
Engineering and Applied Science, through 2011. Re-accreditation of the School of Medicine is almost complete, with a site visit scheduled this fall. Several important University programs also were reviewed and re-accredited, including Clinical Psychology and the master’s program in Landscape Architecture, both through 2011.

**NRC Rankings.** Richard J. Sundberg, Professor of Chemistry, is overseeing preparation for the next cycle of National Research Council graduate program rankings. Published approximately every decade, these rankings matter to entities that award grants, to faculty members considering moving to new jobs, and to prospective graduate students.

**NSF Rankings.** The most recent annual NSF research expenditure rankings (FY04) place us 46th in total federal R&D expenditures. Our countable external federal R&D expenditures have increased from $173 million to $188 million. Our ranking as to scale among all research universities for total research expenditures has risen from 69th to 67th from the previous year ($206 million to $228 million). These are reasonable results that essentially reflect the impact of new research space brought on line in the last year.

**Faculty Mentoring and Career Development.** Faculty members have consistently identified mentoring as important to their careers and their scholarly advancement. While the assumption exists that these are issues primarily of interest to untenured, junior faculty members, senior faculty report that they also would welcome guidance regarding their post-tenure careers as they seek to balance research, teaching, service to the University, and personal responsibilities while also assuming leadership positions in their departments and schools. The Vice Provost for Faculty Advancement offered workshops and programs to augment those provided already in the schools, by the Teaching Resource Center, by the vice president for research, and by Human Resources, among other units.

For 2005-2006, mentoring for diverse faculty was an integrated theme in all of the academic-year initiatives organized by the Vice Provost for Faculty Advancement. Learning and career development workshops offered practical career advice, addressed mentoring concerns and needs, and connected faculty members across departments and ranks. Department chairs will be targeted in the coming year as we work on departmental quality assurance and rule compliance, climate, conflict resolution, and effective practices for retaining and mentoring diverse faculty, among other topics.

**VCCS Agreement.** The new agreement with the VCCS guarantees admission, based on meeting the standard requirements, to graduates of Virginia’s 23
community colleges. This program closely resembles the state-wide articulation agreement developed in 1983 under the Adams Plan and subsequently abandoned by the State, in that it spells out the existing lower-division course and grade requirements for each transfer admission pool. It differs from prior practice in that, at the State’s request, it promises preference to students who actually graduate with AA degrees from their community colleges. This change is probably neutral so far as we are concerned: Our studies show no particular gain or advantage for students who enter with AA degrees, but also no loss or disadvantage. State officials wanted this stipulation because the cost to the State of a year’s study in a community college is lower than the cost to the State of a year’s study in a four-year public college. We favor it if it attracts highly qualified students who would otherwise not come here. In any event, we will not discriminate against students who apply without having completed the AA. Coupled with AccessUVa, this new agreement should attract students who may have thought previously that they could not qualify or that they could not afford to attend.

International Activities. New study-abroad programs in China, Costa Rica, Germany, Ghana, India, Italy, and Tanzania are in planning. Our existing study-abroad program sites include Australia, the Bahamas, Brazil, Egypt, China, England, France, Ireland, Italy, Jamaica, Jordan, Morocco, Nicaragua, Peru, South Africa, Spain, and Tibet. We have exchange agreements with some 40 universities in 20 countries. Students in these exchange programs continue to pay tuition to U.Va. for the credits they receive. (Not all receive full academic credit here—an issue on which the provost is now working.) More than 1200 undergraduate students studied abroad during 2005-2006, and some 750 have been enrolled abroad this summer. The top four destinations this year have been Spain (300 students), Italy (181), England (150+), and France (100+). In addition, approximately 500 graduate students studied abroad during 2005-2006.

The partnership with the Institute for Shipboard Education and its Semester at Sea program is well begun. Our library and ITC services and a group of faculty members and students are involved in the current summer cruise to and from Asia. I toured the ship in June and met members of the Institute staff. I was well impressed by the quality of both the ship and the staff. David Gies will become dean of this program in the fall.

Universitas 21. U21 recently accepted three new members: Shanghai Jiao Tong University; University College Dublin; and Tec de Monterrey. As part of U21’s commitment to increase and facilitate student mobility, funds are being used to help postgraduate students attend professional conferences. U21 held its third successful Summer School program in Lund, Sweden, in July 2005. The 2006 Summer School was held in Hong Kong earlier this month. We will host the
Summer School in July 2007 with the theme of “Leadership in a Global World.” We have made a good deal of progress toward identifying collaborative research projects to tackle issues of global significance. U21 has formed a new collaborative group in systems biology to build on existing strengths and interests in the network. U21 has also continued innovative work in tele-health and e-health; this work has attracted attention from the World Health Organization. U21’s first Undergraduate Research Conference was held at the University in September 2005. Largely due to its success here, the conference has become an annual event. For the second conference, to be held at the University of Queensland, Australia, in September 2006, the University will send three students and one faculty member. U21’s contact managers and executive committee will meet here in the fall to determine next steps for this consortium now that its on-line MBA and various other academic programs have been successfully begun.

Diversity and Equity. The Commission on Diversity and Equity, a yearlong examination of the social and academic cultures at the University, recommended creating the position that Mr. Harvey now holds. Mr. Harvey’s coming and his programs have turned out to be even more beneficial than the commission anticipated. A matter not yet reported to the Board is Mr. Harvey’s program for his first annual University of Virginia Symposium on Race and Society, a series of conferences for faculty members and students from various disciplines, all designed to address social, political, and cultural topics relating to race and society. The theme for the first conference, to be held November 2-4, 2006, will be “In Katrina’s Wake: Racial Implications of the New Orleans Disaster.”

Student Matters

Orientation 2006. Record numbers of students and guests are attending this year’s Summer Orientation program. About 3,800 first-year and transfer students registered to attend.

Bias Incident Reporting System. The “Just Report It” website was launched at the beginning of the spring semester. It provides a central tool for reporting bias incidents directed toward students. The site includes the University definition of “bias complaint,” as well as information on what to expect in response from the University when a complaint is reported, how to preserve evidence, and what resources and support are available. To examine management of bias complaints, I appointed a Bias Implementation Task Force, whose report clarified and strengthened existing University policies and procedures. Along with the website itself, these measures give students and others a simple, streamlined system for reporting abuse involving race, sexual orientation, or other personal
characteristics. The new system allows the deans and as appropriate the police to take timely action. Mr. Harvey oversees a bias review and advisory committee whose function is to assess the implications of reported events for policy and practice. Some 45 reports involving 34 incidents were filed this spring. Most were filed in January and February, when the site first went live. Most complaints had to do with face-to-face verbal abuse, with race and sexual orientation the most common targets. Three involved alleged physical assaults not involving weapons. Most events occurred on University property between midnight and 6:00 a.m. and between noon and 5:00 p.m. Twenty-seven involved specific individual targets. Nineteen alleged perpetrators were unidentified; 15 were identified, including six faculty and staff members, six students, and three non-University community members. All incidents were investigated and resolved within the established systems of response. Not all complainants elected to file formal charges in situations where a formal complaint is required for police or other action.

**New Online Reservations System.** In July 2005, we launched a new online portal that provides calendar details and information on the availability of space on Grounds. Using the portal, called the Source, users can review features of various spaces on Grounds and make online reservations. Seventy-eight percent of the reservable space on Grounds (including Newcomb Hall and related student space, academic space, and space overseen by IM-Rec Sports) can be reserved through the Source. Since its launch, the website has received 2.5 million hits. Some 2,500 regular web users have registered.

**New Student Performance and Rehearsal Space.** The Forum at O’Hill opened in October 2005. Located on the lower level of the new Observatory Hill Dining Hall, this multipurpose space offers great flexibility for performances and programming. State-of-the-art technology, a concert-quality sound system, a small staging area, and a sprung-wood floor have made this space useful for performances, rehearsals, and meetings. From October 2005 through May 2006, 214 separate events occurred in the Forum, serving 7,500 users.

**Parent Communication.** New efforts to increase and enhance communication with parents this year have included a 24-hour hot line and contact web site for parents; an electronic newsletter, “Parents as Partners;” updated and enhanced orientation materials for students and for parents; an updated and improved Parent Handbook; efforts to collect parents’ e-mail addresses at summer orientation programs; incorporation of parent data into the BSR Advance database, and subsequent migration of parent data into the interactive “Parents as Partners” site, using the same technology employed with alumni through HoosOnline. Recommendations from the VA2020 program for parents held last year and from the executive committee of UVaParents lie behind these ventures.
In addition, Alumni Hall’s non-alumni parents committee raised a record total of $605,000 in private support for enhancement of student life and similar purposes.

**Athletics.** In 2005-06, the athletics program finished 26th in the final Division I United States Sports Academy Directors’ Cup standings. Virginia has placed in the top 30 every year in the 13-year history of the Directors’ Cup—one of only 15 schools to achieve that distinction. Since Mr. Littlepage announced his “10-Year Goals” program in 2002, the University has won 20 ACC titles, more than any other ACC member, and three NCAA titles, equaling the title total for any other ACC member. Virginia won the inaugural Commonwealth Challenge between U.Va. and Virginia Tech, 14.5 – 7.5. Twenty of our 25 programs advanced to postseason competition, and 17 programs participated in NCAA Championships. These teams won ACC team championships: men’s cross country, men’s lacrosse, women’s lacrosse, men’s swimming (its eighth consecutive ACC title), and women’s rowing. Four coaches were named ACC Coaches of the Year: men’s cross country coach Jason Dunn; men’s lacrosse coach Dom Starsia; men’s swimming coach Mark Bernardino; and women’s tennis coach Mark Guilbeau (in his first season here). The men’s lacrosse team capped a perfect record (17-0) by winning its fourth NCAA Championship. Men’s lacrosse forward Matt Ward won the Tewaaraton Trophy as the nation’s top lacrosse player. In men’s tennis, Somdev Devvarman, ranked 14th in the nation, advanced to the final match at the NCAA men’s singles championships. The baseball team won 47 games, the most in the history of the program. Sean Doolittle (baseball) and Brielle White (women’s swimming) were named ACC Players of the Year. Women’s golfer Leah Wigger became the first All-American in the program’s three-year history and first-year Jennie Arseneault became the first to qualify for the U.S. Women’s Open. And of course an era ended early this spring when the final men’s and women’s basketball games were played in University Hall.

The football team defeated Minnesota 34-31 in the Music City Bowl. This marked the fourth consecutive year that the football team has advanced to a bowl game. All-American offensive tackle D’Brickashaw Ferguson was picked fourth overall in the 2006 National Football League draft (by the New York Jets). This was the second highest selection ever of one of our players in the pro football draft. Football announced on June 1 that season tickets were sold out, the earliest sellout in school history.

Our NCAA program recertification was completed successfully with no recommendations requiring responses. This is as good as it gets with the NCAA.
Activities Report, 2005-06

Public Service. I am a member of the AAU Institutional Data Committee. I remain a general director of U21 and managing director (chair) of U21 Pedagogica, the quality-assurance company owned by U21. Having now completed its mission, this company will cease operating later this year, and its functions will be carried out by committees of reviewers drawn from the U21 member universities. I completed my term as the non-European member of the Irish Universities Quality Board, which is Ireland’s quality assurance agency, and as a board member of the Association for the Accreditation of Human Research Protection Programs. I serve on these boards: Foundation for Virginia; the Leifur Eiríksson Foundation; the Mariners’ Museum; the Council on Competitiveness; the Chesapeake Bay Foundation; (chair) Jefferson Science Associates, LLC (i.e., J-Lab in Newport News); and the Hovey S. Dabney Foundation for Elders. I completed my two-year duties as chair of the Western Association of Schools and Colleges (WASC) review panel for San Diego State University. That panel’s report is being used in training seminars for accreditation committee members by WASC and other regional accreditors. I chair the Southern Association of Colleges and Schools (SACS) reaffirmation committee for Vanderbilt University—a two-year process that begins this fall.

Corporate Service. I am a director of the Wachovia Corporation.

Development-related travel and representation. In FY06, I traveled to 38 cities in the US and five cities abroad (Hong Kong, Dublin, Paris, Zurich, and Auckland) to address gatherings of alumni and friends and to call on donors and prospects. In addition, Betsy and I went on a walking trip for alumni in Tuscany in October.

State/University. Working primarily with Leonard Sandridge and Colette Sheehy, who did superb work, I was in Richmond frequently during the 2006 Session to advocate the restructuring proposal and to deal with other legislative and State governmental issues in what was in the end an uncommonly successful year. With Longwood and Virginia Tech, we are sponsoring economic development symposia and other events in the Southside. That project has taken me into the Southside on several occasions, most notably to participate in a workshop on higher education and research as mechanisms to revitalize rural Virginia. Our participation in this program will continue. I spoke at the inaugurations of Gene Nichol as president of the College of William and Mary and of David Prior as chancellor at the University’s College at Wise.

Carr’s Hill. In the past fiscal year, 14,946 guests attended events at Carr’s Hill, an increase of 18% over the previous year, and we held 105 events, a 27% increase over the previous year. Fall events increased from 44 to 51, and spring events
increased from 39 to 54. These increases reflect activity in support of the campaign. As part of that effort, we are increasing the number of small receptions and dinners, which are useful as we cultivate prospective donors. In FY05, we had one small reception, and in FY06 we had 17 in addition to several at our personal home. I have resumed the former custom of inviting each school’s faculty to Carr’s Hill, on a cycle that has each faculty invited every second year. The number of overnight stays, 28, was the same in FY06 as in FY05. One or more guests stayed at Carr’s Hill on 59 nights out of the year. Last year, guests were at Carr’s Hill 32 nights out of the year. This is an increase of 84%. We have not counted the number of nights when University guests used our personal home, but my guess is 20 or so, including several during Finals. Carr’s Hill was out of service in much of June and July for repairs.

Speeches/publications. I have written my regular quarterly column for the alumni magazine. I am the subject of a chapter by author Francis Lawrence in his recent book “Leadership in Higher Education: Views from the Presidency.” I worked on various versions of the campaign case statement. As the campaign progresses, I do less general writing and speaking and more focused writing and speaking on the subject of the campaign. I delivered formal or informal remarks to 39 groups of alumni and friends during receptions, case statement review sessions, and other events and the customary speeches on Grounds to Senate and school faculty meetings, and to other groups in other venues. The published supplement to the State of the University address, which will move this year from spring to early winter, continues to be the University’s largest-circulation publication.

2005-06 Priorities

The following topics are quoted from last year’s report. The inserted notes in *italics* are updates on last year’s report.

**Planning.** (1) Complete planning for the overall capital campaign. *We are seriously behind schedule in preparing endowment proposals and in generating transformation plans for schools and programs for which such plans are appropriate, and well ahead of schedule on other planning, with the vexing exception of planning for the museum and concert hall.*

(2) Continue developing the critical-functions approach to executive level management. *Phase 1 is complete, and we have moved to less frequent reporting and to more rigorous use of outcome measures in compensation and in tasking new and renewed appointees in their appointment letters. Other universities have now begun reporting adoption of our model.*
(3) Resolve the South Lawn impasse, and complete the design competition for the arts center. With the Board-controlled redesign of the South Lawn, we have resolved that problem. While behind schedule, the fund raising is moving reasonably well. The College Foundation has been especially successful in adopting and using the new design. I have reported elsewhere on the arts center, which is to say the museum and concert hall. We will complete the museum and related design work in the next year, and go into construction the year after. At the moment, we have no serious prospective donors for the concert hall.

State relations, support, service. (1) Implement the authorities and responsibilities in the Higher Education Restructuring Act. Most of this work is Mr. Sandridge’s. It is on time and on track.

(2) Advocate increased public appropriations for the University and for public education generally. With passage of the research package proposed by Governor Warner and of another salary increase for employees, we made good progress this year in this area. State support was better in prior times, but our problems are the problems of all of Virginia’s public colleges and universities.

(3) Expand relations between Virginia businesses and our research enterprise. The continued growth of the North Fork Research Park is the best single result of this undertaking. Creation of and control over Jefferson Research Associates, LLC, is an important step for the future.

Fund raising. (1) Direct the capital campaign. On time and on track.

(2) Continue implementing the alumni engagement program. Owing to excellent work done by Tom Faulders and Bob Sweeney, this project is well ahead of schedule. We have created several new alumni clubs in places where support exists, and attendance at all events this year has been the largest on record.

(3) Devise and implement solutions to the construction-related impediments to Carr’s Hill’s usefulness as a venue for donor cultivation and other University public purposes. Renovation of the dining room and upgrades to the outdoor food service arrangements to remove caterers’ trucks from the upper drive and open access across the rear of the house to the west gardens have been the two parts of this project this year.

Capital projects. Carry out the projects detailed in this report on time and on budget. Implement the consolidated planning methodology described above. Complete.
Diversity. (1) Implement on the earliest possible timetable the recommendations that come from the Commission and the Board’s special committee. As necessary, restructure the University’s senior administration to enable the proposed chief officer for equity and diversity to succeed, and hire this officer. Complete.

(2) Task Mr. Block with enforcing existing policies regarding the leadership required of deans when new faculty members are hired and when the need for appropriate career mentoring for continuing faculty members is identified. Reports on progress with these projects appear in the foregoing text.

(3) Continue building diverse human strengths in the entering class. Applications and admissions of minority students, especially of African American students, have increased by a factor now estimated at 10% for the fall. Admissions and Financial Aid deserve commendation for this achievement, which is the second in a row. Our response to the abuse incidents in fall 2005 is cited as a prime reason for these increases.

Organization and leadership. (1) Conduct or oversee necessary executive-level searches as required. Since this report, we have appointed two deans (SEAS and GSBA) to conclude searches that had been deadlocked, and also appointed Mr. Harvey and a new CIO. Mr. Block is now handling decanal searches. Mr. Sandridge and I will divide other searches as necessary between us, but we do not expect to conduct major searches, other than perhaps a search for a VP for Human Resources if we decide to upgrade what has been a directorship. We are still discussing this matter in the context of an ongoing search.

(2) Implement programs to improve deans’ capacity to participate in integrated planning for programs, faculty development, including diversification of the labor force and quality assurance, quality assurance generally, and data-rich planning and accountability. We have not made noteworthy progress on this goal, which remains a goal.

(3) Use external training programs on metrics in evaluation and planning and similar topics to improve the planning skills of senior leaders, including Messrs. Howell and Sandridge and me. This is an ongoing venture that works well, but competes for time with other duties.

(4) Continue using the link to the Faculty Senate to build strong leaders for the future. Ongoing.

National and international visibility. (1) Complete my tenure on AAU Executive Committee, and in that context maintain involvement in the effort to solve problems related to overhead costs in international research collaborations. Completed.
(2) Use AccessUVa as a means to maintain leadership with regard to pricing collegiate education and reforming the financial aid system, with particular attention to mechanisms to meet the needs of both the neediest students and students from middle-income families. In progress, and successful.

(3) Work with national foundations to encourage state boards of education to add improvement of teaching and course content or substance to their current efforts to improve testing. This work has largely moved to the federal government with the appointment of the new Secretary of Education.

(4) As opportunities to influence reauthorization of the federal Higher Education Act appear, seize them. Ongoing. The draft bill is at this time essentially what we have thought it should be. Congress is behind schedule in considering it.

(5) Otherwise, I will concentrate on internal issues, notably planning and fund raising. Done, with more progress on fund raising than on planning.

Leadership development. The approach of the capital campaign and normal turnover as terms end and new leaders must be recruited affords ample opportunity this year both with regard to the quality of our leadership group and to diversity of perspective and background within it. We will develop an effective way to conduct deans’ searches this year. The existing system has not met our needs in recent years. In progress, and reasonably successful. This year’s searches have been uncommonly successful. We must replace one or perhaps two deans this year. With the hiring of the new CIO, James Hilton, and with Mr. Harvey’s coming, we have reformed the executive group along the lines suggested last year by the Board.

Student life and conduct. We will continue working to provide effective protections and remedies for students who may be at risk of being assaulted. This applies to both sexual assault and assault of other kinds. Cooperation this year has been reasonably good as we have revised and replaced major policies, but the system itself is imperfect. Most of the actions that damage students are crimes. Few students want to report these crimes, and prosecution is often difficult to conduct. This is not uniquely our issue, but these are our students. As we have with alcohol abuse, we have to do better with these issues than the nation does generally. Recurring problems notwithstanding, we have had a good year with regard to these matters. The Board has received reports on current experience with student abuse of alcohol. The pattern just now is fewer but more serious incidents, more women and minority students in trouble with alcohol, and reasonably solid support from students’ families. Sen. Warner’s success in amending FERPA to allow us to notify families has been a major help. We will open a national center for social norms alcohol education in collaboration with Anheuser-Busch this fall.
2006-07 Priorities

Planning. Because the core issue now is the campaign and because restructuring has now moved from planning to implementation, the campaign will be the chief job this year. We are late generating endowment proposals, and the deans have generally not met expectations with regard to school-based planning. We will raise the money in the campaign plan. The problem is to direct it to our top priorities at a time when academic planning is behind schedule.

State relations, support, service. This year’s chief projects are protecting the next round of research funding, working with the Southside and Southwest Virginia on economic development, improving performance under the State’s SWAM initiative, and developing academic programs (such as public policy and public administration) to meet public needs.

Fund raising. We will meet the targets set in the campaign plan, and we will conduct a successful kickoff event as well as related regional events throughout the year.

Capital projects. We will proceed as scheduled with the next round of new projects (South Lawn, etc.), replan and finance the museum and related arts projects, and continue or complete projects now under way.

Diversity. We will support Mr. Harvey’s programs and initiatives as they take shape, including his proposed conference schedule and his work to enhance the Carter G. Woodson Center’s research capacity, expand collaborations with the existing parents groups and (assuming acceptance in the region) add a parents group to serve the greater New York City area. We will support the Virginia Voyagers’ program on the Civil Rights South.

Student life and conduct. In addition to developing more effective means than have existed to deal with disruptions of necessary University business, we will continue developing the new initiatives implemented this year and detailed elsewhere in this report.

Academic discourse within the University. Attached to this report is an article by Stanley Fish from the New York Times issue of July 23. In executive session, I will ask for the Board’s advice on the issues raised by Mr. Fish.
Appendix: Recent Major Gifts

(This list does not include the $45 million gift from the Ivy Foundation, which as of July 23 was committed but not booked.)

1. Anonymous, $5,127,362.80 pledge payment to The McIntire School of Commerce Foundation for the building campaign.

2. Mrs. Marjorie B. Matheson, $2,001,479.64 gift to the Law School Foundation for the Robert Morgenthalau Endowment Fund.

3. Clay Foundation, Inc., $1,000,000.00 pledge payment to the College Foundation for the Buckner W. Clay Endowment for the Humanities. Mrs. Hamilton G. Clay is associated with this pledge.

4. Mr. Paul Tudor Jones, II and Mrs. Sonia Klein Jones, $6,516,690.00 in gifts and pledge payments to the Virginia Athletics Foundation, Jefferson Scholars Foundation, and the College for the Environmental Science Department.

5. Mr. Gregory H. Olsen, Ph.D., $3,969,653.71 pledge payment to the Engineering School for the Wilsdorf Hall/ Nanotechnology Building.

6. Estate of Henry N. Obear, $3,912,383.58 bequest with $2,000,000.00 designated to the College Foundation for a professorship in classics and the remainder to the McIntire School of Commerce Foundation for several endowments.

7. Mr. David E. Gibson, $3,548,271.36 in pledge payments to the College Foundation and the College for the unrestricted use of the College.

8. Mr. Albert H. Small, $3,500,000.00 in gifts to the University Library consisting of a $500,000.00 cash gift and another 30% interest in the copy of the Declaration of Independence.

9. Claude Moore Charitable Foundation, $4,500,000.00 in pledge payments to the Medical School Foundation for the Claude Moore Medical Education Building Fund and the University for the School of Nursing Building addition.

10. Amvest Corporation, $2,500,000.00 in pledge payments to the Athletic Department for the Scott Stadium expansion and The University of Virginia's College at Wise for the expansion of the football stadium. Mrs. Hunter J. Smith is associated with these transactions.

11. Mr. Gregory L. Curl, $1,000,742.01 pledge payment to the Jefferson Scholars Foundation for the Gregory L. and Nancy H. Curl Endowed Jefferson Fellowship Fund.

12. Smithfield-Luter Foundation, $1,000,000.00 pledge payment to the University of Virginia Fund for the Smithfield-Luter Palmer Webb Fund which benefits the Cancer Center. Mr. Joseph W. Luter, III is associated with this transaction.

13. Diane and David Heller Charitable Foundation, $1,000,000.00 gift to the
Medical School for use in Dr. Ladislau Steiner’s research. Mr. David B. Heller and Mrs. Diane Heller are associated with this transaction.

14. Estate of Mortimer Y. Sutherland, Jr., $6,000,000.00 bequest to the University with $4,500,000.00 designated to provide an endowment for financial assistance for undergraduate students and the remaining $1,500,000.00 to provide financial assistance for undergraduate Nursing School students.

15. Estate of Paul Mellon, $1,000,000.00 bequest to the Medical School for the Paul Mellon Prostate Cancer Institute.

16. Anonymous, $526,711.63 deferred gift established to ultimately benefit the Center for Politics Permanent Endowment.

17. Estate of Cornelius DeWitt, III, $520,000.00 bequest for the unrestricted use of the College of Arts & Sciences.

18. Mr. William C. Lickle, $500,000.00 deferred gift established for the ultimate benefit of the Jefferson Scholars Foundation.